

Mizrahi Tefahot Bank Ltd.'s Immediate Reports are published in Hebrew on the Israel Securities Authority and the Tel Aviv Stock Exchange websites.

The English version is prepared for convenience purposes only. The only binding version of the Immediate Reports is the Hebrew version.

In the event of any discrepancy or inconsistency between the Hebrew version and the translation to English, the Hebrew version shall prevail and supersede, for all purposes and in all respects.

**MIZRAHI TEFAHOT BANK LTD**  
No. with the Registrar of Companies: 520000522

To	<u>Israel Securities Authority</u>	To	<u>Tel Aviv Stock Exchange Ltd</u>	T053 (Public)	Date of transmission: June 5 2025
	www.isa.gov.il		www.tase.co.il		Ref: 2025-01-040290

**Immediate Report of an Event or Matter which Deviates from the Corporation's Ordinary Course of Business**

**Regulation 36 of the Securities Regulations (Immediate and Periodic Reports), 5730-1970.**

Issue results must be reported under T20 and not under this form.

Bond rating or corporation rating reports must be submitted through Form T125

Report on: ☐ A report whose submission was delayed

**Nature of the Event:** *Strategic Plan for the Years 2025-2027 – Investors Presentation*

1. Attached is a presentation prepared by Mizrahi Tefahot Bank Ltd. (the "**Bank**") in connection with the Bank's new strategic plan, for the years 2025-2027, as published today, June 5, 2025, by the Bank, in an immediate report – reference number 2025-01-040281.

Strategic plan 2025-2027 investors presentation isa.pdf

2. Date and time at which the corporation first learned of the event:

☉ June 4 2025 at 12:00

Report delayed per Regulation 36(b):

3. If the report was delayed, the reason due to which its submission was delayed:

4. On \_\_\_\_\_ at \_\_\_\_\_ the report embargo was removed

5. ☐ The company is a shell company, as defined in the TASE Rules and Regulations.

**Details of the signatories authorized to sign on behalf of the corporation**

	<b>Signatory's Name</b>	<b>Position</b>
<b>1</b>	<i>Adi Shachaf</i>	<i>Other</i> <i>Head of the Finance Division</i>
<b>2</b>	<i>Menahem Aviv</i>	<i>Other</i> <i>Head of the Information &amp; Financial Reporting Division</i>

Explanation: According to Regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, a report filed under these regulations shall be signed by those authorized to sign on behalf of the corporation. The position of the senior staff on the matter (in Hebrew) can be found on the ISA's website: [Click here](#)

The reference numbers of previous documents on the subject (reference does not constitute incorporation by reference):

**2025-01-040281**

Securities of a Corporation Listed for Trading on  
the Tel Aviv Stock Exchange

Form structure revision date: August 6 2024

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel:03-7559720

Fax:03-7559923

E-mail:

Company website:

mangment@umtb.co.il

<https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:  
Kikozashvili Hanan

Position:  
Bank Secretary

Name of Employing  
Company: Mizrahi Tefahot  
Bank Ltd

Address: 7 Jabotinsky Street, Ramat Gan,  
52520

Tel:  
03-7559219

Fax:  
03-7559923

E-mail:  
management@umtb.co  
.il



*MIZRAHI TEFAHOT*

# Strategic Plan

## 2025–2027

Investors Deck | June 2025

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People  First

# General Notes Regarding Legal Responsibility

This presentation was prepared by Mizrahi Tefahot Bank Ltd (the “Bank”), in connection with the Bank’s new strategic plan for the years 2025–2027, as published today in an immediate report (reference no. 2025–01–040281) by the Bank (the “Presentation” and the “New Strategic Plan”, respectively).

The information included in the Presentation is not exhaustive and does not include full information on the Bank and its operations or the risk factors involved in its activity, or the information that may be relevant in order to make any decision, including referring to investment in the Bank’s securities; additionally, the information included in the Presentation does not substitute the information included in the reports published by the Bank. For a full description of all that regards the Bank and its operations, as well as the risk factors which the Bank’s activity involves, kindly peruse the reports released by the Bank to the Securities Authority and the Tel Aviv Stock Exchange Ltd, including the periodic, quarterly and annual reports and the immediate reports published by the Bank.

The information included in the Presentation is based, inter alia, on the information that was known to the Bank’s management at the time of the Presentation’s preparation, including public data and publications, which were not independently examined by the Bank’s management and for which the Bank is not responsible.

The New Strategic Plan is considered a plan which establishes the Bank’s targets for its duration, and it is not to be considered a forecast, an assessment or an evaluation in the matter of achieving said targets, and as such, by its very nature, the New Strategic Plan might not be realized or it may be realized in a different manner.

It is hereby clarified that the information and data in the Presentation that relate to some future date are considered targets and objectives that the Bank has set for itself within the New Strategic Plan, and as such, they might not be realized or they may be realized in a different manner.

The Board of Directors will monitor the implementation of the New Strategic Plan and may amend it, from time to time, as required, including as a result of changes to factors which might affect it.

Without derogating from the generality of the above, it should be mentioned that forward-looking information, as defined in the Securities Law, 5728–1968, and included in the Presentation, is based on assumptions, facts and data (collectively: the “Assumptions”) as detailed in the New Strategic Plan, which might not be realized due to factors which are beyond the sole control of the Bank, consequently causing the New Strategic Plan to not be realized or be realized in a different manner (in this matter, see Slide \_\_ of the Presentation).

To remove doubt, it is clarified that the Bank does not undertake to update the information included in the Presentation.

The information included in the Presentation does not constitute an advice, a recommendation, an opinion or a proposal regarding an investment in any securities whatsoever.

The Presentation does not constitute an offer for the purchase or sale of the Bank’s securities, or an invitation to receive such offers.

**Mizrahi Tefahot, one of the three largest banks in Israel, with high return on equity and low risk. It has led credit growth in Israel for years, and it is**

**the Challenger of the Israeli banking system.**

**Mizrahi-Tefahot Delivered on the Core Goals of Its Current Strategic Plan, and Presents Exceptional Performance:**

The bank has shown consistent growth in its credit and deposit portfolios, record profits, high return on equity, excellent efficiency ratio, market leadership in mortgages, and a unique and differentiated service model thanks to which the Bank leads the industry in customer satisfaction.

These achievements provide an optimal launchpad for a further leap forward and continued expansion of operations.

Today, Mizrahi-Tefahot is launching a new three-year strategic plan for 2025–2027, aimed at continuing to challenge the Israeli banking system, accelerating the bank's growth momentum, and positioning it alongside leading banks worldwide.



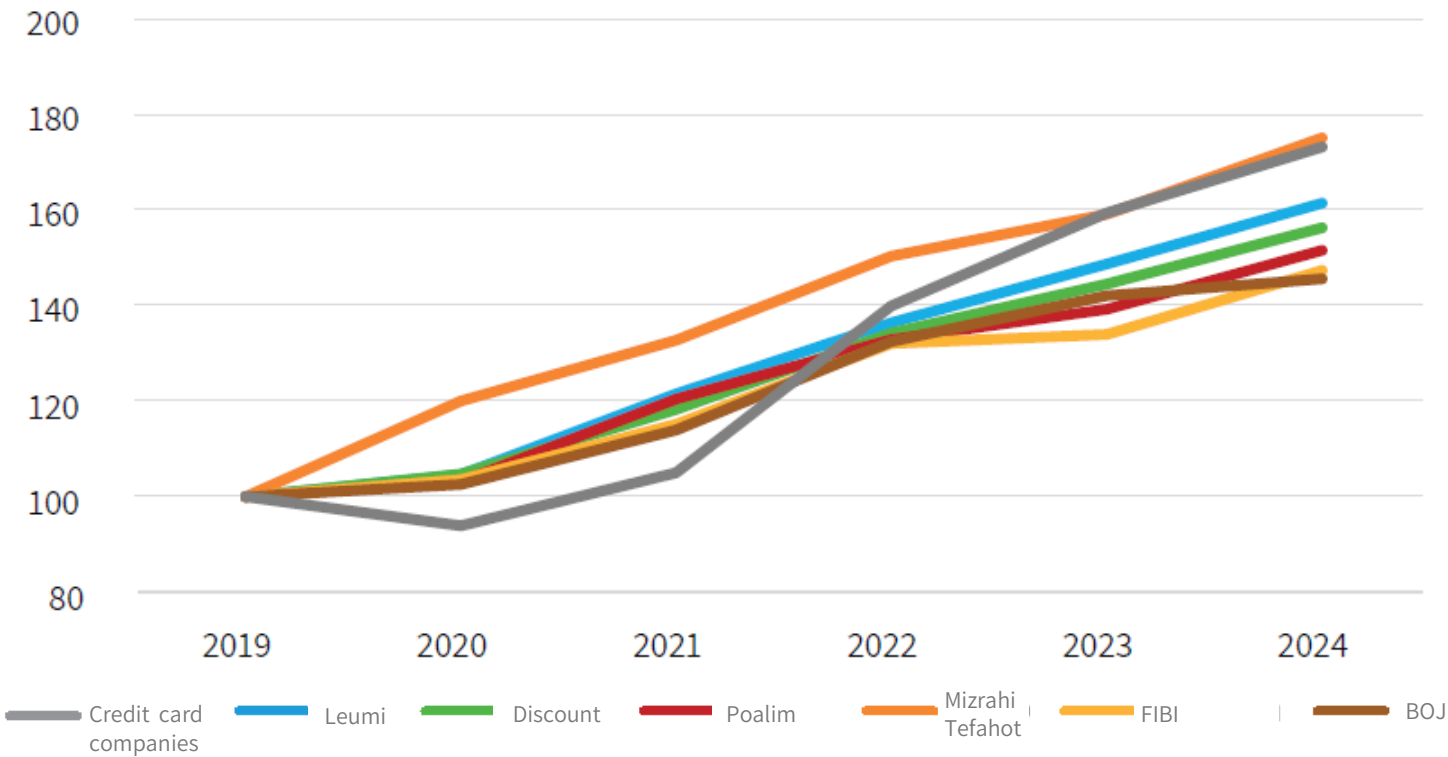
# From the Bank of Israel's 2024 Banking Supervision Report:

Page 16

The rate of growth in credit to the public in the Mizrahi-Tefahot group in recent years has been faster than that recorded in the rest of the banking groups

Figure A-4

index of development of credit to the public (net), across the banking system and credit cards companies | 2019–2024  
(Base year index: 2019 = 100)



Source: Public financial reports, reports to the Banking Supervision Department and Banking Supervision Department processing



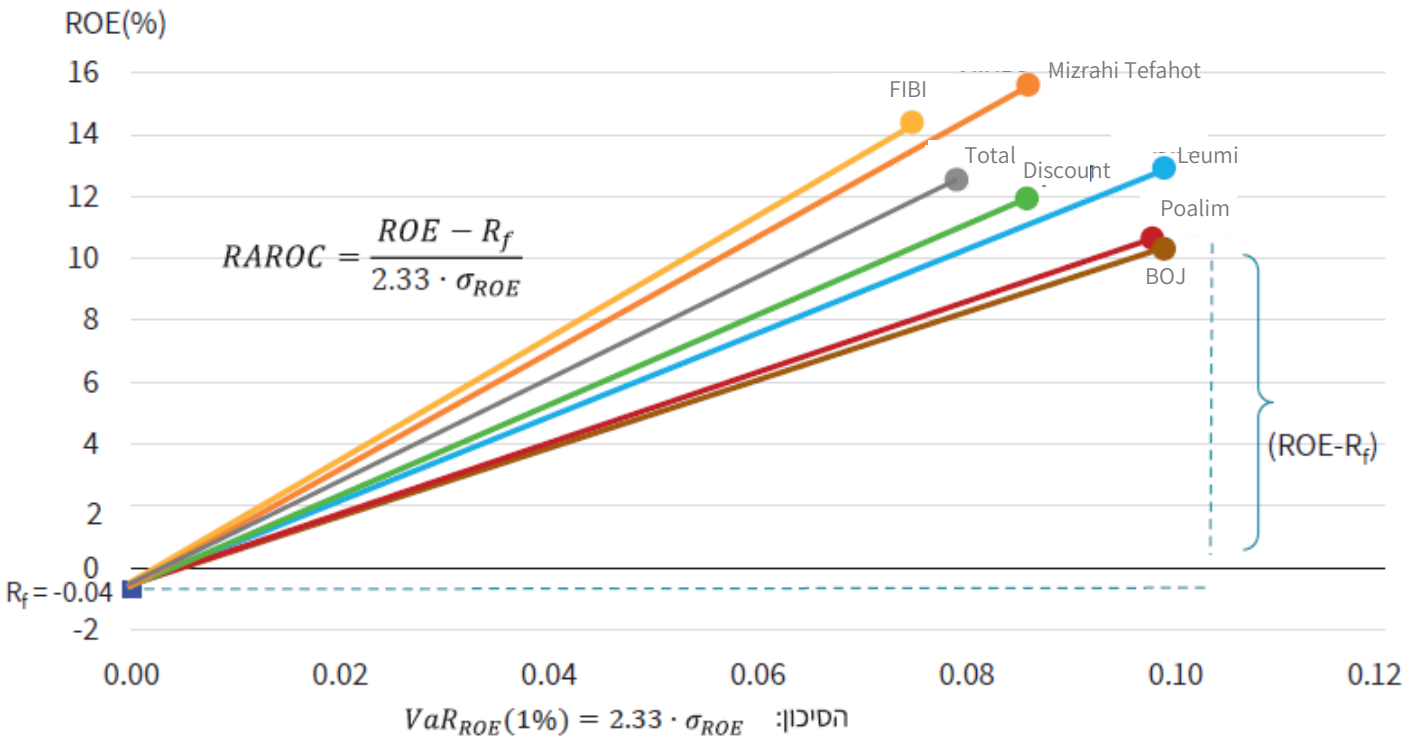
# From the Bank of Israel's 2024 Banking Supervision Report:

Page 64

The Risk Adjusted Return on Capital (RAROC) is calculated as the ratio of the excess return on equity (beyond the risk-free rate of return) to the standard deviation of the return on equity over the same period (which represents the value-at-risk of the banks, i.e., the unit of risk). This metric is based on the “Value at Risk” approach, defined as the maximum expected loss from the bank’s activities over a particular period and at a particular probability level.

There has been variation across the banks in terms of Risk-Adjusted Return on Equity (RAROC)

**Figure C-14** Risk-adjusted return on equity comparison, banking groups and the system average, 2019–2024.



**R<sub>f</sub>** – Average annual risk-free interest rate, 2019–2024, based on return to maturity of 5-year CPI-indexed bond (“Galil”)  
**ROE** Average annual return on equity, 2019–2024.  
**σ<sub>ROE</sub>** – Standard deviation based on ROE of each quarter in a seven-year period (28 observations).  
**Source:** Financial reports to the public and banking supervision department processing.

# LET'S START

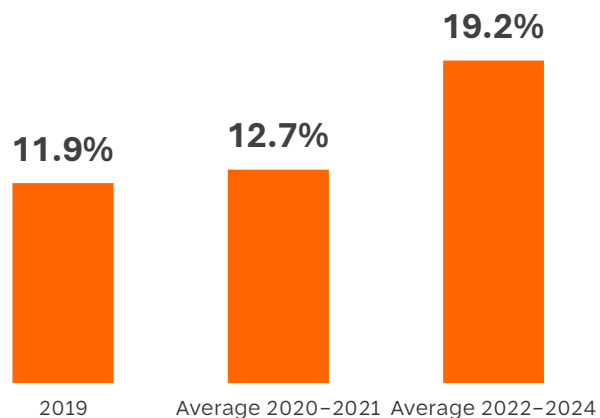
## From the bottom lines



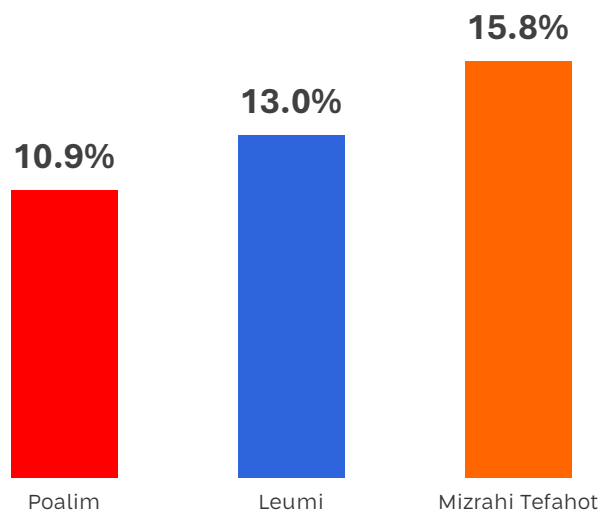
# The Bank with the Highest Return on Equity Compared to Poalim and Leumi

Mizrahi-Tefahot demonstrates consistently higher return on equity over time

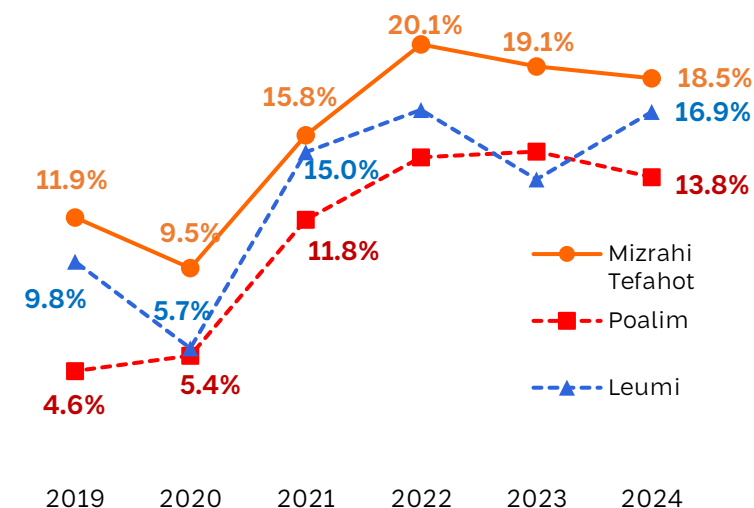
Return on Equity Development –  
Mizrahi-Tefahot



Average Return on Equity  
2019–2024



Development of Return on Equity  
2019–2024



**~5X Growth  
in Net Profit Since 2015**

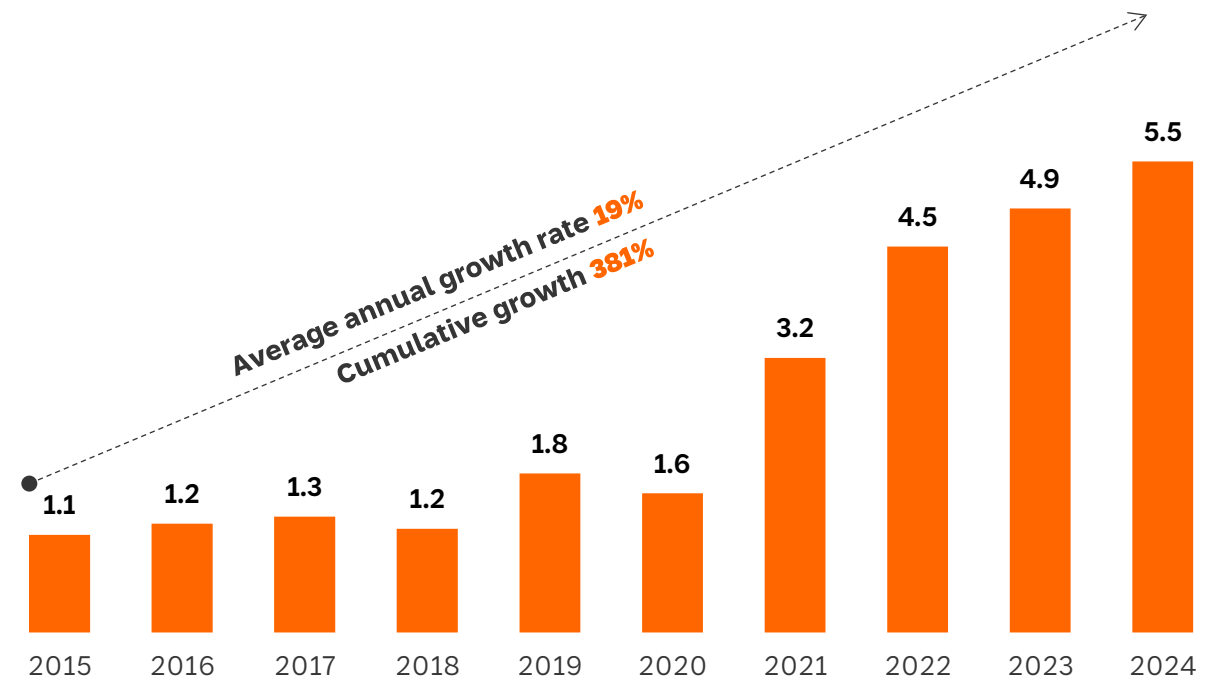
**19%** ↑

Average annual growth rate  
vs. 13% average for Poalim and Leumi

**381%** ↑

Cumulative growth since 2015  
vs. 197% average for Poalim and Leumi

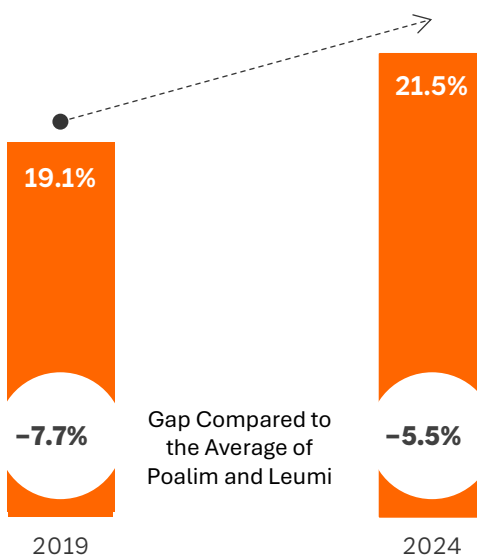
**Development of Net Profit**  
(in NIS billions)



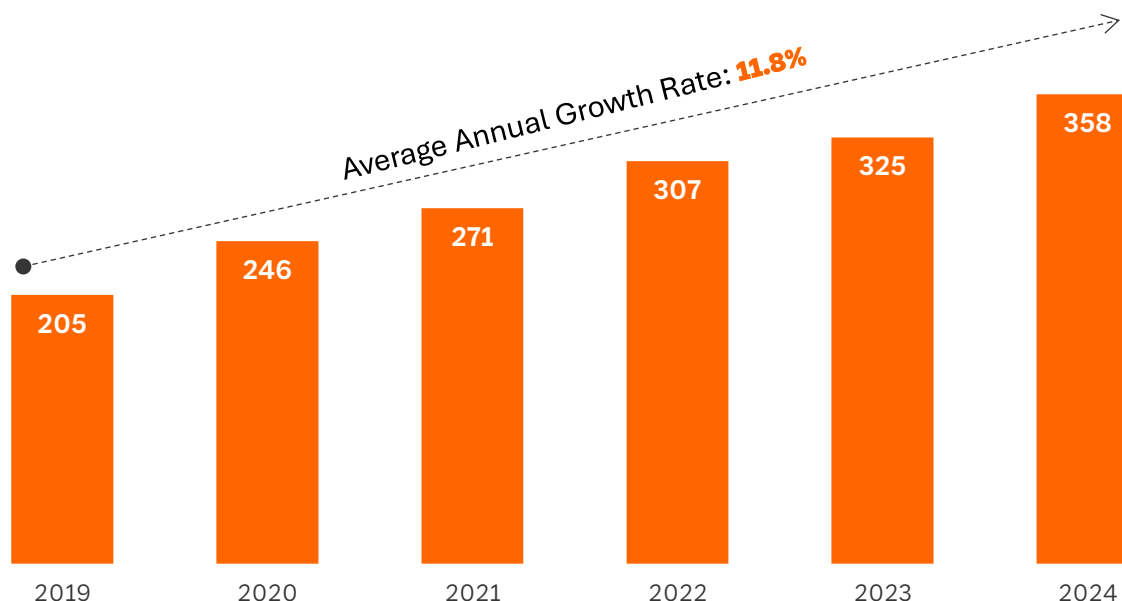
# The Fastest-Growing Credit to the public Portfolio in Israel

The bank leads in credit portfolio growth, with an average annual growth rate of **11.8%** (compared to an average of **9.3%** for Poalim and Leumi), and has increased its relative share within the banking system<sup>1</sup>

Market Share of Total Credit to the public



Growth of Total Credit to the public

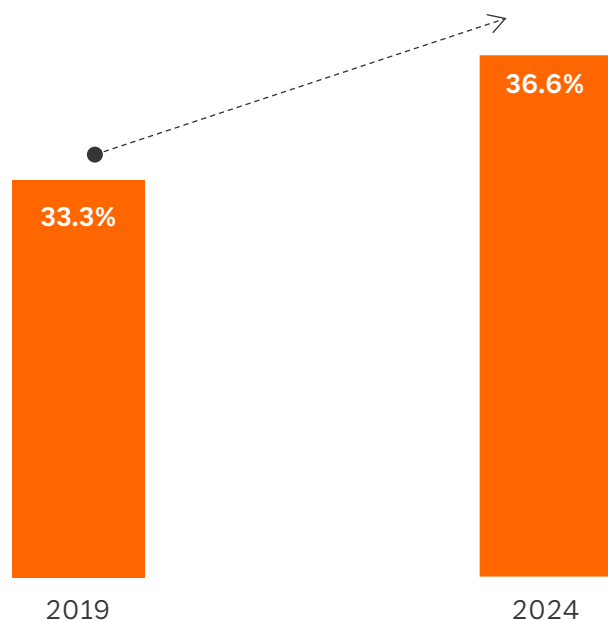


Market share is based on the financial reports of the banks —Mizrahi-Tefahot, Poalim, Leumi, Discount, FIBI, and Union Bank — for the years 2019–2024

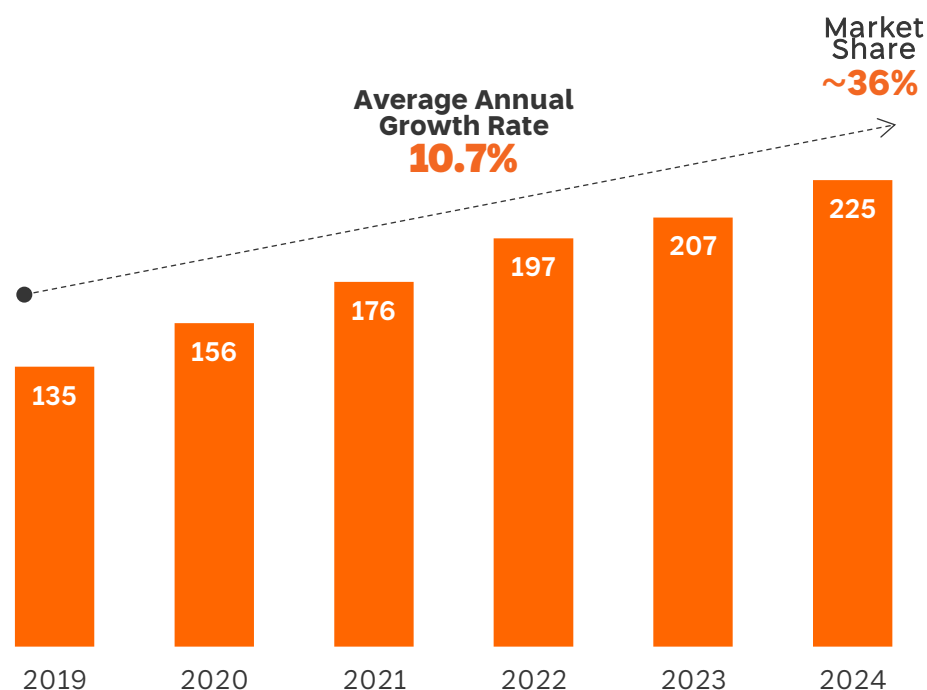
(1) Including and excluding Union Bank merger

# #1 in Mortgages in Israel – and Continuing to Grow and Expand Market Share

Market Share in Ongoing  
Mortgage Origination<sup>(2)</sup>



Outstanding Mortgage Portfolio  
Balance (NIS billions)<sup>(2)</sup>



Source: Financial reports of the banks, 2019–2024

1) "Ongoing mortgage origination" refers to housing loans and general-purpose loans in Israel secured by a residential property.

2) "Outstanding mortgage portfolio" refers to housing loans and general-purpose loans in Israel secured by a residential property, segmented by regulatory segments as detailed in the financial reports. Market share is based on the financial reports of Mizrahi-Tefahot, Poalim, Leumi, Discount, FIBI, Union Bank, and Bank of Jerusalem for the years 2019–2024.

# Private Customers

## Accelerated Growth

### Market Share in Credit to retail customers

Change in Market Share (Percentage Points) from 2019 to 2024

-2.6

1.0

3.3

23%

20%

18%

Poalim

Leumi

Mizrahi Tefahot

### Market Share in Deposits from retail customers

Change in Market Share (Percentage Points) from 2019 to 2024

-1.0

-

3.8

28%

23%

22%

Poalim

Leumi

Mizrahi Tefahot

Retail customers: households and private banking in Israel, excluding housing loans and general purpose loans in Israel secured by a residential property, according to regulatory segments in the financial reports of the banks for 2019 – 2024

Market share is based on the financial reports of the banks – UMTB, Poalim, Leumi, Discount, FIBI and Union bank, for 2019 – 2024

## The Bank with the Most Satisfied Customers

Since the Bank of Israel began publishing its surveys

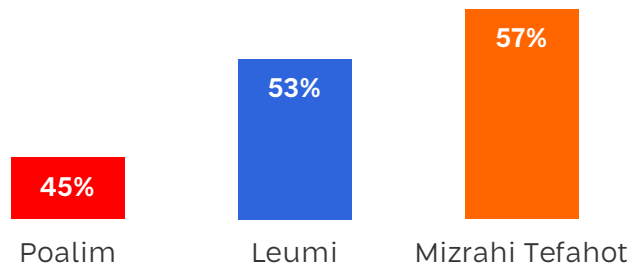
**5** Consecutive Years  
Among Private Customers

### Objective data from Bank of Israel surveys

#### Fourth Year In a Row <sup>(2)</sup>

**57%**

of small business owners at the bank recommend it, making it **the most recommended bank among the four largest banks in 2024.**

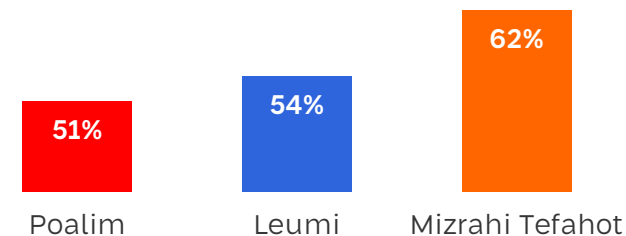


Additionally ranked #1 in the categories of **Fairness, In-Branch Service, Professionalism, and Availability**

#### Fifth Year in a Row <sup>(1)</sup>

**62%**

of the bank's private customers recommend it, making it **the most recommended bank among the four largest banks in 2024.**



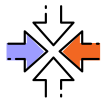
Additionally ranked #1 in the categories of **Fairness, Service, and Branch Waiting Time**

1) Source: Bank of Israel satisfaction surveys on household customer service quality, 2019–2024 (No survey was conducted in 2020)

2) Bank of Israel surveys on satisfaction with service quality among self-employed, small, and micro business owners, 2019–2024 (No surveys were conducted in 2020 and 2021)

# A Bank with Proven Execution Capability and a Strategy that Translates into Results

The merger with Union Bank (unprecedented in the Israeli banking system) is strong evidence of Mizrahi-Tefahot's ability to deliver complex strategic processes, with financial and operational discipline, in a responsible and accurate manner.



## Operational Merger

Synergy rate of ~75% of Union Bank's operating costs was realized post-merger



## Optimal Integration of Union Bank Employees

Successful integration into Mizrahi-Tefahot's organizational culture and labor agreement framework



## Full Customer Integration

Over 100K individuals and business customers were onboarded to Mizrahi-Tefahot branches, ensuring continuity of service satisfaction. Additionally, Union Bank's consumer credit and nostro activities were fully integrated.



## Branch Merger

Of 35 branches, 8 were retained and integrated into Mizrahi-Tefahot's branch network as part of the organizational structure.



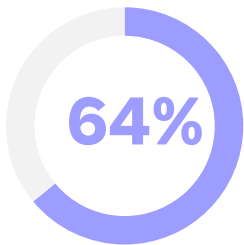
## Two-Year Process

From acquisition to full merger – legal, business, operational, technological, and human capital.

# Our Success Factors



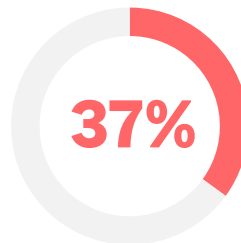
A unique credit portfolio  
Enables meaningful growth  
at a low risk level



Mortgages



Income growth  
combined with  
cost control



Cost/income ratio  
(2023–2024 average)



A unique, personal, and human  
service model that drives  
preference and growth



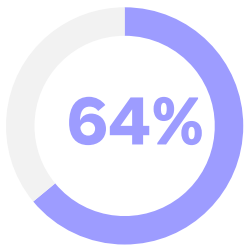
Extra Mile



# Our Success Factors



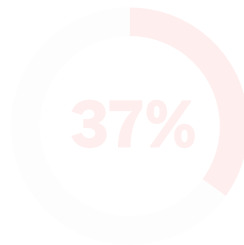
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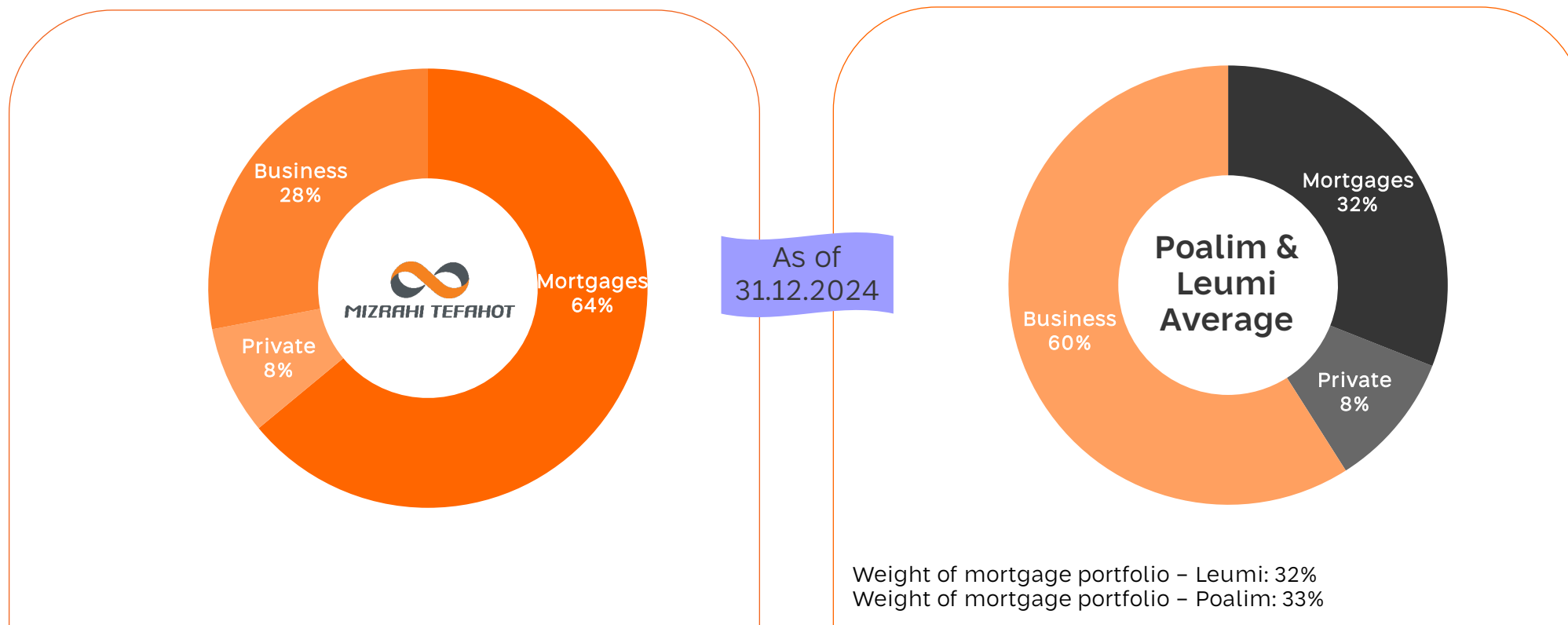
A unique, personal, and human  
service model that drives  
preference and growth



Extra Mile

# A unique credit mix that enables significant growth at a low risk level

The significantly higher weight of the mortgage portfolio compared to other banks generates stable income streams and supports risk balancing from the business portfolio.



Source: Banks' financial statements for 2024, Note on regulatory operating segments in Israel:

Mortgages - housing loans and all-purpose loans secured by a residential apartment

Private - Households and Private Banking, excluding housing loans and all-purpose loans secured by a residential apartment

Business - Small Business, Medium Business, Large Business and Institutional investors Segments

# Our Success Factors



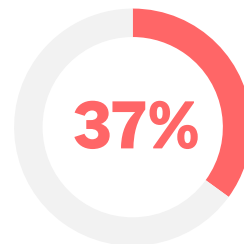
A unique credit portfolio  
Enables meaningful growth  
at a low risk level



Mortgages



Income growth  
combined with  
cost control



Cost/income ratio  
(2023–2024 average)



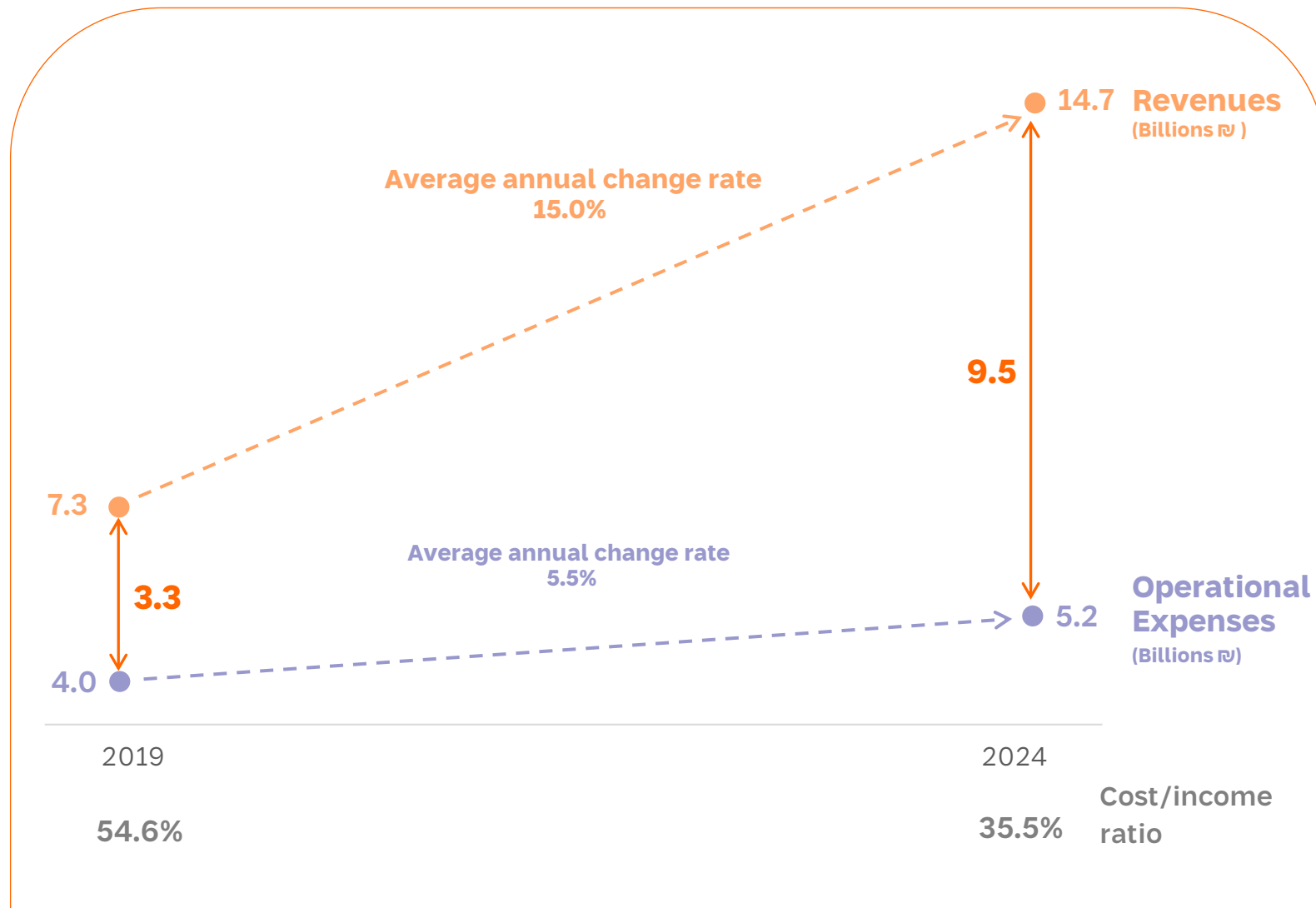
A unique, personal, and human  
service model that drives  
preference and growth



Extra Mile

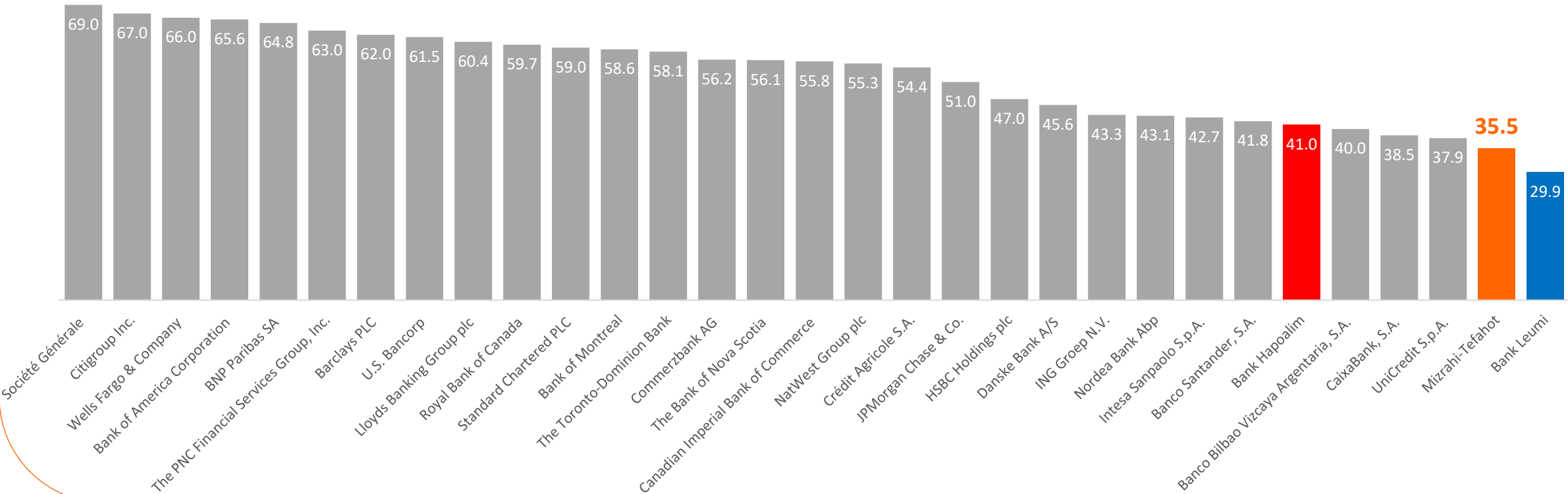
## Revenue growth along with control of operating expenses

Revenues grew at an average annual rate of 15% while operating expenses were kept under tight control with an increase of only 5.5% – part of the realization of the synergy in the merger with Union Bank



# Leading in operational efficiency in international comparison

Cost/income ratio (%) – global comparison 2024<sup>(1)</sup>  
(North America and European banks with assets of \$500 billion and more)



# Our Success Factors



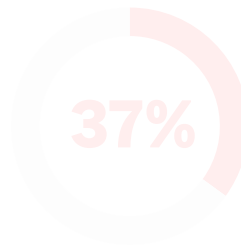
A unique credit portfolio  
Enables meaningful growth  
at a low risk level



Mortgages



Income growth  
combined with  
cost control



Cost/income ratio  
(2023–2024 average)



A unique, personal, and human  
service model that drives  
preference and growth



Extra Mile

# For Us, Every Customer Has a Personal Banker

## Service Quality – A Core Driver of the Bank's Growth and Differentiation

1

**Ranked #1 in Customer Satisfaction Surveys<sup>(1)</sup>**  
Bank of Israel retail banking surveys

2

### **Personal, Human Banking**

A model that provides each customer with a dedicated personal banker

3

### **Digital-Human Service Integration**

Multi channel, tailored service that fits customer preferences

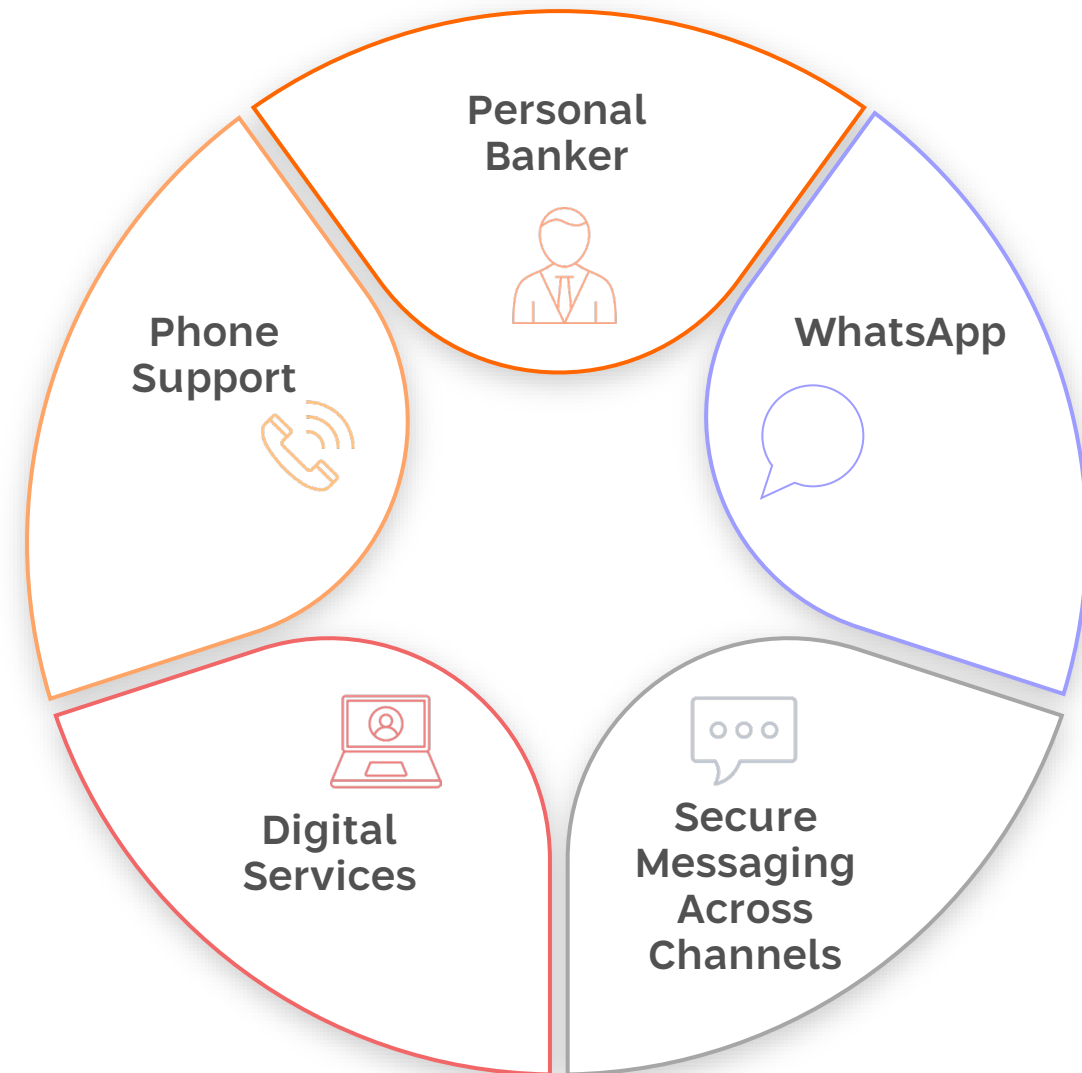
4

### **Human Banker Availability**

At any stage, according to customer's preference

## **Omnichannel Communication**

Based on the principle of **continuity of service** across preferred service channels



<sup>1)</sup> Source: Bank of Israel 2024 surveys on business owners' satisfaction with banking services | Customer satisfaction survey (households sector) on bank service quality.

Over the years, we have built a solid customer base, which has led us to become a bank with a high return on equity and low risk

**NOW IS THE TIME TO  
FOCUS & ACCELERATE  
GROWTH!**



# SMART AND FOCUSED

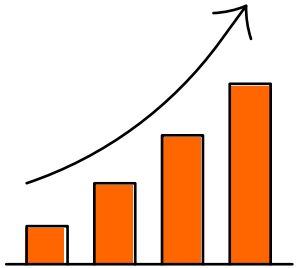
## accelerated growth



# THE VISION

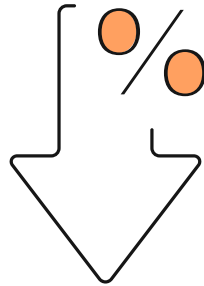
Continue to challenge and lead the growth of banking in Israel, set an exceptional banking standard in customer service and satisfaction, and to maximize shareholder value.

# Macroeconomic assumptions for the strategic plan years **2025–2027**



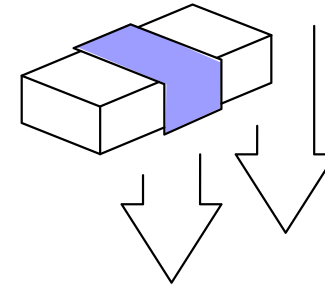
## **GDP Growth**

Average annual rate  
of 3.0% – 3.5%



## **Bank of Israel interest rate**

Gradual decrease to a rate of  
3.50%–3.75% over the three years



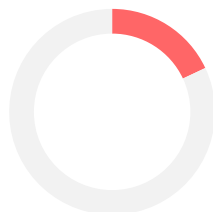
## **Inflation**

Average annual rate of  
approximately 2.5%

# Targets

## 2025–2027

Return on equity (ROE) in each of the years of the plan



**17%–18%**

Average cost/income ratio in years of the plan



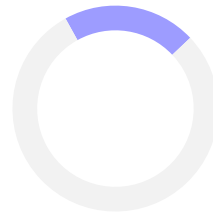
**≤35%**

Credit to the public Market Share in 2027



**21.5%** → **23%–24%**  
Starting point<sup>1</sup> 2024 In 2027

Deposit from the public Market Share in 2027



**18.4%** → **20%–21%**  
Starting point<sup>1</sup> 2024 In 2027

Credit to the business sector in Israel market share in 2027



**11.7%** → **15%–16%**  
Starting point<sup>1</sup> 2024 In 2027

<sup>1</sup> Market share is based on the financial statements of the 5 banking groups in 2024

# The balanced **growth model**

Supports achieving stable and high returns on equity, rigorous risk management, and consistent, long-term growth – based on uncompromising service quality



# The balanced **growth model**

Supports achieving stable and high returns on equity, rigorous risk management, and consistent, long-term growth – based on uncompromising service quality



# Continuing to lead the **mortgage market**



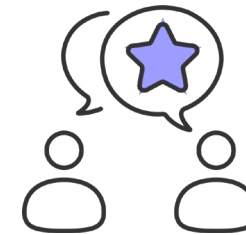
## **Product innovation**

Solutions for complex mortgages, special sectors, customized loans, products designed for changing needs



## **Technological innovation**

A fully digital mortgage process, transparency and ongoing updates to the customer



## **Personal and human connection**

A personal, humane and professional consulting space from an expert with high accessibility and service that fits the customer's pace of life.

## **Retaining market share of the mortgage portfolio**

# The balanced **growth model**

Supports achieving stable and high returns on equity, rigorous risk management, and consistent, long-term growth – based on uncompromising service quality

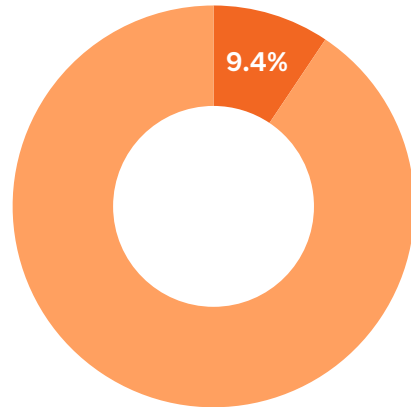




# There is a Significant Potential to Expand Market Share in Business Segments

## Credit for Large Buisnesses

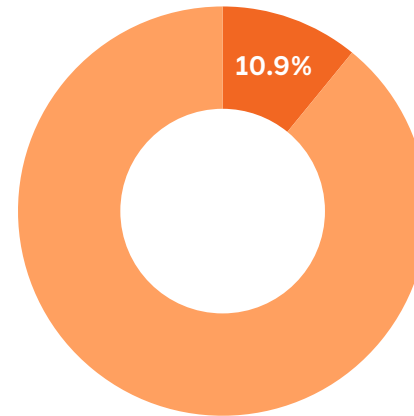
Leveraging the bank as a meaningful player in large and complex leading project financing also in light of the economy's restoration from the war damages and infrastructure development momentum



Market share in credit for large businesses  
in 2024

## Credit for Mid-Sized buisnesses

Strengthening business centers to attract new customers and provide the best service

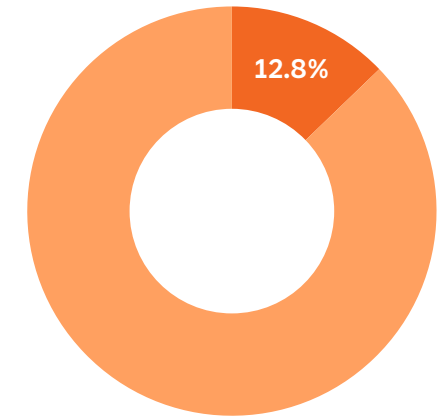


Market share in credit for medium-sized  
businesses in 2024

## Construction and Real Estate Sector

Growth focused on geographically dispersed residential reaestate

Urban renewal | Closed projects | Land financing



Market share in credit to the construction and  
real estate segment in 2024

Large business sector includes institutional investors in Israel, by regulatory segments as detailed in the financial statements

Medium business sector by regulatory segments in Israel as detailed in the financial reports

Construction and real estate sector – by sectoral debts as detailed in the financial statements

Market share is based on the financial statements of the banks – Mizrahi Tefahot, Poalim, Leumi, Discount, FIBI and Union for the years 2019 – 2024

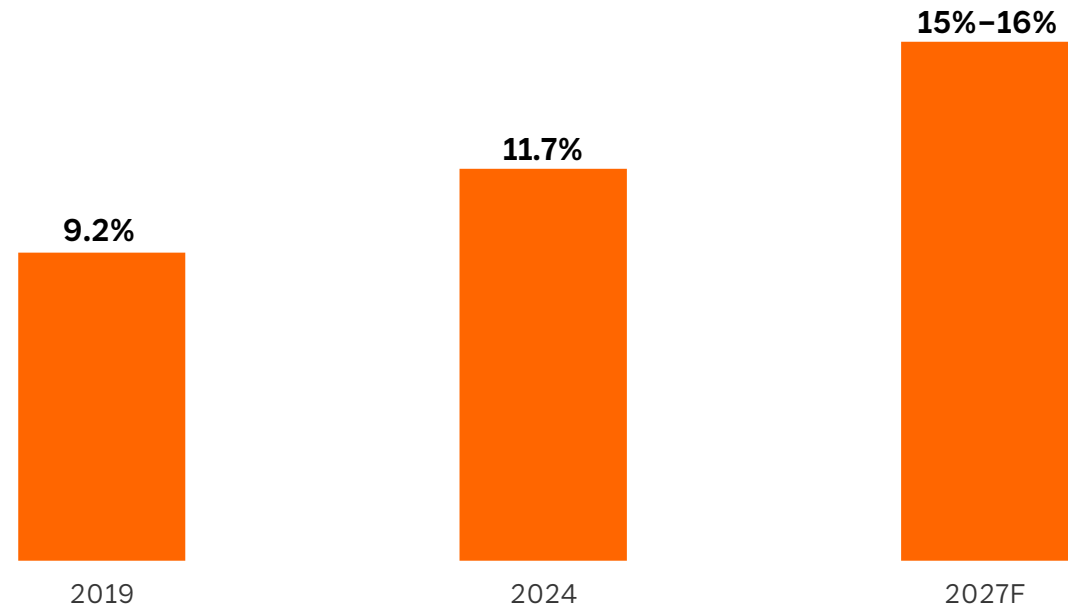
# A strategic opportunity for a leap forward in **business sectors**

A starting point that allows room for market share growth

**Leveraging the infrastructure built after the Union Bank merger to expand the scope of business activity**

**Accelerated and responsible growth that will contribute to the bank's operations and profitability**

Market share in business credit in Israel



Business credit in Israel includes the following segments: small businesses, medium-sized businesses, large businesses and institutional investors, according to regulatory segments in the financial statements. Market share is based on the financial statements of the banks – Mizrahi Tefahot, Poalim, Leumi, Discount, FIBI and Union for the years 2019 – 2024

# The balanced **growth model**

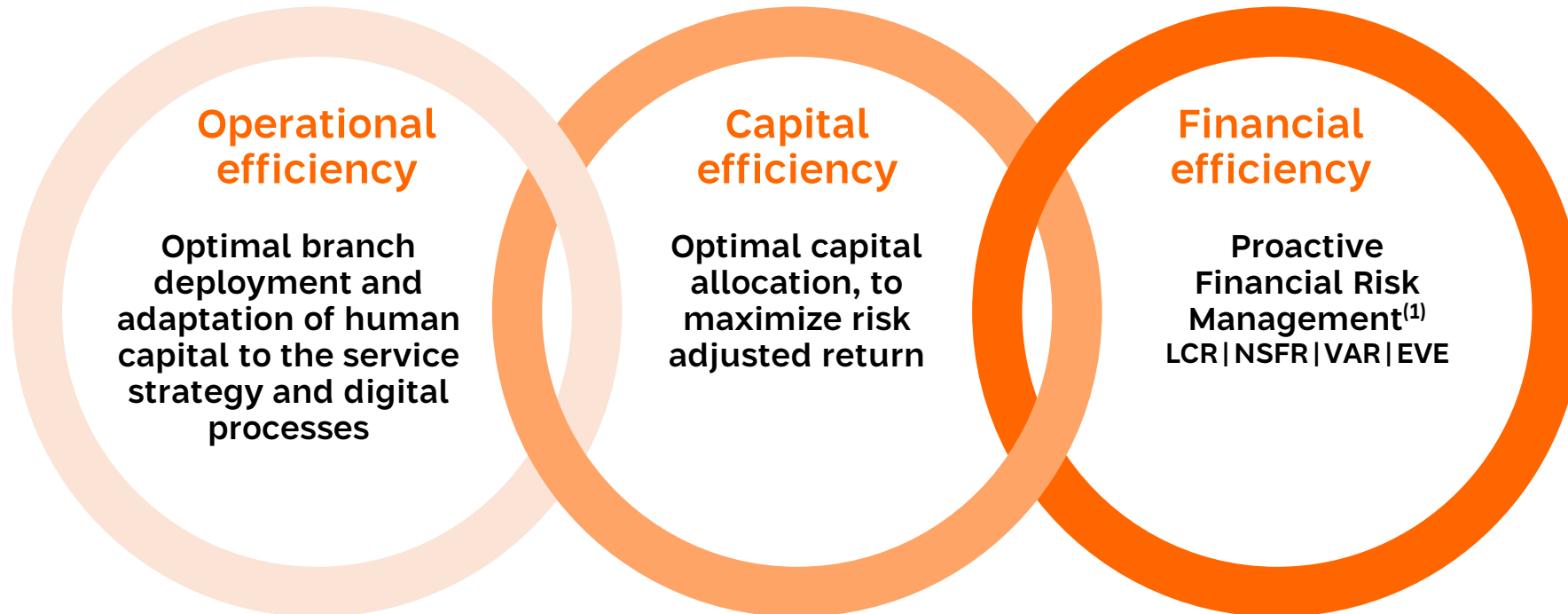
Supports achieving stable and high returns on equity, rigorous risk management, and consistent, long-term growth – based on uncompromising service quality



# Efficiency is not just a metric, it is part of the bank's culture.

Efficiency is not just a financial result – it is a language, a way of making decisions, and a deeply rooted organizational culture.

## DNA



# Operational Leader

One of the best cost/income ratios in the world

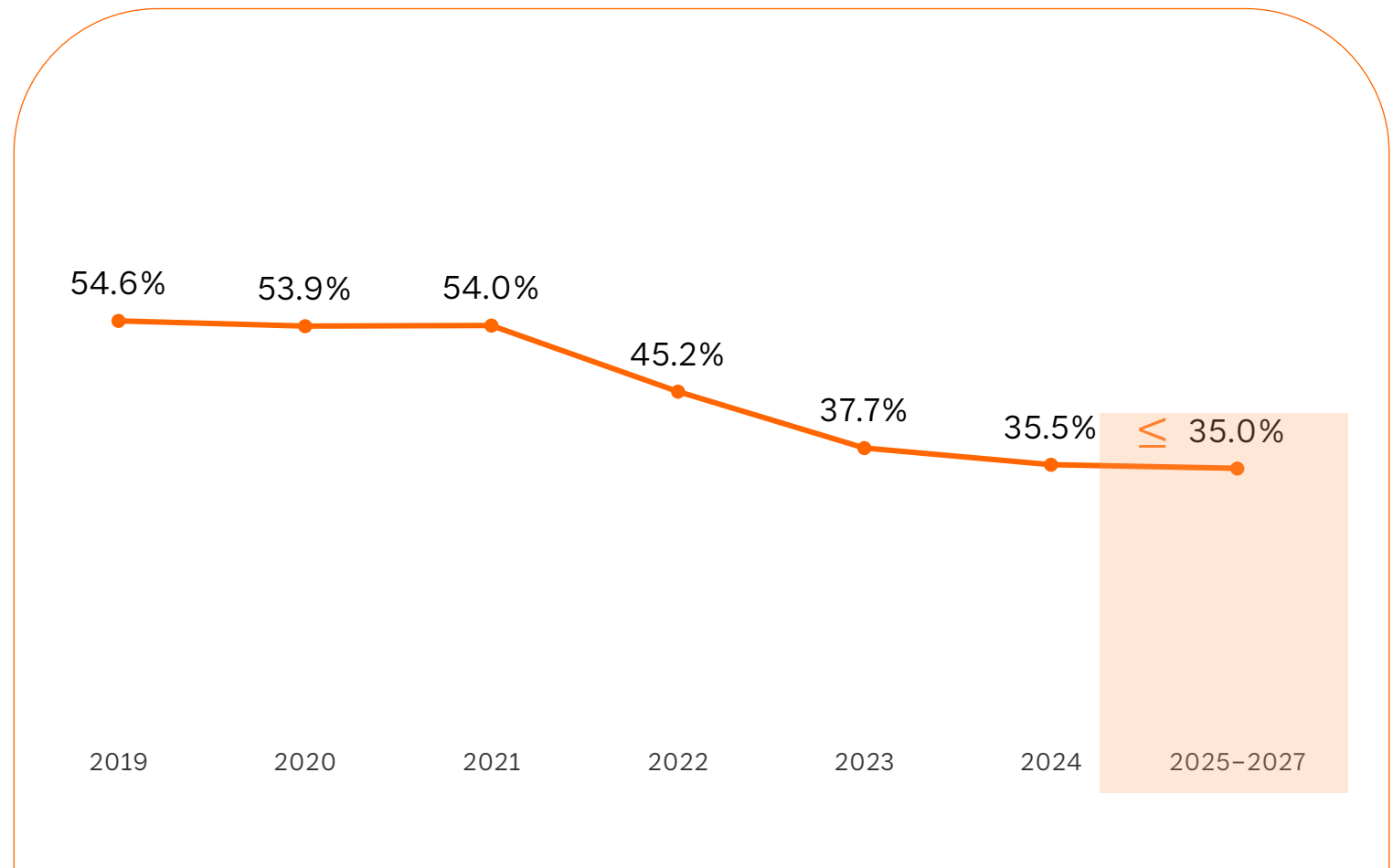
Optimal branch layout – area and scope

Continued transfer of operational activities from branches to back office

Automation of banking operations

End-to-end digital banking processes to streamline and improve customer service

Tight management of the expenditure side



# Headquarters Campus

Concentrating all headquarters units under one roof to improve and enhance business activity, while amplifying organizational culture.



A collaborative organizational culture



Leveraging economies of scale – to strengthen logistical and operational efficiency



Strengthening the human connection

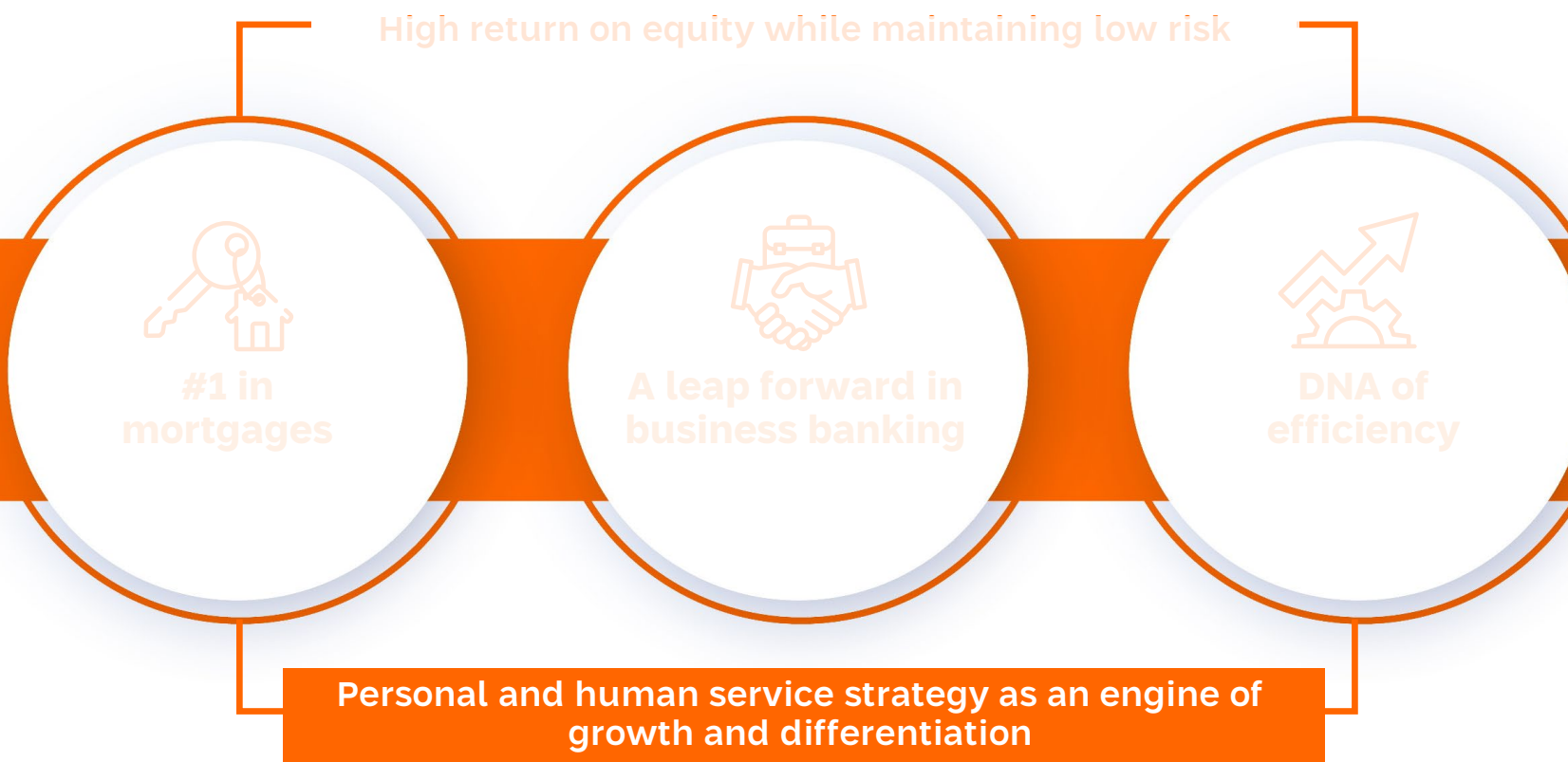


Green building – energy efficiency according to LEED <sup>(1)</sup> standard

(1) Leadership in Energy and Environmental Design standard

# The balanced **growth model**

Supports achieving stable and high returns on equity, rigorous risk management, and consistent, long-term growth – based on uncompromising service quality



# Human banking that puts people first

Leading the customer-centric approach, while providing accessibility to various advanced service platforms accessible and enhancing the customer's **ability to choose** among them, according to their needs.

## LIVE+

An advanced digital experience alongside professional personal banker service



Available throughout the day



Distinctive personal and human service



Convenience: No need to get to the branch



Advanced digital service experience



**Discount Brand** focused on retail and micro businesses segments



Customer-centric –  
The optimal combination of physical and digital

A multi-channel service continuum with a human banker accessible at all times to enhance the service experience

A unique service concept based on a professional personal banker for each customer, and placing the customer's needs at the center



**Proactive**  
service strategy

Focus on creating contact alongside maximum availability  
**to be the primary bank for all our customers while providing product service to customers of all banks**



**Leveraging digital assets**  
for customized customer service

Implementing customer journeys that **incorporate value propositions tailored to the customer's needs and relevant points in their lives**



# The growth strategy that will lead us in the coming years is **focused, responsible and profitable**

Return on equity in each of the years of the plan  
**17%–18%**

Deposit from the public  
Market Share in 2027  
**20%–21%**

Credit to the public  
Market Share in 2027  
**23%–24%**

Business Credit Market  
Share in 2027  
**15%–16%**

Average cost/income ratio,  
over the plan years  
**Will not exceed 35%**



**A personal banker available to every customer**  
Combined with advanced digital tools

**Maintaining first place**  
In customer satisfaction

**Personal and quality service**  
As the main differentiator vs competitors

**40%<sup>(1)</sup> dividend  
distribution**



**Serving long-  
term growth**

This policy allows us to continue investing in the quality growth of the credit portfolio, increase market share and increase shareholder value.

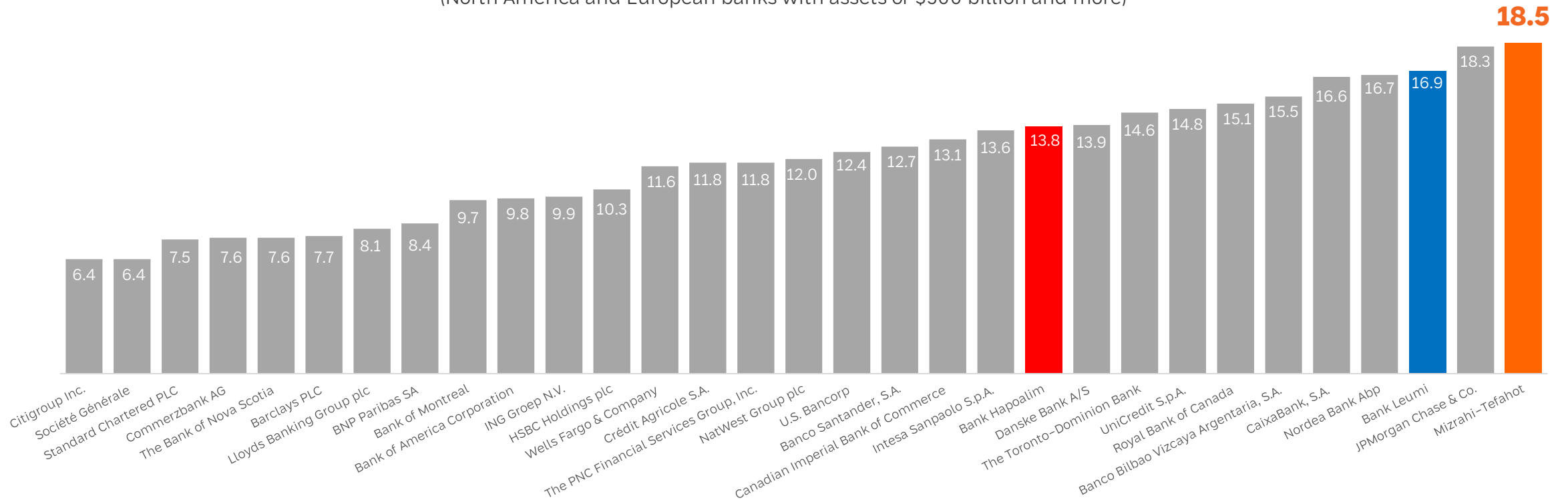
The Board of Directors will monitor the progression of the plan, with the aim of examining the possibility of increasing the dividend rate to up to 50%.

It is possible that the dividend distribution will be carried out in part through share buy backs.

(1) For details, see immediate report dated June 5, 2025. reference number 2025-01-040281

# Leading in return on equity in international comparison

**Return on equity (%) of banks worldwide<sup>(1)</sup> (FY24)**  
(North America and European banks with assets of \$500 billion and more)



Source: May 2025, Investing.com

1) Return on Average equity from Current Operations, 2024  
Adjusted for one time and non-recurring items

# What is between **RoE** and **Price-to-Book Ratio**?

Comparison to banks in the world with a Price-to-Book ratio of 1.5 or higher

Area	Segment	# of Banks	RoE (%)	Price-to-Book Ratio
US & Canada	Regional Bank	7	14.7%	2.2
US & Canada	Universal Bank	4	15.7%	1.8
US & Canada	Tier 1 US Bank	2	15.0%	1.8
Europe	Universal Bank	5	15.4%	1.6

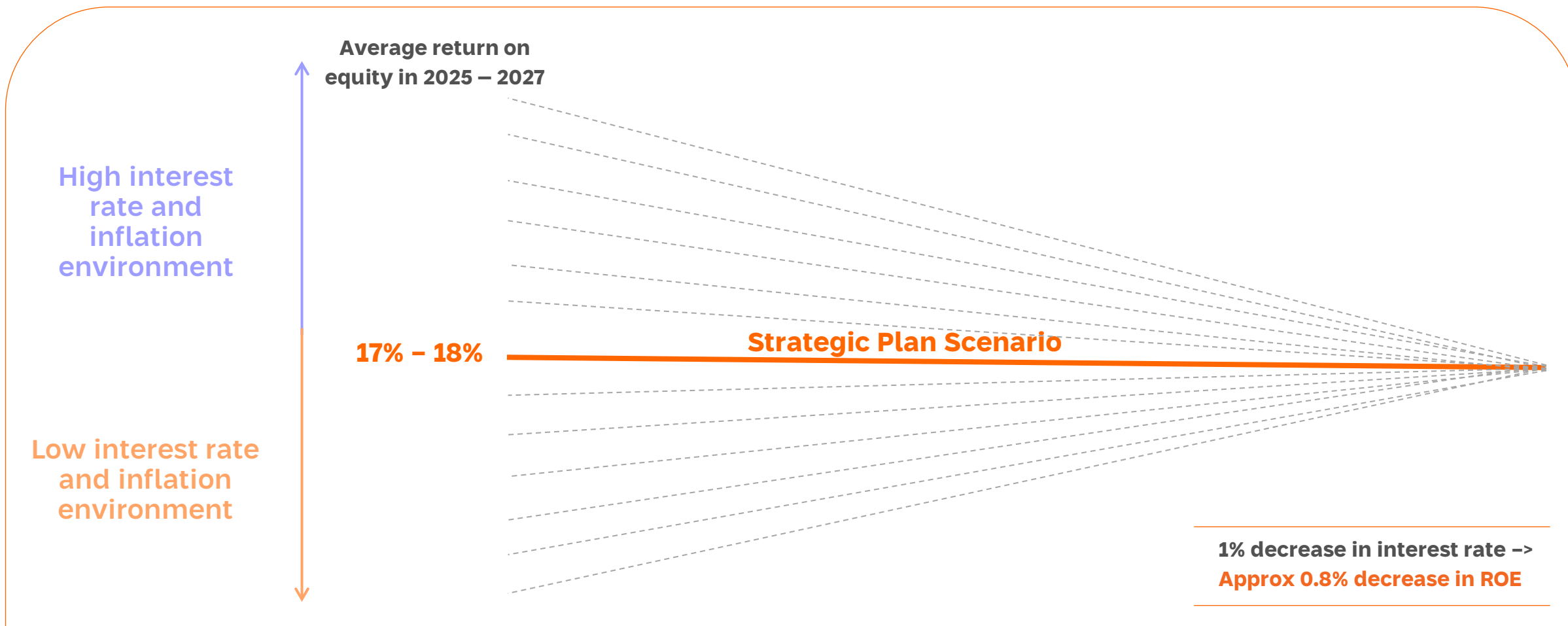
**1.9**  
Average  
Price-to-  
Book Ratio

**15.2%**  
Average  
RoE

Source: May 2025, Investing.com

1) Return on Average equity from Current Operations, 2024  
Adjusted for one time and non-recurring items

# The impact of the interest rate and inflation environment on the average return on equity in 2025–2027



# Risk Factors Outside the Bank's Control Which May Affect Achieving the Strategic Plans' Targets

Risk Factors	The Assumption	The Risk
Regulation	<ul style="list-style-type: none"> <li>No further changes to legislation and regulatory orders, which may affect the business environment.</li> </ul>	<ul style="list-style-type: none"> <li>Consumer regulation in the household sector and small businesses sector could affect profitability and the scope of the Bank's activities.</li> <li>Banking regulation which would harden capital adequacy and risk asset requirements could hurt the Bank's capital planning and growth possibility.</li> </ul>
Security/Political Situation	<ul style="list-style-type: none"> <li>There will be no security escalation in the various arena; however, uncertainty in the security/political arena will remain at its current level.</li> </ul>	<ul style="list-style-type: none"> <li>An escalation of the fighting to a high intensity over time will lead to security restrictions, an increase in government spending, and affect the labor force supply and the economy's business activities.</li> <li>Damage to trade relations with other countries and supply chain disruptions will hurt investments and exports, as well as make imports more expensive.</li> </ul>
Sociopolitical Situation	<ul style="list-style-type: none"> <li>Uncertainty in the sociopolitical arena will remain high, but will not worsen beyond its current level.</li> </ul>	<ul style="list-style-type: none"> <li>Political instability and growing social tensions amid legislative attempts to change the legal system without a broad consensus, and an escalation of the conflict between the executive and judiciary branches will raise uncertainty in the economy.</li> <li>Consequently, there might be an increase of Israel's risk premium, a decline in foreign investments, and a depreciation of the shekel.</li> </ul>
Monetary Conditions in Israel	<ul style="list-style-type: none"> <li>Israel's interest rate environment will take a downward path in the years 2025–2027, until the Bank of Israel's interest will reach a 3.50%–3.75% rate.</li> <li>The annual inflation rate will stabilize at approx. 2.5%.</li> </ul>	<ul style="list-style-type: none"> <li>A high interest rate and inflation environment over time will erode households' purchasing power, and might lead to a prolonged slowdown in domestic demand and a rise in unemployment.</li> <li>A low interest rate and inflation environment will erode the Bank's funding profit.</li> </ul>
Real Activity in Israel	<ul style="list-style-type: none"> <li>A gradual recovery of the Israeli economy, reflected by an average growth rate of 3.0%–3.5% during the plan's years.</li> </ul>	<ul style="list-style-type: none"> <li>A slowdown in the growth rate of the economy as a result of weakness in fixed asset investments and private consumption will reduce credit demand and hurt the growth of the Bank's operations.</li> </ul>
Increased global geopolitical tensions	<ul style="list-style-type: none"> <li>The global geopolitical situation will not escalate, especially between China, Russia, Iran, and the West/United States.</li> <li>The imposition of reciprocal tariffs between the United States and its trade partners will not escalate to the point of a breakdown in globalization and a significant decline in international trade.</li> </ul>	<ul style="list-style-type: none"> <li>Increased global geopolitical tensions will lead to an imposition of economic sanctions, in parallel with a deterioration of trade relations between the economic blocs amid the imposition of reciprocal tariffs. Consequently, global economic growth will be severely hit, accompanied by an acceleration in the global inflation rate.</li> <li>These developments may cause low demand for local exports and damage investments in Israel. Consequently, Israel's economic activity would slow down, including an increase in unemployment and a slowdown of private consumption.</li> </ul>



*מזרחי טפחות*

**People  First**