Bank Mizrahi Tefahot

Condensed quarterly financial statements as of June 30, 2026

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

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Bank Mizrahi Tefahot

Report of the Board of Directors and Management

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Condensed Report of the Board of Directors and Management To the financial statements as of June 30, 2026

Introduction

At its meeting held on August 16, 2026, the Board of Directors of Mizrahi Tefahot Bank Ltd., resolved to approve and publish the Report of the Board of Directors and Management, the Risks Report and Other Supervisory Disclosures and the Condensed Consolidated Financial Statements of Mizrahi Tefahot Bank Ltd. and its subsidiaries as of June 30, 2026.

The Bank's condensed financial statements as of June 30, 2026 are prepared in accordance with the Public Reporting Directives of the Supervisor of Banks and his guidelines, which largely adopt the accounting principles generally accepted in the United States (US GAAP). See also Note 1 to the financial statements as of December 31, 2025 and Note 1 to these Concise Financial Statements.

Pursuant to the report structure stipulated by the Supervisor of Banks, additional information to the financial statements is provided on the Bank website:

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

This additional information of which:

- Detailed Risks Report in conformity with disclosure requirements of Basel Pillar 3 and in conformity with additional recommendations by the Financial Stability Board (FSB).
- Details of capital instruments issued by the Bank.
- Financial statements in XBRL file.

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

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.

Overview, objectives and strategy

This chapter describes major developments in the Bank and its operating segments in the first half of 2026, its performance, the risk to which it is exposed and its targets and strategy. This chapter should be read, as needed, in conjunction with the chapter "Overview, targets and strategy" in the 2025 audited annual financial statements.

Condensed financial information and key performance indicators for the Bank Group

	2026		2025			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Statement of profit and loss – key items						
Interest revenues, net	3,012	2,693	2,689	3,146	3,093	2,799
Non-interest financing revenues	171	186	145	57	43	142
Commissions and other revenues	619	604	587	627	655	605
Total revenues	**3,802**	**3,483**	**3,421**	**3,830**	**3,791**	**3,546**
Expenses with respect to credit losses	90	31	25	44	56	103
Operating and other expenses	1,287	1,328	1,267	1,310	1,323	1,339
Of which: Payroll and associated expenses	830	843	779	835	857	877
Pre-tax profit	2,425	2,124	2,129	2,476	2,412	2,104
Provision for taxes on profit	949	840	671	935	910	764
Net profit[(1)]	**1,428**	**1,238**	**1,404**	**1,483**	**1,453**	**1,290**

	First half		All of
	2026	2025	2025
	NIS in millions		
Statement of profit and loss – key items			
Interest revenues, net	5,705	5,892	11,727
Non-interest financing revenues	357	185	387
Commissions and other revenues	1,223	1,260	2,474
Total revenues	**7,285**	**7,337**	**14,588**
Expenses with respect to credit losses	121	159	228
Operating and other expenses	2,615	2,662	5,239
Of which: Payroll and associated expenses	1,673	1,734	3,348
Pre-tax profit	4,549	4,516	9,121
Provision for taxes on profit	1,789	1,674	3,280
Net profit[(1)]	**2,666**	**2,743**	**5,630**

In the first half of 2026, the Group's net profit amounted to NIS 2,666 million, compared to NIS 2,743 million in the corresponding period last year. This profit reflects annualized return on equity of 15.0%.

In the second quarter of 2026, the Group's net profit amounted to NIS 1,428 million, compared to NIS 1,453 million in the corresponding period last year. This profit reflects annualized return on equity of 16.0%.

(1) Any mention of "net profit" or "equity" in this Board of Directors' Report refers to net profit and equity attributable to shareholders of the Bank.

The following major factors affected Group operating profit in the first half of 2026 compared to the corresponding period last year:

- Total financing revenues in the first half of 2026 decreased by 0.2%, compared to the corresponding period last year, mainly as a result of the impact of the of the Consumer Price Index, which increased by 1.2% in the first half of 2026, compared to an increase of 1.6% in the corresponding period last year, the effect of the cut to the Bank of Israel Interest during the period by 0.75%, the effect of the cut to the Fed's interest, and the effect of benefits provided to customers under the various outlines.
- Expenses with respect to credit losses in the first half of 2026 amounted to NIS 121 million, compared to NIS 159 million in the corresponding period last year. The decrease in expenses with respect to credit losses compared to the corresponding period last year arises mainly from a decrease in the collective provision in respect of the war and the levels of uncertainty in the economy. However, in view of the levels of uncertainty still prevailing in the economy, the balance-sheet balance of the provision for credit losses in respect of this uncertainty still remained high.
- Other revenues in the first half of 2025 included revenues amounting to NIS 102 million with respect to net deferred credit balance recognized with respect to acquisition of Union Bank which is recognized on profit and loss over 5 years as from the fourth quarter of 2020 and through the end of the third quarter of 2025.
- The provision for taxes on profit in the first half of 2026 was affected, among other things, by the approval of the Special Payment for the Achievement of Budgetary Targets Law, whereunder banks - other than small banks - (as defined in the law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026. The financial statements include the effect of the special tax based on the Bank's assessment in accordance with an estimate of its proportionate share. For more information see Note 17 to the financial statements and the business goals and strategy chapter below.

	As of					
	June 30, 2026	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**	**June 30, 2025**	**March 31, 2025**
	NIS in millions					
Balance sheet – key items						
Total assets	580,815	554,365	551,173	525,389	517,287	498,029
Loans to the public, net	423,726	413,574	400,501	391,875	376,672	364,384
Cash and deposits with banks	77,734	74,960	82,849	68,478	78,885	87,194
Securities	56,459	45,600	47,903	45,375	39,704	29,412
Buildings and equipment	2,243	2,220	2,159	1,940	1,906	1,879
Deposits from the public	474,424	450,663	448,397	421,487	417,394	399,275
Bonds and subordinated notes	40,627	42,731	40,365	41,358	36,332	41,890
Deposits from banks	1,998	1,988	2,058	2,926	2,497	1,902
Shareholders' equity(1)	36,100	35,246	34,765	33,965	33,114	32,094

Development of balance sheet items shows consistent growth in Bank business:

- Total assets as of June 30, 2026 amounted to NIS 580.8 billion - a NIS 63.5 billion increase (12.3%) - compared to June 30, 2025.
- Loans to the public, net as of June 30, 2026 amounted to NIS 423.7 billion, a NIS 47.1 billion increase (12.5%) compared to June 30, 2025.
- Deposits from the public as of June 30, 2026 amounted to NIS 474.4 billion, a NIS 57.0 billion increase (13.7%) compared to June 30, 2025.
- Shareholders' equity as of June 30, 2026 amounted to NIS 36.1 billion, a NIS 3.0 billion increase (9.0%) compared to June 30, 2025. See below also the chapter "Capital adequacy".

(1) Any mention of "net profit" or "equity" in this Board of Directors' Report refers to net profit and equity attributable to shareholders of the Bank.

Key financial ratios* (in percent)

	2026	2025				
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Key performance indicators						
Net profit return on equity(1)(2)	16.0	14.1	16.3	17.6	17.8	16.2
Net profit return on risk assets(1)(2)(3)	1.61	1.41	1.63	1.78	1.81	1.66
Return on average assets(2)	1.01	0.90	1.04	1.14	1.14	1.05
Deposits from the public to loans to the public, net	112.0	109.0	112.0	107.6	110.8	109.6
Ratio of Tier I equity to risk components	10.22	10.17	10.24	10.14	10.41	10.37
Leverage ratio(4)	5.79	5.89	5.88	6.01	6.03	6.03
Liquidity coverage ratio (Quarterly)(5)	132	147	129	131	135	139
Net stable funding ratio(6)	110	111	112	112	112	113
Ratio of revenues to average assets(2)	2.68	2.52	2.54	2.94	2.99	2.88
Cost-income ratio – operating expenses to total revenues(7) (Cost Income Ratio)	33.9	38.1	37.0	34.2	34.9	37.8
Basic net earnings per share (in NIS)	5.49	4.76	5.40	5.71	5.60	4.98
Key credit quality benchmarks						
Ratio of balance of provision for credit losses to total loans to the public	0.85	0.89	0.95	0.98	1.06	1.11
Ratio of non-accruing debts or debts in arrears 90 days or longer to loans to the public	0.95	1.03	1.02	1.05	1.07	1.12
Expenses with respect to credit losses to loans to the public, net for the period(2)	0.08	0.03	0.02	0.04	0.06	0.11
Net accounting write-offs as percentage of average loans to the public(2)	0.13	0.16	0.09	0.17	0.13	0.15
Additional data						
Share price (in NIS) at end of quarter	197.0	227.8	222.4	217.9	219.5	166.5
Dividends per share (in Agorot)(8)	238	270	285	279	199	202
Ratio of net interest revenues to average assets(2)	2.12	1.95	2.00	2.41	2.44	2.28
Ratio of commissions to average assets(2)	0.42	0.42	0.42	0.43	0.46	0.43

	First half		All of
	2026	2025	2025
Key performance indicators			
Net profit return on equity(1)(2)	15.0	17.0	17.0
Net profit return on risk assets(1)(2)(3)	1.51	1.74	1.72
Return on average assets(2)	0.95	1.10	1.09
Ratio of revenues to average assets(2)	2.59	2.93	2.83
Cost-income ratio – operating expenses to total revenues(7) (Cost Income Ratio)	35.9	36.3	35.9
Basic net earnings per share (in NIS)	10.25	10.58	21.69
Key credit quality benchmarks			
Expenses with respect to credit losses to loans to the public, net for the period(2)	0.06	0.08	0.06
Net accounting write-offs as percentage of average loans to the public(2)	0.14	0.13	0.13
Additional data			
Dividends per share (in Agorot)(8)	508	401	965
Ratio of net interest revenues to average assets(2)	2.03	2.36	2.27
Ratio of commissions to average assets(2)	0.42	0.45	0.44

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".

(*) The financial statements are prepared in accordance with the directives and guidelines of the Supervisor of Banks as stated in Note 1 to the annual financial statements; the directives of the Supervisor of Banks largely adopt the accounting principles generally accepted in the United States (US GAAP).

(1) Any mention of "net profit" or "equity" in this Board of Directors' Report refers to net profit and equity attributable to shareholders of the Bank.
(2) Annualized.
(3) Net profit to total average risk assets.
(4) 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.
(5) 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.
(6) 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.
(7) Total operating and other expenses to total operating and financing revenues and expenses with respect to credit losses.
(8) The dividend per share is calculated based on the amount of the dividend actually distributed in the reporting period.

Key risks

As part of the Bank's risk mapping process, the list of major risks was specified as follows:
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 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.
The Bank regularly reviews the risks mapping to ensure that it encompasses all business operations at the Bank, market conditions and regulatory requirements.
Information about developments of risks, including effects of the war, is presented in the chapter "Risks overview" below and in the Risks Report on the Bank website.
For more information see chapter "Key risks" of the 2025 Report by the Board of Directors and Management.
For more information about updates on estimated potential impact of various risk factors on the Bank Group, see chapter "Risks overview" below.

Business goals and strategy

Strategic plan
For more information regarding the Bank's business goals and strategy for 2025-2027, see chapter "Business goals and strategy" of the 2025 Report of the Board of Directors and Management ("The Bank's 2025-2027 Strategic Plan").

The Bank's 2025-2027 Strategic Plan provides, among other things, that the target return on net profit attributable to shareholders to average shareholders' equity will stand at 17% to 18% in each of the strategic plan's years.

On March 30, 2026, an amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 (hereinafter - the "Law") was approved, whereunder, among other things, banks - other than small banks - (as defined in the Law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026, and to tax totaling NIS 125 million in respect of the profits of the abovementioned banks for 2027 ("Profit" as defined in the Value Added Tax, 1975), with respect of a Profit generated from activity in Israel.

In accordance with the Bank's preliminary assessment, the Bank's share in the above NIS 3 billion special tax, based on the proportionate share of its profit in 2025 out of the total profits of banks other than small banks to which the Law applies, is NIS 550 million (which will reduce the Bank's net profit for 2026 by this amount).

In view of the above, the Bank revised the target of the strategic plan for 2026 with regard to the return on net profit attributable to shareholders to average shareholders' equity to 15% to 16%. The Bank estimates that the Law is not expected to affect the achievement of the other targets in its 2026 strategic plan, nor to have any effect on the achievement of the targets of the 2027 plan. For more information, see immediate report dated March 30, 2026 (Ref. No.: 2026-01-029795).

The above information constitutes forward-looking information, as defined in the Securities Law, 1968, based on assumptions, facts and data (hereinafter - the "Assumptions"), which were detailed in the Bank's immediate report of June 5, 2025 regarding the strategic plan (Ref. No.: 2025-01-040281).

The Assumptions may not materialize due to the potential effect of factors which are not entirely under the Bank's control, which may result in the Law's effect on the Bank's profits varying from the above, and in the strategic plan not materializing or materializing only partially or in a different manner, all as detailed in the abovementioned immediate report.

Developments in capital structure

Investments in Bank capital and transactions in Bank shares

On March 26, 2026, the Bank Board of Directors, after approval by the Remuneration Committee, approved the offering of options to the Bank President & CEO and to officers of the Bank (other than Bank Board members) and to other managers at the Bank and at subsidiaries of the Bank, with respect to 2026. See Note 17 to the financial statements for additional information.

Raising of capital sources

As part of the Bank work plan, determined by the Board of Directors and including growth targets for diverse areas of operation, the Bank assesses the impact of achieving these targets on total risk assets at the Bank and, consequently, on the capital adequacy ratio. Accordingly, along with business and profitability objectives, a plan is set to raise capital sources in order to maintain capital adequacy, in accordance with instructions of the Board of Directors concerning capital adequacy.

Developments in financing sources

The Group's financing sources include deposits from the public and from other banking corporations, issuance of various types of bonds and equity.

The Bank selects the mix of financing sources based on its business objectives, including objectives for profitability, return on equity, liquidity, diversification of sources in Israel and overseas across different currencies, capital adequacy and leverage – subject to statutory limitations applicable to banking corporations and in accordance with the state of the capital market in Israel and globally, and management forecasts regarding development therein.

Deposits

The Bank distinguishes between different source types by term and by customer type. The Bank reviews the degree of depositor concentration, and in this regard the Board of Directors and management have set limits and guidelines for concentration risk with regard to a single depositor, liquid means with regard to large / institutional depositors and source structure. Quantitative and qualitative indicators to be regularly monitored, which estimate change in concentration risk – have been specified as part of liquidity risk management.

	June 30, 2026		June 30, 2025	
	Balance of deposits from the public(1)	**Average balance first half(1)**	**Balance of deposits from the public(1)**	**Average balance first half(1)**
Households	135,005	134,599	134,900	133,987
Private banking	33,323	32,526	32,142	31,554
Small and micro businesses	53,128	53,037	52,483	54,977
Medium businesses	35,734	34,858	29,324	22,057
Large businesses	52,014	49,084	43,550	47,071
Institutional entities	147,407	137,589	108,247	95,826
Operations overseas	17,813	16,763	16,748	17,902
Total	**474,424**	**458,456**	**417,394**	**403,373**
Expense rate (in %)		**3.0**		**3.3**

(1) Including deposits not bearing interest.

For more information see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

Issuance of obligatory notes, bonds and complex capital notes

The Bank acts to raise long-term sources through issuances, including through Mizrahi Tefahot Issuance Company Ltd. (hereinafter: "Tefahot Issuance"), a wholly-owned subsidiary of the Bank. Over the years, Tefahot Issuance has issued bonds to the public pursuant to published prospectuses.

On August 20, 2025, Tefahot Issuance published a shelf prospectus for issuance of bonds dated August 21, 2025. On May 5, 2026, the Bank also published a shelf prospectus dated May 6, 2026 for the issuance of various securities. These prospectuses are valid for two years, with an optional extension by a further one year.

As of June 30, 2026, total bonds and subordinated notes amounted to NIS 40.7 billion, compared to NIS 40.4 billion as of December 31, 2025.

Of these, contingent subordinated notes (Contingent Convertibles – CoCo) with loss-absorption provisions through principal write-off (compliant with Basel III qualification provisions and recognized by the supervisor of Banks as Tier II capital), as of June 30, 2026, amounted to NIS 6.6 billion, compared to NIS 6.1 billion as of December 31, 2025.

For more information about the credit rating of the Bank and its bonds, see chapter "Corporate Governance, Audit, Other Information about the Bank and Management thereof".

Issuances and repayments in the reporting period

On January 15, 2026, the Bank issued - under an international private placement to institutional investors - contingent subordinated notes (Contingent Convertibles – CoCo) with loss-absorption mechanism through principal write-off (compliant with Basel III eligibility conditions and recognized as Tier II capital by the Supervisor of Banks), whose par value is USD 750 million.

On January 28, 2026, the Bank issued - under an international private placement to institutional investors - bonds whose par value is USD 700 million.

On April 7, 2026, full early redemption was executed of CoCo contingent subordinated notes, which were issued to institutional investors by the Bank, at a par value of USD 600 million.

On June 4, 2026, Tfahot Issuance issued to the public Bonds (Series 72) with par value of approx. NIS 3.0 billion, contingent subordinated notes (CoCo) (Series 73) with par value of approx. NIS 0.5 billion and Commercial Papers (Series 6) with par value of approx. NIS 1.5 billion. The total proceeds received amounted to NIS 5.0 billion.

On June 24, 2026, full early redemption of contingent subordinated notes (CoCo) (Series 53) with a par value of approx. NIS 0.4 billion was executed.

Significant developments in management of business operations

Banking reliefs and benefits for Bank customers

The Bank adopted the Bank of Israel's support outlines in view of the Iron Swords War and the war with Iran. For more information, see the chapter Corporate Governance, Audit, Other Information about the Bank and Management thereof.

Furthermore, in order to assist Bank customers to get through this challenging period, the Bank decided to offer a range of solutions to provide support and relief to Bank customers, at a scope which is substantially wider than the basis set by the Supervisor of Banks, including, among other things, support to reservists, special benefits to mortgage holders, who are residents of the north, refurbishment, and the setting up the Orange.Israel platform. which allows businesses and tradesmen from conflict zones to advertise their businesses.

Following the conflict with Iran (Operation Lion's Roar), the Bank of Israel published during March 2026 a dedicated support outline, which was also adopted by the Bank, and which focused mainly on allowing loan repayment deferrals to mortgage customers, households and small businesses. It is noted that the Bank has expanded the reliefs provided to customers beyond the provisions of the outline published by the Bank of Israel. In mid-April 2026, the Bank of Israel extended the support outline by one month. The Bank adopted the extension until the conclusion of the outline in mid-May 2026.

Voluntary consumer relief outline

In March 2025, the Bank of Israel announced a voluntary consumer relief outline for customers of the banking system. Under the outline, during 2025-2026 the banks will provide reliefs and monetary refunds to retail banking customers; this will be implemented by each bank in accordance with the plan it prepared, at a total amount of NIS 1.5 billion per year and NIS 3 billion for the entire plan period (two years) for the entire banking system.

As from April 1, 2025, the Bank has in place a dedicated consumer plan for households and small businesses comprising several benefits pertaining to management of current accounts and mortgages. The plan constitutes the voluntary consumer outline initiated by the Supervisor of Banks. The Bank's plan in the first half of 2026 consisted of several components, as follows (for the Bank's plan for 2025 see chapter "Significant developments in management of business operations" in the 2025 financial statements):

- Interest payable on credit balance in the account: The Bank gave private customers and small businesses annual interest of 2% on credit balances of up to NIS 30,000 in current accounts through June 30, 2026. As from July 1, 2026, this interest rate applies to balances of up to NIS 15,000 in current accounts (to customers with average balance of funds available for investment of up to NIS 100,000, including credit balance in current account, deposits, savings and securities).
- "We've got the overdraft": Private customers, who have both a mortgage and a current account overdraft facility with Mizrahi-Tefahot are exempt from paying interest on their overdraft up to the monthly mortgage repayment amount of NIS 6,000, whichever is lower.
- Reduction of the interest payable on debit balance in credit facilities: Private customers and small businesses benefit from a 3% reduction in the interest payable on debit balances in their credit facilities and current loan accounts.
- "No interest overdraft": A benefit for private customers, which includes a monthly offsetting mechanism between the credit and debit balances in the account; this enables the customer not to pay interest on their overdraft up to a maximum offset amount of NIS 10,000 per day.
- Benefits for specific populations: Reservists in active service, households and small businesses located near the conflict zones in the south and the north, and Bank customers, who are first-degree relatives of people who lost their life in the war or of hostages held in Gaza will be eligible to an exemption from account management fees and 0% interest on amounts utilized out of current account credit facilities (NIS 10,000 to private customers and NIS 30,000 to owners of small businesses).

- The NIS 1,000 “New Beginnings” deposit awarded to Bank’s customers to whom a child was born after October 7, 2023 and through December 31, 2025. The cost of the benefit was included in the outline’s expenses for the first quarter of 2026.
- During April 2026, the Bank awarded the “Boost to Businesses” benefit - a one-off award of up to NIS 30 thousand - to businesses located near Israel’s northern border and to businesses whose owners serve as reservists. The cost of the benefit is included in the outline’s expenses for the second quarter of 2026.
- During August 2026, the Bank awards the “Mortgage Holiday” benefit - a one-off award equal to the monthly mortgage repayment in respect of July 2026 and up to a total of NIS 3,000 - the lower of the two - to customers with a mortgage and a current account with Mizrahi-Tefahot, who have children up to the age of 18 and comply with additional conditions as set by the Bank. The cost of the benefit will be included in the outline’s expenses for the third quarter of 2026.

The Bank assesses the benefits every quarter and may revise or renew them at its discretion.

The estimated cost, which will be included in the financial statements upon utilization of the benefits in respect of this outline, amounts to NIS 600 million for a two-year period, of which NIS 385 million were recorded through June 30, 2026; NIS 163 million of this amount in the first half of 2026.

This information constitutes forward-looking information, as defined in the Securities Law, 1968, based on assumptions, facts and data (hereinafter jointly: "assumptions") brought before the Bank’s Board of Directors. These assumptions may not materialize due to factors which are not solely controlled by the Bank.

Set forth below are data regarding the benefits provided by the Bank to its customers under the Bank of Israel’s 2025 outline and in respect of the Iron Swords War (NIS in millions):

	Residential	Private individuals – other	Small and micro businesses	Medium and large businesses	Total	For the six months ended June 30, 2026	2025
	For the three months ended June 30, 2026						
A. Benefits provided to the public							
A1. Amounts of benefits charged to statement of profit and loss in the reporting period:							
Interest benefits through changes in credit terms[1]	4	19	12	-	35	68	102
Other interest benefits with respect to credit[2]	3	3	-	-	6	12	69
Interest benefits on on-call deposits	-	21	3	-	24	49	76
Interest benefits on other deposits	-	-	26	-	26	46	-
Waiver of commissions[3]	-	4	-	-	4	7	11
Charitable donations	-	-	2	-	2	2	1
Total	**7**	**47**	**43**	**-**	**97**	**184**	**259**
Of which: Under the Bank of Israel’s 2025 outline (voluntary outline):							
Interest benefits through changes in credit terms[1]	-	19	12	-	31	60	80
Other interest benefits with respect to credit[2]	-	-	-	-	-	-	58
Interest benefits on on-call deposits	-	21	3	-	24	49	76
Interest benefits on other deposits	-	-	26	-	26	46	-
Waiver of commissions[3]	-	3	-	-	3	6	8
Charitable donations	-	-	2	-	2	2	-
Total	**-**	**43**	**43**	**-**	**86**	**163**	**222**
A2. Estimated amounts of benefits which have not yet been charged to the statement of profit and loss as of the report date[4]:					**459**	**459**	**581**

Additional information about activities to benefit borrowers during wartime

	Residential	Private individuals – other	Small and micro busines-ses	Medium businesses	Large busines-ses	Total	For the six months ended June 30, 2026	2025
	For the three months ended June 30, 2026							
B.1.a Total loans that have undergone a change to terms during the reporting period[5]								
Change in terms for borrowers in financial difficulties	-	-	3	-	-	3	5	2
Change in terms for borrowers not in financial difficulties:	1,718	67	368	-	-	2,153	7,454	4,404
Total credit	**1,718**	**67**	**371**	**-**	**-**	**2,156**	**7,459**	**4,406**

	Residential	Private individuals – other	Small and micro busines-ses	Medium businesses	Large busines-ses	Total	As of March 31, 2026	As of December 31, 2025
	As of June 30, 2026							
Balance of loans with changes in terms for borrowers in financial difficulties	-	-	4	-	-	4	3	18
Balance of loans with changes in terms for borrowers not in financial difficulties:							-	
Credit with interest waiver	-	3	198	4	-	205	519	132
Credit in deferral of payments and/or the extension of the period in which the deferral period had not yet ended	924	32	203	-	-	1,159	4,917	158
Of which: Problematic credit	6	1	8	-	-	15	7	7
Of which: Non-problematic credit, in arrears 30 days or longer	-	-	2	-	-	2	2	-
Payment amounts deferred[6]	17	4	60	3	-	84	186	25
Average payment deferment by months	3	4	3	3	-	3	7	5
Credit with other change in terms	-	-	-	-	-	-	-	-
Total	**924**	**35**	**405**	**4**	**-**	**1,368**	**5,439**	**308**
Additional information on change in terms for borrowers not in financial difficulties:								
Balance of credit in which the payment deferral has ended	24,505	352	1,613	84	46	26,600	24,977	26,932
Of which: Debts defaulted after changes in terms	1,057	10	93	10	-	1,170	1,122	1,126
B2. Balance of extended loans as of the report date, which bear no interest or reduced interest[7]								
Credit balance	261	158	749	175	-	1,343	1,378	1,423

(1) Including by waiving interest on receivables and by deferral of loan repayments.
(2) Including by providing loans which bear no interest or reduced interest and by providing interest grants/refunds in respect of credit provided in periods prior to the outline.
(3) Including provision of grants/refunds in respect of commissions.
(4) The estimated amounts of benefits which have not yet been charged to the statement of profit and loss as of the report date reflect the amounts, which the Bank expects will be charged in the future in respect of the adoption of the outlines, including the costs of the voluntary outline over two years.
(5) Credit, whose terms changed during the reporting period, also includes credit whose repayment was deferred again during the reporting period
(6) Including deferral of payments without interest during the deferral period. If the repayment of debt was deferred again, the cumulative deferral period is presented.
The deferral of payments does not include a deferral to which the borrower is entitled by law.
(7) Including loans extended under State-guaranteed funds and/or funded by the Bank of Israel.

C. Special payment to the state due to the war

For details regarding tax expenses due to the “Special Payment for the Achievement of Budgetary Goals Law (Temporary Order – Iron Swords), 2024”, and its amendment of March 30, 2026, see Note 17 to the Financial Statements and the Business goals and strategy chapter above.

Significant developments in human resources and administration

Developments in labor relations

Labor and payroll agreements at the Technology Division

On June 29, 2026, a special collective bargaining agreement was signed by Mizrahi Tefahot Ltd.’s Technology Division, the New General Labor Union and the Company’s Employee Committee, which focuses mainly on the relocation of the employees to the campus of the Bank’s HQ in Lod.

Other matters

The Competition Commissioner’s decision regarding a concentration group in the retail banking services market and the issuance of directives

Further to what is stated in the Explanation and analysis of results and business standing chapter in the Bank’s financial statements as of December 31, 2025 regarding the Competition Commissioner’s intention to declare the five largest banking groups - the Bank (including Bank Yahav), Bank Hapoalim, Bank Leumi, Bank Discount and First International Bank (hereinafter jointly – the “Five Largest Banking Groups” or the “Banks”) - a concentration group and to issue to the Banks directives regarding deposits, on May 6, 2026 the Competition Commissioner (hereinafter - the “Commissioner”) handed down a decision under Section 43(A)(6) to the Economic Competition Law, 1988, in which it was stipulated that the Five Largest Banking Groups constitute a “concentration group” in the retail banking services market.

In its resolution, the Commissioner determined that effectively there is very little competition between the banks with respect to the provision of all retail banking products, and that the banks refrain from competing over the offering of separable products to those customers.

In its decision, the Commissioner determined that the five banking groups will be subject to directives pertaining to their deposits activity, as follows:

- Prohibition of discrimination with regard to deposit interest rates and a requirement to be transparent and make their terms and conditions available.
- A requirement that banks will proactively contact customers on the deposit renewal or repayment date, and provide them with information as to proposed interest rates on deposits and similar money market funds, and simplifying the process of their purchase.
- A prohibition on a bank, the value of whose asset exceeds 20% of the total asset value of all banks in Israel (a “bank with large-scale activity”) from unreasonably refusing to enter into an engagement with “money aggregators”.
- A prohibition on placing barriers on the transfer of deposits, and allowing the transferee entity to run the transfer process.

The Commissioner determined that the coming into effect of the directives will be postponed to May 6, 2027 in order to allow the exhaustion of the appeal proceedings in the Competition Tribunal and in order to prepare for the implementation of the directives.

Further to the publication of the Commissioner’s decision, on May 6, 2026 the Bank of Israel published its position regarding the Commissioner’s above declaration and the deposits-related directives set under this decision. The Bank of Israel’s position published as described above stated, among other things, that “under the circumstance of the matter, declaring the banks a concentration group is an extreme and disproportionate step; on the one hand, it may deter investors from operating in Israel, and on the other hand it is not expected to contribute in any way to improving the welfare of bank customers. This is particularly so given that most of the directives prescribed following the declaration have already been implemented in practice by the Banking Supervision Department as part of the structural reforms it has led”. It was further noted in the Bank of Israel’s position regarding the Commissioner’s declaration and its subsequent directives, that “this move is merely declaratory in nature, which undermines regulatory certainty in the Israeli economy and may therefore deter investors from operating in Israel, without driving competition in any way.” The Bank of Israel has also noted that with respect to at least some of the directives, the law requires the consent of the Bank of Israel. Such consent was not granted.”

On August 16, 2026, the Bank filed an appeal against the decision of the competition Commissioner.

Imposition of a financial sanction by the Sanctions Committee for Banking Corporations

On March 25, 2026, the Bank received the Supervisor of Banks' notice regarding the Sanctions Committee for Banking Corporations' decision (hereinafter - the "Committee") to impose a NIS 6.8 million financial sanction on the Bank by virtue of the power vested in it under Section 14(A) to the Prohibition of Money Laundering Law, 2000 (hereinafter - the "Law"), based on the findings of the Banking Supervision Department's audit report on the prohibition of terror financing, conducted during the first half of 2023.

Most of the breaches in respect of which the financial sanction was imposed pertain to checks against the list of entities subject to sanctions, reports to the Anti-Money Laundering Authority (hereinafter - the "Authority") based on transaction-size, reports to the Authority on transactions that appear irregular, and know-your-customer procedures.

The amount of the abovementioned financial sanction reflects, among other things, mitigating circumstances, including the Bank's collaboration with the Bank of Israel's audit team and the effective steps taken by the Bank to rectify the deficiencies.

The Bank rectified the deficiencies which were raised in the report; some of the deficiencies were rectified during the audit.

Engagement in insurance policy

On March 26, 2026, the Bank's Board of Directors approved, after approval by the Remuneration Committee, the Bank's engagement in a Board member and other officers liability insurance policy, for a term of 18 months as from April 1, 2026. Pursuant to Regulation 1B1 and pursuant to Regulations 1A1 and 1B(a)(5) of the Corporate Regulations (Relief for transactions with interested parties), 2000, and in accordance with the remuneration policy for officers.

The insurance policy covers, inter alia, the Bank President & CEO, the controlling shareholders of the Bank and relatives thereof. For more information see immediate report dated March 26, 2026 (Ref. No.: 2026-01-028074).

Legal Proceedings

For material changes in legal proceedings to which the Bank is party, see Note 10b to the financial statements.

Explanation and analysis of results and business standing

This chapter includes a description of material trends, occurrences, developments and changes with regard to results and business standing, including analysis of development of revenues, expenses and profit, as well as analysis of development of assets, liabilities, capital and capital adequacy. It also provides a description of results of the Bank's supervisory operating segments and operating results for holdings in major entities.

Trends, phenomena and material changes

General environment and impact of external factors on the Bank Group

Developments in the business and geopolitical environment

During the first half of 2026, the Israeli economy continued to deal with the effects of the complex geopolitical environment, including the effects of Operation Lion's Roar. Economic activity in Israel, which contracted during the first quarter of 2026 due to the effects of Operation Lion's Roar recovered during the second quarter upon the conclusion of the operation. Following the resumption of normal activity in the economy and the lifting of restrictions imposed on the home front, the labor market is once again resilient. Globally, the signing of the memorandum of understanding between the USA and Iran in June resulted in a some subsidence in tensions and a decline in energy prices, alongside a decline in inflation expectations across the world. This occurred following the increase in the global inflation environment due to the fighting in the Middle East, which started in March 2026. In the domestic environment, the Consumer Price Index stabilized around the middle of the target range, which allowed the Bank of Israel's Monetary Committee to lead a path of gradual interest rate cuts down to a level of 3.5% at the beginning of July 2026. Israel's risk premium continued to decline amid high volatility levels during the first half of 2026 due to the effects of Operation Lion's Roar and the geopolitical tensions, and at the end of June 2026 it reached a level nearing that which prevailed immediately prior to the war which started in October 2023. During this period, the foreign currency market experienced high volatility. After a significant appreciation of the shekel, reaching a level of NIS 2.8 per dollar in May, it experienced some devaluation in June declining to around NIS 3.0 per dollar; at the same time, share indices in Israel experienced a positive trend.

The general uncertainty level remained high, but the assessments of the Bank's risk profile did not experience a material change; the credit quality metrics remain stable and borrowers' repayment capacity is supported by a trend of subsidence in interest rates and the inflation environment. The Bank continues to closely monitor developments and navigates its activities responsibly and conservatively.

For more information see chapter "Risks Overview" below, as well as the Report of the Board of Directors and the Risks Report for 2025.

For more information about banking reliefs and benefits extended to Bank customers, see chapter "Significant developments in management of business operations" above.

Major developments in the banking sector in Israel and overseas

For extensive information about trends in the banking sector in Israel and overseas in recent years, see chapter "Explanation and analysis of results and business standing" on the 2025 Report of the Board of Directors and Management.

Developments in the Israeli and global economy in 2026

Israeli economy

Non-financial developments

The Bank of Israel's Composite State of the Economy Index increased by an average of 2.5% per month in the three months from April to June 2026, against the backdrop of the effects of the conclusion of Operation Lion's Roar. This, after a 3.8% contraction in Israel's GDP in the first quarter of 2026 and after a 2.9% growth in 2025 and a 1.0% growth in 2024.

In the first half of 2026 the labor market was temporarily affected by Operation Lion's Roar: Following a sharp increase in the broad unemployment rate (ages 15 and older, original data), in March - against the backdrop of Operation Lion's Roar - the unemployment rate declined and stood at 3.2% in June 2026, lower than its level prior to Operation Lion's Roar and compared to 3.9% in December 2025. The number of vacancies in the economy is higher than levels immediately prior to Operation Lion's Roar.

According to a forecast published by the Bank of Israel's Research Division in June 2026, GDP in Israel is expected to grow by 4.0% in 2026 and the broad unemployment rate (ages 25-64) is expected to stand at 4.6% on average in 2026. The forecast was prepared under the work assumption that the intensity of the fighting in Lebanon subsides which somewhat eases supply constraints in Israel, and that no additional round of fighting with Iran will take place in the foreseeable future.

Inflation and exchange rates

In the first half of 2026, the “known” Consumer Price Index increased by 1.2%, further to a 1.6% increase in the corresponding period last year, and after a 1.9% increase in the past 12 months.

In the first half of this year, the Consumer Price Index “in lieu” increased by 1.2%, compared to an increase of 2.1% in the corresponding period last year. In the past 12 months ending June 2026, the CPI increased by 1.6%, within the Bank of Israel’s target range of 1% to 3%. Expectations in the capital market for the next 12 months are at around the middle of the Bank of Israel’s target range.

During the first half of 2026 the shekel has appreciated by 6.6% against the dollar and by 9.4% against the euro. The shekel’s appreciation trend reduced inflationary pressures in Israel during this period.

Below is information regarding the representative exchange rates and changes therein:

	June 30, 2026	December 31, 2025	Change in %
Exchange rate of:			
USD (in NIS)	2,978	3,190	(6.6)
EUR (in NIS)	3,395	3,746	(9.4)

On August 12, 2026, the USD/NIS exchange rate was 2.991 – a 0.4% devaluation compared to June 30, 2026. On said date, the EUR/NIS exchange rate was 3.450 – devaluation by 2.0% compared to June 30, 2026.

Monetary policy

In each of its interest rate decisions of May and July 2026, the Bank of Israel decided to cut its interest rate by 0.25 percentage points from 4.0% to 3.50%. This was following interest rate cuts in November 2025 and January 2026 from 4.50%. In its latest interest decision of July the Monetary Committee noted that the interest-rate path will be determined in accordance with the development of inflation, economic activity, geopolitical uncertainty and fiscal developments.

The forecast by the Bank of Israel’s Research Division of March 2026 estimates that the average interest rate in the first quarter of 2027 would be 3.50%-3.75%.

Fiscal policy

In the first half of 2026, the Government budget recorded a NIS 6.8 billion cumulative deficit, compared to a NIS 32.4 billion cumulative deficit in the corresponding period last year. The deficit rate as percentage of GDP for the 12 months ended in June 2026 was 3.3%. Government expenses recorded an increase of 1.9% relative to the corresponding period last year.

In accordance with the forecast of the Bank of Israel Research Division of July 2026, the deficit to GDP ratio is expected be 4.9% in 2026.

The State of Israel’s credit rating

On January 31, 2026, the rating agency Moody’s reaffirmed the State of Israel’s credit rating at Baa1 and upgraded its rating outlook from negative to stable. The agency noted that geopolitical risks have subsided, despite the high level of uncertainty attached to the ceasefire agreement. However, the level of risk remains high and places a constraint on the rating.

On February 3, 2026, the rating agency Fitch upgraded the rating outlook of the five largest banks in Israel from “negative” to “stable” and affirmed the rating at Baa1. The upgrading was made against the backdrop of the upgrading of Israel’s rating outlook from negative to stable and reflects the expectation that the banks’ solvency and liquidity will remain stable on the back of improved operating conditions and as Israel's economy rebounds.

On March 27, 2026 the credit rating agency Fitch affirmed Israel’s credit rating at A with a negative rating outlook. The agency noted that the outlook reflects a sustained increase in public debt and the risks that stress scenarios will materialize, which might weaken Israel’s growth potential.

On May 8, 2026 the S&P rating agency announced that it was affirming the credit rating of the State of Isarel at A with a stable outlook. The agency noted that assuming that the security situation will not deteriorate, the Israeli economy is expected to start recovering during the second half of 2026.

On July 15, 2026, the rating agency Moody’s reaffirmed the State of Israel’s credit rating at Baa1 with a stable rating outlook. The agency noted that a sustained improvement in the security situation, resumption of strong growth, a reduction in the debt-to-GDP ratio, and the maintenance of a responsible fiscal policy may support an upgrade in the rating or outlook in the future.

Residential construction and the mortgage market

According to data from the Central Bureau of Statistics, the number of apartments sold in the first five months of 2026 (new and second-hand apartments, original data) amounted to 36.3 thousand, a 6.7% decrease compared to the corresponding period last year and a 13.6% increase compared to the corresponding period in 2024.
In the first half of 2026, residential mortgages extended to the public amounted to NIS 57.1 billion, compared to NIS 50.1 billion in the corresponding period last year and NIS 38.6 billion in the corresponding period in 2024 – an increase by 14.0% and 48.1%, respectively.

According to data from the Central Bureau of Statistics, owned house prices in the 12 months ended May 2026 declined by 1.0% compared to a 0.3% increase in 2025 and a 7.3% increase in 2024.

Capital market

Trading on major indices in the Israeli equity market in the second quarter of 2026 reflected a mixed trend compared to a very positive trend in stock exchanges in the USA and globally.

Below are changes to major stock indices in Israel (in percentages):

	2026		2025			
Index	**Second quarter**	**First quarter**	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**
Tel-Aviv 35	(0.8)	12.9	13.5	8.2	22.4	1.0
Tel-Aviv 125	(0.2)	9.6	12.7	7.5	23.6	0.8
Tel-Aviv 90	2.2	(1.9)	11.2	5.0	26.3	(0.6)

In the second quarter of 2026, average daily trading turnover involving equities and convertible securities amounted to NIS 5.8 billion, compared to NIS 3.2 billion in the corresponding period last year. Average daily trading volume in the first half of 2026 was NIS 5.7 billion, compared to NIS 3.0 billion in the corresponding period last year. In 2025, the average daily trading volume amounted to NIS 3.4 billion.

Below are changes to major bond indices in Israel (in percentages):

	2026		2025			
Index	**Second quarter**	**First quarter**	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**
All-Bond general	2.8	(0.2)	1.5	1.6	2.7	0.4
Government bonds, CPI-linked	2.7	(1.2)	0.8	1.8	2.7	(0.6)
Government bonds, non-linked	2.6	0.5	1.9	1.2	2.8	0.9
Tel-bond 20	3.4	(0.8)	1.0	2.2	3.0	0.2
Tel-bond 40	3.0	0.1	0.5	2.0	2.8	0.3

Global economy

According to the IMF's forecast of July 2026, global GDP growth in 2026 is expected to amount to 3.0%, and 3.4% in 2027. This, compared to a 3.1% growth forecast in 2026 and 3.2% in 2027 of April 2026. The decline in the global growth forecast arises from the effect of the war in the Middle East on energy prices, global trade and supply chains, which led to an acceleration in the inflation rate and a deterioration in financial conditions. On the other hand, investments in artificial intelligence, data centers and chips support economic activity and prevent a sharper slowdown.

Despite the geopolitical uncertainty due to the conflict between the USA and Iran, the adverse effects on supply chains and the increase in commodity prices, the USA's GDP has grown at an annualized rate of 1.5% in the first half of 2026, following growth of 2.1% in 2025 and 2.8% in 2024. GDP growth was affected by an increase in private spending alongside an increase in business investments. A sharp increase in imports alongside a decline in inventory levels moderated the growth rate. The Purchasing Manager indices in the services and industry sectors indicated an expansion over the first half of the year. The US labor market showed signs of relative stability, as the number of new vacancies remained positive in the first half of 2026, alongside a slight decrease in the unemployment rate to 4.2% in June 2026, compared to 4.4% in December 2025. The conflict between the USA and Iran led to an increase in energy prices and to an acceleration in the inflation rate to 4.2% in the 12 months ended June 2026 compared to a 2.7% increase at the end of 2025. During the first half of 2026, the Fed held interest rates, having cut them in September, October, and December 2025 from 4.5% to 3.75%.

The GDP in the Euro Zone in the first half of 2026 increased at an annualized rate of 0.6%, compared to 1.4% growth in 2025 and 0.9% growth in 2024. The Purchasing Manager Index in the industry sectors indicated a declining expansion throughout the first half of 2026, whereas the Purchasing Manager Index in the service sectors indicated a declining contraction. The inflation rate stood at 2.8% in the 12 months ended June 2026 - an acceleration compared to 2.0% at the end of 2025. This, against the backdrop of higher energy prices due to the conflict in the Middle East. Subsequent to the cut to the monetary interest rate on deposits in the Eurozone by 2.0 percentage points to a rate of 2.0% in April 2025, the interest rate did not change until May 2026. At the beginning of June, after the acceleration in inflation rate to 3.2% in May, the interest rate increased for the first time by 0.25% to a rate of 2.25% despite the expectation for a moderate growth this year.

China's economy grew in the second quarter of 2026 at a rate of 4.3%, further to growth of 5.0% in the first quarter - a growth identical to that of 2024 and 2025. GDP was affected by expansion in exports and industrial production despite the imposition of tariffs by the USA alongside weaker domestic demand and decline in private investments due to the effect of the crisis in the real estate market.

Below are changes to major stock indices overseas (in percentages):

	2026		2025			
Index	**Second quarter**	**First quarter**	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**
Dow Jones	12.9	(3.6)	3.6	5.2	5.0	(1.3)
S&P 500	14.9	(4.6)	2.4	7.8	10.6	(4.6)
NASDAQ 100	27.5	(6.0)	2.3	8.8	17.6	(8.3)
DAX	12.8	(7.4)	2.6	(0.1)	7.9	11.3
FTSE 100	3.2	2.5	6.2	6.7	2.1	5.0
CAC	7.5	(4.1)	3.2	3.0	(1.6)	5.6
Nikkei	37.2	1.4	12.0	11.0	13.7	(10.7)

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.

Developments in risk assessments in the first half of 2026:

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 implementation of decisions by the Bank or inappropriate adaptation by 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.

The strategic business level remains unchanged, at a low-medium level. 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.

On June 4, 2025, the Bank's Board of Directors approved a new strategic plan for 2025-2027 (hereinafter - the "Plan Period"). For further details regarding the strategic plan and the assumptions, facts and data the plan relies upon, which may not materialize or materialize in a different manner and therefore cause the new strategic plan not to materialize or materialize in a different manner ("Forward-looking information protection"), see immediate report of June 5, 2025 (Ref. No.: 2025-01-040290) and immediate report dated March 30, 2026 (Ref. No.: 2026-01-029795).

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, economic and geopolitical conditions in Israel. The business and geopolitical environment risk is assessed as medium-high and also includes the risk involving potential effects on anti-banking regulation, and the effects of the macroeconomic risk, regarding which there is uncertainty as to the extent of the impact of the economic and security developments in Israel.
   - **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 the second quarter of 2026 the Israeli economy continued to recover despite geopolitical effects.
     The Bank regularly assesses the macroeconomic risk, monitors the potential effects on the credit portfolio and on sectors with high sensitivity, and modifies the credit policy accordingly. Furthermore, the collective provision is increased in respect of macroeconomic uncertainty.
   - **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.

   For more information regarding the Competition Commissioner's decision regarding a concentration group in the retail banking services market and the issuance of directives, see the other matters chapter above.
3. **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. Under the bolstering of its technological infrastructure, the Bank invests extensively in technology systems in order to address the evolving challenges of the business environment, and to maintain its differentiation as an advanced yet people-focused bank while providing advanced technological solutions, implementing the use of AI-based business, technological, and operational solutions, and mitigating various aspects of technological risk. 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. The risk level remained medium.
4. **Cyber and information security risk** - a risk arising from deficiencies in protection of the Bank's computer systems and information stored therein. 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.

   During the second quarter of 2026, the assessment of information security and cyber risk levels remained unchanged at medium-high, having been increased from medium in the second quarter of 2025.

   In view of the war with Iran and the attack on Iranian cyberspace, and in particular the damage to the Iranian banking system, a global increase in threat factors has been identified, and primarily, an increase in Iran's motivation to potentially conduct cyberattacks on the Israeli banking-financial system. Iran may potentially attempt to achieve success in the cyberspace. The Bank constantly enhances and improves its control and protection function and monitors developments in risk aspects. It should be noted that the expansion of the use of AI technologies by attackers and the deployment of offensive AI tools might lead to more sophisticated cyberattacks. The Bank is studying the risk and preparing for it through an orderly plan.
5. **Compliance and regulatory risks**[1] – Bank business operations are subject to regulation. 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

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

these laws is also handled by internal enforcement programs of securities laws and economic competition laws, respectively. Compliance risk also includes Bank compliance with fairness aspects and with the provisions of the Privacy Protection Law, 1981 and 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.

The Bank has minimal 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.

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 risks (including conduct, fairness and privacy-protection compliance), AML and terror financing risk. The Bank operates within the international banking framework that applies cross-border enforcement rules, and has therefore set a specific policy regarding the management of cross-border risks and the implementation of international sanctions.

6. **Artificial Intelligence (AI) risks** - the Bank takes action to implement AI solutions in its technological and business domains in order to improve customer services and support a faster and more accurate decision-making processes by employees and managers. The incorporation of AI applications in the banking system constitutes an opportunity to streamline and improve processes; however, it also involves risks, such as: Model risk, technology risk, operational risk, information security and cybersecurity risks, and other risks. Therefore, the Bank ensures a responsible and gradual implementation supported by risk management and monitoring and control processes.
7. **Environmental risk and climate risk** – such risks are part of ESG (Environment, Society and Governance) risks - emerging risks which are characterized with greater changes 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.
     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 has completed its preparations for the implementation of 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 came into effect in June 2026.

For more information regarding the management of these risks, see the Environment, society and governance chapter to the 2025 Report of the Board of Directors and Management and the 2025 ESG report, which includes the report of the Task Force on Climate-Related Financial Disclosures (TCFD), which presents the Bank's preparations for effective management of climate risks.

For more information, including analysis of major risks to which the Bank is exposed and an overview of their management and evolution in the reported period, see chapter "Risks Overview" as well as the 2025 Risks Report on the Bank website: www.mizrahi-tefahot.co.il > About the Bank > Investor Relations > Financial Information.

Events after the balance sheet date

For information regarding a dividend distribution with respect to earnings of the second quarter of 2026, see chapter "Analysis of structure of assets, liabilities, equity and capital adequacy" below, the statement of changes to shareholder equity and the Note "Events after the balance sheet date" of the financial statements.

Material developments in revenues, expenses and other comprehensive income

In the second quarter of 2026, the Group's net profit amounted to NIS 1,428 million, compared to NIS 1,453 million in the corresponding period last year - a 1.7% decrease. This profit reflects annualized return on equity of 16.0%.

In the first half of 2026, the Group's net profit amounted to NIS 2,666 million, compared to NIS 2,743 million in the corresponding period last year - a 2.8% decrease. This profit reflects annualized return on equity of 15.0%.

The Group's net profit after deducting the effect of the special tax outline for 2026 and benefits to customers under the voluntary consumer benefits outline (net total effect of NIS 164 million) totaled NIS 1,592 million in the second quarter of 2026 compared to NIS 1,618 million in the corresponding period last year - a 1.6% decrease. This profit reflects a return on equity of 17.7%.

The Group's net profit after deducting the effect of the special tax outline for 2026 and benefits to customers under the voluntary consumer benefits outline (net total effect of NIS 366 million) totaled NIS 3,032 million in the first half of 2026 compared to NIS 3,009 million in the corresponding period last year - a 0.8% increase. This profit reflects a return on equity of 17.0%. The voluntary consumer benefits outline started in the second quarter of 2025.

It should be noted that the profit was affected, among other things, by a 0.75% decrease in the Bank of Israel's interest rate and by a similar decrease in the Fed's interest rate during the period.

Analysis of developments in revenues, expenses and other comprehensive income

In the first half of 2026, **net interest revenues and non-interest financing revenues(1) from current operations**, as detailed below, totaled NIS 5,539 million, compared to NIS 5,658 million in the corresponding period last year - a 2.1% decrease; in the second quarter of 2026 they totaled NIS 2,770 million compared to NIS 2,829 million in the corresponding quarter last year, a 2.1% decrease.

In the first half of 2026, **net interest revenues and non-interest financing revenues(1)** totaled NIS 6,062 million, compared to NIS 6,077 million in the corresponding period last year - a 0.2% decrease; in the second quarter of 2026 they totaled NIS 3,183 million compared to NIS 3,136 million in the corresponding quarter last year, a 1.5% increase.

Below is analysis of development of financing revenues from current operations (NIS in millions):

	2026		2025				Change rate in %
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Second quarter of 2026 to second quarter of 2025
Interest revenues, net	3,012	2,693	2,689	3,146	3,093	2,799	
Non-interest financing revenues(1)	171	186	145	57	43	142	
Total financing revenues	**3,183**	**2,879**	**2,834**	**3,203**	**3,136**	**2,941**	**1.5**
Net of:							
Effect of the Consumer Price Index	311	(23)	(140)	347	323	60	
Revenues from interest collected with respect to problematic debts	11	9	12	13	11	11	
Gains from bonds and shares	110	49	168	37	55	38	
Other effects(2)	(19)	75	(30)	(16)	(82)	3	
Total effects other than from current operations	**413**	**110**	**10**	**381**	**307**	**112**	
Total financing revenues from current operations	**2,770**	**2,769**	**2,824**	**2,822**	**2,829**	**2,829**	**(2.1)**

	Six months		
			Change rate
	2026	2025	(In %)
Total financing revenues	6,062	6,077	(0.2)
Total effects other than from current operations	523	419	
Total financing revenues from current operations	**5,539**	**5,658**	**(2.1)**

(1) Non-interest financing revenues include effect of fair value and others and revenues (expenses) with respect to linkage differentials on CPI derivatives, where the corresponding revenue is recognized as interest revenues (expenses), in conformity with accounting rules.

(2) Including the effect of accounting treatment of derivatives at fair value is due to the difference between accounting treatment of balance sheet instruments, charged to the profit and loss statement on an accrual basis (interest, linkage differentials and exchange rate differentials only), vs. derivatives measured at fair value and revenues from early repayment commissions, cost of benefits to customers as part of the various plans, including a voluntary consumer outline of the second quarter of 2025 and one-time effects, if any.

Below is a breakdown of financing revenues by supervisory operating segment (NIS in millions):

	Second quarter			
Operating segment	**2026**	**2025**	**Change amount**	**Change in %**
Private individuals:				
Households – residential mortgages	706	717	(11)	(1.5)
Households – other	886	956	(70)	(7.3)
Private banking	109	108	1	0.9
Total individuals	**1,701**	**1,781**	**(80)**	**(4.5)**
Business operations:				
Small and micro businesses	587	628	(41)	(6.5)
Medium businesses	195	175	20	11.4
Large businesses	409	350	59	16.9
Institutional investors	95	71	24	33.8
Total business activity	**1,286**	**1,224**	**62**	**5.1**
Financial management	35	(52)	87	-
Total activity in Israel	**3,022**	**2,953**	**69**	**2.3**
Overseas activity	161	183	(22)	(12.0)
Total	**3,183**	**3,136**	**47**	**1.5**

	For the six months ended June 30			
Operating segment	**2026**	**2025**	**Change amount**	**Change in %**
Private individuals:				
Households – residential mortgages	1,421	1,401	20	1.4
Households – other	1,761	1,925	(164)	(8.5)
Private banking	220	220	-	-
Total individuals	**3,402**	**3,546**	**(144)**	**(4.1)**
Business operations:				
Small and micro businesses	1,192	1,260	(68)	(5.4)
Medium businesses	399	358	41	11.5
Large businesses	808	696	112	16.1
Institutional investors	192	133	59	44.4
Total business activity	**2,591**	**2,447**	**144**	**5.9**
Financial management	(282)	(276)	(6)	2.2
Total activity in Israel	**5,711**	**5,717**	**(6)**	**(0.1)**
Overseas activity	351	360	(9)	(2.5)
Total	**6,062**	**6,077**	**(15)**	**(0.2)**

For definition of supervisory operating segments and differences between supervisory operating segments and operating segments based on management approach – see chapter "Supervisory operating segments" below.

Below are average balances of interest-bearing on-balance sheet assets attributed to the activity in Israel, in various linkage segments (NIS in millions):

	Second quarter			Six months		
Linkage segment	**2026**	**2025**	**Change in %**	**2026**	**2025**	**Change in %**
Israeli currency – non-linked	353,739	323,090	9.5	357,536	318,831	12.1
Israeli currency – linked to the CPI	80,459	84,453	(4.7)	80,357	84,608	(5.0)
Foreign currency (including Israeli currency linked to foreign currency)	34,068	23,955	42.2	32,148	21,732	47.9
Total	**468,266**	**431,498**	**8.5**	**470,041**	**425,171**	**10.6**
Total including activity overseas	**497,471**	**464,113**	**7.2**	**499,510**	**458,564**	**8.9**

Change in average balances of interest-bearing assets is primarily due to growth in loans to the public.

Below are the interest spreads (the difference between interest revenue rate for assets and interest expense rate for liabilities)(1) based on average balances(2), attributed to activity in Israel, in the various linkage segments (in percentages):

	Second quarter		Six months	
Linkage segments	**2026**	**2025**	**2026**	**2025**
Israeli currency – non-linked	1.54	1.64	1.52	1.73
Israeli currency – linked to the CPI	2.01	1.94	2.09	1.88
Foreign currency	0.13	0.79	0.19	0.62
Total	**1.60**	**1.74**	**1.52**	**1.68**

(1) Revenue and expense rates calculated for interest-bearing assets and liabilities.
(2) Average balances before deduction of provision with respect to credit losses.

Changes in interest spreads:

The decrease in the overall interest spread was affected, among other things, by cuts to the Bank of Israel Interest rate and the Fed interest rate and by the subsidence of the increase in the inflation rate compared to the corresponding period last year.

The interest spread represents the difference between interest revenue rate for on-balance sheet assets and interest expense rate for on-balance sheet liabilities, excluding the effect of derivatives.

For composition of interest rate spreads by different criteria (activity type, linkage segment and quantity and price analysis), more information about non-interest bearing assets and liabilities and information about overseas activities, see appendix "Interest Revenue and Expense Rates" to the quarterly financial statements.

Interest revenues, net and non-interest financing revenues are impacted by the change in interest rates and by the change in activity, as reflected in balances of loans and deposits.
For details on interest rates and interest expenses of the Bank and its subsidiaries see Appendix 1 to the Financial Statements.
For more information about average balances of loans to the public and deposits from the public, and about revenues from the loan/deposit spread by operating segment, see Note 12 to the financial statements.

For more information about the impact of scenarios of changes to interest rates on interest revenues, net and on non-interest financing revenues, see chapter "Market risk and interest risk" below.

In the first half of 2026, the Group's **expenses with respect to credit losses** totaled NIS 121 million, constituting 0.06% (annualized) of total loans to the public, net. In the corresponding period last year, the Group's expenses with respect to credit losses totaled NIS 159 million, constituting 0.08% (annualized) of total loans to the public, net.
The Group's expenses with respect to credit losses totaled NIS 90 million in the second quarter of 2026, or an annualized rate of 0.08% of total loans to the public, net, compared to expenses totaling NIS 56 million in the corresponding period last year – an annualized rate of 0.06% of total loans to the public, net.
The decrease in expenses with respect to credit losses in the first half of 2026 compared to the corresponding period last year arises mainly from a decrease in the collective provision in respect of the war and the levels of uncertainty in the economy. However, in view of the levels of uncertainty still prevailing in the economy, the balance-sheet balance of the provision for credit losses in respect of this uncertainty still remained high.

Development of expenses with respect to credit losses (NIS in millions) is as follows:

	Second quarter		First half	
	2026	**2025**	**2026**	**2025**
Expenses for credit losses on individual basis				
Increased expenses	71	64	202	175
Decreased expenses	(36)	(63)	(75)	(103)
Total individual expense for credit losses[(1)]	**35**	**1**	**127**	**72**
Net accounting write-offs[(2)]	**75**	**48**	**131**	**109**
Expenses for credit losses on group basis				
with respect to residential mortgages	(16)	(3)	(69)	(37)
Other	(4)	10	(68)	15
Total group expense (revenues) for credit losses	**(20)**	**7**	**(137)**	**(22)**
Total expenses with respect to credit losses	**90**	**56**	**121**	**159**
Rate of the expenses with respect to credit losses as percentage of total loans to the public, net (annualized)	**0.08%**	**0.06%**	**0.06%**	**0.08%**
Of which: With respect to commercial loans other than residential mortgages	**0.25%**	**0.16%**	**0.22%**	**0.27%**
Of which: with respect to residential mortgages	**(0.03%)**	**(0.01%)**	**(0.05%)**	**(0.03%)**
Rate of the expenses with respect to individual provision for credit losses, as percentage of total loans to the public, net (annualized):	**0.03%**	**-**	**0.06%**	**0.04%**

(1) Including individual provisions for customers, against which a decrease in group-based provision was recorded.
(2) Write-offs due to debts measured on a collective basis

Below are details of expenses (revenues) with respect to credit losses by supervisory operating segments of the Group (NIS in millions):

	Second quarter		First half		Rate of expenses with respect to credit losses[(1)] in the second quarter		Rate of expenses with respect to credit losses[(1)] in the first half	
Operating segment	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Private individuals:								
Households – residential mortgages	(16)	(3)	(69)	(37)	(0.03)	(0.01)	(0.05)	(0.03)
Households – other	82	34	44	88	1.15	0.50	0.31	0.65
Private banking	1	-	1	-	1.56	-	0.78	-
Total individuals	**67**	**31**	**(24)**	**51**	**0.10**	**0.05**	**(0.02)**	**0.04**
Business operations:								
Small and micro businesses	(23)	(24)	70	49	(0.26)	(0.29)	0.40	0.30
Medium businesses	31	2	34	(2)	0.52	0.04	0.28	(0.02)
Large businesses	10	21	(24)	11	0.07	0.18	(0.08)	0.05
Institutional investors	(7)	8	(7)	9	(0.26)	0.47	(0.13)	0.27
Total business activity	**11**	**7**	**73**	**67**	**0.03**	**0.03**	**0.11**	**0.13**
Financial management	7	1	3	1	-	-	-	-
Total activity in Israel	**85**	**39**	**52**	**119**	**0.08**	**0.04**	**0.03**	**0.07**
Overseas activity	5	17	69	40	0.13	0.56	0.89	0.66
Total	**90**	**56**	**121**	**159**	**0.08**	**0.06**	**0.06**	**0.08**

(1) Expenses with respect to credit losses, as percentage of total loans to the public, net (annualized) (in %).

For definition of supervisory operating segments and differences between supervisory operating segments and operating segments based on management approach – see chapter "Supervisory operating segments" below.

For more information about analysis of development of loans to the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

For more information about analysis of credit risk, see chapter "Credit risk" below and the Risks Report, available on the Bank website.

Non-interest financing revenues in the first half of 2026 amounted to NIS 357 million, compared to NIS 185 million in the corresponding period last year.
Non-interest financing revenues in the second quarter of 2026 amounted to NIS 171 million, compared to NIS 43 million in the corresponding period last year.

This item includes, *inter alia*, the effect of fair value, gain (loss) from activity involving bonds and securities, as well as linkage differentials for CPI derivatives and interest accrual effect (time value) inherent in derivative assets, for which the corresponding revenues (expenses) are recognized pursuant to accounting rules under Interest Revenues. See "Analysis of financing revenues from current operations" above.

Commission revenues amounted to NIS 1,183 million in the first half of 2026, compared with NIS 1,123 million in the corresponding period last year – a 5.3% increase.
Commission revenues in the second quarter of 2026 amounted to NIS 596 million, compared to NIS 590 million in the corresponding period last year – an increase by 1.0%.

Below is information regarding commissions by major commission type (NIS in millions):

	Second quarter		First half		All of
	2026	**2025**	**2026**	**2025**	**2025**
Account management	100	106	212	217	447
Activities involving securities	92	84	188	164	341
Conversion differences	92	98	189	187	368
Commissions from financing transactions	92	125	195	198	366
Credit cards	92	67	160	133	283
Credit processing(1)	30	32	63	66	130
Other commissions	98	78	176	158	316
Total commissions	**596**	**590**	**1,183**	**1,123**	**2,251**

(1) Includes the following commissions: Handling credit, foreign trade and net revenues from servicing credit portfolios.

In the first half of 2026, **other revenues** amounted to NIS 40 million compared to NIS 137 million in the corresponding period last year.
In the second quarter of 2026, other revenues amounted to NIS 23 million, compared to NIS 65 million in the corresponding period last year.

Other revenues in the second quarter of 2025 included revenues amounting to NIS 51 million (NIS 102 million in the first half of 2025) with respect to net deferred credit balance recognized with respect to acquisition of Union Bank which is recognized on profit and loss over 5 years as from the fourth quarter of 2020 and through the end of the third quarter of 2025.

Operating and other expenses in the first half of 2026 amounted to NIS 2,615 million, compared to NIS 2,662 million in the corresponding period last year, a 1.8% decrease.

Operating and other expenses in the second quarter of 2026 amounted to NIS 1,287 million, compared to NIS 1,323 million in the corresponding period last year, a 2.7% decrease.

For details by operating expense component, see below.

Payroll and related expenses in the first half of 2026 amounted to NIS 1,673 million, compared to NIS 1,734 million in the corresponding period last year, a 3.5% decrease.
Payroll and related expenses in the second quarter of 2026 amounted to NIS 830 million, compared to NIS 857 million in the corresponding period last year, a 3.2% decrease.

In the first half of 2026, **buildings and equipment maintenance and depreciation expenses** amounted to NIS 536 million compared to NIS 529 million in the corresponding period last year – a 1.3% increase.
In the second quarter of 2026, maintenance and depreciation expenses for buildings and equipment amounted to NIS 262 million, compared to NIS 269 million in the corresponding period last year – a 2.6% decrease.

Other expenses amounted to NIS 406 million in the first half of 2026, compared to NIS 399 million in the corresponding period last year – a 1.8% increase.
Other expenses in the second quarter of 2026 amounted to NIS 195 million, compared to NIS 197 million in the corresponding period last year – a decrease by 1.0%.

Below is Cost-Income Ratio data[(1)] (in percentages):

	2026	2025				
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Cost Income Ratio	33.9	38.1	37.0	34.2	34.9	37.8

	First half		All of
	2026	2025	2025
Cost Income Ratio	35.9	36.3	35.9

(1) Total operating and other expenses to total operating and financing revenues and expenses with respect to credit losses.

Pre-tax profit for the Group amounted to NIS 4,549 million in the first half of 2026, compared with NIS 4,516 million in the corresponding period last year – an increase by 0.7%. For a detailed explanation, see above.
Group profit before taxes in the second quarter of 2026 amounted to NIS 2,425 million, compared to NIS 2,412 million in the corresponding period last year, an increase by 0.5%. For a detailed explanation, see above.

In the first half of 2026, **the rate of provision for taxes out of profit** was 39.3%, compared to 37.1% in the corresponding period last year.
In the second quarter of 2026, the rate of provision for taxes out of profit was 39.1%, compared to 37.7% in the corresponding period last year.
The rate of provision for taxes of profit was influenced, among other things, from the Special Payment Law to Achieve the Budgetary Targets (Temporary Order – Iron Swords), 2024, which was passed by the Knesset in March 2024 and from the amendment to the law of March 30, 2026. For details see Note 17 to the financial statements and the business goals and strategy chapter above.

The Bank's share of post-tax profit of associates – in the first half of 2026 the Bank recognized gains with respect to associates amounting to NIS 15 million, compared to NIS 11 million in the corresponding period last year.

The Bank's share in associates' post-tax profits - in the second quarter of 2026 the Bank recognized gains with respect to associates amounting to NIS 7 million, compared to NIS 6 million in the corresponding period last year.

The share of the non-controlling interests in net results of subsidiaries attributable to Bank Yahav in the first half of 2026 amounted to NIS 109 million, compared to NIS 110 million in the corresponding period last year.

The share of the non-controlling interests in net results of subsidiaries attributable to Bank Yahav in the second quarter of 2026 amounted to NIS 55 million, similar to the corresponding quarter last year.

Net profit attributable to shareholders of the Bank in the first half of 2026 amounted to NIS 2,666 million, compared to NIS 2,743 million in the corresponding period last year.

Net profit attributable to shareholders of the Bank in the second quarter of 2026 amounted to NIS 1,428 million, compared to NIS 1,453 million in the corresponding period last year.

Other comprehensive income – Changes to the Bank's shareholders' equity are due to Group net profit, as well as to other changes that do not impact net profit, including changes to fair value of bonds available for sale, and changes to actuarial obligations with respect to benefits to Bank employees, net of tax effect. These effects increased the Bank's shareholders' equity in the first half of 2026 by NIS 30 million, compared to a NIS 96 million increase in the corresponding period last year.
In the second quarter of 2026, these effects increased the Bank's shareholders' equity by NIS 26 million, compared to NIS 64 million in the corresponding period last year.
For more information see Note 4 to the financial statements.

Below is the development of the Group's return(1) on equity(2) at the end of the quarter (in %):

	2026		2025			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net profit return on equity	16.0	14.1	16.3	17.6	17.8	16.2

(1) Annualized.

(2) Return on average shareholder equity, including "all equity instruments", as presented under reported revenue and expense rates, net of average balance of rights of external shareholders and less/plus the average balance of unrealized loss/gain from fair value adjustment of bonds held for trading and of bonds available for sale.

Below is data for earnings and dividends per share (ordinary share of NIS 0.1 par value) (in NIS):

	Second quarter		First half		All of
	2026	2025	2026	2025	2025
Basic earnings per share	5.49	5.60	10.25	10.58	21.69
Diluted earnings per share	5.43	5.56	10.22	10.51	21.58
Dividends per share	238	199	508	401	965

Analysis of developments in assets, liabilities, equity and capital adequacy

Assets and liabilities

Below is development of key balance sheet items of the Bank Group (NIS in millions):

				Change in % compared to	
	June 30		December 31	June 30	December 31
	2026	2025	2025	2025	2025
Total assets	580,815	517,287	551,173	12.3	5.4
Cash and deposits with banks	77,734	78,885	82,849	(1.5)	(6.2)
Loans to the public, net	423,726	376,672	400,501	12.5	5.8
Securities	56,459	39,704	47,903	42.2	17.9
Buildings and equipment	2,243	1,906	2,159	17.7	3.9
Deposits from the public	474,424	417,394	448,397	13.7	5.8
Deposits from banks	1,998	2,497	2,058	(20.0)	(2.9)
Bonds and subordinated notes	40,627	36,332	40,365	11.8	0.6
Shareholders' equity	36,100	33,114	34,765	9.0	3.8

Cash and deposits with banks – the balance of cash and deposits with banks decreased in the first half of 2026 by NIS 5.1 billion, as part of on-going management of Bank liquidity.

Loans to the public, net – loans to the public, net on the consolidated balance sheet as of June 30, 2026 accounted for 73% of total assets, similar to the end of 2025. Loans to the public, net, increased in the first half of 2026 by NIS 23.2 billion, a 5.8% increase.

For more information about analysis of on-balance sheet and off-balance sheet credit risk, development of problematic debts and various risk benchmarks with regard to residential mortgages, see chapter "Risks" below and the Risks Report, available on the Bank website.

Below is data about loans to the public, net by linkage basis (NIS in millions):

				Change in % compared to	
	June 30	December 31	June 30		December 31
	2026	2025	2025	2025	2025
Israeli currency					
Non-linked	319,858	269,222	296,231	18.8	8.0
CPI-linked	76,740	82,417	79,125	(6.9)	(3.0)
Foreign currency, including linked to foreign currency	27,128	25,033	25,145	8.4	7.9
Total	**423,726**	**376,672**	**400,501**	**12.5**	**5.8**

Below is data about loans to the public, net by supervisory operating segment (NIS in millions):

				Change in % compared to	
	June 30	December 31	June 30		December 31
	2026	2025	2025	2025	2025
Private individuals:					
Households – residential mortgages	252,304	232,029	244,163	8.7	3.3
Households – other	28,531	27,161	28,143	5.0	1.4
Private banking	257	145	182	77.2	41.2
Total individuals	**281,092**	**259,335**	**272,488**	**8.4**	**3.2**
Business operations:					
Small and micro businesses	35,280	32,896	34,680	7.2	1.7
Medium businesses	24,058	18,735	20,621	28.4	16.7
Large businesses	56,925	46,759	51,844	21.7	9.8
Institutional investors	10,845	6,764	7,882	60.3	37.6
Total business activity	**127,108**	**105,154**	**115,027**	**20.9**	**10.5**
Overseas activity	15,526	12,183	12,986	27.4	19.6
Total	**423,726**	**376,672**	**400,501**	**12.5**	**5.8**

For definition of supervisory operating segments and differences between supervisory operating segments and operating segments based on management approach – see chapter "Supervisory operating segments" below.

Below are details of problematic credit risk and non-performing assets before provision for credit losses, in accordance with provisions for measurement and disclosure of non-accruing debts, credit risk and provision for credit losses:

Reported amounts (NIS in millions)	Credit risk[1]							
	As of June 30, 2026				As of June 30, 2025			
	Commercial	Residential	Individual	Total	Commercial	Residential	Individual	Total
Credit risk at performing credit rating[2]								
On-balance sheet credit risk	139,526	246,971	28,542	415,039	116,036	227,815	26,729	370,580
Off-balance sheet credit risk[3]	96,124	21,397	16,968	134,489	82,244	18,422	16,475	117,141
Total credit risk at performing credit rating	**235,650**	**268,368**	**45,510**	**549,528**	**198,280**	**246,237**	**43,204**	**487,721**
Credit risk other than at performing credit rating								
A. Non-problematic	5,254	3,753	361	9,368	3,917	3,161	321	7,399
B. Problematic accruing	1,167	-	228	1,395	1,054	-	199	1,253
C. Problematic non-accruing	1,139	2,604	46	3,789	1,625	2,245	73	3,943
Total on-balance sheet credit risk other than at performing credit rating	**7,560**	**6,357**	**635**	**14,552**	**6,596**	**5,406**	**593**	**12,595**
Off-balance sheet credit risk[3] other than at performing credit rating	2,213	-	26	2,239	1,891	-	37	1,928
Total credit risk other than at performing credit rating	**9,773**	**6,357**	**661**	**16,791**	**8,487**	**5,406**	**630**	**14,523**
Of which: Accruing debts, in arrears 90 days or longer	186	-	92	278	84	-	57	141
Total credit risk, including risk to the public[4]	**245,423**	**274,725**	**46,171**	**566,319**	**206,767**	**251,643**	**43,834**	**502,244**
Non-performing assets[5]	**1,139**	**2,604**	**46**	**3,789**	**1,625**	**2,245**	**73**	**3,943**

	Credit risk[1]			
	As of December 31, 2025			
	Commercial	Residential	Individual	Total
Credit risk at performing credit rating[2]				
On-balance sheet credit risk	125,271	239,336	27,845	392,452
Off-balance sheet credit risk[3]	89,731	19,284	16,440	125,455
Total credit risk at performing credit rating	**215,002**	**258,620**	**44,285**	**517,907**
Credit risk other than at performing credit rating				
A. Non-problematic	5,221	3,396	355	8,972
B. Problematic accruing	1,095	-	221	1,316
C. Problematic non-accruing	1,345	2,535	76	3,956
Total on-balance sheet credit risk other than at performing credit rating	**7,661**	**5,931**	**652**	**14,244**
Off-balance sheet credit risk[3] other than at performing credit rating	2,039	-	51	2,090
Total credit risk other than at performing credit rating	**9,700**	**5,931**	**703**	**16,334**
Of which: Accruing debts, in arrears 90 days or longer	90	-	80	170
Total credit risk, including risk to the public[4]	**224,702**	**264,551**	**44,988**	**534,241**
Non-performing assets[5]	**1,345**	**2,535**	**76**	**3,956**

(1) On- and off-balance sheet credit is stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.
(2) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.
(3) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits.
(4) On- and off-balance sheet credit risk, including with respect to derivatives. Of which: Debts, bonds, securities loaned or purchased in resale agreements.
(5) Assets not accruing interest.

- For further information regarding debts whose payment has been postponed by 180 days or more, which are not classified as problematic, see Note 13.B.1.A to the Financial Statements.

Credit risk is composed of on-balance-sheet risk and off-balance-sheet credit risk, which are weighted by nature of the borrower and credit type, as per Bank of Israel directives. On-balance sheet risk includes balances of loans to the public, derivative instruments purchased by the public and Group investments in public bonds. Off-balance sheet credit risk includes guarantees and transactions in off-balance sheet instruments, commitments to extend credit and un-utilized credit facilities. Total credit risk to the public for the Bank Group as of June 30, 2026 amounted to NIS 566 billion, compared to NIS 534 billion as of December 31, 2025 – an increase by 6.2%.

For more information about credit risk with respect to individuals (excluding residential mortgages), credit risk in the construction and real estate economic sector in Israel and residential mortgage risk, see chapter "Credit risk".

See Notes 6 and 13 to the financial statements for further information.

Benchmarks for analysis of quality of loans to the public, expenses and provision for credit losses (in percent):

	As of June 30, 2026				As of June 30, 2025			
	Commercial	Residential	Individual	Total	Commercial	Residential	Individual	Total
Analysis of quality of loans to the public								
Non-accruing credit as percentage of total loans to the public	0.77	1.03	0.16	0.88	1.34	0.96	0.27	1.03
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	0.90	1.03	0.47	0.95	1.41	0.96	0.48	1.07
Problematic credit as percentage of total loans to the public	1.58	1.03	0.94	1.21	2.22	0.96	1.00	1.36
Credit not at performing credit rating as percentage of total loans to the public	5.20	2.51	2.18	3.40	5.49	2.32	2.17	3.31
Analysis of expenses with respect to credit losses for the reporting period(1)								
Expenses with respect to credit losses as percentage of average balance of loans to the public	0.20	(0.06)	0.32	0.06	0.09	(0.02)	0.32	0.04
Net accounting write-offs as percentage of average balance of loans to the public	0.24	-	0.86	0.14	0.15	-	0.30	0.07
Analysis of provision for credit losses with respect to loans to the public								
Provision for credit losses as percentage of total loans to the public	1.55	0.41	2.24	0.92	1.99	0.50	2.58	1.12
Provision for credit losses as percentage of total loans to the public non-accruing	200.2	39.5	1,421.7	104.1	148.5	52.4	964.4	108.7
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	171.7	39.5	473.9	97.0	141.1	52.4	541.5	104.9
Expense rate with respect to credit losses from net accounting write-offs	0.85	-	0.36	0.40	0.64	-	1.09	0.64

	As of December 31, 2025			
	Commercial	Residential	Individual	Total
Analysis of quality of loans to the public				
Non-accruing credit as percentage of total loans to the public	1.02	1.03	0.27	0.97
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.09	1.03	0.55	1.02
Problematic credit as percentage of total loans to the public	1.85	1.03	1.04	1.30
Credit not at performing credit rating as percentage of total loans to the public	5.87	2.42	2.29	3.52
Analysis of expenses with respect to credit losses for the reporting period(1)				
Expenses with respect to credit losses as percentage of average balance of loans to the public	0.13	(0.05)	0.72	0.06
Net accounting write-offs as percentage of average balance of loans to the public	0.28	-	0.59	0.13
Analysis of provision for credit losses with respect to loans to the public				
Provision for credit losses as percentage of total loans to the public	1.74	0.45	2.57	1.01
Provision for credit losses as percentage of total loans to the public non-accruing	171.1	43.3	964.5	104.1
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	160.2	43.3	469.9	99.8
Expense rate with respect to credit losses from net accounting write-offs	0.46	29.75	1.22	0.48

(1) Annualized.

Below is development of key off-balance sheet items of the Bank Group (NIS in millions):

				Change in % compared to	
		June 30	December 31	June 30	December 31
	2026	2025	2025	2025	2025
Off-balance sheet financial instruments other than derivatives:					
Unutilized debitory account and other credit facilities in accounts					
On-call, un-utilized	44,618	40,253	42,821	10.8	4.2
Guarantees to home buyers	18,658	18,236	17,518	2.3	6.5
Irrevocable commitments for loans approved but not yet granted	43,367	35,682	38,921	21.5	11.4
Unutilized revolving credit card facilities	14,184	13,930	13,658	1.8	3.9
Commitments to issue guarantees	22,073	16,124	19,231	36.9	14.8
Guarantees and other commitments	19,855	15,941	18,749	24.6	5.9
Loan guarantees	5,121	4,850	5,356	5.6	(4.4)
Documentary credit	555	353	193	57.2	187.6
Derivative financial instruments(1):					
Total par value of derivative financial instruments	535,361	451,735	503,027	18.5	6.4
(On-balance sheet) assets with respect to derivative instruments	7,068	9,465	6,293	(25.3)	12.3
(On-balance sheet) liabilities with respect to derivative instruments	8,016	10,204	7,028	(21.4)	14.1

(1) Includes forward transactions, swaps, futures, options and credit derivatives. For more information see Note 11.

For more information about analysis of on-balance sheet and off-balance sheet credit risk, see chapter "Risks" below and the Risks Report, available on the Bank website.

Securities – investment in securities increased in the first half of 2026 by NIS 8.6 billion. The increase in investment in securities is under the Bank's asset and liability management.

Below is composition of Group securities by portfolio (NIS in millions):

	Carrying amount	Amortized cost (for shares – cost)	Provision for credit losses	Gain from fair value adjustments	Loss from fair value adjustments	Fair value(1)
						June 30, 2026
Bonds held to maturity	3,491	3,491	-	28	(64)	3,455
Bonds available for sale	30,082	30,036	-	(2)286	(2)(240)	30,082
Investment in shares not held for trading	1,236	876	-	(3)416	(3)(56)	1,236
Securities held for trading	21,650	21,418	-	(3)241	(3)(9)	21,650
Total securities	**56,459**	**55,821**	**-**	**971**	**(369)**	**56,423**
						June 30, 2025
Bonds held to maturity	3,610	3,610	-	12	(95)	3,527
Bonds available for sale	25,181	25,337	(8)	(2)195	(2)(343)	25,181
Investment in shares not held for trading	1,002	841	-	(3)171	(3)(10)	1,002
Securities held for trading	9,911	9,716	-	(3)207	(3)(12)	9,911
Total securities	**39,704**	**39,504**	**(8)**	**585**	**(460)**	**39,621**
						December 31, 2025
Bonds held to maturity	3,514	3,514	-	16	(78)	3,452
Bonds available for sale	24,753	24,645	-	(2)384	(2)(276)	24,753
Investment in shares not held for trading	1,180	917	-	(3)279	(3)(16)	1,180
Securities held for trading	18,456	18,400	-	(3)63	(3)(7)	18,456
Total securities	**47,903**	**47,476**	**-**	**742**	**(377)**	**47,841**

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.
(2) Included in shareholders' equity in "adjustments on presentation of securities available for sale at fair value".
(3) Charged to statement of profit and loss but not yet realized.

Below is composition of Group securities portfolio by linkage segment (NIS in millions):

				Change in % compared to	
		June 30	December 31	June 30	December 31
	2026	2025	2025	2025	2025
Israeli currency					
Non-linked	19,264	13,284	17,312	45.0	11.3
CPI-linked	13,060	6,890	12,337	89.6	5.9
Foreign currency (including linked to foreign currency)	22,874	18,505	17,048	23.6	34.2
Non-monetary items	1,261	1,025	1,206	23.0	4.6
Total	**56,459**	**39,704**	**47,903**	**42.2**	**17.9**

Below is composition of Group securities portfolio by issuer type (NIS in millions):

	Carrying amount as of		
	June 30, 2026	June 30, 2025	December 31, 2025
Government bonds:			
Government of Israel	36,593	26,136	34,891
US Government	15,382	10,180	9,139
Total Government bonds	**51,975**	**36,316**	**44,030**
Bonds of financial institutions in Israel:			
Total bonds of financial institutions in Israel	**1,790**	**996**	**1,281**
Bonds of banks in developed nations:			
USA	17	22	18
Other	34	52	48
Total bonds of banks in developed nations	**51**	**74**	**66**
Corporate bonds (by economic sector):			
Rental property	408	477	452
Power, gas, steam and air conditioning	204	235	230
Mining and excavation	65	71	81
Industrial – chemical industry	40	48	44
Construction	175	145	133
Other	442	264	329
Total corporate bonds	**1,334**	**1,240**	**1,269**
Asset-backed corporate bonds (ABS)			
Mining and excavation	48	53	51
Total asset-backed corporate bonds (ABS)	**48**	**53**	**51**
Shares and other securities			
Investment in shares not held for trading	1,236	1,002	1,180
Of which: Shares for which no fair value is available(1)	755	682	837
Shares and other securities held for trading	25	23	26
Total shares and other securities	**1,261**	**1,025**	**1,206**
Total securities	**56,459**	**39,704**	**47,903**

(1) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.

For more information about investments in securities, and about impairment of a temporary nature of securities available for sale, and details of the duration of such impairment and its rate as percentage of amortized cost, see Note 5 to the financial statements.

Buildings and equipment – the balance of buildings and equipment increased in the first half of 2026 by NIS 84 million. The increase arises mainly from technological investments against current change due to depreciation.

Deposits from the public – these account for 82% of total consolidated assets as of June 30, 2026 compared to 81% of total consolidated assets as of December 31, 2025. During the first half of 2026, deposits from the public increased by NIS 26.0 billion - a 5.8% increase.

Below is composition of deposits from the public by linkage segment (NIS in millions):

				Change in % compared to	
		June 30	December 31	June 30	December 31
	2026	2025	2025	2025	2025
Israeli currency					
Non-linked	359,838	306,412	340,219	1.2	5.8
CPI-linked	33,073	31,237	35,170	5.9	(6.0)
Foreign currency, including linked to foreign currency	81,513	79,745	73,008	2.2	11.6
Total	**474,424**	**417,394**	**448,397**	**13.7**	**5.8**

Below is data about composition of deposits from the public by supervisory operating segment (NIS in millions):

				Change in % compared to	
		June 30	December 31	June 30	December 31
	2026	2025	2025	2025	2025
Private individuals:					
Households – other	135,005	134,900	134,084	0.1	0.7
Private banking	33,323	32,142	32,795	3.7	1.6
Total individuals	**168,328**	**167,042**	**166,879**	**0.8**	**0.9**
Business operations:					
Small and micro businesses	53,128	52,483	53,114	1.2	-
Medium businesses	35,734	29,324	34,696	21.9	3.0
Large businesses	52,014	43,550	43,234	19.4	20.3
Institutional investors	147,407	108,247	134,535	36.2	9.6
Total business activity	**288,283**	**233,604**	**265,579**	**23.4**	**8.5**
Overseas activity	17,813	16,748	15,939	6.4	11.8
Total	**474,424**	**417,394**	**448,397**	**13.7**	**5.8**

Below is development of composition of deposits from the public by depositor size for the Group (NIS in millions):

		June 30	December 31
	2026	2025	2025
Maximum deposit			
Up to 1	115,279	112,674	112,941
Over 1 to 10	98,300	97,047	97,901
Over 10 to 100	45,442	43,349	44,779
Over 100 to 500	35,072	34,689	35,754
Above 500	180,331	129,635	157,022
Total	**474,424**	**417,394**	**448,397**

For more information about composition of deposits from the public, see Note 7 to the financial statements.

Deposits from banks – the balance of deposits from banks as of June 30, 2026 amounted to NIS 2.0 billion, a decrease of NIS 0.1 billion compared to the end of 2025.

Bonds and subordinated notes – The balance of bonds and subordinated notes as of June 30, 2026 amounted to NIS 40.6 billion, an NIS 0.3 billion increase compared to the balance as of December 31, 2025. Over the course of the first half of 2026, bonds and subordinated notes were affected, among other things, by private international placements and by the issuance of bonds alongside early redemptions, current redemptions and changes in the Consumer Price Index. For more information see chapter "Developments in financing sources" above.

Capital, capital adequacy and leverage

Shareholders' equity attributable to shareholders of the Bank – Shareholders' equity attributable to Bank shareholders as of June 30, 2026 amounted to NIS 36.1 billion, compared to NIS 34.8 billion and NIS 33.1 billion as of December 31, 2025 and June 30, 2025, an increase of 3.8% and 9.0%, respectively.

Below is composition of shareholder equity (NIS in millions):

		June 30	December 31
	2026	2025	2025
Share capital and premium[1]	3,666	3,652	3,655
Capital reserve from benefit from share-based payment transactions	137	94	129
Cumulative other comprehensive income (loss)[2][3]	46	(119)	75
Retained earnings[4]	32,251	29,487	30,906
Total	**36,100**	**33,114**	**34,765**

(1) For more information about share issuance, see "Condensed Statements of Changes in Shareholders' Equity".
(2) For more information about other comprehensive income (loss), see Note 4 to the financial statements.
(3) Includes actuarial obligation with respect to streamlining program for employee retirement, see Notes 22 and 25 to the 2025 financial statements.
(4) For more information about development of cumulative revenues and expenses to retained earnings in the reported period, see chapter "Material developments in revenues, expenses and other comprehensive income" above.

As of June 30, 2026, the shareholders' equity to total assets ratio was 6.22% compared to 6.31% as of December 31, 2025 and 6.40% as of June 30, 2025.

Capital adequacy

Supervisory requirement

The Bank assesses its capital adequacy in conformity with Basel rules, as stipulated in Proper Conduct of Banking Business Directives 201-211. The Bank applies the standard approach to assess exposure to credit risk, operating risk and market risk.

Total 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 primarily includes capital components attributed to shareholders of the Bank (accounting capital on the books) and non-controlling interest, and is the primary loss-absorption component.

Additional Tier I capital consists of equity instruments which fulfill the requirements specified in the directives. As of June 30, 2026, the Bank had no capital instruments included in additional Tier I capital.

Tier II capital consists of the group-based provision for credit losses and CoCo (Contingent Convertible) capital instruments, which include a provision for absorbing loss of principal when the Tier I Capital ratio drops below the specified quantitative trigger level, or upon receiving notice from the Supervisor of Banks, whereby activating the provision for absorbing loss of principal is required to ensure stability of the banking corporation (a Bank "non existence" event).

The Bank applies provisions for capital measurement and adequacy, based on Basel III provisions, as published by the Supervisor of Banks and as incorporated in Proper Conduct of Banking Business Directives 201-211. 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% of weighted total of risk components of its balance sheet assets and off-balance-sheet items. Calculation of total capital and total risk components is set forth in the directives.

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 Tier I capital ratio and minimum total capital ratio as of the report date are 9.6% and 12.5%, respectively.

Capital planning at the Bank

The Bank prepares a detailed, multi-annual capital planning forecast, taking the following into consideration: Expected growth rate of risk assets and profitability, the strategic plan, dividend distribution policy, capital and leverage targets, appropriate safety margins and other factors.

The Bank regularly monitors actual vs. forecast results, and revises the forecast as needed, considering any required action to comply with the specified capital targets.

As part of the capital planning process, the Bank reviews for existence of a sufficient capital absorption cushion to address the diverse risks associated with Bank operations, including stress scenarios.

The planning horizon is three years, during which the Bank challenges the capital planning using a range of stress scenarios that significantly impact Bank profitability, erode Bank capital and increase its risk assets. Results of the Bank's most recent capital planning indicate that the capital absorption buffer included in the minimum capital requirement in conformity with Bank of Israel directives is sufficient.

In the third quarter of 2025, the Bank's Board of Directors revised the Bank's capital management policy as part of its internal planning processes and considering the aforementioned stress scenarios and discussions held with the Banking Supervision Department as part of risk assessment processes, and has set an CET1 capital ratio internal target of no less than 9.80%, plus appropriate safety buffer for capital planning purposes.

For more information see the 2025 Risks Report available on the Bank website.
Sensitivity of Bank capital adequacy ratio to changes in Tier I equity and risk assets is as follows:

Changes to Tier I equity by NIS 100 million would cause a change in Tier I capital adequacy ratio by 0.03%. Change in risk assets by NIS 1 billion would cause a change in Tier I capital adequacy ratio by 0.03%.

Changes to the risk-free interest curve would affect the capital reserve with respect to bonds available for sale, as well as the capital reserve from adjustments for actuarial changes, which are part of supervisory capital. Accordingly, a 1% increase in risk-free interest rate would affect supervisory capital by reduction of 0.03% in tier I equity ratio.

Israel's rating affects capital ratios, primarily with respect to exposure to Government of Israel, to Israeli banks, to institutional investors and to public sector entities. According to Bank policy, the effective rating is the one provided by S&P.

For details regarding the Bank and the State of Israel's credit rating, see chapter "Corporate governance, audit, other information about the Bank and its management".

A decline in the rating of the State of Israel will not impact the Bank's capital ratios. It is only in the event of a two-notch decline in rating that the Tier I capital ratio and the total capital ratio as of June 30, 2026 will decline by 0.18% and 0.23%, respectively.

For more information about the Board of Directors resolutions with regard to capital to risk components ratio and to dividend distribution policy, see Note 25 to the 2025 financial statements and the chapter "Analysis of composition of assets, liabilities, capital and capital adequacy" (Dividend) below.

For more information regarding the 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", regarding steps to address the increase in the credit risk in the construction and real estate industries and the housing market, see Note 9 to the Financial Statements.

For more information about issue of CoCo contingent subordinated notes, see Note 9 to the financial statements.

For more information see Note 9 to the financial statements.

Below is data about supervisory capital and risk assets (NIS in millions):

		As of June 30	As of December 31
	2026	**2025**	**2025**
Capital for purpose of calculating the capital ratio			
Tier I shareholders' equity	36,582	33,591	35,239
Tier I capital	36,582	33,591	35,239
Tier II capital	9,905	9,158	9,671
Total capital	**46,487**	**42,749**	**44,910**
Weighted risk asset balances			
Credit risk	335,196	296,409	317,841
Market risks	2,767	2,245	2,126
Operational risk(1)	20,119	24,003	24,188
Total weighted risk asset balances	**358,082**	**322,657**	**344,155**

Below is development of ratio of capital to risk assets for the Group (in percent):

	June 30, 2026	June 30, 2025	December 31, 2025
Ratio of Tier I equity to risk components	10.22	10.41	10.24
Ratio of total capital to risk components	12.98	13.25	13.05
Minimum Tier I equity ratio required by Supervisor of Banks	9.60	9.60	9.60
Total minimum capital ratio required by the directives of the Supervisor of Banks	12.50	12.50	12.50

(1) As from January 1, 2026 the Bank applies the revised Directive 206 regarding the calculation of capital requirements in respect of operational risk. For more information see Note 9 to the financial statements.

Below is composition of risk assets and capital requirements with respect to credit risk by exposure group (NIS in millions):

	As of June 30, 2026		As of June 30, 2025		As of December 31, 2025	
Exposure group	**Weighted risk asset balances**	**Capital requirement[(1)]**	**Weighted risk asset balances**	**Capital requirement[(1)]**	**Weighted risk asset balances**	**Capital requirement[(1)]**
Debts of sovereigns	1,268	159	1,840	230	1,807	226
Debts of public sector entities	868	109	800	100	979	122
Debts of banking corporations	3,984	498	2,945	368	3,489	436
Securities companies	3,240	405	2,224	278	3,319	415
Debts of corporations	131,348	16,419	110,592	13,824	121,400	15,175
Debts secured by commercial property	8,002	1,000	6,551	819	7,768	971
Retail exposures to individuals	23,622	2,953	21,770	2,721	22,639	2,830
Loans to small businesses	11,174	1,397	10,673	1,334	10,935	1,367
Residential mortgages	137,835	17,229	126,029	15,754	132,261	16,533
Other assets	12,188	1,524	11,703	1,463	11,708	1,464
Total	**333,529**	**41,693**	**295,127**	**36,891**	**316,305**	**39,539**

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

Below are risk assets and capital requirements with respect to credit market risk, CVA risk and operational risk (NIS in millions):

	As of June 30, 2026		As of June 30, 2025		As of December 31, 2025	
	Weighted risk asset balances	**Capital requirement[(1)]**	**Weighted risk asset balances**	**Capital requirement[(1)]**	**Weighted risk asset balances**	**Capital requirement[(1)]**
Market risk	2,767	346	2,245	281	2,126	266
CVA risk with respect to derivatives [(2)]	1,667	208	1,282	160	1,536	192
Operational Risk[(3)]	20,119	2,515	24,003	3,000	24,188	3,024
Total	**24,553**	**3,069**	**27,530**	**3,441**	**27,850**	**3,482**
Total risk assets	**358,082**	**44,762**	**322,657**	**40,332**	**344,155**	**43,021**

(1) Capital requirement calculated at 12.5% of risk asset balances.

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

(3) As from January 1, 2026 the Bank applies the revised Directive 206 regarding the calculation of capital requirements in respect of operational risk. For more information see Note 9 to the financial statements.

Leverage ratio

The Bank applies the rules set in Proper Conduct of Banking Business Directive 218 with regard to leverage ratio, which adopts the Basel Committee's recommendations on leverage ratio.

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 on this date would be required to revert to the required leverage ratio required prior to the temporary order within two quarters.

On September 14, 2025, the Supervisor of Banks published a circular, which extended the relief by one further year through December 31, 2026.

For more information see Note 9 to the financial statements.

Below is the Bank's leverage ratio:

	As of June 30		As of December 31
	2026	**2025**	**2025**
Consolidated data			
Tier I capital	36,582	33,591	35,239
Total exposure	631,901	556,629	599,134
			In %
Leverage ratio	5.79	6.03	5.88
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50
Significant subsidiaries			
Bank Yahav for Government Employees Ltd. and its subsidiaries			
Leverage ratio	8.75	7.87	8.54
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

Dividends

Dividend distribution policy

The new strategic plan for 2025-2027, which was approved on June 4, 2025, stipulates that the Board of Directors shall monitor the execution of the new strategic plan, in order to examine the dividend distribution rate such that it will amount to up to 50% of net profit attributable to the Bank's shareholders. This, subject to the Bank's compliance with the Tier I capital to risk components ratio, as required under the Supervisor of Banks' directives, maintaining an appropriate safety buffer and subject to the Supervisor of Banks' approval. For more information see the Dividend chapter of the 2025 Report of the Board of Directors and Management.

Note that in conformity with the aforementioned dividends policy, the Bank may buy-back Bank shares, subject to the foregoing. Note that buy-back of Bank shares, as noted above, shall be considered a "distribution", as defined in the Corporate Law, 1999 and would therefore reduce any dividends amount to be distributed by the Bank pursuant to the dividends policy. "Distribution" pursuant to the dividends policy (both dividends distribution and share buy-back), as noted above, in conformity with Board resolutions in this regard, as passed from time to time and subject to statutory provisions, including restrictions stipulated by the Supervisor of Banks.

Note that the aforementioned dividends policy does not constitute any resolution nor commitment to make any dividends distribution, and that any "distribution" would be subject to approvals as required by law, including approval of the distribution by the Board of Directors, all at the discretion of the Board of Directors and subject to all statutory provisions.

Dividend distribution

Below is information about dividend distributions by the Bank since 2024 (in reported amounts):

Declaration date	Payment date	Dividends per share (Agorot)	Dividends as percent of profit (In %)	Total dividends paid (NIS in millions)
March 11, 2024	March 28, 2024	81.11	20	209.4
May 22, 2024	June 6, 2024	196.99	40	508.8
August 14, 2024	August 29, 2024	224.83	40	580.8
November 20, 2024	December 5, 2024	220.56	40	570.0
Total dividends distributed in 2024(1)				**1,869.0**
February 26, 2025	March 13, 2025	201.57	40	522.4
May 20, 2025	June 8, 2025	198.97	40	516.0
August 13, 2025	August 28, 2025	279.48	50	726.5
November 17, 2025	December 2, 2025	285.24	50	741.5
Total dividends distributed in 2025(2)				**2,506.4**
February 25, 2026	March 16, 2026	270.04	50	702.0
May 18, 2026	June 4, 2026	237.99	50	619.0
Total dividends distributed in 2026(3)				**1,321.0**

(1) Total dividends distributed with respect to 2024 earnings – NIS 2,182.0 million.

(2) Total dividends distributed with respect to 2025 earnings – NIS 2,686.0 million.

(3) Total dividends distributed with respect to 2026 earnings – NIS 619.0 million.

Dividends declared

On August 16, 2026, the Bank's Board of Directors resolved to distribute dividends amounting to NIS 714.0 million, constituting 50% of earnings in the second quarter of 2026, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios.

The dividends are 2,741.77% of issued share capital, i.e. NIS period 274.18 per NIS 0.1 par value share. The record date for dividend payment is August 24, 2026 and the payment date is August 31, 2026. The final dividends per share is subject to changes due to realized convertible securities of the Bank.

Other off-balance sheet activity

Below is development of off balance sheet monetary assets held on behalf of Bank Group customers, for which the Bank Group provides management, operating and/or custodial services (NIS in millions):

				Change in % compared to	
		June 30	December 31	June 30	December 31
	2026	2025	2025	2025	2025
Securities(1)	694,250	587,322	644,679	18.2	7.7
Assets of provident funds for which the Group provides operating services	275,476	206,316	238,224	33.5	15.6
Assets held in trust by Bank Group	184,693	144,208	163,265	28.1	13.1
Other assets under management(2)	17,897	18,137	17,890	(1.3)	0.0

(1) Value of securities portfolios for which the Bank is custodian, held by customers, including securities of provident funds and mutual funds for which the Group provides operating services. Note that customer activity as presented includes, in addition to securities of mutual funds as aforesaid, also the value of participation units in said mutual funds held by Bank customers.

(2) Including:

–Loan balances secured by deposits whose repayment to the depositor is contingent upon collection of the loan balance. The Bank receives margin or commission revenues with respect to these balances.

– Other loans managed by the Bank, including residential mortgages managed and operated by the Bank on behalf of others.

Financial information by operating segment

According to the public reporting directive regarding supervisory operating segments, the Bank is required to provide, on its financial statements, disclosure with regard to supervisory operating segments in conformity with a uniform, comparable layout specified by the Supervisor of Banks; attribution to supervisory operating segments is typically determined by the turnover volume for customers (annual sales or annual revenues).

Supervisory operating segments are divided into operating segments of individuals and operating segments of business customers other than individuals (including institutional investors and financial management of the Bank).

Individuals are defined as persons with no indebtedness to the Bank or whose indebtedness is classified as indebtedness of "individuals – residential mortgages" and "other", in conformity with definitions of credit risk classification by economic sector.

The Bank's operating segment using the "management approach" are based on customer assignment to the responsible organizational unit in the elapsed period.

However, customer segmentation by supervisory operating segment is based on uniform definitions specified by the Supervisor of Banks, as set forth in Note 12 to the financial statements.

The attributes specified by management for customer assignment to the responsible division are highly correlated with supervisory definitions.

However, in some cases it may be that by the "management approach", the final assignment of the customer is based on other parameters, such as: A particular unit specializing in customer activity type or experienced gained working with the customer, which provides business and service advantages to assigning the customer to that specific division.

In view of the Supervisor of Banks' requirement to discuss and analyze, in the Report of the Board of Directors and Management, the supervisory operating segments, and due to the correlation between supervisory segments and "management approach", the segment information (both qualitative and quantitative) is concisely presented below as follows:

- Supervisory segment definition.
- Explanation of differences between "supervisory" definition and how business is actually managed (under "management approach").
- Segment financial results (under "supervisory approach").

Credit interest revenues and deposit interest expenses are directly attributed to the customer. In respect of credit, customers are attributed an expense at the cost of the sources, against an inter-segment credit to the Financial Management segment. For deposits, revenue set at the original cost of capital raised is attributed to customers, against an inter-segment debit to the Financial Management segment. Each of the segments is credited for capital attributed to its operations against a debit to the Financial Management segment. Capital consumption is measured by the average risk-weighted assets managed by the segment.

All other revenues are allocated directly to the segment in accordance with the customer assignment, and the expenses are allocated to the various segments.

For more information and detailed description of the segments, see chapter "Other information about the Bank and its management" of the 2025 annual report.

Financial information by supervisory operating segment

Below are summary financial results of supervisory operating segments (NIS in millions):

	Net profit		Percentage of total net profit	
	First half		First half	
	2026	**2025**	**2026**	**2025**
Private individuals:				
Households – residential mortgages	684	683	25.7	24.8
Households – other	523	589	19.6	21.5
Private banking	144	151	5.4	5.5
Total individuals	**1,351**	**1,423**	**50.7**	**51.8**
Business operations:				
Small and micro businesses	519	605	19.5	22.0
Medium businesses	211	202	7.9	7.4
Large businesses	515	435	19.3	15.9
Institutional investors	86	32	3.2	1.2
Total business activity	**1,331**	**1,274**	**49.9**	**46.5**
Financial management	(156)	(120)	(5.9)	(4.4)
Total activity in Israel	**2,526**	**2,577**	**94.7**	**93.9**
Overseas activity	140	166	5.3	6.1
Total	**2,666**	**2,743**	**100.0**	**100.0**

For more information about operating results under "management approach", see Note 12 to the financial statements.

Household Segment

Supervisory definition

According to the supervisory definition, the household segment includes individuals other than customers included under the private banking segment. That is to say, this segment excludes individuals with total financial assets in excess of NIS 3 million. Individuals are defined as persons with no indebtedness to the Bank or whose indebtedness is classified as indebtedness of "individuals – residential mortgages" and "other", in conformity with definitions of credit risk classification by economic sector.

Differences between management approach and supervisory definition

- Certain individual customers classified under the private banking segment according to the management approach, are classified under the household segment according to the supervisory segment approach. The difference is primarily due to total financial assets of the customers used for customer classification – the Bank threshold for classification of customers by the management approach is NIS 1 million, lower than the supervisory definition.
- In general, individual customers are assigned to the household segment. According to the supervisory approach, individual customers with high indebtedness or with business features are classified under business operating segments, rather than under the household segment.

Operating results in the household segment

	For the six months ended June 30					
	2026			2025		
	NIS in millions					
	Other	Residential mortgages	Total	Other	Residential mortgages	Total
Profit and profitability						
Total interest revenues, net	1,761	1,421	3,182	1,925	1,401	3,326
Commissions and other revenues	398	57	455	358	66	424
Total revenues	**2,159**	**1,478**	**3,637**	**2,283**	**1,467**	**3,750**
Expenses (reduction of expenses) with respect to credit losses	44	(69)	(25)	88	(37)	51
Operating and other expenses	1,123	419	1,542	1,113	420	1,533
Profit before provision for taxes	992	1,128	2,120	1,082	1,084	2,166
Provision for taxes	390	444	834	401	401	802
After-tax profit	602	684	1,286	681	683	1,364
Net profit:						
Attributable to non-controlling interests	(79)	-	(79)	(92)	-	(92)
Attributable to shareholders of the banking corporation	**523**	**684**	**1,207**	**589**	**683**	**1,272**
Balance sheet – key items:						
Loans to the public (end balance)	29,158	253,301	282,459	27,844	233,172	261,016
Loans to the public, net (end balance)	28,531	252,304	280,835	27,161	232,029	259,190
Deposits from the public (end balance)	135,005	-	135,005	134,900	-	134,900
Average balance of loans to the public	29,362	249,231	278,593	28,193	229,649	257,842
Average balance of deposits from the public	134,599	-	134,599	133,987	-	133,987
Average balance of risk assets	24,152	145,780	169,932	23,230	136,098	159,328
Credit spreads and deposit spreads:						
Margin from credit granting operations	446	1,184	1,630	462	1,167	1,629
Margin from activities of receiving deposits	1,284	-	1,284	1,422	-	1,422
Other	31	237	268	41	234	275
Total interest revenues, net	**1,761**	**1,421**	**3,182**	**1,925**	**1,401**	**3,326**

Net profit attributable to the household segment in the first half of 2026 amounted to NIS 1,207 million, compared to NIS 1,272 million in the corresponding period last year. The decrease is largely due to a decrease in interest revenues, net, mainly from the cost of benefits given to Bank customers adversely affected by the impact of the war, and the decrease in the Bank of Israel and the Fed's interest rates.

Net profit attributable to residential mortgage operations in the household segment in the first half of 2026 amounted to NIS 684 million, compared to NIS 683 million in the corresponding period last year.
Interest revenues, net in the first half of 2026 amounted to NIS 1,421 million, compared to NIS 1,401 million in the corresponding period last year.

The increase was largely from the continued increase in the volume of activity – an increase of 8.5% in the average balance of the public credit compared to the corresponding period last year, offset by the cost of benefits given Bank customers harmed as a result of the impact of the war.
Net profit attributable to household operations (other than residential mortgages) in the first half of 2026 amounted to NIS 523 million, compared to NIS 589 million in the corresponding period last year.
Interest revenues, net amounted to NIS 1,761 million, compared to NIS 1,925 million in the corresponding period last year. The decrease was largely due to the cost of benefits given to Bank customers adversely affected by the impact of the war, and the decrease in the Bank of Israel and the Fed's interest rates.
Expenses with respect to credit losses amounted to NIS 44 million in the first half of 2026, compared to NIS 88 million last year. The change in expenses with respect of credit losses was due to a decrease in collective provision with respect to the war and the uncertainty in the economy.
Operating and other expenses amounted to NIS 1,123 million, compared to NIS 1,113 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

	For the three months ended June 30					
			2026			2025
	NIS in millions					
	Other	Residential mortgages	Total	Other	Residential mortgages	Total
Profit and profitability						
Total interest revenues, net	886	706	1,592	956	717	1,673
Commissions and other revenues	204	31	235	184	27	211
Total revenues	**1,090**	**737**	**1,827**	**1,140**	**744**	**1,884**
Expenses (reduction of expenses) with respect to credit losses	82	(16)	66	34	(3)	31
Operating and other expenses	556	209	765	543	214	757
Profit before provision for taxes	452	544	996	563	533	1,096
Provision for taxes	176	214	390	213	201	414
After-tax profit	276	330	606	350	332	682
Net profit:						
Attributable to non-controlling interests	(38)	-	(38)	(48)	-	(48)
Attributable to shareholders of the banking corporation	**238**	**330**	**568**	**302**	**332**	**634**
Balance sheet – key items:						
Loans to the public (end balance)	29,158	253,301	282,459	27,844	233,172	261,016
Loans to the public, net (end balance)	28,531	252,304	280,835	27,161	232,029	259,190
Deposits from the public (end balance)	135,005	-	135,005	134,900	-	134,900
Average balance of loans to the public	29,624	251,214	280,838	28,235	231,830	260,065
Average balance of deposits from the public	135,058	-	135,058	134,689	-	134,689
Average balance of risk assets	24,241	146,240	170,481	23,288	137,205	160,493
Credit spreads and deposit spreads:						
Margin from credit granting operations	225	588	813	227	602	829
Margin from activities of receiving deposits	646	-	646	711	-	711
Other	15	118	133	18	115	133
Total interest revenues, net	**886**	**706**	**1,592**	**956**	**717**	**1,673**

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Private Banking Segment

Supervisory definition

According to the supervisory definition, the private banking segment includes individuals whose financial asset portfolio at the Bank (including monetary deposits, securities portfolios and other financial assets) exceeds NIS 3 million.

Differences between management approach and supervisory definition

- Certain individual customers classified under the private banking segment according to the management approach, are classified under the household segment according to the supervisory segment approach. The difference is primarily due to total financial assets of the customers used for customer classification – the Bank threshold for classification of customers by the management approach is NIS 1 million, lower than the supervisory definition.
- According to management approach, the private banking segment also includes businesses with liquid assets in excess of NIS 8 million. According to the supervisory segment approach, these customers are classified under business operating segments.

Operating results in the private banking segment

	For the six months ended June 30		For the three months ended June 30	
	2026	2025	2026	2025
	NIS in millions			
Profit and profitability				
Total interest revenues, net	220	220	109	108
Commissions and other revenues	29	29	13	16
Total revenues	**249**	**249**	**122**	**124**
Operating and other expenses	10	9	5	4
Profit before provision for taxes	238	240	116	120
Provision for taxes	94	89	46	45
Net profit	**144**	**151**	**70**	**75**
Balance sheet – key items:				
Loans to the public (end balance)	259	146	259	146
Loans to the public, net (end balance)	257	145	257	145
Deposits from the public (end balance)	33,323	32,142	33,323	32,142
Average balance of loans to the public	174	137	178	142
Average balance of deposits from the public	32,526	31,554	32,556	32,097
Average balance of risk assets	150	105	164	114
Credit spreads and deposit spreads:				
Margin from credit granting operations	2	-	1	-
Margin from activities of receiving deposits	218	220	108	108
Total interest revenues, net	**220**	**220**	**109**	**108**

Net profit attributable to the private banking segment in the first half of 2026 amounted to NIS 144 million, compared to NIS 151 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Small and micro business segment

Supervisory definition

The micro and small business segment includes businesses with annual turnover below NIS 50 million.

Differences between management approach and supervisory definition

- According to management approach, business customers with liquid assets in excess of NIS 8 million are assigned to the private banking segment. According to the supervisory segment approach, these customers are classified under small and micro business segment based on their annual business turnover.
- Business customers currently attributed to commercial banking using the management approach and whose annual turnover is lower than NIS 30 million, are classified to the micro and small business segment using the supervisory approach.

Operating results in the small and micro business segment

	For the six months ended June 30		For the three months ended June 30	
	2026	2025	2026	2025
	NIS in millions			
Profit and profitability				
Total interest revenues, net	1,192	1,260	587	628
Commissions and other revenues	286	302	144	154
Total revenues	**1,478**	**1,562**	**731**	**782**
Expenses with respect to credit losses	70	49	(23)	(24)
Operating and other expenses	549	566	274	291
Profit before provision for taxes	859	947	480	515
Provision for taxes	338	352	188	195
After-tax profit	**521**	**595**	**292**	**320**
Net profit attributed to non-controlling interests	(2)	(2)	-	2
Net profit attributable to shareholders of the banking corporation	**519**	**593**	**292**	**322**
Balance sheet – key items:				
Loans to the public (end balance)	36,493	34,198	36,493	34,198
Loans to the public, net (end balance)	35,280	32,896	35,280	32,896
Deposits from the public (end balance)	53,128	52,483	53,128	52,483
Average balance of loans to the public	36,037	35,499	36,298	34,631
Average balance of deposits from the public	53,037	54,977	53,156	53,418
Average balance of risk assets	34,257	33,436	34,426	33,900
Credit spreads and deposit spreads:				
Margin from credit granting operations	624	616	313	303
Margin from activities of receiving deposits	494	573	236	289
Other	74	71	38	36
Total interest revenues, net	**1,192**	**1,260**	**587**	**628**

Net profit attributable to the micro and small businesses segment in the first half of 2026 amounted to NIS 519 million, compared to NIS 593 million in the corresponding period last year. The decrease is largely due to a decrease in interest revenues, net.
Interest revenues, net in the first half of 2026 amounted to NIS 1,192 million, compared to NIS 1,260 million in the corresponding period last year. The decrease is largely due to the cost of benefits given to Bank customers adversely affected by the impact of the war, and the decrease in the Bank of Israel's interest rate.
Operational and other expenses in the first half of 2026 amounted to NIS 549 million, compared to NIS 566 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Medium business segment

Supervisory definition

The medium business segment includes businesses with annual turnover from NIS 50 million to NIS 250 million.

Differences between management approach and supervisory definition
The commercial banking segment, according to management approach, includes businesses with turnover between NIS 30 million and NIS 250 million. This means that some commercial banking customers (under management approach) whose turnover is below NIS 50 million are classified to the micro and small business segment using the supervisory operating segments.

Operating results of medium business segment

	For the six months ended June 30		For the three months ended June 30	
	2026	2025	2026	2025
	NIS in millions			
Profit and profitability				
Total interest revenues, net	399	358	195	175
Commissions and other revenues	66	63	32	35
Total revenues	**465**	**421**	**227**	**210**
Expenses (reduction of expenses) with respect to credit losses	34	(2)	31	2
Operating and other expenses	83	86	39	43
Profit before provision for taxes	348	337	157	165
Provision for taxes	137	125	61	63
Net profit	**211**	**212**	**96**	**102**
Balance sheet – key items:				
Loans to the public (end balance)	24,333	18,994	24,333	18,994
Loans to the public, net (end balance)	24,058	18,735	24,058	18,735
Deposits from the public (end balance)	35,734	29,324	35,734	29,324
Average balance of loans to the public	23,208	17,933	23,750	18,990
Average balance of deposits from the public	34,858	22,057	34,449	24,945
Average balance of risk assets	20,096	16,940	20,130	17,353
Credit spreads and deposit spreads:				
Margin from credit granting operations	228	210	112	100
Margin from activities of receiving deposits	139	119	67	59
Other	32	29	16	16
Total interest revenues, net	**399**	**358**	**195**	**175**

Net profit attributable to the medium businesses segment in the first half of 2026 amounted to NIS 211 million, compared to NIS 212 million in the corresponding period last year.
Interest revenues, net in the first half of 2026 amounted to NIS 399 million, compared to NIS 358 million in the corresponding period last year. The increase was primarily due to an increase in the scope of activity.
In the first half of 2026, expenses due to credit losses amounted to NIS 34 million, compared to lower expenses amounting to NIS 2 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Large business segment

Supervisory definition

The large business segment includes businesses with annual turnover in excess of NIS 250 million.

Differences between management approach and supervisory definition

Institutional investors, which according to management approach are managed under business banking, are presented as a separate segment according to supervisory operating segments.

Operating results of large business segment

	For the six months ended June 30		For the three months ended June 30	
	2026	2025	2026	2025
	NIS in millions			
Profit and profitability				
Total interest revenues, net	808	696	409	350
Commissions and other revenues	140	144	64	83
Total revenues	**948**	**840**	**473**	**433**
Expenses (reduction of expenses) with respect to credit losses	(24)	11	10	21
Operating and other expenses	124	135	57	62
Profit before provision for taxes	848	694	406	350
Provision for taxes	333	257	158	132
Net profit	**515**	**437**	**248**	**218**
Balance sheet – key items:				
Loans to the public (end balance)	57,264	47,148	57,264	47,148
Loans to the public, net (end balance)	56,925	46,759	56,925	46,759
Deposits from the public (end balance)	52,014	43,550	52,014	43,550
Average balance of loans to the public	56,300	43,567	58,072	44,755
Average balance of deposits from the public	49,084	47,071	49,877	47,777
Average balance of risk assets	83,328	66,962	83,778	69,147
Credit spreads and deposit spreads:				
Margin from credit granting operations	586	487	295	244
Margin from activities of receiving deposits	101	102	52	51
Other	121	107	62	55
Total interest revenues, net	**808**	**696**	**409**	**350**

Net profit attributable to the large businesses segment in the first half of 2026 amounted to NIS 515 million, compared to NIS 437 million in the corresponding period last year. The increase was primarily due to an increase in interest revenues, net and a decrease in expenses with respect to credit losses.
Interest revenues, net in the first half of 2026 amounted to NIS 808 million, compared to NIS 696 million in the corresponding period last year. The increase was primarily due to an increase in the scope of activity.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Institutional investors segment

Supervisory definition

This segment includes provident funds, pension funds, study funds, mutual funds, ETFs, insurance companies and stock exchange members which manage customer funds.

Differences between management approach and supervisory definition

According to management approach, institutional investors are managed under business banking and under the financial management segment; According to supervisory operating segments, they are presented as a separate segment.

Operating results of institutional investors segment

	For the six months ended June 30		For the three months ended June 30	
	2026	**2025**	**2026**	**2025**
	NIS in millions			
Profit and profitability				
Total interest revenues, net	192	133	95	71
Commissions and other revenues	34	25	14	12
Total revenues	**226**	**158**	**109**	**83**
Expenses (reduction of expenses) with respect to credit losses	(7)	9	(7)	8
Operating and other expenses	92	98	43	51
Profit before provision for taxes	141	51	73	24
Provision for taxes	55	19	28	9
Net profit	**86**	**32**	**45**	**15**
Balance sheet – key items:				
Loans to the public (end balance)	10,852	6,781	10,852	6,781
Loans to the public, net (end balance)	10,845	6,764	10,845	6,764
Deposits from the public (end balance)	147,407	108,247	147,407	108,247
Average balance of loans to the public	9,342	4,312	10,348	5,097
Average balance of deposits from the public	137,589	95,826	139,133	100,926
Average balance of risk assets	1,732	1,514	1,794	1,646
Credit spreads and deposit spreads:				
Margin from credit granting operations	28	15	15	8
Margin from activities of receiving deposits	162	116	79	61
Other	2	2	1	2
Total interest revenues, net	**192**	**133**	**95**	**71**

Net profit attributable to the institutional investors segment in the first half of 2026 amounted to NIS 86 million, compared to NIS 32 million in the corresponding period last year. The increase was mainly due to an increase in net interest revenues, due to an increase in volume of activity.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Financial management segment

Supervisory definition

The financial management segment includes trading operations, asset and liability management and non-banking investments.
Trade operations – Investment in securities held for trading, market making operations for securities, operations involving derivatives not designated as hedges and which are not part of asset and liability management for the Bank, borrowing of securities for trading, short selling of securities, underwriting services for securities.
Asset and liability management – including investment in bonds available for sale and in bonds held to maturity, hedging using derivatives, ALM hedging, currency hedging of investments overseas.
Real investments – Investment in shares available for sale and in associated companies of businesses.
Other financial management operations – management, operation, trust and custody services for banks, sale and management of loan portfolios.

Differences between management approach and supervisory definition

According to management approach, institutional investors are managed under the financial management segment; According to supervisory operating segments, they are presented as a separate segment.

Operating results of financial management segment

	For the six months ended June 30		For the three months ended June 30	
	2026	2025	2026	2025
	NIS in millions			
Profit and profitability				
Interest revenues (expenses), net	(639)	(461)	(136)	(95)
Non-interest financing revenues	357	185	171	43
Commissions and other revenues	194	256	123	138
Total revenues (expenses)	**(88)**	**(20)**	**158**	**86**
Expenses with respect to credit losses	3	1	7	1
Operating and other expenses	144	161	69	76
Profit (loss) before provision for taxes	(235)	(182)	82	9
Provision for taxes	(92)	(67)	33	2
After-tax profit (loss)	(143)	(115)	49	7
Share of banking corporation in earnings of associated companies	15	11	7	6
Net profit (loss) before attribution to non-controlling interests	(128)	(104)	56	13
Net profit (loss) attributed to non-controlling interests	(28)	(16)	(17)	(9)
Net profit (loss) attributable to shareholders of the banking corporation	**(156)**	**(120)**	**39**	**4**
Balance sheet – key items:				
Average balance of risk assets	26,118	22,438	26,140	23,060
Credit spreads and deposit spreads:				
Margin from credit granting operations	-	-	-	-
Margin from activities of receiving deposits	-	-	-	-
Other	(639)	(461)	(136)	(95)
Total interest revenues, net	**(639)**	**(461)**	**(136)**	**(95)**

The loss attributable to the financial management segment in the first half of 2026 amounted to NIS 156 million, compared to a NIS 120 million loss in the corresponding period last year.

Financing revenues amounted to a NIS 282 million expense, compared to a NIS 276 million expense in the corresponding period last year. The decease was mainly due to the effect of the Consumer Price Index.

See also analysis of developments in financing revenues, under chapter "Material developments in revenues, expenses and other comprehensive income".

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Overseas activity

Supervisory definition

Overseas activity of the Bank is presented separately, divided into activity by individuals and business activity.

Differences between management approach and supervisory definition

Business customers and individual customers at overseas branches are presented as a separate segment under supervisory operating segments, and according to management approach are managed under different operating segments – primarily private banking and corporate banking.

Operating results overseas

	For the six months ended June 30		For the three months ended June 30	
	2026	**2025**	**2026**	**2025**
	NIS in millions			
Profit and profitability				
Total interest revenues, net	351	360	161	183
Commissions and other revenues	19	17	(6)	6
Total revenues	**370**	**377**	**155**	**189**
Expenses with respect to credit losses	69	40	5	17
Operating and other expenses	71	74	35	39
Profit before provision for taxes	230	263	115	133
Provision for taxes	90	97	45	50
Net profit	**140**	**166**	**70**	**83**
Balance sheet – key items:				
Loans to the public (end balance)	15,718	12,416	15,718	12,416
Loans to the public, net (end balance)	15,526	12,183	15,526	12,183
Deposits from the public (end balance)(1)	17,813	16,748	17,813	16,748
Average balance of loans to the public	14,368	10,299	14,928	10,426
Average balance of deposits from the public	16,763	17,902	16,861	18,592
Average balance of risk assets	18,309	15,099	18,528	15,407
Credit spreads and deposit spreads:				
Margin from credit granting operations	213	202	98	98
Margin from activities of receiving deposits	49	73	24	39
Other	89	85	39	46
Total interest revenues, net	**351**	**360**	**161**	**183**

Net profit attributable to the overseas operations segment in the first half of 2026 amounted to NIS 140 million, compared to NIS 166 million in the corresponding period last year.

Interest revenues, net in the first half of 2026 amounted to NIS 351 million, compared to NIS 360 million in the corresponding period last year.

For more details and extensive information about results of this segment and operating results in conformity with management's approach – see Note 12 to the financial statements.

Principal investee companies

The contribution of investees to net operating profit in the first half of 2026 amounted to NIS 315 million, compared with NIS 235 million in the corresponding period last year.

Bank Yahav for Government Employees Ltd. (hereinafter: "Bank Yahav")

Bank Yahav is a banking corporation, operating in conformity with a Bank license pursuant to provisions of the Banking Law (Licensing), 1981.

The Group's share of Bank Yahav's net profit in the first half of 2026 amounted to NIS 109 million, compared to NIS 110 million in the corresponding period last year. Bank Yahav's net profit return on equity in the first half of 2026 was 13.1% on annualized basis, compared to 15.0% in the corresponding period last year.

Bank Yahav's balance sheet total as of June 30, 2026 amounted to NIS 38,328 million, compared to NIS 37,912 million as of December 31, 2025 – an increase by NIS 416 million, or 1.1%. Net loans to the public as of June 30, 2026 amounted to NIS 12,718 million, compared to NIS 12,458 million as of December 31, 2025 – an increase of NIS 260 million (2.1%). Net deposits from the public as of June 30, 2026 amounted to NIS 33,316 million, compared to NIS 32,954 million as of December 31, 2025 – an increase by NIS 362 million, or 1.1%.

Tefahot Insurance Agency (1989) Ltd. (hereinafter: "Tefahot Insurance agency")

Tefahot Insurance agency is an insurance agency wholly-owned by the Bank, engaged in sale of life insurance and property insurance policies to mortgage customers of the Bank. Net profit of Tefahot Insurance Agency in the first half of 2026 amounted to NIS 48 million, compared to NIS 52 million in the corresponding period last year.

Mizrahi Tefahot Leasing Ltd. (hereinafter: "Leasing")

Leasing is a company engaged in providing financial leasing services and extending loans to retail customers – car buyers.

Net profit of Leasing in the first half of 2026 amounted to NIS 34 million, compared to NIS 47 million in the corresponding period last year.

Other investee companies operating in Israel

In the first half of 2026, other investees operating in Israel, wholly-owned by the Bank and supported by Bank infrastructure, contributed to the Bank's net profit NIS 14 million – compared to NIS 10 million in the corresponding period last year.

Investments in shares

The Bank manages nostro investments in shares. Shares in which the Bank invested are presented as shares not held for trading and as shares and other securities in the Bank's securities portfolio and under investment in associated companies, where the Bank has a material investment in such entity.

Nostro investments and investments in investees are primarily carried out by Mizrahi Tefahot INVEST Ltd., an investment company wholly owned by the Bank, engaged in investment of funds and/or sale of interest in corporations, development, brokerage and advice on investments as well as operation and management of corporations.

Net profit of Mizrahi Tefahot INVEST Ltd. in the first half of 2026 amounted to NIS 125 million, compared to NIS 20 million in the corresponding period last year.

These investments (which are not negotiable and have no available fair value), generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer. Other investments (negotiable and with fair value available) are presented at market value thereof, and unrealized changes to fair value are recognized on the statement of profit and loss.

Bank investments in shares as of June 30, 2026 amounted to NIS 1,992 million, compared to NIS 1,400 million and NIS 1,687 million as of June 30, 2025 and as of December 31, 2025, respectively. The Bank’s gain from investment in shares in the first half of 2026 amounted to NIS 158 million, compared to NIS 105 million in the corresponding period last year.

For more information about investments in shares not held for trading, see Note 5 to the financial statements.

Risks overview

This chapter provides a concise overview and analysis of developments of key risks to which the Bank is exposed. This chapter should be read, as needed, in conjunction with the chapter "Risks overview" in the 2025 audited annual financial statements. A detailed Risks Management Report which includes disclosure requirements of Basel Pillar 3 and additional information about risks, provided based on recommendations by the Financial Stability Board (FSB) is provided on the Bank website.

Risk development and management

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.

In view of the developments in the economy during the second quarter of 2026, as described in the chapter “Trends, phenomena and material changes - general environment and impact of external factors on the Bank Group”, the Bank's risk profile and risk assessments for the second quarter of 2026 remained unchanged compared to assessments issued in the first quarter of 2026. The Bank will continue monitoring economic and geopolitical developments and where necessary will reassess risk levels.

Risks description

A description of the various risks the Bank is exposed to within the framework of its activity, a description of the Bank's risk appetite and its risk management approach, the internal processes within the framework of management, including the use of extreme scenarios, are described in the Report of the Board of Directors and the Risk Report for 2025.

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 2026, the Supervisor of Banks published a uniform system-wide stress scenario for the banking system. The scenario describes a macroeconomic environment under stress due to a global crisis with a sharp slump in prices of non-financial and financial assets, which leads to significant difficulties in financial systems across the world. Consequently, global economic activity has contracted significantly, inflation levels declined and central banks across the world slash interest rates. Domestic activity has been adversely affected, including consumption, investments and exports. The unemployment rate is on the rise, pay is eroded and demand is declining, the housing market is experiencing a significant slowdown, and prices slump in all areas of the real estate sector. The Bank reported the results of the scenario to the Supervisor of Banks in May 2026. According to the results of the stress scenario, the Bank retains its robustness and stability throughout the scenario period, while maintaining adequate regulatory capital and leverage ratios.

Risk factor severity

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 factor, the Bank estimates its potential impact on business operations over the coming year based on a scale comprising 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.
In the current quarter, the risk assessments remained unchanged and reflect the security and economic uncertainty.
For details, see the 2025 Risks Report and the Risks overview chapter in the 2025 financial statements.

Credit risk

Risk description and development thereof

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 a significant risk in the activity of the banking system.
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.

In the second quarter of 2026, economic activity in Israel was uninterrupted without any indication to increased risk levels compared to previous quarters. In the construction and real estate sector sales have been slowing down for some time; the Bank has expanded its monitoring and control processes regarding risk concentrations in the portfolio, and at this stage these processes did not indicate the materialization of risks in these concentrations and no material effect on the credit portfolio was identified. The overall impact of the credit risk remains medium and reflects the uncertainty in connection with the geopolitical risks, the stability of the security situation, and the potential effect of the economic conditions on the business sector. The Bank of Israel's path of cutting the interest rate to 3.5% and the improvement in the macroeconomic environment are expected to improve borrowers' repayment capacity. The effect of the appreciation in the exchange rate of the USD/NIS exchange rate on business customers was assessed and at this stage no material risk concentrations were identified.

Overall effect of credit risks

In the second quarter of 2026, the overall level of credit risk remained medium. Despite the geopolitical uncertainty, the credit quality metrics remained stable. Further interest rate cuts support business growth and improve customers' repayment capacity.
The Bank closely monitors the potential effects and constantly reviews the risk measures and risk levels, adapting them as required to current business activity, subject to and in line with the risk appetite, and monitors resumption of payments by all customers who postponed payments, and takes steps to improve borrower repayment capacity and to reduce the risk level.

Analysis of developments in credit quality and problematic credit risk

Significant exposure to groups of borrowers

Disclosure of credit risk with respect to significant exposure to borrower groups is provided with regard to each group of borrowers whose net indebtedness, on a consolidated basis, after allowed deductions pursuant to Proper Conduct of Banking Business Directive 313, exceeds 15% of the banking corporation's capital (as defined in Regulation 313).

As of June 30, 2026, the Bank had no borrower group which meets the aforementioned criteria.

For more information about significant exposures to borrower groups, see chapter "Credit Risk" in the Report of the 2025 Report of the Board of Directors and Management.

Major borrowers

Below is the sector composition of the top 6 borrowers for the Group As of June 30, 2026 (NIS in millions):

Borrower no.	Economic sector	On-balance sheet credit risk(1)	Off-balance sheet credit risk(1)	Total credit risk(1)
1.	Financial services	3,059	-	3,059
2.	Financial services	2,912	11	2,923
3.	Financial services	2,622	12	2,634
4.	Construction and real estate	-	2,211	2,211
5.	Financial services	897	1,239	2,136
6.	Construction and real estate	1,451	391	1,842

(1) On- and off-balance sheet credit risk is stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

Leveraged financing

Leveraged financing is credit financing provided to customers which fulfills one of the following criteria:

1. Credit for an equity transaction would be classified according to one of the following rules:

- Credit for an equity transaction (as defined below), provided that the balance of such credit exceeds 0.5% of Bank capital or NIS 35 million, whichever is higher.
- For credit financing acquisition of equity interests in another banking corporation, or in a banking holding corporation, provided that the balance of such credit exceeds NIS 35 million.
- Additional credit extended to the borrower after the financing for the equity transaction, with repayment primarily based on the cash flows derived from the equity interest whose purchase was financed by the banking corporation.

"**Equity transaction**": A transaction with one of the following goals:

- Buyout – purchase or buyback, by the borrower, of the borrower’s issued capital (including an employees’ stock purchase plan).
- Acquisition of another corporation – the purchase of any capital rights in another corporation, or the purchase of all, or a significant share, of the assets of another corporation.
- Capital distribution – the payment of dividends or another transaction whose goal is to increase shareholder value.

An equity transaction, with regard to leveraged financing, is one where the loan balance exceeds 0.5% of Bank capital and where the LTV ratio exceeds 50%.

2. Financing for leveraged companies, which is material credit extended to companies with attributes which indicate that an adverse change in the global economic environment or in the specific environment of the sector in which they do business, may significantly impact their capacity to repay the Bank. The Bank has specified criteria for defining credit included in this category, based on the business customer's credit risk rating, as reflected by the Bank's rating model; it also specified benchmarks for leveraging (i.e. for significantly high deviation from typical norms for the sector), determined based on generally accepted financial ratios among Bank customers with material credit in major economic sectors in which the Bank operates. Leverage benchmarks and economic sectors are reviewed based on changes to the business environment and are modified as necessary. Borrowers flagged for one or more of the criteria specified are individually reviewed by a forum which includes representatives from the Corporate Division, the Risk Management Division and the Information and Financial Reporting Division. The forum reviews changes to financial parameters of the company and the economic environment in which it operates.

Details of Bank exposure to credit constituting leveraged financing are as follows:
Credit for equity transactions (NIS in millions):

	June 30, 2026				June 30, 2025				December 31, 2025			
Economic sector of acquired company	**On-balance sheet credit risk**	**Off-balance sheet credit risk**	**Total credit risk**	**Individual provision for credit losses**	**On-balance sheet credit risk**	**Off-balance sheet credit risk**	**Total credit risk**	**Individual provision for credit losses**	**On-balance sheet credit risk**	**Off-balance sheet credit risk**	**Total credit risk**	**Individual provision for credit losses**
Financial services	602	-	602	-	402	-	402	-	602	-	602	-
Transport and storage	281	366	647	-	-	-	-	-	-	-	-	-
Power and water	370	-	370	-	-	-	-	-	379	-	379	-
Commerce	-	-	-	-	181	-	181	-	372	-	372	-
Total	**1,253**	**346**	**1,619**	**-**	**583**	**-**	**583**	**-**	**1,353**	**-**	**1,353**	**-**

Credit to leveraged companies (NIS in millions):

	June 30, 2026				June 30, 2025				December 31, 2025			
Economic sector of borrower	**On-balance sheet credit risk**	**Off-balance sheet credit risk**	**Total credit risk**	**Individual provision for credit losses**	**On-balance sheet credit risk**	**Off-balance sheet credit risk**	**Total credit risk**	**Individual provision for credit losses**	**On-balance sheet credit risk**	**Off-balance sheet credit risk**	**Total credit risk**	**Individual provision for credit losses**
Construction and real estate	439	425	864	-	309	625	934	-	455	436	891	-
Transport and storage	382	48	430	-	414	48	462	-	387	48	435	-
Total	**821**	**473**	**1,294**	**-**	**723**	**673**	**1,396**	**-**	**842**	**484**	**1,326**	**-**

Developments in problematic credit risk

Below is a summary of overall problematic credit risk and non-performing assets before provision for credit losses, in accordance with provisions for measurement and disclosure of non-accruing debts, credit risk and provision for credit loss (NIS in millions):

	Total credit risk		
	June 30, 2026	**June 30, 2025**	**December 31, 2025**
Problematic credit risk:			
Non-accruing credit risk	3,830	3,983	3,996
Accruing problematic credit risk	1,486	1,314	1,380
Total problematic credit risk	**5,316**	**5,297**	**5,376**

Major risk benchmarks related to credit quality (in percent):

	June 30, 2026	**June 30, 2025**	**December 31, 2025**
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	0.95	1.07	1.02
Non-accruing credit in arrears 90 days or longer as percentage of total non-residential loans to the public	0.83	1.24	0.99
Non-accruing credit in arrears 90 days or longer as percentage of total residential mortgages	1.03	0.96	1.03
Ratio of problematic loans to the public to total non-residential mortgages	1.47	1.99	1.71
Ratio of problematic credit risk to total credit risk with respect to the public	0.94	1.05	1.01

For more information see chapter "Explanation and analysis of results and business standing" above.

Analysis of change to non-accruing debts

Below is the movement in non-accruing debts (in millions of NIS):

	For the six months ended June 30, 2026				For the six months ended June 30, 2025				For the year ended December 31, 2025			
	Commercial	Residential	Individual	Total	Commercial	Residential	Individual	Total	Commercial	Residential	Individual	Total
Non-accruing loans to the public – balance at start of period	1,327	2,535	76	3,938	2,019	2,141	83	4,243	2,019	2,141	83	4,243
Loans classified as non-accruing during the period	294	1,126	46	1,466	371	788	30	1,189	740	2,046	64	2,850
Loans resuming accrual of interest revenues during the period	(219)	(981)	(15)	(1,215)	(307)	(647)	(9)	(963)	(366)	(1,584)	(16)	(1,966)
Loans subject to accounting write-off	(132)	-	(50)	(182)	(203)	-	(18)	(221)	(414)	-	(30)	(444)
Loans repaid	(149)	(76)	(11)	(236)	(271)	(37)	(13)	(321)	(652)	(68)	(25)	(745)
Non-accruing debt balance at end of period	**1,121**	**2,604**	**46**	**3,771**	**1,609**	**2,245**	**73**	**3,927**	**1,327**	**2,535**	**76**	**3,938**

For more information about problematic credit risk, see Notes 6 and 13 to the financial statements.

Analysis of provision for credit losses

Analysis of movement in balance of provision for credit losses (NIS in millions):

	Provision for credit losses					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
	For the three months ended June 30, 2026					
Balance of provision for credit losses at start of period	2,279	1,045	654	3,978	5	3,983
Expenses with respect to credit losses	16	(16)	83	83	7	90
Net accounting write-offs	(51)	-	(83)	(134)	(7)	(141)
Balance of provision for credit losses at end of period	**2,244**	**1,029**	**654**	**3,927**	**5**	**3,932**
	For the three months ended June 30, 2025					
Balance of provision for credit losses at start of period	2,443	1,179	708	4,330	12	4,342
Expenses with respect to credit losses	24	(3)	34	55	1	56
Net accounting write-offs	(78)	-	(38)	(116)	-	(116)
Balance of provision for credit losses at end of period	**2,389**	**1,176**	**704**	**4,269**	**13**	**4,282**
	For the six months ended June 30, 2026					
Balance of provision for credit losses at start of period	2,270	1,098	733	4,101	5	4,106
Expenses with respect to credit losses	142	(69)	45	118	3	121
Net accounting write-offs	(168)	-	(124)	(292)	(3)	(295)
Balance of provision for credit losses at end of period	**2,244**	**1,029**	**654**	**3,927**	**5**	**3,932**
	For the six months ended June 30, 2025					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses with respect to credit losses	107	(37)	88	158	1	159
Net accounting write-offs	(166)	-	(81)	(247)	-	(247)
Balance of provision for credit losses at end of period	**2,389**	**1,176**	**704**	**4,269**	**13**	**4,282**

For more information about provision for credit losses see Notes 6 and 13 to the financial statements.

Major risk benchmarks related to provision for credit losses (in percent):

	June 30, 2026	June 30, 2025	December 31, 2025
Ratio of provision for credit losses to total loans to the public	0.92	1.12	1.01
Ratio of provision for credit losses to total credit risk with respect to the public	0.69	0.85	0.77

	Six months[1]		All of
	2026	2025	2025
Ratio of expenses with respect to credit losses to average balance of loans to the public, gross	0.06	0.09	0.06
Ratio of net write-offs to average balance of loans to the public, gross	0.14	0.13	0.13
Ratio of expenses with respect to credit losses to average balance of loans to the public, net	0.06	0.09	0.06
Of which: With respect to commercial loans other than residential mortgages	0.23	0.28	0.24
Of which: with respect to residential mortgages	(0.06)	(0.03)	(0.05)
Ratio of net write-offs to average balance of loans to the public, net	0.14	0.13	0.13

(1) Annualized.

Loans bearing variable interest

For more information about loans bearing variable interest for individuals, see "Credit risk to individuals" below.
For more information about residential mortgages bearing variable interest, see "Residential mortgages risk" below.

Credit risk to individuals (excluding residential mortgages)[(1)]

The individual customer segment is highly diversified – by number of customers and by geographic location. Most customers in this segment are salaried employees with an individual account or joint household account. A slowdown in non-banking operations is a major risk factor for household activity and higher unemployment may increase the number of customers who face difficulties.
Credit policies and work procedures with regard to extending credit, including to individual customers, include directives and guidelines with regard to credit underwriting and adapting credit to customer needs and repayment capacity: Review of credit objective, requested LTV, loan term, analysis of customer's repayment capacity and repayment sources, for all of their indebtedness. This includes review of various economic parameters of the customer based, inter alia, on the customer's regular income[(2)], pledged or unencumbered savings, knowledge of the customer and past experience working with the customer. There are also procedures, designated work processes and controls for proactive offering of consumer credit to individual customers, in conformity with Bank of Israel directives.
As for credit to individual customers, the Bank's policy is in line with the Supervisor of Banks' Proper Conduct of Banking Business Directive 311A regarding "Management of consumer credit".
The Bank regularly monitors the risk level in the credit portfolio for individuals using, *inter alia*, the internal credit rating model for individual customers, as well as through continuous monitoring and analysis of expenses with respect credit losses.

Below is information about credit risk to individuals – balances and various risk attributes (NIS in millions):

		As of June 30	As of December 31
	2026	**2025**	**2025**
Debts			
Current account balances	2,016	2,041	2,081
Utilized credit card balances	5,254	4,626	5,228
Auto loans – adjustable interest	1,027	1,281	1,127
Auto loans – fixed interest	5,250	4,946	5,009
Other loans and credit – variable interest	15,221	14,033	14,626
Other loans and credit – fixed interest	402	392	423
Total debt (on-balance sheet credit)	**29,170**	**27,319**	**28,494**
Un-utilized facilities, guarantees and other commitments			
Current accounts – un-utilized facilities	6,269	5,843	5,986
Credit cards – un-utilized facilities	10,397	10,332	10,137
Guarantees	317	305	327
Other liabilities	61	42	50
Total un-utilized facilities, guarantees and other commitments (off-balance sheet credit)	**17,044**	**16,522**	**16,500**
Total credit risk to individuals	**46,214**	**43,841**	**44,994**
Of which:			
Bullet / balloon loans[(3)]	775	675	647
Financial asset portfolio and other collateral against credit risk[(4)]			
Financial assets portfolio:			
Deposits	4,646	4,178	4,427
Securities	425	301	349
Other monetary assets	62	100	77
Other collateral[(5)]	3,363	3,465	3,388
Total financial assets portfolio and other collateral against credit risk	**8,496**	**8,044**	**8,241**

(1) As defined in Proper Conduct of Banking Business Directive 451.
(2) For measuring regular income in customer accounts, the Bank uses "credit turnover" data for the account, including inter alia salaries and regular pensions.
(3) Loans with a grace period for principal longer than one year.
(4) Amounts presented are the financial assets portfolio and other collateral, only up to customer debt amount.
(5) Collateral is after applying the safety factor, in conformity with Bank factors accounted for when extending credit.

Below is composition by size of borrower indebtedness(1):

Loan ceiling and credit risk (NIS in thousands)		As of June 30, 2026 Number of Borrowers	As of June 30, 2026 Total credit risk	As of June 30, 2025 Number of Borrowers	As of June 30, 2025 Total credit risk	As of December 31, 2025 Number of Borrowers	As of December 31, 2025 Total credit risk
	Up to 10	263,068	792	248,390	804	251,061	801
Above 10	Up to 20	116,207	1,715	115,939	1,711	115,693	1,709
Above 20	Up to 40	154,886	4,524	153,012	4,471	154,587	4,521
Above 40	Up to 80	169,277	9,709	166,118	9,538	168,402	9,663
Above 80	Up to 150	111,492	12,176	107,849	11,704	109,939	11,963
Above 150	Up to 300	61,301	12,516	58,346	11,950	59,402	12,154
Above 300		11,880	4,782	9,437	3,663	10,710	4,183
Total		**888,111**	**46,214**	**859,091**	**43,841**	**869,794**	**44,994**

(1) Number of borrowers is for total on- and off-balance sheet credit risk.

Composition of on-balance sheet credit by regular income(1) in account:

Income	As of June 30, 2026 NIS in millions	As of June 30, 2026 in %	As of June 30, 2025 NIS in millions	As of June 30, 2025 in %	As of December 31, 2025 NIS in millions	As of December 31, 2025 in %
Accounts with no fixed income for the account(2)	7,396	25.4	7,253	26.5	7,225	25.4
Less than NIS 10 thousand	3,116	10.7	3,171	11.6	3,253	11.4
Between NIS 10 thousand and NIS 20 thousand	8,239	28.2	7,917	29.0	8,166	28.7
Over NIS 20 thousand	10,419	35.7	8,978	32.9	9,850	34.5
Total	**29,170**	**100**	**27,319**	**100**	**28,494**	**100**

(1) For measuring regular income in customer accounts, the Bank uses "credit turnover" data for the account, including *inter alia* salaries and regular pensions.

(2) Primarily with respect to loans extended in conjunction with assignment of vehicle portfolios and loans extended by the leasing company. Due to the nature of account management, this revenue is not reflected in the current account.

Below is composition of on-balance sheet credit by remaining term to maturity(1):

Term to maturity	As of June 30, 2026 NIS in millions	As of June 30, 2026 in %	As of June 30, 2025 NIS in millions	As of June 30, 2025 in %	As of December 31, 2025 NIS in millions	As of December 31, 2025 in %
Up to 1 year	4,426	20.2	4,169	20.2	4,271	20.2
Over 1 year to 3 years	6,870	31.4	6,463	31.3	6,634	31.3
Over 3 years to 5 years	5,012	22.9	4,896	23.7	4,883	23.0
Over 5 years to 7 years	2,454	11.2	2,301	11.1	2,403	11.3
Over 7 years(2)	3,138	14.3	2,823	13.7	2,994	14.2
Total	**21,900**	**100.0**	**20,652**	**100.0**	**21,185**	**100.0**

(1) Excluding utilized current account balances in credit card.

(2) Primarily loans to salaried Government employees, where loan repayment is directly deducted from the customer's paycheck and which bear significantly lower risk than similar loans for the same term.

Below is information about problematic credit risk for individuals before provision for credit losses (NIS in millions):

	As of June 30, 2026			As of June 30, 2025			As of December 31, 2025		
	Credit risk(1)			Credit risk(1)			Credit risk(1)		
	On balance sheet	Off balance sheet	Of which:	On balance sheet	Off balance sheet	Of which:	On balance sheet	Off balance sheet	Of which:
Balance of problematic credit risk	274	3	277	272	3	275	297	2	299
Problematic credit risk rate(2)	0.94%	0.02%	0.60%	1.00%	0.02%	0.63%	1.04%	0.01%	0.66%

(1) On- and off-balance sheet credit before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

(2) The ratio of problematic credit risk to total credit risk before provision for credit losses.

Below is the expense rate with respect to credit losses to individuals (annualized):

	First half		2025
	2026	2025	
Expense with respect to credit losses as percentage of total loans to the public to individuals	0.31%	0.64%	0.72%

Data for credit risk to individuals show that:

- Total debts by individuals (on-balance sheet credit) increased by 6.8% compared to June 30, 2025 and by 2.4% compared to December 31, 2025.
  Checking accounts - 6.9%
  Credit cards - 18.0%
  Auto loans - 21.5%
  Other loans and credit - 53.6%
- Of all debts (on-balance sheet credit) as of June 30, 2026, 29.1% is secured by financial assets and other collateral in the customer's account (compared to 29.4% as of June 30, 2025 and 28.9% as of December 31, 2025).

Credit risk in construction and real estate economic sector in Israel

In financing the construction and real estate industry, specific analysis and monitoring tools are used to assist the Bank in reaching decisions on the granting of financial support to the various projects. Construction financing is focused mainly on residential construction. In addition, the financing is allocated between geographic regions. In extending credit for construction, the Bank focuses on the financial support method (closed assistance). The application of this method is designed to reduce the exposure to risks in the granting of the loans, because it incorporates current and close monitoring of the progress of the financed projects, both before the loans are provided, and as the project receives the financial support, while maintaining a distinction between the financed projects and the business risks inherent in the other activities of the developer-borrower. The Bank is assisted by outside construction supervisors, and also relies on liens on the land in the project, to secure the loans. Loans are issued for financed projects only by business centers and branches with professional knowledge of the subject, and under the supervision of the construction and real estate sector. The Bank also sets policies and rules for financing other real estate transactions, such as financing for rental properties, purchase groups, urban renewal, etc. Moreover, in order to mitigate risk, the Bank partially insures the portfolio of land designated for construction in a closed project and the portfolio of housing bonds and performance guarantees in assisted projects with domestic and overseas reinsurers.

The slowdown in apartment purchases by the public continues. This slowdown arises, among other things, from the relatively high interest rate environment, instability in the security situation, and the public's expectation that price levels will stabilize. Concurrently, the duration of execution of financed projects became longer and the cost of raw materials increased - factors which led to an increase in project budgets.

In the field of housing construction starts, during April 2025 to March 2026, construction started on 76 thousand housing units, an increase of 1.7% compared to the past 12 months. Concurrently, residential housing construction completions increased by 15.7%, at 62 thousand residential units. As of June 2026, the inventory of new apartments stood at approx. 84 thousand apartments, approx. 55% of which are located in Tel Aviv and the Central regions. The increase in inventory levels reflects the slowdown in the number of transactions, which was affected mainly by the high interest rate environment, the economic uncertainty due to the many security-related events in recent years, and the increased level of construction starts.

In recent years demand declined in the office space subsegment. This trend arises, among other things, from the decline in exchange rates and the slowdown in the high-tech sector, which is one of the principal users of office space; this slowdown has resulted in a mixed trend in the market, reflected in decline in rent and occupancy rates in the sector. This slowdown is mainly prominent in the suburbs of Tel Aviv and Gush Dan (where there is also oversupply), whereas the new office buildings at the center of Tel Aviv benefit from a higher demand.

Financing of real estate transactions at the Bank is conducted in conformity with clear policy and rules stipulated in the lending policy for various activity channels, such as: financing for land, residential construction, rental real estate, purchase groups, urban renewal, etc. Bank operations in this sector are conducted while adhering to appropriate underwriting procedures and credit spreads to reflect the risk. The risk level in this sector is also taken into account in the quarterly review process of the group-based provision.

The Bank regularly monitors the credit portfolio and risk characteristics of the activity in this segment, including new credit provided, in conformity with benchmarks set in the Bank’s policy.

Over the course of the second quarter of 2026, total exposure to the construction and real estate sectors increased by 3.4% compared to a 5.8% increase in the corresponding period last year. The share of the construction and real estate sector in Israel out of total credit risk to the public at the Bank as of June 30, 2026, as presented below (Credit Risk by Economic Sector) is 18.4%. It is noted that according to Proper Conduct of Banking Business Directive 315, the rate of indebtedness of the construction and real estate sector (for calculation of sector concentration) is 13.2% (excluding liabilities, including contingent liabilities to extend credit or to provide guarantees and amounts of housing bonds and loans to finance land, for which the Bank has obtained insurance policies). The Bank reviews in each quarter the calculation of the group-based provision for credit losses in this sector, and adjusts this provision so as to account, inter alia, for growth in the loan portfolio and the underwriting conditions.

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. As stated above, the Bank's activity in this sector is mostly focused on extending credit for construction using the financial support method (closed-end financing). 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.

Greater clarity regarding economic conditions and further interest rate cuts may cause buyers to return to the market and increase the pace of sales, which has been slowing-down for some time now. The Bank monitors the development of the sector's risk characteristics and the effects of changes on Bank operations, including monitoring the portfolio and focusing on risk concentrations, including areas with high levels of unsold inventory, non-linear purchase contracts and transaction cancellations; so far, no risk materialization has been identified in those risk concentrations.

Below is information about credit risk in the construction and real estate economic sector in Israel, by real estate collateral type (NIS in millions):

	June 30, 2026							
	Credit risk to the public(1)							
				Credit risk	Total problematic credit risk		Balance of provision for credit losses	
	On balance sheet(2)	Off balance sheet(3)		Of which:	Non-accruing	Other problematic(4)	On-balance sheet credit risk	Off-balance sheet credit risk
		Guarantees to home buyers(5)	Facilities and other commitments					
Secured by real estate:								
Housing	32,516	7,403	26,160	66,079	155	58	192	54
Commercial and industrial	12,384	215	3,113	15,712	96	153	162	4
Total secured by real estate	**44,900**	**7,618**	**29,273**	**81,791**	**251**	**211**	**354**	**58**
Not secured by real estate	10,006	9	9,788	19,803	89	107	189	17
Total for construction and real estate economic sector in Israel	**54,906**	**7,627**	**39,061**	**101,594**	**340**	**318**	**543**	**75**
Of which: Designated for project assistance	32,516	7,612	26,568	66,696	144	47	42	53

	June 30, 2025							
	Credit risk to the public(1)							
				Credit risk	Total problematic credit risk		Balance of provision for credit losses	
	On balance sheet(2)	Off balance sheet(3)		Of which:	Non-accruing(6)	Other problematic(4)	On-balance sheet credit risk	Off-balance sheet credit risk
		Guarantees to home buyers(5)	Facilities and other commitments					
Secured by real estate:								
Housing	26,952	6,549	19,249	52,750	149	77	238	29
Commercial and industrial	11,289	210	2,698	14,197	83	99	158	4
Total secured by real estate	**38,241**	**6,759**	**21,947**	**66,947**	**232**	**176**	**396**	**33**
Not secured by real estate	7,865	9	9,515	17,389	94	141	185	19
Total for construction and real estate economic sector in Israel	**46,106**	**6,768**	**31,462**	**84,336**	**326**	**317**	**581**	**52**
Of which: Designated for project assistance	27,104	6,738	19,253	53,095	147	72	39	29

	December 31, 2025							
	Credit risk to the public(1)							
				Credit risk	Total problematic credit risk		Balance of provision for credit losses	
	On balance sheet(2)	Off balance sheet(3)		Of which:	Non accruing	Other problematic(4)	On-balance sheet credit risk	Off-balance sheet credit risk
		Guarantees to home buyers(5)	Facilities and other commitments					
Secured by real estate:								
Housing	30,954	7,070	23,131	61,155	148	69	186	29
Commercial and industrial	12,053	199	2,841	15,093	101	107	160	3
Total secured by real estate	**43,007**	**7,269**	**25,972**	**76,248**	**249**	**176**	**346**	**32**
Not secured by real estate	9,735	9	10,285	20,029	84	78	166	18
Total for construction and real estate economic sector in Israel	**52,742**	**7,278**	**36,257**	**96,277**	**333**	**254**	**512**	**50**
Of which: Designated for project assistance	31,197	7,258	23,805	62,260	146	58	37	30

(1) On- and off-balance sheet credit risk, problematic credit risk and non-accruing loans to the public are stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower.
(2) Loans to the public, investment in bonds by the public, other debt by the public and other assets with respect to derivatives against the public.
(3) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits.
(4) On- and off-balance sheet credit risk with respect to the public, which is inferior or under special supervision.
(5) Off-balance sheet credit risk due to housing bonds, which are mostly backed by insurance purchased from international reinsurers.

Below is information about credit risk in the construction and real estate economic sector in Israel, by asset status (NIS in millions):

	June 30, 2026			June 30, 2025			December 31, 2025		
	Credit risk(1)			Credit risk(1)			Credit risk(1)		
	On balance sheet	Off balance sheet	Of which:	On balance sheet	Off balance sheet	Of which:	On balance sheet	Off balance sheet	Of which:
Secured by real estate									
Real estate yet to be completely constructed:									
Raw land	18,623	1,977	20,600	17,179	1,463	18,642	19,269	1,319	20,588
Real estate under construction	17,234	32,073	49,307	11,795	24,256	36,051	15,400	29,669	45,069
Real estate completely constructed	9,043	2,841	11,884	9,267	2,987	12,254	8,338	2,253	10,591
Total credit secured by real estate in Israel	**44,900**	**36,891**	**81,791**	**38,241**	**28,706**	**66,947**	**43,007**	**33,241**	**76,248**
Not secured by real estate	10,006	9,797	19,803	7,865	9,524	17,389	9,735	10,294	20,029
Total credit risk for construction and real estate	**54,906**	**46,688**	**101,594**	**46,106**	**38,230**	**84,336**	**52,742**	**43,535**	**96,277**

Below is information about credit risk in the construction and real estate economic sector in Israel, by debt classification (NIS in millions):

	June 30	December 31	
	2026	2025	Change
	Credit risk to the public(1)		
Credit risk at performing credit rating:			
Total non-problematic credit risk	95,856	91,519	4.7%
Credit risk other than at performing credit rating:			
Problematic accruing	318	254	25.2%
Problematic non-accruing	340	333	2.1%
Non-problematic	5,080	4,171	21.8%
Total credit risk other than at performing credit rating	**5,738**	**4,758**	**20.6%**
Total credit risk for construction and real estate	**101,594**	**96,277**	**5.5%**

(1) On- and off-balance sheet credit risk, problematic credit risk and non-accruing loans to the public are stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower.

Credit risk by economic sector

As of June 30, 2026

Reported amounts (NIS in millions)

	Total credit risk[1]				Off balance sheet debts[2] and credit risk (other than derivatives)[3]						
		Of which:							Credit losses[3]		
	Total	Credit performance rating[4]	Credit in good standing other than at performing credit rating	Problematic[5]	Total	Debts[2]	Problematic[5]	Non-accruing	Expenses with respect to credit losses	Net accounting write-offs	Balance of provision for credit losses
Borrower activity in Israel											
Public – commercial											
Agriculture, forestry and fishing	1,258	1,172	42	44	1,258	918	44	31	(2)	(3)	30
Mining and excavation	5,476	5,475	-	1	5,361	4,133	1	-	6	-	42
Industry and production	16,186	15,045	660	481	15,968	8,642	481	167	(44)	4	314
Of which: Diamonds	1,048	906	10	132	1,048	694	132	61	(14)	(2)	38
Construction and real estate – construction[6]	89,178	83,785	4,951	442	89,069	43,890	442	259	51	10	386
Construction and real estate – real estate operations	12,416	12,071	129	216	11,944	10,481	212	77	14	(1)	232
Electricity and water delivery	14,159	13,991	134	34	13,822	8,740	34	1	1	1	166
Commerce	19,397	18,350	531	516	19,126	14,806	516	339	53	97	398
Hotels, dining and food services	2,954	2,807	69	78	2,862	2,208	78	38	3	12	98
Transport and storage	6,266	5,682	495	89	6,250	4,155	89	49	(5)	-	111
Information and communications	3,056	2,970	72	14	2,992	1,701	14	9	-	(1)	27
Financial services	46,163	46,085	69	9	40,772	23,498	9	3	2	(9)	46
Of which: Non-bank financial institutions	22,156	22,156	-	-	17,836	8,991	-	-	(4)	-	11
Of which: Capital market actors	7,354	7,354	-	-	7,310	7,161	-	-	1	-	1
Of which: Credit services providers	4,809	4,809	-	-	4,806	4,104	-	-	14	-	15
Of which: Holding companies	863	859	2	2	837	558	2	2	(9)	(10)	10
Other business services	9,224	8,985	100	139	9,206	5,795	139	60	4	13	160
Public and community services	4,027	3,845	86	96	4,001	3,015	96	50	13	7	89
Total commercial	**229,760**	**220,263**	**7,338**	**2,159**	**222,631**	**131,982**	**2,155**	**1,083**	**96**	**130**	**2,099**
Private individuals – residential mortgages	274,780	268,423	3,753	2,604	274,780	253,302	2,604	2,604	(69)	-	1,029
Private individuals – other	46,227	45,566	384	277	46,214	29,170	277	46	45	124	654
Total public – activity in Israel	**550,767**	**534,252**	**11,475**	**5,040**	**543,625**	**414,454**	**5,036**	**3,733**	**72**	**254**	**3,782**
Banks in Israel	4,504	4,504	-	-	743	743	-	-	-	-	-
Government of Israel	36,657	36,657	-	-	-	-	-	-	-	-	-
Total activity in Israel	**591,928**	**575,413**	**11,475**	**5,040**	**544,368**	**415,197**	**5,036**	**3,733**	**72**	**254**	**3,782**
Borrower activity overseas											
Total public – activity overseas	15,552	15,276	-	276	15,377	11,053	262	79	53	45	145
Overseas banks	8,535	8,535	-	-	8,484	8,484	-	-	1	-	5
Overseas governments	15,668	15,668	-	-	286	286	-	-	(5)	(4)	-
Total activity overseas	**39,755**	**39,479**		**276**	**24,147**	**19,823**	**262**	**79**	**49**	**41**	**150**
Total	**631,683**	**614,892**	**11,475**	**5,316**	**568,515**	**435,020**	**5,298**	**3,812**	**121**	**295**	**3,932**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 435,020; bonds – 55,198; securities borrowed or acquired under resale agreements – 64; (on- and off-balance sheet) credit risk with respect to derivatives – -7,906; and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 133,495.
(2) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements.
(3) Includes with respect to off-balance sheet credit instruments (included on balance sheet under Other Liabilities).
(4) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.
(5) On- and off-balance sheet credit risk, which is non-accruing, inferior or under special supervision.
(6) Includes on-balance sheet credit risk amounting to NIS 430 million and off-balance sheet credit risk amounting to NIS 591 million, extended to certain purchase groups which are in the process of construction. For more information on credit exposures secured by international re-insurers, see "Key exposure to foreign countries" below.

Credit risk by economic sector – Continued

As of June 30, 2025

Reported amounts (NIS in millions)

	Total credit risk[1] Off balance sheet debts[2] and credit risk (other than derivatives)[3]										
		Of which:							Credit losses[3]		
	Total	Credit performance rating[4]	Credit in good standing other than at performing credit rating	Problematic[5]	Total	Debts[2]	Problematic[5]	Non-accruing	Expenses with respect to credit losses	Net accounting write-offs	Balance of provision for credit losses
Borrower activity in Israel											
Public – commercial											
Agriculture, forestry and fishing	1,196	1,114	55	27	1,196	850	27	19	(6)	-	26
Mining and excavation	4,892	4,886	6	-	4,767	3,347	-	-	11	-	44
Industry and production	15,719	14,533	707	479	15,494	9,006	479	214	(7)	56	419
Of which: Diamonds	1,361	1,111	37	213	1,361	882	213	90	(9)	36	74
Construction and real estate – construction[6]	72,337	69,326	2,535	476	72,200	35,450	476	257	27	3	406
Construction and real estate – real estate operations	11,999	11,623	209	167	11,624	10,171	162	64	(1)	(1)	227
Electricity and water delivery	12,204	12,155	39	10	11,841	6,828	10	7	2	1	130
Commerce	18,640	17,498	609	533	18,460	13,783	533	296	3	20	435
Hotels, dining and food services	2,711	2,443	89	179	2,706	1,912	179	65	-	6	109
Transport and storage	5,276	4,151	1,058	67	5,270	3,187	67	46	11	10	86
Information and communications	2,058	2,015	31	12	1,970	1,171	12	5	(2)	(2)	26
Financial services	36,125	36,008	111	6	33,394	17,560	6	2	(8)	(1)	38
Other business services	8,012	7,719	123	170	7,991	4,976	170	106	19	29	176
Public and community services	3,989	3,735	135	119	3,989	3,152	119	104	8	11	77
Total commercial	**195,158**	**187,206**	**5,707**	**2,245**	**190,902**	**111,393**	**2,240**	**1,185**	**57**	**132**	**2,199**
Private individuals – residential mortgages	251,639	246,233	3,161	2,245	251,639	233,171	2,245	2,245	(37)	-	1,176
Private individuals – other	43,847	43,214	358	275	43,841	27,319	275	73	88	81	704
Total public – activity in Israel	**490,644**	**476,653**	**9,226**	**4,765**	**486,382**	**371,883**	**4,760**	**3,503**	**108**	**213**	**4,079**
Banks in Israel	3,970	3,970	-	-	393	393	-	-	-	-	-
Government of Israel	26,609	26,609	-	-	-	-	-	-	-	-	-
Total activity in Israel	**521,223**	**507,232**	**9,226**	**4,765**	**486,775**	**372,276**	**4,760**	**3,503**	**108**	**213**	**4,079**
Borrower activity overseas											
Total public – activity overseas	11,600	11,068	-	532	11,415	8,816	521	464	50	34	198
Overseas banks	22,942	22,942	-	-	22,868	22,822	-	-	1	-	4
Overseas governments	10,607	10,607	-	-	427	300	-	-	-	-	1
Total activity overseas	**45,149**	**44,617**		**532**	**34,710**	**31,938**	**521**	**464**	**51**	**34**	**203**
Total	**566,372**	**551,849**	**9,226**	**5,297**	**521,485**	**404,214**	**5,281**	**3,967**	**159**	**247**	**4,282**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 404,214; bonds – 38,679; securities borrowed or acquired in conjunction with resale agreements – 473; (on- and off-balance sheet) credit risk with respect to derivatives – 5,735; and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 117,271.

(2) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements.

(3) Includes with respect to off-balance sheet credit instruments (included on balance sheet under Other Liabilities).

(4) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.

(5) On- and off-balance sheet credit risk, which is non-accruing, inferior or under special supervision.

(6) Includes on-balance sheet credit risk amounting to NIS 849 million and off-balance sheet credit risk amounting to NIS 940 million, extended to certain purchase groups which are in the process of construction. For more information on credit exposures secured by international re-insurers, see "Key exposure to foreign countries" below.

Credit risk by economic sector – Continued

As of December 31, 2025

Reported amounts (NIS in millions)

	Total credit risk[1]				Off balance sheet debts[2] and credit risk (other than derivatives)[3]						
		Of which:							Credit losses[3]		
	Total	Credit performance rating[4]	Credit in good standing other than at performing credit rating	Problematic[5]	Total	Debts[2]	Problematic[5]	Non-accruing	Expenses with respect to credit losses	Net accounting write-offs	Balance of provision for credit losses
Borrower activity in Israel											
Public – commercial											
Agriculture, forestry and fishing	1,168	1,070	53	45	1,168	854	45	32	(3)	-	29
Mining and excavation	5,167	5,165	-	2	5,035	3,822	2	-	3	-	36
Industry and production	15,167	13,972	759	436	14,980	8,758	436	180	(53)	67	362
Of which: Diamonds	1,208	898	115	195	1,208	796	195	81	(29)	40	50
Construction and real estate – construction[6]	82,021	77,688	3,929	404	81,906	40,155	404	257	(51)	(14)	345
Construction and real estate – real estate operations	14,256	13,831	242	183	13,878	12,126	179	72	(9)	1	217
Electricity and water delivery	13,479	12,916	555	8	13,119	7,745	8	2	42	5	166
Commerce	17,445	16,243	601	601	17,229	13,430	601	374	43	53	442
Hotels, dining and food services	2,579	2,322	98	159	2,575	1,975	159	50	(1)	7	107
Transport and storage	5,295	4,688	517	90	5,279	2,817	90	54	62	31	116
Information and communications	2,060	2,021	27	12	1,988	1,183	12	7	(1)	(1)	26
Financial services	40,130	40,067	56	7	36,566	20,393	7	4	(12)	(2)	35
Other business services	8,561	8,221	195	145	8,547	5,362	145	76	25	42	169
Public and community services	3,700	3,481	125	94	3,688	2,754	94	65	26	23	83
Total commercial	**211,028**	**201,685**	**7,157**	**2,186**	**205,958**	**121,374**	**2,182**	**1,173**	**71**	**212**	**2,133**
Private individuals – residential mortgages	264,579	258,648	3,396	2,535	264,579	245,226	2,535	2,535	(119)	(4)	1,098
Private individuals – other	45,006	44,302	405	299	44,994	28,494	299	76	200	164	733
Total public – activity in Israel	**520,613**	**504,635**	**10,958**	**5,020**	**515,531**	**395,094**	**5,016**	**3,784**	**152**	**372**	**3,964**
Banks in Israel	4,595	4,595	-	-	584	584	-	-	-	-	-
Government of Israel	35,485	35,485	-	-	1	1	-	-	-	-	-
Total activity in Israel	**560,693**	**544,715**	**10,958**	**5,020**	**516,116**	**395,679**	**5,016**	**3,784**	**152**	**372**	**3,964**
Borrower activity overseas											
Total public – activity overseas	13,628	13,272	-	356	13,464	9,261	342	194	75	120	137
Overseas banks	17,430	17,430	-	-	17,364	17,364	-	-	1	-	4
Overseas governments	9,486	9,485	-	1	347	347	1	1	-	-	1
Total activity overseas	**40,544**	**40,187**		**357**	**31,175**	**26,972**	**343**	**195**	**76**	**120**	**142**
Total	**601,237**	**584,902**	**10,958**	**5,377**	**547,291**	**422,651**	**5,359**	**3,979**	**228**	**492**	**4,106**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 422,651; bonds – 46,697; securities borrowed or acquired in conjunction with resale agreements – 593; (on- and off-balance sheet) credit risk with respect to derivatives – 6,656; and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 124,640.
(2) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements.
(3) Includes with respect to off-balance sheet credit instruments (included on balance sheet under Other Liabilities).
(4) Credit risk whose credit rating as of the report date matches the credit rating for new credit performance, in conformity with Bank policies.
(5) On- and off-balance sheet credit risk, which is non-accruing, inferior or under special supervision.
(6) Includes on-balance sheet credit risk amounting to NIS 724 million and off-balance sheet credit risk amounting to NIS 821 million, extended to certain purchase groups which are in the process of construction. For more information on credit exposures secured by international re-insurers, see "Key exposure to foreign countries" below.

Exposure to foreign countries[1]

Reported amounts (NIS in millions)

Part A – Information regarding total exposure to foreign countries and exposure to countries for which total exposure to each country exceeds 1% of total consolidated assets or 20% of capital, whichever is lower (NIS in millions):

Country	June 30, 2026			June 30, 2025			December 31, 2025		
	Exposure								
	On balance sheet[2]	Off-balance sheet [2][3][4]	Total	On balance sheet[2]	Off-balance sheet [2][3][4]	Total	On balance sheet[2]	Off-balance sheet [2][3][4]	Total
USA	34,752	4,633	39,385	42,534	2,957	45,491	34,568	4,353	38,921
Others[5]	21,318	13,196	34,514	15,492	11,398	26,890	20,278	12,438	32,716
Total exposure to foreign countries	**56,070**	**17,829**	**73,899**	**58,026**	**14,355**	**72,381**	**54,846**	**16,791**	**71,637**
Of which: Total exposure to LDC countries[6]	637	127	764	722	173	895	662	123	785

(1) Based on final risk, after effect of guarantees, liquid collateral and credit derivatives.

(2) On- and off-balance sheet credit risk is stated before impact of provision for credit losses, and before impact of deductible collateral with respect to indebtedness of borrower and of borrower group.

(3) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits, in conformity with Proper Conduct of Banking Business Directive 313.

(4) The balance of off-balance sheet exposure includes NIS 7,341 million, mostly with respect to acquiring insurance from international reinsurers for the portfolio of housing bonds for borrowers in the real estate sector in Israel (as of June 30, 2025 - NIS 6,959 million and as of December 31, 2025 - NIS 6,920 million).

(5) Balance sheet exposure includes NIS 4,790 million with respect to acquiring insurance from international reinsurers for the loan portfolio to finance land purchase for borrowers in the real estate sector in Israel (as of June 30, 2025 - NIS 3,660 million and as of December 31, 2025 - NIS 4,890 million).

(6) The exposure to LDC countries includes countries defined as less developed, which are the countries classified by the World Bank as lower-middle-income countries.

Part B – Information regarding countries for which total exposure to each country is between 0.75%-1% of total consolidated assets or between 15%-20% of capital, whichever is lower (NIS in millions):

As of June 30, 2026, the balance sheet exposure to Barbados meets the threshold required for this disclosure and amounts to NIS 4.4 billion (as of June 30, 2025 - NIS 4.5 billion and as of December 31, 2025 - NIS 4.8 billion).

Part C – Information regarding balance sheet exposure to foreign countries facing liquidity issues

As of June 30, 2026, the Bank had no exposure to foreign countries facing liquidity issues where the exposure with respect of which exceeds the reporting threshold set in the Public Reporting Directives.

In conformity with Bank of Israel directives, a country which has received aid from the International Monetary Fund is deemed a country with liquidity issues. The aforementioned exposure is to an insurer that backs mortgage portfolios, and liquidity in the country should not affect the repayment capacity in case of future claims by the Bank.

Credit exposure to foreign financial institutions

In the second quarter of 2026, the global financial system faced market volatility, a resurgence in inflationary pressures, and further geopolitical uncertainty, which resulted in an increase in long-term returns and a repricing of credit risks. Despite these conditions, major financial institutions in the United States and Europe remained resilient, supported by high capital and liquidity levels and adequate profitability, and no system-wide deterioration in asset quality was observed. In the United States, the results of the Federal Reserve's stress tests indicated that the large banks are able to absorb significant losses and continue providing credit, alongside risk concentrations pertaining to exposure to the private credit market, leveraging in hedge funds and commercial real estate. In Europe, the banks maintained significant capital and liquidity buffers, but tighter credit terms and an increase in the cost of financing were observed. Macroeconomic conditions will continue to be affected by developments in the Strait of Hormuz and the timing of the ceasefire between Iran, the United States, and Israel.

In conjunction with its policies regarding management of exposure to foreign financial institutions, the Bank's Board of Directors sets, inter alia, the risk appetite – i.e. the maximum exposure limit for states and foreign financial institutions, while adjusting the exposure limit to the risk assessment for each state and financial institution. Exposure limits are set based, inter alia, on financial date of the various nations and financial institutions and on Bank assessment of the risk level in a manner which diversifies exposure.

As of June 30, 2026, the balance of the Bank's exposure to foreign financial institutions amounted to NIS 22.4 billion, compared to NIS 21.2 billion as of December 31, 2025. Most of the exposure is to financial institutions with a rating of A+ or higher.

The Bank closely monitors the exposures to financial institutions; among other things, it monitors public information and ratings, as well as any other information available with regard to financial institutions to which it is exposed. The exposure limits and actual exposure are assessed as required.

The Bank takes into consideration the maturity dates of its credit exposures in conjunction with its liquidity requirements. Deposits are normally deposited for short terms, whereas exposure with respect to derivatives and investments in securities are for longer terms.

Residential mortgages risk and its development

In conjunction with credit risk management, the Bank takes various actions to manage, control and mitigate risks associated with provision of residential mortgages. Residential mortgages account for a significant share of all credit risk at the Bank, but this segment is still highly diversified and has a Low-Medium risk level, due to extensive diversification of borrowers from various economic sectors, relatively low LTV ratios, extensive geographic diversification of pledged assets and use of various risk mitigators, including property and life insurance, to mitigate credit risk in this segment. The Bank's policies with regard to mortgages are based on a specific approach, limiting specific risk for each loan by reviewing various risk attributes. These attributes include: review of borrower quality and their capacity to make current repayments even under scenarios involving changes to interest rates, ratio of repayment to regular household income, review of transaction data and LTV ratio. The Bank sometimes requires additional bolstering for the loan, such as guarantors for the loan, proven repayment capacity not based on regular borrower income and other bolstering measures.

The Bank acts regularly to control and manage the risk associated with residential mortgages, for which the Retail Division, the Risks Management Division and other Bank entities are responsible. This activity also includes portfolio analysis and monitoring by key risk factors and estimation of portfolio risk using an advanced model for rating residential mortgages, including rating of each loan and calculation of probability of default and potential loss given default, as well as conducting various stress scenarios to review the effect of changes to macro-economic factors on the portfolio risk level.

When assessing borrower quality, the Bank considers, *inter alia*, the following: Per capita income, income stability, seniority and so forth. Moreover, approval of loans involves a high weighting attributed to the loan repayment to income ratio, so as to review the household repayment capacity, including under a scenario of higher interest rates.

The Bank also considers risk factors with regard to the transaction and to collateral, such as the loan purpose, LTV ratio, geographic location of collateral, findings on the appraiser report and so forth.

Risk appetite and risk profile in mortgage segment

As part of its credit risk policies, the Bank has set various restrictions on residential mortgage operations, to account for major risk factors. These factors are reviewed from time to time and additional restrictions are imposed as needed, i.e. based on the actual risk profile of the mortgage portfolio and its trend, as well as on regulatory directives from the Bank of Israel.
These restrictions form the Bank's risk appetite for mortgages is defined using multiple risk benchmarks, which evaluate credit risk and concentration risk aspects at regular performance level and the overall portfolio. These benchmarks include, among other things: The LTV ratio, property location (geographic risk), credit quality benchmark (see below under Credit Control), loan repayment to income ratio, loan purpose, loan term, loan track mix, property type, document quality, normative interest rate and cross restrictions on combinations of multiple parameters.
Regular monitoring of the risk profile of the mortgage portfolio and its evolution over time, in view of the specified risk appetite, shows that leading risk benchmarks remain stable and do not indicate material deterioration or change in risk level. These benchmarks include: LTV ratios, repayment ratio, rate of obligation in default and, in particular, the rate of arrears for new loans (one year since origination), which is testimony to the high quality of underwriting at the Bank. It is noted that the average LTV of the Bank's mortgage portfolio (as of the end of June 2026) stands at 55.5% (reflecting the LTV upon loan origination – for further details see below).
The Bank constantly reviews the risk measures and risk levels, adapting them as required to current business activity, subject to and in line with the risk appetite.

The risk level in the mortgages portfolio remains unchanged, at a low-medium level, due to the high uncertainty regarding the geopolitical risks. The risk benchmarks in the second quarter of 2026 did not indicate a 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. The vast majority of the customers who previously deferred payments under Operation Lion’s Roar resumed normal payments, and the Bank deals in an orderly manner with customers who still defer payments.

Volume of mortgages granted by the Household segment is as follows:

	Loans granted (NIS in millions)		
	Six months		Rate of Change
	2026	2025	In %
Mortgages issued (for housing and any purpose)			
From the Bank's funds	19,778	18,490	7.0
From funds of the Finance Ministry:			
Directed loans	73	68	7.4
Standing loans and grants	82	78	5.1
Total new loans	**19,933**	**18,636**	**7.0**
Refinanced loans	8,661	6,241	38.8
Total loans originated	**28,594**	**24,877**	**14.9**
Number of borrowers (includes refinanced loans)	35,324	33,286	6.1

Below are details of various risk characteristics of the residential mortgage portfolio[(1)] as of June 30, 2026 (NIS in millions):

LTV ratio	Repayment ratio out of regular income	Loan age[(2)] (time elapsed since loan grant) Up to 3 months	3-12 months	1-2 years	2-5 years	5-10 years	Over 10 years	Total
Up to 60%	Up to 35%	3,274	13,252	16,911	35,680	33,425	18,693	121,235
	35%-50%	916	3,430	4,443	9,055	5,268	3,892	27,004
	50%-80%	-	5	36	105	91	655	892
	Over 80%	-	-	-	1	9	48	58
60%-75%	Up to 35%	2,155	9,520	10,787	27,164	20,173	7,489	77,288
	35%-50%	1,117	4,034	4,578	8,381	2,890	1,392	22,392
	50%-80%	-	-	6	63	41	183	293
	Over 80%	-	-	-	8	1	8	17
Over 75%	Up to 35%	56	441	426	848	596	869	3,236
	35%-50%	30	134	140	231	107	189	831
	50%-80%	-	7	4	16	5	40	72
	Over 80%	-	-	-	1	1	8	10
Total		**7,548**	**30,823**	**37,331**	**81,553**	**62,607**	**33,466**	**253,328**
Of which:								
Loans granted with original amount over NIS 2 million		1,660	6,576	6,929	13,186	5,249	1,784	35,384
Percentage of total residential mortgages		22.0%	21.3%	18.6%	16.2%	8.4%	5.3%	14.0%
Loans bearing variable interest:								
Non-linked, at prime lending rate		721	2,010	1,112	14,944	16,385	10,061	45,233
CPI-linked[(3)]		217	729	2,311	6,034	1,499	1,944	12,734
In foreign currency[(3)]		29	113	70	596	751	572	2,131
Total		**967**	**2,852**	**3,493**	**21,574**	**18,635**	**12,577**	**60,098**
Non-linked loans at prime lending rate, as percentage of total residential mortgages		9.6%	6.5%	3.0%	18.3%	26.2%	30.1%	17.9%
CPI-linked loans bearing variable interest as percentage of total residential mortgages		2.9%	2.4%	6.2%	7.4%	2.4%	5.8%	5.0%
Loans with LTV over 75% as percentage of total residential mortgages		1.1%	1.9%	1.5%	1.3%	1.1%	3.3%	1.6%

(1) Recorded debt balance.

(2) The loan balances presented above are aged based on the date of loan origination, and include under the same age group any loan balances actually provided at a later date.

Furthermore, loan refinancing does not modify the loan age, i.e. the loan balance is attributed to the original loan origination date.

This treatment also applies to refinancing of "directed" loans originally guaranteed by the State and refinanced to loans for which the Bank is responsible.

(3) Pursuant to directives by the Supervisor of Banks, these include loans for which the interest rate is adjusted more frequently than once every 5 years (not inclusive).

Attributes of the Bank's residential mortgages portfolio

The Bank's policies with regard to mortgages are based on a conservative approach, limiting specific risk for each loan by evaluating various attributes. These attributes include: LTV ratio, ratio of repayment to regular borrower income, and borrower capacity to make current repayments even under scenarios involving a change in interest rates. Whenever loans are granted with attributes which do not meet one or more of the standards set by the Bank for these attributes, the Bank requires additional bolstering for the loan, such as guarantors for the loan, proven repayment capacity not based on regular borrower income, and other additional reinforcements.

LTV

One of the key parameters used by the Bank in minimizing risk in its residential mortgage portfolio is the LTV ratio (ratio of loan amount to value of the property pledged as collateral).

The average LTV of the Bank's mortgage portfolio as of June 30, 2026 stands at 55.5%, compared to 54.7% at the end of last year, and 54.7% on June 30, 2025. Out of the total loan portfolio of the Bank, amounting to NIS 253.3 billion, approx. 98.3% were granted at an original LTV lower than 75%, which secures the loan even under a stress scenario of a 25% decrease in the value of the property pledged as collateral.

The LTV ratio is the historical LTV ratio calculated upon loan approval, and does not account for any current repayments which reduce the loan balance nor any changes in value of properties pledged as collateral. The increase in housing prices, and conversely, reduced loan balances due to current repayments result in a decrease in the current LTV ratio and, as noted above, based on changes to property values as estimated by the Central Bureau of Statistics, against current portfolio balances. This ratio is lower than the historical LTV ratio. Total loans granted at LTV ratios over 75% in the past two years amounted to NIS 1.2 billion, or only 0.5% of the total residential mortgage portfolio.

Note, in this regard, that the Bank's average LTV ratio as of June 30, 2026, based on current outstanding balances (with no change to property value due to changes in housing prices) would have decreased as follows: For loans originated up to one year ago – by 3.6%. For loans originated one to 5 years ago – by 5.1%; for loans originated over 5 years ago – by 16.3%; for all loans in total – by 9.1%.

The percentage of loans granted at a high LTV (over 75%) out of the total residential mortgage portfolio of the Bank is 1.5% for loans granted one to two years ago, 1.9% for loans granted 3 to 12 months ago and 1.1% for loans granted in the second quarter of 2026.

Repayment as percentage of regular income

The LTV ratio of a residential mortgage is a benchmark of loan security, regardless of borrower attributes. Therefore, in addition, when a mortgage is approved, the Bank requires borrowers to show their capacity to make current loan repayments on schedule, primarily by calculating the ratio of monthly repayment to regular borrower income.

It should be noted that a circular, which revised Proper Conduct of Banking Business Directive - Limitations on residential mortgages - was published on February 8, 2026; among other things, the revised circular clarifies the method for calculating the Payment-to-Income (PTI) limit when taking out an additional residential mortgage in addition to an existing one, where both residential mortgages are secured by the same asset.

The average repayment ratio for the Bank's residential mortgage portfolio is 26.7%. Approx. 79.8% of the Bank's mortgage portfolio was granted to borrowers with a repayment ratio under 35% (the average repayment ratio for these borrowers is: 23.6%). Approx. 19.7% of the mortgage portfolio was granted to borrowers with a repayment ratio of 35% to 50% (the average repayment ratio for these borrowers is: 38.5%). Only 0.5% of all mortgages were extended to borrowers with a repayment ratio of over 50%.

The loans with a high repayment ratio are loans granted to borrowers with significant other assets, or with high free per capita income net of mortgage repayment, or whose repayment capacity is not necessarily based on current income, or where additional bolstering of the loan is in place, in addition to the pledged property and repayment capacity of the borrower, such as financially stable guarantors. Moreover, approval of loans to such customers involves a high weighting attributed to the loan repayment to income ratio in conformity with a "normative interest rate", so as to review the household repayment capacity under a scenario of higher interest rates.

Loans bearing variable interest

The Bank offers customers residential mortgages which in part bear adjustable interest and in part are linked (to CPI, foreign currency) or unlinked (NIS-denominated loans).

The Bank of Israel’s directives restrict the variable interest rate from the sum of the loan so that at least one third of the mortgage that must bear fixed interest remains, and up to two thirds may be extended bearing variable interest.

The Bank provides customers with the knowledge and expertise of its staff in order for customers to understand the risk involved with a loan bearing adjustable interest and how this risk may be mitigated or avoided. The Bank advises customers to attribute appropriate weighting to this risk, and to be cautious when deciding upon the loan composition.

Loan amount

The up-to-date balance of the loans originally executed at an amount of over NIS 2 million amounted to NIS 35.4 billion on June 30, 2026, which constitute 14.0% of the Bank's residential mortgage portfolio.

For more information about residential mortgages risk, see also the 2025 Risks Report available on the Bank website.

Market risk and interest risk

Risk description and development thereof

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).

Interest rate risk in the banking portfolio is the risk to Bank profit (change in revenues) or to the Bank's economic value, primarily due to changes in the structure of interest rate curves relevant for Bank operations, non-identical fluctuations of various curves used by the Bank for pricing and management of its exposures, 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.

The market risk in the trading portfolio is minimal, in line with Bank policy. The Bank structure, which is weighted towards the mortgage portfolio, produces long-term uses for which the Bank requires sources. The Bank regularly reviews the risk estimation methodology, in line with global common practice.

The overall risk level of market and interest risk remained Low-Medium. Interest risk remained medium, and reflects the 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.

During the second quarter, The Bank of Israel Interest was cut to 3.75% and in July 2026 the Bank of Israel cut the interest rate again by 0.25% to 3.5%.

Furthermore, the Bank continued to strictly manage its CPI-linked position, based on creating a daily linkage balance sheet and establishing a forecast position under various scenarios.

The models used by the Bank to measure the Bank's interest risk are based on behavioral models. The models' assumptions are regularly presented in management and Board forums, including presentation of sensitivity scenarios, for the purpose of assessing the effect of changes in these assumptions on risk outcomes. It should be noted that the Bank also assesses a scenario of a collapse of the assumptions, which addresses the collapse of each assumption individually and collectively.

As of June 30, 2026, under the parallel interest-rate-increase scenario, the fair value of the Bank's position in the banking portfolio is expected to decrease by NIS 3,786 million, and no deviations from the Bank's risk appetite limits were recorded.

Below is the VAR of the Bank Group (NIS in millions):

		First half	All of
	2026	**2025**	**2025**
At end of period	1,131	1,466	1,090
Maximum value during period	(May) 1,204	(May) 1,645	(May) 1,645
Minimum value during period	(Feb.) 1,065	(Mar.) 1,401	(November) 1,062

Market risk is primarily due to interest risk in the bank portfolio, as presented below.

The back-testing of the VAR model in the comprehensive portfolio indicates that the model is in order.

Analysis of interest risk in bank portfolio

Set forth below is the effect(1)(2)(3) of a parallel shift of the curve in a standard parallel scenario on the economic value of the Bank's portfolio in EVE terms (in NIS millions):

						Change in fair value
	Israeli currency		**Foreign currency**			
	Non-linked	**Linked to CPI**	**USD**	**EUR**	**Other**	**Total EVE**
						June 30, 2026
A parallel standard scenario - increase	(2,735)	(1,052)	59	74	41	(3,786)
A parallel standard scenario - decrease	2,644	1,068	(41)	(86)	(45)	(173)
						June 30, 2025
A parallel standard scenario - increase	(2,617)	(1,057)	54	82	30	(3,674)
A parallel standard scenario - decrease	3,016	1,361	(299)	(91)	(32)	(423)
						December 31, 2025
A parallel standard scenario - increase	(3,286)	(945)	81	62	32	(4,231)
A parallel standard scenario - decrease	3,540	1,281	(23)	(69)	(36)	(128)

(1) Calculated based on current data used for actual interest risk management.
(2) In accordance with Proper Conduct of Banking Business Directive 333, as from the third quarter of 2025, the reported scenario results in each currency is based on a different parallel scenario - 2.5% in NIS, 1.5% in linked NIS and 2% in US Dollar and Euro.
(3) In accordance with Proper Conduct of Banking Business Directive 333, the reported scenario results do not include offsetting between the scenario results in NIS and foreign currency results: NIS-denominated losses and foreign currency-denominated losses are summed in full, profits in both segments are also summed in full; however, profit from one segment will not offset a loss incurred in another segment and only the loss will be taken into account.

In preparing the mortgage repayment cash flows forecast for the Bank, assumptions with regard to the prepayment rate and manner are taken into account. 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. The Bank regularly reviews the risk estimation methodology, in line with global common practice.

Quantitative information about interest risk – Sensitivity analysis

Net adjusted fair value[(1)] of financial instruments of the Bank and its subsidiaries thereof:

	As of June 30, 2026			As of June 30, 2025			As of December 31, 2025		
	NIS	Foreign currency[(2)]	Total	NIS	Foreign currency[(2)]	Total	NIS	Foreign currency[(2)]	Total
Net balance sheet balance[(1)]	31,405	524	31,929	29,821	(129)	29,692	30,881	174	31,055
Net adjusted fair value[(1)]	32,416	899	33,315	31,548	289	31,837	31,734	385	32,119
Of which: Banking portfolio	7,634	2,381	10,015	30,484	(8,735)	21,749	14,201	(1,994)	12,207
Of which: Effect of attribution to terms of non-maturity deposits	4,212	505	4,717	4,273	519	4,792	4,151	450	4,601
Of which: Effect of early repayment of residential mortgages	(446)	(24)	(470)	(831)	(28)	(859)	(538)	(33)	(571)
Effect of attribution of deposits to terms after the next withdrawal date	(371)	-	(371)	(79)	-	(79)	(167)	-	(167)

Impact of change scenarios in interest rates on net adjusted fair value[(1)] of the Bank and its subsidiaries:

	As of June 30, 2026			As of June 30, 2025			As of December 31, 2025		
	NIS	Foreign currency[(2)]	Total	NIS	Foreign currency[(2)]	Total	NIS	Foreign currency[(2)]	Total
Concurrent changes									
Concurrent 1% increase	(1,525)	(105)	(1,630)	(1,953)	(70)	(2,023)	(1,789)	52	(1,737)
Of which: Banking portfolio	(1,554)	(57)	(1,611)	(1,886)	(60)	(1,946)	(1,782)	67	(1,715)
Of which: Effect of attribution to terms of non-maturity deposits	1,078	207	1,285	1,411	325	1,736	1,001	193	1,194
Of which: Effect of early repayment of residential mortgages	3,371	2	3,373	2,903	3	2,906	3,130	3	3,133
Effect of attribution of deposits to terms after the next withdrawal date	(272)	-	(272)	(269)	-	(269)	(205)	-	(205)
Concurrent 1% decrease	1,081	83	1,164	1,345	(184)	1,161	1,337	(32)	1,305
Of which: Banking portfolio	987	77	1,064	1,378	(235)	1,143	1,322	(50)	1,272
Of which: Effect of attribution to terms of non-maturity deposits	(1,141)	(219)	(1,360)	(1,508)	(346)	(1,854)	(1,064)	(206)	(1,270)
Of which: Effect of early repayment of residential mortgages	(4,139)	(3)	(4,142)	(3,560)	(3)	(3,563)	(3,856)	(4)	(3,860)
Effect of attribution of deposits to terms after the next withdrawal date	286	-	286	287	-	287	219	-	219

(1) Net balance sheet balance and net fair value of financial instruments, except for non-monetary items, after effect of liability with respect to employee rights and attribution of non-maturity deposits to terms.

(2) Includes Israeli currency linked to foreign currency.

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%.
For quantitative information regarding the exposure to changes in interest rates based on other key quantitative metrics, see the Risks Report.

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.

Impact of change scenarios in interest rates on net interest revenues and non-interest financing revenues(4)(1):

	As of June 30, 2026			As of June 30, 2025			As of December 31, 2025		
	Interest revenues	Non-interest financing revenues(3)	Total	Interest revenues	Non-interest financing revenues(3)	Total	Interest revenues	Non-interest financing revenues(3)	Total
Concurrent changes(2)									
Concurrent 1% increase	54	120	174	(32)	344	312	(57)	263	206
Of which: Banking portfolio	46	170	216	(31)	355	324	(64)	284	220
Concurrent 1% decrease	(300)	(19)	(319)	(372)	(182)	(554)	(238)	(176)	(414)
Of which: Banking portfolio	(292)	(16)	(308)	(373)	(185)	(558)	(231)	(114)	(345)

(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) An interest increase/decrease scenario features is an assumption of the purchase/sale of bonds as well as the diversion of checking accounts to deposits.

Impact of scenarios simulating changes in interest rates on shareholders' equity attributed to Bank shareholders:

	As of June 30, 2026	As of June 30, 2025	As of December 31, 2025
		NIS in millions	
Concurrent 1% increase	(74)	(31)	(41)
Concurrent 1% decrease	46	1	13

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 and non-interest revenues, the risk-free interest rate is capped, in accordance with Proper Conduct of Banking Business Directive 333.
- The interest rate increase/decrease scenario includes an assumption that funds are diverted from current accounts to deposits and/or from short-term deposits to current accounts.

Under the concurrent scenario of a 1% interest rate increase, the capital reserve with respect to securities is expected to decrease by NIS 306 million.

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, 2025.

Overall exposure of the Bank and its subsidiaries to changes in interest rates:

	As of June 30, 2026				
	On Call to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years
Financial assets[1]	266,536	31,937	87,176	97,869	33,755
Other amounts receivable[2]	189,560	116,880	179,520	64,924	46,382
Financial liabilities[1]	236,643	46,414	119,765	62,735	40,063
Liabilities with respect to employees' rights	9	12	60	234	202
Other amounts payable[2]	189,743	117,438	179,626	64,930	46,700
Exposure to interest rate fluctuations	29,701	(15,047)	(32,755)	34,894	(6,828)
Additional details on exposure to changes in interest rates					
A. By nature of activity:					
Exposure in bank portfolio	28,204	(15,696)	(52,480)	34,109	(6,852)
Exposure in trading portfolio	1,497	649	19,725	785	24
B. By linkage basis:					
Israeli currency – non-linked	40,745	(28,886)	(41,706)	28,054	(6,913)
Israeli currency – linked to the CPI	(10,221)	3,605	22,213	4,768	1,533
Foreign currency [4]	(823)	10,234	(13,262)	2,072	(1,448)
C. Effect on exposure to interest rate fluctuations					
Financial assets[1], before assumptions	265,124	29,299	79,858	91,074	29,195
Effect of early repayment of residential mortgages[6]	1,412	2,638	7,318	6,795	4,560
Financial assets[1]	266,536	31,937	87,176	97,869	33,755
Financial liabilities[1], before assumptions	279,541	40,798	108,330	60,286	34,737
Effect of attribution to terms of non-maturity deposits[6]	(44,102)	1,830	5,224	9,790	8,096
Effect of attribution of deposits to terms after the next withdrawal date[6][7]	1,204	3,786	6,211	(7,341)	(2,770)
Financial liabilities[1]	236,643	46,414	119,765	62,735	40,063

(1) Excludes balance sheet balances of financial derivatives, fair value of off-balance sheet financial instruments and fair value of complex financial instruments.
(2) Amounts receivable and payable with respect to compound and off-balance sheet derivative financial instruments.
(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 after the next withdrawal date, including the effect of early withdrawal assumptions, amounts to NIS 79,701 million.

							As of December 31, 2025		
Over 5 years to 10 years	**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**
32,527	11,947	1,610	765	564,122	4.44	1.39	534,957	4.58	1.41
21,178	4,407	522	-	623,373		0.72	593,540		0.61
21,413	915	(18)	14	527,944	2.96	0.97	500,149	2.74	0.94
439	607	352	-	1,915		11.41	1,954		11.52
21,046	4,328	510	-	624,321		0.89	594,275		0.80
10,807	10,504	1,288	751	33,315			32,119		
10,403	10,407	1,169	751	10,015		0.12	12,207		0.13
404	97	119	-	23,300		1.04	19,912		1.46
4,787	6,660	641	735	4,117		[5]0.11	7,766		[5]0.18
3,179	3,004	218	-	28,299		[5]1.06	23,968		[5]0.87
2,841	840	429	16	899		[5](0.04)	385		[5](0.10)
33,207	27,907	8,163	765	564,592	4.45	2.03	535,528	4.55	2.05
(680)	(15,960)	(6,553)	-	(470)	(0.02)	(1.41)	(571)	0.02	(1.36)
32,527	11,947	1,610	765	564,122	4.44	1.39	534,957	4.58	1.41
7,901	701	(18)	14	532,290	2.97	1.02	504,583	2.73	0.98
14,051	394	-	-	(4,717)	2.79	1.30	(4,601)	3.03	1.25
(539)	(180)	-	-	371	0.02	(0.17)	167	0.04	(0.15)
21,413	915	(18)	14	527,944	2.96	0.97	500,149	2.74	0.94

Analysis of CPI and exchange rate exposures

Below is analysis of the sensitivity of Bank Group capital to changes in major exchange rates and in the CPI (before tax effect) as of June 30, 2026, capital increase (erosion) (NIS in millions):

				Scenarios	Historical stress scenario[1]	
	10% increase	5% increase	5% decrease	10% decrease	Maximum increase	Maximum decrease
CPI[2]	2,753	1,376	(1,376)	(2,753)	318	(191)
USD	23	10	(19)	(33)	10	(14)
GBP	(1)	(1)	1	2	-	1
JPY	-	-	-	-	-	-
EUR	10	3	(2)	(3)	2	(2)
SFR	-	-	-	-	-	-

(1) Stress scenarios were calculated based on daily changes in the exchange rate and monthly changes in the CPI, in the last 10 years.
(2) Capital sensitivity to a 3% increase / decrease in the CPI is NIS 826 million and NIS (826) million, respectively.

Share price risk

For more information about share price risk, see the 2025 Risks Report available on the Bank website.

For information about equity investments, see Note 5 to these financial statements and Notes 12 and 15.A to the 2025 financial statements.

Liquidity and financing risk

Risk description and development thereof

Liquidity risk – risk due to uncertainty about resource availability and the capacity to realize assets in a specified time at a reasonable price.

Financing risk - is a risk resulting from shortage of financing sources or financing sources' raising costs, which are too high.

Liquidity risk is managed subject to the limitations of the Board of Directors and Management in an effort to minimize the losses deriving from an investment of surplus liquidity in assets that are highly liquid, but have a low yield.

In the first half of 2026 there were no deviations from the Board of Directors' limitations.

Liquidity risk remained low-medium.

As of January 2025, the alert level is "yellow," a decrease from the "orange" alert declared in October 2023.

In March 2026, due to Operation Lion's Roar the level of alert was maintained, while tightening the close monitoring of the markets and the various indicators.

Even in the second quarter of 2026, after the conclusion of the operation, the Bank maintains its level of readiness, and closely monitors the markets and various indicators.

In the first half of 2026, concentration risk for financing sources remained low.

During the first half of 2026, there was no material change in the "comprehensive index" (which averages all indicators related to concentration of financing sources), and its level remained medium.

As of June 30, 2026, the balance of the three largest depositor groups at the Bank Group amounted to NIS 35.0 billion (as of December 31, 2025 and June 30, 2025 the balance amounted to NIS 37.8 billion and NIS 34.9 billion, respectively).

For more information about sources of finance and development of the balance of deposits from the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

For details regarding the Bank's credit rating, see chapter "Corporate governance, audit, other information about the Bank and its management" in these financial statements.

For more information about financing risk, see also the 2025 Risks Report available on the Bank website.

Liquid and pledged assets

As of June 30, 2026, the Bank's liquid assets balance (consolidated) is approx. NIS 112.3 billion, in addition to liquid bonds, which are not recognized for the purpose of calculating the liquid assets. The net total contractual cash outflow (excluding cash inflows from liquid assets) under the cash-flow note (excluding behavioral assumptions) stood at approx. NIS 148.7 billion in a one-day range and approx. NIS 204.1 billion in a one-month range. The Bank holds a sufficient amount in high-quality liquid Level 1 assets (1) to meet its short-term cash needs, including after applying the internal restrictions under the stress scenarios and after the application of the Bank's most conservative internal scenario. The Bank may receive loans from the Bank of Israel(2) and the Fed against a pledge on these liquid assets.

The balance of liquid assets as of June 30, 2026 increased by NIS 11.1 billion due to the raising of excess sources (deposits from the public and bonds) over loans origination.

For a breakdown of the liquid assets, including a reference to pledged assets, see the Liquidity chapter in the Risks Report.

In accordance with Proper Conduct of Banking Business Directive No. 222 - Net stable funding ratio - as of June 30, 2026 the Bank has in place stable financing sources (on a consolidated basis) (mainly capital, deposits of retail customers and long-term wholesale financing) amounting a weighted total of NIS 352.8 billion.

Liquidity coverage ratio

The ratio between liquid assets and net projected cash outflow. Net projected cash outflow is defined as the difference between payments and proceeds over a 30-day period. In accordance with Proper Conduct of Banking Business Directive No. 221 "Liquidity coverage ratio", the minimum regulatory requirement is 100%. This Directive stipulates minimum liquidity ratios for a one-month term (regulatory LCR), calculated based on uniform multipliers for the banking system, specified by the Bank of Israel based on Basel III directives. As part of its risks management policy, the Bank's Board of Directors specified that additional safety cushions are to be maintained, beyond the regulatory minimum ratio; so that the target liquidity coverage ratio for the Bank and the Group would by 5% higher than the minimum required. This ratio is managed and reported for all currencies in aggregate and for NIS separately, both at Bank level and on Group basis. The ratio for the Bank solo and the consolidated ratio are calculated daily and reported as the average of daily

(1) The definition of the liquid assets used by the Bank for management purposes is consistent with the definition set in Proper Conduct of Banking Business Directive No. 221 "Liquidity coverage ratio".

(2) The Bank may receive loans from the Bank of Israel against a pledge on monetary deposits, NIS- and foreign currency-denominated bonds (after application of hair-cut factors) and foreign-currency deposits.

observations over 90 days prior to the report date. This regulation is in addition to liquidity risk management using internal models, as stipulated by Directive 342, as described above. The average liquidity coverage ratio for the second quarter of 2026 was 132%. As of June 30, 2026, the consolidated liquidity coverage ratio stood at 129%.

As of June 30, 2026 - total liquid assets - NIS 112.3 billion; total cash outflows (after weighting) - NIS 184.1 billion; total cash inflows (after weighting) - NIS 96.8 billion; total net cash outflows (after weighting) - NIS 87.3 billion.

As of June 30, 2026, total pledged assets amount to approx. NIS 5.8 billion. These assets not recognized for the purpose of calculating HQLA.

For more information about the liquidity coverage ratio, see the Risks Report available on the Bank website.

Net stable funding ratio

The ratio between the available amount of stable funding – existing sources which are highly likely to be available to the banking corporation within 1 year or longer and the required amount of stable funding – existing uses which the banking corporation is likely to be required to fund within 1 year or longer. Proper Conduct of Banking Business Directive No. 222 "Net stable funding ratio" stipulated a minimum net stable funding ratio of 100% ("Regulatory NSFR") between available stable funding and required stable funding. As part of its risks management policy, the Bank’s Board of Directors specified that additional safety cushions are to be maintained, beyond the regulatory minimum ratio; so that the net stable financing ratio for the Group would be 5% higher than the minimum required. This ratio is managed and reported in total for all currencies, on a consolidated basis.

As of June 30, 2026, net stable funding ratio (on a consolidated basis) stood at 110%, compared to 112% as of the end of 2025 and 112% as of June 30, 2025.

No deviations from the risk appetite limitations were recorded.

For more information regarding the stable funding ratio, see the Risks Report available on the Bank website.

For more information about the Bank's cash flows by maturity, see Note 15 to the financial statements.

The Bank consistently acts, as part of its strategy on resource and use management, to raise long-term sources.

The Bank's NIS-denominated on-balance-sheet sources for terms longer than 1 month, as a percentage of total NIS-denominated sources as of June 30, 2026, was 61% (similar to March 31, 2026), of which the rate of on-balance-sheet sources for terms longer than 1 year is 15% (as of March 31, 2026 - 16%).

Most of the Bank's on-balance-sheet sources in foreign currency as of June 30, 2026 are for terms of up to 1 year, constituting 93% of total foreign currency-denominated sources (as of March 31, 2026 - 91%), of which 33% are sources for terms longer than 3 months (as of March 31, 2026 - 36%).

The NIS-denominated sources have longer terms than foreign currency-denominated sources, in line with the longer-term use of NIS-denominated funds, primarily for mortgages denominated in NIS.

The Bank maintains high foreign currency surpluses, and closely manages its liquidity based on specified guidelines, including regular review of the Bank’s stability under systemic emergency scenarios.

The Bank also enters into futures of significant volume to divert excess liquidity between NIS and foreign currency in conformity with the terms, as part of dynamic management of sources and uses.

For more information about raising sources and development of the balance of deposits from the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

For more information regarding the liquidity risk, see the 2025 Report of the Board of Directors and Risks Report available on the Bank website.

Operational Risk

For additional details on the operating risk including business continuity risks, information security and cyber risk, information technology risk, legal risk, and model risk see the Report of the Board of Directors and Risks Report for 2025.

Legal risk

Legal risk remained Low-medium. In the current quarter there were no extraordinary events which may affect the Bank's 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 components of the legal risk, its boundaries (stemming, for example, from the counterparty's identity, the manner in which collateral is created, etc.) and its specific characteristics, while assessing the level of risk and exposure thereto having regard to the Bank's various lines of business, and accordingly provides ongoing legal advice to the Bank and its various units.

Model risk

Model risk may arise from making decisions or taking actions based on an erroneous model outcome or from an incorrect use of model outcomes. The materialization of the risk might lead to financial losses, incorrect strategic results or damage to the Bank's reputation.
The model risk remained low-medium; it is based on the model risk map maintained by the Bank. It is noted that most of the Bank's models are decision support models, and that the risk is closely managed by the Bank under an orderly corporate governance framework and work processes. 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 directive came into effect in August 2025 with transitional provisions regarding the existing models. The Bank is applying the directive in accordance with the prescribed timelines.
The Bank commenced the implementation of AI and GenAI-based models, which give rise to unique model risks, and accordingly, the Bank has in place adequate validation and control mechanisms in order to ensure that the risk is properly mitigated.

Other risks

For further details on other risks including compliance and regulation risks, cross-border risks, money laundering risks, terror financing risks, reputational risks, strategic business risks and regulatory business risks, see the Report of the Board of Directors and the Risks Report for 2025.

Reputational risk

The Bank's reputational risk remained Low. The Bank regularly monitors various benchmarks and indicators with regard to its reputation, indicating that the Bank has maintained a distinct reputational image among its customers. Furthermore, the customer experience remained high and stable over time and customer sentiment with regard to the Bank as reflected on social media is positive and eclipses that of its competitors. Mizrahi Tefahot's leading reputational performance is also maintained in the mortgages domain.

The Banking Supervision Department's survey for business customers, published in May 2026, indicates that the Bank also leads among business customers: It leads in satisfaction with telephone service, with banker availability, knows business owners' needs best, and is best at guiding business customers in making financial decisions.

Policies and critical accounting estimates, controls and procedures

Policies and critical accounting estimates

The Financial Statements of the Bank have been prepared in accordance with the Public Reporting Directives of the Supervisor of Banks. These directives largely adopt the accounting principles generally accepted in the United States (US GAAP). These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2025.

The significant accounting policies are detailed in Note 1 to the 2025 financial statements.

The application of generally accepted accounting principles by management at the time that the financial statements are prepared occasionally involves various assumptions, assessments and estimates that affect the amounts and business results reported in the financial statements. Some of the assumptions, assessments and estimates are critical to the financial position or the results of operations reflected in the Group's financial statements, because of the materiality of the matter, complexity of calculations or the extent of the probability that matters shrouded in uncertainty will be realized.

Management estimates and key assumptions used in applying accounting policy to these financial statements are consistent with those used to prepare the financial statements as of December 31, 2025. For more information about accounting policies on critical matters, see chapter "Policies and critical accounting estimates" of the 2025 Report of the Board of Directors and Management.

Provision for credit losses

The Bank has put in place procedures for classification of credit and for measurement of provision for credit losses, in order to maintain an appropriate provision to cover expected credit losses with regard to the Bank's loan portfolio. Further, the Bank has put in place procedures to be followed for an appropriate provision to cover expected credit losses with regard to bonds held to maturity and the portfolio of bonds available for sale and certain off-balance sheet credit exposures. The estimated provision for expected credit losses is calculated over the contractual term of the financial asset, taking into account estimated early repayment.

Sensitivity of provisions for credit losses to changes in economic conditions is due to a significant number of connections and mutual effects: Effect on certain customers who cannot meet their obligations, and consequently subject to a specific provision; effect on certain customers who are facing difficulties that require classification as inferior or under special supervision, and consequently the group-based provision with respect thereto has increased; effect on the additional qualitative component of the group-based provision, through parameters of growth and unemployment that are part of the model; additional effect on the additional qualitative component, through other parameters affected by unemployment and growth, such as the number of Watchlists and average rating of customers and other effects not included in the models, if any, based on exercise of discretion.

Expenses with respect to credit losses in the first half of 2026 amounted to NIS 121 million, compared to NIS 159 million in the corresponding half last year. The components of the collective provision for credit losses calculated on a qualitative basis are subject to adjustments from time to time, in order to reflect the changes in the credit risk in the market due to the ongoing fighting (at various levels of intensity) and the associated uncertainty, both with respect to customers living in the conflict zones, who may face difficulties, and with respect to macro-economic and other developments which may affect everyone in Israel.

This also reflects the risk potential due to customers, the repayment of whose loans was postponed for a limited period, and in respect of customers, the repayment of whose loans was resumed after such postponement. This was done despite the fact that when the adjustments were made no material indicators of increase in this risk have been identified. Upon conclusion of the war and the reduction in uncertainty levels, these components of the collectie provision are expected to decrease, other than the recognized amounts, as required, with respect to specific customers who faced difficulties due to the war.

The risk assessment for debts with deferred payments takes into account the customer's history at the Bank, including failures to pay and arrears in the past, as expressed in the risk rating given prior to the deferral. As a rule, deferral of payments is not granted customers in arrears of over 180 days, or to a customer who upon the deferral date has indications of difficulties in long-term repayment capabilities. In cases featuring indications of an ongoing difficulty in a customer's repayment ability, which is not a temporary difficulty that is expected to end with the end of the war, or in cases in which the customer needs a redemption arrangement that includes a waiver on the move to deferring payments, the Bank's policy is to classify the customer during the deferral period. This, while taking into account the support the customer receives within the framework of various state programs. Note that the risk potential attributed to the loans population in deferring the payments, including regarding uncertainty regarding the customer's current repayment ability, is expressed both in the customer's internal rating, and in the qualitative component of the collective provision to credit losses.

In order to establish the provision with respect to impact of the war and other effects, the Bank conducted independent sensitivity analysis of potential effects of deterioration in macroeconomic parameters on default rates. The collective provision recognized by the Bank with respect to uncertainty is similar to total loss under the stress scenario of short-term decline by 1.5% in the GDP, a 0.3% increase in Bank of Israel interest rate, a 0.25% increase in mortgage interest, and a rise in unemployment to 3.8%.

This information constitutes forward-looking information, as defined in the Securities Law, 1968, based on assumptions, facts and data (hereinafter jointly: "assumptions") brought before the Bank's Board of Directors. These assumptions may not materialize due to factors which are not solely controlled by the Bank.

See Notes 6 and 13 to the financial statements for further information.

Controls and Procedures

In accordance with the Public Reporting Directives of the Supervisor of Banks, based on requirements stipulated in Sections 302 and 404 of the American Sarbanes Oxley Law, the Bank President & CEO and the Chief Accountant of the Bank have each separately signed a Certification attached to the financial statements on "Disclosure Controls and Procedures (hereinafter: "Disclosure Certification").
The Disclosure Certification relates to the controls and procedures that were designed to assure that the information that the Bank requires for disclosure in accordance with the Public Reporting Regulations of the Supervisor of Banks, is accumulated, processed and sent to the Bank's Executive Management in a manner that enables decisions to be reached at an appropriate time, with respect to disclosure requirements. The certification also refers to setting of internal controls over financial reporting intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements for external use are prepared in accordance with the directives and guidelines of the Supervisor of Banks.

Evaluation of controls and procedures with regard to disclosure
Bank management, together with the Bank President & CEO and the Chief Accountant of the Bank, evaluated the effectiveness of the Bank's disclosure controls and procedures as of June 30, 2026. Based on this evaluation, the Bank President & CEO and the Chief Accountant of the Bank concluded that at the end of the period ended June 30, 2026, the disclosure controls and procedures are effective for recording, processing, summarizing and reporting the information that the Bank is required to disclose in the quarterly report in accordance with the Supervisor of Banks' directives, on the date stipulated in these directives.

Changes to internal controls

During the quarter ending June 30, 2026, there were no changes to the Bank's internal controls over financial reporting, which materially affected, or are reasonably likely to materially affect internal controls over the Bank's financial reporting.

Avraham Zeldman
Chairman of the Board of Directors

Moshe Lari
President & CEO

Approval date:
Lod,
August 16, 2026

Certification

I, MOSHE LARI, certify that:

1. I have reviewed the quarterly report of Bank Mizrahi Tefahot Ltd. (hereinafter: "the Bank") for the quarter ended June 30, 2026 (hereinafter: “the Report”).
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact nor omit to state any material fact necessary so that the statements included therein, in light of the circumstances under which such statements were made, would not be misleading with respect to the period covered by the Report.
3. Based on my knowledge, the quarterly financial statements and other financial information included in the Report fairly present, in all material respects, the financial condition, results of operations, and changes in shareholders’ equity and cash flows of the Bank as of the dates and for the periods presented in this Report.
4. I and others at the Bank who provide this certification, are responsible for determining and maintaining controls and procedures with regard to disclosure(1) and to the Bank's internal controls over financial reporting(1). As well as:
   a. We have determined such controls and procedures, or caused these controls and procedures to be determined under our supervision, for the purpose of ensuring that material information relating to the Bank, including its subsidiaries, is made known to us by others in the Bank and in those entities, particularly during the period in which the Report is being prepared;
   b. We have set such internal controls over financial reporting, or had it set under our supervision, intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements for external use are prepared in accordance with the directives and guidelines of the Supervisor of Banks. As stated in Note 1 to the annual financial statements, the directives of the Supervisor of Banks largely adopt the accounting principles generally accepted in the United States (US GAAP);
   c. We have evaluated the effectiveness of the Bank’s disclosure controls and procedures and have presented in this report our conclusions about the effectiveness of the disclosure controls and procedures in this Report, as of the end of the period covered by this Report based on our evaluation; and
   d. We have disclosed in this Report any change in the Bank’s internal controls over financial reporting that occurred during this quarter, that has materially affected, or is reasonably likely to materially affect, the Bank’s internal controls over financial reporting; and
5. I and others in the Bank who are declaring this certification, have disclosed, based on our most recent evaluation of the internal controls over financial reporting, to the Bank’s independent auditors, the Board of Directors, the Audit Committee and the Balance Sheet Committee of the Board of Directors of the Bank:
   a. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting which are reasonably likely to impair the Bank’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank’s internal controls over financial reporting.

The aforesaid does not derogate from my responsibility or the responsibility of any other person according to the law.

Moshe Lari
President & CEO

August 16, 2026

(1) As defined in Public Reporting Directives with regard to "Report of the Board of Directors and Management".

Certification

I, MENAHEM AVIV, certify that:

1. I have reviewed the quarterly report of Bank Mizrahi Tefahot Ltd. (hereinafter: "the Bank") for the quarter ended June 30, 2026 (hereinafter: “the Report”).
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact nor omit to state any material fact necessary so that the statements included therein, in light of the circumstances under which such statements were made, would not be misleading with respect to the period covered by the Report.
3. Based on my knowledge, the quarterly financial statements and other financial information included in the Report fairly present, in all material respects, the financial condition, results of operations, and changes in shareholders’ equity and cash flows of the Bank as of the dates and for the periods presented in this Report.
4. I and others at the Bank who provide this certification, are responsible for determining and maintaining controls and procedures with regard to disclosure(1) and to the Bank's internal controls over financial reporting(1). As well as:
    a. We have determined such controls and procedures, or caused these controls and procedures to be determined under our supervision, for the purpose of ensuring that material information relating to the Bank, including its subsidiaries, is made known to us by others in the Bank and in those entities, particularly during the period in which the Report is being prepared;
    b. We have set such internal controls over financial reporting, or had it set under our supervision, intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements for external use are prepared in accordance with the directives and guidelines of the Supervisor of Banks. As stated in Note 1 to the annual financial statements, the directives of the Supervisor of Banks largely adopt the accounting principles generally accepted in the United States (US GAAP);
    c. We have evaluated the effectiveness of the Bank’s disclosure controls and procedures and have presented in this report our conclusions about the effectiveness of the disclosure controls and procedures in this Report, as of the end of the period covered by this Report based on our evaluation; and
    d. We have disclosed in this Report any change in the Bank’s internal controls over financial reporting that occurred during this quarter, that has materially affected, or is reasonably likely to materially affect, the Bank’s internal controls over financial reporting; and
5. I and others in the Bank who are declaring this certification, have disclosed, based on our most recent evaluation of the internal controls over financial reporting, to the Bank’s independent auditors, the Board of Directors and the Audit and Balance Sheet Committees of the Board of Directors of the Bank:
    a. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting which are reasonably likely to impair the Bank’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank’s internal controls over financial reporting.

The aforesaid does not derogate from my responsibility or the responsibility of any other person according to the law.

Menahem Aviv

Vice-president
Chief Accountant

August 16, 2026

(1) As defined in Public Reporting Directives with regard to "Report of the Board of Directors and Management".

Auditor's review report to shareholders of Bank Mizrahi-Tefahot Ltd

Introduction

We have reviewed the enclosed financial information of Bank Mizrahi Tefahot Ltd. and subsidiaries thereof (hereinafter - "the Bank"), consisting of the condensed consolidated interim balance sheet as of June 30, 2026 and the condensed consolidated interim statements of profit and loss, comprehensive income, changes to shareholder equity and cash flows for the six -month and three-month periods then ended. The Board of Directors and Management are responsible for the preparation and fair disclosure of financial information for these interim periods in accordance with directives and guidelines set by the Supervisor of Banks. We are responsible for expressing our conclusion with regard to financial information for these interim periods, based on our review.

We did not review the condensed interim financial information of certain consolidated subsidiaries, whose assets included in consolidation constitute 3.51% of total consolidated assets as of June 30, 2026, and whose net interest revenues before expenses with respect to credit losses included in the consolidated statements of profit and loss constitute 4.94% and 4.83% of total consolidated net interest revenues before expenses with respect to credit losses, respectively, for the six-month and three-month periods then ended. The condensed financial information for interim periods of these companies was reviewed by other auditors, whose review reports were furnished to us, and our opinion, insofar as it relates to amounts included with respect to these companies, is based on the review reports of the other auditors.

Review scope

We have conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel "Review of Financial Information for Interim Periods Conducted by the Entity's Independent Auditor" and with the review standard whose application to review of banking corporations is stipulated in accordance with directives and guidance of the Supervisor of Banks. A review of financial information for interim periods consists of discussions, mostly with persons responsible for financial and accounting issues, and of application of analytical and other review procedures. A review is significantly limited in scope as compared to an audit conducted in accordance with generally accepted audit standards in Israel, and therefore it does not enable us to achieve assurance that we have knowledge of all material matters which might have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, and on the review reports of other auditors, nothing has come to our attention that would cause us to assume that the aforementioned financial information has not been prepared, in all material aspects, in accordance with the directives and guidelines set by the Supervisor of Banks (hereinafter: the “Directives”).

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

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

Tel Aviv, August 16, 2026

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Bank Mizrahi Tefahot

Condensed financial statements as of June 30, 2026

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Condensed consolidated statements of profit and loss

Reported amounts (NIS in millions)

		For the three months ended June 30		For the six months ended June 30		For the year ended December 31
		2026	2025	2026	2025	2025
	Note	(Unaudited)				(Audited)
Interest revenues	2	7,259	7,182	13,519	13,378	26,703
Interest expenses	2	4,247	4,089	7,814	7,486	14,976
Interest revenues, net		3,012	3,093	5,705	5,892	11,727
Expenses with respect to credit losses	6,13	90	56	121	159	228
Interest revenues, net after expenses with respect to credit losses		**2,922**	**3,037**	**5,584**	**5,733**	**11,499**
Non-interest revenues						
Non-interest financing revenues	3	171	43	357	185	387
Commissions		596	590	1,183	1,123	2,251
Other revenues		23	65	40	137	223
Total non-interest revenues		**790**	**698**	**1,580**	**1,445**	**2,861**
Operating and other expenses						
Payroll and associated expenses		830	857	1,673	1,734	3,348
Maintenance and depreciation of buildings and equipment		262	269	536	529	1,081
Other expenses		195	197	406	399	810
Total operating and other expenses		**1,287**	**1,323**	**2,615**	**2,662**	**5,239**
Pre-tax profit		2,425	2,412	4,549	4,516	9,121
Provision for taxes on profit		949	910	1,789	1,674	3,280
After-tax profit		**1,476**	**1,502**	**2,760**	**2,842**	**5,841**
Share of profits of associated companies, after tax effect		7	6	15	11	17
Net profit:						
Before attribution to non-controlling interests		1,483	1,508	2,775	2,853	5,858
Attributable to non-controlling interests		(55)	(55)	(109)	(110)	(228)
Attributable to shareholders of the Bank		**1,428**	**1,453**	**2,666**	**2,743**	**5,630**

The accompanying notes are an integral part of the financial statements.

Avraham Zeldman	**Moshe Lari**	**Menahem Aviv**
Chairman of the Board of Directors	President & CEO	Vice-president Chief Accountant

Approval date:
Lod, August 16, 2026

Condensed consolidated statements of profit and loss – Continued

Reported amounts (NIS in millions)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	**2025**	**2026**	**2025**	**2025**
		(Unaudited)	**(Unaudited)**		**(Audited)**
Earnings per share[1] (in NIS)					
Basic earnings					
Net profit attributable to shareholders of the Bank	5.49	5.60	10.25	10.58	21.69
Weighted average number of ordinary shares used to calculate basic earnings (thousands of shares)	260,107	259,402	260,036	259,228	259,576
Diluted earnings					
Net profit attributable to shareholders of the Bank	5.43	5.56	10.22	10.51	21.58
Weighted average number of ordinary shares used to calculate diluted earnings (thousands of shares)	262,976	261,150	260,966	260,866	260,914

(1) Share of NIS 0.1 par value.

Condensed consolidated statements of comprehensive income

Reported amounts (NIS in millions)

	Note	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
		2026	**2025**	**2026**	**2025**	**2025**
	Note	**(Unaudited)**		**(Unaudited)**		**(Audited)**
Net profit:						
Before attribution to non-controlling interests		1,483	1,508	2,775	2,853	5,858
Attributable to non-controlling interests		(55)	(55)	(109)	(110)	(228)
Net profit attributable to shareholders of the Bank		**1,428**	**1,453**	**2,666**	**2,743**	**5,630**
Other comprehensive income (loss) before taxes	4					
Adjustments for presentation of available-for-sale bonds at fair value, net		129	169	(63)	157	413
Net gains from cash flow hedges		(50)	(1)	(50)	(1)	(9)
Adjustments of liabilities with respect to employee benefits		(35)	(67)	55	(4)	59
Total other comprehensive income (loss), before tax		**44**	**101**	**(58)**	**152**	**463**
Related tax effect		(14)	(34)	19	(50)	(155)
Other comprehensive income (loss) after taxes[(1)]						
Other comprehensive income (loss), before attribution to non-controlling interests		30	67	(39)	102	308
Less other comprehensive income (loss) attributed to non-controlling interests		3	3	(10)	6	18
Other comprehensive income (loss) attributed to shareholders of the Bank, after taxes		**27**	**64**	**(29)**	**96**	**290**
Comprehensive income:						
Before attribution to non-controlling interests		1,513	1,575	2,736	2,955	6,166
Attributable to non-controlling interests		(58)	(58)	(99)	(116)	(246)
Comprehensive income attributable to shareholders of the Bank		**1,455**	**1,517**	**2,637**	**2,839**	**5,920**

(1) For more information see Note 4 to the financial statements – cumulative other comprehensive income (loss).

The accompanying notes are an integral part of the financial statements.

Condensed consolidated balance sheets

Reported amounts (NIS in millions)

		As of June 30		As of December 31
		2026	2025	2025
	Note		(Unaudited)	(Audited)
Assets				
Cash and deposits with banks		77,734	78,885	82,849
Securities(1)(2)	5	56,459	39,704	47,903
Securities borrowed or purchased in resale agreements		64	473	593
Loans to the public	6,13	427,378	380,699	404,355
Provision for credit losses	6,13	(3,652)	(4,027)	(3,854)
Loans to the public, net	6,13	423,726	376,672	400,501
Loans to Governments		286	299	347
Investments in associated companies		731	375	481
Buildings and equipment		2,243	1,906	2,159
Intangible assets and goodwill		87	102	87
Assets with respect to derivatives	11	7,068	9,465	6,293
Other assets		12,417	9,406	9,960
Total assets		**580,815**	**517,287**	**551,173**
Liabilities and Equity				
Deposits from the public	7	474,424	417,394	448,397
Deposits from banks		1,998	2,497	2,058
Deposits from the Government		83	128	197
Bonds and subordinated notes		40,627	36,332	40,365
Liabilities with respect to derivatives	11	8,016	10,204	7,028
Other liabilities (3)		17,845	16,085	16,700
Total liabilities		**542,993**	**482,640**	**514,745**
Shareholders' equity attributable to shareholders of the Bank		36,100	33,114	34,765
Non-controlling interests		1,722	1,533	1,663
Total equity		**37,822**	**34,647**	**36,428**
Total liabilities and equity		**580,815**	**517,287**	**551,173**

(1) Of which: NIS 52,213 million at fair value on a consolidated basis (on June 30, 2025 - NIS 35,412 million, and on December 31, 2025 - NIS 43,552 million).

(2) For more information with regard to securities pledged or provided as collateral to lenders, see Note 5 to the financial statements.

(3) Of which: Provision for credit losses with respect to off-balance sheet credit instruments amounting to NIS 275 million (on June 30, 2025 - NIS 242 million and on December 31, 2025 - NIS 247 million).

The accompanying notes are an integral part of the financial statements.

Condensed Statements of Changes in Shareholders' Equity

Reported amounts (NIS in millions)

	Share capital and premium[(1)]	Capital reserve from benefit from share-based payment transactions	Total paid-up share capital and capital reserves	Cumulative other comprehensive income (loss)[(2)]	Retained earnings[(3)]	Total shareholders' equity	Non-controlling interests	Total equity
	For the three months ended June 30, 2026 (unaudited)							
Balance as of March 31, 2026	3,656	129	3,785	19	31,442	35,246	1,664	36,910
Net profit for the period	-	-	-	-	1,428	1,428	55	1,483
Dividends paid[(4)]	-	-	-	-	(619)	(619)	-	(619)
Benefit from share-based payment transactions[(4)]	-	18	18	-	-	18	-	18
Realization of share-based payment transactions	10	(10)	-	-	-	-	-	-
Other comprehensive income, net, after tax	-	-	-	27	-	27	3	30
Balance as of June 30, 2026	**3,666**	**137**	**3,803**	**46**	**32,251**	**36,100**	**1,722**	**37,822**
	For the three months ended June 30, 2025 (unaudited)							
Balance as of March 31, 2025	3,601	126	3,727	(183)	28,550	32,094	1,475	33,569
Net profit for the period	-	-	-	-	1,453	1,453	55	1,508
Dividends paid[(4)]	-	-	-	-	(516)	(516)	-	(516)
Benefit from share-based payment transactions[(5)]	-	19	19	-	-	19	-	19
Realization of share-based payment transactions	51	(51)	-	-	-	-	-	-
Other comprehensive income, net, after tax	-	-	-	64	-	64	3	67
Balance as of June 30, 2025	**3,652**	**94**	**3,746**	**(119)**	**29,487**	**33,114**	**1,533**	**34,647**

Condensed Statement of Changes in Shareholders' Equity – Continued

Reported amounts (NIS in millions)

	Share capital and premium[1]	Capital reserve from benefit from share-based payment transactions	Total paid-up share capital and capital reserves	Cumulative other comprehensive income (loss)[2]	Retained earnings[3]	Total shareholders' equity	Non-controlling interests	Total equity
				For the six months ended June 30, 2026 (unaudited)				
Balance as of December 31, 2025	3,655	129	3,784	75	30,906	34,765	1,663	36,428
Net profit for the period	-	-	-	-	2,666	2,666	109	2,775
Dividends paid[4]	-	-	-	-	(1,321)	(1,321)	-	(1,321)
Benefit from share-based payment transactions	-	19	19	-	-	19	-	19
Realization of share-based payment transactions	11	(11)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(40)	(40)
Other comprehensive income (loss), net, after tax	-	-	-	(29)	-	(29)	(10)	(39)
Balance as of June 30, 2026	**3,666**	**137**	**3,803**	**46**	**32,251**	**36,100**	**1,722**	**37,822**
				For the six months ended June 30, 2025 (unaudited)				
Balance as of December 31, 2024	3,571	154	3,725	(215)	27,782	31,292	1,437	32,729
Net profit for the period	-	-	-	-	2,743	2,743	110	2,853
Dividends paid[4]	-	-	-	-	(1,038)	(1,038)	-	(1,038)
Benefit from share-based payment transactions[5]	-	21	21	-	-	21	-	21
Realization of share-based payment transactions	81	(81)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(20)	(20)
Other comprehensive income (loss), net, after tax	-	-	-	96	-	96	6	102
Balance as of June 30, 2025	**3,652**	**94**	**3,746**	**(119)**	**29,487**	**33,114**	**1,533**	**34,647**
				For the year ended December 31, 2025 (audited)				
Balance as of December 31, 2024	3,571	154	3,725	(215)	27,782	31,292	1,437	32,729
Net profit for the period	-	-	-	-	5,630	5,630	228	5,858
Dividends paid[4]	-	-	-	-	(2,506)	(2,506)	-	(2,506)
Benefit from share-based payment transactions[5]	-	59	59	-	-	59	-	59
Realization of share-based payment transactions	84	(84)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(20)	(20)
Other comprehensive income (loss), net, after tax	-	-	-	290	-	290	18	308
Balance as of December 31, 2025	**3,655**	**129**	**3,784**	**75**	**30,906**	**34,765**	**1,663**	**36,428**

(1) Share premium generated prior to March 31, 1986.
(2) For more information see Note 4 – Cumulative other comprehensive income.
(3) For information about various restrictions on dividend distribution, see Note 24 to the 2025 financial statements.
(4) For more information regarding dividends paid, see Note 24 to the 2025 Financial Statements.

- On August 16, 2026, the Bank's Board of Directors resolved to distribute a dividend totaling NIS 714.0 million, which constitutes 50% of net profit in the second quarter of 2026, in accordance with the Bank's dividend policy. In accordance with accounting principles, this amount will be derecognized from retained earnings in the third quarter of 2026.

The accompanying notes are an integral part of the financial statements.

Condensed statements of cash flows

Reported amounts (NIS in millions)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)		(Unaudited)		(Audited)
Cash Flows from Current Activity					
Net profit before attribution to non-controlling interests	1,483	1,508	2,775	2,853	5,858
Adjustments					
Share of banking corporation in undistributed earnings of associated companies	(7)	(6)	(15)	(11)	(17)
Depreciation of buildings and equipment (including impairment)	79	73	151	143	289
Expenses with respect to credit losses	90	56	121	159	228
Loss (gain) from sale of securities available for sale and shares not held for trading	(10)	(11)	(52)	(16)	(63)
Realized and unrealized loss (gain) from adjustment to fair value of securities held for trading	(2)	(5)	(4)	(7)	(6)
Realized and unrealized loss (gain) from adjustments to fair value of shares not held for trading	(79)	(33)	(76)	(29)	(126)
Impairment (increase in value) of securities held for sale and shares not held for trading	2	1	12	(27)	(27)
Expenses arising from share-based payment transactions	18	19	19	21	59
Deferred taxes, net	55	39	120	60	237
Change in employees' provisions and liabilities	15	24	21	22	38
Adjustments with respect to exchange rate differentials	250	725	294	567	1,021
Gain from sale of loan portfolios	(20)	-	(20)	-	(16)
Accrual differences included with investment and financing operations	593	(1)319	839	(1)(822)	1,301
Net change in current assets					
Assets with respect to derivatives	(704)	(3,743)	(825)	(3,940)	(776)
Securities held for trading	(1,108)	(28)	620	1,158	(96)
Other assets, net	(1,806)	(794)	(2,184)	(1,298)	(2,356)
Net change in current liabilities					
Liabilities with respect to derivatives	1,901	5,229	988	5,081	1,905
Other liabilities	1,881	(409)	803	1,197	2,088
Net cash provided by current operations	**2,631**	**2,964**	**3,587**	**5,111**	**9,541**

(1) Reclassified.

The accompanying notes are an integral part of the financial statements.

Condensed statements of cash flows – Continued

Reported amounts (NIS in millions)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
		(Unaudited)		(Unaudited)	(Audited)
Cash flows from investment activities					
Net change in deposits with banks	403	(120)	395	(530)	(298)
Net change in loans to the public	(7,582)	[1](11,369)	(17,863)	[1](17,527)	(37,474)
Net change in loans to Governments	49	15	61	19	(29)
Net change in securities loaned or acquired in resale agreements	(57)	(396)	529	(209)	(329)
Acquisition of bonds held to maturity	(60)	(30)	(589)	(35)	(618)
Proceeds from redemption of bonds held to maturity	80	372	637	374	1,060
Purchase of securities available for sale and shares not held for trading	(20,618)	[1](13,612)	(32,062)	[1](17,555)	[1](51,889)
Proceeds from sale of securities available for sale and shares not held for trading	5,829	3,484	15,088	5,772	19,386
Proceeds from redemption of securities available for sale	6,520	618	10,866	2,894	22,679
Proceeds from sale of loan portfolios	20	120	20	120	136
Purchase of loan portfolios – public	(389)	(606)	(1,549)	(935)	(1,797)
Acquisition of buildings and equipment	(102)	(100)	(235)	(197)	(596)
Purchase of shares in associated companies	(204)	(101)	(257)	(103)	(207)
Proceeds from realized investment in associated companies	3	1	22	2	6
Net cash provided by investment activities	**(16,108)**	**(21,724)**	**(24,937)**	**(27,910)**	**(49,970)**
Cash flows provided by financing operations					
Net change in deposits from the public	19,578	16,414	18,283	20,708	41,331
Net change in deposits from banks	10	595	(60)	(102)	(541)
Net change in deposits from Government	(10)	102	(114)	79	148
Net change in securities loaned or sold in re-sale agreements	-	-	-	-	-
Issuance of bonds and subordinated notes	5,000	-	9,531	5,176	9,344
Redemption of bonds and subordinated notes	(7,055)	(5,539)	(9,355)	(5,726)	(6,399)
Dividends paid to shareholders	(619)	(516)	(1,321)	(1,038)	(2,506)
Dividends paid to external shareholders in subsidiaries	-	-	(40)	(20)	(20)
Net cash provided by financing operations	**16,904**	**11,056**	**16,924**	**19,077**	**41,357**
Increase (decrease) in cash	3,427	(7,704)	(4,426)	(3,722)	928
Cash balance at beginning of the period	74,098	86,228	81,995	82,088	82,088
Effect of changes in exchange rate on cash balances	(250)	(725)	(294)	(567)	(1,021)
Cash balance at end of the period	**77,275**	**77,799**	**77,275**	**77,799**	**81,995**
Interest and taxes paid / received					
Interest received	5,162	[1]5,419	9,837	[1]9,807	19,956
Interest paid	3,711	3,421	6,661	6,526	12,717
Dividends received	23	12	40	19	77
Income taxes received	93	8	442	331	331
Income taxes paid	1,071	869	1,902	1,723	3,653
Appendix A – Non-cash Transactions					
Acquisition of buildings and equipment	-	-	-	-	-

(1) Reclassified.

The accompanying notes are an integral part of the financial statements.

Note 1 – Reporting Principles and Accounting Policies

A. General

On August 16, 2026, the Bank's Board of Directors approved the publication of the condensed financial statements as of June 30, 2026.

The Concise Financial Statements have been prepared in accordance with the Public Reporting Directives of the Supervisor of Banks and his guidelines (hereinafter - the "Supervisor of Banks' Directives"). These directives largely adopt the accounting principles generally accepted in the United States (US GAAP). These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2025.

In accordance with the Supervisor of Banks' Directives, the condensed financial statements are issued on a consolidated basis only.

The Group accounting policies in these condensed consolidated quarterly financial statements are consistent with the policies applied in the annual financial statements, except as noted in section C. below.

B. Regulatory steps to address the increase in the credit risk in the construction and real estate industries and the housing market

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". This circular was published in order to address the increase in the credit risk in the construction and real estate industries and the housing market due to agreements to finance residential projects where the proportion of sale contracts with a significant portion of the consideration payable to the developer is postponed to the delivery date exceeds 40% (hereinafter - "non-linear payment").

Set forth below is the Amendment to Proper Conduct of Banking Business Directive No. 203 "Measurement and Capital Adequacy":

Section 79 was revised such that the list of assets with risk weight of 150% includes (off and on-balance sheet) credit extended in respect of a new agreement to finance a residential project where the proportion of property sale contracts with non-linear payment exceeds 25% of the agreement's total property sale contracts. In respect of existing projects where the proportion of property sale contracts (in units) with non-linear payment exceeds 25% of total contracts - the credit shall be subject to risk weight of 150% only if the proportion of such contracts increases by more than 5 percentage points compared to the rate on the effective date. The above shall also apply to agreements to finance new projects, in respect of contracts signed before the construction financing started.

Set forth below is the Amendment to Proper Conduct of Banking Business Directive 329 concerning "Restrictions on provision of residential mortgages":

Section 8A was added, which limits the proportion of bullet and balloon loans, as defined in Section 1 to the Directive, which are subsidized by the developer, such that those loans will not exceed 10% of total residential mortgages extended in a calendar quarter as defined in Section 3 to Directive 451, net of general-purpose loans. With regard to this matter, transitional provisions were set whereby the abovementioned limit will not apply to bullet and balloon residential mortgages subsidized by the developer, to which the Bank has given an in-principle approval, as defined in Directive 451, prior to the Directive's effective date.

The effective date of the amendment to the directives is the circular's publication date, and it will be in effect through December 31, 2026.

As of June 30, 2026, the revision of the Directive has no material effect on the Bank's capital ratios, and it is not expected to have a material effect at a later stage.

Note 1 – Reporting Principles and Accounting Policies – continued

C. Initial application of accounting standards, accounting standard updates and directives of the Supervisor of Banks

As from the reporting period commencing on January 1, 2026 (unless otherwise stated), the Bank applies the following new accounting standards and directives:

1. Update to Proper Conduct of Banking Business Directive 206 Capital Measurement and Adequacy – Operational Risk

On June 19, 2024, the Bank Supervisor published a circular that updates the guidelines for calculating capital requirements for operating risk. The principal revisions to the directive are as follows: Recalculation of the components of the standardized approach such that it includes the business indicator component calculated by multiplying the total business indicator by the coefficients set in the directive and the internal loss multiplier, which will be based on an average of the Bank's historical losses, and new guidance regarding the Bank's historical loss data, the data collection method, the use of the data and the disclosure requirements in respect thereof. The directive entered into effect on January 1, 2026 however, through December 31, 2028, the internal loss multiplier will be set at 1.
The Bank applies the recalculation to the measurement of the operational risk. The application of the directive did not have a material effect on the Bank's capital ratios. For further details, see Note 9 below.

2. Reporting to the Public Directive regarding "Revision of Disclosure in the Statement of Profit and Loss and on Additional Topics in Public Reports"

In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03 regarding the disaggregation of selected income statement expenses in a separate note (hereinafter: "the Update").

In order to align the disclosure in the statements of profit and loss and the notes to the financial statements with the disclosures provided by banks in the United States, on June 9, 2026, the Supervisor of Banks published the Reporting to the Public Directive regarding "Revision of Disclosure in the Statement of Profit and Loss and on Additional Topics in Public Reports" (hereinafter: "the Directive"). The Directive details the adjustments required in the statement of profit and loss and the notes relevant to the Update.

In addition, the Directive expands the disclosure in the report to the public regarding pledged assets, credit risks in the financial services sector, and the activities of institutional entities and capital market participants, including a disclosure regarding unsecured securities lending activities and cash collateral in respect of derivative transactions, revision of the disclosure in the report to the public regarding exposures to other countries and foreign financial institutions, and expansion of the disclosure in the report to the public regarding taxation and human capital, as detailed in the Directive.

The provisions of the circular regarding lending and borrowing of securities and the pledges note have been implemented as from the Financial Statements as of June 30, 2026. All other disclosure requirements will apply as from the Financial Statements as of December 31, 2026.

The implementation of the directive is not expected to have any material effect on the Financial Statements.

Note 1 – Reporting Principles and Accounting Policies – continued

D. New accounting standards and new directives by the Supervisor of Banks prior to their implementation

Amendment	Publication requirements	Start date and transition provisions	Implications
Revisions to standards ASU 2025-07 regarding the accounting treatment to be applied to Derivatives and Hedging (Topic 815) and Share-Based Noncash Consideration from a Customer (Topic 606)	In September 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-07 regarding the accounting treatment to be applied to Derivatives and Hedging (Topic 815) and Share-Based Noncash Consideration from a Customer (Topic 606). Highlights of the Update are as follows: • Revision to the guidance on the accounting treatment applied to derivatives and hedging (Topic 815): The update defines when to account for contracts which are not traded on a stock exchange and their variables are based on the activity or operation of one of the parties to the contract as ordinary contracts and when to account for them as a derivative. • Revision to the guidance regarding Share-Based Noncash Consideration from a Customer (Topic 606): The update provides guidance on how to account for share-based noncash consideration from a customer that is consideration for the transfer of goods or services.	As from December 15, 2026	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-08 Measurement of provision for credit losses in respect of purchased loans	In November 2025, the US Financial Accounting Standards Board (hereinafter - the "FASB") published ASU 2025-08 regarding the expansion of the use of the gross-up method under ASC 326 to certain purchased loans, including loans purchased under business combinations. The update expands the group of purchased loans, which will be subject to the gross-up method, to include loans other than purchased loans with credit deterioration. Among other things the Update: • Defines a new term "purchased seasoned loans) and prescribe that the gross-up method will apply to those loans upon initial recognition. • Defines the accounting treatment to be applied to purchased seasoned loans in subsequent periods. • Leaves unchanged the guidance applicable to purchased loans with credit deterioration (PCD).	As from December 15, 2026	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-09 Application improvements Hedge accounting	In November 2025, the Financial Accounting Standards Board (hereinafter - the "FASB") issued ASU 2025-09 (hereinafter - the "Update") regarding improvements in hedge accounting guidance. To qualify for hedge designation, the variable price component of the forecasted purchase or sale of a non-financial asset if the component is clearly and closely related to the purchased or sold asset. Highlights of the Update are as follows: • The pooling of hedge transactions with similar risk. • Defining a dedicated model for hedging cash flows to borrowers in respect of "choose-your-rate" debt instruments. • Eliminate the requirement to apply the net written option test to a compound derivative comprising a swap and a written option under certain circumstances. Eliminate the mismatch between recognition and presentation when a debt instrument denominated in a foreign currency is designated both as a net investment hedge and as the hedged item in a fair value hedge of interest rate risk.	As from December 15, 2026	No material impact is expected on the financial statements.

Note 1 – Reporting Principles and Accounting Policies – continued

New accounting standards and new directives by the Supervisor of Banks prior to their implementation - continued

Amendment	Publication requirements	Start date and transition provisions	Implications
Revisions to standards ASU 2025-06 regarding the classification of costs to develop internal-use software	In September 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-06 regarding the accounting treatment applied under Subtopic 40 of ASC 350 - classification of costs to develop internal-use software. The update removes the distinction between "development stages" and replaces it with "probability of completion" criteria to determine whether the costs should be capitalized. The update stipulates that the costs should be capitalized to the asset upon fulfilment of the following criteria: · Management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project. · It is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold"). The update specifies when "it is reasonable to assume that the project will not be completed", including examples. · The period set in the standard for amortization of those assets did not change.	As from December 15, 2027	No material impact is expected on the financial statements.
Revisions to standards ASU 2025-11 regarding improvements to and clarification of directives regarding interim financial reporting	On December 8, 2025, the Financial Accounting Standards Board published ASU 2025-11 regarding improvements to and clarification of directives regarding interim financial reporting (Interim Reporting), Topic 270 of the Codification (hereinafter: "the Update"). The Update clarifies the applicability of the Interim Reporting directives, and clarifies the disclosure requirements applicable in interim periods; however, it does not make any material changes to the Interim Reporting requirements. Highlights of the Update are as follows: · Setting alternatives and requirements as to the format and content of the financial statements and the notes to the financial statements. · Adding a comprehensive and condensed list of the interim disclosure requirements, which are derived from other topics included in the codification. · Adopting a principle which requires entities to disclose events and changes that occur after the most recent annual reporting period and have a material effect on the entity.	As from December 15, 2027	No material impact is expected on the financial statements.
Revisions to standards ASU 2026-02 regarding environmental credits and environmental credit obligations	In May 2026, the Financial Accounting Standards Board ("FASB") issued ASU 2026-02 regarding environmental credits and environmental credit obligations. Highlights of the Update are as follows: · Regulation of the recognition, measurement and presentation in the financial statements of environmental credit assets and the regulatory liabilities associated therewith (Chapter ASC 818). · The asset and the liability may not be offset against one another; rather, they should be presented on a gross basis. · Impairment assessments.	As from December 15, 2027	No material impact is expected on the financial statements.
Banking corporations' report in accordance with the Public Reporting Directives of the Supervisor of Banks and its guidelines, and in accordance with accounting principles generally accepted in the United States (US GAAP).	On August 9, 2026, the Supervisor of Banks published guidance to banking corporations wishing to note in their financial statements that they are also prepared in accordance with accounting principles generally accepted in the United States (US GAAP). After receipt of guidance from the Supervisor of Banks, the banking corporation will be allowed to report in accordance with US GAAP, and discontinue the application of several transitional provisions and other changes, which were previously prescribed by the Bank of Israel.	To the extent that the Bank will wish to implement the above, it will do so in coordination with the Supervisor of Banks	The Bank is studying this issue and the manner of its implementati on

Note 2 – Interest revenues and expenses

Reported amounts (NIS in millions)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	**2025**	**2026**	**2025**	**2025**
		(Unaudited)		**(Unaudited)**	**(Audited)**
a. Interest revenues[(1)]					
From loans to the public	6,362	6,074	11,634	11,248	22,550
From loans to Governments	3	3	6	7	13
From cash and deposits with central banks	507	815	1,184	1,599	2,884
From deposits with banks	17	11	32	21	64
Of securities borrowed or purchased in resale agreements	1	6	5	8	20
From bonds	369	273	658	495	1,172
Total interest revenues	**7,259**	**7,182**	**13,519**	**13,378**	**26,703**
B. Interest expenses					
On deposits from the public	3,631	3,479	6,950	6,555	13,340
On deposits from governments	-	-	2	1	4
On deposits from banks	10	16	24	38	65
On bonds and subordinated notes	603	579	821	864	1,520
On other liabilities	3	15	17	28	47
Total interest expenses	**4,247**	**4,089**	**7,814**	**7,486**	**14,976**
Total interest revenues, net	**3,012**	**3,093**	**5,705**	**5,892**	**11,727**
c. Net Effect of Hedging Financial Derivatives on Interest Revenues	(85)	(69)	(128)	(121)	(93)
d. Details of interest revenues on accrual basis from bonds					
Held to maturity	30	29	55	56	122
Available for sale	317	233	572	421	1,015
Held for trading	22	11	31	18	35
Total included under interest revenues	**369**	**273**	**658**	**495**	**1,172**

(1) Including the effect of hedges.

Note 3 – Non-interest financing revenues

Reported amounts (NIS in millions)

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
		(Unaudited)	(Unaudited)		(Audited)
a. Non-interest financing revenues (expenses) with respect to non-trading operations					
1. From activity in derivative instruments					
Net expenses with respect to ALM derivative instruments[(1)]	(1,021)	(2,043)	(1,031)	(1,406)	(2,207)
Total from activity in derivative instruments	**(1,021)**	**(2,043)**	**(1,031)**	**(1,406)**	**(2,207)**
2. From investment in bonds					
Gains on sale of bonds available for sale	4	5	11	-	12
Provision for impairment of bonds available for sale	-	(1)	-	(9)	(14)
Total from investment in bonds	**4**	**4**	**11**	**(9)**	**(2)**
3. Exchange rate differences, net	**951**	**2,014**	**1,055**	**1,428**	**2,084**
4. Gains from investment in shares					
Gains from sale of shares not held for trading	6	6	41	16	51
Decrease in provision for impairment of shares not held for trading	(2)	-	(12)	36	41
Dividends from shares not held for trading	23	12	40	19	77
Unrealized gains[(3)]	79	33	76	29	126
Total from investment in shares	**106**	**51**	**145**	**100**	**295**
5. Net gains with respect to loans sold	**20**	**-**	**20**	**-**	**16**
Total non-interest financing revenues with respect to non-trading purposes	**60**	**26**	**200**	**113**	**186**
b. Non-interest financing revenues (expenses) with respect to trading operations[(2)]					
Net revenues with respect to other derivatives	109	12	153	65	195
Realized and un-realized gains (losses) from adjustment to fair value of bonds held for trading, net	3	-	5	1	(3)
Realized and un-realized gains (losses) from adjustment to fair value of shares held for trading, net	(1)	5	(1)	6	9
Total from trading activity[(4)]	**111**	**17**	**157**	**72**	**201**
Details of non-interest financing revenues (expenses) with respect to trading operations, by risk exposure					
Interest exposure	6	10	54	32	53
Foreign currency exposure	98	7	95	41	140
Exposure to shares	7	-	8	(1)	8
Total	**111**	**17**	**157**	**72**	**201**

(1) Derivative instruments which constitute part of the Bank's asset and liability management system, which were not designated as hedges.
(2) Includes exchange rate differentials resulting from trading operations.
(3) Including gains / losses from measurement at fair value of shares for which fair value is available, and upward / downward adjustment of shares for which no fair value is available.
(4) For interest revenues from investments in bonds held for trading, see Note 2.D.

Note 4 – Cumulative other comprehensive income (loss)

Reported amounts (NIS in millions)

A. Changes to cumulative other comprehensive income (loss), after tax effect

	Other comprehensive income (loss), before attribution to non-controlling interests						
	Adjustments for presentation of available-for-sale bonds at fair value	Translation adjustments[(1)]	Net gains (losses) from cash flow hedges	Adjustments with respect to employees' benefits	Total	Other comprehensive income attributed to non-controlling interests	Other comprehensive income (loss) attributable to shareholders of the Bank
	For the three months ended June 30, 2026						
	(Unaudited)						
Balance as of March 31, 2026	(77)	(2)	(1)	85	5	(14)	19
Net change in the period	86	-	(33)	(23)	30	3	27
Balance as of June 30, 2026	**9**	**(2)**	**(34)**	**62**	**35**	**(11)**	**46**
	For the three months ended June 30, 2025						
	(Unaudited)						
Balance as of March 31, 2025	(229)	(2)	5	27	(199)	(16)	(183)
Net change in the period	113	-	(1)	(45)	67	3	64
Balance as of June 30, 2025	**(116)**	**(2)**	**4**	**(18)**	**(132)**	**(13)**	**(119)**
	For the six months ended June 30, 2026						
	(Unaudited)						
Balance as of December 31, 2025	51	(2)	(1)	26	74	(1)	75
Net change in the period	(42)	-	(33)	36	(39)	(10)	(29)
Balance as of June 30, 2026	**9**	**(2)**	**(34)**	**62**	**35**	**(11)**	**46**
	For the six months ended June 30, 2025						
	(Unaudited)						
Balance as of December 31, 2024	(222)	(2)	5	(15)	(234)	(19)	(215)
Net change in the period	106	-	(1)	(3)	102	6	96
Balance as of June 30, 2025	**(116)**	**(2)**	**4**	**(18)**	**(132)**	**(13)**	**(119)**
	For the year ended December 31, 2025						
	(Audited)						
Balance as of December 31, 2024	(222)	(2)	5	(15)	(234)	(19)	(215)
Net change in the period	273	-	(6)	41	308	18	290
Balance as of December 31, 2025	**51**	**(2)**	**(1)**	**26**	**74**	**(1)**	**75**

(1) Translation adjustments of financial statements of associated companies whose functional currency differs from the Bank's functional currency.

Note 4 – Cumulative other comprehensive income (loss) – continued

Reported amounts (NIS in millions)

B. Changes in items of cumulative other comprehensive income (loss) before and after tax effect

	For the three months ended June 30					
	2026			2025		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	(Unaudited)					
Change in items of other comprehensive income (loss), before attribution to non-controlling interests:						
Adjustments for presentation of available-for-sale bonds at fair value						
Net unrealized gains (losses) from adjustments to fair value	129	(43)	86	173	(57)	116
Losses (gains) with respect to available-for-sale securities reclassified to the statement of profit and loss[1]	-	-	-	(4)	1	(3)
Net change in the period	**129**	**(43)**	**86**	**169**	**(56)**	**113**
Cash flows hedges						
Net gains (losses) with respect to cash flows hedging	(50)	17	(33)	(1)	-	(1)
Net change in the period	**(50)**	**17**	**(33)**	**(1)**	**-**	**(1)**
Employees' benefits						
Net actuarial gain (loss) for the period	(40)	13	(27)	(72)	23	(49)
Net losses (gains) reclassified to the statement of profit and loss	5	(1)	4	5	(1)	4
Net change in the period	**(35)**	**12**	**(23)**	**(67)**	**22**	**(45)**
Total net change in the period	**44**	**(14)**	**30**	**101**	**(34)**	**67**
Total net change in the period attributable to non-controlling interests	**5**	**(2)**	**3**	**4**	**(1)**	**3**
Total net change in the period attributable to shareholders of the Bank	**39**	**(12)**	**27**	**97**	**(33)**	**64**

(1) Pre-tax amount included in the statement of profit and loss under "Non-interest financing revenues". For details, see Note 3.A.2.

Note 4 – Cumulative other comprehensive income (loss) – continued

Reported amounts (NIS in millions)

B. Changes in items of cumulative other comprehensive income (loss) before and after tax effect – continued

	For the six months ended June 30						For the year ended December 31		
	2026			2025			2025		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	(Unaudited)						(Audited)		
Change in items of other comprehensive income (loss), before attribution to non-controlling interests:									
Adjustments for presentation of available-for-sale bonds at fair value									
Net unrealized gains (losses) from adjustments to fair value	(56)	19	(37)	148	(48)	100	411	(139)	272
Losses (gains) with respect to available-for-sale securities reclassified to the statement of profit and loss(1)	(7)	2	(5)	9	(3)	6	2	(1)	1
Net change in the period	**(63)**	**21**	**(42)**	**157**	**(51)**	**106**	**413**	**(140)**	**273**
Cash flows hedges									
Net gains (losses) with respect to cash flows hedging	(50)	17	(33)	(1)	-	(1)	(9)	3	(6)
Net change in the period	**(50)**	**17**	**(33)**	**(1)**	**-**	**(1)**	**(9)**	**3**	**(6)**
Employees' benefits									
Net actuarial gain (loss) for the period	48	(17)	31	(14)	4	(10)	40	(11)	29
Net losses reclassified to the statement of profit and loss	7	(2)	5	10	(3)	7	19	(7)	12
Net change in the period	**55**	**(19)**	**36**	**(4)**	**1**	**(3)**	**59**	**(18)**	**41**
Total net change in the period	**(58)**	**19**	**(39)**	**152**	**(50)**	**102**	**463**	**(155)**	**308**
Total net change in the period attributable to non-controlling interests	**(15)**	**5**	**(10)**	**9**	**(3)**	**6**	**27**	**(9)**	**18**
Total net change in the period attributable to shareholders of the Bank	**(43)**	**14**	**(29)**	**143**	**(47)**	**96**	**436**	**(146)**	**290**

(1) Pre-tax amount included in the statement of profit and loss under "Non-interest financing revenues". For details, see Note 3.A.2.

Note 5 – Securities

June 30, 2026 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value[1]
				Gains	Losses	
(1) Bonds held to maturity						
of Government of Israel	3,249	3,249	-	27	(59)	3,217
Of financial institutions in Israel	173	173	-	-	(4)	169
Of others in Israel	69	69	-	1	(1)	69
Total bonds held to maturity	**3,491**	**3,491**	**-**	**28**	**(64)**	**3,455**

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income[4]		Fair value[1]
				Gains	Losses	
(2) Bonds available for sale						
of Government of Israel	11,941	11,906	-	237	(202)	11,941
of foreign governments[3]	15,213	15,206	-	8	(1)	15,213
Of financial institutions in Israel	1,609	1,605	-	16	(12)	1,609
Of foreign financial institutions	51	52	-	-	(1)	51
Asset-backed (ABS)	48	47	-	1	-	48
Of others in Israel	1,092	1,092	-	22	(22)	1,092
Of others overseas	128	128	-	2	(2)	128
Total bonds available for sale	**30,082**	**30,036**	**-**	**286**	**(240)**	**30,082**

	Carrying amount	Cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized[5]		Fair value[1]
				Gains	Losses	
(3) Investment in shares not held for trading	**1,236**	**876**	**-**	**416**	**(56)**	**1,236**
Of which: Shares for which no fair value is available[6]	755	674	-	122	(41)	755
Total securities not held for trading	**34,809**	**34,403**	**-**	**730**	**(360)**	**34,773**

See footnotes below.

Note 5 – Securities – continued

June 30, 2026 (unaudited)

Reported amounts (NIS in millions)

	Carrying amount	Amortized cost (for shares – cost)	Balance of provision for credit losses	Adjustments to fair value yet to be realized[5]		Fair value[1]
				Gains	Losses	
(4) Bonds held for trading						
of Government of Israel	21,403	21,181	-	227	(5)	21,403
Of foreign governments	169	171	-	-	(2)	169
Of financial institutions in Israel	8	8	-	-	-	8
Of others in Israel	26	26	-	-	-	26
Of others overseas	19	20	-	-	(1)	19
Total bonds held for trading	**21,625**	**21,406**	**-**	**227**	**(8)**	**21,625**
Shares and other securities	25	12	-	14	(1)	25
Total securities held for trading	**21,650**	**21,418**	**-**	**241**	**(9)**	**21,650**
Total securities[2]	**56,459**	**55,821**	**-**	**971**	**(369)**	**56,423**

(5) Additional information about bonds	
Recorded debt balance of	
Problematic bonds accruing interest revenues	-
Problematic bonds not accruing interest revenues	18
	18

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.
(2) Of which: Securities pledged to lenders, amounting to NIS 1,015 million and securities provided as collateral to lenders, amounting to NIS 417 million.
(3) US government bonds.
(4) Included in shareholders' equity in "adjustments on presentation of bonds available for sale at fair value".
(5) Charged to statement of profit and loss but not yet realized.
(6) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.

Remarks:
- For information about investments in bonds, see Notes 2D, 3A.2 and 3B. For information about investments in shares, see Note 3A.4.
- The distinction between Israeli and foreign bonds was made in conformity with the country of residence of the authority which issued the security.

Note 5 – Securities – continued

June 30, 2025 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value(1)
				Gains	Losses	
(1) Bonds held to maturity						
of Government of Israel	3,303	3,303	-	8	(85)	3,226
Of financial institutions in Israel	225	225	-	4	(8)	221
Of others in Israel	82	82	-	-	(2)	80
Total bonds held to maturity	**3,610**	**3,610**	**-**	**12**	**(95)**	**3,527**

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income(4)		Fair value(1)
				Gains	Losses	
(2) Bonds available for sale						
of Government of Israel	13,206	13,342	-	158	(294)	13,206
of foreign governments(3)	9,953	9,950	-	4	(1)	9,953
Of financial institutions in Israel	771	780	-	14	(23)	771
Of foreign financial institutions	74	76	-	-	(2)	74
Asset-backed (ABS)	53	53	-	-	-	53
Of others in Israel	982	997	(8)	14	(21)	982
Of others overseas	142	139	-	5	(2)	142
Total bonds available for sale	**25,181**	**25,337**	**(8)**	**195**	**(343)**	**25,181**

	Carrying amount	Cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized(5)		Fair value(1)
				Gains	Losses	
(3) Investment in shares not held for trading	**1,002**	**841**	**-**	**171**	**(10)**	**1,002**
Of which: Shares for which no fair value is available(6)	682	686	-	-	(4)	682
Total securities not held for trading	**29,793**	**29,788**	**(8)**	**378**	**(448)**	**29,710**

See footnotes below.

Note 5 – Securities – continued

June 30, 2025 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost (for shares – cost)	Balance of provision for credit losses	Adjustments to fair value yet to be realized[5] Gains	Adjustments to fair value yet to be realized[5] Losses	Fair value[1]
(4) Bonds held for trading						
of Government of Israel	9,627	9,443	-	193	(9)	9,627
Of foreign governments	227	227	-	2	(2)	227
Of financial institutions in Israel	-	-	-	-	-	-
Of others in Israel	8	8	-	-	-	8
Of others overseas	26	27	-	-	(1)	26
Total bonds held for trading	**9,888**	**9,705**	**-**	**195**	**(12)**	**9,888**
Shares and other securities	23	11	-	12	-	23
Total securities held for trading[7]	**9,911**	**9,716**	**-**	**207**	**(12)**	**9,911**
Total securities[2]	**39,704**	**39,504**	**(8)**	**585**	**(460)**	**39,621**

(5) Additional information about bonds	
Recorded debt balance of	
Problematic bonds accruing interest revenues	-
Problematic bonds not accruing interest revenues	16
	16

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.

(2) Of which: Securities pledged to lenders, amounting to NIS 714 million and securities provided as collateral to lenders, amounting to NIS 386 million.

(3) US government bonds.

(4) Included in shareholders' equity in "adjustments on presentation of bonds available for sale at fair value".

(5) Charged to statement of profit and loss but not yet realized.

(6) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.

(7) Of which NIS 100 million in securities, which were classified as securities held for trading, since the banking corporation opted to measure them in accordance with the fair value alternative in Section 20 to the Public Reporting Directives, despite the fact that they were not purchased for trading purposes.

Remarks:

- For information about investments in bonds, see Notes 2D, 3A.2 and 3B. For information about investments in shares, see Note 3A.4.
- The distinction between Israeli and foreign bonds was made in conformity with the country of residence of the authority which issued the security.

Note 5 – Securities – continued

As of December 31, 2025 (audited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value[1]
				Gains	Losses	
(1) Bonds held to maturity						
of Government of Israel	3,244	3,244	-	16	(71)	3,189
Of financial institutions in Israel	195	195	-	-	(6)	189
Of others in Israel	75	75	-	-	(1)	74
Total bonds held to maturity	**3,514**	**3,514**	**-**	**16**	**(78)**	**3,452**

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income[4]		Fair value[1]
				Gains	Losses	
(2) Bonds available for sale						
of Government of Israel	13,394	13,299	-	325	(230)	13,394
of foreign governments[3]	8,999	8,992	-	9	(2)	8,999
Of financial institutions in Israel	1,086	1,076	-	25	(15)	1,086
Of foreign financial institutions	66	67	-	-	(1)	66
Asset-backed (ABS)	51	49	-	2	-	51
Of others in Israel	1,010	1,015	-	19	(24)	1,010
Of others overseas	147	147	-	4	(4)	147
Total bonds available for sale	**24,753**	**24,645**	**-**	**384**	**(276)**	**24,753**

	Carrying amount	Cost	Balance of provision for credit losses	Adjustments to fair value yet to be realized[5]		Fair value[1]
				Gains	Losses	
(3) Investment in shares not held for trading	**1,180**	**917**	**-**	**279**	**(16)**	**1,180**
Of which: Shares for which no fair value is available[6]	837	760	-	84	(7)	837
Total securities not held for trading	**29,447**	**29,076**	**-**	**679**	**(370)**	**29,385**

Note 5 – Securities – continued

As of December 31, 2025 (audited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost (for shares – cost)	Balance of provision for credit losses	Adjustments to fair value yet to be realized[5] Gains	Losses	Fair value[1]
(4) Bonds held for trading						
of Government of Israel	18,253	18,213	-	46	(6)	18,253
Of foreign governments	140	138	-	2	-	140
Of financial institutions in Israel	-	-	-	-	-	-
Of others in Israel	15	15	-	-	-	15
Of others overseas	22	22	-	-	-	22
Total bonds held for trading	**18,430**	**18,388**	**-**	**48**	**(6)**	**18,430**
Shares and other securities	26	12	-	15	(1)	26
Total securities held for trading[7]	**18,456**	**18,400**	**-**	**63**	**(7)**	**18,456**
Total securities[2]	**47,903**	**47,476**	**-**	**742**	**(377)**	**47,841**
(5) Additional information about bonds						
Recorded debt balance of						
Problematic bonds accruing interest revenues						-
Problematic bonds not accruing interest revenues						18
						18

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.

(2) Of which: Securities pledged to lenders, amounting to NIS 775 million and securities provided as collateral to lenders, amounting to NIS 495 million.

(3) US government bonds.

(4) Included in shareholders' equity in "adjustments on presentation of bonds available for sale at fair value".

(5) Charged to statement of profit and loss but not yet realized.

(6) Generally shown at cost (net of impairment), adjusted for changes in observed prices in ordinary transactions for similar or identical investments of the same issuer.

(7) Of which NIS 104 million in securities, which were classified as securities held for trading, since the banking corporation opted to measure them in accordance with the fair value alternative in Section 20 to the Public Reporting Directives, despite the fact that they were not purchased for trading purposes.

Remarks:

- For more information about operations involving investments in bonds – see Notes 2.D, 3.A.2 and 3.B. For more information of investments in shares – see Note 3.A.4.
- The distinction between Israeli and foreign bonds was made in conformity with the country of residence of the entity which issued the securities.

Note 5 – Securities – continued

Reported amounts (NIS in millions):

(6) Fair value and unrealized losses, by time period and impairment rate, of bonds available for sale, which include unrealized loss without provision for credit losses:

	Less than 12 months				12 months or more				
		Unrealized losses				Unrealized losses			
	Fair value[1]	0%-20%	20%-40%	Total	Fair value[1]	0%-20%	20%-40%	Over 40%	Total
	As of June 30, 2026 (unaudited)								
Bonds available for sale									
of Government of Israel	1,159	11	-	11	472	148	43	-	191
of foreign governments[2]	135	1	-	1	-	-	-	-	-
Of financial institutions in Israel	198	2	-	2	239	10	-	-	10
Of foreign financial institutions	-	-	-	-	34	1	-	-	1
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	148	12	-	12	200	10	-	-	10
Of others overseas	76	2	-	2	10	-	-	-	-
Total bonds available for sale	**1,716**	**28**	**-**	**28**	**955**	**169**	**43**	**-**	**212**
	As of June 30, 2025 (unaudited)								
Bonds available for sale									
of Government of Israel	1,961	31	-	31	2,384	188	46	29	263
of foreign governments[2]	332	-	-	-	54	1	-	-	1
Of financial institutions in Israel	23	-	-	-	330	23	-	-	23
Of foreign financial institutions	3	-	-	-	54	2	-	-	2
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	79	12	-	12	355	9	-	-	9
Of others overseas	15	-	1	1	35	1	-	-	1
Total bonds available for sale	**2,413**	**43**	**1**	**44**	**3,212**	**224**	**46**	**29**	**299**
	As of December 31, 2025 (audited)								
Bonds available for sale									
of Government of Israel	316	1	-	1	724	176	25	28	229
Of foreign governments[2]	134	1	-	1	48	1	-	-	1
Of financial institutions in Israel	-	-	-	-	272	15	-	-	15
Of foreign financial institutions	-	-	-	-	44	1	-	-	1
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	140	12	-	12	266	12	-	-	12
Of others overseas	54	3	-	3	18	1	-	-	1
Total bonds available for sale	**644**	**17**	**-**	**17**	**1,372**	**206**	**25**	**28**	**259**

(1) Fair value data are generally based on stock exchange prices, which do not necessarily reflect the price to be obtained on the sale of a large volume of securities.

(2) US government bonds.

Note 5 – Securities – continued

Reported amounts (NIS in millions):

(7) Asset-backed securities

	Carrying amount	Amortized cost	Cumulative other comprehensive income		Fair value
			Gains	Losses	
					As of June 30, 2026 (unaudited)
Asset-backed bonds (ABS)	48	47	1	-	48
Total asset-backed bonds available for sale	**48**	**47**	**1**	**-**	**48**
					As of June 30, 2025 (unaudited)
Asset-backed bonds (ABS)	53	53	-	-	53
Total asset-backed bonds available for sale	**53**	**53**	**-**	**-**	**53**
					As of December 31, 2025 (audited)
Asset-backed bonds (ABS)	51	49	2	-	51
Total asset-backed bonds available for sale	**51**	**49**	**2**	**-**	**51**

Note 6 – Credit risk, loans to the public and provision for credit losses

Reported amounts (NIS in millions)

A. Debts[(1)], bonds held to maturity and available for sale, loans to the public and balance of provision for credit losses

	June 30, 2026 (unaudited)					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
Recorded debt balance:						
reviewed on individual basis	130,259	-	33	130,292	43,086	173,378
reviewed on group basis	14,620	253,328	29,138	297,086	-	297,086
Total debts	**144,879**	**(2)253,328**	**29,171**	**(4)(3)427,378**	**43,086**	**470,464**
Of which:						
Non-accruing debts	1,121	2,604	46	3,771	-	3,771
Debts in arrears 90 days or longer	186	-	92	278	-	278
Other problematic debts	981	-	136	1,117	-	1,117
Total problematic debts	**2,288**	**2,604**	**274**	**5,166**	**-**	**5,166**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,560	-	1	1,561	5	1,566
reviewed on group basis	466	997	628	2,091	-	2,091
Total provision for credit losses	**2,026**	**997**	**629**	**3,652**	**5**	**3,657**
Of which: With respect to non-accruing debts	**278**	**130**	**20**	**428**	**-**	**428**
Of which: With respect to other problematic debts	**194**	**-**	**93**	**287**	**-**	**287**

	June 30, 2025 (unaudited)					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
Recorded debt balance:						
reviewed on individual basis	106,092	-	18	106,110	52,307	158,417
reviewed on group basis	14,066	233,221	27,302	274,589	-	274,589
Total debts	**120,158**	**(2)233,221**	**27,320**	**(4)(3)380,699**	**52,307**	**433,006**
Of which:						
Non-accruing debts	1,609	2,245	73	3,927	1	3,928
Debts in arrears 90 days or longer	84	-	57	141	-	141
Other problematic debts	970	-	142	1,112	-	1,112
Total problematic debts	**2,663**	**2,245**	**272**	**5,180**	**1**	**5,181**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,671	-	1	1,672	13	1,685
reviewed on group basis	529	1,143	683	2,355	-	2,355
Total provision for credit losses	**2,200**	**1,143**	**684**	**4,027**	**13**	**4,040**
Of which: With respect to non-accruing debts	**340**	**112**	**42**	**494**	**1**	**495**
Of which: With respect to other problematic debts	**178**	**-**	**82**	**260**	**-**	**260**

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Includes general-purpose loans secured by a lien on a residential apartment, amounting to NIS 15,856 million (as of June 30, 2025 – NIS 15,263 million).

(3) Of which: In respect of unsecured lending of securities amounting to NIS 13,536 million (as of June 30, 2025 - NIS 6,513 million).

(4) Of which: In respect of cash collateral provided in respect of derivative transactions amounting to NIS 1,871 million (as of June 30, 2025 - NIS 2,368 million).

Note 6 – Credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions):

A. Debts[1], bonds held to maturity and available for sale, loans to the public and balance of provision for credit losses – continued

	As of December 31, 2025 (audited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
Recorded debt balance:						
reviewed on individual basis	116,249	-	19	116,268	46,563	162,831
reviewed on group basis	14,344	245,267	28,476	288,087	-	288,087
Total debts	**130,593**	**(2)245,267**	**28,495**	**(4)(3)404,355**	**46,563**	**450,918**
Of which:						
Non-accruing debts	1,327	2,535	76	3,938	1	3,939
Debts in arrears 90 days or longer	90	-	80	170	-	170
Other problematic debts	1,005	-	141	1,146	-	1,146
Total problematic debts	**2,422**	**2,535**	**297**	**5,254**	**1**	**5,255**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,585	-	1	1,586	5	1,591
reviewed on group basis	495	1,063	710	2,268	-	2,268
Total provision for credit losses	**2,080**	**1,063**	**711**	**3,854**	**5**	**3,859**
Of which: With respect to non-accruing debts	**289**	**127**	**39**	**455**	**1**	**456**
Of which: With respect to other problematic debts	**191**	**-**	**89**	**280**	**-**	**280**

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.
(2) Includes general-purpose loans secured by a lien on a residential apartment, amounting to NIS 15,601 million.
(3) Of which: In respect of unsecured lending of securities amounting to NIS 9,602 million.
(4) Of which: In respect of cash collateral provided in respect of derivative transactions amounting to NIS 1,866 million.

Note 6 – Credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions):

B. Change in balance of provision for credit losses

	Provision for credit losses					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
	For the three months ended June 30, 2026 (unaudited)					
Balance of provision for credit losses at start of period	2,279	1,045	654	3,978	5	3,983
Expenses with respect to credit losses	16	(16)	83	83	7	90
Accounting write-offs(1)	(97)	-	(121)	(218)	-	(218)
Collection of debts written off for accounting purposes in previous years(1)	46	-	38	84	(7)	77
Net accounting write-offs	(51)	-	(83)	(134)	(7)	(141)
Balance of provision for credit losses at end of period	**2,244**	**1,029**	**654**	**3,927**	**5**	**3,932**
Of which: With respect to off balance sheet credit instruments	**218**	**32**	**25**	**275**	**-**	**275**
	For the three months ended June 30, 2025 (unaudited)					
Balance of provision for credit losses at start of period	2,443	1,179	708	4,330	12	4,342
Expenses with respect to credit losses	24	(3)	34	55	1	56
Accounting write-offs(1)	(148)	-	(79)	(227)	-	(227)
Collection of debts written off for accounting purposes in previous years(1)	70	-	41	111	-	111
Net accounting write-offs	(78)	-	(38)	(116)	-	(116)
Balance of provision for credit losses at end of period	**2,389**	**1,176**	**704**	**4,269**	**13**	**4,282**
Of which: With respect to off balance sheet credit instruments	**189**	**33**	**20**	**242**	**-**	**242**
	For the six months ended June 30, 2026 (unaudited)					
Balance of provision for credit losses at start of period	2,270	1,098	733	4,101	5	4,106
Expenses with respect to credit losses	142	(69)	45	118	3	121
Accounting write-offs(1)	(262)	-	(204)	(466)	-	(466)
Collection of debts written off for accounting purposes in previous years(1)	94	-	80	174	(3)	171
Net accounting write-offs	(168)	-	(124)	(292)	(3)	(295)
Balance of provision for credit losses at end of period	**2,244**	**1,029**	**654**	**3,927**	**5**	**3,932**
Of which: With respect to off balance sheet credit instruments	**218**	**32**	**25**	**275**	**-**	**275**
	For the six months ended June 30, 2025 (unaudited)					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses with respect to credit losses	107	(37)	88	158	1	159
Accounting write-offs(1)	(274)	-	(165)	(439)	-	(439)
Collection of debts written off for accounting purposes in previous years(1)	108	-	84	192	-	192
Net accounting write-offs	(166)	-	(81)	(247)	-	(247)
Balance of provision for credit losses at end of period	**2,389**	**1,176**	**704**	**4,269**	**13**	**4,282**
Of which: With respect to off balance sheet credit instruments	**189**	**33**	**20**	**242**	**-**	**242**

(1) Accounting write-offs presented in the Note primarily consist of write-offs of a technical nature, due to passage of time of customers being in arrears, in conformity with US standards applicable to the Bank in this regard. Thus, for example, the balance of the provision for large non-accruing debts will typically be written off after two years. Debt measured on a group basis will be written off after 150 days in arrears. This means that the Bank's collection efforts may sometimes take longer when compared to the timing for write-off according to accounting rules. Consequently, relatively high balances of "accounting write-offs" and relatively high balances of "Recovery of debts written off in previous years" are presented.

Note 7 – Deposits from the Public

Reported amounts (NIS in millions):

A. Deposit types by location solicited and depositor type

	June 30		December 31
	2026	2025	2025
		(Unaudited)	(Audited)
In Israel			
On-call			
Non-interest-bearing	72,566	70,075	70,776
Interest-bearing	55,140	44,692	50,449
Total on-call	**127,706**	**114,767**	**121,225**
Term deposits	328,905	285,879	311,233
Total deposits in Israel[(1)]	**456,611**	**400,646**	**432,458**
Outside of Israel			
On-call			
Non-interest-bearing	383	422	469
Interest-bearing	775	440	768
Total on-call	**1,158**	**862**	**1,237**
Term deposits	16,655	15,886	14,702
Total deposits overseas	**17,813**	**16,748**	**15,939**
Total deposits from the public	**474,424**	**417,394**	**448,397**
Of which: Deposits in respect of unsecured borrowing of securities	33,536	15,412	26,230
Of which: Deposits received in respect of derivative transactions	516	2,046	975

(1) Includes:

Deposits from individuals	**168,328**	**167,042**	**166,879**
Deposits from institutional investors	**147,407**	**108,247**	**134,535**
Deposits from corporations and others	**140,876**	**125,357**	**131,044**

B. Deposits from the public by size

	June 30		December 31
	2026	2025	2025
		(Unaudited)	(Audited)
Maximum deposit (NIS in millions)			
Up to 1	115,279	112,674	112,941
Over 1 to 10	98,300	97,047	97,901
Over 10 to 100	45,442	43,349	44,779
Over 100 to 500	35,072	34,689	35,754
Above 500	180,331	129,635	157,022
Total	**474,424**	**417,394**	**448,397**

Note 8 – Employees' Rights

Description of benefits

1. Employment terms of the vast majority of Bank Group employees and managers are determined by provisions of collective bargaining agreements. Pension liabilities to these employees, except for Bank Yahav employees, are covered by regular deposits to pension, provident and severance-pay funds, which release the Bank from severance-pay liabilities for those employees by law. For more information about various benefits to Bank employees and managers, see Note 22 to the 2025 financial statements.
2. Remuneration policy for Bank officers and for all Bank employees other than officers
   For more information about remuneration policy for Bank officers and remuneration policy for all Bank employees other than officers, see Note 22 to the 2025 financial statements.
3. Labor and payroll agreements at the Technology Division
   Employment terms of employees of Mizrahi Tefahot Technology Division Ltd. (hereinafter: "the Technology Division") are arranged in the labor constitution that was signed in 1989 and in a series of agreements signed by the Technology Division Employee Council, the Labor Union and the Technology Division over the years.
   Employees of the Technology Division have their pay linked to the pay for Bank employees.
   On June 29, 2026, a special collective bargaining agreement was signed by Mizrahi Tefahot Ltd.'s Technology Division, the New General Labor Union and the Company's Employee Committee, which focuses mainly on the relocation of the employees to the campus of the Bank's HQ in Lod.
4. Net benefit cost components recognized in profit and loss with respect to defined benefit and defined contribution pension plans (NIS in millions):

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	**2025**	**2026**	**2025**	**2025**
		(Unaudited)	**(Unaudited)**		**(Audited)**
Under payroll and associated expenses					
Cost of service[(1)]	14	13	33	32	77
Under other expenses					
Cost of interest[(2)]	26	28	52	55	109
Expected return on plan assets[(3)]	(6)	(7)	(13)	(13)	(26)
Deduction of non-allowed amounts:					
Net actuarial loss[(4)]	5	5	7	10	19
Total under other expenses	25	26	46	52	102
Total benefit cost, net	**39**	**39**	**79**	**84**	**179**
Total expense with respect to defined-contribution pension	58	56	116	112	224
Total expenses recognized in profit and loss	**97**	**95**	**195**	**196**	**403**

	Forecast	Actual deposits				
	For[(5)]	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	**2026**	**2025**	**2026**	**2025**	**2025**
			(Unaudited)		**(Unaudited)**	**(Audited)**
Deposits	4	2	2	4	4	7

(1) Cost of service is the current accrual of the future employee benefit in the period.
(2) Cost of interest is the amount recognized in the period, set based on the increase in obligation with respect to expected benefit due to passage of time.
(3) Expected return is the expected return on plan assets, determined based on expected long-term rates of return on plan assets and based on the established market value of plan assets.
(4) Deduction of net gain or loss previously recognized in Cumulative Other Comprehensive Income.
(5) Estimated contributions expected to be paid into defined-benefit pension plans through the end of 2026.

Note 9 – Capital Adequacy, liquidity and leverage

Reported amounts (NIS in millions)

A. Capital adequacy

Calculated in accordance with Proper Conduct of Banking Business Directives 201-211 "Capital Adequacy and Measurement"

	As of June 30		As of December 31
	2026	**2025**	**2025**
		(Unaudited)	**(Audited)**
1. Consolidated data			
a. Capital for purpose of calculating the capital ratio			
Tier I shareholders' equity	36,582	33,591	35,239
Tier I capital	36,582	33,591	35,239
Tier II capital	9,905	9,158	9,671
Total capital	**46,487**	**42,749**	**44,910**
b. Weighted risk asset balances			
Credit risk	335,196	296,409	317,841
Market risks	2,767	2,245	2,126
Operational risk(1)	20,119	24,003	24,188
Total weighted risk asset balances	**358,082**	**322,657**	**344,155**
c. Ratio of capital to risk components			
			In %
Ratio of Tier I equity to risk components	10.22	10.41	10.24
Ratio of Tier I capital to risk components	10.22	10.41	10.24
Ratio of total capital to risk components	12.98	13.25	13.05
Minimum Tier I equity ratio required by Supervisor of Banks(2)	9.60	9.60	9.60
Total minimum capital ratio required by the Supervisor of Banks(2)	12.50	12.50	12.50
2. Significant subsidiaries			
Bank Yahav for Government Employees Ltd. and its subsidiaries			
Ratio of Tier I equity to risk components	14.92	13.66	14.36
Ratio of Tier I capital to risk components	14.92	13.66	14.36
Ratio of total capital to risk components	17.00	15.85	16.48
Minimum Tier I capital ratio required by Supervisor of Banks	9.00	9.00	9.00
Total minimum capital ratio required by the Supervisor of Banks	12.50	12.50	12.50

(1) As from January 1, 2026 the Bank applies the revised Directive 206 regarding the calculation of capital requirements in respect of operational risk. For more information see Section K below.

(2) An additional capital requirement was added to the Tier I equity ratio at 1% of the residential mortgage balance as of the report date.

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

A. Capital adequacy – continued

Calculated in accordance with Proper Conduct of Banking Business Directives 201-211 "Capital Adequacy and Measurement" - continued

	As of June 30 2026	As of June 30 2025	As of December 31 2025
	(Unaudited)	(Unaudited)	(Audited)
3. Capital components for calculating the capital ratio (on consolidated data)			
a. Tier I equity			
Shareholders' equity	37,822	34,647	36,428
Differences between shareholders' equity and Tier I equity	(1,088)	(926)	(1,017)
Tier I equity before regulatory adjustments and deductions	**36,734**	**33,721**	**35,411**
Supervisory adjustments and deductions:			
Goodwill and intangible assets	(87)	(97)	(87)
Supervisory adjustments and other deductions	(65)	(33)	(85)
Total supervisory adjustments and deductions - Tier I equity	**(152)**	**(130)**	**(172)**
Total Tier I equity after supervisory adjustments and deductions	**36,582**	**33,591**	**35,239**
b. Tier II capital			
Tier II capital: Instruments	6,438	5,453	6,051
Tier II capital: Provisions	3,467	3,705	3,620
Total Tier II capital	**9,905**	**9,158**	**9,671**
Total capital	**46,487**	**42,749**	**44,910**

B. Leverage ratio

Calculated in accordance with Proper Conduct of Banking Business Directive 218 "Leverage ratio"

	As of June 30 2026	As of June 30 2025	As of December 31 2025
	(Unaudited)	(Unaudited)	(Audited)
1. Consolidated data			
Tier I capital	36,582	33,591	35,239
Total exposure	631,901	556,629	599,134
	In %		
Leverage ratio	5.79	6.03	5.88
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50
2. Significant subsidiaries			
Bank Yahav for Government Employees Ltd. and its subsidiaries			
Leverage ratio	8.75	7.87	8.54
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

C. Liquidity coverage ratio

Calculated in accordance with Proper Conduct of Banking Business Directive 221 "Liquidity coverage ratio"

	As of June 30 2026	As of June 30 2025	As of December 31 2025
	(Unaudited)	(Unaudited)	(Audited)
	In %		
1. Consolidated data			
Liquidity coverage ratio[(1)]	132	135	129
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100
2. Bank data			
Liquidity coverage ratio[(1)]	133	136	130
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100
3. Significant subsidiaries			
Bank Yahav for Government Employees Ltd. and its subsidiaries			
Liquidity coverage ratio[(1)]	230	399	316
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100

(1) In terms of simple average of daily observations during the reported quarter.

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

D. Minimum net stable funding ratio required by directives of the Supervisor of Banks

The Bank applies Proper Conduct of Banking Business Directive No. 222 concerning "Net stable funding ratio (NSFR)", which adopts the Basel Committee recommendation with regard to net stable funding ratio in the Israeli banking system. In conformity with this directive, 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 net stable funding ratio consists of two components: available stable funding items (numerator) and required stable funding items (denominator). "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 amount for a given corporation is based on the liquidity attributes and time to maturity of various assets held by the corporation, as well as of off-balance sheet exposures.

Pursuant to the directive, the minimum net stable funding ratio required is 100%.

The net stable funding ratio for significant banking subsidiaries in Israel is calculated in conformity with Proper Conduct of Banking Business Directive 222 "Net stable funding ratio". Net stable funding ratio in significant overseas banking corporations is presented and calculated in conformity with relevant directives in each jurisdiction, to the extent that such directives were set.

	As of June 30		As of December 31
	2026	2025	2025
	(Unaudited)		(Audited)
			In %
(1) On consolidated data			
Net stable funding ratio	110	112	112
The minimum net stable funding ratio required by the Supervisor of Banks	100	100	100
(2) Significant subsidiaries			
Bank Yahav			
Net stable funding ratio	164	172	168
The minimum net stable funding ratio required by the Supervisor of Banks	100	100	100

Factors which may materially affect the net stable funding ratio

The net stable funding ratio (on consolidated basis) as of June 30, 2026 was 110%. 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.

E. Basel III

The Bank applies Proper Conduct of Banking Business Directives Nos. 201-211 with regard to capital measurement and adequacy, as amended so as they are aligned with the Basel III directives.

The Basel III directives stipulated significant changes to calculation of regulatory capital requirements, including with regard to the following:
- Supervisory capital components
- Deductions from capital and supervisory adjustments
- Treatment of exposures to financial corporations
- Accounting treatment applied to exposures to credit risk with respect to troubled debt.
- Capital allocation with respect to CVA risk

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

F. Capital adequacy target

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% of weighted total of risk components of its balance sheet assets and off-balance-sheet items. Calculation of total capital and total risk components is set forth in the directives.
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).

G. Lowering of the State of Israel's Credit Rating by International Rating Agency S&P

In accordance with Proper Bank Management Ordinance 203, the capital requirements or the Bank's exposures to the State of Israel, Israeli banks, institutional bodies and public sector entities, are derived from the State of Israel's rating.
For rating purposes, the Bank uses the lower of S&P and AM Best's rating, used for rating of credit risk insurers, in order to mitigate the credit risk such that the risk weighting is based on insurer rating, rather than on counter-party rating.
On May 8, 2026, the credit rating agency S&P affirmed Israel's long-term rating at A with a stable outlook.

h. Subordinated notes with a loss-absorption mechanism

On January 15, 2026, the Bank issued - under an international private placement to institutional investors - contingent subordinated notes (Contingent Convertibles – CoCo) with loss-absorption mechanism through principal write-off (compliant with Basel III eligibility conditions and recognized as Tier II capital by the Supervisor of Banks), whose par value is USD 750 million.
On April 7, 2026 full early redemption was executed of CoCo contingent subordinated notes, which were issued to institutional investors by the Bank, at the total amount of USD 600 million.
On June 24, 2026, full early redemption of contingent subordinated notes (CoCo) with a par value of approx. NIS 0.4 billion was executed.

i. Steps to address the increase in the credit risk in the construction and real estate industries and the housing market

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. As of June 30, 2026, the Directive has no material effect on the financial statements, and it is not expected to have a material effect in the future. See Note 1 to the 2025 financial statements for additional information.

J. Leverage ratio

The Bank applies the rules set in Proper Conduct of Banking Business Directive 218 with regard to leverage ratio, which adopts the Basel Committee's recommendations on leverage ratio.
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.

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

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.
On September 14, 2025, the Supervisor of Banks published a circular, which extended the relief by one further year through December 31, 2026.

K. Update to Proper Conduct of Banking Business Directive 206

On June 19, 2024, the Bank Supervisor published a circular that updates the guidelines for calculating capital requirements for operating risk. The principal revisions to the directive are as follows: Recalculation of the components of the standardized approach such that it includes the business indicator component calculated by multiplying the total business indicator by the coefficients set in the directive and the internal loss multiplier, which will be based on an average of the Bank's historical losses, and new guidance regarding the Bank's historical loss data, the data collection method, the use of the data and the disclosure requirements in respect thereof. The directive entered into effect on January 1, 2026 however, through December 31, 2028, the internal loss multiplier will be set at 1. As from January 1, 2026, the Bank has been applying the recalculation to the measurement of the operational risk. The application of the directive did not have a material effect on the Bank's capital ratios.

L. For more information about dividend distribution, see "Condensed Statements of Changes in Shareholders' Equity" and Note 18 below.

M. For more information about the Supervisor of Banks' directives and guidance with regard to capital adequacy, see Note 25 to the 2025 Financial Statements.

Note 10 - Contingent Liabilities and Special Commitments

Reported amounts (NIS in millions)

A. Other liabilities and special commitments

		June 30	December 31
	2026	2025	2025
		(Unaudited)	(Audited)
Acquisition and renovation of buildings	24	93	33

Credit sales operations

The following table provides a summary of credit sales operations at the Bank:

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
		(Unaudited)		(Unaudited)	(Audited)
Carrying amount of credit sold	-	120	-	120	120
Total consideration	20	120	20	120	136
Service obligation – expense with respect to operational services	-	-	-	-	-
Total net gain with respect to credit sold	20	-	20	-	16

B. Contingent liabilities and other commitments

1. For more information about contingent liabilities and other commitments by the Bank Group, see Note 26 to the 2025 financial statements. Below is a description of material changes from the Note included in the 2025 Financial Statements.
2. Various claims are pending against the Bank and its subsidiaries, namely, claims of customers, as well as motions for recognition of various class actions. In the estimation of the management of the Bank, based on the estimation of the managements of its subsidiaries and on the opinion of their legal counsel as to the possible outcome of the pending claims (for claims brought against the Bank) and motions for approval of claims as class actions, the financial statements include appropriate provisions, where necessary, to cover possible damages.

   Below are details of significant claims, including motions for approval of class action status and claims in which the amount claimed (excluding interest and fees) exceeds 1% of Bank equity which had developments and changes from the description in the 2025 financial statements:

   a) In May 2016, the Bank received a claim and motion for approval of class action status, alleging unlawful over-charging of commissions to customers eligible to be classified as a small business, in breach of the Bank's duties in its relations with customers. The plaintiff estimates the damage at NIS 220 million.
   On November 13, 2025, the parties filed a motion with the Court seeking approval of a settlement agreement, which was reached as part of a mediation proceeding. On April 23, 2026, the District Court handed down its judgement, approving the settlement agreement reached by the parties.

   b) In September 2018, the Bank received a claim and motion for approval of class action status amounting to NIS 180 million (estimated) for allegedly over-charging a commission upon early repayment of residential mortgages consisting of multiple tracks, some of which have generated positive capitalization differences and some of which have generated negative capitalization differences, where the Bank fails to offset the capitalization differences of the different tracks against each other, allegedly in contravention of provisions of the Banking Ordinance (Early repayment of residential mortgage), 2002.
   On April 28, 2025, the parties filed a motion with the Court seeking approval of a settlement agreement, which was reached as part of a mediation proceeding. On June 28, 2026, the Court handed down its judgement, approving the settlement agreement which was filed.

Note 10 – Contingent Liabilities and Special Commitments – continued

c) In May 2020, the Bank received a claim and motion for approval of class action status, of unspecified amount, alleging breach of duty of confidentiality, by the Bank providing various identifiable information to international information corporations, and in particular to Facebook, allowing them to gather private information about Bank customers, allegedly in breach of provisions of the Privacy Protection Law, 1981 and other statutes, without providing required disclosure to Bank customers and without obtaining their consent.

As recommended by the Court, the parties are in mediation proceeding.

d) In April 2021, the Bank received a claim and motion for class action status filed against the Bank and 14 other defendants (other banks and financial institutions, hereinafter: "the defendants"), alleging transfer of private information to third parties while browsing the "Personal Zone" on websites and apps operated by the defendants, allegedly in violation of privacy and allegedly in breach of provisions of the Privacy Protection Law, Banking Rules and multiple other obligations imposed on the defendants.

The movants filed their summations and the movants' summations were filed on July 2, 2026. A ruling in the case has not yet been handed down.

e) In February 2022, the Bank received a claim and a motion for class action status, filed against the Bank and nine other banks and against two private companies that operate, independently or by franchise, non-bank ATMs ("the motion"). The motion concerns the commission charged for cash withdrawal services from customer accounts at the defendant banks, made through non-banking ATMs operated by public companies. The damage to the class, according to the motion, was set at NIS 458 million in total against all defendants, with the plaintiff allowing the Court discretion in allocating liability among the defendants.

On July 1, 2026, the movant filed a motion to withdraw the class action certification motion, and the banks' response to the motion was filed on July 16 2026. A ruling in the case has not yet been handed down.

f) In November 2022, the Bank received a claim and a motion for approval of class action lawsuit, of unspecified amount, concerning revision of interest rates in conformity with agreements for residential mortgages in the variable interest track based on bonds as an anchor (yield of Government bonds), alleging that this creates an unfair advantage for the Bank at the expense of borrowers, and that the condition stipulated in such agreements, whereby the change in anchor would only apply "on condition that the sum of these components shall not be less than “0%”" constitutes, allegedly, a discriminatory condition in a uniform contract, as defined in Section 2 of the Uniform Contract Law, 1982.

On April 6, 2026, the Court handed down its ruling, whereby the Supervisor of Banks is required to file its position regarding the issue arising from the certification motion by August 30, 2026.

g) In May 2023, the Bank received a claim and motion for class action status, of unspecified amount, with respect to setting the interest rate in the fixed interest track of residential mortgages, carried out in parts. The motion alleges that the Bank should set an annual interest rate based on the basic interest rate plus the "additional rate" which, according to the plaintiff, should be fixed; However, allegedly the Bank calculates the additional interest based on the interest rate upon signing the loan agreement, but based on the basic interest on later dates, in contravention of the loan agreement and of provisions of Proper Conduct of Banking Business Directive 421 regarding "Decrease or increase in interest rates".

Following the court's suggestion, on January 6, 2026 an agreed motion was filed for the withdrawal of the plaintiff from the certification motion. On January 28, 2026, a judgment was handed down, which approves the withdrawal arrangement filed by the parties.

h) In June 2023, the Bank was served with a claim and a motion for class action status brought against the Bank and other banks, claiming damages in excess of NIS 1 billion, for non-payment of interest for credit balances in current accounts. The motion alleges that the Bank does not pay interest for credit balances in current accounts held with the Bank, by way of credit interest or by automated deposit of credit balances in the account to an interest-bearing deposit, and that the Bank fails to inform customers of the appropriate options in such circumstances, in breach of various statutory provisions and with unlawful enrichment.

The movants filed summations on their behalf and summations on behalf of the Bank were filed on May 12, 2026. A judgment in the certification motion has not yet been handed down.

Note 10 – Contingent Liabilities and Special Commitments – continued

i) In June 2023, the Bank was served a claim and motion for approval of class action status, filed against the Bank and other banks, alleging over-charging of debit interest linked to the Prime lending rate. The claim alleges that the Bank increases the Prime lending rate used to determine the debit interest rate for debit balances in current accounts and in loans, whenever the Bank of Israel changes its interest rate, and by exactly the same change, without exercising judgment and without paying due consideration to changes to the cost of credit sources, thereby increasing the Bank's earnings by allegedly using, other than in good faith, unfair sections of uniform banking contracts, as well as unlawful enrichment. The total estimated damage for all defendants amounts to NIS 5.8 billion. In accordance with the court ruling, the movants' summations were filed on July 9, 2026, and the Bank is required to file summations on its behalf by September 20, 2026.

j) In July 2023, the Bank was served with a claim and motion for approval of class action status, filed against the Bank and other banks. The claim alleges misleading behavior and failure to provide disclosure, when making a deposit online or in the app, the interest rate offered and paid to other bank customers for the same deposits, and of the option to obtain better interest. This involves allegedly unlawful action that amounts to misleading behavior, exploitative and lacking good faith, as well as unlawful enrichment. The total damage claimed for all banks amounts to NIS 984 million.

On April 28, 2026 a judgement was handed down which dismissed the certification motion, and the movants were required to pay legal expenses.

k) In August 2023, the Bank received a claim and motion for approval of class action status, of unspecified amount, filed against the Bank and other banks. The motion concerns the requirement to provide a building insurance policy incidental to a mortgage, to be pledged in favor of the Bank, even when the property value net of the relevant land value exceeds the requested loan amount or the outstanding loan balance, allegedly in contravention of provisions of Proper Conduct of Banking Business Directive 451. It was further alleged that the defendant banks do not inform the borrowers, during the loan period, of the option available to them not to insure the property under such circumstances, with respect to the outstanding loan balance.

According to the Court's decision to split the hearing, on November 14, 2024, the plaintiff filed a motion for approval of a class action relating solely to the Bank. An evidence hearing was scheduled for March 23, 2027.

l) In August 2023, the Bank was served with a claim and motion for approval of class action status, of unspecified amount. The motion concerns terms of interest and deposit types used as temporary collateral for mortgage transition from one land property to an alternative land property. Allegedly, in case of a deposit as such collateral, the investment options offered to the customer for such deposit are inferior by comparison to other investment options, and in particular – by comparison to other deposits offered to all Bank customers, and such action by the Bank results in excess profit for the Bank. It is further alleged that during the term of such deposit, the customer is required to maintain a valid life insurance policy, which is allegedly in contrast to the provisions of the mortgage agreement and in breach of a number of legal obligations of the Bank. On April 13, 2026, a pre-trial hearing took place in which the movants' preliminary motions were heard, and a further hearing was scheduled for September 15, 2026.

m) In March 2024 the Bank was served with a claim and a motion for approval of class action status, with no estimated sum, filed against the Bank and other Banks, for alleged unlawful billing for exchange rate differences for foreign currency conversion transactions, without basis for the billing in the Bank's price list and in agreements with customers and with no fair disclosure on the scope of the billing. This with an alleged violation of legal provisions including banking rules (customer services)(fees), 2008 and the Uniform Contracts Law, 1982. On October 31, 2024 a verdict was handed down, under which the motion was dismissed in limine, and the movants were required to pay legal expenses. On December 15, 2024, the Bank's attorney was served with an appeal against the verdict, which the applicant submitted to the Supreme Court. On June 30, 2026 the appellant filed a motion to withdraw the appeal. The Bank's response to the withdrawal motion was filed on July 13, 2026 and a ruling has not yet been handed down. A hearing for the appeal was scheduled for August 2, 2027.

n) In June 2024, the Bank was served with a claim and a motion to approve a class action to the sum of NIS 700 million. The motion concerns the payment of interest on credit balances in current accounts managed at the bank, by way of their deposit to the automatic daily interest deposit existing at the Bank. The motion claims that the Bank does not inform and does not actively offer all of its customers the option of using the said deposit and thus prevents them from receiving interest on credit balances in their account, this in connection with the period beginning from April 2022 onward, while violating various legal provisions, disclosure obligations and unlawful acquisition of wealth. On February 9, 2026, the court handed down a decision ordering a stay of proceedings in this court case, until a judgment is rendered in a related proceeding regarding credit balances in current accounts as detailed in Section H above.

Note 10 – Contingent Liabilities and Special Commitments – continued

o) In January 2025, Bank Yahav was served with a motion for class action certification with no estimated amount, in respect of alleged unlawful overcharging - without fair disclosure - fees and commissions and third-party expenses in respect of securities transactions. The movant filed an amended certification motion. Bank Yahav's response to the amended class action certification motion was filed on February 9, 2026. An evidence hearing was scheduled for September 23, 2026.

p) In June 2026, the Bank was served with a claim and a motion to approve a class action to the sum of NIS 1 billion. The motion concerns the manner by which specific and general trust accounts were managed. It is claimed in the motion that the Bank allegedly failed in risk management, oversight, and monitoring of activities in trust accounts under its management, by allowing the trustees of such accounts to conduct unrestricted activity, and consequently, financial and/or non-financial damage was caused to the beneficiaries.
The deadline for filing the Bank's response to the certification motion is November 15, 2026.

For all claims against the Bank Group in individual amounts over NIS 2 million, excluding claims listed in section 2 above, there is additional, non-remote exposure for which no provision was made, amounting to NIS 34 million.

3. Motions for class action status are pending against the Bank and its subsidiaries, where the amount claimed is material, as well as appeals to the High Court of Justice, as itemized below, which, in the opinion of the Bank's management, based on the opinion of the managements of its subsidiaries, and on the opinion of their legal counsel, the prospects for which cannot be estimated on the date of the financial statements, hence no provision was made for these.

a) In May 2026, the Bank was served with a claim and a motion to approve a class action to the sum of NIS 522 million. The motion alleges the existence of five (5) systemic failures in the manner data is presented on the Bank's online digital platforms for securities trading, which allegedly deprive its customers of the ability to obtain reliable information, understand the status of their accounts, and properly conduct trading transactions, while allegedly breaching various statutory provisions resulting in unjust enrichment.
The deadline for filing the Bank's response to the certification motion is October 11, 2026.

b) In November 2025, Bank Yahav was served with a claim and a motion to approve a class action, with no estimated sum, alleging that bank Yahav does not deliver messages regarding the termination of the benefits awarded to a customer and does not inform the customer proactively with respect thereof, thereby allegedly breaching the law. Bank Yahav's response to the certification motion was filed on June 15, 2026.

4. In April 2026, the Bank and Isracard Ltd. signed an agreement on joint issuance of payment cards to be issued to the Bank's customers. This agreement revised, among other things, the commercial terms agreed by the parties in previous agreements. The Bank also has an agreement with Premium Express Ltd. of the Isracard Group on joint issuance of payment cards to the Bank's customers.

5. In June 2026, the Bank signed an agreement with Israel Credit Cards Ltd. (CAL) and Diners Club Israel Ltd. for joint issuance of payment cards to be issued to the Bank's customers. This agreement revised, among other things, the commercial terms agreed by the parties in previous agreements.

Note 10 – Contingent Liabilities and Special Commitments – continued

Reported amounts (NIS in millions)

C. Guarantees by maturity date

The Bank provides a wide range of guarantees and indemnification to its customers, to allow them to conduct a wide range of transactions. The maximum amount of potential future payments is determined based on the amount stated in the guarantee, without accounting for any potential refunds or collateral helped or pledged. Most guarantees at the Bank are rated by credit performance rating.

The following are guarantees issued by the Bank, by maturity date:

	As of June 30, 2026 (unaudited)				
	Expiring in 12 months or sooner	Expiring in 1 to 3 years	Expiring in 3 to 5 years	Expiring in over 5 years	Total
Loan guarantees	3,707	919	261	234	5,121
Guarantees to home buyers	14,014	3,543	1,093	8	18,658
Guarantees and other commitments	8,850	5,294	5,326	385	19,855
Commitments to issue guarantees	4,565	9,182	8,326	-	22,073
Total guarantees	**31,136**	**18,938**	**15,006**	**627**	**65,707**

	As of June 30, 2025 (unaudited)				
	Expiring in 12 months or sooner	Expiring in 1 to 3 years	Expiring in 3 to 5 years	Expiring in over 5 years	Total
Loan guarantees	3,846	691	120	193	4,850
Guarantees to home buyers	11,780	5,862	521	73	18,236
Guarantees and other commitments	8,344	3,762	3,482	353	15,941
Commitments to issue guarantees	4,970	8,144	3,010	-	16,124
Total guarantees	**28,940**	**18,459**	**7,133**	**619**	**55,151**

	As of December 31, 2025 (audited)				
	Expiring in 12 months or sooner	Expiring in 1 to 3 years	Expiring in 3 to 5 years	Expiring in over 5 years	Total
Loan guarantees	4,072	845	184	255	5,356
Guarantees to home buyers	11,913	4,714	823	68	17,518
Guarantees and other commitments	8,794	5,430	4,453	72	18,749
Commitments to issue guarantees	3,691	9,870	5,670	-	19,231
Total guarantees	**28,470**	**20,859**	**11,130**	**395**	**60,854**

Note 10a - Pledges, Restrictive Conditions and Collateral

Reported amounts (NIS in millions)

Pledges, Restrictive Conditions and Collateral

A. Pledged assets and undertakings in respect of which they are pledged

	To central bank [1]	To stock exchanges and clearing houses	In securities lending, repo and derivative transactions[2]	Total
Pledged assets as of June 30, 2026				
Cash and deposits with banks	-	**1,261**	**3,115**	**4,377**
Bonds of the Government of Israel	91	257	-	348
Bonds of foreign governments	620	464	-	1,084
Total securities	**711**	**721**	**-**	**1,432**
Total assets	711	**1,983**	**3,115**	**5,809**
Amount of liabilities against which the assets are pledged				
Liabilities to the central bank	71	-	-	71
Liabilities with respect to derivatives	-	-	1,851	1,851
Total liabilities	**71**	**-**	**1,851**	**1,922**
Pledged assets as of December 31, 2025				
Cash and deposits with banks	-	**969**	**3,370**	**4,339**
Bonds of the Government of Israel	89	256	-	344
Bonds of foreign governments	379	546	-	925
Total securities	**467**	**802**	**-**	**1,269**
Total assets	467	**1,771**	**3,370**	**5,608**
Amount of liabilities against which the assets are pledged				
Liabilities to the central bank	71	-	-	71
Liabilities with respect to derivatives	-	-	1,876	1,876
Total liabilities	**71**	**-**	**1,876**	**1,947**

(1) The presented balances include amounts which - as of the reporting date - are pledged to a central bank and the banking corporation is required to obtain the central bank's approval to withdraw them or receive liquid instruments against them. In addition to those balances, the banking corporation pledged to a central bank NIS 17 million in securities, which - as of the reporting date - the banking corporation can, at any time and without prior notice, withdraw or receive liquid instruments against them from the central bank.

(2) For further details, see Note 11C regarding financial instruments provided as collateral and cash collateral pledged against liabilities with respect to derivatives.

Note 10a - Pledges, Restrictive Conditions and Collateral - continued

Reported amounts (NIS in millions)

B. Sources of securities which have been received and which the Bank may sell or pledge, at fair value excluding set-offs:

	As of June 30	As of December 31
	2026	2025
	(Unaudited)	(Audited)
Securities purchased in resale agreements	64	593
Total	**64**	**593**

C. Balances in respect of unsecured transactions for lending and borrowing of securities:

	As of June 30	As of December 31
	2026	2025
	(Unaudited)	(Audited)
Securities held for trading received in unsecured securities borrowing transactions	20,000	16,628
Loans to the public in respect of unsecured securities lending transactions	13,536	9,602
Deposits to the public in respect of unsecured securities borrowing transactions	33,536	26,230

Note 11 – Derivative instruments and hedging activities

Reported amounts (NIS in millions)

A) Activity on a consolidated basis

	June 30, 2026 (unaudited)			June 30, 2025 (unaudited)		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
1. Stated amounts of derivative instruments						
Interest contracts						
Forward contracts	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Swaps(1)	43,827	113,377	157,204	37,245	90,996	128,241
Total(2)	**43,827**	**113,377**	**157,204**	**37,245**	**90,996**	**128,241**
Of which: Hedging derivatives(3)	**18,190**	**-**	**18,190**	**10,482**	**-**	**10,482**
Currency contracts						
Forward contracts and futures(4)	67,197	192,700	259,897	69,976	174,279	244,255
Options written	-	14,119	14,119	-	11,152	11,152
Options purchased	-	13,227	13,227	-	10,151	10,151
Swaps	1,340	1,190	2,530	674	949	1,623
Total	**68,537**	**221,236**	**289,773**	**70,650**	**196,531**	**267,181**
Of which: Hedging derivatives(3)	**1,340**	**-**	**1,340**	**-**	**-**	**-**
Contracts for shares						
Forward contracts and futures contracts	-	52,613	52,613	-	32,954	32,954
Options written	213	17,607	17,820	174	11,473	11,647
Options purchased(5)	-	17,610	17,610	-	11,475	11,475
Swaps	-	328	328	-	225	225
Total	**213**	**88,158**	**88,371**	**174**	**56,127**	**56,301**
Commodities and other contracts						
Forward contracts and futures contracts	-	13	13	-	12	12
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Total	**-**	**13**	**13**	**-**	**12**	**12**
Credit contracts						
Bank is guarantor	-	-	-	-	-	-
Bank is beneficiary	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Total stated amount	**112,577**	**422,784**	**535,361**	**108,069**	**343,666**	**451,735**

(1) Includes swaps where the banking corporation pays a fixed interest rate amounting to NIS 86,933 million (as of June 30, 2025: NIS 78,541 million).
(2) Of which: NIS/CPI swaps amounting to NIS 4,136 million (as of June 30, 2025: NIS 4,468 million).
(3) The Bank conducts fair value hedging and cash flow hedging through interest rate swap contracts, foreign currency contracts and NIS/CPI swap contracts, respectively.
(4) Of which: NIS/CPI swaps amounting to NIS 17,174 million (as of June 30, 2025: NIS 6,645 million).
(5) Of which: Traded on the Stock Exchange, amounting to NIS 17,607 million (as of June 30, 2025: NIS 11,473 million).

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

A) Activity on a consolidated basis – continued

	As of December 31, 2025 (audited)		
	Derivatives not held for trading	Derivatives held for trading	Total
1. Stated amounts of derivative instruments			
Interest contracts			
Forward contracts	-	-	-
Options written	-	-	-
Options purchased	-	-	-
Swaps[1]	33,747	108,326	142,073
Total[2]	**33,747**	**108,326**	**142,073**
Of which: Hedging derivatives[3]	**9,881**	**-**	**9,881**
Currency contracts			
Forward contracts and futures[4]	63,649	200,442	264,091
Options written	-	6,655	6,655
Options purchased	-	6,661	6,661
Swaps	638	1,021	1,659
Total	**64,287**	**214,779**	**279,066**
Of which: Hedging derivatives[3]	**-**	**-**	**-**
Contracts for shares			
Forward contracts and futures contracts	-	47,420	47,420
Options written	213	16,940	17,153
Options purchased[5]	-	16,943	16,943
Swaps	-	370	370
Total	**213**	**81,673**	**81,886**
Commodities and other contracts			
Forward contracts	-	2	2
Options written	-	-	-
Options purchased	-	-	-
Total	**-**	**2**	**2**
Credit contracts			
Bank is guarantor	-	-	-
Bank is beneficiary	-	-	-
Total	**-**	**-**	**-**
Total stated amount	**98,247**	**404,780**	**503,027**

(1) Of which: seeps where the banking corporation pays a fixed interest, amounting to NIS 86,378 million.
(2) Of which: NIS/CPI swaps amounting to NIS 4,056 million.
(3) The Bank conducts fair value hedging and cash flow hedging through interest rate swap contracts and NIS/CPI swap contracts, respectively.
(4) Of which: Foreign currency spot swaps amounting to NIS 4,624 million.
(5) Of which: Traded on the stock exchange, amounting to NIS 16,940 million.

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

A) Activity on a consolidated basis – continued

	June 30, 2026 (unaudited)					
	Assets with respect to derivatives, gross			Liabilities with respect to derivatives, gross		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
2. Fair value of derivative instruments, gross						
Interest contracts	1,057	1,203	2,260	1,082	1,209	2,291
Of which: Hedging derivatives	286	-	286	402	-	402
Currency contracts	98	4,199	4,297	90	5,124	5,214
Of which: Hedging derivatives	-	-	-	52	-	52
Contracts for shares	18	526	544	-	511	511
Commodities and other contracts	-	-	-	-	-	-
Credit contracts	-	-	-	-	-	-
Total assets / liabilities with respect to derivatives, gross(1)	**1,173**	**5,928**	**7,101**	**1,172**	**6,844**	**8,016**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,173**	**5,928**	**7,101**	**1,172**	**6,844**	**8,016**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	118	934	1,052	2	1,076	1,078

	June 30, 2025 (unaudited)					
	Assets with respect to derivatives, gross			Liabilities with respect to derivatives, gross		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
2. Fair value of derivative instruments, gross						
Interest contracts	1,218	1,325	2,543	1,051	1,279	2,330
Of which: Hedging derivatives	332	-	332	285	-	285
Currency contracts	73	6,215	6,288	21	7,219	7,240
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	11	651	662	-	634	634
Commodities and other contracts	-	-	-	-	-	-
Credit contracts	-	-	-	-	-	-
Total assets / liabilities with respect to derivatives, gross(1)	**1,302**	**8,191**	**9,493**	**1,072**	**9,132**	**10,204**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,302**	**8,191**	**9,493**	**1,072**	**9,132**	**10,204**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	71	1,174	1,245	11	1,352	1,363

(1) Of which: Gross fair value of assets with respect to embedded derivatives amounting to NIS 33 million (as of June 30, 2025 - NIS 28 million).

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

A) Activity on consolidated basis – continued

	December 31, 2025					
	Assets with respect to derivatives, gross			Liabilities with respect to derivatives, gross		
	Derivatives not held for trading	Derivatives held for trading	Total	Derivatives not held for trading	Derivatives held for trading	Total
2. Fair value of derivative instruments, gross						
Interest contracts	1,065	869	1,934	926	825	1,751
Of which: Hedging derivatives	272	-	272	225	-	225
Currency contracts	65	3,739	3,804	23	4,699	4,722
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	22	565	587	-	555	555
Commodities and other contracts	-	-	-	-	-	-
Credit contracts	-	-	-	-	-	-
Total assets / liabilities with respect to derivatives, gross[(1)]	**1,152**	**5,173**	**6,325**	**949**	**6,079**	**7,028**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,152**	**5,173**	**6,325**	**949**	**6,079**	**7,028**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	92	834	926	4	1,051	1,055

(1) Of which: Gross fair value of assets with respect to embedded derivatives amounting to NIS 32 million.

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

B) Accounting hedges

1.A. Gain (loss) from fair value hedge [(1)]

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Interest revenues (expenses)				
Interest contracts					
Hedged items	189	32	119	102	156
Hedging derivatives	(198)	(32)	(121)	(103)	(146)

1.B. Items hedged under fair value hedge [(1)]

	Balance as of June 30 2026		Balance as of June 30 2025		Balance as of December 31 2025	
	Book value	Cumulative fair value adjustments that increased the book value	Book value	Cumulative fair value adjustments that increased the book value	Book value	Cumulative fair value adjustments that increased the book value
Securities available for sale	4,515	168	4,830	33	4,718	214
Bonds and subordinated notes	3,211	41	-	-	-	-
Mortgages credit	8,218	255	5,290	57	5,317	85

2. Cash flows hedges[(2)]

	For the three months ended June 30, 2026		For the six months ended June 30, 2026		For the year ended December 31, 2025	
	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)
Bonds and subordinated notes	(33)	3	(33)	3	-	-
Mortgages credit	-	-	-	-	(6)	(3)

	For the three months ended June 30, 2025		For the six months ended June 30, 2025	
	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)
Mortgages credit	(1)	(6)	(1)	(1)

(1) Reflects amounts included in assessment of hedge effectiveness.

(2) Reflects amounts excluded from assessment of hedge effectiveness, for which the difference between the change in fair value and the periodic write-down is recognized on Other Comprehensive Income (Loss).

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

C) Credit risk on financial derivatives according to counter-party to the contract – Consolidated

	June 30, 2026 (unaudited)						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
Carrying amount of assets with respect to derivative instruments	**34**	**3,467**	**330**	**59**	**2,092**	**1,119**	**7,101**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,527)	-	(4)	(1,553)	(116)	(1)(4,200)
Mitigation of credit risk with respect to cash collateral received(2)	-	(940)	-	(55)	(514)	(2)	(1,511)
Net amount of assets with respect to derivative instruments	**34**	**-**	**330**	**-**	**25**	**1,001**	**1,390**
Net off-balance sheet credit risk with respect to derivative instruments(3)	250	2,550	128	8	2,607	383	5,926
Total credit risk on derivative instruments	**284**	**2,550**	**458**	**8**	**2,632**	**1,384**	**7,316**
Carrying amount of liabilities with respect to derivative instruments	**34**	**2,753**	**330**	**4**	**3,959**	**936**	**8,016**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,527)	-	(4)	(1,553)	(116)	(4,200)
Pledged cash collateral(4)	(34)	(226)	(253)	-	(1,871)	(1)	(2,385)
Net amount of liabilities with respect to derivative instruments	**-**	**-**	**77**	**-**	**535**	**819**	**1,431**

	June 30, 2025 (unaudited)						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
Carrying amount of assets with respect to derivative instruments	**62**	**4,105**	**456**	**115**	**3,614**	**1,141**	**9,493**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,808)	-	-	(1,474)	(287)	(1)(4,569)
Mitigation of credit risk with respect to cash collateral received(2)	-	(978)	-	(101)	(2,046)	-	(3,125)
Net amount of assets with respect to derivative instruments	**62**	**319**	**456**	**14**	**94**	**854**	**1,799**
Off-balance sheet credit risk on derivative instruments(3)	137	1,706	132	16	1,466	383	3,840
Total credit risk on derivative instruments	**199**	**2,025**	**588**	**30**	**1,560**	**1,237**	**5,639**
Carrying amount of liabilities with respect to derivative instruments	**64**	**3,474**	**456**	**-**	**4,889**	**1,321**	**10,204**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,808)	-	-	(1,474)	(287)	(4,569)
Pledged cash collateral(4)	-	(531)	-	-	(3,111)	(123)	(3,765)
Net amount of liabilities with respect to derivative instruments	**64**	**135**	**456**	**-**	**304**	**911**	**1,870**

(1) This balance consists entirely of derivative instruments subject to offset agreements.

(2) Balances in respect of cash collateral received are presented under the deposits from the public and deposits from banks line items.

(3) The difference, if positive, between the total amounts with respect to derivative instruments (including with respect to derivative instruments with negative fair value) included under borrower indebtedness, as calculated for restrictions on indebtedness of a borrower, before mitigation of credit risk, and the carrying amount of assets with respect to derivative instruments of the borrower.

(4) Balances in respect of cash collateral pledged are presented under the deposits from the public and deposits from banks line items.

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

C) Credit risk on financial derivatives according to counter-party to the contract – Consolidated – continued

	As of December 31, 2025 (audited)						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
Carrying amount of assets with respect to derivative instruments	**113**	**3,060**	**305**	**157**	**1,911**	**779**	**6,325**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,126)	-	-	(1,131)	(80)	(1)(3,337)
Mitigation of credit risk with respect to cash collateral received(2)	-	(934)	-	(152)	(780)	-	(1,866)
Net amount of assets with respect to derivative instruments	**113**	**-**	**305**	**5**	**-**	**699**	**1,122**
Net off-balance sheet credit risk with respect to derivative instruments(3)	137	2,207	116	16	2,408	374	5,258
Total credit risk on derivative instruments	**250**	**2,207**	**421**	**21**	**2,408**	**1,073**	**6,380**
Carrying amount of liabilities with respect to derivative instruments	**112**	**2,387**	**305**	**-**	**3,356**	**868**	**7,028**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,126)	-	-	(1,131)	(80)	(3,337)
Pledged cash collateral(4)	-	(261)	-	-	(1,771)	(95)	(2,127)
Net amount of liabilities with respect to derivative instruments	**112**	**-**	**305**	**-**	**454**	**693**	**1,564**

(1) This balance consists entirely of derivative instruments subject to offset agreements.
(2) Balances in respect of cash collateral received are presented under the deposits from the public and deposits from banks line items.
(3) The difference, if positive, between the total amounts with respect to derivative instruments (including with respect to derivative instruments with negative fair value) included under borrower indebtedness, as calculated for restrictions on indebtedness of a borrower, before mitigation of credit risk, and the carrying amount of assets with respect to derivative instruments of the borrower.
(4) Balances in respect of cash collateral pledged are presented under the deposits from the public and deposits from banks line items.

In the three-month period ended June 30, 2026, the Bank recognized revenues from decrease in provision for credit losses amounting to NIS 3 million. In the six-month period ended June 30, 2026 there was no change in the provision for credit losses (in the three-month period ended June 30, 2025, the Bank recognized revenues from an increase in provision for credit losses amounting to NIS 2 million). In the six-month period ended June 30, 2025, the Bank recognized expenses from increase in provision for credit losses amounting to NIS 6 million).

D) Maturity dates – stated amounts: Balances at end of period – Consolidated

	June 30, 2026 (unaudited)				
	Up to three months	3 months to 1 year	1-5 years	Over 5 years	Total
Interest contracts:					
NIS – CPI	118	2,276	1,225	517	4,136
Other	13,280	23,815	89,699	26,274	153,068
Currency contracts	171,830	112,133	5,506	304	289,773
Contracts for shares	87,051	1,044	276	-	88,371
Commodities and other contracts	13	-	-	-	13
Total	**272,292**	**139,268**	**96,706**	**27,095**	**535,361**
	June 30, 2025 (unaudited)				
Total	**245,670**	**119,492**	**65,050**	**21,523**	**451,735**
	As of December 31, 2025 (audited)				
Total	**291,568**	**107,294**	**80,731**	**23,434**	**503,027**

Note 12 – Operating Segments

A. Information regarding supervisory operating segments

According to the Directives, the Bank is required to provide in its financial statements a disclosure with regard to supervisory operating segments in conformity with a uniform and comparable format set by the Supervisor of Banks; allocation to supervisory operating segments is typically determined based on the customer's turnover.

The financial information on the Report of the Board of Directors and Management is included based on definitions of supervisory segments.

In addition, the financial statements include – in Note 12 to the financial statements – disclosure with regard to "Operating segments in conformity with the management approach".

An operating segment in conformity with the management approach is a Bank component with operations which may derive revenues and incur expenses which meet the following criteria:

a. Its operating results are regularly reviewed for the purpose of decision making about resource allocation and for performance evaluation.
b. Separate financial information is available for it.

In fact, there is a strong correlation between supervisory operating segments and "operating segments in conformity with the management approach" but nevertheless, there are some differences in customer attribution to segments and in decision making. Therefore, at this stage, the financial statements also include reporting of operating results in conformity with "the management approach", as noted above.

Supervisory operating segments

Supervisory operating segments include operating segments for individuals and operating segments for other than individuals (including business operating segments, institutional investors and financial management of the Bank).

Individuals are defined as persons with no indebtedness to the Bank or whose indebtedness is classified as indebtedness of "individuals – residential mortgages and others", in conformity with definitions of credit risk classification by economic sector.

Definitions of supervisory operating segments are as follows:

Households – individuals, other than private banking customers, as noted below.

Private banking – individuals who manage a financial asset portfolio in excess of NIS 3 million.

Small and micro businesses – businesses with turnover amounting up to NIS 50 million.

Medium businesses – businesses with turnover higher than NIS 50 million and lower than NIS 250 million.

Large businesses – businesses with turnover higher than NIS 250 million.

Institutional investors – Businesses which own pension funds, study funds, mutual funds, ETFs, insurance companies, stock exchange members, portfolio managers.

Financial management – includes trading operations, asset and liability management and non-banking investments.

Trade operations – Investment in securities held for trading, market making operations for securities, operations involving derivatives not designated as hedges and which are not part of asset and liability management for the Bank, borrowing of securities for trading, short selling of securities, underwriting services for securities.

Asset and liability management – including investment in bonds available for sale and in bonds held to maturity, hedging using derivatives, ALM hedging, deposits with banks and deposits from banks in Israel and overseas, currency hedging of investments overseas, deposits with and from Governments.

Real investments – Investment in shares available for sale and in associated companies of businesses.

Other financial management operations – management, operation, trust and custody services for banks, sale and management of loan portfolios.

The aforementioned operating segments are divided into operations in Israel and operations overseas; operations overseas are presented separately and are divided into operations of individuals and business operations only.

Note 12 – Operating Segments – continued
Supervisory operating segments
For the six months ended June 30, 2026 (unaudited)
Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	6,404	982	31	7,386
Interest expenses from externals	11	1,662	-	1,673
Interest revenues, net from externals	6,393	(680)	31	5,713
Interest revenues, net – inter-segment	(4,972)	2,441	(7)	(2,531)
Total interest revenues, net	**1,421**	**1,761**	**24**	**3,182**
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	57	398	98	455
Total non-interest revenues	**57**	**398**	**98**	**455**
Total revenues	**1,478**	**2,159**	**122**	**3,637**
Expenses due to credit losses	(69)	44	1	(25)
Operating and other expenses to externals	419	1,122	33	1,541
Operating and other expenses – inter-segment	-	1	-	1
Total operating and other expenses	**419**	**1,123**	**33**	**1,542**
Pre-tax profit	1,128	992	88	2,120
Provision for taxes on profit	444	390	35	834
After-tax profit	**684**	**602**	**53**	**1,286**
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	684	602	53	1,286
Net profit attributed to non-controlling interests	-	(79)	(2)	(79)
Net profit attributable to shareholders of the banking corporation	**684**	**523**	**51**	**1,207**
Average balance of assets	249,231	29,362	3,986	278,593
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	249,231	29,362	3,986	278,593
Balance of loans to the public at end of reported period	253,301(3)	29,158	5,175	282,459
Balance of non-accruing debts and debts in arrears over 90 days	2,604	138	1	2,742
Balance of other problematic debts	-	136	5	136
Balance of provision for credit losses at end of reported period	997	627	-	1,624
Net accounting write-offs in the reported period	-	124	-	124
Average balance of liabilities	-	134,599	-	134,599
Of which: Average balance of deposits from the public	-	134,599	-	134,599
Balance of deposits from the public at end of reported period	-	135,005	-	135,005
Average balance of risk assets(1)	145,780	24,152	4,576	169,932
Balance of risk assets at end of reported period(1)	147,106	23,707	4,707	170,813
Average balance of assets under management(2)	8,136	71,348	-	79,484
Breakdown of interest revenues, net:				
Margin from credit granting operations	1,184	446	24	1,630
Margin from activities of receiving deposits	-	1,284	-	1,284
Other	237	31	-	268
Total interest revenues, net	**1,421**	**1,761**	**24**	**3,182**

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).
(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.
(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 8,408.

							Operations overseas	Total
Private banking	**Small and micro businesses**	**Medium businesses**	**Large busin esses**	**Institutional investors**	**Financial management segment**	**activity in Israel**	**Total – operations overseas**	
4	1,349	546	1,745	80	1,607	12,717	802	13,519
541	628	629	944	2,153	920	7,488	326	7,814
(537)	721	(83)	801	(2,073)	687	5,229	476	5,705
757	471	482	7	2,265	(1,326)	125	(125)	-
220	**1,192**	**399**	**808**	**192**	**(639)**	**5,354**	**351**	**5,705**
-	-	-	-	-	357	357	-	357
29	286	66	140	34	194	1,204	19	1,223
29	**286**	**66**	**140**	**34**	**551**	**1,561**	**19**	**1,580**
249	**1,478**	**465**	**948**	**226**	**(88)**	**6,915**	**370**	**7,285**
1	70	34	(24)	(7)	3	52	69	121
8	547	84	124	92	148	2,544	71	2,615
2	2	(1)	-	-	(4)	-	-	-
10	**549**	**83**	**124**	**92**	**144**	**2,544**	**71**	**2,615**
238	859	348	848	141	(235)	4,319	230	4,549
94	338	137	333	55	(92)	1,699	90	1,789
144	**521**	**211**	**515**	**86**	**(143)**	**2,620**	**140**	**2,760**
-	-	-	-	-	15	15	-	15
144	521	211	515	86	(128)	2,635	140	2,775
-	(2)	-	-	-	(28)	(109)	-	(109)
144	**519**	**211**	**515**	**86**	**(156)**	**2,526**	**140**	**2,666**
174	36,037	23,208	56,300	9,342	134,470	538,124	29,887	568,011
-	-	-	-	-	587	587	-	587
174	36,037	23,208	56,300	9,342	-	403,654	14,368	418,022
259	36,493	24,333	57,264	10,852	-	411,660	15,718	427,378
-	754	328	151	-	-	3,975	74	4,049
-	529	58	211	-	-	934	183	1,117
2	1,213	275	339	7	-	3,460	192	3,652
-	72	26	25	-	-	247	45	292
32,526	53,037	34,858	49,084	137,589	65,753	507,446	17,196	524,642
32,526	53,037	34,858	49,084	137,589	-	441,693	16,763	458,456
33,323	53,128	35,734	52,014	147,407	-	456,611	17,813	474,424
150	34,257	20,096	83,328	1,732	26,118	335,613	18,309	353,922
207	34,612	20,380	84,849	1,747	26,392	339,000	19,082	358,082
38,183	61,083	23,639	48,098	471,355	4,296	726,138	-	726,138
2	624	228	586	28	-	3,098	213	3,311
218	494	139	101	162	-	2,398	49	2,447
-	74	32	121	2	(639)	(142)	89	(53)
220	**1,192**	**399**	**808**	**192**	**(639)**	**5,354**	**351**	**5,705**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the six months ended June 30, 2025 (unaudited)

Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	6,236	1,040	31	7,276
Interest expenses from externals	13	1,662	-	1,675
Interest revenues, net from externals	6,223	(622)	31	5,601
Interest revenues, net – inter-segment	(4,822)	2,547	(8)	(2,275)
Total interest revenues, net	**1,401**	**1,925**	**23**	**3,326**
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	66	358	95	424
Total non-interest revenues	**66**	**358**	**95**	**424**
Total revenues	**1,467**	**2,283**	**118**	**3,750**
Expenses due to credit losses	(37)	88	(3)	51
Operating and other expenses to externals	419	1,111	35	1,530
Operating and other expenses – inter-segment	1	2	-	3
Total operating and other expenses	**420**	**1,113**	**35**	**1,533**
Pre-tax profit	1,084	1,082	86	2,166
Provision for taxes on profit	401	401	32	802
After-tax profit	**683**	**681**	**54**	**1,364**
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	683	681	54	1,364
Net profit attributed to non-controlling interests	-	(92)	(2)	(92)
Net profit attributable to shareholders of the banking corporation	**683**	**589**	**52**	**1,272**
Average balance of assets	229,649	28,193	3,862	257,842
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	229,649	28,193	3,862	257,842
Balance of loans to the public at end of reported period	233,172(3)	27,844	4,565	261,016
Balance of non-accruing debts and debts in arrears over 90 days	2,245	130	-	2,375
Balance of other problematic debts	-	142	5	142
Balance of provision for credit losses at end of reported period	1,143	683	-	1,826
Net accounting write-offs in the reported period	-	81	-	81
Average balance of liabilities	-	133,987	-	133,987
Of which: Average balance of deposits from the public	-	133,987	-	133,987
Balance of deposits from the public at end of reported period	-	134,900	-	134,900
Average balance of risk assets(1)	136,098	23,230	4,482	159,328
Balance of risk assets at end of reported period(1)	137,967	22,681	3,086	160,648
Average balance of assets under management(2)	8,902	60,244	-	69,146
Breakdown of interest revenues, net:				
Margin from credit granting operations	1,167	462	23	1,629
Margin from activities of receiving deposits	-	1,422	-	1,422
Other	234	41	-	275
Total interest revenues, net	**1,401**	**1,925**	**23**	**3,326**

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).
(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.
(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 10,092.

							Operations overseas	Total
Private banking	**Small and micro businesses**	**Medium businesses**	**Large businesses**	**Institutional investors**	**Financial management segment**	**activity in Israel**	**Total – operations overseas**	
1	1,385	554	1,544	39	1,601	12,400	978	13,378
555	671	459	1,029	1,754	947	7,090	396	7,486
(554)	714	95	515	(1,715)	654	5,310	582	5,892
774	546	263	181	1,848	(1,115)	222	(222)	-
220	**1,260**	**358**	**696**	**133**	**(461)**	**5,532**	**360**	**5,892**
-	-	-	-	-	185	185	-	185
29	302	63	144	25	256	1,243	17	1,260
29	**302**	**63**	**144**	**25**	**441**	**1,428**	**17**	**1,445**
249	**1,562**	**421**	**840**	**158**	**(20)**	**6,960**	**377**	**7,337**
-	49	(2)	11	9	1	119	40	159
7	563	89	135	99	165	2,588	74	2,662
2	3	(3)	-	(1)	(4)	-	-	-
9	**566**	**86**	**135**	**98**	**161**	**2,588**	**74**	**2,662**
240	947	337	694	51	(182)	4,253	263	4,516
89	352	125	257	19	(67)	1,577	97	1,674
151	**595**	**212**	**437**	**32**	**(115)**	**2,676**	**166**	**2,842**
-	-	-	-	-	11	11	-	11
151	595	212	437	32	(104)	2,687	166	2,853
-	(2)	-	-	-	(16)	(110)	-	(110)
151	**593**	**212**	**437**	**32**	**(120)**	**2,577**	**166**	**2,743**
137	35,499	17,933	43,567	4,312	112,616	471,906	33,929	505,835
-	-	-	-	-	302	302	-	302
137	35,499	17,933	43,567	4,312	-	359,290	10,299	369,589
146	34,198	18,994	47,148	6,781	-	368,283	12,416	380,699
-	832	250	157	-	-	3,614	454	4,068
-	540	141	233	-	-	1,056	56	1,112
1	1,302	259	389	17	-	3,794	233	4,027
-	103	44	(14)	-	-	214	33	247
31,554	54,977	22,057	47,071	95,826	67,420	452,891	18,711	471,602
31,554	54,977	22,057	47,071	95,826	-	385,471	17,902	403,373
32,142	52,483	29,324	43,550	108,247	-	400,646	16,748	417,394
105	33,436	16,940	66,962	1,514	22,438	300,723	15,099	315,822
115	34,133	17,459	70,333	1,275	23,259	307,222	15,435	322,657
29,796	65,981	19,921	33,948	371,633	3,843	594,268	-	594,268
-	616	210	487	15	-	2,957	202	3,159
220	573	119	102	116	-	2,552	73	2,625
-	71	29	107	2	(461)	23	85	108
220	**1,260**	**358**	**696**	**133**	**(461)**	**5,532**	**360**	**5,892**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the three months ended June 30, 2026 (unaudited)
Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	3,683	538	15	4,221
Interest expenses from externals	6	910	-	916
Interest revenues, net from externals	3,677	(372)	15	3,305
Interest revenues, net – inter-segment	(2,971)	1,258	(6)	(1,713)
Total interest revenues, net	**706**	**886**	**9**	**1,592**
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	31	204	51	235
Total non-interest revenues	**31**	**204**	**51**	**235**
Total revenues	**737**	**1,090**	**60**	**1,827**
Expenses due to credit losses	(16)	82	4	66
Operating and other expenses to externals	209	556	16	765
Operating and other expenses – inter-segment	-	-	-	-
Total operating and other expenses	**209**	**556**	**16**	**765**
Pre-tax profit	544	452	40	996
Provision for taxes on profit	214	176	16	390
After-tax profit	**330**	**276**	**24**	**606**
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	330	276	24	606
Net profit attributed to non-controlling interests	-	(38)	(1)	(38)
Net profit attributable to shareholders of the banking corporation	**330**	**238**	**23**	**568**
Average balance of assets	251,214	29,624	3,976	280,838
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	251,214	29,624	3,976	280,838
Balance of loans to the public at end of reported period	253,301[(3)]	29,158	5,175	282,459
Balance of non-accruing debts and debts in arrears over 90 days	2,604	138	1	2,742
Balance of other problematic debts	-	136	5	136
Balance of provision for credit losses at end of reported period	997	627	-	1,624
Net accounting write-offs in the reported period	-	83	-	83
Average balance of liabilities	-	135,058	-	135,058
Of which: Average balance of deposits from the public	-	135,058	-	135,058
Balance of deposits from the public at end of reported period	-	135,005	-	135,005
Average balance of risk assets[(1)]	146,240	24,241	4,555	170,481
Balance of risk assets at end of reported period[(1)]	147,106	23,707	4,707	170,813
Average balance of assets under management[(2)]	8,051	72,897	-	80,948
Breakdown of interest revenues, net:				
Margin from credit granting operations	588	225	12	813
Margin from activities of receiving deposits	-	646	-	646
Other	118	15	(3)	133
Total interest revenues, net	**706**	**886**	**9**	**1,592**

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).
(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.
(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 8,408 .

							Operations overseas	Total
Private banking	**Small and micro businesses**	**Medium businesses**	**Large businesses**	**Institutional investors**	**Financial management segment**	**activity in Israel**	**Total – operations overseas**	
2	681	261	893	40	757	6,855	404	7,259
291	333	318	457	1,130	634	4,079	168	4,247
(289)	348	(57)	436	(1,090)	123	2,776	236	3,012
398	239	252	(27)	1,185	(259)	75	(75)	-
109	**587**	**195**	**409**	**95**	**(136)**	**2,851**	**161**	**3,012**
-	-	-	-	-	171	171	-	171
13	144	32	64	14	123	625	(6)	619
13	**144**	**32**	**64**	**14**	**294**	**796**	**(6)**	**790**
122	**731**	**227**	**473**	**109**	**158**	**3,647**	**155**	**3,802**
1	(23)	31	10	(7)	7	85	5	90
4	273	40	57	43	70	1,252	35	1,287
1	1	(1)	-	-	(1)	-	-	-
5	**274**	**39**	**57**	**43**	**69**	**1,252**	**35**	**1,287**
116	480	157	406	73	82	2,310	115	2,425
46	188	61	158	28	33	904	45	949
70	**292**	**96**	**248**	**45**	**49**	**1,406**	**70**	**1,476**
-	-	-	-	-	7	7	-	7
70	292	96	248	45	56	1,413	70	1,483
-	-	-	-	-	(17)	(55)	-	(55)
70	**292**	**96**	**248**	**45**	**39**	**1,358**	**70**	**1,428**
178	36,298	23,750	58,072	10,348	131,860	541,344	29,615	570,959
-	-	-	-	-	674	674	-	674
178	36,298	23,750	58,072	10,348	-	409,484	14,928	424,412
259	36,493	24,333	57,264	10,852	-	411,660	15,718	427,378
-	754	328	151	-	-	3,975	74	4,049
-	529	58	211	-	-	934	183	1,117
2	1,213	275	339	7	-	3,460	192	3,652
-	5	17	27	-	-	132	2	134
32,556	53,156	34,449	49,877	139,133	62,947	507,176	17,295	524,471
32,556	53,156	34,449	49,877	139,133	-	444,229	16,861	461,090
33,323	53,128	35,734	52,014	147,407	-	456,611	17,813	474,424
164	34,426	20,130	83,778	1,794	26,140	336,913	18,528	355,441
207	34,612	20,380	84,849	1,747	26,392	339,000	19,082	358,082
39,331	63,339	22,133	52,046	481,646	4,391	743,834	-	743,834
1	313	112	295	15	-	1,549	98	1,647
108	236	67	52	79	-	1,188	24	1,212
-	38	16	62	1	(136)	114	39	153
109	**587**	**195**	**409**	**95**	**(136)**	**2,851**	**161**	**3,012**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the three months ended June 30, 2025 (unaudited)
Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	3,465	547	16	4,012
Interest expenses from externals	8	910	-	918
Interest revenues, net from externals	3,457	(363)	16	3,094
Interest revenues, net – inter-segment	(2,740)	1,319	(4)	(1,421)
Total interest revenues, net	**717**	**956**	**12**	**1,673**
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	27	184	48	211
Total non-interest revenues	**27**	**184**	**48**	**211**
Total revenues	**744**	**1,140**	**60**	**1,884**
Expenses due to credit losses	(3)	34	(4)	31
Operating and other expenses to externals	213	542	18	755
Operating and other expenses – inter-segment	1	1	-	2
Total operating and other expenses	**214**	**543**	**18**	**757**
Pre-tax profit	533	563	46	1,096
Provision for taxes on profit	201	213	17	414
After-tax profit	**332**	**350**	**29**	**682**
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	332	350	29	682
Net profit attributed to non-controlling interests	-	(48)	(1)	(48)
Net profit attributable to shareholders of the banking corporation	**332**	**302**	**28**	**634**
Average balance of assets	231,830	28,235	3,825	260,065
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	231,830	28,235	3,825	260,065
Balance of loans to the public at end of reported period	233,172(3)	27,844	4,565	261,016
Balance of non-accruing debts and debts in arrears over 90 days	2,245	130	-	2,375
Balance of other problematic debts	-	142	5	142
Balance of provision for credit losses at end of reported period	1,143	683	-	1,826
Net accounting write-offs in the reported period	-	38	-	38
Average balance of liabilities	-	134,689	-	134,689
Of which: Average balance of deposits from the public	-	134,689	-	134,689
Balance of deposits from the public at end of reported period	-	134,900	-	134,900
Average balance of risk assets(1)	137,205	23,288	4,482	160,493
Balance of risk assets at end of reported period(1)	137,967	22,681	3,086	160,648
Average balance of assets under management(2)	8,823	61,591	-	70,414
Breakdown of interest revenues, net:				
Margin from credit granting operations	602	227	11	829
Margin from activities of receiving deposits	-	711	-	711
Other	115	18	1	133
Total interest revenues, net	**717**	**956**	**12**	**1,673**

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).
(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.
(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 10,092.

							Operations overseas	Total
Private banking	**Small and micro businesses**	**Medium businesses**	**Large businesses**	**Institutional investors**	**Financial management segment**	**activity in Israel**	**Total – operations overseas**	
1	704	280	812	19	853	6,681	501	7,182
288	355	244	512	933	627	3,877	212	4,089
(287)	349	36	300	(914)	226	2,804	289	3,093
395	279	139	50	985	(321)	106	(106)	-
108	**628**	**175**	**350**	**71**	**(95)**	**2,910**	**183**	**3,093**
-	-	-	-	-	43	43	-	43
16	154	35	83	12	138	649	6	655
16	**154**	**35**	**83**	**12**	**181**	**692**	**6**	**698**
124	**782**	**210**	**433**	**83**	**86**	**3,602**	**189**	**3,791**
-	(24)	2	21	8	1	39	17	56
3	290	45	62	49	80	1,284	39	1,323
1	1	(2)	-	2	(4)	-	-	-
4	**291**	**43**	**62**	**51**	**76**	**1,284**	**39**	**1,323**
120	515	165	350	24	9	2,279	133	2,412
45	195	63	132	9	2	860	50	910
75	**320**	**102**	**218**	**15**	**7**	**1,419**	**83**	**1,502**
-	-	-	-	-	6	6	-	6
75	320	102	218	15	13	1,425	83	1,508
-	2	-	-	-	(9)	(55)	-	(55)
75	**322**	**102**	**218**	**15**	**4**	**1,370**	**83**	**1,453**
142	34,631	18,990	44,755	5,097	118,715	482,395	33,129	515,524
-	-	-	-	-	338	338	-	338
142	34,631	18,990	44,755	5,097	-	363,680	10,426	374,106
146	34,198	18,994	47,148	6,781	-	368,283	12,416	380,699
-	832	250	157	-	-	3,614	454	4,068
-	540	141	233	-	-	1,056	56	1,112
1	1,302	259	389	17	-	3,794	233	4,027
-	48	39	(7)	-	-	118	(2)	116
32,097	53,418	24,945	47,777	100,926	70,319	464,170	19,746	483,916
32,097	53,418	24,945	47,777	100,926	-	393,851	18,592	412,443
32,142	52,483	29,324	43,550	108,247	-	400,646	16,748	417,394
114	33,900	17,353	69,147	1,646	23,060	305,713	15,407	321,120
115	34,133	17,459	70,333	1,275	23,259	307,222	15,435	322,657
30,580	65,859	20,502	35,219	377,910	3,849	604,333	-	604,333
-	303	100	244	8	-	1,484	98	1,582
108	289	59	51	61	-	1,279	39	1,318
-	36	16	55	2	(95)	147	46	193
108	**628**	**175**	**350**	**71**	**(95)**	**2,910**	**183**	**3,093**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the year ended December 31, 2025 (audited)
Reported amounts (NIS in millions)

	Operations in Israel			
	Households			
	Residential mortgages	Others	Of which: Credit cards	Total
Interest revenues from externals	12,394	2,020	62	14,414
Interest expenses from externals	24	3,355	-	3,379
Interest revenues, net from externals	12,370	(1,335)	62	11,035
Interest revenues, net – inter-segment	(9,550)	5,202	(4)	(4,348)
Total interest revenues, net	**2,820**	**3,867**	**58**	**6,687**
Total non-interest financing revenues	-	-	-	-
Total commissions and other revenues	126	755	198	881
Total non-interest revenues	**126**	**755**	**198**	**881**
Total revenues	**2,946**	**4,622**	**256**	**7,568**
Expenses due to credit losses	(119)	200	1	81
Operating and other expenses to externals	824	2,240	69	3,064
Operating and other expenses – inter-segment	-	3	-	3
Total operating and other expenses	**824**	**2,243**	**69**	**3,067**
Pre-tax profit	2,241	2,179	186	4,420
Provision for taxes on profit	806	784	67	1,590
After-tax profit	**1,435**	**1,395**	**119**	**2,830**
Share of banking corporation in earnings of associated companies	-	-	-	-
Net profit before attribution to non-controlling interests	1,435	1,395	119	2,830
Net profit attributed to non-controlling interests	-	(189)	(5)	(189)
Net profit attributable to shareholders of the banking corporation	**1,435**	**1,206**	**114**	**2,641**
Average balance of assets	234,887	28,577	3,993	263,464
Of which: Investments in associated companies	-	-	-	-
Average balance of loans to the public	234,887	28,577	3,993	263,464
Balance of loans to the public at end of reported period	245,226(3)	28,853	5,153	274,079
Balance of non-accruing debts and debts in arrears over 90 days	2,535	156	1	2,691
Balance of other problematic debts	-	141	5	141
Balance of provision for credit losses at end of reported period	1,063	710	-	1,773
Net accounting write-offs in the reported period	(4)	164	-	160
Average balance of liabilities	-	134,309	-	134,309
Of which: Average balance of deposits from the public	-	134,309	-	134,309
Balance of deposits from the public at end of reported period	-	134,084	-	134,084
Average balance of risk assets(1)	138,875	23,269	4,482	162,144
Balance of risk assets at end of reported period(1)	143,714	23,117	1,705	166,831
Average balance of assets under management(2)	8,725	63,302	-	72,027
Breakdown of interest revenues, net:				
Margin from credit granting operations	2,340	918	47	3,258
Margin from activities of receiving deposits	-	2,874	-	2,874
Other	480	75	11	555
Total interest revenues, net	**2,820**	**3,867**	**58**	**6,687**

(1) Risk assets – as calculated for capital adequacy purposes (Proper Conduct of Banking Business Directive 201).
(2) Assets under management – includes customers' provident funds, study funds, mutual funds and securities.
(3) Of which: Balance of residential mortgages to customers classified under the micro and small business segment, amounting to NIS 9,162.

							Operations overseas	Total
Private banking	**Small and micro businesses**	**Medium businesses**	**Large businesses**	**Institutional investors**	**Financial management segment**	**activity in Israel**	**Total – operations overseas**	
5	2,817	1,092	3,277	101	3,111	24,817	1,886	26,703
1,081	1,350	1,094	1,905	3,793	1,677	14,279	697	14,976
(1,076)	1,467	(2)	1,372	(3,692)	1,434	10,538	1,189	11,727
1,517	1,077	782	130	3,997	(2,663)	492	(492)	-
441	**2,544**	**780**	**1,502**	**305**	**(1,229)**	**11,030**	**697**	**11,727**
-	-	-	-	-	387	387	-	387
57	595	132	262	56	462	2,445	29	2,474
57	**595**	**132**	**262**	**56**	**849**	**2,832**	**29**	**2,861**
498	**3,139**	**912**	**1,764**	**361**	**(380)**	**13,862**	**726**	**14,588**
-	21	35	24	5	(7)	159	69	228
16	1,048	169	276	194	327	5,094	145	5,239
3	4	(2)	1	-	(9)	-	-	-
19	**1,052**	**167**	**277**	**194**	**318**	**5,094**	**145**	**5,239**
479	2,066	710	1,463	162	(691)	8,609	512	9,121
172	743	255	526	58	(248)	3,096	184	3,280
307	**1,323**	**455**	**937**	**104**	**(443)**	**5,513**	**328**	**5,841**
-	-	-	-	-	17	17	-	17
307	1,323	455	937	104	(426)	5,530	328	5,858
-	(5)	-	-	-	(34)	(228)	-	(228)
307	**1,318**	**455**	**937**	**104**	**(460)**	**5,302**	**328**	**5,630**
144	36,981	16,590	46,897	5,733	114,045	483,854	33,692	517,546
-	-	-	-	-	373	373	-	373
144	36,981	16,590	46,897	5,733	-	369,809	11,504	381,313
183	35,900	20,884	52,259	7,896	-	391,201	13,154	404,355
-	739	310	183	-	-	3,923	185	4,108
-	570	99	187	-	-	997	149	1,146
1	1,220	263	415	14	-	3,686	168	3,854
-	142	63	7	-	-	372	120	492
31,878	55,920	26,312	42,824	106,674	69,189	467,106	17,852	484,958
31,878	55,920	26,312	42,824	106,674	-	397,917	17,230	415,147
32,795	53,114	34,696	43,234	134,535	-	432,458	15,939	448,397
117	34,120	17,490	73,169	1,372	23,312	311,724	15,624	327,348
131	34,195	19,511	81,170	1,245	24,302	327,385	16,770	344,155
32,115	65,168	19,686	40,305	394,576	4,030	627,907	-	627,907
2	1,248	428	1,047	33	-	6,016	403	6,419
439	1,128	284	201	268	-	5,194	124	5,318
-	168	68	254	4	(1,229)	(180)	170	(10)
441	**2,544**	**780**	**1,502**	**305**	**(1,229)**	**11,030**	**697**	**11,727**

Note 12 – Operating Segments – continued

B. Operating segments in conformity with the management approach

The Bank manages its operations in six major operating segments, which are distinguished by customer characteristics and type of banking services required, as well as by the organizational unit responsible for servicing each segment. Operating segment definition is based on the Bank's organizational structure, as described below. The operations in the six operating segments include all areas of banking operations including classic banking activity (loans and deposits), securities activity for customers and activity in derivatives, as well as custom banking services designed for needs in specific fields. Operations of the various segments are conducted through Bank branches, the trading room, the business centers, headquarters units of the Bank and Bank subsidiaries in Israel and overseas.

For more information about measurement of Bank operations in conformity with the supervisory segments approach, as specified by the Supervisor of Banks, see information about supervisory operating segments above.

Below are the Bank's operating segments in conformity with the management approach:

Household segment – under the responsibility of the Retail Division. This segment includes small household customers and mortgage operations. The division provides appropriate banking services and financial products to segment customers, including in the field of mortgages.

Small business segment – under responsibility of the Retail Division, which also serves micro business customers (businesses with annual turnover below NIS 10 million) and small businesses (with annual turnover from NIS 10 million to under NIS 50 million). Occasionally, due to growth in activity of a customer served by the Retail Division, the customer may exceed the aforementioned criteria. Banking services and financial products, including commercial banking services as required, are provided to segment customers.

Private banking – The Retail Division is responsible for private banking. Segment customers are primarily individual customers with liquid assets (primarily short-term deposits and security investments) over NIS 1 million. Customers of this segment have high financial wealth, to whom the Bank offers access to unique products and services in capital market activity, advisory service and investment management.

Commercial banking – customers of this segment are private and public companies of medium size (middle market) and medium level of indebtedness, and are served by the Business Banking Division, primarily by the Business sector, which operates via four business centers located throughout Israel. As from 2019, new business customers with annual turnover from NIS 50 million to under NIS 250 million are assigned to the Business sector. Segment customers operating in the real estate sector are served by the Construction and Real Estate sector of the Corporate Division, which specializes in provision of dedicated services to this sector.

Business banking – the Major Corporations sector in the Corporate Division is responsible for the Business Banking segment, which is the focal point for handling the largest business customers. As from 2019, businesses with annual turnover above NIS 250 million are assigned to the Corporate Sector. This segment provides a range of banking and financial services to the largest companies in the economy, in an array of industries, at relatively high levels of indebtedness. Segment customers operating in the real estate sector are served by the Construction and Real Estate sector of the Corporate Division, which specializes in provision of dedicated services to this sector.

Financial management – operations in this segment include, inter alia, management of assets and liabilities, management of exposure to market risk, management of the nostro portfolio and liquidity management as well as trading room operations in the financial and capital markets. The Finance Division is responsible for this segment, except for investments in non-banking corporations, for which the Corporate Division is responsible.

The major products and guidelines for attribution of balances, revenues and expenses to customers in the system to operating segments in conformity with the management approach, are similar to products and guidelines according to the supervisory operating segment approach.

Note 12 – Operating Segments – continued
Operating segments in conformity with the management approach
For the six months ended June 30, 2026 (unaudited)
Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consolidated
Interest revenues, net:								
From externals	(832)	5,840	(83)	412	117	(303)	554	5,705
Inter-segment	3,058	(4,701)	117	617	149	1,810	(1,050)	-
Total interest revenues, net	**2,226**	**1,139**	**34**	**1,029**	**266**	**1,507**	**(496)**	**5,705**
Non-interest financing revenues	20	1	-	10	1	68	257	357
Commissions and other revenues	431	57	11	270	44	225	185	1,223
Total revenues	**2,677**	**1,197**	**45**	**1,309**	**311**	**1,800**	**(54)**	**7,285**
Expenses with respect to credit losses	6	(65)	(1)	68	(13)	123	3	121
Operating and other expenses	1,150	407	18	456	124	284	176	2,615
Pre-tax profit	1,521	855	28	785	200	1,393	(233)	4,549
Provision for taxes on profit	598	336	11	309	79	548	(92)	1,789
After-tax profit	**923**	**519**	**17**	**476**	**121**	**845**	**(141)**	**2,760**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	15	15
Net profit:								
Before attribution to non-controlling interests	923	519	17	476	121	845	(126)	2,775
Attributable to non-controlling interests	(80)	-	-	(2)	-	-	(27)	(109)
Net profit attributable to shareholders of the Bank	**843**	**519**	**17**	**474**	**121**	**845**	**(153)**	**2,666**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	54.1%	7.6%	-	37.8%	17.2%	13.6%	-	15.0%
Average balance of loans to the public, net	39,461	232,928	488	27,061	11,663	102,572	-	414,173
Average balance of deposits from the public	167,155	-	5,747	52,807	17,438	168,256	47,053	458,456
Average balance of assets	43,159	234,742	589	27,193	11,821	105,419	145,088	568,011
Average balance of risk assets(2)	35,258	133,752	433	24,790	13,776	121,618	24,295	353,922

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.
(2) Risk weighted assets – as calculated for capital adequacy (Proper Conduct of Banking Business Directive 201).

Note 12 – Operating Segments – continued
Operating segments in conformity with the management approach
For the six months ended June 30, 2025 (unaudited)

Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consolidated
Interest revenues, net:								
From externals	(819)	5,675	(87)	250	117	28	728	5,892
Inter-segment	3,202	(4,520)	116	825	134	1,308	(1,065)	-
Total interest revenues, net	**2,383**	**1,155**	**29**	**1,075**	**251**	**1,336**	**(337)**	**5,892**
Non-interest financing revenues	11	-	-	2	-	(20)	192	185
Commissions and other revenues	385	61	9	257	44	242	262	1,260
Total revenues	**2,779**	**1,216**	**38**	**1,334**	**295**	**1,558**	**117**	**7,337**
Expenses with respect to credit losses	44	(35)	-	32	6	111	1	159
Operating and other expenses	1,156	396	15	480	123	299	193	2,662
Pre-tax profit	1,579	855	23	822	166	1,148	(77)	4,516
Provision for taxes on profit	585	317	9	305	62	426	(30)	1,674
After-tax profit	**994**	**538**	**14**	**517**	**104**	**722**	**(47)**	**2,842**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	11	11
Net profit:								
Before attribution to non-controlling interests	994	538	14	517	104	722	(36)	2,853
Attributable to non-controlling interests	(92)	-	-	(2)	-	-	(16)	(110)
Net profit attributable to shareholders of the Bank	**902**	**538**	**14**	**515**	**104**	**722**	**(52)**	**2,743**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)[(1)]	59.3%	8.4%	-	43.5%	16.1%	13.7%	-	17.0%
Average balance of loans to the public, net	37,691	215,357	260	24,445	10,509	77,399	-	365,661
Average balance of deposits from the public	165,683	-	5,471	51,653	16,112	138,054	26,400	403,373
Average balance of assets	40,937	216,768	376	24,696	10,625	94,930	117,503	505,835
Average balance of risk assets[(2)]	33,898	124,392	167	22,663	12,394	101,111	21,197	315,822

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.
(2) Risk weighted assets – as calculated for capital adequacy (Proper Conduct of Banking Business Directive 201).

Note 12 – Operating Segments – continued
Operating segments in conformity with the management approach
For the three months ended June 30, 2026 (unaudited)

Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consolidated
Interest revenues, net:								
From externals	(463)	3,348	(45)	246	49	(194)	71	3,012
Inter-segment	1,596	(2,787)	62	260	84	927	(142)	-
Total interest revenues, net	**1,133**	**561**	**17**	**506**	**133**	**733**	**(71)**	**3,012**
Non-interest financing revenues	14	7	-	10	1	39	100	171
Commissions and other revenues	230	30	6	135	21	99	98	619
Total revenues	**1,377**	**598**	**23**	**651**	**155**	**871**	**127**	**3,802**
Expenses with respect to credit losses	65	(15)	(2)	(15)	5	45	7	90
Operating and other expenses	563	211	10	214	56	145	88	1,287
Pre-tax profit	749	402	15	452	94	681	32	2,425
Provision for taxes on profit	293	157	6	177	37	267	12	949
After-tax profit	**456**	**245**	**9**	**275**	**57**	**414**	**20**	**1,476**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	7	7
Net profit:								
Before attribution to non-controlling interests	456	245	9	275	57	414	27	1,483
Attributable to non-controlling interests	(38)	-	-	-	-	-	(17)	(55)
Net profit attributable to shareholders of the Bank	**418**	**245**	**9**	**275**	**57**	**414**	**10**	**1,428**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)[1]	78.1%	7.1%	-	44.3%	16.2%	13.3%	-	16.0%

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.

Note 12 – Operating Segments – continued
Operating segments in conformity with the management approach
For the three months ended June 30, 2025 (unaudited)
Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consolidated
Interest revenues, net:								
From externals	(504)	3,167	(46)	98	56	12	310	3,093
Inter-segment	1,679	(2,602)	60	437	68	662	(304)	-
Total interest revenues, net	**1,175**	**565**	**14**	**535**	**124**	**674**	**6**	**3,093**
Non-interest financing revenues	6	-	-	2	-	(11)	46	43
Commissions and other revenues	194	27	4	127	23	147	133	655
Total revenues	**1,375**	**592**	**18**	**664**	**147**	**810**	**185**	**3,791**
Expenses with respect to credit losses	22	(3)	-	(32)	11	57	1	56
Operating and other expenses	575	202	7	239	60	143	97	1,323
Pre-tax profit	778	393	11	457	76	610	87	2,412
Provision for taxes on profit	294	148	4	172	29	230	33	910
After-tax profit	**484**	**245**	**7**	**285**	**47**	**380**	**54**	**1,502**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	6	6
Net profit:								
Before attribution to non-controlling interests	484	245	7	285	47	380	60	1,508
Attributable to non-controlling interests	(45)	-	-	(1)	-	-	(9)	(55)
Net profit attributable to shareholders of the Bank	**439**	**245**	**7**	**284**	**47**	**380**	**51**	**1,453**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)[(1)]	57.6%	7.8%	-	47.1%	14.3%	14.0%	-	17.8%

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.

Note 12 – Operating Segments – continued
Operating segments in conformity with the management approach
For the year ended December 31, 2025 (audited)
Reported amounts (NIS in millions)

	Households – other	Households – mortgages	Private banking	Small businesses	Commercial banking	Business banking	Financial management	Total consolidated
Interest revenues, net:								
From externals	(1,714)	11,283	(182)	538	302	(109)	1,609	11,727
Inter-segment	6,485	(8,947)	248	1,642	212	2,959	(2,599)	-
Total interest revenues, net	**4,771**	**2,336**	**66**	**2,180**	**514**	**2,850**	**(990)**	**11,727**
Non-interest financing revenues	24	5	1	8	1	14	334	387
Commissions and other revenues	816	125	20	529	88	425	471	2,474
Total revenues	**5,611**	**2,466**	**87**	**2,717**	**603**	**3,289**	**(185)**	**14,588**
Expenses with respect to credit losses	127	(111)	2	15	38	164	(7)	228
Operating and other expenses	2,291	778	32	927	228	599	384	5,239
Pre-tax profit (loss)	3,193	1,799	53	1,775	337	2,526	(562)	9,121
Provision for taxes on profit	1,148	647	19	638	121	908	(201)	3,280
After-tax profit (loss)	**2,045**	**1,152**	**34**	**1,137**	**216**	**1,618**	**(361)**	**5,841**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	17	17
Net profit (loss):								
Before attribution to non-controlling interests	2,045	1,152	34	1,137	216	1,618	(344)	5,858
Attributable to non-controlling interests	(187)	-	-	(4)	-	-	(37)	(228)
Net profit (loss) attributable to shareholders of the Bank	**1,858**	**1,152**	**34**	**1,133**	**216**	**1,618**	**(381)**	**5,630**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	60.9%	8.9%	-	48.0%	16.5%	14.7%	-	17.0%
Average balance of loans to the public, net	38,240	220,212	355	24,997	10,844	82,647	-	377,295
Average balance of deposits from the public	166,497	-	5,754	51,871	15,181	145,142	30,702	415,147
Average balance of assets	41,633	221,854	471	25,215	10,985	98,557	118,831	517,546
Average balance of risk assets(2)	34,116	127,046	240	23,261	12,809	107,888	21,988	327,348

(1) Calculated in conformity with capital attributed to this segment based on risk components attributed to it in conformity with provisions of Basel III.
(2) Risk weighted assets – as calculated for capital adequacy (Proper Conduct of Banking Business Directive 201).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses

Reported amounts (NIS in millions)

A. Debts[1], bonds held to maturity and bonds available for sale and off-balance sheet credit instruments

1. Movement in balance of provision for credit losses

	Provision for credit losses					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
	For the three months ended June 30, 2026 (unaudited)					
Balance of provision for credit losses at start of period	2,279	1,045	654	3,978	5	3,983
Expenses with respect to credit losses	16	(16)	83	83	7	90
Accounting write-offs[2]	(97)	-	(121)	(218)	-	(218)
Collection of debts written off for accounting purposes in previous years[2]	46	-	38	84	(7)	77
Net accounting write-offs	(51)	-	(83)	(134)	(7)	(141)
Balance of provision for credit losses at end of period	**2,244**	**1,029**	**654**	**3,927**	**5**	**3,932**
Of which: With respect to off balance sheet credit instruments	**218**	**32**	**25**	**275**	**-**	**275**
	For the three months ended June 30, 2025 (unaudited)					
Balance of provision for credit losses at start of period	2,443	1,179	708	4,330	12	4,342
Expenses with respect to credit losses	24	(3)	34	55	1	56
Accounting write-offs[2]	(148)	-	(79)	(227)	-	(227)
Collection of debts written off for accounting purposes in previous years[2]	70	-	41	111	-	111
Net accounting write-offs	(78)	-	(38)	(116)	-	(116)
Balance of provision for credit losses at end of period	**2,389**	**1,176**	**704**	**4,269**	**13**	**4,282**
Of which: With respect to off balance sheet credit instruments	**189**	**33**	**20**	**242**	**-**	**242**
	For the six months ended June 30, 2026 (unaudited)					
Balance of provision for credit losses at start of period	2,270	1,098	733	4,101	5	4,106
Expenses with respect to credit losses	142	(69)	45	118	3	121
Accounting write-offs[2]	(262)	-	(204)	(466)	-	(466)
Collection of debts written off for accounting purposes in previous years[2]	94	-	80	174	(3)	171
Net accounting write-offs	(168)	-	(124)	(292)	(3)	(295)
Balance of provision for credit losses at end of period	**2,244**	**1,029**	**654**	**3,927**	**5**	**3,932**
Of which: With respect to off balance sheet credit instruments	**218**	**32**	**25**	**275**	**-**	**275**
	For the six months ended June 30, 2025 (unaudited)					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses with respect to credit losses	107	(37)	88	158	1	159
Accounting write-offs[2]	(274)	-	(165)	(439)	-	(439)
Collection of debts written off for accounting purposes in previous years[2]	108	-	84	192	-	192
Net accounting write-offs	(166)	-	(81)	(247)	-	(247)
Balance of provision for credit losses at end of period	**2,389**	**1,176**	**704**	**4,269**	**13**	**4,282**
Of which: With respect to off balance sheet credit instruments	**189**	**33**	**20**	**242**	**-**	**242**

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Accounting write-offs presented in the Note primarily consist of write-offs of a technical nature, due to passage of time of customers being in arrears, in conformity with US standards applicable to the Bank in this regard. Thus, for example, the balance of the provision for large non-accruing debts will typically be written off after two years. Debt measured on a group basis will be written off after 150 days in arrears. This means that the Bank's collection efforts may sometimes take longer when compared to the timing for write-off according to accounting rules. Consequently, relatively high balances of "accounting write-offs" and relatively high balances of "Recovery of debts written off in previous years" are presented.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

A. Debts[1], bonds held to maturity and bonds available for sale and off-balance sheet credit instruments

2. Additional information about calculation of the provision for credit losses with respect to debts, and debts for which the provision has been calculated:

	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
	June 30, 2026 (unaudited)					
Recorded debt balance						
reviewed on individual basis	130,259	-	33	130,292	43,086	173,378
reviewed on group basis	14,620	253,328	29,138	297,086	-	297,086
Total debts	**144,879**	**(2)253,328**	**29,171**	**427,378**	**43,086**	**470,464**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,560	-	1	1,561	5	1,566
reviewed on group basis	466	997	628	2,091	-	2,091
Total provision for credit losses	**2,026**	**997**	**629**	**3,652**	**5**	**3,657**
	June 30, 2025 (unaudited)					
Recorded debt balance						
reviewed on individual basis	106,092	-	18	106,110	52,307	158,417
reviewed on group basis	14,066	233,221	27,302	274,589	-	274,589
Total debts	**120,158**	**(2)233,221**	**27,320**	**380,699**	**52,307**	**433,006**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,671	-	1	1,672	13	1,685
reviewed on group basis	529	1,143	683	2,355	-	2,355
Total provision for credit losses	**2,200**	**1,143**	**684**	**4,027**	**13**	**4,040**
	As of December 31, 2025 (audited)					
Recorded debt balance						
reviewed on individual basis	116,249	-	19	116,268	46,563	162,831
reviewed on group basis	14,344	245,267	28,476	288,087	-	288,087
Total debts	**130,593**	**(2)245,267**	**28,495**	**404,355**	**46,563**	**450,918**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,585	-	1	1,586	5	1,591
reviewed on group basis	495	1,063	710	2,268	-	2,268
Total provision for credit losses	**2,080**	**1,063**	**711**	**3,854**	**5**	**3,859**

(1) Loans to the public, loans to governments, deposits with banks and other debts, except for bonds and securities borrowed or acquired in conjunction with resale agreements, except for deposits with Bank of Israel.

(2) Includes general-purpose loans secured by a lien on a residential apartment, amounting to NIS 15,856 million (as of June 30, 2025 - NIS 15,263 million and as of December 31, 2025 - NIS 15,601 million).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

1.a. Credit quality and arrears

	As of June 30, 2026 (unaudited)					
		Problematic[1]			Accruing debts – additional information	
	In good standing[5]	Accruing	Non-accruing	Total	In arrears 90 days or longer[2]	In arrears 30 to 89 days[3]
Borrower activity in Israel						
Public – commercial						
Construction and real estate – construction[4]	43,517	129	244	43,890	34	92
Construction and real estate – real estate operations	10,269	135	77	10,481	16	52
Financial services	25,360	6	3	25,369	1	34
Commercial – other	52,677	714	722	54,113	135	243
Total commercial	**131,823**	**984**	**1,046**	**133,853**	**186**	**421**
Private individuals – residential mortgages	250,698	-	2,604	253,302	-	1,851
Private individuals – other	28,896	228	46	29,170	92	164
Total loans to the public – activity in Israel	**411,417**	**1,212**	**3,696**	**416,325**	**278**	**2,436**
Borrower activity overseas						
Public – commercial						
Construction and real estate	5,103	83	53	5,239	-	-
Commercial – other	5,665	100	22	5,787	-	-
Total commercial	**10,768**	**183**	**75**	**11,026**	**-**	**-**
Private individuals	27	-	-	27	-	-
Total loans to the public – activity overseas	**10,795**	**183**	**75**	**11,053**	**-**	**-**
Total loans to the public	**422,212**	**1,395**	**3,771**	**427,378**	**278**	**2,436**

(1) Loans to the public – non-accruing, inferior or under special supervision.
(2) Classified as problematic debts accruing interest revenues.
(3) Accruing interest revenues. Debts in arrears 30 to 89 days amounting to NIS 173 million were classified as problematic debts.
(4) Includes debts amounting to NIS 430 million, extended to certain purchase groups which are in the process of construction.
(5) Includes debts with payment deferral for a period of 180 days or more, which has not yet ended and which was made available during the War to borrowers which were not in financial difficulties, totaling NIS 53 million (commercial debts amounting to NIS 11 million, residential mortgages amounting to NIS 64 million and private individuals' debts amounting of a negligible amount).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

1.a. Credit quality and arrears – continued

	As of June 30, 2025 (unaudited)					
		Problematic[1]			Accruing debts – additional information	
	In good standing[5]	Accruing	Non-accruing	Total	In arrears 90 days or longer[2]	In arrears 30 to 89 days[3]
Borrower activity in Israel						
Public – commercial						
Construction and real estate – construction[4]	35,030	174	246	35,450	4	201
Construction and real estate – real estate operations	10,011	97	63	10,171	20	88
Financial services	17,554	4	2	17,560	1	50
Commercial – other	46,651	723	838	48,212	59	201
Total commercial	**109,246**	**998**	**1,149**	**111,393**	**84**	**540**
Private individuals – residential mortgages	230,926	-	2,245	233,171	-	1,927
Private individuals – other	27,047	199	73	27,319	57	141
Total loans to the public – activity in Israel	**367,219**	**1,197**	**3,467**	**371,883**	**141**	**2,608**
Borrower activity overseas						
Public – commercial						
Construction and real estate	3,679	-	426	4,105	-	-
Commercial – other	4,570	56	34	4,660	-	-
Total commercial	**8,249**	**56**	**460**	**8,765**	**-**	**-**
Private individuals	51	-	-	51	-	-
Total loans to the public – activity overseas	**8,300**	**56**	**460**	**8,816**	**-**	**-**
Total loans to the public	**375,519**	**1,253**	**3,927**	**380,699**	**141**	**2,608**

(1) Loans to the public – non-accruing, inferior or under special supervision.
(2) Classified as problematic debts accruing interest revenues.
(3) Accruing interest revenues. Debts in arrears 30 to 89 days amounting to NIS 192 million were classified as problematic debts.
(4) Includes debts amounting to NIS 849 million, extended to certain purchase groups which are in the process of construction.
(5) Includes debts with payment deferral for a period of 180 days or more, which has not yet ended and which was made available during the War to borrowers which were not in financial difficulties, totaling NIS 251 million (commercial debts amounting to NIS 30 million, residential mortgages amounting to NIS 221 million and private individuals' debts amounting to NIS 1 million).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

1.a. Credit quality and arrears – continued

	As of December 31, 2025 (audited)					
		Problematic[1]			Accruing debts – additional information	
	In good standing[5]	Accruing	Non-accruing	Total	In arrears 90 days or longer[2]	In arrears 30 to 89 days[3]
Borrower activity in Israel						
Public – commercial						
Construction and real estate – construction[4]	39,813	97	245	40,155	5	48
Construction and real estate – real estate operations	11,948	106	72	12,126	18	32
Financial services	20,387	3	3	20,393	1	16
Commercial – other	47,142	740	818	48,700	66	154
Total commercial	**119,290**	**946**	**1,138**	**121,374**	**90**	**250**
Private individuals – residential mortgages	242,691	-	2,535	245,226	-	1,863
Private individuals – other	28,197	221	76	28,494	80	181
Total public – activity in Israel	**390,178**	**1,167**	**3,749**	**395,094**	**170**	**2,294**
Borrower activity overseas						
Public – commercial						
Construction and real estate	3,708	82	161	3,951	-	-
Commercial – other	5,173	67	28	5,268	-	-
Total commercial	**8,881**	**149**	**189**	**9,219**	**-**	**-**
Private individuals	42	-	-	42	-	-
Total public – activity overseas	**8,923**	**149**	**189**	**9,261**	**-**	**-**
Total public	**399,101**	**1,316**	**3,938**	**404,355**	**170**	**2,294**

(1) Loans to the public – non-accruing, inferior or under special supervision.
(2) Classified as problematic debts accruing interest revenues.
(3) Accruing interest revenues. Debts in arrears 30 to 89 days amounting to NIS 143 million were classified as problematic debts.
(4) Includes debts amounting to NIS 724 million, extended to certain purchase groups which are in the process of construction.
(5) Includes debts with payment deferral for a period of 180 days or more, which has not yet ended and which was made available during the War to borrowers which were not in financial difficulties, totaling NIS 234 million in respect of residential mortgages.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

1.B. Credit quality by year when credit was extended

	Recorded debt balance of term loans to the public								As of June 30, 2026 (unaudited)
	2026	2025	2024	2023	2022	Previously	Recorded debt balance of renewable loans	Recorded debt balance of renewable loans converted into term loans	Total
Credit quality by year when credit was extended									
Borrower activity in Israel									
Public – commercial									
Construction and real estate – total	**14,760**	**14,963**	**7,148**	**7,021**	**2,606**	**2,909**	**4,649**	**315**	**54,371**
Credit at performing credit rating	14,346	14,535	6,514	6,290	1,876	2,162	4,391	277	50,391
Credit other than at performing credit rating and non-problematic	393	389	575	661	509	670	175	23	3,395
Accruing problematic credit	9	21	28	53	37	51	53	12	264
Non-accruing credit	12	18	31	17	184	26	30	3	321
Accounting write-offs in the reported period	-	5	2	1	1	2	15	-	26
Commercial, other – total	**15,637**	**12,693**	**5,365**	**2,602**	**1,765**	**3,383**	**37,744**	**293**	**79,482**
Credit at performing credit rating	15,164	12,078	4,941	2,406	1,537	2,999	36,767	265	76,157
Credit other than at performing credit rating and non-problematic	226	275	151	49	125	294	748	12	1,880
Accruing problematic credit	73	154	114	84	44	87	150	14	720
Non-accruing credit	174	186	159	63	59	3	79	2	725
Accounting write-offs in the reported period	8	46	22	12	15	7	81	-	191
Individuals – residential mortgages – total	**16,588**	**38,173**	**31,797**	**19,647**	**30,283**	**116,809**	**5**	**-**	**253,302**
LTV up to 60%	8,900	21,371	17,669	11,153	15,818	74,252	-	-	149,163
LTV from 60% to 75%	7,367	16,088	13,569	7,799	13,160	42,007	-	-	99,990
LTV over 75%	321	714	559	695	1,305	550	5	-	4,149
Credit at performing credit rating, not in arrears	16,332	37,618	31,056	18,876	29,246	113,049	5	-	246,182
Credit not at performing credit rating, not in arrears	230	382	376	302	298	1,077	-	-	2,665
In arrears 30-89 days	24	120	226	221	344	916	-	-	1,851
Non-accruing credit	2	53	139	248	395	1,767	-	-	2,604
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
Individuals, other – total	**5,436**	**6,759**	**3,903**	**2,402**	**1,560**	**1,753**	**7,296**	**61**	**29,170**
Credit at performing credit rating, not in arrears	5,359	6,594	3,792	2,318	1,507	1,701	7,162	59	28,492
Credit not at performing credit rating, not in arrears	51	81	64	50	27	43	58	2	376
In arrears 30-89 days	15	44	23	18	13	6	45	-	164
In arrears over 90 days	1	31	16	11	9	3	21	-	92
Non-accruing credit	10	9	8	5	4	-	10	-	46
Accounting write-offs in the reported period	8	51	41	23	15	13	53	-	204
Total loans to the public – activity in Israel	**52,421**	**72,588**	**48,213**	**31,672**	**36,214**	**124,854**	**49,694**	**669**	**416,325**
Borrower activity overseas									
Total loans to the public – activity overseas	**1,726**	**4,455**	**1,677**	**1,354**	**558**	**1,283**	**-**	**-**	**11,053**
Non-problematic credit	1,726	4,355	1,584	1,330	558	1,242	-	-	10,795
Accruing problematic credit	-	100	83	-	-	-	-	-	183
Non-accruing credit	-	-	10	24	-	41	-	-	75
Accounting write-offs in the reported period	-	-	-	25	-	20	-	-	45
Total loans to the public	**54,147**	**77,043**	**49,890**	**33,026**	**36,772**	**126,137**	**49,694**	**669**	**427,378**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

1.B. Credit quality by year when credit was extended – continued

	As of June 30, 2025 (unaudited)								
	Recorded debt balance of term loans to the public							Recorded debt balance of renewable loans converted into term loans	
	2025	2024	2023	2022	2021	Previously	Recorded debt balance of renewable loans		Total
Credit quality by year when credit was extended									
Borrower activity in Israel									
Public – commercial									
Construction and real estate – total	**13,570**	**12,522**	**7,802**	**3,463**	**1,983**	**2,490**	**3,027**	**764**	**45,621**
Credit at performing credit rating	13,428	12,380	7,338	2,994	1,725	2,354	2,815	674	43,708
Credit other than at performing credit rating and non-problematic	115	104	355	181	232	82	176	88	1,333
Accruing problematic credit	25	18	87	102	9	15	14	1	271
Non-accruing credit	2	20	22	186	17	39	22	1	309
Accounting write-offs in the reported period	-	1	2	3	1	1	12	-	20
Commercial, other – total	**14,330**	**9,101**	**4,511**	**3,635**	**2,566**	**2,579**	**28,536**	**514**	**65,772**
Credit at performing credit rating	13,326	8,502	4,187	3,238	2,181	2,402	26,358	463	60,657
Credit other than at performing credit rating and non-problematic	783	304	85	206	333	44	1,775	18	3,548
Accruing problematic credit	90	155	90	61	15	47	249	20	727
Non-accruing credit	131	140	149	130	37	86	154	13	840
Accounting write-offs in the reported period	9	22	23	22	3	16	114	12	221
Individuals – residential mortgages – total	**16,036**	**33,309**	**21,413**	**33,126**	**29,743**	**99,528**	**16**	**-**	**233,171**
LTV up to 60%	8,932	18,709	12,493	17,631	16,452	66,787	9	-	141,013
LTV from 60% to 75%	6,773	13,994	8,463	15,135	12,683	31,336	2	-	88,386
LTV over 75%	331	606	457	360	608	1,405	5	-	3,772
Credit at performing credit rating, not in arrears	15,792	32,774	20,750	32,227	28,916	96,235	16	-	226,710
Credit not at performing credit rating, not in arrears	170	358	318	310	262	871	-	-	2,289
In arrears 30-89 days	73	141	218	303	290	902	-	-	1,927
Non-accruing credit	1	36	127	286	275	1,520	-	-	2,245
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
Individuals, other – total	**4,861**	**6,322**	**3,913**	**2,633**	**1,130**	**1,715**	**6,666**	**79**	**27,319**
Credit at performing credit rating, not in arrears	4,773	6,195	3,808	2,557	1,099	1,666	6,549	75	26,722
Credit not at performing credit rating, not in arrears	55	71	56	35	19	44	43	3	326
In arrears 30-89 days	23	27	25	24	6	3	33	-	141
In arrears over 90 days	1	13	11	9	4	2	17	-	57
Non-accruing credit	9	16	13	8	2	-	24	1	73
Accounting write-offs in the reported period	4	29	40	19	8	9	56	-	165
Total loans to the public – activity in Israel	**48,797**	**61,254**	**37,639**	**42,857**	**35,422**	**106,312**	**38,245**	**1,357**	**371,883**
Borrower activity overseas									
Total loans to the public – activity overseas	**888**	**2,170**	**2,484**	**864**	**1,051**	**1,359**	**-**	**-**	**8,816**
Non-problematic credit	888	2,170	2,180	864	1,012	1,186	-	-	8,300
Accruing problematic credit	-	-	16	-	-	40	-	-	56
Non-accruing credit	-	-	288	-	39	133	-	-	460
Accounting write-offs in the reported period	-	-	-	3	-	30	-	-	33
Total loans to the public	**49,685**	**63,424**	**40,123**	**43,721**	**36,473**	**107,671**	**38,245**	**1,357**	**380,699**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

1.B. Credit quality by year when credit was extended – continued

	As of December 31, 2025 (audited)								
	Recorded debt balance of term loans to the public								
	2025	2024	2023	2022	2021	Previously	Recorded debt balance of renewable loans	Recorded debt balance of renewable loans converted into term loans	Total
Credit quality by year when credit was extended									
Borrower activity in Israel									
Public – commercial									
Construction and real estate – total	**25,681**	**8,829**	**7,719**	**2,792**	**1,787**	**2,141**	**2,662**	**670**	**52,281**
Credit at performing credit rating	25,163	8,433	6,524	2,417	1,466	2,044	2,438	484	48,969
Credit other than at performing credit rating and non-problematic	480	351	1,127	170	294	45	143	182	2,792
Accruing problematic credit	34	13	42	34	13	12	52	3	203
Non-accruing credit	4	32	26	171	14	40	29	1	317
Accounting write-offs in the reported period	1	2	3	4	2	1	36	-	49
Commercial, other – total	**21,471**	**6,592**	**3,529**	**2,031**	**2,180**	**2,046**	**30,860**	**384**	**69,093**
Credit at performing credit rating	20,322	6,075	3,218	1,750	1,841	1,940	29,588	336	65,070
Credit other than at performing credit rating and non-problematic	754	251	97	153	300	33	859	12	2,459
Accruing problematic credit	171	126	83	55	11	35	238	24	743
Non-accruing credit	224	140	131	73	28	38	175	12	821
Accounting write-offs in the reported period	27	35	31	30	3	5	249	4	384
Individuals – residential mortgages – total	**37,224**	**32,795**	**20,552**	**31,699**	**28,491**	**94,452**	**13**	**-**	**245,226**
LTV up to 60%	20,352	18,689	11,864	17,136	15,996	64,043	5	-	148,085
LTV from 60% to 75%	15,970	13,461	8,180	13,985	11,767	29,756	2	-	93,121
LTV over 75%	902	645	508	578	728	653	6	-	4,020
Credit at performing credit rating, not in arrears	36,706	32,139	19,826	30,714	27,606	91,335	13	-	238,339
Credit not at performing credit rating, not in arrears	388	355	309	314	254	869	-	-	2,489
In arrears 30-89 days	101	210	202	318	300	732	-	-	1,863
Non-accruing credit	29	91	215	353	331	1,516	-	-	2,535
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
Individuals, other – total	**8,844**	**4,950**	**3,074**	**2,023**	**850**	**1,370**	**7,311**	**72**	**28,494**
Credit at performing credit rating, not in arrears	8,682	4,810	2,970	1,956	824	1,325	7,155	68	27,790
Credit not at performing credit rating, not in arrears	88	69	52	33	17	38	67	3	367
In arrears 30-89 days	40	38	28	19	5	6	45	-	181
In arrears over 90 days	18	18	13	9	3	1	18	-	80
Non-accruing credit	16	15	11	6	1	-	26	1	76
Accounting write-offs in the reported period	30	56	49	29	11	15	137	-	327
Total loans to the public – activity in Israel	**93,220**	**53,166**	**34,874**	**38,545**	**33,308**	**100,009**	**40,846**	**1,126**	**395,094**
Borrower activity overseas									
Total loans to the public – activity overseas	**3,338**	**1,629**	**1,790**	**768**	**608**	**1,128**	**-**	**-**	**9,261**
Non-problematic credit	3,314	1,504	1,710	768	572	1,055	-	-	8,923
Accruing problematic credit	24	125	-	-	-	-	-	-	149
Non-accruing credit	-	-	80	-	36	73	-	-	189
Accounting write-offs in the reported period	-	-	87	3	-	30	-	-	120
Total loans to the public	**96,558**	**54,795**	**36,664**	**39,313**	**33,916**	**101,137**	**40,846**	**1,126**	**404,355**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.A. Additional information about non-accruing debts[1]

	As of June 30, 2026 (unaudited)					
	Balance of non-accruing debts for which a provision has been recognized[1][2]	Provision balance	Balance of non-accruing debts for which a provision has not been recognized[1]	Total balance of non-accruing debts[1]	Contractual principal balance of non-accruing debts	Interest revenues recognized[3]
Borrower activity in Israel						
Public – commercial						
Construction and real estate	318	41	3	321	493	2
Commercial – other	685	225	40	725	1,302	8
Total commercial	**1,003**	**266**	**43**	**1,046**	**1,795**	**10**
Private individuals – residential mortgages	2,604	130	-	2,604	2,671	-
Private individuals – other	46	20	-	46	142	3
Total loans to the public – activity in Israel	**3,653**	**416**	**43**	**3,696**	**4,608**	**13**
Borrower activity overseas						
Total loans to the public – activity overseas	**74**	**12**	**1**	**75**	**87**	**-**
Total	**3,727**	**428**	**44**	**3,771**	**4,695**	**13**
Of which:						
Measured individually at present value of cash flows	890	238	41	931	1,541	
Measured individually at fair value of collateral	168	11	3	171	299	
Measured on group basis	2,669	179	-	2,669	2,855	

(1) Recorded debt balance.
(2) Debt balance net of accounting write-off, if made.
(3) Interest revenues recognized in the reported period, with respect to average balance of non-accruing debt in the period when the debt was classified as non-accruing.

Had the non-accruing debt accrued interest in conformity with the original terms and conditions, the Bank would have recognized interest revenues amounting to NIS 109 million.

Total average recorded debt balance for non-accruing debt in the six months ended June 30, 2026 amounted to NIS 3,915 million.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.A. Additional information about non-accruing debts[(1)] – Continued

	As of June 30, 2025 (unaudited)					
	Balance of non-accruing debts for which a provision has been recognized[(1)(2)]	Provision balance	Balance of non-accruing debts for which a provision has not been recognized[(1)]	Total balance of non-accruing debts[(1)]	Contractual principal balance of non-accruing debts	Interest revenues recognized[(3)]
Borrower activity in Israel						
Public – commercial						
Construction and real estate	297	24	12	309	442	2
Commercial – other	732	202	108	840	1,250	7
Total commercial	**1,029**	**226**	**120**	**1,149**	**1,692**	**9**
Private individuals – residential mortgages	2,245	112	-	2,245	2,315	-
Private individuals – other	73	42	-	73	142	4
Total loans to the public – activity in Israel	**3,347**	**380**	**120**	**3,467**	**4,149**	**13**
Borrower activity overseas						
Total loans to the public – activity overseas	**437**	**114**	**23**	**460**	**466**	**-**
Total	**3,784**	**494**	**143**	**3,927**	**4,615**	**13**
Of which:						
Measured individually at present value of cash flows	913	197	84	997	1,449	
Measured individually at fair value of collateral	476	115	59	535	657	
Measured on group basis	2,395	182	-	2,395	2,509	

(1) Recorded debt balance.

(2) Debt balance net of accounting write-off, if made.

(3) Interest revenues recognized in the reported period, with respect to average balance of non-accruing debt in the period when the debt was classified as non-accruing.

Had the non-accruing debt accrued interest in conformity with the original terms and conditions, the Bank would have recognized interest revenues amounting to NIS 117 million.

Total average recorded debt balance for non-accruing debt in the six months ended June 30, 2025 amounted to NIS 4,048 million.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.A. Additional information about non-accruing debts[1] – Continued

	As of December 31, 2025 (audited)					
	Balance of non-accruing debts for which a provision has been recognized[1][2]	Provision balance	Balance of non-accruing debts for which a provision has not been recognized[1]	Total balance of non-accruing debts[1]	Contractual principal balance of non-accruing debts	Interest revenues recognized[3]
Borrower activity in Israel						
Public – commercial						
Construction and real estate	306	25	11	317	417	3
Commercial – other	743	242	78	821	1,284	16
Total commercial	**1,049**	**267**	**89**	**1,138**	**1,701**	**19**
Private individuals – residential mortgages	2,535	127	-	2,535	2,552	-
Private individuals – other	76	39	-	76	138	5
Total loans to the public – activity in Israel	**3,660**	**433**	**89**	**3,749**	**4,391**	**24**
Borrower activity overseas						
Total loans to the public – activity overseas	**185**	**22**	**4**	**189**	**198**	**-**
Total	**3,845**	**455**	**93**	**3,938**	**4,589**	**24**
Of which:						
Measured individually at present value of cash flows	894	239	74	968	1,467	
Measured individually at fair value of collateral	278	24	19	297	365	
Measured on group basis	2,673	192	-	2,673	2,757	

(1) Recorded debt balance.
(2) Debt balance net of accounting write-off, if made.
(3) Interest revenues recognized in the reported period, with respect to average balance of non-accruing debt in the period when the debt was classified as non-accruing.

Had the non-accruing debt accrued interest in conformity with the original terms and conditions, the Bank would have recognized interest revenues amounting to NIS 199 million.

Additional information: Total average recorded debt balance for non-accruing debt in the year ended December 31, 2025 amounted to NIS 4,018 million.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.1 Quality of credit and state of arrears of debts in financial difficulties that have undergone a change in terms:

	Recorded debt balance				
	Problematic		Not Problematic		
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer	Not in Arrears	Total[(1)(2)]
	June 30, 2026 (unaudited)				
Borrower activity in Israel					
Commercial	83	102	1	10	196
Private individuals – residential mortgages	84	-	9	77	170
Private individuals – other	14	18	-	17	49
Total loans to the public – activity in Israel	**181**	**120**	**10**	**104**	**415**
Total loans to the public – activity overseas	**-**	**8**	**-**	**-**	**8**
Total loans to the public	**181**	**128**	**10**	**104**	**423**
	June 30, 2025 (unaudited)				
Borrower activity in Israel					
Commercial	112	44	-	57	213
Private individuals – residential mortgages	225	-	27	39	291
Private individuals – other	29	15	1	19	64
Total loans to the public – activity in Israel	**366**	**59**	**28**	**115**	**568**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**366**	**59**	**28**	**115**	**568**
	As of December 31, 2025 (audited)				
Borrower activity in Israel					
Commercial	113	104	1	8	226
Private individuals – residential mortgages	121	-	13	32	166
Private individuals – other	32	16	-	18	66
Total loans to the public – activity in Israel	**266**	**120**	**14**	**58**	**458**
Total loans to the public – activity overseas	**-**	**10**	**-**	**-**	**10**
Total loans to the public	**266**	**130**	**14**	**58**	**468**

(1) In the six months ended June 30, 2026 accruing debts which have undergone changes in terms in previous years amounting to NIS 2 million are no longer included in the disclosure (as of December 31, 2025: NIS 45 million).

(2) Including NIS 5 million in respect of debts of borrowers undergoing financial difficulties, which have undergone changes in terms more than twice (as of December 31, 2025: NIS 3 million).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.2 Quality of credit and state of arrears of borrowers in financial difficulties that have undergone a change in terms during the reported period – continued:

	Debts of Borrowers in Financial Difficulties who have Undergone a Change in Terms					
	Recorded debt balance					
	Problematic		Not Problematic			
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer	Not in Arrears	Total	Net accounting write-offs
	In the three months ended June 30, 2026 (Unaudited)					
Borrower activity in Israel						
Commercial	6	18	-	1	25	-
Private individuals – residential mortgages	26	-	-	-	26	-
Private individuals – other	4	3	-	-	7	1
Total loans to the public – activity in Israel	**36**	**21**	**-**	**1**	**58**	**1**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**36**	**21**	**-**	**1**	**58**	**1**
	In the Three Months Ending June 30, 2025 (Unaudited)					
Borrower activity in Israel						
Commercial	9	16	-	2	27	1
Private individuals – residential mortgages	35	-	1	-	36	-
Private individuals – other	2	4	-	1	7	-
Total loans to the public – activity in Israel	**46**	**20**	**1**	**3**	**70**	**1**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**46**	**20**	**1**	**3**	**70**	**1**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.2 Quality of credit and state of arrears of borrowers in financial difficulties that have undergone a change in terms during the reported period:

	Debts of Borrowers in Financial Difficulties who have Undergone a Change in Terms					
	Recorded debt balance					
	Problematic		Not Problematic			
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer	Not in Arrears	Total	Net accounting write-offs
	For the six months ended June 30, 2026 (Unaudited)					
Borrower activity in Israel						
Commercial	15	22	-	1	38	6
Private individuals – residential mortgages	41	-	-	-	41	-
Private individuals – other	9	6	-	-	15	1
Total loans to the public – activity in Israel	**65**	**28**	**-**	**1**	**94**	**7**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**65**	**28**	**-**	**1**	**94**	**7**
	For the six months ended June 30, 2025 (Unaudited)					
Borrower activity in Israel						
Commercial	35	30	-	4	69	2
Private individuals – residential mortgages	76	-	11	-	87	-
Private individuals – other	4	9	-	1	14	1
Total loans to the public – activity in Israel	**115**	**39**	**11**	**5**	**170**	**3**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**115**	**39**	**11**	**5**	**170**	**3**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period

	Debts of Borrowers in Financial Difficulties who have Undergone a Change in Terms						
	Total		Type of Change				
	Recorded debt balance	% of Credit Balance	Waiving Interest	Extending Period	Deferring Payments	Extending Period and Waiving Interest	Deferring Payments and Waiving Interest
	In the three months ended June 30, 2026 (Unaudited)						
Borrower activity in Israel							
Commercial	25	0.02	1	5	-	19	-
Private individuals – residential mortgages	26	0	-	26	-	-	-
Private individuals – other	7	0.02	1	2	-	4	-
Total loans to the public – activity in Israel	**58**	**0.01**	**2**	**33**	**-**	**23**	**-**
Total loans to the public – activity overseas	**-**		**-**	**-**	**-**	**-**	**-**
Total loans to the public	**58**	**0.01**	**2**	**33**	**-**	**23**	**-**
	In the Three Months Ending June 30, 2025 (Unaudited)						
Borrower activity in Israel							
Commercial	27	0.02	-	3	-	24	-
Private individuals – residential mortgages	36	0.02	-	36	-	-	-
Private individuals – other	7	0.03	-	2	-	5	-
Total loans to the public – activity in Israel	**70**	**0.02**	**-**	**41**	**-**	**29**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**70**	**0.02**	**-**	**41**	**-**	**29**	**-**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period

	Monetary Impacts of Change in Terms of Debts of Borrowers with Financial Difficulties			
	Type of Change			
	Waiving Principal	Average Waiver of Interest (%)	Average Period Extension (in Months)	Average Payment Deferment (in Months)
	In the three months ended June 30, 2026 (Unaudited)			
Borrower activity in Israel				
Commercial	-	3.95	46	-
Private individuals – residential mortgages	-	-	18	-
Private individuals – other	-	2.17	48	-
Total loans to the public – activity in Israel	**-**	**3.51**	**30**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**
Total loans to the public	**-**	**3.51**	**30**	**-**
	In the Three Months Ending June 30, 2025 (Unaudited)			
Borrower activity in Israel				
Commercial	-	1.52	28	-
Private individuals – residential mortgages	-	-	22	-
Private individuals – other	-	2.79	49	-
Total loans to the public – activity in Israel	**-**	**1.74**	**27**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**
Total loans to the public	**-**	**1.74**	**27**	**-**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period – Continued

	Debts of Borrowers in Financial Difficulties Who Defaulted in the reported Period After Undergoing a Change in Terms[1]						
	Total	Type of Change					
	Recorded debt balance	Waiving Principal	Waiving Interest	Extending Period	Deferring Payments	Extending Period and Waiving Interest	Deferring Payments and Waiving Interest
	In the three months ended June 30, 2026 (Unaudited)						
Borrower activity in Israel							
Commercial	5	-	2	-	-	3	-
Private individuals – residential mortgages	9	-	-	9	-	-	-
Private individuals – other	1	-	-	-	-	1	-
Total loans to the public – activity in Israel	**15**	**-**	**2**	**9**	**-**	**4**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**15**	**-**	**2**	**9**	**-**	**4**	**-**
	In the Three Months Ending June 30, 2025 (Unaudited)						
Borrower activity in Israel							
Commercial	4	-	-	1	-	3	-
Private individuals – residential mortgages	11	-	-	11	-	-	-
Private individuals – other	1	-	-	-	-	1	-
Total loans to the public – activity in Israel	**16**	**-**	**-**	**12**	**-**	**4**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**16**	**-**	**-**	**12**	**-**	**4**	**-**

(1) Debts defaulted in the reported period, after they have undergone a change in the terms of debts o borrowers undergoing financial difficulties, during the 12 months prior to their default date.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period – Continued

	Debts of Borrowers in Financial Difficulties who have Undergone a Change in Terms							
	Total		Type of Change					
	Recorded debt balance	% of Credit Balance	Waiving Principal	Waiving Interest	Extending Period	Deferring Payments	Extending Period and Waiving Interest	Deferring Payments and Waiving Interest
	For the six months ended June 30, 2026 (Unaudited)							
Borrower activity in Israel								
Commercial	38	0.03	-	3	5	-	30	-
Private individuals – residential mortgages	41	0.02	-	-	41	-	-	-
Private individuals – other	15	0.05	1	1	7	-	7	-
Total loans to the public – activity in Israel	**94**	**0.02**	**1**	**4**	**53**	**-**	**37**	**-**
Total loans to the public – activity overseas	**-**		**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**94**	**0.02**	**1**	**4**	**53**	**-**	**37**	**-**
	For the six months ended June 30, 2025 (Unaudited)							
Borrower activity in Israel								
Commercial	69	0.06	-	11	23	-	35	-
Private individuals – residential mortgages	87	0.04	-	-	87	-	-	-
Private individuals – other	14	0.05	-	1	3	-	10	-
Total loans to the public – activity in Israel	**170**	**0.05**	**-**	**12**	**113**	**-**	**45**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**170**	**0.04**	**-**	**12**	**113**	**-**	**45**	**-**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period – Continued

	Monetary Impacts of Change in Terms of Debts of Borrowers with Financial Difficulties			
	Type of Change			
	Waiving Principal	Average Waiver of Interest (%)	Average Period Extension (in Months)	Average Payment Deferment (in Months)
	For the six months ended June 30, 2026 (Unaudited)			
Borrower activity in Israel				
Commercial	-	4.11	49	-
Private individuals – residential mortgages	-	-	18	-
Private individuals – other	-	2.46	44	-
Total loans to the public – activity in Israel	**-**	**3.76**	**33**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**
Total loans to the public	**-**	**3.76**	**33**	**-**
	For the six months ended June 30, 2025 (Unaudited)			
Borrower activity in Israel				
Commercial	-	0.79	24	-
Private individuals – residential mortgages	-	-	20	-
Private individuals – other	-	2.60	40	-
Total loans to the public – activity in Israel	**-**	**1.01**	**23**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**
Total loans to the public	**-**	**1.01**	**23**	**-**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.B. Information on debts of borrowers undergoing financial difficulties that have undergone changes in terms

2.B.3 Debts of Borrowers in Financial Difficulties who have Undergone Changes in the Reported Period – Continued

	Debts of Borrowers in Financial Difficulties Who Defaulted in the reported Period After Undergoing a Change in Terms[1]						
	Total						Type of Change
	Recorded debt balance	Waiving Principal	Waiving Interest	Extending Period	Deferring Payments	Extending Period and Waiving Interest	Deferring Payments and Waiving Interest
	For the six months ended June 30, 2026 (Unaudited)						
Borrower activity in Israel							
Commercial	12	-	2	1	-	9	-
Private individuals – residential mortgages	15	-	-	15	-	-	-
Private individuals – other	8	-	1	1	-	6	-
Total loans to the public – activity in Israel	**35**	**-**	**3**	**17**	**-**	**15**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**35**	**-**	**3**	**17**	**-**	**15**	**-**
	For the six months ended June 30, 2025 (Unaudited)						
Borrower activity in Israel							
Commercial	5	-	-	1	-	4	-
Private individuals – residential mortgages	19	-	-	19	-	-	-
Private individuals – other	2	-	-	-	-	2	-
Total loans to the public – activity in Israel	**26**	**-**	**-**	**20**	**-**	**6**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**26**	**-**	**-**	**20**	**-**	**6**	**-**

(1) Debts defaulted in the reported period, after they have undergone a change in the terms of debts o borrowers undergoing financial difficulties, during the 12 months prior to their default date.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

2.C. Additional information about non-accruing credit in arrears

	Not in arrears 90 days or longer	In arrears 90 to 180 days	In arrears 180 days to 1 year	In arrears over 1 year to 3 years	In arrears over 3 years to 5 years	In arrears over 5 years to 7 years	In arrears over 7 years	Total
								As of June 30, 2026 (unaudited)
Commercial	192	142	209	523	41	5	9	1,121
Residential mortgages	389	739	599	621	164	38	54	2,604
Private individuals – other	17	9	18	1	-	-	1	46
Total	**598**	**890**	**826**	**1,145**	**205**	**43**	**64**	**3,771**
								As of June 30, 2025 (unaudited)
Commercial	390	231	394	512	65	9	8	1,609
Residential mortgages	215	717	644	484	115	23	47	2,245
Private individuals – other	30	9	14	10	7	2	1	73
Total	**635**	**957**	**1,052**	**1,006**	**187**	**34**	**56**	**3,927**
								As of December 31, 2025 (audited)
Commercial	347	99	315	483	62	13	8	1,327
Residential mortgages	352	734	652	553	164	26	54	2,535
Private individuals – other	30	16	5	16	5	3	1	76
Total	**729**	**849**	**972**	**1,052**	**231**	**42**	**63**	**3,938**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

B. Loans to the public

3. Additional information about residential mortgages

Below is the composition of balances by loan-to-value ratio (LTV)[(1)], repayment type and interest type:

		June 30, 2026 (unaudited)			
		Balance of residential mortgages			Off-balance sheet credit risk
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	148,595	10,139	84,242	4,774
	Over 60%	104,096	3,232	61,735	5,513
Junior lien or no lien		637	9	379	11,191
Total		**253,328**	**13,380**	**146,356**	**21,478**

		June 30, 2025 (unaudited)			
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	140,616	7,891	80,858	4,585
	Over 60%	92,049	2,687	54,795	4,418
Junior lien or no lien		556	10	337	9,465
Total		**233,221**	**10,588**	**135,990**	**18,468**

		As of December 31, 2025 (audited)			
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	144,142	9,207	81,769	4,600
	Over 60%	100,558	2,955	59,883	4,967
Junior lien or no lien		567	9	342	9,786
Total		**245,267**	**12,171**	**141,994**	**19,353**

(1) Ratio of approved facility upon extending the facility to the property value, as approved by the Bank upon extending the facility.

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

C. Sale, purchase and syndication of loans to the public during the year

1. Sale and purchase of loans to the public

	Credit risk to the public sold					Credit risk to the public purchased[1]		
	Loans to the public sold in the period	Off-balance sheet credit risk[2] sold in the period	Of which: Problematic credit	Total gain (loss) with respect to credit sold	Balance at end of period of credit sold, which is serviced by the Bank	Loans to the public purchased in the period	Off-balance sheet credit risk[2] purchased in the period	Of which: Problematic credit
For the three months ended June 30, 2026 (Unaudited)								
Commercial – other	-	-	-	-	691	66	22	-
Private individuals – residential mortgages	-	-	-	-	3,571	-	-	-
Private individuals – other	-	-	-	20	-	[3]323	-	-
Total credit risk to public	**-**	**-**	**-**	**20**	**4,262**	**389**	**22**	**-**
For the three months ended June 30, 2025 (unaudited)								
Commercial – other	120	-	-	-	-	-	-	-
Private individuals – residential mortgages	-	-	-	-	4,173	-	-	-
Private individuals – other	-	-	-	-	-	[3]606	-	-
Total credit risk to public	**120**	**-**	**-**	**-**	**4,173**	**606**	**-**	**-**
For the six months ended June 30, 2026 (Unaudited)								
Commercial – other	-	-	-	-	691	564	22	-
Private individuals – residential mortgages	-	-	-	-	3,571	-	-	-
Private individuals – other	-	-	-	20	-	[3]985	-	-
Total credit risk to public	**-**	**-**	**-**	**20**	**4,262**	**1,549**	**22**	**-**
For the six months ended June 30, 2025 (unaudited)								
Commercial – other	120	-	-	-	-	-	-	-
Private individuals – residential mortgages	-	-	-	-	4,173	-	-	-
Private individuals – other	-	-	-	-	-	[3]935	-	-
Total credit risk to public	**120**	**-**	**-**	**-**	**4,173**	**935**	**-**	**-**
For the year ended December 31, 2025 (audited)								
Commercial – other	120	515	-	-	635	-	-	-
Private individuals – residential mortgages	-	-	-	-	3,858	-	-	-
Private individuals – other	-	-	-	16	-	1,797	-	-
Total credit risk to public	**120**	**515**	**-**	**16**	**4,493**	**1,797**	**-**	**-**

(1) Excluding short-term factoring transactions.
(2) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of borrower indebtedness, except for derivatives.
(3) Of which: Loans at 10% which are seller-guaranteed loans (for credit risk).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

C. Sale, purchase and syndication of loans to the public during the year – continued

2. Syndications and participation in loan syndications

	June 30, 2026					
			Syndication transactions initiated by the Bank		Syndication transactions initiated by others	
	Bank's share		Others' share (2)		Bank's share(3)	
	Loans to the public	Off-balance sheet credit risk(1)	Loans to the public	Off-balance sheet credit risk(1)	Loans to the public	Off-balance sheet credit risk(1)
						Unaudited
Construction and real estate	2,410	5,622	1,661	1,737	1,192	2,884
Commercial – other	4,994	2,083	7,389	2,346	5,506	4,438
Total credit risk to public	**7,404**	**7,705**	**9,050**	**4,083**	**6,698**	**7,322**

	June 30, 2025					
			Syndication transactions initiated by the Bank		Syndication transactions initiated by others	
	Bank's share		Others' share (2)		Bank's share(3)	
	Loans to the public	Off-balance sheet credit risk(1)	Loans to the public	Off-balance sheet credit risk(1)	Loans to the public	Off-balance sheet credit risk(1)
						Unaudited
Construction and real estate	1,895	2,227	1,291	963	1,378	2,614
Commercial – other	4,986	1,922	7,558	2,621	3,284	1,043
Total credit risk to public	**6,881**	**4,149**	**8,849**	**3,584**	**4,662**	**3,657**

	December 31, 2025					
			Syndication transactions initiated by the Bank		Syndication transactions initiated by others	
	Bank's share		Others' share (2)		Bank's share(3)	
	Loans to the public	Off-balance sheet credit risk(1)	Loans to the public	Off-balance sheet credit risk(1)	Loans to the public	Off-balance sheet credit risk(1)
						Audited
Construction and real estate	1,836	5,467	1,287	1,340	1,152	3,005
Commercial – other	5,135	1,817	7,652	2,383	4,297	2,919
Total credit risk to public	**6,971**	**7,284**	**8,939**	**3,723**	**5,449**	**5,924**

(1) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of borrower indebtedness, except for derivatives.

(2) Not inducing balances of the parts of others for syndication transactions initiated by the Bank but managed by others.

(3) Excludes syndication transactions initiated by others to extend balance sheet and non-balance sheet credit to foreign governments. The Bank's share of these transactions is NIS 308 million. (As of June 30, 2025 - NIS 390 million and as of December 31, 2025 - NIS 440 million).

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

D. Off-balance sheet financial instruments

Contractual balances or their denominated amounts at end of quarter

		June 30	December 31		June 30	December 31
	2026	**2025**	**2025**	**2026**	**2025**	**2025**
			Balance[1]	**Provision for credit losses**		
	(Unaudited)		**(Audited)**	**(Unaudited)**		**(Audited)**
Transactions in which the balance represents a credit risk:						
- Un-utilized debtor account and other credit facilities in accounts available on demand	44,618	40,253	42,821	37	33	33
- Guarantees to home buyers	18,658	18,236	17,518	3	3	3
- Irrevocable commitments for loans approved but not yet granted[2]	43,367	35,682	38,921	91	67	75
- Unutilized revolving credit card facilities	14,184	13,930	13,658	16	16	15
- Commitments to issue guarantees	22,073	16,124	19,231	3	2	2
- Guarantees and other liabilities[3]	19,855	15,941	18,749	65	69	64
- Loan guarantees	5,121	4,850	5,356	60	51	55
- Documentary credit	555	353	193	-	1	-

(1) Contractual balances or their stated amounts at the end of the period, before effect of provision for credit losses.

(2) Includes effect of extension of approval in principle for residential mortgages, from 12 to 24 days, pursuant to update to Proper Conduct of Banking Business Directive 451 regarding "Procedures for extending residential mortgages".

(3) Includes the Bank's liability for its share in the MAOF Clearing House risk fund, amounting to NIS 47 million (as of June 30, 2025 and December 31, 2025 a total of NIS 31 million and NIS 28 million, respectively).

Note 14 – Assets and Liabilities by Linkage Basis

As of June 30, 2026 (unaudited)

Reported amounts (NIS in millions)

	Israeli currency		In foreign currency[1]				
	Non-linked	CPI-linked	USD	EUR	Other currencies	Non-monetary items[2]	Total
Assets							
Cash and deposits with banks	67,729	-	9,716	188	101	-	77,734
Securities	19,264	13,060	22,203	671	-	1,261	56,459
Securities borrowed or bought in conjunction with resale agreements	64	-	-	-	-	-	64
Loans to the public, net[3]	319,858	76,740	17,622	6,092	3,414	-	423,726
Loans to Governments	-	-	6	280	-	-	286
Investments in associated companies	-	-	-	-	-	731	731
Buildings and equipment	-	-	-	-	-	2,243	2,243
Intangible assets and goodwill	-	-	-	-	-	87	87
Assets with respect to derivatives	4,334	41	2,263	421	9	-	7,068
Other assets	10,588	681	393	6	28	721	12,417
Total assets	**421,837**	**90,522**	**52,203**	**7,658**	**3,552**	**5,043**	**580,815**
Liabilities							
Deposits from the public	359,838	33,073	71,632	6,874	3,007	-	474,424
Deposits from banks	282	-	1,301	327	88	-	1,998
Deposits from the Government	20	2	61	-	-	-	83
Bonds and subordinated notes	9,183	27,110	4,334	-	-	-	40,627
Liabilities with respect to derivatives	5,875	51	1,734	349	7	-	8,016
Other liabilities	14,857	2,256	415	8	42	267	17,845
Total liabilities	**390,055**	**62,492**	**79,477**	**7,558**	**3,144**	**267**	**542,993**
Difference	**31,782**	**28,030**	**(27,274)**	**100**	**408**	**4,776**	**37,822**
Impact of hedging derivatives:							
Derivative instruments (other than options)	-	-	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(28,344)	43	28,427	344	(470)	-	-
Net in-the-money options (in terms of underlying asset)	493	-	(115)	(389)	11	-	-
Net out-of-the-money options (in terms of underlying asset)	625	-	(624)	(52)	51	-	-
Grand total	**4,556**	**28,073**	**414**	**3**	**-**	**4,776**	**37,822**
Net in-the-money options (capitalized par value)	377	-	(35)	(337)	(5)	-	-
Net out-of-the-money options (capitalized par value)	2,777	-	(2,354)	(458)	35	-	-

(1) Includes linked to foreign currency.
(2) Includes derivative instruments whose base relates to a non-monetary item.
(3) Where the provision for credit losses may not be attributed to any specific linkage basis, such provision was deducted pro-rata from the different linkage bases.

Note 14 – Assets and Liabilities by Linkage Basis – continued

As of June 30, 2025 (unaudited)

Reported amounts (NIS in millions)

	Israeli currency		In foreign currency[1]				
	Non-linked	CPI-linked	USD	EUR	Other currencies	Non-monetary items[2]	Total
Assets							
Cash and deposits with banks	55,388	-	23,035	356	106	-	78,885
Securities	13,284	6,890	17,470	1,035	-	1,025	39,704
Securities borrowed or bought in conjunction with resale agreements	473	-	-	-	-	-	473
Loans to the public, net[3]	269,222	82,417	15,934	5,738	3,361	-	376,672
Loans to Governments	-	-	17	282	-	-	299
Investments in associated companies	-	-	-	-	-	375	375
Buildings and equipment	-	-	-	-	-	1,906	1,906
Intangible assets and goodwill	-	-	-	-	-	102	102
Assets with respect to derivatives	7,594	80	729	957	105	-	9,465
Other assets	7,765	435	411	10	34	751	9,406
Total assets	**353,726**	**89,822**	**57,596**	**8,378**	**3,606**	**4,159**	**517,287**
Liabilities							
Deposits from the public	306,412	31,237	67,759	6,516	5,470	-	417,394
Deposits from banks	528	-	1,478	387	104	-	2,497
Deposits from the Government	17	2	108	1	-	-	128
Bonds and subordinated notes	3,624	30,670	2,038	-	-	-	36,332
Liabilities with respect to derivatives	8,387	86	510	1,114	107	-	10,204
Other liabilities	13,058	2,362	338	8	21	298	16,085
Total liabilities	**332,026**	**64,357**	**72,231**	**8,026**	**5,702**	**298**	**482,640**
Difference	**21,700**	**25,465**	**(14,635)**	**352**	**(2,096)**	**3,861**	**34,647**
Impact of hedging derivatives:							
Derivative instruments (other than options)	408	(408)	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(16,728)	416	14,862	(629)	2,079	-	-
Net in-the-money options (in terms of underlying asset)	(37)	-	(223)	269	(9)	-	-
Net out-of-the-money options (in terms of underlying asset)	102	-	(88)	(13)	(1)	-	-
Grand total	**5,445**	**25,473**	**(84)**	**(21)**	**(27)**	**3,861**	**34,647**
Net in-the-money options (capitalized par value)	(10)	-	(294)	314	(10)	-	-
Net out-of-the-money options (capitalized par value)	486	-	(506)	31	(11)	-	-

(1) Includes linked to foreign currency.
(2) Includes derivative instruments whose base relates to a non-monetary item.
(3) Where the provision for credit losses may not be attributed to any specific linkage basis, such provision was deducted pro-rata from the different linkage bases.

Note 14 – Assets and Liabilities by Linkage Basis – continued

As of December 31, 2025 (audited)

Reported amounts (NIS in millions)

	Israeli currency		In foreign currency[1]				
	Non-linked	**CPI-linked**	**USD**	**EUR**	**Other currencies**	**Non-monetary items[2]**	**Total**
Assets							
Cash and deposits with banks	65,123	-	17,563	88	75	-	82,849
Securities	17,312	12,337	16,123	925	-	1,206	47,903
Securities borrowed or bought in conjunction with resale agreements	593	-	-	-	-	-	593
Loans to the public, net[3]	296,231	79,125	15,152	6,513	3,480	-	400,501
Loans to Governments	-	-	13	334	-	-	347
Investments in associated companies	-	-	-	-	-	481	481
Buildings and equipment	-	-	-	-	-	2,159	2,159
Intangible assets and goodwill	-	-	-	-	-	87	87
Assets with respect to derivatives	4,751	44	942	533	23	-	6,293
Other assets	8,393	508	317	9	20	713	9,960
Total assets	**392,403**	**92,014**	**50,110**	**8,402**	**3,598**	**4,646**	**551,173**
Liabilities							
Deposits from the public	340,219	35,170	62,919	7,252	2,837	-	448,397
Deposits from banks	474	-	963	465	156	-	2,058
Deposits from the Government	27	2	167	1	-	-	197
Bonds and subordinated notes	7,580	30,857	1,928	-	-	-	40,365
Liabilities with respect to derivatives	5,695	55	723	530	25	-	7,028
Other liabilities	13,831	2,219	357	8	27	258	16,700
Total liabilities	**367,826**	**68,303**	**67,057**	**8,256**	**3,045**	**258**	**514,745**
Difference	**24,577**	**23,711**	**(16,947)**	**146**	**553**	**4,388**	**36,428**
Impact of hedging derivatives:							
Derivative instruments (other than options)	-	-	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(17,251)	499	17,641	(299)	(590)	-	-
Net in-the-money options (in terms of underlying asset)	138	-	(168)	37	(7)	-	-
Net out-of-the-money options (in terms of underlying asset)	287	-	(357)	72	(2)	-	-
Grand total	**7,751**	**24,210**	**169**	**(44)**	**(46)**	**4,388**	**36,428**
Net in-the-money options (capitalized par value)	169	-	(198)	36	(7)	-	-
Net out-of-the-money options (capitalized par value)	808	-	(941)	148	(15)	-	-

(1) Includes linked to foreign currency.
(2) Includes derivative instruments whose base relates to a non-monetary item.
(3) Where the provision for credit losses may not be attributed to any specific linkage basis, such provision was deducted pro-rata from the different linkage bases.

Note 15 - Cash flows in accordance with contractual repayment date

Reported amounts (NIS in millions)

	Cash flows in accordance with contractual repayment date				
	On-call to 1 day	**Over a day to 1 week**	**Over a week to 1 month**	**1 to 3 months**	**Over 3 months to 1 year**
As of June 30, 2026 (unaudited)					
Cash, deposits and marketable bonds [3]					
Cash and deposits with banks	31,254	28,157	17,749	2	14
Negotiable government bonds	-	2,979	2,481	12,543	21,009
Other marketable bonds	5	6	7	55	294
Total cash, deposits and marketable bonds	**31,259**	**31,142**	**20,237**	**12,600**	**21,317**
Other monetary assets					
Loans to the public [4]	4,407	3,648	10,676	33,208	56,484
Other monetary assets excluding derivatives	816	1,185	1,897	1,543	2,520
Total other monetary assets excluding derivatives	**36,482**	**35,975**	**32,810**	**47,351**	**80,321**
Monetary liabilities					
Deposits from the public[5]	146,357	17,359	45,258	122,420	116,390
Of which: Households and small businesses	71,204	7,627	19,071	39,971	44,374
Deposits from banks	1,610	3	127	85	178
Securities loaned or sold in re-purchase agreements	-	-	-	-	-
Bonds and subordinated notes	11	118	2,137	68	5,526
Other monetary liabilities excluding derivatives	999	1,505	2,461	3,824	2,996
Total other monetary liabilities excluding derivatives	**148,977**	**18,985**	**49,983**	**126,397**	**125,090**
Employee rights and off-balance sheet items					
Effect of derivative instruments	(54)	(205)	(362)	248	960
Credit provision undertakings	(4,903)	(409)	(2,727)	(8,620)	(99,326)
Employees' rights	-	-	(9)	(10)	(52)
Effect of employee rights and off-balance sheet items	**(4,957)**	**(614)**	**(3,098)**	**(8,382)**	**(98,418)**
Total net cash flows (including NIS and foreign currency)	**(117,452)**	**16,376**	**(20,271)**	**(87,428)**	**(143,187)**
Of which:					
Total cash, deposits and marketable bonds in foreign currency	6,379	5,803	2,154	9,331	476
Total other monetary assets in foreign currency	4,930	1,826	2,425	3,694	4,206
Total monetary liabilities in foreign currency	26,535	1,988	13,369	18,181	22,705
Effect of employee rights and off-balance sheet items in foreign currency	1,264	3,224	5,593	13,726	(5,841)
Total net cash flows in foreign currency	**(13,962)**	**8,865**	**(3,197)**	**8,570**	**(23,864)**
As of June 30, 2025 (unaudited)					
Cash, deposits and marketable bonds	28,984	32,783	16,939	13,063	10,291
Other monetary assets excluding derivatives	4,948	4,402	12,582	18,945	51,288
Deposits from the public	144,172	17,362	40,389	108,038	86,107
Other monetary liabilities excluding derivatives and deposits from the public	2,927	1,322	2,339	2,026	12,680
Effect of employee rights and off-balance sheet items	1,515	(202)	(3,070)	(4,016)	(80,277)
Total net cash flows	**(111,652)**	**18,299**	**(16,277)**	**(82,072)**	**(117,485)**
Of which: Net cash flows in foreign currency	**(11,916)**	**8,854**	**2,232**	**(4,007)**	**(18,553)**
As of December 31, 2025 (audited)					
Cash, deposits and marketable bonds	49,703	15,374	17,629	12,773	19,209
Other monetary assets excluding derivatives	**6,115**	**4,920**	**12,373**	**26,429**	**47,059**
Deposits from the public	140,986	19,113	40,361	113,261	112,386
Other monetary liabilities excluding derivatives and deposits from the public	2,891	1,560	4,947	2,251	14,034
Effect of employee rights and off-balance sheet items	(5,638)	(414)	(3,853)	(12,151)	(92,190)
Total net cash flows	**(93,697)**	**(793)**	**(19,159)**	**(88,461)**	**(152,342)**
Of which: Net cash flows in foreign currency	**(18,996)**	**18,152**	**(7,217)**	**(521)**	**(16,863)**

(1) As included in Note 14 – "Assets and Liabilities by Linkage Basis", including off-balance sheet amounts in respect of derivatives which are not settled on a net basis.
(2) The discount rate applied to future contractual cash flows in respect of a monetary item to its balance sheet balance.
(3) The fair value of cash, deposits and marketable bonds, which are not pledged, amounts to NIS 131,895 million, NIS 116,742 million and NIS 128,695 million as of June 30, 2026, June 30, 2025 and December 31, 2025, respectively.
(4) The future contractual cash flows of loans to the public are presented in accordance with the loans' contractual repayment date. Credit in current accounts or current loan accounts, on-call credit and credit in arrears of 30 days or more are presented in the "no repayment date" column. The provision for credit losses is deducted from the relevant cash flows.
(5) The future cash flows of the deposits are presented based on the earliest withdrawal date allowed under the contract. Deposits, which are available for immediate withdrawal under the contract are presented under the "on-call to 1 day" column.

			Balance sheet balance [1]		
Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	No repayment date	Total	Effective rate of return[2]
112	28	685	351	77,734	3.28%
4,715	2,928	9,340	-	51,975	3.50%
777	1,245	1,458	-	3,223	3.38%
5,604	**4,201**	**11,483**	**351**	**132,932**	**3.47%**
86,213	55,906	311,708	24,977	423,726	4.91%
817	1,383	2,247	588	12,046	1.19%
92,634	**61,490**	**325,438**	**25,916**	**568,704**	**4.80%**
15,006	15,473	4,296	-	474,424	2.94%
3,330	792	948	-	185,637	2.44%
-	-	-	-	1,998	3.37%
-	-	-	-	-	0.00%
13,538	14,972	8,648	-	40,627	2.31%
1,758	1,877	529	243	15,746	0.88%
30,302	**32,322**	**13,473**	**243**	**532,795**	**2.60%**
(119)	381	(300)	-	(948)	
(16,275)	(14,395)	(17,224)	-	(163,879)	
(242)	(219)	(2,145)	-	(1,915)	
(16,636)	**(14,233)**	**(19,669)**	**-**	**(166,742)**	
45,696	**14,935**	**292,296**	**25,673**	**(130,833)**	
1,786	1,994	8,078	-	32,879	3.99%
5,459	3,614	4,633	2,420	27,841	4.65%
903	5,191	434	-	88,086	2.22%
(374)	1,625	(193)	-	17,849	
5,968	**2,042**	**12,084**	**2,420**	**(9,517)**	
6,446	3,233	12,241	324	117,564	4.94%
81,603	53,951	296,624	27,674	386,099	5.22%
10,974	12,955	4,504	-	417,394	3.14%
9,861	10,037	14,665	309	52,765	1.38%
(11,885)	(3,920)	(18,833)	-	(119,772)	
55,329	**30,272**	**270,863**	**27,689**	**(86,268)**	
7,160	**3,664**	**9,620**	**3,069**	**(7,460)**	
4,595	5,216	10,387	323	129,546	4.14%
88,466	56,012	306,911	22,619	410,688	4.95%
11,225	14,437	4,316	-	448,397	3.00%
13,856	11,142	9,574	260	57,108	1.62%
(14,862)	(9,806)	(23,266)	-	(161,420)	
53,118	**25,843**	**280,142**	**22,682**	**(126,691)**	
6,417	**4,865**	**9,488**	**2,730**	**(8,857)**	

Note 16 – Balances and estimates of fair value of financial instruments

Reported amounts (NIS in millions)

1) Information on the fair value of financial instruments is presented below:

A. Fair value balances

	June 30, 2026 (unaudited)				
		Fair value			
	Book balance	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total
Financial assets					
Cash and deposits with banks	77,734	20,758	54,913	2,077	77,748
Securities[(3)]	56,459	48,157	7,500	766	56,423
Securities borrowed or purchased in resale agreements	64	64	-	-	64
Loans to the public, net	423,726	13,536	13,834	[(5)]393,868	421,238
Loans to Governments	286	-	-	286	286
Assets with respect to derivatives	7,068	460	5,313	[(2)]1,295	7,068
Other financial assets	9,622	-	7,267	2,357	9,624
Total financial assets	**[(4)]574,959**	**82,975**	**88,827**	**400,649**	**572,451**
Financial liabilities					
Deposits from the public	474,424	33,536	125,367	316,761	475,664
Deposits from banks	1,998	-	606	1,375	1,981
Deposits from the Government	83	-	-	83	83
Securities loaned or sold in re-purchase agreements	-	-	-	-	-
Bonds and subordinated notes	40,627	35,821	-	4,411	40,232
Liabilities with respect to derivatives	8,016	460	6,183	[(2)]1,373	8,016
Other financial liabilities	14,706	375	9,308	5,018	14,701
Total financial liabilities	**[(4)]539,854**	**70,192**	**141,464**	**329,021**	**540,677**

(1) Level 1 – Fair value measurements using quoted prices on an active market.
Level 2 – Fair value measurements using other significant observed data.
Level 3 – Fair value measurements using significant non-observed data.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) For more information about the carrying amount and fair value of securities, see Note 5 to the financial statements.

(4) Includes assets and liabilities amounting to NIS 167,769 million and NIS 167,746 million, respectively, whose carrying amount equals their fair value (instruments presented at fair value on the balance sheet). For more information on instruments measured at fair value on recurring basis and on non-recurring basis, see B.-D. below.

(5) Of which embedded derivatives in loans to the public, net amounting to NIS 33 million.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

A. Fair value balances – continued:

	June 30, 2025 (unaudited)				
		Fair value			
	Book balance	Level 1[1]	Level 2[1]	Level 3[1]	Total
Financial assets					
Cash and deposits with banks	78,885	22,969	42,705	13,186	78,860
Securities[3]	39,704	30,596	8,344	681	39,621
Securities borrowed or purchased in resale agreements	473	473	-	-	473
Loans to the public, net	376,672	6,513	10,248	[5]356,929	373,690
Loans to Governments	299	-	-	302	302
Assets with respect to derivatives	9,465	598	7,507	[2]1,360	9,465
Other financial assets	6,385	-	5,187	1,198	6,385
Total financial assets	**[4]511,883**	**61,149**	**73,991**	**373,656**	**508,796**
Financial liabilities					
Deposits from the public	417,394	15,412	113,335	289,401	418,148
Deposits from banks	2,497	-	678	1,818	2,496
Deposits from the Government	128	-	-	128	128
Bonds and subordinated notes	36,332	33,054	-	2,091	35,145
Liabilities with respect to derivatives	10,204	599	8,433	[2]1,172	10,204
Other financial liabilities	12,632	1,539	7,067	4,020	12,626
Total financial liabilities	**[4]479,187**	**50,604**	**129,513**	**298,630**	**478,747**

(1) Level 1 – Fair value measurements using quoted prices on an active market.
Level 2 – Fair value measurements using other significant observed data.
Level 3 – Fair value measurements using significant non-observed data.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) For more information about the carrying amount and fair value of securities, see Note 5 to the financial statements.

(4) Includes assets and liabilities amounting to NIS 129,343 million and NIS 138,708 million, respectively, whose carrying amount equals their fair value (instruments presented at fair value on the balance sheet). For more information on instruments measured at fair value on recurring basis and on non-recurring basis, see B.-D. below.

(5) Of which embedded derivatives in loans to the public, net amounting to NIS 28 million.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

A. Fair value balances – continued:

	As of December 31, 2025 (audited)				
		Fair value			
	Book balance	Level 1(1)	Level 2(1)	Level 3(1)	Total
Financial assets					
Cash and deposits with banks	82,849	28,321	52,975	1,539	82,835
Securities(3)	47,903	39,090	7,920	831	47,841
Securities borrowed or purchased in resale agreements	593	593	-	-	593
Loans to the public, net	400,501	9,602	11,937	(5)375,885	397,424
Loans to Governments	347	-	-	349	349
Assets with respect to derivatives	6,293	387	5,008	(2)898	6,293
Other financial assets	7,121	-	5,497	1,624	7,121
Total financial assets	**(4)545,607**	**77,993**	**83,337**	**381,126**	**542,456**
Financial liabilities					
Deposits from the public	448,397	26,230	118,899	304,315	449,444
Deposits from banks	2,058	-	494	1,555	2,049
Deposits from the Government	197	-	-	197	197
Bonds and subordinated notes	40,365	37,740	-	1,980	39,720
Liabilities with respect to derivatives	7,028	387	5,701	(2)940	7,028
Other financial liabilities	13,347	1,853	7,559	3,928	13,340
Total financial liabilities	**(4)511,392**	**66,210**	**132,653**	**312,915**	**511,778**

(1) Level 1 – Fair value measurements using quoted prices on an active market.
Level 2 – Fair value measurements using other significant observed data.
Level 3 – Fair value measurements using significant non-observed data.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) For more information about the carrying amount and fair value of securities, see Note 5 to the financial statements.

(4) Includes assets and liabilities amounting to NIS 146,642 million and NIS 152,764 million, respectively, whose carrying amount equals their fair value (instruments presented at fair value on the balance sheet). For more information on instruments measured at fair value on recurring basis and on non-recurring basis, see B.-D. below.

(5) Of which embedded derivatives in loans to the public, net amounting to NIS 32 million.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

B. Items measured at fair value:

1. On recurring basis

	June 30, 2026 (unaudited)			
	Prices quoted on active market (level 1)	Other significant observed data (level 2)	Non-observed significant data (level 3)	Total fair value
Assets				
Bonds available for sale				
Bonds:				
of Government of Israel	5,189	6,752	-	11,941
Of foreign governments	15,213	-	-	15,213
Of banks and financial institutions in Israel	1,474	135	-	1,609
Of banks and financial institutions overseas	-	51	-	51
Asset-backed (ABS)	-	48	-	48
Of others in Israel	712	380	-	1,092
Of others overseas	116	8	4	128
Shares not held for trading	453	23	29	505
Securities held for trading:				
Bonds of the Government of Israel	21,343	60	-	21,403
Bonds of foreign governments	169	-	-	169
Bonds of financial institutions in Israel	8	-	-	8
Bonds of others in Israel	26	-	-	26
Bonds of foreign others	19	-	-	19
Shares held for trading	25	-	-	25
Securities borrowed or purchased in resale agreements	64	-	-	64
Credit with respect to loans to customers	13,536	-	-	13,536
Assets with respect to derivatives[(1)]				
Interest contracts:				
NIS / CPI	-	24	31	55
Other	-	1,992	213	2,205
Currency contracts	41	3,207	1,049	4,297
Contracts for shares	419	90	2	511
Commodities and other contracts	-	-	-	-
Other financial assets	-	7,267	-	7,267
Other	-	-	33	33
Total assets	**58,807**	**20,037**	**1,361**	**80,205**
Liabilities				
Deposits with respect to borrowing from customers	33,536	-	-	33,536
Liabilities with respect to derivatives[(1)]				
Interest contracts:				
NIS / CPI	-	30	8	38
Other	-	2,188	65	2,253
Currency contracts	41	3,873	1,300	5,214
Contracts for shares	419	92	-	511
Commodities and other contracts	-	-	-	-
Other financial liabilities	375	7,267	-	7,642
Other	-	-	-	-
Total liabilities	**34,371**	**13,450**	**1,373**	**49,194**

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

B. Items measured at fair value – continued:

1. On recurring basis

	June 30, 2025 (unaudited)			
	Prices quoted on active market (level 1)	**Other significant observed data (level 2)**	**Non-observed significant data (level 3)**	**Total fair value**
Assets				
Bonds available for sale				
Bonds:				
of Government of Israel	5,421	7,785	-	13,206
Of foreign governments	9,953	-	-	9,953
Of banks and financial institutions in Israel	720	51	-	771
Of banks and financial institutions overseas	-	74	-	74
Asset-backed (ABS)	-	53	-	53
Of others in Israel	793	189	-	982
Of others overseas	126	8	8	142
Shares not held for trading	297	33	23	353
Securities held for trading:				
Bonds of the Government of Israel	9,525	102	-	9,627
Bonds of foreign governments	227	-	-	227
Bonds of financial institutions in Israel	-	-	-	-
Bonds of others in Israel	8	-	-	8
Bonds of foreign others	26	-	-	26
Shares held for trading	23	-	-	23
Securities borrowed or purchased in resale agreements	473	-	-	473
Credit with respect to loans to customers	6,513	-	-	6,513
Assets with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	26	64	90
Other	-	2,358	95	2,453
Currency contracts	61	5,026	1,201	6,288
Contracts for shares	537	97	-	634
Commodities and other contracts	-	-	-	-
Other financial assets	-	5,187	-	5,187
Other	-	-	28	28
Total assets	**34,703**	**20,989**	**1,419**	**57,111**
Liabilities				
Deposits with respect to borrowing from customers	15,412	-	-	15,412
Liabilities with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	19	50	69
Other	-	2,206	55	2,261
Currency contracts	62	6,115	1,063	7,240
Contracts for shares	537	93	4	634
Other financial liabilities	1,539	5,187	-	6,726
Other	-	-	-	-
Total liabilities	**17,550**	**13,620**	**1,172**	**32,342**

(1) Fair value measurement of derivative instruments classified under Level 3 is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

B. Items measured at fair value – continued:

1. On recurring basis

	As of December 31, 2025 (audited)			
	Prices quoted on active market (level 1)	Other significant observed data (level 2)	Non-observed significant data (level 3)	Total fair value
Assets				
Bonds available for sale				
Bonds:				
of Government of Israel	5,976	7,418	-	13,394
Of foreign governments	8,999	-	-	8,999
Of banks and financial institutions in Israel	1,038	48	-	1,086
Of banks and financial institutions overseas	-	66	-	66
Asset-backed (ABS)	-	51	-	51
Of others in Israel	759	251	-	1,010
Of others overseas	136	10	1	147
Shares not held for trading	323	28	21	372
Securities held for trading:				
Bonds of the Government of Israel	18,253	-	-	18,253
Bonds of foreign governments	140	-	-	140
Bonds of financial institutions in Israel	-	-	-	-
Bonds of others in Israel	15	-	-	15
Bonds of foreign others	22	-	-	22
Shares held for trading	26	-	-	26
Securities borrowed or purchased in resale agreements	593	-	-	593
Credit with respect to loans to customers	9,602	-	-	9,602
Assets with respect to derivatives[(1)]				
Interest contracts:				
NIS / CPI	-	23	34	57
Other	-	1,761	116	1,877
Currency contracts	26	3,031	747	3,804
Contracts for shares	361	193	1	555
Other financial assets	-	5,497	-	5,497
Other	-	-	32	32
Total assets	**46,269**	**18,377**	**952**	**65,598**
Liabilities				
Deposits with respect to borrowing from customers	26,230	-	-	26,230
Liabilities with respect to derivatives[(1)]				
Interest contracts:				
NIS / CPI	-	30	9	39
Other	-	1,660	52	1,712
Currency contracts	26	3,821	875	4,722
Contracts for shares	361	190	4	555
Other financial liabilities	1,853	5,497	-	7,350
Other	-	-	-	-
Total liabilities	**28,470**	**11,198**	**940**	**40,608**

(1) Fair value measurement of derivative instruments classified under Level 3 is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

B. Items measured at fair value – continued:

2. On non-recurring basis

	June 30, 2026 (unaudited)				For the three months ended June 30, 2026	For the six months ended June 30, 2026
	Fair value					
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)	
Non-accruing credit whose collection is contingent on collateral	-	-	171	171	(4)	(31)
Investments in shares for which no fair value is available	-	-	731	731	27	69

	June 30, 2025 (unaudited)				For the three months ended June 30, 2025	For the six months ended June 30, 2025
	Fair value					
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)	
Non-accruing credit whose collection is contingent on collateral	-	-	535	535	(2)	(23)
Investments in shares for which no fair value is available	-	-	649	649	17	70

	As of December 31, 2025 (audited)				For the year ended December 31, 2025
	Fair value				
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)
Non-accruing credit whose collection is contingent on collateral	-	-	297	297	2
Investments in shares for which no fair value is available	-	-	808	808	169

(1) Level 1 – Fair value measurements using quoted prices on an active market.
Level 2 – Fair value measurements using other significant observed data.
Level 3 – Fair value measurements using significant non-observed data.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

C. Change in items measured at fair value on recurrent basis, included in level 3:

	For the three months ended June 30, 2026 (unaudited)									
		Net realized / unrealized gains (losses) included(1)								
	Fair value as of March 31, 2026	In statement of profit and loss	In statement of other comprehensive income under Equity	Acqui-sitions	Sales	Dispo-sitions	Transfer to level 3[3]	Transfers from Level 3[3]	Fair value as of June 30, 2026	Unrealized gains (losses) with respect to instruments held as of June 30, 2026
Assets										
Securities available for sale										
Bonds:										
Of others overseas	1	-	-	-	-	-	3	-	4	-
Shares not held for trading	21	8	-	-	-	-	-	-	29	8
Assets with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	36	(3)	-	1	-	(3)	-	-	31	(3)
Other	63	144	-	6	-	-	-	-	213	154
Currency contracts	635	398	-	349	-	(333)	-	-	1,049	750
Contracts for shares	27	-	-	2	-	(27)	-	-	2	4
Other	32	1	-	-	-	-	-	-	33	-
Total assets	**815**	**548**	**-**	**358**	**-**	**(363)**	**3**	**-**	**1,361**	**913**
Liabilities										
Liabilities with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	13	3	-	-	-	(7)	(1)	-	8	(1)
Other	35	12	-	18	-	-	-	-	65	(32)
Currency contracts	840	596	-	271	-	(407)	-	-	1,300	(868)
Contracts for shares	3	-	-	-	-	(3)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**891**	**611**	**-**	**289**	**-**	**(417)**	**(1)**	**-**	**1,373**	**(901)**

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

C. Change in items measured at fair value on recurrent basis, included in level 3 – Continued:

	For the three months ended June 30, 2025 (unaudited)									
		Net realized / unrealized gains (losses) included[1]								
	Fair value as of March 31 2025	In statement of profit and loss	In statement of other comprehensive income under Equity	Acqui-sitions	Sales	Dispo-sitions	Transfer to level 3[3]	Transfers from Level 3[3]	Fair value as of June 30, 2025	Unrealized gains (losses) with respect to instruments held as of June 30, 2025
Assets										
Securities available for sale										
Bonds:										
Of others overseas	8	-	-	-	-	-	-	-	8	-
Shares not held for trading	25	-	(2)	-	-	-	-	-	23	(2)
Assets with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	70	2	-	3	-	(11)	-	-	64	5
Other	14	6	-	83	-	(8)	-	-	95	89
Currency contracts	446	324	-	731	-	(305)	5	-	1,201	1,062
Contracts for shares	-	-	-	-	-	-	-	-	-	-
Commodities and other contracts	-	-	-	-	-	-	-	-	-	-
Other	26	2	-	-	-	-	-	-	28	2
Total assets	**589**	**334**	**(2)**	**817**	**-**	**(324)**	**5**	**-**	**1,419**	**1,156**
Liabilities										
Liabilities with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	47	4	-	1	-	(3)	1	-	50	(5)
Other	48	7	-	-	-	-	-	-	55	(7)
Currency contracts	466	426	-	502	-	(337)	6	-	1,063	(933)
Contracts for shares	5	-	-	4	-	(5)	-	-	4	(4)
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**566**	**437**	**-**	**507**	**-**	**(345)**	**7**	**-**	**1,172**	**(949)**

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

C. Change in items measured at fair value on recurrent basis, included in level 3 – Continued:

	For the six months ended June 30, 2026 (unaudited)									
		Net realized / unrealized gains (losses) included(1)								
	Fair value as of December 31, 2025	In statement of profit and loss	In statement of other comprehensive income under Equity	Acqui-sitions	Sales	Dispo-sitions	Transfer to level 3(3)	Transfers from Level 3(3)	Fair value as of June 30, 2026	Unrealized gains (losses) in respect of instruments held as of June 30, 2026
Assets										
Securities available for sale										
Bonds:										
Of others overseas	1	-	-	-	-	-	3	-	4	-
Shares not held for trading	21	8	-	-	-	-	-	-	29	8
Assets with respect to derivatives(2)										
Interest contracts:										
NIS / CPI	34	(1)	-	1	-	(5)	2	-	31	1
Other	116	90	-	7	-	-	-	-	213	100
Currency contracts	747	469	-	619	-	(786)	-	-	1,049	883
Contracts for shares	1	22	-	6	-	(27)	-	-	2	4
Other	32	1	-	-	-	-	-	-	33	-
Total assets	**952**	**589**	**-**	**633**	**-**	**(818)**	**5**	**-**	**1,361**	**996**
Liabilities										
Liabilities with respect to derivatives(2)										
Interest contracts:										
NIS / CPI	9	8	-	-	-	(8)	(1)	-	8	(3)
Other	52	(5)	-	18	-	-	-	-	65	(17)
Currency contracts	875	723	-	559	-	(857)	-	-	1,300	(1,111)
Contracts for shares	4	(1)	-	-	-	(3)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**940**	**725**	**-**	**577**	**-**	**(868)**	**(1)**	**-**	**1,373**	**(1,131)**

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

C. Change in items measured at fair value on recurrent basis, included in level 3 – Continued:

	For the six months ended June 30, 2025 (unaudited)									
		Net realized / unrealized gains (losses) included(1)								
	Fair value as of December 31, 2024	In statement of profit and loss	In statement of other comprehensive income under Equity	Acqui-sitions	Sales	Dispo-sitions	Transfer to level 3[(3)]	Transfers from Level 3[(3)]	Fair value as of June 30, 2025	Unrealized gains (losses) with respect to instruments held as of June 30, 2025
Assets										
Securities available for sale										
Bonds:										
Of others overseas	7	1	-	-	-	-	-	-	8	1
Shares not held for trading	24	(1)	-	-	-	-	-	-	23	(1)
Assets with respect to derivatives[(2)]										
Interest contracts:										
NIS / CPI	81	(4)	-	5	-	(19)	1	-	64	-
Other	9	7	-	87	-	(8)	-	-	95	90
Currency contracts	377	308	-	1,068	-	(552)	-	-	1,201	1,126
Contracts for shares	1	-	-	-	-	(1)	-	-	-	-
Other	25	3	-	-	-	-	-	-	28	3
Total assets	**524**	**314**	**-**	**1,160**	**-**	**(580)**	**1**	**-**	**1,419**	**1,219**
Liabilities										
Liabilities with respect to derivatives[(2)]										
Interest contracts:										
NIS / CPI	66	2	-	3	-	(21)	-	-	50	(3)
Other	50	3	-	2	-	-	-	-	55	(6)
Currency contracts	352	369	-	846	-	(519)	15	-	1,063	(963)
Contracts for shares	3	2	-	4	-	(5)	-	-	4	(4)
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**471**	**376**	**-**	**855**	**-**	**(545)**	**15**	**-**	**1,172**	**(976)**

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

C. Change in items measured at fair value on recurrent basis, included in level 3 – Continued:

	For the year ended December 31, 2025 (audited)									
		Net realized / unrealized gains (losses) included[1]								
	Fair value as of December 31, 2024	In statement of profit and loss	In statement of other comprehensive income under Equity	Acqui-sitions	Sales	Dispo-sitions	Transfer to level 3[3]	Transfers from Level 3[3]	Fair value as of December 31, 2025	Unrealized gains (losses) with respect to instruments held as of December 31, 2025
Assets										
Securities available for sale										
Bonds:										
Of others overseas	7	1	1	-	-	(8)	-	-	1	-
Shares not held for trading	24	(3)	-	-	-	-	-	-	21	(3)
Assets with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	81	(11)	-	8	-	(49)	5	-	34	(2)
Other	9	27	-	88	-	(8)	-	-	116	115
Currency contracts	377	673	-	1,583	-	(1,935)	90	(41)	747	731
Contracts for shares	1	-	-	1	-	(1)	-	-	1	8
Other	25	7	-	-	-	-	-	-	32	-
Total assets	**524**	**694**	**1**	**1,680**	**-**	**(2,001)**	**95**	**(41)**	**952**	**849**
Liabilities										
Liabilities with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	66	5	-	8	-	(71)	1	-	9	(8)
Other	50	(2)	-	9	-	(5)	-	-	52	(5)
Currency contracts	352	766	-	1,258	-	(1,507)	6	-	875	(866)
Contracts for shares	3	2	-	4	-	(5)	-	-	4	(4)
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**471**	**771**	**-**	**1,279**	**-**	**(1,588)**	**7**	**-**	**940**	**(883)**

(1) Realized gains (losses) included in the statement of profit and loss under "Non-interest financing revenues". Unrealized gains and losses included in equity under Adjustments for Presentation of Available-for-Sale Securities at Fair Value under Other Comprehensive Income.

(2) Fair value measurement is primarily based on use of observed data (market interest rate curves), except for credit quality of counter party.

(3) Transfers to Level 3 include transactions for which market data, in the reported periods, are not observed. Transfers from Level 3 result from the opposite situation.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

D. Additional information about non-observed significant data and valuation techniques used in fair value measurement of items classified at Level 3:

	Fair value as of June 30, 2026	Valuation technique	Non-observed data	Range	Weighted average
Shares not held for trading	29	Quote from counter-party to the transaction			
Securities available for sale					
Bonds of foreign others	4	Cash flows discounting	Price	7.75-44.00	27.14
Assets with respect to derivative instruments:					
NIS / CPI	11	Cash flows discounting	Inflationary expectations	1.47%-1.89%	1.62%
Other	1,317	Cash flows discounting	Counter-party credit quality	0.30%-3.10%	1.68%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	4	Cash flows discounting	Inflationary expectations	1.47%-1.89%	1.63%
Other	1,369	Cash flows discounting	Counter-party credit quality	0.30%-3.10%	1.64%

	Fair value as of June 30, 2025	Valuation technique	Non-observed data	Range	Weighted average
Shares not held for trading	23	Quote from counter-party to the transaction			
Securities available for sale					
Bonds of foreign others	8	Cash flows discounting	Price	7.75-107.66	40.28
Assets with respect to derivative instruments:					
NIS / CPI	35	Cash flows discounting	Inflationary expectations	2.05%-2.49%	2.43%
Other	1,353	Cash flows discounting	Counter-party credit quality	0.30%-3.10%	1.79%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	48	Cash flows discounting	Inflationary expectations	2.05%-2.49%	2.43%
Other	1,124	Cash flows discounting	Counter-party credit quality	0.30%-2.60%	1.89%

	Fair value as of December 31, 2025	Valuation technique	Non-observed data	Range	Weighted average
Shares not held for trading	21	Quote from counter-party to the transaction			
Securities available for sale					
Bonds of foreign others	1	Cash flows discounting	Price	7.75	7.75
Assets with respect to derivative instruments:					
NIS / CPI	11	Cash flows discounting	Inflationary expectations	1.63%-2.06%	1.78%
Other	919	Cash flows discounting	Counter-party credit quality	1.20%-3.10%	1.70%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	7	Cash flows discounting	Inflationary expectations	1.65%-2.02%	1.79%
Other	933	Cash flows discounting	Counter-party credit quality	0.30%-2.65%	1.68%

Note 16 – Balances and estimates of fair value of financial instruments – continued

E. Information regarding uncertainty of fair value measurements to changes in unobserved data

The main valuation technique of significant unobserved data used in measurement of fair value of assets and liabilities at Level 3 is Discounted Cash Flow. The future cash flow for the instrument is derived from the agreement with the counter-party. The discount rate used to discount the cash flow reflects the Bank's assumptions.

The primary unobserved data used in measurement of fair value of bonds is the price of the bonds.

F. Election of fair value option

Should the Bank elect the fair value option, changes to fair value of investments in certain bonds would be recorded to profit and loss, with bonds classified under the portfolio held for trading, although they had not been purchased for this purpose.

The election of the fair value option was made under the following circumstances:

1. Reduce volatility in profit and loss resulting from changes between the original measurement basis of financial instruments designated at the fair value option, and the measurement basis of derivative financial instruments used to manage risks with respect to such investments.
2. Complexity of implementing hedge accounting.
3. More accurate economic presentation of assets managed on fair value basis.

As of June 30, 2026, June 30, 2025 and December 31, 2025, the Bank did not select the fair value option.

Note 17 – Other Matters

A. On March 30, 2026, an amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 (hereinafter - the "Law") was approved, whereunder, among other things, banks - other than small banks - (as defined in the Law) will be subject to a tax totaling NIS 3 billion in respect of the profits of the abovementioned banks for 2026, and to tax totaling NIS 125 million in respect of the profits of the abovementioned banks for 2027 ("Profit" as defined in the Value Added Tax, 1975), with respect of a Profit generated from activity in Israel. The financial statements include the effect of the special tax based on the Bank's assessment in accordance with an estimate of its proportionate share.

B. On March 26, 2026, the Bank's Board of Directors, after receiving approval by the Remuneration Committee, decided to approve the offering of options, in accordance with Section 15b(1)(a) of the Securities Law, to the Bank President & CEO and to the other officers of the Bank (other than the Bank directors) and to other managers at the Bank and at Bank subsidiaries, as stated in the employee offering outline dated March 26, 2026 (hereinafter: "the Outline").

As resolved by the Board of Directors on March 26, 2026, the following plans for allocating options were approved for 2026 after obtaining the Renumeration Committee's approval:

- Option plan 1 – up to 46,827 options 1 to be awarded to the Bank President & CEO, exercisable for up to 6,349 Bank ordinary shares of NIS 0.1 par value each.
- Option plan A – up to 399,424 options A to be awarded to up to eight Bank officers who are not gatekeepers, exercisable for up to 54,159 Bank ordinary shares of NIS 0.1 par value each.
- Option plan B – up to 173,180 options B to be awarded to up to five Bank officers who are gatekeepers, exercisable into up to 23,482 Bank ordinary shares of NIS 0.1 par value each.
- Option plan C – up to 744,000 options C to be awarded to up to forty three key Bank and Bank subsidiaries' employees exercisable into up to 100,881 ordinary Bank shares of NIS 0.1 par value each.
- Option plan D – up to 809,250 options D to be awarded to up to a ninety four Bank managers employed by the Bank subject to individual employment contracts and other managers at the Bank and at Bank subsidiaries, which have been approved for inclusion in this group, exercisable into up to 109,728 ordinary Bank shares of NIS 0.1 par value each.
- Option plan E – up to 1,719,200 options E to be awarded to up to two hundred seventy-one executives employed by the Bank subject to collective agreements, exercisable to up to 233,111 ordinary Bank shares of NIS 0.1 par value each.

Note 17 – Other Matters – Continued

The number of options which offerees may actually exercise, pursuant to terms of each plan, would be derived from the eligibility terms set for each plan in the Outline, as follows. Furthermore, issuance of the maximum number of exercise shares, which will arise from the options and which the offerees will be entitled to exercise is merely theoretical, since in practice the Bank would not issue to the offerees the full number of exercise shares pursuant to terms of each plan – but only the number of shares reflecting the monetary benefit inherent in those options, taking into account a closing price cap of NIS 295 plus linkage differentials from the known CPI upon approval by the Board of Directors to the known CPI upon the exercise date.

In case of dividend distribution, bonus share distribution, rights issuance, split or reverse split of share capital and re-structuring at the Bank, the adjustments shall be made as set forth in the Outline employee offering.

The options issued in the name of the Trustee on behalf of the Bank President & CEO, pursuant to options plan 1, may be exercised as from the second anniversary of the issue date and would expire 18 months after the vesting date, as defined in the Memorandum.

The options issued in the name of the Trustee pursuant to option plans A, B or C would be in three equal lots, which may be exercised as from two years after: (1) The issuance date; (2) April 1, 2029; and (3) April 1, 2030, and each batch of options would expire 18 months after each of said dates.

All options issued pursuant to option plans D and E may be exercised in a single lot from the second anniversary of the issue date and would expire two years after the vesting date, as defined in the Memorandum.

An offeree's eligibility for options pursuant to each of the option plans would be contingent upon the Bank's total capital adequacy ratio and Tier I equity ratio for the award year not falling below the minimum ratios established by the Bank of Israel’s directives.

Moreover, eligibility for options shall be determined based on the following criteria, as set forth in the Outline:

- Options A and options B issued to offerees who are officers of the Bank, as noted above, constitute part of these officers' variable remuneration. Officer eligibility to options A or to options B in respect of the bonus year would be determined based on four criteria which are measurable "company-wide criteria" (hereinafter: "the quantitative benchmarks") and based on one qualitative criterion based on supervisor’ decision as to the achievement of individual targets of the officer as defined in the outline.
- Eligibility of offerees who are not Bank officers to options C, D, and E, with respect to the bonus year, would be determined exclusively based on the four quantitative benchmarks.

Furthermore, in accordance with the terms listed in the outline, grounds were set for no entitlement to options for these groups.

The quantitative benchmarks specified in the option plan are: return on equity, return on Bank shares relative to benchmark, operating efficiency ratio and average ratio of core deposits.

The exercise price of each option to be issued pursuant to each of the plans for 2026 is NIS 255 (subject to adjustments) plus CPI linkage differentials, from the known CPI upon approval by the Board of Directors of the issuance of options to the offerees and until the known CPI upon exercise of the option by the offeree. The exercise price of each option is determined based on the average closing price of Bank ordinary shares on the stock exchange over the thirty trading days preceding the approval date by the Board of Directors of the issuance of the options plus approx. NIS 16. Accordingly, note that on the exercise date, an offeree would not be required to pay the exercise price – which would only serve to determine the monetary benefit amount and the number of exercise shares to be actually allotted to the offeree.

In order to calculate the fair value as of the approval date of option issuance by the Board of Directors, as noted above, the terms and conditions of the option plans and the data and assumptions listed in the Outline have been taken into account.

Based on the assumptions listed in the Outline, the fair value of each single option to be awarded pursuant to each option plan, as of the approval date by the Board of Directors of the issuance of the options, is as follows:

- Option 1 – NIS 16.8;
- Option A – NIS 16.0;
- Option B – NIS 16.1;
- Option C – NIS 15.8;
- Option D or E – NIS 17.3.

The theoretical benefit value of the options in these approved lots, calculated in accordance with US accounting rules (in accordance with ASC 718 "Share-based Payment"), amounts to NIS 65 million. The theoretical batch value shall be recognized in the Bank’s books of accounts over the vesting period, i.e. from the first quarter of 2026 through the end of the year.

Note 17 – Other Matters – Continued

The options were allotted under the "Capital Gain" track, pursuant to the Section 102 of the Income Tax Ordinance. Therefore, any benefit arising to the offerees from exercise of these options will be taxed at the capital gain tax rate applicable to the offerees upon exercise of the options. Therefore, the Bank would not be liable for wages tax with respect to the benefit arising to offerees from exercise of the options pursuant to the option plan. Furthermore, upon payment of tax with respect to this benefit by the offerees, the Bank would not have any tax deductible expense with respect to the aforementioned options.

Note 18 – Events Subsequent to the Balance Sheet Date

On August 16, 2026, the Bank's Board of Directors resolved to distribute a NIS 714.0 million dividend, which constitutes 50% of earnings in the second quarter of 2026, in accordance with the Bank's dividend policy, and after assessing the Bank's capital planning under the various scenarios.

The dividend amount constitutes 2,741.77% of the issued capital, i.e. 274.18 agorot per each share of NIS 0.1 par value. The record date for dividend payment is August 24, 2026 and the payment date is August 31, 2026. The final dividends per share is subject to changes due to realized convertible securities of the Bank. Under accounting principles, this amount will be derecognized from retained earnings in the third quarter of 2026.

Bank Mizrahi Tefahot

Corporate governance, audit, other information about the Bank and its management

Table of Contents

Corporate governance

Board of Directors and management

Board of Directors

During the first half of 2026, the Bank's Board of Directors held 10 plenary meetings. Furthermore, during this period there were 23 meetings of Board committees.
The permanent Board committees are: Audit, Credit, Risks Management, IT and Technology Innovation and Remuneration.

During the first half of 2026 and through the financial statements' publication date, there were no changes in the composition of the Board of Directors.

Bank management and senior officers

During the first half of 2026 and through the financial statements' publication date there were no changes to members of the Bank's management and senior officers.

Internal Auditor

Information about Internal Audit at the Group, including professional standards applied by Internal Audit, the annual and multi-annual work plan and considerations in setting this plan, the scope of work of the Internal Auditor and their team and reporting of the Internal Auditor's findings are provided in chapter "Corporate governance, audit, other information about the Bank and its management" of the 2025 report.

In the reported period there were no material changes to this information.

Transactions with controlling shareholders and related parties

Transactions with related parties were conducted in the normal course of business, at market terms and at terms and conditions similar to those of transactions with parties not related to the Bank.

Controlling shareholders

The Bank's controlling shareholders as of June 30, 2026 are the Wertheim Group and the Ofer Group.

Wertheim Group's ownership interests in the Bank are held through M.W.Z (Holdings) Ltd., and through F&W Registered Partnership - jointly and both directly and indirectly. As of June 30, 2026, Wertheim Group holds approx. 20.48% of capital and voting rights in the Bank.

M.W.Z (Holdings) Ltd. is a privately-held company whose shares are held by David Wertheim (63%) and by Drorit Wertheim (37%); F&W Registered Partnership is a general partnership owned (1%) by Mr. David Wertheim and Ms. Drorit Wertheim (at a ratio of 63% and 37%, respectively) and by M.W.Z (Holdings) Ltd. (99%).

M. W. Z. (Holdings) Ltd. (Registered Partnership) acquired - on March 16, 27 and 30, 2026, on May 19, 20, and 28, 2026, on June 1 and 2, 2026 and on July 1 and 14, 2026 - an aggregate number of 491,460 ordinary Bank Mizrahi Tefahot Ltd. shares of NIS 0.1 par value each (hereinafter: the "Bank"). For further details see the Bank's immediate report of March 17, 2026 and March 30, 2026 (Ref. Nos.: 2026-01-023242 and 2026-01-029969) dated May 20, 24 and 28, 2026 (Ref. Nos.: 2026-01-046716, 2026-01-047300 and 2026-01-050765) dated June 2 and 3, 2026 (Ref. Nos.: 2026-01-052278 and 2026-01-052787) and dated July 2 and 15, 2026 (Ref. Nos.: 2026-01-062503 and 2026-01-067086).

F&W (Registered Partnership) acquired - on March 23 2026 and March 24, 2026 - an aggregate number of 32,884 ordinary Bank shares of NIS 0.1 par value each. For further details see the Bank's immediate report of March 24, 2026 and March 25, 2026 (Ref. Nos.: 2026-01-026508 and 2026-01-026824).

Ofer Group's holdings in the Bank are through L.I.N. (Holdings) Ltd., which holds the Bank directly and through L.A.B.M. (Holdings) Ltd. (a wholly-owned subsidiary thereof). As of June 30, 2026, Ofer Group holds approx. 20.99% of capital and voting rights in the Bank;

L.I.N. (Holdings) Ltd. is a privately-held company owned (100%) by a foreign trust whose main beneficiary, with regard to Bank shares, is Mr. Eyal Ofer.

L.I.N. (Holdings) Ltd. acquired - on June 3 and 8, 2026 - an aggregate number of 98,281 ordinary Bank shares of NIS 0.1 par value each. For further details see the Bank's immediate reports of June 3 and 8, 2026 (Ref. Nos.: 2026-01-052976 and 2026-01-054450).

Shareholder agreements

L.A.B.M. (Holdings) Ltd. Of Ofer Group and Feinberg-Wertheim (Registered Partnership) of Wertheim Group are party to a cooperation agreement for exercising rights associated with Bank shares, dated October 6, 1994 (hereinafter: ("voting agreement"). The aforementioned voting agreement sets forth, inter alia, rules for joint voting of controlling shareholders at General Meetings, for each party's right of refusal upon sale of controlling shares by the other parties, for rights to appoint Board members and rights to appoint the Chairman of the Board of Directors.

Legislation and supervisory directives applicable to Bank Group operations

Laws and regulations

Amendment to the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024

On March 30, 2026, the Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024 was approved, whereunder, among other things, banks - other than small banks - (as defined in the Law) will be subject to a total tax of NIS 3 billion in respect of the profits of the banks for 2026, and to a total tax of NIS 125 million in respect of the profits of the banks for 2027, which will be divided pro rata between the banks in accordance with their pre-tax profit in those periods, all with respect of profits generated from activity in Israel.

The provision for taxes on income in the financial statements for the first half of 2026 includes the effect of the abovementioned law.

The Law for the Promotion of Competition in the Banking Sector (Legislative Amendments), 2026

On March 30, 2026, the Knesset passed the Economic Arrangements Law which amended, among other things, the Law for the Promotion of Competition in the Banking Sector (Legislative Amendments), 2026.

Under the amendment, the summary report of the interministerial taskforce on measures to increase competition in the banking sector and in the field of credit to small businesses and households was passed into law, in order to enable the formation of small banks, set appropriate supervision mechanisms, remove barriers and encourage competition and innovation in the banking system.

Increased Competition and Reduced Concentration in the Israeli Banking Market Law (Legislation Amendments), 2017

On March 30, 2026, the Knesset passed the Economic Arrangements Law which amended, among other things, the Increased Competition and Reduced Concentration in the Israeli Banking Market Law (Legislation Amendments), 2017 (hereinafter - the “Strum Law”).

The primary provisions of the amendment stipulated that as from April 1, 2027 a further four-year period will start during which a bank with a broad-scope of activity, or a bank which held a means of control in a processing company immediately prior to the effective date will carry out the processing activity of the payment cards it issues through a processing company, and will allow a processing company to be a party to a payment card contract. Furthermore, it was stipulated that during the additional period, no single processing company will be used to process the issuance of more than 40% of all new credit cards the Bank issues to its customers (instead of 52% under the existing law). A credit card which was issued under a credit card contract which was signed before April 1, 2027 and was renewed during the additional period will not be taken into account in the calculation of this restriction.

The amendment also stipulated that subject to the agreement of the Governor of the Bank of Israel and the Knesset’s Economic Affairs Committee, the Minister of Finance may extend the additional period by further periods, which will not exceed four years in total, and will be allowed to change the rate of the 40% restriction applicable to the processing of an issuance.

The amendment also defines a “processing company” as a corporation which, immediately prior to the effective date, was engaged in the processing of the issuance of credit cards in Israel, or as another corporation designated by order of the Governor of the Bank of Israel with the consent of the Minister of Finance.

Credit Data Law (Amendment no. 6), 2026

On July 26, 2026, Amendment No. 6 to the Credit Data Law was published on the official gazette. The amendment makes several changes to the provisions of the law, the key ones of which include the setting up of a credit database, which also includes data regarding SMEs in order to increase the competition in the business credit market, and other steps and changes to improve the database’s efficiency.

Under the law, the various sources of information prescribed by the law, including banks, will be required to file regular and extensive reports to credit bureaus regarding the credit of such corporations. The credit bureaus will be able to deliver data and generate credit reports and credit ratings with regard to these corporations based on the new database which will be set up. Additional changes included in the amendment deal with improving the efficiency of the database and include, among other things, expanding the option of using credit data to develop models and the conditions therefor, expanding the option of using credit reports with regard to other transactions of the customer, shortening the period for retaining individuals' negative credit data from three years to one year, regulating the consent required for the use of credit reports, and other topics.

Most of the amendment's clauses will come into force within 6 months from its publication date. The Bank is making preparations for the implementation of the amendment to the law. The amendment to the law is not expected to have a material effect on the Bank's financial statements.

Amendment to the Banking (Service to Customer) Law, 1981 – Obligation to Record Calls, Retain them, and Deliver them to the Customer.

On July 22, 2026, Amendment to the Banking (Service to Customer) Law, 1981 was published on the official gazette, whereunder banking corporations which market services and products through phone calls they initiate will be required to record each and every such call made to a private customer (other than a corporation), to inform the customer at the beginning of the call that it is being recorded and that they have the right to receive the recorded call, and to retain the recorded call for two years. The call will be delivered within 10 business days from the date on which the customer requested it, including the written details of the call's date, without consideration, except for cases for which the Governor of the Bank of Israel prescribed special conditions under Chapter B-2 or if the customer requests the same call again.

Among other thingsIt was further prescribed under the key points of the amendment that failure to comply with the provisions of the law might result in the imposition of sanction by the Supervisor of Banks at the total amount of NIS 50 thousand.

The amendment to the law will come into force within 8 months from its publication date; however, the duty to deliver marketing phone calls initiated by the banking corporation and recorded by it will also apply to calls recorded before the law came into force. The Bank is making preparations for the implementation of the amendment to the law. Implementation of the amendment is not expected to have a material impact on the Bank's Financial Statements.

Supervisor of Banks

Circulars and public reporting directives

Emphasis for the banking system due to the war

Throughout the war, the Bank of Israel published several customer support outlines. For further details about the support outlines, see the "Corporate governance, audit, other information about the Bank and its management" chapter in the 2025 Annual Financial Statements.

In view of Operation Lion's Roar, on March 17, 2026 the Supervisor of Banks published a circular comprising Temporary Order No. 253, which includes adjustments to Proper Conduct of Banking Business Directive aimed at supporting the banking system and its customers in addressing the challenges arising from the operation. The Temporary Order shall be in effect from its publication date through April 30, 2026. On April 30, 2026, the term of the Temporary Order and its amendments was extended by one further month through May 31, 2026.

Large-scale exposures

On February 3, 2025, the Supervisor of Banks published a directive, which replaces an existing Proper Conduct of Banking Business Directive No. 313 regarding "Limitations on the Indebtedness of a Borrower and of a Group of Borrowers" with the directive "Large-Scale Exposures" as part of the adaptation of the Proper Conduct of Banking Business Directives to the recommendations of the Basel Committee. The directive's effective date as per the circular is January 1, 2026.

On December 29, 2025, the Supervisor of Banks published a circular, which extended the application period through July 1, 2026. As from July 1, 2026 the Bank applies the directive. Application of this directive has no material impact on the Bank's financial statements.

"Measurement and Capital Adequacy – the Standardized Approach - Credit Risk", and "Limitations on Issuing Residential Mortgages"

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 Proper Conduct of Banking Business Directive No. 329 on "Limitations on Issuing Residential Mortgages". The directive covers property sale contracts where the proportion of sale price, whose payment is postponed to the delivery date exceeds 40% (hereinafter - "Contracts with Non-Linear Payment"), and stipulates that credit extended under new contracts (subsequent to April 6, 2025 - the directive's effective date) for the financing of construction projects, where the rate of Contracts with Non-Linear Payment exceeds 25%, shall be weighted at an increased risk weight of 150% for the purpose of calculating the capital ratio. With regard to existing projects as of the directive's effective date, where the proportion of Contracts with Non-Linear Payment exceeds 25%, the increased risk weight will only apply if the proportion of such contracts increased by more than 5 percentage points compared to the rate on the effective date. In that respect, it was clarified that contracts where a significant portion of the property's price was paid shall not be included in the calculation of the abovementioned rate.

In addition, as part of the revision of Directive 329 it was decided to limit to 10% the proportion - out of the total residential mortgages extended in the calendar quarter - of bullet and balloon loans, which are subsidized by the developer, and in which the developer pays some or all of the interest payments, when the loan is provided or during its term.

The amendments to these directives came into force on the circular publication date and they will be in effect through December 31, 2026.

The Bank is applying this directive. Application of the directive does not have is not expected to have a material impact on capital ratios in the Bank's financial statements.

AML and terror financing risk management

On April 30, 2026, a circular was published, which revises Proper Conduct of Banking Business Directive No. 411; the circular includes several updates regarding various topics aimed at adapting the directive to international standards pertaining to prohibition of money laundering and terrorism financing and the coming into effect of the Payment Services and Payment Initiation Regulation Law, 2023.

The amendments came into effect on the directive's publication date, except for the amendments to Appendix B2 (revisions to the arrangement in connection with the provision of payment services by a banking corporation to a service recipient), the amendments pertaining to which will come into effect 6 months after the publication date of this directive.

The Bank is preparing to implement the directive. Application of the directive is not expected to have a material effect on the Bank's financial statements.

Pledging the assets of a banking corporation

On June 17, 2026, the Bank of Israel issued a circular revising Proper Conduct of Banking Business Directive 336 regarding pledging the assets of a banking corporation. The revision was designed to enable banking corporations to issue a new instrument - covered bonds - as is customary in other countries, under certain conditions and restrictions. The circular provides a definition of covered bonds and details the conditions for their issuance.

The circular's effective date is its publication date. The directive has no material effect on the Bank's financial statements.

Reform Regarding Fees Collected from Households and Small Businesses

On June 21, 2026, the Banking Supervision Department published a draft of circular No. H-06-2851 - Reform Regarding Fees Collected from Households and Small Businesses for Account Management and Debit Card Services.

The reform prescribes a comprehensive change in the structure of fees applicable to account management and debit card services, and includes, among other things, amendments to various regulatory provisions, as detailed below:

- The Banking Rules (Service to Customer) (Fees), 2008 were revised to include a new service - “payment account management” - comprising a package of routine payment services, and supervised prices were set for this service.
- Proper Conduct of Banking Business Directive No. 423 - “The Tracks Service” was cancelled.
- The Banking Order (Customer Service) (Supervision of Payment Account Management Service, Debit Card Fee Service, and Changes to Monthly Repayment Date of a Housing Loan), 2026 was published, which prescribes supervised prices for payment account management service, such that the maximum tariff will stand at NIS 10 for up to 100 transactions per month (a teller transaction and a direct-channel transaction); it was also prescribed that for customers executing up to 2 transactions per month, the maximum tariff will stand at NIS 5. Furthermore, a maximum price of NIS 1 per transaction was prescribed for any transaction in excess of 100 transactions. In addition, the order sets a supervised price for debit card fees, such that the maximum tariff will stand at NIS 7 per month.
- Proper Conduct of Banking Business Directive No. 425 - “Annual Reports to Customers of Banking Corporations”.

The provisions of the reform will come into effect gradually - as from October 1, 2026, supervision of the debit card fees will come into force, and on July 1, 2027, the new structure of the "payment account management" service will come into force and the old fee model will be permanently cancelled.

The Bank started making preparations for the implementation of the reform. The implementation of the reform is not expected to have a material effect on the Bank’s financial statements.

Supervisory framework for small and new banks

On June 30, 2026, the Bank of Israel published a circular which defines Proper Conduct of Banking Business Directive 490 on Supervisory Framework for Small and New Banks. The directive establishes permanent supervisory tiers in accordance with the banking corporation’s size, and for each tier adjustments were made to the Proper Conduct of Banking Business Directives in accordance with the size of the banking corporation. The directive establishes preparatory phases for a newly licensed bank.

The publication of the directive cancels Proper Conduct of Banking Business Directive 480, which was published in March 2020, which addressed adjustments to Proper Conduct of Banking Business Directives applicable to a new banking corporation and a banking corporation being formed.

The Directive will come to effect on its publication date. The Bank is preparing to implement the directive. The application of this directive has no effect on the Bank's Financial Statements.

The Bank's credit rating

On August 9, 2026, Midroog Ltd. (established in partnership with the global rating agency Moody's, which owns a 51% equity stake) (hereinafter - “Midroog") maintained the Bank’s ratings without change. The Bank’s long-term deposits and senior debt are rated Aaa.il with a stable outlook.

Subordinated notes with a contractual loss-absorption mechanism (CoCo), which are eligible for recognition as Tier II capital under the provisions of Basel III, are rated by Midroog at Aa3.il (hyb) with a stable outlook.

On May 27, 2026, S&P Global Ratings Maalot Ltd. (hereinafter - “Maalot”) affirmed the Bank’s issuer rating of ilAAA, with a stable rating outlook.

Subordinated notes with a contractual loss-absorption (CoCo) mechanism, which are eligible for recognition as Tier II capital under the provisions of Basel III, are rated ilAA- by Maalot.

During the Iron Swords War all three international rating agencies downgraded the State of Israel’s credit rating, which, in turn, led to the downgrading of the Bank’s credit rating. The latest update to Israel’s credit rating is its affirmation by S&P (an “A” rating with a stable outlook) of May 8, 2026. The agency notes, among other things, the expectation that fighting will subside, which will help to stabilize the macroeconomic adverse effects, and emphasizes Israel’s strong external profile, high-levels of savings, and monetary flexibility.

Latest updates to the Bank’s ratings:

On October 29, 2025, the rating agency Fitch Ratings (hereinafter - “Fitch”) affirmed the Bank’s Long-Term Issuer Default Rating (IDR) at A- and the Bank’s Short Term IDR at F1. In addition, the rating agency upgraded the Bank’s rating outlook from “negative” to “stable”, which reflects the Bank’s stability when faced with the challenges in the environment it has been operating in since the outbreak of the Iron Swords War, and the agency’s assessment that the risks have subsided. The rating of the senior dollar-denominated unsecured bond series is A-. The series was issued on January 28, 2026. The rating of the series of dollar-denominated subordinated notes with a loss-absorption mechanism which are eligible for recognition as Tier II capital is BBB. The series was issued on January 15, 2026.

On May 27, 2026, the rating agency S&P Global Ratings (hereinafter - “S&P”) affirmed the long-term issuer credit rating at BBB+. The agency affirmed the Bank’s short-term issuer credit rating of A-2, and the rating outlook maintained stable, without change. The senior dollar-denominated unsecured bond series is rated by the rating agency at BBB+. The series was issued on January 28, 2026. In addition, the rating agency rated the dollar-denominated subordinated notes with a loss-absorption mechanism, which are eligible for recognition as Tier II capital, at BBB-. The series was issued on January 15, 2026.

On February 3, 2026, the rating agency Moody’s (hereinafter - “Moody’s”) affirmed the Bank’s long-term deposit rating at Baa1 and the Bank’s short-term deposit rating at P-2. The rating outlook was upgraded from negative to stable following the upgrading of the rating outlook of the State of Israel.

The current rating of the State of Israel is as follows:

S&P rates the State of Israel at a rating of A (stable outlook).

Fitch rates the State of Israel at a rating of A (negative outlook).

The rating assigned by Moody’s to the State of Israel is Baa1 (the rating outlook was upgraded from negative to stable on January 30, 2026).

For further details regarding the effect of the downgrading of the State of Israel’s credit rating, see Note 9 to the Financial Statements.

Operating segments

For extensive information about supervisory operating segments, see chapter "Corporate governance, audit, other information about the Bank and its management" of the 2025 financial statements.

Appendix 1 – Revenue rates and interest expenses of the Bank and subsidiaries thereof[1]

Reported amounts (NIS in millions)

A. Average balances and interest rates – assets

	For the three months ended June 30, 2026			For the three months ended June 30, 2025		
	Average balance[2]	Interest revenues	Revenue rate	Average balance[2]	Interest revenues	Revenue rate
			in %			in %
Interest-bearing assets						
Loans to the public[3]						
In Israel	391,257	[7]6,100	6.24	351,193	[7]5,843	6.66
Outside of Israel	14,913	262	7.03	11,448	231	8.07
Total	**406,170**	**6,362**	**6.27**	**362,641**	**6,074**	**6.70**
Loans to the Government						
In Israel	283	2	2.83	297	3	4.04
Outside of Israel	12	1	33.33	24	-	-
Total	**295**	**3**	**4.07**	**321**	**3**	**3.74**
Deposits with banks						
In Israel	2,260	16	2.83	2,305	11	1.91
Outside of Israel	196	1	2.04	59	-	-
Total	**2,456**	**17**	**2.77**	**2,364**	**11**	**1.86**
Deposits with central banks						
In Israel	42,297	394	3.73	54,712	580	4.24
Outside of Israel	11,985	113	3.77	18,950	235	4.96
Total	**54,282**	**507**	**3.74**	**73,662**	**815**	**4.43**
Securities borrowed or purchased in resale agreements						
In Israel	48	1	8.33	487	6	4.93
Outside of Israel	-	-	-	-	-	-
Total	**48**	**1**	**8.33**	**487**	**6**	**4.93**
Bonds held to maturity and available for sale[4]						
In Israel	30,721	320	4.17	20,753	227	4.38
Outside of Israel	2,099	27	5.15	2,134	35	6.56
Total	**32,820**	**347**	**4.23**	**22,887**	**262**	**4.58**
Bonds held for trading[5]						
In Israel	1,400	22	6.29	1,751	11	2.51
Outside of Israel	-	-	-	-	-	-
Total	**1,400**	**22**	**6.29**	**1,751**	**11**	**2.51**
Total interest-bearing assets	**497,471**	**7,259**	**5.84**	**464,113**	**7,182**	**6.19**
Receivables for credit card operations	5,148			5,131		
Other non-interest bearing assets[6]	63,764			39,830		
Total assets	**566,383**			**509,074**		
Total interest-bearing assets attributed to overseas operations	**29,205**	**404**	**5.53**	**32,615**	**501**	**6.14**

See footnotes below.

Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries[1] – Continued

Reported amounts (NIS in millions)

A. Average balances and interest rates – liabilities and equity

	For the three months ended June 30, 2026			For the three months ended June 30, 2025		
	Average balance[2]	Interest expenses (revenues)	Expense (revenue) rate	Average balance[2]	Interest expenses (revenues)	Expense (revenue) rate
			in %			in %
Interest-bearing liabilities						
Deposits from the public						
In Israel						
On-call	48,783	350	2.87	39,233	334	3.41
Term deposits	290,984	3,113	4.28	268,468	2,967	4.42
Outside of Israel						
On-call	782	-	-	401	-	-
Term deposits	16,081	168	4.18	18,191	178	3.91
Total	**356,630**	**3,631**	**4.07**	**326,293**	**3,479**	**4.26**
Deposits from the Government						
In Israel	98	-	-	68	-	-
Outside of Israel	-	-	-	-	-	-
Total	**98**	**-**	**-**	**68**	**-**	**-**
Deposits from banks						
In Israel	2,279	10	1.76	2,177	16	2.94
Outside of Israel	12	-	-	3	-	-
Total	**2,291**	**10**	**1.75**	**2,180**	**16**	**2.94**
Securities loaned or sold in re-purchase agreements						
In Israel	29	-	-	5	-	-
Outside of Israel	-	-	-	-	-	-
Total	**29**	**-**	**-**	**5**	**-**	**-**
Bonds and subordinated notes						
In Israel	40,237	603	5.99	39,197	579	5.91
Outside of Israel	-	-	-	-	-	-
Total	**40,237**	**603**	**5.99**	**39,197**	**579**	**5.91**
Other liabilities						
In Israel	299	3	4.01	2,353	15	2.55
Outside of Israel	-	-	-	-	-	-
Total	**299**	**3**	**4.01**	**2,353**	**15**	**2.55**
Total interest-bearing liabilities	**399,584**	**4,247**	**4.25**	**370,096**	**4,089**	**4.42**
Non-interest bearing deposits from the public	72,500			71,607		
Payables for credit card transactions	4,069			4,032		
Other non-interest bearing liabilities[8]	52,563			29,120		
Total liabilities	**528,716**			**474,855**		
Total equity instruments	**37,668**			**34,219**		
Total liabilities and equity instruments	**566,383**			**509,074**		
Interest spread			**1.59**			**1.77**
Net return[9] on interest-bearing assets						
In Israel	468,266	2,776	2.37	431,498	2,770	2.57
Outside of Israel	29,205	236	3.23	32,615	323	3.96
Total	**497,471**	**3,012**	**2.42**	**464,113**	**3,093**	**2.67**
Total interest-bearing liabilities attributed to overseas operations	**16,875**	**168**	**3.98**	**18,595**	**178**	**3.83**

See footnotes below.

Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries[1] – Continued

Reported amounts (NIS in millions)

A. Average balances and interest rates – assets – Continued

	For the six months ended June 30, 2026			For the six months ended June 30, 2025		
	Average balance[2]	Interest revenues	Revenue rate	Average balance[2]	Interest revenues	Revenue rate
			in %			in %
Interest-bearing assets						
Loans to the public[3]						
In Israel	386,572	[7]11,134	5.76	347,027	[7]10,797	6.22
Outside of Israel	14,361	500	6.96	11,279	451	8.00
Total	**400,933**	**11,634**	**5.80**	**358,306**	**11,248**	**6.28**
Loans to the Government						
In Israel	303	5	3.30	293	6	4.10
Outside of Israel	14	1	14.29	25	1	8.00
Total	**317**	**6**	**3.79**	**318**	**7**	**4.40**
Deposits with banks						
In Israel	2,176	31	2.85	2,060	21	2.04
Outside of Israel	190	1	1.05	102	-	-
Total	**2,366**	**32**	**2.70**	**2,162**	**21**	**1.94**
Deposits with central banks						
In Israel	50,293	940	3.74	53,795	1,136	4.22
Outside of Israel	12,578	244	3.88	19,864	463	4.66
Total	**62,871**	**1,184**	**3.77**	**73,659**	**1,599**	**4.34**
Securities borrowed or purchased in resale agreements						
In Israel	240	5	4.17	340	8	4.71
Outside of Israel	-	-	-	-	-	-
Total	**240**	**5**	**4.17**	**340**	**8**	**4.71**
Bonds held to maturity and available for sale[4]						
In Israel	29,071	571	3.93	19,728	414	4.20
Outside of Israel	2,326	56	4.82	2,123	63	5.93
Total	**31,397**	**627**	**3.99**	**21,851**	**477**	**4.37**
Bonds held for trading[5]						
In Israel	1,386	31	4.47	1,928	18	1.87
Outside of Israel	-	-	-	-	-	-
Total	**1,386**	**31**	**4.47**	**1,928**	**18**	**1.87**
Total interest-bearing assets	**499,510**	**13,519**	**5.41**	**458,564**	**13,378**	**5.83**
Receivables for credit card operations	5,203			5,106		
Other non-interest bearing assets[6]	58,561			36,977		
Total assets	**563,274**			**500,647**		
Total interest-bearing assets attributed to overseas operations	**29,469**	**802**	**5.44**	**33,393**	**978**	**5.86**

Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries[1] – Continued

Reported amounts (NIS in millions)

A. Average balances and interest rates – liabilities and equity – Continued

	For the six months ended June 30, 2026			For the six months ended June 30, 2025		
	Average balance[2]	Interest expenses (revenues)	Expense (revenue) rate	Average balance[2]	Interest expenses (revenues)	Expense (revenue) rate
			in %			in %
Interest-bearing liabilities						
Deposits from the public						
In Israel						
On-call	46,769	682	2.92	37,429	626	3.34
Term deposits	293,352	5,942	4.05	260,685	5,567	4.27
Outside of Israel						
On-call	785	-	-	406	-	-
Term deposits	15,979	326	4.08	17,472	362	4.14
Total	**356,885**	**6,950**	**3.89**	**315,992**	**6,555**	**4.15**
Deposits from the Government						
In Israel	133	2	3.01	62	1	3.23
Outside of Israel	-	-	-	-	-	-
Total	**133**	**2**	**3.01**	**62**	**1**	**3.23**
Deposits from banks						
In Israel	2,238	24	2.14	2,359	38	3.22
Outside of Israel	7	-	-	4	-	-
Total	**2,245**	**24**	**2.14**	**2,363**	**38**	**3.22**
Securities loaned or sold in re-purchase agreements						
In Israel	15	-	-	3	-	-
Outside of Israel	-	-	-	-	-	-
Total	**15**	**-**	**-**	**3**	**-**	**-**
Bonds and subordinated notes						
In Israel	41,325	821	3.97	40,073	864	4.31
Outside of Israel	-	-	-	-	-	-
Total	**41,325**	**821**	**3.97**	**40,073**	**864**	**4.31**
Other liabilities						
In Israel	712	17	4.78	2,645	28	2.12
Outside of Israel	-	-	-	-	-	-
Total	**712**	**17**	**4.78**	**2,645**	**28**	**2.12**
Total interest-bearing liabilities	**401,315**	**7,814**	**3.89**	**361,138**	**7,486**	**4.15**
Non-interest bearing deposits from the public	71,856			73,262		
Payables for credit card transactions	4,125			4,069		
Other non-interest bearing liabilities[8]	48,614			28,427		
Total liabilities	**525,910**			**466,896**		
Total equity instruments	**37,364**			**33,751**		
Total liabilities and equity instruments	**563,274**			**500,647**		
Interest spread			**1.52**			**1.69**
Net return[9] on interest-bearing assets						
In Israel	470,041	5,229	2.22	425,171	5,276	2.48
Outside of Israel	29,469	476	3.23	33,393	616	3.69
Total	**499,510**	**5,705**	**2.28**	**458,564**	**5,892**	**2.57**
Total interest-bearing liabilities attributed to overseas operations	**16,771**	**326**	**3.89**	**17,882**	**362**	**4.05**

Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries(1) – Continued

Reported amounts (NIS in millions)

B. Average balances and interest rates – Further information about interest-bearing assets and liabilities attributed to operations in Israel

	For the three months ended June 30, 2026			For the three months ended June 30, 2025		
	Average balance(2)	Interest revenues (expenses)	Revenue (expense) rate	Average balance(2)	Interest revenues (expenses)	Revenue (expense) rate
			in %			in %
Israeli currency – non-linked						
Total interest-bearing assets	353,739	4,783	5.41	323,090	4,614	5.71
Total interest-bearing liabilities	274,076	(2,650)	(3.87)	241,693	(2,459)	(4.07)
Interest spread			**1.54**			**1.64**
Israeli currency – linked to the CPI						
Total interest-bearing assets	80,459	1,722	8.56	84,453	1,782	8.44
Total interest-bearing liabilities	54,155	(887)	(6.55)	57,220	(930)	(6.50)
Interest spread			**2.01**			**1.94**
Foreign currency (including Israeli currency linked to foreign currency)						
Total interest-bearing assets	34,068	350	4.11	23,955	285	4.76
Total interest-bearing liabilities	54,478	(542)	(3.98)	52,588	(522)	(3.97)
Interest spread			**0.13**			**0.79**
Total – operations in Israel						
Total interest-bearing assets	468,266	6,855	5.86	431,498	6,681	6.19
Total interest-bearing liabilities	382,709	(4,079)	(4.26)	351,501	(3,911)	(4.45)
Interest spread			**1.60**			**1.74**

See footnotes below.

Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries[1] – Continued

Reported amounts (NIS in millions)

B. Average balances and interest rates – Further information regarding interest-bearing assets and liabilities attributed to operations in Israel – Continued

	For the six months ended June 30, 2026			For the six months ended June 30, 2025		
	Average balance[2]	Interest revenues (expenses)	Revenue (expense) rate	Average balance[2]	Interest revenues (expenses)	Revenue (expense) rate
			in %			in %
Israeli currency – non-linked						
Total interest-bearing assets	357,536	9,671	5.41	318,831	9,145	5.74
Total interest-bearing liabilities	275,528	(5,358)	(3.89)	236,543	(4,740)	(4.01)
Interest spread			**1.52**			**1.73**
Israeli currency – linked to the CPI						
Total interest-bearing assets	80,357	2,372	5.90	84,608	2,708	6.40
Total interest-bearing liabilities	55,151	(1,052)	(3.81)	55,584	(1,256)	(4.52)
Interest spread			**2.09**			**1.88**
Foreign currency (including Israeli currency linked to foreign currency)						
Total interest-bearing assets	32,148	674	4.19	21,732	547	5.03
Total interest-bearing liabilities	53,865	(1,078)	(4.00)	51,129	(1,128)	(4.41)
Interest spread			**0.19**			**0.62**
Total – operations in Israel						
Total interest-bearing assets	470,041	12,717	5.41	425,171	12,400	5.83
Total interest-bearing liabilities	384,544	(7,488)	(3.89)	343,256	(7,124)	(4.15)
Interest spread			**1.52**			**1.68**

Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries[1] – Continued

Reported amounts (NIS in millions)

C. Analysis of changes to interest revenues and expenses

	For the three months ended June 30, 2026 – compared to the three months ended June 30, 2025			For the six months ended June 30, 2026 – compared to the six months ended June 30, 2025		
	Increase (decrease) due to change[10]			Increase (decrease) due to change[10]		
	Volume	Price	Net change	Volume	Price	Net change
Interest-bearing assets						
Loans to the public						
In Israel	625	(368)	257	1,139	(802)	337
Outside of Israel	61	(30)	31	107	(58)	49
Total	**686**	**(398)**	**288**	**1,246**	**(860)**	**386**
Other interest-bearing assets						
In Israel	(32)	(51)	(83)	101	(121)	(20)
Outside of Israel	(68)	(60)	(128)	(140)	(85)	(225)
Total	**(100)**	**(111)**	**(211)**	**(39)**	**(206)**	**(245)**
Total interest revenues	**586**	**(509)**	**77**	**1,207**	**(1,066)**	**141**
Interest-bearing liabilities						
Deposits from the public						
In Israel	327	(165)	162	818	(387)	431
Outside of Israel	(17)	7	(10)	(22)	(14)	(36)
Total	**310**	**(158)**	**152**	**796**	**(401)**	**395**
Other interest-bearing liabilities						
In Israel	(12)	18	6	(14)	(53)	(67)
Outside of Israel	-	-	-	-	-	-
Total	**(12)**	**18**	**6**	**(14)**	**(53)**	**(67)**
Total interest expenses	**298**	**(140)**	**158**	**782**	**(454)**	**328**

(1) Information in these tables is after the effect of hedging derivative instruments.

(2) Based on balance at start of month (in Israeli currency – non-linked segment: based on daily balances).

(3) Before deduction of average balance sheet balance of provisions for credit losses. Includes impaired debt not accruing interest revenues.

(4) From (to) the average balance of available-for-sale bonds for the three-month periods ended June 30, 2026 and June 30, 2025, and for the six-month periods ended June 30, 2026 and June 30, 2025, we deducted (added) the average balance of unrealized gains (losses) from adjustments to fair value of available-for-sale bonds, included in equity under cumulative other comprehensive income, under the "Adjustments for presentation of available-for-sale securities at fair value" line item, amounting to NIS 2 million, NIS (137) million, NIS 24 million and NIS (150) million, respectively.

(5) From the average balance of bonds held for trading, for the three-month periods ended June 30, 2026 and June 30, 2025, and for the six-month periods ended June 30, 2026 and June 30, 2025, we deducted (added) the average balance of unrealized gains from adjustments to fair value of bonds held for trading amounting to NIS (109) million, NIS 140 million, NIS (58) million and NIS 173 million, respectively.

(6) Includes derivative instruments, other non-interest bearing assets, net of provision for credit losses.

(7) Commissions amounting to NIS 147 million, NIS 121 million, NIS 309 million and NIS 257 million were included in interest revenues for the three-month periods ended June 30, 2026 and June 30, 2025 and for the six-month periods ended June 30, 2026 and June 30, 2025, respectively.

(8) Includes derivative instruments.

(9) Net return – net interest revenues divided by total interest-bearing assets.

(10) The change attributed to change in volume was calculated by multiplying the new price and the change in volume. The change attributed to change in price was calculated by multiplying the old volume and the change in price.

Glossary of terms included on the financial statements

Below is a summary of terms used on the financial statements:

Terms with regard to risk management and capital adequacy at the Bank

B	**Basel – Basel II / Basel III** – A framework for assessing capital adequacy and risk management, published by the Basel Committee on Banking Supervision.
C	**Counter-party credit risk** – The risk that the other party to a transaction would be in default before final settlement of cash flows in the transaction.
	CVA – Credit Valuation Adjustment – CVA is the component of the fair value 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 to analysis and estimation of the effect of changes in interest rates on the fair value of assets, liabilities and off-balance sheet positions of the Bank.
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 constitutes a part of Pillar 2 of the Basel II directive.
L	**LGD (Loss Given Default)** – Loss rate from credit should the customer go into default.
	Loan To Value Ratio (LTV) – The ratio between the approved facility when extended and the asset value.
M	**Minimum capital ratio** – The ratio represents the minimum regulatory capital ratios which the Bank is required to maintain, pursuant to the provisions of Proper Conduct of Banking Business Directive 201.
P	**PD (Probability of Default)** – Probability (in percent) of a borrower going into default within a specified time.
	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 banking supervision shall conduct a process to assess the bank's capital adequacy assessment process, to review the bank's capacity to monitor and comply with supervisory 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	**Regulatory capital (total capital)** – Regulatory capital is composed of two tiers: Tier I capital, which includes Tier I equity and additional Tier I capital and Tier II capital. As defined in Proper Conduct of Banking Business Directive 202 "Capital measurement and adequacy – Supervisory capital".
	Risk assets – Composed of credit risk, operating risk and market risk, calculated using the standard approach, as set forth 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 credit risk, market risk or operational risk. Calculation of capital allocation is conducted according to 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.
	Subordinated notes – subordinated notes whose rights are subordinated to claims by other Bank creditors, except for other subordinated notes of the same type.
V	**VAR –** A model used to assess total exposure to various market risks. The VAR (Value at Risk) obtained by the model is a statistical estimate of the maximum expected loss for the Bank due to materialization of market risks factors in a given time period at a pre-determined statistical confidence level.

Banking and finance terms

A	**Active market** – Market where transactions involving an asset or liability are conducted with sufficient frequency and volume to provide regular information about pricing of assets and liabilities.
	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.
D	**Debt secured by collateral** – non-accruing debt expected to be repaid by realizing collateral provided to secure such debt.
	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.
	Derivative instrument – 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, credit 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, as 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.
N	**Non-accruing debt** – Debt reviewed on individual basis where it is expected that the banking corporation would not be able to collect all amounts due and principal and interest payments in accordance with contractual terms and conditions of the debt agreement. Debt reviewed on individual basis is categorized as non-accruing in any case where principal or interest is in arrears over 90 days straight, unless the debt is well secured and is in collection proceedings.
O	**Off-balance sheet credit** – engagements for provision of credit and guarantees (excluding derivative 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 debts** – Debts classified under one of the following negative classifications: special supervision, inferior or non-accruing.

Terms with regard to regulatory directives

F	**FATCA – Foreign Accounts Tax Compliance Law** – The US Foreign Accounts Tax Compliance Law 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.

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