Bank Mizrahi Tefahot

Risks Report for the first quarter of 2025

This translation of the financial statement is for convenience purposes only. The only binding version of the financial statement is the Hebrew version.

This report includes additional information to the Bank's financial statements and is compiled in conformity with directives of the Supervisor of Banks, which include disclosure requirements of Basel Pillar 3 and additional disclosure requirements of the Financial Stability Board (FSB).

The following reports are available on ISA's MAGNA website: This risks report and other supervisory information about supervisory capital instruments issued by the Bank (hereinafter: "the reports"). In conformity with directives of the Supervisor of Banks, the condensed financial statements for the interim period and the aforementioned reports are also available on the Bank website:

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Risks Report

This risks report includes additional information to the condensed consolidated financial statements of Bank Mizrahi Tefahot Ltd. and subsidiaries thereof as of March 31, 2025. The condensed financial statements and additional information to the condensed financial statements, including the Report of the Board of Directors and Management, this Risks Report and other supervisory disclosures have been approved for publication by the Bank's Board of Directors at its meeting held on May 20, 2025.

The risks report and other supervisory disclosures are presented in conformity with directives and guidelines of the Supervisor of Banks, including disclosure requirements from Basel Pillar 3, disclosure requirements issued by the Financial Stability Forum (FSF) and further disclosure requirements of the Financial Stability Board (FSB).

In conformity with the Supervisor of Banks' public reporting directives, the quarterly format of the risks report is limited and focused on qualitative and quantitative disclosures whose analysis and presentation on quarterly basis is material for readers of the report.
If needed, this report should be read in conjunction with the 2024 Risks Report.

The disclosure in this report is designated to allow users to evaluate significant information included with regard to implementation of the framework for capital measurement and capital adequacy and to implementation of provisions of "Basel III: Global supervisory framework to improve stability of the banking system".

All of these reports are also available on the Bank website at:

www.mizrahi-tefahot.co.il About the Bank >> Investor Relations >> Financial Information

In accordance with the Equal Rights for Persons with Disabilities Regulations (Service accessibility adaptations), 2013, the website also provides accessible reports.

Avraham Zeldman
Chairman of the Board of Directors

Moshe Lari
President & CEO

Ofer Horvitz
Vice-president
Chief Risks Officer (CRO)

Approval date of the financial statements and risks report:
Ramat Gan, May 20, 2025

Forward-looking information

Some of the information in the Report of the Board of Directors and Management, which does not relate to historical facts, constitutes “forward-looking information”, as defined in the Securities Law, 1968 (hereinafter: "the Law").

Actual Bank results may materially differ from those included in the forward-looking information, due to many factors including, inter alia, changes to capital markets in Israel and overseas, macro-economic changes, geo-political changes, changes to legislation and regulation and other changes not within the Bank's control, which may result in assessments not materializing and/or in changes to business plans.

Forward-looking information typically includes words or expressions such as: "we assume", "expected", "forecasted", "estimate", "intend", "plan", "may change" and similar expressions, as well as nouns such as: "plan", "objectives", "desire", "should", "may", "will be". Such forward-looking expressions involve risk and uncertainty, as they are based on current Bank assessments with regard to future events, which include the following: Forecasts of economic developments in Israel and worldwide, especially the state of the economy, including the effect of macroeconomic and geopolitical conditions; expectation of changes and developments in the currency markets and the capital markets, forecasts related to other factors affecting the exposure to financial risks, forecasts of changes in the financial stability of borrowers, the public’s preferences, changes to legislation and supervisory regulations, the behavior of competitors, the Bank’s image, technological developments and human resources developments.

The information presented below relies, inter alia, on publications from the Central Bureau of Statistics, Ministry of Finance, Bank of Israel and others who publish data and estimates with regard to capital markets in Israel and overseas, and on forecasts and future estimates on various matters, as noted above, and any anticipated events or developments may fail to materialize, in whole or in part.

Key supervisory ratios and overview of risk management and risk assets

Key supervisory ratios – key data

Below is key data relevant for the Bank's risk profile (NIS in millions):

	2025	2024				2024
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Key supervisory and financial ratios						
Available capital						
Tier I equity[1]	32,629	31,963	31,128	30,252	29,422	31,963
Tier I capital before effect of transitional provisions	32,629	31,874	31,039	30,163	29,333	31,874
Total capital	41,855	41,060	40,549	39,541	37,851	41,060
Total capital before effect of transitional provisions	41,855	41,040	40,529	39,521	37,831	41,040
Risk weighted assets						
Total risk weighted assets (RWA)	314,583	307,364	298,536	289,808	277,611	307,364
Capital adequacy ratio (in %)						
Tier I capital ratio[1]	10.37	10.40	10.43	10.44	10.60	10.40
Tier I capital ratio before effect of transitional provisions	10.37	10.37	10.39	10.40	10.56	10.37
Total capital ratio	13.30	13.36	13.58	13.64	13.63	13.36
Total capital ratio before effect of transitional provisions	13.30	13.35	13.57	13.63	13.62	13.35
Tier I capital ratio required by Supervisor of Banks[2]	9.60	9.60	9.60	9.60	9.60	9.60
Available Tier I capital ratio, beyond what is required by the Supervisor of Banks[2]	0.77	0.80	0.83	0.84	1.00	0.80
Leverage ratio[3]						
Total exposure	540,851	529,598	517,795	505,336	491,302	529,598
Leverage ratio (in %)	6.03	6.04	6.01	5.99	5.99	6.04
Leverage ratio before effect of transitional provisions (in %)	6.03	6.02	5.99	5.97	5.97	6.02
Liquidity coverage ratio[4]						
Total high quality liquid assets	92,696	90,905	87,202	88,501	85,893	90,905
Total outgoing cash flows, net	66,543	67,313	68,489	67,447	61,899	67,313
Liquidity coverage ratio (in %)	139	135	127	131	139	135
Net stable funding ratio[5]						
Total available stable funding	314,616	306,692	301,090	291,303	284,082	306,692
Total required stable funding	278,777	272,502	266,114	256,681	249,506	272,502
Net stable funding ratio (in %)	113	113	113	113	114	113
Performance benchmarks						
Net profit return on equity[6][7]	16.2	16.9	19.0	19.9	18.1	18.5
Net profit return on risk assets[6][7]	1.66	1.71	1.93	2.03	1.84	1.71
Deposits from the public to loans to the public, net	109.6	109.9	110.6	110.6	110.6	109.9
Key credit quality benchmarks						
Ratio of balance of provision for credit losses to total loans to the public	1.11	1.14	1.17	1.20	1.22	1.14
Ratio of non-accruing debts or debts in arrears 90 days or longer to loans to the public	1.12	1.21	1.24	1.14	1.11	1.21
Expenses with respect to credit losses to loans to the public, net for the period[7]	0.11	0.12	0.15	0.13	0.21	0.14
Of which: With respect to group provision	(0.03)	(0.04)	0.04	(0.03)	0.10	0.02
Of which: With respect to commercial loans other than residential mortgages	0.40	0.34	0.28	0.31	0.50	0.34
Of which: with respect to residential mortgages	(0.06)	(0.02)	0.07	0.02	0.04	0.03
Ratio of net accounting write-offs to average loans to the public[7]	0.15	0.17	0.10	0.08	0.16	0.13

Financial ratios indicate as follows:

- Net profit return on equity in the first quarter of the year was 16.2%.
- The ratio of Tier I capital to risk components increased to 10.37%. The minimum ratio required of the Bank is 9.60%.

Profit and loss items, balance sheet items and various financial ratios are analyzed in detail in the Report of the Board of Directors and Management, in chapter "Explanation and analysis of results and business standing" and in chapter "Risks overview".

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(1) The Bank has no capital instruments included in "Additional Tier I capital", so that total Tier I capital equals total Tier I equity.

(2) Including a capital requirement at 1% of the residential mortgage balance as of the date of the financial statements.

(3) Leverage Ratio – ratio of Tier I capital (according to Basel rules) to total exposure. This ratio is calculated in conformity with Proper Conduct of Banking Business Directive 218.

(4) Liquidity Coverage Ratio – ratio of total High-Quality Liquid Assets to net cash outflow. This ratio is calculated in conformity with Proper Conduct of Banking Business Directive 221, in terms of simple averages of daily observations during the reported quarter.

(5) Net stable funding ratio – a liquidity ratio stipulated by the Supervisor of Banks, in conformity with recommendations of the Basel Committee, designed to maintain a sustainable financing structure over time, in addition to the liquidity coverage ratio. Calculated based on total net stable funding required for 12 months, derived from all Bank uses, to total net stable funding available for 12 months, calculated for all Bank sources.

(6) Net profit attributable to shareholders of the Bank.

(7) Annualized.

Bank approach to risk management

Efficient, comprehensive risk management is a major pillar for ensuring bank stability over time. The risks management strategy at the Bank is designed to identify, manage, monitor, quantify, avoid or mitigate all material risks associated with Bank operations and to support achievement of its business objectives. The Bank's business activity is exposed to various material financial and non-financial risks, whose materialization has potential to impact the Bank's financial results or image. The Bank has classified the following risks as material risks: Credit and concentration risks, financial risks that include liquidity risk and market and interest risks, compliance and regulatory risk, operational risks including IT risk, information and cyber security risk, legal risk, human capital risk, model risk[1] and other risks mitigated as part of business management at the Bank, such as: Reputational risk, climate and environmental risks, strategic business risk and business and geopolitical environment risk.[2]

General information regarding management of various risks and the risk profile

The Bank has in place an extensive framework for management and control of the risks to which the Bank is exposed, including an organizational structure supporting management and control of such risks. The Bank operates in conformity with regulatory requirements with regard to risk management and control, and in conformity with the Supervisor of Banks' Proper Conduct of Banking Business Directives, and in particular with Proper bank Management Directive 310 "Risks Management", which is based on the Basel Committee recommendations, which specifies the principles for risks management and control in the Israeli banking system and stipulates the standards required of the banks for creating their risks management and control framework in line with regulatory requirements, the Bank's risk appetite, risk strategy and its business targets. These principles include, inter alia: proper involvement of management and of the Board of Directors in risk management, tools for risk identification and measurement, control and monitoring processes and the measures for risk mitigation. The Bank’s policy documents for risk control and management are based on these principles.

Risk management at the Bank Group is conducted based on an overview of Bank activity in Israel and at overseas affiliates, in conformity with regulatory requirements and in order to support achievement of the Group's strategic targets, while taking risk judiciously and maintaining a risk level in line with the overall risk appetite specified by the Bank Board of Directors.

Risk appetite defines the overall risk level which the Bank is willing to assume and constitutes a oversight ruling. Risk appetite specifies where the Bank wishes to be in terms of return (proceeds/reward) vs. risk (cost) from a forward-looking viewpoint. Risk appetite is defined in qualitative and quantitative terms in the normal course of business and under stress scenarios, and is based on the risk strategy and on basic principles of the Bank Group's business and strategic plan, on the required liquidity and capital for achieving the strategic objectives.

Risk tolerance is a specific setting of risk limitations for all risks to which the Bank is exposed. Risk values are assessed by a range of qualitative and quantitative benchmarks, in support of achieving the business goals, while keeping the Bank within the overall limits of the specified risk appetite and subject to strict regulatory restrictions. These risk restrictions, on aggregate, reflect the Bank’s risk appetite - the overall risk level which the Bank is willing to assume.

Effects of the war

The Iron Swords War continues with varying intensity. The effects of the war, which caused disruptions in economic activity in Israel, the absence of employees who were drafted as reservists, the shortage of foreign and Palestinian workers, especially in the construction industry and the adverse effect on private consumption and on current business activity, due to the deterioration in the security situation subsided and economic activity gradually returned normal levels. In the first quarter of 2025, economic activity in Israel continued the recovery trend following the ceasefire in the north and the subsidence of the fighting in the south. If fighting is renewed or expanded, the Israeli economy and the banking system may be adversely affected.

Note that even prior to this war, there was economic uncertainty due to the Government’s plans to promote changes to the judicial system and the public disagreement with regard to this move. Since the outbreak of the war, there has been a significant increase in government spending - both in terms of defense costs, and in terms of compensation to civilians in respect of the damages of the war and looking after evacuees - all of which led to a sharp increase in the deficit rate. This occurred alongside a slowdown in the growth rate of the Israeli economy due to the war’s adverse effect on normal civilian day-to-day life.

[1] The model risk is presented for the first time as a separate risk, having previously been presented as part of the operational risk; for more information, see below in the “General mapping of risk factors and their impact” chapter.

[2] In the current quarter, the Bank presents the business and geopolitical environment risk, which reflects exogenous risks arising from the business environment in which the Bank operates. The risk replaces the regulatory business risk, which was previously presented separately, and was assessed as “medium-high”. For further information see below.

In view of the increase in the systemic risk due to the war, the Bank increased its overall risk assessment as from the third quarter of 2023. It is noted that the Bank has not changed its risk assessments in this quarter, despite the improvement in economic parameters and in the security situation, and despite the fact that no material changes were observed in the different risk benchmarks. This is due to the Bank's conservative risk management approach and the geopolitical uncertainty. The Bank will continue assessing the risk assessments in the forthcoming quarters.

The Bank of Israel's comprehensive support outline, which was voluntarily expanded by the Bank, for customers dealing with the consequences of the Iron Swords War has ended at the end of the first quarter of 2025.

During March 2025, the Supervisor of Banks approached the banks in order to formulate a voluntary consumer outline, which includes reliefs and benefits to customers based on 5 potential packages to be implemented as from the second quarter of 2025. The Bank revised and disclosed the manner of implementation of the packages, and was instructed to disclose the amount of the benefits in the financial statements in accordance with their actual cost, as delivered to the customers, based on a detailed disclosure table for each package and an explanation regarding the calculation of the benefits' amounts.

The State of Israel's Credit Rating by International Rating Companies

As a result of the war and the intensification of the geopolitical risks, during 2024 the international rating agencies downgraded the State of Israel's credit rating and revised the rating outlook. The banks' rating is influenced by the country's rating, and the Bank's credit rating and credit forecast was revised accordingly. During 2024, the rating agency S&P downgraded the credit rating of the State of Isarel from AA- to A with a negative outlook.

During 2024, the rating agency Moody's downgraded the credit rating of the State of Isarel by three notches from A1 to Baa1 with a negative outlook.

During 2024, the rating agency S&P downgraded Israel's credit rating from A+ to A, with a negative outlook.

During January 2025 and following the subsidence of fighting in the south and the ceasefire in the north, the international rating agencies published revised reviews regarding the Israeli economy. According to the reviews, the mitigation of the security risks increases Israel's economic potential; however, at this stage no changes were made to the credit rating and the outlook, mainly due to the potential future effects of the war and the need to wait for a stabilization of the security situation.

The credit rating agencies maintain Israel's credit rating unchanged with a negative outlook, and an emphasis on geopolitical risks.

Systemic scenario – uniform stress test

In line with customary world-wide practice, the Supervisor of Banks conducts a uniform macro-economic stress scenario for the banking system, designed to test systemic and individual financial stability in a different macro-economic environment and risk concentrations the banking system is exposed to.

In February 2025, the Supervisor of Banks published a system-wide uniform stress scenario for the banking system, in which geopolitical conditions in Israel deteriorate and the war continues in several fronts. Due to high levels of uncertainty, business activity and importation to and exportation from Israel are adversely affected to a significant extent. Economic activity in Israel is adversely affected, GDP contracts, unemployment rates rise and local financial markets suffer. Israel's risk premium continues to increase and its credit rating is downgraded again below investment grade. Inflation is rising sharply and the Bank of Israel is raising interest rates at a high rate. The Bank is completing the preparation of the scenario, and its results will be reported to the Supervisor of Banks in May 2025. According to results in the stress scenario as well, the Bank retains its robustness and stability throughout the scenario period, while maintaining adequate regulatory capital and leverage ratios.

General mapping of risk factors and their impact

The Bank has put in place a framework for risk management and control in the Group, which includes the mapping of the material risks; for each risk, the Bank estimates its potential impact on business operations over the coming year.

The table below lists the risk factors and management assessments of the impact of each risk factor, on a scale of five risk levels: Low, Low-medium, Medium, Medium, Medium-High and High.

The risk assessment for each risk and examination of their materiality level is reviewed as part of the ICAAP process (a self-assessment of capital adequacy) in the annual assessment process, the RAS (Risk Assessment System), which is a uniform methodological process adapted to regulatory requirements, in which the overall risk levels, management quality and risk profile for all material risks at the Bank are specified and this, based on risk indices, qualitative parameters and subjective assessments.
Furthermore, on a quarterly basis, in line with results of the Bank's annual ICAAP process, an up-to-date risk assessment is carried out for each of the risks in accordance with the actual risk profile, quantitative and qualitative indices, developments in the business environment and macroeconomic environment, and the existence of appropriate management and monitoring processes and emergency plans for dynamic, rapid response designed to minimize damage upon materialization of events. The up-to-date risk assessments are extensively discussed by Bank management and Board of Directors.

Set forth below is a mapping of the risk factors and their potential impact on the Bank Group:

Risk factor	Effect of the risk factor
Overall effect of credit risks(1)	Medium
Risk with respect to borrower and collateral quality	Medium-High
Risk from industry concentration(1)	Low-Medium
Risk with respect to concentration of borrowers / borrower groups	Low
Risk with respect to mortgage portfolio	Low-Medium
Overall effect of market risks(2)	Low-Medium
Interest risk	Medium
Inflation risk	Low-Medium
Foreign currency risk	Low
Liquidity risk	Low-Medium
Overall effect of operational risk	Medium
Cyber and information security risk	Medium
Model risk(3)	Low-Medium
IT risk	Medium
Legal risk	Low-Medium
Compliance and regulatory risk(4)	Low-Medium
Reputational risk(5)	Low
Strategic business risk (6)	Low-Medium
Business and geopolitical environment risk(7)	Medium-High

(1) Includes concentration in construction and real estate sector.
(2) Includes options and shares risk.
(3) The model risk is presented for the first time as a separate risk in the risk factors table, having previously been presented as part of the operational risk. For further information see below in the chapter "major developments with regard to risk factors during the reported period".
(4) Includes AML and terror financing risk and cross-border risk.
(5) The risk of impairment of the Bank's results due to negative reports about the Bank.
(6) The definition of strategic business risk includes the risk embodied in the capital planning and management process.
(7) In the current report, a "business and geopolitical environment risk" was defined, which reflects exogenous risks arising from the business environment in which the Bank operates. The risk replaces the regulatory business risk, which was previously presented separately, and was assessed as "medium-high". The business and geopolitical environment risk refers to two aspects: A regulatory risk pertaining to legislation steps which may potentially affect the banking system's core activities, and the business environment risk, which includes the effects of macroeconomic risk (that were previously included in the strategic business risk) and geopolitical risk. The risk also reflects the effect of the State of Israel's risk premium and credit rating.

Below are major developments with regard to risk factors during the reported period:

The Bank's risk profile and risk assessment for the first quarter of 2025 remained unchanged from assessments issued in the fourth quarter of 2024. As described above, in the current quarter, the Bank presents the business and geopolitical environment risk, which is assessed as “medium-high”, and a model risk, which is assessed as “low-medium”.

Developments in the risk assessments for the first quarter of 2025:

1. Credit risk

In the first quarter of 2025, the recovery in economic activity in Israel continued. Furthermore, there are no indications that risk levels have increased compared to the two previous quarters. At this stage, despite the improvement in economic conditions, the risk level remains unchanged and reflects the uncertainty in connection with the stability of the security situation, the potential effect of the economic conditions, and the effects of interest rates and inflation on the business sector. and the uncertainty as to the impact of the USA’s new trade policy.

The balance of the loans, the repayment of which is still deferred due to the Iron Swords War, is very low in all credit segments, including in residential mortgages where most customers resumed normal repayment of their loans. The Bank tracks the resumption of repayment of all of the customers who deferred repayment, and takes steps involving customers, repayment of whose loans is still deferred, or who do not repay their loans in an orderly fashion.

A. Overall effect of credit risks

The overall level of credit risk remained Medium. The risk level for the quality of borrowers and collateral is slightly higher than previously, reflecting the economic and geopolitical uncertainty, and its impact on the borrowers’ activity; this might affect the credit risk level.

In the third quarter of 2023, due to the war the risk to borrower and collateral quality increased, due to economic deterioration due to the war and its potential impact on the state of borrowers and overall business activity. The Bank closely monitors the potential effects and constantly reviews and measures and risk benchmarks and levels, adapting them as required to current business activity, subject to and in line with the risk appetite. Most customers resumed normal repayment of their loans; the Bank monitors resumption of repayments by all customers who postponed repayments, and takes steps to improve borrower repayment capacity and to reduce the risk level.

As of March 31, 2025, deferred payments for business segment customers amounted to NIS 36 million, out of the total loan balance that has undergone changes to terms amounting to NIS 125 billion.

As of March 31, 2025, deferred payments for the individual customers segment amounted to NIS 23 million, out of the total loan balance that has undergone changes to terms amounting to NIS 37 million.

B. Credit risk in the construction and real estate sector

The assessment of the total impact of credit risks and sector concentration includes the risk assessment with respect to Bank exposure to the construction and real estate sector. The Bank is mostly focused in this sector on extending credit for construction using the financial support method (closed assistance). Most of the credit risk in the construction and real estate sector is backed by real estate fully pledged to secure loan repayment, and for credit not secured by real estate collateral, there is other collateral in place, such as: deposits, securities etc. The share of the construction and real estate sector in Israel out of total credit risk to the public at the Bank is approx. 16.9%.

During 2024 there has been an increase in the scope of activity in the construction and real estate sector, demand has increased and so did the number of transactions, and residential units were also purchased in areas located close to the conflict zones. As from the beginning of 2025, there has been a certain downward trend in sales, which is explained, among other things, by the number of contracts whose signing was brought forward during December 2024. The limitation of sales under deals offered by the developers may have a certain short-term effect on demand until the market will adapt to the new conditions. The Bank tracks the development of the industry's risk characteristics and the effects of changes on Bank operations, including monitoring the portfolio and focusing on risk concentrations.

On April 6, 2025, the Supervisor of Banks published a circular on revision of Proper Conduct of Banking Business Directive No. 203 regarding “Measurement and Capital Adequacy – Credit Risk—the Standardized Approach”, and Directive No. 329 on “Limitations on Issuing Residential Mortgages”. The circular applies an increased risk weight to credit used to finance projects with a high proportion of house sale contracts where a significant proportion of the sale consideration is paid on the house delivery date. Furthermore, it was decided to limit the proportion of bullet and balloon loans, which are subsidized by the developer paying the interest payments, such that those loans will not exceed 10% of total residential mortgages. For more information see Note 1 to the financial statements.

For more information about credit risk in the construction and real estate sector, see chapter "Credit risk" in the Report of the Board of Directors and Management.

C. Credit risk in the residential mortgage portfolio

The risk level in the mortgages portfolio remains unchanged, at a low-medium level, against the backdrop of continued uncertainty as to the stability of the security situation, the economic conditions and their impact on economic activity; uncertainty also remains as to the potential cumulative effect of interest and inflation rates on borrowers' repayment capacity. The risk benchmarks in the current quarter did not indicate any material change in risk level, and therefore the risk assessment remained unchanged. The Bank continues to monitor the developments and their impact of economic growth and activity. Most of the customers who deferred payments resumed normal payments, and the Bank deals in an orderly manner with customers who still defer payments.

As of March 31, 2025, deferred payments for residential mortgages segment customers amounted to NIS 53 million, out of the total loan balance that has undergone changes to terms amounting to NIS 2.3 billion.

2. Market and interest risks

The overall risk level of market and interest risk remained Low-Medium. Interest risk remained medium, and reflects the high interest rate environment and the potential impact on borrowers and depositors' behavior, in particular the transfer of funds from current accounts to deposits and changes to mortgage mixes in the direction towards channels which are less sensitive to changes in interest rates. The risk values are within the limits of the Bank's risk appetite.

3. Liquidity risk

Liquidity risk remained low-medium. In January 2025, in view of the subsidence in fighting in the south, the ceasefire in the north, and the calm in the markets, it was decided to lower the Bank's state of alert regarding liquidity by one notch, after it has increased since the outbreak of the war and due to the security situation and its effects. The Bank closely monitors the potential changes in the situation. In practice, no events nor indications were observed which would indicate realization of a liquidity event. Over the course of the first quarter of 2025, the Bank maintained high liquidity by investing excess liquidity in liquid assets of very high quality – Level 1 assets. As of March 31, 2025, the average (consolidated) liquidity coverage ratio amounted to 139%, the net stable funding ratio (consolidated) was 113% and as of March 31, 2025 there were no deviations from the risk appetite limits. The Bank maintains high surplus foreign currency, and closely manages its liquidity based on specified guidelines, including ongoing review of Bank compliance with systemic emergency scenarios.

4. Cyber and information security risk

The information security and cyber risk level remained medium. In this quarter, a small number of fraud attempts against customers (through phishing attacks) were identified, in which their account credentials were stolen in order to conduct un-authorized transactions in their accounts. Thanks to defensive measures applied by the Bank, despite these fraud attempts, there were no unauthorized transactions in customer accounts. In addition, in the occurred quarter, several DDOS attacks were conducted against the Bank's marketing website. Throughout this attack, the Bank app and transaction website operated normally, and this attack had no impact on the Bank's business activity, and concurrently, over the course of the quarter the Bank expanded its response capabilities to attacks of this sort. Due to the war, the risk of attempted cyber attacks in the banking system is higher, as is the potential for materialization of this risk. In order to identify and thwart cyber incidents, the Bank maintains its alertness, vigilance and preparedness for such events. The Bank also acts to prevent fraud, by bolstering its monitoring activity to identify any suspect activity in customer accounts. There is constant activity by attack groups, along with continued activity and bolstering of the Bank's control and protection system. Note that despite the increase in cyber risk world-wide and in Israel, due inter alia to increased use of cloud environments, increased remote working and more sophisticated attacks, primarily ransom attacks – the actions taken by the Bank in recent years to manage the risk, have maintained risk at the Bank unchanged.

5. Model risk

Model risk may arise from the use of models and making decisions based on information that may be incorrect or on an expansive interpretation/misinterpretation of the model's results, which may lead to financial loss, incorrect strategic decisions and even damage the Bank's reputation.
The model risk is assessed as low-medium and is based on the model risks map maintained by the Bank in accordance with the models' materiality and eligibility; this is since most of the Bank's models are decision support models, and since the risk is closely managed under an orderly corporate governance framework and work. On August 21, 2024, the Supervisor of Banks issued Proper Conduct of Banking Business Directive No. 369 regarding model risk management, which regulates the key aspects of an effective management of model risks. The Bank is preparing to implement the directive.

6. IT risk

The technology risk remained Medium. This is a material risk factor for the Bank, and potential damage due to its realization may be significant. Technological activity is focused on changing needs in line with the Bank's business strategy, and taking as many steps as possible to mitigate the probability of the realization of the technological risks and the potential damage of their realization.

7. Legal risk

Legal risk remained Low-medium. In this quarter there were no unusual events which may impact Bank exposure. Legal risk is defined in Proper Conduct of Banking Business Directive 350 regarding "Operational risks" and includes absence of potential for legal enforcement of an agreement and includes, but is not limited to exposure to fines or penalties arising from supervisory action, as well as from individual arrangements.
Legal risk also includes risks arising from legal exposure due to Bank conduct with its various stakeholders (such as: customers, suppliers and other third parties).
The Bank's Legal Division regularly analyzes the legal risk components, the risk boundaries (arising, for example, from the counter-party identity, from creation of collateral etc.) as well as specific risk attributes while reviewing its risk level and exposure with attention to the different lines of business at the Bank and provides current legal advice to the Bank and its various units.

8. Compliance and regulatory risks

Compliance and regulatory risk remained Low-Medium. The Bank applies the current and new regulatory provisions. The Bank continues to closely monitor and mitigate all aspects of the risks: Compliance, AML and terror financing risk. Moreover, the Bank operates within the international banking framework that applies cross-border enforcement rules, and has therefore set a specific policy regarding the implementation of international sanctions.

9. Reputational risk

The Bank's reputational risk remained Low. The Bank regularly monitors various benchmarks and indicators with regard to the Bank's reputation, indicating that the Bank has maintained a leading image in the service, fairness and perception as a different bank axes. Among Bank customers, the high image reception levels remain. Satisfaction from the service experience offered by the Bank remains high and stable and managed systematically using a variety of tools.

10. Strategic business risk

The strategic business level remains unchanged, at a low-medium level. At the strategic level there has been no change to the Bank's business model, and the Bank operates based on the current strategic outline and is beyond the business targets set in the strategic plan for 2021-2025. Strategic business risk incorporates all of the Bank's business operations, also reflecting the risk in the Bank's business environment. The Bank maintains appropriate safety margins for minimum capital and leverage ratios.

11. Business and geopolitical environment risk

The business and geopolitical environment risk, which includes the regulatory risk, is assessed as “medium-high” and reflects the effects of the macroeconomic risk, regarding which there is uncertainty as to the extent of the impact of the trade war and economic and security developments in Israel.

Strategic plan

For more information about the Bank's strategic plan for 2021-2025, see chapter "Business goals and strategy" of the Report of the Board of Directors and Management for 2024.

The Bank is evaluating and considering a new strategic plan, which will be brought for discussion before the Board of Directors and, if authorized, be published.

Major and emerging risks

The Bank's business activity exposes the Bank to various financial and non-financial risks, whose materialization has potential to impact the Bank's business results or image. Top risks and evolving risks are derived from the Bank's business environment, which is impacted by the macro-economic environment, by risk associated with regulation and legislation, by changes to the business model and by social and consumer trends. In recent years, due to changes in the competitive landscape, in the consumer environment, in the regulatory environment and in technology, non-financial risks have been evolving.

As part of processes conducted by the Bank to map and identify risk, the Bank reviews major risks, existing or new, arising from developments in the Bank's business environment, which may materialize over the coming year and with potential to materially impact the Bank's financial results and stability. The Bank also identifies emerging risks, which may materialize over the longer term, with uncertainty about their nature and impact on the Bank. The risk mapping at the Bank is regularly reviewed to ensure it covers all risks associated with the Bank's business activity, or influenced by market conditions and from regulatory requirements.

1. **Strategic business risk** – is the risk, in real time or in future, to Bank profits, capital, reputation or status, which may arise from erroneous business decisions, improper deployment of decisions by the Bank or inappropriate alignment of the Bank to changes in the business environment in which it operates. The Bank is preparing for these changes by, inter alia, adapting the banking production functions through, inter alia, increased investment in technology, so as to maintain the Bank's position as an advanced, human bank. This is material risk requiring risk management measures to be applied, assessment and early identification of events which may preclude implementation of the strategy.

2. **Business and geopolitical environment risk** - reflects exogenous risks arising from the business environment in which the Bank operates and the uncertainty as to the security and economic conditions in Israel.

3. **Macro-economic risk** – The Bank's activity is affected by the state of the local and global economy; significant changes in monetary policy and in interest rate curves, market volatility and changes in prices of financial assets in Israel and world-wide and in real estate prices may potentially impact the Bank's activity. In April 2025, the Bank of Israel interest rate remained unchanged at 4.5%. In March 2025, the Consumer Price Index increased by 0.5%.

   Regulatory risk – reflects the risk of legislation, including legislation in progress, in core banking areas, as well as new regulation and regulatory expectations of regulatory entities, whether in progress or completed, which may potentially impact core banking operations.

4. **IT risk** - Technological risk is a significant risk, affected by accelerated evolution in technology and digital domains and by the need to provide response to changing customer and Bank needs, multitude of banking regulatory requirements and the need to implement technological tools within a short timeframe. The Technology Division operates to support normal Bank operations and to provide a response to current and future technology requirements for such operations.

   As part of bolstering its technology infrastructure, the Bank invests heavily in technology systems, in order to address the evolving challenges in the business environment, while maintaining its differentiation as an advanced, human bank. The Bank is developing advanced tools for analyzing data and extracting information from data, in order to improve its measuring capacity and decision making, both from business marketing aspects and from risk management aspects.

5. **Information security and cyber risk** – Information security risk is risk arising from faults in protection of the Bank's computer systems and information stored there. Cyber risk materializes in case of an event including an attack on computer systems by or on behalf of internal or external adversaries of the Bank. The Bank's information security and cyber team operates fully and continuously, improving and bolstering defense capabilities and mechanisms, in conformity with expansion of threats and challenging needs which the Bank is required to face. In view of the war, the Bank significantly raised its alert, vigilance and readiness in order to identify and avert any cyber events. The Bank also acts to prevent fraud, by bolstering its monitoring activity to identify any suspect activity in customer accounts.

6. **Compliance and regulatory risk** – Bank business operations are subject to regulation.[1] Compliance risk is the risk of the imposition of sanctions, material financial loss or damage to reputation, which the Bank may incur due to its failure to comply with various compliance provisions. Compliance provisions also include the following laws: ISA Enforcement Proceeding Streamlining Law (Legislative Amendments), 2011; Securities Law 1968; Mutual Investment Law, 1994; Arrangement of Engagement in Investment Consultancy, Investment Marketing and Management of Portfolios Law, 1995 (hereinafter: "the Advisory Law"); (hereinafter jointly – "securities laws") as well as the Economic Competition Law, 1988. Compliance with these laws is also handled by internal enforcement

[1] Compliance and regulatory risks may arise from non-compliance with regulatory directives applicable to business operations, vs. business and geopolitical environment risk, which refers to the impact of new legislation and regulation in core matters of the financial system.

programs of securities laws and economic competition laws, respectively. The compliance risk also includes the Bank's compliance with fairness aspects and with the provisions of the Privacy Protection Law, 1981 and the regulations promulgated thereunder. As part of the Bank's addressing this issue, the Chief Compliance Officer was appointed as the officer in charge of privacy protection.

Note that the Bank has practically zero risk appetite for compliance and regulatory risk, with regard to compliance with statutory provisions applicable to the Bank. Therefore, the Bank has determined that any deficiencies found in compliance with statutory provisions should be addressed by Bank units as a top priority. The Bank has specified a multi-annual work plan, which includes required action for reducing compliance risk.

7. **Environmental risks and climate risks** – these are part of ESG (Environment, Society and Governance) risks. Climate risks are evolving risks associated with increased change compared to other risks over time.

A. **Environmental risks** are risk deriving from the Bank's potential exposure to loss due to deterioration in the borrower's financial position due to high costs incurred as a result of environmental hazards (such as air and water pollution, soil contamination), regulation concerning environmental protection, or due to the Bank being indirectly liable for an environmental hazard caused by a project funded by the Bank. Environmental risk also includes other, derived risks: reputation risk, third-party liability risk and so forth.

B. **Climate risks** are due to increased frequency and intensity of weather events due to climate change. The Bank faces risk of financial loss or impact to its reputation, due to materialization of physical events, processes or adjustment to transition risk due to climate change. Climate risks include:

- Transition risks, which are estimated to be long-term risk an which may derive from the adaptation to a low-carbon economy motivated by changes in regulation, legislation and government policy (such as a move to renewable energy sources, carbon taxes, improving energy efficiency and more).
- Physical risk, that may materialize due to direct impact of extreme climate events, such as flooding, storms, heat waves, cold snaps, fires, ongoing changes that may derive from rising sea levels and temperature changes that may affect the ecological system, desertification processes and so forth.

In recent years, there has been growing awareness in Israel and world-wide of the existence and extent of financial risk due to potential impact of events and processes related to climate change. The Bank is preparing to implement Proper Conduct of Banking Business Directive 345 "Principles for effective management of climate-related financial risk", issued by the Supervisor of Banks in June 2023, and which will come into effect in June 2026.

In 2025 the Bank published a TCFD report (Task Force on Climate-Related Financial Disclosures) for 2024, presenting the Bank's assessments of effective management of climate risk. This report was created in conformity with the generally accepted global standard for such reporting and was included in the ESG report for 2024.

For more information about management of these risks, see chapter "Environment, society and governance" in the 2023 Report by the Board of Directors and Management and 2024 ESG report.

Overview of weighted risk assets

	Risk weighted assets		Minimum capital requirements[1]
	As of March 31, 2025	**As of December 31, 2024**	**As of March 31, 2025**
Credit risk (standard approach)[2]	276,813	270,705	34,602
Counter-party credit risk (standard approach)	4,062	4,076	508
Credit risk value adjustment (CVA)[3]	1,342	1,421	168
Settlement risk	277	301	35
Amounts lower than discount threshold (subject to 250% risk weighting)	5,925	5,786	740
Total credit risk	**288,419**	**282,287**	**36,053**
Market risk (standard approach)	2,278	1,675	285
Operational Risk[4]	23,886	23,402	2,986
Total	**314,583**	**307,364**	**39,324**

(1) Capital requirement in conformity with required overall minimum capital ratio of 12.5%.

(2) Credit risk excludes counter-party credit risk, credit risk value adjustment, settlement risk, securitization exposures and amounts lower than the deduction thresholds.

(3) Credit Value Adjustments – mark to market with respect to credit risk of counter-party, in conformity with Basel III provisions.

(4) Capital allocation with respect to operational risk was calculated using the standard approach.

The change in risk-weighted assets in the first quarter of 2025 was primarily due to growth in business credit and residential mortgages.

Capital and leverage

Composition of supervisory capital

		As of March 31		As of December 31
		2025	2024	2024
		NIS in millions		
Tier I equity: Instruments and retained earnings				
1	Ordinary share capital issued by the banking corporation and ordinary share premium for shares included in Tier I equity	3,727	3,675	3,725
2	Retained earnings, including dividends proposed or announced after the balance sheet date	28,550	25,259	27,782
3	Cumulative other comprehensive income and retained earnings disclosed	(184)	(356)	(214)
5	Ordinary shares issued by consolidated subsidiaries of the banking corporation, which are held by a third party (non-controlling interests)	599	578	589
6	**Tier I equity before regulatory adjustments and deductions**	32,692	29,156	31,882
Tier I equity: Supervisory adjustments and deductions				
8	Goodwill, net of any deferred tax liabilities	87	87	87
9	Other intangible assets, excluding mortgage service rights, net of deferred tax liabilities	15	35	20
11	Accumulated other comprehensive income with respect to cash flows hedging of items not listed at fair value on the balance sheet	5	2	5
14	Un-realized gains and losses from changes to fair value of liabilities arising from changes to the banking corporation's own credit risk. Furthermore, with regard to liabilities with respect to derivative instruments, all accounting value adjustments (DVA) arising from the bank's own credit risk should be deducted	7	3	11
26	Supervisory adjustments and other deductions stipulated by the Supervisor of Banks	(51)	(393)	(204)
28	**Total supervisory adjustments and Tier I deductions**	63	(266)	(81)
29	**Tier I shareholders' equity**	32,629	29,422	31,963
Additional Tier I capital: Instruments				
44	**Additional Tier I capital**	-	-	-
45	**Tier I capital**	32,629	29,422	31,963
Tier II capital: Instruments and provisions				
46	Instruments issued by the banking corporation (not included in Tier I capital) and premium for such instruments	2,231	2,209	2,188
48	Tier II capital instruments issued by subsidiaries of the banking corporation to third-party investors	3,389	3,039	3,380
49	Of which: Tier II capital instruments issued by subsidiaries of the banking corporation and held by third-party investors, gradually deducted from Tier II capital	-	-	-
50	Group provisions for credit losses by effect of related tax	3,606	3,181	3,529
51	**Tier II capital before deductions**	9,226	8,429	9,097
Tier II capital: Deductions				
57	**Total deductions from Tier II capital**	-	-	-
58	**Tier II capital**	9,226	8,429	9,097
59	**Total capital**	41,855	37,851	41,060
60	**Total risk weighted assets**	314,583	277,611	307,364
Capital ratios and capital preservation cushions				
61	Tier I shareholders' equity	10.37%	10.60%	10.40%
62	Tier I capital	10.37%	10.60%	10.40%
63	Total capital	13.30%	13.63%	13.36%
Minimum requirements stipulated by the Supervisor of Banks				
69	Minimum Tier I equity ratio required by Supervisor of Banks	9.60%	9.60%	9.60%
70	Minimum Tier I equity ratio required by Supervisor of Banks	9.60%	9.60%	9.60%
71	Minimum capital ratio required by the Supervisor of Banks	12.50%	12.50%	12.50%

		As of March 31 2025	As of March 31 2024	As of December 31 2024
				NIS in millions
Amounts lower than the deduction threshold (before risk weighting)				
72	Investments in capital of financial corporations (other than banking corporations and subsidiaries thereof), up to 10% of ordinary share capital issued by the financial corporation, which is below the amortization threshold	60	53	58
73	Investments in Tier I equity of financial corporations (other than banking corporations and subsidiaries thereof), over 10% of ordinary share capital issued by the financial corporation, which is below the amortization threshold	3	3	3
75	Deferred tax assets created due to temporary differences, which is below the amortization threshold	2,367	2,408	2,311
Cap for inclusion of provisions in Tier II				
76	Provision qualifying for inclusion in Tier II with regard to exposures under the standard approach, before application of the cap	3,706	3,724	3,668
77	Cap for inclusion of provision in Tier II with regard to exposures under the standard approach	3,605	3,181	3,529

Supervisory requirement

Supervisory capital is composed of two tiers: Tier I capital (including Tier I equity and Tier I additional capital) and Tier II capital.
Tier I capital includes equity attributable to equity holders of the Bank and the interest of external shareholders in equity of subsidiaries (excess capital at subsidiaries is not taken into account).
Tier I capital includes supervisory adjustments and deductions from capital – goodwill, investments in capital components of financial institutions, cumulative other comprehensive income with regard to cash flow hedges for items not presented at fair value on the balance sheet adjustments with respect to liabilities for derivative instruments, due to change in the Bank's credit risk (DVA) and other supervisory adjustments and deductions.
Additional Tier I capital consists of equity instruments which fulfill the requirements specified in the directives. As of March 31, 2025, the Bank had no capital instruments included in additional Tier I capital.
Tier II capital consists of a group provision for credit losses and equity instruments which fulfill the specified requirements.

Restrictions on capital structure:
- Tier II capital shall not exceed 100% of Tier I capital after required deductions from such capital.
- Capital instruments qualified for inclusion in Tier II capital shall not exceed 50% of Tier I capital after required deductions from such capital.

Bank approach to capital adequacy assessment

The risks management and control framework at the Bank, as recommended by the Basel Committee, specifies three pillars for capital adequacy assessment:
Pillar 1 – minimum capital – minimum capital allocation requirements with respect to credit risk, market risk and operational risk calculated by standard models.
Pillar 2 – Supervision and control process over capital adequacy, the Internal Capital Adequacy Assessment Process (ICAAP) conducted by the Bank, as well as the Supervisory Review and Evaluation Process (SREP).
Pillar 3 – "market discipline" – reporting and disclosure requirements to supervisory entity and to the public.

Minimum capital ratio requirement

Capital ratios are calculated as the ratio of capital to weighted risk assets. Tier I equity ratio us calculated as the ratio of Tier I equity to weighted risk assets, and the total capital ratio is calculated as the ratio of total capital to weighted risk assets.
As per instructions of the Supervisor of Banks, the Bank is required to maintain a minimum Tier I equity ratio of no less than 9% and a minimum total equity ratio of no less than 12.5%. An additional capital requirement was added to the Tier I equity ratio at 1% of the residential mortgage balance as of the dates of financial statements, except for residential mortgages, which are subject to relief provided in the interim directive for addressing the Corona Virus crisis.
Consequently, the Bank's current required minimum ratio of Tier I equity ratio and minimum total capital ratio as of the report date are 9.60% and 12.50%, respectively (to which appropriate safety margins will be added). For more information see Note 9 to the financial statements.

Leverage ratio

The Bank applies the rules in Proper Conduct of Banking Business Directive 218 with regard to leverage ratio, which adopts the Basel Committee recommendations with regard to leverage ratio, stipulated in January 2014.
The leverage ratio is reflected in percent, defined as the ratio of Tier I capital to total exposures. Total exposure for the Bank is the sum of balance sheet exposures, exposures to derivatives, to financing transactions for securities and off-balance sheet items.
According to the directive, banking corporations must maintain a leverage ratio of 5% or higher on a consolidated basis.
On November 15, 2020, the Supervisor of Banks issued a circular regarding "Adjustments to Proper Conduct of Banking Business Directives for addressing the Corona Virus (Interim Directive)", updating Proper Conduct of Banking Business Directive 250, whereby the leverage ratio shall be at least 4.5% on a consolidated basis, compared to 5% prior to this change.
In the Supervisor of Banks' circular dated December 20, 2023, the effect of this relief was extended through December 31, 2025. A banking corporation applying this relief at the time would be required to resume the required leverage ratio prior to the interim directive within two quarters, such that upon expiration of the interim directive, the banking corporation would be subject to a minimum leverage ratio based on the actual leverage ratio or the minimum ratio applicable to the banking corporation prior to the interim directive, whichever is lower.
The Bank's leverage ratio as of March 31, 2025 is 6.03%, compared to 6.04% as of December 31, 2024.

Below is information about the Bank's leverage ratio (NIS in millions):

Comparison of assets on balance sheet and exposure measurement for leverage ratio	**As of March 31, 2025**	**As of March 31, 2024**	**As of December 31, 2024**
Total assets according to consolidated financial statements	498,029	450,683	485,643
Adjustments with respect to financial derivatives	3,335	3,482	3,908
Adjustments with respect to off-balance sheet items(1)	40,348	33,658	40,402
Other adjustments	(861)	3,479	(355)
Exposure for leverage ratio	**540,851**	**491,302**	**529,598**

(1) Conversion of off-balance sheet exposures to equivalent credit amounts, in conformity with Basel rules for capital adequacy measurement.

Disclosure with regard to leverage ratio (NIS in millions)

	As of March 31, 2025	As of March 31, 2024	As of December 31, 2024
Composition of exposures and leverage ratio (NIS in millions)			
On-balance sheet exposures			
Assets on balance sheet	485,445	445,712	473,600
Amounts with respect to assets deducted to determine Tier I capital	(102)	(122)	(107)
Total on-balance sheet exposures	**485,343**	**445,590**	**473,493**
Exposures with respect to derivatives			
Subrogation cost for all transactions with respect to derivatives	2,869	1,805	1,841
Additional amounts with respect to future potential exposure for all transactions with respect to derivatives	6,021	6,442	7,536
Gross-up of collateral provided with respect to derivatives, deducted from assets on the balance sheet in conformity with Public Reporting directives	-	-	-
Deductions of receivable assets with respect to variable cash collateral provided in derivatives transactions	-	-	-
Exempt central counter-party leg of commercial exposures disposed by the customer	-	-	-
Adjusted effective par amount of credit derivatives written	-	-	-
Adjusted effective par offsets and deduction of additions with respect to credit derivatives written	-	-	-
Total exposure with respect to derivatives	**8,890**	**8,247**	**9,377**
Exposure with respect to securities financing transactions			
Gross assets with respect to securities financing transactions (without offsets), after adjustment for transactions accounted for as an accounting sale	6,270	3,807	6,326
Offset amounts of cash payable and cash receivable from gross assets with respect to securities financing transactions	-	-	-
Credit risk exposure for central counter-party with respect to securities financing assets	-	-	-
Exposures with respect to transactions as agent	-	-	-
Total exposure with respect to securities financing transactions	**6,270**	**3,807**	**6,326**
Other off-balance sheet exposures			
Off-balance sheet exposure in par value, gross	137,202	116,371	134,565
Adjustments with respect to conversion to credit equivalent amounts	(96,854)	(82,713)	(94,163)
Off-balance sheet items	40,348	33,658	40,402
Capital and total exposure			
Tier I capital	32,629	29,422	31,963
Total exposure	540,851	491,302	529,598
Leverage ratio			
Leverage ratio in conformity with Proper Conduct of Banking Business Directive 218	6.03%	5.99%	6.04%
Minimum leverage ratio required by the Supervisor of Banks	4.50%	4.50%	4.50%

Credit risk

This chapter discusses credit risk, in conformity with disclosure requirements of the Basel Committee and the FSB; the chapter structure and topic order (adjusted for the nature of Bank operations) are also in conformity with these requirements.

The chapter "Counter party credit risk" below includes qualitative and quantitative disclosures about the capital requirement with respect to this risk and adjustment to capital requirements with respect to credit risk (CVA).

Credit risk is the risk that a borrower or counter party of the Bank would not meet their obligations to the Bank. Credit risk is a material risk for Bank operations. This risk is affected by these major factors: Business risk due to customer activities, concentration risk due to over-exposure to a borrower or borrower group and to economic sectors, geographic concentration risk, risk due to exogenous changes which mostly involve changes to the borrower's macro-economic environment, environmental risks and climate risks, credit risks outside of Israel and operational risks which, should they materialize, would have implications for credit risks. This risk is also inter-related with some other risks, such as: market and interest risk, liquidity risk, compliance risk and other risks.

Credit is at the core of banking activity, and therefore this is the primary risk of all risk types addressed by the banking system. Consequently, the lion's share of capital allocated in Pillar 1 is due to credit risk.

The Bank monitors, inter alia through a dedicated forum headed by the CRO and attended by representatives of the various business lines, the changes in the Bank’s total credit risk, and discusses the required changes in policy, and other actions as needed, following the changes.

For more information about credit risk, see chapter "Credit risk" in the 2024 Risks Report, available on the Bank website.

Credit quality of credit exposures

	March 31, 2025			
	Gross balances[1]			
	Non-accruing or in arrears 90 days or longer	Others	Provisions for credit losses	Net balance
Debts, except for bonds	4,116	442,354	4,079	442,391
Bonds	-	19,903	-	19,903
Off-balance sheet exposures[2]	60	137,402	251	137,211
Total	**4,176**	**599,659**	**4,330**	**599,505**

	March 31, 2024			
	Gross balances[1]			
	Non-accruing or in arrears 90 days or longer	Others	Provisions for credit losses	Net balance
Debts, except for bonds	3,727	409,023	4,172	408,578
Bonds	-	15,629	-	15,629
Off-balance sheet exposures[2]	60	116,492	215	116,337
Total	**3,787**	**541,144**	**4,387**	**540,544**

	December 31, 2024			
	Gross balances[1]			
	Non-accruing or in arrears 90 days or longer	Others	Provisions for credit losses	Net balance
Debts, except for bonds	4,388	431,382	4,113	431,657
Bonds	-	19,345	-	19,345
Off-balance sheet exposures[2]	72	134,671	245	134,498
Total	**4,460**	**585,398**	**4,358**	**585,500**

(1) Gross balances in conformity with reported carrying amounts on the financial statements for on- and off-balance sheet items, creating exposure to credit risk pursuant to Proper Conduct of Banking Business Directive 203.

(2) Off-balance sheet exposures are before credit conversion factors (CCF)

Credit risk mitigation methods (CR3)

	As of March 31, 2025								
	Non-secured	**Secured**							
				Of which: By collateral		**Of which: By financial guarantees**		**Of which: By credit derivatives**	
	Total on-balance sheet balance(1)	**Total on-balance sheet balance**(1)	**Of which: Secured amount**(2)	**Balance sheet balance**	**Of which: Secured amount**	**Balance sheet balance**	**Of which: Secured amount**	**Balance sheet balance**	**Of which: Secured amount**
Debts, except for bonds	388,660	53,731	17,449	28,370	7,427	25,361	10,022	-	-
Bonds	19,903	-	-	-	-	-	-	-	-
Total	**408,563**	**53,731**	**17,449**	**28,370**	**7,427**	**25,361**	**10,022**	**-**	**-**
Of which: Non-accruing or in arrears 90 days or longer	3,450	666	79	323	41	343	39	-	-

	As of March 31, 2024								
	Non-secured	**Secured**							
				Of which: By collateral		**Of which: By financial guarantees**		**Of which: By credit derivatives**	
	Total on-balance sheet balance(1)	**Total on-balance sheet balance**(1)	**Of which: Secured amount**(2)	**Balance sheet balance**	**Of which: Secured amount**	**Balance sheet balance**	**Of which: Secured amount**	**Balance sheet balance**	**Of which: Secured amount**
Debts, except for bonds	356,210	52,368	18,110	28,166	7,750	24,202	10,360	-	-
Bonds	15,629	-	-	-	-	-	-	-	-
Total	**371,839**	**52,368**	**18,110**	**28,166**	**7,750**	**24,202**	**10,360**	**-**	**-**
Of which: Non-accruing or in arrears 90 days or longer	3,021	706	252	204	25	502	226	-	-

	As of December 31, 2024								
	Non-secured	**Secured**							
				Of which: By collateral		**Of which: By financial guarantees**		**Of which: By credit derivatives**	
	Total on-balance sheet balance(1)	**Total on-balance sheet balance**(1)	**Of which: Secured amount**(2)	**Balance sheet balance**	**Of which: Secured amount**	**Balance sheet balance**	**Of which: Secured amount**	**Balance sheet balance**	**Of which: Secured amount**
Debts, except for bonds	378,950	52,698	17,859	28,445	7,977	24,254	9,882	-	-
Bonds	19,345	-	-	-	-	-	-	-	-
Total	**398,295**	**52,698**	**17,859**	**28,445**	**7,977**	**24,254**	**9,882**	**-**	**-**
Of which: Non-accruing or in arrears 90 days or longer	3,778	601	136	225	38	376	98	-	-

Credit risk using the standard approach

Standard approach – exposures by asset type and risk weighting (CR5)[(1)(2)]

Asset types / risk weighting	0%	20%	35%	50%	60%	75%	100%	150%	Other	Total credit exposures (after conversion factors and collateral deduction)
										As of March 31, 2025
Sovereigns, central banks thereof and national monetary authority	94,026	7,464	-	-	-	-	145	-	-	101,635
Public sector entities (PSE) other than central Government	214	-	-	1,445	-	-	1	-	-	1,660
Banks (including multilateral development banks)	-	2,385	-	2,792	-	-	50	-	-	5,227
Securities companies	-	-	-	1,988	-	-	-	-	-	1,988
Corporations	264	10,225	-	6,285	-	-	96,885	819	125	114,603
Retail exposures to individuals	-	-	-	-	-	28,437	-	-	-	28,437
Loans to small businesses	-	-	-	-	-	13,552	-	-	-	13,552
Secured by residential property	-	-	63,445	53,201	70,967	26,493	9,482	-	-	223,588
Secured by commercial property	-	-	-	-	-	-	6,271	-	-	6,271
Loans in arrears	-	-	-	-	-	-	1,039	2,241	-	3,280
Other assets	2,093	-	-	-	-	-	4,611	479	-	7,183
Of which: with respect to shares	-	-	-	-	-	-	826	65	-	891
Total	**96,597**	**20,074**	**63,445**	**65,711**	**70,967**	**68,482**	**118,484**	**3,539**	**125**	**507,424**
										As of March 31, 2024
Sovereigns, central banks thereof and national monetary authority	94,388	456	-	-	-	-	231	-	-	95,075
Public sector entities (PSE) other than central Government	229	1,835	-	24	-	-	3	-	-	2,091
Banks (including multilateral development banks)	-	4,282	-	344	-	-	90	-	-	4,716
Securities companies	-	1,427	-	261	-	-	-	-	-	1,688
Corporations	291	10,668	-	5,991	-	-	80,426	1,104	-	98,480
Retail exposures to individuals	-	-	-	-	-	27,971	-	-	-	27,971
Loans to small businesses	-	-	-	-	-	13,273	-	-	-	13,273
Secured by residential property	-	-	57,906	48,457	60,512	26,528	9,496	-	-	202,899
Secured by commercial property	-	-	-	-	-	-	5,331	-	-	5,331
Loans in arrears	-	-	-	-	-	-	1,193	2,129	-	3,322
Other assets	2,355	-	-	-	-	-	4,022	348	-	6,725
Of which: with respect to shares	-	-	-	-	-	-	619	50	-	669
Total	**97,263**	**18,668**	**57,906**	**55,077**	**60,512**	**67,772**	**100,792**	**3,581**	**-**	**461,571**
										As of December 31, 2024
Sovereigns, central banks thereof and national monetary authority	90,241	6,244	-	-	-	-	209	-	-	96,694
Public sector entities (PSE) other than central Government	144	-	-	1,855	-	-	1	-	-	2,000
Banks (including multilateral development banks)	-	2,447	-	2,552	-	-	11	-	-	5,010
Securities companies	-	-	-	1,720	-	-	-	-	-	1,720
Corporations	266	10,563	-	6,193	-	-	92,961	901	2	110,886
Retail exposures to individuals	-	-	-	-	-	28,410	-	-	-	28,410
Loans to small businesses	-	-	-	-	-	13,332	-	-	-	13,332
Secured by residential property	-	-	62,005	52,309	69,305	26,607	9,512	-	-	219,738
Secured by commercial property	-	-	-	-	-	-	6,171	-	-	6,171
Loans in arrears	-	-	-	-	-	-	1,177	2,434	-	3,611
Other assets	2,705	-	-	-	-	-	4,343	397	-	7,445
Of which: with respect to shares	-	-	-	-	-	-	764	62	-	826
Total	**93,356**	**19,254**	**62,005**	**64,629**	**69,305**	**68,349**	**114,385**	**3,732**	**2**	**495,017**

(1) Balances in this disclosure include on- and off-balance sheet debt balances that reflect credit risk, excluding deferred tax amounts and investments in financial institutions below the discount thresholds (subject to 250% risk weighting), exposures with respect to counter-party credit risk and securitization exposures.

(2) The balances reflect the supervisory exposure amounts, net of provisions and write-offs, after credit conversion factors and after credit risk mitigation methods.

Counter-party credit risk

Analysis of exposure to counter-party credit risk (CCR) based on the supervisory approach (CCR1)

	As of March 31, 2025				
	Subrogation cost	Future potential exposure	Alpha used to calculate regulatory EAD	Exposure after deduction of collateral	Risk assets
Standard approach for counter-party risk (SA-CCR) (for derivatives)	1,634	4,218	1.4	8,193	3,842
Comprehensive approach to credit risk mitigation (for securities financing transactions)				310	220
Total	**1,634**	**4,218**		**8,503**	**4,062**

	As of March 31, 2024				
	Subrogation cost	Future potential exposure	Alpha used to calculate regulatory EAD	Exposure after deduction of collateral	Risk assets
Standard approach for counter-party risk (SA-CCR) (for derivatives)	930	4,554	1.4	7,677	2,084
Comprehensive approach to credit risk mitigation (for securities financing transactions)				131	85
Total	**930**	**4,554**		**7,808**	**2,169**

	As of December 31, 2024				
	Subrogation cost	Future potential exposure	Alpha used to calculate regulatory EAD	Exposure after deduction of collateral	Risk assets
Standard approach for counter-party risk (SA-CCR) (for derivatives)	945	5,316	1.4	8,766	3,876
Comprehensive approach to credit risk mitigation (for securities financing transactions)				294	200
Total	**945**	**5,316**		**9,059**	**4,076**

Capital allocation with respect to credit risk valuation adjustment (CVA) (CCR2)

	As of March 31, 2025		As of March 31, 2024		As of December 31, 2024	
	Exposure after deduction of collateral	Risk assets	Exposure after deduction of collateral	Risk assets	Exposure after deduction of collateral	Risk assets
Total – portfolios for which CVA is calculated using the standard approach	8,193	1,342	7,677	1,224	8,766	1,421

Standard approach – exposures to counter-party credit risk (CCR) by supervisory portfolio and risk weightings (CCR3) (NIS in millions)

	As of March 31, 2025				
Supervisory portfolio / risk weighting	**0%**	**20%**	**50%**	**100%**	**Total credit exposure**
Sovereigns	-	14	-	-	14
Public sector entities (PSE) other than central Government	-	-	22	-	22
Banks (including multilateral development banks)	-	2,217	102	-	2,319
Securities companies	-	-	4,986	-	4,986
Corporations	-	-	49	786	836
Supervisory retail portfolios	-	-	-	16	16
Other assets	-	-	-	-	-
Total	-	2,231	5,160	802	8,193

	As of March 31, 2024				
Supervisory portfolio / risk weighting	**0%**	**20%**	**50%**	**100%**	**Total credit exposure**
Sovereigns	23	-	-	-	23
Public sector entities (PSE) other than central Government	-	10	-	-	10
Banks (including multilateral development banks)	-	3,362	-	-	3,362
Securities companies	-	3,605	-	-	3,605
Corporations	-	-	1	662	664
Supervisory retail portfolios	-	-	-	14	14
Other assets	-	-	-	-	-
Total	23	6,976	1	677	7,677

	As of December 31, 2024				
Supervisory portfolio / risk weighting	**0%**	**20%**	**50%**	**100%**	**Total credit exposure**
Sovereigns	-	25	-	-	25
Public sector entities (PSE) other than central Government	-	-	30	-	30
Banks (including multilateral development banks)	-	3,033	201	-	3,234
Securities companies	-	-	4,680	-	4,680
Corporations	-	-	1	784	785
Supervisory retail portfolios	-	-	-	12	12
Other assets	-	-	-	-	-
Total	-	3,058	4,912	796	8,766

Composition of collateral with respect to exposure to counter-party credit risk[1] (CCR) (5CCR) (NIS in millions)

	As of March 31, 2025					
	Collateral used in derivatives transactions				Collateral used in securities financing transactions	
	Fair value of collateral received		Fair value of collateral deposited		Fair value of collateral received	Fair value of collateral deposited
	Disconnected	Not disconnected	Disconnected	Not disconnected		
Cash – local currency	-	1,143	-	310	5,652	-
Cash – other currency	-	1,049	-	771	2	-
Domestic sovereign debt	-	337	-	-	6	-
Other sovereign debt	-	5	-	-	-	-
Debt of Government agency	-	-	-	-	-	-
Corporate bonds	-	14	-	-	19	-
Shares	-	693	-	-	4,368	-
Other collateral	-	-	-	-	-	-
Total	-	3,241	-	1,081	10,047	-

	As of March 31, 2024					
	Collateral used in derivatives transactions				Collateral used in securities financing transactions	
	Fair value of collateral received		Fair value of collateral deposited		Fair value of collateral received	Fair value of collateral deposited
	Disconnected	Not disconnected	Disconnected	Not disconnected		
Cash – local currency	-	1,702	-	73	2,682	-
Cash – other currency	-	1,426	-	714	4	-
Domestic sovereign debt	-	491	-	-	14	-
Other sovereign debt	-	31	-	-	-	-
Debt of Government agency	-	-	-	-	-	-
Corporate bonds	-	185	-	-	75	-
Shares	-	1,113	-	-	627	-
Other collateral	-	-	-	-	-	-
Total	-	4,948	-	787	3,402	-

	As of December 31, 2024					
	Collateral used in derivatives transactions				Collateral used in securities financing transactions	
	Fair value of collateral received		Fair value of collateral deposited		Fair value of collateral received	Fair value of collateral deposited
	Disconnected	Not disconnected	Disconnected	Not disconnected		
Cash – local currency	-	2,031	-	34	5,486	-
Cash – other currency	-	1,586	-	576	4	-
Domestic sovereign debt	-	370	-	-	1	-
Other sovereign debt	-	4	-	-	-	-
Debt of Government agency	-	-	-	-	-	-
Corporate bonds	-	17	-	-	24	-
Shares	-	714	-	-	4,006	-
Other collateral	-	-	-	-	-	-
Total	-	4,722	-	610	9,521	-

(1) Amounts refer to collateral deposited or received with respect to exposures arising from counter-party credit risk related to transactions in derivatives or to securities financing transactions, including transactions settled by a Central Counter-Party (CCP).

Market risk

Market risk – This is the risk of loss from on– and off-balance sheet positions, arising from change in fair value of financial instruments, due to change in market risk factors (interest rates, exchange rates, inflation, prices of equities and commodities). The Bank has no exposure to commodities and its exposure to shares is not material, so that its primary exposure to market risk is due to basis risk – the risk existing when assets and liabilities of the Bank are denominated in different currencies or in different linkage segments, and to interest rate risk, which is the risk to Bank profit and to Bank economic capital, primarily due to fluctuations in interest rates, fluctuations of various curves used by the Bank in its business operations or from the fact that a change in interest rates may result in a change in composition of the Bank's assets and liabilities due to exercise of options for early repayment due to change in market interest rates. Changes to interest rates impact Bank profits (change in revenues) and the value of Bank assets (change in fair value).

For more information about market risk, see chapter "Market risk" in the 2024 Risks Report, available on the Bank website.

Market risk using the standard approach

Below are capital requirement components under the standard approach for market risk (NIS in millions):

	Risk assets as of:		
	March 31, 2025	**March 31, 2024**	**December 31, 2024**
Direct products			
Interest rate risk (general and specific)	1,878	1,358	1,492
Position risk in shares (general and specific)	47	36	44
Foreign currency risk	320	261	122
Commodities risk	-	-	-
Options	-	-	-
Delta Plus approach	33	58	17
Securitization	-	-	-
Total	**2,278**	**1,713**	**1,675**

Exposure in the trading portfolio is low, and mostly due to interest risk.

Quantitative information about interest risk in bank portfolio and in trading portfolio

The following is the net adjusted fair value[1] of the financial instruments of the Bank and subsidiaries thereof (in millions of NIS):

			Foreign currency		As of March 31, 2025
	NIS – Non-linked	NIS – CPI-linked	USD	Other	Total
					As of March 31, 2025
Financial assets[2]	336,369	89,085	45,186	10,121	480,761
Other amounts receivable with respect to financial derivatives, complex and off-balance sheet financial instruments	291,076	3,936	285,758	29,549	610,319
Financial liabilities[2]	(313,757)	(60,498)	(67,325)	(13,177)	(454,757)
Other amounts payable with respect to financial derivatives, complex and off-balance sheet financial instruments	(314,373)	(4,698)	(263,310)	(27,190)	(609,571)
Net fair value of financial instruments	(685)	27,825	309	(697)	26,752
Effect of liabilities with respect to employee rights	(724)	(1,171)	(5)	-	(1,900)
Effect of attribution of on-call deposits to terms	4,576	-	308	224	5,108
Adjusted net fair value	3,167	26,654	612	(473)	29,960
Of which: Banking portfolio	(1,443)	20,844	2,489	(2,004)	19,886
Of which: Effect of early repayment of residential mortgages	1,233	(1,009)	(8)	(27)	189
Of which: Impact of early receptions of public deposits	(44)	60	-	-	16

					As of December 31, 2024
Financial assets[2]	324,929	90,837	44,583	9,670	470,019
Other amounts receivable with respect to financial derivatives, complex and off-balance sheet financial instruments	281,379	5,771	264,576	27,369	579,095
Financial liabilities[2]	(307,012)	(58,127)	(64,434)	(13,554)	(443,127)
Other amounts payable with respect to financial derivatives, complex and off-balance sheet financial instruments	(303,067)	(7,256)	(244,360)	(24,009)	(578,692)
Net fair value of financial instruments	(3,771)	31,225	365	(524)	27,295
Effect of liabilities with respect to employee rights	(747)	(1,203)	(5)	-	(1,955)
Effect of attribution of on-call deposits to terms	4,674	-	357	237	5,268
Adjusted net fair value	156	30,022	717	(287)	30,608
Of which: Banking portfolio	(2,574)	24,535	1,733	(2,819)	20,875
Of which: Effect of early repayment of residential mortgages	728	(963)	(10)	(30)	(275)
Of which: Impact of early receptions of public deposits	(52)	75	-	-	23

See notes on next page.

The following is the impact of change scenarios in interest rates on net adjusted fair value[(1)] of the Bank and its subsidiaries (in millions of NIS):

	As of March 31, 2025					As of December 31, 2024				
			Foreign currency					Foreign currency		
	NIS – Non-linked	NIS – CPI-linked	USD	Other	Total	NIS – Non-linked	NIS – CPI-linked	USD	Other	Total
Concurrent changes										
Concurrent 1% increase	(1,419)	(577)	(71)	10	(2,057)	(1,274)	(720)	(134)	5	(2,123)
Of which: Banking portfolio	(1,410)	(552)	(84)	11	(2,035)	(1,267)	(705)	(119)	4	(2,087)
Of which: Effect of attribution of on-call deposits to terms	1,373	-	182	133	1,688	1,459	-	188	125	1,772
Of which: Effect of early repayment of residential mortgages	1,675	1,063	-	3	2,741	1,684	1,053	1	3	2,741
Of which: Impact of early receptions of public deposits	(144)	(61)	-	-	(205)	(107)	(76)	-	-	(183)
Concurrent 2% increase	(2,600)	(1,184)	(3)	37	(3,750)	(2,381)	(1,470)	(72)	24	(3,899)
Of which: Banking portfolio	(2,586)	(1,146)	13	39	(3,680)	(2,369)	(1,442)	(44)	23	(3,832)
Concurrent 1% decrease	1,144	422	(106)	(7)	1,453	944	595	(177)	(4)	1,358
Of which: Banking portfolio	1,130	422	(182)	(10)	1,360	934	580	(193)	(2)	1,319
Of which: Effect of attribution of on-call deposits to terms	(1,471)	-	(194)	(141)	(1,806)	(1,563)	-	(200)	(133)	(1,896)
Of which: Effect of early repayment of residential mortgages	(2,059)	(1,294)	(2)	(2)	(3,357)	(2,072)	(1,285)	(1)	(3)	(3,361)
Of which: Impact of early receptions of public deposits	151	68	-	-	219	112	85	-	-	197
Concurrent 2% decrease	2,889	1,386	(130)	(29)	4,116	2,512	1,737	(195)	(17)	4,037
Of which: Banking portfolio	2,856	1,370	(242)	(31)	3,953	2,488	1,703	(229)	(16)	3,946
Non-concurrent changes										
Steeper[(3)]	(1,039)	71	104	(22)	(886)	(916)	(20)	69	(13)	(880)
Of which: Banking portfolio	(1,021)	71	86	(23)	(887)	(914)	(20)	63	(13)	(884)
Shallower[(4)]	719	(183)	(10)	9	535	566	(162)	12	3	419
Of which: Banking portfolio	699	(180)	10	11	540	563	(160)	20	3	426
Short-term interest increase	(62)	(195)	183	(10)	(84)	7	(276)	179	(6)	(96)
Of which: Banking portfolio	(83)	(189)	205	(5)	(72)	1	(271)	186	(6)	(90)
Short-term interest decrease	123	274	(189)	9	217	14	341	(183)	7	179
Of which: Banking portfolio	143	267	(211)	6	205	20	336	(191)	6	171
Maximum[(5)]	(1,419)	(577)	(189)	(22)	(2,057)	(1,274)	(720)	(183)	(13)	(2,123)
Of which: Banking portfolio	(1,410)	(552)	(211)	(23)	(2,035)	(1,267)	(705)	(191)	(13)	(2,087)

(1) Net fair value of the financial instruments, except for non-monetary items, after effect of liabilities with respect to employee rights and attribution of on-call deposits by terms.
(2) Excludes balance sheet balances of financial derivatives, fair value of off-balance sheet financial instruments and fair value of complex financial instruments.
(3) Short-term interest decrease and long-term interest increase.
(4) Short-term interest increase and long-term interest decrease.
(5) Maximum – excluding 2% scenarios.

The difference between exposure of the bank portfolio to changes in interest according to net adjusted fair value and sensitivity of economic value (EVE) presented above arises from timing differences only.

This calculation allows for scenarios which may result in negative interest rates and does not cap interest rates at 0%.

See Note 16 to the financial statements for additional information.

Note that the internal rate of return and the average effective duration, as presented under Bank exposure to changes in interest rates on the Risks Report, are average data and therefore it is not possible to make deductions based on a linear change thereto with regard to sensitivity of net adjusted fair value to changes in interest rates.

Set forth below is the impact of scenarios of changes in the interest rate on net interest revenues and non-interest financing revenues(1)(4) (in millions of NIS):

	As of March 31, 2025			As of December 31, 2024		
	Interest revenues	Non-interest financing revenues(3)	Total	Interest revenues	Non-interest financing revenues(3)	Total
Concurrent changes(2)						
Concurrent 1% increase	(55)	324	269	(39)	297	258
Of which: Banking portfolio	(55)	332	277	(40)	315	275
Concurrent 1% decrease	(342)	(118)	(460)	(444)	(142)	(586)
Of which: Banking portfolio	(342)	(132)	(474)	(442)	(164)	(606)
						(586)
Maximum	(342)	324	(460)	(444)	297	
Of which: Banking portfolio	(342)	332	(474)	(442)	315	(606)

(1) For a one-year term.

(2) Changes to risk-free interest.

(3) Includes the effect of fair value, gain (loss) from transactions in bonds and the effect of interest accrual for transactions in derivatives.

(4) The interest rate increase/decrease scenario includes an assumption that bonds are purchased and/or sold and funds are diverted from current accounts to deposits and/or from short-term deposits to current accounts. The decline in the Bank portfolio's sensitivity to decline in interest rates in this year arises both from operating activities and from revision to the behavioral assumptions.

(5) Reclassified.

Effect of scenarios of changes in interest rates on shareholders' equity attributed to the Bank's shareholders (NIS in millions):

	As of March 31, 2025	As of December 31, 2024
Concurrent 1% increase	(44)	(43)
Concurrent 1% decrease	17	17

Below are the key assumptions underlying the above data, which are in line with how the Bank manages interest risk:

- Credit balances in checking accounts are attributed in line with common practice in conformity with the Basel directives, i.e. over an average term of 4-5 years for different customer types.
- When calculating sensitivity of interest revenues, the risk-free interest rate is not capped at a minimum of 0%. In the same way, no cap is applied to the discount rate at 0% when calculating non-interest financing revenues.
- It was assumed that under a scenario of rising interest rates, funds would be diverted from current account balances to interest-bearing deposits and/or changes to bonds in the nostro portfolio. On the other hand, under a scenario of declining interest rates, it is expected that funds would be diverted from interest-bearing deposits to current accounts.

For further details of assumptions used in calculation of the fair value of financial instruments, see Note 16 to these financial statements and Note 33 to the financial statements as of December 31, 2024.

Additional information about interest risk

Exposure of the Bank and its subsidiaries to changes in interest rates

Reported sums in millions of NIS

	On Call to 1 month	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years
Financial assets[1]	250,988	50,897	82,929	36,784	30,144
Other amounts receivable[2]	159,359	190,009	38,289	40,368	19,928
Financial liabilities	214,816	92,819	49,573	28,416	23,546
Other amounts payable[2]	159,515	189,727	38,386	40,630	20,188
Exposure to interest rate fluctuations	36,016	(41,640)	33,259	8,106	6,338
Additional details on exposure to changes in interest rates					
A. By nature of activity:					
Exposure in bank portfolio	33,809	(48,339)	32,948	8,054	5,898
Exposure in trading portfolio	2,207	6,699	311	52	440
B. By linkage basis:					
Israeli currency – non-linked	29,106	(52,805)	19,191	7,160	5,177
Israeli currency – linked to the CPI	(5,042)	16,828	13,363	(1,353)	(2,322)
Foreign currency [4]	11,952	(5,663)	705	2,299	3,483
C. Effect on exposure to interest rate fluctuations[6]					
Effect of liabilities with respect to employee rights	(12)	(80)	(243)	(202)	(430)
Effect of attribution of on-call deposits to terms	39,768	(4,781)	(8,441)	(6,983)	(12,041)
Effect of early repayment of residential mortgages	1,023	7,435	8,548	(329)	(469)
Impact of early receptions of public deposits[7]	(538)	(1,939)	(135)	4,052	683

(1) Excludes balance sheet balances of financial derivatives, fair value of off-balance sheet financial instruments and fair value of complex financial instruments. After effect of attribution of on-call deposits to terms.
(2) Amounts receivable and payable with respect to financial derivatives, complex and off-balance sheet financial instruments, after effect of employee rights liabilities.
(3) Weighted average by fair value of average effective duration.
(4) Includes Israeli currency linked to foreign currency.
(5) Difference between effective average duration of financial assets and effective average duration of financial liabilities.
(6) The effect of the behavioral assumptions on average duration and internal rate of return is calculated by comparing the difference between the average duration and internal rate of return after the effect of the assumptions and the average duration and internal rate of return without those effects.
(7) The fair value of total deposits with exit points includes the effect of early withdrawal assumptions and amounts to NIS 52,058 million.

General remarks:

- In this table, data by term represents the present value of the future cash flows of each financial instrument, discounted using the interest rate which discounts them to the fair value in accordance with assumptions according to which the fair value of the financial instrument was calculated. See Note 33 to the Financial Statements as of December 31, 2024.
- Internal rate of return is the interest rate which discounts the expected cash flows from a financial instrument to its fair value recognized under Note 16 to the financial statements.
- Average effective duration of a group of financial instruments is an approximation of the change, in percent, in fair value of the group of financial instruments which would be caused by a minor change (0.1% increase) in the internal rate of return of each of the financial instruments.
- Certain transactions conducted by the Bank constitute complex financial instruments, which include embedded derivatives not detached, in accordance with Public Reporting Directives. These transactions include, inter alia, loans with exit points, deposits bearing graduated interest rates with withdrawal dates, credit and deposits with guaranteed minimum and deposits with optional linkage. The Bank reflects the interest rate risk with respect to these instruments in a reasonable manner, by spreading maturities of the cash flows in accordance with contract dates, and with various assumptions based on past experience.

						As of December 31, 2024			
Over 10 years to 20 years	**Over 20 years**	**Without maturity**	**Total fair value**	**Internal rate of return**	**Average effective duration[3]**	**Total fair value**	**Internal rate of return**	**Average effective duration[3]**	-
				In %	**in years**		**In %**	**in years**	
12,470	1,545	821	480,761	4.69	1.52	470,019	4.57	1.53	
2,913	446	-	610,319		0.82	579,095		0.79	
744	(32)	2	449,649	3.11	0.96	437,859	3.14	0.97	
3,386	781	-	611,471		0.94	580,647		0.92	
11,253	1,242	819	29,960			30,608			
11,103	1,180	819	19,886		0.19	20,875		0.20	
150	62	-	10,074		2.71	9,733		2.10	
7,074	662	802	3,167		[5]0.22	156		0.23[5]	
3,327	173	-	26,654		[5]0.76	30,022		0.88[5]	
852	407	17	139		[5]0.02	430		-[5]	
(566)	(349)	-	(1,900)	2.79	10.12	(1,955)	2.61	11.64	
(517)	-	-	5,108	(2.84)	1.35	5,268	(2.74)	1.32	
(12,508)	(5,453)	-	189	0.06	(1.34)	(275)	0.07	(1.35)	
200	-	-	16	0.87	(0.05)	23	(0.28)	0.12	

Liquidity risk

A Liquidity risk is a risk arising from uncertainty about resource availability and the capacity to realize assets in a specified time at a reasonable price.

Liquidity risk is a unique, material risk due to the need to respond to such risk within the shortest time possible. Materialization of this risk may cause the Bank to incur significant losses, or may even bring about collapse of the Bank.

For more information about liquidity risk, see chapter "Liquidity risk" in the 2024 Risks Report, available on the Bank website.

Liquidity coverage ratio

Proper Bank Management Directive 221 on the subject of liquidity coverage ratio (LCR), determines the manner in which the ratio and the minimal rate required from the banking corporations is calculated. The purpose of the LCR is to improve the short-term durability of the liquidity risk profile of the banking corporations. This, through a demand to hold an adequate inventory of high quality liquid assets (HQLA), unpledged, which are convertible to cash easily and quickly in private markets in order to meet the liquidity requirements in a liquidity stress scenario covering 30 calendar days.

As required in the directive, the LCR, defined as the sum of high-quality liquid assets divided by the net exiting cash flow for 30 days, should be 100% or higher on a current basis.

Below is information about liquidity coverage ratio[(1)] (NIS in millions):

	Three months ended March 31, 2025	
	Total unweighted value[(2)] (Average)	**Total weighted value[(3)] (Average)**
Total high quality liquid assets		
Total high quality liquid assets (HQLA)		**92,696**
Outgoing cash flows		
Retail deposits from individuals and from small businesses, of which:	182,077	11,040
Stable deposits	44,230	2,211
Less stable deposits	59,600	6,481
Deposits for term longer than 30 days	78,247	2,347
Non-secured wholesale financing, of which:	89,514	59,646
Deposits for operational needs (all counter parties) and deposits in chains of co-operative banking corporations	2,999	750
Deposits other than for operational needs (all counter parties)	86,301	58,682
Non-secured debts	214	214
Secured wholesale financing	-	157
Other liquidity requirements, of which:	194,436	78,482
Outgoing cash flows with respect to exposure to derivatives and other collateral requirements	69,852	69,852
Credit lines and liquidity	74,954	6,980
Other contractual financing obligations	-	-
Other contingent financing obligations	49,630	1,650
Total outgoing cash flows	**466,027**	**149,325**
Incoming cash flows		
Secured loans	5,084	161
Incoming cash flows from exposures repaid regularly	20,630	14,533
Other incoming cash flows	71,124	68,087
Total incoming cash flows	**96,837**	**82,781**
		Total adjusted value[(4)]
Total high quality liquid assets (HQLA)		**92,696**
Total outgoing cash flows, net		**66,543**
Liquidity coverage ratio (%)		**139**

(1) Information presented in terms of simple average of daily observations during the reported quarter. The number of observations used to calculate averages in the first quarter of 2025 is 76.
(2) Un-weighted values are calculated as un-settled balances to be repaid or repayable by the holder within 30 days (for incoming and outgoing cash flows).
(3) Weighted values are calculated after applying appropriate safety factors or rates of incoming and outgoing cash flows (for incoming and outgoing cash flows).
(4) Adjusted values are calculated after applying: Safety factors and rates of incoming and outgoing cash flows, as well as other relevant limitations (i.e. limitation on high quality liquid assets and limitation on incoming cash flows, as set forth in Proper Conduct of Banking Business Directive 221).

Below is information about liquidity coverage ratio(1) (NIS in millions):

	Three months ended March 31, 2024	
	Total unweighted value(2) (Average)	Total weighted value(3) (Average)
Total high quality liquid assets		
Total high quality liquid assets (HQLA)		**85,893**
Outgoing cash flows		
Retail deposits from individuals and from small businesses, of which:	181,793	10,907
Stable deposits	43,418	2,171
Less stable deposits	57,999	6,325
Deposits for term longer than 30 days	80,376	2,411
Non-secured wholesale financing, of which:	83,808	54,187
Deposits for operational needs (all counter parties) and deposits in chains of co-operative banking corporations	4,120	1,030
Deposits other than for operational needs (all counter parties)	78,926	52,395
Non-secured debts	762	762
Secured wholesale financing	-	219
Other liquidity requirements, of which:	159,339	67,792
Outgoing cash flows with respect to exposure to derivatives and other collateral requirements	60,859	60,859
Credit lines and liquidity	60,840	5,481
Other contingent financing obligations	37,639	1,451
Total outgoing cash flows	**424,940**	**133,104**
Incoming cash flows		
Secured loans	1,897	251
Incoming cash flows from exposures repaid regularly	17,249	12,376
Other incoming cash flows	61,445	58,578
Total incoming cash flows	**80,591**	**71,205**
		Total adjusted value(4)
Total high quality liquid assets (HQLA)		**85,893**
Total outgoing cash flows, net		**61,899**
Liquidity coverage ratio (%)		**139**

(1) Information presented in terms of simple average of daily observations during the reported quarter. The number of observations used to calculate averages in the first quarter of 2024 is 76.
(2) Un-weighted values are calculated as un-settled balances to be repaid or repayable by the holder within 30 days (for incoming and outgoing cash flows).
(3) Weighted values are calculated after applying appropriate safety factors or rates of incoming and outgoing cash flows (for incoming and outgoing cash flows).
(4) Adjusted values are calculated after applying: Safety factors and rates of incoming and outgoing cash flows, as well as other relevant limitations (i.e. limitation on high quality liquid assets and limitation on incoming cash flows, as set forth in Proper Conduct of Banking Business Directive 221).

Below is information about liquidity coverage ratio[1] (NIS in millions):

	Three months ended December 31, 2024	
	Total unweighted value[2] (Average)	**Total weighted value[3] (Average)**
Total high quality liquid assets		
Total high quality liquid assets (HQLA)		**90,905**
Outgoing cash flows		
Retail deposits from individuals and from small businesses, of which:	184,185	11,353
Stable deposits	45,084	2,254
Less stable deposits	62,500	6,801
Deposits for term longer than 30 days	76,600	2,298
Non-secured wholesale financing, of which:	90,900	59,549
Deposits for operational needs (all counter parties) and deposits in chains of co-operative banking corporations	3,060	765
Deposits other than for operational needs (all counter parties)	87,113	58,058
Non-secured debts	727	727
Secured wholesale financing	-	258
Other liquidity requirements, of which:	192,522	76,877
Outgoing cash flows with respect to exposure to derivatives and other collateral requirements	67,890	67,890
Credit lines and liquidity	75,457	7,239
Other contractual financing obligations	-	-
Other contingent financing obligations	49,175	1,748
Total outgoing cash flows	**467,606**	**148,038**
Incoming cash flows		
Secured loans	4,615	267
Incoming cash flows from exposures repaid regularly	20,596	14,432
Other incoming cash flows	68,654	66,026
Total incoming cash flows	**93,865**	**80,725**
		Total adjusted value[4]
Total high quality liquid assets (HQLA)		**90,905**
Total outgoing cash flows, net		**67,313**
Liquidity coverage ratio (%)		**135**

(1) Information presented in terms of simple average of daily observations during the reported quarter. The number of observations used in calculating the averages in the fourth quarter of 2024 is 74.
(2) Un-weighted values were calculated as un-settled balances to be repaid or repayable by the holder within 30 days (for incoming and outgoing cash flows).
(3) Weighted values were calculated after applying appropriate safety factors or rates of incoming and outgoing cash flows (for incoming and outgoing cash flows).
(4) Adjusted values were calculated after applying: Safety factors and rates of incoming and outgoing cash flows, as well as other relevant limitations (i.e. limitation on high quality liquid assets and limitation on incoming cash flows, as set forth in Proper Conduct of Banking Business Directive 221).

Key factors that impact results of the liquidity coverage ratio

The major factors affecting the liquidity coverage ratio results are composition of Bank sources and uses. High quality liquid assets (HQLA) are assets at level 1, typically highly negotiable and carrying low risk, including: cash, current and deposit accounts with central banks, bonds of sovereigns with risk weighting of 0% and bonds of the State of Israel. Most of the outgoing cash flow is against non-secured wholesale financing – deposits deposited at the Bank by corporations and financial entities, as well as outgoing cash flows with respect to exposure to derivatives. Cash inflows primarily consist of credit receipts and inflows with respect to exposure to derivatives.

Typically, the ratio is mostly cyclical, and may be forecasted using internal estimates of the Bank. The key factor which affects over time the development of this ratio is growth of Bank operations, both in raising and managing the source structure and in increased uses. There is some volatility between days of the month, due to current activity of customers and interchangeability between NIS and foreign currency, primarily due to activity in NIS or foreign currency derivatives.

Composition of high quality liquid assets (HQLA)

Below is information about liquid assets by level, as required by Directive 221 (NIS in millions):

	March 31		Average for the first quarter	
	2025	**2024**	**2025**	**2024**
Level 1 assets	95,763	87,108	92,614	85,820
Level 2a assets	55	43	52	44
Level 2b assets	32	28	30	29
Total HQLA	**95,850**	**87,179**	**92,696**	**85,893**

There is a regulatory limit applicable to the U.S. branch, with regard to use of liquidity reserve by this entity; the Bank's scenarios assume use of the branch's liquidity in conformity with this limit.

Composition of pledged and un-pledged available assets

	As of March 31, 2025		
	Total balance on balance sheet	Of which: Pledged	Of which: Non-pledged
Cash and deposits with central banks	85,305	2,158	83,147
Bonds of the Government of Israel	24,704	479	24,225
Bonds of others in Israel	1,967	-	1,967
Bonds of overseas governments	1,513	653	860
Bonds of others overseas	264	-	264
Loans to the public, net	368,463	-	368,463
Total	482,216	3,290	478,926

	As of March 31, 2024		
	Total balance on balance sheet	Of which: Pledged	Of which: Non-pledged
Cash and deposits with central banks	82,996	1,713	81,283
Bonds of the Government of Israel	19,681	265	19,416
Bonds of others in Israel	2,091	-	2,091
Bonds of overseas governments	620	218	402
Bonds of others overseas	395	-	395
Loans to the public, net	330,487	3,203	327,284
Total	436,270	5,400	430,870

	As of December 31, 2024		
	Total balance on balance sheet	Of which: Pledged	Of which: Non-pledged
Cash and deposits with central banks	81,143	1,894	79,249
Bonds of the Government of Israel	23,245	598	22,647
Bonds of others in Israel	2,055	-	2,055
Bonds of overseas governments	1,961	389	1,572
Bonds of others overseas	332	-	332
Loans to the public, net	357,981	-	357,981
Total	466,717	2,882	463,835

Developments in liquidity coverage ratio

In the first quarter of 2025, the Bank maintained appropriate liquidity by investing excess liquidity in liquid assets of very high quality – Level 1 assets. The average liquidity coverage ratio (on consolidated basis) for the first quarter of 2025 was 139%, no deviations from the ratio limits were recorded over the course of the quarter.

Net stable funding ratio

Proper Bank Management Directive 222 on the subject of net stable financing ratio (NSFR), determines the manner in which the ratio and the minimal rate required from the banking corporations is calculated.

The objective of the net stable funding ratio is to improve stability of the liquidity risk profile of banking corporations over the long term, by requiring banking corporations to maintain a stable funding profile in conformity with the composition of on-balance sheet assets and off-balance sheet operations. The ratio limits over-reliance by banking corporations on short-term wholesale funding. The net stable funding ratio consists of two components: available stable funding items and required stable funding items.

As required in the directive, defined as the sum of the “available stable financing” divided by the sum of the “required stable financing”, the net stable funding ratio should be 100% or higher on regular basis.

"Available stable funding" is defined as the part of capital and liabilities that may be relied upon over the time horizon taken into account in the net stable funding ratio, of one year. The required stable funding sum is based on the liquidity attributes and time to maturity of various assets held by the banking corporation, as well as of off-balance sheet exposures. The “required stable funding” is based on the liquidity attributes and time to maturity of various assets held by the banking corporation, as well as of off-balance sheet exposures.

Below is information about the net stable funding ratio[1] (NIS in millions) as of March 31, 2025:

	A	B	E	D	S
	Non-weighted value by term to maturity				Weighted value
Available stable funding items (ASF)	No redemption date[1]	Up to 6 months	6-12 months	12 months or longer	
Capital:	36,864	58	10	4,992	41,861
Supervisory capital	36,864			1,717	38,581
Other capital instruments		58	10	3,275	3,280
Retail deposits from individuals and from small businesses		140,884	21,193	5,914	154,304
Stable deposits		47,338	3,070	1,083	48,971
Less stable deposits		93,546	18,123	4,831	105,333
Wholesale financing		187,545	34,153	49,225	105,584
Deposits for operational needs		2,999			1,499
Other wholesale financing		184,546	34,153	49,225	104,084
Liabilities with matching assets which are inter-dependent					
Other liabilities:	299	2,467	1,511	12,112	12,867
Liabilities with respect to derivative instruments for net stable funding ratio				4,975	
All other liabilities and capital not included in the above categories	299	2,467	1,511	12,112	12,867
Total available stable funding items (ASF)					314,616
Required stable funding items (RSF)					
Total high-quality liquid assets by net stable funding ratio (HQLA)					1,078
Deposits held at other financial institutions for operational purposes					
Loans and securities in good standing:		68,257	35,439	264,927	261,870
Loans to financial institutions in good standing, secured by level 1 high-quality liquid assets					
Loans to financial institutions in good standing, secured by high-quality liquid assets other than in level 1, and loans to financial institutions in good standing which are not secured		8,608	6,582	10,166	14,748
Loans to wholesale customers, other than financial institutions, which are in good standing, loans to retail customers and to small businesses and loans to sovereigns, to central banks and to public sector entities		48,126	17,434	47,479	72,528
Of which: With risk weighting of 35% or lower, pursuant to Proper Conduct of Banking Business Directive 203				2	1
Residential mortgages secured by mortgage in good standing, of which:		11,521	11,422	206,894	174,262
Of which: With risk weighting of 35% or lower, pursuant to Proper Conduct of Banking Business Directive 203		3,817	3,783	65,347	46,276
Securities not in default which do not qualify as high-quality liquid assets, including shares traded on the stock exchange		1	1	389	332
Assets with corresponding liabilities which are inter-dependent					
Other assets:	3,597	939	2,095	2,036	10,312
Physically traded commodities, including gold					
Assets deposited as primary collateral for derivative contracts and provided to default funds of central counter parties (CCPs)				1,602	1,602
Assets with respect to derivative instruments for net stable funding ratio				5,723	37
Liabilities with respect to derivative instruments for net stable funding ratio, before deduction of variable collateral deposited				5	5
All other asset categories not included in the above categories	3,597	939	2,095	2,036	8,667
Off-balance sheet items				123,917	5,518
Total required stable funding (RSF)					278,777
Net stable funding ratio (%)					113

(1) Items reported under "No maturity" are items with no specified maturity.

Key factors that impact results of the net stable funding ratio

Net stable funding ratio on consolidated basis as of March 31, 2025 was 113%, and no deviations were recorded from the risk appetite limits.

The volatility of this ratio throughout the quarter was low; the main factors affecting the net stable funding ratio are: composition of Bank sources and uses by financing term, financing type and counter party. On the sources side – long-term liabilities are more stable than short-term liabilities, and funding from retail customers and small businesses is more stable than wholesale funding with the same maturity. When long-term sources grow shorter on a large scale (such as with subordinated notes) to a term shorter than one year, this factor affects the resulting ratio; however, because this is a funding source which typically has scattered maturities, the impact on the resulting ratio is not material. On the uses side – asset type, asset term and quality and liquidity value determine the required stable funding amount.

Glossary of terms included on the risks report

Below is a summary of terms included on the Risks Report:

Terms with regard to risk management and capital adequacy at the

B	**Back testing** – A process for assessment of appropriateness of model results, which includes a comparison of model forecasts and actual results.
	Basel – Basel II / Basel III – A framework for assessment of capital adequacy and risk management, published by the Basel Committee on Bank Supervision.
C	**Counter-party risk** – The risk that the other party to a transaction would be in default before final settlement of cash flows in the transaction
	CRM – Credit risk mitigation – Methods for mitigating credit risks, such as: Insuring credit exposure through a guarantee or a deposit
	CVA – Credit Valuation Adjustment risk – CVA is the component of the of a derivative, which accounts for the credit risk of the counter-party to the transaction. CVA risk is the risk of loss from revaluation to market value due to expected counter-party risk for over-the-counter (OTC) derivatives. This means loss due to impairment of fair value of derivatives, due to increase in counter-party credit risk (such as: lowered rating).
E	**EVE** – Economic Value of Equity – The economic value approach used to analyze and assess the effect of changes in interest rates on the fair value of assets, liabilities and off-balance sheet positions of the Bank.
	Expected Shortfall VAR – A model which estimates the average loss for the VAR model, beyond the confidence level specified in the VAR model.
I	**ICAAP** – Internal Capital Adequacy Assessment Process by the Bank. The process includes, among other things, setting capital targets, capital planning processes and assessment of the status of capital under a range of stress scenarios. This process is part of Pillar 2 of the Basel directive.
K	**KPI** – Key Performance Indicators – used as a tool to formulate insights about the status of process execution across the Bank.
L	**Loan to Value Ratio (LTV)** – The ratio between the approved facility when extended and the asset value.
M	**Minimum capital -** The ratio represents the minimum supervisory capital ratios which the Bank is required to maintain, pursuant to requirements set forth in Proper Conduct of Banking Business Directive 201.
P	**Pillar 2** – The second pillar of the Basel II document, referring to the supervisory review process. This part consists of the following underlying principles: The Bank shall conduct an ICAAP, as defined above. The Supevisor of Banks shall conduct a process to assess the bank's capital adequacy assessment process, and its ability to monitor and comply with regulatory capital ratios. The bank is expected to operate above the minimum capital ratios which were set out.
	Pillar 3 – The third pillar of the Basel II document, designed to promote market discipline by developing a set of disclosure requirements that would allow market participants to assess the capital, risk exposure and risk assessment processes, and accordingly – to assess the bank's capital adequacy.
R	**Risk assets** – These consist of , operational risk , calculated using the standard approach as stated in Proper Conduct of Banking Business Directives 201-211.
	Risks document – A document which concisely presents the Bank's risk profile, in order to allow the Board of Directors to monitor action taken by management and to ensure that such action is in line with the risk appetite and with the risks management framework approved by the Board of Directors. The risks document is reported and presented to the Board of Directors quarterly.
S	**Standard approach** – An approach used to calculate the required capital with respect to , market risk or operational risk. The capital allocation is calculated by a formula based on supervisory assessment components, as specified by the Supervisor of Banks.
	Stress tests – Term covering multiple methods designed to assess the financial standing of a banking corporation under a stress scenario.
	Stressed VAR – Estimate of the Value at Risk (VAR) based on historical data which describe a relevant crisis period.
	Subordinated notes – Obligatory notes whose rights are subordinated to claims by other Bank creditors, except for other obligatory notes of the same type.
	Supervisory (total capital) – Supervisory capital consists of two tiers: Tier I capital, which includes common Tier I capital and additional Tier I capital. Tier II capital. As defined in Proper Conduct of Banking Business Directive 202 "Capital measurement and adequacy – Supervisory capital".
T	The Bank shall conduct an ICAAP, as defined above. The Supevisor of Banks shall conduct a process to assess the bank's capital adequacy assessment process, and its ability to monitor and comply with regulatory capital ratios. The bank is expected to operate above the minimum capital ratios which were set out.
V	**VAR** – A model used to assess total exposure to various market risks. The VAR (Value at Risk) arising from the model is a statistical estimate of the maximum potential loss the Bank may suffer due to materialization of market risks in a given period at a pre-determined statistical confidence level.

Banking and finance terms

A	**Average duration** – Average duration of bonds. Measured in years, by weighting principal and interest payments for the bond over its life, through final maturity. The average duration of bonds reflects the financial instrument's sensitivity to changes in interest rates. Average duration is calculated as the ratio of weighted average payments to price of the bond.
B	**Bonds** – Securities which are an issuer's undertaking to pay to bond holders the issued principal and interest on set dates or upon fulfillment of certain conditions.
C	**Credit** – A process which includes analysis and assessment of credit risk inherent in a transaction and approval of such transaction in conformity with policy and procedures, in order to extend credit.
D	**Debt under re-structuring** – Troubled debt under re-structuring is defined as debt for which, for economic or legal reasons related to financial difficulties of the debtor, the Bank has made a concession by way of a modification to the terms of the debt, in order to ease the burden on the debtor of cash payments in the near term (reduction or deferral of cash payments due from the debtor), or by way of receiving other assets as debt repayment (in whole or in part). **Debt under special supervision** – Debt under special supervision is debt with potential weaknesses that require special attention from the Bank's management. If such weaknesses are not addressed, the likelihood of debt repayment may decline. **Derivatives** – A financial instrument or contract whose value changes in response to changes in the price of the underlying asset (a financial instrument, physical asset, index, rating or other underlying asset), requires a small or minimal initial investment, compared to other contract types, and is expected to be settled on a future date.
F	**Financial instrument –** A contract that creates a financial asset for one entity and a financial liability or capital instrument for another entity.
I	**Indebtedness** – On- and off-balance sheet credit defined in Proper Conduct of Banking Business Directive 313. **Inferior debt** – Inferior debt is debt insufficiently secured by collateral or by debtor repayment capacity, and for which the Bank may incur a loss if faults are not corrected, including debt over NIS 700 thousand which is 60-89 days in arrears. **ISDA** – An agreement which covers transactions in derivatives between banks and allows for aggregation and offset into a single amount of net obligations of either party to all transactions together, upon occurrence of a bankruptcy event or another event which qualifies for transaction closing, according to the agreement.
N	**Non-accruing debt** – Debt is classified as non-accruing debt when its principal or interest is in arrears over 90 days, unless the debt is well secured and is in collection proceedings. Furthermore, any debt whose terms and conditions have been modified in re-structuring of troubled debt shall be classified as non-accruing debt, unless prior to and following such re-structuring, a by extent of arrears has been made for such debt, in conformity with appendix to Proper Conduct of Banking Business Directive 314 regarding problematic debt in .
O	**Off-balance** – Contracting for providing credit and guarantees (excluding instruments).
R	**Recorded debt balance** – The debt balance, including recognized accrued interest, un-amortized premium or discount, net deferred commissions or net deferred costs charged to the debt balance and not yet amortized, net of any debt amount subject to accounting write-off.
S	**Syndication** – Loan extended jointly by a group of lenders.
T	**Troubled debt** – Debt classified under one of the following negative classifications: Special supervision, subordinate or impaired.

Terms with regard to regulatory directives

F	**FATCA – Foreign Accounts Tax Compliance Act** – The US Foreign Accounts Tax Compliance Act (FATCA) stipulates mandatory reporting to the US tax authority (IRS) of accounts held by US persons with foreign financial institutions (outside the USA).
L	**LCR – Liquidity Coverage Ratio** – defined as the ratio of High Quality Liquid Assets and net cash outflow for the next 30 days, under a stress scenario. This ratio is a measure of the Bank's ability to meet its liquidity needs for the forthcoming month.

Other terms

S	**SOX** – US legislation, partially adopted by the Bank of Israel, designed to regulate responsibilities and internal controls over financial reporting and disclosure at the organization.