

APPENDICES

APPENDICES

Appendix 1:

Tables

Table 1 | Principal banking system indices, 2015-23

	Common Equity Tier 1 capital ratio ^a (percent)	Leverage ratio ^b (percent)	"ROE (percent)" (percent)	Efficiency ratio ^c	Liquidity coverage ratio ^{d,h} (percent)	Rate of change in balance- sheet credit to the public (percent)	Ratio of bank credit to the public to GDP (percent)	Ratio of credit to deposits (percent)	Annual loan loss provision to total credit to the public (percent)	Hersfindahl- Concentration Index (HHI) ^{e,h}	Average yield spread between bonds of the banks and government bonds ^{f,h} (percentage points)	Ratio of market value to book value ^{g,h} (MV/BV)
2015	9.65	6.34	9.0	66.97	113	4.37	79.26	0.83	0.11	0.20	0.9	0.69
2016	10.69	6.53	8.1	66.89	138	2.61	77.63	0.81	0.10	0.20	0.8	0.83
2017	10.90	6.67	8.7	65.09	126	3.54	77.06	0.81	0.14	0.20	0.7	0.91
2018	10.77	6.76	8.5	64.52	129	3.81	76.36	0.84	0.22	0.20	0.9	0.97
2019	11.16	6.91	8.4	61.54	126	4.26	75.28	0.84	0.29	0.20	0.6	0.69
2020	11.11	6.22	6.2	58.30	137	7.46	81.30	0.75	0.68	0.20	0.6	0.90
2021	10.86	5.83	13.9	54.93	125	13.62	82.77	0.73	-0.25	0.21	0.7	1.16
2022	10.86	6.07	16.5	45.95	133	12.28	83.35	0.77	0.10	0.21	0.9	1.02
2023	11.33	6.46	15.6	40.10	137	6.63	83.82	0.79	0.50	0.21	0.9	0.96

a Calculated in accordance with Proper Conduct of Banking Business Directive 221.

b Calculated in accordance with Proper Conduct of Banking Business Directive 218.

c The ratio between total operating and other expenses and total net interest and noninterest income (cost-to-income).

d The LCR, developed by the Basel Committee to enhance the short-term resilience of banking corporations' liquidity profiles, indicates the quantity of HQLA (High Quality Liquid Assets) that corporations should hold in order to withstand a significant stress scenario that lasts thirty calendar days. The LCR is composed of two elements. The first, in the numerator, is the inventory of HQLA (High Quality Liquid Assets), which is comprised of two levels of assets. Level 1 includes high quality assets that may be held in unlimited amounts, and Level 2 is composed of assets that are limited to a maximum aggregate holding of 40 percent of the HQLA inventory. (This level is divided into two sublevels: 2A and 2B. At the latter level, the share of assets that may be held is limited to 15 percent.) The second element, in the denominator, is the total net cash outflow, i.e., the expected total cash outflow less the expected total cash inflow in the stress scenario. The expected total cash outflow is calculated by multiplying the balances of different categories or types of balance-sheet and off-balance-sheet liabilities by their expected runoff or drawdown rates. The total expected cash inflow is calculated by multiplying outstanding contractual receivables by the rates at which they are expected to be received in the scenario, up to a cumulative 75 percent of the predicted total cash outflow.

e The Herfindahl-Hirschman index of industry concentration is based on a standalone calculation of total credit at each bank, and not on a consolidated basis: $HHI = \sum_{i=1}^n y_i^2$, where y_i = the output of bank i (credit to the public, net) and y = the industry's output.

f Average for December of that year.

g In calculating the MV/BV ratio, the book value (BV) of the five major banks is calculated with a delay of one quarter after the market value (MV). As of December 2014, the book value includes the effect of employee rights and software expenses.

h Calculated for the entire banking system.

i As of January 2022, Israeli banks implement the Current Expected Credit Losses (CECL) methodology, a forward-looking methodology for estimating allowances for credit losses. The change in the ratios is partly due to the transition to this method.

SOURCE: Based on Central Bureau of Statistics, Tel Aviv Stock Exchange, Bank of Israel, published financial statements, and reports to the Banking Supervision Department.

Table 2 | Structure of the Israeli banking system, 2023^a

Bank	Balance sheet data					Direct holdings ^b			Dividends				
	Share of total bank- ing system assets	Share of total bank credit	Num- ber of branches ^c	Total assets	Credit to the public	Total deposits by the public	Equity	Hold- ings by parties at interest ^d	Holdings by insti- tutional investors ^e	Holdings by the public	Dividends distributed	Dividends as a share of net profit	
											net of holdings by parties at interest	(Percent)	
					(NIS million)		(Percent)		(NIS million)	(Percent)			
Leumi	29.2	27.2	199	731,497	426,203	567,824	54,502	1.0	25.5	74.51	2,081	2,060	30
Hapoalim	27.4	26.4	232	686,530	414,375	554,595	52,430	4.0	21.1	78.84	2,431	2,334	33
Mizrahi-Tefahot	17.9	21.0	209	448,204	329,415	358,553	28,703	41.4	5.0	53.65	1,390	815	28
Discount	15.8	16.8	193	395,724	262,941	297,597	29,238	-	27.7	72.33	1,047	1,047	25
First Int'l	8.8	7.6	132	221,593	119,240	191,125	12,646	48.4	5.5	46.17	798	412	37
Jerusalem	0.9	1.0	24	21,826	15,282	16,479	1,368	86.7	-	13.34	36	5	26
Total system	100	100	989	2,505,374	1,567,456	1,986,173	178,887				7,783	6,672	31

a Data on the entire banking system are shown on a consolidated basis.

b As of May 2024.

c Regular and fixed branches (excluding partial and mobile ones), at which customer activity takes place, as opposed to performance units and headquarters of the bank itself, which are also defined by the banks as branches.

d "Party at interest" is defined as someone who holds at least 5 percent of the banking corporation's issued share capital or voting power. In addition, reporting on the holdings of parties at interest includes the holdings of the CEO and of directors.

e Holdings of institutional investors above 5 percent of the banking corporation's issued share capital or voting power. Institutional investors are as defined in Regulation 33(i) of the Securities Regulations (Periodic and Immediate Reports), 5730–1970.

SOURCE: Based on published financial statements, reports to the Banking Supervision Department, and reports to the Tel Aviv Stock Exchange.

Table 3 | Total balance sheet of the Israeli banking system^a, 2021-2023

	In current prices			Rate of change during 2022 (Percent)	Rate of change during 2023 (Percent)	Distribution		
	2021	2022	2023			2021	2022	2023
	(NIS million)					(Percent)		
Assets								
Cash and deposits at banks	602,506	539,869	424,894	-10	-21	27	23	17
<i>Of which:</i>								
Cash ^b	577,796	505,304	388,355	-13	-23	26	21	16
Deposits at commercial banks	24,711	35,532	38,179	44	7	1	1	2
Securities	232,798	267,341	397,593	15	49	10	11	16
<i>Of which:</i>								
Securities provided as collateral to lenders	51,622	64,063	60,786	24	-5	2	3	2
At fair value	202,759	213,954	338,035	6	58	9	9	13
Securities borrowed or bought under reverse repurchase agreements	7,084	5,116	8,790	-28	72	0	0	0
Credit to the public	1,309,284	1,470,048	1,567,456	12	7	59	62	63
Allowance for credit losses	15,950	17,970	23,824	13	33	1	1	1
Net credit to the public	1,293,334	1,452,079	1,543,632	12	6	58	61	62
<i>Of which:</i>								
Unindexed local currency	951,048	1,085,711	1,131,950	14	4	43	46	45
Local currency indexed to the CPI	208,993	229,319	252,897	10	10	9	10	10
Indexed to or denominated in foreign currency	128,479	127,066	149,424	-1	18	6	5	6
<i>Of which:</i>								
In dollars	104,385	95,206	112,619	-9	18	5	4	4
Nonmonetary items	4,814	10,059	9,606	109	-5	0	0	0
Credit to governments	6,861	7,049	9,589	3	36	0	0	0
Investments in subsidiary and affiliated companies	3,210	7,445	7,040	132	-5	0	0	0
Premises and equipment	12,523	12,756	13,722	2	8	1	1	1
Intangible assets	685	657	637	-4	-3	0	0	0
Assets in respect of derivative instruments	37,899	68,510	73,679	81	8	2	3	3
Other assets	23,002	23,606	25,798	3	9	1	1	1
Total assets	2,219,901	2,384,427	2,505,374	7	5	100	100	100
Liabilities and equity (and delete the same words from the cell below – basically just move the location)								
Liabilities and equity	1,797,073	1,909,015	1,986,173	6	4	81	80	79
Deposits of the public								
<i>Of which:</i>								
Deposits of the public	1,289,478	1,379,953	1,433,601	7	4	58	58	57

Table 3 (cont.) | Total balance sheet of the Israeli banking system^a, 2021-2023

	In current prices			Rate of change during 2022	Rate of change during 2023	Distribution		
	2021	2022	2023			2021	2022	2023
	(NIS million)					(Percent)	(Percent)	(Percent)
Local currency indexed to the CPI	55,583	54,905	60,527	-1	10	3	2	2
Indexed to or denominated in foreign currency	445,975	461,621	481,863	4	4	20	19	19
<i>Of which:</i>								
Deposits from banks	61,948	58,536	50,271	-6	-14	3	2	2
Deposits from governments	2,439	3,910	3,493	60	-11	0	0	0
Securities lent or sold under repurchase agreements	5,708	21,568	32,697	278	52	0	1	1
Bonds and subordinated notes	100,093	107,693	114,705	8	7	5	5	5
Liabilities in respect of derivative instruments	42,019	59,248	72,503	41	22	2	2	3
Other liabilities	70,382	65,875	66,644	-6	1	3	3	3
<i>Of which:</i>								
Allowance for credit losses in respect of off-balance-sheet credit instruments	1,729	2,167	2,440	25	13	0	0	0
Total liabilities	2,079,661	2,225,844	2,326,487	7	5	94	93	93
Minority interest	2,512	2,203	2,625	-12	19	0	0	0
Shareholders equity	137,817	156,380	176,262	13	13	6	7	7
Total equity	140,329	158,583	178,887	13	13	6	7	7
Total liabilities and equity	2,219,901	2,384,427	2,505,374	7	5	100	100	100

a On a consolidated basis.

b Including deposits at the Bank of Israel.

SOURCE: Based on published financial statements.

Table 4 | Total securities portfolio of the banking system, December 2022 and December 2023

	Bank Leumi			Bank Hapoalim			Mizrahi-Tefahot						
	31/12/2022		31/12/2023	31/12/2022		31/12/2023	31/12/2022		31/12/2023				
	Book value	Distribution	Book value	Distribution	Book value	Distribution	Book value	Distribution	Book value				
	(NIS million)	(Percent)	(NIS million)	(Percent)	(NIS million)	(Percent)	(NIS million)	(Percent)	(NIS million)				
Securities	Of the Israeli government	32,736	39	95,886	60	67,473	63	84,303	66	10,732	71	19,452	84
	Of foreign governments	16,995	20	26,916	17	24,218	23	25,641	20	1,457	10	583	3
	Of Israeli financial institutions	626	1	481	0	299	0	458	0	774	5	776	3
	Of foreign financial institutions	11,001	13	10,297	6	7,954	7	9,023	7	262	2	251	1
	Asset-backed or mortgage-backed securitiesa	10,999	13	15,567	10	0	0	0	0	55	0	56	0
	Other - Israeli	927	1	982	1	0	0	0	0	953	6	1,100	5
	Other - foreign	5,310	6	5,002	3	3,408	3	3,264	3	259	2	235	1
	Stocks	4,356	5	4,917	3	4,048	4	4,433	3	652	4	618	3
	Total securities, all types	82,950	100	160,048	100	107,400	100	127,122	100	15,144	100	23,071	100

^a Mortgage-backed securities (MBS) issued by US government agencies (FNMA, FHLMC and GNMA) are included in the "Asset-backed or mortgage-backed" item whether there is a government SOURCE: Based on published financial statements.

Table 4 (cont.) | Total securities portfolio of the banking system, December 2022 and December 2023

	Discount Bank			First International			Bank of Jerusalem					
	31/12/2022	31/12/2023	31/12/2023	31/12/2022	31/12/2023	31/12/2023	31/12/2022	31/12/2023				
	Book value (NIS million)	Distribution (Percent)	Book value (NIS million)	Distribution (Percent)	Book value (NIS million)	Distribution (Percent)	Book value (NIS million)	Distribution (Percent)				
Securities												
Of the Israeli government	26,328	59	39,369	66	11,008	13	14,897	9	718	1	698	1
Of foreign governments	5,451	12	5,423	9	3,683	4	10,407	7	71	0	75	0
Of Israeli financial institutions	89	0	99	0	317	0	484	0	39	0	75	0
Of foreign financial institutions	549	1	630	1	360	0	509	0	0	0	0	0
Asset-backed or mortgage-backed securities ^a	8,412	19	9,297	16	108	0	0	0	0	0	0	0
Other - Israeli	398	1	287	0	169	0	104	0	5	0	0	0
Other - foreign	1,774	4	2,160	4	28	0	41	0	92	0	89	0
Stocks	1,793	4	2,003	3	445	1	543	0	1,043	1	1,099	1
Total securities, all types	44,794	100	59,268	100	16,010	19	26,985	17				

^a Mortgage-backed securities (MBS) issued by US government agencies (FNMA, FHLMC and GNMA) are included in the "Asset-backed or mortgage-backed" item whether there is a government

SOURCE: Based on published financial statements.

Table 4 (cont.) | Total securities portfolio of the banking system, December 2022 and December 2023

Securities	Total Banking System					
	31/12/2022			31/12/2023		
	Book value	Distribution	Book value	Distribution	Book value	Distribution
	(NIS million)	(Percent)	(NIS million)	(Percent)	(NIS million)	(Percent)
Of the Israeli government	148,995	984	254,605	1,104		
Of foreign governments	51,875	343	69,045	299		
Of Israeli financial institutions	2,144	14	2,373	10		
Of foreign financial institutions	20,126	133	20,710	90		
Asset-backed or mortgage-backed securities ^a	19,466	129	24,920	108		
Other - Israeli	2,566	17	2,636	11		
Other - foreign	10,784	71	10,702	46		
Stocks	11,386	75	12,603	55		
Total securities, all types	267,341	1,765	397,593	1,723		

^a Mortgage-backed securities (MBS) issued by US government agencies (FNMA, FHLMC and GNMA) are included in the "Asset-backed or mortgage-backed" item whether there is a government **SOURCE:** Based on published financial statements.

SOURCE: Based on published financial statements.

Table 5 | Transactions in off-balance-sheet financial instruments where the par value reflects credit risk, total banking system, 2021–23

	End of year balance			Rate of change during 2022	Rate of change during 2023	Distribution		
	2021	2022	2023			2021	2022	2023
	(NIS million)					Percent		
Documentary credit	5,590	5,216	2,979	-6.7	-42.9	0.9	0.8	0.4
Credit guarantees	19,485	22,671	24,080	16.4	6.2	3.0	3.4	3.3
Guarantees for home purchases	96,993	118,536	105,046	22.2	-11.4	15.0	17.9	14.5
Other guarantees and liabilities	78,937	98,651	99,467	25.0	0.8	12.2	14.9	13.7
Unutilized credit card facilities	73,949	81,419	99,162	10.1	21.8	11.4	12.3	13.7
Unutilized CLA and other credit facilities in demand accounts	104,494	89,669	103,749	-14.2	15.7	16.2	13.5	14.3
Irrevocable commitments to provide credit that has not yet been extended	190,181	168,493	189,000	-11.4	12.2	29.4	25.4	26.1
Commitments to issue guarantees	77,121	78,582	101,758	1.9	29.5	11.9	11.8	14.0
Total	646,749	663,237	725,241	2.5	9.3	100.0	100.0	100.0

SOURCE: Based on published financial statements.

Table 6 | Main items in consolidated profit and loss statements, total banking system, December 2021 to December 2023

	Bank Leumi				Bank Hapoalim				Mizrahi-Tefahot Bank			
	2021	2022	2023	Percentage change, December 2023 compared with December 2022	2021	2022	2023	Percentage change, December 2023 compared with December 2022	2021	2022	2023	Percentage change, December 2023 compared with December 2022
Interest income	11,672	18,795	33,655	79.06	11,684	19,220	32,971	71.55	10,557	16,195	24,005	48.22
Interest expenses	1,326	5,584	17,658	216.22	1,917	5,753	16,886	193.52	2,872	5,955	12,030	102.02
Net interest income	10,346	13,211	15,997	21.09	9,767	13,467	16,085	19.44	7,685	10,240	11,975	16.94
Loan loss provisions	-812	498	2,383	378.51	-1,220	-34	1,879	-5,626.47	-278	532	1,463	175.00
Net interest income after loan loss provisions	11,158	12,713	13,614	7.09	10,987	13,501	14,206	5.22	7,963	9,708	10,512	8.28
Noninterest income	5,511	5,018	5,181	3.25	4,625	4,453	5,297	18.95	2,635	3,428	2,805	-18.17
of which: Noninterest financing income	1,714	1,408	1,279	-9.16	1,081	581	1,267	118.07	401	754	511	-32.23
of which: Stocks ^a	842	1,203	335	-72.15	612	-106	369	-448.11	139	-49	28	-157.14
Bonds ^b	213	-344	-246	-28.49	202	-137	-569	315.33	34	38	-138	-463.16
Activity in derivative instruments ^c	-1,303	7,641	2,926	-61.71	-1,430	6,586	4,025	-38.89	-896	3,815	1,583	-58.51
Exchange rate differentials	1,962	-7,151	-1,741	-75.65	1,697	-5,659	-2,369	-58.14	1,124	-3,063	-964	-68.53
of which: Fees	3,506	3,535	3,737	5.71	3,355	3,705	3,892	5.05	1,947	2,052	2,028	-1.17
Total operating and other expenses	7,428	6,835	6,894	0.86	7,803	7,972	8,231	3.25	5,568	6,173	5,569	-9.78
of which: salaries and related expenses	4,242	3,935	3,484	-11.46	4,333	4,387	4,492	2.39	3,536	4,029	3,544	-12.04
Pre-tax profit	9,241	10,896	11,901	9.22	7,809	9,982	11,272	12.92	5,030	6,963	7,748	11.27
Provision for tax on profits	3,275	3,564	3,988	11.90	2,958	3,548	3,930	10.77	1,730	2,356	2,669	13.29
After-tax profit	5,966	7,332	7,913	7.92	4,851	6,434	7,342	14.11	3,300	4,607	5,079	10.25
Net profit attributed to shareholders	6,028	7,709	7,027	-8.85	4,914	6,532	7,360	12.68	3,188	4,472	4,910	9.79
Total pre-tax ROE (percent)	23.00	24.03	23.20		18.76	22.55	23.01		24.93	31.30	30.06	
Total after-tax ROE (percent)	15.00	17.00	13.70		11.80	14.75	15.02		15.80	20.10	19.05	
Total ROA (percent)	0.99	1.14	0.98		0.83	1.00	1.09		0.85	1.09	1.12	

Table 6 (cont.) | Main items in consolidated profit and loss statements, total banking system, December 2021 to December 2023

	Discount Bank				First International				Bank of Jerusalem			
	2021	2022	2023	Percentage change, December 2023 compared with December 2022	2021	2022	2023	Percentage change, December 2023 compared with December 2022	2021	2022	2023	Percentage change, December 2023 compared with December 2022
Interest income	7,491	11,700	20,712	77.03	3,150	5,161	9,850	90.85	629	907	1,371	51.20
Interest expenses	962	3,007	9,776	225.11	356	1,358	4,884	259.65	175	312	639	105.20
Net interest income	6,529	8,693	10,936	25.80	2,794	3,803	4,966	30.58	454	595	732	22.93
Loan loss provisions	-693	407	1,502	269.04	-216	123	502	308.13	-59	79	133	69.16
Net interest income after loan loss provisions	7,222	8,286	9,434	13.85	3,010	3,680	4,464	21.30	513	516	598	15.88
Noninterest income	3,962	4,251	5,138	20.87	1,756	1,611	1,652	2.55	161	225	161	-28.44
of which: Noninterest financing income	765	417	1,218	192.09	303	113	142	25.66	45	77	37	-52.07
of which: Stocks ^a	395	65	151	132.31	231	-62	60	-196.77	0	5	2	-63.83
Bonds ^b	109	-8	-255	3,087.50	21	-31	-101	225.81	0	-4	-1	-75.00
Activity in derivative instruments ^c	-807	3,116	2,343	-24.81	-440	1,616	459	-71.60	-2	4	7	86.11
Exchange rate differentials	1,065	-2,780	-1,021	-63.27	489	-1,408	-274	-80.54	3	8	-12	-251.22
of which: Fees	3,125	3,404	3,495	2.67	1,444	1,489	1,502	0.87	103	117	124	5.90
Total operating and other expenses	6,858	7,217	7,966	10.38	2,652	2,755	2,877	4.43	452	490	546	11.47
of which: salaries and related expenses	3,468	3,568	3,850	7.90	1,601	1,680	1,746	3.93	207	222	254	14.60
Pre-tax profit	4,326	5,320	6,606	24.17	2,114	2,536	3,239	27.72	222	251	213	-15.17
Provision for tax on profits	1,516	1,806	2,316	28.24	728	884	1,090	23.30	78	87	76	-12.50
After-tax profit	2,810	3,514	4,290	22.08	1,386	1,652	2,149	30.08	144	164	137	-16.60
Net profit attributed to shareholders	2,773	3,495	4,192	19.94	1,405	1,667	2,172	30.29	144	163	135	-17.63
Total pre-tax ROE (percent)	21.22	22.98	24.74		22.12	25.25	29.38		20.67	21.21	16.62	
Total after-tax ROE (percent)	13.60	15.10	15.70		14.70	16.60	19.70		13.40	13.80	10.50	
Total ROA (percent)	0.88	0.85	0.96		0.81	0.89	1.04		0.91	0.91	0.66	

Table 6 (cont.) | Main items in consolidated profit and loss statements, total banking system, December 2021 to December 2023

	Total banking system			
	2021	2022	2023	Percentage change, December 2023 compared with December 2022
Interest income	45,183	71,985	122,634	70.36
Interest expenses	7,608	21,973	61,916	181.78
Net interest income	37,575	50,012	60,718	21.41
Loan loss provisions	-3,278	1,608	7,881	390.05
Net interest income after loan loss provisions	40,853	48,404	52,838	9.16
Noninterest income	18,649	18,987	20,248	6.64
of which: Noninterest financing income	4,308	3,350	4,453	32.91
of which: Stocks ^a	2,219	1,056	945	-10.51
Bonds ^b	579	-486	-1,310	169.75
Activity in derivative instruments ^c	-4,878	22,777	11,341	-50.21
Exchange rate differentials	6,340	-20,053	-6,381	-68.18
of which: Fees	13,480	14,302	14,778	3.33
Total operating and other expenses	30,886	31,706	32,464	2.39
of which: salaries and related expenses	17,449	17,936	17,521	-2.32
Pre-tax profit	28,616	35,685	40,622	13.83
Provision for tax on profits	10,285	12,245	14,069	14.90
After-tax profit	18,331	23,440	26,552	13.28
Net profit attributed to shareholders	18,326	23,775	25,438	7.00
Total pre-tax ROE (percent)	21.70	24.62	24.91	
Total after-tax ROE (percent)	13.90	16.40	15.60	
Total ROA (percent)	0.88	1.03	1.04	

a Includes the profits/losses from investments in shares available for sale, profits from the sales of shares of affiliated companies, dividends and profits/losses from adjustments to fair value of tradable shares.

b Includes the profits/losses from investments in bonds held to maturity and available for sale and income/expenses realized and not yet realized from adjustments to fair value of tradable bonds.

c Includes derivative instruments not intended for hedging purposes (ALM instruments) and other derivative instruments.

SOURCE: Based on published financial statements.

Table 7 | The effect of quantity and price on interest income and expenses, total banking system, 2022-23, NIS million

	2023								
	Quantity effect			Price effect			Net change		
	Assets side	Liabilities side	Net quantity effect	Assets side	Liabilities side	Net quantity effect	Assets side	Liabilities side	Contribution to net interest income
Credit to the public (assets) / deposits of the public (liabilities) in Israel	7,693	11,332	-3,639	22,594	24,729	-2,135	30,287	36,062	-5,774
Credit to the public (assets) / deposits of the public (liabilities) abroad	413	659	-246	1,764	1,627	137	2,177	2,286	-109
Total credit to the public / deposits of the public	8,106	11,991	-3,885	24,358	26,356	-1,998	32,464	38,348	-5,883
Other interest-bearing assets / liabilities in Israel	-492	1,208	-1,700	17,297	330	16,966	16,805	1,538	15,267
Other interest-bearing assets / liabilities abroad	397	1	396	920	18	902	1,317	19	1,298
Total other interest-bearing assets / liabilities	-95	1,209	-1,304	18,217	348	17,868	18,122	1,557	16,565
Total interest income / expenses	8,011	13,200	-5,189	42,575	26,705	15,870	50,586	39,905	10,682

	2022								
	Quantity effect			Price effect			Net change		
	Assets side	Liabilities side	Net quantity effect	Assets side	Liabilities side	Net quantity effect	Assets side	Liabilities side	Contribution to net interest income
Credit to the public (assets) / deposits of the public (liabilities) in Israel	8,362	2,402	5,961	10,454	8,827	1,627	18,816	11,229	7,587
Credit to the public (assets) / deposits of the public (liabilities) abroad	-178	51	-229	738	492	246	560	543	17
Total credit to the public / deposits of the public	8,184	2,453	5,732	11,192	9,319	1,873	19,376	11,772	7,604
Other interest-bearing assets / liabilities in Israel	629	1,198	-569	6,441	1,380	5,060	7,070	2,578	4,492
Other interest-bearing assets / liabilities abroad	-70	4	-74	419	7	412	349	11	338
Total other interest-bearing assets / liabilities	559	1,202	-643	6,860	1,387	5,472	7,419	2,589	4,830
Total interest income / expenses	8,744	3,655	5,089	18,052	10,707	7,345	26,795	14,361	12,434

a The quantity effect is calculated as the change in the balance-sheet balance (current year versus previous year) multiplied by the price during the current period, divided by 1000.

b The price effect is calculated as the change in price (current year versus previous year) multiplied by the balance-sheet balance for the same period in the previous year, divided by 1,000.

SOURCE: Banking Supervision Department based on published financial statements.

Table 8 | Average balances, interest income and expense rates, and interest rate gap in respect of assets and liabilities, total banking system, December 2022 to December 2023 (NIS million, percent in annual terms)

2023									
	Assets				Liabilities				
	Average yearly balance (NIS million)	Interest income (NIS million)	Income rate (%)		Average yearly balance (NIS million)	Interest expenses (NIS million)	Expense rate (%)	Interest rate gap	
Credit to the public	1,474,459,100	94,167,918	6.38	Deposits of the public	1,369,049,400	-54,564,775	-3.99	2.39	2.40
Deposits at banks	35,554,100	3,885,200	10.93	Deposits from banks	26,419,200	-733,706	-2.78	8.15	0.39
Deposits at central banks	329,051,200	11,913,205	3.62	Deposits from central banks	29,771,000	-18,000	-0.06	3.56	3.69
Bonds	347,288,500	11,951,100	3.44	Bonds	112,459,100	-4,443,800	-3.95	-0.51	-1.00
Other assets ^a	16,002,000	717,000	4.48	Other liabilities ^a	47,117,000	-2,156,000	-4.58	-0.10	-1.67
Total interest- bearing assets	2,202,354,900	122,634,423	5.57	Total interest-bearing liabilities	1,584,815,700	-61,916,281	-3.91	1.66	0.72
Net yield on interest-bearing assets (net interest margin) ^b	2,202,354,900	60,718,142	2.76						
2022									
	Assets				Liabilities				
	Average yearly balance (NIS million)	Interest income (NIS million)	Income rate (%)		Average yearly balance (NIS million)	Interest expenses (NIS million)	Expense rate (%)	Interest rate gap	
Credit to the public	1,347,517,000	61,693,700	4.58	Deposits of the public	1,074,923,100	-16,174,400	-1.50	3.08	3.08
Deposits at banks	34,489,700	418,000	1.21	Deposits from banks	26,450,200	-161,900	-0.61	0.60	0.60
Deposits at central banks	447,411,000	5,429,300	1.21	Deposits from central banks	35,046,000	-21,000	-0.06	1.15	1.15
Bonds	238,770,700	4,076,700	1.71	Bonds	103,459,900	-5,220,200	-5.05	-3.34	-3.34
Other assets ^a	14,907,000	360,000	2.41	Other liabilities ^a	17,385,000	-391,000	-2.25	0.17	0.17
Total interest- bearing assets	2,083,095,400	71,977,700	3.46	Total interest-bearing liabilities	1,257,264,200	-21,968,500	-1.75	1.71	1.71
Net yield on interest-bearing assets (net interest margin) ^b	2,083,095,400	50,009,200	2.40						

^a Other liabilities and assets also include credit to the government and government deposits, and securities loaned or borrowed in repurchase agreements, among other things.

^b The net interest margin is the ratio between net interest income and total interest-bearing assets. The margin is shown in percent and calculated using annual data.

SOURCE: Banking Supervision Department based on published financial statements.

Table 9 | Unit output cost^a and efficiency ratio^b of the total banking system^c, 2019–23
 (percent)

	Year	Leumi	Hapoalim	Mizrahi-Tefahot ^{d,e}	Discount	First International	Bank of Jerusalem	Total banking system
Unit output cost	2019	1.70	1.90	1.50	2.52	1.93	2.97	1.88
	2020	1.38	1.50	1.35	2.41	1.66	2.79	1.60
	2021	1.23	1.32	1.48	2.18	1.52	2.85	1.49
	2022	1.01	1.22	1.50	2.03	1.46	2.74	1.38
	2023	0.96	1.22	1.27	2.06	1.38	2.68	1.33
Efficiency ratio	2019	56.8	66.4	54.6	65.2	64.4	70.0	61.5
	2020	53.8	56.9	53.9	67.5	61.8	69.1	58.3
	2021	46.8	54.2	54.0	65.4	58.3	73.5	54.9
	2022	37.5	44.5	45.2	55.8	50.9	59.8	46.0
	2023	32.6	38.5	37.7	49.6	43.5	61.2	40.1

a The ratio between total operating and other expenses and the average balance of assets (average cost).

b The ratio between total operating and other expenses and total net interest and noninterest income (cost-to-income).

c Data for the Hapoalim group do not include the Isracard group. From 2019, data for the Leumi group do not include the Leumi Card group.

d The merger with Union Bank in the fourth quarter of 2020 biased the unit output cost for 2020 downward.

e Starting with the annual report for 2020, data on the Mizrahi-Tefahot group include Union Bank.

SOURCE: Based on published financial statements.

Table 10 | Expenses in Respect of Employees^a, Total Banking System, 2004–23,
(reported amounts^b, current prices)

Year	Average number of employee posts ^c	Salaries		Related expenses in respect of employees ^d		Salaries and related expenses	
		Total	Per employee post	Total	Per employee post	Total	Per employee post
		(NIS million)		(NIS million)		(NIS million)	
2004	38,170	7,898	207	3,681	96	11,579	303
2005	40,029	8,595	215	4,283	107	12,878	322
2006	42,200	9,561	227	5,354	127	14,915	353
2007	44,286	9,798	221	4,718	107	14,516	328
2008	46,628	9,015	193	5,705	122	14,720	316
2009	47,097	9,640	205	4,378	93	14,018	298
2010	47,818	10,336	216	5,280	110	15,616	327
2011	48,344	10,717	222	5,814	120	16,531	342
2012	48,010	10,872	226	6,389	133	17,261	360
2013	47,577	11,336	238	6,363	134	17,699	372
2014	46,889	11,042	235	7,286	155	18,328	391
2015	45,714	11,506	252	5,941	130	17,447	382
2016	45,810	11,255	246	5,211	114	16,466	359
2017	43,138	11,244	261	5,283	122	16,526	383
2018	40,866	11,474	281	4,928	121	16,402	401
2019	39,793	11,037	277	5,081	128	16,118	405
2020	37,696	10,124	269	5,056	134	15,181	403
2021	37,107	11,974	323	5,475	148	17,449	470
2022	37,115	12,492	337	5,445	147	17,936	483
2023	36,785	11,956	325	5,806	158	17,762	483
Change from previous year, (percent)							
2005	4.9	8.8	3.8	16.4	11.0	11.2	6.1
2006	5.4	11.2	5.5	25.0	18.6	15.8	9.9
2007	4.9	2.5	-2.3	-11.9	-16.0	-2.7	-7.3
2008	5.3	-8.0	-12.6	20.9	14.8	1.4	-3.7
2009	1.0	6.9	5.9	-23.3	-24.0	-4.8	-5.7
2010	1.5	7.2	5.6	20.6	18.8	11.4	9.7
2011	1.1	3.7	2.6	10.1	8.9	5.9	4.7
2012	-0.7	1.4	2.2	9.9	10.7	4.4	5.1
2013	-0.9	4.3	5.2	-0.4	0.5	2.5	3.5
2014	-1.4	-2.6	-1.2	14.5	16.2	3.6	5.1
2015	-2.5	4.2	6.9	-18.5	-16.4	-4.8	-2.4
2016	0.2	-2.2	-2.4	-12.3	-12.5	-5.6	-5.8
2017	-5.8	-0.1	6.1	1.4	7.7	0.4	6.6
2018	-5.3	2.0	7.7	-6.7	-1.5	-0.8	4.8
2019	-2.6	-3.8	-1.2	3.1	5.9	-1.7	0.9
2020	-5.3	-8.3	-3.2	-0.5	5.0	-5.8	-0.6
2021	-1.6	18.3	20.1	8.3	10.0	14.9	16.8
2022	0.0	4.3	4.3	-0.5	-0.6	2.8	2.8
2023	-0.9	-4.3	-3.4	6.6	7.6	-1.0	-0.1

a Beginning in 2017, the data do not include the Isracard group, and include a reclassification of expenses in respect of pension and benefits after the end of employment in accordance with the circular published by the Banking Supervision Department in January 2018 on "Improvement of the presentation of expenses in respect of pension and other benefits upon completion of employment." Beginning in 2018, the data do not include Leumi Card.

b Until 2002, the amounts are adjusted for the effect of inflation based on the CPI reading for December 2003.

c The number of employee posts includes employee posts at subsidiary companies abroad and at consolidated companies, as well as a translation of the cost of overtime and budgets for outside manpower required for adjustment of current manpower and implementation of projects.

d This item mainly includes severance pay, benefits, advanced training funds, pension, vacation, National Insurance payments and payroll tax, other related expenses, voluntary retirement expenses, and benefits due to the allocation of options to employees.

SOURCE: Based on published financial statements.

Table 11 | Number of employee posts and expenses by annual wage level^a, total banking system^b, 2022 and 2023

	2022		2023		Annual rate of change in number of employee posts	Annual rate of change in salary expenses
	Number of employee posts	Salaries and related expenses (NIS million)	Number of employee posts	Salaries and related expenses (NIS million)		
Annual wage level of active employees at offices in Israel (NIS thousand)						
Up to 60	11.330	620	28.700	580	153.3	(6.4)
60–120	1,376	146,875	956	101,891	(30.5)	(30.6)
120–240	9,092	1,766,006	8,990	1,682,168	(1.1)	(4.7)
240–360	10,569	3,224,423	10,014	3,106,967	(5.3)	(3.6)
360–600	12,288	5,532,064	12,846	6,176,490	4.5	11.6
600–1,000	3,843	2,817,365	4,301	3,209,183	11.9	13.9
Above 1,000	655	1,005,084	743	1,152,871	13.4	14.7
Wage and associated payment components attributed to active employees at offices in Israel	37,835	14,492,435	37,879	15,430,150	0.1	6.5
of which: Expenses for manpower workers, annual wage levels (NIS thousand)	188	886,127	123	926,484	(34.4)	4.6
Up to 120	1,839	20,392	1,969	13,613	7.0	(33.2)
Above 120	2,027	865,735	2,092	912,871	3.2	5.4
Wage and associated payment components not attributed to active employees at offices in Israel		3,333,218		2,500,089		
Bank employees at offices abroad	1,201	1,172,815	1,141	972,422	(5.0)	(17.1)
Wage expenses capitalized to assets	(2,001)	(981,905)	(1,983)	(1,140,514)	(0.9)	16.2
Total	37,035	17,936,477	37,037	17,762,147	0.0	(1.0)

a The number of employee posts is reported on the basis of the monthly average, as reported in the published annual financial statements.

SOURCE: Based on published financial reports and reports to the Banking Supervision Department..

Table 12 | Distribution of capital and capital ratios in the banking system, 2022 to 2023

	Leumi		Hapoalim		Discount		Mizrahi-Tefahot		First Int'l		Bank of Jerusalem		Total banking system	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
	NIS million													
Tier 1 capital ^{a,b}	48,797	53,892	46,745	52,641	25,353	28,890	25,072	28,434	10,802	12,292	1,256	1,366	158,191	177,630
Tier 2 capital ^b	12,020	14,141	14,349	13,338	6,878	7,469	8,015	8,366	3,448	3,569	347	366	45,059	47,254
Capital base	60,817	68,033	61,094	65,979	32,231	36,359	33,087	36,800	14,250	15,861	1,603	1,732	203,250	224,884
Credit risk	392,658	426,399	386,550	403,897	227,129	245,154	234,383	252,842	94,786	97,053	10,833	11,742	1,346,483	1,437,496
Total exposures after conversion to credit	690,528	711,900	690,312	689,175	380,342	395,711	436,295	458,835	192,793	215,193	19,572	22,467	2,411,003	2,495,461
Risk weighted average (RWA) ^c	52	55	53	55	56	58	52	53	47	42	55	0	52	0
Market risks	6,610	5,834	4,007	4,245	3,633	4,209	1,301	1,957	789	886	32	15	16,375	17,149
Operational risk	26,375	29,943	25,020	29,710	16,685	20,406	16,567	20,641	8,061	10,360	1,128	1,277	93,838	112,373
Total weighted items	425,643	462,176	415,577	437,852	247,447	269,769	252,251	275,440	103,636	108,299	11,994	13,035	1,456,696	1,567,018
	Percent													
Tier 1 capital ratio	11.5	11.7	11.3	12.0	10.3	10.7	9.9	10.3	10.4	11.4	10.5	10.5	10.9	11.3
Total capital adequacy ratio	14.3	14.7	14.7	15.1	13.0	13.5	13.1	13.4	13.8	14.6	13.4	13.3	14.0	14.4
Minimum required Tier 1 capital ratio	10.2	10.2	10.2	10.2	9.2	9.2	9.6	9.6	9.2	9.2	9.5	9.5		
Minimum required total capital ratio ^c	13.5	13.5	13.5	13.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5		

a Including minority shareholders' rights, according to the groups' balance sheets.

b After deductions.

c Percent.

SOURCE: Based on published financial statements and reports to the Banking Supervision Department.

Table 13 | Distribution of exposures and the leverage ratio in the total banking system, 2022-2023 (NIS million)

	Leumi		Hapoalim		Discount		Mizrahi Tefahot		First Int'l		Bank of Jerusalem		Total banking system	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Tier 1 capital	48,797	53,892	46,745	52,641	25,353	28,890	25,072	28,434	10,802	12,292	1,256	1,366	158,025	177,515
Balance sheet exposures	648,773	682,277	628,533	648,724	362,683	381,827	423,013	442,835	192,716	217,965	19,046	21,980	2,274,764	2,395,608
Derivative Exposure	38,849	42,010	22,633	27,683	8,823	9,448	8,366	8,615	3,454	3,460	19	8	82,144	91,224
Securities Financing Exposure	16,221	15,177	15,809	11,986	5,067	5,008	2,273	2,524	12	57	0	0	39,382	34,752
Off-balance sheet exposures	63,052	70,550	70,140	72,003	35,607	37,910	29,358	33,509	11,761	12,187	716	644	210,634	226,803
Total exposures	766,895	810,014	737,115	760,396	412,180	434,193	463,010	487,483	207,943	233,669	19,781	22,633	2,606,924	2,748,388
Percent														
Leverage ratio	6.4	6.7	6.3	6.9	6.2	6.7	5.4	5.8	5.2	5.3	6.3	6.0	6.1	6.5
Required leverage ratio	5.5	5.5	5.5	5.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5

SOURCE: Based on published financial statements and reports to the Banking Supervision Department.

Table 14 | Balance of credit by major industries^a, segmented by year they were provided, during 2023, (NIS million)

		2023-Q1	2023-Q2	2023-Q3	2023-Q4
Construction and real estate	2023	42,034	64,994	78,601	97,930
	2022	74,726	62,743	51,893	45,154
	2021	45,458	41,218	35,836	28,886
	2020	14,812	13,454	11,715	10,844
	2019	9,068	8,439	7,732	8,001
	More than 5 years prior to the report date	16,546	15,219	13,669	12,708
	Renewing loans	71,482	73,958	84,577	90,487
	Renewed loans converted to fixed term loans	2,229	2,614	2,731	2,120
	Total	276,355	282,639	286,754	296,130
Other commercial	2023	62,873	98,323	122,017	134,834
	2022	97,519	82,711	70,650	62,267
	2021	58,850	52,155	46,686	43,287
	2020	34,914	31,357	27,589	25,150
	2019	17,764	15,515	13,752	11,908
	More than 5 years prior to the report date	36,863	32,005	31,251	27,523
	Renewing loans	123,125	126,234	129,744	141,486
	Renewed loans converted to fixed term loans	1,861	1,459	2,793	1,954
	Total	433,768	439,758	444,481	448,408
Housing	2023	17,603	35,172	54,394	70,680
	2022	113,396	112,593	110,611	108,895
	2021	111,119	109,166	106,696	104,718
	2020	69,201	67,948	66,681	65,519
	2019	51,125	50,104	49,431	48,513
	More than 5 years prior to the report date	198,390	192,935	189,391	184,069
	Renewing loans	-	-	-	-
	Renewed loans converted to fixed term loans	-	-	-	1,000
	Total	560,834	567,918	577,204	582,394

^a Borrower activity in Israel

Table 14 (cont.) | Balance of credit by major industriesa, segmented by year they were provided, during 2023, (NIS million)

		2023-Q1	2023-Q2	2023-Q3	2023-Q4
Private - other	2023	27,533	40,832	51,988	56,184
	2022	43,868	37,293	32,086	27,973
	2021	22,942	19,823	17,204	14,943
	2020	11,044	9,493	8,215	7,157
	2019	6,824	5,655	4,782	4,048
	More than 5 years prior to the report date	10,341	9,155	8,378	7,319
	Renewing loans	24,746	28,398	28,685	29,702
	Renewed loans converted to fixed term loans	3,029	275	305	486
	Total	150,327	150,923	151,643	147,812
Total credit to the public	2023	159,407	259,548	335,190	392,542
	2022	355,649	316,096	286,095	263,205
	2021	252,028	233,549	217,725	202,354
	2020	134,903	126,984	117,530	111,819
	2019	88,764	83,238	78,726	75,237
	More than 5 years prior to the report date	268,845	255,432	247,863	236,527
	Renewing loans	244,373	253,501	270,265	280,814
	Renewed loans converted to fixed term loans	7,752	5,108	6,576	5,213
	Total	1,511,721	1,533,455	1,559,971	1,567,712

SOURCE: Based on published financial statements and reports to the Banking Supervision Department.

Table 15 | Credit quality^{a,b} indices by principal segments, total banking system, 2019–23

Index/Bank	Year	Leumi	Hapoalim	Mizrahi Tefahot	Discount	First Int'l	Bank of Jerusalem	Total banking system
Share of annual loan loss provisions out of total balance sheet credit to the public	2019	0.21	0.43	0.18	0.38	0.16	0.34	0.29
	2020	0.85	0.63	0.42	0.89	0.50	0.92	0.68
	2021	-0.23	-0.34	-0.10	-0.32	-0.21	-0.48	-0.25
	2022	0.12	-0.02	0.17	0.17	0.10	0.55	0.10
	2023	0.57	0.45	0.44	0.57	0.42	0.87	0.50
Ratio of net writeoffs to total balance sheet credit to the public	2019	0.23	0.12	0.11	0.22	0.09	0.24	0.16
	2020	0.18	0.09	0.11	0.19	0.10	0.21	0.13
	2021	-0.03	-0.06	0.05	0.03	-0.01	0.15	-0.01
	2022	0.07	-0.02	0.09	0.10	0.02	0.17	0.05
	2023	0.12	0.09	0.09	0.17	0.03	0.53	0.11
Share of balance of credit loss allowances out of total balance sheet credit to the public	2019	1.16	1.58	0.82	1.38	1.05	1.04	1.23
	2020	1.76	2.00	0.98	1.95	1.38	1.73	1.66
	2021	1.30	1.43	0.77	1.41	1.05	0.93	1.22
	2022	1.28	1.40	0.93	1.31	1.02	1.13	1.22
	2023	1.58	1.69	1.24	1.60	1.36	1.39	1.52
Share of troubled credit out of total balance sheet credit to the public	2019	1.96	3.06	1.78	2.56	1.86	1.63	2.30
	2020	2.87	3.41	1.50	3.90	2.16	2.62	2.83
	2021	1.85	2.26	1.25	2.91	1.68	1.20	1.99
	2022	1.54	1.63	1.27	2.74	1.15	0.01	1.66
	2023	1.78	2.02	1.87	3.46	1.48	1.26	2.12
Share of nonaccruing credit ^b or accruing credit more than 90 days in arrears out of the balance of credit to the public	2019	1.11	1.61	1.34	0.90	1.01	1.50	1.24
	2020	1.43	1.28	1.13	0.96	0.80	1.29	1.19
	2021	1.02	1.00	0.92	0.76	0.67	1.14	0.92
	2022	0.51	0.89	0.87	0.67	0.48	1.02	0.72
	2023	0.88	1.06	1.16	0.95	0.60	1.11	0.98
Ratio of allowance for credit losses to non-accruing credit or credit accruing more than 90 days in arrears	2019	117.53	109.69	65.46	166.59	109.79	70.96	109.24
	2020	132.96	175.97	95.25	220.60	183.94	135.57	152.09
	2021	140.43	165.07	92.38	199.82	167.63	84.07	146.74
	2022	280.94	183.33	115.39	222.08	232.21	111.55	191.99
	2023	198.56	180.24	111.28	189.49	247.64	127.14	171.66
Share of nonexecution-rated credit out of total balance sheet credit to the public ^c	2020	6.38	7.81	3.43	8.04	4.75	4.28	6.25
	2021	3.56	5.81	2.58	5.23	4.17	2.46	4.28
	2022	2.42	4.16	3.07	6.10	3.09	0.03	3.67
	2023	3.24	5.31	3.99	7.25	3.14	3.17	4.61

a Credit to the public in Israel and abroad

b Beginning January 2022, banks in Israel are implementing a forward looking methodology - CECL (Current Expected Credit Losses) - in which the credit classification has been changed from impaired credit to nonaccruing credit. The indices appearing from before 2022 are based on an estimate of nonaccruing credit. Both components together serve as an estimate of Nonperforming Loans (NPL).

c Credit with a credit rating on the report date that is in line the credit rating for issuing new credit is in line with the bank's policy. That is, credit that was granted in the past and that wouldn't have been granted in line with conditions existing today. There are data beginning from 2020.

SOURCE: Based on published financial statements.

Table 16 | Credit quality by major sectors, total banking system, 2019 to 2023 (percent)

Index/Bank	Year	Leumi	Hapoalim	Mizrahi Tefahot	Discount	First Int'l	Bank of Jerusalem	Total banking system
Commercial credit								
Share of commercial credit ^a	2019	60.65	56.86	24.34	61.23	46.81	17.07	51.13
	2020	61.22	56.71	27.10	61.38	46.16	17.91	51.08
	2021	62.09	58.09	26.66	60.46	46.31	15.54	51.66
	2022	62.36	58.60	28.02	59.30	49.63	20.80	52.14
	2023	62.62	60.23	29.12	60.63	51.76	25.60	53.40
Loan loss provisions as a share of total commercial credit	2019	0.26	0.62	0.44	0.31	0.16	0.13	0.39
	2020	1.14	0.68	0.94	1.00	0.81	0.29	0.93
	2021	-0.29	-0.27	-0.12	-0.41	-0.45	0.04	-0.30
	2022	0.10	-0.08	0.39	0.13	0.14	0.43	0.09
	2023	0.58	0.56	0.92	0.63	0.51	0.38	0.62
Nonaccruing credit ^b or credit accruing 90 days or more in arrears as a share of total commercial credit	2019	1.33	2.24	2.33	1.51	1.42	0.22	1.74
	2020	1.78	1.86	2.16	1.70	1.01	0.32	1.46
	2021	1.23	1.45	1.67	0.96	0.73	0.40	1.20
	2022	0.49	1.17	1.45	0.88	0.53	0.66	0.88
	2023	1.00	1.35	1.60	1.24	0.66	0.61	1.19
Loan loss allowance as a share of total housing credit 90 days or more past due	2019	112.02	105.48	73.99	108.06	100.17	252.50	104.91
	2020	130.93	158.12	95.31	140.08	204.88	222.22	168.57
	2021	141.97	157.61	103.04	180.50	192.53	156.00	155.90
	2022	380.05	186.44	133.91	197.27	262.70	101.03	215.40
	2023	221.79	185.56	157.18	170.60	277.89	115.97	191.46
Housing credit								
Share of housing credit ^a	2019	29.47	29.98	65.54	20.18	28.80	71.17	35.33
	2020	30.01	32.13	63.04	22.06	30.72	71.73	36.82
	2021	29.82	32.04	64.20	24.82	31.55	74.68	37.34
	2022	31.15	32.35	63.38	26.56	30.28	68.35	37.83
	2023	30.77	31.78	62.70	26.27	29.76	64.35	37.25

Table 16 (cont.) | Credit quality by major sectors, total banking system, 2019 to 2023 (percent)

Index/Bank	Year	Leumi	Hapoalim	Mizrahi Tefahot	Discount	First Int'l	Bank of Jerusalem	Total banking system
Loan loss provisions as a share of total housing credit	2019	0.03	0.03	0.03	0.07	0.01	-0.04	0.03
	2020	0.19	0.32	0.18	0.16	0.14	0.13	0.21
	2021	-0.14	-0.20	-0.08	0.01	-0.02	-0.01	-0.10
	2022	0.09	0.06	0.05	0.10	0.07	0.09	0.07
	2023	0.17	0.09	0.12	0.11	0.11	0.09	0.12
Nonaccruing ^b or accruing credit 90 days or more past due as a share of total housing credit	2019	0.99	0.78	1.13	0.96	0.77	1.88	0.99
	2020	0.83	0.63	0.75	0.74	0.55	1.64	0.74
	2021	0.61	0.50	0.74	0.51	0.52	1.35	0.63
	2022	0.47	0.45	0.68	0.35	0.41	1.19	0.53
	2023	0.53	0.57	1.04	0.37	0.58	1.35	0.72
Loan loss allowance as a share of total housing credit 90 days or more past due	2019	56.27	64.17	43.99	58.64	61.73	32.38	53.43
	2020	85.25	120.89	80.10	82.17	105.13	43.86	89.45
	2021	77.74	93.67	61.85	95.20	95.21	45.33	75.15
	2022	74.96	90.73	67.87	124.45	104.14	42.24	78.81
	2023	92.15	84.07	53.37	138.22	92.20	43.37	72.06
Other private credit								
Share of other private credit	2019	9.68	12.98	9.92	17.79	24.39	11.76	13.27
	2020	8.58	10.99	9.69	15.79	23.13	10.37	11.85
	2021	7.96	9.72	9.08	13.97	22.14	9.78	10.79
	2022	7.90	8.89	8.55	13.45	20.09	10.85	10.24
	2023	7.03	8.40	8.11	12.48	18.59	10.05	9.45
Loan loss provisions as a share of total other private credit	2019	0.48	0.49	0.49	0.96	0.32	2.99	0.63
	2020	1.05	1.32	0.57	1.49	0.36	7.51	1.08
	2021	-0.16	-1.22	-0.23	-0.57	0.01	-4.94	-0.53
	2022	0.37	0.11	0.37	0.49	0.07	3.68	0.33
	2023	2.18	1.10	1.21	1.24	0.67	7.11	1.38

Table 16 (cont.) | Credit quality by major sectors, total banking system, 2019 to 2023 (percent)

Index/Bank	Year	Leumi	Hapoalim	Mizrahi Tefahot	Discount	First Int'l	Bank of Jerusalem	Total banking system
Nonaccruing or accruing credit 90 days or more past due as a share of total other private credit to the public	2019	1.33	2.20	0.54	0.76	0.79	1.59	1.24
	2020	0.95	2.31	0.38	0.95	0.81	1.16	0.86
	2021	0.91	1.99	0.33	0.38	0.55	0.83	0.83
	2022	0.98	0.72	0.37	0.38	0.46	0.65	0.60
	2023	1.42	0.89	0.54	0.80	0.49	0.81	0.85
Ratio of loan loss allowance to total other private credit that is nonaccruing or that is accruing 90 days or more in arrears	2019	178.53	93.05	248.18	291.46	159.88	289.50	162.66
	2020	323.27	131.20	369.57	340.48	184.88	924.06	303.56
	2021	288.49	90.72	309.76	672.17	260.80	495.96	235.30
	2022	245.64	366.80	517.17	651.59	315.60	927.72	383.42
	2023	226.24	359.87	484.14	383.91	428.70	1038.40	347.06

a Including credit in respect of borrowers' activity in Israel and abroad. For housing and private-other, data is presented for credit to the public only in Israel (credit abroad is less than 1 percent of total households - housing and private-other combined).

b As of January 2022, Israeli banks implement the Current Expected Credit Losses (CECL) methodology for estimating allowances for credit losses, a forward-looking methodology in which the credit classification has been changed from impaired credit to nonaccumulating credit. The index readings prior to 2022 are based on an estimate of nonaccruing credit. The two components together make up an estimate of NPL (Nonperforming loans).

SOURCE: Based on published financial statements.

Table 17 | Outstanding credit to the public, by principal industry, total banking system, 2022 and 2023

	Total balance of credit risk ^a				Balance-sheet credit ^b (debts)			
	Balance		Change in credit		Balance		Change in credit	
	2022	2023	2022	2023	2022	2023	2022	2023
	(NIS million)		(Percent)	(Percent)	(NIS million)		(Percent)	(Percent)
Borrower activity in Israel	1,903,622	2,037,361	91.9	91.5	1,378,690	1,466,497	94.2	94.2
Business sector	1,064,939	1,159,138	51.4	52.1	674,786	736,507	46.1	47.3
Agriculture	9,687	9,434	0.5	0.4	8,128	7,999	0.6	0.5
Mining and quarrying	3,950	4,626	0.2	0.2	2,334	3,224	0.2	0.2
Manufacturing	110,492	114,361	5.3	5.1	64,226	63,631	4.4	4.1
Construction and real estate	422,303	488,243	20.4	21.9	260,379	296,131	17.8	19.0
<i>Of which: Construction</i>	322,634	357,122	15.6	16.0	160,620	185,776	11.0	11.9
Real estate	99,669	131,120	4.8	5.9	99,758	110,355	6.8	7.1
Electricity and water supply	41,406	46,331	2.0	2.1	23,019	27,715	1.6	1.8
Commerce	130,470	135,250	6.3	6.1	100,832	107,384	6.9	6.9
Hotels, hospitality and food services	20,990	21,766	1.0	1.0	17,838	18,045	1.2	1.2
Transport and storage	33,770	35,493	1.6	1.6	25,467	27,064	1.7	1.7
Communications and computer services	21,225	21,857	1.0	1.0	13,414	13,389	0.9	0.9
Financial services	165,299	191,288	8.0	8.6	93,095	105,887	6.4	6.8
Other business services	49,596	50,244	2.4	2.3	33,763	33,315	2.3	2.1
Public and community services	39,556	40,245	1.9	1.8	32,291	32,596	2.2	2.1
Private individuals	838,683	878,224	40.5	39.5	703,904	729,991	48.1	46.9
<i>Of which: Housing loans</i>	589,594	615,917	28.5	27.7	554,004	582,394	37.8	37.4
Private individuals - other	249,089	262,306	12.0	11.8	149,900	147,597	10.2	9.5
Borrowers' activity abroad	167,936	188,326	8.1	8.5	85,032	90,870	5.8	5.8
Total	2,071,558	2,225,687	100.0	100.0	1,463,722	1,557,367	100.0	100.0
								6.4

^a Includes balance-sheet and non-balance-sheet credit risk.

^b Includes credit to the public, excludes bonds and securities borrowed or purchased under reverse repurchase agreements.

SOURCE: Banking Supervision Department based on published financial statements.

Figure 18 | Credit and spreads by supervisory activity segment, household sectora, total banking system, December 2022 to December 2023

Balance of credit to the end of the reporting period												
	Housing			Credit cards			Other consumer			Total		
	Dec 2022	Dec 2023	Differ- ence	Rate of change (Percent)	Dec 2022	Dec 2023	Differ- ence	Rate of change (Percent)	Dec 2022	Dec 2023	Differ- ence	Rate of change (Percent)
	(NIS million)	(NIS million)			(NIS million)	(NIS million)			(NIS million)	(NIS million)		
Leumi	119,495	130,410	10,915	9.13	4,185	4,468	283	6.76	26,498	25,478	-1,020	(3.85)
Hapoalim	127,632	131,134	3,502	2.74	4,700	4,671	-29	(0.62)	30,209	29,798	-411	(1.36)
Discount	196,717	206,562	9,845	5.00	4,622	4,506	-116	(2.51)	22,937	22,938	1	0.00
Mizrahi Tefahot	64,593	68,777	4,184	6.48	17,917	18,432	515	2.87	14,947	14,343	-604	(4.04)
First Int'l	35,474	35,450	-24	(0.07)	4,062	3,853	-209	(5.15)	19,509	18,328	-1,181	(6.05)
Bank of Jerusalem	9,719	9,834	116	1.19	-	-	-	-	1,529	1,611	82	5.39
Total banking system	553,630	582,167	28,538	0.05	35,486	35,930	444	0.01	115,629	112,496	-3,133	(0.03)
Spread from credit activity (average)												
	Housing			Credit cards			Other consumer			Total		
	Dec 2022	Dec 2023	Differ- ence	Rate of change (Percent)	Dec 2022	Dec 2023	Differ- ence	Rate of change (Percent)	Dec 2022	Dec 2023	Differ- ence	Rate of change (Percent)
	(Percent)	(Percent)			(Percent)	(Percent)			(Percent)	(Percent)		
Leumi	1.23	1.27	0.05	3.79	1.39	1.59	0.20	14.57	4.83	4.71	(0.12)	(2.45)
Hapoalim	1.12	1.09	(0.03)	(2.55)	0.31	-	(0.31)	(100.00)	4.93	4.71	(0.23)	(4.61)
Discount	1.25	1.15	(0.10)	(7.65)	1.05	0.94	(0.12)	(11.10)	4.39	4.58	0.19	4.23
Mizrahi Tefahot	1.19	1.08	(0.11)	(9.24)	4.87	5.65	0.77	15.87	4.32	4.22	(0.10)	(2.23)
First Int'l	1.35	1.26	(0.09)	(6.32)	0.39	0.41	0.02	5.96	3.49	3.35	(0.14)	(4.01)
Bank of Jerusalem	1.97	1.93	(0.04)	(2.18)	-	-	-	-	8.15	8.63	0.48	5.89
Total banking system	1.23	1.18	(0.05)	(0.04)	2.85	3.08	0.22	0.08	4.52	4.45	(0.07)	(0.02)

a Doesn't include private banking.

SOURCE: Banking Supervision Department based on published financial statements.

Table 19 | Credit and spreads by supervisory activity segment, business sector^{a,b}, total banking system, December 2022 and December 2023

Balance of credit to the end of the reporting period																
Small and micro businesses				Medium businesses				Large businesses				Total business sector				
Dec 2022	Dec 2023	Difference	Rate of change	Dec 2022	Dec 2023	Difference	Rate of change	Dec 2022	Dec 2023	Difference	Rate of change	Dec 2022	Dec 2023	Difference	Rate of change	
	(NIS million)		(Percent)		(NIS million)		(Percent)		(NIS million)		(Percent)		(NIS million)		(Percent)	
Leumi	65,803	66,554	751	1.14	39,473	40,038	565	1.43	126,628	142,404	15,776	12.46	231,904	248,996	17,092	7.37
Hapoalim	61,649	56,356	-5,293	(8.59)	39,270	43,245	3,975	10.12	108,834	123,039	14,205	13.05	209,753	222,640	12,887	6.14
Mizrahi-Tefahot	35,147	34,947	-200	(0.57)	12,902	12,171	-731	(5.67)	28,779	36,286	7,507	26.08	76,828	83,404	6,576	8.56
Discount	41,185	42,203	1,018	2.47	17,224	20,053	2,829	16.42	58,407	67,479	9,072	15.53	116,816	129,735	12,919	11.06
First Int'l.	20,019	18,093	-1,926	(9.62)	8,192	7,442	-750	(9.16)	27,784	35,245	7,461	26.85	55,995	60,780	4,785	8.55
Bank of Jerusalem	2,254	2,904	651	28.88	435	746	311	71.52	-	-	-	-	2,688	3,650	962	35.77
Total banking system	226,057	221,057	-4,999	(0.02)	117,496	123,695	6,199	0.05	350,432	404,453	54,021	0.15	693,984	749,205	55,221	7.96

Spread from credit activity (average)																
Small and micro businesses				Medium businesses				Large businesses				Total business sector				
Dec 2022	Dec 2023	Difference	Rate of change	Dec 2022	Dec 2023	Difference	Rate of change	Dec 2022	Dec 2023	Difference	Rate of change	Dec 2022	Dec 2023	Difference	Rate of change	
	(NIS million)		(Percent)		(NIS million)		(Percent)		(NIS million)		(Percent)		(NIS million)		(Percent)	
Leumi	3.12	2.72	(0.40)	(12.88)	2.35	2.25	(0.10)	(4.38)	1.84	1.48	(0.36)	(19.60)	2.30	2.26	(0.04)	(1.89)
Hapoalim	3.32	3.10	(0.23)	(6.85)	2.20	2.20	0.00	0.17	1.51	1.61	0.10	6.64	2.22	2.12	(0.10)	(4.72)
Mizrahi-Tefahot	3.91	3.99	0.08	2.04	2.92	3.16	0.24	8.20	2.22	2.31	0.09	4.26	3.12	3.16	0.04	1.35
Discount	3.55	3.60	0.05	1.49	2.33	2.46	0.13	5.70	1.73	0.16	(1.57)	(90.70)	2.62	2.40	(0.21)	(8.16)
First Int'l.	2.80	2.82	0.03	0.99	2.43	2.44	0.01	0.43	1.42	1.34	(0.08)	(5.46)	2.13	1.97	(0.16)	(7.56)
Bank of Jerusalem	2.82	2.96	0.14	4.86	2.32	2.06	(0.26)	(11.09)	-	-	-	-	2.74	2.77	0.04	1.36
Total banking system	3.34	3.19	(0.15)	(0.04)	2.36	2.37	0.01	0.00	1.72	1.36	(0.36)	(0.21)	2.43	2.32	(0.11)	(4.39)

^a Small and micro businesses - business turnover of less than NIS 50 million; Medium businesses - turnover of NIS 50-250 million; Large businesses - turnover of NIS 250 million or more.

^b The data relate to activity in Israel and do not include financial institutions, the financial management segment, "other", or adjustments.

SOURCE: Based on published financial statements.

Appendix 2: Directives published by the Banking Supervision Department in 2023¹

2023

January 23 Publication of an update to Proper Conduct of Banking Business Directive no. 366 on “Reporting of Technological Failures and Cyber Incidents”

The Bank of Israel updated Proper Conduct of Banking Business Directive no. 366, regarding “Reporting of Technological Failures and Cyber Incidents”. This amendment is in line with the “Financial Information Service” Law, which determines (Section 31.(a) of the Law) that if a “severe security incident” occurs, as understood in the provisions of Section 36 of the Privacy Protection Law, the service provider is to immediately notify the relevant regulator of the service provider and the information source that the security incident occurred regarding information received from it. It shall also notify the regulator of the service provider of the steps it took due to the event, the information source that received notice of this issue shall report as such, without delay, to the information source’s regulator. In the interest of making things easier for the banking corporations in reporting on the range of incidents or which they are required to report to the Banking Supervision Department and to consolidate them, the Banking Supervision Department established that the manner of reporting a “severe security incident” to the Banking Supervision Department as the regulator of the information source, within the framework of the banking corporation’s work as an information source or as a service provider as noted in the Law, shall be in accordance with the provisions of Proper Conduct of Banking Business Directive no. 366. This reporting requirement is defined within the framework of this amendment to Proper Conduct of Banking Business Directive no. 366. Together with this amendment is an amendment to Reporting Directive no. 880.

February 2 Providing service to Israeli banking system customers against the background of the Russia-Ukraine War—publication of a letter on the subject

In order to provide relief for new immigrants who arrived in Israel against the background of the Russia-Ukraine War, and pursuant to previous supervisory letters on the issue, the need to continue managing with high sensitivity the situation in which the new immigrants are in contact with banking service providers was emphasized.

February 15 Reporting to Banking Supervision Directive no. 882, “Reporting of Technological Indices”

The accelerated technological development in the financial world is a catalyst for increasing the supply of digital services at the banking corporations, while at the same time it increases the technological risk to the banking system complying with the challenges of the future banking, and is liable to impact on the banking system’s sustainable business model risk. These technological developments require the banking corporations to rethink and to implement a business model based on advanced and innovative technological platforms that are customer-focused. The Banking Supervision Department sees technology as a substantial pillar in the banking system

¹ The complete and obligating version of regulatory activities appears on the Bank of Israel website.

and its stability, including protecting depositors' funds, providing advanced and accessible digital services, and ensuring continuous services to the public in routine times and in emergencies. To follow the development of technological risk, Reporting to Banking Supervision Directive no. 882, "Reporting of Technological Indices" was added.

February 23 Board of directors—update to Proper Conduct of Banking Business Directive no. 301

In view of the going into effect on July 12, 2022, of the Criminal Information and Rehabilitation Law, 5779-2019, which replaces the Criminal Register and Rehabilitation Law, 5741-1981, Appendix A of Proper Conduct of Banking Business Directive no. 301 was updated.

February 26 Adopting consumer-related measures in a changing financial environment—publication of a letter on the issue

In light of changes in the interest rate and inflation environment, and following the supervision letter on the subject, the Supervisor of Banks clarified in a letter to the banking corporations his expectation for acting with enhanced sensitivity and with the customer's best interest and needs in mind, and to take steps that will assist customers in view of these changes.

Risk management

Update of Proper Conduct of Banking Business Directive no. 310

In recent years, we have seen increased activity in financial cryptographic assets in Israel and worldwide. The involvement of banking corporations and acquirers in activities related to financial cryptographic assets, directly and indirectly, incorporates risks that are liable to impact on the ability to ensure a stable and reliable financial environment. The amendment to the Directive regulates the banks' ability to offer new products to their customers in the financial cryptographic assets sphere, while establishing a requirement to notify the Supervisor of Banks in writing, in advance, of activity related to cryptographic assets.

Publication of letter by the Supervisor of Banks on "Dealing with financial cryptographic assets"

In view of the failure incidents over the past year of various entities worldwide in the field of cryptographic assets, which led to, among other things, a marked increase in volatility in that market and a sharp decline in the value of cryptographic assets, the Supervisor of Banks sent a letter to the CEOs of banking corporation and credit card companies, detailing the main risks that arise in that area.

March 29 Opening a current account without an overdraft facility—publication of update to Proper Conduct of Banking Business Directive no. 422

The directive required allowing the management of an account for basic payment services such as carrying out remote activities. It was expanded to include, besides managing a current account with a credit balance, the management of a current account with a debit balance that does not deviate from the approved credit facility. In addition, in view of the importance of the need to provide banking services to all customers, it was clarified that across the board rules to block a customer's activity should not be established just because the customer belongs to a certain

population group. In addition, the basic payment services noted in the directive were broadened. The Directive was to go into effect 1 year from its publication, but due to the war its entry into effect was delayed until June 2024.

Managing a customer support and service system: Publication of Proper Conduct of Banking Business Directive no. 501

This new directive anchors the principles for providing service and support to banking system customers via the various service channels, it determines the requirements in the corporate governance and work procedures of banking corporations, and it determines requirements in the area of establishing a service covenant and the publication of details regarding the service array and customer support. This is with the goal of promoting an organizational culture that emphasizes service quality and availability and the support given to the customer and to enhance the transparency vis-à-vis the customers. Most sections of the Directive were to go into effect 1 year from its publication, but due to the war they were deferred to June 2024.

Banking corporations' opening days—amendment to Proper Conduct of Banking Business Directive no. 401

As part of establishing Directive 501, it was determined that a banking corporation shall not prevent its customers from entering a branch and receiving professional service there during working hours, even if they hadn't set up an appointment in advance. This guideline went into effect on the day it was published.

Providing professional telephone response service—amendment to Proper Conduct of Banking Business Directive no. 426

As part of establishing Proper Conduct of Banking Business Directive no. 501, the publication requirements regarding the service and support array were revised.

June 6 Amendment to the Banking (Service to the Customer) Law, 5741-1981, Monthly notices of Fees and Interest

The Law was amended, establishing the requirement to send monthly notices to bank customers, including the total amount charged by the bank to the customer in the previous month for fees and interest. The effective dates of the law are staggered: January 1, 2024, and June 2, 2024.

Amendment to the Banking (Service to the Customer) Law, 5741-1981 – Opening and Managing Accounts for Financial Entities

The Law was amended, establishing that if a banking corporation refuses to provide a financial entity with the service listed in Section 2(a)(2), namely opening and managing a current account, either for the entity or its clients, or fails to provide such service within three months from the date of the financial entity's first application, the banking corporation must notify the Supervisor of Banks and explain the reasons for the refusal or delay.

June 11 Management of Anti-Money Laundering and Countering the Financing of Terrorism Risks – Amendment to Proper Conduct of Banking Business Directive no. 411

Key updates include:

1. New guidelines to align with international standards regarding cross-border transfers, as a result of the FATF audit report on Israel.
2. Expansion of Appendix B.2 to allow the use of means of payment issued by licensed financial service providers subject to anti-money laundering orders, following requests from these entities.
3. Addition of Appendix B.5, extending the period during which a bank account can be opened using a new-immigrant certificate up to 90 days from issuance, until the end of December 2023, to ease the integration of new immigrants from Russia amid the Russia-Ukraine war.

June 12 Principles for Effective Management of Climate-Related Financial Risks – New Proper Conduct of Banking Business Directive no. 345

The new directive establishes principles for banks to effectively manage their exposure to climate-related financial risks, based on the Basel Committee's document published in June 2022. This reflects the growing global and local awareness of the financial risks associated with climate change and the potential severe impacts of their realization on the stability of banking corporations, the banking system, or the real economy.

June 13 Joint Accounts – "Survivorship Clause" – Update to Proper Conduct of Banking Business Directive no. 434

The directive was updated to increase awareness among account partners of the existence and implications of the survivorship clause in account opening agreements, ensuring that its application or nonapplication aligns with their wishes regarding the rights of the surviving partner to manage the account in the event of the other's death. It also aims to facilitate the surviving partner's handling of existing liabilities via means of payment issued for the deceased partner's use. Most of the directive's provisions were supposed to come into effect a year from publication but were postponed to September 2024 due to the war.

June 29 Banking Corporations' Transactions with Related Parties – Update to Proper Conduct of Banking Business Directive no. 312 and Accompanying FAQ Document

Updates were made to the directive and the accompanying FAQ document as part of the supervisory policy to reduce the regulatory burden on banking corporations and in view of the experience gained in implementing the directive.

July 19 Procedures for Granting Housing Loans—Update to Proper Conduct of Banking Business Directive no. 451

The update aims to improve the process of early repayment of housing loans, including through loans from another banking corporation or nonbank institutional lender (loan refinancing). The directive was supposed to come into effect a year from publication but was postponed to October 2024 due to the war.

Banking Corporations' Activities as Broker-Dealers—New Proper Conduct of Banking Business Directive no. 461

This directive regulates the activities of banking corporations in financial brokerage, including the receipt and transmission of orders for securities transactions for customers, both as intermediaries and for proprietary trading. The directive aims to protect investor clients, maintain market efficiency and fairness, and reduce risks to banking corporations and operational risks in dealing rooms. This directive replaces Proper Conduct of Banking Business Directive 461 "Banking Corporation's Securities Activities on Behalf of Clients".

July 30 Restrictions on Indebtedness of a Borrower and Borrower Group—Update to Proper Conduct of Banking Business Directive no. 313

The exemption relating to the indebtedness of a banking borrower group to a credit card company from complying with the limitation in section 4(b)(2) of the directive ("Banking Borrower Group Limitation") and from complying with the aggregate large borrowers limitation in section 4(e) of the directive was extended from August 1, 2023, to December 31, 2024.

October 12 Emergency Q&A – "Operation Swords of Iron"

Publication of a Q&A document addressing common questions arising from the context of "Operation Swords of Iron" regarding dealings with the banking system.

Publication of a letter detailing the Banking Supervision Department's emphases for the banking system in light of "Operation Swords of Iron"

October 22 Adaptations to Proper Conduct of Banking Business Directives for Coping with "Operation Swords of Iron" (Temporary Directive)—Directive no. 251

In light of "Operation Swords of Iron" that began on October 7, 2023, and its impact on the Israeli economy, a series of regulatory adjustments were adopted by the Banking Supervision Department in a temporary directive, updated from time to time, to assist the banking system and its customers in dealing with the challenges of the situation.

November 7 Credit Risk Management—Update to Proper Conduct of Banking Business Directive no. 311

The definition of "Significant Credit Exposure" in Section 44 of the directive was amended, raising the threshold criterion for risk manager involvement in credit exposure to NIS 50 million or 1 percent of bank equity (whichever is lower), up from NIS 25 million. This update was made based on accumulated experience and aims to improve risk management efficiency.

November 29 Verification of Customer Accounts—Cancellation of Proper Conduct of Banking Business Directive no. 354

As part of a periodic review of existing regulation by the Banking Supervision Department, it was decided to cancel Proper Conduct of Banking Business Directive 354 "Verifying Customers' Accounts", as the content of this directive is no longer relevant.

December 20 Interest Rate Risk Management—Update to Proper Conduct of Banking Business Directive no. 333 and Publication of an Accompanying Q&A Document

The directive was updated following the adoption of the Basel Committee's updated document from April 2016 on interest rate risk in the banking book. The directive sets principles for managing interest rate risk in the banking book and updates the "Anomalous Banking Corporation" test used by the Supervisor of Banks. The updated directive will go into effect on July 1, 2025.

December 20 Leverage Ratio—Update to Proper Conduct of Banking Business Directive no. 218

The relaxation of leverage ratio requirements provided under Proper Conduct of Banking Business Directive 250 "Adaptations to Proper Conduct of Banking Business Directives for Coping with the COVID-19 Crisis (Temporary Directive)" was incorporated into the directive and extended until December 31, 2025 (instead of June 30, 2024). This extension was granted as the Banking Supervision Department is in the process of reassessing leverage ratios.

December 24 Opening Current Accounts with a Credit Balance for Financial Entities—New Proper Conduct of Banking Business Directive no. 424

This directive establishes the requirements for banking corporations when opening and managing accounts for nonbank financial service providers. It includes a reporting requirement to the Banking Supervision Department for any refusal or delay in providing the service listed in Section 2(a)(2) of the Banking (Service to the Customer) Law, namely opening and managing a current account, and mandates written justification to the financial entity in cases of refusal or delay.

Directives effective from 2024

January 1 Management of Anti-Money Laundering and Countering the Financing of Terrorism Risks—Update to Proper Conduct of Banking Business Directive no. 411

Update to Appendix B.5 - To ease the integration process for immigrants and avoid delaying the account opening process for those who have not yet received their identity cards, the Banking Supervision Department extended the period during which a bank account can be opened using a new-immigrant certificate up to 90 days from issuance, until the end of June 2024.

March 7 Broker-Dealer Directive—Update to Proper Conduct of Banking Business Directive no. 461

The implementation date of the directive update, originally set for January 19, 2025, has been postponed to August 1, 2025, following a request from the banking system, which faced difficulties meeting the original implementation schedule due to the ongoing war.

The Banking Supervision Department

