bank hapoalim

press release
March 3, 2025

Bank Hapoalim Announces 2024 Fourth Quarter and Annual Results

- **Net profit** in 2024 totaled NIS 7,635 million; **return on equity** 13.8%.
- **Net profit** in 4Q24 totaled NIS 1,554 million; **return on equity** 10.8%.
- **Quarterly and annual results were impacted by a NIS 597 million expense (~NIS 400 million net) for an early retirement plan** announced last December, which will have meaningful cost-saving effects in the coming years.
- **Credit growth** was strong and diversified across all segments of operation, at 8.9% in the last year and 3.0% in the quarter.
- Credit quality metrics continue to improve. The **NPL ratio** decreased to 0.59% and the **NPL coverage ratio** rose to 255%.
- The board of directors declared a distribution at an overall rate of 40% of net profit, of which a **cash dividend** of NIS 372 million and the rest through the exercise of the third tranche of the **share buyback** plan (NIS 250 million). In its decision, the board of directors considered the guidelines of the Banking Supervision Department and noted the potential ability of the bank to distribute a higher percentage of its profits, in view of the significant capital surpluses that exist at the bank in relation to the capital requirements (the **CET-1 capital ratio** stood at 11.80% vs. the 10.23% minimum regulatory requirement and 10.5% minimum internal target).
- Financial targets for 2025-2026:
  - Net profit in the range of NIS 8.5-9.5 billion in each of the years;
  - Return on equity in the range of approximately 14%-15% in each of the years;
  - Growth of the credit portfolio at an average annual rate of approximately 7%;
  - Profit distribution at a rate of at least 50% of net profit, through cash dividends or buybacks, subject to the guidelines of the Bank of Israel.

Tel Aviv, Israel – March 3, 2025 – Bank Hapoalim (TASE: POLI) today announced its financial results for the fourth quarter and full year ended December 31, 2024.

<u>Income statement</u>

- **Net profit** for 2024 totaled NIS 7,635 million, compared with NIS 7,360 million in 2023. The main driver of the increase is income growth, coupled with a decline in credit loss provision, partially offset by an increase in expenses, mainly due to an early retirement plan.

  Return on equity for 2024 stood at 13.8%. vs. 15.0% in 2023.

- **Net profit** in the fourth quarter of 2024 totaled NIS 1,554 million, compared with NIS 1,905 million in the preceding quarter and NIS 1,761 million in the same quarter last year. **Net profit** was impacted by a NIS 597 million expense for early retirement plan, a negative contribution of the CPI and an increase in expenses.

  Return on equity for the fourth quarter stood at 10.8%, compared with 13.6% in the preceding quarter and 14.0% in the same quarter last year.

- **Total income** in 2024 increased by 2.7% compared to 2023, as a result of the growth in financing activity, a higher CPI, growth in fees, and income recorded from buybacks of bonds.

  Total income in the fourth quarter decreased by 2.1% versus the preceding quarter, mainly as a result of the changes in the CPI (-0.1% in the fourth quarter versus 1.6% in the third quarter), which were partially offset by the growth in activity, as well as several items in income from non-regular financing activity.

- **Income from regular financing activity** in 2024 totaled NIS 17,909 million, an increase of 3.2% vs. 2023. The main impact on the increase was the growth in activity, and a higher contribution of the CPI.

  Income from regular financing activity in the fourth quarter decreased, mainly due to the negative CPI. Excluding the CPI, income from regular financing activity increased by 5.3%, as a result, among other factors, of the growth in activity.

  The **financial margin from regular financing activity** stayed unchanged in 2024 (2.66% vs 2.67% in 2023), and was lower in the fourth quarter, due to the aforementioned impact of the CPI.

- **Fee income** totaled NIS 3,980 in 2024, a 2.3% increase compared to 2023. The increase is mainly attributed to growth in securities fees, which were impacted by the growth in trading turnovers and in credit-processing fees, mainly in respect of syndication transactions. It should be noted that fees in 2024 and 2023 were impacted by war-related benefits granted to customers (in the amount of NIS 67 million and NIS 30 million, respectively).

- **Fees** in the fourth quarter amounted to NIS 997 million, an increase of 0.5% and 7.8% vs. the previous and corresponding quarter, respectively. The growth in fees was attributed to the increase in securities fees resulting from higher trading volumes, as well as account management fees. The latter were negatively impacted by benefits granted to customers to help cope with the impacts of the war.

- **Operating and other expenses** were substantially affected by a NIS 597 million expense for an early retirement plan. Excluding the retirement plan, operating and other expenses in 2024 increased by 2.2%, mainly due to expenses recorded in respect of donations and aid granted by the bank in connection with the war, in the amount of approximately NIS 84 million, and an increase in provisions for legal proceedings (primarily in the second half of 2024) and in IT expenses.

- **Operating and other expenses** in the fourth quarter, increased versus the comparison quarters, due to the aforementioned retirement plan, an increase in current expenses and higher bonuses.

  Accordingly, the **cost-income ratio** was 41.0% for 2024 (38.3% excluding the retirement plan) and 50.9% (40.1% excluding) in the fourth quarter.

- **Provision for credit losses** in 2024 amounted to NIS 693 million, or 0.16% of total credit. The provision was driven by an increase in the collective allowance for credit losses, due to growth of the credit portfolio during the year as well as continued war-related uncertainties. In 2024, income was recorded in respect of the individual allowance as a result of recoveries from a small number of borrowers.

  In the fourth quarter of 2024, **provision for credit losses** amounted to NIS 350 million (a credit-loss ratio of 0.32%). The provision for credit losses was impacted by an increase in the collective allowance, albeit at a slower pace than in the previous quarter, to reflect the continuation of the war-related uncertainties and the high credit growth during the quarter. In addition, unlike previous quarters earlier in the year, the bank recorded an 85 million shekel net individual provision due to an increase in specific provisions and lower collection of individual debts.

<u>Balance sheet</u>

- **Net credit to the public** in the fourth quarter of 2024 totaled NIS 443.5 billion, compared with NIS 407.4 billion at the end of 2023 and NIS 430.4 million at the end of the preceding quarter, an increase of 8.9% and 3.0%, respectively.

  Corporate credit increased by 13.1% in comparison to 2023, and by 6.1% in comparison to the previous quarter; **commercial credit** increased by 5.8% YoY and 1.4% QoQ. In the retail banking division, the **housing loan** portfolio grew by 6.5% YoY and 2.4% QoQ, **small business** credit increased by 5.3% and 2.7%, and **consumer credit** grew by 4.4% and 1.5%, respectively.

- **Total deposits** reached NIS 574.3 billion, an increase of 3.6% vs. last year and 0.8% vs. the third quarter. **Retail deposits** increased by 2.0% compared to 2023 and slightly decreased in the fourth quarter, to NIS 327.7 billion, constituting 57% of **total deposits**. The **share of non-interest bearing deposits** of total deposits remained roughly unchanged in the last few quarters, and currently stands at 26%.

- **LCR** and **NSFR** are at 131% and 125% respectively, vs. the minimum regulatory requirement of 100%.
- **The allowance for credit losses** stood at NIS 7.9 billion as at December 31, 2024, of which NIS 7.6 billion attributed to the collective allowance. The total allowance constitutes 1.76% of total credit.
- Credit quality indicators remained strong and even improved; the **NPL ratio** dropped to 0.59% and the **NPL coverage ratio** (balance sheet allowance for credit losses/NPL) increased to a level of 255%. The high quality of the book is particularly evident in the real-estate sector portfolio indicators: the **allowance to loans** ratio is 2.44% and the **exposure to land financing with LTV ratios over 80%** is only 2.5% of total land exposure.
- **Shareholders' equity** grew by 10.9% in the last year, to NIS 58.2 billion, due to our strong organic capital generation. The **CET-1 capital ratio** as at December 31, 2024, stood at 11.80%, vs. the 10.23% minimum regulatory requirement and 10.5% minimum internal target. The **total capital ratio** as at December 31, 2024, stood at 14.77%, vs. a 13.5% minimum regulatory requirement.
- **Dividend distribution and share buyback:** The board of directors declared distribution at an overall rate of 40% of net profit, which amounted to NIS 622 million, of which a cash dividend in the amount of approximately NIS 372 million and the rest through the exercise of the third tranche of the share buyback plan (NIS 250 million). The dividend will be paid out on March 20, 2025.
- In its decision, the board of directors considered the guidelines of the Banking Supervision Department and noted the **potential ability of the bank to distribute a higher percentage of its profits**, in view of the significant capital surpluses that exist at the bank in relation to the capital requirements.
- The board of directors and the board of management of the bank **will aspire, among other matters,** with due attention to the financial targets of the bank, **to increase the distribution policy**, subject to the guidelines and directives of the Bank of Israel and the full relevant circumstances, including geopolitical conditions, the growth of the bank's operations, the results of its operations, and more.

Recent developments

- Appointment of board chairperson: On January 26, 2025, the board of directors resolved to elect Noam Hanegbi to the role of chairperson of the board of directors of the bank. The appointment took effect on February 18, 2025. Noam Hanegbi replaced Ruben Krupik, whose service as board chairperson and whose nine years of service as a director at the bank ended on February 17, 2025.

- Efficiency plan: At the end of 2024, the bank announced an efficiency plan for 2025-2028, based on voluntary retirement. The plan is based on the goals of the bank's strategic plan, focused on improving operational efficiency and operating models. The plan includes a headcount reduction of approximately 770 employees (net); when completed, it is expected to lead to cost savings of approximately NIS 300 million annually (before tax effect). A nonrecurring increase in other expenses in the amount of NIS 597 million in respect of this plan was recorded in the financial statements for 2024.

- Appointment of Head of Information Technology: On February 26, 2025, the board of directors of the bank, at the recommendation of the CEO, approved the appointment of Erez Rachmil as Head of Information Technology. Erez Rachmil served until recently as Chief Technology Officer (CTO) at Playtika, which is traded on NASDAQ, where he held management roles over the last decade that included planning and implementation of technological strategies, infrastructure management, information systems, and operation and development of smart systems based on data and artificial intelligence. The appointment is subject to approval by the Supervisor of Banks. The date of entry into the position is to be determined.

- Organizational changes: In late 2024, the board of directors of the bank approved organizational changes aimed at focusing and realizing the advantages and assets of the bank in the best and most efficient way. As part of this process, among other matters, a decision was made to carry out an organizational change in the Retail Banking Division, to be implemented in the course of 2025, including transition to a customer-oriented working model with a multi-channel perspective, and adjustments of the working model for the achievement of business focus goals. A decision was also made to place the international activity of the bank, which is primarily at the New York branch and concerns lending in the United States, under the responsibility of the Corporate Banking Division.

Strategic focus areas

The strategic focus areas formulated in the second half of 2024 pertain to sales, service and fairness, digital services, data, operational efficiency, and supporting infrastructures and platforms, as detailed below:

- Sales growth – Through three main sales channels: digital, branches, and contact centers. In these channels, the emphasis will be on encounters with customers, to improve value propositions.
- Leadership in service and fairness – The bank will invest efforts and inputs to heighten customer satisfaction, including through improvement of customer engagement in the various channels, including digital; shorter response times for customers; end-to-end treatment of requests; centralization of operational activities to achieve specialization; and a comprehensive, efficient response.
- bit – Expansion of banking services: the bit app, which currently has approximately 3.3 million active users, continues to serve as the basis for development of new banking products, with the continued expansion of the areas of activity of bit into new segments and formulation of unique innovative value propositions.
- Improvement of operational efficiency – Continued effective utilization of resources while improving the cost structure at the bank, with a focus on employee productivity, process improvement, and maintaining cost discipline.
- Gen AI and data – Embedding data and Gen AI in work processes, to improve service and value propositions for customers.
- Technology – Continued investment in technological transformation, improvement in the effectiveness of IT costs, further adaptation of core systems, and transition to the public cloud.

Conference-call information

Bank Hapoalim will host a conference call today to discuss the results. The call will take place at 5:00 p.m. Israel time / 3:00 p.m. UK time / 10:00 a.m. US Eastern time.

To access the conference call, please dial: +1-888-281-1167 toll-free from the United States, +0-800-917-5108 toll-free from the United Kingdom, or +972-3-918-0609 internationally. No password is required. Access in listen-only mode is also available via the link BankHapoalim2024. The conference call will be accompanied by a slide presentation, which, together with the financial statements, will be available on the Bank Hapoalim website at www.bankhapoalim.com, under Investor Relations > Financial Information. A recording of the conference call will be available on the bank's website at the above address one business day following the completion of the call.

Please note: The conference call is not a substitute for perusal of the immediate reports and the financial statements of the bank, including all of the forward-looking information included therein, in accordance with Section 32A of the Israeli Securities Law, 1968.

-xxx-

About Bank Hapoalim

Bank Hapoalim is Israel's leading financial group. In Israel, Bank Hapoalim operates 159 retail branches, regional business centers, and specialized industry relationship managers for major corporate customers. The Bank Hapoalim Group includes holdings in financial companies engaged in investment banking, trust services, and portfolio management. Internationally, commercial banking services are provided in North America by the New York branch. Bank Hapoalim is listed on the Tel Aviv Stock Exchange (TASE: POLI). For more information about Bank Hapoalim, please visit us online at www.bankhapoalim.com.

Please note: This press release was prepared for convenience only. In case of any discrepancy, the bank's reported financial statements in Hebrew will prevail.

Contact

Tamar Koblenz
Head of Investor Relations
T: +972 3 567 3440
E: Tamar.koblenz@poalim.co.il

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time

NIS millions	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Main profit and loss data – quarterly development								
Net interest income	4,175	4,577	4,384	3,814	3,747	4,006	4,295	4,037
Non-interest financing income (expenses)	323	42	322	272	310	203	414	340
Net financing profit	4,498	4,619	4,706	4,086	4,057	4,209	4,709	4,377
Provision (income) for credit losses	350	406	(49)	(14)	453	662	579	185
Fees and other income	1,013	1,008	1,026	1,004	943	1,089	1,016	982
Operating and other expenses	2,806	2,062	2,106	2,033	1,897	2,059	2,181	2,094
Profit before taxes	2,355	3,159	3,675	3,071	2,650	2,577	2,965	3,080
Net profit attributed to shareholders of the Bank	1,554	1,905	2,238	1,938	1,761	1,669	1,922	2,008
Return of net profit	10.8%	13.6%	16.4%	14.6%	14.0%	13.4%	15.8%	17.0%
Financing margin from regular activity(1)	2.53%	2.79%	2.79%	2.54%	2.48%	2.65%	2.80%	2.77%

(1) Financing profit from regular activity (see the section "Material developments in income, expenses, and other comprehensive income") in the Report of the Board of Directors and Board of Management) divided by total financial assets after allowance for credit losses, net of non-interest bearing balances of debtors in respect of credit-card activity.

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time (continued)

	For the year ended				
	2024	2023	2022	2021	2020
Main performance indicators					
Return of net profit attributed to shareholders of the Bank on equity	13.8%	15.0%	14.8%	11.8%	5.3%
Return of net profit attributed to shareholders of the Bank on equity excluding extraordinary items(1)	13.8%	15.0%	14.8%	11.9%	5.7%
Return of net profit on average assets	1.11%	1.09%	1.01%	0.85%	0.41%
Ratio of income(2) to average assets	3.18%	3.17%	2.78%	2.48%	2.65%
Ratio of net interest income to average assets	2.46%	2.39%	2.09%	1.68%	1.77%
Ratio of fees to average assets	0.58%	0.58%	0.57%	0.58%	0.63%
Efficiency ratio – cost-income ratio	41.0%	38.5%	44.5%	54.2%	56.9%
Financing margin from regular activity(3)	2.66%	2.67%	2.35%	1.79%	1.98%
Liquidity coverage ratio (LCR)	131%	129%	122%	124%	140%
Net stable financing ratio (NSFR)(4)	125%	128%	130%	136%	-

	December 31				
	2024	2023	2022	2021	2020
Ratio of common equity Tier 1 capital to risk components(4)	11.80%	12.02%	11.25%	10.96%	11.52%
Ratio of total capital to risk components(4)	14.77%	15.07%	14.70%	14.22%	14.60%
Leverage ratio(4)	7.17%	6.92%	6.34%	6.03%	6.78%

(1) Does not include expenses in respect of provisions in connection with the investigation of the Bank Group's business with American customers and FIFA, the effect of the closure of the private-banking activity overseas, profit or loss from the separation from Isracard, and loss from impairment in respect of the Bank's investment in Bank Pozitif.
(2) Total income – net interest income and non-interest income.
(3) Financing profit from regular activity (see the section "Material developments in income, expenses, and other comprehensive income) divided by total financial assets after allowance for credit losses, net of non-interest bearing balances of debtors in respect of credit-card activity.
(4) For additional information, see the section "Liquidity and refinancing risk".
(5) For additional information, see the section "Capital, capital adequacy, and leverage".

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time (continued)

	For the year ended				
	2024	2023	2022	2021	2020
Main credit quality indicators					
Total allowance for credit losses* as a percentage of credit to the public**	1.76%	1.92%	1.64%	1.65%**	2.25%
Allowance for credit losses in respect of credit to the public as a percentage of credit to the public**	1.51%	1.69%	1.40%	1.43%**	2.00%
Credit to the public, non-accruing or past due by 90 days or more, as a percentage of credit to the public**	0.62%	1.06%	0.89%	1.20%**	1.52%
Net charge-offs as a percentage of average credit to the public	0.17%	0.09%	(0.03%)	(0.06%)	0.09%
Provision (income) for credit losses as a percentage of average credit to the public***	0.16%	0.46%	(0.01%)	(0.37%)	0.64%

	NIS millions				
Main profit and loss data					
Net profit attributed to shareholders of the Bank	7,635	7,360	6,532	4,914	2,056
Net profit attributed to shareholders of the Bank excluding extraordinary items(1)	7,635	7,360	6,532	4,957	2,205
Net interest income	16,950	16,085	13,467	9,767	8,797
Net financing profit(2)	17,909	17,352	14,048	10,848	9,885
Non-interest income	5,010	5,297	4,453	4,625	4,379
Of which: fees	3,980	3,892	3,705	3,355	3,155
Total income	21,960	21,382	17,920	14,392	13,176
Provision (income) for credit losses	693	1,879	(34)	(1,220)	1,943
Operating and other expenses****	9,007	8,231	7,972	7,803	7,501
Of which: salaries and related expenses(3)	4,486	4,577	4,470	4,409	3,912
Additional data					
Net profit per share attributed to shareholders of the Bank – basic (in NIS)	5.72	5.50	4.89	3.68	1.62

* Including the allowance in respect of off-balance sheet balances.
** The Bank has implemented United States generally accepted accounting principles concerning current expected credit losses (CECL) as of January 1, 2022, prospectively. For this purpose:
1. The overall allowance for credit losses, as a percentage of credit to the public, as at January 1, 2022, after implementation of the CECL directive, is 1.80%.
2. The allowance for credit losses in respect of credit to the public, as a percentage of credit to the public, as at January 1, 2022, after implementation of the CECL directive, is 1.51%.
3. The term “impaired credit” has been eliminated, and non-accruing credit is presented instead. Comparative figures for previous periods have not been restated. If comparative figures had been restated, for convenience (i.e. accruing debts previously classified as impaired debts were not included in non-accruing debts under the new directives), credit to the public that is non-accruing or past due by 90 days or more as a percentage of credit to the public as at December 31, 2021, would be 1.13%.
*** Including provisions in respect of banks and governments.
**** In 2024, includes costs in the amount of approximately NIS 600 million in respect of the efficiency plan, included in the “other expenses” item.
(1) Does not include expenses in respect of provisions in connection with the investigation of the Bank Group’s business with American customers and FIFA, the effect of the closure of the private-banking activity overseas, profit or loss from the separation from Isracard and loss from impairment in respect of the Bank’s investment in Bank Pozitif.
(2) Net financing profit includes net interest income and non-interest financing income (expenses).
(3) Reclassified.

Table 1-1: Condensed financial information and principal performance indicators of the Bank Hapoalim Group over time (continued)

		December 31				
		2024	2023	2022	2021	2020
		NIS millions				
Main balance sheet data						
Total assets		720,844	686,530	665,353	638,781	539,602
Of which:	Cash and deposits with banks	117,053	107,730	133,424	189,283	138,711
	Securities	121,838	127,122	107,400	71,105	71,885
	Net credit to the public	443,483	407,381	388,727	352,623	301,828
	Net problematic credit risk*	7,807	7,814	6,487	7,926	9,754
	Credit to the public not accruing interest income (NPL)*	2,678	4,012	3,444	2,897	3,208
Total liabilities		662,694	634,100	618,850	596,034	499,703
Of which:	Deposits from the public	574,285	554,595	532,588	525,072	435,217
	Deposits from banks	10,837	9,085	8,696	11,601	6,591
	Bonds and subordinated notes	20,190	21,800	26,866	25,582	23,490
Shareholders' equity		58,150	52,430	46,502	42,735	39,873
Additional data						
Share price at end of year (in NIS)		44.0	32.9	31.7	32.1	22.0

	For the year ended December 31				
	2024	2023	2022	2021	2020
Total dividend per share (in NIS)**	1.73	1.69	1.10	1.11	0.54(1)
Average number of employee positions	8,471	8,602	8,562	8,694	9,027

* The Bank has implemented United States generally accepted accounting principles concerning current expected credit losses (CECL) as of January 1, 2022, prospectively. Within this process, the term "impaired credit" has been eliminated, and non-accruing credit is presented instead. In addition, housing loans past due by 90 days or more are classified as non-accruing credit. If the balance of credit to the public not accruing interest income (NPL) as at December 31, 2021, were restated, the balance would be NIS 3,955 million. If net problematic credit risk were restated, the balance as at December 31, 2021, would be NIS 7,796 million.
** Dividends in respect of the relevant year (excluding buyback of shares, as detailed in the section "Capital, capital adequacy, and leverage" in the Report of the Board of Directors and Board of Management).
(1) Paid as a dividend in kind, in shares; calculated based on the value of Isracard shares on March 8, 2020 (NIS 10.91).

Table 2-3: Composition of net financing profit

	For the year ended		Change
	December 31, 2024	December 31, 2023	
	NIS millions		
Interest income	35,495	32,971	7.7%
Interest expenses	(18,545)	(16,886)	9.8%
Net interest income	16,950	16,085	5.4%
Non-interest financing income (expenses)	959	1,267	(24.3%)
Total reported financing profit	17,909	17,352	3.2%
Excluding effects not from regular activity:			
Gain (loss) from realizations of bonds available for sale	(778)	(594)	31.0%
Profit (loss) from investments in shares	503	369	36.3%
Adjustments to fair value of derivative instruments(1)	290	372	(22.0%)
Others(2)	211	(82)	(357.3%)
Total effects not from regular activity	226	65	247.7%
Total income from regular financing activity**	17,683	17,287	2.3%
** Of which: in respect of changes in the CPI	1,178	914	28.9%

Table 2-3: Composition of net financing profit (continued)

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	NIS millions							
Interest income	8,686	9,608	9,110	8,091	8,325	8,502	8,622	7,522
Interest expenses	(4,511)	(5,031)	(4,726)	(4,277)	(4,578)	(4,496)	(4,327)	(3,485)
Net interest income	4,175	4,577	4,384	3,814	3,747	4,006	4,295	4,037
Non-interest financing income (expenses)	323	42	322	272	310	203	414	340
Total reported financing profit	4,498	4,619	4,706	4,086	4,057	4,209	4,709	4,377
Excluding effects not from regular activity:								
Gain (loss) from realizations of bonds available for sale	(201)	(301)	(60)	(216)	(166)	(203)	(146)	(79)
Profit (loss) from investments in shares	134	146	84	139	76	49	131	113
Adjustments to fair value of derivative instruments(1)	175	28	40	47	164	88	187	(67)
Others(2)	47	39	76*	49*	(123)	4	26	11
Total effects not from regular activity	155	(88)	140*	19*	(49)	(62)	198	(22)
Total income from regular financing activity**	4,343	4,707	4,566*	4,067*	4,106	4,271	4,511	4,399
** Of which: in respect of changes in the CPI	(27)	556	556	93	27	239	382	266

* Reclassified.

(1) The effect of the measurement of profit and loss in derivative instruments constituting part of the Bank's asset and liability management strategy on a fair-value basis, versus measurement on an accrual basis.

(2) Including gains from buyback of bonds in the amount of approximately NIS 0 million and approximately NIS 260 million in the three-month and one-year periods ended December 31, 2024, respectively. Also includes financing costs in respect of benefits granted by the Bank to its customers due to the Swords of Iron War in the amount of approximately NIS 10 million and approximately NIS 127 million in the three-month and one-year periods ended on December 31, 2024, respectively (in the third quarter of 2024: NIS 15 million; in the second quarter of 2024: NIS 44 million; in the first quarter of 2024: NIS 58 million; in the fourth quarter of 2023: NIS 129 million), and the effect of hedging of currency exposures of non-monetary items.

Table 2-5: Provision for credit losses in respect of debts and in respect of off-balance sheet credit instruments

	For the year ended	
	December 31, 2024	December 31, 2023
Individual provision for credit losses	344	462
Decrease in individual allowance for credit losses and recovery of charged off debts	(594)	(309)
Net individual provision (income) for credit losses	(250)	153
Provision (income) in respect of the collective allowance for credit losses and net automatic charge-offs*	943	1,726
Total provision (income) for credit losses**	693	1,879
** Of which:		
Net provision (income) for credit losses in respect of commercial credit risk	138	1,389
Net provision (income) for credit losses in respect of housing credit risk	47	117
Net provision (income) for credit losses in respect of other private credit risk	519	379
Net provision (income) for credit losses in respect of risk of credit to banks and governments and bonds	(11)	(6)
Total provision (income) for credit losses	693	1,879
Provision (income) as a percentage of total credit to the public:***		
Provision (income) for credit losses as a percentage of the average balance of credit to the public(1)	0.16%	0.46%
Gross individual provision for credit losses as a percentage of the average balance of credit to the public	0.08%	0.11%
Gross provision for credit losses as a percentage of the average balance of credit to the public(2)	0.30%	0.54%

Table 2-5: Provision for credit losses in respect of debts and in respect of off-balance sheet credit instruments (continued)

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	NIS millions							
Individual provision for credit losses	126	56	137	25	82	120	209	51
Decrease in individual allowance for credit losses and recovery of charged off debts	(41)	(120)	(377)	(56)	(28)	(127)	(96)	(58)
Net individual provision (income) for credit losses	85	(64)	(240)	(31)	54	(7)	113	(7)
Net provision (income) in respect of the collective allowance for credit losses and net automatic charge-offs*	265	470	191	17	399	669	466	192
Total provision (income) for credit losses**	350	406	(49)	(14)	453	662	579	185
** Of which:								
Net provision (income) for credit losses in respect of commercial credit risk	53	357	(155)	(117)	319	562	372	136
Net provision (income) for credit losses in respect of housing credit risk	111	(12)	(8)	(44)	39	4	62	12
Net provision (income) for credit losses in respect of other private credit risk	190	73	108	148	97	110	133	39
Net provision (income) for credit losses in respect of risk of credit to banks and governments and bonds	(4)	(12)	6	(1)	(2)	(14)	12	(2)
Total provision (income) for credit losses	350	406	(49)	(14)	453	662	579	185

	In %							
Provision (income) as a percentage of total credit to the public:***								
Provision (income) for credit losses as a percentage of the average balance of credit to the public(1)	0.32%	0.38%	(0.05%)	(0.01%)	0.44%	0.65%	0.57%	0.19%
Gross individual provision for credit losses as a percentage of the average balance of credit to the public	0.11%	0.05%	0.13%	0.02%	0.08%	0.12%	0.21%	0.05%
Gross provision for credit losses as a percentage of the average balance of credit to the public(2)	0.35%	0.49%	0.31%	0.04%	0.47%	0.77%	0.67%	0.24%

* Charge-offs in respect of debts past due by 150 days or more not examined individually.
*** The rates below are calculated on an annualized basis.
(1) Including provisions in respect of banks and governments.
(2) The gross provision for credit losses is the total provision for credit losses, excluding the decrease in the individual allowance for credit losses and recovery of charged off debts.

Table 2-11: Development of net credit to the public by operating segment according to the management approach

	Balance as at		Change
	December 31, 2024	December 31, 2023	
	NIS millions		
Private customers*	39,331	37,663	4.4%
Small businesses*	34,479	32,729	5.3%
Housing loans	139,540	131,057	6.5%
Commercial	62,747	59,300	5.8%
Corporate	140,180	123,994	13.1%
International activity	22,476	18,072	24.4%
Financial management	4,730	4,566	3.6%
Total	443,483	407,381	8.9%

* Includes the receivables balance in respect of credit cards.