

Bank Hapoalim Announces Fourth Quarter 2022 and Annual Results

- ◆ **Net profit** in 2022 totaled NIS 6,532 million; **return on equity 14.8%**.
- ◆ **Net profit** in 4Q22 totaled NIS 1,750 million; **return on equity 15.3%**.
- ◆ **Total income** increased by 24.5% vs. 2021, due to growth in the bank's core activity, boosted by the increase in interest rates and higher inflation.
- ◆ The **cost-income ratio** dropped to 44.5% on an annual basis, 39.1% in the fourth quarter.
- ◆ The **credit portfolio** grew by 1.9% QoQ, 10.2% YoY.
- ◆ **CET-1 ratio** at 11.25%. The board of directors approved **dividend distribution of 30%** of fourth-quarter net profit, in the amount of NIS 525 million. **Total dividend** declared in respect of 2022, was NIS 1.5 billion.
- ◆ **New strategic plan** adopted, aimed at reinforcing the position of Bank Hapoalim as a leading bank in Israel. The principles of the plan support continued responsible growth, preservation of the bank's leadership, and a leap forward in customer service.

Tel Aviv, Israel – March 9, 2023 – Bank Hapoalim (TASE: POLI) (ADR: BKHY) today announced its financial results for the fourth quarter and full year ended December 31, 2022.

Leadership comments

Ruben Krupik, Chairman of the Board of Directors:

"The defining characteristic of our activity in 2022 was preparing and positioning the bank for a strategic process targeting multiannual optimization, rather than maximizing short-term effects. We led a large-scale strategic planning process, aided by an international consulting firm, over a ten-month period, to establish goals, courses of action, and methods for adapting the bank to the prevailing economic and business realities and to the future, and, most importantly, centering us on our customers.

Over these months, we engaged in a structured procedure to focus on our customers, employees, and the business environment. Technological capabilities – artificial intelligence first and foremost, as well as open-banking-based business initiatives and cybersecurity abilities that support execution, growth, and creativity, and superior social-banking capabilities – will form the key influencing factors on the banks of the future."

Dov Kotler, President and CEO:

"2022 began with deceleration of global economic activity, due to the war in Ukraine, and continued with mounting local and global uncertainty fueled by rising inflation and interest rates, in Israel and worldwide. The Israeli economy continued to demonstrate its resilience, even during a time of growing uncertainty.

Over the last year, we continued the responsible growth of our credit portfolio, particularly in corporate and commercial credit and in housing loans; helped our customers cope with increased mortgage payments; and developed and introduced innovative products for our customers. We continued to stand by our customers as the first professional resource to turn to for advice when making important financial decisions, moved forward with more efficient use of resources, and maintained our focus on our business objectives, while achieving improvements in capital indicators and financial robustness.

I would like to thank Chairman of the Board Ruben Krupik, the members of the board of directors, and our devoted employees, who have resolutely pursued their mission with the utmost professional excellence, determination, and responsibility towards our customers."

Key highlights

- ◆ **Net profit** in the fourth quarter of 2022 totaled NIS 1,750 million, compared with NIS 1,785 million in the preceding quarter and NIS 934 million in same quarter last year. The results in the quarter were supported by the continuous growth in business activity and a high contribution of the increase in central bank rates, as well as a high contribution of the CPI.

Net profit for 2022 totaled NIS 6,532 million, compared with NIS 4,914 million in 2021. The main driver of the increase in **net profit** is 24.5% growth in total income and NIS 34 million in income from credit losses. At the same time, total expenses increased by only 2.2%. **Profit before provisions and tax** increased by 51.0% in 2022, to NIS 9,948 million.

- ◆ **Return on equity (ROE)** for the quarter stood at 15.3%, compared with 15.9% in the preceding quarter and 9.1% in the same quarter last year. **ROE** for 2022 stood at 14.8%.
- ◆ **Total income** increased by 10.1% compared to the third quarter and by 43.9% vs. the corresponding quarter last year, to NIS 5,231 million, mainly driven by an increase in **net financing profit**, as well as in **fees**. **Total expenses** increased by 3.8% QoQ and 7.4% YoY, generating substantial **positive jaws**, consistently, quarter by quarter.
- ◆ **Total income** for 2022 increased by 24.5% while **total expenses** in this period increased by only 2.2%.
- ◆ **The Common Equity Tier 1 (CET-1) capital ratio** as at December 31, 2022, stood at 11.25% vs. the 10.5% board of director's minimum target and 10.2% minimum regulatory target. The **total capital ratio** as at December 31, 2022, stood at 14.70% vs. the 13.5% minimum regulatory target.
- ◆ **LCR** and **NSFR** are at 122% and 130%, respectively, vs. minimum regulatory target of 100%.
- ◆ **Credit quality indicators** remained strong and showed continued improvement; the **NPL ratio** decreased to 0.87%, from 1.11% on December 31, 2021, and the **NPL coverage ratio** (balance sheet allowance for credit losses/NPL) stood at 161%. In the fourth quarter, the bank increased its collective provision, further to the increase made in previous quarters, to reflect potential macroeconomic effects and uncertainties.

Balance sheet

- ◆ **Net credit to the public** in the fourth quarter of 2022 totaled NIS 388.7 billion, compared with NIS 381.6 billion in the preceding quarter, an increase of 1.9%, thereby completing 10.2% growth in 2022.
- ◆ The growth in the **credit portfolio** in recent quarters was broad-based, responsible, and aligned with the changing macroeconomic environment. **Corporate credit** increased by 4.5% and **commercial credit** increased by 2.6% in the fourth quarter, completing 12.4% and 9.8% growth for the year, respectively. The **housing loan portfolio** grew by 1.5% in the fourth quarter and 11.4% vs. the preceding quarter. **Small business credit** increased by 0.7% and 3.2% QoQ and YoY respectively while **consumer credit** decreased by 0.8% in the fourth quarter and by 2.3% compared to 2021.
- ◆ **Total deposits** reached NIS 532.6 billion, an increase of 1.4% in the last year. **Retail deposits** totaled NIS 308.6 billion, constituting 58% of total deposits.
- ◆ **Allowance for credit losses** totaled NIS 6.5 billion as at December 31, 2022, constituting 1.64% of total credit.
NPL balances declined by 12.9% in 2022, to NIS 3.4 billion, constituting 0.87% of total credit to the public. The **NPL coverage ratio** stood at 161%.
- ◆ **Shareholders' equity** grew by 8.8% in 2022, to NIS 46.5 billion.
- ◆ At the date of approval of these financial statements, the board of directors declared the **distribution of dividends** in the amount of **NIS 525 million**, constituting 30% of the quarterly net profit, to be paid on March 30, 2023. Total **dividend** declared in respect of 2022, was NIS 1.5 billion.

Income statement

- ◆ **Income from regular financing activity** in the fourth quarter totaled NIS 4,184 million, an increase of 4.0% versus the last quarter and 65.2% compared to the corresponding quarter. **Income from regular financing activity** for the full year of 2022 amounted to NIS 14,548 million, an increase of 45.3% driven by the consistent growth in credit volumes and boosted by the increase in the BOI and Fed interest rates and the high CPI. Accordingly, the **financial margin from regular activity** in the fourth quarter increased by 0.92 points versus the corresponding quarter, to 2.64% and by 0.56 points to 2.35% for the full year period.
- ◆ **Fee income** totaled NIS 929 million in the fourth quarter, compared with NIS 984 million in the previous quarter, and NIS 898 million in the same quarter last year. **Fees** in 2022, particularly in the third and fourth quarters, were impacted by the agreement signed with Isracard, which contributed NIS 145 million. Full-year **fees** stood at NIS 3,705 million, a 10.4% increase vs. last year. Excluding the effect of Isracard, **fees** grew by 6.1%, mainly due to growth in fees for account management, credit handling, credit cards and conversion differences.
- ◆ **Operating and other expenses** totaled NIS 2,046 million in the fourth quarter, compared with NIS 1,972 million in the previous quarter and NIS 1,905 million in the same quarter last year, an increase of 3.8% and 7.4%, respectively. The increase in expenses in comparison to the last quarter was mainly due to an increase in other expenses. Compared to the corresponding quarter, the increase was due to higher performance-based bonuses.

Operating and other expenses in 2022 increased by 2.2%. The increase mainly resulted from an increase in expenses in respect of fees, IT expenses, and marketing and advertising expenses. This increase was offset by a decrease in expenses related to the investigation of the Bank Group's business with American customers, as well as a decrease in expenses due to the reduction of international activity.

- ◆ The **cost-income ratio** for the fourth quarter of 2022 dropped to 39.1%, compared with 41.5% in the previous quarter and 52.4% in the corresponding quarter. Full-year **cost-income ratio** was 44.5% vs. 54.2% in 2021. This quarter, again, we achieved significant **positive jaws** due to income growth significantly outpacing the rise in costs.
- ◆ The bank's credit portfolio quality continued to be resilient, as reflected in quality indicators and in the still-low volume of **credit losses in 2022**. Full-year **credit losses** amounted to an income of NIS 34 million (-0.02% **credit loss ratio**).

Total problematic debt declined by 20.7% in 2022 and the **NPL ratio** is down to 0.87% vs. 1.11% in 2021. The **NPL coverage ratio** stood at 161%.

In view of potential macroeconomic effects and further uncertainties in the global economy, the bank gradually increased the **collective provision** in the last three quarters. In the fourth quarter, **credit loss provision** totaled NIS 430 million, constituting 0.43% of total credit, mainly as a result of the aforementioned additional increase in the **collective provision**, as well as a higher **specific provision**. As a result, the **allowance for credit losses** remained relatively high, at NIS 6.5 billion, constituting 1.69% of credit RWA.

Strategic plan

The board of management and the board of directors of the bank have approved a multi-annual strategic plan for 2023-2026 aimed at reinforcing the position of Bank Hapoalim as a leading bank in Israel. The principles of the plan support continued responsible growth, preservation of the bank's leadership, and a leap forward in customer service. The plan is focused on performance, value for customers, optimal utilization of infrastructures and resources, and development of differentiating and influential innovation.

The plan builds on the successful implementation of the bank's growth strategy for its core activity in 2021-2022, reflected in material improvement in its business results and significant business momentum.

The Poalim 2026 plan is built upon three pillars:

a. Strengthening the leadership of Bank Hapoalim in core banking

The strategic plan sets the goal of leveraging and strengthening the leadership of Bank Hapoalim, as a universal bank in Israel, in core banking products for retail customers (focusing on the sub-segments of private banking and small businesses) and business customers (focusing on infrastructure, syndications, real estate and Hi-tech) and in the capital market.

b. Optimizing the use of resources and enhancing productivity

Optimizing the use of resources and enhancing productivity concerns a number of content areas, including financial resources, technologies, and human capital, as well as streamlining of business and operational processes.

As an additional growth driver, the bank is accelerating the implementation of Agile methodologies and the operation of human resources based on the "tribes" model. This process, in which the bank is a leader in the business arena, will lead to the close integration of technological and business functions at the bank, to improve and shorten time to market and delivery, as a competitive advantage, allowing rapid launch of products, diversified services, and development of innovative value offers for the bank's customers, on a par with leading global banks.

c. Differentiating and influential innovation

The innovation element is aimed at creating differentiation by promoting solutions in the areas of service, operations, and products, by means including investment in technologies and collaboration with third-party companies, as a way of supporting the attainment of the objectives of the strategic plan.

The Bit application, a leading payment app that currently has approximately 3 million users who are customers of all banks, will serve as the basis for development of new banking products. The bank will continue to expand the activities of Bit in the area of payments and concurrently work to present unique innovative value offers.

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 +972-3-918-0610 internationally. No password is required. The 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.

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About Bank Hapoalim

Bank Hapoalim is Israel's leading financial group. In Israel, Bank Hapoalim operates 166 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) and holds a Level-1 ADR program. 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

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Table 1-1: Condensed financial information and principal performance indicators over time

	For the year ended December 31				
	2022	2021	2020	2019	2018
Main performance indicators					
Return of net profit (loss) attributed to shareholders of the Bank on equity	14.8%	11.8%	5.3%	4.6%	7.1%
Return of net profit attributed to shareholders of the Bank on equity excluding extraordinary items ⁽¹⁾	14.8%	11.9%	5.7%	7.1%	9.7%
Return of net profit (loss) from continued operations attributed to shareholders of the Bank on equity	14.8%	11.8%	5.6%	3.9%	6.1%
Return of net profit from continued operations attributed to shareholders of the Bank on equity excluding extraordinary items ⁽²⁾	14.8%	11.9%	5.7%	6.7%	8.8%
Return on average assets	1.01%	0.85%	0.41%	0.39%	0.57%
Ratio of income ⁽³⁾ to average assets	2.78%	2.48%	2.65%	2.90%	3.05%
Ratio of net interest income to average assets	2.09%	1.68%	1.77%	2.05%	1.97%
Ratio of fees to average assets	0.57%	0.58%	0.63%	0.71%	0.73%
Efficiency ratio – cost-income ratio from continued operations	44.5%	54.2%	56.9%	66.4%	65.1%
Efficiency ratio – cost-income ratio excluding extraordinary items from continued operations ⁽²⁾	44.5%	53.9%	56.7%	58.1%	57.8%
Financing margin from regular activity ⁽⁴⁾	2.35%	1.79%	1.98%	2.26%	2.31%
Liquidity coverage ratio (LCR)	122%	124%	140%	121%	120%
Net stable financing ratio (NSFR) ⁽⁵⁾	130%	136%*	-	-	-
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	December 31				
	2022	2021	2020	2019	2018
Ratio of common equity Tier 1 capital to risk components ⁽⁶⁾	11.25%	10.96%	11.52%	11.53%	11.16%
Ratio of total capital to risk components ⁽⁶⁾	14.70%	14.22%	14.60%	14.64%	14.39%
Leverage ratio ⁽⁶⁾	6.34%	6.03%	6.78%	7.61%	7.51%

* Restated.

(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 Israrcad, and loss from impairment in respect of the Bank's investment in Bank Pozitif.

(2) 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, and loss from impairment in respect of the Bank's investment in Bank Pozitif.

(3) Total income – net interest income and non-interest income.

(4) 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.

(5) The net stable financing ratio (NSFR) is published beginning with the financial statements as at December 31, 2021. For additional information, see the section "Liquidity and refinancing risk," in the Report of the Board of Directors and Board of Management.

(6) For additional information, see the section "Capital, capital adequacy, and leverage," in the Report of the Board of Directors and Board of Management.

Table 2-1: Condensed statement of profit and loss, NIS million

	For the year ended		Change
	December 31, 2022	December 31, 2021	
Interest income	19,220	11,684	64.5%
Interest expenses	(5,753)	(1,917)	200.1%
Net interest income	13,467	9,767	37.9%
Non-interest financing income	581	1,081	(46.3%)
Net financing profit*	14,048	10,848	29.5%
Provision (income) for credit losses	(34)	(1,220)	(97.2%)
Net financing profit after provision for credit losses	14,082	12,068	16.7%
Fees and other income*	3,872	3,544	9.3%
Operating and other expenses	7,972	7,803	2.2%
Profit before taxes	9,982	7,809	27.8%
Provision for taxes on profit	3,548	2,958	19.9%
Profit after taxes	6,434	4,851	32.6%
The Bank's share in profits of equity-basis investees, after taxes	99	49	102.0%
Net profit:			
Before attribution to non-controlling interests	6,533	4,900	33.3%
Loss (profit) attributed to non-controlling interests	(1)	14	(107.1%)
Attributed to shareholders of the Bank	6,532	4,914	32.9%
Return of net profit	14.8%	11.8%	25.0%

* The profit and loss items above are presented in a different format than in the statement of profit and loss, in order to allow better analysis of the financial results. This change is expressed in the reclassification of non-interest financing income from the item of "non-interest income (expenses)" to the item of "net financing profit."

Table 1-1: Condensed financial information and principal performance indicators over time (continued)

	For the year ended December 31				
	2022	2021	2020	2019	2018
Main credit quality indicators					
Total allowance for credit losses*,** as a percentage of credit to the public	1.64%	1.65%**	2.25%	1.76%	1.51%
Allowance for credit losses in respect of credit to the public as a percentage of credit to the public**	1.40%	1.43%**	2.00%	1.58%	1.31%
Credit to the public, non-accruing or past due by 90 days or more, as a percentage of credit to the public*, **	0.89%	1.20%**	1.52%	1.80%	1.23%
Net charge-offs as a percentage of average credit to the public	(0.03%)	(0.06%)	0.09%	0.12%	0.20%
Provision (income) for credit losses as a percentage of average credit to the public	(0.02%)	(0.37%)	0.64%	0.44%	0.22%

* 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%.

Statement of profit and loss and balance sheet – multi-quarter data
Table 8-3: Quarterly consolidated statement of profit and loss for the years 2021-2022– multi-quarter data

	2022				2021			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
	NIS millions							
Interest income	6,374	5,139	4,304	3,403	2,813	3,071	3,209	2,591
Interest expenses	(2,446)	(1,503)	(1,117)	(687)	(352)	(506)	(701)	(358)
Net interest income	3,928	3,636	3,187	2,716	2,461	2,565	2,508	2,233
Provision (income) for credit losses	430	45	91	(600)	187	(252)	(647)	(508)
Net interest income after provision for credit losses	3,498	3,591	3,096	3,316	2,274	2,817	3,155	2,741
Non-interest income								
Non-interest financing income	337	115	(19)	148	219	212	201	449
Fees	929	984	903	889	898	838	802	817
Other income	37	18	17	95	56	29	22	82
Total non-interest income	1,303	1,117	901	1,132	1,173	1,079	1,025	1,348
Operating and other expenses								
Salaries and related expenses	1,082	1,076	1,068	1,161	919	1,153	1,165	1,096
Maintenance and depreciation of buildings and equipment	364	382	369	326	348	332	316	337
Other expenses	600	514	559	471	638	514	499	486
Total operating and other expenses	2,046	1,972	1,996	1,958	1,905	1,999	1,980	1,919
Profit from continued operations before taxes	2,755	2,736	2,001	2,490	1,542	1,897	2,200	2,170
Provision for taxes on profit from continued operations	1,015	967	704	862	624	705	803	826
Profit (loss) from continued operations after taxes	1,740	1,769	1,297	1,628	918	1,192	1,397	1,344
The Bank's share in profits (losses) of equity-basis investees, after taxes	10	16	46	27	10	12	20	7
Net profit (loss)								
Before attribution to non-controlling interests	1,750	1,785	1,343	1,655	928	1,204	1,417	1,351
Loss (profit) attributed to non-controlling interests	-	-	-	(1)	6	3	2	3
Attributed to shareholders of the Bank	1,750	1,785	1,343	1,654	934	1,207	1,419	1,354
Earnings per ordinary share in NIS								
Basic earnings (loss)								
Net profit attributed to shareholders of the Bank	1.31	1.34	1.00	1.24	0.70	0.90	1.06	1.01
Net profit attributed to shareholders of the Bank from continued operations	1.31	1.34	1.00	1.24	0.70	0.90	1.06	1.01
Net profit attributed to shareholders of the Bank from a discontinued operation	-	-	-	-	-	-	-	-
Diluted earnings (loss)								
Net profit attributed to shareholders of the Bank	1.31	1.34	1.00	1.24	0.70	0.90	1.06	1.01
Net profit attributed to shareholders of the Bank from continued operations	1.31	1.34	1.00	1.24	0.70	0.90	1.06	1.01
Net profit attributed to shareholders of the Bank from a discontinued operation	-	-	-	-	-	-	-	-

Table 8-9: Principal data by quarter, NIS million

	For the three months ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Main performance indicators					
Return of net profit attributed to shareholders of the Bank on equity ⁽¹⁾	15.3%	15.9%	12.3%	15.6%	8.8%
Return of net profit attributed to shareholders of the Bank on equity excluding extraordinary items ⁽¹⁾⁽²⁾	15.3%	15.9%	12.3%	15.6%	9.2%
Net profit attributed to shareholders of the Bank excluding extraordinary items ⁽²⁾	1,750	1,785	1,343	1,654	977
Financing margin from regular activity ⁽¹⁾⁽³⁾	2.64%	2.58%	2.24%	1.91%	1.72%

* Pursuant to the directives of the Banking Supervision Department, the method for the conversion of quarterly return into annualized terms was changed beginning in 2022, from exponential calculation to linear calculation. Comparative figures have been restated for adjustment to the calculation method in 2022.

(1) Calculated on an annualized basis.

(2) Does not include expenses in respect of provisions in connection with the investigation of the Bank Group's business with American customers.

(3) 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 over time (continued)

	December 31				
	2022	2021	2020	2019	2018
NIS million					
Main balance sheet data					
Total assets	665,353	638,781	539,602	463,688	460,926
Of which: Cash and deposits with banks	133,424	189,283	138,711	88,122	84,459
Securities	107,400	71,105	71,885	59,486	56,116
Net credit to the public	388,727	352,623	301,828	292,940	282,507
Net problematic credit risk*	6,487	7,926	9,754	8,787	6,944
Credit to the public not accruing interest income (NPL)*	3,444	2,897	3,208	3,867	2,178
Total liabilities	618,850	596,034	499,703	425,467	423,270
Of which: Deposits from the public	532,588	525,072	435,217	361,645	352,260
Deposits from banks	8,696	11,601	6,591	3,520	4,528
Bonds and subordinated notes	26,866	25,582	23,490	26,853	30,024
Shareholders' equity	46,502	42,735	39,873	38,181	37,544
Additional data					
Share price at end of year (in NIS)	31.7	32.1	22.0	28.7	23.7
For the year ended December 31					
	2022	2021	2020	2019	2018
Total dividend per share (in NIS)**	0.70	1.11	0.5 ⁽¹⁾	0.75	0.37
Average number of employee positions	8,562	8,694	9,027	9,392	9,846

* 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. For convenience, 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. For further details, see Note 1D to the Financial Statements.

** According to the date of declaration. With regard to a dividend declared after the balance sheet date, see 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).