

Bank Hapoalim Announces 2023 Third Quarter Results

- ◆ **Net profit** in 3Q23 totaled NIS 1,669 million; **return on equity** 13.4%. **Net profit** in the first nine months of 2023 totaled NIS 5,599 million; **return on equity** 15.4%.
- ◆ **CET-1 ratio** at 11.53%. The board of directors decided to declare a **dividend** of NIS 334 million, 20% of net profit. **Total dividends** declared in respect of the last four quarters' profits amount to NIS 2.4 billion, a 5.8% **dividend yield**.
- ◆ Since the outbreak of the war in Israel, following the terror attack on October 7th, the bank is **fully operational**. Moreover, the bank is entering the current period with **high preparedness** to cope with the potential effects of the war, in terms of solid capital buffers, ample liquidity, and a large credit-loss allowance buffer.
- ◆ To reflect the rise in the probability of an economic slowdown due to the consequences of the war, the bank further increased its **credit-loss allowance** to NIS 7.7 billion (1.86% of total credit).
- ◆ **Total income** decreased by 7.5% vs. 2Q23, due to lower CPI contribution and the exhaustion of the rise in interest rates, as well as negative effects of non-regular financing activity income.
- ◆ The **cost-income ratio** stood at 38.9% in the third quarter, 38.7% in the first nine months of 2023.
- ◆ The **credit portfolio** grew by 1.1% QoQ, 6.0% YoY.
- ◆ **Poalim Rebuild** – we founded an aid fund of NIS 100 million, dedicated to rebuilding communities in the south of Israel affected by the October 7th terror attack.

Tel Aviv, Israel – November 16, 2023 – Bank Hapoalim (TASE: POLI) (ADR: BKHY) today announced its financial results for the third quarter ended September 30, 2023.

Key highlights

- ◆ **Net profit** in the third quarter of 2023 totaled NIS 1,669 million, compared with NIS 1,922 million in the preceding quarter and NIS 1,785 million in the same quarter last year. **Net profit** vs. the preceding quarter was impacted by the decline in financing income as well as the increase in credit-loss provisions. On the other hand, total expenses decreased. **Net profit** vs. the corresponding quarter was impacted by an increase of 11.5% in total income and 4.4% in total expenses; however, loan-loss provisions were substantially higher.
- ◆ **Return on equity (ROE)** for the quarter stood at 13.4%, compared with 15.8% in the preceding quarter and 15.9% in the same quarter last year.
- ◆ **Total income** decreased by 7.5% compared to the second quarter and increased by 11.5% vs. the corresponding quarter last year, to NIS 5,298 million. The results in the quarter, compared with the preceding quarter, were impacted by the decline in financing income, mainly as a result of lower inflation and the exhaustion of the rise in interest rates, as well as negative effects of non-regular financing activity income. These were slightly mitigated by an increase in fees. Compared with the corresponding quarter, **total income** was positively impacted by the increase in financing income, boosted by the higher interest rate, as well as in fees.
- ◆ **The Common Equity Tier 1 (CET-1) capital ratio** as at September 30, 2023, stood at 11.53%, an increase of 28 bps since the beginning of 2023, vs. a 10.5% internal minimum target and 10.23% minimum regulatory target. The **total capital ratio** as at September 30, 2023, was 14.70%, vs. a 13.5% minimum regulatory target.
- ◆ **LCR** and **NSFR** are at 124% and 125% respectively, vs. minimum regulatory targets of 100%.
- ◆ **Credit quality indicators** remained strong; due to classification of loans as “non-accruing,” the **NPL ratio** increased to 0.97%, from 0.81% on June 30, 2023. The **NPL coverage ratio** (balance sheet allowance for credit losses/NPL) stood at a high level of 168%.

Balance sheet

- ◆ **Net credit to the public** in the third quarter of 2023 totaled NIS 404.4 billion, compared with NIS 400.1 billion in the preceding quarter, an increase of 1.1%, and an increase of 6.0% compared with NIS 381.6 billion in the same quarter last year. Compared to the end of 2022, **net credit to the public** grew by 4.0%.
- ◆ The growth in the **credit portfolio** in recent quarters was responsible and adjusted to the changing environment and sector dynamics. **Corporate credit** increased by 1.7% compared to the second quarter of 2023. **Commercial credit** remained unchanged during the quarter. The **housing loan portfolio** grew by 0.8% in the third quarter, while **small business credit** decreased by 2.7% compared to corresponding quarter; **consumer credit** increased by 0.5% this quarter.
- ◆ **Total deposits** reached NIS 532.8 billion, a slight increase vs. the preceding quarter, as **retail deposits** continued to grow, by 0.5% in the third quarter. **Retail deposits** amounted to NIS 313.9 billion, constituting 59% of total deposits.
- ◆ **Allowance for credit losses** continued to grow, to NIS 7.7 billion as at September 30, 2023, of which NIS 6.8 billion attributed to collective provision. The total allowance constitutes 1.86% of total credit.
- ◆ **Shareholders' equity** grew by 1.8% in the quarter and by 11.5% vs. September 30, 2022, to NIS 50.3 billion.
- ◆ The board of directors of the bank approved a **dividend** distribution of 20% of third-quarter net profit, in the amount of NIS 334 million, to be paid on December 6, 2023. The approval was made considering the bank's significant capital surpluses and the BOI guideline concerning capital planning and profit distribution policy, in view of the war and the increase in uncertainty. Dividends declared in respect of the last four quarters amount to **NIS 2.4 billion** and reflect a **dividend yield** of 5.8%.

Income statement

- ◆ **Income from regular financing activity** in the third quarter totaled NIS 4,271 million, a decline of 5.3% vs. the preceding quarter and an increase of 6.2% compared to the corresponding quarter last year. The main impacts on **income from regular financing activity** this quarter were the lower inflation, hence a lower CPI contribution (NIS 239 million vs. NIS 382 million in the second quarter), and the continued migration to interest-bearing deposits (a decrease of 9% in average non-interest bearing deposits vs. the second quarter). Compared to the corresponding quarter, **income from regular financing activity** was positively impacted by the rise in interest rates and by credit growth. The **financial margin from regular activity** stood at 2.65%, vs. 2.80% in the previous quarter and 2.58% in the corresponding quarter last year, due to the abovementioned trends.
- ◆ **Fee income** totaled NIS 1,038 million in the third quarter, compared with NIS 961 million in the previous quarter and NIS 984 million in the same quarter last year. In comparison to both comparable quarters, fees were positively impacted by refunds of portfolio insurance premiums paid in the past.
- ◆ **Operating and other expenses** totaled NIS 2,059 million in the third quarter, compared with NIS 2,181 million in the previous quarter and NIS 1,972 million in the same quarter last year, a decrease of 5.6% and an increase of 4.4%, respectively. The decrease in expenses vs. the preceding quarter mainly resulted from a decline in salary and related expenses, which in the second quarter included an NIS 80 million provision in respect of the collective wage agreement signed in July. Maintenance and depreciation expenses were also lower this quarter, as in the second quarter we recorded some IT R&D asset impairment.
- ◆ The **cost-income ratio** for the third quarter of 2023 stood at 38.9%, compared with 38.1% in the previous quarter and 41.5% in the corresponding quarter.
- ◆ In the third quarter, **provision for credit losses** amounted to NIS 662 million (0.66% credit-loss ratio), mainly resulting from an increase in the collective provision, to reflect the rise in the probability of an economic slowdown due to the consequences of the war. The specific provision, however, remained very low, as this quarter we recorded relatively high recoveries. Provision for credit losses in the first nine months of 2023 amounted to NIS 1,426 million, constituting 0.47% of total credit.

Recent developments**◆ Targeted benefits for customers:**

With the outbreak of the war, the bank announced a series of significant benefits aimed at providing relief to its customers during this time. The benefits differentiate customers directly affected by the war from the rest of the population. These include benefits in line with the outline issued by the Banking Supervision Department, as well as additional benefits beyond the outline, including an exemption from mortgage payments, deferral of payments on loans and mortgages, an exemption from major fees, and more. The bank estimates that if all relevant customers redeem the maximum benefits, the overall cost will be approximately NIS 420 million, which will be booked mainly in Q4.

◆ Poalim Rebuild – donation of NIS 100 million by the bank:

The bank has announced a donation of NIS 100 million, through the foundation of the Poalim Rebuild Fund, to restore directly affected communities over the coming years. The fund will work to rebuild community infrastructures damaged by the war, focusing on restoration in the areas of health care, education, and employment.

◆ Immediate aid and donations:

The bank provided an emergency donation of NIS 10 million for immediate needs, designated for medical, physical, and mental aid. The donation was given to rescue organizations, hospitals, and key social organizations, such as Magen David Adom, as well as to displaced families and IDF units. The bank also offered an option to raise funds for similar purposes through the Bit app, where a total of approximately NIS 7 million has been collected.

◆ Mobile branches:

Since the beginning of the war, the mobile branches of Bank Hapoalim have visited many locations nationwide, prioritizing sites hosting people evacuated from the south and north. The branches offer a range of banking transactions for Bank Hapoalim customers (including suspension of mortgage payments, and any other mortgage-related services), as well as cash withdrawals for customers of all banks.

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 [BankHapoalimQ3.2023](#). 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.

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About Bank Hapoalim

Bank Hapoalim is Israel's leading financial group. In Israel, Bank Hapoalim operates 161 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.

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

| | 2023 | | | | 2022 | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| NIS millions | | | | | | | |
| Main profit and loss data quarterly development | | | | | | | |
| Net interest income | 4,006 | 4,295 | 4,037 | 3,928 | 3,636 | 3,187 | 2,716 |
| Non-interest financing income (expenses) | 203 | 414 | 340 | 337 | 115 | (19) | 148 |
| Net financing profit | 4,209 | 4,709 | 4,377 | 4,265 | 3,751 | 3,168 | 2,864 |
| Provision (income) for credit losses | 662 | 579 | 185 | 430 | 45 | 91 | (600) |
| Fees and other income | 1,089 | 1,016 | 982 | 966 | 1,002 | 920 | 984 |
| Operating and other expenses | 2,059 | 2,181 | 2,094 | 2,046 | 1,972 | 1,996 | 1,958 |
| Profit before taxes | 2,577 | 2,965 | 3,080 | 2,755 | 2,736 | 2,001 | 2,490 |
| Net profit attributed to shareholders of the Bank | 1,669 | 1,922 | 2,008 | 1,750 | 1,785 | 1,343 | 1,654 |
| Return of net profit (in percent) | 13.4% | 15.8% | 17.0% | 15.3% | 15.9% | 12.3% | 15.6% |

| | For the three months ended | | For the nine months ended | | For the year ended |
|--|----------------------------|--------------------|---------------------------|--------------------|--------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 | December 31, 2022 |

| Main performance indicators | | | | | |
|--|-------|-------|-------|-------|-------|
| Return of net profit on equity attributed to shareholders of the Bank ⁽¹⁾ | 13.4% | 15.9% | 15.4% | 14.6% | 14.8% |
| Return on average assets ⁽¹⁾ | 1.00% | 1.10% | 1.12% | 1.00% | 1.01% |
| Ratio of income ⁽²⁾ to average assets ⁽¹⁾ | 3.16% | 2.93% | 3.27% | 2.64% | 2.78% |
| Ratio of net interest income to average assets ⁽¹⁾ | 2.39% | 2.24% | 2.46% | 1.99% | 2.09% |
| Ratio of fees to average assets ⁽¹⁾ | 0.62% | 0.61% | 0.59% | 0.58% | 0.57% |
| Efficiency ratio – cost-income ratio | 38.9% | 41.5% | 38.7% | 46.7% | 44.5% |
| Financing margin from regular activity ⁽¹⁾⁽³⁾ | 2.65% | 2.58% | 2.74% | 2.24% | 2.35% |
| Liquidity coverage ratio (LCR) | 124% | 126% | 124% | 126% | 122% |
| Net stable financing ratio (NSFR) ⁽⁴⁾ | 125% | 127% | 125% | 127% | 130% |

| | As at | | |
|---|--------------------|--------------------|-------------------|
| | September 30, 2023 | September 30, 2022 | December 31, 2022 |
| Ratio of common equity Tier 1 capital to risk components ⁽⁵⁾ | 11.53% | 11.10% | 11.25% |
| Ratio of total capital to risk components ⁽⁵⁾ | 14.70% | 14.34% | 14.70% |
| Leverage ratio ⁽⁵⁾ | 6.77% | 6.18% | 6.34% |

(1) Calculated on an annualized basis.

(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," 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.

(4) For additional information, see the section "Liquidity and refinancing risk" in the Report of the Board of Directors and Board of Management.

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

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

| | For the three months ended | | For the nine months ended | | For the year ended |
|---|----------------------------|--------------------|---------------------------|--------------------|--------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 | December 31, 2022 |
| Main credit quality indicators | | | | | |
| Total allowance for credit losses* as a percentage of credit to the public | 1.86% | 1.56% | 1.86% | 1.56% | 1.64% |
| Allowance for credit losses in respect of credit to the public as a percentage of credit to the public | 1.63% | 1.34% | 1.63% | 1.34% | 1.40% |
| Credit to the public, non-accruing or past due by 90 days or more, as a percentage of credit to the public | 1.02% | 0.80% | 1.02% | 0.80% | 0.89% |
| Net charge-offs as a percentage of average credit to the public | 0.10% | (0.03%) | 0.08% | (0.03%) | (0.03%) |
| Provision (income) for credit losses in respect of credit to the public as a percentage of average credit to the public | 0.66% | 0.05% | 0.47% | (0.18%) | (0.02%) |
| <hr/> | | | | | |
| | As at | | | | |
| | September 30, 2023 | September 30, 2022 | December 31, 2022 | | |
| | NIS millions | | | | |
| Main balance sheet data | | | | | |
| Total assets | 675,988 | 658,336 | 665,353 | | |
| Of which: Cash and deposits with banks | 92,131 | 145,423 | 133,424 | | |
| Securities | 136,810 | 90,078 | 107,400 | | |
| Net credit to the public | 404,371 | 381,582 | 388,727 | | |
| Net problematic credit risk | 7,042 | 6,723 | 6,487 | | |
| Credit to the public not accruing interest income (NPL) | 3,984 | 3,033 | 3,444 | | |
| Total liabilities | 625,736 | 613,267 | 618,850 | | |
| Of which: Deposits from the public | 532,756 | 527,699 | 532,588 | | |
| Deposits from banks | 8,953 | 9,779 | 8,696 | | |
| Bonds and subordinated notes | 23,810 | 26,263 | 26,866 | | |
| Shareholders' equity | 50,252 | 45,068 | 46,502 | | |
| Additional data | | | | | |
| Share price at end of period (in NIS) | 34.1 | 30.3 | 31.7 | | |

Table 2-3: Composition of net financing profit

| | For the three months ended | | Change | For the nine months ended | | Change |
|---|----------------------------|--------------------|----------|---------------------------|--------------------|----------|
| | September 30, 2023 | September 30, 2022 | | September 30, 2023 | September 30, 2022 | |
| | NIS millions | | | NIS millions | | |
| Interest income | 8,502 | 5,139 | 65.4% | 24,646 | 12,846 | 91.9% |
| Interest expenses | (4,496) | (1,503) | 199.1% | (12,308) | (3,307) | 272.2% |
| Net interest income | 4,006 | 3,636 | 10.2% | 12,338 | 9,539 | 29.3% |
| Non-interest financing income (expenses) | 203 | 115 | 76.5% | 957 | 244 | 292.2% |
| Total reported financing profit | 4,209 | 3,751 | 12.2% | 13,295 | 9,783 | 35.9% |
| Excluding effects not from regular activity: | | | | | | |
| Income (expenses) from realization and adjustments to fair value of bonds | (197) | 4 | | (417) | 36 | |
| Profit (loss) from investments in shares | 49 | (59) | (183.1%) | 293 | (219) | (233.8%) |
| Adjustments to fair value of derivative instruments ⁽¹⁾ | 88 | (199) | (144.2%) | 208 | (349) | (159.6%) |
| Income (expenses) from hedges and others ⁽²⁾ | (2) | (17) | (88.2%) | 30 | (49) | (161.2%) |
| Total effects not from regular activity | (62) | (271) | (77.1%) | 114 | (581) | (119.6%) |
| Total income from regular financing activity* ⁽³⁾ | 4,271 | 4,022 | 6.2% | 13,181 | 10,364 | 27.2% |
| * Of which: in respect of changes in the CPI | 239 | 330 | (27.6%) | 887 | 1,147 | (22.7%) |

| | 2023 | | | | 2022 | | |
|---|--------------|---------|---------|---------|---------|---------|-------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | NIS millions | | | | | | |
| Interest income | 8,502 | 8,622 | 7,522 | 6,374 | 5,139 | 4,304 | 3,403 |
| Interest expenses | (4,496) | (4,327) | (3,485) | (2,446) | (1,503) | (1,117) | (687) |
| Net interest income | 4,006 | 4,295 | 4,037 | 3,928 | 3,636 | 3,187 | 2,716 |
| Non-interest financing income (expenses) | 203 | 414 | 340 | 337 | 115 | (19) | 148 |
| Total reported financing profit | 4,209 | 4,709 | 4,377 | 4,265 | 3,751 | 3,168 | 2,864 |
| Excluding effects not from regular activity: | | | | | | | |
| Income (expenses) from realization and adjustments to fair value of bonds | (197) | (143) | (77) | (173) | 4 | (14) | 46 |
| Profit (loss) from investments in shares | 49 | 131 | 113 | 96 | (59) | (190) | 30 |
| Adjustments to fair value of derivative instruments ⁽¹⁾ | 88 | 187 | (67) | 171 | (199) | (77) | (73) |
| Income (expenses) from hedges and others ⁽²⁾ | (2) | 23 | 9 | (13) | (17) | 17 | (49) |
| Total effects not from regular activity | (62) | 198 | (22) | 81 | (271) | (264) | (46) |
| Total income from regular financing activity* ⁽³⁾ | 4,271 | 4,511 | 4,399 | 4,184 | 4,022 | 3,432 | 2,910 |
| * Of which: in respect of changes in the CPI | 239 | 382 | 266 | 202 | 330 | 516 | 301 |

(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) Includes the effects of hedging of currency exposures of non-monetary items and the effect of hedging the asymmetry in the tax liability in respect of exchange-rate differences in investments in subsidiaries overseas, which are not included in the income base for the calculation of the provision for tax, in contrast to exchange-rate differences in respect of financing sources. The Bank hedges against tax exposure in respect of investments overseas by establishing surplus financing sources against such investments.

(3) Financing profit excluding extraordinary effects, and excluding effects arising mainly from the timing of recording in accounting.

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

| | For the three months ended | | For the nine months ended | |
|--|----------------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| | NIS millions | | | |
| Individual provision for credit losses | 120 | 45 | 380 | 315 |
| Decrease in individual allowance for credit losses and recovery of charged off debts | (127) | (196) | (281) | (1,024) |
| Net individual provision (income) for credit losses | (7) | (151) | 99 | (709) |
| Provision (income) in respect of the collective allowance for credit losses and net automatic charge-offs* | 669 | 196 | 1,327 | 245 |
| Total provision (income) for credit losses** | 662 | 45 | 1,426 | (464) |
| ** Of which: | | | | |
| Net provision (income) for credit losses in respect of commercial credit risk | 562 | (22) | 1,070 | (532) |
| Net provision (income) for credit losses in respect of housing credit risk | 4 | (4) | 78 | 34 |
| Net provision (income) for credit losses in respect of other private credit risk | 110 | 69 | 282 | 7 |
| Net provision (income) for credit losses in respect of risk of credit to banks and governments and bonds | (14) | 2 | (4) | 27 |
| Total provision (income) for credit losses | 662 | 45 | 1,426 | (464) |
| Provision (income) as a percentage of total credit to the public:*** | | | | |
| Percentage of gross individual provision (income) for credit losses | 0.12% | 0.05% | 0.12% | 0.11% |
| Gross provision (income) for credit losses as a percentage of the average balance of credit to the public ⁽¹⁾ | 0.77% | 0.25% | 0.57% | 0.20% |
| Net provision (income) for credit losses as a percentage of the average balance of credit to the public | 0.66% | 0.05% | 0.47% | (0.18%) |
| Net charge-offs in respect of credit to the public as a percentage of the average balance of credit to the public | 0.10% | (0.03%) | 0.08% | (0.03%) |
| Net charge-offs in respect of credit to the public as a percentage of the allowance for credit losses in respect of credit to the public | 6.04% | (1.85%) | 4.64% | (1.98%) |

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

| | 2023 | | | | 2022 | | |
|--|--------------|-------|-------|---------|---------|-------|---------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | NIS millions | | | | | | |
| Individual provision for credit losses | 120 | 209 | 51 | 159 | 45 | 121 | 149 |
| Decrease in individual allowance for credit losses and recovery of charged off debts | (127) | (96) | (58) | (63) | (196) | (129) | (699) |
| Net individual provision (income) for credit losses | (7) | 113 | (7) | 96 | (151) | (8) | (550) |
| Net provision (income) in respect of the collective allowance for credit losses and net automatic charge-offs* | 669 | 466 | 192 | 334 | 196 | 99 | (50) |
| Total provision (income) for credit losses** | 662 | 579 | 185 | 430 | 45 | 91 | (600) |
| ** Of which: | | | | | | | |
| Net provision (income) for credit losses in respect of commercial credit risk | 562 | 372 | 136 | 351 | (22) | 76 | (586) |
| Net provision (income) for credit losses in respect of housing credit risk | 4 | 62 | 12 | 37 | (4) | 6 | 32 |
| Net provision (income) for credit losses in respect of other private credit risk | 110 | 133 | 39 | 33 | 69 | (16) | (46) |
| Net provision (income) for credit losses in respect of risk of credit to banks and governments and bonds | (14) | 12 | (2) | 9 | 2 | 25 | - |
| Total provision (income) for credit losses | 662 | 579 | 185 | 430 | 45 | 91 | (600) |
| Provision (income) as a percentage of total credit to the public:*** | | | | | | | |
| Percentage of individual provision (income) for credit losses | 0.12% | 0.21% | 0.05% | 0.16% | 0.05% | 0.13% | 0.16% |
| Gross provision (income) for credit losses as a percentage of the average balance of credit to the public ⁽¹⁾ | 0.77% | 0.67% | 0.24% | 0.50% | 0.25% | 0.24% | 0.11% |
| Net provision (income) for credit losses as a percentage of the average balance of credit to the public | 0.66% | 0.56% | 0.19% | 0.43% | 0.05% | 0.07% | (0.66%) |
| Net charge-offs in respect of credit to the public as a percentage of the average balance of credit to the public | 0.10% | 0.12% | 0.01% | (0.02%) | (0.03%) | 0.00% | (0.06%) |
| Net charge-offs in respect of credit to the public as a percentage of the allowance for credit losses in respect of credit to the public | 6.04% | 7.89% | 0.86% | (1.30%) | (1.85%) | 0.16% | (4.37%) |

* 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 and refer to provisions in respect of credit to the public only, without credit losses in respect of banks and governments.

(1) 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 2-10: Development of net balance sheet credit to the public by operating segment according to the management approach

| | Balance as at | | Change |
|------------------------|-----------------------|----------------------|-------------|
| | September 30, 2023 | December 31, 2022 | |
| | NIS millions | | |
| Private customers** | 38,182 | 38,880* | (1.8%) |
| Small businesses** | 32,856 | 34,998 | (6.1%) |
| Housing loans | 130,399 | 127,688 | 2.1% |
| Commercial | 58,373 | 57,945 | 0.7% |
| Corporate | 121,044 | 108,316 | 11.8% |
| International activity | 19,267 | 17,210 | 12.0% |
| Financial management | 4,250 | 3,690* | 15.2% |
| Total | 404,371 | 388,727 | 4.0% |

* Reclassified.

** Includes the receivables balance in respect of credit cards.