

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

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Press Release:

The Bank of Israel publishes its financial statements for 2024

* The Bank of Israel fulfills the functions imposed on it as a central bank, and acts to achieve the objectives established for it under the Bank of Israel Law, 5770-2010: maintaining price stability and supporting growth, employment, the reducing of social gaps, and the stability of the financial system. The Bank’s activity to attain its objectives and to carry out its functions is not intended only to maximize profits, but rather to achieve these economy-wide economic goals.
* In 2024, the Bank of Israel recorded an annual profit of NIS 8.2 billion according to the International Financial Reporting Standards (IFRS).

Revenues derived mainly from high profits of NIS 49.8 billion on the investment of the foreign exchange reserves, mostly mark to market gains from equity holdings and interest income on bond holdings. This is against the background of the increase in equity indices around the world, and the high interest rate environment worldwide.

In contrast, the Bank’s expenses from its activity in Israel, most of which are interest expenses in respect of the monetary absorption instruments—Makam and time deposits—totaled about NIS 26.4 billion this year, the result of the high level of the shekel interest rate.

Expenses from exchange rate differentials on balances denominated in foreign currency totaled NIS 13.7 billion in 2024, a result of the strengthening of the shekel vis-à-vis major currencies in the foreign exchange reserves portfolio. The decline in the intensity of the fighting and the cease fire agreements toward the end of the year reduced Israel’s risk premium, which among other things led to the strengthening of the shekel vis-à-vis other currencies around the world.

* The Bank’s balance sheet at the end of 2024 was approximately NIS 881.9 billion, an increase of around NIS 26.5 billion (3 percent) compared with the balance at the end of 2023.

The increase on the assets side derived primarily from the increase of NIS 39 billion in the assets abroad item, due to an increase in the mark to market adjustment and a decrease in their shekel value due to the strengthening of the shekel vis-à-vis most foreign currencies in the reserves portfolio.

In contrast, there was a decrease in the balance of assets in Israel, totaling approximately NIS 12.5 billion, mainly due to the repayment of monetary loans extended to banking corporations against the background of the COVID-19 crisis.

The balance of the Bank’s liabilities at the end of 2024 was approximately NIS 863 billion, an increase of around NIS 18.1 billion (about 2 percent) compared to 2023, due mainly to an increase in the balances of the Bank’s customers as of the year end.

* The distribution of the Banks’ profits is determined in accordance with Section 76(a) of the Bank of Israel Law, 5770-2010, which establishes that the Bank’s profits are not to include unrealized profits based on the annual financial report.

After attributing the unrealized gains totaling NIS 12.4 billion to the revaluation reserves, the Bank’s adjusted net loss in accordance with the Law totaled NIS 4.2 billion. This led to an increase in the Bank’s accumulated deficit to about NIS -118.1 billion at the end of 2024. In accordance with the Law, an accumulated deficit will be offset against future profits to transfer.

* The Bank’s total equity and revaluation reserves remained positive in 2024, totaling NIS 18.9 billion, representing an accumulated deficit equity balance of NIS -114.1 billion, while the revaluation reserves in respect of unrealized gains was approximately NIS 133 billion. This balance mainly includes unrealized gains from exchange rate differentials that accumulated on balances denominated in foreign currency and revaluation gains on securities in foreign currency to fair value.