2. Nonfinancial Private-Sector Debt[1]

The debt of the nonfinancial private sector[1]continued to rise in 2025, this time by 9 percent.
The growth rate of this balance peaked in the first half of 2022 and eased in the past three years but remains higher than the 6 percent average growth rate in the past decade.
The net debt of the **nonfinancial business sector** increased by NIS 147 billion (11 percent), largely due to net raising of debt[2] that centered on bank loans and issues of tradable bonds in Israel. CPI inflation also abetted the increase by boosting the value of CPI-indexed debt. These effects were partly offset by NIS appreciation against the USD. Construction and real-estate firms led the upturn in total debt.
Household debt, for both housing and nonhousing purposes, increased by NIS 57 billion (7 percent). The upturn in outstanding housing debt traced to taking of new mortgage from banks and the ongoing high rate of increase (7 percent) that did, however, level off during the year. Outstanding non-housing debt grew by 6 percent and was typical of most lenders, the increase was faster in loans issued by institutional investors and credit-card companies.

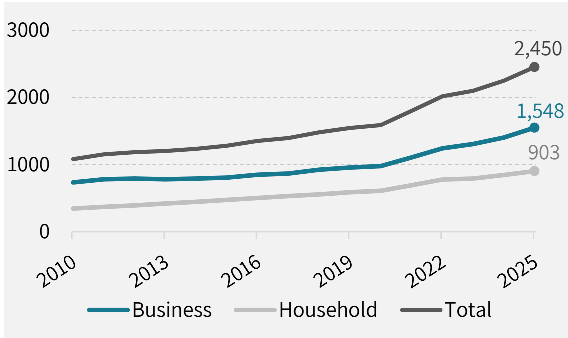
1. Debt of the nonfinancial private sector (businesses and households)

The outstanding debt of the nonfinancial private sector continued to rise in 2025, in both the business and the household sectors.

The outstanding debt of the nonfinancial private sector increased by NIS 204 billion (9 percent), surpassing the increase in 2024, and ended the year at NIS 2.5 trillion.

The upturn in outstanding debt traced to net raising of debt and taking of loans by both borrower sectors. CPI inflation also abetted the increase by boosting the value of CPI-indexed debt. These effects were partly offset by NIS appreciation against the USD, which reduced the value of debt indexed to and denominated in foreign currency .

Figure 2.1: Outstanding debt of the nonfinancial private sector
NIS billion



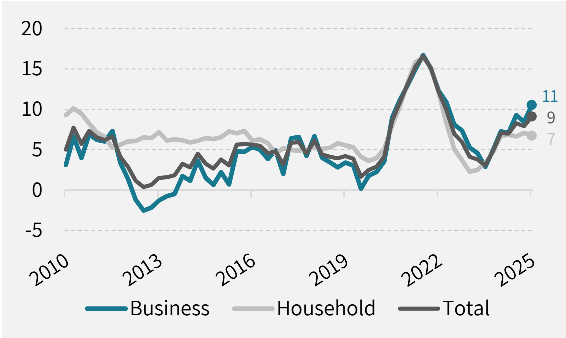
Source: Reports to Bank of Israel, Tel Aviv Stock Exchange, and processing by Bank of Israel

[1] This chapter focuses on the debt of the nonfinancial private sector to major lenders (banks, institutional investors, nonresidents, etc.), and does not include debt to other lenders (e.g., private credit companies). See explanation in Sources of Data and Main Terms at the end of this section. The data on indebtedness to banks are based on monthly balance-sheet data and not on data from annual financial statements because not all statements for 2025 have been published. For further analysis of these sectors, see Chapter 4 of the Bank of Israel *Annual Report* for 2025 which is expected to be published at the end of March 2026.
[2] See Data Sources and Key Terms at the end of this chapter.

The annual growth rate of both sectors' outstanding debt continued to accelerate, sustaining a trend that began in the second half of 2024 after two years of deceleration.

The annual growth rates of outstanding debt in both sectors, business and household, have slowed in the past three years after cresting at 17 percent in 2022.
The growth rate of business debt was 11 percent at the end of 2025, exceeding the 6 percent average rate in the past decade. The growth rate of household debt, 7 percent at year's end, resembled the average rate in the past decade.

Figure 2.2: Annual rate of change in outstanding debt of the nonfinancial private sector
Percent



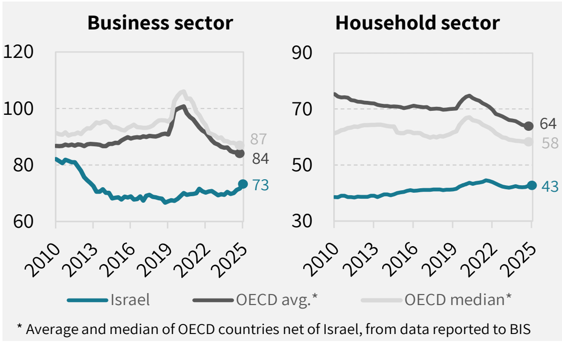
Source: Reports to Bank of Israel, Tel Aviv Stock Exchange, and processing by Bank of Israel

The ratios of both business debt and household debt to GDP increased in 2025 but remained lower than the OECD average.

The ratios of business debt and household debt to GDP increased in 2025 by 3 percentage points and 1 percentage point, and stood at 73 percent and 43 percent, respectively, at year's end.
In the average among OECD countries, these ratios declined to 84 percent and 64 percent respectively[3]

Although the trend in Israel differs from that of OECD countries, these ratios have remained low in Israel by international comparison.

Figure 2.3: Debt of the nonfinancial private sector
Percent of GDP



SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange. Central Bureau of Statistics. BIS, and processing by Bank of Israel

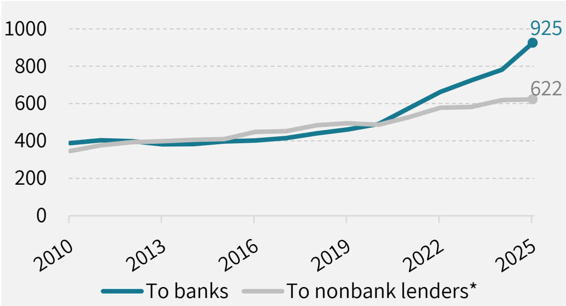
[3] The data for Israel are correct as of December 2025; those for the OECDE go up to September 2025.

2. Nonfinancial business-sector debt[4]

Most of the increase in outstanding debt of the business sector in 2025 traced to bank debt. Since 2020, debtors have owed more to banks than to nonbank lenders

The outstanding debt of the business sector grew by NIS 147 billion in 2025 and ended the year at NIS 1.5 trillion. The increase originated in debt to banks (via loans and bonds), which account for 60 percent of the sector's outstanding debt—a share that has risen steadily by a sum of 10 percentage points since 2020. Outstanding debt to nonbank lenders also increased to NIS 622 billion. This balance is composed mainly of lender sectors' holdings in tradable bonds, which grew by NIS 26 billion in 2025, and in nontradable debt (loans and bonds) to nonresidents and institutional investors, which contracted by NIS 23 billion in the year covered.

Figure 2.4: Outstanding debt of the nonfinancial business sector, by lenders
NIS billion



* Institutional investors, credit-card companies, nonresidents, government, households, and others.

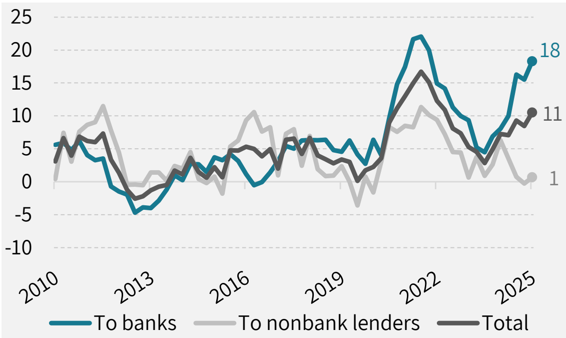
SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange, and processing by Bank of Israel.

The growth rate of debt to banks remained higher than that to nonbank lenders.

The growth rate of outstanding bank credit to the business sector accelerated from the second half of 2024 to a brisk 18 percent.

The annual growth rate of outstanding debt to nonbank lenders stood at 1 percent at the end of the year, down from 6 percent in 2024.

Figure 2.5: Annual rates of change in outstanding debt of the nonfinancial business sector, by lenders
Percent



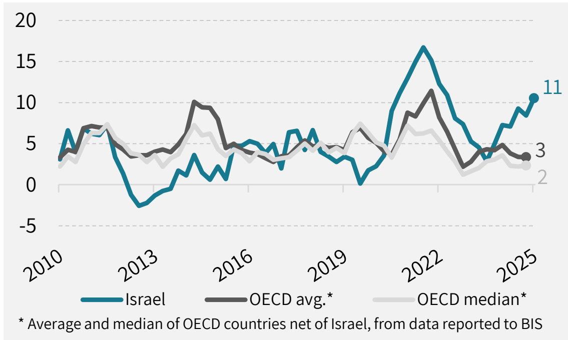
SOURCE: reports to Bank of Israel, Tel Aviv Stock Exchange, and Bank of Israel

[4] Wherever the term "business sector" is used, it denotes the nonfinancial business sector (net of banks, credit-card companies, and institutional investors).

The growth rate of the business sector's outstanding debt has surpassed the average among OECD member states for three years.

From the beginning of 2021 to the middle of 2024, the growth rate of the Israeli business sector's outstanding debt resembled the OECD average: acceleration followed by decline until the second half of 2024.
From the second half of 2024 onward, the growth rate of debt in Israel sped up while the OECD average continued to slow.

Figure 2.6: Annual rate of change in outstanding debt of the nonfinancial business sector
Percent



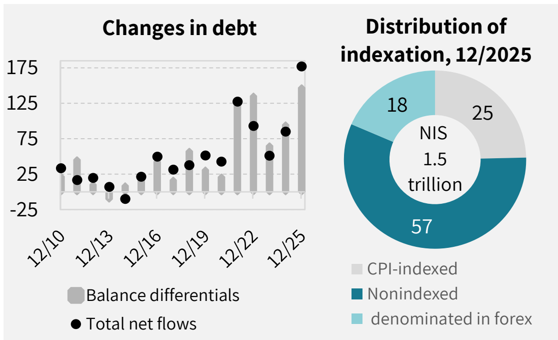
SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange. Central Bureau of Statistics. BIS, and processing by Bank of Israel

The upturn in outstanding business-sector debt traced mainly to net raising of debt (flows) and CPI inflation, partly offset by the effect of NIS appreciation against the USD.

The upturn in business-sector debt in 2025 traced mainly to NIS 177 billion in net raising of debt (flows), far surpassing this activity in previous years. CPI inflation also contributed to the growth of outstanding debt because 25 percent of the debt is CPI-indexed.

These increases were partly offset by the effect of NIS appreciation against the USD, which devalued the 18 percent of the total debt that was indexed to or denominated in foreign currency.

Figure 2.7: Debt of the nonfinancial business sector
Total (percent) and change (NIS billion)

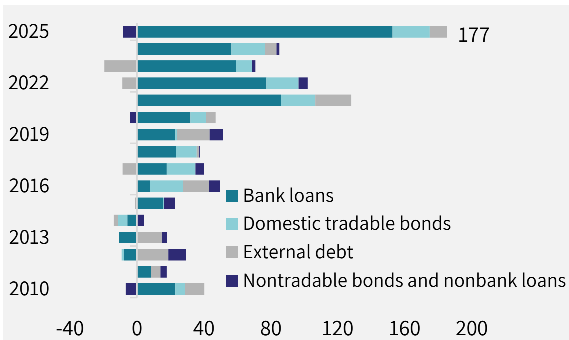


SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange, and processing by Bank of Israel.

Net raising of debt by the business sector centered on bank loans and domestic tradable bonds— channels that stood out in previous years as well.

Most debt-raising in 2025 was accomplished by taking bank credit (NIS 153 billion, 86 percent of total debt raised), much as in recent years. The channel of tradable domestic bonds showed NIS 22 billion in net issues, similar to the 2024 level. External raising of debt continued as well, at NIS 10 billion. Conversely, there was NIS 8 billion in net realization of nontradable domestic debt, mainly due to bond redemptions standards.

Figure 2.8: Estimated net raising of debt (flows) in the total debt of the nonfinancial business sector
NIS billion



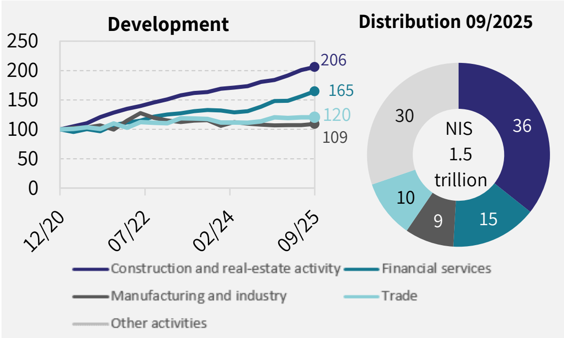
SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange, and processing by Bank of Israel.

Segmentation by economic activities shows that companies engaging in construction and real-estate activity continued to lead the increase in the outstanding debt of the business sector.

Companies engaging in construction and real-estate activity in 2025 again spearheaded the increase in business-sector debt; their debt balance came to NIS 534 billion in September 2025, 36 percent of the total debt—a share that rose by 9 percentage points in the past six years.[5,6] The outstanding debt of the Financial Services sector,[7] which accounts for 15 percent of the total debt, grew by 65 percent in the past six years. The increase accelerated in the second half of 2024, largely due to bank credit to financial-service companies and for other financial activities such as credit for collateral for derivatives transactions and securities borrowing.

Figure 2.9: Debt of the nonfinancial business sector, by economic activities

Total debt (percent), development (index)



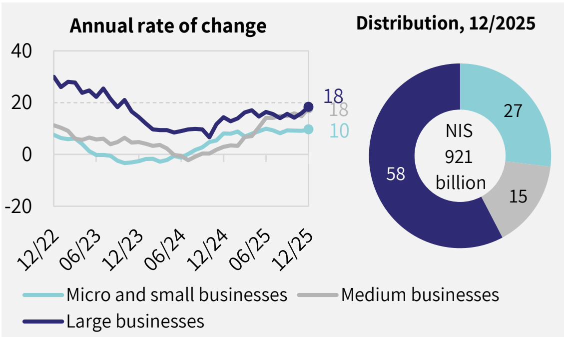
SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange, and processing by Bank of Israel

Segmentation by business size shows that net bank lending to the sector of medium-sized businesses grew considerably during the year. The increase in lending, however, continues to center on large businesses.

bank lending to the business sector was NIS 921 billion at year's end. The debt balance of large businesses continued to lead the upward movement of total bank lending—at a brisk 18 percent pace—and they remained the banks' main borrowers. This year, there was swift growth of outstanding debt of medium-sized businesses—18 percent as against 3 percent in 2024. The growth rate in net lending to micro and small businesses was stable at 9 percent on average. Loans to this subsector accounted for 27 percent of the total debt and, thereof, 15 percent to micro businesses.

Figure 2:10: Bank loans by business size

Percent



SOURCE: reports to Bank of Israel. Tel Aviv Stock Exchange, and processing by Bank of Israel

[5] For segmentation of the debt of the nonfinancial business sector by economic activities, see discussion of Israel's credit-data system in Part Two of *Statistical Bulletin 2019.*

[6] The data on segmentation by economic activities are current to the end of September 2025. The main unclassified component is "Direct Loans from Institutional Investors to the Business Sector," which accounts for a 7 percent share of total debt; therefore, the debt of some economic activities is underestimated.

[7] See "Sources and Main Terms" at the end of this chapter.

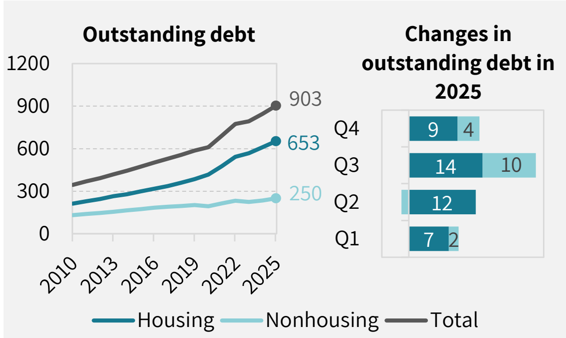
3. Household debt

Outstanding household debt, for both housing and nonhousing purposes, continued to increase in 2025, mostly in the third quarter.

Outstanding household debt (housing and nonhousing) increased by NIS 57 billion (7 percent) and ended the year at NIS 903 billion.

In 2025 as before, the increase in debt centered on housing debt at 72 percent of the total—a rate that has been stable in the past three years.

Figure 2.11: Outstanding household debt, housing and nonhousing
NIS billion

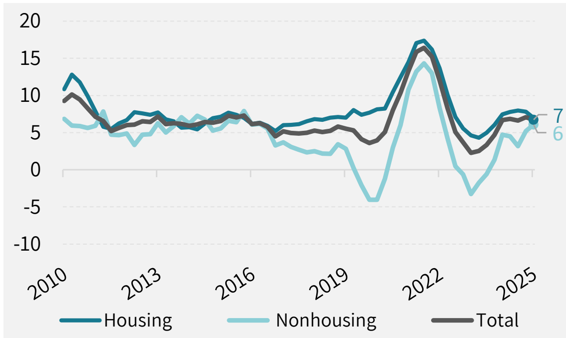


SOURCE: reports to and processing by Bank of Israel.

The rate of increase in housing debt remained high but stabilized during the year. That of nonhousing debt continued to accelerate.

The rate of increase in housing debt stabilized during the year and stood at 7 percent at year's end, after reverting from record levels in 2021–2022 to rates observed in previous years.
The growth rate of nonhousing debt continued to trend upward and came to 6 percent during the year, after plunging in late 2023 in view of the eruption of war.

Figure 2.12: Outstanding household debt, annual rates of change
Percent



SOURCE: reports to and processing by Bank of Israel.

Outstanding housing debt increased largely because of the extent of new housing loans given to households by the banks.

Households took NIS 106 billion in new mortgage from banks in 2025, surpassing the level of most years.
Development in the past four years has been bumpy. In the second half of 2022, in view of interest rate increases by the Bank of Israel, taking new housing loans slowed; the trend gathered strength in October 2023 due to the eruption of war. Afterwards, an upward movement ensued that crested in late 2024 amid expectations of an increase in the VAT rate, and in the course of 2025 new lending for housing leveled off amid a slowdown in the real-estate market.

Figure 2.13: New housing loans from banks to households
NIS billion

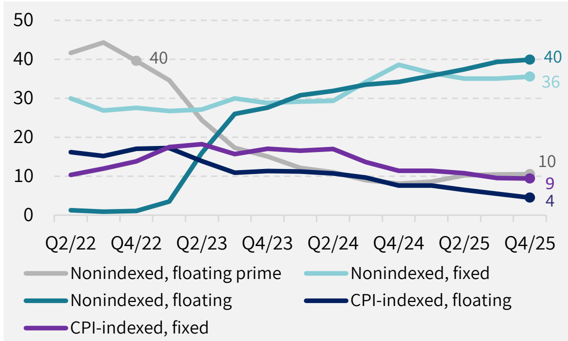
SOURCE: banking system reports to Banking Supervision Department and processing by Bank of Israel.

The share of new non-indexed floating-rate housing loans in total lending continued to rise.

The share of new mortgages on the non-indexed, floating-rate prime track in all new housing loans continued to fall and then stabilized somewhat during the year—a trend observed since late 2022 in view of rate increases by the Bank of Israel. The share during this time fell by 34 percentage points, to 10 percent.

Concurrently, the share of new housing loans taken on the nonindexed, floating-rate track increased, and the upturn in 2025 centered on floating-rate loans to terms of one to two years.

Figure 2.14: New housing loans from banks to households, by type of indexation and interest
Percent

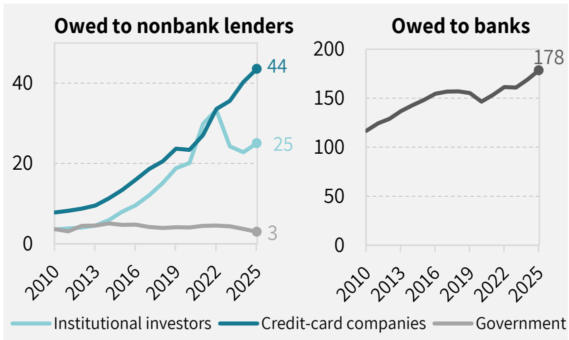


SOURCE: banking system reports to Banking Supervision Department and processing by Bank of Israel.

The increase in lending for nonhousing purposes was observed among most lenders and was stronger in loans from institutional entities and credit-card companies.

Outstanding household debt on account of nonhousing loans increased by NIS 14 billion (6 percent), to NIS 250 billion. The upturn traced a 6 percent increase in net loans from banks, slightly exceeding the previous year's growth rate, to NIS 178 billion. Outstanding debt to credit-card companies also grew in 2025, by 8 percent to NIS 44 billion, and to institutional entities by NIS 2 billion (10 percent) to NIS 25 billion, after two years of contraction.[8]

Figure 2.15. Outstanding household debt on account of nonhousing loans, by lenders
NIS billion



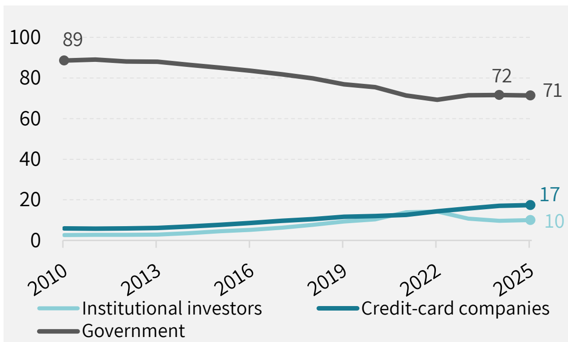
SOURCE: reports to Bank of Israel and processing by Bank of Israel.

The share of nonhousing debt owed to banks declined but banks are still the main lenders to households.

The share of debt to banks in total nonhousing debt was 71 percent at year's end and has been steadily declining in recent years—by 17 percentage points since 2010.

Concurrently, the share of loans issued by credit-card companies and institutional entities climbed to 17 percent and 10 percent of total nonhousing debt, respectively.

Figure 2.16: Distribution of household nonhousing debt, by main lenders
NIS billion



SOURCE: reports to and processing by Bank of Israel.

[8] For elaboration on developments in and characteristics of consumer loans in the retail sector, which are central in nonhousing debt, see Zoom-In in Section 2 of this chapter.

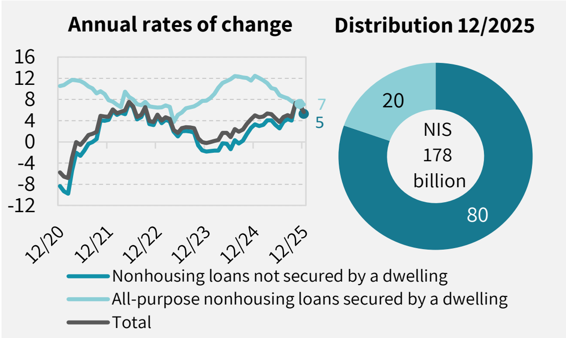
Segmentation of nonhousing bank debt shows that the growth rate of all-purpose loans secured by a dwelling continued to slow.

Outstanding nonhousing debt that households incurred by taking bank loans came to NIS 178 billion by year's end. It was composed of all-purpose loans secured by a dwelling and other loans, which accounted for 20 percent and 80 percent of total nonhousing debt owed to banks, respectively.

During the year, outstanding all-purpose lending secured by a dwelling continued to climb,[9] although the growth rate has been decreasing since the second half of 2024 and sank to 7 percent last year. In other loans, the main component of this segment of debt, growth accelerated perceptibly, to 5 percent today as against 3 percent in 2024.

Figure 2.17: Households' nonhousing debt to banks

Distribution (percent), rate of change (percent)



SOURCE: banking system reports to Banking Supervision Department and processing by Bank of Israel.

[9] In view of leniencies made by the Banking Supervision Department in Directive 251; "Adjustments to Proper Conduct of Banking Business Directive 251—Adjustments to Proper Conduct of Banking Business Directives in order to Deal with the Swords of Iron War (Provisional Directive)."

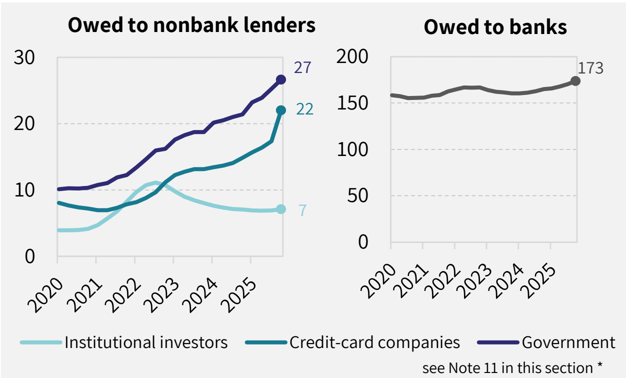
ZOOM IN

Consumer Loans of the Retail Sector (Households and Authorized Dealers)[10]

Consumer loans are central in nonhousing lending to the household sector; they are issued by several entities: banks (the main lenders), credit-card companies, institutional entities, and nonbank lenders. Typical developments in consumer lending originate both in borrower risk and in loan characteristics. The low average interest rate on loans issued by institutional players, for example, reflects the existence of collateral and low borrower risk, unlike loans issued by credit-card companies and nonbank lenders.

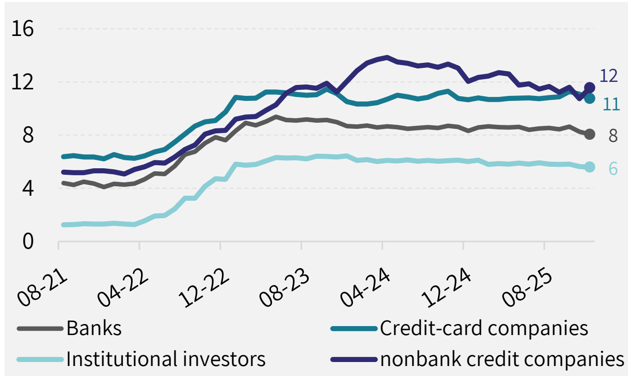
The increase in net consumer lending in 2025 focused on loans from nonbank lenders[11] and credit-card companies, which together accounted for 21 percent of all lending.

Figure 2.18: Net consumer lending by type of lender, NIS billion



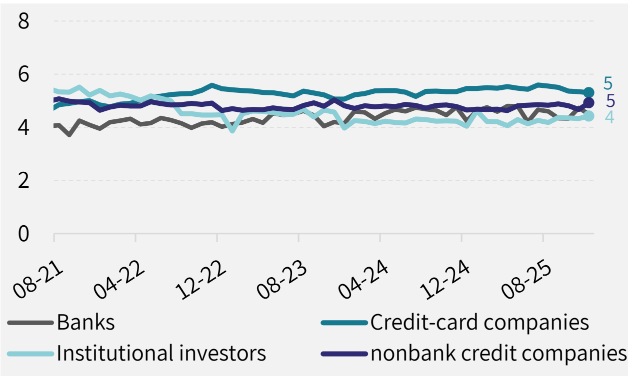
Secured loans from institutional entities are given at lower rates than are those from credit-card companies and nonbank lenders[12].

Figure 2.19: Average rate on new nonindexed floating-rate loans, by type of lender, Percent



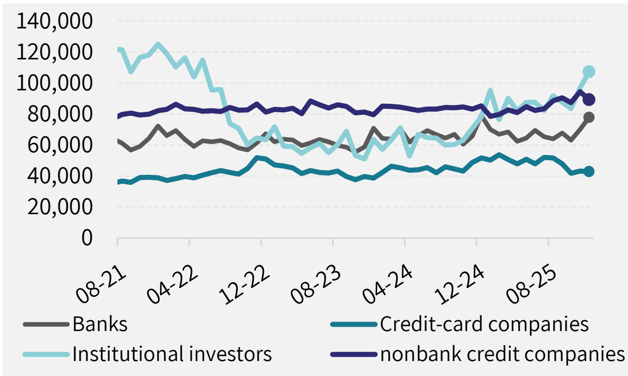
The average term of new loans was similar across the various lenders, at about 4–5 years in 2025.

Figure 2.20: Average term of new loan, by type of lender. Years



Credit-card companies give smaller loans on average than do institutional entities and nonbank lenders.

Figure 2.21: Average size of new loan, by type of lender, NIS



SOURCE: Bank of Israel and processing by Bank of Israel.

[10] The term "retail sector" denotes private individuals and authorized dealers. It should be emphasized that, unlike banks and credit-card companies, which are required to report to a credit database, nonbank lenders and institutional investors report to the database only if they clear a reporting threshold as established in law or in the case of the principle of reciprocity. Therefore, the data in the figures in this part of the *Bulletin* relate only to entities that report to the database and represent only some consumer loans issued in Israel by institutional players and nonbank lenders. Also under-presented in this section are data on consumer loans from credit-card companies because many such loans are issued at the expense of credit facilities and therefore are not reported under "Consumer Loan Product," in accordance with information managed by each information source. For expanded information on the statistical database of credit data for households, see the second paper in the *Statistical Bulletin 2020.*

[11] The aberrant increase in the December 2025 data is technical and originates in the reclassification of loans taken in full or in part outside credit facilities in credit-card companies' reportage: starting in October 2025, these loans are reported as new transactions in the "consumer loans" category instead of "renewed credit facility."

[12] In 2025, the share of floating-rate consumer loans from banks, credit-card companies, institutional entities, and nonbank lenders was 90, 70, 69, and 11 percent, respectively.

Main indicators

	2019	2020	2021	2022	2023	2024	2025
Total business sector debt (NIS billion, end of period)	956	977	1104	1240	1305	1400	1548
Estimated net quantitative change (NIS billion, yearly cumulative)	51	43	127	93	51	85	177
Percentage of nonbank debt (end of period)	52	50	48	47	45	44	40
Percentage of tradable debt (end of period)	24	25	25	25	25	24	24
Percentage of unindexed debt (end of period)	50	52	54	54	54	54	57
Percentage of CPI-indexed debt (end of period)	26	25	25	25	26	27	25
Percentage of debt denominated in or indexed to foreign exchange (end of period)	24	22	22	21	20	20	18
Business sector debt to GDP ratio (percent, end of period)	67	69	70	70	69	70	73
Total household debt (NIS billion, end of period)	588	611	692	775	793	846	903
Estimated net quantitative change - net credit taken out (NIS billion, yearly cumulative)	31	25	76	71	9	44	51
Total new mortgages taken out (NIS billion, yearly cumulative)	68	78	116	118	71	93	106
Percentage of housing debt (end of period)	66	68	69	70	72	72	72
Percentage of unindexed debt (end of period)	66	66	67	68	68	69	72
Percentage of CPI-indexed debt (end of period)	34	33	33	32	32	30	27
Percentage of debt denominated in or indexed to foreign exchange (end of period)	1	0	0	0	0	0	0
Household debt to GDP ratio (percent, end of period)	41	43	44	44	42	42	43

SOURCE: Bank of Israel data

DATA SOURCES AND MAIN TERMS

The Bank of Israel Information and Statistics Department manages a database of activity in the credit market.[13] The Department gathers data and information from reports and other sources, processes them into an overall consistent dataset, and calculates the economy's credit aggregates by various segmentations. The data sources are banking system reports to the Banking Supervision Department; quarterly financial statements by the credit card companies; institutional investors' reports to the Ministry of Finance and the Bank of Israel; the Tel Aviv Stock Exchange; direct reports from large Israeli corporations to the Bank of Israel regarding their activity vis-à-vis nonresidents; reports by the banks and other financial intermediaries to the Bank of Israel regarding nonresidents' holdings of Israeli financial assets; and the Ministry of Finance.

The nonfinancial private sector

Is comprised of the business sector (Israeli commercial firms that are not banks, credit card companies, or institutional investors) and households. This section focuses on the nonfinancial private sector's debt to the main lenders (banks, institutional investors, and nonresidents), and does not include debt to other lenders (such as private credit companies). The assessment is that the volume of other lenders' activity is small relative to that of the main lenders, and they are not currently included in the aggregates as a lending sector due to a lack of data. Loans taken out by these companies, and the bonds they issue, which serve to provide credit and for other needs, are included in total nonfinancial business sector debt in the financial services industry. Gathering such data is expected to increase after data collection by the Capital Market, Insurance and Savings Authority, which is responsible for granting licenses to credit providers under the Supervision of Financial Services (Regulated Financial Services) Law, 5776–2016.

Outstanding debt

Shows the stock of credit (positions, stocks) from the point of view of the borrower segments at a given point in time. The value of the debt does not depend on the market value of the bond or the value of the loans in the lenders' books. Therefore, outstanding bonds are presented at adjusted par value and outstanding loans are presented before deduction of loan loss provisions in the lenders' books.

Estimated net quantitative change, quantitative increase/decrease of debt

Net debt raised / net debt repaid Is the change in outstanding debt, which shows economic activity in the credit market. The change in outstanding debt is influenced by economic flows that are comprised of various financing transactions (new credit raised, such as taking a loan or issuing bonds, minus repaid credit, such as repaid loans or repayment of bonds). The transactions include payment and accumulation of interest, price changes (such as a change in the Consumer Price Index for CPI-indexed debt), and other factors .

Due to a lack of direct data on each of these components, an "estimated net quantitative change" (net debt raised / net debt repaid) is calculated from data on outstanding debt. The estimated quantitative change during a given period is calculated as the difference between outstanding debt at the end of the period and the outstanding debt at its beginning, minus relevant price changes.

Housing loans from the banks

as reported to the banks by customers, are defined as loans that fulfill one of the following conditions (provided that they were not issued for business purposes): the loan is intended for the purchase, leasing, construction, expansion, or renovation of a residential dwelling; for the purchase of a plot for the construction of a residential dwelling or for the purchase of rights to a residential dwelling in return for key money; or to finance the early repayment of a loan described in the first two conditions, in whole or in part

[13] For more details on the definitions, terms and explanations, see "The Credit Data System in Israel" in the second part of the *Statistical Bulletin* for 2015.

Nonhousing loans from the banks

As reported to the banks by customers, are defined as loans from the banks to private individuals (including overdrafts) and to private Israeli nonprofit organizations, the purpose of which is not housing. These also include loans with a dwelling as collateral that are not for residential purposes (all-purpose loans).

Real estate and construction industries based on the classification of economic industries of the Central Bureau of Statistics

The Central Bureau of Statistics classifies the firms engaged in economic activity according to SNA and UN recommendations. The uniform classification defines a variety of economic activities according to principles determined for similar economic activities although application of the classification principles depends on the information available to the classifier.

According to the definitions of the Central Bureau of Statistics, the *real estate activities industry* includes firms engaged in activities by brokers and agents in the field of selling and buying real estate, real estate rentals, and other real estate services such as appraisals and acting as a third party in real estate transactions. The construction industry includes firms engaged in general and specialized construction activities used to construct buildings and civil engineer works; The construction of buildings and new buildings, the construction of additions to existing buildings, renovation and repair of existing buildings, construction of prefabricated buildings in construction sites and construction of temporary buildings.

For full details of the types of classification, details of the industries and how they are classified and the classification principles, see The 2011 Uniform Classification of Economic Industries at the website of Central Bureau of Statistics.