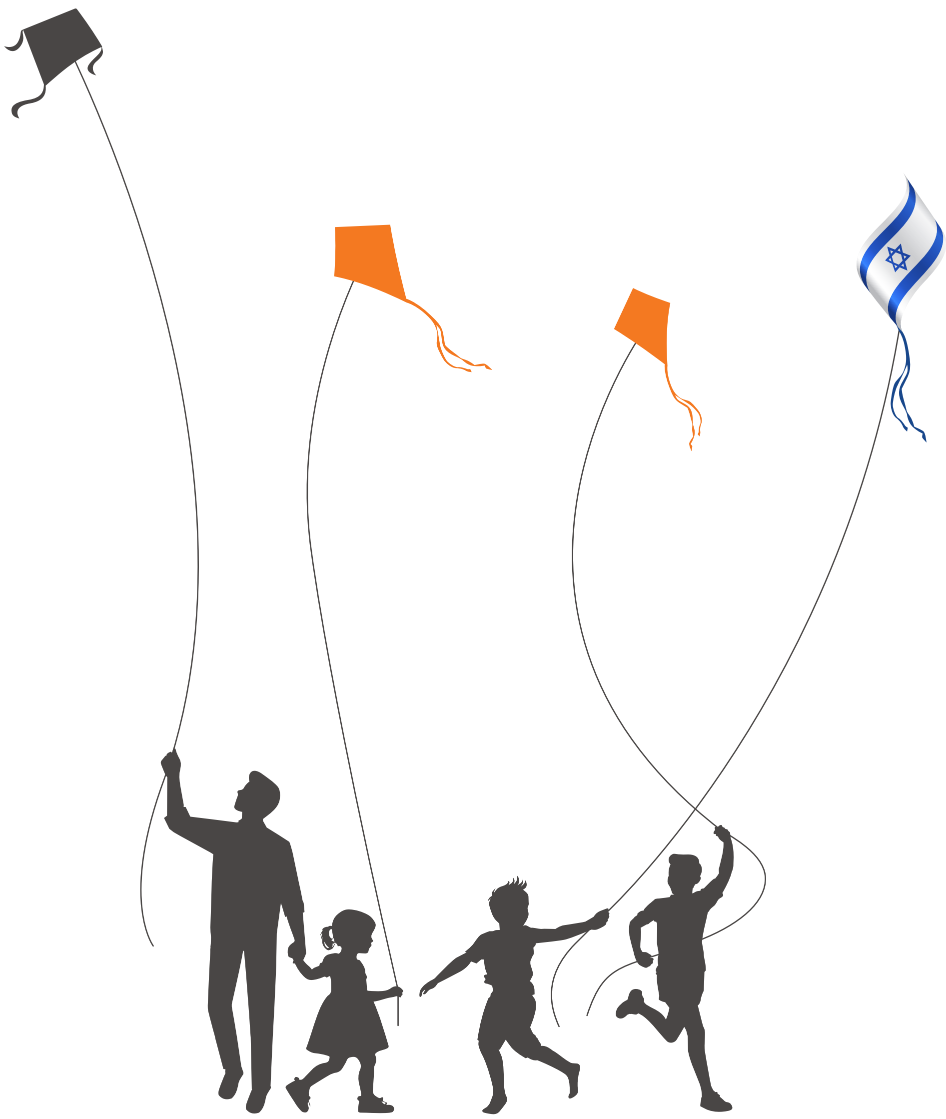
CONDENSED CONSOLIDATED FINANCIAL REPORTS 1

AS OF 31.03.2024

מזרחי טפחות

MIZRAHI TEFAHOT



People first and foremost

Bank Mizrahi Tefahot

Condensed quarterly financial statements
As of March 31, 2024

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

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Bank Mizrahi Tefahot

Report of the Board of Directors and Management

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Condensed Report of the Board of Directors and Management for financial statements as of March 31, 2024

Introduction

The Iron Swords War, which started after the surprise attack on October 7, has been on-going for over 8 months now and still at this stage, it is not possible to assess how it would develop, its end date and its full implications for various areas in Israel in general – and for economic activity in particular.
Mizrahi Tefahot Group bows in respect to the families of those murdered and of IDF fallen soldiers in the war, praying for the safe 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 about steps taken by the Bank, 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 22, 2024, 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, 2024.
The Report of the Board of Directors and Management, the Risks Report and Other Supervisory Disclosures of the Bank are prepared in conformity with directives and guidelines of the Supervisor of Banks.
The condensed financial statements are prepared in conformity with generally accepted accounting policies in Israel (Israeli GAAP) and in accordance with Public Reporting Directives of the Supervisor of Banks.
For most topics, the Supervisor of Banks' directives are based on generally acceptable accounting practices by banks in the United States (see also Note 1 to the financial statements as of December 31, 2023 and Note 1 to these condensed 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 2024, 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 2023 audited annual financial statements.

Condensed financial information and key performance indicators for the Bank Group

	2024	2023				2023
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
					NIS in millions	
Statement of profit and loss – key items						
Interest revenues, net	2,685	2,689	2,959	3,181	3,146	11,975
Non-interest financing revenues	345	(167)	341	250	87	511
Commissions and other revenues	568	569	568	564	593	2,294
Total revenues	**3,598**	**3,091**	**3,868**	**3,995**	**3,826**	**14,780**
Expenses with respect to credit losses	175	295	694	247	227	1,463
Operating and other expenses	1,279	1,196	1,415	1,521	1,437	5,569
Of which: Payroll and associated expenses	856	702	902	1,009	931	3,544
Pre-tax profit	2,144	1,600	1,759	2,227	2,162	7,748
Provision for taxes on profit	835	519	624	779	747	2,669
Net profit(1)	**1,272**	**1,047**	**1,098**	**1,398**	**1,367**	**4,910**

The Group's net profit in the first quarter of 2024 amounted to NIS 1,272 million, compared to NIS 1,367 million in the corresponding period last year, a decrease of 6.9%. This reflects a 18.1% annualized return on equity, compared to 22.4% in the corresponding period last year, 15.5% in the fourth quarter of 2023 and 19.1% in 2023 as a whole.

The following major factors affected Group operating profit in the first quarter of 2024 over the corresponding period last year:

- Total financing in the first quarter of 2024 decreased by 6.3%, compared to the corresponding period last year, mainly as a result of the impact of the interest costs on the cost of sources, from the deviation of funds from checking accounts to deposits, and from the moderation of the rate of increase of the Consumer Price Index, which increased by a rate of 0.3% in the first quarter of 2024, compared to an increase of 1.1% in the corresponding period last year.

  For more information see under "Analysis of Development in financing revenues" below.
- Expenses with respect to credit losses in the first quarter of 2024 amounted to NIS 175 million, compared to NIS 227 million in the corresponding period last year. Expenses due to credit losses largely derive from a group provision, which is influenced staring from tube second half of 2023 from the level of credit risk in the economy, among other things due to the potential implications of the war. Expenses due to credit losses in the corresponding period last year reflected the increase in risk levels, mainly as a result of the increase in the interest rates in the economy.
- Total operating and other expenses decreased by 11.0%. The drop in operating and other expenses derives, among other things, from the continued synergy following the Union Bank merger, from expenses recorded in the corresponding period last year due to the impact of the salary agreement signed with the workers organization, by the adjustment of variable remuneration items in light of monetary results, as well as from one-time amortizations of assets recorded in the first quarter of 2023.

  For other effects, see each of the operating expense components below.

(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, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
					NIS in millions
Balance sheet – key items					
Total assets	450,683	448,204	438,289	432,722	434,110
Loans to the public, net	330,487	325,346	323,590	316,925	312,319
Cash and deposits with banks	84,653	86,550	81,645	83,746	90,240
Securities	23,466	23,071	19,007	19,865	19,348
Buildings and equipment	1,575	1,531	1,447	1,438	1,399
Deposits from the public	365,371	358,553	351,034	345,191	348,469
Bonds and subordinated notes	35,776	37,070	36,655	36,546	34,608
Deposits from banks	3,603	4,571	5,008	6,541	7,284
Shareholders' equity[(1)]	28,578	27,461	26,459	25,814	24,844

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

- The sheet total as of March 31, 2024 amounted to NIS 450.7 billion, an increase of NIS 16.6 billion compared to March 31, 2023, or an increase of 3.8%.
- Loans to the public, net as of March 31, 2024 amounted to NIS 330.5 billion, an increase of NIS 18.2 billion compared to March 31, 2023, or an increase of 5.8%.
- Deposits from the public as of March 31, 2024 amounted to NIS 365.4 billion, an increase of NIS 16.9 billion compared to March 31, 2023, or an increase of 4.9%.
- Shareholders' equity as of March 31, 2024 amounted to NIS 28.6 billion, an increase of NIS 3.7 billion compared to March 31, 2023, or an increase of 15.0%. 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)

	2024 First quarter	2023 Fourth quarter	Third quarter	Second quarter	First quarter	2023 Annual
Key performance benchmarks						
Net profit return on equity(1)(2)	18.1	15.5	16.8	22.0	22.4	19.1
Net profit return on risk assets(1)(2)(3)	1.84	1.53	1.64	2.15	2.15	1.86
Return on average assets(2)	1.13	0.94	1.01	1.29	1.27	1.13
Deposits from the public to loans to the public, net	110.6	110.2	108.5	108.9	111.6	110.2
Ratio of Tier I equity to risk components	10.60	10.32	10.12	10.23	10.12	10.32
Leverage ratio(4)	5.99	5.83	5.78	5.73	5.53	5.83
Liquidity coverage ratio (Quarterly)(5)	139	131	138	128	126	131
Net stable funding ratio(6)	114	114	113	115	113	114
Ratio of revenues to average assets(2)	3.20	2.79	3.55	3.69	3.55	3.39
Cost-income ratio – operating expenses to total revenues(7) (Cost Income Ratio)	35.5	38.7	36.6	38.1	37.6	37.7
Basic net earnings per share (in NIS)	4.93	4.06	4.27	5.43	5.32	19.07
Key credit quality benchmarks						
Ratio of balance of provision for credit losses to total loans to the public	1.22	1.24	1.19	1.01	0.98	1.24
Ratio of non-accruing debts or debts in arrears 90 days or longer to loans to the public	1.11	1.16	0.99	0.90	0.88	1.16
Expenses with respect to credit losses to loans to the public, net for the period(2)	0.21	0.36	0.86	0.31	0.29	0.45
Net accounting write-offs as percentage of average loans to the public(2)	0.16	0.13	0.04	0.12	0.07	0.09
Other information						
Share price (in NIS) at end of quarter	140.0	142.6	138.1	123.3	112.6	142.6
Dividends per share (in Agorot)(8)	81	64	190	159	127	540
Ratio of net interest revenues to average assets(2)	2.39	2.43	2.72	2.94	2.92	2.74
Ratio of commissions to average assets(2)	0.45	0.44	0.46	0.46	0.49	0.46

Financial ratios indicate as follows:

- Net profit return on equity in the first quarter of the year was 18.1%, primarily due the moderation of financing profitability, as a result of the impact of the increase in interest rates on the cost of resources and the diversion of sums from checking balances to deposits, and the moderation of the CPI increase rate.
- The ratio of Tier I capital to risk components increased to 10.60%. The minimum ratio required of the Bank is 9.60%.
- The cost-income ratio in the first quarter of 2024 was 35.5%.

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.
(7) Total operating and other expenses to total operating and financing revenues and expenses with respect to credit losses.
(8) The dividends per share is calculated based on the amount of the dividends actually distributed in the reported period.

Key risks

As part of the Bank's risk mapping process, the list of major risks was specified as follows: Credit risk (and credit concentration), market risk, interest risk (and, in particular, interest risk in the bank portfolio), liquidity risk, operational risk, including information security and cyber risk, IT risk and legal risk, compliance and regulatory risk, cross-border and AML risk, reputational risk, strategic-business risk and regulatory-business risk. The Bank regularly reviews the risks mapping to ensure that it encompasses all business operations at the Bank, market conditions and regulatory requirements.
Information about developments of risks, including effects of the war, is presented in the chapter "Risks overview" below and in the Risks Report on the Bank website.
For more information see chapter "Key risks" of the 2023 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 2023 Report of the Board of Directors and Management.

Developments in capital structure

Investments in Bank capital and transactions in Bank shares

For more information about share issuance as part of the employee stock option plan, see report of changes to shareholders' equity on the financial statements.

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.

Deposits from the public for the Group as of March 31, 2024 amounted to NIS 365.4 billion, compared to NIS 358.6 billion at end of 2023. In the first quarter of 2024, deposits from the public in the NIS-denominated, non-CPI linked segment increased by 2.9%; deposits in the CPI-linked segment increased by 3.0%; and deposits denominated in or linked to foreign currency decreased by 2.5%. For more information see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.

Issuance of obligatory notes, bonds and complex capital notes

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

On August 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.

Total bonds and subordinated notes as of March 31, 2024 amounted to NIS 35.8 billion, compared to NIS 37.1 billion as of December 31, 2023.

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, 2024, amounted to NIS 5.3 billion, compared to NIS 5.4 billion as of December 31, 2023.

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".

Significant developments in management of business operations

Assistance to those affected by the war

On October 7, 2023, the Swords of Iron war was declared following a sudden murderous rampage into settlements close to the Gaza Strip border. This was concurrent with the start of military escalation on the Northern border.
The Bank is prepared to continue its operations and to provide service to its customers, including in war-affected zones, in as much as possible.
Concurrently, the Bank takes part in the national endeavor and has announced the allocation of funds for charitable donations and assistance to civilians affected by the war, and has launched programs to provide relief to Bank customers, with emphasis on customers resident in war-affected regions, so as to help them get through this war period and its economic implications. For more information see also chapter "Significant developments in management of business operations".

Charitable donations and adoption of Sderot and Kfar Aza – Immediately upon the outbreak of war, the Bank started to provide monetary donations to fund the purchase of equipment, food and other urgent needs of those residents adjacent to the Gaza Strip (up to 7 kilometers from the Gaza border), of soldiers and of volunteers. Concurrently, the Bank announced its decision to adopt Sderot and Kfar Aza, providing a solution for needs of these towns and the residents thereof over the immediate, medium and long term, especially in areas where the Government is not involved. There is also focused activity under way to help small businesses at Kfar Aza. Bank teams have met with relevant parties in these two towns, to jointly map out the needs and projects in which the Bank would take part, and have started providing funds for financing these. Concurrently, a program would be put in place to provide resolution for matters to be addressed in later stages, including action to rebuild the area and to return to normal life. Total charitable donations allocated by the Bank for adoption of towns and other activities to benefit residents of the Gaza border and Northern border areas is estimated at NIS 70 million. Almost all of these expenses were recorded in the 2023 Financial Statements.

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.

Relief and banking benefits to Bank customers – In order to help Bank customers get through this challenging period, the Bank decided in October 2023 to offer a range of solutions to provide assistance and relief to Bank customers, substantially larger than the basis set by the Supervisor of Banks, including the following:

- Automatic waiver of mortgage payments for several months for residents of the Gaza border area, and option to freeze mortgage payments for several months in addition, with no interest or linkage and at no cost;
- Freezing of mortgage payments, free of interest, linkage and fees, for a further 3 months beyond the Bank of Israel outline (for a total of 6 months) for Bank customers resident in the Northern region, who have been evacuated from their homes by order of the Government;
- Freeze on mortgage payments for up to 12 months, and on other loan payments for up to 3 months, for all Bank customers.
- Waiver of interest payable on debit balances of up to NIS 10,000 for individual customers resident in the Gaza border area or in the Northern border region, or those affected by the war or relatives thereof, populations evacuated from their homes, participants of the Parties, the reservist population and Order 8 recruits.
- Waiver of interest payable on debit balances of up to NIS 30,000 for small business customers (as defined in the rate book - turnover of up to NIS 5 million) resident in the Gaza border area or in the Northern border region, or those affected by the war or relatives thereof; populations evacuated from their homes, participants of the Nova Party at Re'im and casualties from the Psyduck Party and victims of the Midburn Festival preparatory meeting, the reservist population and Order 8 recruits.
- Waiver of commissions for 3 months for private customers and small businesses (as defined in the rate book - turnover of up to NIS 5 million) resident in the Gaza border area or in the Northern border region, reservists or those affected by the war or relatives thereof; populations evacuated from their homes, participants of the Parties and Order 8 recruits.
- Increase of checking account facilities for individual customers at Bank branches in the Southern region, up to NIS 30 thousand.

- Loans to help customers facing liquidity issues due to the war: Loans to individual customers up to NIS 25 thousand and loans to business owners, up to NIS 50 thousand, free of interest and linkage, for a term of up to 1 year.
- Bridging loan for customers whose cars were impacted: financing of up to 100% LTV, free of interest and fees, for 3 months – to bridge the period until they receive compensation from the Government property tax fund;
- Option to withdraw from term deposits, up to NIS 100 thousand, at no cost for residents of the conflict zones in the South and in the North.
- Bonus of up to NIS 20 thousand to business customers in the Gaza border region and in towns adjacent to the Northern border, and loans to business customers through diverse funds and State-guaranteed loans.

Note that the Bank of Israel outline, originally issued for 3 months, was extended twice by a further 6 months for customers enrolled in this outline.

Furthermore, in order to assist businesses and professionals, primarily from the combat areas, whose economic activity was significantly impacted (or fully disrupted), the Bank created a platform named "Orange. Israel" on the Bank website, allowing them to advertise their services at no cost, thus gaining exposure with customers and potential buyers all across Israel.

The estimated value of relief and banking benefits extended to all Bank Group customers, beyond the charitable donation amount, is NIS 589 million (including banking relief and benefits provided to residents of Sderot and Kfar Aza, as noted above), assuming full utilization of all benefits offered to the relevant population. The utilization rate of the various reliefs, with the exception of freezing payments, reaches 88%, 100% in housing, 74% in households and 97% in small and very small businesses. Unlike other banking benefits, loan payment deferment is only undertaken by customers who require this, and therefore the utilization rate is expected to be low. Thus, total relief and benefit utilization amounted to NIS 216 million, a 37% utilization rate.

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)

	As of March 31, 2024					
	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total
Changes to the terms and conditions of debt	**108**	**18**	**19**	**1**	**1**	**147**
Of which: Loan payment forgiveness	46	1	-	-	-	47
Of which: Payment deferment at 0% interest	62	5	14	1	1	83
Of which: Waiver of debit interest in current account	-	12	5	-	-	17
Interest-Free or Reduced Interest Loans	**-**	**12**	**1**	**-**	**-**	**13**
Waived commissions	**1**	**25**	**20**	**-**	**-**	**46**
Other benefits	**-**	**-**	**10**	**-**	**-**	**10**
Of which: Monetary donations	-	-	10	-	-	10
Total economic cost of benefits provided by the Bank:						
As of March 31, 2024	**109**	**55**	**50**	**1**	**1**	**216**
As of December 31, 2023	**62**	**29**	**34**	**-**	**1**	**126**

	As of March 31, 2024					
Total un-utilized benefits	**273**	**69**	**26**	**1**	**4**	**373**
Of which: Payment deferment at 0% interest	273	51	25	1	4	354
Of which: Waiver of debit interest in current account	-	10	1	-	-	11
Of which: Interest-free or reduced interest loans	-	7	-	-	-	7
Of which: Loan payment forgiveness	-	1	-	-	-	1
Total economic estimate of benefits provided by the Bank, assuming full utilization	**382**	**124**	**76**	**2**	**5**	**589**

More information about activities to benefit borrowers in addressing the War

	As of March 31, 2024					
	Residential	Private individuals – other	Small and micro businesses	Medium businesses	Large businesses	Total
Loan balance with changes to terms and conditions of debt	**18,023**	**344**	**1,350**	**90**	**28**	**19,835**
Of which: Problematic credit	214	6	2	-	-	222
Of which: Credit of borrowers in financial difficulties undergoing change in terms	1	-	7	-	-	8
Payment amounts deferred	615	62	271	14	1	963
Average payment deferment by months	5.89	4.36	4.46	5.21	2.24	
Balance of loans extended interest-free or at reduced interest	**-**	**174**	**25**	**-**	**-**	**199**
Average interest rate(1)	-	3.56	-(2)	-	-	3.12
Loans extended in State-guaranteed funds						
Credit balance	-	-	1,007	147	24	1,178
Average interest rate	-	-	7.60	7.74	7.37	7.61
Of which:						
Credit balance extended with Bank of Israel financing	-	-	62	-	-	62
Average interest rate	-	-	6.17	-	-	6.17
Balance of loans extended with Bank of Israel financing (including through State-guaranteed funds)						
Credit balance	-	-	67	4	-	71
Average interest rate	-	-	6.17	6.17	-	6.17
Loan balance with changes to the terms and conditions of debt as of December 31, 2023	**23,714**	**855**	**3,612**	**219**	**144**	**28,544**

(1) Average prime lending rate in this period: 6.11%

(2) Interest-free loans extended

Significant developments in human resources and administration

Changes to the Bank Board of Directors

On February 12, 2024, the Bank reported that the Bank's Board of Directors resolved to appoint Mr. Avi Zeldman (who has been serving the Bank as Board member since 2015) to be Chairman of the Board of Directors, effective as from June 16, 2024, after the expiration of Mr. Moshe Vidman's term in office as Chairman of the Board of Directors. For further details see the Bank's report from February 12, 2024 (reference no. 2024-01-045285).

On April 10, 2024 the Bank received a message from the Commissioner of Banks that he had no objection to the appointment in question so long as Mr. Zeldman resigned from his activities at two other companies. For further details, see the Immediate Report from April 10, 2024 (ref. 2024-01-036214).

On March 28, 2024, the Bank reported that the Bank's Board of Directors had announced its intention to (re)-appoint Mr. Moshe Widman as Bank Board Member. On May 12 the Commissioner of Banks announced that he had no objection to the appointment in question. For further details see the Bank's reports from March 28, 2024, May 6, 2024 and May 12, 2024 (reference nos. 2024-01-034656, 2024-01-043780 and 2024-01-046762).

The Extraordinary General Meeting held on February 20, 2024 resolved to approve re-appointment of Ms. Esteri Gilez-Ran as External Board member of the Bank, pursuant to the Corporate Law (also compliant with qualifications for External Board member pursuant to Proper Bank Management Directive 301) for a further term of three (3) years (second term in office) starting February 27, 2024. For further details see the Bank's report from February 20, 2024 (reference no. 2024-01-018129).

Other matters

Interested party in the Bank

On March 20, 2024, the Bank reported that HaPhoenix Investment House Ltd. and HaPhoenix Holdings Ltd. had ceased serving as interested parties in the Bank. For further details see the immediate reports issued by the Bank on March 20, 2024 (reference no. 2024-01-029190 and 2024-01-029193).

On March 20, 2024 the Bank reported that Harel Investments in Insurance and Finance Ltd. had ceased serving as a Bank interested party. For further details see the report issued by the Bank on March 20, 2024 (reference no. 2024-01-029205).

On March 26, 2024 the Bank reported that Meitav Investment House Ltd. had ceased serving as a Bank interested party. For further details see the report issued by the Bank on March 26, 2024 (reference no. 2024-01-032313).

Legal Proceedings

For material changes in legal proceedings to which the Bank is party, see Note 10.B.(2-3) 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

In view of the events of the war, which has been ongoing since October 7, 2023, economic uncertainty is prevalent. There are many disruptions to economic operations, which may impact the economy – including impact to business activity, absence from work and so forth. Note that even prior to this war, there was uncertainty with regard to the economy due to macro-economic conditions and Government plans to promote changes to the judicial system and the public disagreement with regard to this move. Due to these security events, Government defense expenditure is expected to increase – which would increase the budget deficit, and there is concern about impact to economic growth.

Due to the higher systemic risk in the economy due to the war, the overall risk assessment at the Bank also increased, although for most risks, no significant indications have yet been identified that support actual increase in risk, and in particular with respect to material risks that may be impacted by the war, including , financial, business continuity, cyber and information security risk. For more information see chapter "Risks Overview" below, as well as the Report of the Board of Directors and the Risks Report for 2023

For more information about Bank actions to adopt Sderot and Kfar Aza, as well as relief and banking benefits extended to Bank customers, see chapter "Significant developments in management of business operations" above.

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.

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 2023 Report of the Board of Directors and Management.

Developments in the Israeli and global economy in 2024

Israeli economy

In the first quarter of 2024 the war continued both in the southern front and on the northern border, including a direct conflict with Iran.

Damage to economic activity peaked in the fourth quarter of 2023 and was expressed in the following effects: A sharp drop in personal consumption, in investment in fixed assets and in imports of goods and services. This impact was accompanied by employees placed on furlough, employee absence due to military call-up of reserves, the shut-down of educational institutions, a significant decline in employment of foreign workers, which primarily caused a decline in activity in the construction and agriculture sectors.

Over the course of the first quarter of 2024 there was a gradual recovery in most economic indices, although they are still lower than their state prior to the war. The expansion of activity was mainly derived from an increase in demand, which was expressed by an increase in the scope of credit card purchases. Concurrently, the employment market and production capabilities began to recover as a result of a significant drop in the number of reserve troops called up relative to the start of the war. At the same time, the level of geopolitical uncertainty increased, and is reflected in a relatively high level of the economy's risk premium as well as major fluctuations in exchange rates.

Real developments

GDP in Israel in the first quarter of 2024 grew at an annualized 14.1%, after shrinking at a yearly rate of 21.7% in the fourth quarter of 2023. The GDP grew by 2.0% in 2023, compared to 6.5% in 2022.

According to forecast by the Bank of Israel Research Division dated April 2024, GDP in Israel is expected to grow by 2.0% in 2024. The average unemployment rate in 2024 is expected to be 3.7%.

The Bank of Israel Composite Index increased in January to March of this year at an annualized 2.7%, following a decrease of 2.1% in 2023 and compared to an increase of 3.7% in 2022.

The broad unemployment rate (ages 15 and older, original data) was 5.0% in March 2024 compared to 7.2% in December 2023. The number of vacant jobs in the economy is has been growing since the outbreak of the war, but remained high at 133,000 jobs in March.

Inflation and exchange rates

In the first three months of this year, the Consumer Price Index increased by 1.0%, compared to an increase by 1.2% in the corresponding period last year. In the past 12 months ending March 2024, the CPI increased by 2.7%, within the Bank of Israel target range defined as being between 1% and 3%. Expectations in the capital market for the next 12 months are around the higher limit of the Bank of Israel target range.

There has been a mixed trend in the NIS over the course of the first quarter of the year. The shekel weakened by 2.2% versus the dollar and grew 0.1% stronger versus the EUR.

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

	March 31, 2024	December 31, 2023	Change in %
Exchange rate of:			
USD (in NIS)	3,681	3,627	1.5
EUR (in NIS)	3,979	4,012	(0.8)

On May 17, 2024 the USD/NIS exchange rate was 3.716, a devaluation by 1.0% compared to March 31, 2024. On that date, the EUR/NIS exchange rate was 4.032, a devaluation by 1.3% compared to March 31, 2024.

Monetary policy

In light of the increased geopolitical uncertainty and its impact on the increase in Israel’s risk premium, the depreciation of the NIS, and the expected postponement in interest rate decreases by global central banks, in April 2024 the Monetary Committee decided to leave interest rates at 4.50%. This after the interest rate dropping from 4.75% in early January. In the interest decision from April 2024 the Committee noted that the interest outline will be determined in accordance with the stabilization of economic activity, the inflation converging upon its goal and the continued stability of financial markets and fiscal policy. The forecast by the Bank of Israel Research Division, dated April 2024, estimates that the average interest rate in the first quarter of 2025 would be 3.75%.

Fiscal policy

In the first three months of 2024, the Government budget recorded a NIS 26.0 billion cumulative deficit, compared to a NIS 14.1 billion budget surplus in the corresponding period last year. The deficit rate as percentage of GDP for the 12 months ended in March 2024 was 6.2% in the first three months of 2024. Government expenses recorded an increase of 38.1% relative to the corresponding period last year.

On February 9, 2024, rating agency Moody's announced it was lowering the credit rating of Government of Israel debt, from A1 to A2 with Negative rating outlook. The primary motive for the lowered credit rating is the agency's assessment that across-the-board implications of the current confrontation with Hamas, during and after the confrontation, materially increase political risk in Israel, weaken the legislative and executive branches and impact the fiscal robustness of the State of Israel. Further to its decision to lower the rating for the State of Israel, on February 13, 2024 Moody's announced it was lowering the credit rating of the top 5 banks in Israel, from A2 to A3 / Negative outlook.

On May 10, 2024, rating company Moody's announced that it was reapproving Israel's credit rating at A2 Negative Outlook. The agency noted that Israel's reedit rating was likely to drop if signs of escalation of the conflict with Iran or Hizballah increase.

On April 2 credit rating company Fitch announced that it was keeping Israel’s credit rating unchanged at A+, but was changing its rating outlook to Negative. In its decision, the rating agency wrote that the uncertainty following the war had raised Israel’s risk profile, but it was too early to determine its full impact.

On April 19, 2024 Rating company S&P announced that it was lowering the credit rating of the State of Isarel from AA- to A+ Negative Outlook. This is in light of the increase in geopolitical risk and the assumption of continued fighting in Gaza throughout the year with no escalation on the northern front or in a conflict with Iran.

Residential construction and the mortgage market

According to data from the Central Bureau of Statistics, new apartments sold (net of seasonal effect) in the first three months of 2024 was 10,400 apartments, an increase of 43.3% over the corresponding period last year and a decrease of 13.7% from the corresponding period in 2022. In the first three months of 2024, residential mortgages extended to the public amounted to NIS 17.1 billion, compared to NIS 18.9 billion in the corresponding period last year and NIS 34.6 billion in the corresponding period in 2022 – a decrease by 9.5% and 50.5%, respectively.

According to data from the Central Bureau of Statistics, owned housing prices in the 12 months ending February 2024 increased by 0.3%, following a decrease of 1.6% in 2023 and following an increase by 16.9% in 2022.

Capital market

Trading on Israeli equity markets in major indexes in the first quarter of 2024 was positive, similar to trading on stock exchanges in the USA and world-wide.

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

	2024	2023			
Index	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Tel-Aviv 35	7.8	0.9	5.5	0.6	(3.2)
Tel-Aviv 125	8.3	0.4	5.6	2.9	(4.8)
Tel-Aviv 90	10.9	(1.1)	5.1	9.3	(9.0)

The average daily trading volume of shares and convertible securities in the first quarter of 2024 amounted to NIS 2.2 billion on average – similar to the average trading volume in the corresponding period last year. In 2023, the average daily trading volume amounted to NIS 2.0 billion.

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

	2024	2023			
Index	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
All-Bond general	0.6	2.3	(0.4)	1.9	-
Government bonds, CPI-linked	(0.5)	0.4	(2.5)	1.0	0.7
Government bonds, non-linked	(0.5)	2.0	(1.0)	0.8	(0.4)
Tel-bond 20	1.5	2.2	(0.2)	2.5	0.3
Tel-bond 40	1.6	2.5	0.4	2.4	0.5

Global economy

According to the IMF forecast dated April 2024, global GDP growth in 2024 should be 3.2% – higher by 0.1 percentage point from the previous forecast, similar to the growth in 2023.

The US economy grew in the first three months of 2024 at an annualized 1.6%, following growth by 2.5% in 2023 and growth by 1.9% in 2022. This was due to growth in private consumption and investments in fixed assets. In 2022, the inflation rate rose to a record of 9.1% for the 12 months ended in June, and decreased to 3.5% in March 2024. The Fed interest rate remained unchanged from May 2023 at a rate of 5.5%. The Purchasing Manager index in the services sector indicated expansion in the first quarter of this year, while the Purchasing Manager indexes in the industrial sector indicated a move from contraction to expansion. The unemployment rate in March was 3.8%, compared to 3.7% in December 2023.

The GDP in the Euro Zone in the first three months of 2024 increased at an annualized 1.3%, compared to 0.4% growth for 2023 and 3.4% growth for 2022. The inflation, which accelerated to a peak of 10.6% in the 12 months ending October 2022, has begun to decrease and was 2.4% in March 2024. The monetary interest rate on deposits in the Euro Zone has been 4.0% since October 2023. Due to the inflation rate dropping to the ECB target range, expectations increased in financial markets to lower interest rates. The Purchasing Manager Indices in industry sectors indicated contraction in the first quarter, whereas the Purchasing Manager Indices in service sectors indicated a move from contraction to expansion.

China's economy grew in the first three months of 2024 at an annualized 1.6%, following growth of 5.2% in 2023 and growth of 3.0% in 2022. The growth rate of economic activity in China indicates a certain level of recovery, in light of a supporting policy for encouraging economic activity.

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

	2024	2023			
Index	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Dow Jones	5.6	12.5	(2.6)	3.4	0.4
S&P 500	10.2	12.6	(3.7)	8.3	7.0
NASDAQ 100	8.5	21.2	(3.1)	15.2	20.5
DAX	10.4	9.4	(4.7)	3.3	12.3
FTSE 100	2.8	1.7	1.0	(1.3)	2.4
CAC	8.8	5.9	(3.6)	1.1	13.1
Nikkei	20.6	6.3	(4.0)	18.4	7.5

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 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.
Prior to this war, there was uncertainty with regard to the economy due to macro-economic conditions and Government plans to promote changes to the judicial system and the public disagreement with regard to this move. The war has increased economic uncertainty, and consequently affects the Bank's risk assessment and risk profile. Changes to risk assessment and to the Bank's risk profile are set forth below in chapter "Risks overview".

On February 9, 2024, rating agency Moody's announced that it was lowering Israel's credit rating to A2, due to concerns about implications of the war in Gaza and military escalation in the North, citing the weakness of the Government as a key reason for this decision. The rating outlook was also lowered, to Negative.

On May 10, 2024, rating company Moody's announced that it was reapproving Israel's credit rating at A2 Negative Outlook.

On April 2, 2024 rating agency Fitch announced that it was keeping Israel's credit rating at A+, removing the "Negative Watch" and updating the rating outlook from "Stable" to "Negative" due to the geopolitical risk and the war in Gaza.

On April 19, 2024 rating agency S&P announced that it was lowering Israel's credit rating from AA- to A+, following the geopolitical risks Israel is facing. S&P left Israel's credit rating outlook at "Negative."

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 2023 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 2024, 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

The Group's net profit in the first quarter of 2024 amounted to NIS 1,272 million, compared to a net profit of NIS 1,367 million in the corresponding period last year, a decrease of 6.9%. This reflects a 18.1% annualized return on equity, compared to 22.4% in the corresponding period last year, 15.5% in the fourth quarter of 2023 and 19.1% in 2023 as a whole.

Analysis of developments in revenues, expenses and other comprehensive income

Net interest revenues and non-interest financing revenues(1) in the first quarter of 2024 amounted to NIS 3,030 million, compared to NIS 2,522 million in the fourth quarter of 2023, a 20.1% increase, and compared to compared to NIS 3.233 million in the corresponding period last year, a decrease of 6.3%.

Net interest revenues and non-interest financing revenues(1) from current operations in the first quarter of 2024, amounted to NIS 2,780 million, as described below, compared to NIS 2,942 million in the corresponding period last year, a decrease of 5.5%.

The decrease in operating revenues in the first quarter of 2024 largely derives from the impact of the drop in interest rates in the first quarter of 2024, and the diversion of funds from checking balances to deposits, from the increase in prices of resources following the interest rate increases over the course of 2022-2023, in light of the continued growth in the volume of activity – an increase of 5.8% in the public credit balance, compared to the corresponding period last year.

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

	2024	2023				Change rate in %
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	First quarter of 2024 compared to first quarter of 2023
Interest revenues, net	2,685	2,689	2,959	3,181	3,146	
Non-interest financing revenues(1)	345	(167)	341	250	87	
Total financing revenues	**3,030**	**2,522**	**3,300**	**3,431**	**3,233**	**(6.3)**
Net of:						
Effect of the Consumer Price Index	88	34	212	387	308	
Revenues from interest collected with respect to problematic debts	8	9	13	11	9	
Gains (losses) from bonds, shares and real investments	44	(74)	(8)	18	(44)	
Effect of accounting treatment of derivatives at fair value and others(2)	110	(285)	146	53	18	
Total effects other than from current operations	**250**	**(316)**	**363**	**469**	**291**	
Total financing revenues from current operations	**2,780**	**2,838**	**2,937**	**2,962**	**2,942**	**(5.5)**

(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) 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. Other impacts include the effect of Bank coverage against tax exposure with respect to overseas investments, by allocating excess financing sources against such investments.

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

	For the three months ended March 31			
Operating segment	**2024**	**2023**	**Sum Change**	**Change rate (In %)**
Private individuals:				
Households – residential mortgages	661	689	(28)	(4.1)
Households – other	913	875	38	4.3
Private banking	87	83	4	4.8
Total individuals	**1,661**	**1,647**	**14**	**0.9**
Business operations:				
Small and micro businesses	632	637	(5)	(0.8)
Medium businesses	148	149	(1)	(0.7)
Large businesses	299	315	(16)	(5.1)
Institutional investors	56	58	(2)	(3.4)
Total business activity	**1,135**	**1,159**	**(24)**	**(2.1)**
Financial management	66	333	(267)	(80.2)
Total activity in Israel	**2,862**	**3,139**	**(277)**	**(8.8)**
Overseas activity	168	94	74	78.7
Total	**3,030**	**3,233**	**(203)**	**(6.3)**

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	**2024**	**2023**	**Change in %**
Israeli currency – non-linked	301,862	291,279	3.6
Israeli currency – linked to the CPI	83,978	81,281	3.3
Foreign currency (including Israeli currency linked to foreign currency)	15,176	16,617	(8.7)
Total	**401,016**	**389,177**	**3.0**

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	**2024**	**2023**
Israeli currency – non-linked	1.79	2.31
Israeli currency – linked to the CPI	1.63	1.57
Foreign currency	1.01	1.10
Total	**1.47**	**2.06**

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

Changes in interest spreads:

The decrease in total interest spread in the first quarter of 2024 compared to the corresponding period last year largely derives from the drop in inflation compared to the corresponding period last year.

Net revenues from derivative assets are excluded from the interest margins shown above. Adding these revenues 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 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 for the Group amounted to NIS 175 million in the first quarter of 2024, or a rate of 0.21% (on an annual basis) of total loans to the public, net, compared to expenses with respect to credit losses amounting to NIS 227 million in the corresponding period last year – an annualized rate of 0.29% of total loans to the public, net in the corresponding period last year.

The credit loss expenses were largely influenced by a group-based provision for credit losses, recognized so as to reflect the increase in credit risk in the market due to the war, though no material indicators of increase in this risk have been seen to date.

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

	First quarter	
	2024	**2023**
Expenses for credit losses on individual basis		
Increased expenses	72	88
Decreased expenses	(51)	(38)
Total individual expense for credit losses	**21**	**50**
Net accounting write-offs(1)	**68**	**43**
Expenses for credit losses on group basis		
with respect to residential mortgages	22	42
Other	64	92
Total group expense for credit losses	**86**	**134**
Total expenses with respect to credit losses	**175**	**227**
Rate of the expenses with respect to credit losses as percentage of total loans to the public, net (annualized)	**0.21%**	**0.29%**
Of which: With respect to commercial loans other than residential mortgages	**0.50%**	**0.65%**
Of which: with respect to residential mortgages	**0.04%**	**0.08%**
Rate of the expenses with respect to individual provision for credit losses, as percentage of total loans to the public, net (annualized):	**0.03%**	**0.06%**

(1) Write-offs for debts that had not been specifically examined

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	**2024**	**2023**	**2024**	**2023**
Private individuals:				
Households – residential mortgages	22	42	0.04	0.08
Households – other	44	85	0.65	1.25
Private banking	-	-	-	-
Total individuals	**66**	**127**	**0.11**	**0.23**
Business operations:				
Small and micro businesses	77	80	0.90	0.94
Medium businesses	13	(12)	0.41	(0.39)
Large businesses	(1)	20	(0.01)	0.25
Institutional investors	3	-	0.28	-
Total business activity	**92**	**88**	**0.43**	**0.44**
Financial management	-	-	-	-
Total activity in Israel	**158**	**215**	**0.20**	**0.28**
Overseas activity	17	12	0.73	0.67
Total	**175**	**227**	**0.21**	**0.29**

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

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

For more information about analysis of development of loans to the public, see chapter "Analysis of developments in assets, liabilities, equity and capital adequacy" below.
For more information about analysis of credit risk, see chapter "Credit risk" below and the Risks Report, available on the Bank website.

Non-interest revenues amounted to NIS 913 million in the first quarter of 2024, compared with NIS 680 million in the corresponding period last year – an increase of NIS 233 million.

Non-interest financing revenues in the first quarter of 2024 amounted to NIS 345 million, compared to NIS 87 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 2024 amounted to NIS 502 million, compared to NIS 493 million in the fourth quarter of 2023, a 1.8% increase and compared to NIS 528 million in the corresponding period last year – a decrease of 4.9%.

The decrease in commission revenues is primarily due to the decrease in account management commissions as a result of banking relief and benefits offered to Bank customers in order to assist them during the war and to impact of the war on business activity.

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

	First quarter		All of
	2024	**2023**	**2023**
Account management	97	113	431
Activities involving securities	70	65	241
Conversion differences	79	97	349
Commissions from financing transactions	91	82	327
Credit cards	64	64	264
Credit processing(1)	33	37	145
Other commissions	68	70	271
Total commissions	**502**	**528**	**2,028**

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

Other revenues in the first quarter of 2024 amounted to NIS 66 million, compared to NIS 65 million in the corresponding period last year.

In addition, other revenues include NIS 51 million with respect to deferred credit balance, net recognized with respect to acquisition of Union Bank which is recognized on profit and loss over 5 years as from the fourth quarter of 2020.

Operating and other expenses in the first quarter of 2024 amounted to NIS 1,279 million, compared to NIS 1,437 million in the corresponding period last year, a decrease by 11.0%.

For details by operating expense component, see below.

Payroll and associated expenses in the first quarter of 2024 amounted to NIS 856 million, compared to NIS 931 million in the corresponding period last year – a decrease of 8.1%.

Payroll expenses include adjustments of variable remuneration components due to the financial results, as well as the impact of the salary agreement signed with the workers' organization recorded in the corresponding period last year.

Maintenance and depreciation expenses for buildings and equipment amounted to NIS 242 million in the first quarter of 2024, compared to NIS 306 million in the corresponding period last year, a decrease of NIS 64 million.

Maintenance and depreciation expenses for buildings and equipment reflect the continued synergy following the Union Bank merger, included, *inter alia,* non-recurring asset amortization in the first quarter of 2023.

Other expenses in the first quarter of 2024 amounted to NIS 181 million, compared to NIS 200 million in the corresponding period last year – a decrease of 9.5%. The decrease in other expenses is among other things from one-time costs in the first quarter last year, following the merger of Union Bank into Bank Mizrahi Tefahot.

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

	2024	2023				2023
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Cost Income Ratio	35.5	38.7	36.6	38.1	37.6	37.7

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

Group pre-tax profit in the first quarter of 2024 amounted to NIS 2,144 million, compared to NIS 2,162 million in the corresponding period last year.

The provision rate for taxes on profit in the first quarter of 2024 was 38.9% – compared to 34.6% in the corresponding period last year.

The rate of provision to taxes from profits was influenced, among other thigs, from a special payment law passed by the Knesset in March 2024 to achieve the budgetary goals (Temporary Ordinance – Iron Swords), 2024, for details see Note 16 to the Financial Statements.

The Bank's share of after-tax profit of associates – in the first quarter of 2024 the Bank recognized gain with respect to associates amounting to NIS 9 million, compared to NIS 1 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 2024 amounted to NIS 46 million, compared to NIS 49 million in the corresponding period last year.

Net profit attributable to shareholders of the Bank in the first quarter of 2024 amounted to NIS 1,272 million, compared to NIS 1,367 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 2024 by NIS 54 million, compared to NIS 23 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 %):

	2024	2023				2023
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Net profit return on equity	18.1	15.5	16.8	22.0	22.4	19.1
Ratio of Tier I equity to risk components at end of quarter	10.60	10.32	10.12	10.23	10.12	10.32
Liquidity coverage ratio (Quarterly)	139	131	138	128	126	131
Leverage ratio at end of quarter	5.99	5.83	5.78	5.73	5.53	5.83

(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):

	2024	2023				2023
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Annual
Basic earnings per share	4.93	4.06	4.27	5.43	5.32	19.07
Diluted earnings per share	4.91	4.04	4.24	5.41	5.30	19.00
Dividends per share	81	64	190	159	127	540

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
	2024	2023	2023	2023	2023
Total assets	450,683	434,110	448,204	3.8	0.6
Cash and deposits with banks	84,653	90,240	86,550	(6.2)	(2.2)
Loans to the public, net	330,487	312,319	325,346	5.8	1.6
Securities	23,466	19,348	23,071	21.3	1.7
Buildings and equipment	1,575	1,399	1,531	12.6	2.9
Deposits from the public	365,371	348,469	358,553	4.9	1.9
Deposits from banks	3,603	7,284	4,571	(50.5)	(21.2)
Bonds and subordinated notes	35,776	34,608	37,070	3.4	(3.5)
Equity	28,578	24,844	27,461	15.0	4.1

Cash and deposits with banks – the balance of cash and deposits with banks decreased in the first quarter of 2024 by NIS 1.9 billion, due to increase in deposits from the public and as part of on-going management of Bank liquidity.

Loans to the public, net – loans to the public, net as of March 31, 2024 accounted for 73% of total assets similar to the end of 2023. Loans to the public, net increased in the first quarter of 2024 by NIS 5.1 billion, an increase of 1.6%.

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
	2024	2023	2023	2024	2023
Israeli currency					
Non-linked	229,279	217,756	226,844	5.3	1.1
CPI-linked	81,730	78,230	80,674	4.5	1.3
Foreign currency, including linked to foreign currency	19,478	16,333	17,828	19.3	9.3
Total	**330,487**	**312,319**	**325,346**	**5.8**	**1.6**

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
	2024	2023	2023	2023	2023
Private individuals:					
Households – residential mortgages	208,149	197,847	205,433	5.2	1.3
Households – other	26,912	27,104	26,768	(0.7)	0.5
Private banking	60	135	101	(55.6)	(40.6)
Total individuals	**235,121**	**225,086**	**232,302**	**4.5**	**1.2**
Business operations:					
Small and micro businesses	34,346	33,869	33,612	1.4	2.2
Medium businesses	12,546	12,199	11,871	2.8	5.7
Large businesses	34,856	31,788	35,792	9.7	(2.6)
Institutional investors	4,277	2,202	2,844	94.2	50.4
Total business activity	**86,025**	**80,058**	**84,119**	**7.5**	**2.3**
Overseas activity	9,341	7,175	8,925	30.2	4.7
Total	**330,487**	**312,319**	**325,346**	**5.8**	**1.6**

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, 2024				As of March 31, 2023			
	Commercial	Residential	Individual	Total	Commercial	Residential	Individual	Total
Credit risk at performing credit rating[2]								
On-balance sheet credit risk	92,837	204,633	26,366	323,836	88,180	195,124	25,989	309,293
Off-balance sheet credit risk[3]	64,977	15,101	15,258	95,336	53,995	11,677	14,711	80,383
Total credit risk at performing credit rating	**157,814**	**219,734**	**41,624**	**419,172**	**142,175**	**206,801**	**40,700**	**389,676**
Credit risk other than at performing credit rating								
A. Non-problematic	4,380	2,637	327	7,344	2,822	2,271	317	5,410
B. Problematic accruing	2,251	-	189	2,440	1,337	-	163	1,500
C. Problematic non-accruing	1,436	2,117	81	3,634	1,168	1,506	53	2,727
Total on-balance sheet credit risk other than at performing credit rating	**8,067**	**4,754**	**597**	**13,418**	**5,327**	**3,777**	**533**	**9,637**
Off-balance sheet credit risk[3] other than at performing credit rating	1,763	-	39	1,802	1,580	-	36	1,616
Total credit risk other than at performing credit rating	**9,830**	**4,754**	**636**	**15,220**	**6,907**	**3,777**	**569**	**11,253**
Of which: Accruing debts, in arrears 90 days or longer	57	-	55	112	39	-	47	86
Total credit risk, including risk to the public[4]	**167,644**	**224,488**	**42,260**	**434,392**	**149,082**	**210,578**	**41,269**	**400,929**
Non-performing assets[5]	**1,436**	**2,117**	**81**	**3,634**	**1,168**	**1,506**	**53**	**2,727**

	Credit risk[1]			
	As of December 31, 2023			
	Commercial	Residential	Individual	Total
Credit risk at performing credit rating[2]				
On-balance sheet credit risk	91,029	201,895	26,226	319,150
Off-balance sheet credit risk[3]	66,002	12,068	15,284	93,354
Total credit risk at performing credit rating	**157,031**	**213,963**	**41,510**	**412,504**
Credit risk other than at performing credit rating				
A. Non-problematic	4,018	2,609	337	6,964
B. Problematic accruing	2,262	-	195	2,457
C. Problematic non-accruing	1,487	2,153	74	3,714
Total on-balance sheet credit risk other than at performing credit rating	**7,767**	**4,762**	**606**	**13,135**
Off-balance sheet credit risk[3] other than at performing credit rating	1,540	-	40	1,580
Total credit risk other than at performing credit rating	**9,307**	**4,762**	**646**	**14,715**
Of which: Accruing debts, in arrears 90 days or longer	73	-	71	144
Total credit risk, including risk to the public[4]	**166,338**	**218,725**	**42,156**	**427,219**
Non-performing assets[5]	**1,487**	**2,153**	**74**	**3,714**

(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.

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, 2024 amounted to NIS 434 billion, compared to NIS 427 billion as of December 31, 2023 – an increase by 1.6%.

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, 2024				As of March 31, 2023			
	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	1.44	1.01	0.30	1.08	1.27	0.76	0.20	0.86
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.50	1.01	0.50	1.11	1.32	0.76	0.38	0.88
Problematic credit as percentage of total loans to the public	3.73	1.01	1.00	1.81	2.76	0.76	0.81	1.33
Credit not at performing credit rating as percentage of total loans to the public	8.21	2.27	2.21	4.01	5.92	1.90	2.01	3.06
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	0.11	0.01	0.16	0.05	0.11	0.02	0.32	0.07
Net accounting write-offs as percentage of average balance of loans to the public	0.09	-	0.16	0.04	0.03	-	0.11	0.02
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	2.48	0.56	2.60	1.29	1.96	0.47	2.14	1.04
Provision for credit losses as percentage of total loans to the public non-accruing	172.0	55.3	866.7	119.2	154.1	62.7	1,071.7	121.2
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	165.3	55.3	516.2	115.6	149.0	62.7	568.0	117.4
Expense rate with respect to credit losses from net accounting write-offs	1.20	-	1.00	1.30	4.17	-	2.93	4.28

	As of December 31, 2023			
	Commercial	Residential	Individual	Total
Analysis of quality of loans to the public				
Non-accruing credit as percentage of total loans to the public	1.53	1.04	0.28	1.12
Non-accruing credit in arrears 90 days or longer as percentage of total loans to the public	1.60	1.04	0.54	1.16
Problematic credit as percentage of total loans to the public	3.89	1.04	1.00	1.87
Credit not at performing credit rating as percentage of total loans to the public	8.10	2.30	2.26	3.99
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	0.96	0.12	1.21	0.45
Net accounting write-offs as percentage of average balance of loans to the public	0.17	-	0.50	0.09
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	2.52	0.56	2.62	1.30
Provision for credit losses as percentage of total loans to the public non-accruing	165.0	53.4	948.7	115.6
Provision for credit losses as percentage of total loans to the public non-accruing or in arrears 90 days or longer	157.2	53.4	484.1	111.3
Expense rate with respect to credit losses from net accounting write-offs	5.76	-	2.42	5.06

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
	2024	2023	2023	2023	2023
Off-balance sheet financial instruments other than derivatives:					
Unutilized debitory account and other credit facilities in accounts					
On-call, un-utilized	30,290	23,762	31,625	27.5	(4.2)
Guarantees to home buyers	15,942	17,529	14,612	(9.1)	9.1
Irrevocable commitments for loans approved but not yet granted	27,733	21,602	24,815	28.4	11.8
Unutilized revolving credit card facilities	12,444	11,761	12,416	5.8	0.2
Commitments to issue guarantees	12,277	8,872	12,514	38.4	(1.9)
Guarantees and other commitments	13,546	12,451	13,541	8.8	0.0
Loan guarantees	3,768	3,588	3,445	5.0	9.4
Documentary credit	236	405	540	(41.7)	(56.3)
Derivative financial instruments[1]:					
Total par value of derivative financial instruments	378,551	348,343	371,739	8.7	1.8
(On-balance sheet) assets with respect to derivative instruments	4,828	6,257	6,282	(22.8)	(23.1)
(On-balance sheet) liabilities with respect to derivative instruments	3,616	5,988	7,367	(39.6)	(50.9)

(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 2024 by NIS 0.4 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, 2024
Bonds held to maturity	3,454	3,454	-	3	(145)	3,312
Bonds available for sale	12,175	12,612	(8)	[2]156	[2](585)	12,175
Investment in shares not held for trading	663	612	-	[3]63	[3](12)	663
Securities held for trading	7,174	7,237	-	[3]11	[3](74)	7,174
Total securities	**23,466**	**23,915**	**(8)**	**233**	**(816)**	**23,324**
						March 31, 2023
Bonds held to maturity	3,194	3,194	-	-	(161)	3,033
Bonds available for sale	9,302	9,957	-	[2]39	[2](694)	9,302
Investment in shares not held for trading	576	532	-	[3]61	[3](17)	576
Securities held for trading	6,276	6,307	-	[3]6	[3](37)	6,276
Total securities	**19,348**	**19,990**	**-**	**106**	**(909)**	**19,187**
						December 31, 2023
Bonds held to maturity	3,600	3,600	-	2	(134)	3,468
Bonds available for sale	11,373	11,891	(8)	[2]82	[2](592)	11,373
Investment in shares not held for trading	602	549	-	[3]76	[3](23)	602
Securities held for trading	7,496	7,542	-	[3]10	[3](56)	7,496
Total securities	**23,071**	**23,582**	**(8)**	**170**	**(805)**	**22,939**

(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
	2024	**2023**	**2023**	**2023**	**2023**
Israeli currency					
Non-linked	12,715	8,708	12,980	46.0	(2.0)
CPI-linked	4,120	4,605	4,330	(10.5)	(4.8)
Foreign currency (including linked to foreign currency)	5,952	5,554	5,143	7.2	15.7
Non-monetary items	679	481	618	41.2	9.9
Total	**23,466**	**19,348**	**23,071**	**21.3**	**1.7**

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

	Carrying amount as of		
	March 31, 2024	**March 31, 2023**	**December 31, 2023**
Government bonds:			
Government of Israel	19,681	14,941	19,452
US Government	620	1,499	583
Total Government bonds	**20,301**	**16,440**	**20,035**
Bonds of financial institutions in Israel:			
Total bonds of financial institutions in Israel	**859**	**777**	**776**
Bonds of banks in developed nations:			
South Korea	-	72	74
USA	105	124	104
Other	76	76	73
Total bonds of banks in developed nations	**181**	**272**	**251**
Corporate bonds (by economic sector):			
Rental property	523	508	527
Power, gas, steam and air conditioning	42	159	193
Mining and excavation	14	101	86
Industrial – chemical industry	32	59	58
Construction	127	104	124
Other	651	279	347
Total corporate bonds	**1,389**	**1,210**	**1,335**
Asset-backed corporate bonds (ABS)			
Mining and excavation	57	55	56
Others	-	1	-
Total asset-backed corporate bonds (ABS)	**57**	**56**	**56**
Shares and other securities			
Investment in shares not held for trading	663	576	602
Of which: Shares for which no fair value is available(1)	424	341	350
Shares and other securities held for trading	16	17	16
Total shares and other securities	**679**	**593**	**618**
Total securities	**23,466**	**19,348**	**23,071**

(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 2024 increased by NIS 44 million. The increase in the balance of buildings and equipment derived from investment in the Lod Bank HQ and technological investments, against current change due to depreciation.

Public deposits – the weight of deposits from the public out of the consolidated balance sheet total reached 81% on March 31, 2024, and reached 80% on December 31, 2023. In the first quarter of 2024, deposits from the public increased by NIS 6.8 billion, or by 1.9%.

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
	2024	2023	2023	2023	2023
Israeli currency					
Non-linked	275,042	258,079	267,198	6.6	2.9
CPI-linked	24,168	24,287	23,468	(0.5)	3.0
Foreign currency, including linked to foreign currency	66,161	66,103	67,887	0.1	(2.5)
Total	**365,371**	**348,469**	**358,553**	**4.9**	**1.9**

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
	2024	2023	2023	2023	2023
Private individuals:					
Households – other	134,615	127,827	133,009	5.3	1.2
Private banking	27,211	26,365	27,746	3.2	(1.9)
Total individuals	**161,826**	**154,192**	**160,755**	**5.0**	**0.7**
Business operations:					
Small and micro businesses	58,122	55,463	56,791	4.8	2.3
Medium businesses	14,420	12,486	14,270	15.5	1.1
Large businesses	39,258	37,586	35,612	4.4	10.2
Institutional investors	80,250	78,150	78,904	2.7	1.7
Total business activity	**192,050**	**183,685**	**185,577**	**4.6**	**3.5**
Overseas activity	11,495	10,592	12,221	8.5	(5.9)
Total	**365,371**	**348,469**	**358,553**	**4.9**	**1.9**

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

		March 31	December 31
	2024	2023	2023
Maximum deposit			
Up to 1	107,811	104,349	105,025
Over 1 to 10	93,544	87,536	93,024
Over 10 to 100	43,542	42,993	45,648
Over 100 to 500	33,623	35,451	37,466
Above 500	86,851	78,140	77,390
Total	**365,371**	**348,469**	**358,553**

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, 2024 amounted to NIS 3.6 billion, a decrease of NIS 1.0 billion compared to the end of 2023.

Bonds and subordinated notes – The balance of bonds and subordinated notes as of March 31, 2024 amounted to NIS 35.8 billion, a decrease by NIS 1.3 billion compared to the balance as of December 31, 2023. Over the course of the first quarter of 2024, bonds and subordinated notes were affected, among other things, by current redemptions and changes 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, 2024 amounted to NIS 28.6 billion, compared to NIS 27.5 billion and NIS 24.8 billion as of December 31, 2023 and as of March 31, 2023, an increase by 4.1% and 15.0%, respectively.

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

		March 31	December 31
	2024	**2023**	**2023**
Share capital and premium[(1)]	3,558	3,520	3,556
Capital reserve from benefit from share-based payment transactions	117	98	119
Cumulative other comprehensive loss[(2)(3)]	(356)	(491)	(410)
Retained earnings [(4)]	25,259	21,717	24,196
Total	**28,578**	**24,844**	**27,461**

(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 2023 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, 2024 was 6.34% compared to 6.13% as of December 31, 2023 and 5.72% as of March 31, 2023.

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, 2024, 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 2023 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 0.04%. Change in risk assets by NIS 1 billion would cause a change in Tier I capital adequacy ratio by 0.04%.

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 0.05% 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.

On April 19, 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 rating increase on the capital ratio was implemented starting from the second quarter of 2024. The lowering of the rating, if it had been implemented in these Financial Statements, would have led to a 0.12% and 0.16% decrease in the Tier I capital ratio and the comprehensive capital ratio, respectively, as of March 31, 2024.

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 2023 financial statements and the chapter "Analysis of composition of assets, liabilities, capital and capital adequacy" (Dividend) below.

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
	2024	**2023**	**2023**
Capital for purpose of calculating the capital ratio			
Tier I shareholders' equity	29,422	26,001	28,434
Tier I capital	29,422	26,001	28,434
Tier II capital	8,429	8,262	8,366
Total capital	**37,851**	**34,263**	**36,800**
Weighted risk asset balances			
Credit risk	254,513	237,871	252,842
Market risks	1,713	1,387	1,957
Operational Risk	21,385	17,616	20,641
Total weighted risk asset balances	**277,611**	**256,874**	**275,440**

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

	As of March 31 2024	2023	As of December 31 2023
Ratio of Tier I equity to risk components	10.60	10.12	10.32
Ratio of total capital to risk components	13.63	13.34	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, 2024		As of March 31, 2023		As of December 31, 2023	
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	323	40	126	16	289	36
Debts of public sector entities	384	48	364	46	388	49
Debts of banking corporations	1,792	224	1,861	233	1,922	240
Securities companies	1,148	144	946	118	963	120
Debts of corporations	88,616	11,077	79,799	9,975	89,411	11,176
Debts secured by commercial property	5,374	672	5,663	708	5,428	679
Retail exposures to individuals	21,310	2,664	21,043	2,630	21,098	2,637
Loans to small businesses	10,392	1,299	10,263	1,283	10,194	1,274
Residential mortgages	113,125	14,141	107,213	13,402	111,611	13,951
Other assets	10,825	1,353	9,214	1,152	10,256	1,282
Total	**253,289**	**31,662**	**236,492**	**29,563**	**251,560**	**31,444**

(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, 2024		As of March 31, 2023		As of December 31, 2023	
	Weighted risk asset balances	Capital requirement(1)	Weighted risk asset balances	Capital requirement(1)	Weighted risk asset balances	Capital requirement(1)
Market risk	1,713	214	1,387	173	1,957	245
CVA risk with respect to derivatives(2)	1,224	153	1,379	172	1,282	160
Operational Risk(3)	21,385	2,673	17,616	2,202	20,641	2,580
Total	**24,322**	**3,040**	**20,382**	**2,547**	**23,880**	**2,985**
Total risk assets	**277,611**	**34,702**	**256,874**	**32,110**	**275,440**	**34,429**

(1) Capital requirement in conformity with required overall minimum capital ratio of 12.5%.
(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.
The Bank's leverage ratio as of March 31, 2024 is 5.99%, compared to 5.83% as of December 31, 2023.
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
	2024	2023	2023
Consolidated data			
Tier I capital	29,422	26,001	28,434
Total exposure	491,302	469,925	487,483
			In %
Leverage ratio	5.99	5.53	5.83
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	6.69	6.22	6.68
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 "Dividends" Chapter of the 2023 Report of 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 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 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 2022 (in reported amounts):

Declaration date	Payment date	Dividends per share	Dividends as percent of profit	Total dividends paid
		(Agorot)	(In %)	(NIS in millions)
February 28, 2022	March 15, 2022	105.89	0.40	271.6
August 15, 2022	August 30, 2022	122.91	0.30	315.9
November 28, 2022	December 13, 2022	137.43	0.30	353.4
Total dividend distributions in 2022(1)				**940.9**
March 13, 2023	March 28, 2023	126.79	0.30	326.1
May 16, 2023	June 1, 2023	159.35	0.30	410.1
August 14, 2023	August 29, 2023	190.10	0.35	489.3
November 27, 2023	December 12, 2023	63.86	0.15	164.7
Total dividend distributions in 2023(2)				**1,390.2**
March 11, 2024	March 28, 2024	81.11	0.20	209.4
Total dividends distributed in 2024				**209.4**

(1) Total dividends distributed with respect to 2022 earnings – NIS 995.4 million.
(2) Total dividends distributed with respect to 2023 earnings – NIS 1,273.5 million.

Dividends declared

On May 22 2024 the Bank Board of Directors decided to distribute dividends to the sum of 508.8 million NIS, which constitute 40% of the profits for the first quarter of 2024, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios..

The dividends are 1970.04% of issued share capital, i.e. NIS 1.97 per NIS 0.1 par value share. The effective date for dividends payment is May 30, 2024 and the payment date is June 6, 2024. 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
	2024	2023	2023	2023	2023
Securities[1]	576,369	498,816	550,807	15.5	4.6
Assets of provident funds for which the Group provides operating services	157,737	129,964	147,852	21.4	6.7
Assets held in trust by Bank Group	117,380	84,523	110,721	38.9	6.0
Assets of mutual funds for which the Group provides operating services	11,604	13,759	14,019	(15.7)	(17.2)
Other assets under management[2]	19,967	21,470	20,561	(7.0)	(2.9)

(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 2023 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	
	2024	2023	2024	2023
Private individuals:				
Households – residential mortgages	285	286	22.4	20.9
Households – other	253	205	19.9	15.0
Private banking	53	54	4.2	4.0
Total individuals	**591**	**545**	**46.5**	**39.9**
Business operations:				
Small and micro businesses	265	261	20.8	19.1
Medium businesses	73	89	5.7	6.5
Large businesses	187	170	14.7	12.4
Institutional investors	15	20	1.2	1.5
Total business activity	**540**	**540**	**42.5**	**39.5**
Financial management	64	241	5.0	17.6
Total activity in Israel	**1,195**	**1,326**	**93.9**	**97.0**
Overseas activity	77	41	6.1	3.0
Total	**1,272**	**1,367**	**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					
	2024			2023		
	NIS in millions					
	Other	Residential mortgages	Total	Other	Residential mortgages	Total
Profit and profitability						
Total interest revenues, net	913	661	1,574	875	689	1,564
Non-interest financing revenues	-	-	-	-	-	-
Commissions and other revenues	168	30	198	175	35	210
Total revenues	**1,081**	**691**	**1,772**	**1,050**	**724**	**1,774**
Expenses with respect to credit losses	44	22	66	85	42	127
Operating and other expenses	560	202	762	589	245	834
Profit before provision for taxes	477	467	944	376	437	813
Provision for taxes	186	182	368	130	151	281
After-tax profit	291	285	576	246	286	532
Net profit:						
Attributable to non-controlling interests	(38)	-	(38)	(41)	-	(41)
Attributable to shareholders of the banking corporation	**253**	**285**	**538**	**205**	**286**	**491**
Balance sheet – key items:						
Loans to the public (end balance)	27,590	209,299	236,889	27,652	198,786	226,438
Loans to the public, net (end balance)	26,912	208,149	235,061	27,104	197,847	224,951
Deposits from the public (end balance)	134,615	-	134,615	127,827	-	127,827
Average balance of loans to the public	26,345	208,379	234,724	26,804	198,322	225,126
Average balance of deposits from the public	133,884	-	133,884	126,495	-	126,495
Average balance of risk assets	22,693	124,002	146,695	21,716	117,614	139,330
Credit spreads and deposit spreads:						
Margin from credit granting operations	244	589	833	273	609	882
Margin from activities of receiving deposits	658	-	658	591	-	591
Other	11	72	83	11	80	91
Total interest revenues, net	**913**	**661**	**1,574**	**875**	**689**	**1,564**

Net profit attributable to the household segment in the first quarter of 2024 amounted to NIS 538 million, compared to NIS 491 million in the corresponding period last year. The increase largely derived from a decrease in expenses due troy credit losses and a decrease in operational and other expenses.
Net profit attributable to residential mortgage operations in the household segment in the first quarter of 2024 amounted to NIS 285 million, compared to NIS 286 million in the corresponding period last year.
Net interest revenues in the first quarter of 2024 amounted to NIS 661 million, compared to NIS 689 million in the corresponding period last year. This is mainly due to the impact of customer benefits during the war, which are offset from the continued increased in the volume of activity – an increase of 5.1% in the public credit balance, compared to the corresponding period last year.
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.
Operational and other expenses mainly decreased as a result of the payroll agreement signed with the employee union recorded in the corresponding quarter last year, as well as from the adjustment of variable remuneration components due to the financial results.

Net profit attributable to household operations (other than residential mortgages) in the first quarter of 2024 amounted to NIS 253 million, compared
to NIS 205 million in the corresponding period last year.
Interest revenues, net amounted to NIS 913 million, compared to NIS 875 million in the corresponding period last year. The increase was largely from an increase in the scope of deposits, 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, which in the first quarter of 2024 amounted to NIS 44 million, compared to expenses of NIS 85 million in the corresponding period last year. Expenses for credit losses were mainly influenced as a result of a drop in expenses due to the collective provision.
Operating and other expenses amounted to NIS 560 million, compared to NIS 589 million in the corresponding period last year. The decrease mainly derived from the continued synergy following the Union Bank merger, the impact of the payroll agreement signed with the employee union, and adjustments to variable remuneration components due to the financial results.
In addition, the net profit includes the impact of the provision to taxes for the special tax placed on the banking system for 2024-2025.
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	
	2024	2023
	NIS in millions	
Profit and profitability		
Total interest revenues, net	87	83
Non-interest financing revenues	-	-
Commissions and other revenues	4	5
Total revenues	**91**	**88**
Expenses with respect to credit losses	-	-
Operating and other expenses	4	5
Profit before provision for taxes	87	83
Reduction of provision for taxes	34	29
Net profit	**53**	**54**
Balance sheet – key items:		
Loans to the public (end balance)	61	136
Loans to the public, net (end balance)	60	135
Deposits from the public (end balance)	27,211	26,365
Average balance of loans to the public	73	129
Average balance of deposits from the public	27,242	25,697
Average balance of risk assets	65	57
Credit spreads and deposit spreads:		
Margin from credit granting operations	-	-
Margin from activities of receiving deposits	87	83
Other	-	-
Total interest revenues, net	**87**	**83**

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	
	2024	**2023**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	632	637
Non-interest financing revenues	-	-
Commissions and other revenues	137	145
Total revenues	**769**	**782**
Expenses with respect to credit losses	77	80
Operating and other expenses	251	297
Profit before provision for taxes	441	405
Provision for taxes	172	140
After-tax profit	**269**	**265**
Net profit attributed to non-controlling interests	(4)	(4)
Net profit attributable to shareholders of the banking corporation	**265**	**261**
Balance sheet – key items:		
Loans to the public (end balance)	35,692	34,919
Loans to the public, net (end balance)	34,346	33,869
Deposits from the public (end balance)	58,122	55,463
Average balance of loans to the public	33,876	34,697
Average balance of deposits from the public	57,671	55,661
Average balance of risk assets	31,967	33,051
Credit spreads and deposit spreads:		
Margin from credit granting operations	314	331
Margin from activities of receiving deposits	294	278
Other	24	28
Total interest revenues, net	**632**	**637**

Net profit attributable to the micro and small businesses segment in the first quarter of 2024 amounted to NIS 265 million, compared to NIS 261 million in the corresponding period last year.

The profit in the segment was influenced by the decrease in financing revenues, among other things, as a result of the imp[act of the cost of the benefits given customers, and against that, a decrease in operating and other expenses, deriving mainly from the continued synergy following the Union Bank merger, and from the impact of the payroll agreement signed with the employee union over the same quarter last year.

In addition, the net profit includes the impact of the provision to taxes for the special tax placed on the banking system for 2024-2025.

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	
	2024	**2023**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	148	149
Non-interest financing revenues (expenses)	-	-
Commissions and other revenues	25	27
Total revenues	**173**	**176**
Expenses (reduction of expenses) with respect to credit losses	13	(12)
Operating and other expenses	41	52
Profit before provision for taxes	119	136
Provision for taxes	46	47
Net profit	**73**	**89**
Balance sheet – key items:		
Loans to the public (end balance)	12,829	12,370
Loans to the public, net (end balance)	12,546	12,199
Deposits from the public (end balance)	14,420	12,486
Average balance of loans to the public	12,531	11,943
Average balance of deposits from the public	14,481	13,204
Average balance of risk assets	14,817	14,431
Credit spreads and deposit spreads:		
Margin from credit granting operations	90	87
Margin from activities of receiving deposits	58	50
Other	-	12
Total interest revenues, net	**148**	**149**

Net profit attributable to the medium businesses segment in the first quarter of 2024 amounted to NIS 73 million, compared to NIS 89 million in the corresponding period last year. The decrease largely derives from a drop in financing profits, among other things as a result of the impact of the cost of benefits given customers and from an increase in expenses due to credit losses.

In addition, the net profit includes the impact of the provision to taxes for the special tax placed on the banking system for 2024-2025.

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	
	2024	2023
	NIS in millions	
Profit and profitability		
Total interest revenues, net	299	315
Non-interest financing revenues	-	-
Commissions and other revenues	72	46
Total revenues	**371**	**361**
Expenses (income) with respect to credit losses	(1)	20
Operating and other expenses	66	82
Profit before provision for taxes	306	259
Provision for taxes	119	89
Net profit	**187**	**170**
Balance sheet – key items:		
Loans to the public (end balance)	35,352	32,128
Loans to the public, net (end balance)	34,856	31,788
Deposits from the public (end balance)	39,258	37,586
Average balance of loans to the public	36,316	32,020
Average balance of deposits from the public	36,653	39,828
Average balance of risk assets	52,681	42,482
Credit spreads and deposit spreads:		
Margin from credit granting operations	215	214
Margin from activities of receiving deposits	54	71
Other	30	30
Total interest revenues, net	**299**	**315**

Net profit attributable to the large businesses segment in the first quarter of 2024 amounted to NIS 187 million, compared to NIS 170 million in the corresponding period last year. The increase largely derived from an increase in expenses due to credit losses and a decrease in operational and other expenses.

In addition, the net profit includes the impact of the provision to taxes for the special tax placed on the banking system for 2024-2025.

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	
	2024	**2023**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	56	58
Non-interest financing revenues	-	-
Commissions and other revenues	13	14
Total revenues	**69**	**72**
Expenses with respect to credit losses	3	-
Operating and other expenses	41	41
Profit before provision for taxes	25	31
Provision for taxes	10	11
Net profit	**15**	**20**
Balance sheet – key items:		
Loans to the public (end balance)	4,286	2,205
Loans to the public, net (end balance)	4,277	2,202
Deposits from the public (end balance)	80,250	78,150
Average balance of loans to the public	2,049	748
Average balance of deposits from the public	69,876	67,341
Average balance of risk assets	790	2,277
Credit spreads and deposit spreads:		
Margin from credit granting operations	11	5
Margin from activities of receiving deposits	45	51
Other	-	2
Total interest revenues, net	**56**	**58**

Net profit attributable to the institutional investor segment in the first quarter of 2024 amounted to NIS 15 million, compared to NIS 20 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.

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	
	2024	**2023**
	NIS in millions	
Profit and profitability		
Interest revenues (expenses), net	(279)	246
Non-interest financing revenues	345	87
Commissions and other revenues	113	140
Total revenues	**179**	**473**
Expenses with respect to credit losses	-	-
Operating and other expenses	83	101
Profit before provision for taxes	96	372
Provision for taxes	37	128
After-tax profit	59	244
Share of banking corporation in earnings of associated companies	9	1
Net profit before attribution to non-controlling interests	68	245
Net profit attributed to non-controlling interests	(4)	(4)
Net profit attributable to shareholders of the banking corporation	**64**	**241**
Balance sheet – key items:		
Average balance of risk assets	18,213	14,260
Credit spreads and deposit spreads:		
Margin from credit granting operations	-	-
Margin from activities of receiving deposits	-	-
Other	(279)	246
Total interest revenues, net	**(279)**	**246**

Net profit attributable to the financial management segment in the first quarter of 2024 amounted to NIS 64 million, compared to NIS 241 million in the corresponding period last year.

Financing revenues amounted to NIS 66 million, compared to NIS 333 million in the corresponding period last year. The decrease is primarily due to the moderation of the increase in CPI, by 0.3% in the first quarter of 2024 compared to increase by 1.1% in the same period last year, and from a decrease in early repayment commissions offset

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, classified under various operating segments based on the management approach, are classified under the overseas activity segment in disclosure of supervisory operating segments.

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	
	2024	**2023**
	NIS in millions	
Profit and profitability		
Total interest revenues, net	168	94
Non-interest financing revenues	-	-
Commissions and other revenues	6	6
Total revenues	**174**	**100**
Expenses with respect to credit losses	17	12
Operating and other expenses	31	25
Profit before provision for taxes	126	63
Provision for taxes	49	22
Net profit	**77**	**41**
Balance sheet – key items:		
Loans to the public (end balance)	9,476	7,220
Loans to the public, net (end balance)	9,341	7,175
Deposits from the public (end balance)	11,495	10,592
Average balance of loans to the public	9,195	6,747
Average balance of deposits from the public	11,480	7,486
Average balance of risk assets	11,297	8,675
Credit spreads and deposit spreads:		
Margin from credit granting operations	108	59
Margin from activities of receiving deposits	25	4
Other	35	31
Total interest revenues, net	**168**	**94**

Net profit attributable to the overseas operations segment in the first quarter of 2024 amounted to NIS 77 million, compared to NIS 41 million in the corresponding period last year.

Financing revenues amounted to NIS 168 million, compared to NIS 94 million in the corresponding period last year; the increase was primarily due to an increase in activity levels.

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 2024 amounted to NIS 98 million, compared to NIS 105 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 2024 amounted to NIS 46 million, compared to NIS 49 million in the corresponding period last year. Bank Yahav's net profit return on equity in the first quarter of 2024 was 14.6% on annualized basis, compared to a return of 17.6% in the corresponding period last year.

Bank Yahav's balance sheet total as of March 31, 2024 amounted to NIS 37,670 million, compared to NIS 37,188 million as of December 31, 2023 – an increase by NIS 482 million, or 1.3%. Net loans to the public as of March 31, 2024 amounted to NIS 11,856 million, compared to NIS 11,788 million as of December 31, 2023 – an increase by NIS 68 million, or 0.6%. Net deposits from the public as of March 31, 2024 amounted to NIS 33,484 million, compared to NIS 33,060 million as of December 31, 2023 – an increase by NIS 424 million, or 1.3%.

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 2024, net profit of Tefahot Insurance agency amounted to NIS 23 million, compared to NIS 24 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 2024 amounted to NIS 17 million, compared to NIS 23 million in the corresponding period last year.

Other investee companies operating in Israel

Other investee companies operating in Israel, wholly controlled by the Bank and supported by Bank infrastructure, contributed NIS 4 million to the Bank's net profit in the first quarter of 2024, compared to NIS 6 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, 2024 amounted to NIS 938 million, compared to NIS 786 million and NIS 860 million as of March 31, 2023 and as of December 31, 2023, respectively. The Bank's net gain from investment in shares in the first quarter of 2024 amounted to NIS 38S million, compared to a loss of NIS 0.4 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 2023 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 material financial and non-financial risks, whose materialization has potential to impact the Bank's financial 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 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 2024 remained unchanged from assessments issued in the fourth quarter of 2023.

The potential increase in risk, as presented starting from the third quarter of 2023, involves risk in borrower and collateral quality, reflecting the concern about increase in business credit risk – even though, as noted, there are no significant indications of rise in risk. The risk levels of all of the risks remained unchanged in this quarter, and currently are appropriate, and are in line with the fact that significant indications of actual rise in risk have yet to be identified.

Note that the assessment of other risks, prior to the war, reflects uncertainty which about the economy, with regard to the global geo-political effects, the state of the global and local economies and changes to the macro-economic environment, as well as the high interest environment and implications thereof, as well as uncertainty regarding the Government's plans to promote changes in the legal system and the public dispute concerning these. We emphasize that no significant indications have been identified regarding the increase in risk levels, in all risks, and the Bank continues to monitor developments and to conduct increased monitoring of the effects of the war and derivatives thereof on economic activity and, consequently, on Bank activity and various risk aspects.

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 2023.

Presented below are changes during the first quarter of 2024 and through publication of these financial statements:

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 under an extreme scenario.

The most recent systemic stress scenario was submitted by banks in March 2023, calculated based on data for end of 2022. According to the results of the scenario, even in a macroeconomic shock scenario of a global slowdown also expressed by a recession in the Israeli market, the Bank will retain its robustness and stability throughout the scenario period, while maintaining appropriate regulatory capital and leverage ratios. For more information about the scenario outline and outcome at the system level and at Bank level, see the Risks Report for the second quarter of 2023.

ICAAP process (Internal Capital Adequacy Assessment Process)

ICAAP is a process for assessment of internal capital (Pillar 2 of capital assessment in conformity with the Basel directives), designed to ensure that overall capital at the Bank is in line with its risk profile, specified capital targets and business targets, in conformity with the work plan and with current capital planning. This is done both in the normal course of business and under stress scenarios. Moreover, this pillar includes qualitative assessment processes for the level of various risks, the quality of their management, and identification of risk concentrations material for the Bank.

The ICAAP document is extensively discussed and approved by Bank management, Board committees (Risks Management Committee and Audit Committee) and by the Board of Directors plenum.

The 2023 ICAAP document to the Bank of Israel was filed to end of the first quarter of 2024.

The ICAAP document includes qualitative and quantitative comments with regard to all risk aspects at the Bank: Concise qualitative and quantitative analysis of material risks to the Bank, the capital targets, current risk profile and outlook of the Bank for 2023, developments during the year in conformity with the risk self-assessment process, assessment of the impact of anticipated developments on various risks and presentation of the Bank's overall risk map. Capital planning and risk assessment in the annual ICAAP document are prepared from a Group viewpoint.

A significant part of the ICAAP document is the internal capital planning process, applied to a three-year forward planning horizon, from September 30, 2023 through September 30, 2026. This framework is used to calculate the required capital allocation with respect to each of the risks, from the requirements specified in Pillar 1 with additional capital required with respect to Pillar 2. Pillar 2 includes capital allocation for risks not included in Pillar 1, such as: Credit concentration risk and interest risk in the banking portfolio and additional capital allocations with respect to risks included in Pillar 1, but the Bank assumes require additional capital allocation. The capital allocation is calculated both for normal conditions and for stress scenarios. Stress scenarios are applied at variable frequency, intensity and levels, from scenarios at the individual risk level, a system-wide scenario to test concurrent materialization of multiple risks and through to application of stressed scenarios. These scenarios are intended to ensure that the Bank has sufficient capital cushions to survive even stressed scenarios, with high impact and very remote likelihood of materializing, and that the Bank is in compliance with the limit on Tier I equity ratio for the stressed scenario – minimum Tier I equity ratio of 6.5%. The Bank also applies reverse stressed scenarios test (RST) scenarios that consider, based on the Bank's risk profile, which event may bring the Bank close to the Tier I equity limit for the stressed scenario.

In the annual internal assessment process at the Bank to review capital adequacy, conducted in the first quarter of 2024, we will review, similarly to previous years, indications that the Bank has sufficient capital to face the various risks associated with Bank operations, both in the normal course of business and under stress scenarios. Over the entire planning period, the Bank will also review whether it has available total capital higher than the total capital required by ICAAP, even after applying stress and stressed scenarios. Moreover, that Tier I capital ratio under the stress scenario, for each year of the scenario period, does not drop below 6.5%. Note that in the ICAAP results indicate that the Bank had a significant excess capital cushion due to the mortgage portfolio, for which the regulatory capital allocation is significantly higher than common practice, about twice that required by Basel rules.

Risk factor severity

The Bank has specified a framework for risks management and control by the Group, which includes mapping of material risks, as well as assignment of Risk Owners for all risks. For each risk, the Bank estimates its potential impact on business operations over the coming year.

The table below lists the risk factors, executives appointed as Risk Owner for each one and management assessment 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 is reviewed as part of the ICAAP process in the annual assessment process (Risk Assessment System – RAS), which specifies the overall risk levels, management quality and risk profile for all material risks at the Bank 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 updated risk assessment is conducted for each of these risks based on the specified risk appetite, including quantitative and qualitative benchmarks, and the actual risk profile, including estimated potential for risk materialization and its impact on the Bank in accordance with developments in the business environment ad the macroeconomic environment, and maintaining appropriate management and monitoring processes and emergency plans for dynamic, rapid response designed to minimize damage upon materialization of events. The up-to-date risk assessments are extensively discussed by Bank management and Board of Directors.

In view of the significant economic uncertainty due to the war, and the higher economic systemic risk, the risk assessment conducted by the Bank reflects the potential effects of the war that have not yet been expressed in full. In none of the risks were any significant indications identified of an increase in risk.

Below mapping of risk factors, their potential impact on the Bank and executives appointed Risk Owners for each risk, the risk assessments include forward-looking assessment of the potential implications of the war:

Risk factor	Effect of the risk factor	Risk owner
Overall effect of credit risks(1)	Medium	Manager, Corporate Division
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	Manager, Financial Division
Interest risk	Medium	
Inflation risk	Low-Medium	
Foreign currency risk	Low	
Liquidity risk	Low-Medium	Manager, Financial Division
Overall effect of operational risk	Medium	Manager, Risks Management Division
Cyber and information security risk	Medium	Manager, Risks Management Division
IT risk	Medium	Manager, Mizrahi Tefahot Technology Division Ltd.
Legal risk	Low-Medium	Chief Legal Counsel
Compliance and regulatory risks(3)	Low-Medium	Manager, Risks Management Division
Reputation risk(4)	Low	Manager, Marketing, Promotion and Business Development Division
Strategic business risk(5)	Low-Medium	President & CEO
Regulatory business risk	Medium-High	President & CEO

(1) Includes concentration in construction and real estate sector.
(2) Includes options and shares risk.
(3) Includes AML and terror financing risk and cross-border risk.
(4) The risk of impairment of the Bank's results due to negative reports about the Bank.
(5) The definition of strategic business risk includes the capital planning and management process.

The Bank's risk profile and risk assessment for the first quarter of 2024 remained unchanged from assessments issued in the fourth quarter of 2023.

The potential increase in risk, as presented starting from the third quarter of 2023, involves risk in borrower and collateral quality, reflecting the concern about increase in business credit risk – even though, as noted, there are no significant indications of rise in risk. The risk levels of all of the risks remained unchanged in this quarter, and currently are appropriate, and are in line with the fact that significant indications of actual rise in risk have yet to be identified.

Note that the risk assessments of all of the risks, prior to the war, reflect uncertainty which about the economy, with regard to the global geo-political effects, the state of the global and local economies and changes to the macro-economic environment, as well as the high interest environment and implications thereof, as well as uncertainty regarding the Government's plans to promote changes in the legal system and the public dispute concerning these.

We emphasize that no significant indications have been identified regarding the increase in risk levels, in all risks, and the Bank continues to monitor developments and to conduct increased monitoring of the effects of the war and derivatives thereof on economic activity and, consequently, on Bank activity and various risk aspects.

Developments in the risk assessments for the first quarter of 2024:

1. **Strategic business risk**

   The strategic business level remains unchanged, at a low-medium level. At the strategic level there has been no change to the Bank's business model, and the Bank operates based on the current strategic outline and is beyond the business targets set in the original strategic plan (2021-2025). Strategic business risk incorporates all of the Bank's business operations, also reflecting the risk in the Bank's business environment, and the Bank is reviewing the increase in geo-political risk and the macro-economic and business implications that may materialize should the war last longer and/or should it expand to other regions. The current risk level reflects the potential impact of a prolonged war on the economy, the macro-economic uncertainty and the global geo-political situation and the risk due to the impact of various rating agencies lowering Israel's credit rating. The Bank maintains appropriate safety margins for minimum capital and leverage ratios, even given the increase in systemic risk.

2. Regulatory business risk

Regulatory business risk remained unchanged at Medium-High, also reflecting potential business implications for banking operations due to the war.

The risk refers to the impact of new legislative and regulatory steps on core subjects of the financial system and uncertainty with regard to developments and exposure of Bank operations to potential regulatory changes, that may impact core operations of the Bank.

3. Credit risk

In view of the war and its implications for Bank customers, the Bank has announced a range of relief measures for borrowers, designed to facilitate the debt burden, including loans at preferential terms, bonuses to affected small businesses, payment deferment etc. The Bank also participates in the loan fund for businesses, launched by the Government in early November 2023. For more information about impact of benefits and payment deferment offered by the Bank to customers, in order to address Operation Swords of Iron, see chapter "Significant developments in management of business operations" below.

A. Overall effect of credit risks

The overall level of credit risk remained Medium. The risk level for the quality of borrowers and securities is slightly higher than previously, reflecting the current impact and assessments of potential future effects of the war, along with continued uncertainty with regard to the macroeconomic environment. These changes affect borrower operations, and may increase credit risk. Effects of the war on credit risk are not immediately reflected, but rather over the longer term. 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 major risk concentrations include borrowers and businesses in border regions, activity in sectors identified as affected by the war, and borrowers and businesses that were at high risk even prior to the war, who are more sensitive and vulnerable to external events, as well as borrowers who have deferred payments. The Bank closely monitors the potential effects, identifying any economic sectors that may be impacted, constantly reviews the risk measures and risk levels, adapting them as required to current business activity, subject to and in line with the risk appetite and takes steps to improve borrower repayment capacity and to reduce the risk level. In addition, the bank is tracking the effects of the trade restrictions imposed on Bank customers by the Turkish government.

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, reached 16%.

Prior to the war, construction companies faced high financing expenses and a decline in demand, along with stagnant prices. Due to the war, there is concern about increased risk in this sector, due to slower progress of construction due to shortage of labor and slow-down in activity on some construction sites, which may cause delays in apartment delivery and decrease in residential construction starts. There is also concern about a slowdown in the pace of apartment sales, although there have been signs of recovery in this area in the recent quarter. The Bank tracks the development of the industry's risk characteristics and the effects of changes on Bank operations.

C. Credit risk in the residential mortgage portfolio

The risk level in the mortgage portfolio remained unchanged at Low-Medium, reflecting the potential for cumulative effects of higher interest rates and high inflation on borrower repayment capacity and uncertainty due to the war, including the scope of customers with deferred payments. Note that during COVID, which saw extensive mortgage deferment, in actual fact, it turned out that upon the economy resuming normal activity, the risk potential in the mortgage portfolio did not materialize. Note that risk benchmarks throughout the reported period do not currently indicate any deterioration or material change in risk level, therefore the risk assessment remained unchanged. The Bank monitors the impact of the war on economic growth and activity, yet to be fully reflected. Conversely, expected further lowering of interest rates in 2024 may reduce the risk level.

4. Market and interest risks

The overall risk level of market and interest risk remained Low-Medium. Interest risk remained Medium, after increasing in the fourth quarter of 2022, from Low-Medium to Medium, due to the higher interest rates, high uncertainty and impact for borrower and depositor behavior, in particular the trend of balance transition from current accounts to deposits and changes to mortgage performance mix towards options less sensitive to changes in interest rates. Risk values remain high, and are primarily affected by changes in interest rate curves, which have seen increased volatility. The Bank of Israel interest rate remained unchanged in April at 4.5%, after dropping by 0.25% in January 2024.

5. Liquidity risk

Liquidity risk remained low-medium. Since the war started, and due to the security situation in Israel, the Bank's alert level with regard to liquidity increased, although there was no material change to relevant indicators, due to the wish to closely monitor any 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 2024, the Bank maintained high liquidity by investing excess liquidity in liquid assets of very high quality – Level 1 assets. As of March 31, 2024, the average (consolidated) liquidity coverage ratio amounted to 139%. The net stable funding ratio (on consolidated basis) was 114% 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.

6. Technological Risk

In the first quarter of 2024, 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 most of the steps to mitigate the probability of the realization of the technological risks and the potential damage from their realization as much as possible. No material events occurred in the technological field in the current quarter.

7. Cyber and information security risk

Over the course of the first quarter of 2024, 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. At the same time, the Bank is expanding its capacity to respond to such attacks. Due to the war, the risk of attempted cyber attacks in the banking system is higher, as is the potential for materialization of this risk. In order to identify and thwart cyber events, the Bank has raised its alert, vigilance and readiness for such events. The Bank also acts to prevent fraud, by bolstering its monitoring activity to identify any suspect activity in customer accounts. There is constant activity by attack groups, along with continued activity and bolstering of the Bank's control and protection system. Note that despite the increase in cyber risk world-wide and in Israel, due inter alia to increased use of cloud environments, increased remote working and more sophisticated attacks, primarily ransom attacks – the actions taken by the Bank in recent years to manage the risk, have maintained risk at the Bank unchanged.

8. Compliance and regulatory risks

Compliance and regulatory risk remained Low-Medium. The Bank applies the current and new regulatory provisions. The basic systemic risk increased, due to effects of the war and of the global geo-political situation, resulting in expansion of management focus and monitoring at the Bank on issues of compliance, AML and prohibition of terror financing as applicable. Moreover, the Bank operates within the international banking framework that applies cross-border enforcement rules, and has set a policy regarding the implementation of sanctions as required by regulation.

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's image and position have been maintained, and in some areas the gaps in favor of the Bank over the competition have even grown.

10. 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.

For further details see the risk report for, 2023 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.
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, 2024, 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 2023 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, 2024 (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	1,203	701	1,904
2.	Civil Engineering Works	251	1,035	1,286
3.	Construction and real estate	679	595	1,274
4.	Civil Engineering Works	559	674	1,233
5.	Financial services	69	1,036	1,105
6.	Construction and real estate	592	461	1,053

(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 Risks Control 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, 2024				March 31, 2023				December 31, 2023			
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**
Construction and real estate	-	-	-	-	355	1	356	-	-	-	-	-
Mining and excavation	532	105	637	-	526	-	526	-	532	-	532	-
Water	182	7	189	-	170	18	188	-	179	16	195	-
Transport and storage	-	-	-	-	-	-	-	-	601	-	601	-
Total	**714**	**112**	**826**	**-**	**1,051**	**19**	**1,070**	**-**	**1,312**	**16**	**1,328**	**-**

Credit to leveraged companies (NIS in millions):

	March 31, 2024				March 31, 2023				December 31, 2023			
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**
Industry and production	-	-	-	-	227	35	262	-	-	-	-	-
Construction and real estate	672	2	674	-	753	175	928	-	914	56	970	-
Power	-	-	-	-	370	198	568	-	359	191	550	-
Commerce	138	4	142	-	155	4	159	-	188	4	192	-
Transport and storage	431	45	476	-	486	102	588	31	444	45	489	-
Total	**1,241**	**51**	**1,292**	**-**	**1,991**	**514**	**2,505**	**31**	**1,905**	**296**	**2,201**	

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, 2024	March 31, 2023	December 31, 2023
Problematic credit risk:			
Non-accruing credit risk	3,675	2,727	3,752
Accruing problematic credit risk	2,501	1,727	2,512
Total problematic credit risk	**6,176**	**4,454**	**6,264**

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

	March 31, 2024	March 31, 2023	December 31, 2023
Non-accruing loans to the public as percentage of total loans to the public	1.08	0.86	1.12
Non-accruing loans to the public as percentage of total non-residential mortgages	1.20	1.03	1.25
Non-accruing loans to the public as percentage of total residential mortgages	1.01	0.76	1.04
Ratio of problematic loans to the public to total non-residential mortgages	3.15	2.32	3.26
Ratio of problematic credit risk to total credit risk with respect to the public	1.44	1.10	1.47

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):

Movement in non-accruing loans to the public	For the three months ended March 31, 2024				For the three months ended March 31, 2023				For the year ended December 31, 2023			
	Com-mercial	Resi-dential	Indi-vidual	Total	Com-mercial	Resi-dential	Indi-vidual	Total	Com-mercial	Resi-dential	Indi-vidual	Total
Non-accruing loans to the public – balance at start of period	1,466	2,153	74	3,693	1,193	1,329	55	2,577	1,193	1,329	55	2,577
Loans classified as non-accruing during the period	158	339	28	525	176	397	7	580	1,049	1,798	58	2,905
Loans resuming accrual of interest revenues during the period	(30)	(375)	(6)	(411)	(24)	(220)	(1)	(245)	(270)	(965)	(10)	(1,245)
Loans subject to accounting write-off	(87)	-	(10)	(97)	(30)	-	(3)	(33)	(125)	-	(13)	(138)
Loans repaid	(90)	-	(5)	(95)	(169)	-	(5)	(174)	(381)	(9)	(16)	(406)
Non-accruing debt balance at end of period	**1,417**	**2,117**	**81**	**3,615**	**1,146**	**1,506**	**53**	**2,705**	**1,466**	**2,153**	**74**	**3,693**

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):

	For the three months ended March 31, 2024					
	Provision for credit losses					
	Loans to the public					
	Com-mercial	Resi-dential	Indi-vidual	Total	Banks, governments and bonds	Total
Balance of provision for credit losses at start of period	2,419	1,149	702	4,270	11	4,281
Expenses with respect 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 the three months ended March 31, 2023					
Balance of provision for credit losses at start of period	1,690	902	512	3,104	1	3,105
Expenses with respect to credit losses	100	42	85	227	-	227
Net accounting write-offs	(24)	-	(29)	(53)	-	(53)
Balance of provision for credit losses at end of period	**1,766**	**944**	**568**	**3,278**	**1**	**3,279**

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, 2024	March 31, 2023	December 31, 2023
Ratio of provision for credit losses to total loans to the public	1.29	1.04	1.30
Ratio of provision for credit losses to total credit risk with respect to the public	0.99	0.82	1.00
	Three months[(1)]		**All of**
	2024	**2023**	**2023**
Ratio of expenses with respect to credit losses to average balance of loans to the public, gross	0.21	0.29	0.46
Ratio of net write-offs to average balance of loans to the public, gross	0.16	0.07	0.09
Ratio of expenses with respect to credit losses to average balance of loans to the public, net	0.21	0.29	0.46
Of which: With respect to commercial loans other than residential mortgages	0.51	0.66	1.05
Of which: with respect to residential mortgages	0.04	0.09	0.12
Ratio of net write-offs to average balance of loans to the public, net	0.16	0.07	0.09

(1) Annualized.

Loans bearing variable interest

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

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, Bank policy is in conformity 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
	2024	2023	2023
Debts			
Current account balances	1,939	1,950	1,966
Utilized credit card balances	4,749	4,717	4,532
Auto loans – adjustable interest	1,890	2,506	2,065
Auto loans – fixed interest	4,538	3,417	4,257
Other loans and credit – variable interest	13,477	13,664	13,542
Other loans and credit – fixed interest	365	266	348
Total debt (on-balance sheet credit)	**26,958**	**26,520**	**26,710**
Un-utilized facilities, guarantees and other commitments			
Current accounts – un-utilized facilities	5,632	5,381	5,585
Credit cards – un-utilized facilities	9,333	8,997	9,424
Guarantees	290	305	278
Other liabilities	33	25	31
Total un-utilized facilities, guarantees and other commitments (off-balance sheet credit)	**15,288**	**14,708**	**15,318**
Total credit risk to individuals	**42,246**	**41,228**	**42,028**
Of which:			
Bullet / balloon loans[3]	722	635	705
Financial asset portfolio and other collateral against credit risk[4]			
Financial assets portfolio:			
Deposits	4,200	4,252	4,088
Securities	226	223	206
Other monetary assets	159	202	168
Other collateral[5]	3,739	2,975	3,287
Total financial assets portfolio and other collateral against credit risk	**8,324**	**7,652**	**7,749**

(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, 2024 Number of Borrowers	As of March 31, 2024 Total credit risk	As of March 31, 2023 Number of Borrowers	As of March 31, 2023 Total credit risk	As of December 31, 2023 Number of Borrowers	As of December 31, 2023 Total credit risk
	Up to 10	247,563	814	243,619	813	248,443	810
Above 10	Up to 20	114,661	1,687	112,912	1,667	113,285	1,665
Above 20	Up to 40	148,742	4,356	149,868	4,402	149,531	4,352
Above 40	Up to 80	163,689	9,353	160,531	9,205	162,697	9,284
Above 80	Up to 150	105,206	11,341	102,563	11,057	104,714	11,280
Above 150	Up to 300	55,984	11,466	53,430	11,010	55,683	11,404
Above 300		8,274	3,229	7,449	3,074	8,230	3,233
Total		**844,119**	**42,246**	**830,372**	**41,228**	**842,583**	**42,028**

(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, 2024 NIS in millions	As of March 31, 2024 in %	As of March 31, 2023 NIS in millions	As of March 31, 2023 in %	As of December 31, 2023 NIS in millions	As of December 31, 2023 in %
Accounts with no fixed income for the account[2]	7,380	27.4	6,812	25.7	7,191	26.9
Less than NIS 10 thousand	3,440	12.8	4,052	15.3	3,663	13.7
Between NIS 10 thousand and NIS 20 thousand	7,941	29.5	7,976	30.1	7,953	29.8
Over NIS 20 thousand	8,197	30.3	7,680	28.9	7,903	29.6
Total	**26,958**	**100**	**26,520**	**100**	**26,710**	**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, 2024 NIS in millions	in %	As of March 31, 2023 NIS in millions	in %	As of December 31, 2023 NIS in millions	in %
Up to 1 year	4,140	20.4	4,119	20.7	4,170	20.6
Over 1 year to 3 years	6,174	30.5	6,104	30.7	6,136	30.4
Over 3 years to 5 years	5,115	25.2	4,877	24.6	5,041	24.9
Over 5 years to 7 years	2,205	10.9	2,135	10.8	2,200	10.9
Over 7 years[(2)]	2,636	13	2,618	13.2	2,665	13.2
Total	**20,270**	**100**	**19,853**	**100**	**20,212**	**100**

(1) Excluding checking account and credit cards.

(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, 2024			As of March 31, 2023			As of December 31, 2023		
			Credit risk[(1)]			Credit risk[(1)]			Credit risk[(1)]
	On balance sheet	Off balance sheet	Of which:	On balance sheet	Off balance sheet	Of which:	On balance sheet	Off balance sheet	Of which:
Balance of problematic credit risk	270	6	276	216	7	223	269	8	277
Problematic credit risk rate[(2)]	1.00%	0.04%	0.65%	0.81%	0.05%	0.54%	1.01%	0.05%	0.66%

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

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

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

	Three months 2024	Three months 2023	2023
Expense with respect to credit losses as percentage of total loans to the public to individuals	0.66%	[(2)]1.28%	[(1)]1.22%

(1) Includes group-based provision for credit losses, recognized so as to reflect the increase in credit risk in the market due to the war, though no material indicators of increase in this risk have been seen to date.

(2) Includes group-based provision for credit losses, recognized so as to reflect the increase in credit risk in the market due to the increate in interest rates.

Data for credit risk to individuals show that:

- Total debts to private individuals (on-balance sheet credit) increased by 1.7% compared to March 31, 2023 and by 0.9% compared to December 31, 2023.
- Composition of debts as of March 31, 2024:
  Checking accounts - 7.2%
  Credit cards - 17.6%
  Auto loans - 23.9%
  Other loans and credit - 51.3%
- Of all debts (on-balance sheet credit) as of March 31, 2024, 30.9% is secured by financial assets and other collateral in the customer's account (compared to 28.9% as of March 31, 2023 and 29% as of December 31, 2023).

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, Construction, purchase groups, urban renewal, National Zoning Plan 38 etc. Moreover, in order to minimize risk, the Bank 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.

Effect of the Iron Swords war on the real estate market and the real estate credit portfolio:

- There is still a shortage of construction workers, in light of the absence of Palestinian workers that are not currently allowed to come to work. This shortage has led to a slowdown in the progress of construction work and will apparently delay the delivery date. In addition, the shortage may lead to a slowdown in construction starts and a shortage of apartments in coming years. There is a government effort aimed at assisting, but there has not yet been a satisfactory solution to the shortage in workers, most sites have resumed activity but not in full.
- Raw materials and construction costs – as a result of the war, there may be a shortage of raw materials, which may increase construction costs and gradually seep down to housing prices, with boycotts from countries like Turkey on the import of raw materials for the construction industry possibly making the situation even worse.
- Suply and demand – as derived from the higher interest rates, in 2023 higher mortgage repayments for buyers and higher financing cost for developers have slowed down the demand and new residential construction starts, relative to previous years. This trend intensified with the outbreak of the war, and in October and November 2023 there was a significant slowdown in the scope of purchase transactions of apartments in the entire country, however, starting November 2023 there has been a gradual recovery in demand and in the first quarter of 2024, 23,520 housing units were sold, an increase of 20.6% compared to the corresponding period last year and of 88.8% compared to the fourth quarter of 2023. The change in sales trends that began before the war started and increased when it begun, is due, inter alia, to higher interest rates, higher mortgage costs, higher alternative interest rates for investments and the Iron Swords War, which resulted in decrease in apartment purchases by investors as well as buyers for residential purposes, with recently there being signs of recovery in the field of sales.
- New apartment prices dropped by a cumulative average of 4.9% from September 2022 until November 2023, but from November 2023 to March 2024 there has been a change in trends, with a cumulative average increase of 1.2%.
- In the field of housing construction starts in 2023, construction started on 62,000 housing units, a decrease of 8.9% compared to 2022.
- Residential housing construction completions increased by 9.3%, to 58 thousand residential units.
- The inventory of unsold new apartments in March 2024 reached 67,000 apartments, an increase of 23% compared to March last year, with 56% of unsold apartments in Tel Aviv and the Central region.

As a result of the implications of the war on the sector and the higher interest rates, higher mortgage repayments for buyers and higher financing cost for developers have slowed down the demand and new residential construction starts, relative to previous years, and therefore the risk associated with this sector is higher.

In the field of offices – in late 2022, indications of a slow-down in the high-tech sector appeared; this sector is a major consumer in the industry, and this resulted in a shift to decrease in rent and occupancy rates, along with the war, which led to a drop in demand, which may further decrease as the slow-down becomes more pronounced.

Note that the bank's exposure in the field of offices is low.

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, TAMA 38 and so forth. 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 2024, total exposure to construction and real estate sectors increased by 3.2%, due to increased project volume on the one hand, and to decrease in receipts by developers on the other hand. 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, 2024, as presented below (Credit Risk by Economic Sector) is 16.0%. Note that according to Proper Conduct of Banking Business Directive 315, the rate of indebtedness of the construction and real estate sector (for calculation of sector concentration) is 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 obtained insurance policies). The Bank reviews in each quarter the calculation of the group-based provision for credit losses in this sector, and adjusts this provision so as to account, *inter alia*, for growth in the loan portfolio and the underwriting conditions.

For more information about addition of loans designated for purchase of land for development or construction with LTV in excess of 80% to the list of debt with a 150% risk weighting, see Note 9 to the financial statements.

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

	Credit risk to the public[1]							
								March 31, 2024
	On balance sheet[2]	**Off balance sheet[3]**		**Credit risk**	**Total problematic credit risk**		**Balance of provision for credit losses**	
		Guarantees to home buyers[5]	**Facilities and other commitments**		**Of which: Non-accruing**	**Other problematic[4]**	**On-balance sheet credit risk**	**Off-balance sheet credit risk**
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
								March 31, 2023
Secured by real estate:								
Housing	20,657	5,718	11,625	38,000	30	339	109	26
Commercial and industrial	8,595	175	2,013	10,783	118	287	136	4
Total secured by real estate	**29,252**	**5,893**	**13,638**	**48,783**	**148**	**626**	**245**	**30**
Not secured by real estate	6,084	6	5,530	11,620	114	89	171	29
Total for construction and real estate economic sector in Israel	**35,336**	**5,899**	**19,168**	**60,403**	**262**	**715**	**416**	**59**
Of which: Designated for project assistance	19,904	5,010	11,206	36,120	22	381	93	27
								December 31, 2023
Secured by real estate:								
Housing	22,158	5,423	13,772	41,353	206	277	211	24
Commercial and industrial	9,713	129	2,525	12,367	128	459	200	3
Total secured by real estate	**31,871**	**5,552**	**16,297**	**53,720**	**334**	**736**	**411**	**27**
Not secured by real estate	5,954	12	6,335	12,301	109	125	164	19
Total for construction and real estate economic sector in Israel	**37,825**	**5,564**	**22,632**	**66,021**	**443**	**861**	**575**	**46**
Of which: Designated for project assistance	21,465	5,516	13,891	40,872	197	318	102	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, 2024			March 31, 2023			December 31, 2023		
	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	15,287	1,234	16,521	16,201	712	16,913	15,425	1,078	16,503
Real estate under construction	8,891	19,642	28,533	5,980	17,001	22,981	8,364	19,232	27,596
Real estate completely constructed	8,117	1,621	9,738	7,071	1,818	8,889	8,082	1,539	9,621
Total credit secured by real estate in Israel	**32,295**	**22,497**	**54,792**	**29,252**	**19,531**	**48,783**	**31,871**	**21,849**	**53,720**
Not secured by real estate	6,489	6,884	13,373	6,084	5,536	11,620	5,954	6,347	12,301
Total credit risk for construction and real estate	**38,784**	**29,381**	**68,165**	**35,336**	**25,067**	**60,403**	**37,825**	**28,196**	**66,021**

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	
	2024	2023	Change
	Credit risk to the public[1]		
Credit risk at performing credit rating:			
Total non-problematic credit risk	63,862	62,337	2.4%
Credit risk other than at performing credit rating:			
Problematic accruing	839	861	(2.6%)
Problematic non-accruing	444	443	0.2%
Non-problematic	3,020	2,380	26.9%
Total credit risk other than at performing credit rating	**4,303**	**3,684**	**16.8%**
Total credit risk for construction and real estate	**68,165**	**66,021**	**3.2%**

(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 borrower indebtedness.

Credit risk by economic sector

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	1,257	1,246	-	11	1,114	309	10	6	(1)	-	7
Industry and production	17,555	16,481	559	515	17,333	10,324	504	161	11	15	449
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 March 31, 2023

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	1,207	1,181	4	22	1,207	933	22	14	-	-	20
Mining and excavation	1,035	1,024	-	11	879	301	7	1	-	-	7
Industry and production	16,155	15,337	225	593	15,726	10,036	583	275	(2)	3	323
Of which: Diamonds	1,779	1,621	13	145	1,779	1,199	145	63	1	(1)	43
Construction and real estate – construction[6]	51,607	49,589	1,357	661	51,520	27,098	661	178	8	3	336
Construction and real estate – real estate operations	8,796	8,239	241	316	8,275	7,641	316	84	28	3	139
Electricity and water delivery	9,319	9,253	62	4	9,054	5,651	4	2	1	1	75
Commerce	15,710	14,787	537	386	15,576	11,780	384	190	19	(3)	314
Hotels, dining and food services	1,979	1,774	119	86	1,967	1,525	86	46	4	3	87
Transport and storage	3,621	2,851	665	105	3,581	2,992	105	63	9	3	90
Information and communications	2,205	2,139	29	37	2,126	1,391	37	19	1	5	25
Financial services	19,565	19,511	28	26	14,546	8,408	26	21	(2)	-	39
Other business services	7,011	6,682	95	234	7,003	4,766	234	101	3	3	161
Public and community services	3,280	2,865	228	187	3,252	2,655	187	140	24	3	111
Total commercial	**141,490**	**135,232**	**3,590**	**2,668**	**134,712**	**85,177**	**2,652**	**1,134**	**93**	**24**	**1,727**
Private individuals – residential mortgages	210,505	206,728	2,271	1,506	210,505	198,774	1,506	1,506	42	-	944
Private individuals – other	41,231	40,652	356	223	41,228	26,520	223	53	85	29	568
Total public – activity in Israel	**393,226**	**382,612**	**6,217**	**4,397**	**386,445**	**310,471**	**4,381**	**2,693**	**220**	**53**	**3,239**
Banks in Israel	2,800	2,800	-	-	1,198	858	-	-	-	-	-
Government of Israel	15,018	15,018	-	-	60	60	-	-	-	-	-
Total activity in Israel	**411,044**	**400,430**	**6,217**	**4,397**	**387,703**	**311,389**	**4,381**	**2,693**	**220**	**53**	**3,239**
Borrower activity overseas											
Total public – activity overseas	7,703	7,064	582	57	7,559	4,945	51	12	7	-	39
Overseas banks	18,877	18,877	-	-	18,606	18,586	-	-	-	-	-
Overseas governments	1,970	1,969	-	1	471	471	1	1	-	-	1
Total activity overseas	**28,550**	**27,910**	**582**	**58**	**26,636**	**24,002**	**52**	**13**	**7**	**-**	**40**
Total	**439,594**	**428,340**	**6,799**	**4,455**	**414,339**	**335,391**	**4,433**	**2,706**	**227**	**53**	**3,279**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 335,391; bonds – 18,755; securities borrowed or acquired in conjunction with resale agreements – 15; (on- and off-balance sheet) credit risk with respect to derivatives – 6,485; and Credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 78,948.

(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 1,320 million and off-balance sheet credit risk amounting to NIS 1,778 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, 2023

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	1,137	1,080	31	26	1,137	851	26	21	16	4	32
Mining and excavation	1,351	1,339	-	12	1,260	356	10	6	2	-	8
Industry and production	17,545	16,500	475	570	17,296	10,161	558	192	150	14	442
Of which: Diamonds	1,691	1,451	112	128	1,691	1,121	128	67	41	3	74
Construction and real estate – construction[6]	55,771	53,619	1,424	728	55,667	28,380	727	337	83	27	396
Construction and real estate – real estate operations	10,250	8,718	956	576	9,715	8,818	576	105	113	4	225
Electricity and water delivery	11,030	10,591	416	23	10,743	6,514	23	4	17	5	88
Commerce	16,718	15,352	487	879	16,563	12,756	879	288	246	18	520
Hotels, dining and food services	2,121	1,814	116	191	2,107	1,595	191	56	70	19	146
Transport and storage	3,632	2,866	690	76	3,612	2,988	76	31	14	11	84
Information and communications	1,748	1,625	98	25	1,683	944	25	19	11	9	30
Financial services	25,726	25,590	105	31	20,715	9,593	31	28	10	-	55
Other business services	7,647	7,341	111	195	7,644	4,921	195	95	60	27	195
Public and community services	3,269	2,841	268	160	3,238	2,545	160	145	40	15	113
Total commercial	**157,945**	**149,276**	**5,177**	**3,492**	**151,380**	**90,422**	**3,477**	**1,327**	**832**	**153**	**2,334**
Private individuals – residential mortgages	218,658	213,896	2,609	2,153	218,658	206,553	2,153	2,153	247	-	1,149
Private individuals – other	42,032	41,386	369	277	42,028	26,710	277	75	324	134	702
Total public – activity in Israel	**418,635**	**404,558**	**8,155**	**5,922**	**412,066**	**323,685**	**5,907**	**3,555**	**1,403**	**287**	**4,185**
Banks in Israel	2,286	2,286	-	-	702	702	-	-	-	-	-
Government of Israel	19,562	19,562	-	-	4	4	-	-	-	-	-
Total activity in Israel	**440,483**	**426,406**	**8,155**	**5,922**	**412,772**	**324,391**	**5,907**	**3,555**	**1,403**	**287**	**4,185**
Borrower activity overseas											
Total public – activity overseas	8,584	7,946	296	342	8,416	5,730	336	176	58	-	93
Overseas banks	27,248	27,248	-	-	26,997	26,869	-	-	2	-	2
Overseas governments	1,211	1,210	-	1	628	476	1	1	-	-	1
Total activity overseas	**37,043**	**36,404**	**296**	**343**	**36,041**	**33,075**	**337**	**177**	**60**	**-**	**96**
Total	**477,526**	**462,810**	**8,451**	**6,265**	**448,813**	**357,466**	**6,244**	**3,732**	**1,463**	**287**	**4,281**

(1) On- and off-balance sheet credit risk, including with respect to derivatives (NIS in millions): Debts[2] – 357,466; bonds – 22,453; securities borrowed or acquired in conjunction with resale agreements – 106; (on- and off-balance sheet) credit risk with respect to derivatives – 6,154; and credit risk of off-balance-sheet financial instruments as calculated for the purpose of determining per-borrower indebtedness limits – 91,347.

(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 1,070 million and off-balance sheet credit risk amounting to NIS 1,211 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, 2024			March 31, 2023			December 31, 2023		
							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	26,127	2,015	28,142	[7]22,522	1,441	23,963	32,474	1,976	34,450
Barbados[5]	5,230	-	5,230	5,683	-	5,683	5,353	-	5,353
Others[6]	11,328	10,609	21,937	11,119	7,902	19,021	11,008	11,406	22,414
Total exposure to foreign countries	**42,685**	**12,624**	**55,309**	**39,324**	**9,343**	**48,667**	**48,835**	**13,382**	**62,217**
Of which: To Greece, Portugal, Spain, Italy	48	6	54	64	7	71	63	10	73
Of which: Total exposure to LDC countries	854	202	1,056	634	97	731	844	219	1,063

(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 7,127 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, 2023: NIS 7,323 million; As of December 31, 2023: NIS 7,075 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.

(6) Balance sheet exposure includes NIS 3,464 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, 2023: NIS 3,781 million; As of December 31, 2023: NIS 3,370 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: As of March 31, 2024, March 31, 2023 and December 31, 2023, 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		For the year ended
	March 31	March 31	As of December 31
	2024	2023	2023
	Barbados[1]	Barbados[1]	Barbados[1]
Exposure at start of reported period	5,353	5,803	5,803
Net changes to exposure	(123)	(120)	(450)
Exposure at end of reported period	5,230	5,683	5,353

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, 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
			March 31, 2023
AAA to AA- (5)	6,982	4,594	11,576
A+ to A-	3,605	3,225	6,830
BBB+ to BBB-	-	4	4
BB+ to B-	-	-	-
Lower than B-	-	-	-
Unrated	1	23	24
Total credit exposure to foreign financial institutions	**10,588**	**7,846**	**18,434**

External credit rating	On-balance sheet credit risk(3)	Current off-balance sheet credit risk(4)	Current credit exposure
			December 31, 2023
AAA to AA-	6,894	4,682	11,576
A+ to A-	2,643	3,058	5,701
BBB+ to BBB-	1	-	1
BB+ to B-	-	-	-
Lower than B-	-	-	-
Unrated	18	21	39
Total credit exposure to foreign financial institutions	**9,556**	**7,761**	**17,317**

(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, the UK, 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 7,127 million as of March 31, 2024 (as of March 31, 2023: NIS 7,323 million; as of December 31, 2023: NIS 7,075 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.
(5) The Bank Group has no exposure to foreign financial institutions, as defined in Proper Conduct of Banking Business Directive 202, in excess of 15% of the capital base (total exposure as of March 31, 2023 was NIS 5,683 million with weighted rating of AA-).

Due to the higher inflation, many central banks started to apply a restraining monetary policy and to raise interest rates. Interest rates remained high in 2023, as well as over the course of the first quarter of 2024. Political and macro-economic developments had negative impact on the global financial system. Many banks recognized impairment in their securities portfolios, and there is concern with regard to increase in non-accruing credit in certain sectors, including commercial real estate and high-tech.

As from the first quarter of 2023, following the collapse of multiple banks in Europe and in the USA, the Bank expanded its close monitoring of exposures to financial institutions. Note that Bank exposure to the impacted financial institutions is very low.

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 545 million, is to international affiliates of financial institutions in the USA, mostly with respect to derivatives. 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 monitors public information and ratings, as well as any other information available with regard to financial institutions to which it has exposure, and adjusts the exposure limits and actual exposure 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.

The Bank sometimes requires additional bolstering, such as guarantors for the loan, proven repayment capacity not based on regular borrower income and other bolstering measures. s.

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, as a whole, 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 currently indicate material deterioration or change in risk level, despite the current uncertainty with regard to further developments in the macro-economic environment and its impact on the Bank. 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 2024) was 54.9% (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, and should the potential future risk decrease, the risk level in the residential mortgage portfolio would decrease back to Low.

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

	Loans granted (NIS in millions)		
		Three months	Rate of Change
	2024	2023	In %
Mortgages issued (for housing and any purpose)			
From the Bank's funds	6,846	6,470	5.8
From funds of the Finance Ministry:			
Directed loans	32	29	10.3
Standing loans and grants	33	22	50.0
Total new loans	**6,911**	**6,521**	**6.0**
Refinanced loans	2,162	1,300	66.3
Total loans originated	**9,073**	**7,821**	**16.0**
Number of borrowers (includes refinanced loans)	14,747	9,999	47.5

Below are details of various risk attributes of the residential mortgage portfolio[1] as of March 31, 2024 (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%	2,528	7,718	13,416	38,008	28,772	14,062	104,504
	35%-50%	644	2,070	4,100	6,247	4,823	3,206	21,090
	50%-80%	1	-	14	51	60	894	1,020
	Over 80%	-	-	-	2	11	69	82
60%-75%	Up to 35%	1,753	4,911	9,713	29,509	13,460	5,186	64,532
	35%-50%	605	1,915	3,875	4,935	1,929	1,159	14,418
	50%-80%	-	3	10	24	11	252	300
	Over 80%	-	-	-	-	-	13	13
Over 75%	Up to 35%	42	219	265	752	380	1,127	2,785
	35%-50%	7	34	82	96	60	277	556
	50%-80%	-	-	-	3	2	71	76
	Over 80%	-	-	-	-	-	11	11
Total		**5,580**	**16,870**	**31,475**	**79,627**	**49,508**	**26,327**	**209,387**
Of which:								
Loans granted with original amount over NIS 2 million		779	2,871	5,594	8,894	3,329	1,276	22,743
Percentage of total residential mortgages		14.0%	17.0%	17.8%	11.2%	6.7%	4.8%	10.9%
Loans bearing variable interest:								
Non-linked, at prime lending rate		118	797	10,153	25,865	14,038	8,558	59,529
CPI-linked[3]		470	386	3,781	3,218	569	2,561	10,985
In foreign currency[3]		5	47	583	1,131	927	777	3,470
Total		**593**	**1,230**	**14,517**	**30,214**	**15,534**	**11,896**	**73,984**
Non-linked loans at prime lending rate, as percentage of total residential mortgages		2.1%	4.7%	32.3%	32.5%	28.4%	32.5%	28.4%
CPI-linked loans bearing variable interest as percentage of total residential mortgages		8.4%	2.3%	12.0%	4.0%	1.1%	9.7%	5.2%
Loans with LTV over 75% as percentage of total residential mortgages		0.9%	1.5%	1.1%	1.1%	0.9%	5.6%	1.6%

(1) Balance of residential mortgages after provision for credit losses.

(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, 2024 was 54.9%, compared to 55.0% at the end of the previous year, and 53.8% in the corresponding period last year. Out of the total loan portfolio of the Bank, amounting to NIS 209.4 billion, some 98.4% 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 in this report 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 significant increase in housing prices, as from late 2008 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 0.6 billion, or only 0.3% of the total residential mortgage portfolio.

Note, in this regard, that the Bank's average LTV ratio as of March 31, 2024, based on current outstanding balances (with no change to property value due to changes in housing prices) would have decreased as follows: For loans originated up to one year ago – by 3.6%. For loans originated one to 5 years ago – by 5.1%; for loans originated over 5 years ago – by 17.4%; for all loans in total – by 9.4%.

The percentage of loans granted with a high LTV ratio (over 75%) out of total residential mortgage portfolio of the Bank to 1.1% for loans granted 1-2 years ago, 1.5% for loans granted 3-12 months ago and 0.9% for loans granted in the first quarter of 2024.

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 26.3%. Some 82.2% 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 17.1% of the mortgage portfolio were granted to borrowers with a repayment ratio of 35% to 50% (the average repayment ratio for these borrowers is: 39.0%). Only 0.8% 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 non-linked (NIS-denominated loans).

On December 27, 2020, the Bank of Israel issued an update to Proper Conduct of Banking Business Directive 329 concerning "Restrictions on extending residential mortgages". The update includes elimination of the restriction on lending at the prime lending rate, so that the restriction of 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 amendments to the directive pursuant to the circular are effective as from January 17, 2021. For residential mortgages intended to finance early repayment of a loan extended by the Bank or by another bank, the amendment applies as from February 28, 2021.

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.

Total loans linked to the prime lending rate granted over the past two years, which constitute the major portion of risk associated with such mortgages, is NIS 11.1 billion, or 5.3% of the residential mortgage portfolio.

Note that before approving a loan linked to the prime lending rate, similar to loan approvals for other variable interest tracks, the Bank evaluates the repayment capacity of the borrower under scenarios where the prime lending rate would increase to the "normative interest rate".

Loan amount

Loans granted by the Bank with an original amount over NIS 2 million amounted in total to NIS 22.7 billion on March 31, 2024, or 10.9% of the Bank's residential mortgage portfolio.

For more information about residential mortgages risk, see also the 2023 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 and legal risk, see the Report of the Board of Directors and Risks Report for 2023.

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. risk values remain high and are mainly influenced by changes in interest curves, where increased fluctuations occurred. The Bank of Israel interest rate remained unchanged in April at 4.50%, after dropping by 0.25% in January.

Due to the security situation, as from October 8, 2023 the Emergency Financial Forum, headed by the Manager, Finance Division, convenes often to discuss management of financial risk that may arise due to the war.

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 2024	First quarter 2023	All of 2023
At end of period	1,713	1,618	1,666
Maximum value during period	(Feb.) 1,734	(Mar.) 1,618	2,522 (November)
Minimum value during period	(Jan.) 1,678	(Jan.) 875	(Jan.) 875

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)] 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, 2024						
2% increase	(1,891)	(2,404)	383	(85)	22	(3,975)
2% decrease	2,235	2,616	(363)	129	(25)	4,592
March 31, 2023						
2% increase	(1,111)	(2,590)	485	7	26	(3,183)
2% decrease	1,777	3,266	(495)	36	(26)	4,558
December 31, 2023						
2% increase	(1,766)	(2,393)	608	10	22	(3,519)
2% decrease	2,182	2,774	(605)	19	(24)	4,346

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

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, 2024			As of March 31, 2023			As of December 31, 2023		
	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total
Net adjusted fair value[1]	25,971	1,876	27,847	23,026	1,212	24,238	23,899	1,028	24,927
Of which: Banking portfolio	17,287	1,981	19,268	16,893	(1,538)	15,355	16,622	(327)	16,295

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

	As of March 31, 2024			As of March 31, 2023			As of December 31, 2023		
	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total	NIS	Foreign currency[2]	Total
Concurrent changes									
Concurrent 1% increase	(1,923)	10	(1,913)	(1,140)	537	(603)	(1,872)	290	(1,582)
Of which: Banking portfolio	(1,912)	13	(1,899)	(1,137)	533	(604)	(1,863)	295	(1,568)
Concurrent 1% decrease	1,423	(326)	1,097	865	(692)	173	1,501	(393)	1,108
Of which: Banking portfolio	1,406	(336)	1,070	862	(689)	173	1,490	(400)	1,090
Non-concurrent changes									
Steeper[3]	(1,350)	92	(1,258)	(1,335)	195	(1,140)	(1,353)	92	(1,261)
Shallower[4]	667	(2)	665	1,065	(25)	1,040	779	35	814
Short-term interest increase	(224)	187	(37)	(117)	309	192	(243)	286	43
Short-term interest decrease	244	(192)	52	274	(317)	(43)	355	(294)	61

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

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, under a 1% concurrent shift of the curve, amounts to NIS 275 million.

Most of this difference is due to use of different capitalization curves. The capitalization curves used to analyze sensitivity of economic value (EVE) are transfer pricing curves, while discount rates used to present net adjusted fair value are possible discount rates for similar transactions on the balance sheet date, reflecting the inherent risk for a similar customer.

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

See Note 15 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[1][4]:

	As of March 31, 2024			As of March 31, 2023			As of December 31, 2023		
	Interest revenues	Non-interest financing revenues[3]	Total	Interest revenues	Non-interest financing revenues[3]	Total	Interest revenues	Non-interest financing revenues[3]	Total
Concurrent changes[2]									
Concurrent 1% increase	51	194	245	275	(73)	202	64	238	302
Of which: Banking portfolio	46	178	224	311	(97)	214	56	212	268
Concurrent 1% decrease	(823)	(390)	(1,213)	(1,027)	(437)	(1,464)	(866)	(643)	(1,509)
Of which: Banking portfolio	(819)	(379)	(1,198)	(988)	(412)	(1,400)	(857)	(621)	(1,478)

(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) in the interest increase/decrease scenario, there is an assumption for the purchase/sale of bonds as well as the diversion of checking accounts to deposits.

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.
- As from 2021, 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.
- Given the change in the interest rate environment, behavioral assumptions were updated with respect to current account balances in credit and the securities portfolio. The assumption is that under a scenario of rising interest rates, funds would be diverted from current account balances to interest-bearing deposits, as well as changes to bonds in the nostro portfolio.

Under the concurrent scenario of interest rate increase by 1%, the capital reserve with respect to securities is expected to decrease by NIS 251 million.

For further details of assumptions used in calculation of the fair value of financial instruments, see Note 15 to these financial statements and Note 33 to the financial statements as of December 31, 2023.

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 as of March 31, 2024, capital increase (erosion) (before tax effect) (in millions of NIS):

				Scenarios	Historical stress scenario[1]	
	10% increase	5% increase	5% decrease	10% decrease	Maximum increase	Maximum decrease
CPI[2]	3,038.8	1,519.4	(1,519.4)	(3,038.8)	344.3	(272.6)
USD	11.7	2.6	3.7	19.4	1.4	1.7
GBP	0.7	0.4	(0.4)	(0.8)	0.3	(0.5)
JPY	0.4	0.2	(0.1)	(0.2)	0.2	(0.2)
EUR	10.2	2.2	2.4	5.0	0.9	2.6
SFR	0.5	0.2	(0.2)	(0.5)	0.7	(0.2)

(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 911.7 million and NIS (911.7) million, respectively.

Share price risk

For more information about share price risk, see the 2023 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 2023 financial statements.

Liquidity and financing risk

Risk description and development thereof

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

Financing risk – risk resulting from shortage of financing sources or too high costs to raise such sources.

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 2024, there were no recorded deviations from the Board of Directors' restrictions.

Liquidity risk remained low-medium. Since the war started, and due to the security situation in Israel, the Bank's alert level with regard to liquidity increased, although there was no material change to relevant indicators, due to the wish to closely monitor any potential changes in the situation. In practice, no events nor indications were observed which would indicate realization of a liquidity event.

For more information about financing sources, see chapter "Developments in financing sources" above.

For more information about financing risk, see also the 2023 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 2024 was 139%. As noted above, in the first quarter of 2024 there were no recorded deviations from these restrictions.

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, 2024 was 114%. No deviations from the risk appetite limitations were recorded.

As of March 31, 2024, the balance of the three largest depositor groups at the Bank Group amounted to NIS 25.6 billion.

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

For more information about the liquidity coverage 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, goodwill risks, strategic business risks and regulatory business risks, see the Report of the Board of Directors and the Risks Report for 2023.

Policies and critical accounting estimates, controls and procedures

Policies and critical accounting estimates

The Bank's financial statements are prepared in conformity with generally accepted accounting policies in Israel (Israeli GAAP) and in accordance with Public Reporting Directives of the Supervisor of Banks.
For most topics, these directives are based on generally acceptable accounting practices by US banks. For other, less material topics, these directives are based on International Financial Reporting Standards (IFRS) and on generally accepted accounting principles in Israel (Israeli GAAP). When International Financial Reporting Standards (IFRS) allow multiple alternatives, or do not specifically refer to a certain situation, these directives prescribe specific implementation guidelines, mostly based on generally acceptable accounting practices by US banks.
The significant accounting policies are detailed in Note 1 to the 2023 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, 2023. For more information about accounting policies on critical matters, see chapter "Policies and critical accounting estimates" of the 2023 Report of the Board of Directors and Management.

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, 2024. 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, 2024, 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 2024, 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.

A. Zeldman

Avraham Zeldman(1)
Director

Lari Moshe

Moshe Lari
President & CEO

Approval date:
Ramat Gan
May 22, 2024

(1) As certified by the Board of Directors, see Note 17B to the Financial Statements.

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, 2024 (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 22, 2024

(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, 2024 (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 22, 2024

(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 ("the Bank"), consisting of the condensed consolidated interim balance sheet as of March 31, 2024, 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 these interim periods, in accordance with generally accepted accounting principles in Israel (Israeli GAAP) for interim financial reporting and in accordance with directives and guidance of the Supervisor of Banks. Our responsibility is to express our conclusions on this interim financial information based on our review.

We did not review the condensed interim financial information of certain consolidated subsidiaries, whose assets included in consolidation constitute 4.63% of total consolidated assets as of March 31, 2024, and whose net interest revenues before expenses with respect to credit losses included in the consolidated statements of profit and loss constitute 5.59% 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 Israeli GAAP for interim financial reporting and in accordance with directives and guidance of the Supervisor of Banks.

Brightman Almagor Zohar & Co.

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

Tel Aviv, May 22, 2024

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Yigal Alon 1 St.
Beit Shemesh, 9906201

Bank Mizrahi Tefahot

Condensed financial statements as of March 31, 2024

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Condensed consolidated statements of profit and loss

Reported amounts (NIS in millions)

	Note	For the three months ended March 31 2024	For the three months ended March 31 2023	For the year ended December 31 2023
			(Unaudited)	(Audited)
Interest revenues	2	5,756	5,760	24,005
Interest expenses	2	3,071	2,614	12,030
Interest revenues, net		2,685	3,146	11,975
Expenses with respect to credit losses	6.13	175	227	1,463
Interest revenues, net after expenses with respect to credit losses		**2,510**	**2,919**	**10,512**
Non-interest revenues				
Non-interest financing revenues	3	345	87	511
Commissions		502	528	2,028
Other revenues		66	65	266
Total non-interest revenues		**913**	**680**	**2,805**
Operating and other expenses				
Payroll and associated expenses		856	931	3,544
Maintenance and depreciation of buildings and equipment		242	306	1,098
Other expenses		181	200	927
Total operating and other expenses		**1,279**	**1,437**	**5,569**
Pre-tax profit		2,144	2,162	7,748
Provision for taxes on profit		835	747	2,669
After-tax profit		**1,309**	**1,415**	**5,079**
Share in profit (loss) of associated companies, after tax		9	1	1
Net profit:				
Before attribution to non-controlling interests		1,318	1,416	5,080
Attributable to non-controlling interests		(46)	(49)	(170)
Attributable to shareholders of the Bank		**1,272**	**1,367**	**4,910**

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

A. Zeldman
Avraham Zeldman(1)
Director

Lari Moshe
Moshe Lari
President & CEO

Menahem Aviv
Vice-president, Chief Accountant

Approval date:
Ramat Gan, May 22, 2024

(1) As certified by the Board of Directors, see Note 17B to the Financial Statements.

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
	2024	**2023**	**2023**
		(Unaudited)	**(Audited)**
Earnings per share[(1)] (in NIS)			
Basic earnings			
Net profit attributable to shareholders of the Bank	4.93	5.32	19.07
Weighted average number of ordinary shares used to calculate basic earnings (thousands of shares)	258,169	257,186	257,452
Diluted earnings			
Net profit attributable to shareholders of the Bank	4.91	5.30	19.00
Weighted average number of ordinary shares used to calculate diluted earnings (thousands of shares)	259,318	258,094	258,448

(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 2024	2023	For the year ended December 31 2023
		(Unaudited)		(Audited)
Net profit:				
Before attribution to non-controlling interests		1,318	1,416	5,080
Attributable to non-controlling interests		(46)	(49)	(170)
Net profit attributable to shareholders of the Bank		**1,272**	**1,367**	**4,910**
Other comprehensive income (loss) before taxes	4			
Adjustments for presentation of available-for-sale bonds at fair value, net		81	5	150
Adjustments from translation of financial statements of investments in associated companies[(1)]		-	-	-
Net gains (losses) with respect to cash flows hedging		(1)	-	5
Adjustments of liabilities with respect to employees' benefits[(2)]		5	31	(23)
Total other comprehensive income (loss), before tax		**85**	**36**	**132**
Related tax effect		(29)	(12)	(44)
Other comprehensive income (loss) after taxes[(3)]				
Other comprehensive income (loss), before attribution to non-controlling interests		56	24	88
Less other comprehensive income (loss) attributed to non-controlling interests		2	1	(16)
Other comprehensive income (loss) attributed to shareholders of the Bank, after taxes		**54**	**23**	**104**
Comprehensive income:				
Before attribution to non-controlling interests		1,374	1,440	5,168
Attributable to non-controlling interests		(48)	(50)	(154)
Comprehensive income attributable to shareholders of the Bank		**1,326**	**1,390**	**5,014**

(1) Translation adjustments of financial statements of associated companies whose functional currency differs from the Bank's functional currency.
(2) Includes adjustments with respect to actuarial estimates included in the reported period for defined-benefit pension plans and current amortization of adjustments with respect to liabilities to profit and loss.
(3) 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
		2024	2023	2023
	Note		(Unaudited)	(Audited)
Assets				
Cash and deposits with banks		84,653	90,240	86,550
Securities[1][2]	5	23,466	19,348	23,071
Securities borrowed or purchased in resale agreements		274	15	106
Loans to the public	6.13	334,585	315,416	329,415
Provision for credit losses	6.13	(4,098)	(3,097)	(4,069)
Loans to the public, net	6.13	330,487	312,319	325,346
Loans to Governments		442	531	480
Investments in associated companies		259	193	242
Buildings and equipment		1,575	1,399	1,531
Intangible assets and goodwill		140	170	148
Assets with respect to derivatives	11	4,828	6,257	6,282
Other assets		4,559	3,638	4,448
Total assets		**450,683**	**434,110**	**448,204**
Liabilities and Equity				
Deposits from the public	7	365,371	348,469	358,553
Deposits from banks		3,603	7,284	4,571
Deposits from the Government		86	32	71
Bonds and subordinated notes		35,776	34,608	37,070
Liabilities with respect to derivatives	11	3,616	5,988	7,367
Other liabilities [3]		12,363	11,747	11,869
Total liabilities		**420,815**	**408,128**	**419,501**
Shareholders' equity attributable to shareholders of the Bank		28,578	24,844	27,461
Non-controlling interests		1,290	1,138	1,242
Total equity		**29,868**	**25,982**	**28,703**
Total liabilities and equity		**450,683**	**434,110**	**448,204**

(1) Of which: NIS 19,588 million at fair value on consolidated basis (on March 31, 2023: NIS 15,813 million; on December 31, 2023: NIS 19,121 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 212 million (on March 31, 2023: NIS 181 million, on December 31, 2023: NIS 201 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 share-holders' equity	Non-controlling interests	Total equity
	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[(4)]	-	-	-	-	(209)	(209)	-	(209)
Realization of share-based payment transactions[(5)]	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 three months ended March 31, 2023 (Unaudited)							
Balance as of December 31, 2022	3,519	99	3,618	(514)	20,676	23,780	1,088	24,868
Net profit for the period	-	-	-	-	1,367	1,367	49	1,416
Dividends paid[(4)]	-	-	-	-	(326)	(326)	-	(326)
Realization of share-based payment transactions[(5)]	1	(1)	-	-	-	-	-	-
Other comprehensive income (loss), net, after tax	-	-	-	23	-	23	1	24
Balance as of March 31, 2023	**3,520**	**98**	**3,618**	**(491)**	**21,717**	**24,844**	**1,138**	**25,982**
	For the year ended December 31, 2023 (audited)							
Balance as of December 31, 2022	3,519	99	3,618	(514)	20,676	23,780	1,088	24,868
Net profit for the period	-	-	-	-	4,910	4,910	170	5,080
Dividends paid[(4)]	-	-	-	-	(1,390)	(1,390)	-	(1,390)
Benefit from share-based payment transactions	-	57	57	-	-	57	-	57
Realization of share-based payment transactions[(5)]	37	(37)	-	-	-	-	-	-
Other comprehensive income (loss), net, after tax	-	-	-	104	-	104	(16)	88
Balance as of December 31, 2023	**3,556**	**119**	**3,675**	**(410)**	**24,196**	**27,461**	**1,242**	**28,703**

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

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

(3) For information about various restrictions on dividend distribution, see Note 24 to the 2023 financial statements.

(4) On March 28, 2024, a dividend distribution amounting to NIS 209 million was made in conformity with resolution by the Bank's Board of Directors.
On March 28, 2023, June 1, 2023, August 29, 2023 and December 12, 2023, the Bank paid dividends amounting to NIS 326 million, NIS 410 million, NIS 489 million and NIS 165 million, respectively, in accordance with a decision by the Bank's Board of Directors.

(5) In the first three months of 2024, 54,359 ordinary shares of NIS 0.1 par value were issued for exercise of options pursuant to the Employee Stock Option Plan. In the first three months of 2023, 15,183 ordinary shares of NIS 0.1 par value were issued for exercise of options pursuant to the Employee Stock Option Plan. In 2023, 951,533 ordinary shares of NIS 0.1 par value were issued for exercise of options pursuant to the Employee Stock Option Plan. The CEO was issued 2,878 ordinary shares of NIS 0.1 par value each.

- On May 22, 2024, the Bank's Board of Directors resolved to distribute a dividend amounting to NIS 508.8 million, or 40% of earnings in the first quarter of 2024, in accordance with the Bank's dividend policy. According to accounting rules, this amount will be deducted from retained earnings in the second quarter of 2024.

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
	2024	[(1)]2023	2023
		(Unaudited)	(Audited)
Cash Flows from Current Activity			
Net profit before attribution to non-controlling interests	1,318	1,416	5,080
Adjustments			
Share of the Bank in undistributed earnings of associated companies	(9)	(1)	(1)
Depreciation of buildings and equipment (including impairment)	70	144	411
Expenses with respect to credit losses	175	227	1,463
Gain from sale of securities available for sale and shares not held for trading	15	37	105
Realized and unrealized loss (gain) from adjustment to fair value of securities held for trading	(23)	2	9
Realized and unrealized loss (gain) from adjustments to fair value of shares not held for trading	(16)	5	(7)
Impairment of securities held for sale and shares not held for trading	-	2	15
Expenses arising from share-based payment transactions	-	-	57
Deferred taxes, net	(39)	(163)	(285)
Change in employees' provisions and liabilities	(15)	(84)	(169)
Adjustments with respect to exchange rate differentials	(120)	(205)	(181)
Accrual differences included with investment and financing operations	42	(261)	(2,040)
Net change in current assets			
Assets with respect to derivatives	1,453	(468)	(488)
Securities held for trading	537	(663)	(832)
Other assets, net	(85)	319	(360)
Net change in current liabilities			
Liabilities with respect to derivatives	(3,751)	774	2,153
Other liabilities	507	(1,530)	(1,398)
Net cash provided by current operations	**59**	**(449)**	**3,532**

(1) Reclassified.

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

Condensed statements of cash flows – Continued

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2024	2023	2023
		(Unaudited)	(Audited)
Cash flows from investment activities			
Net change in deposits with banks	379	(1,116)	215
Net change in loans to the public	(3,534)	(3,254)	(15,867)
Net change in loans to Governments	38	(213)	(162)
Net change in securities loaned or acquired in resale agreements	(168)	300	209
Acquisition of bonds held to maturity	(134)	(14)	(800)
Proceeds from redemption of bonds held to maturity	156	358	573
Purchase of securities available for sale and shares not held for trading	(4,789)	(3,022)	(10,799)
Proceeds from sale of securities available for sale and shares not held for trading	1,478	1,146	7,880
Proceeds from redemption of securities available for sale	2,048	67	1,371
Proceeds from sale of loan portfolios	62	25	25
Purchase of loan portfolios – public	(1,156)	(708)	(2,643)
Acquisition of buildings and equipment	(114)	(39)	(438)
Purchase of shares in associated companies	(10)	(16)	(30)
Proceeds from realized investment in associated companies	2	-	9
Net cash provided by investment activities	**(5,742)**	**(6,486)**	**(20,457)**
Cash flows provided by financing operations			
Net change in deposits from the public	6,626	1,304	10,330
Net change in deposits from banks	(968)	290	(2,423)
Net change in deposits from Government	15	(15)	24
Issuance of bonds and subordinated notes	-	1,089	7,706
Redemption of bonds and subordinated notes	(1,419)	(161)	(4,411)
Dividends paid to shareholders	(209)	(326)	(1,390)
Net cash provided by financing operations	**4,045**	**2,181**	**9,836**
Increase (decrease) in cash	(1,638)	(4,754)	(7,089)
Cash balance at beginning of the period	85,957	92,865	92,865
Effect of changes in exchange rate on cash balances	120	205	181
Cash balance at end of the period	**84,439**	**88,316**	**85,957**
Interest and taxes paid / received			
Interest received	5,904	5,074	21,737
Interest paid	2,696	1,972	9,782
Dividends received	20	2	14
Income taxes received	15	17	21
Income taxes paid	806	761	3,262
Appendix A – Non-cash Transactions			
Acquisition of buildings and equipment	-	1	1
Sales of buildings and equipment	-	-	-

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

Note 1 – Reporting Principles and Accounting Policies

A. Overview

On May 22, 2024, the Bank's Board of Directors authorized publication of these condensed financial statements as of March 31, 2024.

The condensed financial statements are prepared in accordance with generally accepted accounting policies in Israel (Israeli GAAP) for financial reporting of interim periods and in accordance with directives and guidance from the Supervisor of Banks, and does not include all of the information required in annual financial statements. These condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2023.

As noted in the annual report, for most topics, the Supervisor of Banks' directives are based on generally acceptable accounting practices of US banks. For other, less material topics, these directives are based on International Financial Reporting Standards (IFRS) and on generally accepted accounting principles in Israel (Israeli GAAP).

When International Financial Reporting Standards (IFRS) allow multiple alternatives, or do not specifically refer to a certain situation, these directives prescribe specific implementation guidelines, mostly based on generally acceptable accounting practices by banks in the United States.

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. Impact of military and macro-economic developments on financial reporting

On October 7, 2023, war was declared following a sudden murderous rampage into settlements close to the Gaza Strip border. This was concurrent with the start of military escalation on the Northern border, in the Judea and Samaria sector and the Red Sea.

Due to the situation, both banks and the Supervisor of Banks have taken measures to provide relief to customers .

For details on the step the Bank took to relieve its customers and the accounting policy taken regarding these benefits, see Note 1c to the Bank's December 31, 2023 Financial Statements.

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

As from reporting periods starting on January 1, 2024, the Bank applies the following new accounting standards and directives:

1. Update to 2022-02 standard in codification regarding re-structuring of problematic debts and disclosure requirements by year when credit was extended
2. Update to 2022-03 standard in codification regarding fair value measurement of equity securities subject to trade restrictions.

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. Update to 2022-02 standard in codification regarding re-structuring of problematic debts and disclosure requirements by year when credit was extended

On March 31, 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-02 regarding re-structuring of problematic debts and disclosure requirements by year when credit was extended with regard to provisions for credit losses (hereinafter: "the Update").

The Update rescinds the provisions regarding re-structuring of problematic debts by lenders, improving the disclosure requirements with respect to borrowers facing economic challenges. The Update also adds a disclosure requirement regarding gross write-offs by year when credit was extended.

Note 1 – Reporting Principles and Accounting Policies – continued

On October 19, 2023, the Supervisor of Banks issued a circular regarding "Revision of debt terms for borrowers in financial difficulties", revising the public reporting regulations in conformity with revision of accounting standards on this matter.

The key points of standard changes in the standard include, among other things: Elimination of the definition "debt subject to re-structuring of problematic debt", including the elimination of the demand to test whether the Bank had granted a waiver to determine this classification, to be superseded by the term "Revision of debt terms for borrowers in financial difficulties"; revision of disclosure requirements on the financial statements, so as to provide disclosure of any change in debt terms for borrowers in financial difficulties, which includes waiver of principal, reduction of interest rate or extension of the term which does not result in negligible deferment of payments; elimination of the requirement to calculate a provision for credit losses for debt subject to re-structuring of problematic debt, using the discounted cash flow method, and extended disclosure of "Credit quality by origination year" to include information about gross accounting write-offs during the year.

Banking corporations were required to implement the directive from January 1, 2024, in accordance with the guidelines and transition orders set in the directive.

The Bank has adopted certain reliefs on the initial directive date, as made possible by the transition orders, including determining the balance of borrowers in financial difficulties subject to revision of terms through December 31, 2023 may be determined based on the balance of debt subject to re-structuring of problematic debt through December 31, 2023. Furthermore, in accordance with the transition directives, in the report for the first quarter of 2024 the Bank did not include full quantitative disclosure in accordance with the format set in the matter of the details of the types of changes made over the course of this quarter in the debts of borrowers with financial difficulties, the details on the monetary effects of these changes and the details on the types of changes of debts failed during this quarter after undergoing changes in terms. For further details, see Note 13, Information About Credit Risk, Loans to the Public and Provision for Credit Losses.

Application of this directive has no material impact on the Bank's financial statements.

In addition, quantitative disclosures in Additional Information About Credit Risk, Loans to the Public and Provision for Credit Losses in the Financial Statements were updated to the new quantitative format. Comparative data has not been restated.

In order to improve credit management and collection, and to avoid default or seizure of pledged assets, the Bank has set and implements policy on debt re-structuring and changes to terms and conditions of debt not identified as problematic. Methods for changing terms and conditions of debts may include, inter alia, deferral of payment dates, reduced interest rates or periodic installment amounts, changes to repayment schedule, changes to debt terms in order to align it with the borrower's financing structure, debt consolidation for the borrower, transfer of debt to other borrowers in a borrower group under joint control, renewed evaluation of financial covenants imposed on the borrower etc.

Bank policy for debt arrangements is based on criteria which allow Bank management to exercise discretion as to whether debt repayment is expected, and it is applied only if the borrower has shown their capacity to repay the debt and is expected to comply with the re-structured terms and conditions.

In order to determine whether a debt restructuring conducted by the Bank constitutes a change in the terms of debts of borrowers in financial difficulties, the Bank conducts a qualitative review of all terms and conditions of the restructuring and the circumstances thereof, in order to determine whether this is a change in the terms of the debt of a borrower undergoing financial difficulties.

Note 1 – Reporting Principles and Accounting Policies – continued

In order to determine whether the borrower is in financial duress, the Bank considers if there are any indications of difficulties upon the restructuring date, or existence of a reasonable likelihood that the creditor would be in financial duress if not for the re-structuring. *Inter alia*, the Bank reviews the existence of one or more of the following circumstances:

- The debtor is currently in payment default for any of its debts. Moreover, the Bank estimates whether it is expected that the debtor would be in payment default for any of its debts in the foreseeable future, if the change is not made. This means that the Bank may conclude that the debtor is in financial difficulties, even if the debtor is not currently in payment default.
- The debtor has declared bankruptcy or is in Receivership or any in any other bankruptcy or Receivership proceedings.
- There is significant doubt about the debtor continuing as a going concern.
- The debtor has securities that have been delisted, are in the process of being delisted or are being threatened with delisting from the stock exchange.
- According to estimates and projections which only include the debtor's current capabilities, the Bank expects specific cash flows for the debtor entity would be insufficient to service any of its debt (principal and interest) in conformity with contractual terms of the existing agreement in the foreseeable future.
- Without the existing change, the debtor would be unable to obtain cash from sources other than the current lenders, at effective interest rates equal to the prevailing market interest rates for similar debt of a non-problematic debtor.
- The Bank does not classify a debt restructuring as a change in the terms of debts of borrowers undergoing financial difficulties if the change results in an insignificant delay in repayment considering the payment frequency, the contractual term to maturity and the original term to maturity of the debt. For this matter, if multiple restructurings took place involving changes to debt terms, the Bank accounts for the accumulated effect of previous restructurings, carried out over the course of 12 months, in order to determine whether the deferral of payments due to the debt structuring is not material.

2. Update to 2022-03 standard in codification regarding fair value measurement of equity securities subject to trade restriction

On June 29, 2022, the US Financial Accounting Standards Board ("FASB") issued ASU 2022-03 regarding fair value measurement of equity securities subject to trade restriction (hereinafter: "the Update").

The Update clarifies that contractual trade restriction on equity securities is an entity-specific restriction, and is not part of the accounting measurement unit of such securities, and therefore shall not be accounted for in fair value measurement. Furthermore, the Update adds disclosure requirements.

The Update’s provisions were implemented starting January 1, 2024 prospectively with resulting adjustments charged to profit or loss.

Implementation of the directives in question had no material impact on the Bank’s Financial Statements.

Note 1 – Reporting Principles and Accounting Policies – continued

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

Amendment	Publication requirements	Start date and transition provisions	Implications
Extension of transitional provision regarding implementation of provisions of Section 830 of the Codification "Foreign currency"	The transitional provision instructs banking corporations not to include exchange rate differentials with respect to available-for-sale bonds as part of fair value adjustment of such bonds, but rather to continue treating these as stipulated in the Public Reporting Directives prior to adoption of Section 830 of the Codification "Foreign currency", through January 1, 2025.	January 1, 2025	No material impact is expected on the financial statements.
Updated standard ASU 2023-07 regarding improvement to disclosure requirements concerning reportable segments	On November 27, 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07 regarding improvement to disclosure requirements concerning reportable segments (hereinafter: "the Update"). This update improves the disclosure requirements applicable to entities, including added requirement of disclosure, to be provided in the segment note, regarding "significant expenses" reported to the CODM, provision of an explanation as to how the CODM uses the segment reporting, expansion of certain annual disclosure requirements to include interim periods, disclosure of the identity and role of the CODM and clarification whereby Topic 280 also applies to entities with a single segment.	In conformity with directives of the Supervisor of Banks	No material impact is expected on the financial statements.
Updated standard 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.
Regulation revision ASU 2024-01 on the incidence of Subject 718 on bonuses 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 update clarifies that the guidelines of Subject 718 in the codification will be implemented in the event that the terms detailed in the standard are met. Furthermore, the Update adds examples that demonstrate the treatment of these types of bonuses.	In conformity with directives of the Supervisor of Banks	The Bank is reviewing the effect of the new provisions 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
	2024	**2023**	**2023**
		(Unaudited)	**(Audited)**
a. Interest revenues[(1)]			
From loans to the public	4,768	4,875	20,106
From loans to Governments	6	5	24
from cash and deposits with central banks	852	740	3,304
From deposits with banks	6	23	113
Of securities borrowed or purchased in resale agreements	2	2	4
From bonds	122	115	454
Total interest revenues	**5,756**	**5,760**	**24,005**
b. Interest expenses			
On deposits from the public	2,822	2,222	10,633
On deposits from governments	1	-	2
On deposits from banks	23	26	95
On bonds and subordinated notes	205	366	1,282
On other liabilities	20	-	18
Total interest expenses	**3,071**	**2,614**	**12,030**
Total interest revenues, net	**2,685**	**3,146**	**11,975**
c. Details of net effect of hedging financial derivatives on interest revenues	6	(25)	(22)
d. Details of interest revenues on accrual basis from bonds			
Held to maturity	23	46	111
Available for sale	89	68	339
Held for trading	10	1	4
Total included under interest revenues	**122**	**115**	**454**

(1) Includes the effective element in the hedging ratios.

Note 3 – Non-interest financing revenues

Reported amounts (NIS in millions)

	For the three months ended March 31		For the year ended December 31
	2024	**2023**	**2023**
		(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]	569	701	1,618
Total from activity in derivative instruments	569	701	**1,618**
2. From investment in bonds			
Gains on sale of bonds available for sale	(17)	(42)	(118)
Provision for impairment of bonds available for sale	-	(2)	(9)
Total from investment in bonds	**(17)**	**(44)**	**(127)**
3. Exchange rate differences, net	**(293)**	**(551)**	**(964)**
4. Gains from investment in shares			
Gains from sale of shares not held for trading	2	5	13
Provision for impairment of shares not held for trading	-	-	(6)
Dividends from shares not held for trading	20	2	14
Unrealized gains (losses)[3]	16	(7)	7
Total from investment in shares	**38**		**28**
5. Net gains with respect to loans sold	**-**	**-**	**-**
Total non-interest financing revenues with respect to non-trading purposes	**297**	**106**	**555**
b. Non-interest financing revenues (expenses) with respect to trading operations[2]			
Net revenues (expenses) with respect to other derivative instruments	25	(17)	(35)
Realized and un-realized gains (losses) from adjustment to fair value of bonds held for trading, net	22	(2)	(11)
Realized and un-realized gains from adjustment to fair value of shares held for trading, net	1	-	2
Total from trading activity[4]	**48**	**(19)**	**(44)**
Details of non-interest financing revenues (expenses) with respect to trading operations, by risk exposure			
Interest exposure	13	12	(4)
Foreign currency exposure	35	(31)	(40)
Exposure to shares	-	-	-
Exposure to commodities and others	-	-	-
Total	**48**	**(19)**	**(44)**

(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, 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 three months ended March 31, 2023						
	(Unaudited)						
Balance as of December 31, 2022	(458)	(2)	-	(72)	(532)	(18)	(514)
Net change in the period	3	-	-	21	24	1	23
Balance as of March 31, 2023	**(455)**	**(2)**	**-**	**(51)**	**(508)**	**(17)**	**(491)**
	For the year ended December 31, 2023						
	(Audited)						
Balance as of December 31, 2022	(458)	(2)	-	(72)	(532)	(18)	(514)
Net change in the period	102	-	3	(17)	88	(16)	104
Balance as of December 31, 2023	**(356)**	**(2)**	**3**	**(89)**	**(444)**	**(34)**	**(410)**

(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 for a streamlining program.

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

Reported amounts (NIS in millions)

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

	For the three months ended March 31						For the year ended December 31		
	2024			2023			2023		
	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	64	(20)	44	(39)	13	(26)	23	(5)	18
Losses (gains) with respect to available-for-sale securities reclassified to the statement of profit and loss[(1)]	17	(6)	11	44	(15)	29	127	(43)	84
Net change in the period	**81**	**(26)**	**55**	**5**	**(2)**	**3**	**150**	**(48)**	**102**
Translation adjustments									
Adjustments from translation of financial statements[(2)]	-	-	-	-	-	-	-	-	-
Net change in the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash flows hedges									
Net gains (losses) with respect to cash flows hedging	(1)	-	(1)	-	-	-	5	(2)	3
Net (gains) losses with respect to cash flow hedges reclassified to the statement of profit and loss[(3)]	-	-	-	-	-	-	-	-	-
Net change in the period	**(1)**	**-**	**(1)**	**-**	**-**	**-**	**5**	**(2)**	**3**
Employees' benefits									
Net actuarial gain (loss) for the period[(4)]	3	(2)	1	23	(7)	16	(35)	10	(25)
Net losses reclassified to the statement of profit and loss	2	(1)	1	8	(3)	5	12	(4)	8
Net change in the period	**5**	**(3)**	**2**	**31**	**(10)**	**21**	**(23)**	**6**	**(17)**
Total net change in the period	**85**	**(29)**	**56**	**36**	**(12)**	**24**	**132**	**(44)**	**88**
Total net change in the period attributable to non-controlling interests	**3**	**(1)**	**2**	**2**	**(1)**	**1**	**(24)**	**8**	**(16)**
Total net change in the period attributable to shareholders of the Bank	**82**	**(28)**	**54**	**34**	**(11)**	**23**	**156**	**(52)**	**104**

(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) Translation adjustments of financial statements of associated companies whose functional currency differs from the Bank's functional currency.
(3) Pre-tax amount included in the statement of profit and loss under "Interest revenues". For details, see Note 3.A.1.

Note 5 – Securities

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]		Fair value[1]
				Gains	Losses	
(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 3.b. 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, 2023 (unaudited)

Reported amounts (NIS in millions):

	Carrying amount	Amortized cost	Balance of provision for credit losses	Adjustments to fair value yet to be recognized		Fair value[1]
				Gains	Losses	
(1) Bonds held to maturity						
of Government of Israel	2,743	2,743	-	-	(136)	2,607
Of financial institutions in Israel	359	359	-	-	(21)	338
Of others in Israel	92	92	-	-	(4)	88
Total bonds held to maturity	**3,194**	**3,194**	**-**	**-**	**(161)**	**3,033**
	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	6,110	6,622	-	21	(533)	6,110
of foreign governments[3]	1,388	1,399	-	-	(11)	1,388
Of financial institutions in Israel	417	458	-	5	(46)	417
Of foreign financial institutions	272	282	-	1	(11)	272
Asset-backed (ABS)	56	59	-	-	(3)	56
Of others in Israel	856	925	-	9	(78)	856
Of others overseas	203	212	-	3	(12)	203
Total bonds available for sale	**9,302**	**9,957**	**-**	**39**	**(694)**	**9,302**
	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	**576**	**532**	**-**	**61**	**(17)**	**576**
Of which: Shares for which no fair value is available[6]	341	333	-	8	-	341
Total securities not held for trading	**13,072**	**13,683**	**-**	**100**	**(872)**	**12,911**

See footnotes below.

Note 5 – Securities – continued

March 31, 2023 (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	6,088	6,119	-	-	(31)	6,088
Of foreign governments	111	109	-	2	-	111
Of financial institutions in Israel	1	1	-	-	-	1
Of others in Israel	22	24	-	-	(2)	22
Of others overseas	37	38	-	1	(2)	37
Total bonds held for trading	**6,259**	**6,291**	**-**	**3**	**(35)**	**6,259**
Shares and other securities	17	16	-	3	(2)	17
Total securities held for trading	**6,276**	**6,307**	**-**	**6**	**(37)**	**6,276**
Total securities(2)	**19,348**	**19,990**	**-**	**106**	**(909)**	**19,187**

(5) Additional information about bonds	
Recorded debt balance of	-
Problematic bonds not accruing interest revenues	22
	22

(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 323 million and securities provided as collateral to lenders, amounting to NIS 306 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 3.b. 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, 2023 (audited)

	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	3,164	3,164	-	-	(119)	3,045
Of financial institutions in Israel	334	334	-	1	(13)	322
Of others in Israel	102	102	-	1	(2)	101
Total bonds held to maturity	**3,600**	**3,600**	**-**	**2**	**(134)**	**3,468**
	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	9,138	9,572	-	55	(489)	9,138
of foreign governments[3]	310	314	-	-	(4)	310
Of financial institutions in Israel	438	466	-	6	(34)	438
Of foreign financial institutions	251	256	-	2	(7)	251
Asset-backed (ABS)	56	59	-	-	(3)	56
Of others in Israel	975	1,016	(8)	14	(47)	975
Of others overseas	205	208	-	5	(8)	205
Total bonds available for sale	**11,373**	**11,891**	**(8)**	**82**	**(592)**	**11,373**
	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	**602**	**549**	**-**	**76**	**(23)**	**602**
Of which: Shares for which no fair value is available[6]	350	338	-	12	-	350
Total securities not held for trading	**15,575**	**16,040**	**(8)**	**160**	**(749)**	**15,443**

See footnotes below.

Note 5 – Securities – continued

As of December 31, 2023 (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	7,150	7,201	-	2	(53)	7,150
Of foreign governments	273	270	-	3	-	273
Of financial institutions in Israel	4	4	-	-	-	4
Of others in Israel	23	22	-	1	-	23
Of others overseas	30	31	-	-	(1)	30
Total bonds held for trading	**7,480**	**7,528**	**-**	**6**	**(54)**	**7,480**
Shares and other securities	16	14	-	4	(2)	16
Total securities held for trading	**7,496**	**7,542**	**-**	**10**	**(56)**	**7,496**
Total securities[2]	**23,071**	**23,582**	**(8)**	**170**	**(805)**	**22,939**

(5) Additional information about bonds	
Recorded debt balance of	
Problematic bonds not accruing interest revenues	21
	21

(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 430 million and securities provided as collateral to lenders, amounting to NIS 50 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			Fair value[1]	Unrealized losses			
		0%-20%	20%-40%	Total		0%-20%	20%-40%	Over 40%	Total
	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 March 31, 2023 (Unaudited)								
Bonds available for sale									
of Government of Israel	3,469	75	12	87	2,732	293	127	26	446
of foreign governments[2]	1,301	6	-	6	49	5	-	-	5
Of financial institutions in Israel	86	7	-	7	314	39	-	-	39
Of foreign financial institutions	148	3	-	3	66	8	-	-	8
Asset-backed (ABS)	-	-	-	-	56	3	-	-	3
Of others in Israel	533	41	-	41	254	27	9	1	37
Of others overseas	82	-	-	-	83	7	5	-	12
Total bonds available for sale	**5,619**	**132**	**12**	**144**	**3,554**	**382**	**141**	**27**	**550**
	As of December 31, 2023 (audited)								
Bonds available for sale									
of Government of Israel	2,251	39	-	39	4,601	365	56	29	450
Of foreign governments(2)	-	-	-	-	50	4	-	-	4
Of financial institutions in Israel	84	3	-	3	336	31	-	-	31
Of foreign financial institutions	77	1	-	1	91	6	-	-	6
Asset-backed (ABS)	-	-	-	-	55	3	-	-	3
Of others in Israel	131	17	-	17	550	30	-	-	30
Of others overseas	2	-	-	-	148	3	5	-	8
Total bonds available for sale	**2,545**	**60**	**-**	**60**	**5,831**	**442**	**61**	**29**	**532**

(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 and mortgage-backed securities

	Carrying amount	Amortized cost	Cumulative other comprehensive income		Fair value
			Gains	Losses	
	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 March 31, 2023 (Unaudited)				
Asset-backed bonds (ABS)	56	59	-	(3)	56
Total asset-backed bonds available for sale	**56**	**59**	**-**	**(3)**	**56**
	As of December 31, 2023 (audited)				
Asset-backed bonds (ABS)	56	59	-	(3)	56
Total asset-backed bonds available for sale	**56**	**59**	**-**	**(3)**	**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, 2024 (unaudited)					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	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**	**12**	**81**	**541**	**-**	**541**

	March 31, 2023 (unaudited)					
Recorded debt balance:						
reviewed on individual basis	76,446	-	351	76,797	32,470	109,267
reviewed on group basis	13,547	198,901	26,171	238,619	-	238,619
Total debts	**89,993**	**(2)198,901**	**26,522**	**315,416**	**32,470**	**347,886**
Of which:						
Non-accruing debts	1,146	1,506	53	2,705	1	2,706
Debts in arrears 90 days or longer	39	-	47	86	-	86
Other problematic debts	1298	-	116	1414	-	1414
Total problematic debts	**2,483**	**1,506**	**216**	**4,205**	**1**	**4,206**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,194	-	10	1,204	1	1,205
reviewed on group basis	415	939	539	1,893	-	1,893
Total provision for credit losses	**1,609**	**939**	**549**	**3,097**	**1**	**3,098**
Of which: With respect to non-accruing debts	**233**	**75**	**45**	**353**	**1**	**354**
Of which: With respect to other problematic debts	**290**	**-**	**61**	**351**	**-**	**351**

(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 13,853 million (as of March 31, 2023: NIS 12,749 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, 2023 (audited)					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	Total
Recorded debt balance:						
reviewed on individual basis	82,846	-	146	82,992	42,980	125,972
reviewed on group basis	13,080	206,657	26,686	246,423	-	246,423
Total debts	**95,926**	**[2]206,657**	**26,832**	**329,415**	**42,980**	**372,395**
Of which:						
Non-accruing debts	1,466	2,153	74	3,693	1	3,694
Debts in arrears 90 days or longer	73	-	71	144	-	144
Other problematic debts	2,189	-	124	2,313	-	2,313
Total problematic debts	**3,728**	**2,153**	**269**	**6,150**	**1**	**6,151**
Balance of provision for credit losses with respect to debts:						
reviewed on individual basis	1,700	-	1	1,701	11	1,712
reviewed on group basis	563	1,129	676	2,368	-	2,368
Total provision for credit losses	**2,263**	**1,129**	**677**	**4,069**	**11**	**4,080**
Of which: With respect to non-accruing debts	**375**	**107**	**60**	**542**	**1**	**543**
Of which: With respect to other problematic debts	**394**	**-**	**88**	**482**	**-**	**482**

(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 13,378 million.

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

Reported amounts (NIS in millions):

B. Change in balance of provision for credit losses

	For the three months ended March 31, 2024 (Unaudited)					
	Provision for credit losses					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
Balance of provision for credit losses at start of period	2,419	1,149	702	4,270	11	4,281
Expenses with respect 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**
	For the three months ended March 31, 2023 (Unaudited)					
Balance of provision for credit losses at start of period	1,690	902	512	3,104	1	3,105
Expenses with respect to credit losses	100	42	85	227	-	227
Accounting write-offs[1]	(53)	-	(54)	(107)	-	(107)
Collection of debts written off for accounting purposes in previous years[1]	29	-	25	54	-	54
Net accounting write-offs	(24)	-	(29)	(53)	-	(53)
Balance of provision for credit losses at end of period	**1,766**	**944**	**568**	**3,278**	**1**	**3,279**
Of which: With respect to off balance sheet credit instruments	**157**	**5**	**19**	**181**	**-**	**181**

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

Note 7 – Deposits from the Public

Reported amounts (NIS in millions):

a. Deposit types by location solicited and depositor type

	March 31		December 31
	2024	**2023**	**2023**
		(Unaudited)	**(Audited)**
In Israel			
On-call			
Non-interest-bearing	76,509	(1)83,081	76,907
Interest-bearing	33,303	(1)32,310	32,926
Total on-call	**109,812**	**115,391**	**109,833**
Term deposits	244,064	222,486	236,499
Total deposits in Israel(1)	**353,876**	**337,877**	**346,332**
Outside of Israel			
On-call			
Non-interest-bearing	470	464	424
Interest-bearing	171	93	130
Total on-call	**641**	**557**	**554**
Term deposits	10,854	10,035	11,667
Total deposits overseas	**11,495**	**10,592**	**12,221**
Total deposits from the public	**365,371**	**348,469**	**358,553**
(1) Includes:			
Deposits from individuals	**161,826**	**154,192**	**160,755**
Deposits from institutional investors	**80,250**	**78,150**	**78,904**
Deposits from corporations and others	**111,800**	**105,535**	**106,673**

b. Deposits from the public by size

	March 31		December 31
	2024	**2023**	**2023**
		(Unaudited)	**(Audited)**
Maximum deposit (NIS in millions)			
Up to 1	107,811	104,349	105,025
Over 1 to 10	93,544	87,536	93,024
Over 10 to 100	43,542	42,993	45,648
Over 100 to 500	33,623	35,451	37,466
Above 500	86,851	78,140	77,390
Total	**365,371**	**348,469**	**358,553**

(1) Reclassified.

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 2023 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 2023 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
	2024	2023	2023
		(Unaudited)	(Audited)
Under payroll and associated expenses			
Cost of service(1)	17	17	54
Under other expenses			
Cost of interest(2)	27	20	94
Expected return on plan assets(3)	(6)	(5)	(24)
Deduction of non-allowed amounts:			
Net actuarial loss(4)	2	8	12
Total under other expenses	23	23	82
Total benefit cost, net	**40**	**40**	**136**
Total expense with respect to defined-contribution pension	53	79	192
Total expenses recognized in profit and loss	**93**	**119**	**328**

	Forecast	Actual deposits		
	For(5)	For the three months ended March 31		For the year ended December 31
	2024	2024	2023	2023
			(Unaudited)	(Audited)
Deposits	5	2	3	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 2024.

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
	2024	**2023**	**2023**
		(Unaudited)	**(Audited)**
1. Consolidated data			
a. Capital for purpose of calculating the capital ratio			
Tier I equity[1]	29,422	26,001	28,434
Tier I capital[1]	29,422	26,001	28,434
Tier II capital	8,429	8,262	8,366
Total capital	**37,851**	**34,263**	**36,800**
b. Weighted risk asset balances			
Credit risk	254,513	237,871	252,842
Market risks	1,713	1,387	1,957
Operational Risk	21,385	17,616	20,641
Total weighted risk asset balances	**277,611**	**256,874**	**275,440**
c. Ratio of capital to risk components			
			In %
Ratio of Tier I equity to risk components	10.60	10.12	10.32
Ratio of Tier I capital to risk components	10.60	10.12	10.32
Ratio of total capital to risk components	13.63	13.34	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	12.16	10.80	11.90
Ratio of Tier I capital to risk components	12.16	10.80	11.90
Ratio of total capital to risk components	14.40	13.73	14.17
Minimum Tier I capital ratio required by Supervisor of Banks	9.00	9.00	9.00
Total minimum capital ratio required by the Supervisor of Banks	12.50	12.50	12.50

(1) These data include supervisory adjustments with respect to the following: 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 dates of financial statements, except for residential mortgages, which are subject to relief provided in the interim directive for addressing the Corona Virus crisis.

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
	2024	**2023**	**2023**
		(Unaudited)	**(Audited)**
3. Capital components for calculating the capital ratio (on consolidated data)			
a. Tier I equity			
Equity	29,868	25,982	28,703
Differences between shareholders' equity and Tier I equity	(712)	(581)	(673)
Tier I equity before regulatory adjustments and deductions	**29,156**	**25,401**	**28,030**
Supervisory adjustments and deductions:			
Goodwill and intangible assets	(122)	(142)	(127)
Supervisory adjustments and other deductions(1)	299	554	354
Total supervisory adjustments and deductions, before adjustments with respect to the streamlining plan before adjustments for expected credit losses – Tier I equity	**177**	**412**	**227**
Total adjustments with respect to the streamlining program	-	11	-
Total adjustments for expected credit losses	89	177	177
Total Tier I equity after supervisory adjustments and deductions	**29,422**	**26,001**	**28,434**
b. Tier II capital			
Tier II capital: Instruments, before deductions	5,248	5,496	5,205
Tier II capital: Provisions, before deductions	3,250	2,904	3,299
Total Tier II capital, before deductions	**8,498**	**8,400**	**8,504**
Deductions:			
Deductions – Total adjustments for expected credit losses	(69)	(138)	(138)
Total Tier II capital	8,429	8,262	8,366
Total capital	**37,851**	**34,263**	**36,800**

4. Effect of adjustments with respect to expected credit losses and loans subject to increased risk for land purchase on Tier I capital ratio:

		As of March 31	As of December 31
	2024	**2023**	**2023**
			In %
Ratio of capital to risk components			
Ratio of Tier I equity to risk components, before effect of adjustments	10.56	10.03	10.25
Effect of adjustments for expected credit losses	0.04	0.08	0.07
Effect of adjustments with respect to loans subject to increased risk for land purchase	-	0.01	-
Ratio of Tier I equity to risk components	10.60	10.12	10.32

(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
	2024	2023	2023
		(Unaudited)	(Audited)
1. Consolidated data			
Tier I capital[1]	29,422	26,001	28,434
Total exposure	491,302	469,925	487,483
	In %		
Leverage ratio	5.99	5.53	5.83
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	6.69	6.22	6.68
Minimum leverage ratio required by the Supervisor of Banks	4.50	4.50	4.50

(1) This data includes adjustments with respect to 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.

(3) In May 2023 the Bank of Israel rescinded the relief provided to Bank Yahav, for a minimum leverage ratio of 4.7%.

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
	2024	2023	2023
		(Unaudited)	(Audited)
		In %	
1. Consolidated data			
Liquidity coverage ratio[1]	139	126	131
Minimum liquidity coverage ratio required by the Supervisor of Banks	100	100	100
2. Bank data			
Liquidity coverage ratio[1]	140	127	131
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]	518	218	391
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

As from December 31, 2021, the Bank applies Proper Conduct of Banking Business Directive 222 concerning "Net stable funding ratio (NSFR)", which adopts the Basel Committee recommendation with regard to net stable funding ratio in the banking system in Israel. 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
	2024	2023	2023
	(Unaudited)		(Audited)
			In %
(1) On consolidated data			
Net stable funding ratio	114	113	114
The minimum net stable funding ratio required by the Supervisor of Banks	100	100	100
(2) Significant subsidiaries			
Bank Yahav			
Net stable funding ratio	175	156	170
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, 2024 was 114%. 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

As from January 1, 2014, the Bank applies Proper Conduct of Banking Business Directives 201-211 with regard to capital measurement and adequacy, as amended to align them with 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
- Treatment of exposures to credit risk with respect to non-accruing debts
- 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 0.04% as of March 31, 2024.

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

H. Lowering the Rating

On April 19, 2024 rating agency S&P lowered the long -term credit rating of the State of Israeli from AA- to A.+

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 this rating, the Bank used a single rating from S&P. As from the first quarter of 2022, the Bank started using the lower of ratings from S&P and from AM Best, used for rating of credit risk insurers, in order to mitigate credit risk so that the risk weighting is based on insurer rating, rather than on counter-party rating.

The lowering of the rating, if it had been implemented in these Financial Statements, would have led to a 3.3 billion NIS increase in the risk assets, which constitutes a 0.12% and 0.16% decrease in the Tier I capital ratio and the comprehensive capital ratio, respectively, as of March 31, 2024.

The incidence of the change is from April 19, 2024, and its impact shall be included in the ratio of the capital to the risk components that will be presented in the Financial Statements starting from the second quarter of 2024. Note that the scenario of lowering the rating of the State of Israel was already taken into account, on a regular basis, in the Bank's capital planning.capital planning.

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

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.

Note 9 – Capital adequacy, liquidity and leverage – continued

Reported amounts (NIS in millions)

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.

J. For more information about dividends, see "Condensed Statements of Changes in Shareholders' Equity" and Note 17 below.

K. For more information about directives and instructions by the Supervisor of Banks with regard to capital adequacy, see Note 25 to the 2023 Financial Statements.

Note 10 - Contingent Liabilities and Special Commitments

Reported amounts (NIS in millions)

A. Other liabilities and special commitments

	March 31		December 31
	2024	2023	2023
		(Unaudited)	(Audited)
1. Computerization and software service contracts	452	361	444
2. Acquisition and renovation of buildings	101	201	72

3 Credit Sales Activity

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
	2024	2023	2023
		(Unaudited)	(Audited)
Carrying amount of credit sold	62	25	25
Total consideration	62	25	25
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 2023 financial statements. Below is a description of material changes from the Note included in the 2023 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 2023 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 claims that the Bank has not disclosed to customers who manage a small business that they are eligible for the lower commission schedule of a "small business", in order to foil the commission reform and to charge small businesses commissions other than according to the small business tariff, allegedly resulting in unlawful gain at their expense. The plaintiff estimates the damage at NIS 220 million.
   The hearing of this motion is concurrently with 5 motions filed against 5 other banks. Evidentiary hearings in this case were held in March-April 2023. As recommended by the Court, the parties are in mediation proceeding.

Note 10 – Contingent Liabilities and Special Commitments – continued

b) In December 2017, the Bank received a claim and motion for approval of class action status filed, amounting to NIS 124 million. The claim involves setting of the interest rate on residential mortgages bearing bond-based adjustable interest. The plaintiffs allege that the Bank issues an approval in principle to the customer, listing the bond base as the only mechanism for interest calculation in the adjustable interest track – bonds for the term of the loan. However, the loan agreement includes another mechanism titled "Emergency Protection Mechanism" for setting the interest rate, in addition to the original mechanism, without providing proper disclosure. It was further alleged that the condition specified by the Bank in the agreement for activation of the emergency defensive provision is unfair and provides the Bank with an unreasonable advantage over the customers.

On March 8, 2023, a verdict was handed down, confirming the settlement agreement reached by the parties. On December 3, 2023, a resolution was issued confirming the date and execution of the settlement agreement. On April 4, 2024 the Bank filed a notice to the court that it had completed all of its obligations in accordance with the settlement.

c) In September 2018, the Bank received a claim and motion for approval of class action status amounting to NIS 180 million (estimated). The motion alleges over-charging of 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.

The hearing of this case is consolidated with similar motions filed against other banks on the same matter. The parties have entered into a mediation proceeding. On January 24, 2024, the Court resolution was handed down, whereby given the notice by the plaintiffs indicating they wish to re-consider their steps, then should the parties fail to reach an agreement that may be submitted to the Court, the Court would consider seeking the regulator's position prior to any evidentiary hearings in this case. Accordingly, the parties are undergoing mediation.

d) In May 2020, the Bank received a 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. The plaintiff alleges that the Bank uses third-party tools, such as those of Facebook and Google, to monitor its customers when transacting on Bank web sites and apps, in order to conduct advertising campaigns. The plaintiff further alleges that all conditions listed in Bank documents, allowing the Bank to provide information about its customers to third parties constitute unfair conditions in a uniform contract.

The hearing of this case is consolidated with 3 other claims filed in the same matter against 3 other banks. On September 27, 2023, the Court ruled on various motions filed by the banks with respect to plaintiffs' responses to the banks' responses. In conformity with the Court resolution, on January 22, 2024 the Supervisor of Banks files their position, announcing that at this stage, they were unable to express an opinion because the issues in this proceeding give rise to questions outside of banking laws. A pre-trial hearing in this case is scheduled for July 16, 2024.

e) In April 2021, the Bank received a motion for class action status filed against the Bank and 14 other defendants (other banks and financial institutions, hereinafter: "the defendants"), alleging transfer of private information to third parties while browsing the "Personal Zone" on websites and apps operated by the defendants, allegedly in violation of privacy and allegedly in breach of provisions of the Privacy Protection Law, Banking Rules and multiple other obligations imposed on the defendants. The plaintiffs allege that the Personal Zone includes private, confidential information which is provided to third parties without express consent of the customers – and in particular to Google and its advertising service. This is done, *inter alia*, in conjunction with the Bank's use of Google's Google Analytics service. The plaintiff did not state the class damage amount. However, they estimate that monetary and non-monetary damage incurred by each class member amounts to NIS 2,000.

The parties have entered into a mediation proceeding which proved unsuccessful. Evidentiary hearings were held in February 2024 and April 2024. No further decisions have been issued in this case.

Note 10 – Contingent Liabilities and Special Commitments – continued

f) In February 2022, the Bank received a motion for class action status, filed against the Bank and 9 other banks and against 2 private companies that operate, independently or by franchise, non-bank ATMs ("the motion"). The motion concerns cash withdrawals from customer accounts at the defendant banks, made through non-banking ATMs operated by public companies. The motion alleges, *inter alia*, that banks charge their customers an additional commission without full disclosure and allegedly unlawfully, for cash withdrawals made through private / non-banking ATMs, in addition to the commission paid to the private companies that operate these ATMs. 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.

As ruled by the Court, the Supervisor of Banks filed their position on this matter, whereby *inter alia* an issuer bank may charge a direct channel fee for withdrawal from a non-bank ATM, and in this regard, general disclosure on the ATM screen that a further fee would be charged by the Bank is sufficient. On June 14, 2023, the plaintiff filed a motion seeking permission to file its comments on the Supervisor of Banks' position. A ruling on this motion is still pending.

g) In April 2022, the Bank received 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. As for the charging of a transaction commission, the plaintiff alleged that for conversion between two foreign currencies the Bank charges two transaction commissions (a sale transaction - conversion from one currency to NIS, and a buy transaction - conversion from NIS to the other currency); As for the charging of conversion differences, the plaintiff alleged that the Bank does not disclose to the customer in advance, neither in the price list nor in the booklet "General terms and conditions for account management", the exact charging of conversion differences that would apply to the transaction.

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 was re-scheduled for June 19, 2024.

h) In November 2022, the Bank received 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.

The Bank filed its response to the motion on February 18, 2024. A pre-trial hearing in this case is scheduled for October 9, 2024.

i) In March 2024 the Bank received a suit and a motion to recognize it as a class action, 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. The Bank must file a response to the motion to approve by June 25, 2024. A pre-trial hearing is scheduled for October 27, 2024.

j) 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".
The Bank filed its response to the motion for approval on February 26, 2024. A pre-trial hearing is scheduled for October 9, 2024.

For all claims against the Bank Group in individual amounts over NIS 2 million, excluding claims listed in section 10 above, there is additional, non-remote exposure for which no provision was made, amounting to NIS 77 million.

Note 10 – Contingent Liabilities and Special Commitments – continued

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 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, whereby the Bank may not require the borrower to obtain such insurance. 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.
   In conformity with approval of a litigation agreement reached by the parties, the Bank's response to the motion for approval was filed on May 15, 2024, and the pre-trial hearing was postponed to September 25, 2024.

   b) In August 2023, the Bank received a claim and motion for 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, the Bank makes its consent to the customer request to transition the mortgage contingent on receiving liquid collateral, and 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. This is allegedly in contravention of the mortgage agreement, and in breach of multiple duties applicable to the Bank pursuant to statutes.
   The Bank must file a response to the motion to approve by July 5, 2024. A preliminary hearing for this case is scheduled for November 18, 2024.

   c) In July 2023, the Bank received 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, of 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 tantamount 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 Bank is to file its response to the motion by May 26, 2024. A pre-trial hearing is scheduled for September 15, 2024.

   d) In June 2023, the Bank received a motion for class action status brought against the Bank and other banks, claiming damages in excess of NIS 1 billion, for non-payment of interest for credit balances in current accounts. The motion alleges that the Bank does not pay interest for credit balances in current accounts held with the Bank, by way of credit interest or by automated deposit of credit balances in the account to an interest-bearing deposit, and that the Bank fails to inform customers of the appropriate options in such circumstances, in breach of various statutory provisions and with unlawful enrichment.
   The Bank should file its response to the motion for approval by May 26, 2024. A pre-trial hearing is scheduled for September 11, 2024.

   e) In June 2023, the Bank received 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.
   The Bank is to file its response to the motion by May 26, 2024. A pre-trial hearing of this case is scheduled for September 8, 2024.

Note 10 – Contingent Liabilities and Special Commitments – continued

f) In April 2022, the Bank received a motion for approval of class action status, with no estimated amount, alleging unlawful charging of a file opening commission upon loan origination, with this commission being "disguised interest", in breach of the Fair Credit Law, 1993 and in violation of provisions of Regulation 3 of the Non-bank Loan Regulations (Exclusion of credit transaction types from the scope of the law and exclusion of expenses from the scope of "addition"), 2019.
Given the verdict, which denied a motion for class action status filed with a similar cause against a non-bank lender, after discussing issues similar to the above motion (including interpretation of Amendment 5 to the Fair Credit Law, 1993 and regulations based there upon, as well as the issue of "hidden interest"), on September 22, 2022 the Court granted a stay of proceedings in this case, pending a ruling by the Supreme Court in an appeal filed by the aforementioned non-bank lender, which has not yet been given.

4) Motions for class action status and a motion for approval of a derivative claim are pending against the Bank and subsidiaries thereof, as follows:

a) In August 2023, the Bank received a motion filed with the Tel Aviv Yafo District Court by two individual shareholders of the Bank, seeking an order for document disclosure pursuant to Section 198a of the Corporate Law, 1999 – against the Bank, members of the Bank Board of Directors and the CEO & President of the Bank ("defendants" and "motion", respectively), to order the Bank and/or any of the other defendants to disclose to the plaintiffs various documents with regard to obtaining a mortgage. The motion alleges that the plaintiffs have *prima facie* evidence, whereby the Bank allegedly assists its customers from the Jewish Orthodox segment to subvert the Bank of Israel directives and mandatory reporting pursuant to the AML Law, and that this indicates a failure in conduct of the Bank, its officers and employees, which justified consideration of filing a derivative lawsuit against Bank officers and employees regarding damage incurred by the Bank due to their deeds and omissions.
On September 21, 2023, an agreed motion was filed for removal of the officers from the motion, due to the nature of the motion whereby all sought remedies are directed at the Bank. On September 24, 2023, the Court ruled and accepted this motion for removal. On March 6, 2024 the Bank filed a response to the motion to disclose, with a motion to dismiss the motion *in limine.* On the same day, the Court ruled that taking into account the Bank's response and in particular the motion to dismiss, the applicants must provide their response to the Bank's response by May 30, 2024.

b) On September 25, 2019 a motion was filed against Union Bank (“Union”) to approve a derived suit (hereinafter: "the motion") against 20 individual defendants who, allegedly, serve or have served as Board members of Union Bank. According to its arguments, the motion deals with credit Union provided a large lender (who is undergoing insolvency proceedings_) in 2004-2008. The plaintiff alleged that the defendants caused Union Bank to incur damage, by their negligence, amounting to NIS 125 million.
The parties negotiated with attorneys of the insurers in the Board member and officer liability insurance policy; On April 14, 2022, the settlement agreement was submitted for Court approval. After receiving the position of the Attorney General and a number of hearings held regarding the motion to approve the settlement, on August 17, 2023 an agreed-upon motion was filed to approve a settlement agreement between the applicant, Bank Mizrahi Tefahot (in lieu of Union Bank, which had been merged with and into Mizrahi Tefahot), the Union officers who had been sued and Union’s executive liability insurers. On January 2, 2024, a hearing of this case took place where inter alia the only objection filed was discussed. On January 3, 2024, a verdict was handed down confirming the settlement agreement on the motion for approval of a derivative lawsuit.

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 broken down by maturity date (in millions of NIS):

	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 March 31, 2023 (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	2,793	595	82	118	3,588
Guarantees to home buyers	11,061	5,838	172	458	17,529
Guarantees and other commitments	5,198	1,321	522	5,410	12,451
Commitments to issue guarantees	3,381	5,397	94	-	8,872
Total guarantees	**22,433**	**13,151**	**870**	**5,986**	**42,440**

	As of December 31, 2023 (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	2,665	493	110	177	3,445
Guarantees to home buyers	9,827	4,110	515	160	14,612
Guarantees and other commitments	5,252	2,021	596	5,672	13,541
Commitments to issue guarantees	4,240	5,887	2,387	-	12,514
Total guarantees	**21,984**	**12,511**	**3,608**	**6,009**	**44,112**

Note 11 – Derivative instruments and hedging activities

Reported amounts (NIS in millions)

A) Activity on a consolidated basis

	March 31, 2024			March 31, 2023		
	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	-	2,900	2,900	599	5,000	5,599
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Swaps(1)	23,608	70,179	93,787	24,570	42,519	67,089
Total(2)	**23,608**	**73,079**	**96,687**	**25,169**	**47,519**	**72,688**
Of which: Hedging derivatives(3)	**4,483**	**-**	**4,483**	**2,885**	**-**	**2,885**
Currency contracts						
Forward contracts(4) and futures contracts(6)	38,882	164,186	203,068	57,556	144,140	201,696
Options written	-	11,448	11,448	-	18,629	18,629
Options purchased	-	11,630	11,630	-	18,635	18,635
Swaps	926	1,757	2,683	913	756	1,669
Total	**39,808**	**189,021**	**228,829**	**58,469**	**182,160**	**240,629**
Of which: Hedging derivatives(3)	**-**	**-**	**-**	**-**	**-**	**-**
Contracts for shares						
Forward contracts and futures contracts	-	41,784	41,784	-	24,104	24,104
Options written	107	5,174	5,281	52	4,337	4,389
Options purchased(5)	-	5,176	5,176	-	4,339	4,339
Swaps	-	661	661	-	1,622	1,622
Total	**107**	**52,795**	**52,902**	**52**	**34,402**	**34,454**
Commodities and other contracts						
Forward contracts and futures contracts	-	133	133	-	222	222
Options written	-	-	-	-	-	-
Options purchased	-	-	-	-	-	-
Total	**-**	**133**	**133**	**-**	**222**	**222**
Credit contracts						
Bank is guarantor	-	-	-	290	-	290
Bank is beneficiary	-	-	-	60	-	60
Total	**-**	**-**	**-**	**350**	**-**	**350**
Total stated amount	**63,523**	**315,028**	**378,551**	**84,040**	**264,303**	**348,343**

(1) Includes swaps where the banking corporation pays a fixed interest rate amounting to NIS 56,869 million (as of March 31, 2023: NIS 40,121 million)
(2) Of which: NIS/CPI swaps amounting to NIS 5,953 million (as of March 31, 2023: NIS 6,654 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 4,670 million (as of March 31, 2023: NIS 5,899 million)
(5) Of which: Traded on the Stock Exchange, amounting to NIS 5,174 million (as of March 31, 2023: NIS 4,339 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

	December 31, 2023		
	Derivatives not held for trading	Derivatives held for trading	Total
1. Stated amounts of derivative instruments			
Interest contracts			
Forward contracts	-	2,600	2,600
Options written	-	1	1
Options purchased	-	-	-
Swaps(1)	23,093	68,567	91,660
Total(2)	**23,093**	**71,168**	**94,261**
Of which: Hedging derivatives(3)	**3,141**	**-**	**3,141**
Currency contracts			
Forward contracts(4)(6)	41,630	157,360	198,990
Options written	-	10,818	10,818
Options purchased	-	10,562	10,562
Swaps	915	1,435	2,350
Total	**42,545**	**180,175**	**222,720**
Of which: Hedging derivatives(3)	**-**	**-**	**-**
Contracts for shares			
Forward contracts and futures contracts	-	35,006	35,006
Options written	110	9,429	9,539
Options purchased(5)	-	9,431	9,431
Swaps	-	640	640
Total	**110**	**54,506**	**54,616**
Commodities and other contracts			
Forward contracts	-	120	120
Options written	-	-	-
Options purchased	-	-	-
Total	**-**	**120**	**120**
Credit contracts			
Bank is guarantor	-	-	-
Bank is beneficiary	22	-	22
Total	**22**	**-**	**22**
Total stated amount	**65,770**	**305,969**	**371,739**

(1) Of which: seaps where the banking corporation pays a fixed interest, amounting to NIS 55,293 million.
(2) Of which: NIS/CPI swaps amounting to NIS 5,361 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 3,657 million.
(5) Of which: Traded on the stock exchange, amounting to NIS 9,425 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, 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

	March 31, 2023					
	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	1,312	686	1,998	1,067	645	1,712
Of which: Hedging derivatives	198	-	198	59	-	59
Currency contracts[(1)]	446	3,029	3,475	680	2,806	3,486
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	29	754	783	760	20	780
Commodities and other contracts	7	-	7	7	-	7
Credit contracts	3	-	3	9	-	9
Total assets / liabilities with respect to derivatives, gross[(2)]	**1,797**	**4,469**	**6,266**	**2,523**	**3,471**	**5,994**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,797**	**4,469**	**6,266**	**2,523**	**3,471**	**5,994**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	48	1,637	1,685	48	1,219	1,267

(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 this: Gross fair value of assets with respect to embedded derivative instruments amounting to NIS 18 million (as of March 31, 2023: NIS 9 million); gross fair value of liabilities with respect to embedded derivative as of March 31, 2023: NIS 6 million.

Note 11 – Derivative instruments and hedging activities – continued

Reported amounts (NIS in millions)

a) Activity on consolidated basis – continued

	December 31, 2023					
	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	1,277	701	1,978	959	663	1,622
Of which: Hedging derivatives	208	-	208	50	-	50
Currency contracts(1)	94	3,694	3,788	13	5,215	5,228
Of which: Hedging derivatives	-	-	-	-	-	-
Contracts for shares	3	526	529	-	512	512
Commodities and other contracts	-	3	3	-	3	3
Credit contracts	-	-	-	2	-	2
Total assets / liabilities with respect to derivatives, gross(2)	**1,374**	**4,924**	**6,298**	**974**	**6,393**	**7,367**
Fair value amounts offset in the balance sheet	-	-	-	-	-	-
Carrying amount of assets / liabilities with respect to derivative instruments	**1,374**	**4,924**	**6,298**	**974**	**6,393**	**7,367**
Of which: Carrying amount with respect to derivative instruments not subject to a master netting agreement or to similar agreements	30	1,199	1,229	9	2,320	2,329

(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 this: Gross fair value of assets with respect to embedded derivatives amounting to NIS 16 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
	2024	2023	2023
			Interest revenues (expenses)
Interest contracts			
Hedged items	(73)	28	-
Hedging derivatives	80	(25)	3

	Balance as of March 31				Balance as of December 31	
	2024		2023		2023	
	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	3,176	109	1,687	16	2,404	20

2. Cash flows hedges[2]

For the three months ended March 31				For the year ended December 31	
2024		2023		2023	
Amounts recognized in Other Comprehensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Comprehensive Income (loss) from derivatives	Interest revenues (expenses)	Amounts recognized in Other Comprehensive Income (loss) from derivatives	Interest revenues (expenses)
(1)	2	-	(8)	3	(17)

(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

	March 31, 2024						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
Carrying amount of assets with respect to derivative instruments	**21**	**2,934**	**261**	**43**	**1,236**	**363**	**4,858**
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**

	March 31, 2023						
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
Carrying amount of assets with respect to derivative instruments	**46**	**2,331**	**723**	**-**	**2,520**	**646**	**6,266**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,246)	-	-	(994)	(35)	(3,275)
Mitigation of credit risk with respect to cash collateral received	-	(29)	-	-	(1,113)	(24)	(1,166)
Net amount of assets with respect to derivative instruments	**46**	**56**	**723**	**-**	**413**	**587**	**1,825**
Net off-balance sheet credit risk with respect to derivative instruments[2]	64	702	1,097	12	1,938	379	4,192
Total credit risk on derivative instruments	**110**	**758**	**1,820**	**12**	**2,351**	**966**	**6,017**
Carrying amount of liabilities with respect to derivative instruments	**45**	**3,661**	**723**	**62**	**994**	**509**	**5,994**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,246)	-	-	(994)	(35)	(3,275)
Pledged cash collateral	-	(1,415)	-	(54)	-	-	(1,469)
Net amount of liabilities with respect to derivative instruments	**45**	**-**	**723**	**8**	**-**	**474**	**1,250**

(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, 2023
	Stock exchanges	Banks	Dealers/ Brokers	Governments and central banks	Institutional investors	Others	Total
Carrying amount of assets with respect to derivative instruments	**57**	**2,877**	**419**	**73**	**2,280**	**592**	**6,298**
Gross amounts not offset in the balance sheet:							
Mitigation of credit risk with respect to financial instruments	-	(2,028)	-	(27)	(1,745)	(376)	[1](4,176)
Mitigation of credit risk with respect to cash collateral received	-	(439)	-	(45)	(834)	(1)	(1,319)
Net amount of assets with respect to derivative instruments	**57**	**410**	**419**	**1**	**(299)**	**215**	**803**
Net off-balance sheet credit risk with respect to derivative instruments[2]	91	588	1,472	26	1,811	555	4,543
Total credit risk on derivative instruments	**148**	**998**	**1,891**	**27**	**1,512**	**770**	**5,346**
Carrying amount of liabilities with respect to derivative instruments	**45**	**2,324**	**419**	**41**	**3,958**	**580**	**7,367**
Gross amounts not offset in the balance sheet:							
Financial instruments	-	(2,028)	-	(27)	(1,745)	(376)	(4,176)
Pledged cash collateral	-	(296)	-	(14)	(584)	-	(894)
Net amount of liabilities with respect to derivative instruments	**45**	**-**	**419**	**-**	**1,629**	**204**	**2,297**

(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 2024, the Bank recognized expenses from decreases in credit losses with respect to derivative instruments amounting to NIS 1 million (in the first quarter of 2023, the Bank recognized revenues from decrease in credit losses with respect to derivative instruments amounting to NIS 10 million; and in 2023, the Bank recognized revenues from decrease in credit losses amounting to NIS 18 million).

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

					March 31, 2024
	Up to three months	3 months to 1 year	1-5 years	Over 5 years	Total
Interest contracts:					
NIS – CPI	581	2,718	2,096	558	5,953
Other	8,650	30,488	34,017	17,579	90,734
Currency contracts	149,906	76,163	2,655	105	228,829
Contracts for shares	52,140	746	16	-	52,902
Commodities and other contracts	64	69	-	-	133
Total	**211,341**	**110,184**	**38,784**	**18,242**	**378,551**
					March 31, 2023
Total	**205,675**	**92,729**	**34,076**	**15,863**	**348,343**
					December 31, 2023
Total	**220,970**	**95,742**	**37,759**	**17,268**	**371,739**

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:

- Its operating results are regularly reviewed for the purpose of decision making about resource allocation and for performance evaluation.
- 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, 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	474	15	2,936	-	704
Interest expenses from externals	-	794	-	794	235	358
Interest revenues, net from externals	2,462	(320)	15	2,142	(235)	346
Interest revenues, net – inter-segment	(1,801)	1,233	(4)	(568)	322	286
Total interest revenues, net	**661**	**913**	**11**	**1,574**	**87**	**632**
Total non-interest financing revenues	-	-	-	-	-	-
Total commissions and other revenues	30	168	53	198	4	137
Total non-interest revenues	**30**	**168**	**53**	**198**	**4**	**137**
Total revenues	**691**	**1,081**	**64**	**1,772**	**91**	**769**
Expenses (income) with respect 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 (loss)	467	477	45	944	87	441
Provision for taxes on profit	182	186	18	368	34	172
After-tax profit	**285**	**291**	**27**	**576**	**53**	**269**
Share of banking corporation in earnings of associated companies	-	-	-	-	-	-
Net profit before attribution to non-controlling interests	285	291	27	576	53	269
Net profit attributed to non-controlling interests	-	(38)	(1)	(38)	-	(4)
Net profit attributable to shareholders of the banking corporation	**285**	**253**	**26**	**538**	**53**	**265**
Average balance of assets	208,379	26,345	3,660	234,724	73	33,876
Of which: Investments in associated companies	-	-	-	-	-	-
Average balance of loans to the public	208,379	26,345	3,660	234,724	73	33,876
Balance of loans to the public at end of reported period	(3)209,299	27,590	4,721	236,889	61	35,692
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	-	133,884	-	133,884	27,242	57,671
Of which: Average balance of deposits from the public	-	133,884	-	133,884	27,242	57,671
Balance of deposits from the public at end of reported period	-	134,615	-	134,615	27,211	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	67,502	-	77,084	4,379	54,492
Breakdown of interest revenues, net:						
Margin from credit granting operations	589	244	11	833	-	314
Margin from activities of receiving deposits	-	658	-	658	87	294
Other	72	11	-	83	-	24
Total interest revenues, net	**661**	**913**	**11**	**1,574**	**87**	**632**

(1) Risk assets – as calculated for capital adequacy (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.

	Medium businesses	Large businesses	Institutional investors	Financial management segment	Total activity in Israel	Operations overseas Total – operations overseas	Total
-							
	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
	39	47	797	(703)	220	(220)	-
	148	**299**	**56**	**(279)**	**2,517**	**168**	**2,685**
	-	-	-	345	345	-	345
	25	72	13	113	562	6	568
	25	**72**	**13**	**458**	**907**	**6**	**913**
	173	**371**	**69**	**179**	**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**
	119	306	25	96	2,018	126	2,144
	46	119	10	37	786	49	835
	73	**187**	**15**	**59**	**1,232**	**77**	**1,309**
	-	-	-	9	9	-	9
	73	187	15	68	1,241	77	1,318
	-	-	-	(4)	(46)	-	(46)
	73	**187**	**15**	**64**	**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	35,352	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
	-	30	-	(279)	(142)	35	(107)
	148	**299**	**56**	**(279)**	**2,517**	**168**	**2,685**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the three months ended March 31, 2023 (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	2,692	462	17	3,154	1	685
Interest expenses from externals	-	555	-	555	184	265
Interest revenues, net from externals	2,692	(93)	17	2,599	(183)	420
Interest revenues, net – inter-segment	(2,003)	968	(3)	(1,035)	266	217
Total interest revenues, net	**689**	**875**	**14**	**1,564**	**83**	**637**
Total non-interest financing revenues	-	-	-	-	-	-
Total commissions and other revenues	35	175	53	210	5	145
Total non-interest revenues	**35**	**175**	**53**	**210**	**5**	**145**
Total revenues	**724**	**1,050**	**67**	**1,774**	**88**	**782**
Expenses with respect to credit losses	42	85	5	127	-	80
Operating and other expenses to externals	245	590	18	835	5	299
Operating and other expenses – inter-segment	-	(1)	-	(1)	-	(2)
Total operating and other expenses	**245**	**589**	**18**	**834**	**5**	**297**
Pre-tax profit (loss)	437	376	44	813	83	405
Provision (reduced provision) for taxes on profit	151	130	15	281	29	140
After-tax profit (loss)	**286**	**246**	**29**	**532**	**54**	**265**
Share of banking corporation in earnings of associated companies	-	-	-	-	-	-
Net profit (loss) before attribution to non-controlling interests	286	246	29	532	54	265
Net profit attributed to non-controlling interests	-	(41)	(1)	(41)	-	(4)
Net profit (loss) attributable to shareholders of the banking corporation	**286**	**205**	**28**	**491**	**54**	**261**
Average balance of assets	199,271	26,877	4,518	226,148	129	34,751
Of which: Investments in associated companies	-	-	-	-	-	-
Average balance of loans to the public	198,322	26,804	4,518	225,126	129	34,697
Balance of loans to the public at end of reported period	(3)198,786	27,652	4,689	226,438	136	34,919
Balance of non-accruing debts and debts in arrears over 90 days	1,506	100	-	1,606	-	902
Balance of other problematic debts	-	116	-	116	-	527
Balance of provision for credit losses at end of reported period	939	548	-	1,487	1	1,050
Net accounting write-offs in the reported period	-	(29)	-	(29)	-	(19)
Average balance of liabilities	323	128,586	-	128,909	25,697	55,941
Of which: Average balance of deposits from the public	-	126,495	-	126,495	25,697	55,661
Balance of deposits from the public at end of reported period	-	127,827	-	127,827	26,365	55,463
Average balance of risk assets(1)	117,614	21,716	4,123	139,330	57	33,051
Balance of risk assets at end of reported period(1)	118,373	21,911	4,123	140,284	55	33,067
Average balance of assets under management(2)	10,307	41,800	-	52,107	3,575	40,971
Breakdown of interest revenues, net:						
Margin from credit granting operations	609	273	14	882	-	331
Margin from activities of receiving deposits	-	591	-	591	83	278
Other	80	11	-	91	-	28
Total interest revenues, net	**689**	**875**	**14**	**1,564**	**83**	**637**

(1) Risk assets – as calculated for capital adequacy (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 13,400.

						Operations overseas	Total
	Medium businesses	**Large businesses**	**Institutional investors**	**Financia l management segment**	**Total activity in Israel**	**Total – operations overseas**	
-							
	213	535	17	807	5,412	348	5,760
	90	338	660	438	2,530	84	2,614
	123	197	(643)	369	2,882	264	3,146
	26	118	701	(123)	170	(170)	-
	149	**315**	**58**	**246**	**3,052**	**94**	**3,146**
	-	-	-	87	87	-	87
	27	46	14	140	587	6	593
	27	**46**	**14**	**227**	**674**	**6**	**680**
	176	**361**	**72**	**473**	**3,726**	**100**	**3,826**
	(12)	20	-	-	215	12	227
	52	81	41	99	1,412	25	1,437
	-	1	-	2	-	-	-
	52	**82**	**41**	**101**	**1,412**	**25**	**1,437**
	136	259	31	372	2,099	63	2,162
	47	89	11	128	725	22	747
	89	**170**	**20**	**244**	**1,374**	**41**	**1,415**
	-	-	-	1	1	-	1
	89	170	20	245	1,375	41	1,416
	-	-	-	(4)	(49)	-	(49)
	89	**170**	**20**	**241**	**1,326**	**41**	**1,367**
	11,943	32,020	1,162	98,722	404,875	25,836	430,711
	-	-	-	160	160	-	1,177
	11,943	32,020	748	-	304,663	6,747	311,410
	12,370	32,128	2,205	-	308,196	7,220	315,416
	184	99	-	-	2,791	-	2,791
	178	565	-	-	1,386	28	1,414
	171	340	3	-	3,052	45	3,097
	(5)	-	-	-	(53)		(53)
	13,204	42,266	68,223	57,992	392,232	10,240	402,472
	13,204	39,828	67,341	-	328,226	7,486	335,712
	12,486	37,586	78,150	-	337,877	10,592	348,469
	14,431	42,482	2,277	14,260	245,888	8,675	254,563
	14,765	41,473	2,211	15,867	247,722	9,152	256,874
	10,050	29,466	264,522	1,748	402,439	-	402,439
-							
	87	214	5	-	1,519	59	1,578
	50	71	51	-	1,124	4	1,128
	12	30	2	246	409	31	440
	149	**315**	**58**	**246**	**3,052**	**94**	**3,146**

Note 12 – Operating Segments – continued
Supervisory operating segments
For the year ended December 31, 2023 (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	11,061	2,044	58	13,105	5	2,884
Interest expenses from externals	-	2,863	-	2,863	867	1,290
Interest revenues, net from externals	11,061	(819)	58	10,242	(862)	1,594
Interest revenues, net – inter-segment	(8,351)	4,608	(16)	(3,743)	1,192	1,064
Total interest revenues, net	**2,710**	**3,789**	**42**	**6,499**	**330**	**2,658**
Total non-interest financing revenues	-	-	-	-	-	-
Total commissions and other revenues	119	686	192	805	18	584
Total non-interest revenues	**119**	**686**	**192**	**805**	**18**	**584**
Total revenues	**2,829**	**4,475**	**234**	**7,304**	**348**	**3,242**
Expenses with respect to credit losses	247	324	4	571	-	526
Operating and other expenses to externals	893	2,344	72	3,237	18	1,149
Operating and other expenses – inter-segment	-	4	-	4	1	7
Total operating and other expenses	**893**	**2,348**	**72**	**3,241**	**19**	**1,156**
Pre-tax profit (loss)	1,689	1,803	158	3,492	329	1,560
Provision for taxes on profit	582	621	54	1,203	113	537
After-tax profit	**1,107**	**1,182**	**104**	**2,289**	**216**	**1,023**
Share of banking corporation in earnings of associated companies	-	-	-	-	-	-
Net profit (loss) before attribution to non-controlling interests	1,107	1,182	104	2,289	216	1,023
Net profit attributed to non-controlling interests	-	(144)	(3)	(144)	-	(15)
Net profit attributable to shareholders of the banking corporation	**1,107**	**1,038**	**101**	**2,145**	**216**	**1,008**
Average balance of assets	202,312	27,009	4,491	229,321	120	34,380
Of which: Investments in associated companies	-	-	-	-	-	-
Average balance of loans to the public	202,312	27,009	4,491	229,321	120	34,380
Balance of loans to the public at end of reported period	(3)206,562	27,444	4,506	234,006	102	34,947
Balance of non-accruing debts and debts in arrears over 90 days	2,153	145	-	2,298	-	895
Balance of other problematic debts	-	124	4	124	-	639
Balance of provision for credit losses at end of reported period	1,129	676	-	1,805	1	1,335
Net accounting write-offs in the reported period	-	(134)	-	(134)	-	(129)
Average balance of liabilities	-	129,214	-	129,214	26,941	55,604
Of which: Average balance of deposits from the public	-	129,214	-	129,214	26,941	55,604
Balance of deposits from the public at end of reported period	-	133,009	-	133,009	27,746	56,791
Average balance of risk assets(1)	120,257	22,128	4,237	142,385	47	32,948
Balance of risk assets at end of reported period(1)	123,185	22,499	4,663	145,684	35	32,062
Average balance of assets under management(2)	10,045	59,946	-	69,991	4,216	44,826
Breakdown of interest revenues, net:						
Margin from credit granting operations	2,335	1,073	42	3,408	-	1,372
Margin from activities of receiving deposits	-	2,662	-	2,662	330	1,160
Other	375	54	-	429	-	126
Total interest revenues, net	**2,710**	**3,789**	**42**	**6,499**	**330**	**2,658**

(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 12,349.

					Operations overseas		Total
	Medium businesses	Large businesses	Institutional investors	Financial management segment	Total activity in Israel	Total – operations overseas	
-							
	961	2,401	63	2,889	22,308	1,697	24,005
	403	1,514	3,034	1,525	11,496	534	12,030
	558	887	(2,971)	1,364	10,812	1,163	11,975
	89	302	3,175	(1,342)	737	(737)	-
	647	**1,189**	**204**	**22**	**11,549**	**426**	**11,975**
	-	-	-	511	511	-	511
	101	242	51	460	2,261	33	2,294
	101	**242**	**51**	**971**	**2,772**	**33**	**2,805**
	748	**1,431**	**255**	**993**	**14,321**	**459**	**14,780**
	106	154	1	10	1,368	95	1,463
	192	317	173	380	5,466	103	5,569
	(4)	-	(2)	(6)	-	-	-
	188	**317**	**171**	**374**	**5,466**	**103**	**5,569**
	454	960	83	609	7,487	261	7,748
	156	331	29	210	2,579	90	2,669
	298	**629**	**54**	**399**	**4,908**	**171**	**5,079**
	-	-	-	1	1	-	1
	298	629	54	400	4,909	171	5,080
	-	-	-	(11)	(170)	-	(170)
	298	**629**	**54**	**389**	**4,739**	**171**	**4,910**
	12,265	33,847	1,104	96,126	407,163	27,630	434,793
	-	-	-	200	200	-	200
	12,265	33,847	1,104	-	311,037	7,701	318,738
	12,171	36,286	2,851	-	320,363	9,052	329,415
	253	235	-	-	3,681	156	3,837
	347	1,044	-	-	2,154	159	2,313
	300	494	7	-	3,942	127	4,069
	(23)	(1)	-	-	(287)	-	(287)
	12,705	37,000	68,801	65,494	395,759	11,576	407,335
	12,705	37,000	68,801	-	330,265	10,071	340,336
	14,270	35,612	78,904	-	346,332	12,221	358,553
	14,545	46,011	1,660	16,442	254,038	9,810	263,848
	14,435	52,998	754	18,275	264,243	11,197	275,440
	10,481	30,003	379,239	2,121	540,877	-	540,877
--							
	388	783	23	-	5,974	291	6,265
	210	262	176	-	4,800	28	4,828
	49	144	5	22	775	107	882
	647	**1,189**	**204**	**22**	**11,549**	**426**	**11,975**

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 30 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. Starting 2019, new business customers with annual turnover from NIS 30 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. Starting 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, 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 with respect 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 three months ended March 31, 2023 (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	(83)	2,538	(36)	220	84	180	243	3,146
Inter-segment	1,123	(1,954)	59	291	36	377	68	-
Total interest revenues, net	**1,040**	**584**	**23**	**511**	**120**	**557**	**311**	**3,146**
Non-interest financing revenues	8	-	-	-	-	16	63	87
Commissions and other revenues	184	37	4	123	22	96	127	593
Total revenues	**1,232**	**621**	**27**	**634**	**142**	**669**	**501**	**3,826**
Expenses with respect to credit losses	65	39	-	63	15	45	-	227
Operating and other expenses	606	229	7	253	64	171	107	1,437
Pre-tax profit	561	353	20	318	63	453	394	2,162
Provision for taxes on profit	194	122	7	110	22	157	135	747
After-tax profit	**367**	**231**	**13**	**208**	**41**	**296**	**259**	**1,415**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	1	1
Net profit:								
Before attribution to non-controlling interests	367	231	13	208	41	296	260	1,416
Attributable to non-controlling interests	(41)	-	-	(4)	-	-	(4)	(49)
Net profit attributable to shareholders of the Bank	**326**	**231**	**13**	**204**	**41**	**296**	**256**	**1,367**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	38.0%	8.4%	-	42.5%	14.7%	16.5%	-	22.4%
Average balance of loans to the public, net	35,301	186,958	306	22,498	9,548	53,979	-	308,590
Average balance of deposits from the public	153,170	-	5,837	48,129	14,059	99,393	15,124	335,712
Average balance of assets	37,632	187,887	376	22,753	9,645	73,670	98,748	430,711
Average balance of risk assets(2)	30,640	108,382	181	18,969	11,050	69,501	15,840	254,563

(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, 2023 (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	(1,026)	10,131	(163)	749	320	473	1,491	11,975
Inter-segment	5,427	(7,799)	243	1,388	180	1,676	(1,115)	-
Total interest revenues, net	**4,401**	**2,332**	**80**	**2,137**	**500**	**2,149**	**376**	**11,975**
Non-interest financing revenues	27	1	1	2	1	31	448	511
Commissions and other revenues	708	126	15	489	80	398	478	2,294
Total revenues	**5,136**	**2,459**	**96**	**2,628**	**581**	**2,578**	**1,302**	**14,780**
Expenses with respect to credit losses	265	233	-	384	124	447	10	1,463
Operating and other expenses	2,384	840	34	1,005	239	648	419	5,569
Pre-tax profit	2,487	1,386	62	1,239	218	1,483	873	7,748
Provision for taxes on profit	857	477	21	427	75	511	301	2,669
After-tax profit	**1,630**	**909**	**41**	**812**	**143**	**972**	**572**	**5,079**
Share in net profit of associated companies, after tax	-	-	-	-	-	-	1	1
Net profit								
Before attribution to non-controlling interests	1,630	909	41	812	143	972	573	5,080
Attributable to non-controlling interests	(144)	-	-	(15)	-	-	(11)	(170)
Net profit attributable to shareholders of the Bank	**1,486**	**909**	**41**	**797**	**143**	**972**	**562**	**4,910**
Return on equity (percentage of net profit attributed to shareholders of the banking corporation out of average equity)(1)	54.4%	8.0%	-	39.9%	12.7%	12.5%	-	19.1%
Average balance of loans to the public, net	35,108	190,522	273	22,548	9,408	57,740	-	315,599
Average balance of deposits from the public	156,827	-	5,512	48,142	13,400	101,542	14,913	340,336
Average balance of assets	37,355	191,957	389	22,873	9,543	77,752	94,924	434,793
Average balance of risk assets(2)	30,973	110,461	174	19,575	10,870	75,111	16,684	263,848

(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

	For the three months ended March 31, 2024 (Unaudited)					
	Provision for credit losses					
	Loans to the public				Banks, governments and bonds	Total
	Commercial	Housing	Individual – other	Total		
Balance of provision for credit losses at start of period	2,419	1,149	702	4,270	11	4,281
Expenses with respect 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**
	For the three months ended March 31, 2023 (Unaudited)					
Balance of provision for credit losses at start of period	1,690	902	512	3,104	1	3,105
Expenses with respect to credit losses	100	42	85	227	-	227
Accounting write-offs[2]	(53)	-	(54)	(107)	-	(107)
Collection of debts written off for accounting purposes in previous years[2]	29	-	25	54	-	54
Net accounting write-offs	(24)	-	(29)	(53)	-	(53)
Balance of provision for credit losses at end of period	**1,766**	**944**	**568**	**3,278**	**1**	**3,279**
Of which: With respect to off balance sheet credit instruments	**157**	**5**	**19**	**181**	**-**	**181**

(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:

	March 31, 2024 (unaudited)					
	Loans to the public					
	Commercial	Housing	Individual – other	Total	Banks, governments and bonds	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**
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**
	March 31, 2023 (unaudited)					
Recorded debt balance						
reviewed on individual basis	76,446	-	351	76,797	32,470	109,267
reviewed on group basis	13,547	198,901	26,171	238,619	-	238,619
Total debts	**89,993**	**(2)198,901**	**26,522**	**315,416**	**32,470**	**347,886**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,194	-	10	1,204	1	1,205
reviewed on group basis	415	939	539	1,893	-	1,893
Total provision for credit losses	**1,609**	**939**	**549**	**3,097**	**1**	**3,098**
	As of December 31, 2023 (audited)					
Recorded debt balance						
reviewed on individual basis	82,846	-	146	82,992	42,980	125,972
reviewed on group basis	13,080	206,657	26,686	246,423	-	246,423
Total debts	**95,926**	**(2)206,657**	**26,832**	**329,415**	**42,980**	**372,395**
Provision for credit losses with respect to debts						
reviewed on individual basis	1,700	-	1	1,701	11	1,712
reviewed on group basis	563	1,129	676	2,368	-	2,368
Total provision for credit losses	**2,263**	**1,129**	**677**	**4,069**	**11**	**4,080**

(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 13,853 million (as of March 31, 2023: 12,749 million NIS, as of December 31, 2023: NIS 13,378 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, 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 March 31, 2023 (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]	26,617	303	178	27,098	4	32
Construction and real estate – real estate operations	7,328	229	84	7,641	-	34
Financial services	8,383	4	21	8,408	-	4
Commercial – other	40,406	773	851	42,030	35	127
Total commercial	**82,734**	**1,309**	**1,134**	**85,177**	**39**	**197**
Private individuals – residential mortgages	197,268	-	1,506	198,774	-	1,305
Private individuals – other	26,304	163	53	26,520	47	109
Total loans to the public – activity in Israel	**306,306**	**1,472**	**2,693**	**310,471**	**86**	**1,611**
Borrower activity overseas						
Public – commercial						
Construction and real estate	2,815	-	-	2,815	-	-
Commercial – other	1,961	28	12	2,001	-	-
Total commercial	**4,776**	**28**	**12**	**4,816**	**-**	**-**
Private individuals	129	-	-	129	-	-
Total loans to the public – activity overseas	**4,905**	**28**	**12**	**4,945**	**-**	**-**
Total loans to the public	**311,211**	**1,500**	**2,705**	**315,416**	**86**	**1,611**

(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 123 million were classified as problematic debts.
(4) Includes debts amounting to NIS 1,320 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, 2023 (audited)					
		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]	27,695	364	321	28,380	10	43
Construction and real estate – real estate operations	8,244	469	105	8,818	5	26
Financial services	9,566	3	24	9,593	3	1
Commercial – other	41,514	1,267	850	43,631	55	239
Total commercial	**87,019**	**2,103**	**1,300**	**90,422**	**73**	**309**
Private individuals – residential mortgages	204,400	-	2,153	206,553	-	1,434
Private individuals – other	26,441	195	74	26,710	71	138
Total loans to the public – activity in Israel	**317,860**	**2,298**	**3,527**	**323,685**	**144**	**1,881**
Borrower activity overseas						
Public – commercial						
Construction and real estate	2,594	-	135	2,729	-	-
Commercial – other	2,585	159	31	2,775	-	33
Total commercial	**5,179**	**159**	**166**	**5,504**	**-**	**33**
Private individuals	226	-	-	226	-	-
Total loans to the public – activity overseas	**5,405**	**159**	**166**	**5,730**	**-**	**33**
Total loans to the public	**323,265**	**2,457**	**3,693**	**329,415**	**144**	**1,914**

(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 103 million were classified as problematic debts.
(4) Includes debts amounting to NIS 1,070 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.B. Credit quality by year when credit was extended

	As of March 31, 2024 (unaudited)								
	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	**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
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 March 31, 2023 (unaudited)								
	Recorded debt balance of term loans to the public								
	2023	2022	2021	2020	2019	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	**8,106**	**14,546**	**6,136**	**1,605**	**755**	**786**	**2,652**	**153**	**34,739**
Credit at performing credit rating	7,829	13,897	5,862	1,515	671	693	2,487	151	33,105
Credit other than at performing credit rating and non-problematic	70	371	204	46	58	57	33	1	840
Accruing problematic credit	193	243	33	11	6	5	40	1	532
Non-accruing credit	14	35	37	33	20	31	92	-	262
Commercial, other – total	**5,509**	**11,882**	**5,994**	**4,853**	**1,864**	**2,801**	**17,165**	**370**	**50,438**
Credit at performing credit rating	5,247	11,173	5,171	4,500	1,768	2,623	16,353	323	47,158
Credit other than at performing credit rating and non-problematic	150	255	622	103	15	29	450	7	1,631
Accruing problematic credit	52	131	85	96	20	24	360	9	777
Non-accruing credit	60	323	116	154	61	125	2	31	872
Individuals – residential mortgages total	**5,116**	**36,901**	**34,514**	**22,536**	**18,532**	**81,175**	**-**	**-**	**198,774**
LTV up to 60%	3,146	19,853	19,159	12,965	11,445	58,616	-	-	125,184
LTV from 60% to 75%	1,943	16,528	14,987	8,829	6,914	21,845	-	-	71,046
LTV over 75%	27	520	368	742	173	714	-	-	2,544
Credit at performing credit rating, not in arrears	5,030	36,439	33,919	22,063	18,045	78,746	-	-	194,242
Credit not at performing credit rating, not in arrears	70	304	292	181	176	698	-	-	1,721
In arrears 30-89 days	13	116	185	145	148	698	-	-	1,305
Non-accruing credit	3	42	118	147	163	1,033	-	-	1,506
Individuals, other – total	**2,275**	**8,429**	**3,827**	**1,897**	**1,654**	**1,837**	**6,532**	**69**	**26,520**
Credit at performing credit rating, not in arrears	2,246	8,275	3,746	1,848	1,616	1,768	6,433	64	25,996
Credit not at performing credit rating, not in arrears	22	84	48	34	30	59	35	3	315
In arrears 30-89 days	1	31	9	6	4	7	51	-	109
In arrears over 90 days	-	16	15	3	2	1	10	-	47
Non-accruing credit	6	23	9	6	2	2	3	2	53
Total loans to the public – activity in Israel	**21,006**	**71,758**	**50,471**	**30,891**	**22,805**	**86,599**	**26,349**	**592**	**310,471**
Borrower activity overseas									
Total loans to the public – activity overseas	**580**	**979**	**1,344**	**586**	**250**	**1,206**	**-**	**-**	**4,945**
Non-problematic credit	580	963	1,320	586	250	1,206	-	-	4,905
Accruing problematic credit	-	10	18	-	-	-	-	-	28
Non-accruing credit	-	6	6	-	-	-	-	-	12
Total loans to the public	**21,586**	**72,737**	**51,815**	**31,477**	**23,055**	**87,805**	**26,349**	**592**	**315,416**

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, 2023 (audited)								
	Recorded debt balance of term loans to the public								
	2023	2022	2021	2020	2019	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	**19,038**	**8,916**	**2,774**	**1,456**	**1,222**	**679**	**2,792**	**321**	**37,198**
Credit at performing credit rating	17,470	8,503	2,371	1,391	1,190	643	2,419	313	34,300
Credit other than at performing credit rating and non-problematic	1,005	188	317	20	17	19	67	6	1,639
Accruing problematic credit	516	18	58	9	5	2	224	1	833
Non-accruing credit	47	207	28	36	10	15	82	1	426
Commercial, other – total	**12,419**	**7,490**	**5,025**	**3,830**	**1,222**	**1,588**	**21,094**	**556**	**53,224**
Credit at performing credit rating	11,661	6,816	4,366	3,498	1,153	1,458	19,337	490	48,779
Credit other than at performing credit rating and non-problematic	328	436	492	113	15	18	854	45	2,301
Accruing problematic credit	271	124	117	74	18	27	628	11	1,270
Non-accruing credit	159	114	50	145	36	85	275	10	874
Individuals – residential mortgages total	**21,402**	**36,420**	**33,147**	**21,491**	**17,994**	**76,099**	**-**	**-**	**206,553**
LTV up to 60%	12,637	19,503	17,715	11,943	10,751	52,296	-	-	124,845
LTV from 60% to 75%	8,269	15,967	14,045	9,102	7,209	23,726	-	-	78,318
LTV over 75%	496	950	1,387	446	34	77	-	-	3,390
Credit at performing credit rating, not in arrears	20,916	35,729	32,498	20,875	17,481	73,598	-	-	201,097
Credit not at performing credit rating, not in arrears	309	328	243	180	124	685	-	-	1,869
In arrears 30-89 days	114	198	195	194	160	573	-	-	1,434
Non-accruing credit	63	165	211	242	229	1,243	-	-	2,153
Individuals, other – total	**8,434**	**5,683**	**2,587**	**1,223**	**996**	**1,308**	**6,392**	**87**	**26,710**
Credit at performing credit rating, not in arrears	8,258	5,524	2,516	1,192	968	1,257	6,291	81	26,087
Credit not at performing credit rating, not in arrears	97	63	40	22	21	45	48	4	340
In arrears 30-89 days	38	49	15	3	4	4	25	-	138
In arrears over 90 days	16	28	8	3	2	1	13	-	71
Non-accruing credit	25	19	8	3	1	1	15	2	74
Total loans to the public – activity in Israel	**61,293**	**58,509**	**43,533**	**28,000**	**21,434**	**79,674**	**30,278**	**964**	**323,685**
Borrower activity overseas									
Total loans to the public – activity overseas	**1,457**	**1,204**	**1,223**	**662**	**155**	**1,029**	**-**	**-**	**5,730**
Non-problematic credit	1,350	1,126	1,138	629	133	1,029	-	-	5,405
Accruing problematic credit	87	30	33	9	-	-	-	-	159
Non-accruing credit	20	48	52	24	22	-	-	-	166
Total loans to the public	**62,750**	**59,713**	**44,756**	**28,662**	**21,589**	**80,703**	**30,278**	**964**	**329,415**

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, 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]	Tota 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 March 31, 2023 (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	262	36	-	262	443	2
Commercial – other	672	196	200	872	1,380	4
Total commercial	**934**	**232**	**200**	**1,134**	**1,823**	**6**
Private individuals – residential mortgages	1,506	75	-	1,506	1,848	-
Private individuals – other	49	45	4	53	85	2
Total loans to the public – activity in Israel	**2,489**	**352**	**204**	**2,693**	**3,756**	**8**
Borrower activity overseas						
Total loans to the public – activity overseas	**12**	**1**	**-**	**12**	**81**	**-**
Total	**2,501**	**353**	**204**	**2,705**	**3,837**	**8**
Of which:						
Measured individually at present value of cash flows	857	224	190	1,047	1,814	
Measured individually at fair value of collateral	49	2	10	59	113	
Measured on group basis	1,595	127	4	1,599	1,910	

(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 39 million.

Total average recorded debt balance for non-accruing debt in the three months ended March 31, 2023 amounted to NIS 2,641 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, 2023 (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	426	61	-	426	542	5
Commercial – other	790	287	84	874	1,198	12
Total commercial	**1,216**	**348**	**84**	**1,300**	**1,740**	**17**
Private individuals – residential mortgages	2,153	107	-	2,153	2,236	-
Private individuals – other	74	60	-	74	120	5
Total loans to the public – activity in Israel	**3,443**	**515**	**84**	**3,527**	**4,096**	**22**
Borrower activity overseas						
Total loans to the public – activity overseas	**166**	**27**	**-**	**166**	**238**	**-**
Total	**3,609**	**542**	**84**	**3,693**	**4,334**	**22**
Of which:						
Measured individually at present value of cash flows	1,034	317	76	1,110	1,580	
Measured individually at fair value of collateral	272	27	8	280	318	
Measured on group basis	2,303	198	-	2,303	2,436	

(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 166 million.
Total average recorded debt balance for non-accruing debt in the year ended December 31, 2023 amounted to NIS 2,970 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:

	March 31, 2024 (unaudited)				
	Recorded debt balance				
	Problematic	Not Problematic			
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer	Not in Arrears	Total(1)
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**
	March 31, 2023 (unaudited)				
Borrower activity in Israel					
Commercial	174	17	-	7	198
Private individuals – residential mortgages	37	-	-	-	37
Private individuals – other	35	21	-	-	56
Total loans to the public – activity in Israel	**246**	**38**	**-**	**7**	**291**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**246**	**38**	**-**	**7**	**291**
	As of December 31, 2023 (audited)				
Borrower activity in Israel					
Commercial	115	9	-	86	210
Private individuals – residential mortgages	47	-	-	-	47
Private individuals – other	38	22	-	-	60
Total loans to the public – activity in Israel	**200**	**31**	**-**	**86**	**317**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**200**	**31**	**-**	**86**	**317**

(1) In the three months ending March 31, 2024 there were no cumulative debts that have undergone changes in terms in previous years and which were no longer included in the disclosure, as the following conditions were met:

a. An up-to-date and well-documented credit assessment was performed on the financial status of the borrower and the repayment ability according to the new terms, the appearance that the debt can still be classified as a cumulative debt and that the debt is not in arrears and is not problematic.

b. The assessment included an examination of the borrower's historical ongoing redemption performance, as defined in Section 30e of the Public Reporting Directives, for a duration of at least 24 months.

(2) As of March 31, 2024 there were no debts of borrowers undergoing financial difficulties that have 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 - continued:

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					
	In the Three Months Ending March 31, 2024 (Unaudited)					
	Recorded debt balance					
	Problematic	Not Problematic				
	Non-accruing	Accruing interest revenues	In arrears 30 days or longer	Not in Arrears	Total	Accounting write-offs
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**
	In the Three Months Ending March 31, 2023 (Unaudited)					
Borrower activity in Israel						
Commercial	25	-	-	-	25	-
Private individuals – residential mortgages	1	-	-	-	1	-
Private individuals – other	8	-	-	-	8	-
Total loans to the public – activity in Israel	**34**	**-**	**-**	**-**	**34**	**-**
Total loans to the public – activity overseas	**-**	**-**	**-**	**-**	**-**	**-**
Total loans to the public	**34**	**-**	**-**	**-**	**34**	**-**

2.b.3 Debts of borrowers in financial difficulties that have undergone a change in terms over the course of the reported period:

Following that stated in Note 1.c.1. the Bank has been implementing since January 1, 2024 the update to 2022-02 standard in codification regarding re-structuring of problematic debts and disclosure requirements by year when credit was extended, as expressed in the Bank Commissioner's Circular from October 19, 2023 on “Changes in the Terms of Debts of Borrowers Undergoing Financial Difficulties.” Furthermore, in accordance with the transition directives, the quantitative disclosure in accordance with the format set in the matter of the details of the types of changes made over the course of the quarter in the debts of borrowers with financial difficulties, the details on the monetary effects of these changes and the details on the types of changes of debts failed during the quarter after undergoing changes in terms, shall be included starting from the Statements for the second quarter of 2024.

In the three months ending March 31, 2024, the Bank made changes to the terms of debts of borrowers with financial difficulties mainly using deferred payments. The registered debit balances of debts of borrowers with financial difficulties, whose terms were changed over the course of the first quarter of 2024, is NIS 96 million. The monetary impact of these changes for the three months ending March 31, 2024 is not material.

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, 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 March 31, 2023 (unaudited)							
Commercial	626	92	158	195	43	20	12	1,146
Residential mortgages	272	694	314	159	31	14	22	1,506
Private individuals – other	31	6	4	7	2	-	3	53
Total	**929**	**792**	**476**	**361**	**76**	**34**	**37**	**2,705**
	As of December 31, 2023 (audited)							
Commercial	615	178	383	257	15	8	10	1,466
Residential mortgages	296	850	580	329	42	18	38	2,153
Private individuals – other	42	12	5	11	4	-	-	74
Total	**953**	**1,040**	**968**	**597**	**61**	**26**	**48**	**3,693**

Note 13 – Additional information about credit risk, loans to the public and provision for credit losses – continued

Reported amounts (NIS in millions)

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, 2024 (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%	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**

		March 31, 2023 (unaudited)			
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	124,869	3,572	78,448	3,085
	Over 60%	73,540	841	46,031	2,778
Junior lien or no lien		492	4	328	5,868
Total		**198,901**	**4,417**	**124,807**	**11,731**

		As of December 31, 2023 (audited)			
		Total	Of which: Bullet / balloon	Of which: Variable interest	Total
Senior lien: LTV	Up to 60%	124,553	3,953	75,701	2,771
	Over 60%	81,632	1,175	50,383	2,545
Junior lien or no lien		472	8	304	6,789
Total		**206,657**	**5,136**	**126,388**	**12,105**

(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

	As of March 31, 2024 (Unaudited)							
	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 of sold loans at end of period, which is serviced by the banking corporation	Loans to the public purchased in the period	Off-balance sheet credit risk(2) purchased in the period	Of which: Problematic credit
Commercial – other	62	12	-	-	-	275	29	-
Private individuals – residential mortgages	-	-	-	-	4,937	-	-	-
Private individuals – other	-	-	-	-	-	(3)881	-	-
Total credit risk to public	**62**	**12**	**-**	**-**	**4,937**	**1,156**	**29**	**-**

	As of March 31, 2023 (Unaudited)							
	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 of sold loans at end of period, which is serviced by the banking corporation	Loans to the public purchased in the period	Off-balance sheet credit risk (2) purchased in the period	Of which: Problematic credit
Commercial – other	25	-	-	-	-	-	-	-
Private individuals – residential mortgages	-	-	-	-	5,550	-	-	-
Private individuals – other	-	-	-	-	-	(3)708	-	-
Total credit risk to public	**25**	**-**	**-**	**-**	**5,550**	**708**	**-**	**-**

	As of December 31, 2023 (audited)							
	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 of sold loans at end of period, which is serviced by the banking corporation	Loans to the public purchased in the period	Off-balance sheet credit risk (2) purchased in the period	Of which: Problematic credit
Commercial – other	25	120		-	-	89	22	-
Private individuals – residential mortgages	-			-	5,097			
Private individuals – other						(3)2,554		
Total credit risk to public	**25**	**120**	**-**	**-**	**5,097**	**2,643**	**22**	**-**

(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, 2024
	Syndication transactions initiated by the banking corporation				Syndication transactions initiated by others(2)	
	Share of the banking corporation		Others' share		Share of the banking corporation	
	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	1,620	1,654	1,670	5,635	603	59
Commercial – other	3,616	1,654	8,230	1,813	2,241	817
Total credit risk to public	**5,236**	**3,308**	**9,900**	**7,448**	**2,844**	**876**

						March 31, 2023(3)
	Syndication transactions initiated by the banking corporation (2)				Syndication transactions initiated by others(2)	
	Share of the banking corporation		Others' share		Share of the banking corporation	
	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	1,920	935	1,884	1,118	581	101
Commercial – other	3,666	1,774	8,423	1,584	1,500	695
Total credit risk to public	**5,586**	**2,709**	**10,307**	**2,702**	**2,081**	**796**

						December 31, 2023
	Syndication transactions initiated by the banking corporation (2)				Syndication transactions initiated by others(2)	
	Share of the banking corporation		Others' share		Share of the banking corporation	
	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	1,898	1,808	1,650	5,898	628	71
Commercial – other	3,573	1,777	8,401	1,781	2,051	873
Total credit risk to public	**5,471**	**3,585**	**10,051**	**7,679**	**2,679**	**944**

(1) Credit risk of off-balance-sheet financial instruments as calculated for the purpose of borrower indebtedness, except for derivatives.
(2) 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 505 million NIS. (As of March 31, 2023: NIS 653 million; As of December 31, 2023: NIS 564 million).
(3) Restated.

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

		March 31	December 31		March 31	December 31
	2024	**2023**	**2023**	**2024**	**2023**	**2023**
			Balance[1]			**Provision for credit losses**
		(Unaudited)	**(Audited)**		**(Unaudited)**	**(Audited)**
Transactions in which the balance represents a credit risk:						
- Un-utilized debitory account and other credit facilities in accounts available on demand	30,290	23,762	31,625	35	29	33
- Guarantees to home buyers	15,942	17,529	14,612	6	7	2
- Irrevocable commitments for loans approved but not yet granted[2]	27,733	21,602	24,815	42	24	44
- Unutilized revolving credit card facilities	12,444	11,761	12,416	18	12	18
- Commitments to issue guarantees	12,277	8,872	12,514	1	1	3
- Guarantees and other liabilities[3]	13,546	12,451	13,541	72	70	65
- Loan guarantees	3,768	3,588	3,445	37	36	34
- Documentary credit	236	405	540	1	2	2

(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 24 million (as of March 31, 2023 and December 31, 2023 a total of NIS 46 million and NIS 24 million, respectively).

Note 14 – Assets and Liabilities by Linkage Basis

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 March 31, 2023 (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	71,081	-	18,598	417	144	-	90,240
Securities	8,708	4,605	5,135	419	-	481	19,348
Securities borrowed or bought in conjunction with resale agreements	-	15	-	-	-	-	15
Loans to the public, net[3]	217,756	78,230	9,087	4,622	2,624	-	312,319
Loans to Governments	6	-	236	289	-	-	531
Investments in associated companies	120	-	-	-	-	73	193
Buildings and equipment	-	-	-	-	-	1,399	1,399
Intangible assets and goodwill	-	-	-	-	-	170	170
Assets with respect to derivatives	1,901	144	3,135	978	99	-	6,257
Other assets	2,089	250	376	13	28	882	3,638
Total assets	**301,661**	**83,244**	**36,567**	**6,738**	**2,895**	**3,005**	**434,110**
Liabilities							
Deposits from the public	258,079	24,287	56,551	6,560	2,992	-	348,469
Deposits from banks	5,288	-	1,716	243	37	-	7,284
Deposits from the Government	16	2	14	-	-	-	32
Bonds and subordinated notes	6,520	25,887	2,201	-	-	-	34,608
Liabilities with respect to derivatives	2,001	177	3,042	684	84	-	5,988
Other liabilities	7,766	2,842	281	10	46	802	11,747
Total liabilities	**279,670**	**53,195**	**63,805**	**7,497**	**3,159**	**802**	**408,128**
Difference	**21,991**	**30,049**	**(27,238)**	**(759)**	**(264)**	**2,203**	**25,982**
Impact of hedging derivatives:							
Derivative instruments (other than options)	1,060	(1,060)	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(27,155)	(580)	27,167	321	247	-	-
Net in-the-money options (in terms of underlying asset)	(584)	-	390	216	(22)	-	-
Net out-of-the-money options (in terms of underlying asset)	29	-	(138)	124	(15)	-	-
Grand total	**(4,659)**	**28,409**	**181**	**(98)**	**(54)**	**2,203**	**25,982**
Net in-the-money options (capitalized par value)	(636)	-	513	150	(27)	-	-
Net out-of-the-money options (capitalized par value)	245	-	(94)	(114)	(37)	-	-

(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, 2023 (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	59,254	-	27,020	175	101	-	86,550
Securities	12,980	4,330	4,623	520	-	618	23,071
Securities borrowed or bought in conjunction with resale agreements	106	-	-	-	-	-	106
Loans to the public, net[3]	226,844	80,674	10,485	4,394	2,949	-	325,346
Loans to Governments	1	-	111	368	-	-	480
Investments in associated companies	35	-	-	-	-	207	242
Buildings and equipment	-	-	-	-	-	1,531	1,531
Intangible assets and goodwill	-	-	-	-	-	148	148
Assets with respect to derivatives	4,252	99	1,268	572	91	-	6,282
Other assets	2,833	327	485	10	22	771	4,448
Total assets	**306,305**	**85,430**	**43,992**	**6,039**	**3,163**	**3,275**	**448,204**
Liabilities							
Deposits from the public	267,198	23,468	58,024	6,535	3,328	-	358,553
Deposits from banks	2,802	-	1,553	198	18	-	4,571
Deposits from the Government	10	2	56	3	-	-	71
Bonds and subordinated notes	7,675	27,203	2,192	-	-	-	37,070
Liabilities with respect to derivatives	5,666	111	912	564	114	-	7,367
Other liabilities	8,285	2,613	308	9	37	617	11,869
Total liabilities	**291,636**	**53,397**	**63,045**	**7,309**	**3,497**	**617**	**419,501**
Difference	**14,669**	**32,033**	**(19,053)**	**(1,270)**	**(334)**	**2,658**	**28,703**
Impact of hedging derivatives:							
Derivative instruments (other than options)	812	(812)	-	-	-	-	-
Non-hedging financial derivatives:							
Derivative instruments (other than options)	(19,430)	(766)	19,061	899	236	-	-
Net in-the-money options (in terms of underlying asset)	40	-	(252)	216	(4)	-	-
Net out-of-the-money options (in terms of underlying asset)	(127)	-	62	64	1	-	-
Grand total	**(4,036)**	**30,455**	**(182)**	**(91)**	**(101)**	**2,658**	**28,703**
Net in-the-money options (capitalized par value)	(652)	-	605	51	(4)	-	-
Net out-of-the-money options (capitalized par value)	683	-	(976)	221	72	-	-

(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 – 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, 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
Investments in associated companies	259	-	-	259	259
Assets with respect to derivatives	4,828	64	4,386	[2]378	4,828
Other financial assets	1,433	147	-	1,272	1,419
Total financial assets	**[4]445,842**	**51,414**	**74,647**	**315,616**	**441,677**
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 105,932 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 and in public deposits amounting to NIS 18 million.

Note 15 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

A. Fair value balances – continued:

	March 31, 2023 (unaudited)				
		Fair value			
	Book balance	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total
Financial assets					
Cash and deposits with banks	90,240	26,885	59,805	4,250	90,940
Securities[(3)]	19,348	14,777	4,087	323	19,187
Securities borrowed or purchased in resale agreements	15	15	-	-	15
Loans to the public, net	312,319	1,986	10,197	[(5)]293,287	305,470
Loans to Governments	531	-	-	529	529
Investments in associated companies	193	-	-	193	193
Assets with respect to derivatives	6,257	831	4,930	[(2)]496	6,257
Other financial assets	579	7	-	572	579
Total financial assets	**[(4)]429,482**	**44,501**	**79,019**	**299,650**	**423,170**
Financial liabilities					
Deposits from the public	348,469	3,952	100,170	[(5)]241,379	345,501
Deposits from banks	7,284	-	651	6,860	7,511
Deposits from the Government	32	-	-	30	30
Bonds and subordinated notes	34,608	29,830	-	2,955	32,785
Liabilities with respect to derivatives	5,988	830	4,523	[(2)]635	5,988
Other financial liabilities	7,026	1,369	1,660	3,991	7,020
Total financial liabilities	**[(4)]403,407**	**35,981**	**107,004**	**255,850**	**398,835**

(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 106,788 million and NIS 118,594 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 and in deposits from the public, amounting to NIS 9 million and NIS 6 million, respectively.

Note 15 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

A. Fair value balances – continued:

	As of December 31, 2023 (audited)				
					Fair value
	Book balance	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total
Financial assets					
Cash and deposits with banks	86,550	36,486	48,012	2,008	86,506
Securities[(3)]	23,071	17,708	4,905	326	22,939
Securities borrowed or purchased in resale agreements	106	106	-	-	106
Loans to the public, net	325,346	2,379	9,097	[(5)]308,150	319,626
Loans to Governments	480	-	-	480	480
Investments in associated companies	242	-	-	242	242
Assets with respect to derivatives	6,282	481	5,173	[(2)]628	6,282
Other financial assets	1,325	7	-	1,318	1,325
Total financial assets	**[(4)]443,402**	**57,167**	**67,187**	**313,152**	**437,506**
Financial liabilities					
Deposits from the public	358,553	8,483	92,576	256,795	357,854
Deposits from banks	4,571	-	1,084	3,467	4,551
Deposits from the Government	71	-	-	69	69
Bonds and subordinated notes	37,070	33,157	-	2,234	35,391
Liabilities with respect to derivatives	7,367	469	6,242	[(2)]656	7,367
Other financial liabilities	7,832	1,682	1,791	4,354	7,827
Total financial liabilities	**[(4)]415,464**	**43,791**	**101,693**	**267,575**	**413,059**

(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 98,789 million and NIS 117,458 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 16 million.

Note 15 – 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, 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 15 – 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, 2023 (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	2,655	3,455	-	6,110
Of foreign governments	1,388	-	-	1,388
Of banks and financial institutions in Israel	370	38	9	417
Of banks and financial institutions overseas	11	261	-	272
Asset-backed (ABS)	1	55	-	56
Of others in Israel	769	85	2	856
Of others overseas	196	4	3	203
Investments in shares not held for trading	211	60	24	295
Securities held for trading:				
Bonds of the Government of Israel	6,070	18	-	6,088
Bonds of overseas governments	-	111	-	111
Bonds of financial institutions in Israel	1	-	-	1
Bonds of others in Israel	22	-	-	22
Bonds of foreign others	37	-	-	37
Shares held for trading	17	-	-	17
Securities borrowed or purchased in resale agreements	15	-	-	15
Credit with respect to loans to customers	1,986	-	-	1,986
Assets with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	68	77	145
Other	-	1,850	3	1,853
Currency contracts	75	2,989	411	3,475
Contracts for shares	749	23	2	774
Commodities and other contracts	7	-	3	10
Other financial assets	7	-	-	7
Other	-	-	9	9
Total assets	**14,587**	**9,017**	**543**	**24,147**
Liabilities				
Deposits with respect to borrowing from customers	3,952	-	-	3,952
Liabilities with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	121	56	177
Other	-	1,475	60	1,535
Currency contracts	74	2,908	504	3,486
Contracts for shares	749	10	15	774
Commodities and other contracts	7	9	-	16
Other financial liabilities	1,369	-	-	1,369
Other	-	-	6	6
Total liabilities	**6,151**	**4,523**	**641**	**11,315**

(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 15 – 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, 2023 (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	4,818	4,320	-	9,138
Of foreign governments	310	-	-	310
Of banks and financial institutions in Israel	373	65	-	438
Of banks and financial institutions overseas	2	249	-	251
Asset-backed (ABS)	-	56	-	56
Of others in Israel	861	114	-	975
Of others overseas	196	7	2	205
Shares not held for trading	228	52	24	304
Securities held for trading:				
Bonds of the Government of Israel	7,111	39	-	7,150
Bonds of overseas governments	273	-	-	273
Bonds of financial institutions in Israel	4	-	-	4
Bonds of others in Israel	23	-	-	23
Bonds of foreign others	27	3	-	30
Shares held for trading	16	-	-	16
Securities borrowed or purchased in resale agreements	106	-	-	106
Credit with respect to loans to customers	2,379	-	-	2,379
Assets with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	51	58	109
Other	-	1,867	2	1,869
Currency contracts	57	3,164	567	3,788
Contracts for shares	421	91	1	513
Commodities and other contracts	3	-	-	3
Other financial assets	7	-	-	7
Other	-	-	16	16
Total assets	**17,215**	**10,078**	**670**	**27,963**
Liabilities				
Deposits with respect to borrowing from customers	8,483	-	-	8,483
Liabilities with respect to derivatives(1)				
Interest contracts:				
NIS / CPI	-	87	25	112
Other	-	1,462	48	1,510
Currency contracts	45	4,600	583	5,228
Contracts for shares	421	91	-	512
Commodities and other contracts	3	2	-	5
Other financial liabilities	1,682	-	-	1,682
Other	-	-	-	-
Total liabilities	**10,634**	**6,242**	**656**	**17,532**

(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 15 – 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, 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	2
Investments in shares for which no fair value is available	-	-	374	374	22

	March 31, 2023 (unaudited)				For the three months ended March 31, 2023
					Fair value
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)
Non-accruing credit whose collection is contingent on collateral	-	-	59	59	(7)
Investments in shares for which no fair value is available	-	-	281	281	-

	As of December 31, 2023 (audited)				For the year ended December 31, 2023
					Fair value
	Level 1[(1)]	Level 2[(1)]	Level 3[(1)]	Total	Gains (losses)
Non-accruing credit whose collection is contingent on collateral	-	-	280	280	(46)
Investments in shares for which no fair value is available	-	-	298	298	21

(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 15 – 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, 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	Acquisitions	Sales	Dispositions	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	-
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 15 – 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, 2023 (Unaudited)									
		Net realized / unrealized gains (losses) included[(1)]								
	Fair value as of December 31, 2022	In statement of profit and loss	In statement of other comprehensive income under Equity	Acquisitions	Sales	Dispositions	Transfer to level 3[(3)]	Transfer to level 3[(3)]	Fair value as of March 31, 2023	Unrealized gains (losses) with respect to instruments held as of March 31, 2023
Assets										
Securities available for sale										
Bonds:										
Of foreign financial institutions	-	-	-	-	-	-	9	-	9	-
Of others in Israel	11	8	(6)	-	-	(11)	-	-	2	-
Of others overseas	3	-	-	-	-	-	-	-	3	-
Shares not held for trading	23	1	-	-	-	-	-	-	24	1
Assets with respect to derivatives[(2)]										
Interest contracts:										
NIS / CPI	56	13	-	2	-	-	6	-	77	33
Other	3	2	-	-	-	(2)	-	-	3	3
Currency contracts	307	106	-	166	-	(168)	-	-	411	198
Contracts for shares	39	(8)	-	1	-	(30)	-	-	2	-
Commodities and other contracts	2	1	-	-	-	-	-	-	3	-
Other	9	-	-	-	-	-	-	-	9	-
Total assets	**453**	**123**	**(6)**	**169**	**-**	**(211)**	**15**	**-**	**543**	**235**
Liabilities										
Liabilities with respect to derivatives[(2)]										
Interest contracts:										
NIS / CPI	61	10	-	1	-	(19)	3	-	56	(2)
Other	64	(4)	-	-	-	-	-	-	60	(62)
Currency contracts	233	159	-	257	-	(145)	-	-	504	(329)
Contracts for shares	83	(1)	-	4	-	(71)	-	-	15	-
Other	7	(1)	-	-	-	-	-	-	6	-
Total liabilities	**448**	**163**	**-**	**262**	**-**	**(235)**	**3**	**-**	**641**	**(393)**

(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 15 – 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, 2023 (audited)									
		Net realized / unrealized gains (losses) included[(1)]								
	Fair value as of December 31, 2022	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 December 31, 2023	Unrealized gains (losses) with respect to instruments held as of December 31, 2023
Assets										
Securities available for sale										
Bonds:										
Of foreign financial institutions	-	-	-	-	-	-	-	-	-	-
Of others in Israel	11	8	(6)	-	(2)	(11)	-	-	-	(1)
Of others overseas	3	-	-	-	-	(2)	1	-	2	-
Shares not held for trading	23	1	-	-	-	-	-	-	24	1
Assets with respect to derivatives[(2)]										
Interest contracts:										
NIS / CPI	56	7	-	7	-	(27)	42	(27)	58	54
Other	3	2	-	61	-	(4)	-	(60)	2	48
Currency contracts	307	261	-	1,007	-	(937)	-	(71)	567	417
Contracts for shares	39	(10)	-	16	-	(44)	-	-	1	-
Commodities and other contracts	2	(2)	-	-	-	-	-	-	-	-
Other	9	7	-	-	-	-	-	-	16	-
Total assets	**453**	**274**	**(6)**	**1,091**	**(2)**	**(1,025)**	**43**	**(158)**	**670**	**519**
Liabilities										
Liabilities with respect to derivatives[(2)]										
Interest contracts:										
NIS / CPI	61	11	-	4	-	(77)	45	(19)	25	(27)
Other	64	-	-	67	-	(7)	-	(76)	48	(75)
Currency contracts	233	803	-	1,180	-	(1,422)	-	(211)	583	(712)
Contracts for shares	83	(4)	-	6	-	(85)	-	-	-	-
Other	7	(7)	-	-	-	-	-	-	-	-
Total liabilities	**448**	**803**	**-**	**1,257**	**-**	**(1,591)**	**45**	**(306)**	**656**	**(814)**

(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 15 – 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, 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	3.01%-2.60%	2.82%
Contracts for shares	5	Options pricing model	Standard deviation per share	95.79%-56.75%	65.89%
Other	364	Cash flows discounting	Counter-party credit quality	3.10%-0.30%	1.74%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	28	Cash flows discounting	Inflationary expectations	2.96%-2.64%	2.85%
Other	392	Cash flows discounting	Counter-party credit quality	3.30%-0.30%	1.95%

	Fair value as of March 31, 2023	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 financial institutions in Israel	9	Cash flows discounting	Price	48,939.79	48,939.79
Bonds of others in Israel	2	NAV (Net Asset Value) model	Price	13.3	13.3
Bonds of foreign others	3	Cash flows discounting	Price	15.00-62.10	23.63
Assets with respect to derivative instruments:					
NIS / CPI	34	Cash flows discounting	Inflationary expectations	3.01%-0.17%	2.82%
Contracts for shares	1	Options pricing model	Standard deviation per share	170.65%-38.71%	89.06%
Other	470	Cash flows discounting	Counter-party credit quality	3.10%-0.30%	2.16%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	55	Cash flows discounting	Inflationary expectations	3.01% - 2.70%	2.84%
Other	586	Cash flows discounting	Counter-party credit quality	3.60%-0.30%	1.84%

	Fair value as of December 31, 2023	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	10.51
Assets with respect to derivative instruments:					
NIS / CPI	24	Cash flows discounting	Inflationary expectations	3.05%-2.37%	2.72%
Contracts for shares	4	Options pricing model	Standard deviation per share	145.27%-48.45%	72.06%
Other	616	Cash flows discounting	Counter-party credit quality	2.60%-1.80%	1.84%
Liabilities with respect to derivative instruments:					
Interest contracts – NIS CPI	24	Cash flows discounting	Inflationary expectations	3.05%-2.55%	2.82%
Other	632	Cash flows discounting	Counter-party credit quality	2.50%-1.80%	1.83%

Note 15 – Balances and estimates of fair value of financial instruments – continued

Reported amounts (NIS in millions)

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, 2024, March 31, 2023 and December 31, 2023, the Bank did not select the fair value option.

Note 16 – Other Matters

- 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 is not to 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). Furthermore, 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 2024 includes the impact of the law in question with requisite adjustments.

- 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 salary 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 will apply to Financial Statements starting from the second quarter of 2024, and its impact is not expected to be material.

Note 17 – Events after the balance sheet date

A. On May 22 2024 the Bank Board of Directors decided to distribute dividends to the sum of 508.8 million NIS, which constitute 40% of the profits for the first quarter of 2024, in accordance with the Bank's dividend policy, and after examining the Bank's capital planning in the various scenarios.

The dividend amount is 1,970.04% of issued capital, i.e. NIS 197.00 per NIS 0.1 par value share. The effective date for dividends payment is May 30, 2024 and the payment date is June 6, 2024. 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 2024.

B. At the Board of Directors meeting from May 22, 2024, in which the Financial Statements for the first quarter of 2024 were approved and which Mr. Moshe Vidman, Chairman of the Board of Directors was unable to attend, the Board of Directors certified Mr. Avraham Zeldman, who serves as a Board member, to sign these Financial Statements in his place. This, in coordination and with the knowledge of the Supervisor of Banks.

Bank Mizrahi Tefahot

Corporate Governance, Audit, Additional Details on the Bank and its Management

Table of Contents

Corporate governance

Board of Directors and management

Board of Directors

During the first quarter of 2024, the Bank Board of Directors held 8 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 during the first quarter of 2024 and through publication of these financial statements:

- On February 12, 2024, the Bank reported that the Bank's Board of Directors resolved to appoint Mr. Avi Zeldman to be Chairman of the Board of Directors, effective as from June 16, 2024, after expiration of Moshe Vidman's term in office. For further details see the Bank's report from February 12, 2024 (reference no. 2024-01-045285).
- A General Meeting was held on February 20, 2024 in which it was resolved to (re-)appoint of Ms. Esteri Gilez-Ran as External Board member of the Bank, pursuant to the Corporate Law (and as such will be considered an independent director), who shall also serve as a Bank External Board member pursuant to Directive 301, for a further term of three (3) years (second term in office) starting February 27, 2024. For further details see the Bank's report from February 20, 2024 (reference no. 2024-01-018129).
- On March 28, 2024, the Bank reported that the Bank's Board of Directors had announced its intention to (re)-appoint Mr. Moshe Widman as Bank Board Member. On May 12 the Commissioner of Banks announced that he had no objection to the appointment in question. For further details see the Bank's reports from March 28, 2024 and May 12, 2024 (reference nos. 2024-01-034656 and 2024-01-046762).
- On April 10, 2024 the Bank reported that it had received the message from the Commissioner of Banks, according to which he had no objection to the appointment of Mr. Avraham Zeldman as Chairman of the Board of Directors, subject to Mr. Zeldman resigning from his activities at Fox Wizel Ltd. and Polyurethane Ltd. For further details see the Bank's report from April 10, 2024 (reference no. 2024-01-036214).

Bank management and senior officers

In the first quarter of 2024 there were no changes to members of Bank management and senior officers.

Internal Auditor

Information about Internal Audit at the Group, including professional standards applied by Internal Audit, the annual and multi-annual work plan and considerations in setting this plan, the scope of work of the Internal Auditor and their team and reporting of the Internal Auditor's findings are provided in chapter "Corporate governance, audit, other information about the Bank and its management" of the 2023 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

Banking Regulations (Licensing) (Bank with large-scale operations), 2023

On January 30, 2023, the Knesset Finance Committee approved Banking Regulations (Licensing) (Bank with large-scale operations), 2023, which *inter alia* revised the definition of a bank with large-scale operations, which now also applies to the Bank.

According to the Regulations, the Bank would be required to reduce credit card facilities by 25%, from January 31, 2027 through January 31, 2030, compared to the relevant facilities (facilities in excess of NIS 10,000) for credit cards in 2015. The Minister of Finance announced their intention to eliminate this restriction in the upcoming Arrangements Law.

Moreover, as from January 31, 2026, the share of new cards issued by a credit card issuer of a single bank may not exceed 52%. This is in effect for 3 years.

The Bank is preparing to implement the directive.

Special Payment for the Achievement of Budgetary Goals 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.

In accordance with the law, 75% of the tax rate will apply in 2024, across the entire year. The provision to taxes on income in these Financial Statements 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.

Payment Services and Payment Initiation Regulation Law, 2023

On June 6, 2023, the law was published, as part of the 2023 Arrangements Law (The Economic Plan Law (Legislative Amendments for Implementation of Economic Policy for 2023 and 2024 Budget Years), 2023), and will come into effect on June 6, 2024.

The law regulates the licensing of those supplying payment services and payment initiation services. Most payment services shall be under existing regulation (Financial Services Supervision Law (Regulated Financial Services), 2016), however current regulation is based on the definitions of the Payment Services Law, 2019 and is expected to be broader. In addition, the regulation’s authority moves from the Capital Market Authority to the Securities Authority.

In all matters pertaining to payment services, the Law exempts form licensing holders of certain licenses, including banks, and therefore the Bank will not require an additional license by virtue of the law in question. Therefore, there are no expected implications of the law in question regarding the Bank’s activity in the provision of payment services. At the same time, the law will influence non-bank entities that provide payment services, including service providers who manage their accounts and activities at the Bank.

In addition the law regulates, for the first time, the activity of bodies dealing in “payment initiation” services – services that allow the initiation of a payment order from a payment account (such as a checking account) through a service provider who helps writing the payment and transferring it to the payment account manager. (also known as account-to-account service or ACH). This is an innovative service that is already active in Europe but has not yet been activated in Israel, and is designed to allow the easy transfer of payments between accounts, and create among other things an alternative/competing infrastructure for the credit cards’ clearance system.

This subject was partially regulated in the Bank of Israel’s provisions (PBM 368) but implementing it has been difficult until the regulation of the licensing of the initiation service providers. This law influences the bank in both contexts: (1) The Bank shall be committed to allow initiation service providers, who hold a suitable license and digital certificate, and customers engaging those initiation service providers, to provide the Bank with payment orders through the suitable interface system. the transfer of funds on the basis of a telephone number. (2) In addition, the Bank shall be able to provide payment initiation services, by themselves or in cooperation with others, and expand the payment options our customers can receive. This option involves the approval of the Bank of Israel, but the Bank has already receive such approval.

The law regulates, among other things, the manner in which customers receive authorization to allow initiation service providers to pay their accounts.

The law has no impact on the Bank's financial statements.

Supervisor of Banks

Circulars and public reporting directives

Interest risk in bank portfolio

On May 24, 2023, the Supervisor of Banks issued a circular updating Proper Conduct of Banking Business Directive 333 concerning "Interest risk in bank portfolio". The updated directive adopts the current document on interest risk in bank portfolio issued by the Basel Committee on Bank Supervision. The circular includes, *inter alia*, the following updates:

- Guidelines for interest risk management – The guidelines listed in the directive include, *inter alia*, corporate governance arrangements for risk management and risk monitoring, risk delineation, risk measurement both in terms of economic value and in terms of earnings, use of diverse scenarios, including stress tests, strict handling of instruments with behavioral options and of assumptions used in modelling thereof for risk estimation, management of risk in models for management of interest risk in bank portfolio, reporting to the Board of Directors and to senior management, as well as proper handling of risk under Pillar 2.
- The standard framework – The directive includes certain provisions with regard to measurement of interest risk in bank portfolio based on economic value of capital, and in particular with regard to measurement of cash flows.
- Calculation of interest shocks – The directive includes provisions for calculation of standard interest shocks for banks and settlement providers, to be adjusted for standard interest shocks in public disclosure requirements.

On December 20, 2023 the Supervisor of Banks issued a circular on the subject of interest risk in bank portfolio replacing the provision (Proper Bank Management 333) with a new provision coming into effect on July 1 2025. 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.

Emphasis for the banking system due to the war

On October 12, 2023, the Supervisor of Banks issued a circular regarding emphasis for the banking system due to the war. In this publication, the Supervisor of Banks noted that the system should strive to continue providing professional services that are appropriate and continuous to its customers, and to manage all of the operational and financial risks specific to this period. Based on these targets, the banking system should comply with the following: Board discussions, relief and assistance to customers in meeting obligations, with emphasis on residents of areas under a state of emergency, IDF soldiers currently called up for service and their families, as well as small businesses that have closed or that operate in reduced capacity due to the current situation. Moreover, the banking system is required to increase monitoring of all risk, with regard to diverse aspects including those of capital, liquidity and credit, including adjustment to policy and models for even stricter stress scenarios, and review of the required liquidity level. Furthermore, review is required of appropriateness of risk management measures and tools, while bolstering the control, management and audit mechanisms in all key operations of the bank and credit card issuer. Moreover, the Supervisor of Banks has partially activated the reporting requirements under special circumstances, which help the Supervisor of Banks in analyzing the situation, making appropriate decisions and providing a response to public inquiries. The Supervisor of Banks also indicated that the banking system should prepare for increased attempts and cyber attacks against the system.

On October 15, 2023, a discussion took place headed by the Governor of the Bank of Israel and the Supervisor of Banks and attended by CEOs of the banks and credit card companies. Following this discussion, the Bank of Israel published an outline for assistance to bank customers in addressing the implications of the war. This outline consists of two circles. The first circle includes the following customer group: Those residing up to 30 kilometers from the Gaza Strip, those evacuated from their homes by an official entity, as of the issue date of this outline, those who are immediate relatives of those killed, kidnapped or missing in this war and those called up for reserve military duty and those called up under Directive 8. The second circle includes all other bank customers.

On October 18, 2023, November 9, 2023 and January 2, 2024, the Bank of Israel issued supervisory emphasis regarding handling of debt and public reporting. The key emphasis is as follows:

- For borrowers affected by the war, the Supervisor of Banks encourages banking corporations to act so as to allow flexibility in loan repayment for such borrowers.
- Debt in arrears – debt with no payments in arrears upon the outbreak of this war shall not be reported as debt in arrears if payments are not in arrears pursuant to revised terms and conditions of such debt. Otherwise, the status of arrears should be reset to what it was at the outbreak of this war and should be frozen for the duration of payment deferment.
- Problematic debts and accounting write-offs – the banking corporation should exercise discretion when classifying debt as problematic.
- Public disclosure – the banking corporation should provide disclosure for borrower debt affected by the war and subject to revised repayment arrangements, as noted above.
- Provision for credit losses – inclusion of the anticipated impact of Operation Swords of Iron as of soon before publication of the financial statements, should the Bank have additional information about further anticipated impact of the war. The estimated provision would be adjusted for such additional information.
- Disclosure on the Report of the Board of Directors and Management – this should reflect the major effects of the war on the Bank with regard to results and risks.
- Credit risk disclosure on the Report of the Board of Directors and Management – this disclosure shall include material developments in credit risk by operating segment and by economic segment, highlighting sectors subject to increased risk due to the war.

On November 12, 2023, the Bank of Israel sent a letter to banking corporations regarding capital planning and dividend distribution policy, requesting them to review their dividend distribution policy and share buy-back in the coming period, and to advise the Supervisor of Banks of the outcome of such review.

On December 26, 2023, the Bank of Israel issued an expansion of the outline for assisting customers of banks and of credit card issuers in addressing the war. Based on assessments by the Bank of Israel and given that the war continues and impacts many customers from the economic aspect, the Bank of Israel announced the expansion of this outline, adopted by the banks, including *inter alia* the following:

- Extending validity of the current outline by a further three months, through March 31, 2024, for two demographics in first group and in the second group.
- Added demographics in the first group – the first group would also include accounts of those kidnapped or missing, accounts of siblings of those kidnapped or missing and accounts of those who took part at the NOVA party in Re'im.
- With regard to deferred payments on consumer and business loans:
  - Customers who had not deferred payments pursuant to the outline would be entitled to defer payments for three months, subject to filing an application.
  - Customers who had already deferred payments for three months would be entitled to defer payments for a further three months, subject to filing an application, for a total maximum deferment period of six months.

On April 24, 2024 the Bank of Israel published an additional extension of 3 months to the outline, to June 30, 2024, and adjustments were made to the first circle population.

Adjustments to Proper Conduct of Banking Business Directives for addressing the war (Interim Directive)

Due to the war started on October 7, 2023 and its implications for the Israeli economy, and in order to assist the banking system and its customers to address this challenging situation, the Supervisor of Banks issued a range of relief measures included in this interim directive.

Proper Conduct of Business Banking Directive 251 – the adjustments to this directive are designed to allow banks and credit card companies the business flexibility required at this time, in order to provide relief to customers affected by the state of war. This interim directive shall be revised from time to time as required. The steps taken include adjustments to addressing public complaints, management of credit facilities in checking accounts, adjustments regarding E-banking due to the many customers called up for reserve military service or required to evacuate their homes, extension of the period allowed for providing financial data and currency of financial reports, relief in conducting rotations and contiguous time off, extension of dates in procedures for extending residential mortgages, relief on limitations on extending residential mortgages, management of AML and terror financing risk and so forth.

On February 4, 2024 some of the reliefs in Provision 251 were extended to March 31, 2024, with the exception of a continuous vacation in effect until April 30, 2024.

On December 20, 2023, the Supervisor of Banks issued relief with regard to the leverage ration (Proper Conduct of Banking Business Directive 218), such that relief provided in Interim Directive 250 was included in Directive 218 and was extended through December 31, 2025.

Proper Conduct of Banking Business Directive 203 regarding "Measurement and capital adequacy – standard approach – credit risk" – it has been clarified that increase in LTV above 80% for loans designated for land purchase for development or construction, due to interest accrued through December 31, 2023 due to any grace period granted after October 7, 2023 would not be accounted for in LTV calculation.

The Bank is implementing the directives. Application of this directive has no material impact on the Bank's financial statements.

Bank's credit rating

On August 1, 2023, 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 / Stable outlook.

On May 2, 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.

On May 2, 2024, rating agency S&P Global Ratings (hereinafter: "S&P") confirmed the long-term issuer credit rating of A- and the 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 April 4, 2024 rating Company Fitch Ratings (hereinafter: "Fitch”) removed the Bank’s rating from a negative watch list, following the removal of the State of Israel’s rating from a negative watch list. Fitch ratified the Bank's long-term IDR at A, and the Bank's short-term IDR at F1+ Negative Outlook. The rating of CoCo notes is BBB.

On February 9, 2024, Moody's rating agency (hereinafter: “Moody’s”) lowered the credit rating for Israel from A1 to A2, due to concern about implications of the war in Gaza and military escalation in the North. The rating outlook was also lowered, to Negative. Further to its decision to lower the rating for the State of Israel, on February 13, 2024 Moody's announced it was lowering the credit rating of the top 5 banks in Israel, to A3 / Negative outlook.

On May 10, 2024 the country's rating of A2 was ratified, and the forecast remained negative.

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 A2 (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 2023 financial statements.

Appendix 1 – Interest Revenues and Expenses Rates – of the Bank and its Subsidiaries[1]

Reported amounts (NIS in millions)

A. Average balances and interest rates – assets

	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	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	314,808	[7]4,547	5.78	300,365	[7]4,736	6.31
Outside of Israel	9,195	221	9.61	6,747	139	8.24
Total	**324,003**	**4,768**	**5.89**	**307,112**	**4,875**	**6.35**
Loans to the Government						
In Israel	421	5	4.75	337	3	3.56
Outside of Israel	50	1	8.00	86	2	9.30
Total	**471**	**6**	**5.10**	**423**	**5**	**4.73**
Deposits with banks						
In Israel	963	6	2.49	2,888	23	3.19
Outside of Israel	210	-	-	141	-	-
Total	**1,173**	**6**	**2.05**	**3,029**	**23**	**3.04**
Deposits with central banks						
In Israel	61,394	558	3.64	68,066	547	3.21
Outside of Israel	21,913	294	5.37	17,393	193	4.44
Total	**83,307**	**852**	**4.09**	**85,459**	**740**	**3.46**
Securities borrowed or purchased in resale agreements						
In Israel	144	2	5.67	197	2	4.12
Outside of Israel	-	-	-	-	-	-
Total	**144**	**2**	**5.67**	**197**	**2**	**4.12**
Bonds held to maturity and available for sale[4]						
In Israel	14,398	92	2.56	12,756	100	3.14
Outside of Israel	1,284	20	6.23	1,128	14	4.96
Total	**15,682**	**112**	**2.86**	**13,884**	**114**	**3.28**
Bonds held for trading[5]						
In Israel	8,888	10	0.45	4,568	1	0.09
Outside of Israel	-	-	-	-	-	-
Total	**8,888**	**10**	**0.45**	**4,568**	**1**	**0.09**
Total interest-bearing assets	**433,668**	**5,756**	**5.31**	**414,672**	**5,760**	**5.56**
Receivables for credit card operations	4,664			4,235		
Other non-interest bearing assets[6]	9,396			8,440		
Total assets	**447,728**			**427,347**		
Total interest-bearing assets attributed to overseas operations	**32,652**	**536**	**6.57**	**25,495**	**348**	**5.46**

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, 2024			For the three months ended March 31, 2023		
	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	33,115	339	4.09	(11)36,230	213	2.35
Term deposits	229,195	2,335	4.08	203,989	1,916	3.76
Outside of Israel						
On-call	447	-	-	437	-	-
Term deposits	11,091	148	5.34	7,049	93	5.28
Total	**273,848**	**2,822**	**4.12**	**247,705**	**2,222**	**3.59**
Deposits from the Government						
In Israel	60	1	6.67	76	-	-
Outside of Israel	-	-	-	-	-	-
Total	**60**	**1**	**6.67**	**76**	**-**	**-**
Deposits from banks						
In Israel	3,978	23	2.31	7,389	26	1.41
Outside of Israel	747	-	-	-	-	-
Total	**4,725**	**23**	**1.95**	**7,389**	**26**	**1.41**
Securities loaned or sold in re-purchase agreements						
In Israel	-	-	-	-	-	-
Outside of Israel	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Bonds and subordinated notes						
In Israel	36,590	205	2.24	33,724	366	4.34
Outside of Israel	-	-	-	-	-	-
Total	**36,590**	**205**	**2.24**	**33,724**	**366**	**4.34**
Other liabilities						
In Israel	9,434	20	0.85	6,383	-	-
Outside of Israel	-	-	-	-	-	-
Total	**9,434**	**20**	**0.85**	**6,383**	**-**	**-**
Total interest-bearing liabilities	**324,657**	**3,071**	**3.78**	**295,277**	**2,614**	**3.54**
Non-interest bearing deposits from the public	77,155			(11)87,835		
Payables for credit card transactions	3,829			4,017		
Other non-interest bearing liabilities(8)	12,414			14,018		
Total liabilities	**418,055**			**401,147**		
Total equity instruments	**29,673**			**26,200**		
Total liabilities and equity instruments	**447,728**			**427,347**		
Interest spread			**1.53**			**2.02**
Net return(9) on interest-bearing assets						
In Israel	401,016	2,297	2.29	389,177	2,891	2.97
Outside of Israel	32,652	388	4.75	25,495	255	4.00
Total	**433,668**	**2,685**	**2.48**	**414,672**	**3,146**	**3.03**
Total interest-bearing liabilities attributed to overseas operations	**12,285**	**148**	**4.82**	**7,486**	**93**	**4.97**

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, 2024			For the three months ended March 31, 2023		
	Average balance(2)	Interest expenses (revenues)	Expense (revenue) rate	Average balance(2)	Interest expenses (revenues)	Expense (revenue) rate
			in %			in %
Israeli currency – non-linked						
Total interest-bearing assets	301,862	4,105	5.44	291,279	3,775	5.18
Total interest-bearing liabilities	219,251	(1,999)	(3.65)	(11)202,872	(1,456)	(2.87)
Interest spread			**1.79**			**2.31**
Israeli currency – linked to the CPI						
Total interest-bearing assets	83,978	870	4.14	81,281	1,397	6.87
Total interest-bearing liabilities	46,926	(295)	(2.51)	46,179	(612)	(5.30)
Interest spread			**1.63**			**1.57**
Foreign currency (including Israeli currency linked to foreign currency)						
Total interest-bearing assets	15,176	245	6.46	16,617	240	5.78
Total interest-bearing liabilities	46,195	(629)	(5.45)	38,740	(453)	(4.68)
Interest spread			**1.01**			**1.10**
Total – operations in Israel						
Total interest-bearing assets	401,016	5,220	5.21	389,177	5,412	5.56
Total interest-bearing liabilities	312,372	(2,923)	(3.74)	287,791	(2,521)	(3.50)
Interest spread			**1.47**			**2.06**

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, 2024 vs. three months ended March 31, 2023		
	Increase (decrease) due to change[10]		
	Volume	Price	Net change
Interest-bearing assets			
Loans to the public			
In Israel	209	(398)	(189)
Outside of Israel	59	23	82
Total	**268**	**(375)**	**(107)**
Other interest-bearing assets			
In Israel	(20)	17	(3)
Outside of Israel	63	43	106
Total	**43**	**60**	**103**
Total interest revenues	**311**	**(315)**	**(4)**
Interest-bearing liabilities			
Deposits from the public			
In Israel	225	320	545
Outside of Israel	52	3	55
Total	**277**	**323**	**600**
Other interest-bearing liabilities			
In Israel	12	(155)	(143)
Outside of Israel	-	-	-
Total	**12**	**(155)**	**(143)**
Total interest expenses	**289**	**168**	**457**

(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 Non-accruing interest revenues debt.
(4) From the average balance of bonds available for sale, for the three-month periods ended March 31, 2024 and March 31, 2023, 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 (265) million and NIS (632) million, respectively.
(5) From the average balance of bonds held for trading, for the three-month periods ended March 31, 2024 and March 31, 2023, we (added) deducted the average balance of unrealized (loss) gain from adjustment to fair value of bonds held for trading, amounting to NIS (12) million and NIS 9 million.
(6) Includes derivative instruments, other non-interest bearing assets, net of provision for credit losses.
(7) Commissions amounting to NIS 114 million and NIS 113 million included under interest revenues for the three-month periods ended March 31, 2024 and 2023, 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 and index of terms included on the financial statements

Below is a summary of terms used on the financial statements:

Terms with regard to risk management and capital adequacy at the Bank

B	**Basel – Basel II / Basel III** – A framework for assessment of capital adequacy and risk management, published by the Basel Committee on Bank Supervision.
C	**Counter-party credit risk** – The risk that the other party to a transaction would be in default before final settlement of cash flows in the transaction.
	CVA – Credit Valuation Adjustment – CVA is the component of the fair value of a derivative, which accounts for the credit risk of the counter-party to the transaction. CVA risk is the risk of loss from revaluation to market value due to expected counter-party risk for over-the-counter (OTC) derivatives. This means loss due to impairment of fair value of derivatives, due to increase in counter-party credit risk (such as: lowered rating).
E	**EVE – Economic Value of Equity** – The economic value approach to analysis and estimation of the effect of changes in interest rates on the fair value of assets, liabilities and off-balance sheet positions of the Bank.
I	**ICAAP – Internal Capital Adequacy Assessment Process** by the Bank. The process includes, *inter alia*, setting capital targets, capital planning processes and review of the status of capital under diverse stress scenarios. This process is part of Pillar 2 of the Basel II directive.
L	**Loan To Value Ratio (LTV)** – The ratio between the approved facility when extended and the asset value.
	LGD (Loss Given Default) – Loss rate from credit should the customer go into default.
M	**Minimum capital ratio** – The ratio represents the minimum supervisory capital ratios which the Bank is required to maintain, pursuant to requirements set forth in Proper Conduct of Banking Business Directive 201.
P	**Pillar 2** – The second pillar of the Basel II document, referring to the supervisory review process. This part consists of the following underlying principles: The Bank shall conduct an ICAAP process, as defined above. The banking supervision shall conduct a process to assess the bank's capital adequacy assessment process, to review the bank's capacity to monitor and comply with supervisory capital ratios. The bank is expected to operate above the minimum capital ratios specified.
	Pillar 3 – The third pillar of the Basel II document, designed to promote market discipline by developing a set of disclosure requirements that would allow market participants to assess the capital, risk exposure and risk assessment processes, and accordingly – to assess the bank's capital adequacy.
	PD (Probability of Default) – Probability (in percent) of a borrower going into default within a specified time.
S	**Standard approach** – An approach used to calculate the required capital with respect to credit risk, market risk or operational risk. Calculation of capital allocation is conducted according to a formula based on supervisory assessment components, as specified by the Supervisor of Banks.
	Supervisory capital (total capital) – Supervisory capital consists of two tiers: Tier I capital, which includes Tier I equity and additional Tier I capital and Tier II capital. As defined in Proper Conduct of Banking Business Directive 202 "Capital measurement and adequacy – Supervisory capital".
	Subordinated notes – Obligatory notes whose rights are subordinated to claims by other Bank creditors, except for other obligatory notes of the same type.
	Stress tests – Term covering multiple methods designed to assess the financial standing of a banking corporation under a stress scenario.
R	**Risk assets** – Composed of credit risk, operating risk and market risk, calculated using the standard approach, as set forth in Proper Conduct of Banking Business Directives 201-211.
	Risks document – A document which concisely presents the Bank's risk profile, in order to allow the Board of Directors to monitor action taken by management and to ensure that such action is in line with the risk appetite and with the risks management framework approved by the Board of Directors. The risks document is reported and presented to the Board of Directors quarterly.
V	**VAR –** A model used to estimate total exposure to diverse market risks. The VAR (Value at Risk) obtained by the model is a statistical estimate of the maximum expected loss for the Bank due to materialization of market risks factors in a given time period at a pre-determined statistical confidence level.

Terms with regard to banking and finance

A	**Active market** – Market where transactions in 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 time, through final maturity. The average duration of bonds reflects sensitivity of the financial instrument 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 issuer obligations to pay to bond holders the issued principal and interest upon set dates or upon fulfillment of certain conditions.
D	**Derivative instrument** – A financial instrument or contract whose value changes in response to changes in the price of the underlying asset (a financial instrument, physical asset, index, credit rating or other underlying asset), requires a small or minimal initial investment, compared to other contract types, and is expected to be settled on a future date.
	Debt secured by collateral – Non-accruing debt expected to be repaid by realizing collateral provided to secure such debt.
	Debt under special supervision – Debt under special supervision is debt with potential weaknesses that require special attention from Bank management. If such weaknesses are not addressed, the likelihood of debt repayment may deteriorate.
F	**Financial instrument** – A contract that creates a financial asset for one entity and a financial liability or capital instrument for another entity.
I	**Inferior debt** – Inferior debt is debt insufficiently secured by collateral or by debtor repayment capacity, and for which the Bank may incur a loss if faults are not corrected, including debt over NIS 700 thousand which is 60-89 days in arrears.
	Indebtedness – On- and off-balance sheet credit, as defined in Proper Conduct of Banking Business Directive 313.
N	**Non-accruing debt** – Debt reviewed on individual basis where it is expected that the banking corporation would not be able to collect all amounts due and principal and interest payments in conformity with contractual terms and conditions of the debt agreement. Debt reviewed on individual basis is categorized as non-accruing in any case where principal or interest is in arrears over 90 days straight, unless the debt is well secured and is in collection proceedings.
O	**Off-balance sheet credit** – Contracting for providing credit and guarantees (excluding derivative instruments).
P	**Problematic debt** – Debt classified under one of the following negative classifications: special supervision, inferior or non-accruing.
R	**Recorded debt balance** – The debt balance, including recognized accrued interest, un-amortized premium or discount, net deferred commissions or net deferred costs charged to the debt balance and not yet amortized, net of any debt amount subject to accounting write-off.
S	**Syndication** – Loan extended jointly by a group of lenders.

Terms with regard to regulatory directives

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

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