CONDENSED CONSOLIDATED FINANCIAL REPORTS
AS OF 31.03.2025

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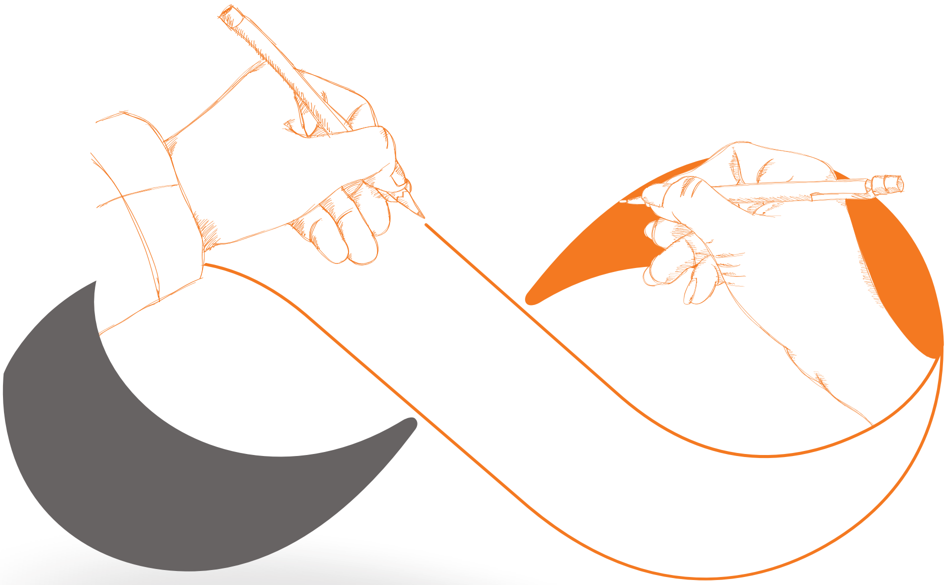
מזרחי טפחות
MIZRAHI TEFAHOT



People first and foremost

The Israel Securities Authority's MAGNA website also includes the following reports: The condensed financial statements, as well as in XBRL format, a detailed risk management report and additional supervisory information regarding supervisory capital instruments issued by the Bank. In conformity with the Supervisor of Banks' directives, these reports are also available on the Bank website at www.mizrahi-tefahot.co.il/en ▸ financial reports. In accordance with the Equal Rights for Persons with Disabilities (Service Accessibility Adjustments) Regulations, 2013, the website also includes accessible reports.

Bank Mizrahi Tefahot

Condensed quarterly financial statements as of March 31, 2025

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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 for financial statements as of March 31, 2025

Introduction

The Iron Swords War, which commenced after the October 7, 2023 surprise attack is still ongoing, and even at this stage, a great deal of uncertainty still remains regarding its end date and its full impact on the economic activity in Israel.

Mizrahi Tefahot Group bows in respect to the families of those murdered and of IDF fallen soldiers in the war, praying for the return home of all those kidnapped, and sending wishes of speedy recovery to all wounded civilians and soldiers. Since the start of the war, the Bank has been part of the national endeavor: in direct support for impacted populations, primarily in the Gaza border area and near the Northern border – including through adoption of Sderot and Kfar Aza, and by taking initiative on banking relief, designed to support and to help Bank customers, who were directly or indirectly affected by these events, so as to allow them to overcome the challenging period.

For more information regarding steps taken by the Bank, and the implications of these events on the financial statements and on risk management, see below chapters "Significant developments in management of business operations", "General environment and impact of external factors on the Bank Group", "Material developments in revenues, expenses and other comprehensive income" and "Risks overview".

The Board of Directors of Mizrahi Tefahot Bank Ltd. at its meeting held on May 20, 2025, 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 March 31, 2025.

The Condensed Financial Statements as of March 31, 2025 have been prepared in accordance with the directives and guidelines of the Supervisor of Banks. These directives largely adopt the accounting rules accepted at banks in the United States (US GAAP). See also Note 1 to the financial statements as of December 31, 2024 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 quarter of 2025, in performance, risk to which the Bank is exposed as well as targets and strategy. This chapter should be read, as needed, in conjunction with the chapter "Overview, targets and strategy" in the 2024 audited annual financial statements.

Condensed financial information and key performance indicators for the Bank Group

	2025	2024				2024
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
	NIS in millions					
Statement of profit and loss – key items						
Interest revenues, net	2,799	2,753	3,156	3,220	2,685	11,814
Non-interest financing revenues	142	143	60	26	345	574
Commissions and other revenues	605	595	581	589	568	2,333
Total revenues	**3,546**	**3,491**	**3,797**	**3,835**	**3,598**	**14,721**
Expenses due to credit losses	103	105	130	109	175	519
Operating and other expenses	1,339	1,326	1,289	1,328	1,279	5,222
Of this: Payroll and associated expenses	877	860	847	868	856	3,431
Pre-tax profit	2,104	2,060	2,378	2,398	2,144	8,980
Provision for taxes on profit	764	700	898	893	835	3,326
Net profit[(1)]	**1,290**	**1,306**	**1,425**	**1,452**	**1,272**	**5,455**

The Group's net profit in the first quarter of 2025 amounted to NIS 1,290 million, compared to NIS 1,272 million in the corresponding period last year. This profit reflects a 16.2% annualized return on equity, compared to 18.1% in the corresponding period last year, and 18.5% in 2024.

The following major factors affected the Group's profits in the first quarter of 2025 compared to the corresponding period last year:

- Financing income in the first quarter of 2025 decreased by 2.9%, compared to the corresponding period last year, mainly as a result of the positive impact of accounting treatment of derivatives at fair value in the first quarter of 2024. Therefore, financing income from operating activities as presented below increased by 2.0% in the first quarter of 2025.
- Expenses with respect to credit losses in the first quarter of 2025 amounted to NIS 103 million, compared to NIS 175 million in the corresponding period last year. It should be noted that the balance of provision for credit losses in the balance sheet, which increased as a result of a collective provision made in 2023 and 2024 in respect of the war, remained high and reflects the level of uncertainty that remains in the Israeli economy.

(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.

	As of				
	March 31, 2025	**December 31, 2024**	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**
					NIS in millions
Balance sheet – key items					
Total assets	498,029	485,643	472,379	461,684	450,683
Loans to the public, net	364,384	357,981	348,314	337,698	330,487
Cash and deposits with banks	87,194	82,644	79,342	85,912	84,653
Securities	29,412	28,491	30,829	25,370	23,466
Buildings and equipment	1,879	1,852	1,705	1,612	1,575
Deposits from the public	399,275	393,383	385,119	373,579	365,371
Bonds and subordinated notes	41,890	36,916	36,408	39,578	35,776
Deposits from banks	1,902	2,599	1,816	2,433	3,603
Shareholders' equity(1)	32,094	31,292	30,408	29,464	28,578

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

- Total assets as of March 31, 2025 amounted to NIS 498.0 billion, a NIS 47.3 billion increase (10.5%) compared to March 31, 2024.
- Loans to the public, net as of March 31, 2025 amounted to NIS 364.4 billion, a NIS 33.9 billion increase (10.3%) compared to March 31, 2024.
- Deposits from the public as of March 31, 2025 amounted to NIS 399.3 billion, a NIS 33.9 billion increase (9.3%) compared to March 31, 2024.
- Shareholders' equity as of March 31, 2025 amounted to NIS 32.1 billion, an NIS 3.5 billion increase (12.3%) compared to March 31, 2024. 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)

	2025 First quarter	2024 Fourth quarter	Third quarter	Second quarter	First quarter	2024 Annual
Key performance benchmarks						
Net profit return on equity[(1)(2)]	16.2	16.9	19.0	19.9	18.1	18.5
Net profit return on risk assets[(1)(2)(3)]	1.66	1.71	1.93	2.05	1.84	1.71
Return on average assets[(2)]	1.05	1.09	1.22	1.27	1.13	1.18
Deposits from the public to loans to the public, net	109.6	109.9	110.6	110.6	110.6	109.9
Ratio of Tier I equity to risk components	10.37	10.40	10.43	10.44	10.60	10.40
Leverage ratio[(4)]	6.03	6.04	6.01	5.99	5.99	6.04
Liquidity coverage ratio (Quarterly)[(5)]	139	135	127	131	139	135
Net stable funding ratio[(6)]	113	113	113	113	114	113
Ratio of revenues to average assets[(2)]	2.88	2.92	3.25	3.36	3.20	3.17
Cost-income ratio – operating expenses to total revenues[(7)] (Cost Income Ratio)	37.8	38.0	33.9	34.6	35.5	35.5
Basic net earnings per share (in NIS)	4.98	5.05	5.52	5.62	4.93	21.12
Key credit quality benchmarks						
Ratio of balance of provision for credit losses to total loans to the public	1.11	1.14	1.17	1.20	1.22	1.14
Ratio of non-accruing debts or debts in arrears 90 days or longer to loans to the public	1.12	1.21	1.24	1.14	1.11	1.21
Expenses with respect to credit losses to loans to the public, net for the period[(2)]	0.11	0.12	0.15	0.13	0.21	0.14
Net accounting write-offs as percentage of average loans to the public[(2)]	0.15	0.17	0.10	0.08	0.16	0.13
Other information						
Share price (in NIS) at end of quarter	166.5	157.6	145.5	130.8	140.0	157.6
Dividends per share (in Agorot)[(8)]	202	221	225	197	81	724
Ratio of net interest revenues to average assets[(2)]	2.28	2.30	2.70	2.82	2.39	2.55
Ratio of commissions to average assets[(2)]	0.43	0.44	0.44	0.45	0.45	0.44

Financial ratios indicate as follows:

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

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

(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[(1)] and other risks mitigated as part of business management at the Bank, such as: Reputational risk, climate and environmental risks, strategic business risk and business and geopolitical environment risk.[(2)]
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 2024 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 about the Bank's business goals and strategy for 2021-2025, see chapter "Business goals and strategy" of the 2024 Report of the Board of Directors and Management.
The Bank is evaluating and considering a new strategic plan, which will be brought for discussion before the Board of Directors and, if authorized, be published.

Developments in capital structure

Investments in Bank capital and transactions in Bank shares

On March 23, 2025, 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 2025. 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

Group financing sources include deposits from the public and from other banks, issuance of types of bonds as well as shareholder 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.
For more information see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

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[1] The model risk is presented for the first time as a separate risk, having previously been presented as part of the operational risk; for more information, see below in the “General mapping of risk factors and their impact” chapter.
[2] In the current quarter, the Bank presents the business and geopolitical environment risk, which reflects exogenous risks arising from the business environment in which the Bank operates. The risk replaces the regulatory business risk, which was previously presented separately, and was assessed as “medium-high”. For further information see below.

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 1, 2022, Tefahot Issuance published a shelf prospectus for issuance of bonds. On May 4, 2023, the Bank issued a shelf prospectus for issuance of obligatory notes. These prospectuses are valid for two years, with an optional extension by a further one year. On July 25, 2024, Tefahot Issuance received the approval of the Securities Authority to extend its shelf prospectus by one additional year until August 1, 2025. On April 27, 2025, the Bank received the approval of the Securities Authority to extend its shelf prospectus by one additional year until May 4, 2026.
Total bonds and subordinated notes as of March 31, 2025 amounted to NIS 41.9 billion, compared to NIS 36.9 billion as of December 31, 2024.
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 March 31, 2025, amounted to NIS 5.8 billion, compared to NIS 5.7 billion as of December 31, 2024.
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".

Issuance and redemption of funding sources

On January 29, 2025, Tfahot Issuance issued to the public Bonds (Series 52 - by way of expansion) with par value of approx. NIS 2.5 billion and Commercial Papers (Series 4) with par value of approx. NIS 2.3 billion. The total proceeds received amounted to NIS 4.8 billion.

Significant developments in management of business operations

Banking reliefs and benefits for Bank customers

Bank of Israel's outline for supporting those who were adversely affected by the Iron Swords War, which was originally issued for 3 months, was extended six times during 2024 and through March 2025, six times for customers who joined this outline (according to the outline, the maximum cumulative payment deferral period within the framework of the outline shall be 9 months for each loan, and for certain populations - 12 months for each loan). For further information about the Bank of Israel's support outline, see the chapter Corporate governance, audit, other information about the Bank and its management.

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.

For details of the benefits see the "significant developments in management of business operations" chapter of the 2024 annual financial statements.

As from May 2025, customers who serve as reservists, are given a benefit in the form of NIS 100 thousand interest and linkage-free mortgage, when they take out a new mortgage.

The value of reliefs and banking benefits extended to all Bank Group customers as of March 31, 2025 is approx. NIS 295 million.

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 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 consumer outline launched by the Supervisor of Banks. The Bank's plan consists of several components for the second quarter of 2025:

- Interest payable on credit balance in the account: The Bank gives private customers and small businesses annual interest of 2% on credit balances of up to NIS 30,000 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).

- A NIS 500 quarterly grant to mortgage holders: This benefit will be available to households, which took from the Bank a mortgage to acquire a single property (not for investment purposes), whose value - as of the loan provision date - was lower than NIS 2.5 million, LTV higher than 60% and debt service ratio of more than 30%.

- "We've got the overdraft": Private customers, who have both a mortgage and a current account overdraft facility with Mizrahi-Tefahot would be 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 shall 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 certain populations against the backdrop of the Iron Swords War: 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 Bank will reassess the benefits every quarter and may revise or renew them at its discretion.
The total cost, which will be included in the financial statements upon utilization of the benefits in respect of this outline, amounts to approximately NIS 300 million per year.

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.

Below is the economic cost of benefits provided by the Bank to address Operation Swords of Iron (NIS in millions)

	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total	2024
	Three months ended March 31, 2025						
Benefits Provided by the Bank During Wartime							
Benefits used over the course of the reported period:							
Benefits through changes in conditions of debt	2	1	1	-	1	5	105
Benefits through interest-free or reduced interest loans	-	-	-	-	-	-	7
Benefits through waived commissions	-	-	-	-	-	-	46
Other benefits	-	-	-	-	-	-	6
Of which: Monetary donations	-	-	-	-	-	-	6
Total	**2**	**1**	**1**	**-**	**1**	**5**	**164**
Pending benefits that have not yet been used as of the report date:	**-**	**1**	**-**	**-**	**-**	**1**	**334**

Additional information about activities to benefit borrowers during wartime

	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total	2024
	Three months ended March 31, 2025						
Change in terms for borrowers in financial difficulties	-	-	-	-	-	-	8
Change in terms for borrowers not in financial difficulties(1):	1,654	239	61	-	-	1,954	22,366
Total credit	**1,654**	**239**	**61**	**-**	**-**	**1,954**	**22,374**

	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total	As of December 31, 2024
	As of March 31, 2025						
Balance of loans with changes in terms for borrowers in financial difficulties	-	2	18	-	-	20	28
Balance of loans with changes in terms for borrowers not in financial difficulties:							
Credit in deferral of payments and/or the extension of the period in which the deferral period had not yet ended	2,262	35	107	-	-	2,404	5,543
Of which: Problematic credit	61	2	-	-	-	63	117
Of which: Non-problematic credit, in arrears 30 days or longer	-	1	2	-	-	3	2
Payment amounts deferred	53	23	36	-	-	112	232
Average payment deferment by months	8	3	3	-	-	5	6
Credit with other change in terms	-	-	-	-	-	-	-
Total	**2,262**	**37**	**125**	**-**	**-**	**2,424**	**5,571**
<u>Additional information on change in terms for borrowers not in financial difficulties:</u>							
Balance of credit in which the payment deferral has ended	26,027	585	2,193	141	32	28,978	27,554
Of which: Debts defaulted after changes in terms	612	14	106	3	-	735	578

	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total	Total
						As of March 31, 2025	As of December 31, 2024
Balance of loans extended interest-free or at reduced interest							
Credit balance	-	147	4	-	-	151	175
Average interest rate[2] (in percentages)	-	4.19	-[3]	-	-	4.08	4.27
Loans extended in State-guaranteed funds							
Credit balance	-	-	1,089	169	63	1,321	1,413
Average interest rate (in percentages)	-	-	7.54	7.72	7.79	7.58	7.58
Of which:							
Credit balance extended with Bank of Israel financing	-	-	54	1	-	55	60
Average interest rate (in percentages)	-	-	6.17		-	6.17	6.17
Balance of loans extended with Bank of Israel financing (including through State-guaranteed funds)							
Credit balance	-	-	58	3	-	61	67
Average interest rate (in percentages)	-	-	6.17	6.17	-	6.17	6.17

(1) All payment deferral approvals, including repeated deferrals in respect of the same customers.

(2) Average prime lending rate in this period: 6.0%

(3) Interest-free loans extended

For details on tax expenses due to the “Special Payment for the Achievement of Budgetary Goals Law (Temporary Order – Iron Swords), 2024”, see Note 17 to the Financial Statements.

Significant developments in human resources and administration

Changes to the Bank Board of Directors

For more information regarding the reappointment of Mr. Gilad Rabinovich as an external director in the Bank for a further (third) three (3)-year term in office, see chapter "Corporate governance, audit, other information about the Bank and its management”.

Changes in Bank management

Ms. Ayala Hakim, the Bank’s Chief Information Officer (CIO) and Head of the Mizrahi Tefahot’s Technology Division announced - on April 24, 2025 - her intention to terminate her service and leave the Bank. A termination date has not yet been set.

Other matters

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. 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

Effects of the war

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

If fighting is renewed or expanded, the Israeli economy and the banking system may be adversely affected.

Note that even prior to this war, there was economic uncertainty due to the Government's plans to promote changes to the judicial system and the public disagreement with regard to this move. Since the outbreak of the war, there has been a significant increase in government spending - both in terms of defense costs, and in terms of compensation to civilians in respect of the damages of the war and looking after evacuees - all of which led to a sharp increase in the deficit rate. This occurred alongside a slowdown in the growth rate of the Israeli economy due to the war's adverse effect on normal civilian day-to-day life. In view of the increase in the systemic risk due to the war, the Bank increased its overall risk assessment as from the third quarter of 2023. It is noted that the Bank has not changed its risk assessments in this quarter, despite the improvement in economic parameters and in the security situation, and despite the fact that no material changes were observed in the different risk benchmarks. This is due to the Bank's conservative risk management approach and the geopolitical uncertainty. The Bank will continue assessing the risk assessments in the forthcoming quarters.

For more information see chapter "Risks Overview" below, as well as the Report of the Board of Directors and the Risks Report for 2024.

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 2024 Report of the Board of Directors and Management.

Developments in the Israeli and global economy in 2025

Israeli economy

During the first quarter of 2025, economic activity in Israel continued to recover a moderate pace from the effects of the Iron Swords War. However, levels of activity are still lower than pre-war levels. The effects of the war are mainly evident on the supply side, in view of the continued shortage of workers due to the mobilization of reservists and the ban on the entry of Palestinian workers. The shortage of workers was alleviated as a result of the measures taken by the government to increase the number of foreign workers in the construction industry. On the demand side, private consumption, which was adversely affected in the first months of the war, has recovered and reached a level which is higher than pre-war levels. A combination of demand side constraints and the recovery of demand in the Israeli economy contributed to the increase in the inflation rate, which is slightly higher than the upper bound of the Bank of Israel's target. This increase is not in line with the trend of subsidence in inflation rates in most developed countries. Since a ceasefire agreement was reached in respect of the northern front at the end of 2024, Israel's risk premium declined and the yields on Bonds of the Government of Israel started to decline. The continued gradual decline in the intensity of the fighting during the first quarter has also led to a trend of a decline in the deficit rate; however, the deficit is still higher than the target level. During the first quarter, uncertainty levels increased due to changes in the tariffs regime between the USA and its trade partners, which led to growing concerns regarding a decline in international trade, a slowdown in global economic growth and a global increase in inflation. The Bank of Israel predicts that the increase in tariffs will have an adverse effect on Israeli exports.

Real developments

In the first quarter of 2025, Israel's GDP grew by an annual rate of 3.4%, further to an annual growth of 1.9% in the fourth quarter of 2024. In the first quarter of 2025, GDP levels are 0.6% higher than pre-war levels. GDP was positively affected by an increase in investment in fixed assets and exports of goods and services. On the other hand, private spending contracted. In 2024, GDP grew by 1.0%, further to a 1.8% growth in 2023.

The broad unemployment rate (ages 15 and older, original data) was 3.5% in March 2025 compared to 3.9% in December 2024. The number of vacant jobs in the economy is higher than pre-war levels.

According to forecast by the Bank of Israel Research Division dated April 2025, GDP in Israel is expected to grow by 3.5% in 2025.

Inflation and exchange rates

In the first quarter of the year, the Consumer Price Index increased by 1.1% (the "actual index"), compared to a 1.0% increase in the corresponding period last year. In the past 12 months ending March 2025, the CPI increased by 3.3%, above the Bank of Israel's target range of between 1% and 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 quarter of the year the shekel weakened by 1.9% versus the dollar and by 5.9% versus the EUR. This occurred against the backdrop of exchange rate volatility. The NIS devaluation trend increased inflationary pressures in Israel.

Below is information about official exchange rates and changes there to:

	March 31, 2025	December 31, 2024	Change in %
Exchange rate of:			
USD (in NIS)	3,718	3,647	1.9
EUR (in NIS)	4,022	3,796	5.9

On May 16, 2025 the USD/NIS exchange rate was 3.549, a revaluation of 4.5% compared to March 31, 2025. On that date, the EUR/NIS exchange rate was 3.978, a 1.1% revaluation compared to March 31, 2025.

Monetary policy

The Bank of Israel maintained interest levels unchanged at 4.50% in the first four months of the year in view of the geopolitical uncertainty and the fact that the inflation rate is above the upper bound of the target range. This followed an interest rate cut from 4.75% to 4.50% at the beginning of January 2024. In the interest decision of April 2025 the Committee noted that interest rates will be determined in accordance with economic activity and fiscal policy, inflation's meeting its goal and the continued stability of financial markets.

Fiscal policy

In the first quarter of 2025, Government budget recorded a NIS 3.7 billion cumulative surplus, compared to a NIS 26.4 billion cumulative deficit in the corresponding period last year. The deficit rate as percentage of GDP for the 12 months ended in March 2025 was 5.2%. Government expenses declined by 2.4% compared to the corresponding period last year. At the end of March, the Knesset passed the second and third readings of the state budget for 2025. The state budget will amount to NIS 619 billion, and the deficit cap will be 4.9%. At the same time, budgetary adjustments amounting to NIS 35 billion were approved, comprising tax increases and cost cuts. In January 2025 the Nagel Committee published its recommendations, which include an addition of NIS 133 billion to the defense budget over the forthcoming decade.

On May 9, 2025 the S&P rating agency announced that it was affirming the credit rating of the State of Isarel at A with a negative outlook. In its statement, the agency noted that despite the stability of Israel's economy, the risks arising from the continued fighting with Hamas, Iran and its proxies remain high. The agency warned from a further downgrading of the rating if in the next couple of years the war will adversely affect the growth of GDP or the fiscal stability.

During March 2025, the rating agency Moody's published a revised review of the Israeli economy, and the credit rating agency Fitch published a rating decision, which affirmed the A+ credit rating with a negative outlook. According to the reviews, the mitigation of the security risks increases Israel's economic potential; however, at this stage no changes were made to the credit rating and the outlook, mainly due to the potential future effects of the war.

During 2024, the rating agency S&P downgraded the credit rating of the State of Isarel from AA- (pre-war level) to A with a negative outlook. The credit rating was downgraded following the prolongation and expansion of the war and the escalation of the conflict with Iran. Consequently, the rating agency expects that economic growth in Israel will suffer and that the deficit rate will increase.

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

During 2024, the rating agency S&P downgraded Israel's credit rating from A+ (pre-war level) to A, with a negative outlook.

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

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

Residential construction and the mortgage market

According to data from the Central Bureau of Statistics, new apartments sold in the first quarter of 2025 amounted to 9.2 thousand, a 21.6% decrease compared to the corresponding period last year and a 19.8% increase compared to the corresponding period in 2023. In the first quarter of 2025, residential mortgages extended to the public amounted to NIS 23.8 billion, compared to NIS 17.1 billion in the corresponding period last year and NIS 18.8 billion in the corresponding period in 2023 – an increase of 39.1% and 26.3%, respectively. The increase in the mortgages taken out in the first quarter of 2025 was affected by the stabilization of the interest environment, the increase in demand for houses due to smaller effect of the Iron Swords War on the Israeli economy and deals offered by contractors.

According to data from the Central Bureau of Statistics, owned housing prices, in terms of 12 months ended February 2025, increased by 7.5%, compared to an increase by 7.3% in 2024 and a decrease of 1.7% in 2023.

Capital market

The trade trend on Israeli equity markets in major indexes in the first quarter of 2025 was slightly positive, compared to a negative trend on stock exchanges in the USA and a mixed trend world-wide.

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

	2025	2024			
Index	**First quarter**	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**
Tel-Aviv 35	1.0	12.8	7.0	(1.3)	7.8
Tel-Aviv 125	0.8	14.6	8.4	(4.4)	8.3
Tel-Aviv 90	(0.6)	19.6	13.3	(12.9)	10.9

Average daily trading volume in equities and convertible securities in the first quarter of 2025 was NIS 2.9 billion, compared to NIS 2.2 billion in the corresponding period last year. In 2024, the average daily trading volume amounted to NIS 2.2 billion.

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

	2025	2024			
Index	**First quarter**	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**
All-Bond general	0.4	2.7	2.4	(0.9)	0.6
Government bonds, CPI-linked	(0.6)	2.0	3.2	(2.3)	(0.5)
Government bonds, non-linked	0.9	3.2	1.8	(1.5)	(0.5)
Tel-bond 20	0.2	2.4	2.5	(1.0)	1.5
Tel-bond 40	0.3	1.8	2.7	(0.1)	1.6

Global economy

According to the IMF publication of April 2025, global GDP growth in 2025 is expected to amount to 2.8%, and 3.0% in 2026. This compared to a growth forecast of 3.3% in each of the years 2025-2026 in the previous forecast of January 2025. The decline in the global growth forecast and in the growth forecasts of the leading economies arises from changes in the tariffs regime between the USA and its trading partners, and its effects on global economy.

The USA's economy contracted in the first three months of 2025 at an annualized rate of 0.3%, following growth of 2.8% in 2024 and growth of 2.9% in 2023. This against the backdrop of an increase in importation and a decline in government spending. On the other hand, investments, private spending and exports increased. The Purchasing Manager index in the services sector indicated an expansion throughout the first quarter of the year, while the Purchasing Manager indexes in the industrial sector indicated stagnation. In March 2025, the unemployment rate in Israel was 4.2%, a slight increase compared to 4.1% in December 2024. The inflation rate continued to increase at lower rates in the first three months of 2025, reaching 2.4% in the last 12 months ended in March. The Fed interest rate remained unchanged since the beginning of 2025 at a rate of 4.5%. This decision was made after a cumulative 1.0 percentage point interest rate cut in 2024 following slower increase in inflation rates.

The GDP in the Euro Zone in the first three months of 2025 increased at an annualized 1.4%, compared to 0.9% growth for 2024 and 0.4% growth for 2023. The Purchasing Manager Index in industry sectors indicated a contraction throughout the first quarter of 2025, whereas the Purchasing Manager Index in service sectors indicated an expansion. The inflation rate has been declining over the first three months of 2025, reaching 2.2% in the 12 months to March. In light of the cooling of the inflation rate, the monetary interest rate on deposits in the Euro Zone dropped by 1.75 percentage points from the second half of 2024 to April 2025 to a rate of 2.25%.

China's economy grew in the first quarter of 2025 at a rate of 5.4%, further to growth of 5.0% in 2024 and growth of 5.4% in 2023. GDP was affected by the expansion in industrial production and private spending. In view of the imposition of mutual tariffs by China and the USA, the Chinese government announced its intention to take a number of measures in order to support the economy, such as an increase in the minimum wage and support to businesses.

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

	2025	2024			
Index	**First quarter**	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**
Dow Jones	(1.3)	0.5	8.2	(1.7)	5.6
S&P 500	(4.6)	2.1	5.5	3.9	10.2
NASDAQ 100	(8.3)	4.7	1.9	7.8	8.5
DAX	11.3	3.0	6.0	(1.4)	10.4
FTSE 100	5.0	(0.8)	0.9	2.7	2.8
CAC	5.6	(3.3)	2.1	(8.9)	8.8
Nikkei	(10.7)	5.2	(4.2)	(2.0)	20.6

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, or 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.

Changes to risk assessment and to the Bank's risk profile are set forth below in chapter "Risks overview".

As a result of the war and the intensification of the geopolitical risks, during 2024 the international rating agencies downgraded the State of Israel’s credit rating and revised the rating outlook. The banks’ rating is influenced by the country’s rating, and the Bank’s credit rating and credit forecast was revised accordingly.

At the beginning of 2025, the credit rating agencies maintain Israel’s credit rating unchanged with a negative outlook, and an emphasis on geopolitical risks.

For more information regarding the lowering of the State of Israel’s credit rating, see the chapter “Developments in the Israeli and global economy in 2025” above.

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 2024 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 about a dividend distribution with respect to earnings of the first quarter of 2025, see chapter "Analysis of structure of assets, liabilities, equity and capital adequacy" below and 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

Group net profit in the first quarter of 2025 amounted to NIS 1,290 million, compared to NIS 1,272 million in the corresponding period last year – a 1.4% increase. This reflects a 16.2% annualized return on equity, compared to 18.1% in the corresponding period last year and 18.5% in 2024.

Analysis of developments in revenues, expenses and other comprehensive income

Net interest revenues and non-interest financing revenues(1) from current operations in the first quarter of 2025, amounted to NIS 2,835 million, as described below, compared to NIS 2,780 million in the corresponding period last year, an increase by 2.0%.

Net interest revenues and non-interest financing revenues(1) in the first quarter of 2025 amounted to NIS 2,941 million, compared to NIS 3,030 million in the corresponding period last year, a decrease of 2.9%.

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

	2025	2024				Change rate in %
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	First quarter of 2025 compared to first quarter of 2024
Interest revenues, net	2,799	2,753	3,156	3,220	2,685	
Non-interest financing revenues(1)	142	143	60	26	345	
Total financing revenues	**2,941**	**2,896**	**3,216**	**3,246**	**3,030**	**(2.9)**
Net of:						
Effect of the Consumer Price Index	60	(13)	439	494	88	
Revenues from interest collected with respect to problematic debts	11	14	13	13	8	
Gains from bonds and shares	38	49	16	16	44	
Other effects(2)	(3)	(5)	(99)	(96)	110	
Total effects other than from current operations	**106**	**45**	**369**	**427**	**250**	
Total financing revenues from current operations	**2,835**	**2,851**	**2,847**	**2,819**	**2,780**	**2.0**

(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 their fair value and revenues from early repayment commissions, cost of benefits to customers as part of the various plans, and one-time effects, if any.

Below are financing revenues by supervisory operating segment (NIS in millions):

	For the three months ended March 31			
Operating segment	**2025**	**2024**	**Change amount**	**Change in %**
Private individuals:				
Households – residential mortgages	684	694	(10)	(1.4)
Households – other	969	900	69	7.7
Private banking	112	100	12	12.0
Total individuals	**1,765**	**1,694**	**71**	**4.2**
Business operations:				
Small and micro businesses	652	635	17	2.7
Medium businesses	165	160	5	3.1
Large businesses	344	314	30	9.6
Institutional investors	62	57	5	8.8
Total business activity	**1,223**	**1,166**	**57**	**4.9**
Financial management	(224)	2	(226)	-
Total activity in Israel	**2,764**	**2,862**	**(98)**	**(3.4)**
Overseas activity	177	168	9	5.4
Total	**2,941**	**3,030**	**(89)**	**(2.9)**

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 activity in Israel, in various linkage segments (NIS in millions):

	First quarter		
Linkage segment	**2025**	**2024**	**Change in %**
Israeli currency – non-linked	314,570	291,387	8.0
Israeli currency – linked to the CPI	84,762	81,145	4.5
Foreign currency (including Israeli currency linked to foreign currency)	19,508	14,978	30.2
Total	**418,840**	**387,510**	**8.1**
Total including activity overseas	**453,008**	**420,162**	**7.8**

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

Below are 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 percent):

	First quarter	
Linkage segments	**2025**	**2024**
Israeli currency – non-linked	1.77	1.94
Israeli currency – linked to the CPI	1.95	1.78
Foreign currency	0.40	0.82
Total	**1.58**	**1.58**

(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 interest spread in the first quarter of 2025 is similar to the interest spread in 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. Adding these revenues from derivatives would offset the decrease in the unlinked Israeli currency and foreign currency interest spread.

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.

Expenses with respect to credit losses - expenses with respect to credit losses for the Group amounted to NIS 103 million in the first quarter of 2025 - an annualized rate of 0.11% of total loans to the public, net - compared to expenses of NIS 175 million in the corresponding period last year – an annualized rate of 0.21% of total loans to the public, net - in the corresponding period last year.

The decrease arises from the fact that the expenses due to credit losses in the corresponding period last year mainly reflected the increase in uncertainty in respect of the war, whereas in the current quarter - despite the fact that uncertainty levels remained high - the balance sheet balance of the provision - which, as mentioned above, increased in previous years - remained high, and reflects the level of uncertainty that still remains in the economy.

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

	First quarter	
	2025	2024
Expenses for credit losses on individual basis		
Increased expenses	111	72
Decreased expenses	(40)	(51)
Total individual expense for credit losses[1]	**71**	**21**
Net accounting write-offs[2]	**61**	**68**
Expenses for credit losses on group basis		
with respect to residential mortgages	(34)	22
Other	5	64
Total group expense (revenues) for credit losses	**(29)**	**86**
Total expenses with respect to credit losses	**103**	**175**
Rate of the expenses with respect to credit losses as percentage of total loans to the public, net (annualized)	**0.11%**	**0.21%**
Of which: With respect to commercial loans other than residential mortgages	**0.40%**	**0.50%**
Of which: with respect to residential mortgages	**(0.06%)**	**0.04%**
Rate of the expenses with respect to individual provision for credit losses, as percentage of total loans to the public, net (annualized):	**0.08%**	**0.03%**

(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):

	First quarter		Expense rate for credit losses[1] in the first quarter	
Operating segment	**2025**	**2024**	**2025**	**2024**
Private individuals:				
Households – residential mortgages	[2](34)	22	(0.06)	0.04
Households – other	[2]54	44	0.79	0.66
Private banking	-	-	-	-
Total individuals	**20**	**66**	**0.03**	**0.11**
Business operations:				
Small and micro businesses	73	77	0.79	0.92
Medium businesses	(4)	13	(0.11)	0.41
Large businesses	(10)	(1)	(0.09)	(0.01)
Institutional investors	1	3	0.09	0.28
Total business activity	**60**	**92**	**0.25**	**0.43**
Financial management	-	-	-	-
Total activity in Israel	**80**	**158**	**0.09**	**0.20**
Overseas activity	23	17	0.77	0.73
Total	**103**	**175**	**0.11**	**0.21**

(1) Expenses with respect to credit losses, as percentage of total loans to the public, net (annualized) (in %).
(2) The decrease in the provision for residential mortgages and the increase in provision with respect of households are mainly due to model improvements rather than the credit risk associated with the portfolio.

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 quarter of 2025 amounted to NIS 142 million, compared to NIS 345 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 in the first quarter of 2025 amounted to NIS 533 million, compared to NIS 502 million in the corresponding period last year – a 6.2% increase.

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

	First quarter		All of
	2025	**2024**	**2024**
Account management	111	97	394
Activities involving securities	80	70	294
Conversion differences	89	79	341
Commissions from financing transactions	73	91	351
Credit cards	66	64	266
Credit processing[1]	34	33	131
Other commissions	80	68	283
Total commissions	**533**	**502**	**2,060**

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

Other revenues in the first quarter of 2025 amounted to NIS 72 million, compared to NIS 66 million in the corresponding period last year.

Other revenues in 2024 include annual revenues amounting to NIS 204 million with respect to deferred credit balance, net recognized with respect to acquisition of Union Bank which is recognized in profit and loss over 5 years as from the fourth quarter of 2020.

Operating and other expenses in the first quarter of 2025 amounted to NIS 1,339 million, compared to NIS 1,279 million in the corresponding period last year, an increase by 4.7%.

For details by operating expense component, see below.

Payroll and associated expenses in the first quarter of 2025 amounted to NIS 877 million, compared to NIS 856 million in the corresponding period last year – a 2.5% increase.

Maintenance and depreciation expenses for buildings and equipment amounted to NIS 260 million in the first quarter of 2025, compared to NIS 242 million in the corresponding period last year – a 7.4% increase.

Other expenses in the first quarter of 2025 amounted to NIS 202 million, compared to NIS 181 million in the corresponding period last year, a 11.6% increase, which arises mainly from an increase in advertising expenses and fees to the stock exchange due to the increase in the volume of activity.

Cost-Income ratio information is as follows[1] (in percent):

	2025	2024				2024
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Cost Income Ratio	37.8	38.0	33.9	34.6	35.5	35.5

(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 in the first quarter of 2025 amounted to NIS 2,104 million, compared to NIS 2,144 million in the corresponding period last year, a 1.9% decrease. For a detailed explanation, see above.

The rate of provision to taxes from profits in the first quarter of 2025 was 36.3% – compared to 38.9% in the corresponding period last year.
The rate of provision to taxes from profits 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 (for details see Note 17 to the Financial Statements).

The Bank's share of post-tax profit of associates – in the first quarter of 2025 the Bank recognized gains with respect to associates amounting to NIS 5 million, compared to NIS 9 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 quarter of 2025 amounted to NIS 55 million, compared to NIS 46 million in the corresponding period last year.

Net profit attributable to shareholders of the Bank in the first quarter of 2025 amounted to NIS 1,290 million, compared to NIS 1,272 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 quarter of 2025 by NIS 32 million, compared to NIS 54 million in the corresponding period last year.
For more information see Note 4 to the financial statements.

Below is development of Group return[(1)] on equity[(2)] and ratio of Tier I equity to risk components liquidity coverage ratio[(3)] and leverage ratio[(4)] at the end of the quarter (in %):

	2025	2024				2024
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Net profit return on equity	16.2	16.9	19.0	19.9	18.1	18.5
Ratio of Tier I equity to risk components at end of quarter	10.37	10.40	10.43	10.44	10.60	10.40
Liquidity coverage ratio (quarterly)	139	135	127	131	139	135
Leverage ratio at end of quarter	6.03	6.04	6.01	5.99	5.99	6.04

(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.
(3) 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.
(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.

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

	2025	2024				2024
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Basic earnings per share	4.98	5.05	5.52	5.62	4.93	21.12
Diluted earnings per share	4.94	5.02	5.49	5.60	4.91	21.02
Dividends per share	202	221	225	197	81	724

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	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Total assets	498,029	450,683	485,643	10.5	2.6
Cash and deposits with banks	87,194	84,653	82,644	3.0	5.5
Loans to the public, net	364,384	330,487	357,981	10.3	1.8
Securities	29,412	23,466	28,491	25.3	3.2
Buildings and equipment	1,879	1,575	1,852	19.3	1.5
Deposits from the public	399,275	365,371	393,383	9.3	1.5
Deposits from banks	1,902	3,603	2,599	(47.2)	(26.8)
Bonds and subordinated notes	41,890	35,776	36,916	17.1	13.5
Shareholders' equity	32,094	28,578	31,292	12.3	2.6

Cash and deposits with banks – the balance of cash and deposits with banks increased in the first quarter of 2025 by NIS 4.6 billion, as part of on-going management of Bank liquidity.

Loans to the public, net – loans to the public, net as of March 31, 2025 accounted for 73% of total assets, compared to 74% at the end of 2024. Loans to the public, net increased in the first quarter of 2025 by NIS 6.4 billion, an increase of 1.8%.

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	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Israeli currency					
Non-linked	259,683	229,279	253,275	13.3	2.5
CPI-linked	82,650	81,730	84,048	1.1	(1.7)
Foreign currency, including linked to foreign currency	22,051	19,478	20,658	13.2	6.7
Total	**364,384**	**330,487**	**357,981**	**10.3**	**1.8**

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

				Change in % compared to	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Private individuals:					
Households – residential mortgages	227,380	208,149	224,114	9.2	1.5
Households – other	27,279	26,863	27,438	1.5	(0.6)
Private banking	131	109	140	20.2	(6.4)
Total individuals	**254,790**	**235,121**	**251,692**	**8.4**	**1.2**
Business operations:					
Small and micro businesses	36,835	33,556	36,543	9.8	0.8
Medium businesses	14,083	12,546	13,532	12.3	4.1
Large businesses	42,197	35,646	41,643	18.4	1.3
Institutional investors	4,455	4,277	3,844	4.2	15.9
Total business activity	**97,570**	**86,025**	**95,562**	**13.4**	**2.1**
Overseas activity	12,024	9,341	10,727	28.7	12.1
Total	**364,384**	**330,487**	**357,981**	**10.3**	**1.8**

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 March 31, 2025				**As of March 31, 2024**			
	Com-mercial	**Resi. dential**	**Indi-vidual**	**Total**	**Com-mercial**	**Resi-dential**	**Indi-vidual**	**Total**
Credit risk at performing credit rating[2]								
On-balance sheet credit risk	107,702	223,366	26,749	357,817	92,837	204,633	26,366	323,836
Off-balance sheet credit risk[3]	77,834	17,794	15,778	111,406	64,977	15,101	15,258	95,336
Total credit risk at performing credit rating	**185,536**	**241,160**	**42,527**	**469,223**	**157,814**	**219,734**	**41,624**	**419,172**
Credit risk other than at performing credit rating								
A. Non-problematic	5,219	3,067	316	8,602	4,380	2,637	327	7,344
B. Problematic accruing	1,232	-	192	1,424	2,251	-	189	2,440
C. Problematic non-accruing	1,771	2,140	79	3,990	1,436	2,117	81	3,634
Total on-balance sheet credit risk other than at performing credit rating	**8,222**	**5,207**	**587**	**14,016**	**8,067**	**4,754**	**597**	**13,418**
Off-balance sheet credit risk[3] other than at performing credit rating	1,701	-	35	1,736	1,763	-	39	1,802
Total credit risk other than at performing credit rating	**9,923**	**5,207**	**622**	**15,752**	**9,830**	**4,754**	**636**	**15,220**
Of which: Accruing debts, in arrears 90 days or longer	87	-	53	140	57	-	55	112
Total credit risk, including risk to the public[4]	**195,459**	**246,367**	**43,149**	**484,975**	**167,644**	**224,488**	**42,260**	**434,392**
Non-performing assets[5]	**1,771**	**2,140**	**79**	**3,990**	**1,436**	**2,117**	**81**	**3,634**

				Credit risk[1]
	As of December 31, 2024			
	Com-mercial	**Resi-dential**	**Indi-vidual**	**Total**
Credit risk at performing credit rating[2]				
On-balance sheet credit risk	104,601	220,122	26,828	351,551
Off-balance sheet credit risk[3]	77,581	16,732	15,702	110,015
Total credit risk at performing credit rating	**182,182**	**236,854**	**42,530**	**461,566**
Credit risk other than at performing credit rating				
A. Non-problematic	3,956	3,101	350	7,407
B. Problematic accruing	1,339	-	189	1,528
C. Problematic non-accruing	2,027	2,141	83	4,251
Total on-balance sheet credit risk other than at performing credit rating	**7,322**	**5,242**	**622**	**13,186**
Off-balance sheet credit risk[3] other than at performing credit rating	1,293	-	34	1,327
Total credit risk other than at performing credit rating	**8,615**	**5,242**	**656**	**14,513**
Of which: Accruing debts, in arrears 90 days or longer	82	-	63	145
Total credit risk, including risk to the public[4]	**190,797**	**242,096**	**43,186**	**476,079**
Non-performing assets[5]	**2,027**	**2,141**	**83**	**4,251**

(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 March 31, 2025 amounted to NIS 485 billion, compared to NIS 476 billion as of December 31, 2024 – an increase by 1.9%.
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 March 31, 2025				As of March 31, 2024			
	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	1.56	0.94	0.29	1.08	1.44	1.01	0.30	1.08
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.64	0.94	0.48	1.12	1.50	1.01	0.50	1.11
Problematic credit as percentage of total loans to the public	2.66	0.94	0.99	1.47	3.73	1.01	1.00	1.81
Credit not at performing credit rating as percentage of total loans to the public	7.30	2.28	2.15	3.80	8.21	2.27	2.21	4.01
Analysis of expenses with respect to credit losses for the reported period								
Expenses with respect to credit losses as percentage of average balance of loans to the public	0.07	(0.01)	0.20	0.03	0.11	0.01	0.16	0.05
Net accounting write-offs as percentage of average balance of loans to the public	0.08	-	0.16	0.04	0.09	-	0.16	0.04
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	2.17	0.52	2.59	1.18	2.48	0.56	2.60	1.29
Provision for credit losses as percentage of total loans to the public non-accruing	139.0	55.1	896.2	108.9	172.0	55.3	866.7	119.2
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	132.5	55.1	536.4	105.2	165.3	55.3	516.2	115.6
Expense rate with respect to credit losses from net accounting write-offs	0.94	-	1.26	0.79	1.20	-	1.00	1.30

	As of December 31, 2024			
	Commercial	Residential	Individual	Total
Analysis of quality of loans to the public				
Non-accruing credit as percentage of total loans to the public	1.85	0.95	0.30	1.17
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.92	0.95	0.53	1.21
Problematic credit as percentage of total loans to the public	3.07	0.95	0.99	1.59
Credit not at performing credit rating as percentage of total loans to the public	6.70	2.33	2.27	3.64
Analysis of expenses with respect to credit losses for the reported period				
Expenses with respect to credit losses as percentage of average balance of loans to the public	0.31	0.03	0.51	0.15
Net accounting write-offs as percentage of average balance of loans to the public	0.28	-	0.53	0.12
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	2.24	0.54	2.54	1.20
Provision for credit losses as percentage of total loans to the public non-accruing	121.2	56.7	839.8	102.7
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	116.5	56.7	477.4	99.3
Expense rate with respect to credit losses from net accounting write-offs	1.10	-	0.97	1.20

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

				Change in % compared to	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Off-balance sheet financial instruments other than derivatives:					
Unutilized debitory account and other credit facilities in accounts					
On-call, un-utilized	34,788	30,290	34,011	14.8	2.3
Guarantees to home buyers	18,381	15,942	18,671	15.3	(1.6)
Irrevocable commitments for loans approved but not yet granted	35,281	27,733	33,445	27.2	5.5
Unutilized revolving credit card facilities	12,980	12,444	12,928	4.3	0.4
Commitments to issue guarantees	15,175	12,277	15,376	23.6	(1.3)
Guarantees and other commitments	16,014	13,546	15,573	18.2	2.8
Loan guarantees	4,083	3,768	4,194	8.4	(2.6)
Documentary credit	306	236	272	29.7	12.5
Derivative financial instruments(1):					
Total par value of derivative financial instruments	444,975	378,551	428,888	17.5	3.8
(On-balance sheet) assets with respect to derivative instruments	5,723	4,828	5,526	18.5	3.6
(On-balance sheet) liabilities with respect to derivative instruments	4,975	3,616	5,123	37.6	(2.9)

(1) Includes forward transactions, swaps, 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 quarter of 2025 by NIS 0.9 billion. The increase in investment in securities is under asset and liability management by the Bank.

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)
						March 31, 2025
Bonds held to maturity	3,600	3,600	-	9	(115)	3,494
Bonds available for sale(2)	16,206	16,531	(8)	110	(427)	16,206
Investment in shares not held for trading(3)	943	756	-	199	(12)	943
Securities held for trading(3)	8,663	8,562	-	121	(20)	8,663
Total securities	**29,412**	**29,449**	**(8)**	**439**	**(574)**	**29,306**
						March 31, 2024
Bonds held to maturity	3,454	3,454	-	3	(145)	3,312
Bonds available for sale(2)	12,175	12,612	(8)	156	(585)	12,175
Investment in shares not held for trading(3)	663	612	-	63	(12)	663
Securities held for trading(3)	7,174	7,237	-	11	(74)	7,174
Total securities	**23,466**	**23,915**	**(8)**	**233**	**(816)**	**23,324**
						December 31, 2024
Bonds held to maturity	3,624	3,624	-	9	(122)	3,511
Bonds available for sale(2)	15,721	16,034	(8)	121	(426)	15,721
Investment in shares not held for trading(3)	878	710	-	177	(9)	878
Securities held for trading(3)	8,268	8,024	-	266	(22)	8,268
Total securities	**28,491**	**28,392**	**(8)**	**573**	**(579)**	**28,378**

(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	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Israeli currency					
Non-linked	12,776	12,715	12,754	0.5	0.2
CPI-linked	6,072	4,120	6,119	47.4	(0.8)
Foreign currency (including linked to foreign currency)	9,600	5,952	8,720	61.3	10.1
Non-monetary items	964	679	898	42.0	7.3
Total	**29,412**	**23,466**	**28,491**	**25.3**	**3.2**

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

			Carrying amount as of
	March 31, 2025	March 31, 2024	December 31, 2024
Government bonds:			
Government of Israel	24,704	19,681	23,245
US Government	1,513	620	1,961
Total Government bonds	**26,217**	**20,301**	**25,206**
Bonds of financial institutions in Israel:			
Total bonds of financial institutions in Israel	**760**	**859**	**799**
Bonds of banks in developed nations:			
South Korea	-	-	72
USA	30	105	-
Other	61	76	66
Total bonds of banks in developed nations	**91**	**181**	**138**
Corporate bonds (by economic sector):			
Rental property	505	523	552
Power, gas, steam and air conditioning	244	42	243
Mining and excavation	72	14	77
Industrial – chemical industry	55	32	150
Construction	139	127	52
Other	305	651	320
Total corporate bonds	**1,320**	**1,389**	**1,394**
Asset-backed corporate bonds (ABS)			
Mining and excavation	60	57	56
Others	-	-	-
Total asset-backed corporate bonds (ABS)	**60**	**57**	**56**
Shares and other securities			
Investment in shares not held for trading	943	663	878
Of which: Shares for which no fair value is available(1)	618	424	582
Shares and other securities held for trading	21	16	20
Total shares and other securities	**964**	**679**	**898**
Total securities	**29,412**	**23,466**	**28,491**

(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 in the first quarter of 2025 increased by NIS 27 million. The increase derives from investment in the Lod Bank HQ and technological investments, against current change due to depreciation.

Deposits from the public – these account for 80% of total consolidated balance sheet as of March 31, 2025 compared to 81% as of December 31, 2024. In the first quarter of 2025, deposits from the public increased by NIS 5.9 billion, or by 1.5%.

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

				Change in % compared to	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Israeli currency					
Non-linked	293,131	275,042	290,010	6.6	1.1
CPI-linked	29,707	24,168	29,729	22.9	(0.1)
Foreign currency, including linked to foreign currency	76,437	66,161	73,644	15.5	3.8
Total	**399,275**	**365,371**	**393,383**	**9.3**	**1.5**

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

				Change in % compared to	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Private individuals:					
Households – other	133,502	131,860	133,619	1.2	(0.1)
Private banking	32,000	29,966	30,815	6.8	3.8
Total individuals	**165,502**	**161,826**	**164,434**	**2.3**	**0.6**
Business operations:					
Small and micro businesses	58,575	58,122	60,622	0.8	(3.4)
Medium businesses	14,099	14,420	14,066	(2.2)	0.2
Large businesses	46,791	39,258	42,312	19.2	10.6
Institutional investors	98,156	80,250	94,923	22.3	3.4
Total business activity	**217,621**	**192,050**	**211,923**	**13.3**	**2.7**
Overseas activity	16,152	11,495	17,026	40.5	(5.1)
Total	**399,275**	**365,371**	**393,383**	**9.3**	**1.5**

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

		March 31	December 31
	2025	2024	2024
Maximum deposit			
Up to 1	108,527	107,811	108,574
Over 1 to 10	95,143	93,544	95,547
Over 10 to 100	43,384	43,542	45,023
Over 100 to 500	33,515	33,623	36,198
Above 500	118,706	86,851	108,041
Total	**399,275**	**365,371**	**393,383**

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 March 31, 2025 amounted to NIS 1.9 billion, a decrease of NIS 0.7 billion compared to the end of 2024, which derives from the repayment of monetary loans.

Bonds and subordinated notes – The balance of bonds and subordinated notes as of March 31, 2025 amounted to NIS 41.9 billion, an increase by NIS 5.0 billion compared to the balance as of December 31, 2024. In the first quarter of 2025, bonds and subordinated notes were affected, among other things, by the issuance of commercial papers (Series 4), and bonds (Series 52 – by way of expansion) in consideration for approximately NIS 4.8 billion, from current redemptions and the change in the Consumer Price Index. For more information see chapter "Developments in financing sources" above.

Capital, capital adequacy and leverage

Shareholder equity attributable to shareholders of the Bank – Shareholder equity attributable to equity holders of the Bank as of March 31, 2025 amounted to NIS 32.1 billion, compared to NIS 31.3 billion and NIS 28.6 billion as of December 31, 2024 and as of March 31, 2024, an increase by 2.6% and 12.3%, respectively.

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

		March 31	December 31
	2025	**2024**	**2024**
Share capital and premium[(1)]	3,601	3,558	3,571
Capital reserve from benefit from share-based payment transactions	126	117	154
Cumulative other comprehensive loss[(2)(3)]	(183)	(356)	(215)
Retained earnings [(4)]	28,550	25,259	27,782
Total	**32,094**	**28,578**	**31,292**

(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 2024 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.

The ratio of shareholder equity to total assets for the Group as of March 31, 2025 was 6.44%, which is similar to December 31, 2024, compared to 6.34% as of March 31, 2024.

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 March 31, 2025, 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 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 were added).

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.

Consequently, the Bank stipulated that the Bank's target Tier I capital for capital planning would be as required by directives of the Supervisor of Banks, as noted above, including the capital requirement with respect to balance of residential mortgages, plus appropriate safety margins. The Bank’s Board of Directors has specified, in capital management policy, in internal planning processes and considering the aforementioned stress scenarios and discussions held with the Supervisor of Banks as part of risk assessment processes, an internal target tier I equity ratio of at least 9.60%.

For more information see the 2024 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 0.01% 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.

In April 2024 rating agency S&P announced that it was lowering the State of Israel’s credit rating from AA- to A+, following the geopolitical risks Israel is facing. The impact of the lowered rating is included in the capital ratios presented in the Financial Statements. In October 2024, S&P announced a further rating downgrade from to A+ to A, with no impact on the Bank’s capital ratios.

A further 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 March 31, 2025 will decline by 0.21% and 0.27%, 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 2024 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 March 31		As of December 31
	2025	**2024**	**2024**
Capital for purpose of calculating the capital ratio			
Tier I shareholders' equity	32,629	29,422	31,963
Tier I capital	32,629	29,422	31,963
Tier II capital	9,226	8,429	9,097
Total capital	**41,855**	**37,851**	**41,060**
Weighted risk asset balances			
Credit risk	288,419	254,513	282,287
Market risks	2,278	1,713	1,675
Operational Risk	23,886	21,385	23,402
Total weighted risk asset balances	**314,583**	**277,611**	**307,364**

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

	March 31, 2025	March 31, 2024	December 31, 2024
Ratio of Tier I equity to risk components	10.37	10.60	10.40
Ratio of total capital to risk components	13.30	13.63	13.36
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

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

	As of March 31, 2025		As of March 31, 2024		As of December 31, 2024	
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	1,644	206	323	40	1,466	183
Debts of public sector entities	734	92	384	48	944	118
Debts of banking corporations	2,418	302	1,792	224	2,483	310
Securities companies	3,577	447	1,148	144	3,294	412
Debts of corporations	105,047	13,131	88,616	11,077	101,300	12,663
Debts secured by commercial property	6,301	788	5,374	672	6,224	778
Retail exposures to individuals	21,662	2,708	21,310	2,664	21,648	2,706
Loans to small businesses	10,628	1,329	10,392	1,299	10,476	1,310
Residential mortgages	123,534	15,442	113,125	14,141	122,008	15,251
Other assets	11,532	1,442	10,825	1,353	11,023	1,378
Total	**287,077**	**35,887**	**253,289**	**31,662**	**280,866**	**35,109**

(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 March 31, 2025		As of March 31, 2024		As of December 31, 2024	
	Weighted risk asset balances	**Capital requirement[(1)]**	**Weighted risk asset balances**	**Capital requirement[(1)]**	**Weighted risk asset balances**	**Capital requirement[(1)]**
Market risk	2,278	285	1,713	214	1,675	209
CVA risk with respect to derivatives [(2)]	1,342	168	1,224	153	1,421	178
Operational Risk[(3)]	23,886	2,986	21,385	2,673	23,402	2,925
Total	**27,506**	**3,439**	**24,322**	**3,040**	**26,498**	**3,312**
Total risk assets	**314,583**	**39,326**	**277,611**	**34,702**	**307,364**	**38,421**

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

Leverage ratio

The Bank applies the rules in Proper Conduct of Banking Business Directive 218 with regard to leverage ratio, which adopts the Basel Committee recommendations with regard to leverage ratio, stipulated in January 2014.

The leverage ratio is reflected in percent, defined as the ratio of Tier I capital to total exposures. Total exposure for the Bank is the sum of balance sheet exposures, exposures to derivatives, to financing transactions for securities and off-balance sheet items.

According to the directive, banking corporations must maintain a leverage ratio of 5% or higher on a consolidated basis.

On November 15, 2020, the Supervisor of Banks issued a circular regarding "Adjustments to Proper Conduct of Banking Business Directives for addressing the Corona Virus (Interim Directive)", updating Proper Conduct of Banking Business Directive 250, whereby the leverage ratio shall be at least 4.5% on a consolidated basis, compared to 5% prior to this change.

In the Supervisor of Banks' circular dated December 20, 2023, the effect of this relief was extended through December 31, 2025. A banking corporation applying this relief at the time would be required to resume the required leverage ratio prior to the interim directive within two quarters, such that upon expiration of the interim directive, the banking corporation would be subject to a minimum leverage ratio based on the actual leverage ratio or the minimum ratio applicable to the banking corporation prior to the interim directive, whichever is lower.

For more information see Note 9 to the financial statements.

Below is the Bank's leverage ratio:

		As of March 31	As of December 31
	2025	**2024**	**2024**
Consolidated data			
Tier I capital	32,629	29,422	31,963
Total exposure	540,851	491,302	529,598
			In %
Leverage ratio	6.03	5.99	6.04
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	7.69	6.69	7.45
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

Dividends

Dividend distribution policy

For more information about the Bank's current dividend distribution policy for 2021-2025, see chapter "Dividends" of the 2024 Report by the Board of Directors and Management.

On November 12, 2023, the Supervisor of Banks directed the banking system, due to the war forced on Israel on October 7, and the resulting significant change in economic conditions, downward revision of growth forecasts, volatility in exchange rates and on financial markets in Israel and expected increase in credit risk, the level of uncertainty was higher and therefore banks must consider, when reviewing their capital planning and deciding on dividend distributions, the war's effect on economic conditions and the implications thereof. This is so as to ensure that sufficient capital buffers are in place to address the various risks, to enable assistance to bank customers, including by extending credit to customers with repayment capacity, both as part of the support for economic activity and as part of the recovery and development efforts to follow the war period.

On March 5, 2024, the Supervisor of Banks issued a letter regarding the need to continue review of the dividend distribution policy and execution of share buy backs in the near term, due to the prolonged war and its impact on the economy.

On May 16, 2024 the Commissioner of Banks published a letter on the need to continue with a conservative and educated study of capital planning, of the dividend distribution policy and of the buybacks, while noting the capital ratios in practice and the capital cushions needed in the various possible scenarios.

Dividend distribution

Below is information about dividend distributions by the Bank since 2023 (in reported amounts):

Declaration date	Payment date	Dividends per share	Dividends as percent of profit	Total dividends paid
		(Agorot)	(In %)	(NIS in millions)
March 13, 2023	March 28, 2023	126.79	30	326.1
May 16, 2023	June 1, 2023	159.35	30	410.1
August 14, 2023	August 29, 2023	190.10	35	489.3
November 27, 2023	December 12, 2023	63.86	15	164.7
Total dividends distributed in 2023[(1)]				**1,390.2**
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[(2)]				**1,869.0**
February 26, 2025	March 13, 2025	201.57	40	522.4
Total dividends distributed in 2025				**522.4**

(1) Total dividends distributed with respect to 2023 earnings – NIS 1,273.5 million.

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

Dividends declared

On May 20, 2025, the Bank's Board of Directors resolved to distribute dividends amounting to NIS 516.0 million, constituting 40% of earnings in the first quarter of 2025, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios.

The dividend amount constitutes 1,989.74% of the issued capital, i.e. 198.97 agorot per each share of NIS 0.1 par value. The effective date for dividends payment is May 28, 2025 and the payment date is June 8, 2025. 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	
		March 31	December 31	March 31	December 31
	2025	2024	2024	2024	2024
Securities[(1)]	542,005	478,551	546,930	13.3	(0.9)
Assets of provident funds for which the Group provides operating services	192,248	157,737	187,465	21.9	2.6
Assets held in trust by Bank Group	131,471	117,380	127,086	12.0	3.5
Assets of mutual funds for which the Group provides operating services	11,506	11,604	11,268	(0.8)	2.1
Other assets under management[(2)]	18,292	19,967	19,529	(8.4)	(6.3)

(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").

For more information about principles used to attribute balances, revenues and expenses to customers, see Note 12 to the financial statements.

For more information and detailed description of the segments, see chapter "Other information about the Bank and its management" of the 2024 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	
	Three months		Three months	
	2025	2024	2025	2024
Private individuals:				
Households – residential mortgages	351	305	27.2	23.9
Households – other	287	239	22.2	18.8
Private banking	76	67	5.9	5.3
Total individuals	**714**	**611**	**55.3**	**48.0**
Business operations:				
Small and micro businesses	284	267	22.0	20.9
Medium businesses	98	80	7.6	6.3
Large businesses	218	196	16.9	15.4
Institutional investors	17	16	1.3	1.3
Total business activity	**617**	**559**	**47.8**	**43.9**
Financial management	(124)	25	(9.6)	2.0
Total activity in Israel	**1,207**	**1,195**	**93.6**	**93.9**
Overseas activity	83	77	6.4	6.1
Total	**1,290**	**1,272**	**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 three months ended March 31					
	2025			2024		
	NIS in millions					
	Other	Residential mortgages	Total	Other	Residential mortgages	Total
Profit and profitability						
Total interest revenues, net	969	684	1,653	900	694	1,594
Commissions and other revenues	174	39	213	159	30	189
Total revenues	**1,143**	**723**	**1,866**	**1,059**	**724**	**1,783**
Expenses due to credit losses	54	(34)	20	44	22	66
Operating and other expenses	570	206	776	560	202	762
Profit before provision for taxes	519	551	1,070	455	500	955
Provision for taxes	188	200	388	178	195	373
After-tax profit	331	351	682	277	305	582
Net profit:						
Attributable to non-controlling interests	(44)	-	(44)	(38)	-	(38)
Attributable to shareholders of the banking corporation	**287**	**351**	**638**	**239**	**305**	**544**
Balance sheet – key items:						
Loans to the public (end balance)	27,963	228,522	256,485	27,541	209,299	236,840
Loans to the public, net (end balance)	27,279	227,380	254,659	26,814	208,149	234,963
Deposits from the public (end balance)	133,502	-	133,502	131,860	-	131,860
Average balance of loans to the public	28,151	227,468	255,619	26,298	208,379	234,677
Average balance of deposits from the public	133,285	-	133,285	131,225	-	131,225
Average balance of risk assets	23,172	134,991	158,163	22,693	124,002	146,695
Credit spreads and deposit spreads:						
Margin from credit granting operations	235	565	800	243	589	832
Margin from activities of receiving deposits	711	-	711	646	-	646
Other	23	119	142	11	105	83
Total interest revenues, net	**969**	**684**	**1,653**	**900**	**694**	**1,561**

Net profit attributable to the household segment in the first three months of 2025 amounted to NIS 638 million, compared to NIS 544 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.

Net profit attributable to residential mortgage operations in the household segment in the first three months of 2025 amounted to NIS 351 million, compared to NIS 305 million in the corresponding period last year.

Interest revenues, net in the first three months of 2025 amounted to NIS 684 million, compared to NIS 694 million in the corresponding period last year.
The increase was largely from the continued increase in the volume of activity – an increase of 9.2% 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.
Expenses with respect to credit losses decreased in comparison with the corresponding period last year, mainly as a result of a drop in expenses due to the collective provision.
Net profit attributable to household operations (other than residential mortgages) in the first three months of 2025 amounted to NIS 287 million, compared to NIS 239 million in the corresponding period last year.
Interest revenues, net amounted to NIS 969 million, compared to NIS 900 million in the corresponding period last year. The increase was largely from an increase in the scope of deposits; it was also affected by the interest rate cut, the diversion of funds from current accounts to deposits, and by the cost of benefits given Bank customers which were adversely affected by the impact of the war.
Expenses with respect to credit losses amounted to NIS 54 million in the first three months of 2025, compared to NIS 44 million last year. The increase in the expenses is mainly due to an increase in expenses due to the collective provision.
Operating and other expenses amounted to NIS 570 million, compared to NIS 560 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.

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 three months ended March 31	
	2025	2024
	NIS in millions	
Profit and profitability		
Total interest revenues, net	112	100
Commissions and other revenues	13	13
Total revenues	**125**	**113**
Operating and other expenses	5	4
Profit before provision for taxes	120	109
Provision for taxes	44	42
Net profit	**76**	**67**
Balance sheet – key items:		
Loans to the public (end balance)	132	110
Loans to the public, net (end balance)	131	158
Deposits from the public (end balance)	32,000	29,966
Average balance of loans to the public	132	120
Average balance of deposits from the public	31,011	29,901
Average balance of risk assets	96	65
Credit spreads and deposit spreads:		
Margin from credit granting operations	-	1
Margin from activities of receiving deposits	112	99
Other	-	-
Total interest revenues, net	**112**	**100**

Net profit attributable to the private banking segment in the first three months of 2025 amounted to NIS 76 million, compared to NIS 67 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 three months ended March 31	
	2025	**2024**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	652	635
Commissions and other revenues	148	137
Total revenues	**800**	**772**
Expenses due to credit losses	73	77
Operating and other expenses	275	251
Profit before provision for taxes	452	444
Provision for taxes	164	173
After-tax profit	**288**	**271**
Net profit attributed to non-controlling interests	(4)	(4)
Net profit attributable to shareholders of the banking corporation	**284**	**267**
Balance sheet – key items:		
Loans to the public (end balance)	38,222	34,902
Loans to the public, net (end balance)	36,835	33,556
Deposits from the public (end balance)	58,575	58,122
Average balance of loans to the public	39,629	33,876
Average balance of deposits from the public	59,539	57,671
Average balance of risk assets	32,972	31,967
Credit spreads and deposit spreads:		
Margin from credit granting operations	324	314
Margin from activities of receiving deposits	293	294
Other	35	27
Total interest revenues, net	**652**	**635**

Net profit attributable to the micro and small businesses segment in the first three months of 2025 amounted to NIS 284 million, compared to NIS 267 million in the corresponding period last year. The increase was primarily due to an increase in interest revenues, net, which was offset against an increase in operating and other expenses.

Interest revenues, net in the first three months of 2025 amounted to NIS 652 million, compared to NIS 635 million in the corresponding period last year. The increase was primarily due to the increase in the volume of activity.
Operating and other expenses in the first three months of 2025 amounted to NIS 275 million, compared to NIS 251 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.
- In general, in recent years new customers are classified in conformity with the supervisory definition, resulting in better alignment of the management approach with the supervisory approach, as noted above.

Operating results of medium business segment

	For the three months ended March 31	
	2025	**2024**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	165	160
Commissions and other revenues	28	25
Total revenues	**193**	**185**
Expenses (reduction of expenses) with respect to credit losses	(4)	13
Operating and other expenses	43	41
Profit before provision for taxes	154	131
Provision for taxes	56	51
Net profit	**98**	**80**
Balance sheet – key items:		
Loans to the public (end balance)	14,372	12,829
Loans to the public, net (end balance)	14,083	12,546
Deposits from the public (end balance)	14,099	14,420
Average balance of loans to the public	13,614	12,531
Average balance of deposits from the public	14,014	14,481
Average balance of risk assets	16,527	14,817
Credit spreads and deposit spreads:		
Margin from credit granting operations	100	90
Margin from activities of receiving deposits	52	58
Other	13	12
Total interest revenues, net	**165**	**160**

Net profit attributable to the medium businesses segment in the first three months of 2025 amounted to NIS 98 million, compared to NIS 80 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.

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 three months ended March 31	
	2025	**2024**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	344	314
Commissions and other revenues	61	72
Total revenues	**405**	**386**
Reduced expenses with respect to credit losses	(10)	(1)
Operating and other expenses	73	66
Profit before provision for taxes	342	321
Provision for taxes	124	125
Net profit	**218**	**196**
Balance sheet – key items:		
Loans to the public (end balance)	42,555	36,142
Loans to the public, net (end balance)	42,197	35,646
Deposits from the public (end balance)	46,791	39,258
Average balance of loans to the public	42,379	36,316
Average balance of deposits from the public	44,616	36,653
Average balance of risk assets	64,777	52,681
Credit spreads and deposit spreads:		
Margin from credit granting operations	242	215
Margin from activities of receiving deposits	50	54
Other	52	45
Total interest revenues, net	**344**	**314**

Net profit attributable to the large businesses segment in the first three months of 2025 amounted to NIS 218 million, compared to NIS 196 million in the corresponding period last year. The increase was primarily due to increase in interest revenues, net.
Interest revenues, net in the first three months of 2025 amounted to NIS 344 million, compared to NIS 314 million in the corresponding period last year. The increase was primarily due to an increase in the scope of activity.
In the first three months of 2025, expenses with respect to credit losses amounted to a reduction in expenses totaling NIS 10 million, compared to NIS 1 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.

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 three months ended March 31	
	2025	**2024**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	62	57
Commissions and other revenues	13	13
Total revenues	**75**	**70**
Expenses due to credit losses	1	3
Operating and other expenses	47	41
Profit before provision for taxes	27	26
Provision for taxes	10	10
Net profit	**17**	**16**
Balance sheet – key items:		
Loans to the public (end balance)	4,464	4,286
Loans to the public, net (end balance)	4,455	4,277
Deposits from the public (end balance)	98,156	80,250
Average balance of loans to the public	3,527	2,049
Average balance of deposits from the public	94,626	69,876
Average balance of risk assets	1,382	790
Credit spreads and deposit spreads:		
Margin from credit granting operations	7	11
Margin from activities of receiving deposits	55	45
Other	-	1
Total interest revenues, net	**62**	**57**

Net profit attributable to the institutional investors segment in the first three months of 2025 amounted to NIS 17 million, compared to NIS 16 million in the corresponding period last year. The increase in total revenues was offset against an increase in operating expenses in the segment.

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 three months ended March 31	
	2025	2024
	NIS in millions	
Profit and profitability		
Interest revenues (expenses), net	(366)	(343)
Non-interest financing revenues	142	345
Commissions and other revenues	118	113
Total revenues (expenses)	**(106)**	**115**
Expenses due to credit losses	-	-
Operating and other expenses	85	83
Profit (loss) before provision for taxes	(191)	32
Provision for taxes	(69)	12
After-tax profit (loss)	(122)	20
Share of banking corporation in earnings of associated companies	5	9
Net profit (loss) before attribution to non-controlling interests	(117)	29
Net profit (loss) attributed to non-controlling interests	(7)	(4)
Net profit (loss) attributable to shareholders of the banking corporation	**(124)**	**25**
Balance sheet – key items:		
Average balance of risk assets	21,816	18,213
Credit spreads and deposit spreads:		
Margin from credit granting operations	-	-
Margin from activities of receiving deposits	-	-
Other	(366)	(343)
Total interest revenues, net	**(366)**	**(343)**

The loss attributable to the financial management segment in the first three months of 2025 amounted to NIS 124 million, compared to a NIS 25 million profit in the corresponding period last year.
Financing revenues amounted to a NIS 224 million expense, compared to a NIS 2 million income in the corresponding period last year. The decrease stemmed mainly from the impact of cuts to the Federal Reserve interest rate in the USA, and the recording of derivatives at fair value compared to the corresponding quarter last year.

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 three months ended March 31	
	2025	**2024**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	177	168
Commissions and other revenues	11	6
Total revenues	**188**	**174**
Expenses due to credit losses	23	17
Operating and other expenses	35	31
Profit before provision for taxes	130	126
Provision for taxes	47	49
Net profit	**83**	**77**
Balance sheet – key items:		
Loans to the public (end balance)	12,233	9,476
Loans to the public, net (end balance)	12,024	9,341
Deposits from the public (end balance)[(1)]	16,152	11,495
Average balance of loans to the public	10,172	9,195
Average balance of deposits from the public	17,212	11,480
Average balance of risk assets	14,791	11,297
Credit spreads and deposit spreads:		
Margin from credit granting operations	104	108
Margin from activities of receiving deposits	34	25
Other	39	35
Total interest revenues, net	**177**	**168**

Net profit attributable to the overseas operations segment in the first three months of 2025 amounted to NIS 83 million, compared to NIS 77 million in the corresponding period last year. The increase in profit is mainly due to an increase in the scope of activity.

Interest revenues, net in the first three months of 2025 amounted to NIS 177 million, compared to NIS 168 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

Contribution of investee companies to net operating profit in the first quarter of 2025 amounted to NIS 111 million, compared to NIS 98 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 quarter of 2025 amounted to NIS 55 million, compared to NIS 46 million in the corresponding period last year. Bank Yahav's net profit return on equity in the first quarter of 2025 was 15.2% on annualized basis, compared to return of 14.6% in the corresponding period last year.
Bank Yahav's total balance sheet as of March 31, 2025 amounted to NIS 37,357 million, compared to NIS 37,615 million as of December 31, 2024 – a NIS 258 million decrease (0.7%). Net loans to the public as of March 31, 2025 amounted to NIS 11,924 million, compared to NIS 11,956 million as of December 31, 2024 – a NIS 32 million decrease (0.3%). Net deposits from the public as of March 31, 2025 amounted to NIS 32,781 million, compared to NIS 32,973 million as of December 31, 2024 – a NIS 192 million decrease (0.6%).

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. In the first quarter of 2025, net profit of Tefahot Insurance agency amounted to NIS 28 million, compared to NIS 23 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 quarter of 2025 amounted to NIS 16 million, compared to NIS 17 million in the corresponding period last year.

Other investee companies operating in Israel

Other investees operating in Israel, wholly controlled by the Bank and supported by Bank infrastructure, contributed to the Bank's net profit in the first quarter of 2025 NIS 6 million – compared to NIS 4 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.
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 March 31, 2025 amounted to NIS 1,233 million, compared to NIS 938 million and NIS 1,161 million as of March 31, 2024 and as of December 31, 2024, respectively. Bank net gain from investment in shares in the first quarter of 2025 amounted to NIS 50 million, compared to NIS 38 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 2024 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 risks mapping at the Bank is regularly reviewed to ensure that it encompasses all risk associated with business operations at the Bank, and risk arising from market conditions and regulatory requirements.

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

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 2024.

Presented below are changes during the first quarter of 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 2025, the Supervisor of Banks published an additional system-wide uniform stress scenario for the banking system for 2024, in which geopolitical conditions in Israel deteriorate and the war continues in several fronts. Due to high levels of uncertainty, business activity and importation to and exportation from Israel are adversely affected to a significant extent. Economic activity in Israel is adversely affected, GDP contracts, unemployment rates rise and local financial markets suffer. Israel’s risk premium continues to increase and its credit rating is downgraded again below investment grade. Inflation is rising sharply and the Bank of Israel is raising interest rates at a high rate. The Bank is completing the preparation of the scenario, and its results will be reported to the Supervisor of Banks in May 2025. According to 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, the Bank estimates its potential impact on business operations over the coming year.
The table below lists the risk factors and management assessments of the impact of each risk factor, on a scale of five risk levels: Low, Low-medium, Medium, Medium, Medium-High and High.
The risk assessment for each risk and examination of their materiality level is reviewed as part of the ICAAP process (a self-assessment of capital adequacy) in the annual assessment process, the RAS (Risk Assessment System), which is a uniform methodological process adapted to regulatory requirements, in which the overall risk levels, management quality and risk profile for all material risks at the Bank are specified and this, based on risk indices, qualitative parameters and subjective assessments.
Furthermore, on a quarterly basis, in line with results of the Bank's annual ICAAP process, an up-to-date risk assessment is carried out for each of the risks in accordance with the actual risk profile, quantitative and qualitative indices, developments in the business environment and macroeconomic environment, and the existence of appropriate management and monitoring processes and emergency plans for dynamic, rapid response designed to minimize damage upon materialization of events. The up-to-date risk assessments are extensively discussed by Bank management and Board of Directors.

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

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

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

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

1. Credit risk

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

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

A. Overall effect of credit risks

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

B. Credit risk in the construction and real estate sector

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

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

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

C. Credit risk in the residential mortgage portfolio

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

2. Market and interest risks

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

3. Liquidity risk

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

4. Information security and cyber defense risk

The information security and cyber risk level remained medium. In this quarter, a small number of fraud attempts against customers (through phishing attacks) were identified, in which their account credentials were stolen in order to conduct un-authorized transactions in their accounts. Thanks to defensive measures applied by the Bank, despite these fraud attempts, there were no unauthorized transactions in customer accounts. In addition, in the current quarter, several DDoS attacks were conducted against the Bank's marketing website. Throughout this attack, the Bank app and transaction website operated normally, and this attack had no impact on the Bank's business activity, mainly thanks to the expansion of the Bank's capabilities to address such attacks.

In order to identify and thwart cyber incidents, the Bank maintains its alertness, vigilance and preparedness for such events. The Bank also acts to prevent fraud, by bolstering its monitoring activity to identify any suspect activity in customer accounts. There is constant activity by attack groups, along with continued activity and bolstering of the Bank's control and protection system. Note that despite the increase in cyber risk world-wide and in Israel, due to, among other things, increased use of cloud environments, increased remote working and more sophisticated attacks, primarily ransom attacks – the ongoing actions taken by the Bank in recent years to enhance the risk management processes have maintained risk at the Bank unchanged.

5. Model risk

Model risk may arise from the use of models and making decisions based on information that may be incorrect or on an expansive interpretation/misinterpretation of the model's results, which may lead to financial loss, incorrect strategic decisions and even damage the Bank's reputation.

The model risk is assessed as low-medium and is based on the model risks map maintained by the Bank in accordance with the models' materiality and eligibility; this is since most of the Bank's models are decision support models, and since the risk is closely managed under an orderly corporate governance framework and work. On August 21, 2024, the Supervisor of Banks issued Proper Conduct of Banking Business Directive No. 369 regarding model risk management, which regulates the key aspects of an effective management of model risks. The Bank is preparing to implement the directive.

6. IT risk

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

7. Legal risk

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

8. Compliance and regulatory risks

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

9. Reputational risk

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

10. Strategic business risk

Strategic business risk remained unchanged at Low-Medium; at the strategic level there has been no change to the Bank's business model, and the Bank operates based on the current strategic outline and is beyond the business targets set in the strategic plan (for 2021-2025).

Strategic business risk incorporates all of the Bank's business operations, also reflecting the risk in the Bank's business environment. The Bank maintains appropriate safety margins for minimum capital and leverage ratios.

11. Business and geopolitical environment risk

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

For further details see the risk report for, 2024 published on the Bank's website.

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 the primary risk of all risk types addressed by the banking system. Consequently, the lion's share of capital allocated in Pillar 1 is due to credit risk.
The Bank monitors, inter alia through a dedicated forum headed by the CRO and attended by representatives of the various business lines, the changes in the Bank’s total credit risk, and discusses the required changes in policy, and other actions as needed, following the changes.

As noted above, the overall level of credit risk remained Medium.

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 March 31, 2025, 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 2024 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 March 31, 2025 (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	2,214	22	2,236
2.	Financial services	1,219	898	2,117
3.	Financial services	182	1,536	1,718
4.	Financial services	-	1,444	1,444
5.	Construction and real estate	877	563	1,440
6.	Construction and real estate	594	797	1,391

(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):

	March 31, 2025				March 31, 2024				December 31, 2024			
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**
Commerce	251	-	251	-	-	-	-	-	257	-	257	-
Water	-	-	-	-	182	7	189	-	-	-	-	-
Mining and excavation	821	-	821	-	532	105	637	-	805	-	805	-
Financial services	931	-	931	-	-	-	-	-	666	-	666	-
Total	**2,003**	**-**	**2,003**	**-**	**714**	**112**	**826**	**-**	**1,728**	**-**	**1,728**	**-**

Credit to leveraged companies (NIS in millions):

	March 31, 2025				March 31, 2024				December 31, 2024			
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[(1)]	92	383	475	-	672	2	674	-	91	373	464	-
Commerce	177	4	181	-	138	4	142	-	168	4	172	-
Transport and storage	429	49	478	-	431	45	476	-	431	49	480	-
Total	**698**	**436**	**1,134**	**-**	**1,241**	**51**	**1,292**	**-**	**690**	**426**	**1,116**	**-**

(1) The decrease in the credit risk arising from leveraged companies as of March 31, 2024 arises from exclusion of several customers, as a result of an improvement in their business parameters in accordance with the Bank's criterion.

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		
	March 31, 2025	**March 31, 2024**	**December 31, 2024**
Problematic credit risk:			
Non-accruing credit risk	4,036	3,675	4,304
Accruing problematic credit risk	1,488	2,501	1,630
Total problematic credit risk	**5,524**	**6,176**	**5,934**

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

	March 31, 2025	**March 31, 2024**	**December 31, 2024**
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.12	1.11	1.21
Non-accruing credit in arrears 90 days or longer as percentage of total non-residential loans to the public	1.41	1.29	1.64
Non-accruing credit in arrears 90 days or longer as percentage of total residential mortgages	0.94	1.01	0.95
Ratio of problematic loans to the public to total non-residential mortgages	2.33	3.15	2.65
Ratio of problematic credit risk to total credit risk with respect to the public	1.14	1.42	1.25

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 three months ended March 31, 2025				For the three months ended March 31, 2024				For the year ended December 31, 2024			
	Commercial	**Residential**	**Individual**	**Total**	**Commercial**	**Residential**	**Individual**	**Total**	**Commercial**	**Residential**	**Individual**	**Total**
Non-accruing loans to the public – balance at start of period	2,019	2,141	83	4,243	1,466	2,153	74	3,693	1,466	2,153	74	3,693
Loans classified as non-accruing during the period	231	368	17	616	158	339	28	525	1,376	1,528	91	2,995
Loans resuming accrual of interest revenues during the period	(296)	(345)	(4)	(645)	(30)	(375)	(6)	(411)	(84)	(1,507)	(15)	(1,606)
Loans subject to accounting write-off	(95)	-	(10)	(105)	(87)	-	(10)	(97)	(341)	-	(42)	(383)
Loans repaid	(102)	(24)	(7)	(133)	(90)	-	(5)	(95)	(398)	(33)	(25)	(456)
Non-accruing debt balance at end of period	**1,757**	**2,140**	**79**	**3,976**	**1,417**	**2,117**	**81**	**3,615**	**2,019**	**2,141**	**83**	**4,243**

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					
	Com-mercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
	For the three months ended March 31, 2025					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses due to credit losses	83	(34)	54	103	-	103
Net accounting write-offs	(88)	-	(43)	(131)	-	(131)
Other	-	-	-	-	-	-
Balance of provision for credit losses at end of period	**2,443**	**1,179**	**708**	**4,330**	**12**	**4,342**
	For the three months ended March 31, 2024					
Balance of provision for credit losses at start of period	2,419	1,149	702	4,270	11	4,281
Expenses due to credit losses	109	22	44	175	-	175
Net accounting write-offs	(91)	-	(44)	(135)	-	(135)
Balance of provision for credit losses at end of period	**2,437**	**1,171**	**702**	**4,310**	**11**	**4,321**

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):

	March 31, 2025	March 31, 2024	December 31, 2024
Ratio of provision for credit losses to total loans to the public	1.18	1.29	1.20
Ratio of provision for credit losses to total credit risk with respect to the public	0.89	0.99	0.92

	Three months(1)		All of
	2025	2024	2024
Ratio of expenses with respect to credit losses to average balance of loans to the public, gross	0.11	0.21	0.15
Ratio of net write-offs to average balance of loans to the public, gross	0.14	0.16	0.12
Ratio of expenses with respect to credit losses to average balance of loans to the public, net	0.11	0.21	0.15
Of which: With respect to commercial loans other than residential mortgages	0.40	0.51	0.36
Of which: with respect to residential mortgages	(0.06)	0.04	0.03
Ratio of net write-offs to average balance of loans to the public, net	0.15	0.16	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 recession 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 March 31		As of December 31
	2025	**2024**	**2024**
Debts			
Current account balances	1,968	1,939	2,014
Utilized credit card balances	5,084	4,749	5,029
Auto loans – adjustable interest	1,382	1,890	1,516
Auto loans – fixed interest	4,682	4,538	4,725
Other loans and credit – variable interest	13,821	13,477	13,761
Other loans and credit – fixed interest	395	365	402
Total debt (on-balance sheet credit)	**27,332**	**26,958**	**27,447**
Un-utilized facilities, guarantees and other commitments			
Current accounts – un-utilized facilities	5,805	5,632	5,707
Credit cards – un-utilized facilities	9,770	9,333	9,697
Guarantees	286	290	290
Other liabilities	33	33	40
Total un-utilized facilities, guarantees and other commitments (off-balance sheet credit)	**15,894**	**15,288**	**15,734**
Total credit risk to individuals	**43,226**	**42,246**	**43,181**
Of which:			
Bullet / balloon loans(3)	658	722	692
Financial asset portfolio and other collateral against credit risk(4)			
Financial assets portfolio:			
Deposits	4,332	4,200	4,314
Securities	287	226	264
Other monetary assets	115	159	127
Other collateral(5)	3,504	3,739	3,396
Total financial assets portfolio and other collateral against credit risk	**8,238**	**8,324**	**8,101**

(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 March 31, 2025 Number of Borrowers	Total credit risk	As of March 31, 2024 Number of Borrowers	Total credit risk	As of December 31, 2024 Number of Borrowers	Total credit risk
	Up to 10	246,324	805	247,563	814	245,623	815
Above 10	Up to 20	116,041	1,714	114,661	1,687	115,942	1,723
Above 20	Up to 40	152,352	4,455	148,742	4,356	151,659	4,456
Above 40	Up to 80	164,988	9,485	163,689	9,353	164,079	9,442
Above 80	Up to 150	106,598	11,567	105,206	11,341	105,678	11,477
Above 150	Up to 300	57,620	11,813	55,984	11,466	58,151	11,933
Above 300		8,754	3,387	8,274	3,229	8,557	3,335
Total		**852,677**	**43,226**	**844,119**	**42,246**	**849,689**	**43,181**

(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 March 31, 2025 NIS in millions	in %	As of March 31, 2024 NIS in millions	in %	As of December 31, 2024 NIS in millions	in %
Accounts with no fixed income for the account[2]	7,168	26.2	7,380	27.4	7,301	26.6
Less than NIS 10 thousand	3,271	12.0	3,440	12.8	3,372	12.3
Between NIS 10 thousand and NIS 20 thousand	7,937	29.0	7,941	29.5	7,950	29.0
Over NIS 20 thousand	8,956	32.8	8,197	30.3	8,824	32.1
Total	**27,332**	**100**	**26,958**	**100**	**27,447**	**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 March 31, 2025 NIS in millions	in %	As of March 31, 2024 NIS in millions	in %	As of December 31, 2024 NIS in millions	in %
Up to 1 year	4,099	20.2	4,140	20.4	4,177	20.5
Over 1 year to 3 years	6,308	31.1	6,174	30.5	6,315	30.9
Over 3 years to 5 years	4,863	24	5,115	25.2	4,958	24.3
Over 5 years to 7 years	2,240	11	2,205	10.9	2,245	11.0
Over 7 years[2]	2,770	13.7	2,636	13	2,709	13.3
Total	**20,280**	**100**	**20,270**	**100**	**20,404**	**100**

(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 March 31, 2025 Credit risk[1] On balance sheet	Off balance sheet	Of which:	As of March 31, 2024 Credit risk[1] On balance sheet	Off balance sheet	Of which:	As of December 31, 2024 Credit risk[1] On balance sheet	Off balance sheet	Of which:
Balance of problematic credit risk	271	4	275	270	6	276	272	2	274
Problematic credit risk rate[2]	0.99%	0.03%	0.64%	1.00%	0.04%	0.65%	0.99%	0.01%	0.63%

(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):

	Three months		2024
	2025	2024	
Expense with respect to credit losses as percentage of total loans to the public to individuals	0.79%	0.66%	0.51%

Data for credit risk to individuals show that:

- Total debts to private individuals (on-balance sheet credit) increased by 1.4% compared to March 31, 2024 and decreased by 0.4% compared to December 31, 2024.
- Composition of debts as of March 31, 2025:
  Checking accounts - 7.2%
  Credit cards - 18.6%
  Auto loans - 22.2%
  Other loans and credit - 52.0%
- Of all debts (on-balance sheet credit) as of March 31, 2025, 30.1% is secured by financial assets and other collateral in the customer's account (compared to 30.9% as of March 31, 2024 and 29.5% as of December 31, 2024).

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 in this industry is focused mainly on residential construction in areas with strong demand. In addition, the financing is allocated between geographic regions, based inter alia on relevant demand. 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 minimize 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 overseas reinsurers.

As mentioned above, during 2024 there has been an increase in the scope of activity in the construction and real estate sector. As from the beginning of 2025, there has been a certain downward trend in sales. The Bank tracks the development of the industry's risk characteristics and the effects of changes on Bank operations, including monitoring the portfolio and focusing on risk concentrations.

Housing construction starts in 2024 amounted to 65.5 thousand residential units, a 2.3% increase compared to the corresponding period in the previous year. Residential housing construction completions decreased by 12.3%, at 53 thousand residential units. At the end of January 2025, the new apartments inventory stood at approx. 78 thousand apartments; as from April 2022, there has been a 1.4% average monthly increase in this line item. Approx. 56% of unsold apartments are located in Tel Aviv and the Central region.

In the past year, the percentage of sale contracts based on non-linear payment methods out of total sale contracts of new apartments has increased as part of a marketing technique, which enables contractors to sell the apartments in a complex period against the backdrop of the war and high interest rates. This issue is assessed as part of the projects' underwriting process and during the monitoring of the projects approved by the Bank, including an assessment of the effects of those contracts on the project's financing costs. In addition, the Bank verifies that the supervisors take into account the scope of the contracts and their effects on financing costs. The project's cash flow and the need to revise the budgetary framework are monitored closely, and the Bank also closely monitors the development of the risk characteristics arising from this segment. In view of the above, 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. See Note 1 to the financial statements.

In the past two years there has been a slowdown in demand in the office space segment in view, among other things, of the slowdown in the high-tech sector, which is a major user of office space; this resulted in a shift and a decline in rent and occupancy rates in this segment (which are more prominent in the suburbs of Tel Aviv and Gush Dan), which may intensify as the slowdown becomes more pronounced.

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 activity in this area, as well as new credit provided, in conformity with benchmarks stipulated in Bank policy.

Over the course of the first quarter of 2025, total exposure to the construction and real estate sectors increased by 4.1%, due to increased project volumes and a certain increase in developers' financing needs during the project. The share of the construction and real estate sector in Israel out of total credit risk to the public at the Bank as of March 31, 2025, as presented below (Credit Risk by Economic Sector) is 16.9%. Note that according to Proper Conduct of Banking Business Directive No. 315, the rate of indebtedness of the construction and real estate sector (for the purpose of calculating sector concentration) is 12.2% (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 acquired 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.

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

								March 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]**	**Credit risk On balance sheet**	**Off-balance sheet credit risk**
		Guarantees to home buyers[5]	**Facilities and other commitments**					
Secured by real estate:								
Housing	25,130	6,591	18,321	50,042	150	69	226	27
Commercial and industrial	10,830	229	2,928	13,987	97	100	159	4
Total secured by real estate	**35,960**	**6,820**	**21,249**	**64,029**	**247**	**169**	**385**	**31**
Not secured by real estate	7,476	9	8,162	15,647	100	142	187	20
Total for construction and real estate economic sector in Israel	**43,436**	**6,829**	**29,411**	**79,676**	**347**	**311**	**572**	**51**
Of which: Designated for project assistance	25,018	6,799	18,549	50,366	148	67	33	27

								March 31, 2024
								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	22,604	5,780	14,152	42,536	204	278	213	24
Commercial and industrial	9,691	144	2,421	12,256	131	449	209	4
Total secured by real estate	**32,295**	**5,924**	**16,573**	**54,792**	**335**	**727**	**422**	**28**
Not secured by real estate	6,489	49	6,835	13,373	109	112	182	24
Total for construction and real estate economic sector in Israel	**38,784**	**5,973**	**23,408**	**68,165**	**444**	**839**	**604**	**52**
Of which: Designated for project assistance	22,102	6,452	14,061	42,615	191	322	114	24

								December 31, 2024
								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	23,716	6,768	18,193	48,677	342	47	219	24
Commercial and industrial	10,555	200	2,226	12,981	152	118	165	3
Total secured by real estate	**34,271**	**6,968**	**20,419**	**61,658**	**494**	**165**	**384**	**27**
Not secured by real estate	7,263	8	7,590	14,861	100	178	179	19
Total for construction and real estate economic sector in Israel	**41,534**	**6,976**	**28,009**	**76,519**	**594**	**343**	**563**	**46**
Of which: Designated for project assistance	23,400	6,948	17,956	48,304	359	94	44	24

(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):

	March 31, 2025			March 31, 2024			December 31, 2024		
	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	16,199	1,526	17,725	15,287	1,234	16,521	15,156	1,319	16,475
Real estate under construction	10,803	23,357	34,160	8,891	19,642	28,533	9,992	23,458	33,450
Real estate completely constructed	8,958	3,186	12,144	8,117	1,621	9,738	9,123	2,610	11,733
Total credit secured by real estate in Israel	**35,960**	**28,069**	**64,029**	**32,295**	**22,497**	**54,792**	**34,271**	**27,387**	**61,658**
Not secured by real estate	7,476	8,171	15,647	6,489	6,884	13,373	7,263	7,598	14,861
Total credit risk for construction and real estate	**43,436**	**36,240**	**79,676**	**38,784**	**29,381**	**68,165**	**41,534**	**34,985**	**76,519**

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

	March 31	December 31	
	2025	2024	Change
	Credit risk to the public[1]		
Credit risk at performing credit rating:			
Total non-problematic credit risk	75,504	73,152	3.2%
Credit risk other than at performing credit rating:			
Problematic accruing	311	343	(9.3%)
Problematic non-accruing	347	594	(41.6%)
Non-problematic	3,514	2,430	44.6%
Total credit risk other than at performing credit rating	**4,172**	**3,367**	**23.9%**
Total credit risk for construction and real estate	**79,676**	**76,519**	**4.1%**

(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 March 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	1,208	1,096	83	29	1,208	889	29	17	(2)	-	30
Mining and excavation	4,605	4,605	-	-	4,473	2,475	-	-	11	-	44
Industry and production	15,145	13,793	818	534	14,848	8,250	531	257	(24)	(1)	459
Of which: Diamonds	1,568	1,198	120	250	1,568	1,058	250	118	(12)	(2)	109
Construction and real estate – construction[6]	67,657	63,863	3,307	487	67,536	33,067	486	263	19	6	395
Construction and real estate – real estate operations	12,019	11,641	207	171	11,581	9,835	171	83	1	-	228
Electricity and water delivery	11,726	11,284	432	10	11,371	6,489	10	7	(4)	1	124
Commerce	17,624	16,308	645	671	17,530	13,360	671	297	19	13	458
Hotels, dining and food services	2,290	2,002	106	182	2,285	1,747	182	74	6	4	117
Transport and storage	4,165	3,517	577	71	4,144	3,044	71	54	7	5	87
Information and communications	1,937	1,908	14	15	1,835	999	15	11	4	1	29
Financial services	32,828	32,592	231	5	27,444	15,136	5	3	(9)	(1)	37
Other business services	8,323	7,779	333	211	8,296	5,378	211	91	15	15	186
Public and community services	3,483	3,282	61	140	3,481	2,607	140	126	(1)	9	70
Total commercial	**183,010**	**173,670**	**6,814**	**2,526**	**176,032**	**103,276**	**2,522**	**1,283**	**42**	**52**	**2,264**
Private individuals – residential mortgages	246,357	241,150	3,067	2,140	246,357	228,520	2,140	2,140	(34)	-	1,179
Private individuals – other	43,233	42,611	347	275	43,226	27,332	275	79	54	43	708
Total public – activity in Israel	**472,600**	**457,431**	**10,228**	**4,941**	**465,615**	**359,128**	**4,937**	**3,502**	**62**	**95**	**4,151**
Banks in Israel	1,716	1,716	-	-	432	432	-	-	-	-	-
Government of Israel	24,785	24,785	-	-	4	4	-	-	-	-	-
Total activity in Israel	**499,101**	**483,932**	**10,228**	**4,941**	**466,051**	**359,564**	**4,937**	**3,502**	**62**	**95**	**4,151**
Borrower activity overseas											
Total public – activity overseas	12,375	11,792	-	583	12,158	9,335	573	520	41	36	187
Overseas banks	22,661	22,661	-	-	22,570	22,531	-	-	-	-	3
Overseas governments	1,946	1,945	-	1	433	311	1	1	-	-	1
Total activity overseas	**36,982**	**36,398**	**-**	**584**	**35,161**	**32,177**	**574**	**521**	**41**	**36**	**191**
Total	**536,083**	**520,330**	**10,228**	**5,525**	**501,212**	**391,741**	**5,511**	**4,023**	**103**	**131**	**4,342**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 391,741, bonds – 28,448, securities borrowed or acquired in conjunction with resale agreements – 77, (on- and off-balance sheet) credit risk with respect to derivatives – 6,346, and Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 109,471.

(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 992 million and off-balance sheet credit risk amounting to NIS 1,054 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 March 31, 2024

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	1,144	1,078	42	24	1,144	862	24	19	2	-	34
Mining and excavation	3,365	3,354	-	11	3,222	1,858	10	6	(1)	-	30
Industry and production	15,447	14,373	559	515	15,225	8,775	504	161	11	15	426
Of which: Diamonds	1,671	1,447	91	133	1,671	1,162	133	60	(3)	(2)	75
Construction and real estate – construction[6]	57,950	54,591	2,652	707	57,846	29,415	707	337	36	9	423
Construction and real estate – real estate operations	10,215	9,271	368	576	9,687	8,748	576	107	8	-	233
Electricity and water delivery	11,089	10,576	495	18	10,764	6,324	18	4	6	-	94
Commerce	16,024	14,644	536	844	15,904	11,568	844	246	32	41	511
Hotels, dining and food services	2,134	1,813	94	227	2,119	1,603	227	43	11	4	153
Transport and storage	3,691	2,994	625	72	3,645	2,990	72	32	1	3	82
Information and communications	1,785	1,700	61	24	1,724	985	24	17	(1)	1	28
Financial services	25,992	25,897	72	23	20,992	11,395	23	19	(1)	(2)	45
Other business services	8,052	7,701	181	170	8,037	5,188	170	81	9	10	194
Public and community services	3,213	2,953	98	162	3,181	2,445	162	143	(5)	1	107
Total commercial	**160,101**	**150,945**	**5,783**	**3,373**	**153,490**	**92,156**	**3,361**	**1,215**	**108**	**82**	**2,360**
Private individuals – residential mortgages	223,376	218,624	2,637	2,115	223,376	209,291	2,115	2,115	22	-	1,171
Private individuals – other	42,252	41,616	360	276	42,246	26,958	276	81	44	44	702
Total public – activity in Israel	**425,729**	**411,185**	**8,780**	**5,764**	**419,112**	**328,405**	**5,752**	**3,411**	**174**	**126**	**4,233**
Banks in Israel	2,114	2,114	-	-	738	738	-	-	-	-	-
Government of Israel	19,961	19,961	-	-	6	6	-	-	-	-	-
Total activity in Israel	**447,804**	**433,260**	**8,780**	**5,764**	**419,856**	**329,149**	**5,752**	**3,411**	**174**	**126**	**4,233**
Borrower activity overseas											
Total public – activity overseas	8,663	7,987	264	412	8,462	6,180	405	245	1	9	85
Overseas banks	20,043	20,043	-	-	19,862	19,685	-	-	-	-	2
Overseas governments	1,190	1,189	-	1	570	437	1	1	-	-	1
Total activity overseas	**29,896**	**29,219**	**264**	**413**	**28,894**	**26,302**	**406**	**246**	**1**	**9**	**88**
Total	**477,700**	**462,479**	**9,044**	**6,177**	**448,750**	**355,451**	**6,158**	**3,657**	**175**	**135**	**4,321**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 355,451, bonds – 22,787, securities borrowed or acquired in conjunction with resale agreements – 274, (on- and off-balance sheet) credit risk with respect to derivatives – 5,889, and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 93,299.

(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 859 million and off-balance sheet credit risk amounting to NIS 1,221 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, 2024

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	1,408	1,307	75	26	1,408	1,103	26	20	7	7	32
Mining and excavation	4,888	4,880	-	8	4,753	2,771	8	6	8	-	33
Industry and production	15,542	14,444	549	549	15,350	8,587	545	211	25	(21)	482
Of which: Diamonds	1,608	1,319	49	240	1,608	1,113	240	99	29	-	119
Construction and real estate – construction(6)	64,807	61,746	2,300	761	64,684	31,310	761	483	13	27	382
Construction and real estate – real estate operations	11,712	11,406	130	176	11,293	9,688	176	111	2	-	227
Electricity and water delivery	12,356	12,305	41	10	12,002	7,114	10	7	44	3	129
Commerce	17,514	16,137	641	736	17,383	13,158	736	335	6	74	452
Hotels, dining and food services	2,216	1,958	86	172	2,211	1,681	172	62	1	32	115
Transport and storage	3,757	3,132	551	74	3,728	2,975	74	32	16	15	85
Information and communications	1,820	1,714	89	17	1,717	950	17	12	7	11	26
Financial services	32,901	32,640	225	36	27,168	14,878	36	7	12	11	45
Other business services	8,181	7,651	343	187	8,162	5,187	187	100	16	25	186
Public and community services	3,378	3,166	66	146	3,375	2,575	146	126	(23)	10	80
Total commercial	**180,480**	**172,486**	**5,096**	**2,898**	**173,234**	**101,977**	**2,894**	**1,512**	**134**	**194**	**2,274**
Private individuals – residential mortgages	242,069	236,827	3,101	2,141	242,069	225,291	2,141	2,141	64	-	1,213
Private individuals – other	43,186	42,530	382	274	43,181	27,447	274	83	139	144	697
Total public – activity in Israel	**465,735**	**451,843**	**8,579**	**5,313**	**458,484**	**354,715**	**5,309**	**3,736**	**337**	**338**	**4,184**
Banks in Israel	1,724	1,724	-	-	303	303	-	-	-	-	-
Government of Israel	23,511	23,511	-	-	2	2	-	-	-	-	-
Total activity in Israel	**490,970**	**477,078**	**8,579**	**5,313**	**458,789**	**355,020**	**5,309**	**3,736**	**337**	**338**	**4,184**
Borrower activity overseas											
Total public – activity overseas	10,344	9,723	-	621	10,071	7,379	617	560	181	92	182
Overseas banks	23,812	23,812	-	-	23,674	23,639	-	-	1	-	3
Overseas governments	2,400	2,399	-	1	439	317	1	1	-	-	1
Total activity overseas	**36,556**	**35,934**	**-**	**622**	**34,184**	**31,335**	**618**	**561**	**182**	**92**	**186**
Total	**527,526**	**513,012**	**8,579**	**5,935**	**492,973**	**386,355**	**5,927**	**4,297**	**519**	**430**	**4,370**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts(2) – 386,355, bonds – 27,593, securities borrowed or acquired in conjunction with resale agreements – 264, (on- and off-balance sheet) credit risk with respect to derivatives – 6,696, and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 106,618.

(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 1,019 million and off-balance sheet credit risk amounting to NIS 1,098 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	March 31, 2025			March 31, 2024			December 31, 2024		
	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	31,841	2,308	34,149	26,127	2,015	28,142	33,238	1,901	35,139
Barbados[5]	-	-	-	5,230	-	5,230	4,857	-	4,857
Others[6]	15,145	10,864	26,009	11,328	10,609	21,937	10,478	11,599	22,077
Total exposure to foreign countries	**46,986**	**13,172**	**60,158**	**42,685**	**12,624**	**55,309**	**48,573**	**13,500**	**62,073**
Of which: To Greece, Portugal, Spain, Italy	64	12	76	48	6	54	54	12	66
Of which: Total exposure to LDC countries	604	128	732	854	202	1,056	580	110	690

(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 7,238 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 March 31, 2024: NIS 7,127 million; As of December 31, 2024: NIS 7,744 million).

(5) This exposure is with respect to insurance policies backing the mortgage portfolios in Israel. The insurer, incorporated in Barbados, is a subsidiary of an international insurance group incorporated in Canada. As of March 31, 2025, the exposure to Barbados in respect of this insurance policy declined below the threshold required for a separate disclosure in a note.

(6) Balance sheet exposure includes NIS 3,560 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 March 31, 2024: NIS 3,464 million; As of December 31, 2024: NIS 3,408 million).

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 March 31, 2025, the balance sheet exposure to Barbados meets the threshold required for this disclosure and amounts to NIS 4.7 billion.

As of March 31, 2024 and December 31, 2024, there are no foreign countries for which the balance sheet exposure exceeds the threshold for this disclosure.

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

	For the three months ended March 31, 2025	For the three months ended March 31, 2024	For the year ended As of December 31, 2024
	Barbados[1]	Barbados[1]	Barbados[1]
Exposure at start of reported period	4,857	5,353	5,353
Net changes to exposure	(160)	(123)	(496)
Exposure at end of reported period	4,697	5,230	4,857

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.

(1) This exposure is with respect to insurance policies backing the mortgage portfolios in Israel. The insurer, incorporated in Barbados, is a subsidiary of an international insurance group incorporated in Canada.

Credit exposure to foreign financial institutions

Below is information on the Bank's exposure to foreign financial institutions[(1)(2)] (NIS in millions):

External credit rating	On-balance sheet credit risk[(3)]	Current off-balance sheet credit risk[(4)]	Current credit exposure
			March 31, 2025
AAA to AA-	6,205	4,989	11,194
A+ to A-	3,243	2,873	6,116
BBB+ to BBB-	-	-	-
BB+ to B-	-	-	-
Lower than B-	-	-	-
Unrated	8	14	22
Total credit exposure to foreign financial institutions	**9,456**	**7,876**	**17,332**

External credit rating	On-balance sheet credit risk[(3)]	Current off-balance sheet credit risk[(4)]	Current credit exposure
			March 31, 2024
AAA to AA-	6,412	4,708	11,120
A+ to A-	3,276	2,764	6,040
BBB+ to BBB-	2	-	2
BB+ to B-	-	-	-
Lower than B-	-	-	-
Unrated	9	23	32
Total credit exposure to foreign financial institutions	**9,699**	**7,495**	**17,194**

External credit rating	On-balance sheet credit risk[(3)]	Current off-balance sheet credit risk[(4)]	Current credit exposure
			December 31, 2024
AAA to AA-	6,348	5,171	11,519
A+ to A-	3,197	3,011	6,208
BBB+ to BBB-	3	-	3
BB+ to B-	-	-	-
Lower than B-	-	-	-
Unrated	10	13	23
Total credit exposure to foreign financial institutions	**9,558**	**8,195**	**17,753**

(1) Foreign financial institutions include: banks, investment banks, brokers/dealers, insurance companies, institutional entities and entities controlled by the former. Bank exposure is almost entirely to banks and investment banks primarily incorporated in Ireland, England, the USA, Barbados, Germany, France and Switzerland.

(2) After deduction of provision for credit losses.

(3) Bank deposits, loans to the public, investment in bonds, securities borrowed or acquired in conjunction with resale agreements and other balance sheet credit risk with respect to derivatives.

(4) The balance of off-balance sheet exposure to financial institutions includes NIS 7,238 million as of March 31, 2025 (as of March 31, 2024: NIS 7,127 million; as of December 31, 2024: NIS 7,744 million) with respect to acquiring insurance from international reinsurers for the portfolio of housing bonds for borrowers in the real estate sector in Israel as well as guarantees and additional commitments to extend credit, including guarantees to secure indebtedness of third parties.

The global financial system is grappling with the potential effects of the changing customs policies of the US administration. These policies may introduce uncertainty to the flow of global trade and lead to a certain level of uncertainty in the banking system and the business sector. Leading global banks currently assess their credit exposures to various sectors, with an emphasis on sectors such as the automotive, electronics and energy sectors, and look into way to deal with potential effects of tensions in global trade in order to mitigate potential risks. This uncertainty has an impact on economic forecasts. There are concerns that the tariff policies may lead to a slowdown in growth, affect inflation levels, and also impact the quality of the assets and levels of credit extended by the banking system; this is despite the fact that banks are currently deemed more resilient to economic changes. The uncertainty around future developments in the tariff policies creates an environment requiring strict risk assessments in the financial system.

The aforementioned credit exposure excludes exposure to financial institutions for which complete, explicit government guarantees are in place, and exclude investments in asset-backed securities. For more information with regard to credit exposure composition with respect to derivative instruments vis-à-vis banks and dealers/brokers (domestic and foreign), see Note 11c. to the financial statements.

Some of the exposures listed in the above table are included under "Credit Risk by Economic Sector", under "Financial services". This includes deposits with banks, loans to the public, public investment in bonds and other assets with respect to derivatives. Futures transactions, weighted in accordance with rules stated in Proper Business Conduct Directive 313, are included as part of off-balance sheet credit risk, and are excluded from the above table.

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.

Exposure limits per institution include maximum exposure amount and maximum time to maturity for different types of activities and transactions. To this end, the existence (or absence) of an offset agreement for derivative operations with this financial institution is also taken into consideration. The policies also specify a hierarchy of authority for approval of specific transactions within the exposure limits. The Bank adjusts the exposure limits from time to time as required.

Out of total Bank group exposure, NIS 622 million, is to international affiliates of financial institutions in the USA. This exposure is mostly to major US Banks rated A+ or higher, mostly Global Systemically Important Banks (G-SIBs), which are subject to strict regulatory requirements, including taking part in stress testing and increased capital requirements. All of these banks have a stable credit profile and diverse funding sources. They operate throughout the USA and globally, providing a wide range of retail, commercial and corporate banking services.

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 the Bank's 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, primarily the impact of change in unemployment, change in housing prices and change in interest rates.

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.

For more information about development of residential mortgage risk, see chapter "Risk factor severity" above.

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: 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, financial wealth 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; however, there is uncertainty with regard to the war's long-term effects. 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. Note that the average LTV ratio for the Bank's mortgage portfolio (at end of March 2025) was 54.8% (reflecting the LTV ratio upon loan origination – see more details 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.

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

	Loans granted (NIS in millions)		
		Three months	Rate of Change
	2025	2024	In %
Mortgages issued (for housing and any purpose)			
From the Bank's funds	8,864	6,846	29.5
From funds of the Finance Ministry:			
Directed loans	33	32	3.1
Standing loans and grants	48	33	45.5
Total new loans	**8,945**	**6,911**	**29.4**
Refinanced loans	2,952	2,162	36.5
Total loans originated	**11,897**	**9,073**	**31.1**
Number of borrowers (includes refinanced loans)	16,695	14,747	13.2

Below are details of various risk attributes of the residential mortgage portfolio[1] as of March 31, 2025 (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%	3,281	12,087	10,807	39,116	32,123	15,746	113,160
	35%-50%	860	2,852	2,944	8,481	5,073	3,451	23,661
	50%-80%	-	5	5	80	71	798	959
	Over 80%	-	-	-	4	10	59	73
60%-75%	Up to 35%	2,090	8,381	6,596	29,923	16,126	5,807	68,923
	35%-50%	1,028	3,369	2,575	7,460	2,137	1,162	17,731
	50%-80%	-	-	2	39	23	209	273
	Over 80%	-	-	-	-	-	10	10
Over 75%	Up to 35%	82	370	298	819	512	991	3,072
	35%-50%	19	80	57	162	86	232	636
	50%-80%	-	-	-	3	5	57	65
	Over 80%	-	-	-	1	-	9	10
Total		**7,360**	**27,144**	**23,284**	**86,088**	**56,166**	**28,531**	**228,573**
Of which:								
Loans granted with original amount over NIS 2 million		1,342	4,591	3,905	12,317	3,986	1,391	27,532
Percentage of total residential mortgages		18.2%	16.9%	16.8%	14.3%	7.1%	4.9%	12.0%
Loans bearing variable interest:								
Non-linked, at prime lending rate		220	419	951	26,137	15,648	9,056	52,431
CPI-linked[3]		449	2,131	1,148	6,426	875	2,347	13,376
In foreign currency[3]		17	43	72	1,182	948	765	3,027
Total		686	2,593	2,171	33,745	17,471	12,168	68,834
Non-linked loans at prime lending rate, as percentage of total residential mortgages		3.0%	1.5%	4.1%	30.4%	27.9%	31.7%	22.9%
CPI-linked loans bearing variable interest as percentage of total residential mortgages		6.1%	7.9%	4.9%	7.5%	1.6%	8.2%	5.9%
Loans with LTV over 75% as percentage of total residential mortgages		1.4%	1.7%	1.5%	1.1%	1.1%	4.5%	1.7%

(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 loan-to-value ratio for the Bank's mortgage portfolio as of March 31, 2025 was 54.8%, compared to 55.1% at the end of the previous year, and 54.9% as of March 31, 2024. Out of the total loan portfolio of the Bank, amounting to NIS 228.6 billion, some 98.3% were granted with an original LTV ratio under 75%, which secures the loan even in case of an extreme 25% decrease in 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 0.9 billion, or only 0.4% of the total residential mortgage portfolio.

Note, in this regard, that the Bank's average LTV ratio as of March 31, 2025, 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 3.5%. For loans originated one to 5 years ago – by 5.2%; for loans originated over 5 years ago – by 16.6%; for all loans in total – by 9.2%.

The percentage of loans granted with a high LTV ratio (over 75%) out of total residential mortgage portfolio of the Bank to 1.5% for loans granted 1-2 years ago, 1.7% for loans granted 3-12 months ago and 1.4% for loans granted in the first quarter of 2025.

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.

The average repayment ratio for the Bank's residential mortgage portfolio is 26.5%. Some 81.2% of the Bank's mortgage portfolio were granted to borrowers with a repayment ratio under 35% (the average repayment ratio for these borrowers is: 23.4%). Some 18.2% of the mortgage portfolio were granted to borrowers with a repayment ratio of 35% to 50% (the average repayment ratio for these borrowers is: 38.7%). Only 0.6% of all mortgages were extended to borrowers with a repayment ratio 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

Loans granted by the Bank with an original amount over NIS 2 million amounted in total to NIS 27.5 billion on March 31, 2025, or 12.0% of the Bank's residential mortgage portfolio.

For more information about residential mortgages risk, see also the 2024 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 2024.

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.

As noted, the overall risk level of market and interest risk remained Low-Medium. The interest risk level remains Medium. The risk values are within the limits of the Bank's risk appetite. The Bank of Israel interest rate remained unchanged at 4.50%.

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.

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

	First quarter		All of
	2025	**2024**	**2024**
At end of period	1,401	1713	1,487
Maximum value during period	(Jan.) 1,572	(Feb.) 1,734	(Feb.) 1,734
Minimum value during period	(Mar.) 1,401	(Jan.) 1,678	(Sep.) 1,409

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

Below is the effect(1)(2) of a parallel shift of the curve by 2% on the economic value of the Bank's portfolio in EVE terms (NIS in millions):

						Change in fair value
	Israeli currency		Foreign currency			
	Non-linked	Linked to CPI	USD	EUR	Other	Total
						March 31, 2025
2% increase	(2,358)	(1,271)	(45)	80	34	(3,629)
2% decrease	2,453	1,498	(223)	(84)	(34)	(342)
						March 31, 2024
2% increase	(1,891)	(2,404)	383	(85)	22	(3,975)
2% decrease	2,235	2,616	(363)	129	(25)	4,592
						December 31, 2024
2% increase	(2,169)	(1,557)	(84)	66	29	(3,727)
2% decrease	1,948	1,560	(185)	(70)	(29)	(284)

(1) Calculated based on current data used for actual interest risk management.

(2) Starting from the second quarter of 2024 the reported results f the scenario do not include offsetting between the results of the scenario in NIS currency and foreign currency.

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 March 31, 2025			As of March 31, 2024			As of December 31, 2024		
	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total
Net balance sheet balance[1]	31,397	(301)	31,096	28,427	(215)	28,212	30,433	(108)	30,325
Net adjusted fair value[1]	29,821	139	29,960	[3]27,781	1,876	29,657	30,178	430	30,608
Of which: Banking portfolio	19,401	485	19,886	[3]19,097	1,981	21,078	21,961	(1,086)	20,875
Of which: Effect of attribution of on-call deposits to terms	4,576	532	5,108	4,417	863	5,280	4,674	594	5,268
Of which: Effect of early repayment of residential mortgages	224	(35)	189	500	(29)	471	(235)	(40)	(275)
Of which: Impact of early receptions of public deposits	16	-	16	16	-	16	23	-	23

As of March 31, 2025, the difference between the fair value and the balance-sheet balance totaled NIS (1.1) billion - a NIS 2.5 billion decline compared to NIS 1.4 as of March 31, 2024. The decrease is attributed to a decrease in the fair value of the credit portfolio compared to its balance-sheet balance, mainly with respect to mortgages, as a result of the increase in the discount rate, primarily due to the increase in risk-free interest rates. On the other hand, on the deposits side, the difference between the fair value and the balance-sheet balance has declined, mainly since the terms of the deposits are relatively short and since the deposits turnover is high

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

	As of March 31, 2025			As of March 31, 2024			As of December 31, 2024		
	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total
Concurrent changes									
Concurrent 1% increase	(1,996)	(61)	(2,057)	(1,923)	10	(1,913)	(1,994)	(129)	(2,123)
Of which: Banking portfolio	(1,962)	(73)	(2,035)	(1,912)	13	(1,899)	(1,972)	(115)	(2,087)
Of which: Effect of attribution of on-call deposits to terms	1,373	315	1,688	1,139	313	1,452	1,459	313	1,772
Of which: Effect of early repayment of residential mortgages	2,738	3	2,741	2,340	3	2,343	2,737	4	2,741
Of which: Impact of early receptions of public deposits	(205)	-	(205)	(196)	-	(196)	(183)	-	(183)
Concurrent 2% increase	(3,784)	34	(3,750)	(3,507)	211	(3,296)	(3,851)	(48)	(3,899)
Of which: Banking portfolio	(3,732)	52	(3,680)	(3,488)	218	(3,270)	(3,811)	(21)	(3,832)
Concurrent 1% decrease	1,566	(113)	1,453	1,423	(326)	1,097	1,539	(181)	1,358
Of which: Banking portfolio	1,552	(192)	1,360	1,406	(336)	1,070	1,514	(195)	1,319
Of which: Effect of attribution of on-call deposits to terms	(1,471)	(335)	(1,806)	(1,224)	(333)	(1,557)	(1,563)	(333)	(1,896)
Of which: Effect of early repayment of residential mortgages	(3,353)	(4)	(3,357)	(2,866)	(3)	(2,869)	(3,357)	(4)	(3,361)
Of which: Impact of early receptions of public deposits	219	-	219	211	-	211	197	-	197
Concurrent 2% decrease	4,275	(159)	4,116	3,573	(556)	3,017	4,249	(212)	4,037
Of which: Banking portfolio	4,226	(273)	3,953	3,535	(531)	3,004	4,191	(245)	3,946
Non-concurrent changes									
Steepening[4]	(968)	82	(886)	(1,350)	92	(1,258)	(936)	56	(880)
Flattening[5]	536	(1)	535	667	(2)	665	404	15	419
Short-term interest increase	(257)	173	(84)	(224)	187	(37)	(269)	173	(96)
Short-term interest decrease	397	(180)	217	244	(192)	52	355	(176)	179

(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 on-call deposits to the terms.

(2) Includes Israeli currency linked to foreign currency.

(3) Reclassified.

(4) Short-term interest decrease and long-term interest increase.

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%.

There were no significant changes in the interest rate increase scenarios compared to the corresponding period last year. In the decrease scenarios there was a more significant increase, mostly due to the decline in the sensitivity of the foreign currency segment, which offsets the direction of sensitivity of the NIS, mainly as a result of an increase in the investment of excess liquidity in the FED.

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 March 31, 2025			As of March 31, 2024			As of December 31, 2024		
	Interest revenues	Non-interest financing revenues[(3)]	Total	Interest revenues	Non-interest financing revenues[(3)(5)]	Total	Interest revenues	Non-interest financing revenues[(3)]	Total
Concurrent changes[(2)]									
Concurrent 1% increase	(55)	324	269	51	(249)	(198)	(39)	297	258
Of which: Banking portfolio	(55)	332	277	46	(265)	(219)	(40)	315	275
Concurrent 1% decrease	(342)	(118)	(460)	(823)	97	(726)	(444)	(142)	(586)
Of which: Banking portfolio	(342)	(132)	(474)	(819)	108	(711)	(442)	(164)	(606)

(1) For a one-year term.
(2) Changes to risk-free interest.
(3) Includes the effect of fair value, gain (loss) from transactions in bonds and the effect of interest accrual for transactions in derivatives.
(4) The interest rate increase/decrease scenario includes an assumption that bonds are purchased and/or sold and funds are diverted from current accounts to deposits and/or from short-term deposits to current accounts. The decline in the Bank portfolio’s sensitivity to decline in interest rates in this year arises both from operating activities and from revision to the behavioral assumptions.
(5) Reclassified.

Impact of change scenarios in interest rates equity attributed to Bank shareholders:

	As of March 31, 2025	As of March 31, 2024	As of December 31, 2024
	NIS in millions		
Concurrent 1% increase	(44)	(86)	(43)
Concurrent 1% decrease	17	69	17

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

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

Under the concurrent scenario of interest rate increase by 1%, the capital reserve with respect to securities is expected to decrease by NIS 255 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, 2024.

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 March 31, 2025, capital increase (erosion) (in millions of NIS):

				Scenarios	Historical stress scenario[(1)]	
	10% increase	5% increase	5% decrease	10% decrease	Maximum increase	Maximum decrease
CPI[(2)]	2,527	1,264	(1,264)	(2,527)	286	(176)
USD	11	4	(3)	8	2	(2)
GBP	(5)	(2)	2	5	(2)	3
JPY	1	-	-	-	-	-
EUR	8	2	2	7	1	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 758 million and NIS (758) million, respectively.

Share price risk

For more information about share price risk, see the 2024 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 2024 financial statements.

Liquidity and financing risk

Risk description and development thereof

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

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 quarter of 2025, there were no recorded deviations from the Board of Directors' restrictions.

Liquidity risk remained low-medium. In January 2025, in view of the subsidence in fighting in the south, the ceasefire in the north, and the calm in the markets, it was decided to lower the Bank's state of alert regarding liquidity by one notch, after its level was increased by one notch since the outbreak of the war and due to the security situation and its effects.

The Bank closely monitors the potential changes in the situation. In practice, no events nor indications were observed which would indicate realization of a liquidity event.

As of March 31, 2025, the balance of the three largest depositor groups at the Bank Group amounted to NIS 30.5 billion.

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 more information about financing risk, see also the 2024 Risks Report available on the Bank website.

Liquidity coverage ratio

In conformity with Proper Conduct of Banking Business Directive 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 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 first quarter of 2025 was 139%. The average ratio in the first quarter of 2025 increased compared to the ratio in the fourth quarter of 2024, due to excess of sources raised over loans extended. As noted above, in the first quarter of 2025 there were no recorded deviations from these restrictions.

As of March 31, 2025, the Bank has a high-quality liquid assets balance (consolidated) of approx. NIS 92.7 billion, in addition to other liquid assets, which are not recognized for the purpose of calculating HQLA.

As of March 31, 2025, total pledged assets amount to approx. NIS 3.3 billion. These assets not recognized for the purpose of calculating HQLA.

Net stable funding ratio

Proper Conduct of Banking Business Directive 222 "Net stable funding ratio" stipulates a minimum net stable funding ratio of 100% ("Regulatory NSFR") of 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.

Net stable funding ratio (on consolidated basis) as of March 31, 2025 was 113%. Net stable funding ratio as of March 31, 2025 has not changed compared to the ratio as of December 31, 2024, and no deviations from the risk appetite limits were recorded.

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

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 2024.

Policies and critical accounting estimates, controls and procedures

Policies and critical accounting estimates

The Bank's Financial Statements have been prepared in accordance with the directives and guidelines of the Supervisor of Banks. These directives largely adopt the accounting rules accepted at banks in the United States (US GAAP). These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2024.

The significant accounting policies are detailed in Note 1 to the 2024 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, 2024. For more information about accounting policies on critical matters, see chapter "Policies and critical accounting estimates" of the 2024 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 quarter of 2025 amounted to NIS 103 million, compared to NIS 175 million in the corresponding period 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 collective 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 macro-economic parameters on default rates. The group-based provision recognized by the Bank with respect to uncertainty is similar to total loss under the stress scenario of short-term decline by 6% in the GDP, a further 0.75% increase in Bank of Israel interest rate, a 0.65% increase and in mortgage interest, and a rise in unemployment to 6.25%.

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 generally accepted accounting principles and with 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 March 31, 2025. Based on this evaluation, the Bank President & CEO and the Chief Accountant of the Bank concluded that at the end of the period ended March 31, 2025, 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 Public Reporting Regulations of the Supervisor of Banks, on the date stipulated in these Regulations.

Changes to internal controls

In the first quarter of 2025, no change occurred in the Bank's internal controls over financial reporting that had a material effect, or can reasonably be expected to have a material effect on the Bank's internal controls over financial reporting.

Avraham Zeldman	**Moshe Lari**
Chairman of the Board of Directors	President & CEO

Approval date:
May 20, 2025

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 March 31, 2025 (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 generally accepted accounting principles and with directives and guidelines of the Supervisor of Banks;
   c. We have evaluated the effectiveness of the Bank’s disclosure controls and procedures and presented 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.

Moshe Lari
President & CEO

May 20, 2025

(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 March 31, 2025 (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 generally accepted accounting principles and with directives and guidelines of the Supervisor of Banks;
   c. We have evaluated the effectiveness of the Bank’s disclosure controls and procedures and presented 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

May 20, 2025

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

Deloitte.

Independent Auditors' 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 March 31, 2025 and the condensed consolidated interim statements of profit and loss, comprehensive income, changes to shareholder equity and cash flows for the three-month period then ended. The Board of Directors and management are responsible for preparation and presentation of financial information for this interim period, in accordance with directives prescribed by the Supervisor of Banks and its guidance (hereinafter - the "Directives"). We are responsible for expressing our conclusion with regard to financial information for this interim period, based on our review.

We did not review the condensed interim financial information of certain consolidated subsidiaries, whose assets included in consolidation constitute 4.04% of total consolidated assets as of March 31, 2025, and whose net interest revenues before expenses with respect to credit losses included in the consolidated statements of profit and loss constitute 5.50% of total consolidated net interest revenues before expenses with respect to credit losses for the three-month period then ended. The condensed financial information for the interim period 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. As stated in Note 1 to the financial information, these directives largely adopt the accounting rules accepted at banks in the United States (US GAAP).

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

Tel Aviv, May 20, 2025

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Bank Mizrahi Tefahot

Condensed financial statements as of March 31, 2025

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Condensed consolidated statements of profit and loss

Reported amounts (NIS in millions)

		For the three months ended March 31		For the year ended December 31
		2025	2024	2024
	Note	(Unaudited)		(Audited)
Interest revenues	2	6,196	5,756	25,798
Interest expenses	2	3,397	3,071	13,984
Interest revenues, net		2,799	2,685	11,814
Expenses due to credit losses	6.13	103	175	519
Interest revenues, net after expenses with respect to credit losses		**2,696**	**2,510**	**11,295**
Non-interest revenues				
Non-interest financing revenues	3	142	345	574
Commissions		533	502	2,060
Other revenues		72	66	273
Total non-interest revenues		**747**	**913**	**2,907**
Operating and other expenses				
Payroll and associated expenses		877	856	3,431
Maintenance and depreciation of buildings and equipment		260	242	992
Other expenses		202	181	799
Total operating and other expenses		**1,339**	**1,279**	**5,222**
Pre-tax profit		2,104	2,144	8,980
Provision for taxes on profit		764	835	3,326
After-tax profit		**1,340**	**1,309**	**5,654**
Share in profit (loss) of associated companies, after tax		5	9	16
Net profit:				
Before attribution to non-controlling interests		1,345	1,318	5,670
Attributable to non-controlling interests		(55)	(46)	(215)
Attributable to shareholders of the Bank		**1,290**	**1,272**	**5,455**

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

Avraham Zeldman
Chairman of the Board of Directors

Moshe Lari
President & CEO

Menahem Aviv
Vice-president Chief Accountant

Approval date:
Ramat Gan, May 20, 2025

Condensed consolidated statements of profit and loss – Continued

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2025	2024	2024
		(Unaudited)	(Audited)
Earnings per share[1] (in NIS)			
Basic earnings			
Net profit attributable to shareholders of the Bank	4.98	4.93	21.12
Weighted average number of ordinary shares used to calculate basic earnings (thousands of shares)	259,071	258,169	258,306
Diluted earnings			
Net profit attributable to shareholders of the Bank	4.94	4.91	21.02
Weighted average number of ordinary shares used to calculate diluted earnings (thousands of shares)	261,210	259,318	259,551

(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 March 31		For the year ended December 31
		2025	2024	2024
		(Unaudited)		(Audited)
Net profit:				
Before attribution to non-controlling interests		1,345	1,318	5,670
Attributable to non-controlling interests		(55)	(46)	(215)
Net profit attributable to shareholders of the Bank		**1,290**	**1,272**	**5,455**
Other comprehensive income (loss) before taxes	4			
Adjustments for presentation of available-for-sale bonds at fair value, net		(12)	81	205
Adjustments from translation of financial statements of investments in associated companies[1]		-	-	-
Net gains from cash flow hedges		-	(1)	3
Adjustments of liabilities with respect to employee benefits[1]		63	5	109
Total other comprehensive income (loss), before tax		**51**	**85**	**317**
Related tax effect		(16)	(29)	(107)
Other comprehensive income (loss) after taxes[2]				
Other comprehensive income (loss), before attribution to non-controlling interests		35	56	210
Less other comprehensive income (loss) attributed to non-controlling interests		3	2	15
Other comprehensive income (loss) attributed to shareholders of the Bank, after taxes		**32**	**54**	**195**
Comprehensive income:				
Before attribution to non-controlling interests		1,380	1,374	5,880
Attributable to non-controlling interests		(58)	(48)	(230)
Comprehensive income attributable to shareholders of the Bank		**1,322**	**1,326**	**5,650**

(1) Primarily consists of the effect of changes in interest rates on the actuarial liability, as well as deduction of the capital reserve.
(2) 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 March 31		As of December 31
		2025	2024	2024
	Note		(Unaudited)	(Audited)
Assets				
Cash and deposits with banks		87,194	84,653	82,644
Securities(1)(2)	5	29,412	23,466	28,491
Securities borrowed or purchased in resale agreements		77	274	264
Loans to the public	6,13	368,463	334,585	362,094
Provision for credit losses	6,13	(4,079)	(4,098)	(4,113)
Loans to the public, net	6,13	364,384	330,487	357,981
Loans to Governments		314	442	318
Investments in associated companies		269	259	263
Buildings and equipment		1,879	1,575	1,852
Intangible assets and goodwill		110	140	117
Assets with respect to derivatives	11	5,723	4,828	5,526
Other assets		8,667	4,559	8,187
Total assets		**498,029**	**450,683**	**485,643**
Liabilities and Equity				
Deposits from the public	7	399,275	365,371	393,383
Deposits from banks		1,902	3,603	2,599
Deposits from the Government		26	86	49
Bonds and subordinated notes		41,890	35,776	36,916
Liabilities with respect to derivatives	11	4,975	3,616	5,123
Other liabilities (3)		16,392	12,363	14,844
Total liabilities		**464,460**	**420,815**	**452,914**
Shareholders' equity attributable to shareholders of the Bank		32,094	28,578	31,292
Non-controlling interests		1,475	1,290	1,437
Total equity		**33,569**	**29,868**	**32,729**
Total liabilities and equity		**498,029**	**450,683**	**485,643**

(1) Of which: NIS 25,194 million at fair value on consolidated basis (on March 31, 2024: NIS 19,588 million; on December 31, 2024: NIS 24,285 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 251 million (on March 31, 2024: NIS 212 million, on December 31, 2024: NIS 245 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 March 31, 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	-	-	-	-	1,290	1,290	55	1,345
Dividends paid(4)	-	-	-	-	(522)	(522)	-	(522)
Benefit from share-based payment transactions	-	2	2	-	-	2	-	2
Realization of share-based payment transactions	30	(30)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(20)	(20)
Other comprehensive income (loss), net, after tax	-	-	-	32	-	32	3	35
Balance as of March 31, 2025	**3,601**	**126**	**3,727**	**(183)**	**28,550**	**32,094**	**1,475**	**33,569**
	For the three months ended March 31, 2024 (Unaudited)							
Balance as of December 31, 2023	3,556	119	3,675	(410)	24,196	27,461	1,242	28,703
Net profit for the period	-	-	-	-	1,272	1,272	46	1,318
Dividends paid	-	-	-	-	(209)	(209)	-	(209)
Realization of share-based payment transactions	2	(2)	-	-	-	-	-	-
Other comprehensive income (loss), net, after tax	-	-	-	54	-	54	2	56
Balance as of March 31, 2024	**3,558**	**117**	**3,675**	**(356)**	**25,259**	**28,578**	**1,290**	**29,868**
	For the year ended December 31, 2024 (audited)							
Balance as of December 31, 2023	3,556	119	3,675	(410)	24,196	27,461	1,242	28,703
Net profit for the period	-	-	-	-	5,455	5,455	215	5,670
Dividends paid	-	-	-	-	(1,869)	(1,869)	-	(1,869)
Benefit from share-based payment transactions	-	50	50	-	-	50	-	50
Realization of share-based payment transactions	15	(15)	-	-	-	-	-	-
Dividends attributable to non-controlling interests in subsidiary	-	-	-	-	-	-	(35)	(35)
Other comprehensive income (loss), net, after tax	-	-	-	195	-	195	15	210
Balance as of December 31, 2024	**3,571**	**154**	**3,725**	**(215)**	**27,782**	**31,292**	**1,437**	**32,729**

(1) Share premium generated prior to March 31, 1986.

(2) For more information see Note 4 – Cumulative other comprehensive income.

(3) nformation regarding various restrictions on dividend distribution and dividends paid, see Note 24 to the 2024 financial statements.
On March 13, 2025, a NIS 522 million dividend was paid in accordance with the resolution of the Bank's Board of Directors. On March 28, 2024 a NIS 209 million dividend was paid in accordance with the resolution of the Bank's Board of Directors..

(4) For information regarding share-based transactions, see Note 17.

- On May 20, 2025, the Bank's Board of Directors decided – in accordance with the Bank's dividend distribution policy - to distribute a NIS 516 million dividend, which constitutes 40% of the profits of the first quarter of 2025. In accordance with accounting principles, this amount will be deducted from the retained earning balance in the second quarter of 2025.

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 March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Cash Flows from Current Activity			
Net profit before attribution to non-controlling interests	1,345	1,318	5,670
Adjustments			
Share of banking corporation in undistributed earnings of associated companies	(5)	(9)	(16)
Depreciation of buildings and equipment (including impairment)	70	70	285
Expenses due to credit losses	103	175	519
Loss (gain) from sale of securities available for sale and shares not held for trading	(5)	15	25
Realized and unrealized loss (gain) from adjustment to fair value of securities held for trading	(2)	(23)	(43)
Realized and unrealized loss (gain) from adjustments to fair value of shares not held for trading	4	(16)	(74)
Impairment of securities held for sale and shares not held for trading	(28)	-	6
Expenses arising from share-based payment transactions	2	-	50
Deferred taxes, net	7	(39)	15
Change in employees' provisions and liabilities	(2)	(15)	64
Adjustments with respect to exchange rate differentials	(158)	(120)	(24)
Accrual differences included with investment and financing operations	(1,361)	42	9,669
Net change in current assets			
Assets with respect to derivatives	(197)	1,453	759
Securities held for trading	1,186	537	531
Other assets, net	(489)	(85)	(3,790)
Net change in current liabilities			
Liabilities with respect to derivatives	(148)	(3,751)	(2,244)
Other liabilities	1,606	507	2,978
Net cash provided by current operations	1,928	**59**	**14,380**

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 March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Cash flows from investment activities			
Net change in deposits with banks	(410)	379	37
Net change in loans to the public	(5,939)	(3,616)	(26,888)
Net change in loans to Governments	4	38	162
Net change in securities loaned or acquired in resale agreements	187	(168)	(158)
Acquisition of bonds held to maturity	(5)	(134)	(291)
Proceeds from redemption of bonds held to maturity	2	156	151
Purchase of securities available for sale and shares not held for trading	(3,943)	(4,789)	(23,217)
Proceeds from sale of securities available for sale and shares not held for trading	2,288	1,478	6,527
Proceeds from redemption of securities available for sale	2,276	2,048	3,095
Proceeds from sale of loan portfolios	-	62	125
Purchase of loan portfolios – public	(329)	(1,074)	(2,300)
Acquisition of buildings and equipment	(97)	(114)	(606)
Purchase of shares in associated companies	(2)	(10)	(12)
Proceeds from realized investment in associated companies	1	2	22
Net cash provided by investment activities	**(5,967)**	**(5,742)**	**(43,353)**
Cash flows provided by financing operations			
Net change in deposits from the public	4,294	6,626	29,943
Net change in deposits from banks	(697)	(968)	(1,972)
Net change in deposits from Government	(23)	15	(22)
Issuance of bonds and subordinated notes	5,176	-	8,111
Redemption of bonds and subordinated notes	(187)	(1,419)	(9,076)
Dividends paid to shareholders	(522)	(209)	(1,869)
Dividends paid to external shareholders in subsidiaries	(20)	-	(35)
Net cash provided by financing operations	**8,021**	**4,045**	**25,080**
Increase (decrease) in cash	3,982	(1,638)	(3,893)
Cash balance at beginning of the period	82,088	85,957	85,957
Effect of changes in exchange rate on cash balances	158	120	24
Cash balance at end of the period	**86,228**	**84,439**	**82,088**
Interest and taxes paid / received			
Interest received	6,094	5,904	23,704
Interest paid	3,105	2,696	13,605
Dividends received	7	20	38
Income taxes received	323	15	205
Income taxes paid	855	806	3,715
Appendix A – Non-cash Transactions			
Acquisition of buildings and equipment	-	-	-

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

Note 1 – Reporting Principles and Accounting Policies

A. General

On May 20, 2025, the Bank's Board of Directors authorized publication of the condensed financial statements as of March 31, 2025.

The Concise Financial Statements have been prepared in accordance with the directives and guidelines of the Supervisor of Banks. These directives largely adopt the accounting rules accepted at banks in the united States (US GAAP). These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2024.

In accordance with directives of the Supervisor of Banks, 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.

The revision will not affect the Bank's capital ratios as of the effective date.

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

As from reporting periods starting on January 1, 2025, the Bank applies the following new accounting standards and directives:

1. Regulation revision ASU 2024-01 on the applicability of Topic 718 on awards of rights to profits and similar bonuses.

Note 1 – Reporting Principles and Accounting Policies – continued

Below is a description of the essence of changes applied to accounting policies in these condensed consolidated interim financial statements, and description of the initial implementation and any impact thereof:

1. Regulation revision ASU 2024-01 on the applicability of Topic 718 on awards of rights to profits and similar bonuses.

On March 21, 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-01 on the incidence of Subject 718 on the codification of profit interest awards and similar bonuses granted to employees and to non-working parties (hereinafter: "the Update").

This revision clarifies the accounting treatment that should be applied to profit interest awards - renumeration, which confers upon employees or partners the right to participate in the organization's future profits, but not in rights to the Company's existing assets. The revision does not change the existing recognition and measurement rules; rather, it adds clear examples that are designed to assist entities in deciding whether such renumeration falls within the scope of Topic 718 of the codification, and implement them if the conditions listed in the standard are met.

The provisions of the revision shall be applied prospectively as from annual and interim periods starting after December 15, 2024.

Application of these directives had no material impact on the financial statements.

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 2023-09 regarding improvement to disclosure requirements concerning taxes on income	On December 14, 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09 regarding improvement to disclosure requirements concerning taxes on income (hereinafter: "the Update". The revisions included in this update add new improved disclosure requirements and eliminate certain disclosure requirements.	In conformity with directives of the Supervisor of Banks	No material impact is expected on the financial statements.
Revisions to standards ASU 2024-03 regarding Disaggregation of Income Statement Expenses	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"). The key requirements of the Update include, among other things: • To provide a disaggregated quantitative disclosure - in tabular format - of certain types of expenses, which are included in each relevant expense caption in the main reports, including employee compensation, depreciation of fixed asset items and amortization of intangible. • Qualitative description of amounts that were not separately disaggregated quantitatively.	In conformity with directives of the Supervisor of Banks	No material impact is expected on the financial statements.
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 update includes guidelines for calculating risk assets weighted for operating risks as well as guidelines pertaining to historical loss data.	As from January 1, 2026	No material impact is expected on the financial statements.

Note 2 – Interest revenues and expenses

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
a. Interest revenues[1]			
From loans to the public	5,174	4,768	21,523
From loans to Governments	4	6	22
from cash and deposits with central banks	784	852	3,334
From deposits with banks	10	6	55
Of securities borrowed or purchased in resale agreements	2	2	12
From bonds	222	122	852
Total interest revenues	**6,196**	**5,756**	**25,798**
b. Interest expenses			
On deposits from the public	3,076	2,822	12,304
On deposits from governments	1	1	2
On deposits from banks	22	23	82
On bonds and subordinated notes	285	205	1,528
On other liabilities	13	20	68
Total interest expenses	**3,397**	**3,071**	**13,984**
Total interest revenues, net	**2,799**	**2,685**	**11,814**
c. Net Effect of Hedging Financial Derivatives on Interest Revenues	(52)	6	109
d. Details of interest revenues on accrual basis from bonds			
Held to maturity	27	23	116
Available for sale	188	89	723
Held for trading	7	10	13
Total included under interest revenues	**222**	**122**	**852**

(1) Including the effect of hedges.

Note 3 – Non-interest financing revenues

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2025	**2024**	**2024**
	(Unaudited)		**(Audited)**
a. Non-interest financing revenues (expenses) with respect to non-trading operations			
1. From activity in derivative instruments			
Net revenues (expenses) with respect to ALM derivative instruments[(1)]	637	569	91
Total from activity in derivative instruments	**637**	**569**	**91**
2. From investment in bonds			
Losses from sale of bonds available for sale	(5)	(17)	(64)
Provision for impairment of bonds available for sale	(8)	-	(1)
Total from investment in bonds	**(13)**	**(17)**	**(65)**
3. Exchange rate differences, net	**(586)**	**(293)**	**108**
4. Gains from investment in shares			
Gains from sale of shares not held for trading	10	2	39
Decrease (increase) in provision for impairment of non-negotiable shares	36	-	(5)
Dividends from shares not held for trading	7	20	38
Unrealized (losses) gains[(3)]	(4)	16	74
Total from investment in shares	**49**	**38**	**146**
Total non-interest financing revenues with respect to non-trading purposes	**87**	**297**	**280**
b. Non-interest financing revenues (expenses) with respect to trading operations[(2)]			
Net revenues (expenses) with respect to other derivative instruments	53	25	251
Realized and un-realized gains from adjustment to fair value of bonds held for trading, net	1	22	40
Realized and un-realized gains from adjustment to fair value of shares held for trading, net	1	1	3
Total from trading activity[(4)]	**55**	**48**	**294**
Details of non-interest financing revenues (expenses) with respect to trading operations, by risk exposure			
Interest exposure	22	13	168
Foreign currency exposure	34	35	116
Exposure to shares	(1)	-	10
Exposure to commodities and others	-	-	-
Total	**55**	**48**	**294**

(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[2]	Total	Other comprehensive income attributed to non-controlling interests	Other comprehensive income (loss) attributable to shareholders of the Bank
	For the three months ended March 31, 2025						
	(Unaudited)						
Balance as of December 31, 2024	(222)	(2)	5	(15)	(234)	(19)	(215)
Net change in the period	(7)	-	-	42	35	3	32
Balance as of March 31, 2025	**(229)**	**(2)**	**5**	**27**	**(199)**	**(16)**	**(183)**
	For the three months ended March 31, 2024						
	(Unaudited)						
Balance as of December 31, 2023	(356)	(2)	3	(89)	(444)	(34)	(410)
Net change in the period	55	-	(1)	2	56	2	54
Balance as of March 31, 2024	**(301)**	**(2)**	**2**	**(87)**	**(388)**	**(32)**	**(356)**
	For the year ended December 31, 2024						
	(Audited)						
Balance as of December 31, 2023	(356)	(2)	3	(89)	(444)	(34)	(410)
Net change in the period	134	-	2	74	210	15	195
Balance as of December 31, 2024	**(222)**	**(2)**	**5**	**(15)**	**(234)**	**(19)**	**(215)**

(1) Translation adjustments of financial statements of associated companies whose functional currency differs from the Bank's functional currency.
(2) Primarily consists of the effect of changes in interest rates on the actuarial liability, as well as deduction of the capital reserve.

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 March 31						For the year ended December 31		
	2025			2024			2024		
	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	(25)	9	(16)	64	(20)	44	140	(49)	91
Losses (gains) with respect to available-for-sale securities reclassified to the statement of profit and loss[(1)]	13	(4)	9	17	(6)	11	65	(22)	43
Net change in the period	**(12)**	**5**	**(7)**	**81**	**(26)**	**55**	**205**	**(71)**	**134**
Cash flows hedges									
Net gains (losses) with respect to cash flows hedging	-	-	-	(1)	-	(1)	3	(1)	2
Net change in the period	**-**	**-**	**-**	**(1)**	**-**	**(1)**	**3**	**(1)**	**2**
Employees' benefits									
Net actuarial gain (loss) for the period	58	(19)	[(2)]39	3	(2)	[(2)]1	84	(26)	[(2)]58
Net losses reclassified to the statement of profit and loss	5	(2)	3	2	(1)	1	25	(9)	16
Net change in the period	**63**	**(21)**	**42**	**5**	**(3)**	**2**	**109**	**(35)**	**74**
Total net change in the period	**51**	**(16)**	**35**	**85**	**(29)**	**56**	**317**	**(107)**	**210**
Total net change in the period attributable to non-controlling interests	**5**	**(2)**	**3**	**3**	**(1)**	**2**	**23**	**(8)**	**15**
Total net change in the period attributable to shareholders of the Bank	**46**	**(14)**	**32**	**82**	**(28)**	**54**	**294**	**(99)**	**195**

(1) Pre-tax amount included in the statement of profit and loss under "Non-interest financing revenues". For details, see Note 3.A.2.
(2) Primarily consists of the effect of changes in interest rates on the actuarial liability, as well as deduction of the capital reserve.

Note 5 – Securities

March 31, 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: Gains	Adjustments to fair value yet to be recognized: Losses	Fair value[(1)]
(1) Bonds held to maturity						
of Government of Israel	3,294	3,294	-	6	(102)	3,198
Of financial institutions in Israel	224	224	-	3	(11)	216
Of others in Israel	82	82	-	-	(2)	80
Total bonds held to maturity	**3,600**	**3,600**	**-**	**9**	**(115)**	**3,494**

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income[(4)]: Gains	Cumulative other comprehensive income[(4)]: Losses	Fair value[(1)]
(2) Bonds available for sale						
of Government of Israel	12,952	13,233	-	82	(363)	12,952
of foreign governments[(3)]	1,370	1,370	-	2	(2)	1,370
Of financial institutions in Israel	536	554	-	10	(28)	536
Of foreign financial institutions	91	94	-	-	(3)	91
Asset-backed (ABS)	60	60	-	-	-	60
Of others in Israel	1,051	1,076	(8)	12	(29)	1,051
Of others overseas	146	144	-	4	(2)	146
Total bonds available for sale	**16,206**	**16,531**	**(8)**	**110**	**(427)**	**16,206**

	Carrying amount	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)]
(3) Investment in shares not held for trading	**943**	**756**	**-**	**199**	**(12)**	**943**
Of which: Shares for which no fair value is available[(6)]	618	621	-	-	(3)	618
Total securities not held for trading	**20,749**	**20,887**	**(8)**	**318**	**(554)**	**20,643**

See footnotes below.

Note 5 – Securities – continued

March 31, 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]		Fair value[1]
				Gains	Losses	
(4) Bonds held for trading						
of Government of Israel	8,458	8,361	-	111	(14)	8,458
Of foreign governments	143	144	-	1	(2)	143
Of financial institutions in Israel	-	-	-	-	-	-
Of others in Israel	14	13	-	1	-	14
Of others overseas	27	28	-	-	(1)	27
Total bonds held for trading	**8,642**	**8,546**	**-**	**113**	**(17)**	**8,642**
Shares and other securities	21	16	-	8	(3)	21
Total securities held for trading[7]	**8,663**	**8,562**	**-**	**121**	**(20)**	**8,663**
Total securities[2]	**29,412**	**29,449**	**(8)**	**439**	**(574)**	**29,306**

(5) Additional information about bonds

Recorded debt balance of	
Problematic bonds accruing interest revenues	-
Problematic bonds not accruing interest revenues	14
	14

(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 846 million and securities provided as collateral to lenders, amounting to NIS 286 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 96 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 results of investments in bonds, see Notes 2D, 3A.2 and 3B to the financial statements. For more information about investments in shares – see Note 3A.4 to the financial statements.
- 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

March 31, 2024 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized: Gains	Adjustments to fair value yet to be recognized: Losses	Fair value[(1)]
(1) Bonds held to maturity						
of Government of Israel	3,039	3,039	-	-	(130)	2,909
Of financial institutions in Israel	309	309	-	-	(13)	296
Of others in Israel	106	106	-	3	(2)	107
Total bonds held to maturity	**3,454**	**3,454**	**-**	**3**	**(145)**	**3,312**

	Carrying amount	Amortized cost	Balance of provision for credit losses	Cumulative other comprehensive income[(4)]: Gains	Cumulative other comprehensive income[(4)]: Losses	Fair value[(1)]
(2) Bonds available for sale						
of Government of Israel	9,834	10,204	-	125	(495)	9,834
of foreign governments[(3)]	323	327	-	-	(4)	323
Of financial institutions in Israel	547	575	-	7	(35)	547
Of foreign financial institutions	181	186	-	2	(7)	181
Asset-backed (ABS)	57	59	-	-	(2)	57
Of others in Israel	1,045	1,075	(8)	17	(39)	1,045
Of others overseas	188	186	-	5	(3)	188
Total bonds available for sale	**12,175**	**12,612**	**(8)**	**156**	**(585)**	**12,175**

	Carrying amount	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)]
(3) Investment in shares not held for trading	**663**	**612**	**-**	**63**	**(12)**	**663**
Of which: Shares for which no fair value is available[(6)]	424	410	-	14	-	424
Total securities not held for trading	**16,292**	**16,678**	**(8)**	**222**	**(742)**	**16,150**

See footnotes below.

Note 5 – Securities – continued

March 31, 2024 (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	Losses	Fair value[1]
(4) Bonds held for trading						
of Government of Israel	6,808	6,874	-	4	(70)	6,808
Of foreign governments	297	298	-	1	(2)	297
Of financial institutions in Israel	3	3	-	-	-	3
Of others in Israel	24	22	-	2	-	24
Of others overseas	26	26	-	-	-	26
Total bonds held for trading	**7,158**	**7,223**	**-**	**7**	**(72)**	**7,158**
Shares and other securities	16	14	-	4	(2)	16
Total securities held for trading	**7,174**	**7,237**	**-**	**11**	**(74)**	**7,174**
Total securities[2]	**23,466**	**23,915**	**(8)**	**233**	**(816)**	**23,324**

(5) Additional information about bonds	
Recorded debt balance of	
Problematic bonds accruing interest revenues	-
Problematic bonds not accruing interest revenues	19
	19

(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 432 million and securities provided as collateral to lenders, amounting to NIS 51 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 results of investments in bonds, see Notes 2D, 3A.2 and 3B to the financial statements. For more information about investments in shares – see Note 3A.4 to the financial statements.
- 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, 2024 (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	3,287	3,287	-	6	(109)	3,184
Of financial institutions in Israel	253	253	-	-	(11)	242
Of others in Israel	84	84	-	3	(2)	85
Total bonds held to maturity	**3,624**	**3,624**	**-**	**9**	**(122)**	**3,511**

	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	11,901	12,168	-	91	(358)	11,901
of foreign governments[3]	1,811	1,813	-	-	(2)	1,811
Of financial institutions in Israel	545	565	-	9	(29)	545
Of foreign financial institutions	138	141	-	1	(4)	138
Asset-backed (ABS)	56	57	-	-	(1)	56
Of others in Israel	1,100	1,122	(8)	16	(30)	1,100
Of others overseas	170	168	-	4	(2)	170
Total bonds available for sale	**15,721**	**16,034**	**(8)**	**121**	**(426)**	**15,721**

	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	**878**	**710**	**-**	**177**	**(9)**	**878**
Of which: Shares for which no fair value is available[6]	582	568	-	14	-	582
Total securities not held for trading	**20,223**	**20,368**	**(8)**	**307**	**(557)**	**20,110**

See footnotes below.

Note 5 – Securities – continued

As of December 31, 2024 (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	8,057	7,813	-	257	(13)	8,057
Of foreign governments	150	156	-	-	(6)	150
Of financial institutions in Israel	1	1	-	-	-	1
Of others in Israel	16	14	-	2	-	16
Of others overseas	24	24	-	-	-	24
Total bonds held for trading	**8,248**	**8,008**	**-**	**259**	**(19)**	**8,248**
Shares and other securities	20	16	-	7	(3)	20
Total securities held for trading	**8,268**	**8,024**	**-**	**266**	**(22)**	**8,268**
Total securities[2]	**28,491**	**28,392**	**(8)**	**573**	**(579)**	**28,378**

(5) Additional information about bonds	
Recorded debt balance of	
Problematic bonds accruing interest revenues	-
Problematic bonds not accruing interest revenues	8
	8

(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 935 million and securities provided as collateral to lenders, amounting to NIS 52 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 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				
	Fair value[1]	Unrealized losses 0%-20%	Unrealized losses 20%-40%	Total	Fair value[1]	Unrealized losses 0%-20%	Unrealized losses 20%-40%	Unrealized losses Over 40%	Total
	As of March 31, 2025 (unaudited)								
Bonds available for sale									
of Government of Israel	2,031	38	-	38	2,383	244	53	28	325
of foreign governments[2]	332	-	-	-	54	2	-	-	2
Of financial institutions in Israel	-	-	-	-	331	28	-	-	28
Of foreign financial institutions	-	-	-	-	58	3	-	-	3
Asset-backed (ABS)	-	-	-	-	-	-	-	-	-
Of others in Israel	150	13	-	13	418	16	-	-	16
Of others overseas	-	-	-	-	61	2	-	-	2
Total bonds available for sale	**2,513**	**51**	**-**	**51**	**3,305**	**295**	**53**	**28**	**376**
	As of March 31, 2024 (unaudited)								
Bonds available for sale									
of Government of Israel	3,436	34	-	34	4,142	296	137	28	461
of foreign governments[2]	272	-	-	-	51	4	-	-	4
Of financial institutions in Israel	69	1	-	1	349	34	-	-	34
Of foreign financial institutions	1	1	-	1	92	6	-	-	6
Asset-backed (ABS)	-	-	-	-	56	2	-	-	2
Of others in Israel	96	16	-	16	524	21	2	-	23
Of others overseas	11	-	-	-	103	3	-	-	3
Total bonds available for sale	**3,885**	**52**	**-**	**52**	**5,317**	**366**	**139**	**28**	**533**
	As of December 31, 2024 (audited)								
Bonds available for sale									
of Government of Israel	5,413	31	-	31	1,658	249	52	26	327
Of foreign governments[2]	-	-	-	-	52	2	-	-	2
Of financial institutions in Israel	18	1	-	1	317	28	-	-	28
Of foreign financial institutions	24	-	-	-	73	4	-	-	4
Asset-backed (ABS)	-	-	-	-	56	1	-	-	1
Of others in Israel	32	13	-	13	486	17	-	-	17
Of others overseas	3	-	-	-	73	2	-	-	2
Total bonds available for sale	**5,490**	**45**	**-**	**45**	**2,715**	**303**	**52**	**26**	**381**

(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 March 31, 2025 (unaudited)
Asset-backed bonds (ABS)	60	60	-	-	60
Total asset-backed bonds available for sale	**60**	**60**	**-**	**-**	**60**
					As of March 31, 2024 (unaudited)
Asset-backed bonds (ABS)	57	59	-	(2)	57
Total asset-backed bonds available for sale	**57**	**59**	**-**	**(2)**	**57**
					As of December 31, 2024 (audited)
Asset-backed bonds (ABS)	56	57	-	(1)	56
Total asset-backed bonds available for sale	**56**	**57**	**-**	**(1)**	**56**

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

	March 31, 2025 (unaudited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
Recorded debt balance:						
reviewed on individual basis	98,220	-	14	98,234	43,083	141,317
reviewed on group basis	14,337	228,573	27,319	270,229	-	270,229
Total debts	**112,557**	**(2)228,573**	**27,333**	**368,463**	**43,083**	**411,546**
Of which:						
Non-accruing debts	1,757	2,140	79	3,976	1	3,977
Debts in arrears 90 days or longer	87	-	53	140	-	140
Other problematic debts	1,145	-	139	1,284	-	1,284
Total problematic debts	**2,989**	**2,140**	**271**	**5,400**	**1**	**5,401**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,686	-	1	1,687	12	1,699
reviewed on group basis	566	1,142	684	2,392	-	2,392
Total provision for credit losses	**2,252**	**1,142**	**685**	**4,079**	**12**	**4,091**
Of which: With respect to non-accruing debts	**407**	**107**	**45**	**559**	**1**	**560**
Of which: With respect to other problematic debts	**199**	**-**	**82**	**281**	**-**	**281**

	March 31, 2024 (unaudited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
Recorded debt balance:						
reviewed on individual basis	84,699	-	28	84,727	36,495	121,222
reviewed on group basis	13,537	209,387	26,934	249,858	-	249,858
Total debts	**98,236**	**(2)209,387**	**26,962**	**334,585**	**36,495**	**371,080**
Of which:						
Non-accruing debts	1,417	2,117	81	3,615	1	3,616
Debts in arrears 90 days or longer	57	-	55	112	-	112
Other problematic debts	2,194	-	134	2,328	-	2,328
Total problematic debts	**3,668**	**2,117**	**270**	**6,055**	**1**	**6,056**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,712	-	2	1,714	11	1,725
reviewed on group basis	557	1,150	677	2,384	-	2,384
Total provision for credit losses	**2,269**	**1,150**	**679**	**4,098**	**11**	**4,109**
Of which: With respect to non-accruing debts	**325**	**105**	**59**	**489**	**1**	**490**
Of which: With respect to other problematic debts	**448**	**-**	**81**	**529**	**-**	**529**

(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 15,126 million (as of March 31, 2024 – NIS 13,853 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, 2024 (audited)					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
Recorded debt balance:						
reviewed on individual basis	95,331	-	25	95,356	43,606	138,962
reviewed on group basis	13,950	225,364	27,424	266,738	-	266,738
Total debts	**109,281**	[(2)]**225,364**	**27,449**	**362,094**	**43,606**	**405,700**
Of which:						
Non-accruing debts	2,019	2,141	83	4,243	1	4,244
Debts in arrears 90 days or longer	82	-	63	145	-	145
Other problematic debts	1,257	-	126	1,383	-	1,383
Total problematic debts	**3,358**	**2,141**	**272**	**5,771**	**1**	**5,772**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,718	-	2	1,720	12	1,732
reviewed on group basis	541	1,180	672	2,393	-	2,393
Total provision for credit losses	**2,259**	**1,180**	**674**	**4,113**	**12**	**4,125**
Of which: With respect to non-accruing debts	**403**	**107**	**48**	**558**	**1**	**559**
Of which: With respect to other problematic debts	**215**	**-**	**79**	**294**	**-**	**294**

(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 14,905 million.

B. Change in balance of provision for credit losses

	Provision for credit losses					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
	For the three months ended March 31, 2025 (Unaudited)					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses due to credit losses	83	(34)	54	103	-	103
Accounting write-offs[1]	(126)	-	(86)	(212)	-	(212)
Collection of debts written off for accounting purposes in previous years[1]	38	-	43	81	-	81
Net accounting write-offs	(88)	-	(43)	(131)	-	(131)
Balance of provision for credit losses at end of period	**2,443**	**1,179**	**708**	**4,330**	**12**	**4,342**
Of which: With respect to off balance sheet credit instruments	**191**	**37**	**23**	**251**	**-**	**251**
	For the three months ended March 31, 2024 (Unaudited)					
Balance of provision for credit losses at start of period	2,419	1,149	702	4,270	11	4,281
Expenses due to credit losses	109	22	44	175	-	175
Accounting write-offs[1]	(120)	-	(78)	(198)	-	(198)
Collection of debts written off for accounting purposes in previous years[1]	29	-	34	63	-	63
Net accounting write-offs	(91)	-	(44)	(135)	-	(135)
Balance of provision for credit losses at end of period	**2,437**	**1,171**	**702**	**4,310**	**11**	**4,321**
Of which: With respect to off balance sheet credit instruments	**168**	**21**	**23**	**212**	**-**	**212**

Note 7 – Deposits from the Public

Reported amounts (NIS in millions):

a. Deposit types by location solicited and depositor type

	March 31		December 31
	2025	2024	2024
		(Unaudited)	(Audited)
In Israel			
On-call			
Non-interest-bearing	75,328	76,509	80,956
Interest-bearing	34,101	33,303	37,375
Total on-call	**109,429**	**109,812**	**118,331**
Term deposits	273,694	244,064	258,026
Total deposits in Israel[(1)]	**383,123**	**353,876**	**376,357**
Outside of Israel			
On-call			
Non-interest-bearing	380	470	440
Interest-bearing	517	171	673
Total on-call	**897**	**641**	**1,113**
Term deposits	15,255	10,854	15,913
Total deposits overseas	**16,152**	**11,495**	**17,026**
Total deposits from the public	**399,275**	**365,371**	**393,383**
(1) Includes:			
Deposits from individuals	**165,502**	**161,826**	**164,434**
Deposits from institutional investors	**98,156**	**80,250**	**94,923**
Deposits from corporations and others	**119,465**	**111,800**	**117,000**

b. Deposits from the public by size

	March 31		December 31
	2025	2024	2024
		(Unaudited)	(Audited)
Maximum deposit (NIS in millions)			
Up to 1	108,527	107,811	108,574
Over 1 to 10	95,143	93,544	95,547
Over 10 to 100	43,384	43,542	45,023
Over 100 to 500	33,515	33,623	36,198
Above 500	118,706	86,851	108,041
Total	**399,275**	**365,371**	**393,383**

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 2024 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 2024 financial statements.

3. 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 March 31		For the year ended December 31
	2025	**2024**	**2024**
		(Unaudited)	**(Audited)**
Under payroll and associated expenses			
Cost of service[(1)]	19	17	68
Under other expenses			
Cost of interest[(2)]	28	27	113
Expected return on plan assets[(3)]	(7)	(6)	(26)
Deduction of non-allowed amounts:			
Net actuarial loss[(4)]	5	2	25
Total under other expenses	26	23	112
Total benefit cost, net	**45**	**40**	**180**
Total expense with respect to defined-contribution pension	56	53	217
Total expenses recognized in profit and loss	**101**	**93**	**397**

	Forecast	Actual deposits		
	For[(5)]	For the three months ended March 31		For the year ended December 31
	2025	**2025**	**2024**	**2024**
			(Unaudited)	**(Audited)**
Deposits	5	2	2	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 2025.

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 "Measurement and Capital Adequacy"

	As of March 31		As of December 31
	2025	**2024**	**2024**
		(Unaudited)	**(Audited)**
1. Consolidated data			
a. Capital for purpose of calculating the capital ratio			
Tier I equity[(1)]	32,629	29,422	31,963
Tier I capital[(1)]	32,629	29,422	31,963
Tier II capital	9,226	8,429	9,097
Total capital	**41,855**	**37,851**	**41,060**
b. Weighted risk asset balances			
Credit risk	288,419	254,513	282,287
Market risks	2,278	1,713	1,675
Operational Risk	23,886	21,385	23,402
Total weighted risk asset balances	**314,583**	**277,611**	**307,364**
c. Ratio of capital to risk components			
			In %
Ratio of Tier I equity to risk components	10.37	10.60	10.40
Ratio of Tier I capital to risk components	10.37	10.60	10.40
Ratio of total capital to risk components	13.30	13.63	13.36
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	13.45	12.16	12.87
Ratio of Tier I capital to risk components	13.45	12.16	12.87
Ratio of total capital to risk components	15.67	14.40	15.03
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	12.63

(1) These data include supervisory adjustments with respect to the following: Streamlining programs, charged equally over 5 years as from the start date thereof, effect of initial application of accounting principles with regard to expected credit losses and with respect to initial application of the Bank of Israel circular regarding weighting of loans subject to increased risk for purchase of land. For more information see section A.3 and A.4.

(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 "Measurement and Capital Adequacy" – continued

	As of March 31		As of December 31
	2025	2024	2024
	(Unaudited)		(Audited)
3. Capital components for calculating the capital ratio (on consolidated data)			
a. Tier I equity			
Shareholders' equity	33,569	29,868	32,729
Differences between shareholders' equity and Tier I equity	(877)	(712)	(847)
Tier I equity before regulatory adjustments and deductions	**32,692**	**29,156**	**31,882**
Supervisory adjustments and deductions:			
Goodwill and intangible assets	(102)	(122)	(107)
Supervisory adjustments and other deductions[1]	39	299	99
Total supervisory adjustments and deductions, before adjustments with respect to the streamlining plan before adjustments for expected credit losses – Tier I equity	**(63)**	**177**	**(8)**
Total adjustments for expected credit losses	-	89	89
Total Tier I equity after supervisory adjustments and deductions	**32,629**	**29,422**	**31,963**
b. Tier II capital			
Tier II capital: Instruments, before deductions	5,620	5,248	5,568
Tier II capital: Provisions, before deductions	3,606	3,250	3,598
Total Tier II capital, before deductions	**9,226**	**8,498**	**9,166**
Deductions:			
Deductions – Total adjustments for expected credit losses	-	(69)	(69)
Total Tier II capital	9,226	8,429	9,097
Total capital	**41,855**	**37,851**	**41,060**

4. Impact of adjustments due to expected credit losses on ratio of Tier I capital:

	As of March 31		As of December 31
	2025	2024	2024
			In %
Ratio of capital to risk components			
Ratio of Tier I equity to risk components, before effect of adjustments	10.37	10.56	10.37
Effect of adjustments for expected credit losses	-	0.04	0.03
Ratio of Tier I equity to risk components	10.37	10.60	10.40

(1) Includes deferred credit balance from acquisition of Union Bank.

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

B. Leverage ratio

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

	As of March 31		As of December 31
	2025	**2024**	**2024**
	(Unaudited)		(Audited)
1. Consolidated data			
Tier I capital[1]	32,629	29,422	31,963
Total exposure	540,851	491,302	529,598
	In %		
Leverage ratio	6.03	5.99	6.04
Minimum leverage ratio required by the Supervisor of Banks[2]	4.50	4.50	4.50
2. Significant subsidiaries			
Bank Yahav for Government Employees Ltd. and its subsidiaries			
Leverage ratio	7.69	6.69	7.45
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

(1) This data includes adjustments with respect to streamlining plans and adjustments with respect to initial application of accounting principles for expected credit losses, see sections A.3 and A.4 above.

(2) Banking corporations are required to achieve the minimum leverage ratio required by the Supervisor of Banks as from January 1, 2018.

C. Liquidity coverage ratio

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

	As of March 31		As of December 31
	2025	**2024**	**2024**
	(Unaudited)		(Audited)
		In %	
1. Consolidated data			
Liquidity coverage ratio[1]	139	139	135
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100
2. Bank data			
Liquidity coverage ratio[1]	140	140	136
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]	428	518	448
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, if specified.

	As of March 31		As of December 31
	2025	2024	2024
	(Unaudited)		(Audited)
			In %
(1) On consolidated data			
Net stable funding ratio	113	114	113
The minimum net stable funding ratio required by the Supervisor of Banks	100	100	100
(2) Significant subsidiaries			
Bank Yahav			
Net stable funding ratio	177	175	172
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

Net stable funding ratio on consolidated basis as of March 31, 2025 was 113%. 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. Effect of application of accounting principles with regard to expected credit losses on supervisory capital

As from January 1, 2022, the Bank applies the new directives with regard to expected credit losses (CECL) and charges the cumulative effect to retained earnings upon initial application. According to the Supervisor of Banks' circular, if, due to initial application of these rules, the banking corporation's Tier I equity should decrease, then the banking corporation may partially include in Tier I equity (i.e. add back to Tier I equity) the decrease in Tier I equity recorded upon initial application, over three years (hereinafter: "transition period").

The effect of this relief on the Tier I capital ratio was 0.03% as of March 31, 2025.

For more information about the effect of initial application, see Note 1 to the 2022 financial statements.

h. 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 used a single S&P rating; as from the first quarter of 2022, the Bank started using 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.

In April 2024, rating agency S&P lowered the long-term credit rating of the State of Israeli from AA- to A+. The effect of the rating downgrade is included in the capital ratios as of March 31, 2025.

In October 2024, the rating agency S&P announced a further rating downgrade from to A+ to A, with no impact on the Bank’s capital ratios.

On May 9, 2025, the credit rating agency S&P affirmed Israel’s long-term rating at A with a negative outlook.

i. Issue of subordinated notes with loss-absorption provisions

In June 2024, Tefahot Issuance made a public offering by way of expansion of Series 52 (Bonds) and Series 4 (Commercial Papers) totaling approximately NIS 4.8 billion par value in consideration for approximately NIS 4.8 billion.

J. 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. Application of the directive is not expected to have a material impact on capital ratios in the Bank’s financial statements. For more information see Note 1 to the financial statements.

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

K. Leverage ratio

The Bank applies the rules of Proper Conduct of Banking Business Directive 218 regarding "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 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 cor
poration prior to the interim directive, whichever is lower.

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

M. For more information about directives and instructions by the Supervisor of Banks with regard to capital adequacy, see Note 25 to the 2024 Financial Statements.

Note 10 - Contingent Liabilities and Special Commitments

Reported amounts (NIS in millions)

A. Other liabilities and special commitments

	March 31		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Acquisition and renovation of buildings	45	101	30

Credit sales operations

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

	For the three months ended March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Unaudited)
Carrying amount of credit sold	-	62	125
Total consideration	-	62	125
Service obligation – expense with respect to operational services	-	-	-
Total net gain with respect to credit sold	-	-	-

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 2024 financial statements. Below is a description of material changes from the Note included in the 2024 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 2024 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.

   As recommended by the Court, the parties are in mediation proceeding. Concurrently, dates were set for the parties' oral summations.

   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.

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 started a 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.

Dates were set for the parties' summations, the latest of which was set for September 21, 2025.

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 October 13, 2024 a motion was filed to the Court on behalf of the applicant to order the filing of the Attorney General's position on this issue before a resolution is made regarding the motion for class action status. A resolution is still pending in connection with this motion.

f) In April 2022, the Bank received a claims and a motion for approval of class action status. of no stated amount, concerning double charging of commission, allegedly unlawfully, in an exchange transaction of two foreign currencies, and absence of proper disclosure about these charges in the conversion differences.

On December 2, 2022, a verdict was handed down, rejecting out of hand the motion for approval of class action status. On January 18, 2023, the plaintiff appealed this verdict to the Supreme Court. A hearing of the appeal by the Supreme Court is scheduled for June 16, 2025.

g) 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.

According to the Court's ruling, on January 28, 2025 the parties filed a notice and a motion regarding a procedural arrangement as to the next stages of the proceeding , following which the parties submitted various motions.

h) 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".

On March 19, 2025, a pre-trial hearing took place in which the Court recommended that the plaintiff withdraws the motion for class action motion. The plaintiff has not yet filed its position regarding this recommendation.

i) In March 2024 the Bank received a claim and a motion for approval of class action status, with no estimated sum, filed before the Haifa District Court, for alleged unlawful billing for exchange rate differences for foreign currency conversion actions, without anchoring the billing in the Bank's rate book and in agreements with customers and with no full 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.

Note 10 – Contingent Liabilities and Special Commitments – continued

On October 31, 2024 a verdict was handed down, under which the motion for approval of class action status was dismissed in limine, and the applicants 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. A hearing for the appeal was scheduled for November 26, 2025.

j) 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.

On December 29, 2024, the Supervisor of Banks submitted its position, whereby, among other things, the Supervisor of Banks clarified that it objects to any intervening in the prices of banking services; it is the Supervisor of Banks' position that requiring the banks to pay interest on credit balances in current accounts may be a misguided move. A pre-trial hearing is scheduled for July 15, 2025.

k) 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. A preliminary hearing of this case is scheduled for December 2, 2025.

l) 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.

The parties submitted their summations on March 17, 2025. The Bank is required to file its summations by June 19, 2025.

m) 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. The Bank filed its response to the amended motion on February 2, 2025. A pre-trial hearing is scheduled for November 3, 2025.

n) 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 September 8, 2024, the Bank filed its response to the class action certification motion, and the applicant filed its response to the Bank's response. On April 8, 2025, the Bank filed a motion to strike out the applicant's response, and a ruling has not yet been handed down.

Note 10 – Contingent Liabilities and Special Commitments – continued

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 64 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 June 2024, the Bank was served with a claim and a motion to approve a class action to the sum of NIS 700 million, filed before the Tel Aviv District Court. 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.
   The Bank filed its response to the motion on March 12, 2025. A pre-trial hearing is scheduled for May 20, 2025.

   b) In January 2025, Bank Yahav was served with a class action, alleging that the latter collects third-party commissions in respect of securities transactions without prior notice and without informing the customers, thereby allegedly breaching the law; in the opinion of Bank Yahav's legal advisors it is not yet possible to assess the chances of the class action.

   Bank Yahav's response to the class action certification motion has not yet been filed. A pre-trial hearing is scheduled for June 25, 2025.

Note 10 – Contingent Liabilities and Special Commitments – continued

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 March 31, 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	2,974	799	123	187	4,083
Guarantees to home buyers	11,934	5,932	442	73	18,381
Guarantees and other commitments	8,561	4,027	3,124	302	16,014
Commitments to issue guarantees	4,224	8,600	2,351	-	15,175
Total guarantees	**27,693**	**19,358**	**6,040**	**562**	**53,653**

	As of March 31, 2024 (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	2,955	599	97	117	3,768
Guarantees to home buyers	11,063	4,032	717	130	15,942
Guarantees and other commitments	6,885	3,989	2,313	359	13,546
Commitments to issue guarantees	3,873	6,026	2,378	-	12,277
Total guarantees	**24,776**	**14,646**	**5,505**	**606**	**45,533**

	As of December 31, 2024 (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	3,292	657	99	146	4,194
Guarantees to home buyers	12,778	5,616	202	75	18,671
Guarantees and other commitments	8,256	4,246	2,956	115	15,573
Commitments to issue guarantees	4,015	8,352	3,009	-	15,376
Total guarantees	**28,341**	**18,871**	**6,266**	**336**	**53,814**

Note 11 – Derivative instruments and hedging activities

Reported amounts (NIS in millions)

a) Activity on a consolidated basis

	March 31, 2025			March 31, 2024		
	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	-	2,550	2,550	-	2,900	2,900
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Swaps[1]	37,119	75,733	112,852	[7]37,001	[7]56,786	93,787
Total[2]	**37,119**	**78,283**	**115,402**	**37,001**	**59,686**	**96,687**
Of which: Hedging derivatives[3]	**9,822**	**-**	**9,822**	**4,483**	**-**	**4,483**
Currency contracts						
Forward[4] contracts and futures[6] contracts	74,566	181,479	256,045	38,882	164,186	203,068
Options written	-	10,584	10,584	-	11,448	11,448
Options purchased	-	11,017	11,017	-	11,630	11,630
Swaps	744	1,114	1,858	926	1,757	2,683
Total	**75,310**	**204,194**	**279,504**	**39,808**	**189,021**	**228,829**
Of which: Hedging derivatives[3]	**-**	**-**	**-**	**-**	**-**	**-**
Contracts for shares						
Forward contracts and futures contracts	-	32,356	32,356	-	41,784	41,784
Options written	174	8,288	8,462	107	5,174	5,281
Options purchased[5]	-	8,290	8,290	-	5,176	5,176
Swaps	-	954	954	-	661	661
Total	**174**	**49,888**	**50,062**	**107**	**52,795**	**52,902**
Commodities and other contracts						
Forward contracts and futures contracts	-	7	7	-	133	133
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Total	**-**	**7**	**7**	**-**	**133**	**133**
Credit contracts						
Bank is guarantor	-	-	-	-	-	-
Bank is beneficiary	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Total stated amount	**112,603**	**332,372**	**444,975**	**76,916**	**301,635**	**378,551**

(1) Includes swaps where the banking corporation pays a fixed interest rate amounting to NIS 67,913 million (as of March 31, 2024: NIS 56,869 million)
(2) Of which: NIS/CPI swaps amounting to NIS 4,662 million (as of March 31, 2024: NIS 5,953 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: NIS/CPI swaps amounting to NIS 17,660 million (as of March 31, 2024: NIS 4,670 million)
(5) Of which: Traded on the Stock Exchange, amounting to NIS 8,290 million (as of March 31, 2024: NIS 5,174 million)
(6) Including diversion between the trading portfolio and the banking portfolio, primarily due to proactive internal transactions as part of asset and liability management.
(7) Reclassified

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

a) Activity on a consolidated basis – continued

	December 31, 2024		
	Derivatives not held for trading	Derivatives held for trading	Total
1. Stated amounts of derivative instruments			
Interest contracts			
Forward contracts	-	5,200	5,200
Options written	-	-	-
Options purchased	-	-	-
Swaps(1)	38,119	63,107	101,226
Total(2)	**38,119**	**68,307**	**106,426**
Of which: Hedging derivatives(3)	**8,427**	**-**	**8,427**
Currency contracts			
Forward(4) contracts and futures(6) contracts	63,926	171,433	235,359
Options written	-	9,054	9,054
Options purchased	-	9,790	9,790
Swaps	729	1,219	1,948
Total	**64,655**	**191,496**	**256,151**
Of which: Hedging derivatives(3)	**-**	**-**	**-**
Contracts for shares			
Forward contracts and futures contracts	-	45,529	45,529
Options written	174	9,877	10,051
Options purchased(5)	-	9,879	9,879
Swaps	-	837	837
Total	**174**	**66,122**	**66,296**
Commodities and other contracts			
Forward contracts	-	15	15
Options written	-	-	-
Options purchased	-	-	-
Total	**-**	**15**	**15**
Credit contracts			
Bank is guarantor	-	-	-
Bank is beneficiary	-	-	-
Total	**-**	**-**	**-**
Total stated amount	**102,948**	**325,940**	**428,888**

(1) Of which: seeps where the banking corporation pays a fixed interest, amounting to NIS 59,603 million.
(2) Of which: NIS/CPI swaps amounting to NIS 4,908 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 7,893 million.
(5) Of which: Traded on the stock exchange, amounting to NIS 9,877 million.
(6) Including diversion between the trading portfolio and the banking portfolio, primarily due to proactive internal transactions as part of asset and liability management.

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

a) Activity on a consolidated basis – continued

	March 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	1,282	808	2,090	984	672	1,656
Of which: Hedging derivatives	322	-	322	126	-	126
Currency contracts[(1)]	198	3,030	3,228	23	2,892	2,915
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	9	422	431	-	404	404
Commodities and other contracts	-	-	-	-	-	-
Credit contracts	-	-	-	-	-	-
Total assets / liabilities with respect to derivatives, gross[(2)]	**1,489**	**4,260**	**5,749**	**1,007**	**3,968**	**4,975**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,489**	**4,260**	**5,749**	**1,007**	**3,968**	**4,975**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	28	1,041	1,069	7	653	660

	March 31, 2024					
	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	1,489	759	2,248	977	627	1,604
Of which: Hedging derivatives	340	-	340	43	-	43
Currency contracts[(1)]	271	2,007	2,278	8	1,702	1,710
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	4	311	315	-	297	297
Commodities and other contracts	-	5	5	-	5	5
Credit contracts	-	-	-	-	-	-
Total assets / liabilities with respect to derivatives, gross[(2)]	**1,764**	**3,082**	**4,846**	**985**	**2,631**	**3,616**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,764**	**3,082**	**4,846**	**985**	**2,631**	**3,616**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	29	835	864	7	700	707

(1) Including diversion between the trading portfolio and the banking portfolio, primarily due to proactive internal transactions as part of asset and liability management.

(2) Of which: Gross fair value of assets with respect to embedded derivatives amounting to NIS 26 million (as of March 31, 2024 - NIS 18 million);

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

a) Activity on consolidated basis – continued

	December 31, 2024					
	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	1,351	866	2,217	973	694	1,667
Of which: Hedging derivatives	357	-	357	75	-	75
Currency contracts[(1)]	291	2,134	2,425	44	2,527	2,571
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	10	899	909	-	885	885
Commodities and other contracts	-	-	-	-	-	-
Credit contracts	-	-	-	-	-	-
Total assets / liabilities with respect to derivatives, gross[(2)]	**1,652**	**3,899**	**5,551**	**1,017**	**4,106**	**5,123**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,652**	**3,899**	**5,551**	**1,017**	**4,106**	**5,123**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	38	1,237	1,275	9	1,250	1,259

(1) Including diversion between the trading portfolio and the banking portfolio, primarily due to proactive internal transactions as part of asset and liability management.

(2) Of which: Gross fair value of assets with respect to embedded derivatives amounting to NIS 25 million.

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

b) Accounting hedges

1. Fair value hedge[1]

	For the three months ended March 31		For the year ended December 31
	2025	2024	2024
	Interest revenues (expenses)		
Interest contracts			
Hedged items	70	(73)	(82)
Hedging derivatives	(71)	80	93

	Balance as of March 31				Balance as of December 31	
	2025		2024		2024	
	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	4,820	11	3,176	109	3,892	40
Mortgages credit	3,730	1	-	-	2,724	10

2. Cash flows hedges[2]

	For the three months ended March 31				For the year ended December 31	
	2025		2024		2024	
	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Comprehensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Compre-hensive Income (loss) from derivatives	Interest revenues (expenses)
Mortgages credit	-	5	(1)	2	2	(15)

(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

	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
							March 31, 2025
Carrying amount of assets with respect to derivative instruments	**59**	**2,606**	**277**	**4**	**2,217**	**586**	**5,749**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,354)	-	-	(1,695)	(146)	(1)(4,195)
Mitigation of credit risk with respect to cash collateral received	-	(213)	-	-	(419)	(33)	(665)
Net amount of assets with respect to derivative instruments	**59**	**39**	**277**	**4**	**103**	**407**	**889**
Net off-balance sheet credit risk with respect to derivative instruments(2)	80	347	1,194	10	2,270	397	4,298
Total credit risk on derivative instruments	**139**	**386**	**1,471**	**14**	**2,373**	**804**	**5,187**
Carrying amount of liabilities with respect to derivative instruments	**58**	**2,360**	**277**	**23**	**1,713**	**544**	**4,975**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,354)	-	-	(1,695)	(146)	(4,195)
Pledged cash collateral	-	(6)	-	-	(18)	-	(24)
Net amount of liabilities with respect to derivative instruments	**58**	**-**	**277**	**23**	**-**	**398**	**756**

	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
							March 31, 2024
Carrying amount of assets with respect to derivative instruments	**21**	**2,934**	**261**	**43**	**1,224**	**363**	**4,846**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(1,780)	-	-	(212)	(116)	(1) (2,108)
Mitigation of credit risk with respect to cash collateral received	-	(1,154)	-	(38)	(395)	-	(1,587)
Net amount of assets with respect to derivative instruments	**21**	**-**	**261**	**5**	**617**	**247**	**1,151**
Net off-balance sheet credit risk with respect to derivative instruments(2)	47	340	1,725	16	2,151	322	4,601
Total credit risk on derivative instruments	**68**	**340**	**1,986**	**21**	**2,768**	**569**	**5,752**
Carrying amount of liabilities with respect to derivative instruments	**17**	**1,961**	**261**	**5**	**988**	**384**	**3,616**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(1,780)	-	-	(212)	(116)	(2,108)
Pledged cash collateral	-	(129)	-	-	(303)	-	(432)
Net amount of liabilities with respect to derivative instruments	**17**	**52**	**261**	**5**	**473**	**268**	**1,076**

(1) This balance consists entirely of derivative instruments subject to offset agreements.

(2) 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.

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

	December 31, 2024						
	Stock exchanges	**Banks**	**Dealers/ Brokers**	**Governments and central banks**	**Institutional investors**	**Others**	**Total**
Carrying amount of assets with respect to derivative instruments	**33**	**3,051**	**773**	**19**	**1,198**	**477**	**5,551**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(1,802)	-	-	(1,064)	(159)	[(1)](3,025)
Mitigation of credit risk with respect to cash collateral received	-	(1,249)	-	(15)	(134)	(48)	(1,446)
Net amount of assets with respect to derivative instruments	**33**	**-**	**773**	**4**	**-**	**270**	**1,080**
Net off-balance sheet credit risk with respect to derivative instruments[(2)]	67	399	1,723	14	2,808	372	5,383
Total credit risk on derivative instruments	**100**	**399**	**2,496**	**18**	**2,808**	**642**	**6,463**
Carrying amount of liabilities with respect to derivative instruments	**33**	**1,809**	**773**	**-**	**1,939**	**569**	**5,123**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(1,802)	-	-	(1,064)	(159)	(3,025)
Pledged cash collateral	-	(7)	-	-	(218)	-	(225)
Net amount of liabilities with respect to derivative instruments	**33**	**-**	**773**	**-**	**657**	**410**	**1,873**

(1) This balance consists entirely of derivative instruments subject to offset agreements.

(2) 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.

In the first quarter of 2025, the Bank recognized expenses from increase in credit losses with respect to derivative instruments amounting to NIS 4 million (in the first quarter of 2024, the Bank recognized revenues from decrease in credit losses with respect to derivative instruments amounting to NIS 1 million; and in 2024, the Bank recognized revenues from decrease in credit losses amounting to NIS 9 million).

D) Maturity dates – stated amounts: Balances at end of period – Consolidated

	March 31, 2025				
	Up to three months	**3 months to 1 year**	**1-5 years**	**Over 5 years**	**Total**
Interest contracts:					
NIS – CPI	1,295	1,408	1,378	581	4,662
Other	9,182	32,970	47,888	20,700	110,740
Currency contracts	188,928	85,307	5,208	61	279,504
Contracts for shares	49,949	68	45	-	50,062
Commodities and other contracts	7	-	-	-	7
Total	**249,361**	**119,753**	**54,519**	**21,342**	**444,975**
	March 31, 2024				
Total	**211,341**	**110,184**	**38,784**	**18,242**	**378,551**
	December 31, 2024				
Total	**248,036**	**109,838**	**52,217**	**18,797**	**428,888**

Note 12 – Operating Segments

A. Information regarding supervisory operating segments

On November 3, 2014, the Supervisor of Banks issued an update to the Public Reporting Directives concerning supervisory operating segments. According to the directive, 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.

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 three months ended March 31, 2025 (Unaudited)
Reported amounts (NIS in millions)

	Operations in Israel					
	Households				Private banking	Small and micro businesses
	Residential mortgages	Others	Of which: Credit cards	Total		
Interest revenues from externals	2,771	493	15	3,264	-	714
Interest expenses from externals	5	752	-	757	267	388
Interest revenues, net from externals	2,766	(259)	15	2,507	(267)	326
Interest revenues, net – inter-segment	(2,082)	1,228	(4)	(854)	379	326
Total interest revenues, net	**684**	**969**	**11**	**1,653**	**112**	**652**
Total non-interest financing revenues	-	-	-	-	-	-
Total commissions and other revenues	39	174	47	213	13	148
Total non-interest revenues	**39**	**174**	**47**	**213**	**13**	**148**
Total revenues	**723**	**1,143**	**58**	**1,866**	**125**	**800**
Expenses due to credit losses	(34)	54	1	20	-	73
Operating and other expenses to externals	206	569	17	775	4	273
Operating and other expenses – inter-segment	-	1	-	1	1	2
Total operating and other expenses	**206**	**570**	**17**	**776**	**5**	**275**
Pre-tax profit	551	519	40	1,070	120	452
Provision for taxes on profit	200	188	15	388	44	164
After-tax profit	**351**	**331**	**25**	**682**	**76**	**288**
Share of banking corporation in earnings of associated companies	-	-	-	-	-	-
Net profit before attribution to non-controlling interests	351	331	25	682	76	288
Net profit attributed to non-controlling interests	-	(44)	(1)	(44)	-	(4)
Net profit attributable to shareholders of the banking corporation	**351**	**287**	**24**	**638**	**76**	**284**
Average balance of assets	227,468	28,151	3,899	255,619	132	39,629
Of which: Investments in associated companies	-	-	-	-	-	-
Average balance of loans to the public	227,468	28,151	3,899	255,619	132	39,629
Balance of loans to the public at end of reported period	[3]228,522	27,963	5,020	256,485	132	38,222
Balance of non-accruing debts and debts in arrears over 90 days	2,140	132	-	2,272	-	912
Balance of other problematic debts	-	139	5	139	-	553
Balance of provision for credit losses at end of reported period	1,142	684	-	1,826	1	1,387
Net accounting write-offs in the reported period	-	43	-	43	-	55
Average balance of liabilities	-	133,285	-	133,285	31,011	59,539
Of which: Average balance of deposits from the public	-	133,285	-	133,285	31,011	59,539
Balance of deposits from the public at end of reported period	-	133,502	-	133,502	32,000	58,575
Average balance of risk assets[1]	134,991	23,172	4,482	158,163	96	32,972
Balance of risk assets at end of reported period[1]	135,663	22,709	4,734	158,372	96	33,075
Average balance of assets under management[2]	8,981	44,834	-	53,815	43,075	66,103
Breakdown of interest revenues, net:						
Margin from credit granting operations	565	235	12	800	-	324
Margin from activities of receiving deposits	-	711	-	711	112	293
Other	119	23	(1)	142	-	35
Total interest revenues, net	**684**	**969**	**11**	**1,653**	**112**	**652**

(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 10,484.

					Operations overseas	Total
Medium businesses	Large businesses	Institutional investors	Financial management segment	Total activity in Israel	Total – operations overseas	
243	730	20	748	5,719	477	6,196
157	503	821	320	3,213	184	3,397
86	227	(801)	428	2,506	293	2,799
79	117	863	(794)	116	(116)	-
165	**344**	**62**	**(366)**	**2,622**	**177**	**2,799**
-	-	-	142	142	-	142
28	61	13	118	594	11	605
28	**61**	**13**	**260**	**736**	**11**	**747**
193	**405**	**75**	**(106)**	**3,358**	**188**	**3,546**
(4)	(10)	1	-	80	23	103
44	73	50	85	1,304	35	1,339
(1)	-	(3)	-	-	-	-
43	**73**	**47**	**85**	**1,304**	**35**	**1,339**
154	342	27	(191)	1,974	130	2,104
56	124	10	(69)	717	47	764
98	**218**	**17**	**(122)**	**1,257**	**83**	**1,340**
-	-	-	5	5	-	5
98	218	17	(117)	1,262	83	1,345
-	-	-	(7)	(55)	-	(55)
98	**218**	**17**	**(124)**	**1,207**	**83**	**1,290**
13,614	42,379	3,527	106,517	461,417	34,729	496,146
-	-	-	266	266	-	266
13,614	42,379	3,527	-	354,900	10,172	365,072
14,372	42,555	4,464	-	356,230	12,233	368,463
276	156	-	-	3,616	500	4,116
135	404	-	-	1,231	53	1,284
289	358	9	-	3,870	209	4,079
5	(7)	-	-	96	35	131
14,014	44,616	94,626	64,521	441,612	17,676	459,288
14,014	44,616	94,626	-	377,091	17,212	394,303
14,099	46,791	98,156	-	383,123	16,152	399,275
16,527	64,777	1,382	21,816	295,733	14,791	310,524
17,188	65,162	1,310	23,726	298,929	15,654	314,583
19,340	32,677	365,356	3,837	584,203	-	584,203
100	242	7	-	1,473	104	1,577
52	50	55	-	1,273	34	1,307
13	52	-	(366)	(124)	39	(85)
165	**344**	**62**	**(366)**	**2,622**	**177**	**2,799**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the three months ended March 31, 2024 (Unaudited)
Reported amounts (NIS in millions)

	Operations in Israel					
	Households				Private banking	Small and micro businesses
	Residential mortgages	Others	Of which: Credit cards	Total	-	
Interest revenues from externals	2,462	473	15	2,935	-	704
Interest expenses from externals	-	766	-	766	-	358
Interest revenues, net from externals	2,462	(293)	15	2,169	-	346
Interest revenues, net – inter-segment	(1,768)	1,193	(4)	(575)	-	289
Total interest revenues, net	**694**	**900**	**11**	**1,594**	-	**635**
Total non-interest financing revenues	-	-	-	-	-	-
Total commissions and other revenues	30	159	53	189	-	137
Total non-interest revenues	**30**	**159**	**53**	**189**	-	**137**
Total revenues	**724**	**1,059**	**64**	**1,783**	-	**772**
Expenses due to credit losses	22	44	2	66	-	77
Operating and other expenses to externals	202	559	17	761	4	249
Operating and other expenses – inter-segment	-	1	-	1	-	2
Total operating and other expenses	**202**	**560**	**17**	**762**	**4**	**251**
Pre-tax profit	500	455	45	955	109	444
Provision for taxes on profit	195	178	18	373	42	173
After-tax profit	**305**	**277**	**27**	**582**	**67**	**271**
Share of banking corporation in earnings of associated companies	-	-	-	-	-	-
Net profit before attribution to non-controlling interests	305	277	27	582	67	271
Net profit attributed to non-controlling interests	-	(38)	(1)	(38)	-	(4)
Net profit attributable to shareholders of the banking corporation	**305**	**239**	**26**	**544**	**67**	**267**
Average balance of assets	208,379	26,298	3,660	234,677	120	33,876
Of which: Investments in associated companies	-	-	-	-	-	-
Average balance of loans to the public	208,379	26,298	3,660	234,677	120	33,876
Balance of loans to the public at end of reported period	(3)209,299	27,541	4,721	236,840	110	34,902
Balance of non-accruing debts and debts in arrears over 90 days	2,115	136	-	2,251	-	836
Balance of other problematic debts	-	134	4	134	-	667
Balance of provision for credit losses at end of reported period	1,150	678	-	1,828	1	1,346
Net accounting write-offs in the reported period	-	44	-	44	-	34
Average balance of liabilities	-	131,225	-	131,225	29,901	57,671
Of which: Average balance of deposits from the public	-	131,225	-	131,225	29,901	57,671
Balance of deposits from the public at end of reported period	-	131,860	-	131,860	29,966	58,122
Average balance of risk assets(1)	124,002	22,693	4,119	146,695	65	31,967
Balance of risk assets at end of reported period(1)	124,819	22,887	4,075	147,706	96	31,873
Average balance of assets under management(2)	9,582	48,801	-	58,383	23,080	54,492
Breakdown of interest revenues, net:						
Margin from credit granting operations	589	243	11	832	1	314
Margin from activities of receiving deposits	-	646	-	646	99	294
Other	105	11	-	116	-	27
Total interest revenues, net	**694**	**900**	**11**	**1,594**	**100**	**635**

(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 12,058.

					Operations overseas	Total
Medium businesses	**Large businesses**	**Institutional investors**	**Financial management segment**	**Total activity in Israel**	**Total – operations overseas**	
242	647	32	659	5,220	536	5,756
133	395	773	235	2,923	148	3,071
109	252	(741)	424	2,297	388	2,685
51	62	798	(767)	220	(220)	-
160	**314**	**57**	**(343)**	**2,517**	**168**	**2,685**
-	-	-	345	345	-	345
25	72	13	113	562	6	568
25	**72**	**13**	**458**	**907**	**6**	**913**
185	**386**	**70**	**115**	**3,424**	**174**	**3,598**
13	(1)	3	-	158	17	175
41	66	44	83	1,248	31	1,279
-	-	(3)	-	-	-	-
41	**66**	**41**	**83**	**1,248**	**31**	**1,279**
131	321	26	32	2,018	126	2,144
51	125	10	12	786	49	835
80	**196**	**16**	**20**	**1,232**	**77**	**1,309**
-	-	-	9	9	-	9
80	196	16	29	1,241	77	1,318
-	-	-	(4)	(46)	-	(46)
80	**196**	**16**	**25**	**1,195**	**77**	**1,272**
12,531	36,316	2,049	98,664	418,233	32,877	451,110
-	-	-	250	250	-	250
12,531	36,316	2,049	-	319,569	9,195	328,764
12,829	36,142	4,286	-	325,109	9,476	334,585
191	226	-	-	3,504	223	3,727
400	968	-	-	2,169	159	2,328
283	496	9	-	3,963	135	4,098
47	1	-	-	126	9	135
14,481	36,653	69,876	66,295	406,102	12,520	418,622
14,481	36,653	69,876	-	339,807	11,480	351,287
14,420	39,258	80,250	-	353,876	11,495	365,371
14,817	52,681	790	18,213	265,228	11,297	276,525
15,199	52,363	827	18,148	266,212	11,399	277,611
14,806	26,317	405,995	2,940	586,013	-	586,013
90	215	11	-	1,463	108	1,571
58	54	45	-	1,196	25	1,221
12	45	1	(343)	(142)	35	(107)
160	**314**	**57**	**(343)**	**2,517**	**168**	**2,685**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the year ended December 31, 2024 (audited)

Reported amounts (NIS in millions)

	Operations in Israel					
	Households				Private banking	Small and micro businesses
	Residential mortgages	Others	Of which: Credit cards	Total		
Interest revenues from externals	12,026	2,067	59	14,093	3	2,812
Interest expenses from externals	25	3,342	-	3,367	1,074	1,588
Interest revenues, net from externals	12,001	(1,275)	59	10,726	(1,071)	1,224
Interest revenues, net – inter-segment	(9,205)	5,123	(15)	(4,082)	1,481	1,368
Total interest revenues, net	**2,796**	**3,848**	**44**	**6,644**	**410**	**2,592**
Total non-interest financing revenues	-	-	-	-	-	-
Total commissions and other revenues	123	682	192	805	47	548
Total non-interest revenues	**123**	**682**	**192**	**805**	**47**	**548**
Total revenues	**2,919**	**4,530**	**236**	**7,449**	**457**	**3,140**
Expenses due to credit losses	64	139	5	203	-	156
Operating and other expenses to externals	829	2,234	68	3,063	35	1,039
Operating and other expenses – inter-segment	-	3	-	3	3	6
Total operating and other expenses	**829**	**2,237**	**68**	**3,066**	**38**	**1,045**
Pre-tax profit	2,026	2,154	163	4,180	419	1,939
Provision for taxes on profit	751	799	60	1,550	155	718
After-tax profit	**1,275**	**1,355**	**103**	**2,630**	**264**	**1,221**
Share of banking corporation in earnings of associated companies	-	-	-	-	-	-
Net profit before attribution to non-controlling interests	1,275	1,355	103	2,630	264	1,221
Net profit attributed to non-controlling interests	-	(174)	(3)	(174)	-	(14)
Net profit attributable to shareholders of the banking corporation	**1,275**	**1,181**	**100**	**2,456**	**264**	**1,207**
Average balance of assets	215,013	26,616	3,746	241,629	96	35,924
Of which: Investments in associated companies	-	-	-	-	-	-
Average balance of loans to the public	215,013	26,616	3,746	241,629	96	35,924
Balance of loans to the public at end of reported period	(3)225,294	28,111	4,970	253,405	141	37,918
Balance of non-accruing debts and debts in arrears over 90 days	2,141	146	-	2,287	-	895
Balance of other problematic debts	-	126	4	126	-	619
Balance of provision for credit losses at end of reported period	1,180	673	-	1,853	1	1,375
Net accounting write-offs in the reported period	-	144	-	144	-	110
Average balance of liabilities	-	134,768	-	134,768	30,161	57,676
Of which: Average balance of deposits from the public	-	134,768	-	134,768	30,161	57,676
Balance of deposits from the public at end of reported period	-	133,619	-	133,619	30,815	60,622
Average balance of risk assets(1)	128,007	22,814	4,482	150,821	50	31,952
Balance of risk assets at end of reported period(1)	134,087	22,714	4,627	156,801	103	32,628
Average balance of assets under management(2)	9,383	53,697	-	63,080	24,275	57,798
Breakdown of interest revenues, net:						
Margin from credit granting operations	2,375	942	44	3,317	1	1,257
Margin from activities of receiving deposits	-	2,840	-	2,840	409	1,206
Other	421	66	-	487	-	129
Total interest revenues, net	**2,796**	**3,848**	**44**	**6,644**	**410**	**2,592**

(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 10,949.

Medium businesses	Large businesses	Institutional investors	Financial management segment	Total activity in Israel	Operations overseas Total – operations overseas	Total
988	2,806	89	2,859	23,650	2,148	25,798
491	1,830	3,203	1,687	13,240	744	13,984
497	976	(3,114)	1,172	10,410	1,404	11,814
149	357	3,345	(1,833)	785	(785)	-
646	**1,333**	**231**	**(661)**	**11,195**	**619**	**11,814**
-	-	-	574	574	-	574
104	205	58	545	2,312	21	2,333
104	**205**	**58**	**1,119**	**2,886**	**21**	**2,907**
750	**1,538**	**289**	**458**	**14,081**	**640**	**14,721**
74	(114)	4	1	324	195	519
167	281	173	333	5,091	131	5,222
(2)	1	(8)	(3)	-	-	-
165	**282**	**165**	**330**	**5,091**	**131**	**5,222**
511	1,370	120	127	8,666	314	8,980
189	507	44	47	3,210	116	3,326
322	**863**	**76**	**80**	**5,456**	**198**	**5,654**
-	-	-	16	16	-	16
322	863	76	96	5,472	198	5,670
-	-	-	(27)	(215)	-	(215)
322	**863**	**76**	**69**	**5,257**	**198**	**5,455**
12,642	39,447	4,267	97,916	431,921	33,649	465,570
-	-	-	252	252	-	252
12,642	39,447	4,267	-	334,005	9,797	343,802
13,831	41,999	3,852	-	351,146	10,948	362,094
327	338	-	-	3,847	541	4,388
148	432	-	-	1,325	58	1,383
299	356	8	-	3,892	221	4,113
115	(31)	-	-	338	92	430
14,123	40,450	83,815	58,618	419,611	14,433	434,044
14,123	40,450	83,815	-	360,993	14,149	375,142
14,066	42,312	94,923	-	376,357	17,026	393,383
15,111	58,051	1,529	20,852	278,366	12,588	290,954
15,581	64,010	1,825	22,374	293,322	14,042	307,364
16,210	27,153	423,400	3,387	615,303	-	615,303
386	914	37	-	5,912	354	6,266
210	248	189	-	5,102	107	5,209
50	171	5	(661)	181	158	339
646	**1,333**	**231**	**(661)**	**11,195**	**619**	**11,814**

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 three months ended March 31, 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	(315)	2,508	(41)	152	61	16	418	2,799
Inter-segment	1,523	(1,918)	56	388	66	646	(761)	-
Total interest revenues, net	**1,208**	**590**	**15**	**540**	**127**	**662**	**(343)**	**2,799**
Non-interest financing revenues	5	-	-	-	-	(9)	146	142
Commissions and other revenues	191	34	5	130	21	95	129	605
Total revenues	**1,404**	**624**	**20**	**670**	**148**	**748**	**(68)**	**3,546**
Expenses due to credit losses	22	(32)	-	64	(5)	54	-	103
Operating and other expenses	581	194	8	241	63	156	96	1,339
Pre-tax profit	801	462	12	365	90	538	(164)	2,104
Provision for taxes on profit	291	168	4	133	33	195	(60)	764
After-tax profit	**510**	**294**	**8**	**232**	**57**	**343**	**(104)**	**1,340**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	5	5
Net profit:								
Before attribution to non-controlling interests	510	294	8	232	57	343	(99)	1,345
Attributable to non-controlling interests	(44)	-	-	(4)	-	-	(7)	(55)
Net profit attributable to shareholders of the Bank	**466**	**294**	**8**	**228**	**57**	**343**	**(106)**	**1,290**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	62.8%	15.5%	-	41.7%	28.7%	26.4%	-	16.2%
Average balance of loans to the public, net	37,490	213,299	260	24,221	10,290	75,588	-	361,148
Average balance of deposits from the public	164,439	-	5,401	51,025	15,725	132,507	25,206	394,303
Average balance of assets	40,619	214,385	377	24,323	10,381	94,013	112,048	496,146
Average balance of risk assets(2)	33,798	123,352	183	22,372	12,206	98,093	20,520	310,524

(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 March 31, 2024 (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	(390)	2,242	(37)	156	60	133	521	2,685
Inter-segment	1,483	(1,670)	54	368	65	426	(726)	-
Total interest revenues, net	**1,093**	**572**	**17**	**524**	**125**	**559**	**(205)**	**2,685**
Non-interest financing revenues	6	-	-	-	-	47	292	345
Commissions and other revenues	175	29	3	117	21	101	122	568
Total revenues	**1,274**	**601**	**20**	**641**	**146**	**707**	**209**	**3,598**
Expenses due to credit losses	12	21	1	70	12	59	-	175
Operating and other expenses	562	189	9	220	52	149	98	1,279
Pre-tax profit	700	391	10	351	82	499	111	2,144
Provision for taxes on profit	273	152	4	137	32	194	43	835
After-tax profit	**427**	**239**	**6**	**214**	**50**	**305**	**68**	**1,309**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	9	9
Net profit:								
Before attribution to non-controlling interests	427	239	6	214	50	305	77	1,318
Attributable to non-controlling interests	(38)	-	-	(4)	-	-	(4)	(46)
Net profit attributable to shareholders of the Bank	**389**	**239**	**6**	**210**	**50**	**305**	**73**	**1,272**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	51.1%	7.9%	-	38.7%	17.2%	14.1%	-	18.1%
Average balance of loans to the public, net	34,756	195,491	238	23,210	9,008	62,488	-	325,191
Average balance of deposits from the public	161,810	-	5,051	50,375	14,401	105,363	14,287	351,287
Average balance of assets	35,264	196,374	347	23,383	9,086	85,899	100,757	451,110
Average balance of risk assets(2)	31,808	113,370	168	20,806	10,553	83,192	16,628	276,525

(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 year ended December 31, 2024 (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	(1,657)	10,944	(171)	525	238	428	1,507	11,814
Inter-segment	6,329	(8,620)	234	1,635	270	2,000	(1,848)	-
Total interest revenues, net	**4,672**	**2,324**	**63**	**2,160**	**508**	**2,428**	**(341)**	**11,814**
Non-interest financing revenues	20	-	-	2	1	101	450	574
Commissions and other revenues	718	121	17	482	86	410	499	2,333
Total revenues	**5,410**	**2,445**	**80**	**2,644**	**595**	**2,939**	**608**	**14,721**
Expenses due to credit losses	94	60	1	49	(44)	358	1	519
Operating and other expenses	2,276	777	30	913	202	623	401	5,222
Pre-tax profit (loss)	3,040	1,608	49	1,682	437	1,958	206	8,980
Provision for taxes on profit	1,126	596	18	623	162	725	76	3,326
After-tax profit (loss)	**1,914**	**1,012**	**31**	**1,059**	**275**	**1,233**	**130**	**5,654**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	16	16
Net profit (loss):								
Before attribution to non-controlling interests	1,914	1,012	31	1,059	275	1,233	146	5,670
Attributable to non-controlling interests	(175)	-	-	(13)	-	-	(27)	(215)
Net profit (loss) attributable to shareholders of the Bank	**1,739**	**1,012**	**31**	**1,046**	**275**	**1,233**	**119**	**5,455**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	59.5%	8.3%	-	47.5%	23.5%	13.3%	-	18.5%
Average balance of loans to the public, net	35,415	201,501	243	24,277	9,500	68,976	-	339,912
Average balance of deposits from the public	164,851	-	5,224	50,549	14,745	115,248	24,525	375,142
Average balance of assets	37,450	202,973	343	24,529	9,627	89,586	101,062	465,570
Average balance of risk assets(2)	32,601	116,948	160	21,434	11,246	89,044	19,521	290,954

(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 March 31, 2025 (Unaudited)					
Balance of provision for credit losses at start of period	2,448	1,213	697	4,358	12	4,370
Expenses due to credit losses	83	(34)	54	103	-	103
Accounting write-offs[2]	(126)	-	(86)	(212)	-	(212)
Collection of debts written off for accounting purposes in previous years[2]	38	-	43	81	-	81
Net accounting write-offs	(88)	-	(43)	(131)	-	(131)
Balance of provision for credit losses at end of period	**2,443**	**1,179**	**708**	**4,330**	**12**	**4,342**
Of which: With respect to off balance sheet credit instruments	**191**	**37**	**23**	**251**	**-**	**251**
	For the three months ended March 31, 2024 (Unaudited)					
Balance of provision for credit losses at start of period	2,419	1,149	702	4,270	11	4,281
Expenses due to credit losses	109	22	44	175	-	175
Accounting write-offs[2]	(120)	-	(78)	(198)	-	(198)
Collection of debts written off for accounting purposes in previous years[2]	29	-	34	63	-	63
Net accounting write-offs	(91)	-	(44)	(135)	-	(135)
Balance of provision for credit losses at end of period	**2,437**	**1,171**	**702**	**4,310**	**11**	**4,321**
Of which: With respect to off balance sheet credit instruments	**168**	**21**	**23**	**212**	**-**	**212**

(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		
	March 31, 2025 (unaudited)					
Recorded debt balance						
reviewed on individual basis	98,220	-	14	98,234	43,083	141,317
reviewed on group basis	14,337	228,573	27,319	270,229	-	270,229
Total debts	**112,557**	**(2)228,573**	**27,333**	**368,463**	**43,083**	**411,546**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,686	-	1	1,687	12	1,699
reviewed on group basis	566	1,142	684	2,392	-	2,392
Total provision for credit losses	**2,252**	**1,142**	**685**	**4,079**	**12**	**4,091**
	March 31, 2024 (unaudited)					
Recorded debt balance						
reviewed on individual basis	84,699	-	28	84,727	36,495	121,222
reviewed on group basis	13,537	209,387	26,934	249,858	-	249,858
Total debts	**98,236**	**(2)209,387**	**26,962**	**334,585**	**36,495**	**371,080**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,712	-	2	1,714	11	1,725
reviewed on group basis	557	1,150	677	2,384	-	2,384
Total provision for credit losses	**2,269**	**1,150**	**679**	**4,098**	**11**	**4,109**
	As of December 31, 2024 (audited)					
Recorded debt balance						
reviewed on individual basis	95,331	-	25	95,356	43,606	138,962
reviewed on group basis	13,950	225,364	27,424	266,738	-	266,738
Total debts	**109,281**	**(2)225,364**	**27,449**	**362,094**	**43,606**	**405,700**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,718	-	2	1,720	12	1,732
reviewed on group basis	541	1,180	672	2,393	-	2,393
Total provision for credit losses	**2,259**	**1,180**	**674**	**4,113**	**12**	**4,125**

(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 15,126 million (as of March 31, 2024: NIS 13,853 million and as of December 31, 2024: NIS 14,905 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 March 31, 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]	32,639	178	250	33,067	5	125
Construction and real estate – real estate operations	9,664	88	83	9,835	21	42
Financial services	15,132	2	2	15,136	1	69
Commercial – other	43,416	911	911	45,238	60	135
Total commercial	**100,851**	**1,179**	**1,246**	**103,276**	**87**	**371**
Private individuals – residential mortgages	226,380	-	2,140	228,520	-	1,712
Private individuals – other	27,061	192	79	27,332	53	120
Total loans to the public – activity in Israel	**354,292**	**1,371**	**3,465**	**359,128**	**140**	**2,203**
Borrower activity overseas						
Public – commercial						
Construction and real estate	4,090	-	468	4,558	-	-
Commercial – other	4,627	53	43	4,723	-	-
Total commercial	**8,717**	**53**	**511**	**9,281**	**-**	**-**
Private individuals	54	-	-	54	-	-
Total loans to the public – activity overseas	**8,771**	**53**	**511**	**9,335**	**-**	**-**
Total loans to the public	**363,063**	**1,424**	**3,976**	**368,463**	**140**	**2,203**

(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 119 million were classified as problematic debts.
(4) Includes debts amounting to NIS 992 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 1,097 million (commercial debts amounting to NIS 32 million, residential mortgages amounting to NIS 1,061 million and private individuals' debts amounting to NIS 4 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 March 31, 2024 (unaudited)					
		Problematic[1]			Accruing debts – additional information	
	In good standing	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]	28,752	344	319	29,415	4	233
Construction and real estate – real estate operations	8,172	469	107	8,748	8	32
Financial services	11,373	3	19	11,395	2	26
Commercial – other	40,582	1,276	740	42,598	43	144
Total commercial	**88,879**	**2,092**	**1,185**	**92,156**	**57**	**435**
Private individuals – residential mortgages	207,176	-	2,115	209,291	-	1,260
Private individuals – other	26,688	189	81	26,958	55	96
Total loans to the public – activity in Israel	**322,743**	**2,281**	**3,381**	**328,405**	**112**	**1,791**
Borrower activity overseas						
Public – commercial						
Construction and real estate	2,710	-	193	2,903	-	-
Commercial – other	2,979	159	39	3,177	-	-
Total commercial	**5,689**	**159**	**232**	**6,080**	**-**	**-**
Private individuals	98	-	2	100	-	-
Total loans to the public – activity overseas	**5,787**	**159**	**234**	**6,180**	**-**	**-**
Total loans to the public	**328,530**	**2,440**	**3,615**	**334,585**	**112**	**1,791**

(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 276 million were classified as problematic debts.
(4) Includes debts amounting to NIS 859 million, extended to certain purchase groups which are in the process of construction.

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, 2024 (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]	30,622	219	469	31,310	6	72
Construction and real estate – real estate operations	9,513	65	110	9,688	9	35
Financial services	14,842	29	7	14,878	-	6
Commercial – other	44,251	968	882	46,101	67	222
Total commercial	**99,228**	**1,281**	**1,468**	**101,977**	**82**	**335**
Private individuals – residential mortgages	223,150	-	2,141	225,291	-	1,609
Private individuals – other	27,175	189	83	27,447	63	126
Total public – activity in Israel	**349,553**	**1,470**	**3,692**	**354,715**	**145**	**2,070**
Borrower activity overseas						
Public – commercial						
Construction and real estate	3,292	-	507	3,799	-	-
Commercial – other	3,403	58	44	3,505	-	-
Total commercial	**6,695**	**58**	**551**	**7,304**	**-**	**-**
Private individuals	75	-	-	75	-	-
Total public – activity overseas	**6,770**	**58**	**551**	**7,379**	**-**	**-**
Total public	**356,323**	**1,528**	**4,243**	**362,094**	**145**	**2,070**

(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 124 million were classified as problematic debts.
(4) Includes debts amounting to NIS 1,019 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 2,839 million (commercial debts amounting to NIS 61 million, residential mortgages amounting to NIS 2,764 million and private individuals' debts amounting to NIS 14 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.B. Credit quality by year when credit was extended

	As of March 31, 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	**8,438**	**14,189**	**8,014**	**3,871**	**2,087**	**2,777**	**2,949**	**577**	**42,902**
Credit at performing credit rating	8,162	14,066	7,436	3,446	1,519	2,620	2,710	542	40,501
Credit other than at performing credit rating and non-problematic	256	86	463	146	535	84	199	33	1,802
Accruing problematic credit	18	17	91	95	13	16	15	1	266
Non-accruing credit	2	20	24	184	20	57	25	1	333
Accounting write-offs in the reported period	-	-	1	2	-	-	6	-	9
Commercial, other – total	**8,230**	**11,272**	**4,740**	**4,098**	**2,808**	**3,596**	**25,274**	**356**	**60,374**
Credit at performing credit rating	7,825	10,565	4,365	3,189	2,352	3,377	23,756	284	55,713
Credit other than at performing credit rating and non-problematic	267	383	107	633	344	55	1,008	38	2,835
Accruing problematic credit	56	181	106	100	72	61	326	11	913
Non-accruing credit	82	143	162	176	40	103	184	23	913
Accounting write-offs in the reported period	6	7	15	5	2	3	44	4	86
Individuals – residential mortgages – total	**7,657**	**33,343**	**21,729**	**33,694**	**30,338**	**101,746**	**13**	**-**	**228,520**
LTV up to 60%	4,344	18,502	12,785	17,793	16,662	67,709	5	-	137,800
LTV from 60% to 75%	3,227	14,211	8,591	15,601	13,045	32,258	4	-	86,937
LTV over 75%	86	630	353	300	631	1,779	4	-	3,783
Credit at performing credit rating, not in arrears	7,575	32,815	21,137	32,853	29,552	98,551	13	-	222,496
Credit not at performing credit rating, not in arrears	72	339	317	307	256	881	-	-	2,172
In arrears 30-89 days	10	170	150	290	254	838	-	-	1,712
Non-accruing credit	-	19	125	244	276	1,476	-	-	2,140
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
Individuals, other – total	**2,494**	**7,138**	**4,376**	**2,974**	**1,282**	**2,089**	**6,902**	**77**	**27,332**
Credit at performing credit rating, not in arrears	2,462	7,009	4,261	2,898	1,249	2,032	6,773	73	26,757
Credit not at performing credit rating, not in arrears	27	77	63	39	22	50	42	3	323
In arrears 30-89 days	-	22	20	17	6	5	50	-	120
In arrears over 90 days	-	9	16	10	2	2	14	-	53
Non-accruing credit	5	21	16	10	3	-	23	1	79
Accounting write-offs in the reported period	2	13	22	14	4	2	25	-	82
Total loans to the public – activity in Israel	**26,819**	**65,942**	**38,859**	**44,637**	**36,515**	**110,208**	**35,138**	**1,010**	**359,128**
Borrower activity overseas									
Total loans to the public – activity overseas	**822**	**2,099**	**2,693**	**1,089**	**1,166**	**1,466**	**-**	**-**	**9,335**
Non-problematic credit	822	2,099	2,297	1,046	1,091	1,416	-	-	8,771
Accruing problematic credit	-	-	19	-	34	-	-	-	53
Non-accruing credit	-	-	377	43	41	50	-	-	511
Accounting write-offs in the reported period	-	-	-	5	-	30	-	-	35
Total loans to the public	**27,641**	**68,041**	**41,552**	**45,726**	**37,681**	**111,674**	**35,138**	**1,010**	**368,463**

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 March 31, 2024 (unaudited)								
	Recorded debt balance of term loans to the public						Recorded debt balance of renewable loans	Recorded debt balance of renewable loans converted into term loans	Total
	2024	2023	2022	2021	2020	Previously			
Credit quality by year when credit was extended									
Borrower activity in Israel									
Public – commercial									
Construction and real estate – total	**9,961**	**13,353**	**7,216**	**1,306**	**877**	**853**	**4,035**	**562**	**38,163**
Credit at performing credit rating	8,883	12,480	6,718	1,116	820	790	3,493	551	34,851
Credit other than at performing credit rating and non-problematic	764	720	270	146	15	30	120	8	2,073
Accruing problematic credit	310	110	16	16	6	6	347	2	813
Non-accruing credit	4	43	212	28	36	27	75	1	426
Accounting write-offs in the reported period	-	2	4	-	1	-	5	-	12
Commercial, other – total	**7,194**	**8,415**	**6,700**	**4,537**	**3,552**	**2,602**	**20,351**	**642**	**53,993**
Credit at performing credit rating	6,937	7,754	6,014	3,943	3,260	2,410	18,890	515	49,723
Credit other than at performing credit rating and non-problematic	113	359	437	418	102	41	742	20	2,232
Accruing problematic credit	101	195	143	104	57	42	563	74	1,279
Non-accruing credit	43	107	106	72	133	109	156	33	759
Accounting write-offs in the reported period	-	15	7	5	2	5	65	-	99
Individuals – residential mortgages – total	**6,040**	**21,362**	**36,398**	**32,691**	**21,125**	**91,675**	**-**	**-**	**209,291**
LTV up to 60%	3,353	12,649	19,336	17,587	11,770	61,906	-	-	126,601
LTV from 60% to 75%	2,458	8,322	16,363	14,559	8,985	28,575	-	-	79,262
LTV over 75%	229	391	699	545	370	1,194	-	-	3,428
Credit at performing credit rating, not in arrears	5,968	20,914	35,726	32,067	20,574	88,745	-	-	203,994
Credit not at performing credit rating, not in arrears	55	310	325	253	174	805	-	-	1,922
In arrears 30-89 days	15	81	182	142	121	719	-	-	1,260
Non-accruing credit	2	57	165	229	256	1,406	-	-	2,115
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
Individuals, other – total	**2,594**	**7,291**	**5,009**	**2,247**	**1,141**	**2,053**	**6,558**	**65**	**26,958**
Credit at performing credit rating, not in arrears	2,563	7,137	4,884	2,199	1,116	1,988	6,458	60	26,405
Credit not at performing credit rating, not in arrears	23	86	62	30	19	56	42	3	321
In arrears 30-89 days	1	27	25	7	3	6	27	-	96
In arrears over 90 days	-	14	17	4	1	2	17	-	55
Non-accruing credit	7	27	21	7	2	1	14	2	81
Accounting write-offs in the reported period	-	24	31	7	1	1	14	-	78
Total loans to the public – activity in Israel	**25,789**	**50,421**	**55,323**	**40,781**	**26,695**	**97,183**	**30,944**	**1,269**	**328,405**
Borrower activity overseas									
Total loans to the public – activity overseas	**566**	**1,347**	**1,220**	**1,181**	**569**	**1,297**	**-**	**-**	**6,180**
Non-problematic credit	556	1,202	1,066	1,155	554	1,254	-	-	5,787
Accruing problematic credit	8	60	82	9	-	-	-	-	159
Non-accruing credit	2	85	72	17	15	43	-	-	234
Accounting write-offs in the reported period	-	9	-	-	-	-	-	-	9
Total loans to the public	**26,355**	**51,768**	**56,543**	**41,962**	**27,264**	**98,480**	**30,944**	**1,269**	**334,585**

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, 2024 (audited)								
	Recorded debt balance of term loans to the public								
	2024	2023	2022	2021	2020	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	**19,685**	**9,181**	**4,168**	**2,255**	**1,045**	**1,667**	**2,631**	**366**	**40,998**
Credit at performing credit rating	19,376	8,919	3,802	1,716	913	1,616	2,254	360	38,956
Credit other than at performing credit rating and non-problematic	270	130	74	460	91	23	127	4	1,179
Accruing problematic credit	23	94	84	61	4	5	12	1	284
Non-accruing credit	16	38	208	18	37	23	238	1	579
Accounting write-offs in the reported period	2	12	6	2	2	1	35	-	60
Commercial, other – total	**18,475**	**5,383**	**4,452**	**3,678**	**2,370**	**1,664**	**24,479**	**478**	**60,979**
Credit at performing credit rating	17,572	5,022	3,923	3,135	2,182	1,527	23,153	385	56,899
Credit other than at performing credit rating and non-problematic	565	117	255	370	50	18	777	42	2,194
Accruing problematic credit	154	147	111	87	39	28	391	40	997
Non-accruing credit	184	97	163	86	99	91	158	11	889
Accounting write-offs in the reported period	18	49	33	11	9	17	213	6	356
Individuals – residential mortgages – total	**33,061**	**22,081**	**34,437**	**31,006**	**19,976**	**84,730**	**-**	**-**	**225,291**
LTV up to 60%	18,268	13,043	18,038	16,905	11,274	57,910	-	-	135,438
LTV from 60% to 75%	13,953	8,628	14,947	13,577	8,442	26,642	-	-	86,189
LTV over 75%	840	410	1,452	524	260	178	-	-	3,664
Credit at performing credit rating, not in arrears	32,607	21,524	33,626	30,226	19,407	81,973	-	-	219,363
Credit not at performing credit rating, not in arrears	334	319	330	265	174	756	-	-	2,178
In arrears 30-89 days	102	144	247	249	142	725	-	-	1,609
Non-accruing credit	18	94	234	266	253	1,276	-	-	2,141
Accounting write-offs in the reported period	-	-	-	-	-	-	-	-	-
Individuals, other – total	**8,475**	**4,968**	**3,401**	**1,471**	**704**	**1,455**	**6,889**	**84**	**27,447**
Credit at performing credit rating, not in arrears	8,336	4,833	3,308	1,435	686	1,409	6,738	78	26,823
Credit not at performing credit rating, not in arrears	94	75	50	23	15	41	49	5	352
In arrears 30-89 days	15	22	15	4	1	4	65	-	126
In arrears over 90 days	7	19	15	5	1	-	16	-	63
Non-accruing credit	23	19	13	4	1	1	21	1	83
Accounting write-offs in the reported period	20	87	70	18	8	3	99	-	305
Total loans to the public – activity in Israel	**79,696**	**41,613**	**46,458**	**38,410**	**24,095**	**89,516**	**33,999**	**928**	**354,715**
Borrower activity overseas									
Total loans to the public – activity overseas	**1,846**	**1,926**	**764**	**1,071**	**478**	**1,294**	**-**	**-**	**7,379**
Non-problematic credit	1,814	1,603	631	1,018	453	1,251	-	-	6,770
Accruing problematic credit	4	30	18	6	-	-	-	-	58
Non-accruing credit	28	293	115	47	25	43	-	-	551
Accounting write-offs in the reported period	-	58	21	2	-	11	-	-	92
Total loans to the public	**81,542**	**43,539**	**47,222**	**39,481**	**24,573**	**90,810**	**33,999**	**928**	**362,094**

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 March 31, 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	322	29	11	333	525	1
Commercial – other	815	267	98	913	1,285	4
Total commercial	**1,137**	**296**	**109**	**1,246**	**1,810**	**5**
Private individuals – residential mortgages	2,140	107	-	2,140	2,212	-
Private individuals – other	79	45	-	79	143	3
Total loans to the public – activity in Israel	**3,356**	**448**	**109**	**3,465**	**4,165**	**8**
Borrower activity overseas						
Total loans to the public – activity overseas	**470**	**111**	**41**	**511**	**584**	**-**
Total	**3,826**	**559**	**150**	**3,976**	**4,749**	**8**
Of which:						
Measured individually at present value of cash flows	1,016	268	66	1,082	1,575	
Measured individually at fair value of collateral	512	111	84	596	720	
Measured on group basis	2,298	180	-	2,298	2,454	

(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 65 million.

Total average recorded debt balance for non-accruing debt in the three months ended March 31, 2025 amounted to NIS 4,110 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 March 31, 2024 (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	425	58	1	426	538	1
Commercial – other	700	235	59	759	1,096	4
Total commercial	**1,125**	**293**	**60**	**1,185**	**1,634**	**5**
Private individuals – residential mortgages	2,115	105	-	2,115	2,192	-
Private individuals – other	81	59	-	81	116	2
Total loans to the public – activity in Israel	**3,321**	**457**	**60**	**3,381**	**3,942**	**7**
Borrower activity overseas						
Total loans to the public – activity overseas	**234**	**32**	**-**	**234**	**316**	**-**
Total	**3,555**	**489**	**60**	**3,615**	**4,258**	**7**
Of which:						
Measured individually at present value of cash flows	937	269	52	989	1,479	
Measured individually at fair value of collateral	336	22	8	344	374	
Measured on group basis	2,282	198	-	2,282	2,405	

(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 72 million.

Total average recorded debt balance for non-accruing debt in the three months ended March 31, 2024 amounted to NIS 3,654 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, 2024 (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	571	29	8	579	795	4
Commercial – other	796	255	93	889	1,322	14
Total commercial	**1,367**	**284**	**101**	**1,468**	**2,117**	**18**
Private individuals – residential mortgages	2,141	107	-	2,141	2,213	-
Private individuals – other	83	48	-	83	137	6
Total loans to the public – activity in Israel	**3,591**	**439**	**101**	**3,692**	**4,467**	**24**
Borrower activity overseas						
Total loans to the public – activity overseas	**541**	**119**	**10**	**551**	**621**	**-**
Total	**4,132**	**558**	**111**	**4,243**	**5,088**	**24**
Of which:						
Measured individually at present value of cash flows	1,194	254	69	1,263	1,805	
Measured individually at fair value of collateral	634	121	42	676	839	
Measured on group basis	2,304	183	-	2,304	2,444	

(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 246 million.

Total average recorded debt balance for non-accruing debt in the year ended December 31, 2024 amounted to NIS 3,911 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)
	March 31, 2025 (unaudited)				
Borrower activity in Israel					
Commercial	135	26	-	66	227
Private individuals – residential mortgages	239	-	16	58	313
Private individuals – other	32	10	1	18	61
Total loans to the public – activity in Israel	**406**	**36**	**17**	**142**	**601**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**406**	**36**	**17**	**142**	**601**
	March 31, 2024 (unaudited)				
Borrower activity in Israel					
Commercial	116	20	-	91	227
Private individuals – residential mortgages	134	-	36	14	184
Private individuals – other	38	19	-	3	60
Total loans to the public – activity in Israel	**288**	**39**	**36**	**108**	**471**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**288**	**39**	**36**	**108**	**471**
	As of December 31, 2024 (audited)				
Borrower activity in Israel					
Commercial	100	17	-	68	185
Private individuals – residential mortgages	214	-	22	48	284
Private individuals – other	34	5	-	19	58
Total loans to the public – activity in Israel	**348**	**22**	**22**	**135**	**527**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**348**	**22**	**22**	**135**	**527**

(1) In the three months ended March 31, 2025 there were no performing debts that have undergone changes in terms in previous years and which were no longer included in the disclosure.

(2) As of March 31, 2025 debts of borrowers undergoing financial difficulties have not undergone changes in terms more than twice.

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
	In the Three Months Ending March 31, 2025 (Unaudited)					
Borrower activity in Israel						
Commercial	41	7	-	13	61	1
Private individuals – residential mortgages	59	-	-	-	59	-
Private individuals – other	3	5	-	1	9	-
Total loans to the public – activity in Israel	**103**	**12**	**-**	**14**	**129**	**1**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**103**	**12**	**-**	**14**	**129**	**1**
	In the Three Months Ending March 31, 2024 (Unaudited)					
Borrower activity in Israel						
Commercial	24	-	-	-	24	1
Private individuals – residential mortgages	66	-	-	-	66	-
Private individuals – other	6	-	-	-	6	-
Total loans to the public – activity in Israel	**96**	**-**	**-**	**-**	**96**	**1**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**96**	**-**	**-**	**-**	**96**	**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.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 Ending March 31, 2025 (Unaudited)						
Borrower activity in Israel							
Commercial	61	0.06	12	38	-	11	-
Private individuals – residential mortgages	59	0.03	-	59	-	-	-
Private individuals – other	9	0.03	-	2	-	7	-
Total loans to the public – activity in Israel	**129**	**0.04**	**12**	**99**	**-**	**18**	**-**
Total loans to the public – activity overseas	**-**		**-**	**-**	**-**	**-**	**-**
Total loans to the public	**129**	**0.04**	**12**	**99**	**-**	**18**	**-**
	In the Three Months Ending March 31, 2024 (Unaudited)						
Borrower activity in Israel							
Commercial	24	0.03	5	2	-	17	-
Private individuals – residential mortgages	66	0.03	-	66	-	-	-
Private individuals – other	6	0.02	-	1	-	5	-
Total loans to the public – activity in Israel	**96**	**0.03**	**5**	**69**	**-**	**22**	**-**
Total loans to the public – activity overseas	**-**		**-**	**-**	**-**	**-**	**-**
Total loans to the public	**96**	**0.03**	**5**	**69**	**-**	**22**	**-**

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)
	In the Three Months Ending March 31, 2025 (Unaudited)			
Borrower activity in Israel				
Commercial	-	0.46	22	-
Private individuals – residential mortgages	-	-	21	-
Private individuals – other	-	2.51	35	-
Total loans to the public – activity in Israel	**-**	**0.65**	**22**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**
Total loans to the public	**-**	**0.65**	**22**	**-**
	In the Three Months Ending March 31, 2024 (Unaudited)			
Borrower activity in Israel				
Commercial	-	2.18	31	-
Private individuals – residential mortgages	-	-	22	-
Private individuals – other	-	2.92	39	-
Total loans to the public – activity in Israel	**-**	**2.33**	**25**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**
Total loans to the public	**-**	**2.33**	**25**	**-**

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 Ending March 31, 2025 (Unaudited)						
Borrower activity in Israel							
Commercial	1	-	-	-	-	1	-
Private individuals – residential mortgages	21	-	-	21	-	-	-
Private individuals – other	1	-	-	-	-	1	-
Total loans to the public – activity in Israel	**23**	**-**	**-**	**21**	**-**	**2**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**23**	**-**	**-**	**21**	**-**	**2**	**-**
	In the Three Months Ending March 31, 2024 (Unaudited)						
Borrower activity in Israel							
Commercial	-	-	-	-	-	-	-
Private individuals – residential mortgages	33	-	-	33	-	-	-
Private individuals – other	-	-	-	-	-	-	-
Total loans to the public – activity in Israel	**33**	**-**	**-**	**33**	**-**	**-**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**33**	**-**	**-**	**33**	**-**	**-**	**-**

(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 March 31, 2025 (unaudited)
Commercial	431	255	401	579	72	12	7	1,757
Residential mortgages	224	727	572	454	96	21	46	2,140
Private individuals – other	35	17	10	9	6	1	1	79
Total	**690**	**999**	**983**	**1,042**	**174**	**34**	**54**	**3,976**
								As of March 31, 2024 (unaudited)
Commercial	553	114	302	415	16	8	9	1,417
Residential mortgages	274	775	556	410	44	18	40	2,117
Private individuals – other	44	14	9	9	5	-	-	81
Total	**871**	**903**	**867**	**834**	**65**	**26**	**49**	**3,615**
								As of December 31, 2024 (audited)
Commercial	713	138	615	474	62	8	9	2,019
Residential mortgages	197	829	465	502	77	24	47	2,141
Private individuals – other	37	20	8	10	6	1	1	83
Total	**947**	**987**	**1,088**	**986**	**145**	**33**	**57**	**4,243**

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:

		March 31, 2025 (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%	137,445	7,117	79,726	4,267
	Over 60%	90,592	2,444	54,089	4,122
Junior lien or no lien		536	9	331	9,448
Total		**228,573**	**9,570**	**134,146**	**17,837**

		March 31, 2024 (unaudited)			
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	126,325	4,264	76,380	3,134
	Over 60%	82,584	1,386	50,773	2,865
Junior lien or no lien		478	8	305	8,086
Total		**209,387**	**5,658**	**127,458**	**14,085**

		As of December 31, 2024 (audited)			
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	135,110	6,366	79,049	3,838
	Over 60%	89,732	2,244	53,838	3,544
Junior lien or no lien		522	11	324	9,396
Total		**225,364**	**8,621**	**133,211**	**16,778**

(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
	The Three Months Ending March 31, 2025 (Unaudited)							
Commercial – other	-	-	-	-	-	-	-	-
Private individuals – residential mortgages	-	-	-	-	4,321	-	-	-
Private individuals – other	-	-	-	-	-	[3]329	-	-
Total credit risk to public	**-**	**-**	**-**	**-**	**4,321**	**329**	**-**	**-**
	The Three Months Ending March 31, 2024 (Unaudited)							
Commercial – other	62	12	-	-	-	428	29	-
Private individuals – residential mortgages	-	-	-	-	4,937	-	-	-
Private individuals – other	-	-	-	-	-	[3]646	-	-
Total credit risk to public	**62**	**12**	**-**	**-**	**4,937**	**1,074**	**29**	**-**
	For the year ended December 31, 2024 (audited)							
Commercial – other	125	254	-	-	-	507	29	-
Private individuals – residential mortgages	-	-	-	-	4,488	-	-	-
Private individuals – other	-	-	-	-	-	[3]1,793	-	-
Total credit risk to public	**125**	**254**	**-**	**-**	**4,488**	**2,300**	**29**	**-**

(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

	March 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)
						Unaudited
Construction and real estate	1,766	2,454	1,188	1,098	1,466	921
Commercial – other	4,682	2,036	7,584	2,616	3,102	939
Total credit risk to public	**6,448**	**4,490**	**8,772**	**3,714**	**4,568**	**1,860**

	March 31, 2024(4)					
			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	1,049	1,654	875	925	1,446	59
Commercial – other	3,616	1,654	7,365	1,813	2,241	817
Total credit risk to public	**4,665**	**3,308**	**8,240**	**2,738**	**3,687**	**876**

	December 31, 2024(4)					
			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	1,656	2,474	1,136	1,121	1,555	839
Commercial – other	4,522	2,283	7,352	2,867	2,942	891
Total credit risk to public	**6,178**	**4,757**	**8,488**	**3,988**	**4,497**	**1,730**

(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 407 million. (As of March 31, 2024 - NIS 505 million, and as of December 31, 2024 - NIS 564 million).
(4) Reclassified

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

	Balance[1]			Provision for credit losses		
	March 31		December 31	March 31		December 31
	2025	2024	2024	2025	2024	2024
	(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	34,788	30,290	34,011	37	35	35
- Guarantees to home buyers	18,381	15,942	18,671	3	6	4
- Irrevocable commitments for loans approved but not yet granted[2]	35,281	27,733	33,445	71	42	66
- Unutilized revolving credit card facilities	12,980	12,444	12,928	16	18	17
- Commitments to issue guarantees	15,175	12,277	15,376	1	1	1
- Guarantees and other liabilities[3]	16,014	13,546	15,573	71	72	71
- Loan guarantees	4,083	3,768	4,194	51	37	50
- Documentary credit	306	236	272	1	1	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 Clearinghouse risk fund, amounting to NIS 36 million (as of March 31, 2024 and December 31, 2024 a total of NIS 24 million and NIS 29 million, respectively).

Note 14 – Assets and Liabilities by Linkage Basis

As of March 31, 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	64,267	-	22,574	224	129	-	87,194
Securities	12,776	6,072	8,622	978	-	964	29,412
Securities borrowed or bought in conjunction with resale agreements	77	-	-	-	-	-	77
Loans to the public, net[3]	259,683	82,650	12,984	5,436	3,631	-	364,384
Loans to Governments	-	-	24	290	-	-	314
Investments in associated companies	-	-	-	-	-	269	269
Buildings and equipment	-	-	-	-	-	1,879	1,879
Intangible assets and goodwill	-	-	-	-	-	110	110
Assets with respect to derivatives	1,353	79	3,291	907	93	-	5,723
Other assets	6,961	369	555	10	30	742	8,667
Total assets	**345,117**	**89,170**	**48,050**	**7,845**	**3,883**	**3,964**	**498,029**
Liabilities							
Deposits from the public	293,131	29,707	63,661	7,030	5,746	-	399,275
Deposits from banks	447	-	1,088	240	127	-	1,902
Deposits from the Government	12	2	9	3	-	-	26
Bonds and subordinated notes	8,682	30,944	2,264	-	-	-	41,890
Liabilities with respect to derivatives	1,347	87	2,793	681	67	-	4,975
Other liabilities	13,318	2,273	411	9	22	359	16,392
Total liabilities	**316,937**	**63,013**	**70,226**	**7,963**	**5,962**	**359**	**464,460**
Difference	**28,180**	**26,157**	**(22,176)**	**(118)**	**(2,079)**	**3,605**	**33,569**
Impact of hedging derivatives:							
Derivative instruments (other than options)	1,114	(1,114)	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(24,248)	360	22,003	(187)	2,072	-	-
Net in-the-money options (in terms of underlying asset)	(143)	-	(56)	229	(30)	-	-
Net out-of-the-money options (in terms of underlying asset)	(26)	-	3	25	(2)	-	-
Grand total	**4,877**	**25,403**	**(226)**	**(51)**	**(39)**	**3,605**	**33,569**
Net in-the-money options (capitalized par value)	(196)	-	(99)	330	(35)	-	-
Net out-of-the-money options (capitalized par value)	289	-	(607)	337	(19)	-	-

(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 March 31, 2024 (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	64,284	-	19,983	296	90	-	84,653
Securities	12,715	4,120	5,377	575	-	679	23,466
Securities borrowed or bought in conjunction with resale agreements	274	-	-	-	-	-	274
Loans to the public, net[3]	229,279	81,730	10,858	5,443	3,177	-	330,487
Loans to Governments	-	-	107	335	-	-	442
Investments in associated companies	36	-	-	-	-	223	259
Buildings and equipment	-	-	-	-	-	1,575	1,575
Intangible assets and goodwill	-	-	-	-	-	140	140
Assets with respect to derivatives	2,051	97	2,157	478	45	-	4,828
Other assets	2,803	353	609	11	18	765	4,559
Total assets	**311,442**	**86,300**	**39,091**	**7,138**	**3,330**	**3,382**	**450,683**
Liabilities							
Deposits from the public	275,042	24,168	55,874	7,091	3,196	-	365,371
Deposits from banks	1,890	-	1,351	309	53	-	3,603
Deposits from the Government	10	2	71	3	-	-	86
Bonds and subordinated notes	6,498	27,037	2,241	-	-	-	35,776
Liabilities with respect to derivatives	1,807	91	1,337	337	44	-	3,616
Other liabilities	8,907	2,545	304	10	30	567	12,363
Total liabilities	**294,154**	**53,843**	**61,178**	**7,750**	**3,323**	**567**	**420,815**
Difference	**17,288**	**32,457**	**(22,087)**	**(612)**	**7**	**2,815**	**29,868**
Impact of hedging derivatives:							
Derivative instruments (other than options)	1,177	(1,177)	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(22,388)	(455)	22,637	264	(58)	-	-
Net in-the-money options (in terms of underlying asset)	597	-	(809)	218	(6)	-	-
Net out-of-the-money options (in terms of underlying asset)	(240)	-	160	81	(1)	-	-
Grand total	**(3,566)**	**30,825**	**(99)**	**(49)**	**(58)**	**2,815**	**29,868**
Net in-the-money options (capitalized par value)	(161)	-	222	(56)	(5)	-	-
Net out-of-the-money options (capitalized par value)	(105)	-	(382)	480	7	-	-

(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, 2024 (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	58,444	-	23,747	326	127	-	82,644
Securities	12,754	6,119	7,811	909	-	898	28,491
Securities borrowed or bought in conjunction with resale agreements	264	-	-	-	-	-	264
Loans to the public, net[3]	253,275	84,048	12,262	5,239	3,157	-	357,981
Loans to Governments	-	-	40	278	-	-	318
Investments in associated companies	-	-	-	-	-	263	263
Buildings and equipment	-	-	-	-	-	1,852	1,852
Intangible assets and goodwill	-	-	-	-	-	117	117
Assets with respect to derivatives	2,887	101	2,187	342	9	-	5,526
Other assets	6,556	398	486	8	35	704	8,187
Total assets	**334,180**	**90,666**	**46,533**	**7,102**	**3,328**	**3,834**	**485,643**
Liabilities							
Deposits from the public	290,010	29,729	60,583	6,729	6,332	-	393,383
Deposits from banks	747	-	1,397	385	70	-	2,599
Deposits from the Government	20	2	24	3	-	-	49
Bonds and subordinated notes	6,311	28,401	2,204	-	-	-	36,916
Liabilities with respect to derivatives	3,312	112	1,438	256	5	-	5,123
Other liabilities	11,715	2,310	369	8	27	415	14,844
Total liabilities	**312,115**	**60,554**	**66,015**	**7,381**	**6,434**	**415**	**452,914**
Difference	**22,065**	**30,112**	**(19,482)**	**(279)**	**(3,106)**	**3,419**	**32,729**
Impact of hedging derivatives:							
Derivative instruments (other than options)	1,639	(1,639)	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(22,316)	165	19,041	(4)	3,114	-	-
Net in-the-money options (in terms of underlying asset)	(430)	-	249	222	(41)	-	-
Net out-of-the-money options (in terms of underlying asset)	(154)	-	145	15	(6)	-	-
Grand total	**804**	**28,638**	**(47)**	**(46)**	**(39)**	**3,419**	**32,729**
Net in-the-money options (capitalized par value)	307	-	(318)	33	(22)	-	-
Net out-of-the-money options (capitalized par value)	(1,051)	-	693	314	44	-	-

(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	Over 1 year to 3 years
As of March 31, 2025						
Cash, deposits and negotiable bonds [(3)]						
Cash and deposits with banks	30,351	39,863	16,501	-	97	223
Negotiable government bonds	-	20	1,067	144	8,604	8,612
Other negotiable bonds	1	-	5	42	263	924
Total cash, deposits and negotiable bonds	**30,352**	**39,883**	**17,573**	**186**	**8,964**	**9,759**
Other monetary assets						
Loans to the public [(4)]	2,907	3,812	10,582	21,052	41,828	79,600
Other monetary assets excluding derivatives	550	768	1,231	1,015	1,963	564
Total other monetary assets excluding derivatives	**3,457**	**4,580**	**11,813**	**22,067**	**43,791**	**80,164**
Monetary liabilities						
Deposits from the public[(5)]	130,589	19,745	40,322	103,095	85,699	14,803
Of which: Households and small businesses	70,918	9,036	20,092	43,563	38,698	5,276
Deposits from banks	1,261	13	98	256	216	77
Securities loaned or sold in re-purchase agreements	-	-	-	-	-	-
Bonds and subordinated notes	2	34	694	5,212	3,416	13,794
Other monetary liabilities excluding derivatives	948	1,314	2,103	1,955	2,644	1,697
Total other monetary liabilities excluding derivatives	**132,800**	**21,106**	**43,217**	**110,518**	**91,975**	**30,371**
Employee rights and off-balance sheet items						
Effect of derivative instruments	-	(27)	110	207	(271)	(62)
Credit provision undertakings	(1,581)	(330)	(1,674)	(6,993)	(74,685)	(13,823)
Employees' rights	-	-	(11)	(17)	(81)	(252)
Effect of employee rights and off-balance sheet items	**(1,581)**	**(357)**	**(1,575)**	**(6,803)**	**(75,037)**	**(14,137)**
Total net cash flows (including NIS and foreign currency)	**(100,572)**	**23,000**	**(15,406)**	**(95,068)**	**(114,257)**	**45,415**
Of which:						
Total cash, deposits and negotiable bonds in foreign currency	8,972	13,077	1,171	104	440	2,464
Total other monetary assets in foreign currency	2,213	1,252	2,386	3,370	3,276	5,166
Total monetary liabilities in foreign currency	22,374	2,212	8,519	15,171	28,140	4,740
Effect of employee rights and off-balance sheet items in foreign currency	(350)	3,031	3,786	(611)	11,292	1,025
Total net cash flows in foreign currency	**(11,539)**	**15,148**	**(1,176)**	**(12,308)**	**(13,132)**	**3,915**
As of December 31, 2024						
Cash, deposits and negotiable bonds	17,800	46,697	18,252	5,093	8,525	5,910
Other monetary assets excluding derivatives	2,994	4,537	12,609	21,862	43,010	75,676
Deposits from the public	136,496	18,819	39,129	96,795	78,882	13,037
Other monetary liabilities excluding derivatives	2,919	1,379	2,490	2,192	9,935	15,286
Effect of employee rights and off-balance sheet items	(5,573)	(441)	(4,187)	(8,121)	(79,693)	(14,525)
Total net cash flows	**(124,194)**	**30,595**	**(14,945)**	**(80,153)**	**(116,975)**	**38,738**
Of which: Net cash flows in foreign currency	**(20,086)**	**18,069**	**686**	**(1,252)**	**(20,062)**	**3,854**

(1) As included in Note 31 – "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 negotiable bonds, which are not pledged, amounts to NIS 114,652 million and NIS 109,142 million as of March 31, 2025 and December 31, 2024, 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 3 years to 5 years	**Over 5 years**	**No repayment date**	**Total**	**Effective rate of return [2]**
112	238	302	87,194	3.80%
2,505	11,350	-	26,217	5.15%
530	805	-	2,231	3.17%
3,147	**12,393**	**302**	**115,642**	**4.94%**
51,304	287,964	27,059	364,384	5.27%
918	1,522	443	8,316	1.03%
52,222	**289,486**	**27,502**	**372,700**	**5.23%**
7,099	4,564	-	399,275	3.17%
3,102	1,731	-	189,949	2.82%
-	-	-	1,902	4.26%
-	-	-	-	
7,323	14,155	-	41,890	1.30%
1,783	2,113	306	14,159	1.09%
16,205	**20,832**	**306**	**457,226**	**4.25%**
217	704	-	748	
(2,892)	(16,607)	-	(118,586)	
(220)	(2,106)	-	(1,900)	
(2,895)	**(18,009)**	**-**	**(119,738)**	
36,269	**263,038**	**27,498**	**(88,622)**	
1,567	7,772	-	32,527	4.13%
2,297	2,491	2,480	22,960	4.90%
45	518	-	80,605	2.43%
(144)	(228)	-	17,458	
3,675	**9,517**	**2,480**	**(7,660)**	
3,086	10,400	302	110,237	4.94%
52,209	287,962	24,706	366,046	5.28%
7,508	4,297	-	393,383	3.16%
8,885	11,442	308	52,038	1.22%
(3,718)	(18,260)	-	(133,863)	
35,184	**264,363**	**24,700**	**(103,001)**	
3,776	**11,257**	**2,200**	**(8,672)**	

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

	March 31, 2025 (unaudited)				
		Fair value			
	Book balance	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total
Financial assets					
Cash and deposits with banks	87,194	22,822	54,658	9,676	87,156
Securities[(3)]	29,412	20,596	8,094	616	29,306
Securities borrowed or purchased in resale agreements	77	77	-	-	77
Loans to the public, net	364,384	6,025	10,543	[(5)]342,652	359,220
Loans to Governments	314	-	-	319	319
Assets with respect to derivatives	5,723	402	4,790	[(2)]531	5,723
Other financial assets	5,647	4,029	-	1,618	5,647
Total financial assets	**[(4)]492,751**	**53,951**	**78,085**	**355,412**	**487,448**
Financial liabilities					
Deposits from the public	399,275	13,708	106,116	279,804	399,628
Deposits from banks	1,902	-	836	1,067	1,903
Deposits from the Government	26	-	-	26	26
Bonds and subordinated notes	41,890	38,289	-	2,294	40,583
Liabilities with respect to derivatives	4,975	402	4,007	[(2)]566	4,975
Other financial liabilities	12,623	5,518	1,978	5,121	12,617
Total financial liabilities	**[(4)]460,691**	**57,917**	**112,937**	**288,878**	**459,732**

(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 122,540 million and NIS 121,884 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 26 million.

Note 16 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

A. Fair value balances – continued:

	March 31, 2024 (unaudited)				
		Fair value			
	Book balance	Level 1[1]	Level 2[1]	Level 3[1]	Total
Financial assets					
Cash and deposits with banks	84,653	30,472	52,585	1,554	84,611
Securities[3]	23,466	16,987	5,930	407	23,324
Securities borrowed or purchased in resale agreements	274	274	-	-	274
Loans to the public, net	330,487	3,470	11,746	[5]311,304	326,520
Loans to Governments	442	-	-	442	442
Assets with respect to derivatives	4,828	64	4,386	[2]378	4,828
Other financial assets	1,419	147	-	1,272	1,419
Total financial assets	**[4]445,569**	**51,414**	**74,647**	**315,357**	**441,418**
Financial liabilities					
Deposits from the public	365,371	9,766	92,123	262,726	364,615
Deposits from banks	3,603	-	904	2,685	3,589
Deposits from the Government	86	-	-	84	84
Bonds and subordinated notes	35,776	32,254	-	2,137	34,391
Liabilities with respect to derivatives	3,616	60	3,136	[2]420	3,616
Other financial liabilities	8,226	1,933	1,762	4,526	8,221
Total financial liabilities	**[4]416,678**	**44,013**	**97,925**	**272,578**	**414,516**

(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 105,673 million and NIS 113,689 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 18 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, 2024 (audited)				
		Fair value			
	Book balance	Level 1(1)	Level 2(1)	Level 3(1)	Total
Financial assets					
Cash and deposits with banks	82,644	32,509	48,996	1,092	82,597
Securities(3)	28,491	21,008	6,792	578	28,378
Securities borrowed or purchased in resale agreements	264	264	-	-	264
Loans to the public, net	357,981	6,005	9,930	(5)338,207	354,142
Loans to Governments	318	-	-	320	320
Assets with respect to derivatives	5,526	806	4,252	(2)468	5,526
Other financial assets	5,216	3,108	-	2,108	5,216
Total financial assets	**(4)480,440**	**63,700**	**69,970**	**342,773**	**476,443**
Financial liabilities					
Deposits from the public	393,383	13,370	115,350	265,015	393,735
Deposits from banks	2,599	-	731	1,865	2,596
Deposits from the Government	49	-	-	47	47
Bonds and subordinated notes	36,916	33,408	-	2,200	35,608
Liabilities with respect to derivatives	5,123	807	3,845	(2)471	5,123
Other financial liabilities	11,147	4,541	1,970	4,630	11,141
Total financial liabilities	**(4)449,217**	**52,126**	**121,896**	**274,228**	**448,250**

(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 116,234 million and NIS 128,876 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 25 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

	March 31, 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	5,462	7,490	-	12,952
Of foreign governments	1,370	-	-	1,370
Of banks and financial institutions in Israel	481	55	-	536
Of banks and financial institutions overseas	3	88	-	91
Asset-backed (ABS)	-	60	-	60
Of others in Israel	839	212	-	1,051
Of others overseas	130	8	8	146
Shares not held for trading	300	36	25	361
Securities held for trading:				
Bonds of the Government of Israel	8,364	94	-	8,458
Bonds of overseas governments	143	-	-	143
Bonds of financial institutions in Israel	-	-	-	-
Bonds of others in Israel	14	-	-	14
Bonds of foreign others	27	-	-	27
Shares held for trading	21	-	-	21
Securities borrowed or purchased in resale agreements	77	-	-	77
Credit with respect to loans to customers	6,025	-	-	6,025
Assets with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	24	70	94
Other	-	1,982	14	1,996
Currency contracts	68	2,714	446	3,228
Contracts for shares	334	70	1	405
Commodities and other contracts	-	-	-	-
Other financial assets	4,029	-	-	4,029
Other	-	-	26	26
Total assets	**27,687**	**12,833**	**590**	**41,110**
Liabilities				
Deposits with respect to borrowing from customers	13,708	-	-	13,708
Liabilities with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	35	47	82
Other	-	1,526	48	1,574
Currency contracts	67	2,382	466	2,915
Contracts for shares	335	64	5	404
Commodities and other contracts	-	-	-	-
Other financial liabilities	5,518	-	-	5,518
Other	-	-	-	-
Total liabilities	**19,628**	**4,007**	**566**	**24,201**

(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

	March 31, 2024 (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	4,463	5,371	-	9,834
Of foreign governments	323	-	-	323
Of banks and financial institutions in Israel	483	64	-	547
Of banks and financial institutions overseas	2	179	-	181
Asset-backed (ABS)	-	57	-	57
Of others in Israel	878	167	-	1,045
Of others overseas	180	6	2	188
Shares not held for trading	215	50	24	289
Securities held for trading:				
Bonds of the Government of Israel	6,772	36	-	6,808
Bonds of overseas governments	297	-	-	297
Bonds of financial institutions in Israel	3	-	-	3
Bonds of others in Israel	24	-	-	24
Bonds of foreign others	26	-	-	26
Shares held for trading	16	-	-	16
Securities borrowed or purchased in resale agreements	274	-	-	274
Credit with respect to loans to customers	3,470	-	-	3,470
Assets with respect to derivatives[(1)]				
Interest contracts:				
NIS / CPI	-	48	62	110
Other	-	2,138	-	2,138
Currency contracts	30	1,934	314	2,278
Contracts for shares	34	261	2	297
Commodities and other contracts	-	5	-	5
Other financial assets	147	-	-	147
Other	-	-	18	18
Total assets	**17,637**	**10,316**	**422**	**28,375**
Liabilities				
Deposits with respect to borrowing from customers	9,766	-	-	9,766
Liabilities with respect to derivatives[(1)]				
Interest contracts:				
NIS / CPI	-	64	28	92
Other	-	1,459	53	1,512
Currency contracts	25	1,348	337	1,710
Contracts for shares	35	260	2	297
Commodities and other contracts	-	5	-	5
Other financial liabilities	1,933	-	-	1,933
Other	-	-	-	-
Total liabilities	**11,759**	**3,136**	**420**	**15,315**

(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, 2024 (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	5,621	6,280	-	11,901
Of foreign governments	1,811	-	-	1,811
Of banks and financial institutions in Israel	490	55	-	545
Of banks and financial institutions overseas	4	134	-	138
Asset-backed (ABS)	-	56	-	56
Of others in Israel	882	218	-	1,100
Of others overseas	155	8	7	170
Shares not held for trading	271	41	24	336
Securities held for trading:				
Bonds of the Government of Israel	8,057	-	-	8,057
Bonds of overseas governments	150	-	-	150
Bonds of financial institutions in Israel	1	-	-	1
Bonds of others in Israel	16	-	-	16
Bonds of foreign others	24	-	-	24
Shares held for trading	20	-	-	20
Securities borrowed or purchased in resale agreements	264	-	-	264
Credit with respect to loans to customers	6,005	-	-	6,005
Assets with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	25	81	106
Other	-	2,102	9	2,111
Currency contracts	44	2,004	377	2,425
Contracts for shares	762	121	1	884
Commodities and other contracts	-	-	-	-
Other financial assets	3,108	-	-	3,108
Other	-	-	25	25
Total assets	**27,685**	**11,044**	**524**	**39,253**
Liabilities				
Deposits with respect to borrowing from customers	13,370	-	-	13,370
Liabilities with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	39	66	105
Other	-	1,512	50	1,562
Currency contracts	44	2,175	352	2,571
Contracts for shares	763	119	3	885
Commodities and other contracts	-	-	-	-
Other financial liabilities	4,541	-	-	4,541
Other	-	-	-	-
Total liabilities	**18,718**	**3,845**	**471**	**23,034**

(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

	March 31, 2025 (unaudited)				For the three months ended March 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	-	-	596	596	(21)
Investments in shares for which no fair value is available	-	-	582	582	53

	March 31, 2024 (unaudited)				For the three months ended March 31, 2024
	Fair value				
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)
Non-accruing credit whose collection is contingent on collateral	-	-	344	344	(4)
Investments in shares for which no fair value is available	-	-	374	374	22

	As of December 31, 2024 (audited)				For the year ended December 31, 2024
	Fair value				
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)
Non-accruing credit whose collection is contingent on collateral	-	-	676	676	(92)
Investments in shares for which no fair value is available	-	-	541	541	72

(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 March 31, 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	Acquisitions	Sales	Dispositions	Transfer to level 3[3]	Transfers from Level 3[3]	Fair value as of March 31, 2025	Unrealized gains (losses) with respect to instruments held as of March 31, 2025
Assets										
Securities available for sale										
Bonds:										
Of others in Israel	-	-	-	-	-	-	-	-	-	-
Of others overseas	7	-	1	-	-	-	-	-	8	1
Shares not held for trading	24	-	1	-	-	-	-	-	25	1
Assets with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	81	(5)	-	2	-	(8)	-	-	70	(3)
Other	9	1	-	4	-	-	-	-	14	5
Currency contracts	377	(21)	-	337	-	(247)	-	-	446	300
Contracts for shares	1	-	-	-	-	-	-	-	1	1
Commodities and other contracts	-	-	-	-	-	-	-	-	-	-
Other	25	1	-	-	-	-	-	-	26	-
Total assets	**524**	**(24)**	**2**	**343**	**-**	**(255)**	**-**	**-**	**590**	**305**
Liabilities										
Liabilities with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	66	(3)	-	2	-	(18)	-	-	47	2
Other	50	(4)	-	2	-	-	-	-	48	-
Currency contracts	352	(48)	-	344	-	(182)	-	-	466	(303)
Contracts for shares	3	2	-	-	-	-	-	-	5	(2)
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**471**	**(53)**	**-**	**348**	**-**	**(200)**	**-**	**-**	**566**	**(303)**

(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 March 31, 2024 (Unaudited)									
		Net realized / unrealized gains (losses) included[1]								
	Fair value as of December 31, 2023	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 March 31, 2024	Unrealized gains (losses) with respect to instruments held as of March 31, 2024
Assets										
Securities available for sale										
Bonds:										
Of others in Israel	-	-	-	-	-	-	-	-	-	-
Of others overseas	2	-	-	-	-	-	-	-	2	-
Shares not held for trading	24	-	-	-	-	-	-	-	24	-
Assets with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	58	3	-	1	-	(5)	5	-	62	25
Other	2	(2)	-	-	-	-	-	-	-	-
Currency contracts	567	(308)	-	111	-	(56)	-	-	314	209
Contracts for shares	1	-	-	1	-	-	-	-	2	-
Commodities and other contracts	-	-	-	-	-	-	-	-	-	-
Other	16	2	-	-	-	-	-	-	18	-
Total assets	**670**	**(305)**	**-**	**113**	**-**	**(61)**	**5**	**-**	**422**	**234**
Liabilities										
Liabilities with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	25	(7)	-	1	-	-	9	-	28	-
Other	48	3	-	2	-	-	-	-	53	(2)
Currency contracts	583	(305)	-	111	-	(52)	-	-	337	(211)
Contracts for shares	-	1	-	1	-	-	-	-	2	-
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**656**	**(308)**	**-**	**115**	**-**	**(52)**	**9**	**-**	**420**	**(213)**

(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, 2024 (audited)									
		Net realized / unrealized gains (losses) included[1]								
	Fair value as of December 31, 2023	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, 2024	Unrealized gains (losses) with respect to instruments held as of December 31, 2024
Assets										
Securities available for sale										
Bonds:										
Of others in Israel	-	-	-	-	-	-	-	-	-	-
Of others overseas	2	1	-	-	-	(2)	6	-	7	(1)
Shares not held for trading	24	-	-	-	-	-	-	-	24	1
Assets with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	58	16	-	3	-	(28)	32	-	81	47
Other	2	5	-	2	-	-	-	-	9	8
Currency contracts	567	(283)	-	680	-	(585)	-	(2)	377	354
Contracts for shares	1	-	-	3	-	(3)	-	-	1	10
Commodities and other contracts	-	-	-	-	-	-	-	-	-	-
Other	16	9	-	-	-	-	-	-	25	-
Total assets	**670**	**(252)**	**-**	**688**	**-**	**(618)**	**38**	**(2)**	**524**	**419**
Liabilities										
Liabilities with respect to derivatives[2]										
Interest contracts:										
NIS / CPI	25	22	-	7	-	(24)	36	-	66	(65)
Other	48	(5)	-	7	-	-	-	-	50	(3)
Currency contracts	583	(218)	-	601	-	(615)	3	(2)	352	(315)
Contracts for shares	-	15	-	2	-	(12)	-	(2)	3	(3)
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	**656**	**(186)**	**-**	**617**	**-**	**(651)**	**39**	**(4)**	**471**	**(386)**

(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 March 31, 2025	Valuation technique	Non-observed data	Range	Weighted average
Shares not held for trading	25	Quote from counter-party to the transaction			
Securities available for sale					
Bonds of foreign others	8	Cash flows discounting	Price	7.75-96.00	36.84
Assets with respect to derivative instruments:					
NIS / CPI	84	Cash flows discounting	Inflationary expectations	2.12%-2.36%	2.32%
Contracts for shares	1	Options pricing model	Standard deviation per share	36.12%-108.19%	70.27%
Other	472	Cash flows discounting	Counter-party credit quality	0.30%-2.80%	1.88%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	95	Cash flows discounting	Inflationary expectations	2.15%-2.36%	2.30%
Other	471	Cash flows discounting	Counter-party credit quality	0.30%-3.20%	2.05%

	Fair value as of March 31, 2024	Valuation technique	Non-observed data	Range	Weighted average
Shares not held for trading	24	Quote from counter-party to the transaction			
Securities available for sale					
Bonds of foreign others	2	Cash flows discounting	Price	1.31-62.10	10.53
Assets with respect to derivative instruments:					
NIS / CPI	27	Cash flows discounting	Inflationary expectations	2.60%-3.01%	2.82%
Contracts for shares	5	Options pricing model	Standard deviation per share	56.75%-95.79%	65.89%
Other	364	Cash flows discounting	Counter-party credit quality	0.30%-3.10%	1.74%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	28	Cash flows discounting	Inflationary expectations	2.64%-2.96%	2.85%
Other	392	Cash flows discounting	Counter-party credit quality	0.30%-3.30%	1.95%

	Fair value as of December 31, 2024	Valuation technique	Non-observed data	Range	Weighted average
Shares not held for trading	24	Quote from counter-party to the transaction			
Securities available for sale					
Bonds of foreign others	7	Cash flows discounting	Price	7.75-90.50	33.40
Assets with respect to derivative instruments:					
NIS / CPI	44	Cash flows discounting	Inflationary expectations	2.57%-2.76%	2.71%
Contracts for shares	6	Options pricing model	Standard deviation per share	36.12%-108.19%	73.43%
Other	443	Cash flows discounting	Counter-party credit quality	0.30%-2.60%	1.84%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	70	Cash flows discounting	Inflationary expectations	2.57%-2.76%	2.70%
Other	401	Cash flows discounting	Counter-party credit quality	0.30%-3.30%	2.02%

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 March 31, 2025, March 31, 2024 and December 31, 2024, the Bank did not select the fair value option.

Note 17 – Other Matters

A. In March 2024, the Knesset General Assembly approved the "Special Payment to Achieve Budget Targets Law (Interim Directive – Iron Swords"), 2024, whereby a special payment will be imposed on Israeli banks at a rate of 6% of their profits from activity in Israel (as defined in the VAT Law) in the period between April 1, 2024 and December 31, 2025. The payment and not be recognized as a tax deduction (exempt from this payment are banking groups with total assets on their balance sheet lower than 5% of total assets of banks in Israel). Likewise, the legislation stipulates that total payment on aggregate for all banks in Israel would be capped at NIS 1.2 billion in 2024 and at NIS 1.3 billion in 2025, divided among the banks pro rata to their pre-tax earnings in these periods.
The provision to taxes on income in the Financial Statements in the first quarter of 2025 includes the impact of the law in question with requisite adjustments.

B. In March 2024 the Knesset General Assembly ratified the order that sets the VAT rate increase from 17% to 18% starting January 1, 2025. However, a bank who is subject to the payment of 6% on the profit in 2025 as noted above, shall pay 17% of the salary paid and of the profit produced that year. To be clear, the increase in payroll tax and capital gains tax to 18% will come into effect from the date on which the bank will no longer be committed to the additional payment of 6% as noted. The amendment has no material impact on the Bank's financial statements.

C. On May 29, 2024, the Bank’s Board of Directors, after receiving approval by the Remuneration Committee, approved 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 May 29, 2024, including approval of pools for option warrant issuance in 2024-2026 (hereinafter: "the Outline").
As resolved by the Board of Directors on March 23, 2025, the following plans for allocating options were approved for 2025 after obtaining the Renumeration Committee’s approval:
   - Option plan 1 – up to 47,105 options 1 to be awarded to the Bank President & CEO, exercisable for up to 8,909 Bank ordinary shares of NIS 0.1 par value each.
   - Option plan A – up to 397,344 options A to be awarded to up to eight Bank officers who are not gatekeepers, exercisable for up to 75,148 Bank ordinary shares of NIS 0.1 par value each.
   - Option plan B – up to 167,540 options B to be awarded to up to five Bank officers who are gatekeepers, exercisable into up to 31,686 Bank ordinary shares of NIS 0.1 par value each.
   - Option plan C – up to 739,150 options C to be awarded to up to forty three key Bank and Bank subsidiaries’ employees exercisable into up to 139,792 ordinary Bank shares of NIS 0.1 par value each.

Note 17 – Other Matters – continued

- Option plan D – up to 883,600 options D to be awarded to up to a hundred 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 167,111 ordinary Bank shares of NIS 0.1 par value each.
- Option plan E – up to 1,694,500 options E to be awarded to up to two hundred sixty-eight executives employed by the Bank subject to collective agreements, exercisable to up to 320,473 Bank ordinary shares of NIS 0.1 par value each.

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, based, inter alia, on a closing price cap of NIS 211.5 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, 2028; and (3) April 1, 2029, 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 option plans would be contingent on the Bank's total capital adequacy ratio and Tier I capital ratio for the award year, would not be lower than the minimum ratios stipulated by Bank of Israel 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 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 assessment of achievement of individual targets of the officer as defined in the outline.
- Eligibility of offerees who are not officers of the Bank to options C, D, and E, with respect to any 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 2025 is NIS 171.5 (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 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. 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 option warrant 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:

- Options 1 – NIS 15.37;
- Options A – NIS 15.10;
- Options B – NIS 15.22;
- Options C – NIS 14.74;
- Options D or E – NIS 15.24.

Note 17 – Other Matters – continued

The theoretical benefit value of the options in these approved lots, calculated in accordance with US accounting rules (ASC718 "Share-based Payment"), amounts to NIS 59 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 2025 through the end of the year.
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 May 20, 2025, the Bank's Board of Directors resolved to distribute dividends amounting to NIS 516.0 million, constituting 40% of earnings in the first quarter of 2025, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios.

The dividend amount constitutes 1,989.74% of issued share capital, i.e. 198.97 agorot per NIS 0.1 par value share. The effective date for dividends payment is May 28, 2025 and the payment date is June 8, 2025. The final dividends per share is subject to changes due to realized convertible securities of the Bank. According to accounting rules, this amount will be deducted from retained earnings in the second quarter of 2025.

Bank Mizrahi Tefahot

Corporate governance, audit, other information about the Bank and its management

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Corporate governance

Board of Directors and management

Board of Directors

During the first quarter of 2025, the Bank Board of Directors held 3 plenary meetings. During this period there were also 14 meetings of Board committees and 3 Board member workshops.
The permanent Board committees are: Audit, Credit, Risks Management, IT and Technology Innovation and Remuneration.

Presented below are changes in the Bank's Board of Directors during the first quarter of 2025 and through publication of these financial statements:

The Extraordinary General Meeting held on March 3, 2025 resolved to approve re-appointment of Mr. Gilad Rabinovich as an external director in the Bank, pursuant to the Companies Law (also compliant with qualifications for External Board member pursuant to Proper Conduct of Banking Business Directive 301) for a further term of three (3) years (second term in office) starting March 12, 2025. For more information see the Bank's report dated March 3, 2025 (reference no.: 2025-01-014244).

Bank management and senior officers

Ms. Ayala Hakim, the Bank's Chief Information Officer (CIO) and Head of the Mizrahi Tefahot's Technology Division announced - on April 24, 2025 - her intention to terminate her service and leave the Bank. A termination date has not yet been set.

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 2024 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.

Legislation and supervisory directives applicable to Bank Group operations

Laws and regulations

Special Payment for the Achievement of Budgetary Targets Law (Temporary Order – Iron Swords), 2024

In March 2024, the Knesset General Assembly approved the "Special Payment to Achieve Budget Targets Law (Interim Directive – Iron Swords"), 2024, whereby a special payment will be imposed on Israeli banks at a rate of 6% of their profits from activity in Israel (as defined in the VAT Law) in the period between April 1, 2024 and December 31, 2025. This payment would not be tax deductible. Exempt from this payment are banking groups with total assets on their balance sheet lower than 5% of total assets of banks in Israel. However, the legislation stipulates that total payment on aggregate for all banks in Israel would be capped at NIS 1.2 billion in 2024 and at NIS 1.3 billion in 2025, divided among the banks pro rata to their pre-tax earnings in these periods.

The provision to taxes on income in the financial statements for the first quarter of 2025 includes the impact of the law in question.

In March 2024 the Knesset General Assembly ratified the order that sets the VAT rate increase from 17% to 18% starting January 1, 2025. However, a bank who is subject to the payment of 6% on the profit in 2025 as noted above, shall pay 17% of the salary paid and of the profit produced that year. To be clear, the increase in payroll tax and capital gains tax to 18% will come into effect from the date on which the bank will no longer be committed to the additional payment of 6% as noted. The impact of the amendment on the Financial Statements is not expected to be material.

Supervisor of Banks

Circulars and public reporting directives

Emphasis for the banking system due to the war

Throughout the war, the Bank of Israel issued a customer support outline, which includes supervisory emphasis regarding handling of debts and reporting to the public, while dividing banks' customers to two relevant populations. The customer support outline was extended six times for 3 months each time, during which adjustments were made to the benefits included in the outline and in the relevant populations. On January 14, 2025 the Bank of Israel extended the outline through the end of March 2025, made adjustments to the first group of customers and created a dedicated outline for owners of businesses operating in the north. For further details about the support outline, see the "Corporate governance, audit, other information about the Bank and its management" chapter in the 2024 Annual Financial Statements.

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 roper 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. The Bank is preparing to implement the directive. Application of the directive is not expected to have any 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 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 (hereinafter - "Contracts with Non-Linear Payment") exceeds 40%, 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 under this circular will be in effect through December 31, 2026 and will come into effect on the circular publication date.

The Bank is preparing to implement the directive. Application of the directive is not expected to have a material impact on capital ratios in the Bank's financial statements.

Publication of condensed information regarding money market funds and central bank bills

On April 9, 2025, the Supervisor of Banks published a circular, which prescribed a new Proper Conduct of Banking Business Directive No. A447, which makes information accessible to customers of banks, such that together with the required disclosure regarding deposits prescribed under Proper Conduct of Banking Business Directive No. 447 information will be published in a uniform format about the money market funds and central bank bills.
The directive's effective date is six months since its publication date, except for the sections dealing with displaying customer personal data and posting the condensed information on the public website - which will come into force 10 months after the directive's publication date. The Bank is preparing to implement the directive. Application of the directive is not expected to have any material impact on the Bank's financial statements.

Bank's credit rating

On August 5, 2024, Midroog Ltd. (created in partnership with Moody's International, which owns a 51% equity stake) (hereinafter: "Midroog") left the Bank ratings unchanged. Long-term deposits and senior debt of the Bank are rated Aaa.il / Stable outlook.
Contingent subordinated notes with contractual loss-absorption provisions (CoCo), which qualify as Tier II equity in conformity with provisions of Basel III, are rated Aa3.il (hyb) with a stable outlook.

On October 9, 2024, S&P GLOBAL RATINGS MAALOT LTD (hereinafter: "Maalot") approved the Bank's issuer rating of ilAAA/Negative Outlook.

contingent subordinated notes with contractual loss-absorption provisions (CoCo), which qualify as Tier II equity in conformity with provisions of Basel III, are rated ilAA- by Maalot.

In recent months 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:

On October 9, 2024, rating agency S&P Global Ratings (hereinafter: "S&P") downgraded the long-term issuer credit rating from A- to BBB+. The agency ratified the Bank’s short-term issuer credit rating of A-2. Negative rating outlook. In addition, the agency rated the contingent subordinated notes with loss-absorption provisions which qualify as Tier II equity, at BBB-. This series was issued by the Bank on April 7, 2021 by international private placement to institutional investors.

On November 13, 2024, the rating agency Fitch Ratings (hereinafter - “Fitch”) affirmed the Bank’s Long-Term Issuer Default Rating (IDR) at A- with a negative outlook and Short Term IDR at F1, with a negative outlook. The rating of the CoCo notes, which include a loss absorption mechanism is BBB.

On October 1, 2024, Moody's rating agency (hereinafter: “Moody’s”) downgraded the Bank’s long-term deposit rating from A3 to Baa1. Negative rating outlook. The agency ratified the Bank’s short-term deposit rating of P-2.

The current rating of the State of Israel is as follows:

S&P rates the State of Israel at a rating of A (Negative Outlook).

Fitch rates the State of Israel at a rating of A (Negative Outlook).

Moody’s rates the State of Israel at a rating of Baa1 (Negative Outlook).

For more information about the impact of the lowering 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 2024 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 March 31, 2025			For the three months ended March 31, 2024		
	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	342,860	[7]4,954	5.78	314,808	[7]4,547	5.78
Outside of Israel	11,110	220	7.92	9,195	221	9.61
Total	**353,970**	**5,174**	**5.85**	**324,003**	**4,768**	**5.89**
Loans to the Government						
In Israel	289	3	4.15	421	5	4.75
Outside of Israel	25	1	16.00	50	1	8.00
Total	**314**	**4**	**5.10**	**471**	**6**	**5.10**
Deposits with banks						
In Israel	1,815	10	2.20	963	6	2.49
Outside of Israel	145	-	-	210	-	-
Total	**1,960**	**10**	**2.04**	**1,173**	**6**	**2.05**
Deposits with central banks						
In Israel	52,877	556	4.21	[11]53,483	558	4.17
Outside of Israel	20,777	228	4.39	21,913	294	5.37
Total	**73,654**	**784**	**4.26**	**75,396**	**852**	**4.52**
Securities borrowed or purchased in resale agreements						
In Israel	192	2	4.17	144	2	5.56
Outside of Israel	-	-	-	-	-	-
Total	**192**	**2**	**4.17**	**144**	**2**	**5.56**
Bonds held to maturity and available for sale[4]						
In Israel	18,703	187	4.00	14,398	92	2.56
Outside of Israel	2,111	28	5.31	1,284	20	6.23
Total	**20,814**	**215**	**4.13**	**15,682**	**112**	**2.86**
Bonds held for trading[5]						
In Israel	2,104	7	1.33	[11]3,293	10	1.21
Outside of Israel	-	-	-	-	-	-
Total	**2,104**	**7**	**1.33**	**3,293**	**10**	**1.21**
Total interest-bearing assets	**453,008**	**6,196**	**5.47**	**420,162**	**5,756**	**5.48**
Receivables for credit card operations	5,081			4,664		
Other non-interest bearing assets[6]	34,124			[11]25,737		
Total assets	**492,213**			**450,563**		
Total interest-bearing assets attributed to overseas operations	**34,168**	**477**	**5.58**	**32,652**	**536**	**6.57**

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 March 31, 2025			For the three months ended March 31, 2024		
	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	35,738	292	3.27	33,115	339	4.09
Term deposits	249,153	2,600	4.17	229,195	2,335	4.08
Outside of Israel						
On-call	410	-	-	447	-	-
Term deposits	16,753	184	4.39	11,091	148	5.34
Total	**302,054**	**3,076**	**4.07**	**273,848**	**2,822**	**4.12**
Deposits from the Government						
In Israel	55	1	7.27	60	1	6.67
Outside of Israel	-	-	-	-	-	-
Total	**55**	**1**	**7.27**	**60**	**1**	**6.67**
Deposits from banks						
In Israel	2,540	22	3.46	3,978	23	2.31
Outside of Israel	4	-	-	747	-	-
Total	**2,544**	**22**	**3.46**	**4,725**	**23**	**1.95**
Securities loaned or sold in re-purchase agreements						
In Israel	-	-	-	-	-	-
Outside of Israel	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Bonds and subordinated notes						
In Israel	40,949	285	2.78	36,590	205	2.24
Outside of Israel	-	-	-	-	-	-
Total	**40,949**	**285**	**2.78**	**36,590**	**205**	**2.24**
Other liabilities						
In Israel	2,936	13	1.77	[11]3,839	20	2.08
Outside of Israel	-	-	-	-	-	-
Total	**2,936**	**13**	**1.77**	**3,839**	**20**	**2.08**
Total interest-bearing liabilities	**348,538**	**3,397**	**3.90**	**319,062**	**3,071**	**3.85**
Non-interest bearing deposits from the public	78,552			77,155		
Payables for credit card transactions	4,106			3,829		
Other non-interest bearing liabilities[8]	27,733			[11]20,844		
Total liabilities	**458,929**			**420,890**		
Total equity instruments	**33,284**			**29,673**		
Total liabilities and equity instruments	**492,213**			**450,563**		
Interest spread			**1.57**			**1.63**
Net return[9] on interest-bearing assets						
In Israel	418,840	2,506	2.39	387,510	2,297	2.37
Outside of Israel	34,168	293	3.43	32,652	388	4.75
Total	**453,008**	**2,799**	**2.47**	**420,162**	**2,685**	**2.56**
Total interest-bearing liabilities attributed to overseas operations	**17,167**	**184**	**4.29**	**12,285**	**148**	**4.82**

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 about interest-bearing assets and liabilities attributed to operations in Israel

	For the three months ended March 31, 2025			For the three months ended March 31, 2024		
	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	314,570	4,531	5.76	[11]291,387	4,105	5.64
Total interest-bearing liabilities	228,679	(2,281)	(3.99)	[11]215,858	(1,999)	(3.70)
Interest spread			**1.77**			**1.94**
Israeli currency – linked to the CPI						
Total interest-bearing assets	84,762	926	4.37	[11]81,145	870	4.29
Total interest-bearing liabilities	53,947	(326)	(2.42)	46,926	(295)	(2.51)
Interest spread			**1.95**			**1.78**
Foreign currency (including Israeli currency linked to foreign currency)						
Total interest-bearing assets	19,508	262	5.37	14,978	245	6.54
Total interest-bearing liabilities	48,745	(606)	(4.97)	[11]43,993	(629)	(5.72)
Interest spread			**0.40**			**0.82**
Total – operations in Israel						
Total interest-bearing assets	418,840	5,719	5.46	387,510	5,220	5.39
Total interest-bearing liabilities	331,371	(3,213)	(3.88)	306,777	(2,923)	(3.81)
Interest spread			**1.58**			**1.58**

See footnotes below.

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

	Three months ended March 31, 2025 vs. three months ended March 31, 2024		
	Increase (decrease) due to change(10)		
	Volume	Price	Net change
Interest-bearing assets			
Loans to the public			
In Israel	405	2	407
Outside of Israel	38	(39)	(1)
Total	**443**	**(37)**	**406**
Other interest-bearing assets			
In Israel	33	59	92
Outside of Israel	(4)	(54)	(58)
Total	**29**	**5**	**34**
Total interest revenues	**472**	**(32)**	**440**
Interest-bearing liabilities			
Deposits from the public			
In Israel	229	(11)	218
Outside of Israel	60	(24)	36
Total	**289**	**(35)**	**254**
Other interest-bearing liabilities			
In Israel	14	58	72
Outside of Israel	-	-	-
Total	**14**	**58**	**72**
Total interest expenses	**303**	**23**	**326**

(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 the average balance of bonds available for sale, for the three-month periods ended March 31, 2025 and March 31, 2024, we (added) deducted the average balance of unrealized (loss) gain from adjustment to fair value of bonds available for sale, included in equity under Other Comprehensive Income, under "Adjustments with respect to presentation of securities available for sale at fair value", amounting to NIS (183) million and NIS (265) million, respectively.
(5) From the average balance of bonds held for trading, for the three-month periods ended March 31, 2025 and March 31, 2024, we (added) deducted the average balance of unrealized (loss) gain from adjustment to fair value of bonds held for trading, amounting to NIS 168 million and NIS (12) million.
(6) Includes derivative instruments, other non-interest bearing assets, net of provision for credit losses.
(7) Commissions amounting to NIS 136 million and NIS 114 million included under interest revenues for the three-month periods ended March 31, 2025 and 2024, 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.
(11) Reclassified

Glossary of terms included on the financial statements

Below is a summary of terms included on the financial statements and index for these terms

Terms pertaining 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 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. That is to say, loss due to impairment of fair value of derivatives, due to an increase in counter-party credit risk (such as: rating downgrade).
E	**EVE – Economic Value of Equity –** The economic value approach used to analyze and assess the effect of changes in interest rates on the fair value of assets, liabilities and off-balance sheet positions of the Bank.
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 (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 framework, referring to the regulatory review process. This part is composed of the following underlying principles: The Bank shall conduct an ICAAP, as defined above. The Supevisor of Banks shall conduct a process to assess the bank's capital adequacy assessment process, and its ability to monitor and comply with regulatory capital ratios. The bank is expected to operate above the minimum capital ratios which were set out.
	Pillar 3 – The third pillar of the Basel II framework, designed to promote market discipline by developing a set of disclosure requirements that would allow market participants to assess capital, risk exposure and risk assessment processes, and accordingly – assess the bank's capital adequacy.
R	**Regulatory capital (total capital)** – Regulatory capital is composed of two tiers: Tier I capital, which includes common equity Tier I capital and additional Tier I capital. Tier II capital. As defined in Proper Conduct of Banking Business Directive 202 - Measurement & Capital Adequacy - Regulatory Capital.
	Risk assets – These consist of credit risk, operational risk and market risk, calculated using the standard approach as stated in Proper Conduct of Banking Business Directives 201-211.
	Risks document – A document which summarizes 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 every quarter.
S	**SOFR (Secured Overnight Financing Rate)** – an interest rate used by banks to price USD-linked derivatives and loans. This interest rate is based on transactions where investors offer to banks loans secured by their bonds. The Federal Reserve started publishing this rate in April 2018, as part of the effort to replace the LIBOR interest.
	Standard approach – An approach used to calculate the required capital with respect to credit risk, market risk or operational risk. The capital allocation is calculated using a formula which is based on regulatory assessment components defined by the Supervisor of Banks.
S	**Stress tests** – a range of methods designed to assess the financial position of a banking corporation under a stress scenario.
	Subordinated obligatory notes – notes whose rights are subordinated to claims by other Bank creditors, except for other obligatory notes of the same type.
V	**VAR –** A model used to assess total exposure to various market risks. The VAR (Value at Risk) arising from the model is a statistical estimate of the maximum potential loss the Bank may suffer due to materialization of market risks in a given period at a pre-determined statistical confidence level.

Banking and finance terms

A

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 – Impaired debt expected to be repaid by realizing collateral provided to secure it.

Debt under re-structuring – Troubled debt under re-structuring is defined as debt for which, for economic or legal reasons related to financial difficulties of the debtor, the Bank has made a concession by way of a modification to the terms of the debt, in order to ease the burden on the debtor of cash payments in the near term (reduction or deferral of cash payments due from the debtor), or by way of receiving other assets as debt repayment (in whole or in part).

Debt under special supervision – Debt under special supervision is debt with potential weaknesses that require special attention from the Bank's management. If such weaknesses are not addressed, the likelihood of debt repayment may decline.

Derivatives – A financial instrument or contract whose value changes in response to changes in the price of the underlying asset (a financial instrument, physical asset, price index, credit rating or other underlying assets), 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

Impaired debt – A debt will be classified as an impaired debt when payment of principal or interest with respect to such debt is in arrears 90 days or longer, unless the debt is well secured and is being collected. Furthermore, any debt whose terms and conditions have been modified in a re-structuring of troubled debt shall be classified as an impaired debt, unless prior to and following such re-structuring, a provision for credit losses by extent of arrears has been made for such debt, in accordance with the appendix to Proper Conduct of Banking Business Directive 314 regarding problem debts in residential mortgages.

Indebtedness – On- and off-balance sheet credit, as defined in Proper Conduct of Banking Business Directive 313.

O

Off-balance sheet credit – engagements for provision of credit and guarantees (excluding derivative instruments).

OTC – Over the Counter – Transaction involving financial instruments conducted over the counter rather than on a stock exchange.

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

Subordinated debt – a subordinated debt is a debt which is insufficiently secured by collateral or by debtor repayment capacity, and for which the Bank may incur a loss if deficiencies are not corrected, including debt over NIS 700 thousand which is 60-89 days in arrears.

Syndication – Loan extended jointly by a group of lenders.

T

Troubled debts – Debts classified under one of the following negative classifications: Special supervision, subordinate or impaired.

Terms with regard to regulatory directives

E

EMIR - European Market Infrastructure Regulation – EU regulations adopted in order to increase stability, transparency and efficiency of derivative markets.

F

FATCA – Foreign Accounts Tax Compliance Act – The US Foreign Accounts Tax Compliance Act (FATCA) stipulates mandatory reporting to the US tax authority (IRS) of accounts held by US persons with foreign financial institutions (outside the USA).

L

LCR – Liquidity Coverage Ratio – defined as the ratio of High Quality Liquid Assets and net cash outflow for the next 30 days, under a stress scenario. This ratio is a measure of the Bank's ability to meet its liquidity needs for the forthcoming month.

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