Leumi | Financial Statements
30.06.2025

The Risk Management Report and description of the main features of issued regulatory capital instruments appear on the Bank's website at: www.leumi.co.il > About us > Financial information > Disclosure under Pillar 3 of the Basel Accord and Additional information on risks, as well as on the Magna website of the Securities Authority at: www.magna.isa.gov.il.

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
Condensed Financial Statements as at June 30, 2025

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A. Overview, Goals and Strategy

The Board of Directors and Management's Report

The Report of the Board of Directors and Management was prepared in accordance with the Reporting to the Public Directives of the Banking Supervision Department. The principles applied to the preparation of the interim financial statements are consistent with those applied to the Annual financial statements as at December 31, 2024, except as outlined in Note 1 to the financial statements. The statements herein should be read in conjunction with the 2024 Annual Financial Statements.

Objectives and Business Strategy

For information regarding the Bank's targets and its business strategy for the years 2025 – 2027, see Description of the Leumi Group's Business to the financial statements as of December 31, 2024.

Condensed Financial Information and Key Performance Indicators

Following are the key performance indicators (in %)

	For three months ended June 30		For six months ended June 30		For the year ended at December 31
	2025	2024	**2025**	2024	2024
Return on net income attributable to the Bank's shareholders(c)	**16.2**(j)	15.9	**15.8**(j)	18.0	16.9
Return on net income attributable to the Bank's shareholders to average assets(c)(e)	**1.3**	1.2	**1.3**	1.4	1.3
Ratio of income(b) to average assets(d)	**2.99**	3.09	**2.91**	3.22	3.08
Efficiency ratio	**26.9**	28.7	**29.4**	28.9	29.9
Ratio of net interest income to average assets(c)(e)	**2.26**	2.36	**2.19**	2.18	2.20
Ratio of fees and commissions to average assets(c)(e)	**0.51**	0.49	**0.52**	0.49	0.51
Rate of tax provision from profit, before taxes(i)	**39.1**	32.6	**37.6**	34.0	35.0
Net interest income to average outstanding interest-bearing assets (NIM)(c)	**2.53**	2.61	**2.44**	2.41	2.44
Total income to total average assets under management by the Group(b)(c)(d)	**0.97**	1.06	**0.93**	1.12	1.04
Total operating and other expenses to average total assets under management by the Group(d)(c)	**0.26**	0.30	**0.27**	0.32	0.31

	As of June 30		As of December 31
	2025	2024	2024
Common Equity Tier 1 ratio(a)(h)	**12.28**	12.04	12.17
Ratio of total capital to risk-weighted assets(a)(h)	**14.86**	15.04	14.83
Leverage ratio(g)	**6.98**	6.99	6.94
Liquidity coverage ratio(f)	**130**	130	123
Net stable funding ratio (NSFR)	**116**	118	118
Equity attributable to the Bank's shareholders to total assets	**7.8**	8.0	7.8

Please see comments on the next page.

Following are the key credit quality indicators (in %)

	For three months ended June 30		For six months ended June 30		For the year ended at December 31
	2025	2024	**2025**	2024	2024
Expense (income) rate due to credit losses from the average balance of credit to the public(c)	**0.19**	(0.02)	**0.12**	0.09	0.16
Percentage of collective loan loss expense out of the average outstanding loans to the public(c)	**0.33**	0.06	**0.20**	0.20	0.23
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public	**1.37**	1.52	**1.37**	1.52	1.49
Percentage of non-performing loans to the public in arrears of 90 days or more out of outstanding loans to the public	**0.46**	0.59	**0.46**	0.59	0.53
Percentage of net charge-offs out of average loans to the public(c)	**0.08**	0.20	**0.10**	0.11	0.10

(a) After influence of various deductions and adjustments.
(b) Total income - net interest income and noninterest income.
(c) Annualized.
(d) Including off-balance-sheet operations.
(e) Average assets are the total assets - income-generating and others. For further information, please see Appendix 1 - Income and Expenditure Rates and Analysis of Changes in Interest Income and Expenses.
(f) And for further information regarding the liquidity coverage ratio, please see chapter entitled Liquidity Risk".
(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) For further information, please see Note 17 B.
(j) Return on net income attributable to the Bank's shareholders, in the normalization of Tier 1 equity requirement to a rate of 10.6% (the Bank's internal Common Equity Tier 1 target) for the three and six months ended June 30, 2025 is 18.8% and 18.4%, respectively.

Main income statement data

	For three months ended June 30		For six months ended June 30		For the year ended at December 31
	2025	2024	**2025**	2024	2024
	In NIS million				
Net income attributable to the banking corporation's shareholders	**2,610**	2,269	**5,013**	5,054	9,798
Interest income, net	**4,540**	4,378	**8,557**	8,145	16,509
Loan loss expenses (income)	**223**	(18)	**278**	204	713
Noninterest income	**1,446**	1,365	**2,814**	3,893	6,599
Of which: fees and commissions	**1,014**	910	**2,035**	1,845	3,823
Total operating and other expenses	**1,610**	1,651	**3,341**	3,476	6,904
Of which: Salaries and related expenses	**881**	882	**1,841**	1,953	3,796
Net earnings per share attributable to the banking corporation's shareholders (in NIS):					
Basic and diluted net earnings	**1.74**	1.49	**3.34**	3.32	6.46

Main balance sheet data

	As at June 30		As of December 31
	2025	2024	2024
	In NIS million		
Total assets	**844,333**	734,039	785,551
Of which: Cash and deposits with banks	**147,063**	128,278	155,828
Securities	**142,649**	128,573	124,101
Loans to the public, net	**489,227**	433,799	455,519
Total liabilities	**778,793**	675,599	723,888
Of which: deposits by the public	**642,253**	581,187	618,301
Deposits by banks	**22,873**	18,179	18,043
Bonds, promissory notes and subordinated notes	**40,515**	29,369	31,969
The banking corporation's shareholders' equity	**65,535**	58,435	61,658
Additional data:			
Price per share (in NIS)	**62.6**	31.1	43.4
Dividend per share (In agorot)[(a)(b)(c)]	**113.68**[(d)]	99.90	192.55

a) Dividend for the relevant period.
b) Cumulative figure for the period.
c) For further information see Note 9 A– The Bank's Share Buyback Plan 2024.
d) The final dividend amount per share will be adjusted to changes due to a share buyback and the exercise of the Bank's convertible securities, and will be published two days prior to the effective date.

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 materialized, 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.

B. Explanation and Analysis of the Financial Performance and Business Position

Trends, Phenomena, Developments and Material Changes

Main Developments in the Israeli Economy[1]

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

During the reporting period, the economic activity in the local economy continued to grow. The GDP grew during the first quarter at a relatively good annual rate of 3.5%, led by investments in construction, core exports (excluding diamonds and startup companies), and current private consumption of households. Current indicators of the economic activity signaled continued expansion of the economy during most of the second quarter as well.

On June 13, 2025, Israel launched Operation "Am K'Lavie" with an extensive surprise attack on senior members of the Iranian defense system, infrastructures for manufacturing components for nuclear weapons, and ballistic missile sites throughout Iran. At the same time, a special situation was declared on the Israeli home front. Following the Israeli attack, and later direct military intervention of the USA, Iran launched a counterattack that included the launch of hundreds of ballistic missiles at military targets and population centers. After twelve days, a ceasefire agreement was reached, but a new nuclear agreement has not yet been signed between the superpowers and Iran. During the war with Iran, there was a sharp decrease in economic activity, inter alia on the backdrop of restrictions imposed by the Home Front Command; This had a significant impact on growth in the second quarter of the year.

Looking forward, the economic activities are expected to again recover in the second half of 2025, as the rate of expansion will depend, among other things, in security and geo-political developments, including the campaign against Hamas and the extent to which the ceasefire against Iran will be kept, as well as global developments, including the possibility of a global trade war. Following the reporting period, a cabinet decision was made to expand the war in Gaza. Should this decision be implemented, it may have address effects on economic activity, the fiscal deficit, market sentiment toward the State of Israel, and the perceived risk of Israel in financial markets. At this early stage, it is not possible to assess whether and how the cabinet decision will be implemented, nor what its potential implications may be.

We note that on July 31, 2025, upon the expiration of the extended suspension period, the US Government declared a new tariffs outline. This outline includes a minimal tariff rate of 10% and a variable tariff rate of 15% or higher, imposed on countries with a trade surplus against the USA. The tariff rate imposed on Israel will be 15%, slightly lower compared with the original tariff rate (17%), however not minimal (10%). Sooner, the government reached trade-related agreements with several countries, including: United Kingdom, South Korea, Vietnam, Indonesia, the Philippines, Japan and the European Union. Other countries are still negotiating with the USA, led by China, one of its key trading partners. In addition, President Trump announced the imposition of 50% tariff on copper starting from August, and up to 200% tariff on pharmaceutics starting in about a year. We note that the imposition of tariffs on import of drugs might sharply raise the effective tariffs on import to the USA, and lead to significantly accelerated inflation and increased uncertainty regarding economic activity. It should be noted that although the degree of uncertainty regarding the USA's tariffs plan has decreased in comparison with the beginning of the second quarter of 2025, as expressed by sharp price increases that corrected the decreases early on in the second quarter, it still remains relatively high, and still bears the potential of arousing renewed fluctuation in the financial markets and slowing the global growth rate.

Toward the end of the war with Iran and in the following days, a material improvement was noted in risks related to the markets' sentiment towards Israel had been recorded, this contrary to the increase in these risks that took place in the first quarter of the year. The shekel strengthened sharply and a decrease in Israel's CDS

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

spread had been recorded (although its level is still high compared to the level prior to the outbreak of the Iron Swords War); the gap in the return on equity over 10 years (the dollar) Israel-US decreased to a relatively significant degree and there were sharp price increases on the local stock exchange.

The leading credit rating companies: Fitch, Moody's, and S&P, left Israel's credit rating unchanged, despite the war against Iran and despite the negative rating outlook. In survey reports published after the Operation, the rating companies noted that the local market presented economic resilience despite the decline in the security situation. Nevertheless, the rating companies anticipate that the Operation will lead to a significant increase in the government deficit and debt, alongside moderate growth during the course of the year. Moreover, it was noted that the geopolitical risks remain high, *inter alia* in light of the fragile nature of the ceasefire with Iran. Looking forward, the possibility of concluding the war with Gaza plus expansion of regional cooperation agreements, if these occur, are anticipated to help improve Israel's credit rating.

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

Credit rating firm	Credit Rating	Rating outlook	Last rating 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

For further information regarding the credit rating and rating outlook of the State of Israel and the Bank, please see the chapter "Credit Rating in a Corporate Governance Report".

The Global Economy

On July 29, 2025, the International Monetary Fund (IMF) revised its forecasts for 2025-2026. Regarding the previous forecast from April 2025, the growth forecasts for 2025 (as well as for 2026) had been revised upwards. Thus, on the backdrop of better-than-expected opening figures in the first quarter of 2025, alongside effective tariff rates lower than expected in the former forecast (April 2025). The improvement in the current forecast stems mainly from the acceleration of trade and investment activity, driven by concerns over high tariffs, alongside the weakening of the US Dollar, which supported global financial conditions and reduced dollar-denominated financing costs, alongside fiscal expansions in several key countries, with a focus on Europe and the USA. The Monetary Fund estimates that global growth is expected to stand at 3.0% in the current year (a revision of 0.2% upward relating to April 2025 forecast) and 3.1% in 2026 (+0.1%). Despite the improvement in the forecast, these are significantly lower growth rates than the historical average (2000-2019), which stands at 3.7%.

The Monetary Fund expects that the US economy will grow by 1.9% in 2025 and by 2.0% in 2026. This is partially due to the approval of the OBBBA stimulus package, which is expected to support short-term investments. Altogether, the plan is expected to lead to significant increase in USA's federal debt in the coming years, which increases the USA's fiscal risks. In the Eurozone, the forecast for 2025 had been revised upward by 0.2% and for 2026 no changes in the forecast were recorded. Thus, according to the Monetary Fund, the growth expected in the Eurozone will stand at 1.0% in 2025 and approx. 1.2% in 2026. In China, the forecast for 2025 has been sharply revised upward by 0.8%, to a rate of 4.8%. For 2026, the growth rate has been revised by 0.2%, to a growth of 4.2%. Thus, on the backdrop of significant decrease in the amount of mutual tariffs planned against the USA, which is expected to lead to a milder impact on foreign trade activity, compared with the previous forecast estimations.

At the same time, the Monetary Fund's inflation forecast remained largely unchanged compared to the April forecast. Global inflation is expected to continue moderating and reach 4.2% in 2025 and 3.6% in 2026, in accordance with trends of slowdown in demands and decline in energy prices, whereas the IMF estimates that energy commodity prices decreased by approx. 7% in the current year, and particularly oil – which is expected to decrease by approx. 14% in 2025. However, according to the Monetary Fund, inflation in the United States is expected to remain above 2% at least until the end of 2026, inter alia due to the impacts of tariffs expected to be passed on to the American consumer. This development might weigh on the Federal Reserve's interest rate cut trajectory.

The Monetary Fund notes that the risks to the forecast are titled to the downside. The tariff increases might impair global trade and slow down global economic activity. Geopolitical tensions in the Middle East and Ukraine might trigger further supply shocks, dampen global trade even more, and generate renewed inflationary pressures. In addition, significant fiscal expansions and high public debt in many countries might lead to higher long-term yields and a more inflationary environment. Additionally, there are risks stemming from climate changes, as well as from the real estate sector crisis in China, which 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/July 2025

	2025	2024
World	**3.0%**	3.3%
USA	**1.9%**	2.8%
Eurozone	**1.0%**	0.9%
Japan	**0.7%**	0.2%
UK	**1.2%**	1.1%
China	**4.8%**	5.0%

2024 – Data in practice, 2025 – forecast.

The Israeli Economy

Growth in the Israeli Economy

The Composite State-of-the-Economy Index, which is published by the Bank of Israel and serves as a monthly indicator of economic activity (publication of the growth data for the second quarter is expected after the closing of the financial statements) was down by approximately 1.4% (in annual terms) compared with the first quarter, in which a growth of 3.5% was recorded (according to National Accounts Data from the Central Bureau of Statistics). The decline of the Composite Index in the second quarter of the year occurred on the backdrop of Operation "Am K'Lavie" effects. First indicators for activity at the beginning of the third quarter point to a recovery.

According to the forecast of the Bank of Israel Research Department, the GDP is expected to grow by a rate of 3.3% in 2025 and by 4.6% in 2026. This is a revision of 0.2% downward in the growth forecast for 2025, and an revision of 0.6% upward in 2026, compared to the April forecast. The forecast for private consumption, investments, and import was revised downward in 2025, while the forecast for all GDP components was revised upward in 2026. The forecast was formulated after the ceasefire was declared at the conclusion of Operation "Am K'Lavie", and based on the assumption that it would be maintained. The Research Division notes that Operation "Am K'Lavie" impacted the forecast, both due to the economic impact that it had at the time of its occurrence and in terms of the forecast for the future. Compared to the April forecast, the current forecast reflects a certain degree of moderation with respect to the impact of the US administration's tariffs plan. The Research Division emphasized that the forecast is characterized by an exceptionally high level of uncertainty.

However, unlike previous forecasts, it incorporates both upside and downside risks – stemming from geopolitical developments as well as the US administration's tariffs plan.

The labor market continues to be tight, although the degree of tightness eased slightly, during the second quarter, before the outbreak of Operation "Am K'Lavie" (in April–May), as the standard unemployment rate (individuals aged 15 and over) showed a mild upward trend. Employment figures for June were affected by Operation "Am K'Lavie", with particular emphasis on the decline in the (adjusted) employment rate and the increase in unemployment rate in its broad definition (which also includes, in addition to the unemployed, who are included in the ordinary definition, workers who are temporarily absent from work for economic reasons, workers who do not participate in the workforce who were let go in the last two years and who have given up looking for work, however not including workers who have been absent for non-economic reasons, such as: reserve duty, care of children in the absence of educational settings, and more). This is likely a temporary effect, and in the coming months, the labor market is expected to return to the trends that characterized it prior to Operation "Am K'Lavie".

The State Budget and its Funding

The cumulative deficit in the state budget during the first half of 2025 amounted to approx. NIS 31.8 billion, compared to a deficit of approx. NIS 63.5 billion during the corresponding period in 2024. The decrease in the budgetary deficit, in annual terms, which began in the fourth quarter of 2024, continued also in the first half of the year. It should be noted that no increase in the deficit was recorded (in annual terms) in June, despite Operation "Am K'Lavie". Government activity in the last twelve months ended June 2025 amounted to a cumulative deficit of approx. NIS 103.9 billion, which is approx. 5.0 percent of GDP, according to Ministry of Finance estimates, compared to a deficit of approx. 6.8 percent of GDP at the end of 2024. The current level of the deficit became nearly close to the ceiling determined by the Ministry of Finance for the entire duration of 2025 and stands at 4.9% of the GDP. On the backdrop of expenses anticipated due to the consequences of the war, the deficit at the end of 2025 may be higher than the ceiling set by the Finance Ministry. However, according to the forecast of the Bank of Israel Research Department, the deficit is expected to reach a rate of 4.9% of GDP in 2025.

Foreign trade and service exports data

Israel's trade deficit reached approx. USD 18.2 billion in the first half of the year, compared with approx. USD 15.0 billion in the corresponding period last year. The increase in the deficit stems from an increase in import at the same time with a decrease in the export of Israeli goods. Increases were recorded in import of the main commodity groups: raw materials, investment products and consumer products. Looking forward, the assessment of a slowdown in the global trade volume and the economic activities of most economies worldwide, might hinder Israel's trade activities during 2025.

During the first five months of 2025, Israel's service export amounted to approximately 35.3 billion, this compared to approximately $31.9 billion during the corresponding period in 2024. The increase in service export reflects an increase in export of business services and high-tech industry services, alongside a recovery in export of tourism services and transport services (travel fees) from the impacts of the War, although their level is still low compared to the prewar situation.

Exchange Rate and Foreign Exchange Reserves

During the first half of the year 2025, significant fluctuation in the shekel's currency exchange rate had been recorded against the background the global developments, emphasizing the American government's customs tax plan; and the local, warfare in the Gaza Strip and Operation "Am K'Lavie", and increase of the political-social risks in the local economy. During the report period, the was a 4.2% depreciation of the shekel against the euro, but in contrast, the shekel appreciated significantly against the dollar at a rate of about 7.5% and also against the currency basket, appreciation at the rate of approximately 2.6% was also recorded. This, amid substantial variance between the first quarter of the year, during which the shekel depreciated against the dollar, the euro, and the currency basket, and the second quarter, during which there was appreciation in the rate of the shekel against the dollar, the euro, and the currency basket. The shekel depreciation trend, both against the dollar and against the euro, was halted in the second quarter, on the backdrop of the price increases in the stock exchanges around the world, with an emphasis on the USA and Europe, due to the lull in the intensity of the trade war. The shekel significantly appreciated toward the end of Operation "Am K'Lavie", at the end of June, which caused an improvement in the risk perception of Israel among the financial markets. The fluctuation in the currency markets may continue as long as the degree of uncertainty in the financial markets remains relatively high.

At the end of June 2025, the Bank of Israel's foreign exchange reserves stood at USD 228.3 billion compared to USD 214.6 billion as at the end of December 2024. The increase in balances is mainly explained by the effects of the government's actions in foreign currency and in revaluation. During the reporting period, Bank of Israel sold foreign currency at USD 273 million (in June, during which Operation "Am K'Lavie" took place).

Inflation and Monetary Policy

The Consumer Price Index (CPI) (the "in lieu" index) was up by 2.1% in the first half of 2025. In the twelve months ended June 2025, the CPI was up by 3.3%, a pace that exceeds the price stability target range (1%-3%), for twelve months consecutively, although lower than the most recent peak pace, which was recorded in January 2025 (3.8%). The index, excluding energy prices, increased by 3.5% over the last twelve months ended June 2025. In the main scenario, the annual inflation is expected to return to the boundaries of the price stability target during the next months, and remain within this range afterwards. Altogether, there are risks that may lead to accelerated inflation. Bank of Israel notes several risk factors, including: increase in rent, given the scale of evacuees following the confrontation with Iran; the tight employment market and the pace of wage rise in the business sector; and a rapid increase in demands due to the improvement in the security situation, alongside the slow and concurrent lifting of supply constraints in the economy.

In the first half of 2025, the "known" CPI was up 1.6 percent.

In the first half of 2025, the Bank of Israel's interest rate remained intact and stood at 4.50% at its conclusion.

In the interest rate decision that was made on July 7, 2025, the Monetary Committee decided to leave the interest rate intact, at the level of 4.50%, its level since January 2024. Bank of Israel noted the continued recovery of the economic activity, albeit at a relatively moderate rate; the fact that the employment market remained tight; the moderation of inflation, which still remains above the upper bound of the price stability target (1%-3%), as well as the decrease of Israel's risk premium, sharp increases in the local financial markets, and the recognizable appreciation of the shekel, following Operation "Am K'Lavie". At the same time, risks were emphasized regarding a possible acceleration of inflation; geopolitical developments and their impact on market activity, increase in demand alongside supply limitations and deterioration of world trade conditions. The Monetary Committee noted that on the backdrop of the geopolitical uncertainty, the interest rate path will be determined according to the convergence of inflation to the target, stability in the financial markets, economic activity and fiscal policy. According to the Bank of Israel Research Department, the interest rate is expected to be 3.75 percent on average in the second quarter of 2026. In other words, the forecast includes the anticipation of three interest decreases in the upcoming year. According to the Research Division, the uncertainty regarding the forecast remains high.

Israel's Capital Market

The Shares and Convertible Securities Index was up by approx. 22.7 percent in the first half of 2025, following an increase of approx. 30.7 percent in 2024. This, on the backdrop of improvement in the degree of severity of the local, security, and political risk factors, and despite the war against Iran. During the reporting period, the financial markets in Israel and worldwide were characterized by high fluctuation, *inter alia* due to significant uncertainty regarding the U.S. administration's policy and the implementation of the tariff plan, and developments in this area. It should be noted that the degree of uncertainty remained relatively high, and it may be reflected in continued volatility in the financial markets, albeit at a lesser degree of intensity, depending on developments in the global economy, and the degree of severity of the local risks.

The average daily trade volume of shares and convertible securities in the first half of 2025 totaled approx. NIS 3,010 billion, an increase of approx. 37 percent compared to the average level in 2024.

The CPI-Linked Government Bond Index was up 2.0 percent in the first half of 2025, while the Unlinked Government Bond Index was up 3.7 percent. The CPI-linked non-government bond market (corporate bonds) rose in the first half of 2025 by 3.2 percent.

Main Changes in the Reporting Period

The "Iron Swords" War and Operation "Am K'Lavie"

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" as well as the chapter titled "Credit Rating in a Corporate Governance Report".

In the credit risk aspect, there is still uncertainty, albeit with lower intensity than at the onset of the warfare, and therefore it is not possible to accurately assess the intensity of the potential adverse effect 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 assessments regarding the implications of the War on the severity of all risk factors – future profitability of the Bank, capital and liquidity ratios are uncertain and may change in accordance with the developments, duration and ramifications of the War on the economy and the Bank's business.

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

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

For detailed information on the Bank of Israel's relevant publications see the chapter titled "Legislation and Regulations Concerning the Banking System in a Corporate Governance Report".

The "Iron Swords" outline – reliefs and assistance to customers following the impacts of the War

On December 3, 2024 the Bank of Israel announced a last extension of the outline for the quarter between January 1, 2025 through March 31, 2025. The Bank adopted the "Iron Sword" outline, and implemented additional reliefs for its customers, as specified in the Section Major Changes in the Year Gone By in the financial statements as of December 31, 2024.

Relief baskets and assistance to customers of the banking system in accordance with the Bank of Israel's outline

On April 1, 2025 an outline of reliefs and assistance to the banking system's customers took effect, as part of which the banking system will allocate a cumulative sum of NIS 3 billion that would be comprised of NIS 1.5 billion each year, commencing the second quarter of 2025 up to the first quarter of 2027, unless it will be decided on termination of the outline prior to this.

Bank Leumi adopted this outline, and established significant relief baskets for all its customers, particularly customers who are victims of the War. The outline will be spread over two years. During the outline period, the reliefs will be reviewed every quarter anew, and the Bank may make changes in them.

(1) Reliefs for the populations who were adversely affected by the Iron Swords War – voluntary extension to the second quarter of 2025

Bank Leumi had extended the "Iron Swords" outline, which ended on March 31, 2025 for three additional months commencing April 1, 2025 through June 30, 2025, as part of the relief baskets it adopted, and granted reliefs within the mortgages domain, loan payments to private and business customers, and an exemption from mandatory interest, and an exemption from commissions to eligible customers pursuant to the Bank of Israel's "Iron Swords" outline as specified in the Section "Major Changes in the Year Gone By" in the financial statements as of December 31, 2024. This relief was not extended to the third quarter of 2025.

(2) Interest on credit balances in checking accounts

Commencing May 1, 2025, eligible customers will be paid interest on credit balances in checking accounts at an annual rate of 2%. The interest will be paid up to a credit ceiling of NIS 10,000 in the checking account. The credit balance will be automatically credited to the shekel checking account of the eligible customers, with no need for the customer to initiate an inquiry. The date of crediting the interest is quarterly, and it will be credited to the account on the first business day of each calendar quarter month for the quarter gone by.

This benefit is designated to private customers (individuals) who transfer wages or pension payments aggregately (transfer by the employer directly to the customer's account via an interbank clearinghouse), and in whose accounts there are at least one of the following products: Leumi mortgage charges or having a securities deposits with Leumi or a minimum monthly charge of NIS 7,000 by a credit card issued by Bank Leumi. This relief was extended as part of the relief baskets for the third quarter of 2025.

(3) Daily deposit via automatic deposit

The Bank had announced development of a product, as part of which customers will be able to define a minimal balance in the checking account (above NIS 15,000), as any sum over it will be automatically deposited in a one-year deposit with daily liquidity up to a fixed amount. The product has been launched to selected customers and will be available to all customers in the third quarter of 2025.

(4) Reduction of the interest rate on overdraft in a checking account

Interest on a debit balance in a checking account (overdraft) in respect of the second quarter of 2025 was decreased by 1% both in the first tier as well as the second tier, to all customers among households with an approved credit line, and who have a debit balance as March 27, 2025, which is part of the credit line approved by the Bank. The credit was granted according to the identification of the account in the Bank's systems, with no need for the customer to initiate an inquiry, on July 1, 2025. This relief was extended as part of the relief baskets for the third quarter of 2025.

(5) Deferral of loan payments

During the period commencing April 1, 2025 through June 30, 2025, private customers eligible according to the Bank's terms were given the possibility to ask for a deferral, free of interest and free of commissions, of loan payments the balance of which stands at NIS 100,000 cumulatively for a period of three months. The deferral will be enabled in respect of loans managed in an orderly manner, with no overdue payments, and excluding loans under special terms and housing loans, and per the Bank's discretion. This relief was not extended to the third quarter of 2025.

(6) Exemption from credit card fees

During the period commencing April 1, 2025 through June 30, 2025 an exemption from credit card fees had been granted for one year for those obtaining a credit card digitally (except for UNITED, FLYCARD cards), which relief was extended as part of the relief baskets in the third quarter of 2025.

(7) Relief for soldiers in regular (mandatory) service

Exemption from overdraft interest of up to NIS 10,000 for the third quarter of 2025. An account of soldiers on mandatory service will be deemed the account of a customer who, from the beginning of 2025, received a deposit/credit for his regular mandatory service. The relief (0% interest) will be granted for a debit balance of the current account (overdraft) for a period of three months up to NIS 10,000), which is part of the line approved by the Bank) and whose account, as of June 16, 2025, was in debit balance. The account will be credited at the end of the quarter on October 1, 2025, in accordance with the account identification and qualifying terms.

Operation "Am K'Lavie" - reliefs and assistance to customers following the impacts of the Operation

Against the backdrop of the impact of the Operation "Am K'Lavie" on the Israeli economy, and the shutdown of large areas across the country in accordance with Home Front Command directives, the Bank of Israel formulated an assistance outline for populations that had directly incurred damages due to the fighting, including small and micro business owners, households that were damaged or whose home had been damaged by missile attacks and had to evacuate their homes, as well as reserve soldiers who were called to duty. The outline was defined for the period between July 1, 2025 and July 31, 2025. The Bank adopted the Bank of Israel Operation "Am K'Lavie" Outline as follows:

(1) Reliefs to business owners affected by the Operation and all business customers meeting the qualifying criteria

Interest free deferral of loan payments for three months for business customers whose income was affected. The relief will be given to business owners with physical property damage due to the Operation, subject to submission of a certificate from the local authority or another competent official on eviction from the business. Businesses not operating during Operation "Am K'Lavie" will be identified through the submission of an accountant/tax advisor certification/an attorney-certified affidavit, attesting to the cessation of business activity during Operation "Am K'Lavie", which began on June 13, 2025. In addition, all business customers may defer loan payments for two months by the agreement interest payment.

Deferral for business credit up to a cumulative amount of NIS 2 million. Deferral will be made using addition of payments at the end of the loan term. The relief will be given to small and micro businesses (including corporations) with activity turnover of up to NIS 25 million, excluding commercial collaboration loans with third parties. The aforesaid does not apply to customers involved in legal proceedings. Customers in arrears as at the outline publication date (June 17, 2025) may obtain deferral up to a period not exceeding 180 days from the arrears commencement.

In addition, business owners who are also active reservists - Exemption from overdraft interest of up to NIS 30,000 for two months.

The relief (0% interest) will be granted for a debit balance of the current account (overdraft) for a period of two months up to NIS 30,000 (which is part of the line approved by the Bank), provided that immediately prior to the public announcement regarding the updated outline (June 16, 2025), their current account was in debit balance. The relief will be given to reservist business owners who performed reserve duty between April 1, 2025 until July 31, 2025 or part thereof and received a deposit/credit to the account for the reserve duty service. Inasmuch as no automatic identification is made possible, benefit will be given in accordance with a reference to be received from the business owner/reservist.

(2) Deferral of loan repayments for private customers who were evacuated or affected due to the Operation, for three months with no interest and fee

The relief will be given to private customers (households) with cumulative Leumi consumer credit of NIS 100,000. Deferral of principal and interest payment is free of interest for the deferral amount. The aforesaid does not apply to customers involved in legal proceedings. The relief will be given to customers submitting one of the following certificates: (1) Certification from the local authority or another competent official confirming evacuation from the home/business; (2) Certification from a competent authority confirming hospitalization due to an injury caused by the Operation. The aforesaid does not apply to customers involved in legal proceedings, and customers in arrears as at the outline publication date may obtain deferral up to a period not exceeding 180 days from the arrears commencement.

(3) Deferral of loan repayments for private customers who were evacuated or affected due to the Operation, for three months with no interest and fee

The relief will be given to customers with active mortgage in Leumi, relating to mortgages for a first home or for home upgraders (not for investment property) submitting one of the following certificates: (1) Certification from the local authority or another competent official confirming evacuation from the home/business; (2) Certification from a competent authority confirming hospitalization due to an injury caused by the Operation. For customers with mortgage provided under the Housing Loans Law 5752, freezing is subject to the criteria of the Ministry of Construction and Housing. The aforesaid does not apply to customers involved in legal proceedings. Customers in arrears as at the outline publication date may obtain deferral up to a period not exceeding 180 days from the arrears commencement. Applications for mortgage payment freeze may be submitted until September 30, 2025.

The Bank granted more reliefs to its customers, which are also part of the "Relief Baskets" outline, in effect until September 30, 2025, as detailed below:

(1) Reservists

A one-time refund:

Of up to NIS 3,000 to customers who are reservists with a mortgage or a loan and receive their salary into a Leumi account.

Identifying the customer account as a reservist account - Customers who, in May and/or June and/or July 2025, received a deposit/credit in their account following reserve military service. Inasmuch as the customer performed reserve duty in the said period and did not receive a deposit/credit into the account, they must submit a reference to the Bank regarding such reserve duty service. In addition, Leumi customers called up for reserve duty under Emergency Order 8, with a Leumi active mortgage/loan as at June 2025, who are the owners of the property pledged as collateral for the mortgage. The relief will be given to private customers (individuals) whose salary/pension is transferred via integration (the salary is transferred directly by the employer to the customer's account using an interbank clearing system), who are among all borrowers (e.g., a couple), into their Leumi account, holding an active mortgage/loan with Leumi as at June 2025, and are the owners of the property pledged as collateral for the mortgage. The aforesaid does not apply to customers involved in legal proceedings.

Interest free freeze of mortgage payments for three months:

Identifying the customer account as a reservist account - Customers who, in May until September 2025, received a deposit/credit in their account following reserve duty service. Inasmuch as the customer performed reserve duty in the said period and did not receive a deposit/credit into the account, they must submit a reference to the Bank regarding such reserve duty service. Relief will be given to customers with active mortgage in Leumi as at July 1, 2025, relating to mortgages for a first home or for home upgraders (not for investment property) Freezing of mortgage payments for up to three months (Deferral of principal and interest payment is free of interest for the deferral amount). Customers who implemented actual freezing of up to nine months will be entitled to a freezing of additional three months, subject to submission of another application to defer payments so that the total maximal freeze months commencing October 23 will be twelve months cumulatively. For customers with mortgage provided under the Housing Loans Law 5752, freezing is subject to the criteria of the Ministry of Construction and Housing. The aforesaid does not apply to customers involved in legal proceedings. Customers in arrears as at the outline publication date may obtain deferral up to a period not exceeding 180 days from the arrears commencement. Applications for mortgage payment freezing under the outline may be submitted until September 30, 2025.

Exemption from selected fees and commissions:

For the period between July 1, 2025 and September 30, 2025 for selected fees and commissions as specified in the Bank's tariff for individuals and small businesses in the following issues: Current account, information, messages and notices, credit, foreign currency, foreign trade, future inter-currency and other transactions, as well as exemption from special services excluding cash withdrawal fee from remoted device rather than a device required using a card which was not issued by the Bank, and exemption from credit card UNITED, FLYCARD, FIRST cards). Relief will be given using a refund into the account at the end of every month or quarter, for the full amount collected for the fee listed in the Selected Fees List. Identifying the customer account as a reservist account - Customers who, in July and/or August and/or September 2025, received a deposit/credit in their account following reserve duty service. Inasmuch as the customer performed reserve duty in the said period and did not receive a deposit/credit into the account, they must submit a reference to the Bank regarding such reserve duty service.

(2) Reliefs for soldiers in regular (mandatory) service

In addition to the relief baskets in respect of the Bank of Israel outline specified below, fee exemption and reliefs are given as specified in Appendix A of the Bank's tariff, for customers belonging to the "Leumi 18+" population group.

(3) Option for loans under favorable terms for private customers evacuated or affected due to Operation "Am K'Lavie"

Loan of up to NIS 100 thousand up to 36 installments with a repayment option after half a year, of which: (1) interest free loan of up to NIS 30 thousand; (2) and loan of up to NIS 70 thousand with Prime interest rate of 0%+. The relief will be given to Leumi customers with salary account and new activity transferring customers, private or business, who were injured, whose home or property was damaged, or who were evacuated from their home/business, in accordance with submission of the appropriate certification. Applications may be submitted between June 25, 2025 and July 31, 2025. Evaluation of the loan and its terms is subject to the Bank's discretion. Deferral of loan payment date involves more costs.

Option for a loan to purchase first-hand car up to an amount of NIS 400 thousand with a Prime interest rate of 0.2%+ for five years with an option to defer 50% of the total loan. Evaluation of the loan and its terms is subject to the Bank's discretion. Deferral of loan payment date involves more costs. Relief will remain in effect until July 31, 2025.

Option for a loan to purchase second-hand car, with a road age of up to five years, valued up to NIS 200 thousand with a Prime interest rate of 1%+ for three years with an option to defer 30% of the total loan. Evaluation of the loan and its terms is subject to the Bank's discretion. Deferral of loan payment date involves more costs. Relief will remain in effect until July 31, 2025.

(4) Increasing bank credit card facilities

For Leumi credit card holders who stayed abroad until rescued, aiming to allow them to carry out transactions with the card until they return to Israel, subject to the bank's discretion.

In addition to the relief baskets the Bank established, a new trust plan had been launched for its "Leumi Bonus" customers. As part of the plan those holding Bank Leumi credit cards and those holding debit cards will be grated benefits and discounts, pursuant to the plan's terms as may vary from time to time, in a variety of areas: vacations, shows and sport events in Israel and abroad, restaurants, family attractions, marketing chains and more, and will be able to save up to thousands of shekel annually.

Donations and bonuses

During the Statements' period, the Bank strengthened businesses in the north through the "National Gratitude Project", as part of which private individuals who established a significant volunteering venture during the War, gain gratitude for their actions and are given hundreds of vacations in hotels and lodges in the north, funded by the Bank. During Operation "Am K'Lavie", the Bank took part of the national effort to bring back Israelis, funding a ship that rescued Israelis who were staying abroad.

For information regarding the issue please see the Chapter Major Changes in the Year Gone By in the financial statements as of December 31, 2024

Benefits awarded to the public as part of Bank of Israel's outline from 2025 and in respect of the Iron Swords War*

	For three months ended June 30, 2025					For the six months ended June 30, 2025	for 2024
	Housing	Individuals - Other	Micro- and small-businesses	Medium and large-sized businesses	Total	Total	Total
	In NIS million						
A. Benefits awarded to the public							
A.1. Benefit amounts carried to the income statement during the reporting period							
Interest rate benefits via changes to credit[a]	2	35	5	–	42	51	70
Other interest rate benefits on credit[b]	–	–	–	–	–	–	27
Interest rate benefits on demand deposits	–	11	–	–	11	11	–
Interest rate benefits on other deposits	–	–	–	–	–	–	2
Waiver of fees and commissions[c]	–	9	2	–	11	20	71
Donations and other income[d]	–	21	–	–	21	30	64
Total	2	76	7	–	85	112	234
Of which: As part of Bank of Israel's outline							
Interest rate benefits via changes to credit	2	35	3	–	40	40	–
Interest rate benefits on demand deposits	–	11	–	–	11	11	–
Waiver of fees and commissions[c]	–	9	2	–	11	11	–
Donations and other income[d]	–	21	–	–	21	21	–
Total	2	76	5	–	83	83	–
A.2. Estimate of benefit amounts not yet carried to the income statement, as at the reporting date[e]	–	–	–	–	827	827	156

	For three months ended June 30, 2025						For the six months ended June 30, 2025	for 2024
	Housing	Individuals - Other	Micro- and small-businesses	Mid-market businesses	Corporations	Total	Total	Total
	In NIS million							
B. Additional information on activities for the benefit of borrowers as part of dealing with the War								
b.1.a. Total credit that underwent a change in terms and conditions, during the reporting period[f]:								
Change in terms and conditions for borrowers who are struggling financially (see Note 13.b.2b.)[h]	6	86	38	–	–	130	372	533
Change in terms and conditions for borrowers who are not struggling financially	2,059	413	370	174	–	3,016	5,310	21,296
Total credit	2,065	499	408	174	–	3,146	5,682	21,829

	As at June 30, 2025						As of 31 March 2025	As of 31 December 2024
	Housing	Individuals - Other	Micro- and small-businesses	Mid-market businesses	Corporations	Total	Total	Total
	In NIS million							
B.1.b. Total credit that underwent a change								
Change in terms and conditions for	**156**	**550**	**391**	**221**	**146**	**1,464**	1,565	1,587
Change in terms and conditions for borrowers who are not struggling financially:								
Credit with waiver of interest	**261**	**-**	**-**	**-**	**-**	**261**	259	254
Credit with a deferral of payments and/or period extension, for which the deferral period has not yet ended[(g)]	**2,786**	**372**	**382**	**178**	**188**	**3,906**	3,515	4,791
Average deferral of payments in months[(g)]	**10**	**5**	**6**	**6**	**6**	**9**	8[(i)]	8
Credit with another change in terms and conditions	**988**	**-**	**-**	**-**	**-**	**988**	1,017	991
Total	**3,930**	**922**	**773**	**399**	**334**	**6,358**	6,356	7,369

	As at June 30, 2025						As of 31 March 2025	As of 31 December 2024
	Housing	Individuals - Other	Micro- and small-businesses	Mid-market businesses	Corporations	Total	Total	Total
	In NIS million							
Additional information regarding changes in terms and conditions for borrowers who are not struggling financially:								
Balance of credit for which the deferral of payments has ended	**11,948**	**1,267**	**3,768**	**1,586**	**1,484**	**20,053**	21,125	20,933
Of which: Debt that defaulted after undergoing a change in terms and conditions	**470**	**107**	**189**	**13**	**2**	**781**	726	558
B.2. Outstanding Balance on the reporting date of Zero-Interest or Reduced Interest Rates Loans Extended								
Outstanding loan balance	**11**	**2,542**	**2,249**	**290**	**61**	**5,153**	3,031	3,401

C. 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)", 5784-2024, see Note 17 B.

* This appendix includes the impact of benefits awarded by the Bank to the public as part of Bank of Israel's outline from 2025, as well as benefits that the Bank awarded to the public due to the Iron Swords War, including as part of previous outlines. The benefits awarded as part of Bank of Israel's outline from 2025 commences on April 1, 2025.

Please see comments on the next page.

Comments:

a) Including through waive of interest for accounts receivable, through deferral of loan payments and through provision of grants for credit.
b) Including through zero interest or reduced interest rates loans
c) Including provision of grants/refunds for fees and commissions.
d) Donations provided were presented under the "private individuals - other" segment.
e) Estimate of benefit amounts not yet carried to the income statement as at the reporting date reflects the estimated amounts expected to be carried for adopting the voluntary outlines, inasmuch as they last for two years, until the first quarter of 2027. according to the Bank's assessment.
f) 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.
g) Including a deferral of payments without interest in the deferral period. If an additional deferral of payments is 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.
h) For activity in Israel, neutralizing changes in terms and conditions for borrowers who are struggling financially that were applied to customers in subsidiaries.
i) Including loans granted as part of state-backed funds and/or financed by Bank of Israel.
j) Reclassified.

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.

The Special Payment for Achieving the Budgetary Targets (temporary Order - Iron Swords), 5784-2024.

Following that stated in Note 8.L. and Note 8.M in the financial statements as at December 31, 2024. The tax rate for 2025 stands at 34.19%, plus a special tax. It is noted that due to the influence of the aforementioned law, with respect to the reporting period, the Bank recorded tax expenses of approx. NIS 364 million.

Sectoral agreement with the Tax Authority

Following the contents of Note 8.h. of the financial statements as of December 31, 2024, after the date of the balance sheet, the Bank signed a new sectoral memorandum of understanding with the Tax Authority regarding the manner in which taxes on credit losses would be recognized (hereinafter: the "Agreement"). The Bank believes that no material effect on the Bank's financial statements resulting from implementation of the Agreement is expected.

Material Changes in Financial Statement Line Items

The "Iron Swords" War

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

Below is an analysis of the results for the first half of 2025:

Net income attributable to shareholders (hereinafter - the "net income") for the reporting period of 2025 (hereinafter – the "reporting period") amounted to NIS 5,013 million compared to NIS 5,054 million in the corresponding period last year. Net income in the second quarter of 2025 amounted to approx. NIS 2,610 million compared to approx. NIS 2,269 million in the corresponding quarter last year.

During the reporting period, the economic activity in the local economy continued to grow. The GDP grew at a relatively good annual rate, led by investments in construction, exports and current private consumption of households. Looking forward, the economic activities are expected to again recover in the second half of 2025, as the rate of expansion will depend, among other things, on security and geo-political developments.

Despite the improvement in the economic situation, the estimate of the loan loss collective provision still reflects the security and economic uncertainty, as well as conservatism in macroeconomic indicators and the parameters used for the assumptions underlying the model for predicting customers' future default rates.

The return on equity in the reporting period was approx. 15.8 percent, compared to a rate of approx. 18.0 percent in the corresponding period last year.

The decrease in the return on equity compared to the corresponding period last year stems mainly from a significant increase in the Bank's equity.

Return on equity in the second quarter was approx. 16.2 percent, compared to a rate of approx. 15.9 percent in the corresponding quarter last year (20.2 percent net of the impairment of the investment in Valley). The decrease in the return between the periods (neutralizing impairment) stems mainly from higher collective expense to loan losses in the second quarter of 2025, compared to the corresponding period last year, as well as from higher tax expenses in the reporting period.

For details, please see Note 8.l. and 8.m. to the financial statements as at December 31, 2024.

Net interest income in the reporting period totaled approx. NIS 8,557 million, compared to a total of approx. NIS 8,145 million in the corresponding period last year, an increase of approx. 5.1 percent. The increase in the interest income stems from the increase in the Bank's credit portfolio. This effect was partly offset against the erosion of the credit spreads and deposits.

During the reporting period the index had been positive and stood at the rate of approximately 1.6 percent compared to a positive index at the rate of approximately 1.9 percent during the corresponding period last year. The index in the second quarter of the year was approx. 1.3 percent, compared with an index of approx. 1.6 percent in the corresponding quarter last year.

The expenses **(income) due to loan losses** during the reporting period reflect an expense at the rate of approximately 0.12% of the average balance of loans to the public compared to an expense at the rate of approximately 0.09% during the corresponding period last year. The increase in the expense rate stems mainly from the higher individual provision in the corresponding period last year. The rate of the individual income due to loan losses during the reporting period stood at the rate of approximately 0.08 percent compared to income at the rate of 0.11 percent during the corresponding period last year. The collective expense rate for loan losses in the reporting period was approx. 0.20 percent, same as in the corresponding period last year. The rate of outstanding loan loss provision relative to the outstanding loans to the public as at June 30, 2025 was approx. 1.37 percent.

Noninterest finance income in the reporting period totaled approx. NIS 703 million, compared to a total of approx. NIS 1,180 million in the corresponding period last year. The decrease stems mainly from a decrease in derivatives' income and currency exchange rate differences.

The operational and other commissions in the reporting period amounted to the sum of approximately NIS 2,035 million, compared to the sum of approximately NIS 1,845 million in the corresponding period last year. The growth is mainly due to fees from activity in securities as well as an increase in income from commissions on financing businesses and conversion differences resulting from growth in the business activities.

The operational and other expenses in the reporting period amounted to the sum of approximately NIS 3,341 million, compared to the sum of approximately NIS 3,476 million in the corresponding period last year. The decrease in the expenses stems mainly from salary expenses due to a decrease in return-based bonuses.

The Bank's share in associates' profits/losses, after tax totaled a profit of approx. NIS 176 million during the reporting period, compared to a loss of NIS 461 million in the corresponding period last year. The loss in the corresponding 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.

The efficiency ratio for the reporting period was approx. 29.4 percent compared to 28.9 percent in the corresponding period last year. The efficiency ratio in the second quarter of 2025 was approx. 26.9 percent, compared with 28.7 percent in the corresponding quarter last year.

Basic earnings per share attributable to the shareholders in the reporting period totaled a gain of approx. NIS 3.34 compared to a gain of approx. NIS 3.32 in the corresponding period last year.

CET1 capital to risk weighted assets ratio as at June 30, 2025 was 12.28 percent, compared to 12.04 percent at June 30, 2024.

Total capital ratio as at June 30, 2025 was 14.86 percent, compared to 15.04 percent at June 30, 2024.

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

On August 12, 2025, the Bank's Board of Directors approved a distribution of profits at a total rate of 50% of the net profit for the second quarter of 2025, of which approx. 37.5% as a cash dividend in the amount of approx. NIS 979 million, and the balance by means of a share buyback in the amount of approximately NIS 326 million.

For additional details see Chapter Equity and Capital Adequacy.

Material Developments in Income, Expenses and Other Comprehensive Income

Following is the change in net income in the second quarter of 2025 and in the reporting period compared to the corresponding quarter last year and the corresponding period last year

	For three months ended June 30		Change	
	2025	2024		
	In NIS million		In NIS million	In %
Interest income, net	**4,540**	4,378	162	3.7
Loan loss expenses (income)	**223**	(18)	241	
Noninterest income	**1,446**	1,365	81	5.9
Operating and other expenses	**1,610**	1,651	(41)	(2.5)
Profit before taxes	**4,153**	4,110	43	1.0
Provision for taxes[d]	**1,623**	1,340	283	21.1
Profit after taxes	**2,530**	2,770	(240)	(8.7)
The Bank's share in the profits (losses) of associates	**80**	(501)[a]	581	
Net income attributable to non-controlling interests[b]	**-**	-	-	-
Net income attributable to the Bank's shareholders	**2,610**	2,269	341	15.0
Return on equity (in percent)	**16.2**	15.9		
Basic earnings per share (in NIS)	**1.74**	1.49		

	For six months ended June 30		Change	
	2025	2024		
	In NIS million		In NIS million	In %
Interest income, net	**8,557**	8,145	412	5.1
Loan loss expenses	**278**	204	74	36.3
Noninterest income	**2,814**	3,893[c]	(1,079)	(27.7)
Operating and other expenses	**3,341**	3,476	(135)	(3.9)
Profit before taxes	**7,752**	8,358	(606)	(7.3)
Provision for taxes[d]	**2,915**	2,843	72	2.5
Profit after taxes	**4,837**	5,515	(678)	(12.3)
The Bank's share in the profits (losses) of associates	**176**	(461)[a]	637	
Net income attributable to non-controlling interests[b]	**-**	-	-	-
Net income attributable to the Bank's shareholders	**5,013**	5,054	(41)	(0.8)
Return on equity (in %)	**15.8**	18.0		
Basic earnings per share (in NIS)	**3.34**	3.32		

Net income development by quarter

	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
		In NIS million				
Interest income, net	**4,540**	4,017	3,819	4,545	4,378	3,767
Loan loss expenses (income)	**223**	55	197	312	(18)	222
Noninterest income	**1,446**	1,368	1,728	978	1,365	2,528[c]
Operating and other expenses	**1,610**	1,731	1,712	1,716	1,651	1,825
Profit before taxes	**4,153**	3,599	3,638	3,495	4,110	4,248
Provision for taxes[d]	**1,623**	1,292	1,294	1,285	1,340	1,503
Profit after taxes	**2,530**	2,307	2,344	2,210	2,770	2,745
The Bank's share in the profits (losses) of associates	**80**	96	107	83	(501)[a]	40
Net income attributable to non-controlling interests[b]	**-**	-	-	-	-	-
Net income attributable to the Bank's shareholders	**2,610**	2,403	2,451	2,293	2,269	2,785
Return on equity (in %)	**16.2**	15.4	16.2	15.5	15.9	20.2
Basic earnings per share (in NIS)	**1.74**	1.60	1.63	1.51	1.49	1.83

a) Including impairment losses on an investment in an affiliated company Valley in the amount of NIS 0.6 billion. For additional information see Note 15.A to the financial statements as of December 31, 2024.
b) Sums lower than NIS 1 million.
c) Including capital gains from the sale of the main office buildings in Tel Aviv. For additional information see Note 35 D to the financial statements as of December 31, 2024.
d) For further information, please see Note 17 B.

Interest Income, Net

	For three months ended June 30				For six months ended June 30			
	2025		2024		2025		2024	
	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	**10,211**	**5.69**	9,792	5.83	**19,264**	**5.50**	18,619	5.51
Interest expenses	**(5,671)**	**(4.14)**	(5,414)	(4.37)	**(10,707)**	**(4.03)**	(10,474)	(4.19)
Interest income, net	**4,540**	**1.55**	4,378	1.46	**8,557**	**1.47**	8,145	1.32
Net yield on interest-bearing assets (NIM)		**2.53**		2.61		**2.44**		2.41
Additional information:								
Credit spread[a)(a]	**2,121**		2,144		**4,239**		4,117	
Deposit spread[a]	**1,726**		1,989		**3,454**		3,868	
Other[b]	**693**		245		**864**		160	

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.

Net interest income in the reporting period totaled approx. NIS 8,557 million, compared to a total of approx. NIS 8,145 million in the corresponding period last year, an increase of approx. 5.1 percent. The increase in the interest income stems primarily from growth in the Bank's credit portfolio. This effect was partly offset against the erosion of the credit spreads and deposits.

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 Prime interest rate in the first half of 2025 was an average of approx. 6.0 percent, similar to the corresponding period last year.

The net interest income 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 694 million, while during the corresponding period last year they were positively affected by the linkage to the index of the contractual principal and interest in the sum of approximately NIS 791 million.

The income rate had decreased by (0.01%) mainly as a result of a decrease in the foreign currency interest rate, the erosion of deposit spreads and the impact of the index.

The expense rate decreased by (0.16%) mainly as a result of a decrease in the foreign currency interest rate and the impact of the index.

The increase in Net Interest Margin (NIM) in the first half of the year stems mainly from the growth in the credit portfolio, change in asset allocation and the influence of the foreign currency interest rate decrease on the deposits. The aforementioned increase was partially offset against the erosion of the credit spreads and the impact of the index.

The total interest rate gap in the reporting period is approximately 1.47% compared to the gap of approximately 1.32% 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 shekel segment, the interest rate gap is 1.73% compared to 1.65% during the corresponding period last year. In the index segment, the interest rate gap is 1.32% compared to 1.85% during the corresponding period last year. In the foreign currency segment, the interest rate gap is 0.32%, compared to (0.23%) during the corresponding period last year.

The following are data regarding net interest income, by quarter

	2025				2024							
	Q2		Q1		Q4		Q3		Q2		Q1	
	Interest income (expenses)	% of income (expense)	Interest income (expen-ses)	% of income (expen-se)	Interest income (expen-ses)	% of income (expen-se)	Interest income (expen-ses)	% of income (expe-nse)	Interest income (expen-ses)	% of income (expe-nse)	Interest income (expen-ses)	% of income (expe-nse)
	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %	In NIS million	In %
Interest income	**10,211**	**5.69**	9,053	5.29	8,877	5.14	9,966	6.00	9,792	5.83	8,827	5.20
Interest expenses	**(5,671)**	**(4.14)**	(5,036)	(3.92)	(5,058)	(3.90)	(5,421)	(4.41)	(5,414)	(4.37)	(5,060)	(4.02)
Interest income, net	**4,540**	**1.55**	4,017	1.37	3,819	1.24	4,545	1.59	4,378	1.46	3,767	1.18
Net yield on interest-bearing assets (NIM)		**2.53**		2.35		2.21		2.73		2.61		2.22
Additional information:												
Credit spread	**2,121**		2,118		2,120		2,109		2,144		1,973	
Deposit spread	**1,726**		1,728		2,169		1,994		1,989		1,879	
Other	**693**		171		(470)		442		245		(85)	

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

For more information regarding interest income and expenses, see Appendix 1 – Interest Income and Expense Rates and Analysis of Changes in Interest Income and Expenses.

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

Loan loss expenses

	For six months ended June 30		Change	
	2025	2024		
	In NIS million		In NIS million	In %
Specific loan loss income	**(179)**	(242)	63	26.0
Collective loan loss expense	**457**	446	11	2.5
Total loan loss expenses	**278**	204	74	36.3
Of which:				
Loan loss expenses in respect of commercial credit risk	**83**	15	68	453.3
Loan loss expenses in respect of housing credit risk	**27**	(24)	51	
Loan loss expenses for other credit risk for private individuals	**160**	213	(53)	(24.9)
Loan loss expenses for credit risk for banks, governments and bonds	**8**	–	8	–
Total loan loss expenses	**278**	204	74	36.3
Ratios (in %)[(a)]:				
Percentage of the specific loan loss income out of the average outstanding loans to the public	**(0.08)**	(0.11)	0.03	27.3
Percentage of collective loan loss expense out of the average outstanding loans to the public	**0.20**	0.20	–	–
Percentage of loan loss expenses out of average outstanding loans to the public	**0.12**	0.09	0.03	33.3
Percentage of net write-offs for loans to the public out of the average outstanding loans to the public	**0.10**	0.11	(0.01)	(9.1)
Percentage of net write-offs for loans to the public out of the outstanding loan loss provisions for loans to the public	**6.63**	7.30	(0.67)	(9.2)

a) Annualized.

Development of loan loss expenses (income) by quarter

	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Specific loan loss income	**(162)**	(17)	(23)	(63)	(86)	(156)
Collective loan loss expense	**385**	72	220	375	68	378
Total Loan loss expenses (income)	**223**	55	197	312	(18)	222
Of which:						
Loan loss expenses in respect of commercial credit risk	**91**	(8)	69	166	(60)	75
Loan loss expenses in respect of housing credit risk	**41**	(14)	46	14	(27)	3
Loan loss expenses for other credit risk for private individuals	**96**	64	71	113	69	144
Loan loss (income) expenses for credit risk for banks, governments and bonds	**(5)**	13	11	19	–	–
Total Loan loss expenses (income)	**223**	55	197	312	(18)	222
Ratios (in %):[(a)]						
Percentage of the specific loan loss income out of the average outstanding loans to the public	**(0.14)**	(0.01)	(0.02)	(0.06)	(0.08)	(0.15)
Percentage of collective loan loss expense out of the average outstanding loans to the public	**0.33**	0.06	0.19	0.34	0.06	0.36
Percentage of loan loss expense (income) out of the average outstanding loans to the public	**0.19**	0.05	0.17	0.28	(0.02)	0.21
Percentage of net charge-offs for loans to the public out of the average outstanding loans to the public	**0.08**	0.11	0.08	0.10	0.20	0.03
Percentage of net charge-offs out of the outstanding loan loss provisions for loans to the public	**5.52**	7.78	5.40	6.16	12.81	1.73

a) Annualized.

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

The expenses for loan losses in the reporting period amounted to NIS 278 million, compared to expenses in the sum of NIS 204 million in the corresponding period last year. The increase in loan loss expenses stems mainly from a decrease in the individual income due to loan losses compared to the corresponding period last year.

The expenses due to loan losses during the reporting period reflect an expense at the rate of approximately 0.12% of the average balance of loans to the public compared to an expense at the rate of approximately 0.09% during the corresponding period last year. Increase in the rate of expense stems from decrease in the rate of individual income resulting from decrease in the scope of collections in the current period, compared to the corresponding period last year. The individual income rate due to loan losses in the reporting period stood at (0.08%) compared to an income rate of (0.11%) in the corresponding period last year. The collective expense rate for loan losses in the reporting period was approx. 0.20 percent, similar to the corresponding period last year.

The estimated provision for credit losses, as stated, reflects the continued uncertainty in light of the ongoing security and economic challenges.

The trends descried above are reflected in the rate of the balance of the provision for loan losses compared to loans to the public as at June 30, 2025, which stood at approximately 1.37 percent, compared to the rate of 1.49 percent as of December 31, 2024.

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

Noninterest income

	For six months ended June 30			
	2025	2024	Change	
	In NIS million		In NIS million	In %
Noninterest Finance Income	**703**	1,180	(477)	(40.4)
Fees and commissions	**2,035**	1,845	190	10.3
Other income	**76**	868[(a)]	(792)	(91.2)
Total	**2,814**	3,893	(1,079)	(27.7)

a) Including capital gains from the sale of the main office buildings in Tel Aviv. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

The weight of noninterest income of total income (meaning, income from interest, net and noninterest income) during the reporting period stood at the rate of 24.7% compared to 32.3% during the corresponding period last year. In the second quarter of 2025 stood at the rate of approximately 24.2% compared to 23.8% in the corresponding quarter last year and 28.6% throughout 2024. The difference between the reporting periods is mainly due to capital gains from the sale of the main office buildings in Tel Aviv, which were recorded in the corresponding period last year, as well as from a decrease in derivatives and currency exchange differences and investment in shares.

Development of noninterest income by quarter

	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Noninterest finance income (expenses)	**410**	293	686	(46)	446	734
Fees and commissions	**1,014**	1,021	994	984	910	935
Other income	**22**	54	48	40	9	859[(a)]
Total	**1,446**	1,368	1,728	978	1,365	2,528

a) Including capital gains from the sale of the main office buildings in Tel Aviv. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

Breakdown of noninterest finance income

	For six months ended June 30			
	2025	2024	Change	
	In NIS million		In NIS million	In %
Net income for derivatives and net exchange rate differentials for non-trading activities	**394**	703	(309)	(44.0)
Losses on sale of available-for-sale bonds, net	**(280)**	(179)	(101)	56.4
Realized and unrealized gains, net[(a)] and dividend from equity securities not held for trading	**177**	390	(213)	(54.6)
Gain on sale of investees' equity	**5**	-	5	-
Net revenues from derivative instruments for trading activities for trading	**429**	272	157	57.7
Realized and unrealized losses from fair value adjustments of held-for-trading bonds and equity securities, net[(a)] and dividend from held-for-trading equity securities	**(22)**	(6)	(16)	266.7
Total	**703**	1,180	(477)	(40.4)

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

Breakdown of noninterest finance income by quarter

	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Net income (expense) in respect of derivatives and net exchange rate differentials for non-trading activities	**465**	(71)	516	(172)	215	488
Losses on sale of available-for-sale bonds, net	**(174)**	(106)	(156)	(130)	(96)	(83)
Realized and unrealized (losses) gains, net[(a)] and dividend from equity securities not held for trading	**(90)**	267	177	91	212	178
Gain on sale of investees' equity	**-**	5	-	-	-	-
Net revenues from derivative instruments for trading activities for trading	**281**	148	206	121	112	160
Realized and unrealized (losses) gains from fair value adjustments of held-for-trading bonds and equity securities, net[(a)] and dividend from held-for-trading equity securities	**(72)**	50	(57)	44	3	(9)
Total	**410**	293	686	(46)	446	734

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 six months ended June 30			
	2025	2024	Change	
	In NIS million		In NIS million	In %
Account management	**293**	288	5	1.7
Activity in securities and certain derivatives	**388**	313	75	24.0
Credit cards	**211**	209	2	1.0
Credit handling	**130**	126	4	3.2
Fees and commissions for financial product distribution	**132**	116	16	13.8
Exchange rate differentials	**258**	227	31	13.7
Financing fees and commissions	**442**	385	57	14.8
Other fees and commissions	**181**	181	-	-
Total fees and commissions	**2,035**	1,845	190	10.3

The increase in fees and commissions at the rate of 10.3% compared to the corresponding period last year, originates mainly from fees and commissions on activities in securities, conversion differences and financing businesses resulting from the increase in the business activities.

Breakdown of fees and commissions by quarter

	2025	2024			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Account management	**145**	148	147	147	143	145
Activity in securities and certain derivatives	**198**	190	176	165	149	164
Credit cards	**100**	111	104	109	112	97
Credit handling	**61**	69	66	63	54	72
Fees and commissions for financial product distribution	**67**	65	64	61	58	58
Exchange rate differentials	**129**	129	132	139	116	111
Financing fees and commissions	**224**	218	212	206	189	196
Other fees and commissions	**90**	91	93	94	89	92
Total fees and commissions	**1,014**	1,021	994	984	910	935

Breakdown of other income

	For six months ended June 30		Change	
	2025	2024		
	In NIS million		In NIS million	In %
Gains on central severance pay fund	**–**	6	(6)	
Other income, including on sale of buildings and equipment, net	**76**	862[(a)]	(786)	(91.2)
Total	**76**	868	(792)	(91.2)

a) Stems mainly from capital gains on the sale of the headquarters buildings in Tel Aviv. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

Breakdown of other income by quarter

	2025	2024				
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
(Losses) gains on central severance pay fund	**(4)**	4	–	1	4	2
Other income, including on sale of buildings and equipment, net	**26**	50	48	39	5	857[(a)]
Total	**22**	54	48	40	9	859

a) Stems mainly from capital gains on the sale of the headquarters buildings in Tel Aviv. For more information, please see Note 35.C to the financial statements as at December 31, 2024.

Operating and other expenses

	For six months ended June 30			
	2025	2024	Change	
	In NIS million		In NIS million	In %
Salaries and related expenses	**1,841**	1,953	(112)	(5.7)
Depreciation and amortization	**275**	313	(38)	(12.1)
Maintenance expenses for buildings and equipment	**433**	436	(3)	(0.7)
Other Expenses	**792**	774	18	2.3
Total operating and other expenses	**3,341**	3,476	(135)	(3.9)

In the reporting period there has been a decrease of approx. NIS 135 million in operating and other expenses compared to the corresponding period last year. The decrease stems mainly from a decrease in salary expenses, resulting from a decrease in return-based bonuses.

The efficiency ratio for the reporting period was approx. 29.4 percent compared to 28.9 percent in the reporting period last year. The growth in the efficiency rate is mainly due to capital gains from the sale of the main office buildings in Tel Aviv recorded in the corresponding period last year, which was partially offset against the decrease in the operating expenses.

Total operating and other expenses (on an annualized basis) accounted for approx. 0.79% of the total balance sheet, compared with approx. 0.95% in the reporting period last year.

Operating and other expenses by quarter

	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Salaries and related expenses	**881**	960	910	933	882	1,071
Depreciation and amortization	**132**	143	148	152	157	156
Maintenance expenses for buildings and equipment	**202**	231	237	234	217	219
Other Expenses	**395**	397	417	397	395	379
Total operating and other expenses	**1,610**	1,731	1,712	1,716	1,651	1,825

Salary expenses

	For six months ended June 30			
	2025	2024	Change	
	In NIS million		In NIS million	In %
Salaries and related expenses	**1,663**	1,782	(119)	(6.7)
Pension, severance and retirement expenses	**178**	171	7	4.1
Total salary expenses	**1,841**	1,953	(112)	(5.7)

Salary and ancillary expenses constitute approximately55.1% of the total operational and other expenses in the reporting period, compared to approximately 56.2% in the corresponding period last year.
The decrease in salary expenses is mainly due to the decrease in return-based bonus expenses.

Salary expenses by quarter

	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
	In NIS million					
Salaries and related expenses	**792**	871	811	846	796	986
Pension, severance and retirement expenses	**89**	89	99	87	86	85
Total salary expenses	**881**	960	910	933	882	1,071

Condensed comprehensive income statement

Comprehensive income during the reporting period amounted to the sum of approximately NIS 5,785 million, compared to the sum of approximately NIS 5,246 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 995 million before tax. These adjustments were added to positive adjustments of liabilities for employee benefits in the sum of NIS 275 million before tax that originate primarily from the increase in the discount rate and the influence of the profits of plan assets. 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 section entitled Capital and Capital Adequacy.

For the three and six month periods ended June 30, 2025 and 2024 and for the year ended December 31, 2024

	For three months ended June 30		For six months ended June 30		For the year ended at December 31
	2025	2024	**2025**	2024	2024
	In NIS million				
Net income attributable to the Bank's shareholders	**2,610**	2,269	**5,013**	5,054	9,798
Changes in other comprehensive income attributable to the Bank's shareholders:					
Adjustments in respect of presentation of available-for-sale bonds at fair value, net	**755**	(833)	**995**	(1,135)	298
Adjustments of liabilities for employee benefits	**(375)**	740	**275**	1,351	606
Other adjustments[(a)]	**11**	6	**(22)**	(4)	29
Related tax effect	**(178)**	69	**(476)**	(20)	(322)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	**213**	(18)	**772**	192	611
Less comprehensive other profit attributable to non-controlling rights owners[(b)]	**-**	-	**-**	-	-
Other comprehensive income (loss) attributable to the Bank's shareholders, after taxes	**213**	(18)	**772**	192	611
Comprehensive income attributable to the Bank's shareholders	**2,823**	2,251	**5,785**	5,246	10,409

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

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

On June 30, 2025, total assets of the Leumi Group reached NIS 844.3 billion compared to NIS 785.6 billion at the end of 2024, an increase of 7.5%, and an increase of 15.0% compared to June 2024.

The value of financial assets denominated in, and linked to, foreign currency out of the Group's total assets as of June 30, 2025 is NIS 165.1 billion, approx. 19.6 percent of the total assets. In the first half of 2025, the shekel appreciated against the US dollar by 7.5 percent, devalued by 4.2 percent against the euro, and devalued by 1.1 percent against the pound sterling. The change in the shekel's exchange rates against all foreign currencies during the first half of the year contributed to a decrease of approx. 0.9 percent in the Group's total consolidated assets.

Following are the changes in the main balance sheet line items

	June 30	December 31	Change	
	2025	2024	From December 2024	From June 2024
	In NIS million		In %	
Total assets	**844,333**	785,551	7.5	15.0
Cash and deposits with banks	**147,063**	155,828	(5.6)	14.6
Securities	**142,649**	124,101	14.9	10.9
Loans to the public, net	**489,227**	455,519	7.4	12.8
Buildings and equipment	**2,941**	2,822	4.2	9.4
Deposits by the public	**642,253**	618,301	3.9	10.5
Deposits by banks	**22,873**	18,043	26.8	25.8
Bonds, promissory notes and deferred liability letters[(a)]	**40,515**	31,969	26.7	38.0
Shareholders' equity	**65,535**	61,658	6.3	12.2

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

Changes in the main off-balance-sheet items

	June 30	December 31	Change	
	2025	2024	From December 2024	As at June 2024
	In NIS million		In %	
Documentary credit, net	**1,159**	1,176	(1.4)	(14.2)
Guarantees and other commitments, net	**84,362**	81,202	3.9	14.6
Unutilized credit card credit facilities, net	**15,891**	14,424	10.2	12.6
Unutilized current loan account facilities and other credit facilities in demand accounts, net	**17,826**	17,349	2.7	3.8
Irrevocable loan commitments approved but not yet granted and commitments to issue guarantees, net	**117,318**	106,419	10.2	13.5
Derivative instruments[(a)(b)]	**1,655,525**	1,655,783	–	16.9
Options – all types[(b)]	**315,166**	301,001	4.7	(18.6)

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

Loans to the Public, Net

Outstanding loans to the public, net in the Leumi Group as of June 30, 2025 totaled approx. NIS 489.2 billion compared to approx. NIS 455.5 billion as of December 31, 2024, an increase of approx. 7.4%, and compared to June 2024 – an increase of approx. 12.8%.

The loan loss provision balance in the Leumi Group as of June 30, 2025 totaled approx. NIS 6.8 billion, similar to as of December 31, 2024.

In addition to loans to the public, the Group invests in securities of companies, which as of June 30, 2025, totaled approx. NIS 24,922 million, compared to a total of approx. NIS 26,429 million as of the end of 2024, which also incorporate credit risks.

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

	June 30	December 31		
	2025	2024	Change	
	In NIS million		In NIS million	In %
Private individuals – housing loans	**148,493**	143,993	4,500	3.1
Private individuals – other	**29,245**	29,590	(345)	(1.2)
Construction and real estate	**135,350**	127,498	7,852	6.2
Financial services	**64,068**	49,971	14,097	28.2
Commerce	**35,752**	33,382	2,370	7.1
Industry	**22,516**	21,613	903	4.2
Other	**53,803**	49,472	4,331	8.8
Total	**489,227**	455,519	33,708	7.4

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

	June 30			December 31		
	2025			2024		
	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total
	In NIS million					
Non-performing credit risk, net	**1,501**	**74**	**1,575**	1,588	90	1,678
Performing credit risk, net	**3,954**	**410**	**4,364**	3,361	416	3,777
Total	**5,455**	**484**	**5,939**	4,949	506	5,455

	June 30	December 31
	2025	2024
	In NIS million	
Troubled credit risk – Commercial	**6,048**	5,711
Troubled credit risk – retail	**1,665**	1,631
Total	**7,713**	7,342
Balance of loan loss provision	**1,774**	1,887
Troubled loans after loan loss provision	**5,939**	5,455

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

Securities

As of June 30, 2025, the Leumi Group's investments in securities amounted to approx. NIS 142.6 billion, compared to NIS 124.1 billion as of the end of 2024, approx. a 15% increase.

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

Fair value calculation method

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

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

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

	June 30, 2025					December 31, 2024				
	Held-to-maturity bonds(e)	Held-to-Available-for-trading bonds	Shares and funds No for trading(b)	Held-for-trading for trading(c)(f)	Total	Held-to-maturity bonds(e)	Held-to-Available-for-trading bonds	Shares and funds No for trading(b)	Held-for-trading for trading(c)(f)	Total
	In NIS million									
Bonds										
Of the Israeli Government	12,263	53,898		12,566	78,727	10,835	47,725		6,825	65,385
Of foreign governments(d)	-	25,120		-	25,120	-	17,555		307	17,862
Of Israeli financial institutions	-	450		13	463	-	176		61	237
Of foreign banking institutions	1,175	7,885		63	9,123	1,460	8,487		132	10,079
Asset-backed (ABS) Or mortgage-backed (MBS)	5,416	11,242		296	16,954	6,235	11,502		12	17,749
Of other Israeli entities	-	1,114		119	1,233	-	1,022		137	1,159
Of other foreign entities	283	3,776		44	4,103	337	4,033		71	4,441
Equity securities and mutual funds			6,734	192	6,926			7,178	11	7,189
Total securities	19,137	103,485	6,734	13,293	142,649	18,867	90,500	7,178	7,556	124,101

a) Including unrealized losses, net from fair value adjustments in the amount of NIS (1,498) million recorded in other comprehensive income (December 31, 2024 - losses, net of NIS (2,695) million).
b) Including unrealized gains, net of fair value adjustments in the amount of NIS 86 million recorded in the income statement (December 31, 2024 - gains, net of NIS 150 million).
c) Including unrealized gains, net of fair value adjustments in the amount of NIS 90 million recorded in the income statement (December 31, 2024 - gains, net of NIS 24 million).
d) Of which: the US government - NIS 20.6 billion (December 31, 2024 — NIS 15.1 billion).
e) The outstanding balance of held-to-maturity bonds are presented net of the provision for loan losses in the sum of NIS 2 million (as of December 31, 2024 - 2 NIS million). As of June 30, 2025 and December 31, 2024, there is no outstanding loan loss provision in respect of available-for-sale bonds.
f) Of which bonds in the amount of approx. NIS 3,158 million classified as held-for-trading securities since the Bank chose to measure them according to the fair value alternative, although they were not acquired for trading purposes (as of December 31, 2024 - NIS 1,224 million).

As at June 30, 2025, approximately 72.5 percent of the Group's own (nostro) portfolio was classified as available-for-sale, approx. 9.3 percent - as held for trading, approx. 4.8 percent as not held-for-trading equity securities and mutual funds and 13.4 percent as held-to-maturity.

For information on the value of securities by method of measurement, please see Note 16 A.

Available-for-sale portfolio

1. In the reporting period, there was a NIS 995 million increase (before tax) in other comprehensive income in respect of available-for-sale bonds, compared with a decrease of NIS (1,135) million (before tax) in the corresponding period last year.
2. During the reporting period, net losses on the sale of available-for-sale stated in the income statement, amounted to approx. NIS 280 million (before tax), compared with net losses of NIS 179 million (before tax) in the corresponding period last year.

The net accumulated balance of fair value adjustments of available-for-sale bonds portfolio as at June 30, 2025 totaled a negative NIS 728 million (after tax) compared with a negative NIS (1,334) million as at the end of 2024 (after tax). These amounts represent net unrealized losses (after tax) as at the reporting dates.

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

Held-for-trading portfolio

As at June 30, 2025, the held-for-trading portfolio has NIS 13.1 billion in bonds, compared with NIS 7.5 billion in bonds as at December 31, 2024. As at June 30, 2025, the held-for-trading portfolio constitutes 9.3 percent of the Group's total nostro portfolio, compared with 6.1 percent as at December 31, 2024.

Realized and unrealized losses in respect of held-for-trading bonds in the amount of NIS 29 million were recorded in the income statement in the reporting period, compared with net losses of NIS 9 million in the corresponding period last year.

Investments in equity securities and mutual funds

As at June 30, 2025, investments in equity securities and mutual funds totaled approx. NIS 6,926 million, of which a total of approx. NIS 2,732 million was marketable equity securities and mutual funds and a total of approx. NIS 4,194 million - in non-marketable.

Realized and unrealized gains (including dividend) in respect of the equity securities and mutual funds in the amount of approx. NIS 184 million were recorded net in the income statement in the reporting period, compared with net gains of NIS 393 million in the corresponding period last year.

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

Investments in foreign securities

A. Investments in foreign asset-backed securities

The Group's asset-backed (mortgage and non-mortgage) securities portfolio, all investment-grade, amounted to approx. NIS 17.0 billion (approx. USD 5.0 billion) as of June 30, 2025, compared to NIS 17.7 billion as at the end of 2024. Out of the above portfolio, as at June 30, 2025, NIS 11.2 billion (about USD 3.3 billion) was classified to the available-for-sale portfolio and the remainder - to the held-for-trading and held-to-maturity portfolios.

The available-for-sale portfolio of investments in asset-backed bonds abroad as of June 30, 2025 includes an investment in mortgage-backed bonds in the sum of approximately NIS 7.7 billion. 95.1% of the total mortgage-backed bonds in the available portfolio had been issued by federal agencies in the United States (FNMA, FHLMC, GNMA) and are rated, as of the date of the report, AAA.

As of June 30, 2025, the total cumulative adjustments to fair value, net from the mortgage-backed bonds portfolio charged to shareholders' equity was a negative amount of approx. NIS (434) million.

Total mortgage-backed bonds that are neither government-backed (USA) nor backed by US federal institutions total approx. NIS 378 million.

The expected period for maturity of the entire mortgage-backed bond portfolio is approximately 4.36 years on average (average duration). In addition to the mortgage-backed bonds, the Group's available-for-sale portfolio also includes other asset-backed bonds that are not mortgages in the sum of approximately NIS 3.5 billion, of which bonds classified as CLO in the sum of approximately NIS 2.3 billion. The expected maturity period of asset-backed bonds that are not mortgages portfolio is approximately 4.5 years on average.

For more information on investments in asset-backed bonds, please see Note 5.

B. Investments in foreign non-asset-backed securities

As of June 30, 2025, the Group's securities portfolio includes NIS 58.4 billion (USD 17.3 billion) in foreign non-asset-backed securities. Out of the above portfolio, NIS 47.3 billion (USD 14.0 billion) is classified to the available-for-sale portfolio and the remainder - to the held-for-trading and held-to-maturity portfolios. 98.25% of the total securities are investment grade and include mainly securities issued by the US government, banks and financial institutions, bonds of investment-grade corporations, and the remainder are mainly securities issued by the Israeli government.

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

As of June 30, 2025, the aggregate decrease in the value of the capital reserve for securities which are not backed by assets issued abroad within the available-for sale portfolio amounted to NIS 634 million (NIS 385 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. 95.75% of the securities in the held-for-trading portfolio are investment-grade.

As of June 30, 2025, the value of the non-asset-backed held-for-trading portfolio was NIS 962 million (approx. USD 285.3 million).

Investments in bonds issued in Israel

As at June 30, 2025, investments in bonds issued in Israel amounted to NIS 64.6 billion, of which NIS 63.0 billion was in shekel-denominated bonds issued by the Israeli government and the remainder - corporate bonds. Approximately 92.2% of the investments in corporate bonds, which constitutes approximately NIS 1.6 billion were included in the available-for-sale portfolio and the balance in the held-for-trading portfolio.

The available-for-sale corporate bonds portfolio in the sum of NIS 1.6 billion includes a positive capital reserve in the sum of NIS 15 million.

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

For further information, please see Note 5.

Deposits by the Public

Following are balances of deposits by the public

	As at June 30	As of December 31	
	2025	2024	Change
	In NIS million		In %
Demand deposits			
Non-interest bearing deposits	**133,771**	142,366	(6.0)
Interest-bearing deposits	**131,642**	142,950	(7.9)
Total demand deposits	**265,413**	285,316	(7.0)
Fixed deposits	**376,840**	332,985	13.2
Total deposits by the public	**642,253**	618,301	3.9

The increase in the deposits balance during the first half of 2025 stemmed mainly from an increase in deposits of capital market customers.

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

	June 30	December 31		
	2025	2024	Change	
	In NIS million		In NIS million	In %
Securities portfolios[a]	**1,265,924**	1,160,059	105,865	9.1
Assets for which operating services are provided:[a][b][c]				
Provident funds, pension funds and study funds	**482,274**	454,098	28,176	6.2

a) Including the changes in the market value of securities and the value of custody securities of mutual funds and provident funds in respect of which operational and deposit management services are provided.

b) The Group does not manage mutual funds, provident funds or study funds.

c) Assets of customers to which the Group provides operational management services, including provident fund balances of customers who receive consulting services from Leumi.

Securities Bonds, Commercial Securities, and Deferred Notes

Shelf Prospectus, Issue of bonds, subordinated bonds, and commercial securities

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 January 23, 2025, the Bank issued a total of approx. NIS 1,346 million p.v. in bonds (Series 185), issued by way of expanding a Series in consideration of approx. NIS 1,387 million, and a total of approx. NIS 1,501 million p.v. in commercial securities (Series 7) issued by way of issuance of a new Series.

In addition, on January 23, 2025, the Bank issued a total of NIS 1,535 million par value in Subordinated Notes (Series 406).

On April 8, 2025, the Bank issued a total of approx. NIS 1,748 million nominal value, commercial securities (Series 8), issued by way of issuance of a new Series.

On May 26, 2025, the Bank issued a total of approx. NIS 1,801 million p.v. in bonds (Series 183), issued by way of expansion of a series in consideration of approx. NIS 1,826 million, as well as a total of approx. NIS 835 million p.v. in bonds (Series 184), issued by way of expansion of a series in consideration of approx. NIS 796 million.

The bonds (Series 183-185) and the 7 and 8 Series commercial securities are not recognized for supervised capital purposes.
These subordinated bonds Series 406 are eligible for inclusion in Tier 2 capital as of the issue date.

For further information regarding the issue terms, please see Note 9A. and immediate reports dated January 23, 2025, April 8, 2025, and May 26, 2025.

The issuance of credit-linked notes

On May 21, 2025 the Bank issued a total of approximately NIS 1,566 million p.v in credit linked notes, Leumi Variable Rate Bonds Series 4.

The proceeds of the issuance of Leumi Variable Rate Bonds Series 4 is recognized as a qualified 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.

For more information, please see the Note 9.A Immediate report dated May 21, 2025.

Early redemption of subordinated notes

On January 29, 2025, the Bank's Board of Directors decided to exercise full early redemption of Deferred Bonds (Series 403), which were issued to the public in January and March 2019. Accordingly, on February 28, 2025, a total of approximately NIS 1,706 million in letters of undertaking were redeemed (including linkage differentials).

For more information, please see the immediate reports dated February 17, 2025, and January 29, 2025.

Equity and Capital Adequacy

Equity attributable to the Bank's shareholders totaled NIS 65,535 million on June 30, 2025 compared with NIS 61,658 million as at the end of 2024.

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

The ratio of equity to total assets on June 30, 2025 stands at 7.8%.

Capital Adequacy Structure[(a)]

	June 30		December 31
	2025	2024	2024
	In NIS million		
Capital base for capital ratio purposes			
CET1 capital, after regulatory capital deductions and adjustments[(c)]	**65,051**	58,151	61,255
Tier 2 capital, after deductions	**13,642**	14,525	13,372
Total capital - total	**78,693**	72,676	74,627
Balance of risk-weighted assets			
Credit risk[(d)]	**485,011**	442,762	460,765
Market Risks	**7,924**	7,768	7,332
Operational risk	**36,728**	32,562	35,182
Total balance of risk-weighted assets	**529,663**	483,092	503,279
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted assets	**12.28%**	12.04%	12.17%
Ratio of total capital to risk-weighted assets	**14.86%**	15.04%	14.83%
Minimum CET1 capital ratio set by the Banking Supervision Department[(b)]	**10.24%**	10.23%	10.24%
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 June 30, 2025 are 10% and 13.5%, respectively. In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans.
c) These figures include adjustments due to the initial implementation of accounting rules regarding expected credit losses, which came into full effect as of January 2025. For further details regarding the adjustments see the section entitled "Equity and Capital Adequacy" in the Report of the Board of Directors and Management as at December 31, 2024.
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". Moreover, as of January 1, 2025, Directive 208A on the subject of capital allocation for CVA risk has been implemented, establishing a basic BA-CVA approach that replaced the existing directive. It is based primarily on risk considerations as a function of the economic sector and the credit quality of the counterparty.
For further details, please see directives pertaining to the attribution of capital for derivative financial instruments in this chapter.

During the first six months of 2025, the Common Equity Tier 1 capital was mainly affected by the net profit over the period, net of dividend and buyback, and from the increase in the loan portfolio.

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 Directive will enter into effect on January 1, 2014.

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 appears in the section entitled "Capital Adequacy".

Tier 1 capital

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

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

Tier 2 capital

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

Capital instruments must comply with the criteria set forth in Proper Conduct of Banking Business Directive No. 202 in order to be included in capital. The main criteria 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 the 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 Bank Leumi.

In addition to the Common Equity Tier 1 capital is a capital requirement of 1 percent of the outstanding housing loans, for the purpose of financing real estate rights. Accordingly, the minimum capital requirements applicable to the Bank as of June 30, 2025 are 10.24% for Common Equity Tier 1 capital ratio (including capital requirement for outstanding housing loans) and 13.50% for total capital ratio.

The Bank's capital planning and capital adequacy targets

The Leumi Group's capital planning reflects a forward-looking view of its risk appetite and profile, business strategy and the capital adequacy required as a result. The capital plan is approved by the Bank's management and Board of Directors and takes into account the Group's various P&L centers and other factors that affect the Bank's compliance with the capital requirements, such as: profit forecasts, changes in other comprehensive income, regulatory adjustments, the effect of the transitional provisions and the rate of increase in risk-weighted assets. The capital ratios forecast is also subject to various sensitivity tests and stress scenarios.

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. For additional information on the ICAAP process and the use of stress tests, please see the Risk Management Report as at December 31, 2024.

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.

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 12, 2025, the Board of Directors approved a distribution of dividend at a total rate of 50% of the net gain for the second quarter of 2025. Of which, approximately 37.5% percent as a cash dividend totaling to approximately NIS 979 million, and the remaining balance through share buyback in the sum of NIS 326 million, as detailed hereinafter. The sum of the dividend approved for each NIS 1 par value share is approximately 65.52 agorot. The final dividend amount per share will be adjusted to changes due to a share buyback and the exercise of the Bank's convertible securities, and will be published two days prior to the effective date. The Board of Directors has set August 20, 2025 as the record date for dividend payment and September 3, 2025 as the payment date.

Details of paid cash dividend

Declaration date	Payment date	Dividend per share	Paid cash dividend
		In agorot	In NIS million
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	681
November 19, 2024	December 5, 2024	45.63	688
March 4, 2025	March 20, 2025	47.02	706
May 20, 2025	June 10, 2025	[1]48.16	721

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, hereinafter: the "2024 Buyback Plan".

The 2024 Share Buyback Plan was executed as part of the trading on the Tel Aviv Stock Exchange (TASE) and/or through transactions outside the TASE, in accordance with the safe harbor mechanism published by the Israel Securities Authority in four separate stages, each of which irreversible, in accordance with the safe harbor mechanism.

The 2024 Share Buyback Plan was fully executed, ending on May 14, 2025, as part of which 25,821,601 Bank shares were purchased, amounting to NIS 1 million.

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

The Bank's share buyback plan 2025

On May 19, 2025, the Bank's Board of Directors approved a share buyback plan in a total not to exceed NIS 1.5 billion, commencing May 21, 2025 up to May 7, 2026 or until the total buyback amount has been reached, the earlier of the two.

The share buyback plan will be executed as part of the trading on the Tel Aviv Stock Exchange (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 maximum scope of the buyback at any stage will not exceed 25% of the rate of the total distribution approved for that quarter, and in any event will be as follows:

The implementation of Stage A commenced on May 21, 2025 and ended on July 16, 2025, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 4,081,931 Bank shares amounting to NIS 240 million under the said plan.

Immediately prior to publishing this report, the Bank decided to proceed to Stage B, granting the TASE member an irrevocable order to commence Stage B on August 14, 2025.

[1] Further to the immediate supplementary report dated May 26, 2025.

Stage B will end on the earlier of (a) November 10, 2025; or (b) completion of buyback of the Bank's shares in an amount not to exceed NIS 326 million. After completion of Stage B, should the Bank decide to proceed to execution of Stage C, execution of Stage C will begin on the second trading day following the date of publication of the first financial statements after the date the decision to go forward with Stage C has been made. In such a case, Stage C will end on the earlier of: (a) February 19, 2026; or (b) Completion of the Bank's share buyback at a rate that does not exceed 25% of the total current distribution amount approved by the Board of Directors for that quarter. After the completion of Stage C, if the Bank decides to proceed to Stage D, Stage D will begin on the second trading day following the publication of the first financial statements after the decision to go forward with Stage D has been made. In such a case, Stage D will end on the earlier of: (a) May 7, 2026; or (b) Completion of the Bank's share buyback at a rate that does not exceed the lower of: 25% of the total current distribution amount approved by the Board of Directors for that quarter, or an amount of NIS 1.5 billion less the total buybacks that were actually executed in Stages A, B, and C. If, following completion of Stage B or Stage C, a decision will be made not to proceed with Stage C or Stage D, as applicable, 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 11, 2025, 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.

As of the report publication date, the Bank owns 122,676,799 treasury shares.

For more information, please see the immediate report dated May 20, 2025.

Adjustments to Common Equity Tier 1 capital and Regulatory Changes in Measuring the Capital Requirements

Measurement of the employee benefits liability and hedging assets

Starting from July 1, 2022, calculation of the pension liabilities for the purpose of regulatory capital is as follows: Each quarter, the Bank calculates the change in the pension liability as a result of changes in the discount rate, net of the change in the value of assets designated in advance for hedging these liabilities. The change in the net pension liability, after tax, is spread in a linear manner over four quarters, beginning in the quarter for which the calculation was made. This method shall be in effect until the earlier of the following: a) the financial statements as at December 31, 2029 (inclusive) or b) the date of the financial statements in which the average pension liability amount for the past four quarters is lower than NIS 10 billion, linked to the CPI (from the known CPI as of July 1, 2022 until the known CPI on the date of the relevant financial statements).

For information regarding the discounting methodology, please see "Critical Accounting Policies and Estimates".

Draft Revising Proper Conduct of Banking Business Directive No. 201, "Introduction to Measurement and Capital Adequacy, Applicability and calculation of requirements.

On February 11, 2025, a draft directive was sent to banking corporations for their comments. The draft proposes replacing Banking Supervision Directive No. 201 with a new directive, aiming to improve the alignment between the regulatory capital requirements applicable to banking corporations in Israel and the recommendations of the Basel Committee, as well as internationally accepted practices.

The draft directive includes references to regulatory capital ratio requirements, according to which the banking corporation would be required to meet minimum capital ratios and maintain capital buffers and adding capital above the minimum capital ratios.

Draft Revising Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy" – the Standardized Approach – Credit Risk

On April 6, 2025, the Bank of Israel published a circular stating that to the list exposures weighted at 150% risk, credit provided under a financing agreement for a residential construction project will be added, in cases, where the proportion of apartment sale contracts in which a significant portion of the sale price (40% or more) is deferred to the delivery date (non-linear payment) exceeds 25%. Regarding existing projects in which this rate exceeds 25%, they will only be weighted at 150% when the proportion of contracts increases by more than 5 percent points compared with the rate at the starting date. The refund is valid as at December 31, 2026. Implementation of the new Directive is not expected to have a material effect on the Bank's capital ratios.

Revision of Proper Conduct of Banking Business Directive No. 218 – Leverage Ratio

On July 10, 2025 the Bank of Israel published a circular draft according to which the validity of the relief regarding minimum leverage ratio of 5.5% (rather than 6%) had been extended by a year up to December 31, 2026. 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, 2027.

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

In 2017, the Basel Committee on Banking Supervision completed its revision of the overall capital adequacy Basel III framework. As part of the revisions, also known as Basel IV, significant revisions were made in the manner of calculating risk-weighted assets for the purpose of the Tier 1 capital requirements. Implementation of the various standards included in the revision, as determined by the Basel Committee, the implementation is expected to begin in 2025.

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.

Additionally, on February 11, 2025, the Banking Supervision Department sent a survey to banking corporations to assess the quantitative impact of the reform (QIS) on the calculation of risk-weighted assets under the standardized approach – "Measurement and Capital Adequacy – Calculation of Risk-Weighted Assets for Credit Risk" – in accordance with the updates established by the BaseL Committee, as mentioned above. The survey results were sent to the Bank of Israel in June 2025.

Directives pertaining to the attribution of capital for derivative financial instruments

On December 1, 2021, the Banking Supervision Department published a circular revising directives on capital allocation for derivative financial instruments (application of the provisions of Proper Conduct of Banking Business Directives Nos. 203A and 208A), in an effort to adjust the directives of the Bank of Israel to the revised Basel Committee provisions regarding counterparty credit risk.

As of July 1, 2022, the Bank applies Directive No. 203A, Treating Counterparty Credit Risk.

As of January 1, 2025, Directive 208A on the subject of capital allocation for CVA risk has been implemented, establishing a basic BA-CVA approach that replaced the existing directive. It is based primarily on risk considerations as a function of the economic sector and the credit quality of the counterparty.

The directive's implementation has no material impact on the capital ratio.

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"

As of January 1, 2022, the Bank applies the transitional provisions published by the Banking Supervision Department - Regulatory Capital - Effect of Application of GAAP, as well as additional adjustments to "Proper Conduct of Banking Business Directives, as a result of the new rules on expected credit losses". Among other things, the Bank is applying Proper Conduct of Banking Business Directive No. 202, "Capital Measurement and Adequacy - Regulatory Capital", and deducts from Common Equity Tier 1 amounts to cover for housing loans classified over time as non-performing.

In accordance with the transitional provisions published by the Banking Supervision Department, the impact of the initial implementation on the Bank's Common Equity Tier 1 (CETI) capital was spearead over several years, starting in January 2022 and concluding with full implementation in January 2025.

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

- Change of the scope of risk assets - as of December 30, 2025 Leumi's risk assets amount to approximately NIS 530 billion. Each 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%.
- Change of CET1 capital - As of June 30, 2025, the CET1 capital amounts to approximately NIS 65 billion. An NIS 100 million decrease in the CET1 capital will decrease the CET1 capital ratio and the total capital ratio by approximately 0.02%.
- A change in the foreign 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% and the ratio of total capital by approximately 0.01%.
- A 1 percent increase in the risk-free interest rate curve across all currencies for the regulatory capital exposure signifies a decrease of 0.1% in the Common Equity Tier 1 capital ratio and total capital ratio.

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 the chapter "Forward-Looking Information".

Leverage Ratio

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

	June 30		December 31
	2025	2024	2024
	In NIS million		
Consolidated data			
Tier 1 capital[c]	**65,051**	58,151	61,255
Total exposures[b]	**932,297**	831,575	882,958
Leverage Ratio			
Leverage Ratio	**6.98%**	6.99%	6.94%
Minimum total leverage ratio set by the Banking Supervision Department[a]	**5.50%**	5.50%	5.50%

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

a) Regarding the relief in minimum leverage ratio requirement, see the Section Adjustments to Common Equity Tier 1 capital and Regulatory Changes in Measuring the Capital Requirements, above.

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". For further details, please see directives pertaining to the attribution of capital for derivative financial instruments above.

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 January 2025, and adjustments due to implementation of the measuring method in respect of certain actuarial liabilities. For more information, please see Note 9B.

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 more information regarding the business lines according to the management approach, please see section entitled "Operating Segments" in the financial statements as at December 31, 2024.

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

	For three months ended June 30, 2025											
	The Bank									Subsidi-aries in Israel	Forei-gn subsid-iaries	Total
	Private individu-als	Small Busin-esses	Retail banki-ng - total	Mortgag-es	Comm-ercial	Business[a)]	Real estate[a)]	Capital markets Equity	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(859)	190	(669)	2,223	450	852	974	445	21	51	193	4,540
Inter-segmental	2,124	312	2,436	(1,901)	170	(497)	(652)	525	2	17	(100)	-
Interest income, net	1,265	502	1,767	322	620	355	322	970	23	68	93	4,540
Income financing income	402	123	525	1	154	93	121	322	116	85	29	1,446
Total income	1,667	625	2,292	323	774	448	443	1,292	139	153	122	5,986
Expenses (incomes) due to credit losses	102	17	119	36	(28)	(2)	98	(27)	(4)	(1)	32	223
Total operating and other expenses	674	205	879	116	176	80	36	134	117	53	19	1,610
Profit before taxes	891	403	1,294	171	626	370	309	1,185	26	101	71	4,153
Provision for taxes	337	153	490	65	239	141	118	405	120	24	21	1,623
Net income (loss) Attributable to the Bank's shareholders	554	250	804	106	387	229	191	836	(94)	101	50	2,610

a) During the first quarter of 2025, an organizational change in the Corporate Division was completed, establishing an infrastructure and complex financing system that will be presented to the corporate sector. As part of said organizational change, inter alia, units that formerly were presented to the real estate business line were transferred to the corporate business line.

Condensed financial performance according to management approach (continuation)

	For three months ended June 30, 2024											
	The Bank									Subsidi- aries Subsidi- aries In Israel	Subsi- diaries Subsi- diaries Abro- ad	Total
	Private individu- als	Small Busin- esses	Retail banki- ng - total	Mortgag- es	Comm- ercial	Corp- orate	Real estate	Capital markets Equity	Other and adjust- ments			
	In NIS million											
Interest income, net:												
From external	(809)	221	(588)	2,177	365	556	1,090	525	15	56	182	4,378
Inter-segmental	2,190	303	2,493	(1,830)	318	(280)	(734)	115	–	9	(91)	–
Interest income, net	1,381	524	1,905	347	683	276	356	640	15	65	91	4,378
Non-interest incomes (Expenses) financing income	369	115	484	4	140	76	100	456	(89)	170	24	1,365
Total income (expenses)	1,750	639	2,389	351	823	352	456	1,096	(74)	235	115	5,743
Expenses (incomes) due to credit losses	78	50	128	(23)	8	(199)	89	9	–	(11)	(19)	(18)
Total operating and other expenses	694	219	913	107	176	73	40	108	146	64	24	1,651
Profit (loss) Before tax	978	370	1,348	267	639	478	327	979	(220)	182	110	4,110
Provision (benefit) for taxes To tax	372	141	513	102	243	181	124	373	(277)	46	35	1,340
Net income attributable to the Bank's shareholders	606	229	835	165	396	297	203	96[(a)]	57	145	75	2,269

a) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion.

Condensed financial performance according to management approach (continuation)

	For the six months ended June 30, 2025											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Retail banking - total	Mortgages	Commercial	Business[(a)]	Real estate[(a)]	Capital markets Equity	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(1,604)	408	(1,196)	3,955	901	1,458	1,939	977	35	103	385	8,557
Inter-segmental	4,160	605	4,765	(3,307)	347	(796)	(1,273)	435	5	33	(209)	-
Interest income, net	2,556	1,013	3,569	648	1,248	662	666	1,412	40	136	176	8,557
Noninterest income (expenses)	826	251	1,077	3	307	181	231	755	(24)	230	54	2,814
Total income	3,382	1,264	4,646	651	1,555	843	897	2,167	16	366	230	11,371
Loan loss expenses (income)	173	15	188	11	(19)	4	56	(4)	-	-	42	278
Total operating and other expenses	1,412	434	1,846	230	363	158	76	255	256	98	59	3,341
Profit (loss) Before tax	1,797	815	2,612	410	1,211	681	765	1,916	(240)	268	129	7,752
Provision (benefit) for taxes To tax	683	310	993	156	461	259	291	741	(97)	67	44	2,915
Net income (loss) Attributable to the Bank's shareholders	1,114	505	1,619	254	750	422	474	1,320	(143)	232	85	5,013
Balances as at June 30, 2025												
Loans to the public, net	30,641	27,526	58,167	151,454	66,397	83,883	70,576	40,972	6,181	1,338	10,259	489,227
Deposits by the public	227,332	60,427	287,759	-	83,643	44,633	12,729	213,485	4	-	-	642,253

a) During the first quarter of 2025, an organizational change in the Corporate Division was completed, establishing a infrastructure and complex financing system that will be presented to the corporate sector. As part of said organizational change, *inter alia*, units that formerly were presented to the real estate business line were transferred to the corporate business line.

Condensed financial performance according to management approach (continuation)

	For the six months ended June 30, 2024											
	The Bank									Subsid-iaries in Israel	Forei-gn subsidi aries	Total
	Private individu-als	Small busin-esses	Retail banking - total	Mortga-ges	Comm-ercial	Corp-orate	Real estate	Capital markets Equity	Other and adjust-ments			
	In NIS million											
Interest income, net:												
From external	(1,568)	439	(1,129)	3,722	709	965	2,089	1,307	26	100	356	8,145
Inter-segmental	4,310	610	4,920	(3,022)	672	(415)	(1,369)	(624)	(1)	19	(180)	–
Interest income, net	2,742	1,049	3,791	700	1,381	550	720	683	25	119	176	8,145
Noninterest income of interest	736	231	967	6	287	168	202	1,159	763[(a)]	308	33	3,893
Total income	3,478	1,280	4,758	706	1,668	718	922	1,842	788	427	209	12,038
Loan loss expenses (income)	224	42	266	(22)	137	(112)	(29)	(2)	(1)	(2)	(31)	204
Total operating and other expenses	1,471	466	1,937	224	375	153	85	220	320	109	53	3,476
Profit before taxes	1,783	772	2,555	504	1,156	677	866	1,624	469	320	187	8,358
Provision (benefit) for taxes	678	294	972	192	440	257	329	618	(70)	52	53	2,843
Net income attributable to the Bank's shareholders	1,105	478	1,583	312	716	420	537	517[(b)]	539	296	134	5,054
Balances at June 30, 2024												
Loans to the public, net	29,644	26,681	56,325	138,254	63,805	64,130	69,716	24,705	6,365	1,226	9,273	433,799
Deposits by the public	224,213	56,861	281,074	–	88,504	42,209	10,749	158,644	7	–	–	581,187

a) Including capital gains dueto the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion.
b) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion.

Condensed financial performance according to management approach (continuation)

	For the year ended December 31, 2024											
	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	(3,133)	894	(2,239)	7,482	1,482	2,081	4,250	2,457	58	204	734	16,509
Inter-segmental	8,607	1,206	9,813	(6,144)	1,236	(961)	(2,792)	(809)	(4)	45	(384)	-
Interest income, net	5,474	2,100	7,574	1,338	2,718	1,120	1,458	1,648	54	249	350	16,509
Noninterest income	1,557	483	2,040	9	584	323	426	1,651	963[b]	521	82	6,599
Total income	7,031	2,583	9,614	1,347	3,302	1,443	1,884	3,299	1,017	770	432	23,108
Loan loss expenses (income)	470	94	564	62	194	(139)	55	8	(8)	14	(37)	713
Total operating and other expenses	2,922	920	3,842	439	723	304	179	463	629	209	116	6,904
Profit before taxes	3,639	1,569	5,208	846	2,385	1,278	1,650	2,828	396	547	353	15,491
Provision (benefit) for taxes	1,384	597	1,981	322	907	486	627	1,064	(198)	113	120	5,422
Net income attributable to the Bank's shareholders	2,255	972	3,227	524	1,478	792	1,023	1,441[a]	594	486	233	9,798
Balances as at December 31, 2024												
Loans to the public, net	30,579	27,574	58,153	146,630	65,101	66,216	71,054	31,057	6,843	1,256	9,209	455,519
Deposits by the public	225,833	61,164	286,997	-	86,666	41,773	13,640	189,221	4	-	-	618,301

a) Including impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15.A to the financial statements as of December 31, 2024.
b) Including capital gains due to the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion.

Regulatory Operating Segments

For a description of the main operating segments, see Regulatory Operating Segments to the financial statements as of December 31, 2024.

Summary of activities by regulatory operating segment

	For three months ended June 30, 2025										
	Activity in Israel									Foreign operat-ions	Total
	Households										
	Housing loans	Other	Banking Private	Small- and micro-busine-sses	Small Mid-sized	Small Large	Institut-ional entities	Financial manag-ement Financial	Other		
	In NIS million										
Interest income, net	418	1,025	81	957	463	1,081	199	202	21	93	4,540
Noninterest income	8	243	51	246	91	248	65	470	(5)	29	1,446
Total income	426	1,268	132	1,203	554	1,329	264	672	16	122	5,986
Loan loss expenses (income)	41	95	1	1	6	92	-	(45)	-	32	223
Total operating and other expenses	117	534	33	389	107	142	57	104	108	19	1,610
Profit (loss) Before tax	268	639	98	813	441	1,095	207	613	(92)	71	4,153
Provision for taxes	98	257	36	302	170	409	79	228	23	21	1,623
Net profit (loss) attributable to the Bank's shareholders Bank's shareholders	170	382	62	511	271	686	128	465	(115)	50	2,610

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

a) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion.

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

	For the six months ended June 30, 2025										
	Activity in Israel									Foreign operations	Total
	Households										
	Housing loans	Other	Banking Private	Small- and micro-businesses	Small Mid-sized	Small Large	Institutional entities	Financial management Financial	Other		
	In NIS million										
Interest income, net	807	2,046	172	1,883	920	2,088	369	63	33	176	8,557
Noninterest income of interest	18	514	97	496	189	499	122	809	16	54	2,814
Total income	825	2,560	269	2,379	1,109	2,587	491	872	49	230	11,371
Loan loss expenses (income)	27	159	1	22	(22)	64	(1)	(14)	-	42	278
Total operating and other expenses	231	1,125	64	807	228	281	117	203	226	59	3,341
Profit (loss) Before tax	567	1,276	204	1,550	903	2,242	375	683	(177)	129	7,752
Provision (benefit) for taxes	204	482	74	573	336	815	139	274	(26)	44	2,915
Net income (loss) Attributable to the Bank's shareholders	363	794	130	977	567	1,427	236	585	(151)	85	5,013

Balance as at June 30, 2025											
Loans to the public, gross	148,887	30,251	552(a)	78,636	41,858	173,209	12,315	-	-	10,332	496,040
Deposits by the public	-	141,010	36,273	104,624	59,239	113,389	187,718	-	-	-	642,253

a) Including outstanding housing loans as at June 30, 2025 in the amount of NIS 255 million.

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

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

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

a) Including outstanding housing loans at June 30, 2024 in the amount of NIS 218 million.
b) Including capital gains due to the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion.
c) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion.

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

	For the year ended December 31, 2024										
	Activity in Israel									Foreign operat-ions	Total
	Households										
	Housing loans	Other	Banking Private	Small- and micro-busine-sses	Small Mid-sized	Small Large	Institut-ional entities	Financial manag-ement Financial	Other		
	In NIS million										
Non-interest incomes (Expenses) Net interest	1,602	4,291	366	3,868	1,968	4,053	804	(850)	57	350	16,509
Noninterest income	41	1,002	175	925	343	948	205	2,011	867(c)	82	6,599
Total income	1,643	5,293	541	4,793	2,311	5,001	1,009	1,161	924	432	23,108
Loan loss expenses (income)	36	397	-	168	3	118	3	25	-	(37)	713
Total operating and other expenses	446	2,390	128	1,634	489	575	268	323	535	116	6,904
Profit before taxes	1,161	2,506	413	2,991	1,819	4,308	738	813	389	353	15,491
Provision for taxes	423	908	149	1,084	660	1,564	267	174	73	120	5,422
Net income attributable to the Bank's shareholders	738	1,598	264	1,907	1,159	2,744	471	368(b)	316	233	9,798

Balance as at December 31, 2024											
Loans to the public, gross	144,387	30,670	458(a)	75,044	39,611	159,390	3,604	-	-	9,242	462,406
Deposits by the public	-	139,802	35,781	101,224	59,641	109,860	171,993	-	-	-	618,301

a) Including outstanding housing loans as at December 31, 2024 in the amount of NIS 232 million.
b) Including impairment loss due to theinvestment inValleyshares in the amount of approximately NIS 0.6 billion. For further information please see Note 15.A to the financial statements as of December 31, 2024
c) Including capital gains due to the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 830 million.

Main changes in the operating results of the regulatory segments

Households segment

The net profit attributable to shareholders in respect of the households segment for the first half of 2025 amounted to NIS 1,157 million, compared to a profit of NIS 1,147 million in the corresponding period last year.

Net interest income in 2025 totaled NIS 2,853 million compared to NIS 2,943 million in the corresponding period last year. The decrease in interest income stems mainly from an erosion of the credit spreads and deposits, which was offset by a growth in the segment's loan portfolio.

Net interest income in the second quarter of 2025 totaled NIS 1,443 million compared to NIS 1,472 million in the corresponding period last year. The decrease stems mainly from an erosion of credit and deposit spreads, which was offset by a growth in the segment's loan portfolio.

Noninterest financing income in the first half of 2025 totaled NIS 532 million compared to NIS 491 million in the corresponding period last year. The increase stemmed mainly from activity in credit cards, from securities activity fees and commissions and from foreign exchange gains.

Noninterest income in the second quarter of 2025 amounted to approximately NIS 251 million, similar to the corresponding quarter last year.

In the reporting period of 2025, loan loss expenses were recorded in the amount of NIS 186 million, similar to an expense in the corresponding period last year.

In the second quarter of 2025, loan loss expenses were recorded in the amount of approx. NIS 136 million, compared to income of approx. NIS 42 million in the corresponding quarter last year. The increase stems mainly from collective provision.

Operating and other expenses for the first half of 2025 totaled NIS 1,356 million compared to NIS 1,440 million in the corresponding period last year, the decrease stems mainly from the decrease in return-based bonuses.

The outstanding loans to the public as of June 30, 2025 amounted to NIS 179.1 billion compared to NIS 175.1 billion as at the end of 2024.

The balance of public deposits as of June 30, 2025 amounted to NIS 141.0 billion compared to approximately NIS 139.8 billion at the end of 2024.

Private banking segment

Net income attributable to shareholders in respect of the retail banking segment in the first half of 2025 totaled NIS 130 million, compared to NIS 140 million in the corresponding period last year.

Net interest income for the first half of 2025 totaled NIS 172 million compared to NIS 198 million in the corresponding period last year. The decrease stems mainly from the erosion of deposit spreads.

Net interest income in the second quarter of 2025 amounted to approximately NIS 81 million, compared to approx. NIS 99 million in the corresponding quarter last year. The decrease stems mainly from the erosion of credit and deposits spreads.

Noninterest income in the first half of 2025 totaled NIS 97 million, compared to NIS 88 million in the corresponding period last year. The increase stems mainly from fees and commissions for financial product distribution and conversion gains.

Noninterest income in the second quarter of 2025 amounted to approximately NIS 51 million, similar to the corresponding quarter last year.

Micro- and small-business segment

Net income attributable to shareholders in respect of the micro- and small business segment in the first half of 2025 totaled NIS 977 million, compared to NIS 955 million in the corresponding period last year.

Net interest income for the first half of 2025 totaled NIS 1,883 million compared to NIS 1,931 million in the corresponding period last year. The decrease stems mainly from the erosion of credit spreads and deposits.

Net interest income in the second quarter of 2025 amounted to approximately NIS 957 million, compared to approx. NIS 969 million in the corresponding quarter last year. The decrease stems mainly from the erosion of credit and deposit spreads.

Noninterest financing income in the first half of 2025 totaled NIS 496 million, compared to NIS 445 million in the corresponding period last year. The increase stemmed mainly from fees and commissions from securities activity.

Net interest income in the second quarter of 2025 amounted to approximately NIS 246 million, compared to approx. NIS 221 million in the corresponding quarter last year. The increase stemmed mainly from fees and commissions from activity in securities and from foreign exchange conversion.

In the first half of 2025, loan loss expenses were recorded in the amount of NIS 22 million, compared to income of NIS 49 million in the corresponding period last year. Most of the decrease stems from a decrease in collective expense.

In the second quarter of 2025, loan loss expenses in the sum of approximately NIS 1 million were recorded, compared to an expense of approximately NIS 67 million in the corresponding quarter last year. The decrease stems both from individual expense reduction and collective expense reduction.

Operating and other expenses for the first half of 2025 totaled NIS 807 million compared to NIS 822 million in the corresponding period last year, the decrease stems mainly from the decrease in return-based bonuses.

The outstanding loans to the public as of June 30, 2025 amounted to NIS 78.6 billion compared to NIS 75.0 billion as at the end of 2024.

The balance of public deposits as of June 30, 2025 amounted to NIS 104.6 billion compared to approximately NIS 101.2 billion at the end of 2024.

Mid-market segment

Net income attributable to shareholders in respect of the medium-sized business segment in the first half of 2025 totaled approx. NIS 567 million, similar to the corresponding quarter last year.

Net interest income for the first half of 2025 totaled NIS 920 million compared to NIS 984 million in the corresponding period last year. The decrease stems mainly from the erosion of credit and deposit spreads.

Net interest income in the second quarter of 2025 amounted to approximately NIS 463 million, compared to approx. NIS 486 million in the corresponding quarter last year. The decrease stems mainly from the erosion of credit and deposit spreads.

Noninterest financing income in the first half of 2025 totaled NIS 189 million compared to NIS 166 million in the corresponding period last year. The increase stemmed mainly from fees and commission from financing businesses and from fees and commissions for foreign exchange gains.

Noninterest Income in the second quarter of 2025 amounted to approximately NIS 91 million, compared to approx. NIS 83 million in the corresponding quarter last year. The increase stemmed mainly from fees and commissions for conversion gains.

In the first half of 2025, loan loss expenses were recorded in the amount of NIS (22) million, compared to income of NIS 1 million in the corresponding period last year. Most of the decrease stems from a decrease in collective expense.

In the second quarter of 2025, loan loss expenses in the sum of approximately NIS 6 million were recorded, compared to an expense of approximately NIS (64) million in the corresponding quarter last year. The increase stems mainly from higher collections recorded in the corresponding period last year.

Operating and other expenses for the first half of 2025 totaled NIS 228 million compared to NIS 253 million in the corresponding period last year, the decrease stems mainly from the decrease in return-based bonuses.

The operating and other expenses in the second quarter of 2025 amounted to approximately NIS 107 million, compared to NIS 118 million in the corresponding quarter last year. The decrease stems mainly from a decrease in return-based bonuses.

The outstanding loans to the public as of June 30, 2025 amounted approximately NIS 41.9 billion, similar to NIS 39.6 billion as at the end of 2024.

The outstanding public deposits as of June 30, 2025 amounted to approximately NIS 59.2 billion, similar to as at the end of 2024.

Corporate segment

Net income attributable to shareholders in respect of the large business sector in the first half of 2025 totaled approx. NIS 1,427 million, compared to NIS 1,355 million in the corresponding period last year.

Net interest income for the first half of 2025 totaled NIS 2,088 million compared to NIS 1,935 million in the corresponding period last year. The increase stems mainly from growth in credit and deposit activity, which was partially offset by the erosion of deposit spreads.

Net interest income in the second quarter of 2025 totaled NIS 1,081 million compared to NIS 1,103 million in the corresponding quarter last year. The decrease stems mainly from the erosion of credit and deposit spreads.

Noninterest financing income in the first half of 2025 totaled NIS 499 million compared to NIS 453 million in the corresponding period last year. The increase stemmed mainly from fees and commissions for financing businesses.

Net interest income in the second quarter of 2025 amounted to approximately NIS 248 million, compared to approx. NIS 206 million in the corresponding quarter last year. The increase stems mainly from fees and commissions from financing businesses, from fees and commissions from securities activity and from fees and commissions from credit and contract handling.

In the first half of 2025, loan loss expenses were recorded in the amount of NIS 64 million, compared to income of NIS 19 million in the corresponding period last year. The increase stemmed mainly from a growth in the credit portfolio.

In the second quarter of 2025, loan loss expense in the amount of approx. NIS 92 million was recorded, compared to income of approx. NIS (53) million in the corresponding quarter last year. The increase stemmed mainly from a growth in the credit portfolio.

The operating and other expenses in the first half of 2025 totaled approx. NIS 281 million, compared to approx. NIS 274 million in the corresponding period last year.

The operating and other expenses in the second quarter of 2025 amounted to approximately NIS 142 million, compared to NIS 128 million in the corresponding quarter last year. The increase in expenses stems mainly from the increase in the regular salary expenses and in operating expenses from customers' activity.

The outstanding loans to the public as of June 30, 2025 amounted to the sum of approximately NIS 173.2 billion compared to NIS 159.4 billion as at the end of 2024.

The outstanding public deposits as of June 30, 2025 amounted to approximately NIS 113.4 billion, compared to NIS 109.9 billion as at the end of 2024.

Financial management segment

Net income of the financial management segment attributable to the Bank's shareholders in the first half of 2025 totaled approx. NIS 585 million, compared to approx. NIS 41 million in the corresponding period last year. The profit in the corresponding period last year includes expenses for impairment of the investment in the associate Valley in the sum of NIS 0.6 billion.

The total income in the first half of 2025 was amounted to approx. NIS 872 million, similar to the corresponding period last year.

The total income in the second quarter of 2025 amounted to approximately NIS 672 million, compared to income in the sum of approximately NIS 439 million in the corresponding quarter last year. The increase stems mainly from higher income in the Bank's investment portfolio. The sectorial income was partially offset by the changes in the index, which in the reporting period increased by approx. 1.6%, compared to an increase of approx. 1.9% in the corresponding period last year.

Operating and other expenses in the first half of 2025 totaled approx. NIS 203 million, compared to approx. NIS 155 million in the corresponding period last year; the increase is due mainly to the increase in operating expenses for the activities in the capital market.

Operating and other expenses in the second quarter of 2025 totaled approx. NIS 104 million, compared to approx. NIS 85 million in the corresponding period last year, the increase is due mainly to the increase in operating expenses for the activities in the capital market.

Other segment

The loss attributed to the shareholders in the first quarter of 2025 amounted to approximately NIS (151) million, compared to a gain of approximately NIS 501 million in the corresponding period last year. The gain in the corresponding period stemmed mostly from the capital gain income from the sale of the main office buildings in Tel Aviv.

Operating and other expenses in the first half of 2025 totaled NIS 226 million compared to approx. NIS 281 million in the corresponding period last year. Last year, the decrease stems mainly from a decrease in expenses for pensionary obligations.

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.

On June 30, 2025, the Bank's total investments in investees (including investments in capital notes) amounted approx. NIS 16.1 billion, compared with NIS 15.6 billion on December 31, 2024. The contribution of the investees to the Group's net income in the first half of 2025 amounted to a loss of approx. NIS 463 million, compared to a loss of approx. NIS 18 million in the corresponding period last year. The loss in the corresponding period includes, inter alia, impairment of investment in Valley shares in the amount of approx. NIS 0.6 billion, recorded in the second quarter of 2024 and partially offset by the profits of all investees.

For further information, please see Note 15.A to the financial statements as of December 31, 2024.

Consolidated Companies in Israel

The Bank's total investments (including in capital notes) in its Israeli consolidated companies on June 30, 2025 amounted to NIS 9,359 million, compared to NIS 9,108 million on December 31, 2024. The contribution of the consolidated companies in Israel to the Group's net gain in the first half of 2025 amounted to NIS 238 million, compared with a gain of NIS 313 million in the corresponding period last year.

Leumi Partners Ltd.

Leumi Partners constitutes the Leumi Group's arm of real investments of the Leumi Group.

On June 17, 2025 Leumi Partners, Leumi Partners Underwriters Ltd. (a company fully owned by Leumi Partners Ltd.) ("**Leumi Underwriting**") Barak Capital Underwriting Ltd. ("**Barak Capital**") and Barak Capital's shareholders signed an agreement for merging Leumi Underwriting and Barak Underwriting existing operations (the "Merger"). Upon completion of the merger Leumi Underwriting will merge with and into Barak Underwriting. The merged underwriting company will be controlled by Mr. Tzvika Menes (the current controlling shareholder of Barak Underwriting), who will also serve as CEO of the merged underwriting company. Leumi Partners, which will not control the merged underwriting company, will be entitled to appoint one director who will serve as Chairman of the Board of Directors of the merged company. On July 23, 2025, the merger had been approved by the Israel Competition Authority, completion of the merger transaction is subject to various conditions precedents.

For further information on the company's areas of activity see section Major Investee Companies to the financial statements as at December 31, 2024.

Consolidated Companies Outside Israel

The Bank's total investments (including investments in capital notes) in its consolidated companies abroad stood at NIS 4,545 million on June 30, 2025, compared to NIS 4,365 million on December 31, 2024.

In the first half of 2025, the consolidated companies' contribution to the Group's shekel net income stood at a gain of NIS 80 million, compared with a gain of NIS 158 million in the corresponding period last year. The decrease in profit stemmed mainly from the effect of exchange rate differentials as well erosion in gains from the source currency.

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.

C. Risk Review

Risk Exposure and Management Thereof

The information in this chapter does not include all the information required in full annual financial statements, and this section should be read along with the detailed information provided in the Report of the Board of Directors and Management as of December 31, 2024 and the Risk Management Report for the year 2024.

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

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

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

Credit Risks

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

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

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

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

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

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

During the first six months of 2025, there were no material changes in the corporate governance structure related to credit risk.

Macroeconomic effects, the "Iron Swords" War and Operation "Am K'Lavie"

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

After the substantial impairment of the economic activities at the beginning of the Iron Swords War, during 2024 and the first six months of 2025 (until Operation "Am K'Lavie") there had been a gradual recovery, although the level of activities in the economy remained low compared to the trend prior to the War. Among the main activity domains may be noted the foreign tourism, construction and agriculture sectors, which were significantly impaired and their activities have not yet returned to their level prior to the War.

In the first quarter of 2025, the economy grew in a relatively good rate of approximately 3.7% and ongoing indicators of the economic activities pointed at the expansion of the economy also in the second quarter. However, during the war with Iran in June 2025, there was a sharp decrease in economic activity, inter alia on the backdrop of restrictions imposed by the Home Front Command; as a result, negligible growth is expected at the end of the second quarter. Looking forward, the economic activities are expected to again recover in the second half of 2025, as the rate of expansion will depend, among other things, on geo-political developments, on the sentiment towards the State of Israel, as well as on global developments, including the possibility of a global trade war.

Following the reporting period, a cabinet decision was made to expand the war in Gaza. Should this decision be implemented, it may have address effects on economic activity, the fiscal deficit, market sentiment toward the State of Israel, and the perceived risk of Israel in financial markets. At this early stage, it is not possible to assess whether and how the cabinet decision will be implemented, nor what its potential implications may be.

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

In view of the increase in the risk level, emphases were honed in relation to credit and in the various business lines. Adjustments and changes are made from time to time, in accordance with the economy's situation and rate of recovery.

There is still uncertainty, although at a lower intensity than at the beginning of the warfare, and therefore it is not possible to accurately assess the intensity of the potential harm to the Bank's credit portfolio, which depends, inter alia, on the developments as aforementioned.

Loan loss expenses

The Bank's loan loss provision reflects the Bank's estimates. The provision is an estimate based on discretion, which was exercised during the second 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 is 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 at various levels of severity, and in view of the prolongation of the war and the uncertainty, the Bank's assessment of credit losses continues to reflect also the probability of 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.

Given the rapid changes in the financial and economy conditions, in the second quarter of 2025 and until shortly before the date of the report, the Bank examined the key parameters used in the provision process and revised them accordingly.

Since early 2025 until Operation "Am K'Lavie" the trend of gradual recovery in the economic activities, which commenced in 2024 continued. Operation "Am K'Lavie" led to a temporary decrease in the economic activities, and after its cessation it appears that recovery took place. At the same time, the sentiment towards Israel in the financial markets had significantly improved since Operation "Am K'Lavie", although Israel's perceived risk premium in the markets is still higher than what it had been just prior to the Iron Swords War.

In light of the aforementioned, and although as of the date of publishing these statements, the impacts of the War in practice are much more moderate than the assumptions included as part of the Group's provision for credit losses, the assessment of the provision for credit losses reflects the continued security and economic uncertainty alongside the security and political challenges, as well as conservativism in the macro economic indicators sand the parameters that serve for assumptions in the future customers' failure rates forecast model.

The expenses due to credit losses amounted NIS 223 million in the second quarter of 2025, of which expenses in the sum of NIS 385 million due to the collective provision that had been made were recorded.

In order to examine the sensitivity of the collective provision to hypothetical changes at the risk level of economic sectors and the macroeconomic 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 collective provision for credit losses in the second quarter of 2025 in the sum of approximately NIS 591 million, an improvement of the parameters will lead to a decrease in the collective provision for credit losses in the second quarter of 2025 compared to the reference scenario in the sum of approximately NIS 738 million.

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

Reliefs and changes for coping with the War's ramifications

For further information concerning all the reliefs and changes, please see the Section entitled "Major Changes in the Period Gone By" in this report.

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" and Operation "Am K'Lavie", in a Corporate Governance Report.

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. 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 and repayment arrangements.

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. This, noting that as a general rule and according to the Bank of Israel's guidelines, such repayment arrangements, in themselves, do not necessarily indicate that the customer is in financial difficulties regarding 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 as troubled debts with modified terms, are monitored as part of the ongoing management of debts for which the risk has worsened, in accordance with the criteria and guidelines 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.

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.

Credit risk and non-performing assets

	June 30, 2025			
	Commercial	For housing	Private individuals – Other	Total
	In NIS million			
Credit risk in credit performance rating[(a)]				
On-balance-sheet credit risk	321,024	146,065	27,857	494,946
Off-balance-sheet credit risk[(c)]	177,380	6,199	18,118	201,697
Total non-investment grade credit risk	498,404	152,264	45,975	696,643
Non-investment grade credit risk				
a. Non-troubled	1,148	2,349	1,452	4,949
b. Total troubled	5,475	742	877	7,094
Troubled performing	4,267	21	697	4,985
Troubled non-performing	1,208	721	180	2,109
Total on-balance-sheet credit risk	6,623	3,091	2,329	12,043
Off-balance-sheet credit risk[(c)]	1,009	29	206	1,244
Total non-investment grade credit risk	7,632	3,120	2,535	13,287
Of which: Performing debts with interest income, in arrears of 90 days or more	93	–	80	173
Overall credit risk incl. of the public[(b)]	506,036	155,384	48,510	709,930
Additional information on non-performing assets				
a. Non-performing debts	1,208	721	180	2,109
b. Assets received for settled loans	39	–	–	39
Total non-performing assets of the public	1,247	721	180	2,148
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.43%

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.

For additional information with regards to deferred payments debts of 180 days or more, not classified as troubled payments, please see Note 13.B.1

Credit risk and non-performing assets (cont.)

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

Additional information on non-performing assets				
a. Non-performing debts	1,669	566	241	2,476
b. Assets received for settled loans	10	-	-	10
Total non-performing assets of the public	1,679	566	241	2,486
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.56%

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

Credit risk and non-performing assets (cont.)

	December 31, 2024			
	Commercial	For housing	Private individuals - Other	Total
	In NIS million			
Credit risk in credit performance rating[a]				
On-balance-sheet credit risk	300,149	141,410	28,041	469,600
Off-balance-sheet credit risk[c]	166,945	5,745	17,209	189,899
Total non-investment grade credit risk	467,094	147,155	45,250	659,499
Non-investment grade credit risk				
a. Non-troubled	959	2,523	1,612	5,094
b. Total troubled	5,096	700	899	6,695
Troubled performing	3,683	23	694	4,400
Troubled non-performing	1,413	677	205	2,295
Total on-balance-sheet credit risk	6,055	3,223	2,511	11,789
Off-balance-sheet credit risk[c]	793	63	195	1,051
Total non-investment grade credit risk	6,848	3,286	2,706	12,840
Of which: Performing debts, in arrears of 90 days or more	91	-	87	178
Overall credit risk incl. of the public[b]	473,942	150,441	47,956	672,339
Additional information on non-performing assets				
a. Non-performing debts	1,413	677	205	2,295
b. Assets received for settled loans	26	-	-	26
Total non-performing assets of the public	1,439	677	205	2,321
Percentage of non-performing loans to the public (NPL) out of total loans to the public				0.50%

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.

For additional information with regards to deferred payments debts of 180 days or more, not classified as troubled payments, please see Note 13.B.1

Movement in Non-Performing Loans to the Public

	For the six months ended June 30, 2025		
	Commercial	Private(a)	Total
	In NIS million		
Outstanding balance of non-performing debts at the beginning of the period	**1,413**	**882**	**2,295**
Loans classified as non-performing debts during the period	**388**	**353**	**741**
Debts reclassified as performing	**(265)**	**(196)**	**(461)**
Written-off non-performing debts	**(167)**	**(67)**	**(234)**
Repaid non-performing debts	**(161)**	**(71)**	**(232)**
Outstanding balance of non-performing debts at the end of the period	**1,208**	**901**	**2,109**

	For the six months ended June 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	277	296	573
Debts reclassified as performing	(675)	(282)	(957)
Written-off non-performing debts	(272)	(91)	(363)
Repaid non-performing debts	(240)	(147)	(387)
Outstanding balance of non-performing debts at the end of the period	1,669	807	2,476

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

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

	June 30, 2025			
	Commercial	Housing	Private individuals - Other	Total
	In %			
Analysis of quality of loans to the public				
Percentage of non-performing loans (NPL) to the public out of outstanding loans to the public	0.38	0.48	0.60	0.43
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	0.41	0.48	0.86	0.46
Percentage of troubled loans to the public out of outstanding loans to the public	1.73	0.50	2.91	1.43
Percentage of non-investment grade credit out of outstanding loans to the public	2.09	2.07	7.72	2.43
Analysis of expenses for loan losses for the reporting period[(a)]				
Percentage of loan loss expenses out of average outstanding loans to the public	0.06	0.04	1.06	0.12[(b)]
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.06	0.01	0.86	0.10
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	1.65	0.44	3.10	1.37
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public non-accruing interest income	431.71	91.96	519.44	323.04
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	400.85	91.96	359.62	298.55
Ratio of the credit loss allowance balance for public credit to the net accounting charge-offs for public credit[(d)]	28.34	-[(c)]	3.60	15.07

a) Annualized.
b) Including loan loss expenses for loans to the public, banks, governments and bonds.
c) Rate lower than 0.01 percent.
d) Not presented as percentage.

In the first half of 2025, there had been an improvement in most of the credit quality indices in the commercial, portfolio and in particular the private loan portfolio compared to the comparison periods. The improvement the in the credit indices in these portfolios is reflected, inter alia, by a decrease in the rate of troubled credit, and a decrease in the rate of credit not classified as performing in both portfolios, and a decrease in the write-off rate in the retail portfolio.

In the housing portfolio there is an increase in the non-accrual credit rate and in the problematic credit rate, and on the other hand, an improvement in the in non-performing credit.

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

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

a) Annualized.
b) Including loan loss expenses for loans to the public, banks, governments and bonds.
c) Rate lower than 0.01 percent.
d) Not presented as percentage.

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

	December 31, 2024			
	Commercial	Housing	Private individuals - Other	Total
	In %			
Analysis of quality of loans to the public				
Percentage of non-performing loans (NPL) to the public out of outstanding loans to the public	0.49	0.47	0.67	0.50
Percentage of non-performing loans to the public or in arrears of 90 days or more out of outstanding loans to the public	0.52	0.47	0.96	0.53
Percentage of troubled loans to the public out of outstanding loans to the public	1.77	0.48	2.94	1.45
Percentage of non-investment grade credit out of outstanding loans to the public	2.11	2.23	8.22	2.55
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	0.09	0.03	1.35	0.16(a)
Percentage of net charge-offs for loans to the public out of average outstanding loans to the public	0.03	-(b)	1.25	0.10
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	1.84	0.44	3.12	1.49
Percentage of balance of the loan loss provision for loans to the public out of outstanding loans to the public non-accruing interest income	374.66	94.53	464.88	300.09
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	351.99	94.53	326.37	278.49
Ratio of outstanding loan loss provision for loans to the public out of the net write-offs for loans to the public(c)	70.59	640.00	2.60	15.58

a) Including loan loss expenses for loans to the public, banks, governments and bonds.
b) Rate lower than 0.01 percent.
c) Not presented as percentage.

Total Credit Risk by Economic Sector

	June 30, 2025						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Rating Perform-ance credit[e]	Of which: Credit risk Troubled[d]	Of which: Credit risk Non-perfor-ming	Loan loss expenses (income)	Charge-offs, net	Balance of loan loss provision
	In NIS million						
For borrowers activity in Israel Public-commercial							
Industry	37,461	36,775	636	138	(50)	15	(502)
Construction and real estate – construction[f]	145,414	143,778	1,209	261	27	21	(1,633)
Construction and real estate – real estate activity	58,308	57,417	753	119	8	(2)	(1,215)
Commerce	44,388	43,575	682	277	15	74	(678)
Financial services	73,185	73,156	29	18	45	1	(258)
Agriculture	2,416	2,317	70	13	(19)	(3)	(110)
Hotels, accommodation and food services	5,371	5,025	73	20	(4)	–	(43)
Other sectors	31,340	59,631	1,434	227	63	26	(1,282)
Commercial – total	427,883	421,674	4,886	1,073	85	132	(5,721)
Private individuals – housing loans	155,320	152,200	742	721	27	4	(692)
Private individuals – other	48,485	45,951	922	179	160	130	(1,018)
Total loans to the public – activity in Israel	631,688	9,825	6,550	1,973	272	266	(7,431)
Banks and governments – in Israel	84,420	84,420	–	–	(4)	–	(15)
Total activity in Israel	716,108	704,245	6,550	1,973	268	266	(7,446)
For borrowers activity outside Israel							
Total loans to the public – foreign operations	78,242[g]	76,818	1,163	276	(2)	(40)	(320)
Foreign banks and governments	81,719	81,719	–	–	12	–	(38)
Total activity outside Israel	159,961	158,537	1,163	276	10	(40)	(358)
Total activity in and outside Israel	876,069	862,782	7,713	2,249	278	226	(7,804)

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 in off-balance-sheet financial instruments, as calculated for the purpose of per-borrower indebtedness limitations in the amounts of NIS 504,939, 135,725, 7,583, 60,104 and 167,718 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) Including credit risk stemming from investments in asset-backed bonds. For further information, please see Note 5.

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

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

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

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

	December 31, 2024						
					Loan losses[c]		
	Overall credit risk[a]	Of which: Rating Credit perform-ance[a]	Of which: Troubled Credit Risk[d]	Of which: Non-perform-ing 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	35,312	34,495	791	188	(17)	(71)	(569)
Construction and real estate – construction[f]	132,957	131,625	1,023	407	100	118	(1,638)
Construction and real estate – real estate activity	55,413	54,774	380	117	42	(68)	(1,186)
Commerce	42,736	41,879	813	332	42	50	(744)
Financial services	66,665	66,633	30	20	(27)	8	(216)
Agriculture	2,443	2,342	63	12	(24)	5	(125)
Hotels, accommodation and food services	4,997	4,632	86	22	(13)	(5)	(49)
Other sectors	55,627	54,006	1,525	212	150	(31)	(1,242)
Commercial - total	396,150	390,386	4,711	1,310	253	6	(5,769)
Private individuals - housing loans	150,383	147,097	700	677	36	1	(669)
Private individuals - other	47,933	45,228	930	204	397	366	(988)
Total loans to the public - activity in Israel	594,466	582,711	6,341	2,191	686	373	(7,426)
Banks and governments - in Israel	71,182	71,182	–	–	17	–	(19)
Total activity in Israel	665,648	653,893	6,341	2,191	703	373	(7,445)
For borrowers activity outside Israel							
Total loans to the public - foreign operations	77,873[g]	76,788	1,001	267	(3)	69	(281)
Foreign banks and governments	60,673	60,673	–	–	13	–	(26)
Total activity outside Israel	138,546	137,461	1,001	267	10	69	(307)
Total activity in and outside Israel	804,194	791,354	7,342	2,458	713	442	(7,752)

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 468,801, 116,912, 4,684, 57,625 and 156,172 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) Including credit risk stemming from investments in asset-backed bonds. For further 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. Similar to the other economy sectors, Bank's credit policy sets internal methodologies and parameters for financing transactions in each of the secondary sectors of the real estate industry. Leumi is actively promoting the expansion of development projects in its real estate portfolio, focusing on the residential segment and selected customers with high financial resilience. The Bank is careful to maintain geographical diversification in which the projects are located, according to demand and macroeconomic forecasts, and routinely monitors the risk characteristics, including the impacts of the War, the increase in interest rates and the demands for housing, on the real estate companies.

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 challenges of the period due to the War, including the shortage of workers, the increase of input prices and the increase in financing expenses, as well as the increase in the prevalence of non-linear payment methods (20/80), led to the increase in the projects' budgets and the prolongation of the construction at some of the sites.

Regarding the non-linear payment methods and the loans subsided by the entrepreneurs, on April 6, 2025 the Bank of Israel published a temporary provision for revising the directives as follows:

1. Directive 329 - restrictions on granting housing loans; in section 8a of the provision it had been prescribed that the rate of performances due to bullet and balloon loans subsidized by a contractor would not exceed 10% of the total quarterly performances due to housing loans, excluding housing loans for purposes other than for purchasing real estate rights. As of June 30, 2025, the Bank is in compliance with the regulatory limitation pertaining to this directive.
2. Directive No. 203 - measurement and capital adequacy, the standard credit risk approach; in section 79 of the Directive it had been prescribed that to the list of weighted debts at the risk of 150% would be added credit as part of a loan agreement for a residential construction project, in which the rate of contracts for home sales in which a significant portion of the sale price (exceeding 40%) is deferred until the delivery date (non-linear payment) exceeds 25%. Regarding existing projects, in which this rate exceeds 25% of the total residential units, these would be weighted by 150% only as the rate of contracts, as aforementioned, exceeds 5 percent points of the rate on the starting date. Implementation of the new Directive is not expected to have a material effect on the Bank's capital ratios.

   The Temporary Directive is in effect commencing the date of publication thereof through December 31, 2026.

As of June 30, 2025, 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 using various instruments. The Bank insures part of 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 formal guarantee portfolio associated with the construction and real estate sectors.

The balance of the provision for loan losses due to the overall credit risk in the construction and real estate segments in Israel as of June 30, 2025 stands at the sum of NIS 2,848 million, compared to the sum of NIS 2,824 million as of December 31, 2024. The balance of the provision for the overall credit risk in the construction and real estate segments from the overall credit risk of the portfolio as of June 30, 2025 stands at 1.40%. The outstanding provision for credit loss reflects the effects of the continued war and uncertainty in the economy regarding the construction and real estate segments.

The balance of the troubled credit risk in the construction and real estate segments in Israel as of June 30, 2025 stands at NIS 1,962 million, compared to the sum of NIS 1,403 million as of December 31, 2024. The rate of the troubled credit risk in the construction and real estate segments from the overall credit risk in the portfolio in Israel as of June 30, 2025 stands at NIS 0.96%, compared to the rate of 0.74% as of December 31, 2024.

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

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

For further information on the activity and risk boundaries in the construction and real estate industry, please see the Section "Credit Risks" in the Report of the Board of Directors and Management as at December 31, 2024.

Macroeconomic effects, the "Iron Swords" War and Operation "Am K'Lavie"

In addition to that specified in the credit chapter above, in the residential construction sector, in the first quarter of 2025 a decrease has been recorded compared to the previous quarter in the main indices of the sector - building permits, beginning construction and completion of construction. At the same time, while the scope of building permits and beginning construction are still relatively high and provide a solution for the economy's ongoing residential needs, the scope of completion of construction decreased to a relatively low level compared to recent years, and this against the background of the cumulative affect of the shortage of workers in the sector during most of the period since the outbreak of the "Iron Sword" War.

Alongside the demand, after a temporary increase in housing transactions at the end of 2024, driven by a desire to accelerate execution of transactions prior to raising the VAT in early 2025, there had been a decrease in the scope of activities in the housing market since early 2025 onwards, continuing the trend in most of the second half of 2024. The relatively low transactions level reflects the combined effect of the high apartment prices and the high interest rate, as well as the impact of the restrictions the Bank of Israel imposed commencing April 2025 on benefits in payment contractors provide to those purchasing new apartments. It is likely that in the course of the battle against Iran there had been an additional decrease in the scope of residential transactions, however vis-a-vis this a recovery in the third quarter is expected, after completion of the battle and assuming that the cease fire will remain and an additional recovery of activities, when the Bank of Israel's interest rate will begin to go down.

The slow annual increase of the apartment prices had been moderated in recent months, against the backdrop of the slowdown of sales. In the main scenario the apartment prices may continue to rise over the upcoming year in a low one-digit rate, and this assuming that the Bank of Israel's interest rate will start decreasing towards the last quarter of 2025.

In the commercial real estate sector, since the outbreak of the "Iron Sword" War, the activity in shopping centers has been positively affected by the extensive government supports of households and the reduced number of Israelis traveling abroad. The impairment of the public's purchasing power due to tax increases and increases in government service fees in early 2025 and the decline in government supports of households and businesses since the beginning of the year may lead to impairments of the shopping centers' activity during 2025. Operation "Am K'Lavie" also had an adverse impact on the centers' activities, although short-term in nature, given the limited duration of the Operation. Most of the adverse effect may be felt in large shopping centers, while neighborhood shopping centers may continue to fare better.

The office sector experienced a significant slowdown in demand since the second half of 2022, including a substantial decrease in rental prices in Tel Aviv and surrounding areas, along with significant decline in occupancy rates in some areas of Tel Aviv. Nevertheless, the second half of 2024 showed initial signs of a recovery in the rental prices in Tel Aviv. The economy's recovery process from the War, should it gain momentum, may support continuation of the stabilization of office rental prices over the coming year and potentially lead to a renewed increase thereof, particularly in Tel Aviv. On the other hand, the continued substantial growth in the supply of new office space (especially in the suburbs of Tel Aviv and in Jerusalem) is a factor that may exert downward pressure on prices and occupancy rates in the market over the coming year and may even result in decreases thereof, especially on the outskirts of Tel Aviv and in Jerusalem.

In order to reflect the uncertainty regarding the effects of the war on the construction and real estate sectors, upon the outbreak of the war and continuance thereof 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 the chapter "Forward-Looking Information".

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

	June 30		December 31	Changes compared to December 31, 2024	
	2025	2024	2024		
	In NIS million			In NIS million	In %
On-balance-sheet credit risk	**138,127**	125,528	130,376	7,751	5.9
Guarantees for apartment buyers[(a)]	**12,623**	10,577	12,203	420	3.4
Other off balance sheet credit risk[(a)]	**66,928**	57,798	60,967	5,961	9.8
Total overall credit risk	**217,678**	193,903	203,546	14,132	6.9

a) In credit risk terms.

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

	June 30, 2025			
	Overall credit risk[(a)]			
	Land	Housing real estate under construction	Finished real estate properties	Total
	In NIS million			
LTV ratio[(b)]				
Up to 45%	1,646		10,342	11,988
More than 45% to 65%	5,060		18,357	23,417
More than 65% to 80%	27,438		20,627	48,065
More than 80%	2,633[(d)]		4,078	6,711
Absorption capacity[(c)]				
More than 25% and up to 50%		16,558		16,558
More than 50% and up to 75%		10,825		10,825
More than 75%		14,531		14,531
Projects that had not commenced as of now		18,546		18,546
Other[(e)]				52,577
Total credit risk for construction and real estate in Israel				203,218

	December 31, 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%	2,014		9,945	11,959
More than 45% to 65%	4,360		16,396	20,756
More than 65% to 80%	26,230		18,520	44,750
More than 80%	3,049[(d)]		3,793	6,842
Absorption capacity[(c)]				
More than 25% and up to 50%		9,633		9,633
More than 50% and up to 75%		10,309		10,309
More than 75%		16,350		16,350
Projects that have not yet started		19,023		19,023
Other[(e)]				48,245
Total credit risk for construction and real estate in Israel				187,867

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

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

	June 30	December 31
	2025	2024
	Overall credit risk[(a)]	
	In NIS millions	
Housing	**106,342**	98,089
Office space	**25,257**	23,429
Industry	**10,056**	9,363
Commerce and services	**28,668**	26,907
Total overall credit risk secured by real estate collateral in Israel	170,323	157,788

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

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

	June 30	December 31	
	2025	2024	Change
	In NIS million		In %
Credit risk in credit performance rating			
Non-troubled Credit Risk	**214,704**	201,275	6.8
Non-investment grade credit risk			
Non-troubled	**613**	568	7.9
Troubled performing	**1,880**	1,096	71.5
Non-performing	**481**	607	(20.8)
Total non-investment grade credit risk	**2,974**	2,271	31.0
Total	**217,926**	203,546	7.1

Sector 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 June 30, 2025, the Bank meets the restrictions prescribed by the directive.

Borrower groups[1]

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

As of June 30, 2025, 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 had adopted the Basel Committee provisions regarding supervision of large-scale exposures. Within this framework, the Banking Supervision Department published a revision of Proper Conduct of Banking Business Directive No. 313, "Regulatory Framework for Measurement and Control of Large-Scale Exposures". Accordingly, adjustments for measuring exposure will be carried out.

The date it will take effect will be July 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:

	June 30, 2025		
	Exposure[(a)(b)(c)]		
	On-balance-sheet	Off-balance-sheet[(d)]	Total
	In NIS million		
USA	**50,938**	**12,879**	**63,817**
UK	**21,235**	**28,976**	**50,211**
France	**4,673**	**3,771**	**8,444**
Switzerland	**3,962**	**3,733**	**7,695**
Germany	**4,728**	**6,078**	**10,806**
Cayman Islands[(i)]	**6,276**	**538**	**6,814**
Other	**23,617**	**7,146**	**30,763**
Total exposure to foreign countries	**115,429**	**63,121**	**178,550**
Of which: total exposure to GIPS countries[(e)]	**614**	**51**	**665**
Of which: total exposure to LDC countries[(f)]	**1,532**	**1,446**	**2,978**
Of which: total exposure to countries with liquidity issues[(g)]	**1,860[(h)]**	**796**	**2,656**

	June 30, 2024		
	Exposure[(a)(b)(c)]		
	On-balance-sheet	Off-balance-sheet[(d)]	Total
	In NIS million		
USA	44,254	8,429	52,683
UK	19,882	31,628	51,510
France	2,526	1,765	4,291
Switzerland	2,727	3,711	6,438
Germany	4,004	5,130	9,134
Cayman Islands[(i)]	6,671	491	7,162
Other	14,813	8,180	22,993
Total exposure to foreign countries	94,877	59,334	154,211
Of which: total exposure to GIPS countries[(e)]	343	140	483
Of which: total exposure to LDC countries[(f)]	1,351	2,115	3,466
Of which: total exposure to countries with liquidity issues[(g)]	216	2,012	2,228

Please see comments on the next page.

Exposure to Foreign Countries (cont.)

	December 31, 2024		
	Exposure(a)(b)(c)		
	On-balance-sheet	Off-balance-sheet(d)	Total
	In NIS million		
USA	45,681	9,161	54,842
UK	18,299	30,651	48,950
France	1,033	4,624	5,657
Switzerland	2,831	3,657	6,488
Germany	3,458	5,692	9,150
Cayman Islands(i)	8,562	673	9,235
Other	15,453	7,586	23,039
Total exposure to foreign countries	95,317	62,044	157,361
Of which: total exposure to GIPS countries(e)	604	167	771
Of which: total exposure to LDC countries(f)	1,207	1,591	2,798
Of which: total exposure to countries with liquidity issues(g)	685	1,648	2,333

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 to33 countries (as of June 30, 2024 - 25 countries, as of December 31, 2024 - 30 countries). The measurement does not include exposures to investment-grade countries, unless they were individually identified as having liquidity issues which may have a material effect on their solvency.
h) The balance includes exposure for insurance policies backing mortgage portfolios in Israel, with the Barbados-based insurance company being a subsidiary of a global Canadian-based insurance group.

Credit Exposure to Foreign Financial Institutions

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

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

The geopolitical events, as well as the measures taken by central banks across the world, may impact the financial position 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 June 30, 2025[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-	**36,549**	**1,362**	**37,911**
A+ to A-	**5,758**	**935**	**6,693**
BBB+ to BBB-	**299**	**104**	**403**
BB+ to B-	**97**	**2**	**99**
No rating	**1,070**	**-**	**1,070**
Total current credit exposure to foreign financial institutions[g]	**43,773**	**2,403**	**46,176**

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

	As at December 31, 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-	25,981	1,374	27,355
A+ to A-	7,228	1,235	8,463
BBB+ to BBB-	354	156	510
BB+ to B-	101	3	104
Lower than: B-	3	-	3
No rating	1,025	-	1,025
Total current credit exposure to foreign financial institutions	34,692	2,768	37,460

a) Foreign financial institutions include the following: banks, investment banks, brokers/dealers, insurers and institutional entities, as well as entities under their control.
b) On-balance-sheet credit risk includes: Deposits with banks, loans to the public, securities borrowed or purchased under reverse repurchase agreements, other on-balance sheet credit risk in respect of derivatives, and investments in bonds, including bonds of banks rated "subordinated", which totaled 1,031 million as of June 30, 2025 (as of June 30, 2024 - NIS 887 million and on December 31, 2024 - NIS 1,002 million).
c) Mainly guarantees and commitments to extend credit (excluding off-balance-sheet derivatives).
d) The Bank uses ratings of well-known rating agencies (ECAIs).
e) As of June 30, 2025, June 30, 2024 and December 31, 2024, 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 6,074 million and off-balance sheet credit risk of NIS 243 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 more 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 further information regarding the composition of credit exposures due to derivative instruments vis-a-vis banks and brokers/dealers (local and foreign), please see Note 11.

Housing Loans Portfolio Risks

Credit risk developments

Regarding the background conditions affecting housing credit demand, After the substantial impairment of the economic activities at the beginning of the "Iron Swords" War, during 2024 and the first six months of 2025 (until Operation "Am K'Lavie") there had been a gradual recovery, although the level of activities in the economy remained low compared to the trend prior to the War. The limited supply, mainly due to the shortage of workers in the economy, made it difficult for a more accelerated recovery of the economy's activities, decrease of the inflation rate back to the target price stability and lowering the interest rate by the Bank of Israel. On the other hand, the shortage of workers supported a low unemployment rate. Looking forward, the shortage of workers in the economy is expected to gradually diminish, in a manner that will support recovery of the activities in the market, moderation of the inflation rate, lowering the interest rate, however, on the other hand, may also lead to a moderate increase in the unemployment rate over the coming year. Overall, the macroeconomic environment is expected to be more supportive of housing credit demand, assuming that inflation and interest rates indeed decline over the coming year.

Since the outbreak of the War the apartment prices once again increased, although during the second half of 2024 and the first half of 2025 the rate of their increase had slowed down. This, against the backdrop of the high interest rate in the economy and given the tightening of the regulations regarding benefits in the contractors' financing terms. In the main scenario the apartment prices may continue to rise over the upcoming year in a low one-digit rate, thus assuming that the Bank of Israel's interest rate will start decreasing towards the last quarter of 2025.

On April 6, 2025 the Bank of Israel published a temporary directive for the amendment to Directive No. 329, which restricts the rate of performances of bullet loans subsided by a contractor to 10% of the quarterly performances due to loans for residential purposes. The directive is in effect since the date of publication thereof until December 21, 2026. 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. Tighter regulation might weigh on transaction volume in the short term.

At the end of the first quarter of 2025, the reliefs given to the customers by the Bank of Israel had ended, including reliefs in freezing mortgage payments. At the same time, Leumi had voluntarily extended the Bank of Israel's outline for a period of 3 additional months, commencing April 1, 2025. Additionally, the Bank had adopted the Bank of Israel's "Am Kelavie" outline, which was published on June 17, 2025, and expanded it with a series of additional reliefs for reserve soldiers and customers who were injured, their house or property had been damaged, or who were evacuated from their home.

The volume of the loans in which there are payment deferrals as of the end of June 2025 is approx. NIS 2.9 billion, compared to approx. NIS 2.7 billion in March 2025.

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

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

For additional information and details regarding macroeconomic effects and the War, please see the 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 six months ended June 30		% Change
	2025	2024	
	In NIS million		In %
By the Bank	**12,397**	12,068	2.7
By the Government of Israel	**60**	81	(25.9)
Total new loans	**12,457**	12,149	2.5
Old recycled loans, from the Bank's funds[(a)]	**3,857**	3,167	21.8
Total performance	**16,314**	15,316	6.5

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

The average loan extended by the Bank in the first half of 2025 stood at NIS 991 thousand, compared to NIS 937 thousand in the corresponding period in 2024, and compared to NIS 987 thousand in throughout 2024.

Development of total outstanding housing loans, net

	Balance Loan portfolio	% Change
	In NIS million	In %
December 31, 2023	129,987	9.0
December 31, 2024	143,979	10.8
June 30, 2025	**148,479**	**3.1**

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	% of portfolio credit in %	Balance Millions NIS	% of portfolio credit in %	Balance Millions NIS	% of portfolio credit in %	Balance Millions NIS	% of portfolio credit in %	Balance Millions NIS	% of portfolio credit In %	Millions NIS
December 31, 2023	32,114	24.7	54,005	41.5	18,313	14.1	25,119	19.3	436	0.3	129,987
December 31, 2024	38,011	26.4	60,067	41.7	20,059	13.9	25,455	17.7	387	0.3	143,979
June 30, 2025	**39,790**	**26.8**	**63,574**	**42.9**	**20,064**	**13.5**	**24,692**	**16.6**	**359**	**0.2**	**148,479**

Variable interest loans are exposed to the impact of increases in interest and inflation rates, which may affect the 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):

	2025		2024				2023
	Q2	Q1	Q4	Q3	Q2	Q1	Annual average
	Rate of performance						
	In %						
Fixed - linked	**10.7**	13.2	11.8	14.6	16.6	14.8	17.6
Variable every 5 years or more - linked	**1.2**	1.3	1.3	1.8	2.6	3.5	8.6
Variable up to 5 years - linked	**5.1**	7.7	7.0	7.6	7.5	6.9	4.6
Fixed - non-linked	**31.5**	29.3	35.3	31.8	28.9	29.8	25.4
Variable every 5 years or more - non-linked	**3.8**	3.3(b)	4.2(b)	6.4(b)	18.5(b)	21.5	17.3
Variable up to 5 years - non-linked	**47.7**	45.0(b)	40.3(b)	37.7(b)	25.7(b)	23.3	26.3
Variable - Foreign currency	**-(a)**	0.2	0.1	0.1	0.1	0.2	0.3

(a) Rate lower than 0.1 percent.
(b) Reclassified.

The rate of new credit the Bank extended for variable-interest housing loans during the first half of 2025 stood at 57.7% compared to 54.1% throughout 2024.

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

	Debit balance Recorded	Delinquent debt of 90 days or more Or non-performing	Percentage of recorded outstanding debt
	In NIS million		In %
December 31, 2023	130,609	688	0.53
December 31, 2024	144,619	677	0.47
June 30, 2025	**149,141**	**721**	**0.48**

The outstanding on-balance sheet loan loss provision, as of June 30, 2025 for the housing loans portfolio is NIS 663 million, which constitutes 0.44 percent of the housing loans' outstanding on-balance sheet balance as of that date, similar to the provision balance of NIS 640 million as at December 31, 2024, which constitutes 0.44 percent of the outstanding housing loan balance as of that date.

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

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

	2025		2024				2023
	Q2	Q1	Q4	Q3	Q2	Q1	Average yearly
LTV ratio	In %(a)						
Over 60 and up to 70, inclusive	**25.0**	23.7	24.1	24.2	22.2	20.1	21.1
Over 70 and up to 75, inclusive	**20.2**	20.4	20.2	21.2	21.4	18.6	21.9
Over 75	**0.5**	0.5	0.1	0.2	0.4	0.2	0.2

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

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

The average LTV of the outstanding loan portfolio as at June 30, 2025 stands at 48.9 percent, similar to 2024.

Development of new credit, in which the repayment ratio is higher than 40 percent in Israel

Repayment ratio is defined as the ratio between the monthly repayment amount and the monthly available income. The calculation is in accordance with the Bank of Israel's Reporting Directive No. 876.

In the first half of 2025, the percentage of loans extended (for housing purposes and with monthly repayment) with a repayment of rate higher than 40% on the loan approval date stood at 0.8% of the total number of new loans extended (for housing purposes and with monthly repayment) compared with 0.7% throughout 2024.

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

In the first half of 2025, the rate of new housing loans in which the repayment dates under the loan agreements are longer than 25 years, stood at an average of 53.3% of total new loans extended, similar to the average rate throughout 2024.

For further information, please see the Section entitled "Credit Risks in the Report of the Board of Directors and Management" as at December 31, 2024.

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

Credit granted to private individuals whose repayment capacity is largely based on their household's earning capacity is characterized by a very significant diversification of borrowers and a variety of credit products (various types of loans, current accounts, credit cards) and – to a lesser extent (on average) – credit per individual customer.
Individual customers' activity is almost entirely concentrated in the Retail Banking Division.

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

The Bank extended and boosted the ongoing monitoring of its entire consumer credit portfolio, while adhering to strict underwriting, there is ongoing monitoring at the individual borrower and aggregate level, based, inter alia, on an internal set of metrics and constraints, and ongoing tracking and maintenance of the different models used for the underwriting processes are performed.

The set of measures is regularly monitored, at least once per quarter. The parameters under consideration address numerous aspects and characteristics which reflect diverse and complementary points of view regarding the new credit risk profile and reflect the limits of the desired risk appetite at the level of the private credit portfolio.

The potential effects of the War, in addition to the macroeconomic trends of the past two years (mainly the increase in interest rates and inflation) affect the repayment capacity of private borrowers; the severity of the effect depends, among other things, on developments related to the macroeconomic environment, the continuation of the war, and the extent of government support.

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, 2023	47,287
December 31, 2024	47,891
June 30, 2025	**48,453**

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

	June 30, 2025		December 31, 2024	
	In NIS million	% of portfolio	In NIS million	% of portfolio
Up to one year	**6,750**	**22.4**	6,732	22.0
Over one year to 3 years	**4,552**	**15.1**	4,472	14.6
Over 3 years to 5 years	**6,581**	**21.8**	6,865	22.5
Over 5 years to 7 years	**3,861**	**12.8**	3,831	12.6
Over 7 years	**6,075**	**20.1**	5,671	18.6
No repayment term[(a)]	**2,354**	**7.8**	2,962	9.7
Total on-balance-sheet credit risk	**30,173**	**100.0**	30,533	100.0

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

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

Credit risk amount in NIS thousands		June 30, 2025		December 31, 2024	
From	To	In NIS million	% of portfolio	In NIS million	% of portfolio
-	25	5,615	11.6	6,406	13.3
25	50	6,535	13.5	6,741	14.1
50	75	5,756	11.9	5,599	11.7
75	100	4,725	9.8	4,682	9.8
100	150	7,296	15.1	6,812	14.2
150	200	5,370	11.1	5,209	10.9
200	300	6,784	14.0	6,644	13.9
Over 300		6,372	13.0	5,798	12.1
Total overall credit risk		48,453	100.0	47,891	100.0

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

	June 30, 2025		December 31, 2024	
	In NIS million	% of portfolio	In NIS million	% of portfolio
Current account balances and utilized credit in Credit cards	6,953	14.4	7,476	15.6
Car purchase loans (secured)	1,249	2.6	1,353	2.8
Other loans	21,971	45.3	21,704	45.4
Total on-balance-sheet credit risk	30,173	62.3	30,533	63.8
Unutilized current account credit facilities	7,707	15.9	7,588	15.8
Unutilized credit card facilities	13,711	21.2	9,473	19.8
Other off-balance-sheet credit risk	297	0.6	297	0.6
Total off-balance-sheet credit risk	18,280	37.7	17,358	36.2
Total overall credit risk	48,543	100.0	47,891	100.0

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

	June 30, 2025				
	Non-linked	Linked	Foreign currency	Total on-balance-sheet credit risk	% of portfolio
	In NIS million				In %
Variable interest loans[a]	22,987	2	92	23,081	76.5
Fixed interest loans[b]	6,991	42	59	7,092	23.5
Total on-balance-sheet credit risk	29,978	44	151	30,173	100.0

Please see comments on the next page.

Breakdown of the 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) (cont.)

	December 31, 2024				
	Non-linked	Linked	Foreign currency	Total on-balance-sheet credit risk	% of portfolio
	In NIS million				In %
Variable interest loans[(a)]	22,989[(c)]	37	102	23,128	75.7
Fixed interest loans[(b)]	7,347[(c)]	9	49	7,405	24.3
Total on-balance-sheet credit risk	30,336	46	151	30,533	100.0

a) Variable interest loans are exposed to the effect of the change 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 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.
c) Reclassified.

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

	June 30	December 31
	2025	2024
	In NIS million	
Deposits by the public	**116,095**	114,989
Securities portfolios	**80,289**	73,055
Total financial asset portfolio	**196,384**	188,044
Total indebtedness to customers with financial asset portfolios	**38,724**	35,108

Following is the breakdown of the on-balance-sheet credit risk (excluding derivatives) due to loans granted by the Bank to private individuals, according to the account fixed income amount [(a)] (activities in Israel, excluding housing loans)

	June 30, 2025		December 31, 2024	
Level of income	In NIS million	In %	In NIS million	In %
Accounts without fixed income	**3,285**	**10.9**	3,385	11.1
Of which: loan accounts[(b)]	**1,252**	**4.1**	1,446	4.7
Lower by NIS 10 thousands	**4,910**	**16.3**	4,975	16.3
That is higher than NIS 10 thousand and lower than NIS 20 thousand	**10,512**	**34.8**	10,649	34.9
NIS 20 thousand or more	**11,466**	**38.0**	11,524	37.7
Total on-balance-sheet credit risk	**30,173**	**100.0**	30,533	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.

Following is the distribution of the on-balance-sheet credit risk (excluding derivatives) for private individuals at the Bank (activities in Israel, excluding housing loans)

	June 30	December 31
	2025	2024
	In NIS million	
Non-troubled credit	**29,297**	29,635
Troubled performing credit	**697**	694
Troubled non-performing loans	**179**	204
Total on-balance-sheet credit risk	**30,173**	30,533
Percentage of troubled credit risk out of balance sheet credit risk for private individuals	**2.9%**	2.9%
Charge-offs, net (for the period ended)	**130**	366
The outstanding on-balance sheet provision for credit losses	**935**	953

As of June 30, 2025, the provision for outstanding on-balance sheet loan losses for private individuals (net of housing) stands at NIS 935 million, constituting 3.10% of the outstanding loans for private individuals (net of housing, on-balance sheet) as of that date, similar to the provision for on-balance sheet loan losses in the sum of NIS 953 million as at December 31, 2024, constituting 3.12% of the outstanding loans to private individuals (net of housing, on-balance sheet) as of that date. The provisions for credit losses embody, inter alia, from the effects of the war and high interest rate environment.

For more information, including regarding troubled debt and loan loss expenses, please see Note 6,. Note 13, and the section entitled Risk Exposure, Credit Risk, under the Total Credit Risk to the Public by Economic Sector and in the Credit Risks section in the Report of the Board of Directors and Management as at December 31, 2024.

For further information concerning this segment, please see the Section "Credit Risks in the Report of the Board of Directors and Management" as at December 31, 2024.

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 further information, please see the "Report of the Board of Directors and Management" as at December 31, 2024.

Outstanding aggregated credit granted to leveraged borrowers

	June 30						December 31		
	2025			2024			2024		
	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total	On-balance-sheet	Off-balance-sheet	Total
Economic sector	In NIS million								
Commerce	**330**	**3**	**333**	-	-	-	512	2	514
Transportation and storage	**810**	**25**	**835**	925	24	949	883	25	908
Hotels, accommodation services and food	**416**	**-**	**416**	432	-	432	400	-	400
Construction and real estate	**-**	**-**	**-**	242	307	549	97	219	316
Provision of power, gas, steam and air conditioning	**-**	**-**	**-**	433	255	688	415	275	690
Total	**1,556**	**28**	**1,584**	2,032	586	2,618	2,307	521	2,828

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

For further quantitative and qualitative information regarding credit risks see the Risk Management Report as of June 30, 2025.

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", effective July 1, 2025 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.

In the second quarter of2025, there were no material changes in the corporate governance structure, in the policy and as part of the market risk management,.

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. The outline of decrease in interest rates in the United States may be slower than that expected at the beginning of the year. Additionally, the uncertainty regarding the impact of the United States' tariffs plan and its impact on the United States' inflation rate and trade balance, continues to be high.

The "Iron Swords" War and Operation "Am K'Lavie"

The War and the related challenges established 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.

Following the reporting period, a cabinet decision was made to expand the war in Gaza. Should this decision be implemented, it may have address effects on economic activity, the fiscal deficit, market sentiment toward the State of Israel, and the perceived risk of Israel in financial markets. At this early stage, it is not possible to assess whether and how the cabinet decision will be implemented, nor what its potential implications may be.

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 significant for managing interest rate risks, inter alia, due to the significant increase in these balances in recent years. 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 July 1, 2025, the Proper Conduct of Banking Business Directive no. 333, on interest rate risk in the banking book took effect. The Directive specifies requirements for taking active actions for identification, measurement, monitoring, control and disclosure regarding the risk and the Bank is preparing for implantation thereof, while making the required adjustments regarding the six shock scenarios set in the Directive. Implementation of the Directive is not expected to have a significant impact on the Bank's business activity and/or the financial results.

For additional information, please see the chapter entitled Interest Rate Risk, in the Risk Management Report as of December 31, 2024.

Quantitative information about interest rate risk - sensitivity analysis

The net balance sheet value and adjusted fair value[(a)] of the Bank and its consolidated companies' financial instruments

	June 30, 2025		
	NIS	Foreign currency	Total
	In NIS million		
Book balance, net[(a)]	**50,009**	**(5,739)**	**44,270**
Adjusted net fair value[(a)]	**56,445**	**(3,956)**	**52,489**
Of which: Banking portfolio	**47,049**	**(4,028)**	**43,021**
Of which: The effect of behavioral assumptions	**7,439**	**2,299**	**9,738**
Of which: Effect of attribution to periods of demand deposits	**8,346**	**2,307**	**10,653**
Of which: the effect of early repayments of housing loans	**(766)**	**(8)**	**(774)**

	June 30, 2024		
	NIS	Foreign currency	Total
	In NIS million		
Book balance, net[(a)]	44,717	(7,758)	36,959
Adjusted net fair value[(a)]	51,650	(5,738)	45,912
Of which: Banking portfolio	47,094	(5,971)	41,123
Of which: The effect of behavioral assumptions	9,069	2,390	11,459
Of which: Effect of attribution to periods of demand deposits	9,384	2,403	11,787
Of which: effect of early repayments on housing loans	(315)	(13)	(328)

	December 31, 2024		
	NIS	Foreign currency	Total
	In NIS million		
Book balance, net[(a)]	47,654	(6,476)	41,178
Adjusted net fair value[(a)]	54,832	(4,831)	50,001
Of which: Banking portfolio	51,420	(4,802)	46,618
Of which: The effect of behavioral assumptions	8,341	2,251	10,592
Of which: Effect of attribution to periods of demand deposits	8,758	2,261	11,019
Of which: effect of early repayments on housing loans	(417)	(10)	(427)

a) Net fair value of the financial instruments, including the liability for employee benefits, offset against all plan assets conducted vis-a-vis it and attributed to deposit periods upon demand.

For further information regarding the assumptions used to calculate the adjusted fair value of the financial instruments, please see Note 16A.

The spread between the adjusted net fair value and the net on-balance-sheet amount stands at approximately NIS 8.2 billion, a decrease of approximately NIS 0.6 billion, compared to the spread as of December 31, 2024.

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

	June 30, 2025		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(2,332)	(810)	(3,142)
Of which: Banking portfolio	(2,244)	(813)	(3,057)
Of which: The effect of behavioral assumptions	2,561	451	3,012
Of which: Effect of attribution to periods of demand deposits	1,778	435	2,213
Of which: effect of early repayments on housing loans	855	2	857
Simultaneous increase of 2%	(4,673)	(1,669)	(6,342)
Of which: Banking portfolio	(4,513)	(1,667)	(6,180)
Simultaneous decrease of 1 percent	1,575	807	2,382
Of which: Banking portfolio	1,489	818	2,307
Of which: The effect of behavioral assumptions	(3,745)	(589)	(4,334)
Of which: Effect of attribution to periods of demand deposits	(1,912)	(464)	(2,376)
Of which: effect of early repayments on housing loans	(1,905)	(2)	(1,907)
Simultaneous decrease of 2%	2,032	1,555	3,587
Of which: Banking portfolio	1,850	1,572	3,422
Non-simultaneous changes			
Steepening[(b)]	(894)	(800)	(1,694)
Flattening[(c)]	415	345	760
Short-term interest rate increase	(419)	(203)	(622)
Short-term interest rate decrease	426	233	659

a) The 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 related plan's assets vis-a-vis it, which are sensitive to interest rates only, and attribution of deposit periods upon demand.
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.

Since the beginning of the year, there has been no significant change in the exposure to an increase of 1%.

Israeli currency exposure in the banking portfolio - since the beginning of the year, there has been an increase of approx. NIS 140 million in exposure for every 1% increase in Shekel exchange rate, mainly due to Nostro portfolio activities and the issuance of mortgages, partially offset by the issuance of debentures.

Foreign currency exposure in the banking portfolio - since the beginning of the year, there has been a decrease of approximately NIS 180 million in exposure to a 1% increase, with the decrease being mainly due to Nostro portfolio activities.

In 2024 and in the first half of 2025 no update was made to the behavioral models. Altogether, we note that following the balance sheet date (commencing on July 1, 2025), the Bank updated the current account model used for interest rate risk management. The model update reduced the fair value exposure to an increase of 1%

in interest rate by approx. NIS 660 million, compared to the figure presented in the table above, had it been implemented as of June 30, 2025.

In addition, as part of the implementation of Proper Banking Management Directive No. 333, effective July 1, 2025, and in accordance with the requirements of the Directive, the Bank updated the mortgage repayment rate under a 1% interest rate increase scenario to 0.8, relative to the base repayment rate. The model update reduced the fair value exposure to an increase of 1% in interest rate by approx. NIS 200 million, compared to the figure presented in the table above, had it been implemented as of June 30, 2025.

Details regarding the effect of significant behavioral models are presented in the table above. We should also note that had the Bank assumed full utilization of the first exit option in public deposits that include an exit option, the net fair value exposure in the event of a respective 1% increase, as of June 30, 2025, would have increased by approximately NIS 210 million compared to the exposure reported in the table above.

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.

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

	June 30, 2024		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(1,830)	(976)	(2,806)
Of which: Banking portfolio	(1,869)	(883)	(2,752)
Of which: The effect of behavioral assumptions	2,333	427	2,760
Of which: Effect of attribution to periods of demand deposits	1,719	495	2,214
Of which: effect of early repayments on housing loans	614	4	618
Simultaneous increase of 2%	(3,592)	(1,987)	(5,579)
Of which: Banking portfolio	(3,446)	(1,797)	(5,243)
Simultaneous decrease of 1 percent	1,146	982	2,128
Of which: Banking portfolio	1,179	919	2,098
Of which: The effect of behavioral assumptions	(3,408)	(542)	(3,950)
Of which: Effect of attribution to periods of demand deposits	(1,847)	(530)	(2,377)
Of which: effect of early repayments on housing loans	(1,561)	(4)	(1,565)
Simultaneous decrease of 2%	1,334	1,895	3,229
Of which: Banking portfolio	1,154	1,813	2,967
Non-simultaneous changes			
Steepening[(b)]	(704)	(727)	(1,431)
Flattening[(c)]	372	297	669
Short-term interest rate increase	(199)	(321)	(520)
Short-term interest rate decrease	218	337	555

a) The 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 related plan's assets vis-a-vis it, which are sensitive to interest rates only, and attribution of deposit periods upon demand.
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.

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

	December 31, 2024		
	NIS	Foreign currency	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	(2,165)	(1,023)	(3,188)
Of which: Banking portfolio	(2,106)	(992)	(3,098)
Of which: The effect of behavioral assumptions	2,504	531	3,035
Of which: Effect of attribution to periods of demand deposits	1,754	477	2,231
Of which: effect of early repayments on housing loans	751	4	755
Simultaneous increase of 2%	(4,298)	(2,071)	(6,369)
Of which: Banking portfolio	(4,186)	(2,010)	(6,196)
Simultaneous decrease of 1 percent	1,419	1,028	2,447
Of which: Banking portfolio	1,359	1,018	2,377
Of which: The effect of behavioral assumptions	(3,675)	(661)	(4,336)
Of which: Effect of attribution to periods of demand deposits	(1,885)	(510)	(2,395)
Of which: effect of early repayments on housing loans	(1,789)	(4)	(1,793)
Simultaneous decrease of 2%	1,757	1,967	3,724
Of which: Banking portfolio	1,618	1,982	3,600
Non-simultaneous changes			
Steepening[(b)]	(981)	(819)	(1,800)
Flattening[(c)]	574	325	899
Short-term interest rate increase	(179)	(316)	(495)
Short-term interest rate decrease	193	348	541

a) The 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 related plan's assets vis-a-vis it, which are sensitive to interest rates only, and attribution of deposit periods upon demand.
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.

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

	June 30, 2025		
	Income Interest rate	(Expenses) Noninterest finance income Noninterest Income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	**492**	**169**	**661**
Of which: Banking portfolio	**492**	**257**	**749**
Simultaneous decrease of 1 percent	**(682)**	**(174)**	**(856)**
Of which: Banking portfolio	**(682)**	**(257)**	**(939)**

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

	December 31, 2024		
	Income Interest rate	(Expenses) Noninterest finance income Noninterest Income	Total*
	In NIS million		
Simultaneous changes			
Simultaneous increase of 1 percent	516	36	552
Of which: Banking portfolio	516	123	639
Simultaneous decrease of 1 percent	(704)	(55)	(759)
Of which: Banking portfolio	(704)	(123)	(827)

* After netting effects.

The sensitivity of the income in the above table is a theoretical estimate calculated based on a parallel shift of the entire yield curve in all the interest rate curves using assumptions regarding changes in the spreads on deposits and regarding transfer of funds from checking accounts to interest- bearing deposits in the event of an increase in interest rates, with no change in the composition of the assets and liabilities.

During the first half of 2025, the total exposure of the income to 1% interest rate decline has increased by approximately NIS 100 million, the main change stems from hedging activities in the nostro portfolio.

For additional information, please see the Risk Management Report as of December 31, 2024.

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

	June 30, 2025
	In NIS million
Simultaneous increase of 1 percent	**(1,100)**
Simultaneous decrease of 1 percent	**926**

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

	December 31, 2024
	In NIS million
Simultaneous increase of 1 percent	(1,041)
Simultaneous decrease of 1 percent	875

a) The effect presented is before the tax effect.

Foreign exchange rate risk

During the first half of 2025, the effect of the change in foreign currency rates on the net income is immaterial since the Bank, as a rule, does not manage significant exposures in the foreign currency sector.

Liquidity Risk

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

Funding risk is the risk of being unable to raise new sources for funding or refinance existing sources needed for ongoing operations, or that such funding will be obtained under conditions and timeframes that would significantly impair the bank's net interest income.

The concentration of the sources is audited and managed by the Bank as part of its liquidity risk management. The Bank performs follow-up on the composition and concentration of sources by several categories, including: Customer size and type, single depositor. The bank conducts continuous and close monitoring of liquidity indications and tracks warning signs that enable early identification of liquidity needs and trends related to its funding sources.

Leumi maintains an adequate liquidity level by investing its own (Nostro) portfolio in high-quality diversified assets in NIS and foreign currencies, so as to meet the liquidity needs under a variety of stress scenarios, as well as through a policy of raising diversified and solid sources for different periods of time, with emphasis on raising deposits from retail customers and issuing long-maturity bonds.

The public deposits in Israeli and foreign currencies are the Bank's main financing source, constituting approximately 88% of the total monitory liabilities, except for derivatives as of June 30, 2025, retail deposits by households and small businesses constitute approximately 44% of all public deposits in Israeli and foreign currencies. The contractual term of deposits is short, based on the contractual maturity date of public deposits (including credit balances in customers' checking accounts), approximately 97% of the cash flow, having a contractual maturity period of up to one year. However, public deposits are generally rolled over and remain in the bank for an extended period.

In the first six months of 2025 the average balances of public deposits increased by approximately NIS 20 billion compared to the corresponding six months of 2024. The increase is mainly due to the increase of approximately NIS 16 billion in the institutional entities' segment, approximately NIS 3 billion in the private banking segment and approximately NIS 2 billion in the private banking segment, which had been offset against a decrease of approximately NIS 2 billion in the small businesses' segment and approximately NIS 1 billion in the mid-sized businesses segment.

The weighted average expense rate on all public deposits in annual terms for the first six months of 2025 stood at approx. 3.1%, a rate similar to the figures in the first six months of 2024. In segmentation by sectors a decrease was recorded in the rate of the expenses for mid-sized businesses, private banking, institutional and large businesses of approximately 0.09%, 0.11%, 0.15% and approximately 0.22%, respectively. On the other hand an increase had been recorded in the rate of expenses for small businesses and households of approximately 0.32% and 0.06%, respectively.

As of June 30, 2025 the balance of deposits of the three large depositor groups pursuant to the Banking Law, 5741-1981, stands at approximately NIS 52 billion. These three depositors are included under the definition of public deposits by financial corporations as defined in Proper Conduct of Banking Business Directive no. 221 Liquidity Coverage, and constitute approximately 27% of the total public deposits by financial corporations (respectively approximately NIS 58 billion and approximately 35% as of December 31, 2024 and approximately NIS 33 billion and approximately 21% as of March 31, 2025). The majority of the balances of the three largest depositors have a maturity period of up to one month. As a result, they receive a 100% withdrawal rate both in the measurement of the regulatory liquidity coverage rate (LCR) according to Proper Conduct of Banking Business Directive No. 221 and under the Bank's internal model, in accordance with Proper Conduct of Banking Business Directive No. 342. In other words, these financial deposits do not serve as a source that the bank relies on for liquidity risk management. We note that these clients engage in business activities with the bank across various products. Therefore, the bank classifies a small portion of these balances as operational deposits, which receive reduced withdrawal rates in accordance with Proper Conduct of Banking Business Directive No. 221.

Bonds and subordinated notes serve as additional source of funding of the bank, a longer term source compared to public deposits. As at June 30, 2025 bonds and deferred promissory notes constitute approx. 6% of the total financial liabilities, excluding derivatives. Approx. 70% of the future contractual cash flow from bonds and deferred promissory notes have a contractual maturity date of over one year.

The balance of bonds and deferred promissory notes as of June 30, 2025 stands at approximately NIS 41 billion, higher by approximately NIS 9 billion than the balance as of December 31, 2024. The average balance during the second quarter of 2025 stood at approximately NIS 37 billion, compared to an average balance of approximately NIS 31 billion during 2024, and compared to an average balance of NIS 34 billion in the first quarter of 2025. The rate of expenditures in the second quarter stood at approximately 6.05%, compared to approximately 4.83% during 2024 and 3.79% in the first quarter of 2025.

For further information regarding these instruments, please see Note 20 in the financial statements as of December 3, 2024.

The public's outstanding credit balance in Israeli and foreign currency as of June 30, 2025 amounts to approx. NIS 481 billion. The contractual term of public credit is generally longer compared to public deposits, approx. 54% of the future contractual cash flow of the credit for a period exceeding one year.

For further information regarding cash flows according to the contractual repayment date see Note 15.

A gap between the future contractual cash flows of deposits and credit is a key component in managing liquidity risk.

The Bank sets growth targets for both sources and uses and conducts an ongoing monitoring process to ensure compliance with these targets. As part of liquidity and funding risk management, the bank monitors, among other factors, the projected repayment of large deposits, as well as the expected redemption of bonds and deferred promissory notes. It also manages forecasts and tracks the pace of credit issuance, aligning its preparation in advance for sourcing necessary funding.

The Bank monitors liquidity risk using various regulatory models, including the Liquidity coverage ratio (LCR) and the Net Stable Funding Ration (NSFR). Regulatory directives define stability coefficients for different types of funding sources (based on customer type), which are taken as part of liquidity risk management and influence the liquid assets the back holds.

The liquidity risk management policy

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 Directives. The management of exposure to liquidity risks is regularly examined, controlled and discussed by the forums and committees at the Board of Directors and management. In this framework, ongoing follow-up is conducted on cash flow forecasts, trends in various deposit segments, concentration of depositors and fundraising costs.

The Bank has a comprehensive infrastructure, management routines, and specialized tools for managing liquidity in foreign currency. This includes daily monitoring of a set of internal risk indicators, as well as internal and regulatory limits. Leumi monitors its liquidity position using indicators capable of providing early warning of changes in the liquidity position, inter alia, by using a regulatory model, as well as internal models developed by Leumi in accordance with the Bank of Israel's directives and accepted international standards. The Bank has a contingency plan in place for early identification handling of a liquidity crisis, which includes a system of warning signs that can indicate a change in the Bank's liquidity status, and establishes an action plan for handling such situations.

The Bank's Board of Directors defines the risk probability and sets internal limits that thar are stricter than regulatory requirements for the purpose of managing liquidity risk. The CRO sets internal limits that are stricter than those established by the board of directors for day-to-day management purposes. Internal limits serve as additional reserve to ensure compliance in a liquidity stress scenario.

The Bank measures and manages liquidity risk using models for all currencies combined and separately for foreign currency, as follows:

- The regulatory metric LCR, in accordance with Proper Conduct of Banking Business Directive No. 221, measures the ratio between the bank's available high quality liquid assets (HQLA inventory) and the net cash outflows in a 30-day stress scenario. The ratio is measured for all currencies combined as well as specifically for foreign currency.

  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. Liquidity Coverage Ratio (LCR) simulates the Bank's liquidity position under a combined liquidity stress scenario, which applies both to Leumi and the overall financial system and lasts for 30 days.

  The LCR ratio is measured on a daily basis. Regulatory requirement is it is not to fall below 100% on a solo and consolidated basis. The report on the liquidity coverage ratio to the senior management is made at least once each month and to the Board of Directors at least once each quarter.

- Internal moded for Liquidity Risk Assessment:

  Measures the minimum liquidity coverage ratio, the Bank manages an internal model for estimating liquidity risk in accordance with a Banking Business Directive No. 342, under a variety of scenarios between a week to three months, relating to various market situations, which pertain to the entire banking system and to Leumi in particular. The internal constraints of the internal model are higher than the limits on the LCR ratio and are designed to ensure an additional buffer for meeting liquidity scenarios. The internal model is measured for all currencies and for foreign exchange and includes 4 types of scenarios:

  - A scenario simulating normal conditions ("Normal Scenario")
  - A scenario stress in the banking system in Israel against the backdrop of global stress ("Systemic Scenario")
  - Stress scenario simulation at Bank Leumi ("specific scenario")
  - The stress scenario combines a systemic scenario and a bank specific scenario ("combined scenario" which is considered the most severe scenario.

- Net stable funding ratio (NSFR), in accordance with Banking Business Directive No. 222:

  The NSFR rate is intended to improve the liquidity risk profile and the Bank's stability bin the long term (one year) and requires the banking corporations to 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 net stable funding ratio restricts over-reliance on short-term wholesale funding, encourages an improved assessment of the liquidity finance raising risk, liquidity raising in all on-balance sheet and off-balance sheet items, and promotes funding stability, by maintaining an available funding scope (on the sources' part) adapted to the required scope of financing (on the use's part).

  The NSFR ratio's result is affected by the Bank's financial position, as reflected by all balance sheet items as of the date of the examination.

  Net Stable Funding Ratio (NSFR) is measured quarterly and reported in the financial statements at both the solo and consolidated levels for all currencies. Additionally, the Bank conducts an internal calculation to estimate the ratio on a monthly basis.

  The regulatory requirement is that the ratio should not fall below 100% on a solo and consolidated basis. The Net Stable Funding Ratio is reported to the senior management and Board of Directors at least once each quarter.

Liquidity coverage ratio

	For three months ended		
	June 30		December 31
	2025	2024	2024
	Average in %		
a. Consolidated data			
Liquidity coverage ratio	**130**	130	123
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100	100
b. According to the banking corporation's data			
Liquidity coverage ratio	**127**	127	120
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100	100

Note: Based on an average of daily observations.

For further information, please see the Section entitled Liquidity Risk in the Risk Report as at June 30, 2025 and Note 9B.

In the second quarter of 2025, the Bank met the regulatory restrictions regarding the liquidity coverage ratio. The average consolidated liquidity coverage ratio for three months ended June 30, 2025, standing at approximately 130% had increased by 6% compared to the average liquidity coverage ratio For three months ended March 31, 2025. The increase is mainly due to an increase in public deposits and raising bonds, which increased the ratio. The increase had been partially offset by the effect of business activities for extending credit.

In the second quarter of 2025, the LCR ratio in foreign currency and across all currencies had been above the regulatory requirement, the total consolidated ratio as of June 30, 2025, stood at approximately132%.

Net stable funding ratio

	As at June 30		As of December 31
	2025	2024	2024
	In %		
a. Consolidated data			
Net stable funding ratio	**116**	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	**115**	117	116
Net stable funding ratio set by the Banking Supervision Department	**100**	100	100

The Bank met the regulatory restriction regarding the net stable financing ratio as of June 30, 2025.

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

The consolidated net stable financing ratio as at June 30, 2025 stands at approximately 116%, an increase of approximately 2% compared to the ratio as of March 31, 2025. This increase is mainly due to the increase in public deposits and bond issuance, the effect of which had been partially offset against by decrease in loans to the public.

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

For qualitative and quantitative information regarding financing and liquidity risk, please see also under "Liquidity Risk and Financing Risk" in the Risk Report as at December 31, 2024 and Note 15.

The inventory of high-quality liquid assets[a], as the methodology of the Bank of Israel according to average balances in a quarter

	For three months ended					
	June 30, 2025			December 31, 2024		
	NIS	Currency external/foreign quarter	CPI-linked NIS	NIS	Currency external/foreign quarter	CPI-linked NIS
	Total weighted value in NIS millions					
Total Tier 1 assets	137,667	44,789	182,456	137,058	45,118	182,176
Total Tier 2a assets	-	3,600	3,600	-	3,352	3,352
Total Tier 2b assets	78	100	178	118	158	276
Total high-quality liquid assets	137,745	48,489	186,234	137,176	48,628	185,804

a) See Banking Business Directive No. 221.

Table Inventory - Composition of high-quality liquid assets[a] of Bank of Israel at the end of the period

	As at June 30			As of December 31		
	2025			2024		
	NIS	Currency external/foreign quarter	CPI-linked NIS	NIS	Currency external/foreign quarter	CPI-linked NIS
	Total weighted value in NIS millions					
Total Tier 1 assets	149,055	50,679	199,734	157,255	39,939	197,194
Total Tier 2a assets	-	3,744	3,744	-	3,575	3,575
Total Tier 2b assets	59	91	150	77	128	205
Total high-quality liquid assets	149,114	54,514	203,628	157,332	43,642	200,974

The high quality liquid asset inventory includes assets that can be easily and quickly converted into cash with little or no loss of value. Classification of Assets according to Banking Business Directive No. 221. Not pledged assets.

For specification of the assets the Bank pledges to the central bank, clearinghouses, and others see Note 26 of the financial statements as of December 31, 2024 and the Risk Report dated December 31, 2024.

Level 1 assets constitute approx. 98% of the Bank's total high quality liquid assets y as of December June, 2025. These assets primarily include cash, balances at the Bank of Israel, Israeli Government bonds in both NIS and foreign currency, U.S. government bonds, and bonds fully guaranteed by the U. S. government.

The balances at the Bank of Israel (checking accounts and monetary deposits) as at June 30, 2025 stood at approximately NIS 118 billion, compared to approximately NIS 134 billion at the end of December 2024 and NIS 102 billion at the end of March 2025.

The Bank can increase its high quality liquid (NQLA) both by selling them in the markets and by conducting REPO (Repurchase Agreement Transactions) The Bank has an operational and legal infrastructure in place to execute these transactions.

Additionally, the Bank has the options to obtain credit from the Bank of Israel through the central bank's monetary auctions. This credit is provided against collateral or deposits held at the Bank of Israel, including Israeli Government bonds and foreign securities issued by government and corporations that meet specific criteria (such as credit rating, duration, etc.)

Operational Risks

For further information concerning the operational risk and main risk areas, please see the Section "Operational Risks" in the Report of the Board of Directors and Management as at December 31, 2024, and the Section "Developing Risks" in the Risk Report as of June 30, 2025.

Climate and Environmental Risk

For further information on this issue and environmental risk, please see the Section entitled "Climate and Environmental Risk" in the Report of the Board of Directors and Management as of December 31, 2024– and the Section "Environment" in the Bank's Environmental, Social and Governance (ESG) Report for 2024.

Other Risks

Regulatory Risk

For information concerning the issue, please see the Section entitled "Other Risks" in the Report of the Board of Directors" as at December 31, 2024 as well as the Section "Most Material Leading and Emerging Risks in the Risk Report as at June 30, 2025.

For information regarding significant regulatory initiatives that were published during the reporting period, please see the Section "Legislation and Regulations concerning the Banking System in a Corporate Governance Report".

Macroeconomic Risk

For information concerning the issue, please see the Section "Developing Risks" in the Risk Report as of June 30, 2025.

For further information, please see the Section titled "Key Developments in the Economy".

Strategic, legal, compliance, models, goodwill and fair banking conduct risks (conduct).

For information concerning the issue, please see the Section entitled "Other Risks" in the Report of the Board of Directors and Management" as at December 31, 2024.

D. Critical Accounting Policies and Estimates, Controls and Procedures

Critical Accounting Policies and Estimates

General

The financial statements are prepared in accordance with the generally accepted accounting principles and pursuant to the directives and instructions 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. This type of estimates and assessments, changes in which may materially affect the financial results presented in the financial statements, are considered by the Bank to be estimates and assessments regarding "critical" issues.

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

For additional information, please see the Section entitled Critical Accounting Policies and Estimates in the financial statements as at December 31, 2024.

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 more information regarding adjusting the loan loss estimates due to the Iron Swords War, please see the section entitled "Credit Risks".

Classification of troubled debts and specific provision

The Bank assesses the loan portfolio on an ongoing basis and, in accordance with procedures, in order to identify, as 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 regarding the provision for collective loan losses and the classification of troubled debts, please see the Section entitled Critical Accounting Policies and Estimates in the financial statements as at December 31, 2024.

For further information regarding risk assessment and accounting policy regarding classification of debt that have undergone changes in against the backdrop of the "Iron Swords" War please the Section titled "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 recognized loss shall not be reversed in subsequent periods, unless an appreciation occurs.

Liabilities for Employee Benefits

As at June 30, 2025, the balance of accumulated other comprehensive income for employee benefits amounted to a negative post-tax balance of NIS 554 million, compared to a negative post-tax reserve of NIS 740 million as at December 31, 2024.

The outstanding liability for employee benefits as of June 30, 2025, according to a discount rate based on Israeli corporate bonds ("deep market" according to the Israel Securities Authority's approach") is NIS 410 million less than the actual outstanding liability.

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

For additional information, please see the Section entitled Critical Accounting Policies and Estimates in the financial statements as at December 31, 2024.

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, and the COSO model. (Committee of Sponsoring Organizations of the Treadway Commission) meets these requirements and may be used to evaluate the internal controls.

The Bank regularly applies the directive to the Leumi Group.

During 2025, the Bank validates and updates material control processes and conducts effective evaluations of its entire internal control over financial reporting system.

Evaluation of disclosure controls and procedures

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

Internal control changes

In the quarter ended June 30, 2025, 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.

The Board of Directors

Between April to June 2025, Leumi's Board of Directors held 9 plenum meetings and its committees held 11 meetings.

At a Board meeting held on August 12, 2025, the Board resolved to approve and publish the Group's unaudited condensed consolidated financial statements as at June 30, 2025 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.

Uri Alon
Chairman of the Board

Hanan Friedman
President and Chief Executive Officer

August 12, 2025

Certification

I, Hanan Friedman, hereby certify as follows:

1. I have reviewed the quarterly report of Bank Leumi le-Israel B.M. (hereinafter – the "Bank") for the quarter ended June 30, 2025 (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 the quarterly financial statements and other financial information included in the statements fairly represent, in all material aspects, 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 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"), as well as:
    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 evaluation;
    d. The Report discloses any change in the Bank's internal control over financial reporting which occurred during this quarter that had materially affected, or is reasonably expected to affect the Bank's internal control over financial reporting;
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' committees, based on our most recent evaluation 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;
    b. Any fraud, whether or not material, involving management or other employees who have a significant role in the Bank's internal control over financial reporting.

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

August 12, 2025.

Hanan Friedman
President and Chief Executive Officer

Certification

I, Hagit Argov, hereby certify as follows:

1. I have reviewed the quarterly report of Bank Leumi le-Israel B.M. (hereinafter - the "Bank") for the quarter ended June 30, 2025 (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 statements fairly represent, in all material aspects, 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 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"), as well as:

   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 evaluation;

   d. The Report discloses any change in the Bank's internal control over financial reporting which occurred during this quarter that had materially affected, or is reasonably expected to affect the Bank's internal control over financial reporting;

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' committees, based on our most recent evaluation 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;

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

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

August 12, 2025.

Hagit Argov

Executive Vice President
Chief Accounting Officer
Head of Finance Division

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
Condensed Financial Statements
Table of Contents

Review report of the Joint Independent Auditors to the Shareholders. of Bank Leumi Le-Israel Ltd.

Introduction

We have reviewed the accompanying financial information of Bank Leumi of Israel Ltd. and its subsidiaries (hereinafter - the "Bank"), which includes the condensed consolidated interim balance sheet as at June 30, 2025 and the condensed consolidated interim income statement, the comprehensive income statement, statement of changes in equity and cash flow statement for the three-month and six-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the directives and guidance of the Banking Supervision Department (hereinafter: "the Directives"). Our responsibility is to express a conclusion regarding 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 causes us to believe that the accompanying financial information is not prepared, in all material respects, in accordance with the Directives.

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

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

August 12, 2025

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Profit and Loss Statement
For the period ended June 30, 2025

		For three months ended June 30		For six months ended June 30		For the year ended December 31
		2025	2024	**2025**	2024	2024
		Unaudited				Audited
	Note	In NIS million				
Interest income	2	**10,211**	9,792	**19,264**	18,619	37,462
Interest expenses	2	**5,671**	5,414	**10,707**	10,474	20,953
Interest income, net	2	**4,540**	4,378	**8,557**	8,145	16,509
Loan loss expenses (income)	13 ,6	**223**	(18)	**278**	204	713
Interest income, net after loan loss expenses (income)		**4,317**	4,396	**8,279**	7,941	15,796
Noninterest income						
Noninterest finance income	3A	**410**	446	**703**	1,180	1,820
Fees and commissions		**1,014**	910	**2,035**	1,845	3,823
Other income		**22**	9	**76**	868	956
Total noninterest income		**1,446**	1,365	**2,814**	3,893	6,599
Operating and other expenses						
Salaries and related expenses		**881**	882	**1,841**	1,953	3,796
Buildings and equipment - maintenance and depreciation		**334**	374	**708**	749	1,520
Other Expenses		**395**	395	**792**	774	1,588
Total operating and other expenses		**1,610**	1,651	**3,341**	3,476	6,904
Profit before taxes		**4,153**	4,110	**7,752**	8,358	15,491
Provision for profit taxes		**1,623**	1,340	**2,915**	2,843	5,422
Profit after taxes		**2,530**	2,770	**4,837**	5,515	10,069
The Bank's share in associates' profits (losses) after taxes		**80**	(501)	**176**	(461)	(271)
Net income						
Before attribution to non-controlling interests		**2,610**	2,269	**5,013**	5,054	9,798
attributable to non-controlling right holders[(a)]		**-**	-	**-**	-	-
Attributable to the Bank's shareholders		**2,610**	2,269	**5,013**	5,054	9,798
Basic and diluted earnings per share (in NIS)						
Diluted basic earnings attributable to the Bank's shareholders	3B	**1.74**	1.49	**3.34**	3.32	6.46

a) Sums lower than NIS 1 million.

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

Uri Alon
Chairman of the Board

Hanan Friedman
President and Chief Executive Officer

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

Date of approval of the financial statements: August 12, 2025

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

Condensed Consolidated Profit Statement

For the period ended June 30, 2025

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Net income before amount attributable to non-controlling interests	**2,610**	2,269	**5,013**	5,054	9,798
Less net profit attributable to non-controlling right holders[(b)]	**-**	-	**-**	-	-
Net income attributable to the Bank's shareholders	**2,610**	2,269	**5,013**	5,054	9,798
Other comprehensive profit, before taxes					
Adjustments in respect of available-for-sale bonds according to at fair value, net.	**755**	(833)	**995**	(1,135)	298
Net gains (losses) for cash flow hedges	**2**	2	**3**	(3)	(2)
Adjustments of liabilities for employee benefits[(a)]	**(375)**	740	**275**	1,351	606
Impact of changes in the credit risk of the liabilities	**(5)**		**(10)**		3
Other comprehensive gain (loss) due to equity-accounted investees	**14**	4	**(15)**	(1)	28
Other comprehensive income (loss), before taxes	**391**	(87)	**1,248**	212	933
Related tax effect	**(178)**	69	**(476)**	(20)	(322)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	**213**	(18)	**772**	192	611
Less comprehensive other profit attributable to non-controlling rights owners[(b)]	**-**	-	**-**	-	-
Other comprehensive income (loss) attributable to the Bank's shareholders, after taxes	**213**	(18)	**772**	192	611
Comprehensive profit before attribution to non-controlling right holders	**2,823**	2,251	**5,785**	5,246	10,409
Less comprehensive profit attributable to non-controlling right holders[(b)]	**-**	-	**-**	-	-
Comprehensive income attributable to the Bank's shareholders	**2,823**	2,251	**5,785**	5,246	10,409

a) Mostly reflects adjustments in respect of changes in capitalization interest and actuarial estimates, as at the end of a period of defined benefit pension plans and a deduction of amounts previously recorded in other comprehensive profit. Please see also Note 8.

b) Sums lower than NIS 1 million.

See also Note 4 regarding other comprehensive cumulative profit (losses)

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

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Balance Sheet
As at June 30, 2025

		June 30		December 31
		2025	2024	2024
		Unaudited		Audited
	Note	In NIS million		
Assets				
Cash and deposits with banks		**147,063**	128,278	155,828
Securities:				
Held-to-maturity bonds		**19,137**	17,668	18,867
Available-for-sale bonds		**103,485**	98,037	90,500
Equity securities not held for trading		**6,734**	5,578	7,178
Held-for-trading securities		**13,293**	7,290	7,556
Total securities[(a)(b)]	5	**142,649**	128,573	124,101
Securities borrowed or purchased under reverse under reverse repurchase agreements		**7,583**	1,538	4,684
Loans to the public	6, 13	**496,040**	440,480	462,406
Loan loss provision	6, 13	**(6,813)**	(6,681)	(6,887)
Loans to the public, net		**489,227**	433,799	455,519
Loans to governments		**2,428**	1,918	2,509
Investments in associates		**3,491**	3,358	3,580
Buildings and equipment		**2,941**	2,688	2,822
Assets in respect of derivatives	11	**41,572**	26,679	29,193
Other assets[(a)]		**7,379**	7,208	7,315
Total assets		**844,333**	734,039	785,551
Liabilities and equity				
Deposits by the public	7	**642,253**	581,187	618,301
Deposits by banks		**22,873**	18,179	18,043
Deposits by governments		**125**	109	172
Securities loaned or sold under repurchase agreements		**16,208**	8,633	11,686
Bonds, promissory notes and subordinated notes		**40,515**	29,369	31,969
Liabilities for derivatives	11	**42,027**	24,156	27,752
Other liabilities[(a)(c)]		**14,792**	13,966	15,965
Total liabilities		**778,793**	675,599	723,888
Shareholders' equity	9	**65,535**	58,435	61,658
Non-controlling interests		**5**	5	5
Total equity		**65,540**	58,440	61,663
Total liabilities and equity		**844,333**	734,039	785,551

a) For details regarding amounts measured at fair value, please see Note 16A.
b) Of which: securities totaling NIS 12,960 million (June 30, 2024 - NIS 11,589 million, December 31, 2024 - NIS 13,007 million) that were pledged to lenders.
c) Of which: a provision for credit loan losses due to off-balance-sheet credit instruments totaling NIS 961 million (as of June 30, 2024 - NIS 744 million; as of December 31, 2024 - NIS 842 million).

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

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

CondensedStatement on Changes in Equity

For the period ended June 30, 2025

	For three months ended June 30, 2025 (unaudited)								
		Capital reserves							
	Share capital	From premiums	From benefit for Payment Services Share-based and Others[a]	Total Share Capital Capital funds	Profit (loss) Other total Cumulative	Retained earnings accrued[b]	Total	Benefits that do not attribute control	Total Equity
	In NIS million								
Balance as at March 31, 2025	7,089	1,469	61	8,619	(1,477)	56,646	63,788	5	63,793
Net profit for the period	–	–	–	–	–	2,610	2,610	–	2,610
Other comprehensive income, net of tax effect	–	–	–	–	213	–	213	–	213
Declared and paid up dividend	–	–	–	–	–	(721)	(721)	–	(721)
Share buyback	(6)	(350)	–	(356)	–	–	(356)	–	(356)
Employee benefit for stock-based compensation transactions	–	2	(1)	1	–	–	1	–	1
Balance as at June 30, 2025	**7,083**	**1,121**	**60**	**8,264**	**(1,264)**	**58,535**	**65,535**	**5**	**65,540**

	For three months ended June 30, 2024 (unaudited)								
		Capital reserves							
	Share capital	From premiums	From benefit for Payment Services Share-based and Others[a]	Total Share Capital Capital funds	Profit (loss) Other total Cumulative	Retained earnings accrued[b]	Total	Benefits that do not attribute control	Total Equity
	In NIS million								
Balance as at March 31, 2024	7,111	2,250	64	9,425	(2,437)	50,140	57,128	5	57,133
Net profit for the period	–	–	–	–	–	2,269	2,269	–	2,269
Other comprehensive loss, net of tax effect	–	–	–	–	(18)	–	(18)	–	(18)
Dividend paid	–	–	–	–	–	(835)	(835)	–	(835)
Share buyback	(4)	(106)	–	(110)	–	–	(110)	–	(110)
Employee benefit for stock-based compensation transactions	–	–	1	1	–	–	1	–	1
Balance at June 30, 2024	7,107	2,144	65	9,316	(2,455)	51,574	58,435	5	58,440

a) Including NIS 10 million in other capital reserves.

b) Including NIS 4,897 million that are non-distributable as dividend, of which NIS 3,414 million in respect of share buyback (June 30, 2024 - NIS 5,247 million, of which NIS 2,360 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 financial statements constitute an integral part thereof.

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

Condensed Statement on Changes in Equity(continued)

For the period ended June 30, 2025

	For the six months ended June 30, 2025 (unaudited)								
		Capital reserves							
	Share capital	From premiums	From benefit for Payment Services Share-based and Others[(a)]	Total Share Capital Capital funds	Profit (loss) Other total Cumulative	Retained earnings accrued[(b)]	Total	Benefits that do not attribute control	Total Equity
	In NIS million								
Balance as at December 31, 2024 (audited)	7,092	1,590	63	8,745	(2,036)	54,949	61,658	5	61,663
Net profit for the period	-	-	-	-	-	**5,013**	**5,013**	-	**5,013**
Other comprehensive income, net of tax effect	-	-	-	-	**772**	-	**772**	-	**772**
Dividend paid	-	-	-	-	-	**(1,427)**	**(1,427)**	-	**(1,427)**
Share buyback	**(9)**	**(473)**	-	**(482)**	-	-	**(482)**	-	**(482)**
Employee benefit for stock-based compensation transactions	-	**4**	**(3)**	**1**	-	-	**1**	-	**1**
Balance as at June 30, 2025	**7,083**	**1,121**	**60**	**8,264**	**(1,264)**	**58,535**	**65,535**	**5**	**65,540**

	For the six months ended June 30, 2024 (unaudited)								
		Capital reserves							
	Share capital	From premiums	From benefit for Payment Services Share-based and Others[(a)]	Total Share Capital Capital funds	Profit (loss) Other total Cumulative	Retained earnings accrued[(b)]	Total	Benefits that do not attribute control	Total Equity
	In NIS million								
Balance as at December 31, 2023 (audited)	7,111	2,250	63	9,424	(2,647)	47,720	54,497	5	54,502
Net profit for the period	-	-	-	-	-	5,054	5,054	-	5,054
Other comprehensive income, net of tax effect	-	-	-	-	192	-	192	-	192
Dividend paid	-	-	-	-	-	(1,200)	(1,200)	-	(1,200)
Share buyback	(4)	(106)	-	(110)	-	-	(110)	-	(110)
Employee benefit for stock-based compensation transactions	-	-	2	2	-	-	2	-	2
Balance at June 30, 2024	7,107	2,144	65	9,316	(2,455)	51,574	58,435	5	58,440

a) Including NIS 10 million in other capital reserves.

b) Including NIS 4,897 million that are non-distributable as dividend, of which NIS 3,414 million in respect of share buyback (June 30, 2024 - NIS 5,247 million, of which NIS 2,360 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 financial statements constitute an integral part thereof.

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Statement on Changes in Equity(continued)
For the period ended June 30, 2025

	For the year ended December 31, 2024 (audited)								
		Capital reserves							
	Share capital	From premiums	From benefit for Payment Services Share-based and Others[(a)]	Total Share Capital Capital funds	Profit (loss) Other total Cumulative	Retained earnings accrued [(b)]	Total	Benefits that do not attribute control	Total Equity
	In NIS million								
Balance as at December 31, 2023	7,111	2,250	63	9,424	(2,647)	47,720	54,497	5	54,502
Net income	–	–	–	–	–	9,798	9,798	–	9,798
Other comprehensive income, net of tax effect	–	–	–	–	611	–	611	–	611
Dividend paid	–	–	–	–	–	(2,569)	(2,569)	–	(2,569)
Share buyback	(19)	(663)	–	(682)	–	–	(682)	–	(682)
Employee benefit for stock-based compensation transactions	–	3	–	3	–	–	3	–	3
Balance as at December 31, 2024	7,092	1,590	63	8,745	(2,036)	54,949	61,658	5	61,663

a) Including NIS 10 million in other capital reserves.
b) Including NIS 5,323 million that are non-distributable, of which NIS 2,932 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 financial statements constitute an integral part thereof.

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

Condensed Consolidated Statement on Cash Flows

For the period ended June 30, 2025

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Cash flows from operating activities					
Net profit for the period	**2,610**	2,269	**5,013**	5,054	9,798
Adjustments:					
The Group's share in the non- distributed (profits) losses of included companies[(a)]	**(89)**	847	**(150)**	829	672
Depreciation and amortization of buildings and equipment (including impairment)	**132**	157	**275**	313	613
Loan loss expenses (income)	**223**	(18)	**278**	204	713
Net losses on sale of available-for-sale bonds	**168**	96	**274**	179	412
Net realized and unrealized losses (profit) due to fair value adjustments of securities for trade	**74**	(3)	**24**	6	19
Gain from realized investment in associate companies	**-**	-	**(5)**	-	-
Losses (gains) from realization and disposals of buildings and equipment - net	**2**	-	**(7)**	(834)	(852)
Net realized and unrealized losses (profit) due to fair value adjustments of shares that are not held for trading	**97**	(211)	**(152)**	(374)	(609)
Provision for impairment of available-for-sale bonds	**6**	-	**6**	-	53
Provision for impairment of equity securities not held-for-trading	**34**	32	**68**	35	71
Expenses for stock-based compensation transactions	**1**	1	**1**	2	3
Deferred taxes - net	**(34)**	(135)	**110**	(103)	(45)
Severance pay and pension — (decrease) an increase in the reserve surplus over the designated amount	**(5)**	31	**59**	101	(214)
Interest receivable over interest accrued during the period due to available-for-sale bonds and held-to-maturity bonds.	**(593)**	(714)	**(669)**	(1,536)	(2,486)
Accrual differences and rate in respect of bonds and subordinated notes	**(135)**	178	**(167)**	93	149
Effect of exchange rate differentials on cash and cash equivalent balances	**1,287**	(479)	**803**	(375)	619
Other, net	**(1)**	1	**(1)**	-	-
Net change in current assets:					
Assets in respect of derivatives	**(12,189)**	(934)	**(12,379)**	731	(1,783)
Held-for-trading securities	**102**	(2,122)	**(5,761)**	6,381	6,102
Other assets	**11**	70	**(265)**	54	79
Net change in current liabilities:					
Liabilities for derivatives	**14,200**	564	**14,003**	(2,305)	1,142
Other liabilities	**(336)**	(696)	**(1,410)**	(340)	583
Net cash provided by (for) current activities	**5,565**	(1,066)	**(52)**	8,115	15,039

a) Net of dividend received.

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

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Statement on Cash Flows(continued)
For the period ended June 30, 2025

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Cash flows from investing activities					
Net change in deposits with banks for an original period of more than three months	**3,297**	(265)	**1,164**	587	(2,186)
Net change in loans to the public[(a)]	**(26,130)**	(5,087)	**(33,182)**	(14,323)	(35,832)
Net change in loans to the Israeli Government	**(241)**	(531)	**72**	(112)	(705)
Net change in securities borrowed or purchased under reverse repurchase agreements	**(6,062)**	750	**(2,899)**	1,515	(1,631)
Purchase of held-to-maturity bonds	**(962)**	(768)	**(1,217)**	(2,829)	(4,666)
Proceeds from redemption of held-to-maturity bonds	**609**	136	**943**	702	1,407
Purchase of available-for-sale bonds and equity securities not held-for-trading	**(74,185)**	(39,548)	**(112,663)**	(99,693)	(188,183)
Proceeds from sale of available-for-sale bonds and equity securities not held-for-trading	**49,712**	46,107	**87,019**	110,720	177,752
Proceeds from redemption of available-for-sale bonds and equity securities	**13,309**	5,172	**14,861**	16,216	45,674
Purchase of associates' equity	**(29)**	(24)	**(29)**	(92)	(168)
Proceeds from disposal of investment in associates	**-**	-	**7**	-	-
Proceeds from sale of loan portfolios	**-**	99	**-**	264	473
Purchase of loan portfolios	**(211)**	-	**(651)**	-	(551)
Purchase of buildings and equipment	**(210)**	(163)	**(452)**	(296)	(737)
Proceeds from disposal of buildings and equipment	**-**	-	**15**	1,003	1,028
Central severance pay fund	**(1)**	1	**2**	3	4
Net cash (for investment activities) due to investment activities	**(41,104)**	5,879	**(47,010)**	13,665	(8,321)
Cash flow from financing activities					
Net change in deposits with banks for an original period of more than three months	**9,854**	(5,960)	**4,830**	(2,597)	(2,733)
Net change in deposits by the public	**45,971**	(14,670)	**24,082**	13,276	50,473
Net change in deposits by the government	**(14)**	8	**(47)**	(51)	12
Net change in securities loaned or sold under repurchase agreements	**1,957**	2,326	**4,522**	(5,143)	(2,090)
Proceeds from issue of bonds and subordinated notes	**6,651**	2,298	**11,259**	2,298	7,668
Redemption of bonds and subordinated notes	**(74)**	(4,036)	**(2,475)**	(5,240)	(8,008)
Dividend paid to shareholders	**(721)**	(1,200)	**(1,427)**	(1,200)	(2,569)
Share buyback	**(356)**	(110)	**(482)**	(110)	(682)
Net cash from (for) financing activities	**63,268**	(21,344)	**40,262**	1,233	42,071
Increase (decrease) in cash and cash equivalents	**27,729**	(16,531)	**(6,800)**	23,013	48,789
Balance of cash and cash equivalents as of the beginning of the period	**116,596**	141,911	**150,641**	102,471	102,471
Effect of exchange rate fluctuations on cash and cash equivalent balances	**(1,287)**	479	**(803)**	375	(619)
Balance of cash and cash equivalents as of the end of the period	**143,038**	125,859	**143,038**	125,859	150,641

a) Including current activities from purchase of discounted receivables.

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

BANK LEUMI LE-ISRAEL B.M. AND ITS CONSOLIDATED COMPANIES
Condensed Consolidated Statement on Cash Flows(continued)
For the period ended June 30, 2025

Interest and taxes paid and/or received and dividends received

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Interest received	**9,837**	8,061	**18,215**	16,011	32,671
Interest paid	**(4,452)**	(5,058)	**(9,774)**	(10,084)	(20,779)
Dividends received	**80**	86	**188**	137	276
Income tax paid	**(1,332)**	(1,093)	**(3,720)**	(2,710)	(5,814)
Income tax received	**158**	22	**161**	24	731

Appendix A - Non-Cash Investments and Financing Activities in the Reporting Period

For the six months ended June 30, 2025

On March 31 part of the investment in an associate company had been sold vis-a-vis accounts receivable balance in the sum if NIS 4 million.

Note 1 - Significant Accounting Policies

A. Basis of Preparation of the Financial Statements

1. Reporting principles

The condensed consolidated interim financial statements as of June 30, 2025 have been prepared in accordance with directives of the Banking Supervision Department. These directives basically adopt the US GAAP.

The accepted accounting principles in the United States - accounting principles that US banks traded in the United States are required to apply.

These principles are set by the banking supervision agencies in the USA, the Securities and Exchange Commission, the Financial Accounting Standards Board and other entities in the USA. The principles are implemented according to the hierarchy established in FAS 168 (ASC 105-10), Codification of the accounting standards of the Financial Accounting Standards Board in the USA and the hierarchy of generally accepted accounting principles.

Additionally, according to the Banking Supervision Department's directives, notwithstanding the hierarchy prescribed by FAS 168, it had been clarified that any position published by the US banking regulators or by their teams regarding the manner of implementation of the US GAAP, constitutes part of US GAAP.

The accounting principles that were implemented in preparing financial statements for interim periods are consistent with the principles that served for preparing the audited financial statements as of December 31, 2024, except for that stated in section B below. Financial statements for such interim periods do not include all the required information in full annual financial statements, and these statements should be reviewed along with the annual financial statements as of December 31, 2024 and the Notes attached therewith (hereinafter: the Financial Statements).

The condensed consolidated interim financial statements were approved by the Bank's Board of Directors on August 12, 2025.

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 lack of certainty reflected by the economy and other environmental conditions had been significantly refined and therefore assessments and estimates may be updated according to the developments of conditions and circumstances as well as changes in the economy.

The policies the Bank implements in use of assessments and estimates, as a rule, is consistent with that used in the annual financial statements as of December 31, 2024, except for that specified in section B below. 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

On November 27, 2023, the FASB published ASU 2023-07, regarding improvements of disclosure requirements regarding reportable operating segments. The directives of the Update had been applied commencing the financial statements as at December 31, 2024 as well as commencing the interim periods in 2025.

On October 8, 2024, the Banking Supervision Department published a circular concerning disclosure of interest risk and disclosure of liquidity and financing risk. The directives of the Circular had been applied commencing the financial statements as at December 31, 2024 as well as commencing the interim periods in 2025. For more information, please see Note 1.24. to the financial statements as at December 31, 2024.

Note 2 - Interest Income and Expenses

	For three months ended June 30		For six months ended June 30	
	2025	2024	**2025**	2024
	Unaudited			
	In NIS million			
A. Interest income[(a)]				
From loans to the public	**7,436**	7,071	**14,023**	13,188
From loans to governments	**22**	16	**42**	35
From deposits with the Bank of Israel and cash	**1,014**	1,141	**2,022**	2,220
From deposits with banks	**199**	131	**332**	268
From securities borrowed or purchased under reverse repurchase agreements	**44**	26	**82**	54
From bonds[(b)]	**1,496**	1,407	**2,763**	2,854
Total interest income	**10,211**	9,792	**19,264**	18,619
B. Interest expenses[(a)]				
For deposits by the public	**(4,813)**	(4,683)	**(9,300)**	(9,248)
For deposits by governments	**-**	-	**(1)**	(1)
For deposits by banks	**(68)**	(73)	**(125)**	(137)
For deposits by the Bank of Israel	**(23)**	(23)	**(45)**	(44)
For securities loaned or sold under repurchase agreements	**(201)**	(139)	**(348)**	(290)
For bonds, promissory notes and subordinated notes	**(566)**	(496)	**(888)**	(754)
Total interest expenses	**(5,671)**	(5,414)	**(10,707)**	(10,474)
Total interest income, net	**4,540**	4,378	**8,557**	8,145
C. Details on the net effect of hedging derivatives[(c)]				
Interest income	**20**	42	**48**	96
Interest expenses	**(22)**	(6)	**(29)**	(8)
d. Details on interest income from bonds, on accrual basis				
Held-to-maturity	**164**	153	**347**	301
Available-for-sale	**1,187**	1,164	**2,177**	2,341
Held-for-trading	**145**	90	**239**	212
Total included in interest income	**1,496**	1,407	**2,763**	2,854

a) Including the effect of hedge relationships.
b) Including interest in respect of mortgage-backed bonds (MBS) in the amount of approx. NIS 180 million and approx. NIS 329 million for the three- and six-month periods ended June 30, 2025, respectively (NIS 201 million and NIS 312 million for the three- and six-month periods ended June 30, 2024, respectively).
c) Specification of the effect of hedging derivatives on subsections a and b.

Note 3A - Noninterest Finance Income

	For three months ended June 30		For six months ended June 30	
	2025	2024	**2025**	2024
	Unaudited			
	In NIS million			
A. Non-interest financing income due to activities that are not for trade objectives				
A.1. From derivative activities[(a)]				
(Expenses) income in respect of derivative instruments, net[(b)]	**(3,902)**	1,021	**(3,728)**	2,426
Total from derivatives activity	**(3,902)**	1,021	**(3,728)**	2,426
A.2. From investment in bonds				
Gains on sale of available-for-sale bonds[(h)]	**46**	32	**100**	96
Losses on sale of available-for-sale bonds[(h)]	**(214)**	(128)	**(374)**	(275)
Provision for impairment of available-for-sale bonds[(h)]	**(6)**	–	**(6)**	–
Total from investment in bonds	**(174)**	(96)	**(280)**	(179)
A.3. Exchange rate differentials, net	**4,367**	(806)	**4,122**	(1,723)
A.4. Gains (losses) on investment in shares				
Gains on sale of equity securities not held for trading	**125**	208	**219**	329
Provision for impairment for equity securities not held for trading	**(34)**	(32)	**(68)**	(35)
Losses on sale of equity securities not held-for-trading	**(61)**	(2)	**(76)**	(5)
Dividend from not held-for-trading equity securities	**41**	33	**93**	51
Unrealized gains (losses), net of shares not held-for-trading[(g)]	**(161)**	5	**9**	50
Gain on the sale of investees' shares	**–**	–	**5**	–
Total from investment in equity securities	**(90)**	212	**182**	390
The total non-interest finance income due to activities that are not for trade objectives	**201**	331	**296**	914
B. Noninterest financing income (expenses) not due to activities for trade purposes				
Income in respect of held-for-trading derivatives, net	**281**	112	**429**	272
Realized and unrealized (losses) gains from fair value adjustments of held-for-trading bonds, net[(c)(f)]	**(80)**[(e)]	2	**(29)**	(9)
Realized and unrealized gains from fair value adjustments of held-for-trading equity securities, net [(d)(f)]	**6**	1	**5**	3
Dividend from held-for-trading equity securities	**2**	–	**2**	–
Total from trading activities[(e)]	**209**	115	**407**	266
Specification of noninterest financing income not due to activities for trade purposes, according to risk exposure				
Interest rate exposure	**72**	(25)	**78**	68
Foreign exchange exposure	**106**	122	**272**	158
Equity exposure	**30**	18	**56**	40
Exposure to commodities and other contracts	**1**	–	**1**	–
Total	**209**	115	**407**	266
Total noninterest finance income	**410**	446	**703**	1,180

Please see comments on the next page.

Note 3A - Noninterest Finance Income (cont.)

Comments:

a) Excluding the effect of hedge relationships.

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

c) Of which the gains in the amount of approx. NIS 74 million and approx. NIS 66 million for the three- and six-month periods ended June 30, 2025, respectively, in respect of held-for-trading bonds held as of the balance sheet date (losses of approx. NIS 41 million and approx. NIS 42 million for the three- and six-month periods ended June 30, 2024, respectively).

d) Of which the gains in the amount of approx. NIS 2 million and approx. NIS 5 million in the three- and six-month periods ended June 30, 2025, respectively, in respect of held-for-trading shares still held as of the balance sheet date (there were no gains or losses in related to held-for-trading shares still held as of the balance sheet date in the three- and six-month periods ended June 30, 2024).

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

f) Including exchange rate differentials from trading activities.

g) 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.

h) Reclassified from accumulated other comprehensive income.

Note 3B – Profit 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 three months ended June 30		For six months ended June 30	
	2025	2024	**2025**	2024
	Unaudited			
Basic earnings				
Net income attributable to the Bank's shareholders (in NIS million)	**2,610**	2,269	**5,013**	5,054
Weighted average of the number of shares (in thousands of shares)				
Balance as at beginning of period[(a)]	**1,501,004**	1,522,856	**1,503,528**	1,522,856
Weighted effect of issuance of shares	**78**	–	**115**	–
Weighted effect for share buyback	**(3,590)**	(646)	**(3,715)**	(323)
Weighted average of number of shares	**1,497,492**	1,522,210	**1,499,928**	1,522,533
Basic earnings per share (in NIS)	**1.74**	1.49	**3.34**	3.32

a) less buyback of shares.

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 three months ended June 30		For six months ended June 30	
	2025	2024	**2025**	2024
	Unaudited			
Diluted earnings				
Net income attributable to the Bank's shareholders (in NIS million)	**2,610**	2,269	**5,013**	5,054
Weighted average of the number of shares (in thousands of shares)				
Weighted average of the number of ordinary shares used to calculate basic profit per share	**1,497,492**	1,522,210	**1,499,928**	1,522,533
Weighted effect of issuance of options to employees	**2,005**	131	**1,730**	129
Weighted average of the number of shares, fully diluted	**1,499,497**	1,522,341	**1,501,658**	1,522,662
Diluted earnings per share (in NIS)	**1.74**	1.49	**3.34**	3.32

C. Share Capital

As of June 30, 2025, the Bank's issued and paid up share capital less the Bank's share buyback plan during 2018 through 2020 and 2023 through 2025 is 1,494,578,001 ordinary shares of NIS 1 p.v. each.

D. Buyback after the financial statements date

From July 1 2025 to August 16 2025, the Bank performed a buyback of 1,219,148 shares of 1 par value each of the Bank's issued share capital.

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

Note 4 - Other total cumulative gain (loss)

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

1. Changes in accumulated other comprehensive income (loss) for the three-month periods ended June 30, 2025 and 2024 (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 March 31, 2024	(1,704)	(2)	-	12	(743)	(2,437)	-	(2,437)
Net change during the period	(515)	1	-	3	493	(18)	-	(18)
Balance at June 30, 2024	(2,219)	(1)	-	15	(250)	(2,455)	-	(2,455)
Balance as at March 31, 2025	(1,187)	1	(1)	19	(309)	(1,477)	-	(1,477)
Net change during the period	**459**	**1**	**(3)**	**1**	**(245)**	**213**	**-**	**213**
Balance as at June 30, 2025	**(728)**	**2**	**(4)**	**20**	**(554)**	**(1,264)**	**-**	**(1,264)**

2. Changes in accumulated other comprehensive income (loss) for the three-month periods ended June 30, 2025 and 2024 (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, 2023 (audited)	(1,517)	1		16	(1,147)	(2,647)	-	(2,647)
Net change during the period	(702)	(2)		(1)	897	192	-	192
Balance at June 30, 2024	(2,219)	(1)		15	(250)	(2,455)	-	(2,455)
Balance as at December 31, 2024 (audited)	(1,334)	-	2	36	(740)	(2,036)	-	(2,036)
Net change during the period	**606**	**2**	**(6)**	**(16)**	**186**	**772**	**-**	**772**
Balance as at June 30, 2025	**(728)**	**2**	**(4)**	**20**	**(554)**	**(1,264)**	**-**	**(1,264)**

Please see comments on the next page.

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

A. Changes in accumulated other comprehensive income (loss) after tax effect (cont.)

3. Other cumulative comprehensive changes in profit (loss) for the year ended December 31, 2024 (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	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, 2023	(1,517)	1		16	(1,147)	(2,647)	-	(2,647)
Net change during the year	183	(1)	2	20	407	611	-	611
Balance as at December 31, 2024	(1,334)	-	2	36	(740)	(2,036)	-	(2,036)

a) Including adjustment due to translation of financial statements of foreign operations whose functional currency is different from the Bank's functional currency, as well as net gain (losses) due to net investment hedging in foreign currency.
b) Adjustments due to employee benefits are net of adjustments due to 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 three months ended June 30 (unaudited)					
	2025			2024		
	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:						
Net unrealized gains (losses) due to fair value adjustments	581	(226)	355	(929)	354	(575)
Net losses in respect of available-for-sale bonds reclassified to the income statement[(a)]	174	(70)	104	96	(36)	60
Net change during the period	755	(296)	459	(833)	318	(515)
Cash flow hedges						
Net gains for cash flow hedges	2	(1)	1	2	(1)	1
Net change during the period	2	(1)	1	2	(1)	1
Non-performing credit risk						
Impact of changes in the credit risk of the liabilities	(5)	2	(3)			
Net change during the period	(5)	2	(3)			
Equity-accounted investees						
Other comprehensive gain (loss) due to equity-accounted investees[(b)]	(156)	54	(102)	53	(20)	33
Hedges[(c)]	170	(67)	103	(49)	19	(30)
Net change during the period	14	(13)	1	4	(1)	3
Employee benefits:[(d)]						
Net actuarial gain (loss)	(391)[(g)]	134	(257)	700[(g)]	(232)	468
Net losses reclassified to the income statement[(e)]	16	(4)	12	40	(15)	25
Net change during the period	(375)	130	(245)	740	(247)	493
Total net change during the year	391	(178)	213	(87)	69	(18)
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 net change during the period	391	(178)	213	(87)	69	(18)

a) The before-tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3A.
b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
c) Net gains (losses) for hedging a net investment in foreign currency.
d) Adjustments for employee benefits are net of adjustments for plan assets.
e) The pre-tax amount is reported in the profit and loss statement under the Section "Other Expenses". For additional information, please see Note 8.b.
f) Sums lower than NIS 1 million.
g) For additional information regarding the net actuarial gain (loss) amount, please see Note 8.b.

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

C. Changes in accumulated other comprehensive income (loss) components, before and after tax effect (continued)

	For the six months ended June 30 (unaudited)					
	2025			2024		
	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:						
Net unrealized gains (losses) due to fair value adjustments	**715**	**(279)**	**436**	(1,314)	501	(813)
Net losses in respect of available-for-sale bonds reclassified for the income statement[(a)]	**280**	**(110)**	**170**	179	(68)	111
Net change during the period	**995**	**(389)**	**606**	(1,135)	433	(702)
Cash flow hedges						
Net gains (losses) for cash flow hedges	**3**	**(1)**	**2**	(3)	1	(2)
Net change during the period	**3**	**(1)**	**2**	(3)	1	(2)
Non-performing credit risk						
Impact of changes in the credit risk of the liabilities	**(10)**	**4**	**(6)**			
Net change during the period	**(10)**	**4**	**(6)**			
Equity-accounted investees						
Other comprehensive gain (loss) due to equity-accounted investees[(b)]	**(150)**	**52**	**(98)**	82	(32)	50
Hedges[(c)]	**135**	**(53)**	**82**	(83)	32	(51)
Net change during the period	**(15)**	**(1)**	**(16)**	(1)	-	(1)
Employee benefits:[(d)]						
Net actuarial gain	**218[(g)]**	**(71)**	**147**	1,248[(g)]	(415)	833
Net losses reclassified to the income statement[(e)]	**57**	**(18)**	**39**	103	(39)	64
Net change during the period	**275**	**(89)**	**186**	1,351	(454)	897
Total net change during the year	**1,248**	**(476)**	**772**	212	(20)	192
Less changes in other comprehensive income components Attributable to non-controlling interests						
Total change during the period, net[(f)]	**-**	**-**	**-**	-	-	-
Changes in other comprehensive income components attributable to the Bank's shareholders						
Total net change during the period	**1,248**	**(476)**	**772**	212	(20)	192

a) The before-tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3A.
b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
c) Net gains (losses) for hedging a net investment in foreign currency.
d) The adjustments for employee benefits are net of adjustments for plan assets.
e) The pre-tax amount is reported in the profit and loss statement under the Section "Other Expenses". For additional information, please see Note 8.b.
f) Sums lower than NIS 1 million.

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

g) For additional information regarding the net actuarial gain amount, please see Note 8.b.

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

D. Changes in accumulated other comprehensive income (loss) components, before and after tax effect (continued)

	For the year ended December 31, 2024 (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 losses due to fair value adjustments	(167)	62	(105)
Net losses in respect of available-for-sale bonds reclassified to the income statement[(a)]	465	(177)	288
Net change during the year	298	(115)	183
Cash flow hedges			
Net losses for cash flow hedges	(2)	1	(1)
Net change during the year	(2)	1	(1)
Liability Credit Risk			
Impact of changes in the credit risk of the liabilities	3	(1)	2
Net change during the year	3	(1)	2
Equity-accounted investees			
Other comprehensive income of equity-accounted investees According to the equity method[(b)]	31	(10)	21
Hedges[(c)]	(34)	13	(21)
Net gains reclassified to the income statement	31	(11)	20
Net change during the year	28	(8)	20
Employee benefits:[(d)]			
Net actuarial gain	462[(g)]	(152)	310
Net losses reclassified for the profit and loss statement[(e)]	144	(47)	97
Net change during the year	606	(199)	407
Total change during the year, net	933	(322)	611
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	933	(322)	611

a) The before-tax amount is reported in the income statement under the noninterest finance income line item. Please see Note 3A.
b) Including translation adjustments of financial statements of foreign operations whose functional currency is different from the Bank's functional currency.
c) Net gains (losses) for hedging a net investment in foreign currency.
d) The adjustments for employee benefits are net of adjustments for plan assets.
e) The pre-tax amount is reported in the profit and loss statement under the Section "Other Expenses Due to Employee Benefits". For additional information, please see Note 8.b.
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 June 30, 2025 (unaudited)					
	Balance sheet value	Amortized cost	Balance 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	12,263	12,263	-	78	(569)	11,772
Of foreign financial institutions	1,175	1,175	-	2	(8)	1,169
Asset-backed (ABS) or Mortgage-backed (MBS)	5,416	5,416	1	22	(378)	5,061
Of other foreign entities	283	283	1	-	(6)	278
Total bonds Held-to-maturity[(e)]	19,137	19,137	2	102	(961)	18,280

	As at June 30, 2025 (unaudited)					
				Accumulated Other Comprehensive Income (Loss)		
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains	Losses	Fair value[(a)]
	In NIS million					
2. Available-for-sale bonds:						
Of the Israeli Government	53,898	55,038	-	331	(1,471)	53,898
Of foreign governments	25,120	25,090	-	32	(2)	25,120
Of Israeli financial institutions	450	447	-	6	(3)	450
Of foreign financial institutions	7,885	7,838	-	102	(55)	7,885
Asset-backed (ABS) or Mortgage-backed (MBS)	11,242	11,692	-	47	(497)	11,242
Of other Israeli entities	1,114	1,102	-	26	(14)	1,114
Of other foreign entities	3,776	3,776	-	55	(55)	3,776
Total bonds Available-for-sale[(e)]	103,485	104,983	-	599[(c)]	(2,097)[(c)]	103,485

Please see Notes on p. 912.

Note 5 - Securities (cont.)

	As at June 30, 2025 (unaudited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance 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	6,734	6,648	-	495	(409)	6,734
Of which: equity securities and mutual funds for which there is no available fair value[(b)]	4,194	4,480	-	87	(373)	4,194
Total equity securities and mutual funds not held-for-trading:	6,734	6,648	-	495[(d)]	(409)[(d)]	6,734
Total securities not held-for-trading:	129,356	130,768	2	1,196	(3,467)	128,499

	As at June 30, 2025 (unaudited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance 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	12,566	12,483	-	84	(1)	12,566
Of Israeli financial institutions	13	13	-	-	-	13
Of foreign financial institutions	63	62	-	1	-	63
Asset-backed (ABS) or Mortgage-backed (MBS)	296	295	-	2	(1)	296
Of other Israeli entities	119	118	-	1	-	119
Of other foreign entities	44	44	-	-	-	44
Total held-for-trading bonds	13,101	13,015	-	88	(2)	13,101
Held-for-trading equity securities and mutual	192	188	-	6	(2)	192
Total held-for-trading securities[(f)]	13,293	13,203	-	94[(d)]	(4)[(d)]	13,293
Total securities	142,649	143,971	2	1,290	(3,471)	141,792

Please see Notes on p. 129.

Note 5 - Securities (cont.)

	At June 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost	Balance 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	9,566	9,566	-	-	(1,006)	8,560
Of foreign financial institutions	1,491	1,492	1	-	(41)	1,451
Asset-backed (ABS) or Mortgage-backed (MBS)	6,264	6,265	1	2	(518)	5,749
Of other foreign entities	347	348	1	-	(18)	330
Total bonds Held-to-maturity(e)	17,668	17,671	3	2	(1,583)	16,090

	At June 30, 2024 (unaudited)					
				Accumulated Other Comprehensive Income (Loss)		
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains	Losses	Fair value(a)
	In NIS million					
2. Available-for-sale bonds:						
Of the Israeli Government	50,652	53,641	-	69	(3,058)	50,652
Of foreign governments	21,152	21,309	-	10	(167)	21,152
Of Israeli financial institutions	164	169	-	-	(5)	164
Of foreign financial institutions	8,910	9,055	-	46	(191)	8,910
Asset-backed (ABS) or Mortgage-backed (MBS)	11,635	12,257	-	35	(657)	11,635
Of other Israeli entities	817	836	-	10	(29)	817
Of other foreign entities	4,707	4,989	-	14	(296)	4,707
Total bonds Available-for-sale(e)	98,037	102,256	-	184(c)	(4,403)(c)	98,037

Please see Notes on p. 129.

Note 5 - Securities (cont.)

	At June 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance 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	5,578	5,551	-	412	(385)	5,578
Of which: equity securities and mutual funds for which there is no available fair value[(b)]	3,337	3,659	-	48	(370)	3,337
Total equity securities and mutual funds not held-for-trading:	5,578	5,551	-	412[(d)]	385[(d)]	5,578
Total securities not held-for-trading:	121,283	125,478	3	598	(6,371)	119,705

	At June 30, 2024 (unaudited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance 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	5,957	5,972	-	15	(30)	5,957
Of foreign governments	151	152	-	-	(1)	151
Of Israeli financial institutions	288	304	-	-	(16)	288
Of foreign financial institutions	249	248	-	1	-	249
Asset-backed (ABS) or Mortgage-backed (MBS)	21	25	-	-	(4)	21
Of other Israeli entities	246	253	-	-	(7)	246
Of other foreign entities	375	376	-	1	(2)	375
Total held-for-trading bonds	7,287	7,330	-	17	(60)	7,287
Held-for-trading equity securities and mutual	3	3	-	-	-	3
Total held-for-trading securities[(f)]	7,290	7,333	-	17[(d)]	(60)[(d)]	7,290
Total securities	128,573	132,811	3	615	(6,431)	126,995

Please see Notes on p. 129.

Note 5 - Securities (cont.)

	As at December 31, 2024 (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	10,835	10,835	-	21	(737)	10,119
Of foreign financial institutions	1,460	1,460	-	-	(19)	1,441
Asset-backed (ABS) or Mortgage-backed (MBS)	6,235	6,235	1	4	(493)	5,747
Of other foreign entities	337	337	1	-	(15)	323
Total bonds Held-to-maturity(e)	18,867	18,867	2	25	(1,264)	17,630

	As at December 31, 2024 (audited)					
				Accumulated Other Comprehensive Income (Loss)		
	Balance sheet value	Amortized cost	Balance Loan loss provision	Gains	Losses	Fair value(a)
	In NIS million					
2. Available-for-sale bonds:						
Of the Israeli Government	47,725	49,562	-	151	(1,988)	47,725
Of foreign governments	17,555	17,593	-	23	(61)	17,555
Of Israeli financial institutions	176	178	-	1	(3)	176
Of foreign financial institutions	8,487	8,553	-	58	(124)	8,487
Asset-backed (ABS) or Mortgage-backed (MBS)	11,502	12,090	-	33	(621)	11,502
Of other Israeli entities	1,022	1,018	-	22	(18)	1,022
Of other foreign entities	4,033	4,201	-	19	(187)	4,033
Total bonds Available-for-sale(e)	90,500	93,195	-	307(c)	(3,002)(c)	90,500

	As at December 31, 2024 (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					
3. Investments in securities and mutual funds not held-for-trading:						
Equity securities and mutual funds	7,178	7,028	-	482	(332)	7,178
Of which: equity securities and mutual funds for which there is no available fair value(b)	3,999	4,278	-	18	(297)	3,999
Total equity securities and mutual funds not held-for-trading:	7,178	7,028	-	482(D)	(332)(D)	7,178
Total securities not held-for-trading:	116,545	119,090	2	814	(4,598)	115,308

Please see Notes on p. 129.

Note 5 - Securities (cont.)

	As at December 31, 2024 (audited)					
	Balance sheet value	Amortized cost (in securities - cost)	Balance 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	6,825	6,793	-	38	(6)	6,825
Of foreign governments	307	313	-	-	(6)	307
Of Israeli financial institutions	61	63	-	-	(2)	61
Of foreign financial institutions	132	131	-	1	-	132
Asset-backed (ABS) or Mortgage-backed (MBS)	12	13	-	-	(1)	12
Of other Israeli entities	137	136	-	2	(1)	137
Of other foreign entities	71	72	-	-	(1)	71
Total held-for-trading bonds	7,545	7,521	-	41	(17)	7,545
Held-for-trading equity securities and mutual funds	11	11	-	-	-	11
Total held-for-trading securities[(f)]	7,556	7,532	-	41[(d)]	(17)[(d)]	7,556
Total securities	124,101	126,622	2	855	(4,615)	122,864

Comments:

a) In most cases, fair value inputs are based on quoted share prices, which do not necessarily reflect the price that can be obtained from selling large blocks of securities.

b) Shares for which no fair value is available are presented at cost less impairment, adjusted upwards or downwards for observable prices in similar transactions or identical transactions of the same issuer. In the first half of 2025, upward adjustments were made, in the sum of approximately NIS 69 million, and the total cumulative upward adjustments amounted to approximately NIS 87 million. Additionally, in the first half of 2025 downward adjustments and amortizations were made in the amount of approximately NIS 68 million, the cumulative downward adjustments and amortizations totaled at the sum of approximately NIS 373 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 14.7 billion out of total foreign currency securities are rated SSA (Super-nationals, Sovereign and Agencies) (June 30, 2024 - NIS 16.0 billion, December 31, 2024 - NIS 15.5 billion).

f) Of which bonds in the amount of approx. NIS 3,158 million classified as held-for-trading securities since the Bank chose to measure them according to the fair value alternative, although they were not acquired for trading purposes (at June 30, 2024 - NIS 1,484 million; December 31, 2024 - NIS 1,224 million).

General comments:

Loaned securities in the amount of NIS 1,754 million (as at June 30 2024 - NIS 981 million; as at December 31 2024 - NIS 1,163 million) are presented under the Loans to the public line item.

Securities that were pledged totaled NIS 12,960 million (as of June 30, 2024 - NIS 11,589 million; as of December 31, 2024 - NIS 13,007 million).

For information on the results of activities of investment in bonds 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 costs and losses that had not been yet recognized, by duration and impairment rate, of held-to-maturity bonds in a deferred loss position, loss that had not been recognized without a provision for credit losses

	June 30, 2025 (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	0-20%[(c)]	20%-40%[(d)]	Total	Amortized cost	0-20%[(c)]	20%-40%[(d)]	Total
	In NIS million							
Bonds								
Of the Israeli Government	-	-	-	-	7,679	345	224	569
Asset-backed (ABS) or Mortgage-backed (MBS)	538	3	-	3	2,539	225	150	375
Of foreign financial institutions	-	-	-	-	1,034	8	-	8
Of other foreign entities	-	-	-	-	283	6	-	6
Total held-to-maturity bonds	538	3	-	3	11,535	584	374	958

	June 30, 2024 (unaudited)							
	Less than 12 Months[(a)]				12 months or more[(b)]			
		Unrealized losses from fair value adjustments				Unrealized losses from fair value adjustments		
	Amortized cost	0-20%[(c)]	20%-40%[(d)]	Total	Amortized cost	0-20%[(c)]	20%-40%[(d)]	Total
	In NIS million							
Bonds								
Of the Israeli Government	1,455	56	-	56	8,079	476	474	950
Asset-backed (ABS) or Mortgage-backed (MBS)	2,573	18	-	18	3,465	276	224	500
Of foreign financial institutions	55	-	-	-	1,435	41	-	41
Of other foreign entities	-	-	-	-	347	18	-	18
Total held-to-maturity bonds	4,083	74	-	74	13,326	811	698	1,509

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.

Note 5 - Securities (cont.)

Further details on amortized costs and losses that had not been yet recognized, by duration and impairment rate, of held-to-maturity bonds in a deferred loss position, loss that had not been recognized without a provision for credit losses (continued)

	December 31, 2024 (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%	Total	Amortized cost	0-[c]20%	20%-[d]40%	Total
	In NIS million							
Bonds								
Of the Israeli Government	1,202	27	-	27	8,485	358	352	710
Asset-backed (ABS) or Mortgage-backed (MBS)	2,505	23	-	23	3,316	227	243	470
Of foreign financial institutions	37	1	-	1	1,359	18	-	18
Of other foreign entities	-	-	-	-	338	15	-	15
Total held-to-maturity bonds	3,744	51	-	51	13,498	618	595	1,213

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.

Note 5 - Securities (cont.)

Further information on fair value and unrealized losses, by duration and impairment rate of available-for-sale bonds in an unrealized loss position, without a provision for credit losses

	June 30, 2025 (unaudited)							
	Less than 12 Months[(a)]				12 months or more[(b)]			
		Unrealized losses				Unrealized losses		
	fair value	0-[(c)]20%	20%-[(d)]40%	Total	fair value	0-[(c)]20%	20%-[(d)]40%	Total
	In NIS million							
Bonds								
Of governments and foreign financial and institutions	12,238	25	-	25	22,762	764	742	1,506
Asset-backed (ABS) or Mortgage-backed (MBS)	2,460	14	-	14	3,829	248	235	483
Of others	675	9	3	12	947	57	-	57
Total available-for-sale bonds	15,373	48	3	51	27,538	1,069	977	2,046

	June 30, 2024 (unaudited)							
	Less than 12 Months[(a)]				12 months or more[(b)]			
		Unrealized losses				Unrealized losses		
	fair value	0-[(c)]20%	20%-[(d)]40%	Total	fair value	0-[(c)]20%	20%-[(d)]40%	Total
	In NIS million							
Bonds								
Of governments and foreign financial and institutions	30,207	410	368	778	30,001	1,365	1,278	2,643
Asset-backed (ABS) or Mortgage-backed (MBS)	2,213	16	-	16	5,978	268	373	641
Of others	1,500	32	-	32	3,286	259	34	293
Total available-for-sale bonds	33,920	458	368	826	39,265	1,892	1,685	3,577

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.

Note 5 - Securities (cont.)

Further information on fair value and unrealized losses, by duration and impairment rate of available-for-sale bonds in an unrealized loss position, without a provision for credit loses (continued)

	December 31, 2024 (audited)							
	Less than 12 Months[(a)]				12 months or more[(b)]			
		Unrealized losses				Unrealized losses		
	fair value	0-[(c)]20%	20%-[(d)]40%	Total	fair value	0-[(c)]20%	20%-[(d)]40%	Total
	In NIS million							
Bonds								
Of governments and foreign financial and institutions	21,330	276	-	276	20,360	1,124	776	1,900
Asset-backed (ABS) or Mortgage-backed (MBS)	3,098	33	-	33	5,034	236	352	588
Of others	1,477	32	3	35	1,914	142	28	170
Total available-for-sale bonds	25,905	341	3	344	27,308	1,502	1,156	2,658

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.

Note 5 - Securities (cont.)

Further information regarding available-for-sale, mortgage-backed and asset-backed bonds in an unrealized loss position

	June 30, 2025 (unaudited)					
	Less than 12 Months[a]		12 months or more[b]		Total	
	fair value	Unrealized losses due to fair value adjustments[a]	fair value	Unrealized losses due to fair value adjustments[a]	fair value	Unrealized losses due to fair value adjustments[a]
	In NIS million					
Mortgage-backed bonds (MBS)	**857**	**(7)**	**1,395**	**(294)**	**2,252**	**(301)**
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	**563**	**(2)**	**1,274**	**(162)**	**1,837**	**(164)**
Asset-backed bonds (ABS)	**1,040**	**(5)**	**1,160**	**(27)**	**2,200**	**(32)**
Total	**2,460**	**(14)**	**3,829**	**(483)**	**6,289**	**(497)**

	June 30, 2024 (unaudited)					
	Less than 12 Months[a]		12 months or more[b]		Total	
	fair value	Unrealized losses due to fair value adjustments[a]	fair value	Unrealized losses due to fair value adjustments[a]	fair value	Unrealized losses due to fair value adjustments[a]
	In NIS million					
Mortgage-backed bonds (MBS)	830	(11)	2,336	(407)	3,166	(418)
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	705	(3)	1,483	(205)	2,188	(208)
Asset-backed bonds (ABS)	678	(2)	2,159	(29)	2,837	(31)
Total	2,213	(16)	5,978	(641)	8,191	(657)

	December 31, 2024 (audited)					
	Less than 12 Months[a]		12 months or more[b]		Total	
	fair value	Unrealized losses due to fair value adjustments[a]	fair value	Unrealized losses due to fair value adjustments[a]	fair value	Unrealized losses due to fair value adjustments[a]
	In NIS million					
Mortgage-backed bonds (MBS)	1,601	(22)	2,058	(380)	3,659	(402)
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	869	(10)	1,468	(184)	2,337	(194)
Asset-backed bonds (ABS)	628	(1)	1,508	(24)	2,136	(25)
Total	3,098	(33)	5,034	(588)	8,132	(621)

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.

Note 5 - Securities (cont.)

Further details on Held-to-Maturity Mortgage-Backed and Asset-Backed Bonds

	June 30, 2025 (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)				
Bonds classified as held-for-redemption through transfer (Pass through securities)	3,678	7	(376)	3,309
Of which: GNMA-backed bonds GNMA	2,461	6	(215)	2,252
Bonds issued by FNMA or FHLMC	1,217	1	(161)	1,057
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	1,505	15	(2)	1,518
Of which: Bonds issued by FNMA, FHLMC or GNMA, or guaranteed by them	1,505	15	(2)	1,518
Total Mortgage-backed bonds (MBS)	5,183	22	(378)	4,827
Asset-backed bonds (ABS)	234	-	-	234
Of which: Loans to other than individuals - CLO-type bonds	234	-	-	234
Total held-to-maturity mortgage-backed and asset-backed bonds	5,417	22	(378)	5,061

	June 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)				
Bonds classified as held-for-redemption through transfer (Pass through securities)	4,281	2	(499)	3,784
Of which: GNMA-backed bonds GNMA	2,891	2	(287)	2,606
Bonds issued by FNMA or FHLMC	1,390	-	(212)	1,178
Other mortgage-backed bonds (including CMO, REMIC and STRIPPED MBS)	1,722	-	(19)	1,703
Of which: Bonds issued by FNMA, FHLMC or GNMA, or guaranteed by them	1,722	-	(19)	1,703
Total Mortgage-backed bonds (MBS)	6,003	2	(518)	5,487
Asset-backed bonds (ABS)	262	-	-	262
Of which: Loans to other than individuals - CLO-type bonds	262	-	-	262
Total held-to-maturity mortgage-backed and asset-backed bonds	6,265	2	(518)	5,749

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

Note 5 - Securities (cont.)

Further details regarding mortgage-backed and asset-backed held-to-maturity bonds (continued)

	December 31, 2024 (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)				
Bonds classified as held-for-redemption through transfer (Pass through securities)	4,188	2	(472)	3,718
Of which: GNMA-backed bonds GNMA	2,815	2	(273)	2,544
Bonds issued by FNMA or FHLMC	1,373	-	(199)	1,174
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	1,793	2	(21)	1,774
Of which: Bonds issued by FNMA, FHLMC or GNMA, or guaranteed by them	1,793	2	(21)	1,774
Total Mortgage-backed bonds (MBS)	5,981	4	(493)	5,492
Asset-backed bonds (ABS)	255	-	-	255
Of which: Loans to other than individuals - CLO-type bonds	255	-	-	255
Total held-to-maturity mortgage-backed and asset-backed bonds	6,236	4	(493)	5,747

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

	June 30, 2025 (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)	**4,320**	**19**	**(301)**	**4,038**
Of which: GNMA-backed bonds GNMA	**2,780**	**11**	**(198)**	**2,593**
Bonds issued by FNMA or FHLMC	**1,540**	**8**	**(103)**	**1,445**
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	**3,822**	**12**	**(164)**	**3,670**
Of which: Bonds issued by FNMA, FHLMC or GNMA, or guaranteed by them	**3,448**	**10**	**(162)**	**3,296**
Total Mortgage-backed bonds (MBS)	**8,142**	**31**	**(465)**	**7,708**
Asset-backed bonds (ABS)	**3,550**	**16**	**(32)**	**3,534**
Of which: Loans to entities other than individuals - CLO-type bonds	**2,282**	**10**	**(3)**	**2,289**
Loans to non-individuals - bonds guaranteed by SBA	**833**	**-**	**(28)**	**805**
Total mortgage-backed and asset-backed available-for-sale bonds	**11,692**	**47**	**(497)**	**11,242**

	June 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)	3,869	2	(418)	3,453
Of which: GNMA-backed bonds GNMA	2,583	1	(272)	2,312
Bonds issued by FNMA or FHLMC	1,286	1	(146)	1,141
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	3,552	8	(208)	3,352
Of which: Bonds issued by FNMA, FHLMC or GNMA, or guaranteed by them	3,147	6	(206)	2,947
Total Mortgage-backed bonds (MBS)	7,421	10	(626)	6,805
Asset-backed bonds (ABS)	4,836	25	(31)	4,830
Of which: Loans to entities other than individuals - CLO-type bonds	3,187	19	(3)	3,203
Loans to non-individuals - bonds guaranteed by SBA	1,194	4	(24)	1,174
Total mortgage-backed and asset-backed available-for-sale bonds	12,257	35	(657)	11,635

a) Amounts carried to the capital reserve as part of "other comprehensive income, net", after the tax effect.

Note 5 - Securities (cont.)

Further information on mortgage-backed and asset-backed available-for-sale bonds (continued)

	December 31, 2024 (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)	4,250	2	(402)	3,850
Of which: GNMA-backed bonds GNMA	2,680	2	(262)	2,420
Bonds issued by FNMA or FHLMC	1,570	-	(140)	1,430
Other mortgage-backed bonds (including CMOs, REMICs and stripped MBSs)	3,436	6	(194)	3,248
Of which: Bonds issued by FNMA, FHLMC or GNMA, or guaranteed by them	3,049	4	(193)	2,860
Total Mortgage-backed bonds (MBS)	7,686	8	(596)	7,098
Asset-backed bonds (ABS)	4,404	25	(25)	4,404
Of which: Loans to entities other than individuals - CLO-type bonds	2,882	17	(2)	2,897
Loans to non-individuals - bonds guaranteed by SBA	1,073	3	(20)	1,056
Total mortgage-backed and asset-backed available-for-sale bonds	12,090	33	(621)	11,502

a) Amounts carried to the capital reserve as part of "other comprehensive income, net", after the tax effect.

Note 5 - Securities (cont.)

Further details on Mortgage-Backed and Asset-Backed Held-for-Trading Securities

	June 30, 2025 (unaudited)			
	Amortized cost	Gains not yet Realized from adjustments to fair value[(a)]	Fair value(a) not yet Realized from adjustments to fair value[(a)]	Fair value
	In NIS million			
Mortgage-backed securities (MBSs)				
Pass-through securities (Pass through securities)	**285**	**2**	**-**	**287**
Of which-guaranteed securities GNMA	**220**	**1**	**-**	**221**
Of which: securities issued by FNMA and by FHLMC	**65**	**1**	**-**	**66**
Other mortgage-backed securities (including CMOs, REMICs and stripped MBSs)	**5**	**-**	**(1)**	**4**
Of which: securities issued by FNMA, FHLMC, or GNMA or guaranteed by them	**-**	**-**	**-**	**-**
Total mortgage-backed securities (MBS)	**290**	**2**	**(1)**	**291**
Total asset-backed securities (ABS)	**5**	**-**	**-**	**5**
Total held-for-trading mortgage-backed and asset-backed securities	**295**	**2**	**(1)**	**296**

	June 30, 2024 (unaudited)			
	Amortized cost	Gains not yet Realized from adjustments to fair value[(a)]	Fair value(a) 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, REMICs and stripped MBSs)	17	-	(2)	15
Of which: securities issued by FNMA, FHLMC or GNMA, or guaranteed by them	-	-	-	-
Total mortgage-backed securities (MBS)	18	-	(2)	16
Total asset-backed securities (ABS)	7	-	(2)	5
Total held-for-trading mortgage-backed and asset-backed securities	25	-	(4)	21

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, 2024 (audited)			
	Amortized cost	Gains not yet Realized from adjustments to fair value(a)	Fair value(a) 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, REMICs and stripped MBSs)	6	-	(1)	5
Of which: securities issued by FNMA, FHLMC or GNMA, or guaranteed by them	-	-	-	-
Total mortgage-backed securities (MBS)	7	-	(1)	6
Total asset-backed securities (ABS)	6	-	-	6
Total held-for-trading MBSs and and asset-backed securities	13	-	(1)	12

a) Gains (losses) carried to the income statement.

Note 5 - Securities (cont.)

Movement in outstanding loan loss provision for available-for-sale bonds

	For the six months ended June 30, 2025 (unaudited)			
	Governments and institutions Financial	Asset-backed or backed by Mortgages	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the reporting period	-	-	-	-
Outstanding loan loss provision as at the end of the reporting period	-	-	-	-

	For the six months ended June 30, 2024 (unaudited)			
	Governments and institutions Financial	Asset-backed or backed by Mortgages	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 year ended December 31, 2024 (audited)			
	Governments and institutions Financial	Asset-backed or backed by Mortgages	Of others	Total
	In NIS million			
Balance of loan loss provision as at the beginning of the year	-	-	-	-
Balance of loan loss provision as at year end	-	-	-	-

Note 6 - Credit Risk, Loans to the Public and a Provision for Loan Losses

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

	June 30, 2025 (unaudited)					
	Loans to the public				Banks, Governments and Bonds	
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	290,275	–	191	290,466	150,956	441,422
Examined on a collective basis	26,429	149,156	29,989	205,574	–	205,574
Total[1]	316,704	149,156	30,180	496,040	150,956	646,996
[1]Of which:						
Non-performing debts	1,208	721	180	2,109	–	2,109
Debts in arrears of 90 days or more	93	–	80	173	–	173
Other troubled debts	4,174	21	617	4,812	–	4,812
Total troubled debts	5,475	742	877	7,094	–	7,094
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,150	–	91	4,241	30	4,271
Examined on a collective basis	1,065	663	844	2,572	–	2,572
Total loan loss provision[2]	5,215	663	935	6,813	30	6,843
[2]Of which:						
For non-performing debts	381	114	113	608	–	608
For other troubled debts	852	2	177	1,031	–	1,031

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

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

	June 30, 2024 (unaudited)					
	Loans to the public				Banks, Governments and Bonds	
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	246,215	–	659	246,874	130,779	377,653
Examined on a collective basis	27,963	136,566	29,077	193,606	–	193,606
Total[1]	274,178	136,566	29,736	440,480	130,779	571,259
[1]Of which:						
Non-performing debts	1,669	566	241	2,476	–	2,476
Debts in arrears of 90 days or more	59	–	70	129	–	129
Other troubled debts	3,251	10	677	3,938	–	3,938
Total troubled debts	4,979	576	988	6,543	–	6,543
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,411	–	262	4,673	16	4,689
Examined on a collective basis	748	595	665	2,008	–	2,008
Total loan loss provision[2]	5,159	595	927	6,681	16	6,697
[2]Of which:						
For non-performing debts	428	101	161	690	–	690
For other troubled debts	808	1	432	1,241	–	1,241

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

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

	December 31, 2024 (audited)					
	Loans to the public				Banks, Governments and Bonds	Total
	Commercial	Housing	Private Other	Total - public		
	In NIS million					
Recorded outstanding debt:						
Examined on a specific basis	257,989	–	653	258,642	130,156	388,798
Examined on a collective basis	29,241	144,633	29,890	203,764	–	203,764
Total[1]	287,230	144,633	30,543	462,406	130,156	592,562
[1]Of which:						
Non-performing debts	1,413	677	205	2,295	–	2,295
Debts in arrears of 90 days or more	91	–	87	178	–	178
Other troubled debts	3,592	23	607	4,222	–	4,222
Total troubled debts	5,096	700	899	6,695	–	6,695
Outstanding loan loss provision in respect of debts:						
Examined on a specific basis	4,247	–	219	4,466	23	4,489
Examined on a collective basis	1,047	640	734	2,421	–	2,421
Total loan loss provision[2]	5,294	640	953	6,887	23	6,910
[2]Of which:						
For non-performing debts	464	109	134	707	–	707
For other troubled debts	829	3	207	1,039	–	1,039

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

B. Change in outstanding loan loss provision

	For three months ended June 30, 2025 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments Bonds for maturity Available for sale	Total
	Commercial	Housing	Private Other	Total - public		
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	**5,974**	**655**	**986**	**7,615**	**60**	**7,675**
Loan loss expenses (income)	**91**	**41**	**96**	**228**	**(5)**	**223**
Charge-offs	**(152)**	**(9)**	**(144)**	**(305)**	**-**	**(305)**
Collection of debts written off in previous years	**126**	**5**	**80**	**211**	**-**	**211**
Net charge-offs	**(26)**	**(4)**	**(64)**	**(94)**	**-**	**(94)**
Balance of loan loss provision as at the end of the reporting period[1]	**6,039**	**692**	**1,018**	**7,749**	**55**	**7,804**
[1]Of which: in respect of off-balance-sheet credit instruments	**824**	**29**	**83**	**936**	**25**	**961**

	For three months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments Bonds for maturity Available for sale	Total
	Commercial	Housing	Private Other	Total Public		
	In NIS million					
Balance of loan loss provision as at the beginning of the reporting period	6,013	639	1,004	7,656	17	7,673
Loan loss expenses (income)	(60)	(27)	69	(18)	-	(18)
Charge-offs	(265)	(1)	(171)	(437)	-	(437)
Collection of debts written off in previous years	164	-	59	223	-	223
Net charge-offs	(101)	(1)	(112)	(214)	-	(214)
Balance of loan loss provision as at the end of the reporting period[1]	5,852	611	961	7,424	17	7,441
[1]Of which: in respect of off-balance-sheet credit instruments	693	16	34	743	1	744

Note 6 - Credit Risk, Loans to the Public and Loan Loss Provision (cont.)

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

	For the six months ended June 30, 2025 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments 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	6,048	669	988	7,705	47	7,752
Loan loss expenses	83	27	160	270	8	278
Charge-offs	(310)	(11)	(301)	(622)	-	(622)
Collection of debts written off in previous years	218	7	171	396	-	396
Net charge-offs	(92)	(4)	(130)	(226)	-	(226)
Balance of loan loss provision as at the end of the reporting period[1]	6,039	692	1,018	7,749	55	7,804
[1]Of which: in respect of off-balance-sheet credit instruments	824	29	83	936	25	961

	For the six months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments 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	5,873	634	957	7,464	17	7,481
Loan loss expenses (income)	15	(24)	213	204	-	204
Charge-offs	(378)	(2)	(335)	(715)	-	(715)
Collection of debts written off in previous years	342	3	126	471	-	471
Net charge-offs	(36)	1	(209)	(244)	-	(244)
Balance of loan loss provision as at the end of the reporting period[1]	5,852	611	961	7,424	17	7,441
[1]Of which: in respect of off-balance-sheet credit instruments	693	16	34	743	1	744

Note 7 – Public Deposits

A. Types of Deposits by Location and Type of Depositor

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
In Israel			
Demand deposits			
Non-interest bearing deposits	**133,771**	142,428	142,366
Interest-bearing deposits	**131,642**	137,775	142,950
Total demand deposits	**265,413**	280,203	285,316
Fixed deposits	**376,840**	300,984	332,985
Total deposits in Israel[1]	**642,253**	581,187	618,301
Total deposits by the public	**642,253**	581,187	618,301
[1]Of which:			
Deposits by private individuals	**177,283**	175,152	175,583
Deposits by institutional entities	**187,718**	144,239	171,993
Deposits by corporations and others	**277,252**	261,796	270,725

B. Public deposits according to amount

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
Maximum deposit in NIS million	In NIS million		
Up to 1	**131,671**	132,032	130,770
Over 1 and up to 10	**133,059**	127,411	130,613
Over 10 and up to 100	**101,888**	101,497	106,136
Over 100 and up to 500	**92,018**	66,700	79,544
Over 500	**183,617**	153,547	171,238
Total	**642,253**	581,187	618,301

Note 8 – Employees Rights

A. Issuance of option warrants

On June 12, 2025, the Bank published an outline for a securities offering to officers (who are not directors) and employees of the Bank and/or the Bank group up to 5,000,000 registered option warrants, that are not listed for trading on the Tel Aviv Stock Exchange Ltd.; the option warrants are exercisable up to 5,000,000 of the Bank's ordinary shares of NIS 1 par value each, according to the Bank's 2022 option plan.

On June 11, 2025 the Board of Directors of the Bank approved an allocation of up to 1,726,781 option warrants to the Bank's employees and/or employees of the Bank's subsidiaries, of which 12 are officers at the Bank (who are not directors), including the Bank's CEO. The allocation to the Bank's CEO is vis-a-vis and on account of the existing cost of his employment by the Bank, and it is subject to the approval of the Bank's General Meeting. On August 6, 2025, the Bank published summons to a General Meeting, as on its agenda, was, inter alia, approval of the allocation of the options to the Bank's CEO. On July2, 2025 1,697,535 option warrants were allocated to the Bank's employees and/or employees of the Bank's subsidiaries, of which 11 officers at the Bank (who are not directors). Allocation of 29,231 Series 2 option warrants to the Bank's CEO subject to the approval of the Bank's General Meeting.

The option warrants that were allocated on July 2, 2025 had been divided into 3 different series:

1. Series 1 - 788,793 option warrants. The first portion (in the value at the date of approval of the allocation of 50% of the Series 1 options) will mature two years following the allocation date and expire 24 months following the maturity date, as aforementioned; (b) the second portion (the remaining Series 1 options) will mature three years following the allocation date and expire 24 months following the maturity date, as aforementioned.
2. Series 2 - 464,551 option warrants. All Series 2 options had matured at the date of allocation thereof.
3. Series 3 - 444,191 option warrants. Series 3 options will mature according to the performance targets set out in the outline as aforesaid.

The Series 2 and 3 options replace the salary components of the offerees and may be exercised over the period of 60 months following the date of allocation thereof, however, in the event where upon the expiration of 48 months following the date of the allocation the internal value of the options would be equal or higher than their fair value, the exercisable period will be shortened and options that had not been exercised by this date will be exercised automatically. 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 were offered to the offerees free of charge, as part of their terms of employment at the Bank. The exercise price of the option warrants that were allocated on July 2, 2025 stands at NIS 54 per share, according to the average closing price of the Bank's share during the 30 trading days that preceded the date of the Board of Directors' approval of the allocation of the option warrants.

In respect of the issuance of the abovementioned Series 1 option warrants, the Bank records 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. Issuance of Series 2 and 3 option warrants concerns a conversion of entitlement to other salary components, as aforesaid, and therefore no additional expense will be recorded in respect of them.

The estimate of the fair value of the option warrants that were offered according to the outline (including the option warrants that would be allocated to the CEO, should these be approved) as of the date of approval of the allocation thereof stands at approximately NIS 21.7 million. The estimate of the fair value of the option warrants had been calculated based on the Monte Carlo model, and all according to the assumptions as included in the outline. The added expense in the report is immaterial.

For further information regarding previous allocations, please see Note 23.A to the financial statements as of December 31, 2024.

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 Rights (cont.)

B. Composition of the benefits

1. Employee benefits

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
Retirement benefits – pension and severance pay			
Liability amount	**16,805**	15,981	16,899
Fair value of plan assets	**9,632**	9,023	9,520
Excess of liability over plan assets	**7,173**	6,958	7,379
Accrued jubilee vacation leave			
Liability amount	**15**	16	16
Excess of liability over plan assets	**15**	16	16
Other benefits			
Liability amount	**490**	490	518
Fair value of plan assets	**–**	–	–
Excess of liability over plan assets	**490**	490	518
Total			
Excess of liability included in the section "other liabilities"[1]	**7,693**	7,480	7,928
Of which: due to employee benefits abroad	**11**	10	11
The surplus of the assets included in the Section "Other Assets"	**15**	16	15

2. Defined benefit plan

A. Obligation and Funding Status

1. Change in the obligation in respect of expected benefit

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Undertaking due to an expected benefit as at the beginning of the period	**16,200**	16,698	**16,899**	17,210	17,210
Service cost	**25**	29	**53**	60	112
Interest cost	**215**	218	**431**	433	896
Contributions by planholders	**4**	6	**9**	11	21
Actuarial (profit) loss	**630**	(701)	**(61)**	(1,208)	(307)
Changes in foreign exchange rates	**(5)**	3	**1**	4	(1)
Paid benefits	**(264)**	(272)	**(527)**	(529)	(1,032)
Undertaking due to an expected benefit as at the end of the reporting period	**16,805**	15,981	**16,805**	15,981	16,899
Undertaking due to a cumulative benefit as at the end of the reporting period	**15,978**	15,194	**15,978**	15,194	16,020

The actuarial gain/loss is mainly due to changes in the discount rate.

Note 8 - Employee Rights (cont.)

B. Composition of the Benefits (cont.)

2. Defined benefit plan (cont.)

A. Obligation and funding status (cont.)

2. Change in the fair value of the plan assets and the plan's funding status

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Fair value of the plan assets as at the beginning of the period	**9,404**	9,048	**9,520**	9,018	9,018
Actual return on plan assets[(a)]	**378**	107	**397**	269	669
Plan contributions by the Bank	**11**	14	**23**	27	407
Contributions by plan holders	**4**	6	**9**	11	21
Changes in foreign exchange rates	**(4)**	2	**3**	5	(3)
Paid benefits	**(161)**	(154)	**(320)**	(307)	(592)
Fair value of the plan assets as at the end of the reporting period	**9,632**	9,023	**9,632**	9,023	9,520
Funding status - net liability recognized at the end of the reporting period	**7,173**	6,958	**7,173**	6,958	7,379

a) Including the effect of the transition to a paying fund in respect of the retirees. See Note 22.E to the financial statements as at December 31, 2024.

3. Amounts recognized in the consolidated balance sheet

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS millions		
Amounts recognized in the "Other liabilities" item	**7,173**	6,958	7,379
Net liability recognized at the end of the reporting period	**7,173**	6,958	7,379

4. Amounts recognized in accumulated other comprehensive income before the tax effect

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
Net actuarial loss	**900**	419	1,142
Closing balance of accumulated other comprehensive income	**900**	419	1,142

Note 8 - Employee Rights (cont.)

B. Composition of the Benefits (cont.)

2. Defined benefit plan (cont.)

B. Expenditures for the period

1. Components of the net benefit cost recognized in profit and loss

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Service cost	**25**	29	**53**	60	112
Interest cost	**215**	218	**431**	433	896
Expected return on plan assets	**(137)**	(131)	**(275)**	(262)	(528)
Amortization of unrealized amounts - net actuarial loss	**18**	40	**59**	103	147
Total benefit cost, net	**121**	156	**268**	334	627
Total expense for defined contribution pension plan	**59**	57	**119**	112	224
Total expenses included in profit and loss	**180**	213	**387**	446	851

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

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Net actuarial (profit) loss for period	**389**	(677)	**(183)**	(1,215)	(448)
Amortization of unrealized amounts - net actuarial loss	**(18)**	(40)	**(59)**	(103)	(147)
Total recognized in other comprehensive income	**371**	(717)	**(242)**	(1,318)	(595)
Total benefit cost, net	**121**	156	**268**	334	627
The total net benefit cost had been recognized for the period and other comprehensive gain	**492**	(561)	**26**	(984)	32

Note 8 - Employee Rights (cont.)

B. Composition of the Benefits (cont.)

3. Assumptions[a]

a. The assumptions, based on the weighted average, used for calculating the benefit obligation and for measuring the benefit's net cost

1. The main assumptions used for calculating the benefit obligation

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In %		
Discount rate	**2.72**	3.11	2.64
Rate of increase in the CPI	**2.22**	2.67	2.49
Departure rate	**0-35.9**	0-36.4	0-35.9
Rate of compensation increase[b]	**0-7.09**	0-6.26	0-6.28

2. The main assumptions used for calculating the net benefit cost for the period

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In %		
Discount rate	**2.80**	2.45	2.74
Expected return on long-term plan assets	**6.00**	6.00	6.00
Rate of compensation increase[b]	**0-7.09**	0-6.26	0-6.28

B. The effect of a one percentage point change on the expected benefit obligation before the tax effect

	Increase by one percentage point			Decrease by one percentage point		
	As at June 30		As at December 31	As at June 30		As of December 31
	2025	2024	2024	**2025**	2024	2024
	Unaudited		Audited	Unaudited		Audited
	In NIS million					
Discount rate	**(1,974)**	(1,823)	(2,004)	**2,384**	2,198	2,428
Rate of increase in the CPI	**(303)**	(279)	(334)	**344**	318	381
Departure rate	**202**	212	210	**(136)**	(207)	(143)
Rate of compensation increase	**336**	312	372	**(301)**	(280)	(334)

a) The assumptions are based solely on the Bank's data.
b) In real terms.

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, it is possible that in the event of a sharp increase in interest in the Israeli economy, resulting in an increase in yields from government bonds (which reduces liabilities for pension), the rate of employees opting for the pension track may also decrease (a decision that will also reduce the Bank's liabilities for pension).

Note 8 - Employee Rights (cont.)

B. Composition of the Benefits (cont.)

4. Plan assets

A. Composition of fair value of plan assets

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
Cash and deposits with banks	**178**	173	228
Shares	**1,145**	1,099	1,070
Government bonds	**59**	59	170
Corporate bonds	**476**	425	380
Other(a)	**7,774**	7,267	7,672
Total	**9,632**	9,023	9,520

B. Fair value of plan assets by type of asset and allocation target for 2025

	Allocation target	Percentage of plan assets		
	As at December 31	As at June 30		As of December 31
	2025	**2025**	2024	2024
	Unaudited			Audited
	In %			
Cash and deposits with banks	**1**	**2**	2	2
Shares	**11**	**12**	12	11
Government bonds	**1**	**1**	1	2
Corporate bonds	**5**	**5**	5	4
Other(a)	**82**	**80**	80	81
Total	**100**	**100**	100	100

a) Mainly assets held in a disbursing fund and insurance policies. See Note 22.E to the financial statements as at December 31, 2024.

Note 8 - Employee Rights (cont.)

B. Composition of the Benefits (cont.)

5. Cash flows

A. Contributions

	Forecast[(a)]	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	**2025**	2024	**2025**	2024	2024
	Unaudited					Audited
	In NIS million					
Contributions	**233**	**15**	20	**32**	38	428

a) Estimate of deposits that the Bank forecasts will be deposited in a defined benefit plan during the period remaining until the end of 2025.

B. Benefits the Bank expects to pay in the future[(a)]

Year	In NIS million
2025	621
2026	1,026
2027	893
2028	858
2029	832
2030–2034	3,946
2035 onwards	9,662
Total	17,838

a) In discounted values.

Note 9A - Capital

Allocation of option warrants

For details regarding the issuance of option warrants not listed for trading to employees and officers of the Bank, including the Bank's President and CEO, please see Note 8.A.

Equity Compensation for Directors

On June 30, 2025, the Bank's Board of Directors ratified a material private offering of securities to nine (9) members of the Bank's Board of Directors (who constitute all of the Bank's directors, with the exception of the Chairman of the Board), pursuant to an outline to grant capital benefits ratified by the Bank's general meeting on August 10, 2023.

As part of the material private offering, on July 23, 2025 the Bank allocated to the Offerees 8,343 of its ordinary shares of NIS 1 p.v. each (hereinafter: the "Shares"), for the period from January 1, 2025 until June 30, 2025. The Shares were allocated without any consideration, except for payment for the minimum price per share pursuant to the Stock Exchange's articles, namely 30 agorot per share.

For further information, please see Note 23.A to the financial statements as of December 31, 2024.

The Bank's Share Buyback Plan

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, whichever is earlier (hereinafter: "the 2024 Share Buyback Plan".

The 2024 Share Buyback Plan had been executed as part of the trading on the Tel Aviv Stock Exchange (TASE) and/or through transactions outside the TASE, in accordance with the safe harbor mechanism published by the Israel Securities Authority in four separate stages, each of which irrevocable, in accordance with the safe harbor mechanism.

The 2024 Share Buyback Plan was fully executed, ending on May 14, 2025, as part of which 25,821,601 Bank shares were purchased, amounting to NIS 1 million under the said plan.

The Bank's share buyback plan 2025

On May 19, 2025, the Bank's Board of Directors approved a share buyback plan in a total not to exceed NIS 1.5 billion, commencing May 21, 2025 up to May 7, 2026 or until the total buyback amount has been reached, the earlier of the two.

The share buyback plan will be executed as part of the trading on the Tel Aviv Stock Exchange (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 maximum scope of the buyback at any stage will not exceed 25% of the rate of the total distribution approved for that quarter, and in any event will be as follows:

The implementation of Stage A commenced on May 21, 2025 and ended July 16, 2025, during which time the Bank purchased (through the independent Stock Exchange member it had engaged with) 4,081,931 Bank shares amounting to NIS 240 million under the said plan.

Immediately prior to publishing this report, the Bank decided to proceed to Stage B, granting the TASE member an irrevocable order to commence Stage B on August 14, 2025.

Stage B will end on the earlier of (a) November 10, 2025; or (b) completion of Buyback of the Bank's shares in an amount not to exceed NIS 326 million. After completion of Stage B, should the Bank decide to proceed to execution of Stage C, execution of Stage C will begin on the second trading day following the date of publication of the first financial statements after the date the decision to go forward with Stage C has been

Note 9A - Capital (cont.)

made. In such a case, Stage C will end on the earlier of the two: (a) February 19, 2026; or (b) Completion of the Bank's share buyback at a rate not to exceed 25% of the total current distribution amount to be approved by the Board of Directors for that quarter. After the completion of Stage C, if the Bank decides to proceed to Stage D, Stage D will begin on the second trading day following the publication of the first financial statements after the decision to go forward with Stage D has been made. In such a case, Stage D will end on the earlier of the two: (a) May 7, 2026; or (b) Completion of the Bank's share buyback at a rate not to exceed the lower of: 25% of the total current distribution amount approved by the Board of Directors for that quarter, or an amount equaling NIS 1.5 billion less the total purchases executed in practice at Stages A, B, and C. If, following completion of Stage B or Stage C, a decision will be made not to proceed with Stage C or Stage D, as applicable, 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 11, 2025, 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.

As of the report publication date, the Bank owns 122,676,799 treasury shares.

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 Bank 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 June 30, 2025 are 10.24% for Common Equity Tier 1 capital ratio (including capital requirement for outstanding housing loans) and 13.50% for total capital ratio.

The Group's policy, which was approved by the Board of Directors, is to maintain a capital adequacy level that is higher than the minimum threshold set by the Bank of Israel from time to time and no less than the rate of capital required to cover the risks as assessed using the ICAAP process. In addition, the Group has set capital targets in case of a stress scenario event.

On November 29, 2023, the Bank's Board of Directors approved an set in the Bank's internal Tier 1 capital target at 10.6 percent.

Draft Revising Proper Conduct of Banking Business Directive No. 201, "Introduction to Measurement and Capital Adequacy, Applicability and calculation of requirements.

On February 11, 2025, a draft directive was sent to banking corporations for their comments. The draft proposes replacing Banking Supervision Directive No. 201 with a new directive, aiming to improve the alignment between the regulatory capital requirements applicable to banking corporations in Israel and the recommendations of the Basel Committee, as well as internationally accepted practices.

The draft directive includes references to regulatory capital ratio requirements, according to which the banking corporation would be required to meet minimum capital ratios and maintain capital buffers and adding capital above the minimum capital ratios.

Note 9A - Capital (cont.)

Draft Revising Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy" - the Standardized Approach - Credit Risk

On February 11, 2025, the Banking Supervision Department sent a survey to banking corporations to assess the quantitative impact of the reform (QIS) on the calculation of risk-weighted assets under the standardized approach - "Measurement and Capital Adequacy - Calculation of Risk-Weighted Assets for Credit Risk". The survey results were sent to the Bank of Israel in June 2025.

On April 6, 2025, the Bank of Israel published a circular stating that to the list exposures weighted at 150% risk, credit provided under a financing agreement for a residential construction project will be added, in cases, where the proportion of apartment sale contracts in which a significant portion of the sale price (40% or more) is deferred to the delivery date (non-linear payment) exceeds 25%. Regarding existing projects in which this rate exceeds 25%, they will only be weighted at 150% when the proportion of contracts increases by more than 5 percent points compared with the rate at the starting date. The refund is valid as at December 31, 2026. Implementation of the new Directive is not expected to have a material effect on the Bank's capital ratios.

Revision of Proper Conduct of Banking Business Directive No. 218 - Leverage Ratio

On July 10, 2025 the Bank of Israel published a circular draft according to which the validity of the relief regarding minimum leverage ratio of 5.5% (rather than 6%) had been extended by a year up to December 31, 2026. 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, 2027.

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 12, 2025, the Board of Directors approved a distribution of dividend at a total rate of up to 50% of the net gain for the second quarter of 2025. Of which, approximately 37.5% percent as a cash dividend totaling to approximately NIS 979 million, and the remaining balance through share buyback in the sum of approximately NIS 326 million, as detailed above. The sum of the dividend approved for each NIS 1 par value share is approximately 65.52 agorot. The final dividend amount per share will be adjusted to changes due to a share buyback and the exercise of the Bank's convertible securities, and will be published two days prior to the effective date. The Board of Directors has set August 20, 2025 as the record date for dividend payment and September 3, 2025 as the payment date.

Details of paid cash dividend

Declaration date	Payment date	Dividend per share	Paid cash dividend
		In agorot	In NIS million
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	681
November 19, 2024	December 5, 2024	45.63	688
March 4, 2025	March 20, 2025	47.02	706
May 20, 2025	June 10, 2025	48.16[1]	721

[1] Further to the immediate supplementary report dated March 26, 2025.

Note 9A - Capital (cont.)

Bond Issue and Commercial Securities

Shelf Prospectus, Issue of bonds, subordinated bonds, and commercial securities

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 January 23, 2025, the Bank issued a total of approx. NIS 1,346 million p.v. in bonds (Series 185), issued by way of expanding a Series in consideration of approx. NIS 1,387 million, and a total of approx. NIS 1,501 million p.v. in commercial securities (Series 7) issued by way of issuance of a new Series.

The principal of the Series 7 Commercial Securities and interest in respect thereof shall be payable in one lump sum on January 23, 2026; it is not linked, and carries interest at a rate of 0.02 percent over the Bank of Israel's interest rate.

In addition, on January 23, 2025, the Bank issued a total of NIS 1,535 million par value in Subordinated Notes (Series 406).

The Series 406 Subordinated Bonds are linked to the Consumer Price Index and carry a fixed annual interest rate of 3.1 percent payable on February 28 of each year. The Subordinated Bonds are redeemable by a lump sum on February 28, 2036, with an early repayment option for the issuer exercisable not before January 28, 2031 and no later than February 28, 2031. At that date, if the Bank does not exercise its early redemption option, the bond's nominal interest rate shall be revised according to the difference between the benchmark interest rate at the issue date and the benchmark interest rate at the interest revision date, as defined by the shelf offering report.

If circumstances of a trigger event (a point of non-viability or trigger event for absorption of the principal loss amount, the earlier of the two) were to occur, the Series 406 Subordinated Bonds shall be converted into ordinary shares according to the average closing prices of the Bank's shares on the Tel Aviv Stock Exchange in the 14 consecutive trading days preceding the date on which the conversion notice was issued or according to the set minimum rate (NIS 22.34 per share, subject to adjustments), the highest of the two.

On April 8, 2025, the Bank issued a total of approx. NIS 1,748 million nominal value, commercial securities (Series 8), issued by way of issuance of a new Series.

The principal of the Series 8 Commercial Securities and interest in respect thereof shall be payable in one lump sum on April 8, 2026; it is not linked, and carries interest at a rate of 0.03 percent over the Bank of Israel's interest rate.

On May 26, 2025, the Bank issued a total of approx. NIS 1,801 million p.v. in bonds (Series 183), issued by way of expansion of a series in consideration of approx. NIS 1,826 million, as well as a total of approx. NIS 835 million p.v. in bonds (Series 184), issued by way of expansion of a series in consideration of approx. NIS 796 million.

The bonds (Series 183-185) and the 7 and 8 Series commercial securities are not recognized for supervised capital purposes.
These Subordinated Bonds (Series 406) are eligible for inclusion in Tier 2 capital as of the issue date.

The issuance of credit-linked notes

On May 21, 2025 the Bank issued a total of approximately NIS 1,566 million p.v in credit linked notes, Leumi Variable Rate Bonds Series 4.

The Bonds' principal of Leumi Variable Rate Bonds Series 4 will be payable in one installment on June 24, 2029, as long as no credit event has occurred or as long as the Bank does not carry out early redemption, as detailed in the terms of the issuance.
The unpaid balance of the bonds' principal will bear annual fixed interest at the Bank of Israel's rate plus 2.2%.
The bonds (principal and interest) will not be linked to any linkage base.

Note 9A - Capital (cont.)

The proceeds of the issuance of Leumi Variable Rate Bonds Series 4 is recognized as a qualified 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.

Early redemption of subordinated notes

On January 29, 2025, the Bank's Board of Directors decided to exercise full early redemption of Subordinated Bonds (Series 403), which were issued to the public in January and March 2019. Accordingly, on February 28, 2025, a total of approximately NIS 1,706 million in letters of undertaking were redeemed (including linkage differentials).

Note 9B - Capital Adequacy, Leverage and Liquidity

General

In May 2013, the Banking Supervision Department amended Proper Conduct of Banking Business Directives Nos. 201-211 on Capital Measurement and Adequacy, in order to adapt them to the Basel III rules.

It should be noted that Basel III rules introduce significant changes in the calculation of regulatory capital requirements, inter alia, in relation to the following:

1. Regulatory capital components
2. Capital deductions and regulatory capital adjustments
3. Treatment of exposures to financial corporations
4. Treatment of exposures to credit risk for impaired debts
5. Capital allocation for CVA risk

Volatile Capital Components

The employee benefits standard, which was first applied in January 2015, has had a material effect on Leumi's CET1 capital, mainly due to the fact that the liability was measured in accordance with market interest rates, which caused substantial volatility in the Bank's regulatory capital measurement.

In this context, on September 5, 2022, the Bank's Board of Directors approved, after obtaining the approval of the Banking Supervision Department, to change the manner in which pension liabilities are measured for regulatory capital purposes. According to the new measurement method, each quarter, the Bank will calculate the change in the pension liabilities resulting from changes in the discount rate, net of the change in the value of assets pre-designated to hedge these liabilities. The change in the net pension liabilities, after tax, will be spread in a linear fashion, over four quarters, as of the quarter for which the calculation had been made. The new method will be implemented starting on July 1, 2022 and will be in effect until the earlier of the two: a) The financial statements as at December 31, 2029 (inclusive) or b) The reporting date on which the average pension liabilities across the last four quarters will be lower than NIS 10 billion, linked to the CPI (from the known CPI as of July 1, 2022 to the known CPI on the relevant reporting date).

On November 15, 2016, the Bank's Board of Directors decided, based on the recommendation of the Audit Committee, to calculate the liabilities for employee pensions according to the fixed spread of internationally AA-rated bonds.

Following is an analysis of the effects of the changes on Common Equity Tier 1 capital as at June 30, 2025:

- Change of the scope of risk assets - as of June 30, 2025, the risk assets amount to approximately NIS 530 billion, any 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%.
- Change of CET1 capital - As of June 30, 2025, the CET1 capital amounts to approximately NIS 65 billion. An NIS 100 million decrease in the CET1 capital will decrease the CET1 capital ratio and the total capital ratio by approximately 0.02%.

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

A. Capital adequacy in the consolidated data

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
Capital for capital ratio calculation purposes			
CET1 capital, after regulatory capital deductions and adjustments(b)(c)	**65,051**	58,151	61,255
Tier 2 capital, after deductions	**13,642**	14,525	13,372
Total capital - total	**78,693**	72,676	74,627
Balance of risk-weighted assets			
Credit risk(b)(d)(e)	**485,011**	442,762	460,765
Market Risks	**7,924**	7,768	7,332
Operational risk	**36,728**	32,562	35,182
Total balance of risk-weighted assets	**529,663**	483,092	503,279
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted assets	**12.28%**	12.04%	12.17%
Ratio of total capital to risk-weighted assets	**14.86%**	15.04%	14.83%
Minimum CET 1 capital ratio set by the Banking Supervision Department(a)	**10.24%**	10.23%	10.24%
Minimum total capital ratio set by the Banking Supervision Department(a)	**13.50%**	13.50%	13.50%

a) The minimum Common Equity Tier 1 capital ratio required and the minimum total capital ratio required as of June 30, 2025 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 figures include adjustments due to the initial implementation of accounting rules regarding expected credit losses, which came into full effect as of January 2025. For further details regarding the adjustments for expected credit losses, please see section C below.

c) In calculating the capital 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 implementation of the measurement 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 Nos. 203 and 203A, "Measurement and Capital Adequacy - The Standardized Approach - Credit Risk".

e) As of January 1, 2025, Directive 208A on the subject of capital allocation for CVA risk has been implemented, establishing a basic BA-CVA approach that replaced the existing directive. It is based primarily on risk considerations as a function of the economic sector and the credit quality of the counterparty.
The directive's implementation has no material impact on the capital ratio.

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

B. Capital Components for the Calculation of Capital Ratios

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
1. CET1 capital			
Shareholders' equity	**65,535**	58,435	61,658
Adjustments in respect of the transition from the accounting curve to the regulatory curve[a]	**(113)**	(352)	(124)
Total CET1 capital before regulatory adjustments and deductions	**65,422**	58,083	61,534
Regulatory adjustments and deductions:			
Goodwill and intangible assets	**(353)**	(33)	(379)
Regulatory adjustments and other deductions - CET1 capital	**(18)**	(19)	(20)
The total regulatory adjustments and deductions before adjustments in respect of expected credit losses - Equity Tier 1	**(371)**	(52)	(399)
Total adjustments for current expected credit losses[b]	**-**	120	120
Total CET1 capital, after regulatory adjustments and deductions	**65,051**	58,151	61,255
2. Tier 2 capital			
Tier 2 capital: Instruments before deductions	**7,565**	8,975	7,594
Tier 2 capital: Provisions for loan losses, before deductions	**6,077**	5,550	5,778
Total Tier 2 capital	**13,642**	14,525	13,372
Total capital - total	**78,693**	72,676	74,627

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 were gradually reduced until December 31, 2024. For further details regarding the adjustments for expected credit losses, please see section C below.

C. Effect of adjustments on CET1 capital ratio

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
Ratio of capital to risk-weighted assets			
Ratio of CET1 capital to risk-weighted components before adjustments for Loan losses	**12.28%**	12.02%	12.15%
Adjustments for expected loan losses[a]	**-**	0.02%	0.02%
Ratio of CET1 capital to risk-weighted assets	**12.28%**	12.04%	12.17%

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

Note 9B - 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 enshrined in Proper Conduct of Banking Business Directive No. 218, Leverage Ratio, and the validity of the relief was extended until December 31, 2025.

On July 10, 2025 the Bank of Israel published a circular draft according to which the validity of the relief had been extended by a year up to December 31, 2026. 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, 2027.

	As at June 30		As of December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
Consolidated data(b)			
Tier 1 capital(a)	**65,051**	58,151	61,255
Total exposures(c)	**932,297**	831,575	882,958
Leverage ratio			
Leverage ratio	**6.98%**	6.99%	6.94%
Minimum total leverage ratio set by the Banking Supervision Department	**5.50%**	5.50%	5.50%

a) When calculating the leverage ratio, adjustments in respect of the implementation the new measurement method in respect of 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 9B - 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 three months ended		
	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	Average in %		
a. Consolidated data			
Liquidity coverage ratio	**130**	130	123
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100	100
b. The Bank's data			
Liquidity coverage ratio	**127**	127	120
Minimum liquidity coverage ratio set by the Banking Supervision Department	**100**	100	100

The Bank is in compliance with the regulatory requirements as of June 30, 2025.

F. Stable funding ratio pursuant to the Banking Supervision Department's directives

Since the financial statements as of December 31, 2021, the Bank reports the Net Stable Funding Ratio (NSFR) Directive No. 222, which is based on a publication of the Basel Committee. The NSFR is aimed at improving the resilience of banking corporations' liquidity risk profile in the long term, by requiring them to maintain a stable financing profile according to the composition of their assets and their off-balance-sheet activities. The ratio prevents banking corporations from over-reliance on short-term wholesale financing. The measurement is made both on the consolidated and separate levels each quarter; the requirement is to meet a 100 percent ratio.

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	In %		
a. Consolidated data			
Net stable funding ratio	**116**	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

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	In NIS million		
Commitments to purchase securities	**2,327**	1,501	2,411
Commitments to invest in, and purchase of, buildings and equipment	**44**	69	6

	For three months ended June 30		For six months ended June 30		For the year ended December 31
	2025	2024	**2025**	2024	2024
	Unaudited				Audited
	In NIS million				
Credit sale activity					
Carrying amount of sold loans	**–**	99	**–**	264	473
Cash proceeds	**–**	99	**–**	264	473
Total net profit from credit sales	**–**	–	**–**	–	–

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. In Note 25 to the Bank's annual financial statements as at December 31, 2024 (the "Annual Statements"), information was included regarding all of the material claims as of the date of publication of said Annual Statements. In the following note, information is included regarding material claims filed during the reporting period and in the proximity of its publication date, if filed, as well as changes to material claims filed during earlier reporting periods; it does not repeat information regarding claims that were reported but remained unchanged.

In the opinion of the management of the Bank and the consolidated companies, which is based on legal opinions regarding the expected results of such claims, including motions to certify class actions, the financial statements reflect adequate provisions, if needed, to cover any damages resulting from such claims.

The Bank's management and the managements of the consolidated companies believe that the sum of 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 odds of the claims materializing are not remote, totals to approximately NIS 408 million.

The following are the changes to material claims that were reported:

1. On March 29, 2017 a petition was submitted to approve a class action against the Bank (and parallel claims against other banks as well). According to the Petitioner, the Bank must not collect a "correspondent fee" when the Bank carries out a foreign exchange transfer from a customer account to the credit of a foreign bank account, thus in contrast od the provisions of the Banking (Service to Customer) Law, 5741-1981 and the rules enacted by its virtue (the "Banking Cause of Action"); Alternatively, the Petitioner argues that the Bank may collect correspondent fee only in accordance with the real expense it had (the amount paid in practice by the Bank to the correspondent), and if the Bank does nod do so, this constitutes a breach of contract, unjust enrichment and is against the

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

provisions of the Agency Law, 5728-1965 (the "Cause of Action under the Agency Law"). The Petitioner claims that the amount of personal damage caused to them is approx. 30 dollars, and the collective damage is not assessable. On February 16, 2023 a court decision was rendered that approved the claim as a class action based on a Cause of Action under the Agency Law exclusively, and the Banking Cause of Action was denied. On May 30, 2023 an application for leave to appeal was submitted on behalf of the Bank (as well as several more banks) against the decision approving the claim as a class action based on the Cause of Action under the Agency Law. On August 5, 2025 the Supreme Court's decision was rendered, according to which the application for leave to appeal on behalf of the Bank (and the other banks) will be dismissed by consent of the parties, and the case will be remanded to the District Court for further proceedings. On June 1, 2023 an appeal was submitted on behalf of the Petitioner against the decision that dismisses the approval of the claim as a class action regarding the Banking Cause of Action. The appeal on behalf of the petitioner was dismissed by the Supreme Court on January 8, 2024.

2. In mid-2020, a claim was filed by borrowers with a New York, US, court, against a consortium of senior lenders which financed a project to construct a residential tower in New York (hereinafter - the "Project"), including the Bank. The claim involves the call for immediate repayment of the debt by the consortium of lenders and the violation of the financing agreement by the borrowers. In November 2022, the borrowers filed an amended claim, in which the original claim amount was revised to USD 165 million (against all defendants). In April 2024, the court decided to remove the Bank as a defendant in the proceedings. At the same time, additional legal proceedings are being heard in connection with the project - legal proceedings 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 in the sum of USD 170 million. On January 22, 2025, the court ordered on the removal of the Bank as a defendant in this proceeding. It should be clarified that the rulings regarding removal of the Bank as a defendant in these proceedings does not change the Bank's exposure related to the claims 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.

C. Other proceedings

For information regarding other proceedings, see Note 25 to the Bank's annual financial statements as at December 31, 2024. As of the publication of the financial statements, no material changes were made regarding the note included as aforementioned in the Annual Statements.

D. Contingent Liabilities and Miscellaneous Commitments

For information regarding contingent liabilities and special commitments, see Note 25 to the Bank's annual financial statements as at December 31, 2024. As of the publication of the financial statements, no material changes were made regarding the note included as aforementioned in the Annual Statements.

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

A. Volume of Consolidated Activity

	June 30, 2025 (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	6,566	67,252	73,818
Written options	1,519	23,434	24,953
Purchased options	-	23,084	23,084
Swaps[(a)]	78,523	430,819	509,342
Total[(b)]	86,608	544,589	631,197
Of which: Hedging derivatives[(c)]	9,673	-	9,673
b) Foreign currency contracts			
Future and Forward contracts	48,220	495,597	543,817
Written options	1,101	47,334	48,435
Purchased options	1,101	45,440	46,541
Swaps[(a)]	3,878	19,780	23,658
Total	54,300	608,151	662,451
c) Stock contracts			
Future and Forward contracts	713	230,018	230,731
Written options	474	85,274	85,748
Purchased options[(e)]	493	85,274	85,767
Other	7	-	7
Swaps	589	272,973	273,562
Total	2,276	673,539	675,815
d) Commodities and other contracts			
Future and Forward contracts	-	521	521
Written options	-	319	319
Purchased options	-	319	319
Swaps	-	69	69
Total	-	1,228	1,228
Total nominal amount	143,184	1,827,507	1,970,691

a) Of which: Swaps for which the banking corporation pays a fixed interest rate in the sum of NIS 224,043 million.
a) Of which: NIS-CPI swaps totaling NIS 20,178 million.
b) The Bank uses IRS Interest swap transactions for the hedging.
c) Of which: Foreign exchange spots totaling NIS 26,742 million.
d) Of which: a total of NIS 81,262 million is traded on the Tel Aviv Stock Exchange.

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

A. Volume of Consolidated Activity (cont.)

	June 30, 2024 (unaudited)		
	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	3,248	66,003	69,251
Written options	1,551	3,645	5,196
Purchased options	–	1,530	1,530
Swaps[a]	49,972	359,104	409,076
Total[b]	54,771	430,282	485,053
Of which: Hedging derivatives[c]	10,081	–	10,081
b) Foreign currency contracts			
Future and Forward contracts	57,257	351,430	408,687
Written options	1,009	20,713	21,722
Purchased options	1,009	22,479	23,488
Swaps[a]	3,947	20,031	23,978
Total	63,222	414,653	477,875
c) Stock contracts			
Future and Forward contracts	1,139	253,389	254,528
Written options	337	167,186	167,523
Purchased options[e]	732	166,903	167,635
Other	7	–	7
Swaps	367	243,583	243,950
Total	2,582	831,061	833,643
d) Commodities and other contracts			
Future and Forward contracts	–	5,074	5,074
Written options	–	69	69
Purchased options	–	69	69
Swaps	–	2,174	2,174
Total	–	7,386	7,386
Total nominal amount	120,575	1,683,382	1,803,957

a) Of which: SWAPS for which the banking corporation pays a fixed interest rate of NIS 203,689 million.
a) Of which: NIS-CPI swaps totaling NIS 17,548 million.
b) The Bank uses IRS Interest swap transactions for the hedging.
c) Of which: Foreign exchange spots totaling NIS 22,624 million.
d) Of which: a total of NIS 161,736 million is traded on the Tel Aviv Stock Exchange.

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

A. Volume of Consolidated Activity (cont.)

	December 31, 2024 (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	2,421	98,913	101,334
Written options	1,800	5,225	7,025
Purchased options	-	4,396	4,396
Swaps[(a)]	63,735	395,023	458,758
Total[(b)]	67,956	503,557	571,513
Of which: Hedging derivatives[(c)]	10,806	-	10,806
b) Foreign currency contracts			
Future and Forward contracts	50,047	478,315	528,362
Written options	1,011	22,995	24,006
Purchased options	1,011	24,449	25,460
Swaps[(a)]	3,829	21,391	25,220
Total	55,898	547,150	603,048
c) Stock contracts			
Future and Forward contracts	349	272,197	272,546
Written options	365	119,617	119,982
Purchased options[(e)]	538	119,538	120,076
Other	7	-	7
Swaps	290	268,084	268,374
Total	1,549	779,436	780,985
d) Commodities and other contracts			
Future and Forward contracts	-	1,111	1,111
Written options	-	28	28
Purchased options	-	28	28
Swaps	-	71	71
Total	-	1,238	1,238
Total nominal amount	125,403	1,831,381	1,956,784

a) Of which: Swaps for which the banking corporation pays a fixed interest of NIS 218,452 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 20,900 million.
e) Of which: a total of NIS 119,591 million is traded on the Tel Aviv Stock Exchange.

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

A. Volume of Consolidated Activity (cont.)

	June 30, 2025 (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	963	6,974	7,937	502	6,146	6,648
Of which: Hedging derivatives	538	–	538	88	–	88
b) Foreign currency contracts	25	14,743	14,768	364	16,274	16,638
Of which: Hedging derivatives	–	–	–	–	–	–
c) Stock contracts	92	18,775	18,867	38	18,721	18,759
d) Commodities and other contracts	–	14	14	–	14	14
Total assets/liabilities in respect of derivatives, gross[(a)]	1,080	40,506	41,586	904	41,155	42,059
Amounts netted on the balance sheet	–	–	–	–	–	–
Book balance	1,080	40,506	41,586	904	41,155	42,059
Of which: not subject to a master netting arrangement - or similar arrangements	–	3,876	3,876	–	5,256	5,256

a) Of which: NIS 14 million in gross fair value of assets in respect of embedded derivatives and NIS 32 million in gross fair value of liabilities in respect of embedded derivatives.

	June 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	1,300	8,625	9,925	569	8,045	8,614
Of which: Hedging derivatives	875	–	875	192	–	192
b) Foreign currency contracts	547	4,759	5,306	29	4,039	4,068
Of which: Hedging derivatives	–	–	–	–	–	–
c) Stock contracts	39	11,120	11,159	33	11,171	11,204
d) Commodities and other contracts	–	293	293	–	293	293
Total assets/liabilities in respect of derivatives, gross[(a)]	1,886	24,797	26,683	631	23,548	24,179
Amounts netted on the balance sheet	–	–	–	–	–	–
Book balance	1,886	24,797	26,683	631	23,548	24,179
Of which: Not subject to a master netting arrangement - or similar arrangements	–	1,237	1,237	–	1,014	1,014

a) Of which: NIS 4 million in gross fair value of assets in respect of embedded derivatives and 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, 2024 (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	1,174	8,145	9,319	547	7,678	8,225
Of which: Hedging derivatives	763	–	763	139	–	139
b) Foreign currency contracts	366	6,352	6,718	29	6,433	6,462
Of which: Hedging derivatives	–	–	–	–	–	–
c) Stock contracts	52	13,082	13,134	36	13,028	13,064
d) Commodities and other contracts	–	27	27	–	27	27
Total assets/liabilities in respect of derivatives, gross[(a)]	1,592	27,606	29,198	612	27,166	27,778
Amounts netted on the balance sheet	–	–	–	–	–	–
Book balance	1,592	27,606	29,198	612	27,166	27,778
Of which: not subject to a master netting arrangement - or similar arrangements	–	1,696	1,696	–	1,443	1,443

a) Of which: NIS 5 million in gross fair value of assets in respect of embedded derivatives and NIS 26 million in gross fair value of liabilities in respect of embedded derivatives.

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

B. Accounting Hedges

1. Effect of cash flow hedge accounting on accumulated other comprehensive income (loss)

	For three months ended As at June 30, 2025		For six months ended As at June 30, 2025	
	Amounts recognized as total 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]	**(1)**	**3**	**2**	**1**

	For three months ended At June 30, 2024		For six months ended At June 30, 2024	
	Amounts recognized as total other comprehensive income (loss) from derivatives	Profit (loss) reclassified from accumulated other comprehensive income (loss) to profit and loss	Amounts recognized as comprehensiv e 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]	(6)	8	(8)	5

	For the year ended December 31, 2024	
	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]	(10)	8

a) Profit (loss) amounts reclassified from accumulated other comprehensive income (loss) were included in the interest income (expense) line item or in the noninterest finance income (expenses) line item according to the line item in which the effect of the hedged item is presented.
b) Represents amounts included in the hedge effectiveness assessment.
c) The Bank designates certain derivatives as hedging instruments of cash flows - derivatives hedging an exposure to changes in cash flows from given loans. The effect of hedges is expected to lower the exposure to the given loans.

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

B. Accounting hedges (cont.)

2. Effect of fair value hedge and cash flow hedge accounting on accumulated income (loss)

	For three months ended at June 30, 2025	For six months ended at June 30, 2025
	Unaudited	
	In NIS million	
Total interest income (expenses) recognized in the income statement	**(2)**	**19**
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[a]		
Hedged items	**36**	**101**
Hedging derivatives[b]	**(35)**	**(81)**
b. Gain (loss) on cash flow hedges		
Interest rate contracts		
Profit and loss reclassified to Accumulated other comprehensive income (loss)	**(3)**	**(1)**

	For three months ended at June 30, 2024	For six months ended at June 30, 2024
	Unaudited	
	In NIS million	
Total interest income (expenses) recognized in the income statement	36	88
Effect of fair value hedges:		
a. Gain (loss) from fair value hedges		
Interest rate contracts[a]		
Hedged items	21	7
Hedging derivatives[c]	23	86
b. Gain (loss) on cash flow hedges		
Interest rate contracts		
Profit and loss reclassified to Accumulated other comprehensive income (loss)	(8)	(5)

	For the year ended at December 31, 2024
	Audited
	In NIS million
Total interest income (expenses) recognized in the income statement	123
Effect of fair value hedges:	
a. Gain (loss) from fair value hedges	
Interest rate contracts[a]	
Hedged items	54
Hedging derivatives[d]	77
b. Gain (loss) on cash flow hedges	
Interest rate contracts	
Profit and loss reclassified to Accumulated other comprehensive income (loss)	(8)

Please see comments on the next page.

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

B. Accounting hedges (cont.)

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

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 35 million and approximately NIS 81 million for three- and six-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 47 million and approximately NIS 110 million for three- and six-month periods respectively, due to the impact of a change in fair value, as well as profits in the sum of approximately NIS 12 million and approximately NIS 29 million for the periods of three and six months respectively, due to the impact of accumulation of the interest.

c) Gains in the amount of approximately NIS 23 million and approximately NIS 86 million for three- and six-month periods respectively, in respect of the hedging instrument had been reclassified and transferred from the section titled "Financing Revenues not from Interest" to the section titled "Revenues from Interest." The gains include losses in the amount of approximately NIS 4 million and gains in the amount of approximately NIS 28 million for three- and six-month periods respectively, due to the impact of a change in fair value, as well as gains in the sum of approximately NIS 27 million and approximately NIS 58 million for the periods of three and six months respectively, due to the impact of accumulation of the interest.

d) Profits in the amount of approximately NIS 77 million, due to the hedging instrument were reclassified and was transferred from the section "Financing Revenues not from Interest" to the section "Revenues from Interest." The income includes losses in the amount of approximately NIS 32 million due to the impact of a change in fair value, as well as profits in the sum of approximately NIS 109 million due to the impact of accumulation of interest.

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

B. Accounting Hedges (cont.)

3. Items hedged at fair value hedges

	As at June 30, 2025 (unaudited)		
	Carrying amount	Cumulative fair value adjustments that had an effect on the carrying amount	
	of the hedged item	Existing hedge relationships	Existing hedge discontinued
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	**5,070**	**(464)**	**-**
Subordinated notes	**(3,366)**	**90**	**-**
Housing loans[(a)]	**182**	**6**	**-**

	At June 30, 2024 (unaudited)		
	Carrying amount	Cumulative fair value adjustments that had an effect on the carrying amount	
	of the hedged item	Existing hedge relationships	Existing hedge discontinued
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	4,902	(1,071)	-
Subordinated notes	(3,634)	219	-

	For the year ended December 31, 2024 (audited)		
	Carrying amount	Cumulative fair value adjustments that had an effect on the carrying amount	
	of the hedged item	Existing hedge relationships	Existing hedge discontinued
	In NIS million		
Securities - debt instruments classified as available-for-sale securities	5,861	(691)	-
Subordinated notes	(3,575)	161	-
Housing loans[(b)]	56	1	-

a) The Bank dedicated in respect of the hedging the sum of NIS 175 million using the last level method, from a closed portfolio of approximately NIS 1,268 million, as on June 30, 2025 the reduced cost balance of the closed portfolio of the loans stands at the sum of approximately NIS 1,235 million.

b) The Bank dedicated in respect of the hedging the sum of NIS 55 million using the last level method, from a closed portfolio of approximately NIS 404 million, as at December 31, 2024 the reduced cost balance of the closed portfolio of the loans stands at approximately NIS 391 million.

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

B. Accounting hedges (cont.)

4. The effect of hedging a net investment in a foreign operations on accumulated other comprehensive income (loss) and on the income statement

	For three months ended As at June 30, 2025		For six months ended As at June 30, 2025	
	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	170	-	135	-

	For three months ended At June 30, 2024		For six months ended At June 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	(49)	-	(83)	-

	For the year ended December 31, 2024	
	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	(34)	-

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.)

A. Accounting hedges (cont.)

5. Effect of derivatives not designated as hedging instruments on the income statement

	For three months ended As at June 30, 2025	For six months ended As at June 30, 2025
	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	191	116
Foreign currency contracts	(4,028)	(3,659)
Stock contracts	215	243
Commodity- and other contracts	1	1
Total	(3,621)	(3,299)

	For three months ended At June 30, 2024	For six months ended At June 30, 2024
	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]
	Unaudited	
	In NIS million	
Derivatives not designated as hedging instruments		
Interest rate contracts	91	417
Foreign exchange contracts	1,027	2,113
Stock contracts	15	168
Commodity- and other contracts	-	-
Total	1,133	2,698

	For the year ended at December 31, 2024
	Profit (loss) recognized in income (expenses) from derivatives activity[(a)]
	Audited
	In NIS million
Derivatives not designated as hedging instruments	
Interest rate contracts	470
Foreign currency contracts	1,711
Stock contracts	311
Commodity- and other contracts	2
Total	2,494

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

	June 30, 2025 (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)]	929	14,095	14,742	85	6,748	4,987	41,586
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	-	5,426	10,157	85	4,523	2,029	22,220
Credit risk mitigation in respect of cash collateral received	-	7,857	4,171	-	1,904	-	13,932
Total net book balance of assets in respect of derivatives[(d)]	929	812	414	-	321	2,958	5,434
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	-	3	(13)	-	(114)	(1,949)	(2,073)
Total on-balance-sheet credit risk for derivatives	929	815	401	-	207	1,009	3,361
Net off-balance-sheet credit risk for derivatives[(f)]	1,906	18,264	20,379	198	13,565	2,629	56,941
Total credit risk for derivatives	2,835	19,079	20,780	198	13,772	3,638	60,302
Book balance of liabilities in respect of derivatives[(a)(c)]	681	5,989	10,427	108	20,851	4,003	42,059
Gross amounts not netted on the balance sheet:							
Financial instruments	-	5,426	10,157	85	4,523	2,029	22,220
Pledged cash collateral	-	528	251	23	11,414	216	12,432
Net amount of liabilities in respect of derivatives	681	35	19	-	4,914	1,758	7,407

	June 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)]	275	8,553	11,490	–	4,543	1,822	26,683
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	–	3,450	9,906	–	1,713	656	15,725
Credit risk mitigation in respect of cash collateral received	–	5,020	1,474	–	1,966	150	8,610
Total net book balance of assets in respect of derivatives[(d)]	275	83	110	–	864	1,016	2,348
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	–	30	57	–	(117)	28	(2)
Total on-balance-sheet credit risk for derivatives	275	113	167	–	747	1,044	2,346
Net off-balance-sheet credit risk for derivatives[(f)]	1,115	15,251	19,442	48	12,322	2,758	50,936
Total credit risk for derivatives	1,390	15,364	19,609	48	13,069	3,802	53,282
Book balance of liabilities in respect of derivatives[(a)(c)]	256	3,731	12,132	209	6,568	1,283	24,179
Gross amounts not netted on the balance sheet:							
Financial instruments	–	3,450	9,906	–	1,713	663	15,732
Pledged cash collateral	–	220	1,715	192	3,868	12	6,007
Net amount of liabilities in respect of derivatives	256	61	511	17	987	608	2,440

Please see comments on the next page.

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

C. Credit risk and for derivatives by contract counterparty (cont.)

	December 31, 2024 (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)]	362	6,517	10,558	26	9,712	2,023	29,198
Gross amounts not netted on the balance sheet:							
Credit risk mitigation in respect of financial instruments	–	3,087	9,005	26	2,652	918	15,688
Credit risk mitigation in respect of cash collateral received	–	3,268	1,542	–	5,352	14	10,176
Total net book balance of assets in respect of derivatives[(d)]	362	162	11	–	1,708	1,091	3,334
Adjustment of book balance, net to on-balance-sheet credit risk[(e)]	13	6	(11)	–	(262)	75	(179)
Total on-balance-sheet credit risk for derivatives	375	168	–	–	1,446	1,166	3,155
Net off-balance-sheet credit risk for derivatives[(f)]	1,212	16,023	21,243	56	13,767	2,226	54,527
Total credit risk for derivatives	1,587	16,191	21,243	56	15,213	3,392	57,682
Book balance of liabilities in respect of derivatives[(a)(c)]	213	5,899	13,021	135	6,759	1,751	27,778
Gross amounts not netted on the balance sheet:							
Financial instruments	–	3,087	9,005	26	2,652	927	15,697
Pledged cash collateral	–	2,347	3,335	109	2,832	–	8,623
Net amount of liabilities in respect of derivatives	213	465	681	–	1,275	824	3,458

a) The Bank did not apply netting agreements.
b) Of which outstanding balance-sheet standalone assets in respect of derivatives totaling NIS 41,572 million (June 30, 2024 – NIS 26,679 million, December 31, 2024 – NIS 29,193 million).
c) Of which outstanding total standalone liabilities in respect of derivatives totaling NIS 42,027 million (June 30, 2024 – NIS 24,156 million, December 31, 2024 – NIS 27,752 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. No credit losses were recognized in respect of derivatives in the six-month periods ended June 30, 2025, the year ended June 30, 2024 and the year ended December 31, 2024.
2. The effect of the counterparty credit risk and the effect of deferred gains on the transaction execution date on the valuation of assets for derivatives as at June 30, 2025, June 30, 2024 and December 31, 2024 stood at NIS 172 million, NIS 208 million and NIS 223 million, respectively.
The effect of the non-performance risk on the valuation of assets for derivatives as at June 30, 2025, June 30, 2024 and December 31, 2024 stood at NIS 13 million, NIS 14 million and NIS 16 million, respectively.

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

D. Breakdown of Repayment Dates - Par Value: Balances

	June 30, 2025 (unaudited)				
	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 - index	2,979	7,371	5,027	4,801	20,178
Other	121,091	199,892	202,228	87,808	611,019
Foreign currency contracts	383,821	235,921	37,129	5,580	662,451
Stock contracts	470,896	203,883	1,036	-	675,815
Commodity- and other contracts	1,114	114	-	-	1,228
Total	979,901	647,181	245,420	98,189	1,970,691
Total at June 30, 2024 (unaudited)	920,913	559,696	231,093	92,255	1,803,957
Total December 31, 2024 (audited)	1,118,027	507,276	231,676	99,805	1,956,784

Note 12A - Regulatory Operating Segments

Information on Regulatory Operating Segments - Consolidated

	For three months ended June 30, 2025			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: Loans for housing	Of which: Credit cards	Banking Private
	In NIS million			
Interest income from external	2,737	2,156	20	7
Interest expense from external	729	–	–	339
Interest income, net:				
From external	2,008	2,156	20	(332)
Inter-segmental	(565)	(1,738)	(1)	413
Total interest income, net	1,443	418	19	81
Total noninterest income (expense)	251	8	76	51
Total income	1,694	426	95	132
Loan loss expenses (income)	136	41	49	1
Operating and other expenses:				
For external	650	116	60	33
Inter-segmental	1	1	–	–
Total operating and other expenses	651	117	60	33
Profit (loss) before taxes	907	268	(14)	98
Provision for profit tax (benefit)	355	98	(4)	36
Profit (loss) after taxes	552	170	(10)	62
The Bank's share in associates' profits, after tax effect	–	–	–	–
Net income (loss) before amount attributable to non-controlling	552	170	(10)	62
Net income (loss) attributable to the Bank's shareholders	552	170	(10)	62
Average outstanding balance of assets[b]	175,419	146,209	4,800	504
Of which: Investment in associates[b]	–	–	–	–
Average outstanding loans to the public[b]	176,535	146,608	4,857	496
Outstanding loans to the public as at the end of the reporting period	179,138	148,887	4,730	552
Outstanding non-performing debts in arrears of over 90 days	980	721	1	–
Outstanding other troubled debts	638	21	15	–
Balance of the loan loss provision for loans to the public	1,614	663	60	1
Net charge-offs during the period	68	4	(1)	–
Average outstanding balance of liabilities[b]	141,762	44	17	36,216
Of which: Average balance of deposits by the public[b]	141,650	–	–	36,214
Balance of deposits by the public as at the end of the reporting period	141,010	–	–	36,273
Average balance of risk-weighted assets[b][c]	114,514	87,116	4,560	1,145
Balance of risk-weighted assets as at the end of the reporting period[c]	116,483	89,229	4,430	1,201
Average balance of assets under management[b][d]	71,209	1,373	–	71,723
Breakdown of interest income, net:				
Spread[f] from credit granting activity	552	299	13	1
Spread[f] from deposit taking activity	737	–	–	64
Other	154	119	6	16
Total interest income, net	1,443	418	19	81

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 22.6 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.

Note: operating segments are reported according to the format and classifications prescribed by the Reporting to the Public Directives of the Banking Supervision Department, as detailed in Note 29A to the Financial statements as at December 31, 2024.

							Foreign operations[(a)]	
Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial management Financial	Segment Other	Total activities Israel	Total activities foreign	Total
1,226	655	2,557	58	2,772	–	10,012	199	10,211
757	471	956	1,574	845	–	5,671	–	5,671
469	184	1,601	(1,516)	1,927	–	4,341	199	4,540
488	279	(520)	1,715	(1,725)	21	106	(106)	–
957	463	1,081	199	202	21	4,447	93	4,540
246	91	248	65	470	(5)	1,417	29	1,446
1,203	554	1,329	264	672	16	5,864	122	5,986
1	6	92	–	(45)	–	191	32	223
389	107	143	55	106	108	1,591	19	1,610
–	–	(1)	2	(2)	–	–	–	–
389	107	142	57	104	108	1,591	19	1,610
813	441	1,095	207	613	(92)	4,082	71	4,153
302	170	409	79	228	23	1,602	21	1,623
511	271	686	128	385	(115)	2,480	50	2,530
–	–	–	–	80	–	80	–	80
511	271	686	128	465	(115)	2,560	50	2,610
511	271	686	128	465	(115)	2,560	50	2,610
75,581	40,688	166,583	4,940	318,052	7,259	788,975	10,482	799,508
–	–	–	–	3,451	–	3,451	–	3,451
77,031	41,205	167,552	4,945	–	–	467,764	10,651	478,415
78,636	41,858	173,209	12,315	–	–	485,708	10,332	496,040
621	196	349	1	–	–	2,147	135	2,282
979	399	2,720	2	–	–	4,738	74	4,812
2,336	788	1,994	7	–	–	6,740	73	6,813
48	19	(42)	–	–	–	93	1	94
	60,143			102,134	10,183		269	
	59,995			–	–		–	
104,624	59,239	113,389	187,718	–	–	642,253	–	642,253
62,769	45,957	199,065	1,613	64,244	17,342	506,649	11,310	517,959
62,422	45,707	209,718	1,997	60,976	19,971	518,475	11,188	529,663
123,814	39,765	147,628	1,158,063	69,785	2	1,681,989	–	1,681,989
457	209	702	5	–	–	1,926	195	2,121
417	191	124	193	–	–	1,726	–	1,726
83	63	255	1	202	21	795	(102)	693
957	463	1,081	199	202	21	4,447	93	4,540

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

Information on Regulatory Operating Segments - Consolidated (cont.)

	For three months ended June 30, 2024 (unaudited)			
	Activity in Israel[(a)]			
	Households[(e)]			
	Total	Of which: Loans for housing	Of which: Credit cards	Banking Private
	In NIS million			
Interest income from external	2,679	2,119	18	4
Interest expense from external	741	–	–	324
Interest income, net:				
From external	1,938	2,119	18	(320)
Inter-segmental	(466)	(1,720)	(2)	419
Total interest income, net	1,472	399	16	99
Total noninterest income	245	11	83	47
Total income	1,717	410	99	146
Loan loss expenses (income)	42	(27)	(4)	–
Operating and other expenses:				
For external	681	110	54	35
Inter-segmental	1	1	–	–
Total operating and other expenses	682	111	54	35
Profit (loss) before taxes	993	326	49	111
Provision (benefit) for profit taxes	348	118	17	39
Profit (loss) after taxes	645	208	32	72
The Bank's share in associates' losses, after tax effect	–	–	–	–
Net income (loss) before amount attributable to non-controlling interests	645	208	32	72
Net income (loss) attributable to the Bank's shareholders	645	208	32	72
Average balance of assets[(b)]	160,870	133,224	3,965	419
Of which: Investments in associates[(b)]	–	–	–	–
Average outstanding balance of loans to the public[(b)]	161,963	133,642	4,041	413
Outstanding loans to the public as at the end of the reporting period	166,070	136,334	4,817	460
Outstanding non-performing debts in arrears of over 90 days	877	566	2	–
Outstanding other troubled debts	678	10	–	9
Balance of the loan loss provision for loans to the public	1,520	595	57	2
Net charge-offs during the period	113	1	(1)	–
Average outstanding liabilities[(b)]	140,203	53	18	28,998
Of which: Average balance of deposits by the public[(b)]	140,078	–	–	28,995
Balance of deposits by the public as at the end of the reporting period	139,846	–	–	35,306
Average balance of risk-weighted assets[(b)(c)]	108,408	81,842	4,659	916
Balance of risk-weighted assets as at the end of the reporting period[(c)]	107,098	80,625	4,446	999
Average balance of assets under management[(b)(d)]	64,039	1,350	–	61,836
Breakdown of interest income, net:				
Spread[(f)] from credit granting activity	594	327	12	1
Spread[(f)] from deposit taking activity	782	–	–	90
Other	96	72	4	8
Total interest income, net	1,472	399	16	99

a) The classification is based on the office's location.
b) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
c) Risk-weighted assets - as calculated for capital adequacy purposes.
d) Assets under management - including customers' provident assets, study funds, mutual funds and securities.
e) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 20.7 billion to customers whose business activity is classified to business segments.
f) Spread from credit granting activity is the difference between the interest received from credit and the cost of raising the sources used to grant the credit (hereinafter - "transfer prices"). These transfer prices are subject to the period, currency and type of interest in the transaction. Transfer prices are the Bank's internal pricing tool and are based on internal models and the Bank's judgment. Spread from deposit taking activity is the difference between the transfer prices and the interest paid to customers for these deposits.
g) Including the impairment loss from the investment in Valley shares in the amount of NIS 0.6 billion.

							Foreign operations[a]	
Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial management Financial	Segment Other	Total activities Israel	Total activities foreign	Total
1,102	651	2,416	42	2,718	–	9,612	180	9,792
691	475	1,060	1,404	719	–	5,414	–	5,414
411	176	1,356	(1,362)	1,999	–	4,198	180	4,378
558	310	(253)	1,554	(2,045)	12	89	(89)	–
969	486	1,103	192	(46)	12	4,287	91	4,378
221	83	206	46	485	8	1,341	24	1,365
1,190	569	1,309	238	439	20	5,628	115	5,743
67	(64)	(53)	(1)	10	–	1	(19)	(18)
384	118	128	63	83	135	1,627	24	1,651
–	–	–	2	2	(5)	–	–	–
384	118	128	65	85	130	1,627	24	1,651
739	515	1,234	174	344	(110)	4,000	110	4,110
253	181	422	60	81	(79)	1,305	35	1,340
486	334	812	114	263	(31)	2,695	75	2,770
–	–	–	–	(501)[g]	–	(501)	–	(501)
486	334	812	114	(238)	(31)	2,194	75	2,269
486	334	812	114	(238)	(31)	2,194	75	2,269
66,947	39,288	148,612	4,582	302,618	7,521	730,857	8,283	739,140
–	–	–	–	4,100	–	4,100	–	4,100
68,396	39,844	149,888	4,587	–	–	425,091	8,205	433,296
67,930	40,285	151,973	4,425	–	–	431,143	9,337	440,480
564	281	779	5	–	–	2,506	99	2,605
1,076	564	1,445	–	–	–	3,772	166	3,938
2,319	842	1,928	6	–	–	6,617	64	6,681
33	(36)	104	–	–	–	214	–	214
102,661	59,682	101,876	153,658	79,634	11,532	678,244	3,640	681,884
102,521	59,544	97,957	153,239	–	1	582,335	–	582,335
101,354	59,831	100,611	144,239	–	–	581,187	–	581,187
60,498	44,985	190,601	1,285	35,665	18,335	460,693	10,180	470,873
58,936	42,709	191,850	1,311	51,020	17,850	471,773	11,319	483,092
98,093	31,782	107,185	1,032,528	39,217	–	1,434,680	–	1,434,680
440	216	707	5	–	–	1,963	181	2,144
477	230	223	187	–	–	1,989	–	1,989
52	40	173	–	(46)	12	335	(90)	245
969	486	1,103	192	(46)	12	4,287	91	4,378

Note 12A - Regulatory Operating Segments (continued)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the six months ended June 30, 2025			
	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	4,991	3,840	41	11
Interest expense from external	1,450	-	-	648
Interest income, net:				
From external	3,541	3,840	41	(637)
Inter-segmental	(688)	(3,033)	(4)	809
Total interest income (expenses), net	2,853	807	37	172
Total noninterest income	532	18	181	97
Total income	3,385	825	218	269
Loan loss expenses (income)	186	27	46	1
Operating and other expenses:				
For external	1,355	230	130	64
Inter-segmental	1	1	-	-
Total operating and other expenses	1,356	231	130	64
Profit (loss) before taxes	1,843	567	42	204
Provision for profit tax (benefit)	686	204	15	74
Profit (loss) after taxes	1,157	363	27	130
The Bank's share in associates' profits, after tax effect	-	-	-	-
Net income (loss) before amount attributable to non-controlling	1,157	363	27	130
Net income (loss) attributable to the Bank's shareholders	1,157	363	27	130
Average outstanding balance of assets[b]	174,298	145,203	4,722	512
Of which: Investment in associates[b]	-	-	-	-
Average outstanding loans to the public[b]	175,395	145,612	4,781	504
Outstanding loans to the public as at the end of the reporting period	179,138	148,887	4,730	552
Outstanding non-performing debts in arrears of over 90 days	980	721	1	-
Outstanding other troubled debts	638	21	15	-
Balance of the loan loss provision for loans to the public	1,614	663	60	1
Net charge-offs during the period	134	4	(1)	-
Average outstanding balance of liabilities[b]	140,517	48	17	35,764
Of which: Average balance of deposits by the public[b]	140,399	-	-	35,761
Balance of deposits by the public as at the end of the reporting period	141,010	-	-	36,273
Average balance of risk-weighted assets[b][c]	113,799	86,553	4,538	1,113
Balance of risk-weighted assets as at the end of the reporting period[c]	116,483	89,229	4,430	1,201
Average balance of assets under management[b][d]	70,553	1,376	-	70,577
Breakdown of interest income, net:				
Spread[f] from granting loans to the public	1,129	605	27	2
Spread[f] from deposit taking from the public	1,461	-	-	144
Other	263	202	10	26
Total interest income (expenses), net	2,853	807	37	172

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 22.6 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.

Note: Operating segments are reported according to the format and classifications prescribed by the Reporting to the Public Directives of the Banking Supervision Department, as set forth in Note 28A to the financial statements as at December 31, 2024.

						Foreign operations[a]		
Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial management Financial	Segment Other	Total activities Israel	Total activities foreign	Total
2,395	1,293	4,843	105	5,240	–	18,878	386	19,264
1,433	918	1,917	2,953	1,388	–	10,707	–	10,707
962	375	2,926	(2,848)	3,852	–	8,171	386	8,557
921	545	(838)	3,217	(3,789)	33	210	(210)	–
1,883	920	2,088	369	63	33	8,381	176	8,557
496	189	499	122	809	16	2,760	54	2,814
2,379	1,109	2,587	491	872	49	11,141	230	11,371
22	(22)	64	(1)	(14)	–	236	42	278
807	228	281	113	199	235	3,282	59	3,341
–	–	–	4	4	(9)	–	–	–
807	228	281	117	203	226	3,282	59	3,341
1,550	903	2,242	375	683	(177)	7,623	129	7,752
573	336	815	139	274	(26)	2,871	44	2,915
977	567	1,427	236	409	(151)	4,752	85	4,837
–	–	–	–	176	–	176	–	176
977	567	1,427	236	585	(151)	4,928	85	5,013
977	567	1,427	236	585	(151)	4,928	85	5,013
73,987	40,269	161,796	4,731	305,443	7,267	768,303	9,898	778,201
–	–	–	–	3,630	–	3,630	–	3,630
75,449	40,809	162,871	4,736	–	–	459,764	9,946	469,710
78,636	41,858	173,209	12,315	–	–	485,708	10,332	496,040
621	196	349	1	–	–	2,147	135	2,282
979	399	2,720	2	–	–	4,738	74	4,812
2,336	788	1,994	7	–	–	6,740	73	6,813
102	39	(50)	–	–	–	225	1	226
102,554	59,222	106,946	167,879	93,208	11,086	714,417	241	714,658
101,970	58,833	100,638	166,504	–	–	603,351	–	603,351
104,624	59,239	113,389	187,718	–	–	642,253	–	642,253
61,577	45,267	201,793	1,598	57,618	16,622	499,387	11,232	510,619
62,422	45,707	209,718	1,997	60,976	19,971	518,475	11,188	529,663
117,649	39,902	147,539	1,160,247	67,158	–	1,673,625	–	1,673,625
904	426	1,383	11	–	–	3,855	384	4,239
840	390	263	356	–	–	3,454	–	3,454
139	104	442	2	63	33	1,072	(208)	864
1,883	920	2,088	369	63	33	8,381	176	8,557

Note 12A - Regulatory Operating Segments (continued)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the six months ended June 30, 2024			
	Activity in Israel[(a)]			
	Households[(e)]			
	Total	Of which: Loans for housing	Of which: Credit cards	Banking Private
	In NIS million			
Interest income from external	4,737	3,626	38	7
Interest expense from external	1,451	-	-	623
Interest income, net:				
From external	3,286	3,626	38	(616)
Inter-segmental	(343)	(2,816)	(4)	814
Total interest income (expenses), net	2,943	810	34	198
Total noninterest income	491	22	163	88
Total income	3,434	832	197	286
Loan loss expenses (income)	189	(24)	(7)	-
Operating and other expenses:				
For external	1,439	227	117	66
Inter-segmental	1	1	-	-
Total operating and other expenses	1,440	228	117	66
Profit before taxes	1,805	628	87	220
Provision for profit taxes	658	230	31	80
Profit after taxes	1,147	398	56	140
The Bank's share in associates' profits, after tax effect	-	-	-	-
Net income before attribution to non-controlling interests	1,147	398	56	140
Net income attributable to the Bank's shareholders	1,147	398	56	140
Average balance of assets[(b)]	159,713	131,795	4,156	391
Of which: Investments in associates[(b)]	-	-	-	-
Average outstanding balance of loans to the public[(b)]	160,834	132,242	4,224	383
Outstanding loans to the public as at the end of the reporting period	166,070	136,334	4,817	460
Outstanding non-performing debts in arrears of over 90 days	877	566	2	-
Outstanding other troubled debts	678	10	-	9
Balance of the loan loss provision for loans to the public	1,520	595	57	2
Net charge-offs during the period	208	(1)	(1)	-
Average outstanding liabilities[(b)]	139,062	55	18	30,764
Of which: Average balance of deposits by the public[(b)]	138,934	-	-	30,761
Balance of deposits by the public as at the end of the reporting period	139,846	-	-	35,306
Average balance of risk-weighted assets[(b)(c)]	108,166	81,659	4,448	881
Balance of risk-weighted assets as at the end of the reporting period[(c)]	107,098	80,625	4,446	999
Average balance of assets under management[(b)(d)]	63,114	1,347	-	58,818
Breakdown of interest income, net:				
Spread[(f)] from granting loans to the public	1,192	662	26	1
Spread[(f)] from deposit taking from the public	1,555	-	-	180
Other	196	148	8	17
Total interest income (expense), net	2,943	810	34	198

a) The classification is based on the office's location.
a) Average balance calculations are based on daily balances, as at the beginning of the quarter or the beginning of each month.
b) Risk-weighted assets - as calculated for capital adequacy purposes.
c) Assets under management - including customers' provident assets, study funds, mutual funds and securities.
d) Including housing loans with outstanding loans to the public as at end of period in the amount of NIS 20.7 billion to customers whose business activity is classified to business segments.
e) 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.
f) Including the impairment loss from the investment in Valley shares in the amount of NIS 0.6 billion.

						Foreign operations[a]		
Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial management Financial	Segment Other	Total activities Israel	Total activities foreign	Total
2,202	1,297	4,498	99	5,424	–	18,264	355	18,619
1,416	968	2,044	2,764	1,208	–	10,474	–	10,474
786	329	2,454	(2,665)	4,216	–	7,790	355	8,145
1,145	655	(519)	3,032	(4,630)	25	179	(179)	–
1,931	984	1,935	367	(414)	25	7,969	176	8,145
445	166	453	101	1,274	842	3,860	33	3,893
2,376	1,150	2,388	468	860	867	11,829	209	12,038
49	1	(19)	1	14	–	235	(31)	204
822	253	274	128	151	290	3,423	53	3,476
–	–	–	4	4	(9)	–	–	–
822	253	274	132	155	281	3,423	53	3,476
1,505	896	2,133	335	691	586	8,171	187	8,358
550	328	778	122	189	85	2,790	53	2,843
955	568	1,355	213	502	501	5,381	134	5,515
–	–	–	–	(461)[g]	–	(461)	–	(461)
955	568	1,355	213	41	501	4,920	134	5,054
955	568	1,355	213	41	501	4,920	134	5,054
66,589	39,501	144,494	7,250	309,793	7,617	735,348	8,377	743,725
–	–	–	–	4,033	–	4,033	–	4,033
68,022	40,038	145,734	7,255	–	–	422,266	8,341	430,607
67,930	40,285	151,973	4,425	–	–	431,143	9,337	440,480
564	281	779	5	–	–	2,506	99	2,605
1,076	564	1,445	–	–	–	3,772	166	3,938
2,319	842	1,928	6	–	–	6,617	64	6,681
81	(39)	13	–	–	–	263	(19)	244
103,368	60,187	103,806	151,814	80,673	12,403	682,077	5,425	687,502
103,210	60,056	98,137	151,398	–	–	582,496	–	582,496
101,354	59,831	100,611	144,239	–	–	581,187	–	581,187
59,662	44,360	188,477	1,265	35,300	18,009	456,120	10,409	466,529
58,936	42,709	191,850	1,311	51,020	17,850	471,773	11,319	483,092
94,281	31,202	105,377	1,013,173	40,806	–	1,406,771	–	1,406,771
878	430	1,252	9	–	–	3,762	355	4,117
949	475	352	357	–	–	3,868	–	3,868
104	79	331	1	(414)	25	339	(179)	160
1,931	984	1,935	367	(414)	25	7,969	176	8,145

Note 12A - Regulatory Operating Segments (continued)

Information on Regulatory Operating Segments - Consolidated (cont.)

	For the year ended December 31, 2024 (audited)			
	Activity in Israel[a]			
	Households[e]			
	Total	Of which: Loans for housing	Of which: Credit cards	Banking Private
	In NIS million			
Interest income from external	9,532	7,284	77	14
Interest expense from external	2,885	–	–	1,239
Interest income, net:				
From external	6,647	7,284	77	(1,225)
Inter-segmental	(754)	(5,682)	(7)	1,591
Total interest income (expenses), net	5,893	1,602	70	366
Total noninterest income	1,043	41	356	175
Total income	6,936	1,643	426	541
Loan loss expenses (income)	433	36	(2)	–
Operating and other expenses:				
For external	2,834	444	238	128
Inter-segmental	2	2	–	–
Total operating and other expenses	2,836	446	238	128
Profit before taxes	3,667	1,161	190	413
Provision for profit taxes	1,331	423	70	149
Profit after taxes	2,336	738	120	264
The Bank's share in associates' losses, after tax effect	–	–	–	–
Net income before amount attributable to non-controlling interests	2,336	738	120	264
Net income attributable to the Bank's shareholders	2,336	738	120	264
Average outstanding balance of assets[b]	163,824	135,364	4,583	400
Of which: Investment in associates[b]	–	–	–	–
Average outstanding loans to the public[b]	164,915	135,789	4,647	393
Outstanding loans to the public as at the end of the reporting period	175,057	144,387	5,161	458
Outstanding non-performing debts in arrears of over 90 days	968	677	1	–
Outstanding other troubled debts	630	23	35	–
Balance of the loan loss provision for loans to the public	1,615	640	61	2
Net charge-offs during the period	367	1	(1)	–
Average outstanding balance of liabilities[b]	139,633	53	17	33,899
Of which: Average balance of deposits by the public[b]	139,512	–	–	33,897
Balance of deposits by the public as at the end of the reporting period	139,802	–	–	35,781
Average balance of risk-weighted assets[b][c]	108,445	81,807	4,510	945
Balance of risk-weighted assets as at the end of the reporting	113,081	85,989	4,515	1,079
Average balance of assets under management[b][d]	64,965	1,363	–	61,655
Breakdown of interest income, net:				
Spread[g] from granting loans to the public	2,329	1,266	52	1
Spread[g] from deposit taking from the public	3,122	–	–	331
Other	442	336	18	34
Total interest income (expenses), net	5,893	1,602	70	366

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 21.7 billion to customers whose business activity is classified to business segments.
f) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15 A to the financial statements as at December 31, 2024.
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.

						Foreign operations[a]		
Small businesses small	Small Mid-sized	Small Large	institutional entities	Financial management Financial	Segment Other	Total activities Israel	Total activities foreign	Total
4,543	2,529	9,310	201	10,596	–	36,725	737	37,462
2,777	1,874	4,077	5,610	2,490	–	20,952	1	20,953
1,766	655	5,233	(5,409)	8,106	–	15,773	736	16,509
2,102	1,313	(1,180)	6,213	(8,956)	57	386	(386)	–
3,868	1,968	4,053	804	(850)	57	16,159	350	16,509
925	343	948	205	2,011	867	6,517	82	6,599
4,793	2,311	5,001	1,009	1,161	924	22,676	432	23,108
168	3	118	3	25	–	750	(37)	713
1,634	489	576	260	311	556	6,788	116	6,904
–	–	(1)	8	12	(21)	–	–	–
1,634	489	575	268	323	535	6,788	116	6,904
2,991	1,819	4,308	738	813	389	15,138	353	15,491
1,084	660	1,564	267	174	73	5,302	120	5,422
1,907	1,159	2,744	471	639	316	9,836	233	10,069
–	–	–	–	(271)[f]	–	(271)	–	(271)
1,907	1,159	2,744	471	368	316	9,565	233	9,798
1,907	1,159	2,744	471	368	316	9,565	233	9,798
67,666	39,118	148,394	7,210	303,447	7,313	737,372	8,967	746,339
–	–	–	–	3,673	–	3,673	–	3,673
69,120	39,670	149,771	7,214	–	–	431,083	8,815	439,898
75,044	39,611	159,390	3,604	–	–	453,164	9,242	462,406
676	222	574	2	–	–	2,442	31	2,473
1,071	410	1,829	–	–	–	3,940	282	4,222
2,345	846	2,039	7	–	–	6,854	33	6,887
177	(40)	(62)	–	–	–	442	–	442
102,322	59,323	102,280	152,639	87,018	10,435	687,549	242	687,791
102,183	59,189	96,606	152,214	–	–	583,601	–	583,601
101,224	59,641	109,860	171,993	–	–	618,301	–	618,301
59,822	43,662	189,601	1,334	43,794	17,492	465,095	10,904	475,999
60,383	44,577	204,532	1,582	50,991	15,902	492,127	11,152	503,279
99,437	32,972	114,728	1,053,718	44,412	–	1,471,887	–	1,471,887
1,781	850	2,625	21	–	–	7,607	739	8,346
1,853	944	710	780	–	–	7,740	–	7,740
234	174	718	3	(850)	57	812	(389)	423
3,868	1,968	4,053	804	(850)	57	16,159	350	16,509

Note 12B - Operating Segments - Management Approach

General

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 the Operating Segments - Management Approach appears in Note 28B to the financial statements as at December 31, 2024.

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

	For three months ended June 30, 2025 (unaudited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Retail banking - total	Mortgages	Commercial	Business (a)	Real estate (a)	Capital markets Equity	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(859)	190	(669)	2,223	450	852	974	445	21	51	193	4,540
Inter-segmental	2,124	312	2,436	(1,901)	170	(497)	(652)	525	2	17	(100)	-
Interest income, net	1,265	502	1,767	322	620	355	322	970	23	68	93	4,540
Non-interest incomes (Expenses) financing income	402	123	525	1	154	93	121	322	116	85	29	1,446
Total income (Expenses)	1,667	625	2,292	323	774	448	443	1,292	139	153	122	5,986
Expenses (incomes) due to credit losses	102	17	119	36	(28)	(2)	98	(27)	(4)	(1)	32	223
Total operating and other expenses	674	205	879	116	176	80	36	134	117	53	19	1,610
Profit (loss) Before tax	891	403	1,294	171	626	370	309	1,185	26	101	71	4,153
Provision (benefit) for taxes	337	153	490	65	239	141	118	405	120	24	21	1,623
Net income (loss) Attributable to the Bank's shareholders	554	250	804	106	387	229	191	836	(94)	101	50	2,610

a) During the first quarter of 2025, an organizational change in the Corporate Division had been completed, establishing an infrastructure and complex financing system presented on the corporate sector. As part of said organizational change, inter alia, units that formerly were presented on the real estate business line were transferred to the corporate business line.

Note 12B - Operating Segments - Management Approach (cont.)

Condensed results of operations according to management approach (cont.)

	For three months ended June 30, 2024 (unaudited)											
	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	(809)	221	(588)	2,177	365	556	1,090	525	15	56	182	4,378
Inter-segmental	2,190	303	2,493	(1,830)	318	(280)	(734)	115	–	9	(91)	–
Interest income, net	1,381	524	1,905	347	683	276	356	640	15	65	91	4,378
Noninterest income	369	115	484	4	140	76	100	456	(89)	170	24	1,365
Total income	1,750	639	2,389	351	823	352	456	1,096	(74)	235	115	5,743
Expenses (incomes) due to credit losses	78	50	128	(23)	8	(199)	89	9	–	(11)	(19)	(18)
Total operating and other expenses	694	219	913	107	176	73	40	108	146	64	24	1,651
Profit (loss) Before tax	978	370	1,348	267	639	478	327	979	(220)	182	110	4,110
Provision (benefit) for taxes To tax	372	141	513	102	243	181	124	373	(277)	46	35	1,340
Net income attributable to the Bank's shareholders	606	229	835	165	396	297	203	96[(a)]	57	145	75	2,269

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

Note 12B - Operating Segments - Management Approach (cont.)

Condensed results of operations according to management approach (cont.)

	For the six months ended June 30, 2025 (unaudited)											
	The Bank									Subsidiaries in Israel	Foreign subsidiaries	Total
	Private individuals	Small businesses	Retail banking - total	Mortgages	Commercial	Business (a)	Real estate(a)	Capital markets Equity	Other and adjustments			
	In NIS million											
Interest income, net:												
From external	(1,604)	408	(1,196)	3,955	901	1,458	1,939	977	35	103	385	8,557
Inter-segmental	4,160	605	4,765	(3,307)	347	(796)	(1,273)	435	5	33	(209)	-
Interest income, net	2,556	1,013	3,569	648	1,248	662	666	1,412	40	136	176	8,557
Noninterest income (expenses)	826	251	1,077	3	307	181	231	755	(24)	230	54	2,814
Total income (expenses)	3,382	1,264	4,646	651	1,555	843	897	2,167	16	366	230	11,371
Loan loss expenses (income)	173	15	188	11	(19)	4	56	(4)	-	-	42	278
Total operating and other expenses	1,412	434	1,846	230	363	158	76	255	256	98	59	3,341
Profit (loss) Before tax	1,797	815	2,612	410	1,211	681	765	1,916	(240)	268	129	7,752
Provision (benefit) for taxes To tax	683	310	993	156	461	259	291	741	(97)	67	44	2,915
Net income (loss) Attributable to the Bank's shareholders	1,114	505	1,619	254	750	422	474	1,320	(143)	232	85	5,013

Balances as at June 30, 2025												
Loans to the public, net	30,641	27,526	58,167	151,454	66,397	83,883	70,576	40,972	6,181	1,338	10,259	489,227
Deposits by the public	227,332	60,427	287,759	-	83,643	44,633	12,729	213,485	4	-	-	642,253

a) During the first quarter of 2025, an organizational change in the Corporate Division was completed, establishing a infrastructure and complex financing system that will be presented to the corporate sector. As part of the said organizational change, inter alia, units that formerly were presented on the real estate business line were transferred to the corporate business line.

Note 12B - Operating Segments - Management Approach (cont.)

Condensed results of operations according to management approach (cont.)

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

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

a) Including capital gains due to the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion.
b) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion.

Note 12B - Operating Segments - Management Approach (cont.)

Condensed results of operations according to management approach (cont.)

	For the year ended December 31, 2024 (audited)											
	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	(3,133)	894	(2,239)	7,482	1,482	2,081	4,250	2,457	58	204	734	16,509
Inter-segmental	8,607	1,206	9,813	(6,144)	1,236	(961)	(2,792)	(809)	(4)	45	(384)	-
Interest income, net	5,474	2,100	7,574	1,338	2,718	1,120	1,458	1,648	54	249	350	16,509
Noninterest income	1,557	483	2,040	9	584	323	426	1,651	963[(a)]	521	82	6,599
Total income	7,031	2,583	9,614	1,347	3,302	1,443	1,884	3,299	1,017	770	432	23,108
Loan loss expenses (income)	470	94	564	62	194	(139)	55	8	(8)	14	(37)	713
Total operating and other expenses	2,922	920	3,842	439	723	304	179	463	629	209	116	6,904
Profit before taxes	3,639	1,569	5,208	846	2,385	1,278	1,650	2,828	396	547	353	15,491
Provision (benefit) for taxes To tax	1,384	597	1,981	322	907	486	627	1,064	(198)	113	120	5,422
Net income attributable to the Bank's shareholders	2,255	972	3,227	524	1,478	792	1,023	1,441[(b)]	594	486	233	9,798

Balances as at December 31, 2024												
Loans to the public, net	30,579	27,574	58,153	146,630	65,101	66,216	71,054	31,057	6,843	1,256	9,209	455,519
Deposits by the public	225,833	61,164	286,997	-	86,666	41,773	13,640	189,221	4	-	-	618,301

a) Including capital gains due to the sale of the main office buildings in Tel Aviv in the sum of approximately NIS 0.8 billion.
b) Including the impairment loss due to the investment in Valley shares in the amount of approximately NIS 0.6 billion. For further information please see Note 15 A to the financial statements as at December 31, 2024.

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 three months ended June 30, 2025 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity Available for sale	
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Balance of the provision for credit losses as at the beginning of the reporting period	5,974	655	986	7,615	60	7,675
Loan loss expenses (income)	91	41	96	228	(5)	223
Charge-offs	(152)	(9)	(144)	(305)	-	(305)
Collection of debts written off in previous years	126	5	80	211	-	211
Net charge-offs	(26)	(4)	(64)	(94)	-	(94)
Balance of loan loss provision as the end of the reporting period[1]	6,039	692	1,018	7,749	55	7,804
[1]Of which: in respect of off-balance-sheet credit instruments	824	29	83	936	25	961

	For three months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to 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	6,013	639	1,004	7,656	17	7,673
Loan loss expenses (income)	(60)	(27)	69	(18)	-	(18)
Charge-offs	(265)	(1)	(171)	(437)	-	(437)
Collection of debts written off in previous years	164	-	59	223	-	223
Net charge-offs	(101)	(1)	(112)	(214)	-	(214)
Outstanding loan loss provision as at the end of the reporting period[1]	5,852	611	961	7,424	17	7,441
[1]Of which: in respect of off-balance-sheet credit instruments	693	16	34	743	1	744

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 six months ended June 30, 2025 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to maturity Available for sale	
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Balance of the provision for credit losses as at the beginning of the reporting period	**6,048**	**669**	**988**	**7,705**	**47**	**7,752**
Loan loss expenses	**83**	**27**	**160**	**270**	**8**	**278**
Charge-offs	**(310)**	**(11)**	**(301)**	**(622)**	**-**	**(622)**
Collection of debts written off in previous years	**218**	**7**	**171**	**396**	**-**	**396**
Net charge-offs	**(92)**	**(4)**	**(130)**	**(226)**	**-**	**(226)**
Balance of loan loss provision as the end of the reporting period[1]	**6,039**	**692**	**1,018**	**7,749**	**55**	**7,804**
[1]Of which: in respect of off-balance-sheet credit instruments	**824**	**29**	**83**	**936**	**25**	**961**

	For the six months ended June 30, 2024 (unaudited)					
	Loan loss provision					
	Loans to the public				Banks, Governments and Bonds Held to 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	5,873	634	957	7,464	17	7,481
Loan loss expenses (income)	15	(24)	213	204	-	204
Charge-offs	(378)	(2)	(335)	(715)	-	(715)
Collection of debts written off in previous years	342	3	126	471	-	471
Net charge-offs	(36)	1	(209)	(244)	-	(244)
Outstanding loan loss provision as at the end of the reporting period[1]	5,852	611	961	7,424	17	7,441
[1]Of which: in respect of off-balance-sheet credit instruments	693	16	34	743	1	744

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] due to held-to-maturity bonds and available-for-sale bonds, loans to the public and the balance of the provision for credit losses

2. Additional information on calculating the loan loss provision for debts,[a] held-to-maturity bonds and available-for-sale bonds

	June 30, 2025 (unaudited)					
	Loans to the public				Banks, Governments and Bonds Held to maturity Available for sale	
	Commercial	Housing	Private Other	Total – public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	**290,275**	**–**	**191**	**290,466**	**150,956**	**441,422**
Examined on a collective basis	**26,429**	**149,156**	**29,989**	**205,574**	**–**	**205,574**
Total debts[a]	**316,704**	**149,156**	**30,180**	**496,040**	**150,956**	**646,996**
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	**4,150**	**–**	**91**	**4,241**	**30**	**4,271**
Examined on a collective basis	**1,065**	**663**	**844**	**2,572**	**–**	**2,572**
Total loan loss provision	**5,215**	**663**	**935**	**6,813**	**30**	**6,843**

	June 30, 2024 (unaudited)					
	Loans to the public				Banks, Governments and Bonds Held to maturity Available for sale	
	Commercial	Housing	Private Other	Total – public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	246,215	–	659	246,874	130,779	377,653
Examined on a collective basis	27,963	136,566	29,077	193,606	–	193,606
Total debts[a]	274,178	136,566	29,736	440,480	130,779	571,259
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	4,411	–	262	4,673	16	4,689
Examined on a collective basis	748	595	665	2,008	–	2,008
Total loan loss provision	5,159	595	927	6,681	16	6,697

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] due to held-to-maturity bonds and available-for-sale bonds, loans to the public and the balance of the provision for credit losses (cont.)

2. Additional information on calculating the loan loss provision for debts,[a] held-to-maturity bonds and available-for-sale bonds (cont.)

	December 31, 2024 (audited)					
	Loans to the public				Banks, Governments and Bonds Held to maturity Available for sale	
	Commercial	Housing	Private Other	Total - public		Total
	In NIS million					
Recorded outstanding debt:[a]						
Examined on a specific basis	257,989	-	653	258,642	130,156	388,798
Examined on a collective basis	29,241	144,633	29,890	203,764	-	203,764
Total debts[a]	287,230	144,633	30,543	462,406	130,156	592,562
Outstanding loan loss provision in respect of debts:[a]						
Examined on a specific basis	4,247	-	219	4,466	23	4,489
Examined on a collective basis	1,047	640	734	2,421	-	2,421
Total loan loss provision	5,294	640	953	6,887	23	6,910

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding securities borrowed or purchased under reverse repurchase agreements.

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

B. Loans to the public

1. Credit quality and arrears

	June 30, 2025 (unaudited)					
		Troubled[a]			Performing debts - additional information	
	Non-troubled[D]	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	74,851	707	218	75,776	22	52
Construction & real estate - real estate activities	49,426	628	93	50,147	13	93
Financial services	56,378	10	7	56,395	1	4
Commercial - Other	100,734	2,034	618	103,386	54	138
Commercial - total	281,389	3,379	936	285,704	90	287
Private individuals - housing loans	148,357	21	721	149,099	-	634
Private individuals - other	29,297	697	179	30,173	80	175
Total loans to the public - activity in Israel	459,043	4,097	1,836	464,976	170	1,096
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	11,477	298	98	11,873	-	1
Commercial - Other	18,363	590	174	19,127	3	1
Commercial - total	29,840	888	272	31,000	3	2
Private individuals	63	-	1	64	-	-
Total loans to the public - foreign operations	29,903	888	273	31,064	3	2
Total loans to the public	488,946	4,985	2,109	496,040	173	1,098

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 188 million, were classified as troubled debt.
d) Non-troubled debts include debts that are not classified as troubled, with a deferral of payments of 180 days or more, that was given during the War to borrowers who were not in financial difficulties, in the sum of NIS 1.5 billion as at June 30, 2025 (commercial in the sum of NIS 0.1 billion, housing loans in the sum of NIS 1.4 billion).

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.)

	June 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	67,154	227	654	68,035	16	50
Construction & real estate - real estate activities	45,703	316	75	46,094	9	53
Financial services	35,482	14	23	35,519	-	35
Commercial - Other	93,300	2,020	597	95,917	15	182
Commercial - total	241,639	2,577	1,349	245,565	40	320
Private individuals - housing loans	135,943	10	566	136,519	-	377
Private individuals - other	28,743	747	241	29,731	70	187
Total loans to the public - activity in Israel	406,325	3,334	2,156	411,815	110	884
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	10,731	71	5	10,807	-	8
Commercial - Other	16,829	662	315	17,806	19	193
Commercial - total	27,560	733	320	28,613	19	201
Private individuals	52	-	-	52	-	-
Total loans to the public - foreign operations	27,612	733	320	28,665	19	201
Total loans to the public	433,937	4,067	2,476	440,480	129	1,085

a) Non-performing loans to the public, substandard or special mention.
b) Classified as troubled, performing debts.
c) Performing. Debts in arrears of 30 and up to 89 days, totaling NIS 307 million, were classified as troubled debt.

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

B. Loans to the public (cont.)

1. Credit quality and delinquency (cont.)

	December 31, 2024 (audited)					
		Troubled[a]			Performing debts - additional information	
	Non-troubled[D]	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	69,273	461	352	70,086	20	31
Construction & real estate - real estate activities	47,886	256	87	48,229	13	79
Financial services	40,502	10	9	40,521	1	22
Commercial - Other	94,678	2,274	702	97,654	57	113
Commercial - total	252,339	3,001	1,150	256,490	91	245
Private individuals - housing loans	143,885	23	677	144,585	-	856
Private individuals - other	29,635	694	204	30,533	87	174
Total loans to the public - activity in Israel	425,859	3,718	2,031	431,608	178	1,275
Borrower activity outside Israel						
Public - commercial						
Construction and real estate	11,401	165	80	11,646	-	2
Commercial - Other	18,394	517	183	19,094	-	2
Commercial - total	29,795	682	263	30,740	-	4
Private individuals	57	-	1	58	-	-
Total loans to the public - foreign operations	29,852	682	264	30,798	-	4
Total loans to the public	455,711	4,400	2,295	462,406	178	1,279

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 159 million, were classified as troubled debt.
d) Non-troubled debts include debts that are not classified as troubled, with a deferral of payments of 180 days or more, that was given during the War to borrowers who were not in financial difficulties, in the sum of NIS 2.2 billion as at December 31, 2024 (commercial in the sum of NIS 0.5 billion, housing loans in the sum of NIS 1.6 billion, other private individuals, in the sum of NIS 0.1 billion).

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

B. Loans to the public (cont.)

1.1. Credit quality by credit granting year

	June 30, 2025 (unaudited)								
	Recorded outstanding debt of fixed loans to the public								
	2025	2024	2023	2022	2021	Past	Debit balance Recorded Loans renewing	Debit balance Recorded Loans renewing converted to loans Fixed deposits	Total
	In NIS million								
Borrower activity in Israel									
Public - commercial									
Construction and real estate - total	11,804		12,152		7,287	7,487	54,346	1,963	125,923
Credit that is rated as performing	11,766	19,999	11,735	9,972	7,154	7,236	53,991	1,958	123,811
Credit that is non-investment grade and non-troubled	26	171	68	42	53	10	94	2	466
Troubled performing credit	11	90	239	509	61	188	236	1	1,335
Non-performing credit	1	24	110	77	19	53	25	2	311
Charge-offs Gross during the period	(1)	(5)	(4)	(7)	(5)	(2)	(25)	-	(49)
Commercial - other, total	34,897		16,337	11,051	7,865		47,478	2,502	159,781
Credit that is rated as performing	34,839		15,965		7,260		46,556	2,465	156,642
Credit that is non-investment grade and non-troubled	25	198	55	22	29	61	79	1	470
Troubled performing credit	17	129	189	214	504	217	757	17	2,044
Non-performing credit	16	50	128	175	72	79	86	19	625
Charge-offs Gross during the period	(1)	(33)	(44)	(37)	(24)	(34)	(66)	(16)	(255)
Private individuals - housing loans - total	14,754	27,602	18,142	21,143	18,626	48,832	-	-	149,099
LTV of up to 60%	8,017	15,392	10,157	11,628	10,558	33,093	-	-	88,845
LTV of more than 60% and up to 75%	6,638	12,041	7,781	9,182	7,736	14,783	-	-	58,161
LTV over 75%	99	169	204	333	332	956	-	-	2,093
Credit that is non-delinquent and investment-grade	14,686	27,237	17,602	20,416	18,141	47,313	-	-	145,395
Non-delinquent credit not rated as investment-grade	40	220	376	531	326	856	-	-	2,349
In arrears of 30-89 days	22	82	97	95	78	260	-	-	634
Non-performing credit	6	63	67	101	81	403	-	-	721
Charge-offs Gross during the period	-	-	-	-	-	(11)	-	-	(11)
Private individuals - other Total	6,714	7,307	3,897	2,684	1,501	1,072	6,731	267	30,173
Credit that is non-delinquent and investment-grade	6,509	6,743	3,456	2,285	1,312	978	6,342	220	27,845
Non-delinquent credit not rated as investment-grade	186	463	366	327	156	76	295	25	1,894
In arrears of 30-89 days	9	43	31	28	11	5	48	-	175
In arrears of over 90 days	2	23	12	10	3	2	28	-	80
Non-performing credit	8	35	32	34	19	11	18	22	179
Charge-offs Gross during the period	-	(52)	(69)	(51)	(27)	(25)	(75)	(2)	(301)
Total loans to the public - activity in Israel	68,169	83,998	50,528	45,478	35,279	68,237	108,555	4,732	464,976
Total loans to the public - foreign operations	4,688	6,662	3,803	2,536	1,276	374	11,630	95	31,064
Non-troubled credit	4,683	6,641	3,787	2,007	1,151	374	11,165	95	29,903
Troubled performing credit	1	14	12	393	7	-	461	-	888
Non-performing credit	4	7	4	136	118	-	4	-	273
Charge-offs Gross during the period	-	(4)	-	(1)	-	-	(1)	-	(6)
Total loans to the public	72,857	90,660	54,331	48,014	36,555	68,611	120,185	4,827	496.40

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

B. Loans to the public (cont.)

1.1. Credit quality by credit granting year (cont.)

	June 30, 2024 (unaudited)								
	Recorded outstanding debt of fixed loans to the public						Debit balance Recorded Loans renewing	Debit balance Recorded Loans renewing converted to loans Fixed deposits	Total
	2024	2023	2022	2021	2020	Past			
	In NIS million								
Borrower activity in									
Public - commercial									
Construction and real estate - total	13,677	16,736	13,140	10,882	3,288	7,569	45,979	2,858	114,129
Credit that is rated as investment-grade	13,639	16,431	12,756	10,407	3,169	7,348	45,826	2,841	112,417
Credit that is non-investment-grade nor troubled	38	72	79	53	56	59	72	11	440
Troubled performing credit	-	124	247	59	25	40	47	1	543
Non-performing credit	-	109	58	363	38	122	34	5	729
Charge-offs Gross during the period	-	(8)	(11)	(78)	(5)	(2)	(21)	(1)	(126)
Commercial - other, total	24,233	25,832	19,436	11,499	6,517	9,841	32,600	1,478	131,436
Credit that is rated as investment-grade	24,209	25,396	18,889	11,093	6,255	9,426	31,782	1,447	128,497
Credit that is non-investment-grade nor troubled	24	131	31	33	14	8	43	1	285
Troubled performing credit	-	223	368	253	161	321	695	13	2,034
Non-performing credit	-	82	148	120	87	86	80	17	620
Charge-offs Gross during the period	-	(21)	(40)	(26)	(10)	(9)	(59)	(3)	(168)
Private individuals - housing loans - total	13,098	20,548	24,523	20,921	12,649	44,780	-	-	136,519
LTV of up to 60%	7,401	11,546	13,104	11,708	7,818	30,614	-	-	82,191
LTV of more than 60% and up to 75%	5,611	8,901	11,330	9,031	4,773	13,101	-	-	52,747
LTV over 75%	86	101	89	182	58	1,065	-	-	1,581
Credit that is non-delinquent and investment-grade	13,064	20,101	23,746	20,222	12,222	43,013	-	-	132,368
Non-delinquent credit not rated as investment-grade	11	382	681	589	321	1,224	-	-	3,208
In arrears of 30-89 days	16	38	41	61	46	175	-	-	377
Non-performing credit	7	27	55	49	60	368	-	-	566
Charge-offs Gross during the period	-	(2)	-	-	-	-	-	-	(2)

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

	June 30, 2024 (unaudited)								
	Recorded outstanding debt of fixed loans to the public						Debit balance Recorded Loans renewing	Debit balance Recorded Loans renewing converted to loans Fixed deposits	
	2024	2023	2022	2021	2020	Past			Total
	In NIS million								
Private individuals - other									
Total	5,823	6,866	4,966	2,870	1,534	509	6,939	224	29,731
Credit that is non-delinquent and investment-grade	5,645	6,237	4,310	2,517	1,389	430	6,479	177	27,184
Non-delinquent credit not rated as investment-grade	160	530	514	277	118	66	365	19	2,049
In arrears of 30-89 days	9	48	44	22	6	4	54	–	187
In arrears of over 90 days	1	15	13	6	2	1	32	–	70
Non-performing credit	8	36	85	48	19	8	9	28	241
Charge-offs Gross during the period	(5)	(74)	(79)	(49)	(10)	(6)	(109)	(3)	(335)
Total loans to the public - activity in Israel	56,831	69,982	62,065	46,172	23,988	62,699	85,518	4,560	411,815
Total loans to the public - foreign operations	5,566	5,910	3,699	3,041	180	800	9,249	220	28,665
Non-troubled credit	5,566	5,887	3,311	2,970	49	796	8,813	220	27,612
Troubled performing credit	–	3	93	71	131	–	435	–	733
Non-performing credit	–	20	295	–	–	4	1	–	320
Charge-offs Gross during the period	–	(2)	–	–	(22)	–	(60)	–	(84)
Total loans to the public	62,397	75,892	65,764	49,213	24,168	63,499	94,767	4,780	440,480

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

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[(a)]

	June 30, 2025 (unaudited)					
	Outstanding[(b)] non-performing debts for which there is a provision	Outstanding provision	Outstanding[(b)] non-performing debts for which there is a provision	Total 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	214	51	97	311	868	-
Commercial - Other	504	297	121	625	2,407	1
Commercial - total	718	348	218	936	3,275	1
Private individuals - housing loans	721	114	-	721	740	-
Private individuals - other	179	113	-	179	535	-
Total loans to the public - activity in Israel	1,618	575	218	1,836	4,550	1
Borrower activity outside Israel						
Total loans to the public - foreign operations	250	33	23	273	446	-
Total public[1]	1,868	608	241	2,109	4,996	1
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,015	475	214	1,229	3,486	
Measured on a specific basis according to fair value of collateral	132	19	27	159	787	
Measured on a collective basis	721	114	-	721	723	

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 109 million would have been recorded.
Additional information: the total recorded average debt balance of non-performing debts in the three months ended June 30, 2025 is NIS 2,240 million.

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

A. Loans to the public (cont.)

2.A. Additional information on non-performing debts[(a)] (cont.)

	June 30, 2024 (unaudited)					
	Outstanding[(b)] non-performing debts for which there is a provision	Outstanding provision	Outstanding[(b)] non-performing debts for which there is 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	603	94	126	729	1,234	-
Commercial - Other	488	280	132	620	2,383	1
Commercial - total	1,091	374	258	1,349	3,617	1
Private individuals - housing loans	566	101	-	566	566	-
Private individuals - other	241	161	-	241	616	-
Total loans to the public - activity in Israel	1,898	636	258	2,156	4,799	1
Borrower activity outside Israel						
Total loans to the public - foreign operations	183	54	137	320	617	-
Total public[1]	2,081	690	395	2,476	5,416	1
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,174	570	368	1,542	3,549	
Measured on a specific basis according to fair value of collateral	341	19	27	368	1,301	
Measured on a collective basis	566	101	-	566	566	

a) Loans to the public, loans to governments, deposits with banks (excluding deposits with the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under reverse repurchase agreements.
b) Recorded outstanding debt.
c) Interest income amount recorded for the reporting period in respect of the average balance of outstanding non-performing debts during the period in which the debts were classified as non-performing.

Were the non-performing debts to accrue interest according to the original terms and conditions, interest income in the amount of NIS 370 million would be recorded.
Additional information: the total recorded average debt balance of non-performing debts in the three months ended June 30, 2024 is NIS 3,065 million.

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

B. Loans to the public (cont.)

2.A. Additional information on non-performing debts[(a)] (cont.)

	December 31, 2024 (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	290	77	149	439	1,044	6
Commercial - Other	581	356	130	711	2,556	2
Commercial - total	871	433	279	1,150	3,600	8
Private individuals - housing loans	677	109	-	677	677	-
Private individuals - other	204	134	-	204	573	-
Total loans to the public - activity in Israel	1,752	676	279	2,031	4,850	8
Borrower activity outside Israel						
Total loans to the public - foreign operations	147	31	117	264	496	-
Total public[1]	1,899	707	396	2,295	5,346	8
[1]Of which:						
Measured on a specific basis according to the present value of cash flows	1,112	581	371	1,483	3,834	
Measured on a specific basis according to fair value of collateral	110	17	25	135	835	
Measured on a collective basis	677	109	-	677	677	

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 163 million would have been recorded.

Additional information: the total recorded average outstanding debt of non-performing debts in the year ended December 31, 2024 is NIS 2,809 million.

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

A. Loans to the public (cont.)

2.B. Information regarding debts of borrowers with financial difficulties who underwent a change in terms and conditions

1. The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions

	As at June 30, 2025 (unaudited)				
	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	306	266	3	256	831
Private individuals - housing loans	100	21	-	35	156
Private individuals - other	156	149	7	238	550
Total loans to the public - activity in Israel	562	436	10	529	1,537
Total loans to the public - foreign operations	51	128	-	616	795
Total loans to the public	613	564	10	1,145	2,332

	At June 30, 2024 (unaudited)				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Income Interest rate	In arrears of 30 days or more	Non-delinquent	Total
	In NIS million				
Borrower activity in Israel					
Commercial	495	285	-	227	1,007
Private individuals - housing loans	102	17	-	36	155
Private individuals - other	205	175	1	187	568
Total loans to the public - activity in Israel	802	477	1	450	1,730
Total loans to the public - foreign operations	119	134	-	155	408
Total - public	921	611	1	605	2,138

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.)

	As at December 31, 2024 (audited)				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing (a) Income Interest rate	In arrears of 30 days or more	Non-delinquent	Total
	In NIS million				
Borrower activity in Israel					
Commercial	390	142	1	320	853
Private individuals - housing loans	108	23	-	36	167
Private individuals - other	173	154	3	237	567
Total loans to the public - activity in Israel	671	319	4	593	1,587
Total loans to the public - foreign operations	171	-	-	619	790
Total - public	842	319	4	1,212	2.377

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 three months ended June 30, 2025 (unaudited)				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Income Interest rate	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	108	4	-	112	1
Private individuals - housing loans	6	-	-	6	4
Private individuals - other	75	7	4	86	2
Total loans to the public - activity in Israel	189	11	4	204	7
Total - public	189	11	4	204	7

	For three months ended June 30, 2024 (unaudited)				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Income Interest rate	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	25	6	1	32	10
Private individuals - housing loans	10	-	-	10	-
Private individuals - other	52	-	-	52	18
Total loans to the public - activity in Israel	87	6	1	94	28
Total loans to the public - foreign operations	-	134	-	134	-
Total - public	87	140	1	228	28

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 six months ended June 30, 2025 (unaudited)				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Income Interest rate	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	185	22	-	207	8
Private individuals - housing loans	14	-	-	14	4
Private individuals - other	138	9	4	151	12
Total loans to the public - activity in Israel	337	31	4	372	24
Total loans to the public - foreign operations	7	-	-	7	-
Total - public	344	31	4	379	24

	For the six months ended June 30, 2024 (unaudited)				
	Recorded outstanding debt				
	Troubled		Non-troubled		
	Non-performing	performing[(a)] Income Interest rate	Non-delinquent	Total	Charge-offs
	In NIS million				
Borrower activity in Israel					
Commercial	191	14	1	206	13
Private individuals - housing loans	31	-	-	31	2
Private individuals - other	173	2	1	176	20
Total loans to the public - activity in Israel	395	16	2	413	35
Total loans to the public - foreign operations	-	134	-	134	-
Total - public	395	150	2	547	35

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 three months ended June 30, 2025 (unaudited)							
	Total		Type of change					
	Recorded outstanding debt	Percent of total	Waiver of interest	Period extension	Deferral of payments	Waiver of interest and period extension	Waiver 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	112	0.04	4	16	-	92	-	-
Private individuals - housing loans	6	-	-	2	4	-	-	-
Private individuals - other	86	0.03	8	41	-	34	1	2
Total loans to the public - Activity in Israel	204	0.04	12	59	4	126	1	2
Total - public	204	0.04	12	59	4	126	1	2

	Debts of borrowers with financial difficulties who underwent a change in terms and conditions							
	For three months ended June 30, 2024 (unaudited)							
	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
	millions NIS	In %	millions NIS					
Borrower activity in Israel								
Commercial	32	0.01	1	8	1	19	2	1
Private individuals - housing loans	10	0.01	-	4	6	-	-	-
Private individuals - other	52	0.17	2	39	-	6	2	3
Total loans to the public - Activity in Israel	94	0.02	3	51	7	25	4	4
Total loans to the public - Foreign operations	134	0.47	-	134	-	-	-	-
Total - public	228	0.05	3	185	7	25	4	4

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 underwent a change in terms and conditions							
	For the six months ended June 30, 2025 (unaudited)							
	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	207	0.07	45	44	–	118	–	–
Private individuals – housing loans	14	0.01	–	6	8	–	–	–
Private individuals – other	151	0.50	13	72	–	63	1	2
Total loans to the public – Activity in Israel	372	0.08	58	122	8	181	1	2
Total loans to the public – Foreign operations	7	0.02	–	7	–	–	–	–
Total – public	379	0.08	58	129	8	181	1	2

	Debts of borrowers with financial difficulties who underwent a change in terms and conditions							
	For the six months ended June 30, 2024 (unaudited)							
	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
	millions NIS	In %	millions NIS					
Borrower activity in Israel								
Commercial	206	0.08	70	28	1	104	2	1
Private individuals – housing loans	31	0.02	–	6	25	–	–	–
Private individuals – other	176	0.59	10	91	–	70	2	3
Total loans to the public – Activity in Israel	413	0.10	80	125	26	174	4	4
Total loans to the public – Foreign operations	134	0.47	–	134	–	–	–	–
Total – public	547	0.12	80	259	26	174	4	4

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 three months ended June 30, 2025 (unaudited)			
	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	4.80	41	–
Private individuals – housing loans	–	–	110	7
Private individuals – other	9	5.07	41	3
Total loans to the public – activity in Israel	16	4.91	43	5
Total – public	16	4.91	43	5

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	For three months ended June 30, 2024 (unaudited)			
	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	5	3.18	43	3
Private individuals – housing loans	–	–	36	12
Private individuals – other	6	4.04	45	3
Total loans to the public – activity in Israel	11	3.50	44	4
Total loans to the public – foreign operations	–	–	5	–
Total – public	11	3.50	19	4

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 six months ended June 30, 2025 (unaudited)			
	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	24	4.00	43	-
Private individuals - housing loans	-	-	78	9
Private individuals - other	28	5.38	42	3
Total loans to the public - activity in Israel	52	4.61	46	8
Total loans to the public - foreign operations	-	-	8	-
Total - public	52	4.61	45	8

	Financial effects of a change in terms and conditions for debts of borrowers with financial difficulties			
	For the six months ended June 30, 2024 (unaudited)			
	Type of change			
	Waiver of principal	Average waiver of interest	Average period extension	Average deferral of payments
	In NIS million	In %	Months	Months
Borrower activity in Israel				
Commercial	12	4.04	40	3
Private individuals - housing loans	-	-	74	12
Private individuals - other	16	3.90	44	3
Total loans to the public - activity in Israel	28	3.98	44	11
Total loans to the public - foreign operations	-	-	5	-
Total - public	28	3.98	23	11

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				
	For three months ended June 30, 2025 (Unaudited)				
	Total	Type of change			
	Recorded outstanding debt	Waiver of interest	Extension of the period for	deferral of payments	Waiver of interest and period extension
	In NIS million				
Borrower activity in Israel					
Commercial	**13**	**-**	**3**	**-**	**10**
Private individuals - housing loans	**2**	**-**	**2**	**-**	**-**
Private individuals - other	**11**	**1**	**4**	**-**	**6**
Total loans to the public - activity in Israel	**26**	**1**	**9**	**-**	**16**
Total - public	**26**	**1**	**9**	**-**	**16**

	Debts of borrowers with financial difficulties who defaulted in the reporting year following a change in terms and conditions			
	For three months ended June 30, 2024 (Unaudited)			
	Total	Type of change		
	Recorded outstanding debt	Extension of the period for	deferral of payments	Waiver of interest and period extension
	In NIS million			
Borrower activity in Israel				
Commercial	9	2	-	7
Private individuals - housing loans	6	3	3	-
Private individuals - other	12	4	-	8
Total loans to the public - activity in Israel	27	9	3	15
Total - public	27	9	3	15

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				
	For the six months ended June 30, 2025 (unaudited)				
	Total	Type of change			
	Recorded outstanding debt	Waiver of interest	Extension of the period for	deferral of payments	Waiver of interest and period extension
	In NIS million				
Borrower activity in Israel					
Commercial	18	2	4	–	12
Private individuals – housing loans	5	–	4	1	–
Private individuals – other	15	1	6	–	8
Total loans to the public – activity in Israel	38	3	14	1	20
Total – public	38	3	14	1	20

	Debts of borrowers with financial difficulties who defaulted in the reporting year following a change in terms and conditions			
	For the six months ended June 30, 2024 (unaudited)			
	Total	Type of change		
	Recorded outstanding debt	Extension of the period for	deferral of payments	Waiver of interest and period extension
	In NIS million			
Borrower activity in Israel				
Commercial	15	3	–	12
Private individuals – housing loans	13	10	3	–
Private individuals – other	24	10	–	14
Total loans to the public – activity in Israel	52	23	3	26
Total – public	52	23	3	26

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

B. Loans to the public (cont.)

2.C. Additional information on non-performing delinquent credit

	June 30, 2025 (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	**909**	**57**	**96**	**140**	**1**	**3**	**2**	**1,208**
Housing loans	**74**	**321**	**187**	**116**	**14**	**4**	**6**	**722**
Private individuals – other	**179**	**–**	**–**	**–**	**–**	**–**	**–**	**179**
Total	**1,162**	**378**	**283**	**256**	**15**	**7**	**8**	**2,109**

	June 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	1,007	73	461	127	1	–	–	1,669
Housing loans	59	212	152	118	14	6	5	566
Private individuals – other	241	–	–	–	–	–	–	241
Total	1,307	285	613	245	15	6	5	2,476

	December 31, 2024 (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	1,067	66	122	149	4	3	2	1,413
Housing loans	70	330	138	117	12	5	6	678
Private individuals – other	204	–	–	–	–	–	–	204
Total	1,341	396	260	266	16	8	8	2,295

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

B. Loans to the public (cont.)

3. Additional information on housing loans

Outstanding end of period loan-to-value (LTV),[(a)] type of repayment and interest

		June 30, 2025 (unaudited)			
		Outstanding housing loans			Credit risk Off-balance-sheet
		Total[1]	[1]Of which: bullet balloon	[1]Of which: Interest rate Variable	Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	**88,625**	**5,348**	**52,171**	**2,728**
	Over 60%	**60,530**	**2,112**	**37,129**	**3,237**
Secondary pledge or unpledged		**1**	**-**	**1**	**-**
Total		**149,156**	**7,460**	**89,301**	**5,965**

		June 30, 2024 (unaudited)			
		Outstanding housing loans			Credit risk Off-balance-sheet
		Total[1]	[1]Of which: bullet balloon	[1]Of which: Interest rate Variable	Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	81,926	3,595	49,050	2,787
	Over 60%	54,637	1,107	33,809	2,646
Secondary pledge or unpledged		3	-	3	-
Total		136,566	4,702	82,862	5,433

		December 31, 2024 (audited)			
		Outstanding housing loans			Credit risk Off-balance-sheet
		Total[1]	[1]Of which: bullet balloon	[1]Of which: Interest rate Variable	Total
		In NIS million			
First pledge: LTV ratio	Up to 60%	86,172	5,088	50,831	2,678
	Over 60%	58,458	1,911	35,890	2,935
Secondary pledge or unpledged		3	-	3	-
Total		144,633	6,999	86,724	5,613

a) The ratio between the approved credit facility on the date granted and the value of the asset, as approved by the Bank when granting the credit facility.
The LTV ratio provides an additional indication of the Bank's risk assessment of a customer on granting a credit facility.

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

C. Off-balance-sheet financial instruments

	June 30				December 31	
	2025		2024		2024	
	Contract balances[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	**1,160**	**1**	1,353	2	1,177	1
Loan guarantees	**8,318**	**95**	8,232	86	8,614	96
Guarantees for apartment buyers	**44,348**	**23**	37,618	18	42,749	21
Guarantees and other commitments[b]	**31,915**	**101**	27,987	87	30,063	107
Unutilized credit card credit facilities	**15,993**	**102**	14,137	28	14,457	33
Unutilized current loan account facilities and other credit facilities in demand accounts	**14,650**	**44**	14,227	51	14,717	58
Irrevocable loan commitments approved and not yet given	**65,932**	**491**	57,096	383	60,052	438
Commitments to issue guarantees	**44,686**	**104**	38,991	89	40,280	88
Unutilized credit facilities for derivatives activity	**3,220**	**-**	2,994	-	2,690	-
Approval in principle to maintain interest rate[c]	**7,295**	**-**	7,791	-	6,613	-

a) The balance of the contracts or their par value as at the end of the period, before the effect of the loan loss provision.
b) Including the Bank's liabilities for its share in the risk reserve of the TASE Clearing House in the amount of NIS 334 million (at June 30, 2024, NIS 269 million). and on December 31, 2024 in the amount of NIS 293 million).
c) Liabilities to extend credit to customers in the framework of "Authorization in principle and preserving the interest rate" to Proper Conduct of Banking Business Directive No. 451, "Procedures for Extending Housing Loans".

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

D. Guarantees by repayment date

	June 30, 2025 (unaudited)				
	Up to one year	Year To three Years	three To Five Years	Over Five Years	Total
	In NIS million				
Loan guarantees	**5,638**	**1,592**	**274**	**814**	**8,318**
Guarantees for apartment buyers	**–**	**44,348**	**–**	**–**	**44,348**
Guarantees and other commitments	**16,835**	**6,207**	**1,654**	**7,219**	**31,915**
Total guarantees	**22,473**	**52,147**	**1,928**	**8,033**	**84,581**

	June 30, 2024 (unaudited)				
	Up to one year	Year To three Years	three To Five Years	Over Five Years	Total
	In NIS million				
Loan guarantees	6,137	1,091	357	647	8,232
Guarantees for apartment buyers	–	37,618	–	–	37,618
Guarantees and other commitments	15,259	6,522	1,221	4,985	27,987
Total guarantees	21,396	45,231	1,578	5,632	73,837

	December 31, 2024 (audited)				
	Up to one year	Year To three Years	three To Five Years	Over Five Years	Total
	In NIS million				
Loan guarantees	6,161	1,421	355	677	8,614
Guarantees for apartment buyers	–	42,749	–	–	42,749
Guarantees and other commitments	15,745	6,267	1,396	6,655	30,063
Total guarantees	21,906	50,437	1,751	7,332	81,426

The following collateral information reflects collaterals the Bank has received specifically against guarantees: The balance of cash available to the Bank to cover for losses realized under these guarantees and indemnities totaled approx. NIS 338 million (as of June 30, 2024 – NIS 296 million, as of December 31, 2024 – NIS 250 million). In addition, securities and other marketable assets held as collateral, totaled NIS 21 million (as of June 30, 2024 – NIS 11 million, December 31, 2024 – NIS 12 million).

Note 14 - Assets and Liabilities by Linkage Basis

	June 30, 2025 (unaudited)						
	NIS		Foreign currency[a]				
	Non-linked	Linked to the Consumer Price Index	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	123,236	-	16,250	545	3,571	3,461	147,063
Securities	50,972	13,205	61,756	6,524	3,266	6,926	142,649
Securities borrowed or purchased under reverse repurchase agreement	1,189	-	6,393	1	-	-	7,583
Loans to the public, net[c]	361,927	66,384	36,863	8,206	13,058	2,789	489,227
Loans to governments	961	-	340	1,127	-	-	2,428
Investments in associates	-	-	-	-	-	3,491	3,491
Buildings and equipment	-	-	-	-	-	2,941	2,941
Assets in respect of derivatives	15,632	267	3,805	2,726	534	18,608	41,572
Other assets	6,039	17	39	24	90	1,170	7,379
Total assets	559,956	79,873	125,446	19,153	20,519	39,386	844,333
Liabilities							
Deposits by the public	464,181	14,620	140,179	12,499	4,481	6,293	642,253
Deposits by banks	6,058	-	12,927	3,521	367	-	22,873
Deposits by governments	38	-	79	8	-	-	125
Securities loaned or sold under reverse repurchase agreement	2,381	-	13,827	-	-	-	16,208
Bonds, promissory notes and deferred liability letters[a] Subordinated notes	10,484	24,100	5,931	-	-	-	40,515
Liabilities for derivatives	16,195	206	2,883	3,357	898	18,488	42,027
Other liabilities	5,756	8,079	63	60	151	683	14,792
Total liabilities	505,093	47,005	175,889	19,445	5,897	25,464	778,793
Difference[d]	54,863	32,868	(50,443)	(292)	14,622	13,922	65,540
Effect of hedging derivatives:							
Derivatives (excluding options)	624	(624)	-	-	-	-	-
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(29,112)	(2,401)	45,881	(667)	(14,562)	861	-
In the money options, net (according to underlying asset)	(77)	-	(115)	201	(9)	-	-
Out of the money options, net (according to underlying asset)	(185)	-	56	130	(1)	-	-
Grand total	26,113	29,843	(4,621)	(628)	50	14,783	65,540
In the money options, net (discounted nominal value)	258	-	(551)	295	(2)	-	-
Out of the money options, net (discounted nominal value)	1,992	-	(2,361)	289	80	-	-

a) Including those linked to foreign currency.
b) Including derivatives whose underlying asset relates to a non-monetary item.
c) After deducting provisions for loan losses attributed to a linkage basis, according to the credit linkage due to which it had been established, in the amount of NIS 6,813 million.
d) Shareholders' equity includes non-controlling interests.

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

	June 30, 2024 (unaudited)						
	NIS		Foreign currency[a]				
	Non-linked	Linked to the Consumer Price Index	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	116,591	–	5,774	877	3,073	1,963	128,278
Securities	48,669	4,006	59,796	7,214	3,307	5,581	128,573
Securities borrowed or purchased under reverse repurchase agreement	593	–	944	1	–	–	1,538
Loans to the public, net[c]	323,673	64,230	23,814	6,267	11,208	4,607	433,799
Loans to governments	547	–	387	984	–	–	1,918
Investments in associates	–	–	–	–	–	3,358	3,358
Buildings and equipment	–	–	–	–	–	2,688	2,688
Assets in respect of derivatives	4,852	345	9,885	296	271	11,030	26,679
Other assets	6,022	1	31	10	78	1,066	7,208
Total assets	500,947	68,582	100,631	15,649	17,937	30,293	734,039
Liabilities							
Deposits by the public	419,106	10,315	127,299	12,671	5,204	6,592	581,187
Deposits by banks	9,679	–	5,107	3,162	231	–	18,179
Deposits by governments	33	–	63	13	–	–	109
Securities loaned or sold under reverse repurchase agreement	414	–	8,219	–	–	–	8,633
Bonds, promissory notes and deferred liability letters[a] Subordinated notes	4,707	18,169	6,493	–	–	–	29,369
Liabilities for derivatives	5,296	317	7,224	131	138	11,050	24,156
Other liabilities	5,304	7,753	121	45	173	570	13,966
Total liabilities	444,539	36,554	154,526	16,022	5,746	18,212	675,599
Difference[d]	56,408	32,028	(53,895)	(373)	12,191	12,081	58,440
Effect of hedging derivatives:							
Derivatives (excluding options)	755	(755)	–	–	–	–	–
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(30,982)	(4,399)	45,933	(310)	(12,078)	1,836	–
In the money options, net (according to underlying asset)	(454)	–	467	71	(84)	–	–
Out of the money options, net (according to underlying asset)	(693)	–	653	16	24	–	–
Grand total	25,034	26,874	(6,842)	(596)	53	13,917	58,440
In the money options, net (discounted nominal value)	(442)	–	459	100	(117)	–	–
Out of the money options, net (discounted nominal value)	(2,193)	–	2,000	(27)	220	–	–

a) Including those linked to foreign currency.
b) Including derivatives whose underlying asset relates to a non-monetary item.
c) After deducting loan loss provisions attributed to a linkage basis, according to the linkage of the underlying credit, in the amount of NIS 6,681 million.
d) Shareholders' equity includes non-controlling interests.

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

	December 31, 2024 (audited)						
	NIS		Foreign currency[a]				
	Non-linked	Linked to the Consumer Price Index	In USD	In EUR	Other	Non-monetary items[b]	Total
	In NIS million						
Assets							
Cash and deposits with banks	140,163	–	9,661	856	1,964	3,184	155,828
Securities	46,481	4,607	58,560	5,831	1,433	7,189	124,101
Securities borrowed or purchased under reverse repurchase agreement	1,510	–	3,170	1	3	–	4,684
Loans to the public, net[c]	337,629	66,050	32,530	6,385	10,998	1,927	455,519
Loans to governments	650	–	294	1,565	–	–	2,509
Investments in associates	–	–	–	–	–	3,580	3,580
Buildings and equipment	–	–	–	–	–	2,822	2,822
Assets in respect of derivatives	6,880	321	9,065	146	141	12,640	29,193
Other assets	6,205	1	43	32	71	963	7,315
Total assets	539,518	70,979	113,323	14,816	14,610	32,305	785,551
Liabilities							
Deposits by the public	452,040	11,685	131,669	12,841	4,927	5,139	618,301
Deposits by banks	8,750	–	5,900	3,027	362	4	18,043
Deposits by governments	44	–	120	8	–	–	172
Securities loaned or sold under reverse repurchase agreement	1,089	–	10,597	–	–	–	11,686
Bonds, promissory notes and deferred liability letters[a] Subordinated notes	5,008	20,612	6,349	–	–	–	31,969
Liabilities for derivatives	8,104	279	6,617	117	77	12,558	27,752
Other liabilities	6,746	8,254	124	30	138	673	15,965
Total liabilities	481,781	40,830	161,376	16,023	5,504	18,374	723,888
Difference[d]	57,737	30,149	(48,053)	(1,207)	9,106	13,931	61,663
Effect of hedging derivatives:							
Derivatives (excluding options)	611	(611)	–	–	–	–	–
Effect of non-hedging derivatives:							
Derivatives (excluding options)	(30,150)	(3,518)	41,962	267	(9,083)	522	–
In the money options, net (according to underlying asset)	(781)	–	730	113	(62)	–	–
Out of the money options, net (according to underlying asset)	(308)	–	157	122	29	–	–
Grand total	27,109	26,020	(5,204)	(705)	(10)	14,453	61,663
In the money options, net (discounted nominal value)	(1,079)	–	1,062	118	(101)	–	–
Out of the money options, net (discounted nominal value)	(1,853)	–	1,310	501	42	–	–

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 6,887 million.
d) Shareholders' equity includes non-controlling interests.

Note 15 - Cashflows According to the Contractual Maturity Date[(a)]

	June 30, 2025		
	Cash flows according to the contractual maturity date		
	Upon demand and until	More than one day and up to a week	More than a week up to one month
	In NIS million		
Cash, deposits and tradable bonds[(f)]			
Cash and deposits with banks	71,829	65,249	5,678
Tradable government bonds	378	956	978
Other tradable bonds	42	8	423
Total cash, deposits and tradable bonds	72,249	66,213	7,079
Other monetary assets			
Loans to the public[(b)]	33,321	19,233	58,066
Other monetary assets excluding derivatives	4,846	2,908	462
Total monetary assets, excluding derivatives	110,416	88,354	65,607
Monetary liabilities			
Deposits by the public[(G)]	320,578	50,652	49,107
Of which: households and small and micro businesses	124,033	16,658	25,743
Deposits by banks	17,171	114	65
Securities loaned or sold under repurchase agreements	3,064	30	2,568
Bonds and deferred promissory notes	-	-	169
Other monetary liabilities excluding derivatives	330	322	1,479
Total monetary liabilities excluding derivatives	341,143	51,118	53,388
Derivative instruments, Off-balance sheet items employees' rights			
The impact of derivatives	169	86	(537)
Undertakings to extend credit	(120)	(1,532)	(6,646)
Employee Benefits	-	-	8
The impact of derivative instruments, off-balance sheet items and employees' rights	49	(1,446)	(7,175)
Total cash flows, net (including shekels and foreign currency)[(h)]	(230,678)	35,790	5,044
Of which in foreign currency:[(c)]			
Total cash, deposits and tradable bonds in foreign currency	18,444	50	2,691
Total other monetary assets, excluding derivatives in foreign currency	25,768	3,878	4,360
Total monetary liabilities excluding derivatives in foreign currency	105,710	6,709	16,697
The impact of derivative instruments, off-balance sheet items and employees' rights in foreign currency	206	63	6,759
Total cash flows in foreign currency	(61,292)	(2,718)	(2,887)

	December 31, 2024		
	Cash flows according to the contractual maturity date		
	Upon demand And until	More than one day and up to a week	More than a week up to one month
	In NIS million		
Cash, deposits and tradable bonds(F)	92,992	54,262	5,585
Other financial assets excluding derivatives	21,044	21,821	56,314
Deposits by the public(G)	312,699	59,843	50,167
Other financial liabilities excluding derivatives and deposits by the public	11,940	2,769	2,531
The impact of derivative instruments, off-balance sheet items and employees' rights	(392)	(1,767)	(14,884)
Total cash flows, net (including shekels and foreign currency)(h)	(210,995)	11,704	(5,683)
Of which: cash flows in foreign currency(c)	(58,045)	(745)	9,224

Please see comments on page 226.

Over one month and up three months	Over three months and up to one year	More than 12 months and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Book balance[d] Without repayment date	Total	Effective rate of return[e]
							In %
39	192	340	233	319		143,602	1.76
6,980	17,012	28,393	22,814	41,899		102,165	3.67
367	4,765	6,406	6,519	29,428		33,558	4.71
7,386	21,969	35,139	29,566	71,646		279,325	4.01
46,639	65,969	94,382	53,438	204,674	25,332	486,438	5.15
638	916	706	417	2,835	3,101	16,220	1.64
54,663	88,854	130,227	83,421	279,155	28,433	781,983	4.80
102,466	95,759	8,445	2,530	13,835		635,960	3.05
43,247	65,002	6,359	1,908	1,751		281,907	3.01
224	1,450	2,179	196	2,568		22,873	4.56
6,837	3,830	–	–	–		16,208	3.74
1,983	10,051	12,792	12,647	6,250		40,515	2.68
244	1,105	2,633	663	222	70	7,067	0.02
111,754	112,195	26,049	16,036	22,875	70	722,623	2.94
328	(1,159)	390	252	1,125	–	(455)	
(6,336)	(52,046)	(18,890)	(6,304)	(4,063)		(95,938)	
17	(580)	(1,172)	(364)	(16,328)		(7,167)	
(5,991)	(53,785)	(19,672)	(6,416)	(19,266)	–	(103,560)	
(63,082)	(77,126)	84,506	60,969	237,014	28,363	(44,200)	
5,902	12,381	19,628	11,079	42,514		91,869	4.45
4,823	9,153	12,568	4,304	1,010	3,975	66,145	6.81
25,365	33,930	3,313	2,037	2,627	–	193,906	3.84
(3,700)	14,300	(924)	1,389	268	–	16,518	
(18,340)	1,904	27,959	14,735	41,165	3,975	(19,374)	

Over one month and up three months	Over three months and up to one year	More than 12 months and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Book balance[d] Without repayment date	Total	Effective rate of return[e]
							In %
3,514	14,130	37,584	19,959	74,382		269,556	4.07
41,978	63,182	93,256	55,657	205,296	23,554	467,137	5.19
80,653	92,668	12,163	2,870	8,693	–	613,162	3.21
10,267	8,001	20,118[i]	9,894	7,470	631[i]	69,751	2.94
(6,134)	(37,995)	(20,951)	(5,164)	(17,903)	–	(94,663)	
(51,562)	(61,352)	77,608	57,688	245,612	22,923	(40,883)	
(25,395)	(6,185)	24,432	14,758	45,529	3,053	(17,181)	

Note 15 - Cashflows According to the Contractual Maturity Date[(a)] (cont.)

Comments:

a) This note presents the expected contractual future cash flows in respect of the assets and liabilities sections according to the remaining periods until the contractual maturity date. The provision for credit losses is deducted from the relevant cash flows.

b) The future cash flows of loans to the public are presented according to the contractual maturity date of the loans. Credit in checking accounts or revolving credit accounts of the "ON CALL" type and credit in arrears of 30 days or more are presented in the column "with no maturity date".

c) Excluding foreign-currency linked NIS.

d) As included in Note 14 "Assets and Liabilities by Linkage Basis", including off-balance sheet amounts in respect of derivatives that are not settled on a net basis.

e) The rate of effective return is the interest rate used to discount the projected contractual cash flows due to a monetary item to its book balance.

f) The fair value of cash, deposits and tradable bonds that are not pledged as at June 30, 2025 stands at NIS 260,769 million (as at December 31, 2024 - NIS 250,198 million).

g) The future cash flows of the deposits are presented according to the earliest possible date pursuant to the contract. Deposits made for immediate withdrawal are presented on the "upon demand and up to a day" column

h) This difference does not necessarily reflect exposure to interest and/or linkage basis.

i) Reclassified.

Note 16A - Financial Instruments - Balances and Fair Value Measurement

	June 30, 2025 (unaudited)				
	Balance sheet carrying	Fair value			
		(Level 1)	(Level 2)	(Level 3)	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	147,063	127,922	18,180	825	146,927
Securities[b]	142,649	88,222	43,587	9,983	141,792
Securities borrowed or purchased under reverse repurchase agreements	7,583	7,583	–	–	7,583
Loans to the public, net	489,227	33,431	161	453,440	487,032
Loans to governments	2,428	–	880	1,529	2,409
Assets in respect of derivatives	41,572	6,122	28,551	6,899	41,572
Other financial assets	443	40	–	403	443
Total financial assets	830,965[c]	263,320	91,359	473,079	827,758
Financial liabilities					
Deposits by the public	642,253	35,294	308,719	296,558	640,571
Deposits by banks	22,873	8,201	9,085	5,695	22,981
Deposits by governments	125	–	111	14	125
Securities loaned or sold under repurchase agreements	16,208	16,208	–	–	16,208
Bonds, promissory notes and subordinated notes	40,515	33,403	1	7,344	40,748
Liabilities for derivatives	42,027	6,166	35,759	102	42,027
Other financial liabilities	2,669	50	1,339	1,150	2,539
Total financial liabilities	766,670[c]	99,322	355,014	310,863	765,199
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	473	–	–	473	473
In addition, liabilities in respect of employee benefits, net[d]	7,678	–	–	7,678	7,678

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 further 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 232,294 million and NIS 319,452 million, respectively, as 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 for an original period of up to three months for which the outstanding balance sheet amount is used as an approximation of the fair value). For further information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 16B - 16D.

d) The liability is presented on a net basis and takes into account plan assets managed against it.

Note 16A – Financial Instruments – Balances and Fair Value Measurement (cont.)

	June 30, 2024 (unaudited)				
	Book balance	Fair value			
		(Level 1)	(Level 2)	(Level 3)	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	128,278	118,371	8,667	1,045	128,083
Securities[b]	128,573	70,069	47,872	9,054	126,995
Securities borrowed or purchased under reverse repurchase agreements	1,538	1,538	–	–	1,538
Loans to the public, net	433,799	20,816	–	409,844	430,660
Loans to governments	1,918	–	337	1,459	1,796
Assets in respect of derivatives	26,679	3,146	21,661	1,872	26,679
Other financial assets	234	26	–	208	234
Total financial assets	721,019[c]	213,966	78,537	423,482	715,985
Financial liabilities					
Deposits by the public	581,187	25,183	313,916	240,336	579,435
Deposits by banks	18,179	5,410	4,203	8,527	18,140
Deposits by governments	109	–	61	49	110
Securities loaned or sold under repurchase agreements	8,633	8,633	–	–	8,633
Bonds, promissory notes and subordinated notes	29,369	25,155	–	3,104	28,259
Liabilities for derivatives	24,156	3,292	20,761	103	24,156
Other financial liabilities	2,749	187	1,413	1,148	2,748
Total financial liabilities	664,382[c]	67,860	340,354	253,267	661,481
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	436	–	–	436	436
In addition, liabilities in respect of employee benefits, net[d]	7,464	–	–	7,464	7,464

a) Level 1 – Fair value measurements using quoted prices in an active market.
Level 2 – Fair value measurements using other significant observable inputs.
Level 3 – Fair value measurements using significant unobservable inputs.
b) For further information regarding the book balance and fair value of securities, please see Note 5.
c) Of which: Assets and liabilities in the amount of NIS 194,227 million and NIS 259,012 million, respectively, the outstanding balance-sheet amount of which is equal to their fair value (instruments presented in the balance sheet at fair value) or approximates their fair value (instruments with original maturities of up to three months for which the carrying amount is used as an approximation of the fair value). For further information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 16B – 16D.
d) The liability is presented on a net basis and takes into account plan assets managed against it.

Note 16A - Financial Instruments - Balances and Fair Value Measurement (cont.)

	December 31, 2024 (audited)				
	Balance sheet carrying	Fair value			
		(Level 1)	(Level 2)	(Level 3)	Total
	In NIS million				
Financial assets					
Cash and deposits with banks	155,828	144,754	9,865	1,037	155,656
Securities(b)	124,101	69,879	43,486	9,499	122,864
Securities borrowed or purchased under reverse repurchase agreements	4,684	4,684	–	–	4,684
Loans to the public, net	455,519	23,123	–	430,227	453,350
Loans to governments	2,509	–	984	1,453	2,437
Assets in respect of derivatives	29,193	7,113	18,688	3,392	29,193
Other financial assets	340	49	–	291	340
Total financial assets	772,174(c)	249,602	73,023	445,899	768,524
Financial liabilities					
Deposits by the public	618,301	30,259	324,386	261,905	616,550
Deposits by banks	18,043	3,861	5,847	8,399	18,107
Deposits by governments	172	–	137	35	172
Securities loaned or sold under repurchase agreements	11,686	11,686	–	–	11,686
Bonds, promissory notes and subordinated notes	31,969	26,820	–	4,479	31,299
Liabilities for derivatives	27,752	7,043	20,633	76	27,752
Other financial liabilities	3,132	438	1,555	1,139	3,132
Total financial liabilities	711,055(c)	80,107	352,558	276,033	708,698
Off-balance-sheet financial instruments					
Transactions in which the outstanding balance embodies credit risk	476	–	–	476	476
In addition, liabilities in respect of employee benefits, net(d)	7,913	–	–	7,913	7,913

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 further 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 197,689 million and NIS 267,393 million, respectively, as 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 for an original period of up to three months for which the outstanding balance sheet amount is used as an approximation of the fair value). For further information on instruments measured at fair value on recurring and non-recurring bases, please see Notes 16B - 16D.

d) The liability is presented on a net basis and takes into account plan assets managed against it.

Note 16B – Items Measured at Fair Value

A. Items Measured at Fair Value on a Recurring Basis

	June 30, 2025 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	Observable inputs Other significant (Level 2)	Unobservable inputs significant (Level 3)	Total Fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	43,363	10,509	26	53,898
Foreign governments bonds	20,595	4,525	–	25,120
Bonds of Israeli financial institutions	450	–	–	450
Bonds of foreign financial institutions	–	7,885	–	7,885
Asset-backed bonds (ABS) or Mortgage-backed (MBS)	–	6,095	5,147	11,242
Other Israeli bonds	679	435	–	1,114
Other foreign bonds	–	3,776	–	3,776
Total available-for-sale bonds	65,087	33,225	5,173	103,485
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,514	26	–	2,540
Held-for-trading securities:				
Government of Israel bonds	12,566	–	–	12,566
Bonds of Israeli financial institutions	13	–	–	13
Bonds of foreign financial institutions	–	63	–	63
Asset-backed bonds (ABS) or Mortgage-backed (MBS)	–	296	–	296
Other Israeli bonds	119	–	–	119
Other foreign bonds	–	44	–	44
Equity securities and mutual funds	192	–	–	192
Total held-for-trading securities	12,890	403	–	13,293
Assets in respect of derivatives:				
NIS-CPI contracts	–	88	220	308
Interest rate contracts	396	7,233	–	7,629
Foreign exchange contracts	–	8,852	5,517	14,369
Stock contracts	4,159	12,354	1,160	17,673
Commodity- and other contracts	4	8	2	14
MAOF (Israeli financial instruments and futures) market activity	1,563	16	–	1,579
Total underlying assets for derivatives	6,122	28,551	6,899	41,572
Other:				
Credit and deposits for loaned securities	20,600	–	–	20,600
Securities borrowed or purchased under reverse repurchase agreement	7,583	–	–	7,583
Other	40	–	–	40
Other – total	28,223	–	–	28,223
Total assets	114,836	62,205	12,072	189,113

Note 16B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	June 30, 2025 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	–	129	92	221
Interest rate contracts	466	5,962	–	6,428
Foreign exchange contracts	–	16,251	3	16,254
Stock contracts	4,123	13,407	7	17,537
Commodity- and other contracts	4	10	–	14
MAOF (Israeli financial instruments and futures) market activity	1,573	–	–	1,573
Total liabilities in respect of derivatives	6,166	35,759	102	42,027
Other:				
Deposits for loaned securities	19,147	18	–	19,165
Securities loaned or sold under reverse repurchase agreement	16,208	–	–	16,208
Credit-linked notes (CLN)	–	–	6,643	6,643
Other	54	–	–	54
Other - total	35,409	18	6,643	42,070
Total liabilities	41,575	35,777	6,745	84,097

Note 16B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	June 30, 2024 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	41,307	9,319	26	50,652
Foreign governments bonds	14,703	6,449	–	21,152
Bonds of Israeli financial institutions	164	–	–	164
Bonds of foreign financial institutions	–	8,910	–	8,910
Asset-backed bonds (ABS) or Mortgage-backed (MBS)	–	6,373	5,262	11,635
Other Israeli bonds	638	179	–	817
Other foreign bonds	–	4,707	–	4,707
Total available-for-sale bonds	56,812	35,937	5,288	98,037
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	2,241	–	–	2,241
Held-for-trading securities:				
Government of Israel bonds	5,957	–	–	5,957
Foreign governments bonds	151	–	–	151
Bonds of Israeli financial institutions	288	–	–	288
Bonds of foreign financial institutions	–	249	–	249
Asset-backed bonds (ABS) or Mortgage-backed (MBS)	–	20	1	21
Other Israeli bonds	246	–	–	246
Other foreign bonds	–	375	–	375
Equity securities and mutual funds	3	–	–	3
Total held-for-trading securities	6,645	644	1	7,290
Assets in respect of derivatives:				
NIS-CPI contracts	–	89	263	352
Interest rate contracts	100	9,369	104	9,573
Foreign exchange contracts	–	3,803	1,281	5,084
Stock contracts	2,291	8,379	224	10,894
Commodity- and other contracts	272	21	–	293
MAOF (Israeli financial instruments and futures) market activity	483	–	–	483
Total underlying assets for derivatives	3,146	21,661	1,872	26,679
Other:				
Credit and deposits for loaned securities	14,699	–	–	14,699
Securities borrowed or purchased under reverse repurchase agreement	1,538	–	–	1,538
Other	23	–	–	23
Other - total	16,260	–	–	16,260
Total assets	85,104	58,242	7,161	150,507

Note 16B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	June 30, 2024 (unaudited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	–	243	90	333
Interest rate contracts	122	8,159	–	8,281
Foreign exchange contracts	–	3,837	6	3,843
Stock contracts	2,420	8,501	7	10,928
Commodity- and other contracts	272	21	–	293
MAOF (Israeli financial instruments and futures) market activity	478	–	–	478
Total liabilities in respect of derivatives	3,292	20,761	103	24,156
Other:				
Deposits in respect of loaned securities	13,739	19	–	13,758
Securities loaned or sold under reverse repurchase agreement	8,633	–	–	8,633
Credit-linked notes (CLN)	–	–	2,609	2,609
Other	187	–	–	187
Other - total	22,559	19	2,609	25,187
Total liabilities	25,851	20,780	2,712	49,343

Note 16B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2024 (audited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Assets				
Available-for-sale bonds:				
Government of Israel bonds	37,658	10,043	24	47,725
Foreign governments bonds	14,885	2,670	–	17,555
Bonds of Israeli financial institutions	176	–	–	176
Bonds of foreign financial institutions	–	8,487	–	8,487
Asset-backed bonds (ABS) or Mortgage-backed (MBS)	–	6,542	4,960	11,502
Other Israeli bonds	741	281	–	1,022
Other foreign bonds	–	4,033	–	4,033
Total available-for-sale bonds	53,460	32,056	4,984	90,500
Not held for-trading equity securities and mutual funds:				
Not held for-trading equity securities and mutual funds	3,180	–	–	3,180
Held-for-trading securities:				
Government of Israel bonds	6,825	–	–	6,825
Foreign governments bonds	255	52	–	307
Bonds of Israeli financial institutions	61	–	–	61
Bonds of foreign financial institutions	–	132	–	132
Asset-backed bonds (ABS) or Mortgage-backed (MBS)	–	11	1	12
Other Israeli bonds	137	–	–	137
Other foreign bonds	–	71	–	71
Equity securities and mutual funds	11	–	–	11
Total held-for-trading securities	7,289	266	1	7,556
Assets in respect of derivatives:				
NIS-CPI contracts	–	63	267	330
Interest rate contracts	500	8,286	203	8,989
Foreign exchange contracts	–	4,884	1,637	6,521
Stock contracts	6,042	5,454	1,284	12,780
Commodity- and other contracts	25	1	1	27
MAOF (Israeli financial instruments and futures) market activity	546	–	–	546
Total underlying assets for derivatives	7,113	18,688	3,392	29,193
Other:				
Credit and deposits for loaned securities	15,928	–	–	15,928
Securities borrowed or purchased under reverse repurchase agreement	4,684	–	–	4,684
Other	48	–	–	48
Other - total	20,660	–	–	20,660
Total assets	91,702	51,010	8,377	151,089

Note 16B – Items Measured at Fair Value (cont.)

A. Items Measured at Fair Value on a Recurring Basis (cont.)

	December 31, 2024 (audited)			
	Fair value measurements using			
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value
	In NIS million			
Liabilities				
Liabilities for derivatives:				
NIS-CPI contracts	–	223	64	287
Interest rate contracts	463	7,475	–	7,938
Foreign exchange contracts	–	6,261	5	6,266
Stock contracts	6,009	6,672	7	12,688
Commodity- and other contracts	25	2	–	27
MAOF (Israeli financial instruments and futures) market activity	546	–	–	546
Total liabilities in respect of derivatives	7,043	20,633	76	27,752
Other:				
Deposits for loaned securities	14,935	21	–	14,956
Securities loaned or sold under reverse repurchase agreement	11,686	–	–	11,686
Credit-linked notes (CLN)	–	–	3,962	3,962
Other	438	–	–	438
Other - total	27,059	21	3,962	31,042
Total liabilities	34,102	20,654	4,038	58,794

Note 16B – Items Measured at Fair Value (cont.)

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

	June 30, 2025 (unaudited)				
	Fair value measurements using				
	prices quoted in an active market (Level 1)	Observable inputs Other significant (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value	Total Profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	–	–	159	159	36
Total	–	–	159	159	36

	June 30, 2024 (unaudited)				
	Fair value measurements using				
	Prices quoted in an active market (Level 1)	In other significant observable inputs (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value	Total Profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	–	–	368	368	89
Total	–	–	368	368	89

	December 31, 2024 (audited)				
	Fair value measurements using				
	prices quoted in an active market (Level 1)	Observable inputs Other significant (Level 2)	Unobservable inputs In significant unobservable inputs (Level 3)	Total Fair value	Total Profit (loss) for changes in value for the period
	In NIS million				
Collateral-dependent non-performing credit	–	–	135	135	5
Total	–	–	135	135	5

Note 16C - Changes to Items Measured at Fair Value on a Recurring Basis Included in Level 3

	For three months ended June 30, 2025 (unaudited)										
	Fair value as at the beginning of the period	Profits (losses), net Realized/unrealized and included: In the income statement[a]	In income Total Other[b]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[c]	Transfers from level 3[c]	Fair value as at June 30, 2025	Gains (Losses) not yet Realized in respect of Instruments held at June 30, 2025
	In NIS million										
Assets											
Available-for-sale bonds:											
Government of Israel	–	–	–	–	–	–	–	26	–	26	1
MBS/ABS	4,549	(486)	(6)	247	–	(397)	–	1,039	201	5,147	(5)
Total available-for-sale bonds	4,549	(486)	(6)	247	–	(397)	–	1,065	201	5,173	(4)
Held-for-trading bonds:											
Assets in respect of derivatives:											
NIS-CPI contracts	242	(23)	–	–	–	–	–	1	–	220	(13)
Interest rate contracts	–	61	–	3	–	(64)	–	–	–	–	–
Foreign exchange contracts	1,972	3,355	–	190	–	–	–	–	–	5,517	4,807
Stock contracts	23	1,136	–	1	–	–	–	–	–	1,160	1,138
Commodity- and other contracts	–	2	–	–	–	–	–	–	–	2	2
Total underlying assets for derivatives	2,237	4,531	–	194	–	(64)	–	1	–	6,899	5,934
Total assets	6,786	4,045	(6)	441	–	(461)	–	1,066	201	12,072	5,930
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	66	(14)	–	–	–	–	–	40	–	92	42
Foreign exchange contracts	5	(2)	–	–	–	–	–	–	–	3	(2)
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	78	(16)	–	–	–	–	–	40	–	102	40
Other - total	4,396	35	5	2,280	–	(73)	–	–	–	6,643	40
Total liabilities	4,474	19	5	2,280	–	(73)	–	40	–	6,745	80

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.
b) Unrealized gains included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive gain (loss) in respect of available-for-sale bonds as of June 30, 2025, amounted to NIS (4) 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 16C - Changes to Items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For three months ended June 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 income Total Other[b]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to Level 3[c]	Transfers from Level 3[c]	Fair value at June 30, 2024	Gains (Losses) not yet Realized in respect of Instruments held at June 30, 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	–	–	–	–	–	–	–	–	26	–
MBS/ABS	4,996	64	(6)	417	–	(269)	–	–	60	5,262	(5)
Total available-for-sale bonds	5,022	64	(6)	417	–	(269)	–	–	60	5,288	(5)
Held-for-trading bonds:											
MBS/ABS	1	–	–	–	–	–	–	–	–	1	–
Total held-for-trading bonds	1	–	–	–	–	–	–	–	–	1	–
Assets in respect of derivatives:											
NIS-CPI contracts	222	21	–	–	–	–	–	20	–	263	31
Interest rate contracts	119	70	–	–	–	(85)	–	–	–	104	32
Foreign exchange contracts	972	249	–	60	–	–	–	–	–	1,281	725
Stock contracts	257	(33)	–	–	–	–	–	–	–	224	(8)
Total underlying assets for derivatives	1,570	307	–	60	–	(85)	–	20	–	1,872	780
Total assets	6,593	371	(6)	477	–	(354)	–	20	60	7,161	775
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	93	(23)	–	–	–	–	–	20	–	90	25
Foreign exchange contracts	5	1	–	–	–	–	–	–	–	6	–
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	105	(22)	–	–	–	–	–	20	–	103	25
Other - total	374	(2)	(3)	2,298	–	(58)	–	–	–	2,609	(6)
Total liabilities	479	(24)	(3)	2,298	–	(58)	–	20	–	2,712	19

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

b) Unrealized gains included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as of June 30, 2024, amounted to NIS (5) million.

c) Transfers from Level 2 to Level 3 – forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 16C - Changes in Items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For the six months ended June 30, 2025 (unaudited)

	Fair value as at the beginning of the year	Gains (losses), net Realized/unrealized and included: In the income statement[(a)]	In income Total Other[(b)]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to level 3[(c)]	Transfers from Level 3[(c)]	Fair value as at June 30, 2025	Gains (Losses) not yet Realized in respect of Instruments held at June 30, 2025
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	24	-	-	-	-	(24)	-	26	-	26	1
MBS/ABS	4,960	(433)	(4)	541	(67)	(889)	-	1,039	-	5,147	(5)
Total available-for-sale bonds	4,984	(433)	(4)	541	(67)	(913)	-	1,065	-	5,173	(4)
Held-for-trading bonds:											
MBS/ABS	1	-	-	-	(1)	-	-	-	-	-	-
Other - foreign	-	-	-	-	-	-	-	-	-	-	-
Total held-for-trading bonds	1	-	-	-	(1)	-	-	-	-	-	-
Assets in respect of derivatives:											
NIS-CPI contracts	267	(49)	-	-	-	-	-	2	-	220	(1)
Interest rate contracts	203	565	-	-	-	(768)	-	-	-	-	(129)
Foreign exchange contracts	1,637	1,379	-	2,501	-	-	-	-	-	5,517	5,226
Stock contracts	1,284	(125)	-	1	-	-	-	-	-	1,160	430
Commodity- and other contracts	1	1	-	-	-	-	-	-	-	2	2
Total underlying assets for derivatives	3,392	1,771	-	2,502	-	(768)	-	2	-	6,899	5,528
Total assets	8,377	1,338	(4)	3,043	(68)	(1,681)	-	1,067	-	12,072	5,524
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	64	(33)	-	-	-	-	-	61	-	92	37
Foreign exchange contracts	5	(2)	-	-	-	-	-	-	-	3	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	76	(35)	-	-	-	-	-	61	-	102	37
Other - total	3,962	51	11	2,800	-	(181)	-	-	-	6,643	86
Total liabilities	4,038	16	11	2,800	-	(181)	-	61	-	6,745	123

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.

b) Unrealized income (losses) included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive gain (loss) in respect of available-for-sale bonds as of June 30, 2025, amounted to NIS (5) million.

c) Transfers from Level 2 to Level 3 — forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 16C - Changes to Items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

For the six months ended June 30, 2024 (unaudited)

	Fair value as at the beginning of year	Gains (losses), net Realized/unrealized and included: In the income statement[a]	In income Total Other[b]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to level 3[c]	Transfers from Level 3[c]	Fair value at June 30, 2024	Gains (Losses) not yet Realized in respect of Instruments held At June 30, 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	–	–	–	–	–	–	–	–	26	(1)
MBS/ABS	4,889	111	(7)	654	–	(377)	–	–	(8)	5,262	(8)
Total available-for-sale bonds	4,915	111	(7)	654	–	(377)	–	–	(8)	5,288	(9)
Held-for-trading bonds:											
MBS/ABS	5	–	–	–	–	(4)	–	–	–	1	–
Other - foreign	2	–	–	–	(2)	–	–	–	–	–	–
Total held-for-trading bonds	7	–	–	–	(2)	(4)	–	–	–	1	–
Assets in respect of derivatives:											
NIS-CPI contracts	200	21	–	–	–	–	–	42	–	263	67
Interest rate contracts	118	518	–	–	–	(532)	–	–	–	104	24
Foreign exchange contracts	2,363	(3,152)	–	2,070	–	–	–	–	–	1,281	846
Stock contracts	179	45	–	–	–	–	–	–	–	224	117
Total underlying assets for derivatives	2,860	(2,568)	–	2,070	–	(532)	–	42	–	1,872	1,054
Total assets	7,782	(2,457)	(7)	2,724	(2)	(913)	–	42	(8)	7,161	1,045
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	116	(54)	–	–	–	–	–	28	–	90	15
Foreign exchange contracts	6	–	–	–	–	–	–	–	–	6	–
Stock contracts	7	–	–	–	–	–	–	–	–	7	–
Total liabilities in respect of derivatives	129	(54)	–	–	–	–	–	28	–	103	15
Other - total	419	(2)	(3)	2,298	–	(103)	–	–	–	2,609	(5)
Total liabilities	548	(56)	(3)	2,298	–	(103)	–	28	–	2,712	10

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.
b) Unrealized income (losses) included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as of June 30, 2024, amounted to NIS (9) million.
c) Transfers from Level 2 to Level 3 — forward CPI contracts for a period of more than one year were transferred when at the date of the financial statements the term to maturity was less than one year.

Note 16C - Changes to Items Measured at Fair Value on a Recurring Basis Included in Level 3 (cont.)

	For the year ended December 31, 2024 (audited)										
	Fair value as at the beginning of year	Gains (losses), net Realized/unrealized and included: In the income statement[(a)]	In income Total Other[(b)]	Purchases and issuances	Sales	Discharges	Adjustments from translation of financial statements	Transfers to level 3[(c)]	Transfers from Level 3[(c)]	Fair value as at December 31, 2024	Gains (Losses) not yet Realized in respect of Instruments held As of 31 December 2024
	In NIS million										
Assets											
Available-for-sale bonds:											
Israeli Government	26	(1)	(1)	-	-	-	-	-	-	24	(1)
MBS/ABS	4,889	(49)	4	1,061	-	(1,092)	-	147	-	4,960	3
Total available-for-sale bonds	4,915	(50)	3	1,061	-	(1,092)	-	147	-	4,984	2
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	(10)	-	-	-	-	-	77	-	267	140
Interest rate contracts	118	709	-	-	-	(624)	-	-	-	203	143
Foreign exchange contracts	2,363	(2,938)	-	2,212	-	-	-	-	-	1,637	1,351
Stock contracts	179	1,105	-	-	-	-	-	-	-	1,284	1,261
Commodity- and other contracts	-	1	-	-	-	-	-	-	-	1	1
Total underlying assets for derivatives	2,860	(1,133)	-	2,212	-	(624)	-	77	-	3,392	2,896
Total assets	7,782	(1,183)	3	3,273	(2)	(1,720)	-	224	-	8,377	2,898
Liabilities											
Liabilities for derivatives:											
NIS-CPI contracts	116	(115)	-	-	-	-	-	63	-	64	7
Foreign exchange contracts	6	(1)	-	-	-	-	-	-	-	5	-
Stock contracts	7	-	-	-	-	-	-	-	-	7	-
Total liabilities in respect of derivatives	129	(116)	-	-	-	-	-	63	-	76	7
Other - total	419	28	(3)	3,770	-	(252)	-	-	-	3,962	25
Total liabilities	548	(88)	(3)	3,770	-	(252)	-	63	-	4,038	32

a) Net realized gains (losses) reported in the income statement under the noninterest finance income line item.
b) Unrealized income (losses) included in the Statement of Changes in Equity under accumulated other comprehensive income (loss). The balance of unrealized other comprehensive income (loss) in respect of available-for-sale bonds as at December 31, 2024, amounted to NIS 2 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 16D - Quantitative Information on Items Measured at Fair Value and Included in Level 3

Quantitative Information on Fair Value Measurement in Level 3

	June 30, 2025 (unaudited)				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[3]
	In NIS million				
A. Items Measured at Fair Value on a Recurring Basis					
Assets					
Available-for-sale bonds[1]					
Government of Israel bonds	26	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-backed (ABS) or Mortgage-backed (MBS) bonds	5,147	Discounted cash flows	Spread	100-230 bp	165bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	216	Discounted cash flows	Expected inflation	0.29%-1.95%	1.12%
	4	Discounted cash flows	Counterparty risk	0.13%-75%[*]	0.76%
Foreign exchange contracts	6	Discounted cash flows	Expected inflation	0.29%-1.95%	1.12%
Foreign exchange contracts	5,511	Discounted cash flows	Counterparty risk	0.13%-75%[*]	0.76%
Stock contracts	1,160	Discounted cash flows	Counterparty risk	0.13%-75%[*]	0.76%
Commodity contracts	2	Discounted cash flows	Counterparty risk	0.13%-75%[*]	0.76%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	92	Discounted cash flows	Expected inflation	0.29%-1.95%	1.12%
Foreign exchange contracts	3	Discounted cash flows	Expected inflation	0.29%-1.95%	1.12%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.13%-75%	0.76%
Other liabilities	189	Discounted cash flows	Probability of default	3.26%-3.69%	3.43%
			Effective average duration in years	0.16-0.64	0.41
	676	Discounted cash flows	Probability of default	3.21%-4.28%	3.47%
			Effective average duration in years	0.33-1.32	0.98
	577	Discounted cash flows	Probability of default	3.48%-3.77%	3.63%
			Effective average duration in years	3.97	3.97
	150	Discounted cash flows	Probability of default	3.38%-3.50%	3.43%
			Effective average duration in years	0.49	0.49
	231	Discounted cash flows	Probability of default	3.38%-3.55%	3.50%
			Effective average duration in years	1.87	1.87
	555	Discounted cash flows	Probability of default	3.38%-3.50%	3.46%
			Effective average duration in years	0.66	0.66
	1,461	Discounted cash flows	Probability of default	3.43%-3.81%	3.54%
			Effective average duration in years	2.41	2.41
	528	Discounted cash flows	Probability of default	3.38%-3.54%	3.49%
			Effective average duration in years	1.76	1.76
	1,561	Discounted cash flows	Probability of default	3.25%	3.25%
			Effective average duration in years	1.03	1.03
	715	Discounted cash flows	Probability of default	3.31%	3.31%
			Effective average duration in years	1.41	1.41
B. Items Measured at Fair Value on a Non-Recurring Basis					
Non-performing credit for which collection is collateral-dependent	159	Collateral's fair value			

* For a defaulted counterparty.

Please see comments on page 245.

Note 16D - Quantitative Information on Items Measured at Fair Value and Included in Level 3 (cont.)

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

	June 30, 2024 (unaudited)				
	Fair value	Valuation technique	Unobservable inputs	Range	Average[3]
	In NIS million				
A. Items Measured at Fair Value on a Recurring Basis					
Assets					
Available-for-sale bonds[1]					
Government of Israel bonds	26	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-backed (ABS) or Mortgage-backed (MBS) bonds	5,262	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-backed (ABS) or Mortgage-backed (MBS) bonds	1	Discounted cash flows	Spread	200-280 bp	240bp
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	263	Discounted cash flows	Expected inflation	0.19%-2.91%	1.55%
Interest rate contracts	104	Discounted cash flows	Counterparty risk	0.18%-100%[*]	0.76%
Foreign exchange contracts	1,281	Discounted cash flows	Counterparty risk	0.18%-100%[*]	0.76%
Stock contracts	224	Discounted cash flows	Counterparty risk	0.18%-100%[*]	0.76%
Liabilities					
Liabilities for derivatives[2]					
NIS-CPI interest contracts	90	Discounted cash flows	Expected inflation	0.19%-2.91%	1.55%
Foreign exchange contracts	6	Discounted cash flows	Expected inflation	0.19%-2.91%	1.55%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.18%-100%	0.76%
Other liabilities	338	Discounted cash flows	Probability of default	3.67%-4.31%	4.36%
			Effective average duration in years	0.29-0.64	0.482
	773	Discounted cash flows	Probability of default	3.67%-4.98%	4.53%
			Effective average duration in years	0.80-1.73	1,439
	572	Discounted cash flows	Probability of default	3.67%-4.98%	4.65%
			Effective average duration in years	4.51	4.51
	151	Discounted cash flows	Probability of default	3.67%-4.98%	4.35%
			Effective average duration in years	1.39	1.39
	234	Discounted cash flows	Probability of default	3.67%-4.98%	4.63%
			Effective average duration in years	2.63	2.63
	541	Discounted cash flows	Probability of default	3.67%-4.98%	4.37%
			Effective average duration in years	1.59	1.59
B. Items Measured at Fair Value on a Non-Recurring Basis					
Collateral-dependent non-performing credit	368	Collateral's fair value			

* For a defaulted counterparty.

Please see comments on page 245.

Note 16D - Quantitative Information on Items Measured at Fair Value and Included in Level 3 (cont.)

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

	December 31, 2024 (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	24	Discounted cash flows	Spread	205 bp	205 bp
			Probability of default	1.68%	1.68%
			% of loss	25%	25%
Asset-backed (ABS) or Mortgage-backed (MBS) bonds	4,960	Discounted cash flows	Spread	bp 100-230	bp 165
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Held-for-trading securities[1]					
Asset-backed (ABS) or Mortgage-backed (MBS) bonds	1	Discounted cash flows	Spread	bp 100-230	bp 165
			Probability of default	2%-3.8%	2.90%
			Early repayment rate	20%	20%
			% of loss	30%	30%
Assets for derivatives[2]					
NIS-CPI interest contracts	267	Discounted cash flows	Expected inflation	0.13%-2.58%	1.35%
Interest rate contracts	203	Discounted cash flows	Counterparty risk	0.15%-100%(*)	0.72%
Foreign exchange contracts	1,637	Discounted cash flows	Counterparty risk	0.15%-100%(*)	0.72%
Stock contracts	1,284	Discounted cash flows	Counterparty risk	0.15%-100%(*)	0.72%
Commodity contracts	1	Discounted cash flows	Counterparty risk	0.15%-100%(*)	0.72%
Liabilities					
Liabilities due to derivative instruments[2]					
NIS-CPI interest contracts	64	Discounted cash flows	Expected inflation	0.13%-2.58%	1.35%
Foreign exchange contracts	5	Discounted cash flows	Expected inflation	0.13%-2.58%	1.35%
Stock contracts	7	Discounted cash flows	Counterparty risk	0.15%-100%	0.72%
Other liabilities	255	Discounted cash flows	Probability of default	3.22%-3.76%	3.42%
			Effective average duration in years	0.09-0.52	0.25
	722	Discounted cash flows	Probability of default	3.22%-3.76%	3.40%
			Effective average duration in years	0.56-1.53	0.93
	578	Discounted cash flows	Probability of default	3.19%-3.56%	3.38%
			Effective average duration in years	4.28	4.28
	150	Discounted cash flows	Probability of default	3.30%-3.46%	3.39%
			Effective average duration in years	0.95	0.95
	234	Discounted cash flows	Probability of default	3.31%-3.51%	3.43%
			Effective average duration in years	2.27	2.27
	548	Discounted cash flows	Probability of default	3.29%-3.46%	3.40%
			Effective average duration in years	1.13	1.13
	1,475	Discounted cash flows	Probability of default	3.16%-3.54%	3.37%
			Effective average duration in years	3.08	3.08
B. Items Measured at Fair Value on a Non-Recurring Basis					
Non-performing credit for which collection is collateral-dependent	135	Collateral's fair value			

* For a defaulted counterparty.

Please see Notes on page 245.

Note 16D - Quantitative Information on Items Measured at Fair Value and 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.

(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 17 - Miscellaneous Topics and Events after the Balance Sheet Date

A. The "Iron Swords" War and Operation "Am K'Lavie"

During the first half of 2025 the trend of the gradual recovery in the economic activities, which began during 2024, against the background of the geopolitical developments.

Toward the end of the war with Iran and in the following days, an improvement was noted in risks related to the markets' sentiment towards Israel had been recorded, this contrary to the increase in these risks that took place in the first quarter of the year. The shekel strengthened sharply and a decrease in Israel's CDS spread had been recorded (although its level is still high compared to the level prior to the outbreak of the Iron Swords War); the gap in the return on equity over 10 years (the dollar) Israel-US decreased to a relatively significant degree and there were sharp price increases on the local stock exchange.

The leading credit rating companies: Fitch, Moody's, and S&P, left Israel's credit rating unchanged, despite the war against Iran and despite the negative rating outlook. In survey reports published after the war, the rating companies noted that the local market presented economic resilience despite the decline in the security situation. Nevertheless, the rating companies anticipate that the war will lead to a significant increase in the deficit and government debt, and to moderate growth during the course of the year. Moreover, it was noted that the geopolitical risks remain high, *inter alia* in light of the fragile nature of the ceasefire with Iran.

The credit rating agency Moody's left the Bank's rating unchanged, while the rating companies S&P and S&P Maalot announced raising the Bank's rating outlook from negative to stable, and also ratified the Bank's rating.

Following the reporting period, a cabinet decision was made to expand the war in Gaza. Should this decision be implemented, it may have address effects on economic activity, the fiscal deficit, market sentiment toward the State of Israel, and the perceived risk of Israel in financial markets. At this early stage, it is not possible to assess whether and how the cabinet decision will be implemented, nor what its potential implications may be.

The Iron Swords outline - reliefs and assistance to customers following the impacts of the War

On December 3, 2024 the Bank of Israel announced a last extension of the outline for the quarter between January 1, 2025 through March 31, 2025. The Bank had adopted the Iron Sword outline and implemented additional reliefs for its customers, as specified in Note 35.A. to the financial statements as of December 31, 2024.

On April 1, 2025 the Bank of Israel's outline of reliefs and assistance to the banking system's customers took effect, as part of which the banking system will allocate a cumulative sum of NIS 3 billion that would be comprised of NIS 1.5 billion each year, commencing the second quarter of 2025 up to the first quarter of 2027, unless it will be decided on termination of the outline prior to this.

Bank Leumi adopted this outline, and established significant relief baskets for all its customers, and particularly customers who are victims of the War. The outline will be spread over two years and the sums in respect of the reliefs will be transferred to the customers on a quarterly basis. During the outline period, the reliefs will be reviewed every quarter anew, and the Bank may make changes in them.

The reliefs include a voluntary extension of the Iron Swords outline to the second quarter of 2025, as well as: interest will be paid on credit balances in checking accounts to eligible customers; daily deposit via automated deposit; decreasing the interest rate on debit balances in checking accounts to all household customers in respect of the second quarter of 2025 to all household customers with an approved credit line and which as of March 27, 2025 have a debit balance that is part of the credit line the Bank approved; deferral of loan repayments for the period of three months commencing April 1, 2025 through June 30, 2025 to private customers who are eligible according to the Bank's terms; an exemption from credit card fees for one year to those issuing credit cards online during the period commencing April 1, 2025 through June 30, 2025 and in accordance with the Bank's terms; as well as a an exemption for soldiers in active duty from interest on debit balances in checking accounts up to the sum of NIS 10,000 for the third quarter of 2025.

Note 17 - Miscellaneous Topics (cont.)

Operation "Am K'Lavie" - reliefs and assistance to customers following the impacts of the operation

Against the backdrop of the impact of the operation "Am K'Lavie" on the Israeli economy, the Bank of Israel formulated an assistance outline for populations that had directly incurred damages due to combat. The outline was defined for the period between July 1, 2025 and July 31, 2025. The Bank adopted the Am K'Lavie outline set out by the Bank of Israel and includes reliefs to customers who incurred damages during the Operation and who meet the qualifying conditions, and all in accordance with the terms of the outline, including deferral of loan repayments interest free for business customers whose income had been adversely affected, an exemption from interest on a debit balance in checking accounts for business owners who are also soldiers in army reserve, deferral of loan and mortgage repayments for evacuated private customers, or who were hurt following the Operation.

Additionally, the Bank granted its customers reliefs as part of the "reliefs basket" - benefits to soldiers in army reserve, a one-time refund of up to NIS 3,000 to customers who have a mortgage or a loan and receive their salary into a Leumi account, freeze of mortgage repayments free of interest and an exemption from selected fees.

To soldiers in active duty, and subject to eligibility and the outline's terms an exemption will be granted from overdraft interest of up to NIS 10,000 for the third quarter of 2025, as well as exemptions and reliefs in certain fees. Private customers evacuated or affected due to Operation "Am K'Lavie", and subject to eligibility and the terms of the outline, are given the option to take loans at convenient terms Additionally, Leumi credit card holders who stayed abroad until rescued and subject to the Bank's discretion, the credit line in the credit card and bank credit had been increased.

In addition to the relief baskets the Bank established, a new trust plan had been launched for its "Leumi Bonus" customers, as part of which holders of Bank Leumi credit cards and debit cards will be granted benefits and discounts in various domains, pursuant to the terms of the plan.

Donations and bonuses

During the Statements' period, the Bank strengthened businesses in the north through the "National Gratitude Project", as part of which private individuals who established a significant volunteering venture during the War, gain gratitude for their actions and are given hundreds of vacations in hotels and lodges in the north, funded by the Bank. During Operation "Am K'Lavie", the Bank took part of the national effort to bring back Israelis, funding a ship that rescued Israelis who were staying abroad.

For further information, please see Note 35.A to the financial statements as of December 31, 2024.

B. [1]The Special Payment for Achieving the Budgetary Targets (temporary Order - Iron Swords), 5784-2024.

Following that stated in Note 8.L and 8.M. in the financial statements as at December 31, 2024. The tax rate for 2025 stands at 34.19%, plus a special tax. It is noted that due to the influence of the aforementioned law, with respect to the reporting period, the Bank recorded tax expenses of approx. NIS 364 million.

C. The engagement in a merger agreement between Leumi Partners Ltd. and Leumi Partners Underwriters Ltd.

On June 17, 2025 Leumi Partners, Leumi Partners Underwriters Ltd. (a company fully owned by Leumi Partners Ltd.) ("**Leumi Underwriting**"), Barak Capital Underwriting Ltd. ("**Barak Capital**") and Barak Capital's shareholders signed an agreement for merging Leumi Underwriting and Barak Underwriting existing operations (the "Merger"). Upon completion of the merger Leumi Underwriting will merge with and into Barak Underwriting. The merged underwriting company will be controlled by Mr. Tzvika Menes (the current controlling shareholder of Barak Underwriting), who will also serve as CEO of the merged underwriting company. Leumi Partners, which will not control the merged underwriting company, will be entitled to appoint one director who will serve as Chairman of the Board of Directors of the merged company. On July 23, 2025, the merger had been approved by the Israel Competition Authority, completion of the merger transaction is subject to various conditions precedents.

Note 17 - Miscellaneous Topics (cont.)

D. Sectoral agreement with the Tax Authority

Further to that mentioned in Noter 8.H to the financial statements as of December 31, 2024, after the balance sheet date the Bank signed a new sectoral memorandum of understanding with the Tax Authority regarding the manner in which taxes on credit losses would be recognized (hereinafter: the "Agreement"). The Bank believes that no material effect on the Bank's financial statements resulting from implementation of the Agreement is expected.

E. Allocation of option warrants

For details regarding the issuance of option warrants not listed for trading to employees and officers of the Bank, including the Bank's CEO, please see Note 8.A.

F. Equity Compensation for Directors

On June 30, 2025, the Bank's Board of Directors ratified a material private offering of securities to nine (9) members of the Bank's Board of Directors (who constitute all of the Bank's directors, with the exception of the Chairman of the Board), pursuant to an outline to grant capital benefits ratified by the Bank's general meeting on August 10, 2023.

For more information, please see Note 9A.

G. Interim report of the inter-office team for assessing means of increasing competition in the banking system for the retail sector

Following the reporting period, on August 6, 2025, a summary report was published of the team for examining a framework for granting banking licenses to non-banking entities. The team's recommendations address, inter alia, an increase in the number of potential players that could apply for a banking license; using activity-adapted regulatory conditions, including, inter alia: granting a small bank the option to develop a flexible business model that will not be obligated to offer all services currently required from a banking corporation; the expansion of occupations permitted to a small bank, beyond the closed list that exists for banks today, and to fix three tiers of supervision and graduated regulation to a banking license to which the regulatory directives will be adjusted in accordance with the proportional approach (proportionality). In addition, according to the recommendations, financial holding companies will be able to simultaneously control an institutional body and a bank that will ask to obtain a banking license under the outline offered, subject to compliance with restriction of assets while ensuring the prevention of conflict of interest with the institutional body using the prohibition of engaging in counseling, mediation or marketing regarding instruments of investment, insurance and savings produced by insurers and companies managing provident funds or fund for mutual investment in trust. The report also includes recommendations for the regulation of supervision on holding companies as stated in different aspects, such as capital requirements and corporate government. In addition, the report recommends to determine that a bank with a wide activity scope, and a bank that controlled or held measures of control in debit card companies prior to the commencement of the Banking (Licensing) Regulations (Banks with Wide Activity Scope), 5783-2023, which issues debit cards, will operate no more than 40% of the new debit cards it issues for its customers using another operating company. The report includes other recommendations regarding reliefs to be given to a small bank, including the need for obtaining a holding permit above a holding rate of 10%; reliefs relating to restrictions applicable to executive compensation; the option to engage in elementary insurance brokerage; exemption from the obligation to give access in open banking and bank mobility, adaptions in rules customary in relation to the fees and commissions pricelist and in the rules of disclosure of material information, etc. The implementation of the recommendations will require legislative amendments and adaption of the supervisory regulations.

BANK LEUMI LE-ISRAEL B.M. AND ITS INVESTEE COMPANIES
Corporate Governance, Additional Details and Appendices
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a. Corporate Governance

Changes in the Board of Directors

As of the report publication date, the Board of Directors includes 10 members, in accordance with the number of directors allowed in banking corporations pursuant to Proper Conduct of Banking Business Directive No. 301 (hereinafter: "**Directive 301**"). During the second quarter of 2025, there were no changes in the composition of the Board of Directors.

On may 21, 2025, the Bank received from the Committee for the Appointment of Directors in Banking Corporations the list of the candidates to serve as the Bank's directors for election at the Bank's 2025 annual general meeting. For more information, please see the immediate report published by the Bank on May 21, 2025 (Ref. No. 2025-01-035748).

On June 19, 2025, the Bank published a preliminary notice regarding the intention to summon an extraordinary annual general meeting of the Bank's shareholders to discuss several topics, including the appointment of one (1) external director in accordance with the requirements of the Companies Law, 1999 (hereinafter – "**External Director**" and "**the "Companies Law**") and the appointment of two (2) directors with an "Other Director" status – a director who is not an External Director as stated in Section 11D(a)(2) of the Banking Ordinance, 1941 (hereinafter: "**Direcotr with an Other Director Status**" and "**the Banking Ordinance**"). For further details, please see the immediate report published by the Bank on June 19, 2025 (Ref. No. 2025-01-043601).

On August 6, 2025, the Bank published summons to a Special Annual General Meeting to be convened on September 15, 2025, with the following items on its agenda: (1) discussion of the annual financial statements; (2) appointment of independent auditors and authorization to set their fees; (3) appointment of one External Director; (4) appointment of two directors with the status of "Other Director"; (5) approval of the renumeration policy for Bank officers; (6) approval of the Board of Directors' decision dated June 11,2025 regarding the allocation of option warrants to Mr. Hanan Friedman, the Bank's CEO, without any change in his total employment cost (the options components on account of the renumeration components to which the CEO is entitled under his terms of employment at the Bank). For further details, please see the immediate report published by the Bank on August 6, 2025 (Ref. No. 2025-01-058446).

For information regarding the qualifications of the directors as required under Directive 301 on the subject of the Board of Directors, see Chapter Members of the Bank's Board of Directors in the Corporate Governance Report as of December 31, 2024.

The Chief Internal Auditor

Information regarding the internal audit of the Group, the professional standards by which the internal audit operates, the annual and multi-year work plan, and the considerations for its formulation were included in the Corporate Governance Report as of December 31, 2024.

The Internal Audit Report for 2024 in the Leumi Group was submitted to the Audit Committee on February 17, 2025, discussed by the Committee on February 24, 2025, submitted to the Board of Directors on March 31, 2025 and presented to the Board of Directors on April 7, 2025.

B. Additional Details

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 updated information regarding interested parties' holdings in the Bank as at June 30 2025, please see the immediate report on the status of holdings of interested parties and senior officers dated July 7, 2025 (reference no.: 2025-01-049686). Additionally, please see also the immediate report on the list of holders of significant means of control in the Bank as of March 31, 2025, dated April 7, 2025 (Ref. No.: 2025-01-025775).

Appointments and Departures

Appointments

Ms. Tamar Mass, Head of the Strategy and Data Division, and member of the Bank's management as First Executive Vice President, had been appointed to be also Head of the Human Resources Division commencing March 3, 2025.

Departures

CPA **Uri Yunissi**, head of the mortgage department and member of the Bank's management requested to conclude his tenure at the Bank after serving for five years.

Corporate Structure

Commencing July 2025 the mortgage activity is managed as a sub division as part of the banking division.

For further details, please see "Organizational Structure in the Corporate Governance Report" as at December 31 2024.

Material Agreements

For further information regarding material agreements, see Note 17 and the chapter Material Agreements in the financial statements as at December 31, 2024.

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 the chapter "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 2024, 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 2024, please see the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2024.

Directives Issued by the Banking Supervision Department

Letter of the Supervisor of Banks to the Banking Corporations regarding risks related to UNWRA's financial activity

The letter was published on March 6, 2025, noting, inter alia, that financial activity that enables UNRWA's activity within the State of Israel's territory exposes the banking corporations to risks, including compliance risks, legal risks and reputational risks. Therefore, pursuant to the obligations applicable to the banking corporations, as set forth in Directive No. 310 regarding "Risk Management," the banking corporations must manage their risks when providing any financial service related to illegal activity of UNWRA, including with third parties or through them.

Revision of Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy" - the standard approach - credit risk, and Directive No. 329 regarding restrictions for housing loans.

On April 6, 2025, a circular was published updating the directives, on the backdrop of additional increases in credit risk for the construction and real estate sector and the housing market, inter alia, in light of a significant increase in home sales due to various incentives offered by developers.

The provisions' update includes, inter alia, the following issues:

In Proper Conduct of Banking Business Directive No. 203 it had been prescribed that to the list of weighted debts at the risk of 150% would be added credit as part of a loan agreement for a residential construction project, in which the rate of contracts for home sales in which a significant portion of the sale price is deferred until the delivery date (non-linear payment) exceeds 25%. Regarding existing projects in which this rate exceeds 25%, they will only be weighted at 150% when the proportion of contracts increases by more than 5 percent points compared with the rate at the starting date.

In Proper Conduct of Banking Business Directive 329 definitions of grace, bullet and balloon loans had been added; as it was also proposed to add a section stating the the rate of performances due to bullet and balloon loans subsidized by a contractor would not exceed 10% of the total quarterly performances due to housing loans, except for housing loans that had been extended by mortgaging a residential apartment. The amendments will apply until the end of 2026.

Revision of the Proper Conduct of Banking Business Directive No. 367 concerning banking through communication channels

On July 17, 2025, the Directive's revision was published prescribing that a banking corporation will be required to provide a different banking corporation with substantiated information in its possession that could assist in identifying and preventing fraud at the other banking corporation, including misuse of an account (including a payment account) or misuse of a means of payment. Provision of the information will be done as soon as possible, meaning as close to the date of discovery as possible. In addition, as part of the banking corporation's duty to track the development of fraud methods and threats on banking through communication channels in Israel and globally, and to update the monitoring mechanism required in the directive if necessary, clarification was added regarding the fact that the information received from a different banking corporation will also be used for these purposes. Date of commencement of the revisions in the Directive – December 31, 2025.

Banking Draft Law (Customer Service) (Amendment – Distribution of Credit Cards from All of the Credit Card Companies) – 2025

On March 17 2025 the bill had been placed for preliminary reading. Pursuant to the proposal, the banking corporations will be obligated to engage with all of the credit card companies in distribution agreements at uniform terms, and the customer will decide which company's card it chooses. In order to track the implementation of the bill's provisions it is proposed that a follow-up committee would be established, which would include representatives on behalf of the Bank of Israel, the Ministry of Finance and the Israel Competition Authority, and that a banking corporation that is of broad activity volume would provide the follow-up committee, once every six months with a report that would include data regarding the percentage of the issuer's credit cards it issues from the total number of credit cards issued. This tracking committee will be required to submit periodic reports to the Knesset's Economy Committee.

New Proper Conduct of Banking Business Directive No. 477A regarding publication of concentrated information on monetary funds and treasury bills.

On April 9, 2025, the Directive had been published, with the intent of increasing the exposure of customers in the banking system to existing and new monetary funds and increasing the customers' ability to make comparisons, as well as competition in the financial system. The Directive prescribes the duty of making information accessible to the entire public of customers of the banks, so that along with publication of the required information related to deposits as set forth in Proper Conduct of Banking Business Directive No. 447 – "Publication of Interest Rates on Deposits and Credit Balances in an Account", information will be published, in a uniform format regarding financial funds and treasury bills. Implementation of that set in the Directive will take effect gradually on October 9, 2025 and February 9, 2026.

Revision of Proper Conduct of Banking Business Directive No. 368, on the Subject of the Open Banking Standard in Israel

On April 22, 2025, an update was published revising the amendment to the directive, which describes the technological standard that the banking system must implement in order to meet the requirement to provide access to payment accounts. This revision was prepared pursuant to the amendment to the directive published in October 2024, which was intended to define the necessary adjustments that must be made in the directive and its appendices, after the Knesset passed the Regulation of the Engagement in Payment and Payment Initiation Services Law, 2023, particularly following the regulation of basic initiation services in the law. According to the revision to the directive, enforcement measures will not be implemented against a payment account manager while the user completes development of the standard regarding charge authorization, as revised in the amendment to the directive, until six months after publication of the revised directive, meaning until October 20, 2025.

Update of Proper Conduct of Banking Business Directive No. 301 regarding the Board of Directors

On July 14, 2025 the revised Directive had been published, as part of which the section concerning approval of office holders in a corporation had been revised – including questionnaire appendices to a notification on the appointment of an office holder, a requirement of filing a new questionnaire rather than noting the changes in the previous questionnaire, an exemption from filing a questionnaire in certain cases, a requirement of updating the Banking Supervision Department in cases of changes that could affect aspects regarding the position of the office holder; the cooling-off period of a director in the transition from one banking corporation to another had been shortened given the consent of the board of directors he had been a member of would be not less than six months; revisions had been made regarding a questionnaire for a candidate for an office holder in the banking corporation - addressing the candidate's availability for performing the position and lack of conflict of interest; the section concerning the consent to contact the Israel Police with an affidavit had been deleted; an affidavit of an office holder in the banking corporation who is a candidate for another or additional office in the same banking group, according to which there had been no changes in the information regarding him compared to a prior questionnaire he had provided the Banking Supervision Department with; an affidavit by the office holder had been added upon updating the information regarding him - a statement according to which the continued tenure of the office holder in the position is not contrary the provisions of any law and/or any Directive provided by the Banking Supervision Department. Date of commencement of the revisions in the Directive - December 1, 2025.

Drafts of updating Proper Conduct of Banking Business Directive no. 221 regarding liquidity coverage ratio, Proper Conduct of Banking Business Directive no. 222 regarding net stable financing ratio and a draft of updating a file of questions and answers for implementing Proper Conduct of Banking Business Directive no. 221

On June 3, 2025 the drafts had been published, in which it is proposed to raise the determining bar regarding a possible exemption from implementation of the liquidity coverage ratio as well as from implementation of net stable financing ratio from NIS 15 billion to NIS 25 billion, and change the basis for calculation a to a two-year average; it is proposed to add a clarification regarding State of Israel bonds concerning calculation of the liquidity ratio that applies to a foreign branch; it is proposed to add a requirement to notify the Banking Supervision Department of crossing the bar of assets volume; it is also proposed to add a question and answer clarifying that fixed-term deposits with the Bank of Israel that there is no operational, legal or other prevention of acknowledging them as such, would be classified as high-quality liquid assists.

Draft of Proper Conduct of Banking Business Directive (new) regarding provision of services to customers against the backdrop of sanction regimes

On June 5, 2025 the draft had been published. According to the Banking Supervision Department, in recent years the use of various types of economic sanctions has been increasing, as a legal enforcement tool exercised for a variety of purposes, and constitutes a pressure and deterrence lever in the international arena. Bypassing foreign sanction regimes through the Israeli banking system exposes the banking corporations to various risks they are required to manage, including compliance risks, money laundering a financing terrorism risks, legal risks and reputation risks. This risk management affects the relations between the banking corporation and the customer. Given this, a draft of a Directive had been formulated, regulating the liabilities imposed on the banking corporations in all concerning risk management and providing banking services to the customers. As part of the draft it is proposed, inter alia, to set policies and procedures regarding the manner in which use would be made of sanction lists, while assessing the risks in violation of the sanctions or exploitation of a banking corporation for bypassing sanctions; prescribe that risks resulting from sanction regimes are not to be managed by way of sweeping avoidance in advance of providing the services to customers who are affected by them; as well as prescribe that refusal of providing serves to a customer, including refusal to engage in an agreement or termination of an engagement, due to implementation of a risk management policy in connection with use of sanction lists that had been set pursuant to this directive would not be deemed unreasonable refusal to provide services.

A roadmap draft of adapting the Banking Supervision Department's directives to supervisory tiers

On June 23, 2025 the draft including a roadmap intended to expand implementation of the supervisory proportionality approach and in so enable continuation of the support of new entities entering the banking system, including those who previously operated as non-banking entities. In the draft it had been noted that the proportionality regulation that would be formulated would be set according to the banks' size and the types of activities they manage. The draft includes specification of definition of the supervisory tiers, the planned adjustments in Proper Conduct of Banking Business Directives regarding tiered capital requirements, tiered liquidity requirements, corporate governance, risk management, credit, investments, and operations regarding securities and financial risks, as well as adjustments in the supervisory reporting requirements and the public disclosure requirements. The roadmap does not constitute regulation in itself, and is of no legal status.

The Banking Supervision Department's policy document for examining requests for closing permanent branches

On July 2, 2025 the document had been published including, inter alia, specification of the criteria taken into account in reviewing requests for closing branches and the proposed alternatives, the reasonability of the distance from the receiving branch, data cross-referencing with the existing layout of deployment of branches and other requests for closing branches, the deployment of the discounted ATM around the closing branch, the characteristics of of the surroundings of the closing branch, the characteristics of the customers of the specific branch, the characteristics of the receiving branch and other consideration under the circumstances of the matter, The document also notes the decision making process at the Banking Supervision Department regarding requests for closing permanent branches and also specifies the requirements that would appear on any approval of a closing request, whether conditional or not. These requirements include, inter alia, granting adequate support and assistance to all the customers' needs, direct phone calling certain populations, continued follow-up on behalf of the Bank after the change, updating the Banking Supervision Department in the event of new significant information or a substantial change in circumstances.

The Banking Supervision Department's reform draft in the field of fees collected from households and small businesses on account management services, payment and debit cards

On July 15, 2025 the reform draft had been published, as part of which a draft of an amendment to the Rules of Banking (Customer Service) (Fees), 5768-2008, a draft of the Banking Order (Customer Service) (Supervision of Account Management Payment Service), 5785-2025, as well as the draft of the Banking Order (Customer Service) (Supervision of Debit Card Fees Service), 5785-2025.

As part of the drafts, inter alia, the Banking Supervision Department is promoting an update of the manner of charging fees the in respect of regular payment activities, and sets a new service of "management of a payment account" as well as a maximal supervised price that would be allowed to be charged for this service. According to the new method, it is proposed that a banking corporation would be permitted to collect from a customer (an individual or small business) holding an active payment account, "management of a payment account" fixed fees for 100 operations per month. These operations include the common services, as mapped by the Banking Supervision Department, including deposit, withdrawal and breaking bills, including via an automated machine; transfer to another account; withdrawal of a check from the payer's account; check redemption; deposit of a check for repayment in the beneficiary's account' payment of vouchers; crediting an account through a clearing house; charging the payment account for credit card payments; authorization for charging an account or a standing order; an instruction to cancel a charge; information services, etc. Additionally, it is proposed to change the default, so that all customers would automatically be added to the service and no proactive operation on their part would be necessary. In addition to setting the aforesaid payment method, as part of the reform it is proposed to impose supervision on the following prices - as part of "management of a payment account" the fees for the first 100 operations would stand at a sum not to exceed NIS 10. It is proposed that for each additional operation included in this service the sum would not exceed NIS 1. It is proposed that the new method would replace the existing tracks' services that had been set out in 2014. Additionally, it is proposed to integrate into the reform supervision of debit card fees, not to exceed NIS 5. It is proposed that this arrangement would replace the existing arrangement, according to which there is an exemption from debit card fees for three years, provided that such customer holds a credit card at the same time.

Draft of updating Proper Conduct of Banking Business Directive No. 313 regarding large-scale exposures and updating the references to definitions in Proper Conduct of Banking Business Directives

On July 24, 2025 the draft had been published, the key points of which are as follows: (1) deferral of of the date of implementation of the Directive "Supervisory Framework for Measuring and Monitoring Large-Scale Exposures LEX10-LEX40)" (the "New Directive"), which concerns the measurement and restriction of large-scale exposures intended to protect the stability of the banking corporations against losses stemming from a sudden failure of a counterparty and replaces Proper Conduct of Banking Business Directive No. 313 "Restrictions on indebtedness of a borrower and a group of borrowers" (the "Existing Directive", commencing January 1, 2026, through July 1, 226 or the early implementation date of the New Directive, the earlier of the two. (2) Extension of the period of the relief concerning exclusion of credit card companies from meeting the restriction regarding the liability of a group of borrowers as well as from the aggregate limit of large-scale borrowers commencing January 1, 2026 through July 1, 2026 or the early implementation date of the New Directive, the earlier of the two, (3) Updating the references and definitions in Proper Conduct of Banking Business Directives according to the New Directive, such as "counterparty", "related counterparties group", etc., as well as additional issues related to them.

Bank of Israel Announcements

The Bank of Israel's announcement on completion of the transition to ISO 20022 in the RTGS system

On June 30, 2025, the Bank of Israel's announcement had been published, according to which the Bank of Israel had adopted ISO20022 adapted by SWIFT, as a platform for transferring international payment and pursuant to the international standard, similar to leading markets such as the European Union, Britain and Canada. The new standard that had been embedded enables transfer of elaborate, structured and uniform information in the payment message, which would assist in the future in executing efficient, quick payment transfers at a lower cost for the customer. This is a move of great potential in the long term for pervasive impact on all the players in the market - the customers' public, banks, payment systems, non-bank financial institutions, fintech companies and businesses.

The Bank of Israel's announcement - discontinuing publication of the Telbor interest rate

On July 1, 2025 it had been published that pursuant to the Telbor Committee's decision, on June 30, 2025, the Telbor interest rate had been published for the last time, for all periods. From now on the SHIR interest will replace the Telbor interest and serve as the basis for derivatives' transactions.

The decision on replacing the Telbor interest by SHIR interest matches the decisions made in central countries worldwide, according to which IBOR type interest would be replaced by risk-free Over Night interest. The SHIR interest rate is equal to the Bank of Israel's interest rate, however on dates where there is no publication of the SHIR interest rate, its value would be as it had been on the last publication date.

Directives of the Supervisor of Credit Data Sharing

Draft of the Supervisor's Directive No. 407 regarding the use of the credit data system, and draft amendment to the Supervisor's Directive No. 401 regarding means of identification, and draft amendment to Supervisor's Directive No. 401A regarding remote identification methods.

On April 29, 2025, the drafts were published. Draft of the Supervisor's Directive No. 407 regarding the use of the credit data system establishes a work framework for properly using a credit data system, including regulating mechanisms for identification, handling, and reporting of events of usage of the credit data system in contravention of the law or information security events related to use of the credit data system, including cyber attacks. According to the draft, as of the date that the proposed directive takes effect, a user of credit data will report unusual events, including information security and cyber events related to customer identification processes, or a material suspicion of such events, according to Supervisor's Directive No. 407 and not according to Supervisor's Directive No. 401 on means of identification and No. 401A regarding remote identification methods.

For additional Directives issued by the Banking Supervision Department regarding sharing credit data that were published following Operation "Am K'Lavie" see the section Regulatory measures following the "Iron Swords" War and Operation "Am K'Lavie - Measures Published by Additional Entities and Specific Legislation.

Initiatives for Increasing Competition

Establishment of a team to examine the reduction of regulatory arbitrage in short- and medium-term investment and savings instruments and publication of the team's interim report.

Pursuant to the call for proposals published by the Ministry of Finance on April 18, 2024 (for further information, see the chapter Laws and Regulations Governing the Banking System in the Corporate Governance Report for 2024), on February 13, 2025, an interim report was published for public commenting by the team for reducing discrepancies between short- and medium-term investment and savings instruments. According to the interim report, regulatory and tax arbitrage was identified among the products, which impact the saver's decisions and wellbeing. Moreover, the report noted that the lack of a financial agent that provides the saver with "holistic" advice makes it difficult for the saver to properly plan management of its savings and leads to the selection of products that are not necessarily optimal. The tax arbitrage is liable to result in preferring products due to considerations that are not necessarily in the best interest of the consumer, and do not comply with the principle of neutrality of an optimal tax system. In this context and due to other challenges, the team proposes several proposals, including application of a uniform tax deferral system for a range of investment and savings products; promotion of a proper infrastructure for establishing one platform for viewing and managing all of the savings and investment instruments of the savers; minimizing tax benefits in the field; changing the types of licenses of the agents.

Financial Information Service Bill (Amendment No. 3 and Temporary Provision), 5785-2025

On March 12, 2025, the draft law was published. According to the draft law, in light of the existing difficulties in connecting accounts of corporations to the financial information service performed via the interface system for financial information, it was proposed to establish transition provisions for accounts of a corporation established before the starting date of this amendment. Accordingly, it will not be necessary to provide unique authorization to grant access to the service provider of financial information; rather, the holder of the highest authorization at the corporation will be entitled, as a default, to also grant authorization to provide access to the service provider of financial information. Moreover, it is proposed to provide a second transition period for license holders of financial information. As such, it is proposed to allow license holders of financial information service providers to access the financial information about the customer by means of accessing information using the customer's details and based on this, to provide service to the customer, only with regard to accounts of corporations.

Report of the inter-office team for assessing means of increasing competition in the banking system for the retail sector

On August 6, 2025, the summary report was published, continuing the recommendations from the interim report published on March 31, 2025 and the recommendations of the interim report dated October 2024 of the team for examining a framework for granting banking licenses to non-banking entities. The team's recommendations address, *inter alia*, an increase in the number of potential players that could apply for a banking license; using activity-adapted regulatory conditions, including, inter alia: granting a small bank the option to develop a flexible business model so that it will not be obligated to offer all services currently required from a banking corporation; the expansion of occupations permitted to a small bank, beyond the closed list that exists for banks today, and fixing three tiers of supervision and graduated regulation to a banking license to which the regulatory directives will be adjusted in accordance with the proportional approach (proportionality). In addition, according to the recommendations, financial holding companies will be able to simultaneously control an institutional body and a bank that will ask to obtain a banking license under the outline offered, subject to compliance with a restriction of assets while ensuring the prevention of conflict of interest with the institutional body. Using the prohibition of engaging in counseling, mediation or marketing regarding instruments of investment, insurance and savings produced by insurers and companies managing provident funds or fund for mutual investment in trust. The report also includes recommendations for the regulation of supervision on holding companies as stated in different aspects, such as capital requirements and corporate government. In addition, the report recommends to determine that a bank with a wide activity scope, and a bank that controlled or held measures of control in debit card companies prior to the commencement of the Banking (Licensing) Regulations (Banks with Wide Activity Scope), 5783-2023, which issues debit cards, will operate no more than 40% of the new debit cards it issues for its customers using another operating company. The report includes other recommendations regarding reliefs to be given to a small bank, including the need for obtaining a holding permit above a holding rate of 10%; reliefs relating to restrictions applicable to executive compensation; the option to engage in elementary insurance brokerage; exemption from the obligation to give access in open banking and bank mobility, adaptions in rules customary in relation to the fees and commissions pricelist and in the rules of disclosure of material information, etc. The Implementation of the recommendations will require legislative amendments and adaption of the supervisory regulations.

The Banking Law (Customer Service) (Amendment No. 38), 5785-2025

On May 14, 2025 the Amendment to the Law had been published, according to which banks will be obligated to enable all customers cash deposits, even where the same customer does not have a checking account at that bank. The funds would be deposited through a "closed system account" - meaning, an individual's account used for holding and managing monetary deposits at the bank, the source of which is the account of that individual who has the deposit at a different bank or at the Postal Bank, provided that the funds managed therein are transferred back only to the account from which they were transferred.

The Banking Supervision Department may set in Proper Conduct of Banking Business Directives that the provisions of the Section would apply also to depositing funds in foreign currency through a closed system account. Date of commencement of the Amendment date shall be December 1, 2025.

The Banking Law (Customer Service) (Amendment No. 39), 5785-2025

On May 21, 2025 the Amendment to the Law had been published, concerning "notifying a customer of a credit balance in a checking account". As part of the Amendment it had been prescribed that in the event where an individual customer has a credit balance of NIS 15,000 and above for at least one quarter in his checking account, the Bank will be required to notify him at the beginning of each quarter and include in the notification information regarding investment options that could yield higher returns the customer may review. Over the first 18 months following commencement of the Law, the notification will be delivered at the beginning of each month in respect of the preceding month, and later will be given at the beginning of each quarter. It had further been prescribed that the notification would be given to the customer in writing, in a manner that would enable immediate and accessible communication to the extent possible, unless the customer asked not to receive notifications in this manner, and would also be delivered in a manner that the banking corporation delivers notices to that customer as agreed between them. In cases where the banking corporation knows that the customer is unable to receive a written notice, a voice message will be sent as an alternative to the written notice. Banking Supervision Department would be entitled to establish guidelines regarding those notices, including the wording of the notices and reference to information regarding investment options. Date of commencement of the Law - November 21, 2025.

The Banking Bill (Customer Service) (Amendment - Interest on a Credit Balance), 5783-2023.

On May 28, 2025 the Bill had been delivered for discussion by the Knesset Economic Committee as preparation for first reading. Pursuant to the Bill, an arrangement would be set obligating the banks to pay their customers interest on credit balances in their account. It is also proposed that the Governor of the Bank of Israel, after consulting with the Advisory Committee and approved by the Minister of Finances would set the interest's minimum rate. On August 11, 2025, a discussion was held in the Knesset Economic Committee regarding this subject. As part of the discussion, following the receipt of letters from the banks, stating their intention to offer interest on credit balances or other benefits in this area, valid until October 1, 2017, each according to the outline it proposed, it was decided not to advance the proposed Bill.

The Banking Bill (Customer Service) (Amendment - Elimination of Per- Transaction Line Fees and Custodial Fees), 5785-2024

On June 29, 2025 the Ministerial Committee for Legislation approved the Bill, according to which it is proposed to prohibit a banking corporation to collect from a customer line fees and custody fees.

Regulation of Securities Trade Services Bill, 5785-2025

On July 9, 2025 the Bill had been published, intended to regulate the activities of securities trading service providers in Israel, including via digital platforms. The Bill includes, inter alia, registration requirements, compliance duties, reporting duties, equity requirements, risk management mechanism and separation of customers' funds.

Report of the team for examining the banks' involvement in setting the housing prices

On July 27, 2025 a final report had been published by the team for examining the banks' involvement in setting the housing prices (the "Team"), which had been established following the asymmetric rigidity of housing prices in recent years (as the demand increased, there had been a sharp increase in the price, however when the demand returned to its ordinary level the housing prices remained high, and even continued rising). The team's recommendation is to prescribe that the financing entity of a project for accompanying a housing project may not intervene in the initiator's considerations in setting the sale price of residential units in that project, after engaging in the financing agreement. As part of this it would be prescribed that it is required to avoid including in a financing agreement for accompanying the project a contractual provision related to changes in the prices of residential units in the project. The team believe that there is preference of implementing this conclusion by a Banking Supervision Department Directive, or by another effective manner by the Banking Supervision Department, however, should this be impossible, it is recommended to implement it via legislation. Additionally, the team recommends, in order to achieve at a competitive market in the mid-long term, to act for reducing the centrality in the housing financing sector, both within the banking system as well as increasing the market share of non-banking entities.

The Competition Commissioner's announcement regarding the ownership structure in the Bank Clearing Center Ltd. (MASAV)

Following that stated in the Chapter "Legislation and Regulation" concerning the banking system in the Organizational Corporate Governance Report for 2024 regarding the Commissioner of Competition's directive in respect of the structure of ownership in a limited liability banking clearinghouse center system, and as part of the application the Bank submitted together to the Court of Competition, along with the four additional banks holding such a system, for obtaining a declaratory relief, according to which the structure of ownership in a limited liability banking clearinghouse center system, is a restrictive arrangement that had been lawfully set, and alternatively an application for approval of a restrictive arrangement the details of which are specified in the application. On June 3, 2025 and given the recommendation of the Commissioner of Competition, the Court of Competition granted the banks request, a temporary permit to continue full jointly holding of structure of ownership in a limited liability banking clearinghouse center system, subject to the provisions of the temporary permit, for the period between June 18, 2025 (the date of expiration of the last exemption decision) until February 1, 2026, or until the handing don fo a judgment on the application Additionally, on July 30, 2025 the Commissioner of Competition filed with the Court his position. The Commissioner's position is that the collaboration as presented in the application is a restrictive arrange that is not for the public benefit, and should not be approved. The position noted that the restrictive arrangement may impair competition in two main aspects: (a) the concern of impairment of the competition between the banks and the non-banking entities' service provider competing with the banks in the payment domain, as the banks' joint holding of the structure of ownership in a limited liability banking clearinghouse system may prevent or delay access to the competing payment service providers or lead to their receiving inferior service from the system. (b) The concern that the banks' ownership of the structure of ownership in a limited liability banking clearinghouse system would prevent the promotion of competition in the system's payment and innovation means, and in so, also the competition between the structure of ownership in a limited liability banking clearinghouse system with the Automated Banking Services Ltd., held by the banks along with other entities.

Regulatory measures following the "Iron Swords" War and Operation "Am K'Lavie"

Against the backdrop of the continuation of the "Iron Swords" War and Operation "Am K'Lavie" 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, reliefs, 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 with which they cope. Various arrangements were also approved in legislation to meet the needs of the economy, certain population groups and the public following the War, and some have an impact on the Bank's activities. Following are the main measures:

Directives Issued by the Banking Supervision Department

For further information regarding Proper Conduct of Banking Business Directive No. 251, "Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Iron Swords" War (Temporary Order), see the chapter Laws and Regulations Governing the Banking System in the Corporate Governance Report for 2024.

Outline for assistance to bank customers in dealing with the consequences of the "Iron Swords" War

Pursuant to the information regarding the assistance outline in the chapter Laws and Regulations Governing the Banking System, in the Corporate Governance Report for 2024, on March 30, 2025, Bank of Israel published a notice regarding an additional assistance outline. In general, the outline commenced in the second quarter of 2025 and end in the first quarter of 2027. The outline period may be updated in certain cases, such as a significant change in the geopolitical uncertainty, or profitability of the banking system and market conditions where it is operating. Under the outline, the entire banking system will allocate a comprehensive annual sum of NIS 1.5 billion. Should the outline continue for two years, the cost will be NIS 3 billion. The monetary scope of each bank during the first year of the outline is derived from its relative share in the gains during the years 2023-2024, as had been on the date of publication of the principles of the outline; the monetary reliefs to customers of each bank will be formulated according to different packages as set forth: provision of interest or benefits in the area of positive balances in checking accounts and a proven improvement in interest rates paid for the short term; reduction of the interest rates on debit balances; development of a mechanism for automatically diverting amounts above a pre-determined minimum balance in the checking account to yield-generating tracks; full or partial exemptions for a set period from monthly repayments or decrease of the interest rate collected on existing loans, for the duration of the outline period. The decision regarding the amount allocated for each package will be at the corporate discretion of each bank. In Bank of Israel's view, the outline is better suited for the needs of customers of the banking system than to specific taxation processes and legislative processes that propose intervening in pricing of banking products, management of checking account funds and yield-generating tracks, or strengthening the transmission from the Bank of Israel interest rate to interest-bearing deposits.

The outline for assistance to bank customers in coping with the consequences of Operation "Am K'Lavie"

On June 17, 2025 the Bank of Israel published a new assistance outline for populations that had directly incurred damages due to Operation "Am K'Lavie", including small and micro business owners, households that were damaged or whose home had been damaged by missile attacks and had to evacuate their homes, as well as reserve soldiers who were called to duty. The outline that had been established presents the minimal terms, and each bank may expand it in favor of its customers and at their request. The outline will commence on July 1, 2025 and end on July 31, 2025. The outline will apply to various population groups, according to the provisions set out therein. The principles of the outline: regarding households that following Operation "Am K'Lavie" their home was damaged and they are evacuated or households that were impaired following the Operation – a deferral of payment of mortgages, unlimited in sum, for a period of three months, without charging interest and fees; deferral of consumer loans in an aggregate sum of NIS 100,000 for a period of three months, without charging interest and fees. Regarding micro and small businesses (with an annual activity turnover of up to NIS 25 million, and regarding small corporations, according to the characteristics to be published by the bank) who were adversely affected following Operation "Am K'Lavie" – a deferral of two months for loans in an aggregate sum of up to NIS 2 million for a business, without payment of interest and fees; additionally, for businesses of reserve soldiers – an exemption for a period of two months from payment of interest on a debit balance in the business checking account (up to NIS 30,000 in a debit balance); business that do not meet the criteria set out ("Secondary Circle") would be able to defer the businesses' loans in an aggregate sum of up to NIS 2 million for a period of two months with contractual interest. The outline set out the manner of identifying the eligible customers.

Letter sent by the Banking Supervision Department to the banking system following Operation "Am K'Lavie"

On June 17, 2025 the letter had been published including key points the banking system should consider in its activities following the Operation related to the following issues: availability and continuity of the banking services: handling, assistance and response to customers' inquiries against the backdrop of the Operation, placing an emphasis on urgent inquiries and inquiries on humanitarian basis; assistance to customers whose return to Israel is delayed due to the situation; alleviating the burden and assistance to customers in meeting liabilities; an expectation to show sensitivity and proactiveness aiming at assisting customers to avoid a situation of insufficient check coverage; the branches' activity in emergencies; finding solutions for the public arriving at the banks' branches on days allowances are paid, noting the fact that some of the branches in certain areas are closed or operate in a limited manner; providing phone response to customers; cyber and customer fraud aspects; assessment of risk management; reporting in emergency times and the need to conduct board of directors' discussions on the issues detailed below.

Proper Conduct of Banking Business Directive No. 252 – Adjustments to Proper Conduct of Banking Business Directives for Coping with Operation "Am K'Lavie" (Temporary Provision)

On June 24 2025 the Directive had been published, in which various adjustments had been made to Proper Conduct of Banking Business Directives Until July 24, 2025. The Directive noted that it is not to derogate from that stated in Proper Conduct of Banking Business Directive no. 251 for Adjustments to Proper Conduct of Banking Business Directives for Coping with the "Iron Swords War" (Temporary Provision), and it remains intact according to that prescribed in it. The adjustments concern the following issues:

- Proper Conduct of Banking Business Directive no. 308A concerning "Handling Public Complaints" – adjustments were made in Sections 9(a)–(c) of Directive 308A so flexibility was granted to the banking corporations regarding the manner in which a reply and notices are given to customers who had not made contact online or where the banking corporation is unable to deliver a reply online.
- Proper Conduct of Banking Business Directive No. 311A, "Consumer Credit Management" prescribes that until expiration of the Temporary Provision, Section 21.4 of the provision would not apply, according to which it is required to refrain from imitating contact with a customer, who answered "no" to a similar credit offer in the past, for three months at least.
- Proper Conduct of Banking Business Directive No. 325 regarding "Managing Credit Lines in Checking Accounts" – deviation sums from the credit limit had been set according to type of customer in which the the banking corporation would be allowed to refrain from setting and agreeing in advance and in writing on a credit line within one business day, provided that it would act for settling the credit line as early as possible.
- Proper Conduct of Banking Business Directive No. 367, concerning "media banking" prescribes that banks and credit card companies are given the option, in addition to sending messages in the manner agreed upon with the customer, to deliver to their customers through media banking channels notifications of a material impact, provided it is urgent that the customers receive the message, even where they are not a party to a media banking agreement. The Section's provision would not apply in cases where the customer explicitly asked not to receive notices via media banking. Additionally, it had been set that the scope of activities of customers with clearing accounts in respect of whom it is possible to use simplified identification and verification procedures, between NIS 50,000 to NIS 200,000, provided that increasing the clearing volume is required for assistance against the backdrop of the emergency situation.
- Proper Conduct of Banking Business Directive No. 411 concerning "managing money laundering and financing terrorism risks" – intended to assist the banking corporation to provide an optimal solution for customers' needs against the backdrop of the emergency situation, including damage incurred by the customers' home or property, it had been set that the scope of activity upon providing payment services to the beneficiary in respect of whom it is possible to use simplified identification and verification procedures would be increased from NIS 100,000 to NIS 200,000.
- Additionally, an Appendix had been attached to the Directive, intended to provide an option in exceptional cases, where there are special reasons arising from the emergency situation and according to the banking corporations' risk assessment, to act pursuant to the provisions under Sections 6A(a)(12)–6(a)(b) of the Prohibition of Money Laundering Order (Identification, Reporting and Documentation Duties of Banking Corporations for Preventing Money Laundering and Financing Terrorism), 5761–2001 regarding operations with credit cards issued to an individual up to a credit line of NIS 100,000, including obtaining credit, subject to documentation of the reasons for this. Additionally, the option in those cases had been expanded as to rely on a copy of an identification document issued by the State of Israel bearing a name, ID number, date of birth and photo at the time of identifying a customer who is an Israeli resident, which is not an ID card.
- Proper Conduct of Banking Business Directive No. 432 concerning "transfer of activities and closing a customer's account" – the period for handling a customer's request to close an account had been extended to 10 business days (rather than 5 business days) following the date on which the customer completed the operations he is required to make pursuant to the Directive.
- Proper Conduct of Banking Business Directive No. 451 concerning "procedures for granting housing loans" – a duty had been added as for the banking corporation to examine the possibility to extend the period of principled approvals that were valid on the date of commencement of the Operation, noting the circumstances, as needed and at the banking corporation's discretion. In addition, the following dates set out in the Directive had been extended: in Section 11(b)(2) (Insurance, Assets and Life Insurance) – replacing "fourteen days" will be stated "one calendar month"; in Section 15B(e) (Notification by a Customer on His Intent to Perform Early Repayment) – replacing "three business days" will be stated "eight business days"; in Section 15C(b) (Approval due to Repayment of a Loan) – replacing "five business days" will be stated "eight business days." In Section 19A (Second Ranking Lien on an Asset) – replacing "seven days" will be stated "ten days".

- The Banking Supervision Department's Directive pursuant to Section 3(1A) of the Rules of Banking (Customer Service) (Fair Disclosure and Delivery of Documents), 5752-1992 – prescribes that a customer's signature will not be required for a customer's request to defer payments, provided that this is a deferral pursuant to the Outline for Assistance to Customers in Coping with the Consequences of Operation "Am K'Lavie", published on the Bank of Israel's website, provided that the customer's consent is given and documented; it had been further prescribed that in a housing loan taken by two or more borrowers, in which there is difficulty in having one of the borrowers' signing the loan documents, and this due to Operation "Am K'Lavie", that borrower's signature would not be required on the loan documents, provided that suitable steps are taken for identifying him and his documented consent is given.

For further information, please see the Section entitled "Major Changes in the Year Gone By" in the Board of Directors and Management's report.

Measures Published by Additional Entities and Specific Legislation

The Insurance, Capital Markets Authority – extension of non-enforcement position – pension advice by a banking corporation outside the bank's branches to existing customers regarding pension advice

On June 19, 2025 the position had been published, according to which the Authority would not take administrative enforcement measures pursuant to the provisions of Section 34 of the Supervision of Financial Services Law (Pension Advice, Marketing and Clearing System), 5765-2005 (the "Pension Advice Law") in respect of an offense pursuant to Section 38(b)(4) of the Pension Advice Law against banking corporations that would provide pension advice via digital means or by phone, to customers within the pension advice domain, who immediately prior to this notification are existing customers of the banking corporations within the pension advice domain. This position will remain in effect until the expiration of the declared special situation in the home front, or until June 30, 2025, the earlier of the two, so long as the Authority had not instructed otherwise.

The Supervisor of Credit Data Sharing – Amendment to Supervisor Directive No. 201, regarding "Reporting on Credit Data" – Temporary Provision Following Operation "Am K'Lavie"

On June 18, 2025 the Supervisor of Credit Data Sharing at the Bank of Israel notified the data sources that extend credit reporting to the datapool, that a temporary extension is granted for reporting loan payments in arrears, so that rather than reporting the arrears after 30 days, they would report only after 60 days. The Directive will apply also to the monthly reporting for the months June 2025 until August 2025.

The Supervisor of Credit Data Sharing – Supervisor Directive No. 802 – Adjustments to the Supervisor of Information Sources Directives for Coping with Operation "Am K'Lavie" (Temporary Provision)

On July 2, 2025 a temporary order had been published. As part of temporary adjustments in the Supervisor's that apply to the information sources, the Supervisor of Credit Data Sharing Directive No. 502 on the issue of "correcting information in a credit data system" had been amended, so that the rate of exceptional cases that would be given a reply by the information source within a period of 21 days would not exceed 20% of the total applications for correcting information that had been delivered to the information source by the Bank of Israel in a calendar month, and this rather than 5%. The Amendment will apply to customers' applications commencing June 1, 2025 and will be in effect until August 31, 2025.

The Ministry of Housing and Construction and the Chief Accountant at the Ministry of Finances – Operation "Am K'Lavie" – reliefs in mortgage repayments

On June 18, 2025 the letter had been published, according to which the Accountant General and the Ministry of Building and Housing decided on granting reliefs in repayment of mortgage payments to borrowers throughout the country who have an outstanding loan granted by virtue of the Housing Loans Law, 5752-1992. According to the letter, the banks are required to act pursuant to the Bank of Israel's outline for assisting customers in coping with the implications of Operation "Am K'Lavie", which had been published on June 17, 2025 as well as enable borrowers to file the applications for freezing the loans and execute them, to the extent possible, without needing to arrive at the branch. In loans where the banks' share in the loan, deducting grants, stands at 40% at least, the bank may grant an additional relief by deferral of mortgage payments. Additionally, the letter addressed the extension of the date of the Committees' decisions for payment in cash approved by the bank, to enable the bank to combine reliefs and powers, execution of special operations, and reporting for maintaining the Special Committee's power for granting reliefs in mortgage repayments. The Directive's validity

– up to July 31, 2025, unless another directive had been issued before then. Should the Bank of Israel publish a notice regarding a new outline in respect of housing loans by this date, the reliefs mentioned in the Bank of Israel' Directives regarding housing loans would apply also to the loans extended to those eligible at the Ministry of Construction and Housing, according to the same terms, provided than the bank would act in respect of the loans granted through the Government's funds or under its responsibility as it acts in respect of loans that had been extended through its sources.

The Authority for the Prohibition of Money Laundering's call to the reporting entities to increase awareness of money laundering and terrorist financing attempts during the War and the state of emergency

On June 24, 2025 the Authority notice had been published, according to which at this time increased attention and awareness are required of all the financial entities of the possibility of abusing the financial services they provide, including cross-boarder activities, emphasizing activities vis-a-vis countries at risk.

It had also been noted that also during this period it is required to continue reporting on unusual activities to the Prohibition of Money Laundering and Financing Terrorism Authority in the event where unusual activities are identified requiring such reporting, and this as close as possible to the execution (or attempt to execute) the unusual activity. In cases where the reporting entity believes this is reporting on unusual activities of special urgency, it s required to inform, at the same time and immediately, the contact person of the relevant sector at the Collection and Monitoring Department at the Authority.

Draft of the Bad Checks Regulations (Restrictions of the Applicability of the Law) (Operation "Am K'Lavie"), 5785-2025

On July 30, 2025 the draft had been published, according to which, in light of the unusual situation in the Israeli home front as a result of Operation "Am K'Lavie", it is proposed to set exceptions to the Bad Checks Law, 5741-1981, for a certain period. In this way, bad checks for the reason of "insufficient coverage" during the time set out in the Regulations (between June 13, 2025 through June 24, 2025) would be deleted from the number of checks for restricting the customer's account, for a notice spiffing the number of bad checks during the 12 months prior to the date of joining an individual as account owner or legal representative, as well as in respect of a warning regarding 5 bad checks in the account.

Further details regarding measures published by additional bodies and designated legislation may be found in the chapter entitled "Legislation and Regulation Governing the Banking System," in the Corporate Governance Report for 2024.

Additional Topics

The Notaries Bill (Amendment No. 12) (Cancellation of the Requirement of Notarial Power of Attorney to a Banking Corporation in a Mortgage Transaction), 5785-2025

On June 11, 2025, the Bill had been published, with the intent of easing the burden imposed on people seeking housing loans from the bank (mortgages) and granting effect to a general power of attorney and a power of attorney for performing real estate transactions that require registration in the Land Register, which are provided to a banking corporation, even if these were not prepared by a notary or a notary had not certified the signatures on them, under the conditions set forth in the Bill.

The Probation of Money Laundering Bill (Amendment No. 36) (Temporary Freeze of Assets or Operations with Assets), 5785-2025.

On June 11, 2025, the Bill had been published, proposing to grant the Prohibition of Money Laundering and Terror Financing Authority the power to order bodies supervised by virtue of the Prohibition of Money Laundering Law to temporarily freeze activities and property regarding which suspicion arises of a connection to money laundering crimes, terror financing, or source crimes, without requiring a judicial order.

Call for applications to receive public feedback regarding examination of the promotion of submitting financial date for official, policy-supporting research and statistics purposes

On March 26, 2025, a call for applications was published by the committee established on the subject. The committee invites the public to submit feedback, inter alia regarding the following questions: mapping the various of needs of different bodies to make financial data in the possession of financial regulators and institutions available for the purpose of data processing and research that supports public policy; characteristics of the relevant data to be made accessible; which financial data is vital for the need defined; mapping the risks involved in making the financial data available, and so forth.

Draft guideline by the Privacy Protection Authority regarding the applicability of the Privacy Protection Law to artificial intelligence systems.

On April 28, 2025, the draft was published, explaining how the authority plans to interpret and enforce the applicability of the Privacy Protection Law, 5741-1981 on AI technologies throughout all of its development and implementation stages and on information that was produced by means thereof.

A call for public comments on the issuance and circulation of a stable digital currency

On May 18, 2025 the Capital Market, Insurance and Savings Authority published a call for public comments on the issuance and circulation of a representative exchange rate, and this as part of promoting the regulation of activities with digital assets. In light of the unique challenges that characterize issuance and circulation of a stable digital currency, and as part of the regulation process, the Authority called the public to comment on the issue, and particularly in respect of the following aspects: the base asset types required to enable issuing digital coins for them, what is the optimal mechanism for maintaining the value of the stable digital currency, examination of a technological infrastructure underlying the issuance and management of a stable digital currency, the manner of managing the reserves, disclosure and consumer protection requirements, coping with cyber risks, privacy protection and more.

Bill for Regulating Securitization Transactions, 5785-2025

On May 26, 2025 the Bill passed its first reading at the Knesset plenum. The Bill had been filed, aiming at regulating the issue of securitization transactions in Israel in order to bring about the market's development in this regard. A securitization transaction is a transaction in which an assignment is made of an expected and known in advance cashflow, arising from a credit portfolio or other charges (referred to in the Law as a "Back-Up Asset") from one or more individuals (referred to in the Law as a "Developer") to a corporation that issues promissory notes, repayment of which is secured by the aforementioned cashflow (referred to in the Law as a "Dedicated Corporation"). The use of the dedicated corporation is intended to enable an investment in promissory notes as the risk involved in them is focused on only the backing assets, without the risk involved in the investment in all the developer's assets. According to the bill, no securitization transaction would be executed other than pursuant to the bill. In addition, the bill includes provisions and restrictions regarding the types of the backing assets and the manner of executing the securitization transactions, alongside setting the liability on the entities involved in such transactions and the regulatory supervision over them, including imposition of financial sanctions on such parties that are regulated corporations and imposition of criminal penalties on developers that are unregulated corporations that engaged in securitization transaction contrary to the provisions of the Law, and this in order to ensure that the securitization transactions would be executed with adequate risk management and appropriate regulation.

The decision made by the National Ethics Committee of the Israeli Bar Association - Position Paper on the Authentication of Affidavits and Power of Attorney Abroad

On June 23, 2025 the Position Paper had been published, according to which from now on it is possible to authenticate via visual video-conference affidavits, power of attorney, transaction deeds and the like, also when the declarator is staying abroad, for administrative or civil purposes, before administrative authorities, dual or personal entities - such as Tax Authorities, the National Insurance Institute and the Authority for Registration and Arrangement of Land Rights, and subject to the terms specified in the decision. In this decision it had been clarified that as of this stage, the decision does not include authentication of an affidavit for filing it in legal proceedings. This decision applies simultaneously and does not cancel the National Ethics Committee's decision that it is possible to authenticate affidavits via visual conference when both parties are staying in Israel.

The Consumer Protection Bill (Amendment No.70)(Mandatory Recording Conversations, Maintaining Such and Provision of Such to the Consumer), 5785-2025

On July 9, 2025 the Bill had been presented for discussion by the Knesset Economics Committee. According to the Bill, a banking corporation that markets services and products via phone calls it initiates would bear the duty of recording phone calls (including a call made via electronic communication, in the absence of the joint presence of the representative on behalf of the banking corporation and the customer), maintaining such and providing thereof to the consumer. It is also proposed that the Banking Supervision Department would be entitled to set in Proper Conduct of Banking Business Directives that these instructions would apply to a non-voice conversation, including a conversation held by exchanging written messages or other types of conversations as it would set out.

Israel's Central Bureau of Statistics - Call for Public Comments for Examination of Advancing the Time of Publication of the Consumer Price Index

On June 10, 2025 the Call for Public Comments had been published following a request by TASE addressed to Israel's Central Bureau of Statistics, asking to advance the time of publication of the Consumer Price Index As a rule, the Consumer Price Index for a certain month is published on the 15th of the following month at 18:30, meaning the end of the business day and after completion of trade on the Stock Exchange (on Fridays and holiday eves the time of publication is 14:00). Israel Central Bureau requests obtaining the public's position on the proposed change, according to which the Consumer Price Index would be regularly published on the 15th of the month, for the previous month, at 10:00 on weekdays, holiday eves and Fridays (should the 15th of the month be Saturday or holiday - the Index would be published on the holiday eve or the Friday preceding it at 10:00). The Call for Public Comments notes, inter alia, that advancing the time of publication would reduce the uncertainty during the trading day in respect of the actual Index, expand the trade possibilities and enable "trading the Index" immediately and analyze its impact on the markets, without the "offsetting" events that may occur due to its publication after the end of the trading day until the next trading day.

The Legal Competency and Guardianship Bill (Amendment No. 24) (Management of a Payment Account by a Guardian or Legal Representative), 5785-2025

On July 9, 2025 a revised version of the Bill had been published, according to which it is proposed to clarify that a guardian and legal representative may manage the bank account of the person for whom the guardian had been appointed, or the appointer, as the case may be, to use any means of payment, including credit cards, and perform online operations in connection with this, such as operations in the account through the website of the payment service provider. Additionally, it is proposed to clarify that the payment service provider, including a banking corporation, may not refuse a request to obtain one or more of the said services only due to the fact the one requesting the service is a guardian or legal representative, and that it would not be possible to sweepingly prevent guardians and legal representatives to perform operations or obtain the stated services. It had been further clarified that the proposed issue would not restrict the service providers' discretion regarding refusal to perform operations in a certain payment account, for example, based on individual circumstances related to the case indicating concern of exploitation of the person for whom a guardian had been appointed or the appointer, as the case may be, or based on individual considerations in granting credit through use of certain means of payment, and subject to law.

The Contracts Bill (General Part) (Amendment No. 3), 5785-2025

On July 9, 2025 the Bill had been laid before the Knesset for second and third readings, according to which it is proposed to amend section 25 of the Contracts Law (General Part), 5733-1973, which discusses the manner of interpretation of a contract. According to the Bill, inter alia, a business contract that does net set out instructions as to the manner of interpretation would be interpreted only according to its wording, unless the terms specified in the Bill hold true. A contract that is not a business contract, a standard contract a well as an employment contract or a collective agreement, would be interpreted according to the parties' intent, as implied by the contract and the circumstances of the issue.

The Privacy Protection Authority - Position Paper's Draft - Appointment of a Commissioner of Privacy Protection in an Organization Pursuant to the Requirements of Amendment 13 of the Privacy Protection Law

On July 23, 2025 the draft of the Position Paper had been published, following Amendment 13 to the Privacy Protection Law, 5784-2024 (the "Law", "Amendment 13"). Amendment 13 prescribes a duty to appoint a commissioner of privacy protection in public entities and in a long line of additional organizations from all across the economy, whose activities involve a a risk to privacy. The Position Paper is intended to present the Privacy "Protection Authority's position (the "Authority") regarding the scope of the duty, the designation of the commissioner of privacy protection and his duties, the knowledge and skills required of him (elaborate knowledge of privacy protection laws, adequate understanding of technology and information security, familiarity with the organization's areas of activities and its purposes), and in respect of additional provisions under law that regulate the status of the commissioner at the organization, the format of his employment and the means that should be allocated to him. The interpretation proposed in the Position Paper will serve the Authority when exercising the powers vested in it, including the power to impose financial sanctions due to violation of the duty to appoint a commissioner of privacy protection and other provisions under law concerning his status and the format of its employment. At the same time, the draft notes that upon exercising the Authority's powers, including the enforcement powers, the Authority will consider the fact that at this stage the Position Paper is not a final document.

Israel Securities Authority Decision regarding Transition to Monday-Friday Trading

On August 4, 2025 the Israel Securities Authority announced an amendment to the Tel Aviv Stock Exchange (TASE) bylaws and its accompanying directives, stipulating that trading on the TASE will take place from Monday through Friday, replacing the current schedule of Sunday through Thursday. This change will take effect starting January 5, 2006. The CEO of the TASE, with the approval of the Chairperson of the Israel Securities Authority, may postpone the effective date for operational reasons or other public interest considerations, for a period not exceeding 90 days.

For details regarding additional subjects, , please see the chapter entitled "Legislation and Regulation of the Banking System" in the Corporate Governance Report of 2024.

Credit Ratings

Following are the credit ratings and outlook of the State of Israel and the Bank as at August 12, 2025

	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+	Stable	A-2
	Fitch	A-	Negative	F1
	Fitch	A-(xgs)	Negative	F1 (xgs)
Local rating (in Israel)	S&P Maalot	AAA	Stable	A-1+
	Midroog	Aaa	Stable	P-1

Following is the development of the Bank's credit rating and credit outlook from January 1, 2025 to August 12, 2025

On April 29, 2025, the credit rating agency Moody's ratified the Bank's rating and the negative rating outlook.

On May 29, 2025, the credit rating agency S&P announced raising the Bank's rating outlook from negative to stable given solid performance, and also ratified the Bank's rating.

On May 29, 2025, credit rating agency S&P Maalot announced raising the Bank's rating outlook from negative to stable, and also ratified the Bank's rating.

On July 29, 2025, credit rating agency Fitch reiterated the Bank's rating and the negative rating outlook.

The leading credit rating companies: Fitch, Moody's, and S&P, left Israel's rating unchanged, despite the war against Iran and despite the negative rating outlook. In survey reports published after the war, the rating companies noted that the local market presented economic resilience despite the decline in the security situation. Nevertheless, the rating companies anticipate that the war will lead to a significant increase in the deficit and government debt, and to moderate growth during the course of the year. Moreover, it was noted that the geopolitical risks remain high, *inter alia* in light of the fragile nature of the ceasefire with Iran. Looking forward, the possibility of concluding the war with Gaza plus expansion of regional cooperation agreements, if these occur, are anticipated to help improve Israel's credit rating.

Income and Expenditure Rates[a] and Analysis of the Changes in Interest Income and Expenses

Part A - Average Balances and Interest Rates — Assets

	For three months ended June 30					
	2025			2024		
	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	**460,065**	**7,241**	**6.30**	418,305	6,889	6.59
Outside Israel	**10,651**	**195**	**7.32**	8,205	182	8.87
Total[i]	**470,716**	**7,436**	**6.32**	426,510	7,071	6.63
Loans to the government						
In Israel	**2,192**	**22**	**4.01**	1,378	16	4.64
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**2,192**	**22**	**4.01**	1,378	16	4.64
Deposits with banks						
In Israel	**17,730**	**199**	**4.49**	12,626	130	4.12
Outside Israel	**54**	**–**	**–**	286	1	1.40
Total	**17,784**	**199**	**4.48**	12,912	131	4.06
Deposits with central banks						
In Israel	**90,691**	**1,014**	**4.47**	101,788	1,141	4.48
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**90,691**	**1,014**	**4.47**	101,788	1,141	4.48
Securities borrowed or purchased under reverse repurchase agreements						
In Israel	**3,971**	**44**	**4.43**	1,875	26	5.55
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**3,971**	**44**	**4.43**	1,875	26	5.55
Bonds - held-to-redemption and available-for-sale[d]						
In Israel	**117,729**	**1,351**	**4.59**	119,932	1,317	4.39
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**117,729**	**1,351**	**4.59**	119,932	1,317	4.39
Bonds - held-for-trading[d]						
In Israel[j]	**14,770**	**145**	**3.93**	7,488	90	4.81
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**14,770**	**145**	**3.93**	7,488	90	4.81
Total interest-bearing assets	**717,853**	**10,211**	**5.69**	671,883	9,792	5.83
Non-interest-bearing receivables for credit cards	**7,107**			6,371		
Other non-interest-bearing assets[e]	**76,832**			64,911		
Total assets	**801,792**	**10,211**		743,165	9,792	
Total interest-bearing assets attributed to outside Israel	**10,705**	**195**	**7.29**	8,491	183	8.62

Please see notes on page 270.

Part B – Average Balances and Interest Rates – Liabilities and Equity

	For three months ended June 30					
	2025			2024		
	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	**479,589**	**4,813**	**4.01**	439,578	4,683	4.26
Demand deposits	**126,485**	**1,115**	**3.53**	134,304	1,247	3.71
Fixed deposits	**353,104**	**3,698**	**4.19**	305,274	3,436	4.50
Outside Israel	**–**	**–**	**–**	–	–	–
Demand deposits	**–**	**–**	**–**	–	–	–
Fixed deposits	**–**	**–**	**–**	–	–	–
Total	**479,589**	**4,813**	**4.01**	439,578	4,683	4.26
Deposits by the Israeli Government						
In Israel	**139**	**–**	**–**	104	–	–
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**139**	**–**	**–**	104	–	–
Deposits by central banks						
In Israel	**3,949**	**23**	**2.33**	8,286	23	1.11
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**3,949**	**23**	**2.33**	8,286	23	1.11
Deposits by banks						
In Israel	**10,479**	**68**	**2.60**	8,917	73	3.27
Outside Israel	**5**	**–**	**–**	–	–	–
Total	**10,484**	**68**	**2.59**	8,917	73	3.27
Securities loaned or sold under repurchase agreements						
In Israel	**16,537**	**201**	**4.86**	8,147	139	6.82
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**16,537**	**201**	**4.86**	8,147	139	6.82
Bonds						
In Israel	**37,401**	**566**	**6.05**	30,801	496	6.44
Outside Israel	**–**	**–**	**–**	–	–	–
Total	**37,401**	**566**	**6.05**	30,801	496	6.44
Total interest-bearing liabilities and equity	**548,099**	**5,671**	**4.14**	495,833	5,414	4.37
Non-interest bearing deposits by the public	**135,077**			142,757		
Non-interest-bearing receivables for credit cards	**1,792**			1,718		
Other non-interest bearing liabilities(f)	**50,068**			41,576		
Total liabilities	**735,036**	**5,671**		681,884	5,414	
Total capital resources	**66,756**			61,281		
Total liabilities and capital resources	**801,792**	**5,671**		743,165	5,414	
Interest rate spread			**1.55**			1.46
Net return(g) on interest-bearing assets						
In Israel	**707,148**	**4,345**	**2.46**	663,392	4,195	2.53
Outside Israel	**10,705**	**195**	**7.29**	8,491	183	8.62
Total	**717,853**	**4,540**	**2.53**	671,883	4,378	2.61
Total interest-bearing liabilities attributed to operations abroad	**5**	**–**	**–**	–	–	–

Please see Notes on page 270.

Part A - Average Balances and Interest Rates — Assets (cont.)

	For the six months ended June 30					
	2025			2024		
	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	452,176	13,639	6.03	415,558	12,831	6.18
Outside Israel	9,947	384	7.72	8,340	357	8.56
Total(i)	462,123	14,023	6.07	423,898	13,188	6.22
Loans to the government						
In Israel	2,172	42	3.87	1,466	35	4.77
Outside Israel	–	–	–	–	–	–
Total	2,172	42	3.87	1,466	35	4.77
Deposits with banks						
In Israel	16,426	331	4.03	13,224	267	4.04
Outside Israel	157	1	1.27	258	1	0.78
Total	16,583	332	4.00	13,482	268	3.98
Deposits with central banks						
In Israel	90,587	2,022	4.46	99,384	2,220	4.47
Outside Israel	–	–	–	–	–	–
Total	90,587	2,022	4.46	99,384	2,220	4.47
Securities borrowed or purchased repurchase agreements						
In Israel	3,858	82	4.25	2,080	54	5.19
Outside Israel	–	–	–	–	–	–
Total	3,858	82	4.25	2,080	54	5.19
Bonds held to maturity and available for sale(d)						
In Israel	113,168	2,524	4.46	124,420	2,642	4.25
Outside Israel	–	–	–	–	–	–
Total	113,168	2,524	4.46	124,420	2,642	4.25
Bonds - held-for-trading(d)						
In Israel(j)	12,565	239	3.80	10,485	212	4.04
Outside Israel	–	–	–	–	–	–
Total	12,565	239	3.80	10,485	212	4.04
Total interest-bearing assets	701,056	19,264	5.50	675,215	18,619	5.51
Non-interest-bearing receivables for credit cards	6,983			6,311		
Other non-interest-bearing assets(e)	72,471			65,833		
Total assets	780,510	19,264		747,359	18,619	
Total interest-bearing assets attributed to outside Israel	10,104	385	7.62	8,598	358	8.33

Please see Notes on p. 270.

Part B - Average Balances and Interest Rates - Liabilities and Equity (cont.)

	For the six months ended June 30					
	2025			2024		
	Average outstanding balance(b)	Interest expense	% of expense	Average outstanding balance(b)	Interest expense	% of expense
	In NIS million		In %	In NIS million		In %
Interest-bearing liabilities						
Deposits by the public						
In Israel	**467,097**	**9,300**	**3.98**	438,098	9,248	4.22
Demand deposits	**125,784**	**2,240**	**3.56**	136,507	2,531	3.71
Fixed deposits	**341,313**	**7,060**	**4.14**	301,591	6,717	4.45
Outside Israel	**-**	**-**	**-**	-	-	-
Demand deposits	**-**	**-**	**-**	-	-	-
Fixed deposits	**-**	**-**	**-**	-	-	-
Total	**467,097**	**9,300**	**3.98**	438,098	9,248	4.22
Deposits by the Israeli Government						
In Israel	**148**	**1**	**1.35**	111	1	1.80
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**148**	**1**	**1.35**	111	1	1.80
Deposits by central banks						
In Israel	**4,629**	**45**	**1.94**	9,545	44	0.92
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**4,629**	**45**	**1.94**	9,545	44	0.92
Deposits by banks						
In Israel	**9,799**	**125**	**2.55**	10,340	137	2.65
Outside Israel	**3**	**-**	**-**	-	-	-
Total	**9,802**	**125**	**2.55**	10,340	137	2.65
Securities loaned or sold under reverse repurchase agreement						
In Israel	**13,657**	**348**	**5.10**	10,062	290	5.76
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**13,657**	**348**	**5.10**	10,062	290	5.76
Bonds						
In Israel	**35,700**	**888**	**4.97**	31,437	754	4.80
Outside Israel	**-**	**-**	**-**	-	-	-
Total	**35,700**	**888**	**4.97**	31,437	754	4.80
Total interest-bearing liabilities and equity	**531,033**	**10,707**	**4.03**	499,593	10,474	4.19
Non-interest bearing deposits by the public	**136,254**			144,398		
Non-interest-bearing receivables for credit cards	**1,913**			1,706		
Other non-interest-bearing liabilities(f)	**45,484**			41,805		
Total liabilities	**714,684**	**10,707**		687,502	10,474	
Total capital resources	**65,826**			59,857		
Total liabilities and capital resources	**780,510**	**10,707**		747,359	10,474	
Interest rate spread			**1.47**			1.32
Net yield(g) on interest-bearing assets						
In Israel	**690,952**	**8,172**	**2.37**	666,617	7,787	2.34
Outside Israel	**10,104**	**385**	**7.62**	8,598	358	8.33
Total	**701,056**	**8,557**	**2.44**	675,215	8,145	2.41
Total interest-bearing liabilities attributed to operations abroad	**3**	**-**	**-**	-	-	-

Please see Notes on p. 270.

Part C - Average Balances and Interest Rates - Additional Information on Interest-Bearing Assets and Interest-Bearing Liabilities Attributed to Activities in Israel

	For three months ended June 30					
	2025			2024		
	Balance Average balance(b)	Income (Expenses) Interest rate	% Income (Expense)	Balance Average balance(b)	Income (Expenses) Interest rate	% Income (Expense)
	In NIS million		In %	In NIS million		In %
CPI-linked NIS						
Total interest-bearing assets	**75,386**	**1,502**	**7.97**	68,157	1,543	9.06
Total interest-bearing liabilities	**35,450**	**(570)**	**(6.43)**	29,149	(514)	(7.05)
Interest rate spread			**1.54**			2.01
Non-linked NIS						
Total interest-bearing assets	**496,831**	**6,932**	**5.58**	481,476	6,637	5.51
Total interest-bearing liabilities	**371,625**	**(3,625)**	**(3.90)**	349,081	(3,341)	(3.83)
Interest rate spread			**1.68**			1.68
Foreign currency						
Total interest-bearing assets	**134,931**	**1,582**	**4.69**	113,759	1,429	5.02
Total interest-bearing liabilities	**141,019**	**(1,476)**	**(4.19)**	117,603	(1,559)	(5.30)
Interest rate spread			**0.50**			(0.28)
Total activity in Israel						
Total interest-bearing assets	**707,148**	**10,016**	**5.67**	663,392	9,609	5.79
Total interest-bearing liabilities	**548,094**	**(5,671)**	**(4.14)**	495,833	(5,414)	(4.37)
Interest rate spread			**1.53**			1.42

Please see notes on page 270.

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 six months ended June 30					
	2025			2024		
	Average outstanding balance[(b)]	Interest income (expenses)	% of income (expense)	Average outstanding balance[(b)]	Interest income (expenses)	% of income (expense)
	In NIS million		In %	In NIS million		In %
CPI-linked NIS						
Total interest-bearing assets	**73,693**	**2,236**	**6.07**	67,237	2,178	6.48
Total interest-bearing liabilities	**34,417**	**(817)**	**(4.75)**	29,384	(680)	(4.63)
Interest rate spread			**1.32**			1.85
Non-linked NIS						
Total interest-bearing assets	**488,974**	**13,662**	**5.59**	484,757	13,325	5.50
Total interest-bearing liabilities	**363,334**	**(7,007)**	**(3.86)**	346,067	(6,666)	(3.85)
Interest rate spread			**1.73**			1.65
Foreign currency						
Total interest-bearing assets	**128,285**	**2,981**	**4.65**	114,623	2,758	4.81
Total interest-bearing liabilities	**133,279**	**(2,883)**	**(4.33)**	124,142	(3,128)	(5.04)
Interest rate spread			**0.32**			(0.23)
Total activity in Israel						
Total interest-bearing assets	**690,952**	**18,879**	**5.46**	666,617	18,261	5.48
Total interest-bearing liabilities	**531,030**	**(10,707)**	**(4.03)**	499,593	(10,474)	(4.19)
Interest rate spread			**1.43**			1.29

Please see Notes on p. 269.

Part D - Analysis of Changes in Interest Income and Interest Expenses

	2025 vs. 2024			2025 vs. 2024		
	For three months ended June 30			For six months ended June 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	657	(305)	352	1,105	(297)	808
Outside Israel	45	(32)	13	62	(35)	27
Total	702	(337)	365	1,167	(332)	835
Other interest-bearing assets						
In Israel	22	33	55	(270)	80	(190)
Outside Israel	-	(1)	(1)	(1)	1	-
Total	22	32	54	(271)	81	(190)
Total interest income	724	(305)	419	896	(251)	645
Interest-bearing liabilities						
Deposits by the public						
In Israel	402	(272)	130	577	(525)	52
Outside Israel	-	-	-	-	-	-
Total	402	(272)	130	577	(525)	52
Other interest-bearing liabilities						
In Israel	153	(26)	127	54	127	181
Outside Israel	-	-	-	-	-	-
Total	153	(26)	127	54	127	181
Total interest expenses	555	(298)	257	631	(398)	233

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 balances at the beginning of the quarters.

c) Before deducting the average balance of loan loss provisions. Including non-accrual debts.

d) From the average balance of held-for-trading bonds and available -for-sale bonds, the average balance of unrealized gains/losses from fair value adjustments of held-for-trading bonds was deducted/added as well as gains (losses) related to available-for-sale bonds that are included in equity under other comprehensive income within the section "adjustments for presentation of available-for-sale securities at fair value" in respect of bonds reclassified from the available-for-sale portfolio for the three and six months ended June 30, 2025 in the sum of NIS (2,284) million and in the sum of NIS (2,309) million, respectively, and for the periods of three and six months ended June 30, 2024 - NIS (4,025) million and NIS (3,634) million, respectively.

e) Including book balances of derivatives, other non-interest-bearing assets, non-monetary assets, and less loan loss provision.

f) Including book balances of derivative instruments and non-monetary liabilities.

g) Net yield — net interest income divided by total interest-bearing assets.

h) The change attributable to the quantity change was calculated by multiplying the new price by the change in quantity. The change attributable to the change in price was calculated by multiplying the former quantity by the new price.

i) Fees and commissions for the three-month and six-month periods ended June 30, 2025 in the amount of NIS 111 million and NIS 219 million, respectively, were included in the interest income from loans to the public (fees and commissions for the three-month and six-month periods ended June 30, 2024 in the amount of NIS 99 million and NIS 189 million, respectively).

Glossary of Terms

Term	Definition
A	
ABS - Assets Back Securities (Asset-Backed Bonds)	Securities concerning which the guarantees provided for them, or the lien on them, with regard to the payment of interest and principal, are the yield on a specific financial document.
Active market	A market in which transactions in an asset or a liability are conducted at a frequency and volume sufficient for the provision of information about pricing on an ongoing basis.
Actuarial calculation	Any calculation that expresses a condition of uncertainty, that is, which has been adapted to take into account the possibility of a risk. For example, an Actuarial Calculation reflects past experience and management's estimates as to the expected retirement dates of the Bank's employees and the expected retirement benefits allocated on a linear basis over the expected service period.
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)	The management of the Bank's assets and liabilities with the aim of avoiding a mismatch between the assets and liabilities and, in the long-term, increasing the Bank's capital for the benefit of its shareholders.
Auxiliary Corporation	A corporation that is not itself a banking corporation but whose activities are only in the field of activity that is permitted to the banking corporation that controls this corporation, except for activities that have been especially designated for banking corporations in accordance with the law.
Average duration (AD)	Average Duration (AD), which is measured in years, weights the periodic interest payments of the financial instrument over its life span until its final redemption.
B	
Balanced Score Card (BSC)	A management tool for the measurement of the performance of the Bank and the lines of its business in a variety of quantitative and qualitative topics that have been defined by the Bank's management in the context of its strategic plan.
Base Point (BP)	Base Point (BP), which is 1/100th of 1%, is used as a measurement unit for the calculation of interest rates.

Glossary of Terms

Term	Definition
Basel 2/Basel 3	Directives regarding risk management by the banks that have been established by the Basel Committee for Banking Supervision (BCBS), which deals with supervision and which sets standards for the supervision of banks throughout the world. The directives of the Basel Committee constitute the benchmark for the fundamental standards intended to ensure the stability of financial institutions
Basic Earnings Per Share	Basic profit per share are calculated through the division of the profit or loss attributed to ordinary shareholders of the parent company (numerator) by the weighted average number of ordinary shares outstanding during a given period (denominator).
Basis risks	A Basis Risk is the potential loss resulting from changes in the Consumer Price Index or in foreign exchange rates, due to the difference between the value of a customer's assets and the value of that customer's liabilities, including the impact of future transactions in each of the linkage sectors.
Benchmark Interest Rate	Interest rate determined on an external objective basis, that is, according to a pre-set formula, where the Banking Corporation plays no direct role in the determination of that interest rate.
BSC - Balanced Score Card	A management tool for the measurement of the performance of the Bank and the lines of its business in a variety of quantitative and qualitative topics that have been defined by the Bank's management in the context of its strategic plan.
B.O.T - Build Operate Transfer	The financing of public projects where a private entity receives a franchise from a public agency to finance, plan, build, and operate a public facility for a limited period at the end of which ownership of the project is assumed by the government.
C	
CECL - Current Expected Credit Losses	Model of provisions for anticipated credit losses.
Collateralized Debt Obligation (CDO)	Bonds backed by a bonds portfolio and/or "seniority" loans and various rankings.
Collateralized Loan Obligation (CLO)	A bond backed by a loan portfolio.
Collective provision	The collective allowance for credit losses is applied for large groups of homogenous and relatively small debts, as well as of specifically-assessed debts that were found to be unimpaired. The collective provision for off-balance-sheet credit instruments is based on provision rates determined for balance-sheet credit, with the Bank taking into account its assessments regarding the likelihood of utilizing various off-balance-sheet items.

Glossary of Terms

Term	Definition
Common Equity Tier 1 capital	Going Concern Capital Common Equity Tier 1 (CET1) Capital includes the equity of the banking corporation's shareholders, with the addition of some of the rights that do not provide control of the capital of consolidated subsidiaries (minority interests), less goodwill, other intangible assets, regulatory adjustments, and additional deductions, pursuant to what is specified in 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 vis-a-vis customers)	Conduct Risk (conduct vis-a-vis customers) is the risk that any dealings with the Bank's customers that are not fair, transparent, or aimed to meet their needs will lead to losses resulting from the payment of legal damages or fines, or from reputational damage.
COSO - Committee Of Sponsoring Organizations of the Treadway Commission	Structured model of internal audit. The framework of the model is intended to assist businesses and other entities in estimating, assessing and empowering the internal audit systems they operate.
Credit Default Swap (CDS)	A financial instrument transferring credit exposure to the issuer between the parties to the transaction.
Credit derivative	A contract that transfers a credit risk from a buyer to a seller. Credit derivatives can take various forms: options for protection against credit failure, note for coverage of segments of a credit risk, SWAP for full coverage of the risk, etc.
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 banking corporation.
Credit spread (Bid-Ask)	The spread between the proposed purchase price and the selling price. This is, in effect, the difference between the highest price that the buyer is willing to pay for an asset and the lowest price at which the seller is willing to sell it.
Cross Border Activity ("Cross Border Activity")	A term referring to various financing arrangements that cross national borders, such as extending loans to people and entities in another country, credit letters, banking receipts, etc.

Glossary of Terms

Term	Definition
CVA - Credit Valuation Adjustment	Calculation of the credit risk in derivatives reflects the expected loss the Bank may incur in the event where the opposite party to the transaction will encounter a situation of credit failure.
D	
Defined benefit plan	The fixed and known-in-advance amounts of the allowance or insurance policy that are paid to eligible persons, whether these amounts are dependent on the investment expenses of the allocation fund or on the insurer.
Delinquent Debt	The delinquency (arrears) status of a debt is determined according to its contractual repayment terms. The debt is in arrears if the debt (whether all of it or part of it) has not been repaid within 30 days of the date set for repayment. 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 a period determined by the Bank's management.
Diluted Earnings Per Share	The distribution of the profit and loss attributable to the shareholders of the parent company, in accordance with the average weighting of the number of shares current in a given cycle and with the impact of all the diluted potential standard shares being taken into account.
Dodd Frank Wall Street Reform and Consumer Protection Act (DFA)	The DFA is an American federal law, which took effect on July 28, 2010, and includes a comprehensive reform of the financial regulation, which has various impacts on the Leumi Group, the main one refers to transactions in derivatives over the counter (OTC) of the Swap domain.
Dormant shares	Shares directly held by a company. These shares do not provide equity or voting rights.
E	
Embedded Derivative Instruments	Embedded derivatives are derived instruments that are embedded in contracts and in other financial instruments or in commercial purchase/sale contracts of commodities and services (in accounting literature, these contracts are termed host contracts). The accounting process is carried out in accordance with the economic substance of the items and transactions and not in accordance with their legal form; thus, embedded derivatives, that, in accordance with economic characteristics, are not clearly and closely connected with the host contract are separated from it for the purpose of measurement in the Bank's books.

Glossary of Terms

Term	Definition
EMIR - European Market Infrastructure Regulation	The European Union's regulation, which is intended to increase the stability of OTC markets in all the European Union countries.
Exposure at Default (EAD)	The expected scale of exposure of an opposing side in the event of a credit failure.
F	
Fair value	The value reflecting the price according to which a financial asset can be materialized or the financial obligation in a transaction can be transferred between a willing buyer and a willing seller. This value is determined according to the fair value hierarchy set in accounting standards: • Level 1 – Value based on quoted market prices; • Level 2 - Value assessed in the course of the use of observed data; • Level 3 - Value assessed in the course of the use of unobserved data.
Foreign Accounts Tax Compliance Act (FATCA)	An American law that is intended to improve tax enforcement, prescribes that financial entities outside the USA are required to report to the American Tax Authority on accounts they manage and belong to one who is required to report, even if he is not a USA resident.
FDIC - Federal Deposit Insurance Corporation	The Federal Deposit Insurance Corporation and one of the agencies of the supervision of banks in the USA.
Freddie Mac (FHLMC)	An agency affiliated with the US government that purchases mortgages, turns them into bonds and sells them to the public. (This company does not have a US government guarantee).
Fannie Mae (FNMA)	A public company under the auspices of the US government that purchases mortgages, turns them into bonds and sells them in the free market (this company does not have a US government guarantee).
Forward (Forward contract)	A contract between two parties for the sale of any asset amount at a specific price on a date known in advance (the expiration date). The contract forms a binding relationship between the parties to the agreement. This is not a standard contract and is not traded in organized capital markets, but is rather drawn according to the customer's need.
Future (Future option)	A contract between two parties for the sale of any asset amount at a specific price on a date known in advance (the expiration date). The contract is binding on both parties to the agreement. This future contract is a standard contract traded in organized capital markets.

Glossary of Terms

Term	Definition
G	
Ginnie Mae (GNMA)	A federal mortgage company. The bonds it issues are guaranteed by the Government National Mortgage Association.
I	
ICAAP - Internal Capital Adequacy Assessment Process	The Capital Adequacy Assessment Process (ICAAP) 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 given time.
Indebtedness	The Bank's total credit exposure to a borrower or group of borrowers, including credit for which the bank has assumed responsibility, investments in the borrower's securities, the commitment of the Banking Corporation to pay money on a customer's behalf (including guarantees and Documentary Credit), and transactions in over- the-counter (OTC) derivatives. Liability is calculated pursuant to the Proper Conduct of Banking Business Directive No. 313 of the Banking Supervision Department.
Interest cost	The interest component allocated to a current year and classified as part of payroll expenses.
Interest Rate Risks	The risk of loss or reduction of value as a result of changes in interest rates across various currencies.
Internal Rate of Return (IRR)	A measure used to estimate the profitability of potential investments. The index indicates the effectiveness and quality of a specific investment, as opposed to the present net value indicating the investment's value and scope. The Internal Rate of Return is the interest rate that deducts expected cash flow from a financial instrument vis-a-vis its balance in the Bank's balance sheet.
Israel's Capital Model	The Bank employs Israel's Capital Model, which is based on the ranking of the borrowers, in order to assess the credit risk at the overall level of the credit portfolio and in the portfolio's different cross-sections.
L	
LGD - Loss Given Default Loss Given Default (the loss rate)	The rate from the borrower's overall credit exposure on the date of the exposure at default (EAD), which is expected to adversely affect the Bank upon the occurrence of the default event.

Glossary of Terms

Term	Definition
Linkage-based and foreign- exchange-rate-based exposures	Exposure to the Basis Risk is the potential loss resulting from changes in the Consumer Price Index or in foreign exchange rates, due to the difference between the value of a customer's assets and the value of that customer's liabilities, including the impact of future transactions in each of the linkage sectors. Exposure to the base exposure risks are measured as a percentage of the Group's exposed capital. The exposed capital of the Bank, including equity and certain reserves, less fixed assets and investments in held companies.
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.
LTV (LTV ratio)	The rate constituting the Bank's financing in the purchase transaction relative to the value of the purchased asset, The financing rate reflects another dimension of the loan risk, as a high LTV ratio reflects a higher risk for the bank extending the credit.
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 prices and commodities, as well as in other economic measures).
MBS - Mortgage Back Securities (Mortgage-Backed Bonds)	Bonds backed by financial assets in which the interest and capital payments are based on the cashflow stemming from repayment of loans guaranteed by financial assets. The backing assets may be groups of loans, including mortgages for residence or other financial assets.

Glossary of Terms

Term	Definition
N	
NIM - Net Interest Margin	Ratio between net interest income and the average balance of interest-bearing assets.
NPL - Non Preforming Loan	Problematic credit that does not bear interest.
Non-performing credit risk	Balance-sheet loans which examined on an individual basis, and which, based on present circumstances and information, it is probable that the Bank will not be able not to collect the full amounts payable to it (principal and interest) under the contractual terms of the debt agreement. A debt shall be classified as non-performing whenever the principal or interest has been in arrears of 90 days or more, unless it is both well secured and in the process of collection. Off-balance-sheet loans are classified as non-performing debts if the materialization of the contingent liability, as specified in the relevant clause, 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. Additionally, a non-performing debt can also be considered as a debt whose terms and conditions were changed due to the restructuring of a troubled debt.
O	
Obligo	Represents the customers' total indebtedness to the bank.
OECD	An international organization of the developed countries accepting the principles of liberal democracy and free market. The Organization is a platform for discussing policies, comparing performances, finding solutions for difficulties and formulating codes, guiding principles and common standards for executing an economic and social policy on the national level. Within the framework of the Organization, each member-country may significantly contribute to the Organization's policies and drafting common lines of action.

Glossary of Terms

Term	Definition
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 which therefore have not yet been recorded as a balance-sheet asset or liability. Examples of these exposures are, inter alia: • An undertaking to extend credit that has not yet been utilized; • Unutilized credit facilities • An undertaking that is in accordance with guarantee agreements; • An undertaking that is in accordance with an authorization in principle that commits the bank to maintain a certain interest rate for a specific period of time. • and so forth.
On-call credit	Credit extended for a number of days and which is repaid after a call has been issued, in accordance with the terms and 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 image risk.
Other options	Breaking down into purchase contracts (CALL) and sale contracts (PUT). 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 sale contract is the right to sell a certain quantity of a specific asset at a realized price until (American)/on (European) a specified date.
P	
PD - Probability of Default (A failure within a year following the rating within a given period).	A term describing the odds that the borrower will arrive at a situation of credit failure within a given period following the date of rating. The term provides an assessment of the probability that a borrower would not be able to meet his liabilities per the contractual terms of his debts.
Pillar 1	The allocation of minimal capital against credit risks, market risks, and operational risks, by a technique that links the extent of exposure to various risks and the regulatory capital demand. The provisions of Pillar 1 that have been established by the Basel Committee within the context of the provisions of Proper Conduct of Banking Business Directives Nos. 201 to 209 establish both a monitoring method for

Glossary of Terms

Term	Definition
	the calculation of risk-weighted assets and the manner in which capital demands are calculated in respect of risk assets as noted above.
Private individuals	Individuals who are not corporations (whether registered or non-registered) and who are not engaged in business activity. Private individuals defined, in accordance with the directives of the Bank of Israel, as belonging to a category that includes loans to individuals that are not intended for business purposes, with such individuals being classified as belonging to the Private Individuals Economic Branch, in accordance with the uniform definitions of the Central Bureau of Statistics, which also includes private households and private banking.
PSU (Performance-pending RSUs)	A bonus in the form of shares that are blocked and depend on future performances of the banking corporation.

Glossary of Terms

Term	Definition
R	
Regulatory capital	Capital that is used for the calculation of the Bank's capital adequacy ratio (CAR) and for the establishment of additional regulatory ratios (such as: leverage ratio, credit concentration, etc.). Accounting capital components and other qualifying Regulatory Capital instruments (such as subordinated notes that qualify as Regulatory Capital).
Repurchase Agreement or Reverse Repurchase	These ameliatory agreements are agreements for the purchase or sale of securities in return for cash or securities, when, at the time of the transaction, both the buyer and the seller agree to carry out a reverse transaction, which would be the reverse of the original transaction, on a date and at a price that have been agreed upon in advance.
Reputational Risk	The risk that the publicizing or the public disclosure of conduct or a transaction relating to customers, as well as business results and events relating to a group, will have an adverse effect on the public's faith in the group, or will cause a reduction in the customer base, or will lead to high legal costs or a reduction in revenues.
Restructuring of a Problem Debt	A debt for which, because of economic or legal reasons related to the debtor's financial difficulties, the Bank has granted a concession by changing the terms and conditions of the debt to alleviate the burden of the debtor's near-term cash payments or by accepting other assets in lieu of repayment.
Residual Risk	Residual risk is the risk remaining after the attribution of all specific risks. For example: When a person purchases an asset, that person is exposed to various risks. Many of these risks are not unique to the purchased asset, but rather reflect broader scenarios, such as an increase or decrease in share prices, an increase or decrease in interest rates, or a change in the growth rate of the economy or of a specific industry. Exposure to this risk can be reduced by diversification.

Return on Risk-Adjusted Capital (**RORAC**)	A method that compares returns on various investments that takes into account the risk. The actual return is adjusted by measuring the degree of the asset's risk exposure and adjusts downwards the return on riskier assets. The method's efficiency depends on the accuracy of the assessment of the risk in various assets, and to what degree is the "penalty" imposed on riskier assets indeed reflects the degree of risk aversion of each given investor. For new types of assets, such as financial derivatives, risk assessment is a very uncertain issue, in light of the experience concerning the conduct of their prices in practice.
Return on Equity (ROE)	The ratio between the yield of a business (net profit) and its equity. The Return on Equity (ROE) measures the Bank's ability to create net profits from assets and demonstrates to what extent the Bank is effective in utilizing additional investments in order to increase its revenues. The Return on Equity (ROE) in banks is expressed in the following ratios: • Net profit attributed to shareholders of the Bank, less a dividend to preferred shares that was not registered as an expense in the profit and loss report and which was declared only in the reporting period and is being distributed in the context of the average equity; • Net profit attributed to shareholders of the Bank, less a dividend to preferred shares that was not registered as an expense in the profit and loss report and which was declared only in the reporting period and is being distributed in the context of the average equity, less the average balance of preferred shares that were included in the equity.
Risk-weighted assets (RWA)	Risk-weighted assets reflect the Bank's balance-sheet exposure resulting from the Bank's activities, and they are weighted with their own specific risks, in accordance with Proper Banking Conduct Directives Nos. 203-209 and everything that they specify with regard to credit risk, market risk, and operational risk. Risk assets, as noted above, are intended to reflect the weighted risk in respect of which the Bank is expected to maintain the regulatory capital demand in the context of the demands for capital adequacy.
RSU (RSUs)	An ordinary share as per the terms of its issuance cannot be freely traded over a certain period of time, or until the occurrence or non-occurrence of a certain event, and this period had not yet expired and/or this event had not yet materialized.

Return on Risk-Adjusted Capital (**RORAC**)	A method that compares returns on various investments that takes into account the risk. The actual return is adjusted by measuring the degree of the asset's risk exposure and adjusts downwards the return on riskier assets. The method's efficiency depends on the accuracy of the assessment of the risk in various assets, and to what degree is the "penalty" imposed on riskier assets indeed reflects the degree of risk aversion of each given investor. For new types of assets, such as financial derivatives, risk assessment is a very uncertain issue, in light of the experience concerning the conduct of their prices in practice.
S	
SBA - Small Business Administration	An American government agency for supporting small businesses in the USA.
SCDO - Synthetic Collateralized Debt Obligation	An agreement backed by a CDS portfolio (which are derivatives) at various seniority levels.
Securitization	A process whereby bank loans and credit are pooled to create a long-term loan through bonds.
Securitization structures	Structures created for the purpose of transferring to bond holders the cash flow generated by other instruments/assets. For this purpose, the Bank is creating a Special Purpose Entity (SPE), whose function is to absorb the assets generating the cash flow being transferred by its originator and to channel the receipt of this cash flow to the bond holders, in accordance with the structure agreed upon with the bond holders and in accordance with the order of priorities as defined in the various bond series (tranche). The assignment of the above rights creates a legal structure in which the SPE's creditors will be unable to access the assets of the transferring entity but will not be exposed to the risks inherent in the entity's other activities, it being taken into consideration that the essence of the SPE is the absorption of the receipt of the above cash flow and its transfer to bond holders.
Service cost	All of the components of the cost of employee benefits that are allocated to a specific period of time.
Special mention credit	On-balance-sheet special mention credit for which there are potential weaknesses which should be monitored closely by the Bank's management. Off-balance sheet loans are classified as special mention credit 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.

Return on Risk-Adjusted Capital (**RORAC**)	A method that compares returns on various investments that takes into account the risk. The actual return is adjusted by measuring the degree of the asset's risk exposure and adjusts downwards the return on riskier assets. The method's efficiency depends on the accuracy of the assessment of the risk in various assets, and to what degree is the "penalty" imposed on riskier assets indeed reflects the degree of risk aversion of each given investor. For new types of assets, such as financial derivatives, risk assessment is a very uncertain issue, in light of the experience concerning the conduct of their prices in practice.
Specific Provision	An allowance determined for any debt analyzed on a case-by-case basis, except for housing loans (including any debt that is the reorganization of a problematic debt and which is subject to a case-by-case analysis, in accordance with the policies of the Bank). The amount of the allowance is assessed in accordance with the anticipated capitalized cash flow at the original effective interest rate of the debt or when the debt is defined as a security-conditional debt or when a seizure of assets is expected, in accordance with fair value of the security, after the deduction of the costs of materialization and with the implementation of cautious security factors. In order to determine the suitable amount of the allowance, the Bank conducts an ongoing check, in accordance with procedures, of the relevant borrowers.
Standby Letter of Credit (SBLC)	A Standby Letter of Credit is a bank guarantee defined as a commercial letter of credit whose primary goal is to ensure the execution of payment. A Standby Letter of Credit is similar to a guarantee in the sense that it constitutes a commitment undertaken by the Bank to pay the amount specified therein against a payment demand from the beneficiary, whereas, in the case of a commercial letter of credit, one is required to present various documents in order to realize the Bank's guarantee.
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 decisions, or lack of response to industry- specific, economic, regulatory, or technological changes.

Return on Risk-Adjusted Capital (**RORAC**)	A method that compares returns on various investments that takes into account the risk. The actual return is adjusted by measuring the degree of the asset's risk exposure and adjusts downwards the return on riskier assets. The method's efficiency depends on the accuracy of the assessment of the risk in various assets, and to what degree is the "penalty" imposed on riskier assets indeed reflects the degree of risk aversion of each given investor. For new types of assets, such as financial derivatives, risk assessment is a very uncertain issue, in light of the experience concerning the conduct of their prices in practice.
Substandard loan	Loans which are insufficiently guaranteed by the current sound worth and repayment capacity of the borrower or the pledged collateral, if any. On-balance sheet credit risk that has been classified in this way should have a well-defined weakness or weaknesses, which jeopardize the liquidation of the debt. Loans, in respect of which a collective loan loss provision is recorded, shall be classified as a substandard loan when it has been in arrears of 90 days or more.
Supervisory Review Process (SREP) (Supervisory Review Process) - SREP	This process is intended to ensure that banking corporations will allocate adequate capital in order to support all of the risks inherent in their activities, and also in order to encourage banking corporations to develop and use improved risk management techniques for the purpose of monitoring and managing their risks. In the context of this process, the Banking Supervision Department examines the risk profile of the banking corporation and the internal process that the Bank undertakes in order to assess the overall suitability of the regulatory capital adequacy held by the Bank against exposure. This process is intended to provide the Regulator with the tools needed for an independent assessment of the Bank's risk profile and its risk management, and to define the measures needed for early intervention for the purpose of preventing any impairment of the Bank's stability and its financial strength.
SWAP	A series of future contracts or series of forward contracts for several periods, known in advance, in which both parties agree to replace payment flows on a conceptual principal.

Return on Risk-Adjusted Capital (**RORAC**)	A method that compares returns on various investments that takes into account the risk. The actual return is adjusted by measuring the degree of the asset's risk exposure and adjusts downwards the return on riskier assets. The method's efficiency depends on the accuracy of the assessment of the risk in various assets, and to what degree is the "penalty" imposed on riskier assets indeed reflects the degree of risk aversion of each given investor. For new types of assets, such as financial derivatives, risk assessment is a very uncertain issue, in light of the experience concerning the conduct of their prices in practice.
Syndication	A transaction in which several lenders share the extension of a loan to a single borrower, but in which each lender extends a loan in a certain amount to the borrower and has the right to be directly repaid by that borrower. Groups of lenders frequently finance such loans together, with the amount extended being greater than what any single lender is willing to lend.
T	
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 capital instruments previously issued by the Bank that have been included in Tier 2 capital, pursuant to the transitional provisions for the implementation of Basel 3 Directives, as well as the new qualifying capital instruments that constitute the Contingent Convertible (CoCo) capital instruments issued by the Bank that will be converted into the Bank's shares if the situation reaches a point of non-viability. In addition, Tier 2 capital includes components such as the balance of the collective credit loss allowance before the related tax effect, up to a maximum of 1.25% of total credit risk-weighted assets.
V	
VaR - Value at Risk Value at Risk	Is a model for measuring the maximal loss expected due to materialization of the market risks within a given period of time, and at a statistical level of security set out in advance. The use of this method requires ongoing evaluation of all the corporation's positions based on the assets' fair value and liabilities. The model's goal is assessing the risks the banking institutions are exposed to, as well as for returning adequate capital for covering losses resulting from materialization of the market risks in various activities.

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