A .The Public's Financial-Assets Portfolio

The balance of the public's portfolio of financial assets[1] increased by 15.5 percent in 2025, far above the 7 percent average rate of growth in the past decade. All components of the portfolio participated in the growth. Domestic equities stood out in view of strong price increases in the domestic capital market. The cash and deposit components also showed upturns.
For the first time since 2008, institutional investors reduced exposure to foreign assets. Net mutual-fund assets reached a record level. Funds specializing in domestic equities stood out due to a combination of price increases and positive net accrual.

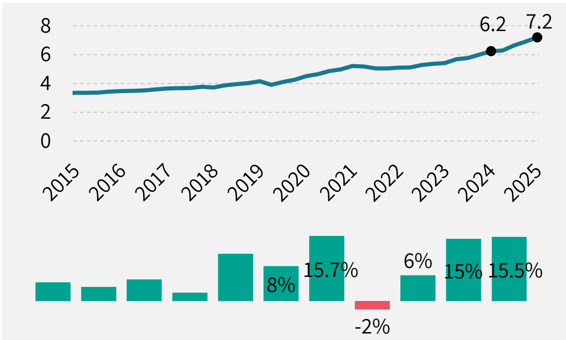
1. Total assets portfolio

The balance of the public's portfolio of financial assets grew perceptibly in 2025, on the heels of growth in 2024.

The balance of the public's portfolio of financial assets grew by 15.5 percent (NIS 963 billion) in 2025, ending the year at NIS 7.2 trillion.

The growth rate in 2025 exceeded the 7 percent average annual rate of increase in the past decade.

Figure 1.1: Balance of the Assets Portfolio
NIS trillion (line) and annual rate of change (columns)



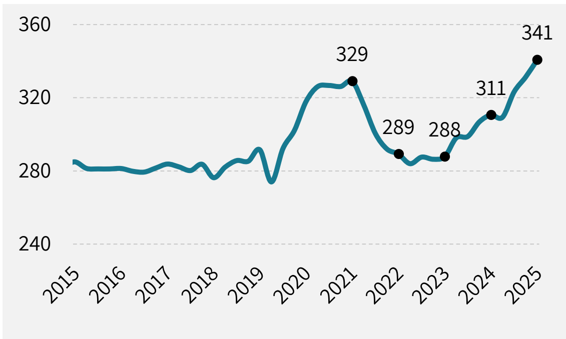
SOURCE: Bank of Israel.

The share of the public's assets portfolio in GDP attained a record level.

The ratio came to 341 percent at the end of September, up 30 percentage points.

The increase is attributed to stronger growth of the portfolio (15.5 percent) than of GDP (5.2 percent in current prices).

Figure 1.2: Balance of the Asset Portfolio
As a percentage of GDP



SOURCE: Bank of Israel.

[1] See explanation in the list of main terms at the end of the chapter.

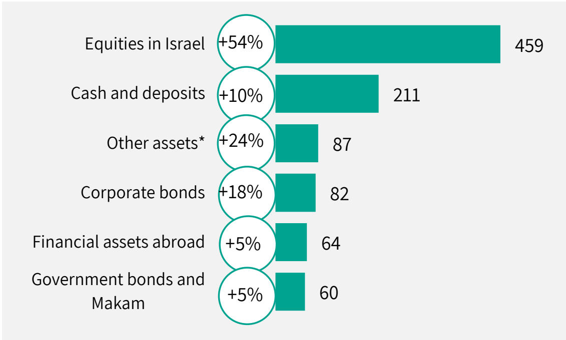
All components of the portfolio took part in the increase; domestic equities stood out

The main contributing factor to the increase in the balance of domestic equities (NIS 459 billion) was rising prices in the domestic capital market.

The balance of cash and deposits (NIS 211 billion) rose as well.

Figure 1.3: Change in the Balance of the Assets Portfolio in 2025

NIS billion (rows) and percent (circles)



SOURCE: Bank of Israel.

*Other assets—assets managed by institutional investors including nontradable equities, loans, mortgage portfolios, land rights, and derivatives.

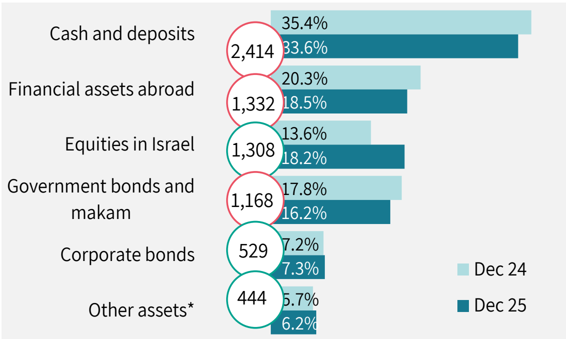
The upturns in domestic equities gave this component a larger share in the portfolio, at the expense of most other components.

Domestic equities accounted for 18.2 percent of the total portfolio at year's end, up 4.6 percentage points.

Conversely, the shares of cash and deposits, which account for about one-third of the portfolio, contracted by 1.8 percentage point; of external financial assets by 1.8 percentage point, and of government bonds and Makam by 1.6 percentage point.

Figure 1.4: Distribution of assets in the portfolio

2024 and 2025 (columns), balance of assets in NIS billion in 2025 (bubbles)



SOURCE: Bank of Israel .

2. Asset management in the portfolio

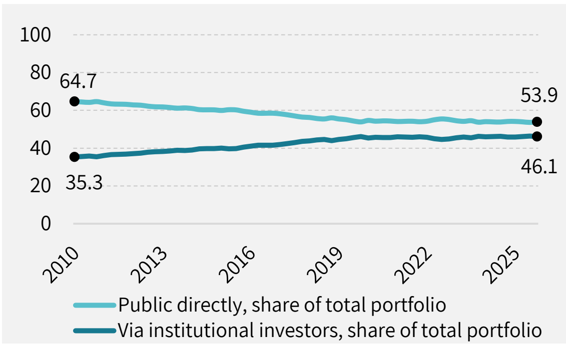
The share of the portfolio managed by institutional investors increased in 2025, sustaining a long-term trend.

The share of the portfolio managed by institutional investors was 46.1 percent at year's end, up 0.2 percentage point.

Increases were seen in both the balance of the portfolio managed by institutional investors increased (NIS 455.6 billion, up 16 percent) and that managed by the public directly (NIS 507.7 billion, up 15 percent).

Figure 1.5: Distribution of portfolio holdings, by manager

Share of total portfolio



SOURCE: Bank of Israel.

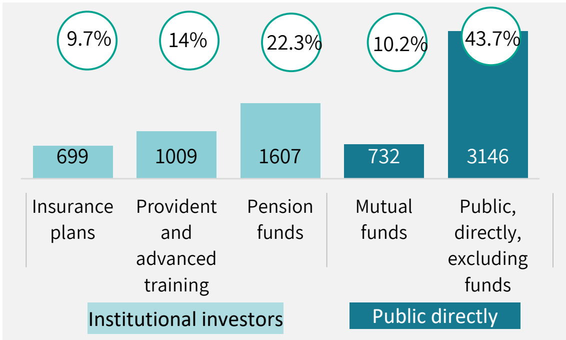
In distribution of holdings by manager, most of the increase occurred in the share of mutual funds as against contraction in the share of direct public management net of mutual funds.

The share of the portfolio managed directly by the public, net of mutual funds, declined by 1.1 percentage point, to 43.7 percent, whereas that of mutual funds grew by 0.9 percentage point, to 10.2 percent.

The total portfolio managed by institutional investors was worth NIS 3.3 trillion: 48.5 percent managed by pension funds, 30.4 percent by provident and advanced-training funds, and 21.1 percent in insurance plans.

Figure 1.6: Distribution of portfolio holdings, by manager

NIS billion (columns) and as a share of the total (circles)



SOURCE: Bank of Israel.

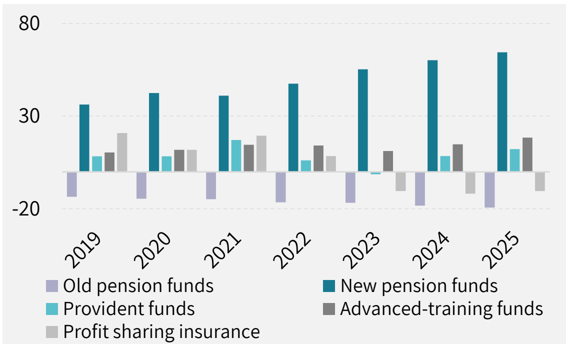
Positive net accrual continued in 2025, chiefly in new pension funds.

Institutional investors posted NIS 65.5 billion in positive net accrual in 2025.

As in previous years, accrual by new pension funds (NIS 64.5 billion) stood out, as against continued redemptions in defined-contribution insurance plans (NIS 10.4 billion), a trend that began in 2023.

Figure 1.7: Net accrual by institutional investors

NIS billion



SOURCE: Bank of Israel.

3. Domestic equities

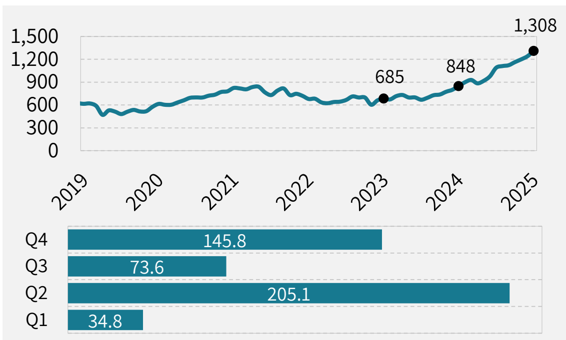
The public's net holdings of domestic equities set a record, largely due to rising prices.

The balance of the Israeli public's holdings of domestic equities climbed by NIS 459 billion and ended the year at a record NIS 1.31 trillion.

The increase tracked the performance of the domestic equity indices and was especially conspicuous in Q2/2025.

Figure 1.8: Net holdings of domestic equities

NIS billion (line) and change in 2025 (columns)



SOURCE: Bank of Israel.

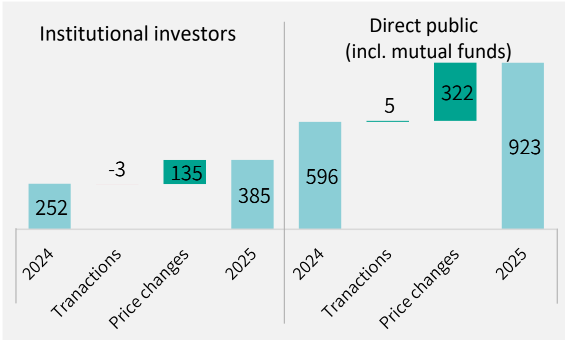
The balance of the public's equity holdings, held both directly and via institutional investors, increased, largely due to rising equity prices in the capital markets.

The balance of tradable equities in Israel directly held by the public increased by NIS 327 billion during the year, largely due to a 54 percent increase in their prices on the Tel Aviv Stock Exchange.

Institutional investors made net sales of domestic equities but the balance of their equity holdings increased by NIS 132 billion due to the 54 percent price increase.

Figure 1.9: Tradable equities in Israel held by the public directly (incl. mutual funds) as against institutional holdings

Balances and flows in NIS billion



SOURCE: Bank of Israel.

* Estimated flow

4. Domestic bonds and Makam

The balance of the public's holdings of tradable government bonds increased in 2025, in continuation of 2024.

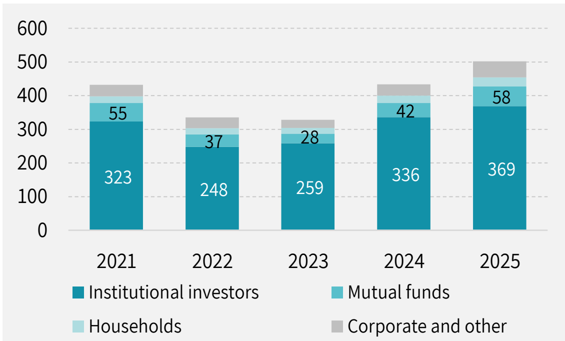
In view of the upturn in tradable government issues, net holdings grew by NIS 68 billion (15.7 percent) and ended the year at NIS 502 billion.

Institutional investors' net holdings increased by NIS 33 billion amid NIS 25.5 billion in net purchases.

Mutual funds' net holdings grew by NIS 16 billion, largely due to NIS 14.2 billion in net purchases.

Figure 1.10: Net holdings of tradable government bonds, by holder

NIS billion



SOURCE: Bank of Israel.

Makam holdings edged downward in 2025.

The balance of Makam held by the public declined by NIS 10.2 billion in 2025 and ended the year at NIS 202 billion.

Institutional investors increased their balance of Makam holdings by NIS 39.6 billion, largely due to purchases (NIS 33 billion). Contrastingly, mutual funds Makam holdings fell by NIS 30 billion, as net realization (NIS 33 billion) was slightly offset by price increases (NIS 3 billion).

In addition, corporate and other elements realized larger sums by selling short.

Figure 1.11: Balance of the public's Makam holdings, by holder

NIS billion

SOURCE: Bank of Israel.

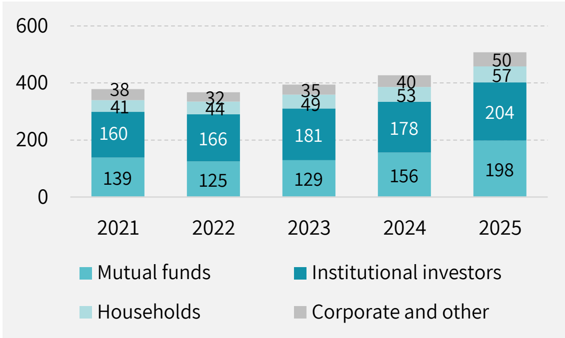
The balance of tradable corporate bonds increased, largely in mutual funds.

The balance of the public's holdings of tradable corporate bonds ended 2025 at NIS 508 billion, up NIS 81 billion.

The balance of tradable corporate bonds kept by mutual funds grew by NIS 42 billion, mainly due to net purchases.

The balance of tradable corporate bonds held by institutional investors climbed by NIS 26 billion, mainly due to net purchases.

Figure 1.12: Balance of the public's holdings of tradable corporate bonds, by holder
NIS billion



SOURCE: Bank of Israel

5. Deposits and cash

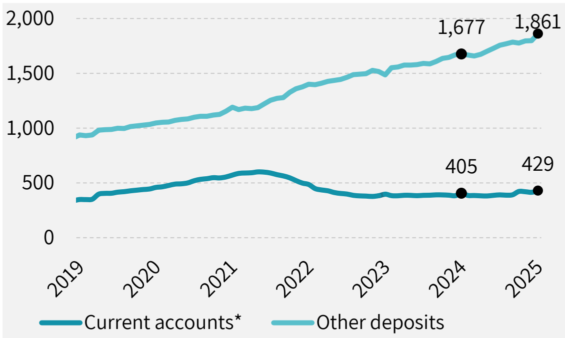
The public continued to increase its balance of deposits in 2025.

The balance of cash and deposits is the most significant component in the public's assets portfolio (33.6 percent).

The balance of interest-bearing deposits continued to rise in 2025 (NIS 184 billion), as did net holdings in current accounts (NIS 24 billion). Most deposits were held by corporations and other (48 percent) and by households (32 percent).

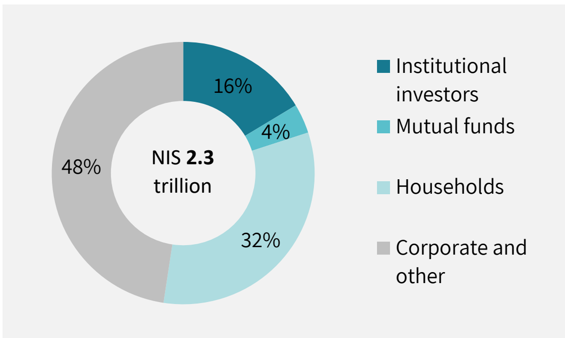
The balance of cash grew to NIS 124.5 billion by year's end, up 2.6 percent (NIS 3 billion).

Figure 1.13a: Deposits and current-account balances
NIS billion



SOURCE: Bank of Israel.

Figure 1.13b: Distribution of the public's holdings in deposits and current-account balances , by holders, 2025
Percent



SOURCE: Bank of Israel.

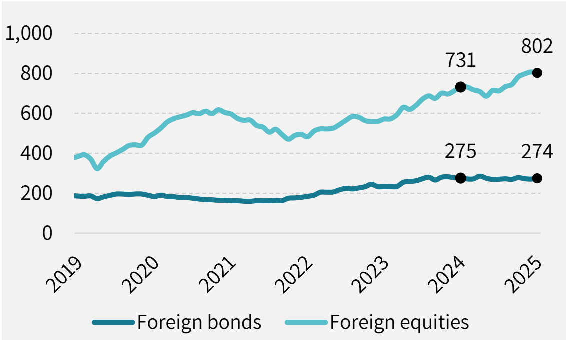
6. External portfolio assets

Net investments in foreign equities increased in 2025 a mid rising prices in foreign capital markets

The balance of the public's investments in foreign equities increased by NIS 71 billion (10 percent), .NIS 29.5 billion of which by institutional investors

The upturn originated in a combination of rising prices in foreign capital markets and net investment.

Figure 1.14: Balance of external equity and bond investments
NIS billion



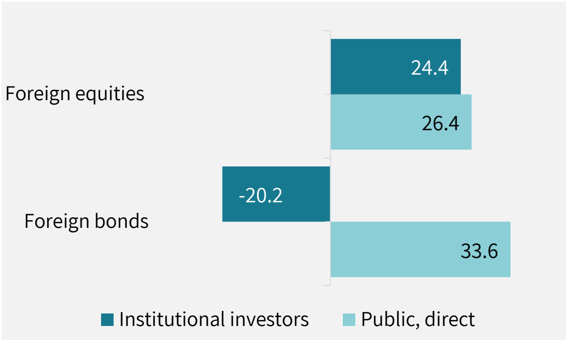
SOURCE: Bank of Israel.

The public and the institutional investors behaved differently in investing in foreign bonds.

As foreign equity indices rose, the public—both directly and via institutional investors—made net purchases of foreign equities in 2025.

Net purchases of foreign bonds came to NIS 13.4 billion as the public made sizable direct investments and institutional investors reduced their holdings.

Figure 1.15: Net external investments
NIS billion



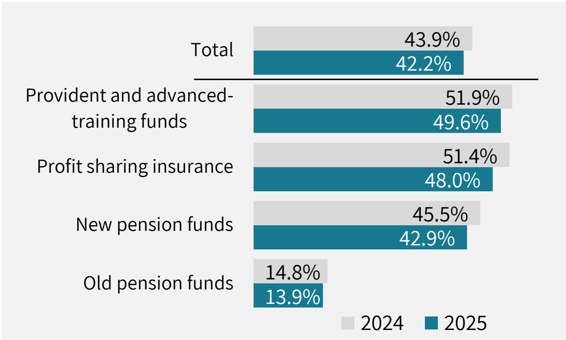
SOURCE: Bank of Israel.
*Estimates.

Institutional investors' exposure to foreign assets declined in 2025 even though foreign equity prices rose.

Institutional investors' exposure to foreign assets fell to 42.2 percent during the year, as the rate of increase in total investment assets (32.4 percent) exceeded the exposure to foreign assets (26.1 percent) in USD terms.

All institutional investors cut back on their external asset positions, but Profit sharing insurance stood out by reducing their exposure by 3.4 percentage points.

Figure 1.16: Institutional investors' exposure to foreign assets
Percentage of total assets



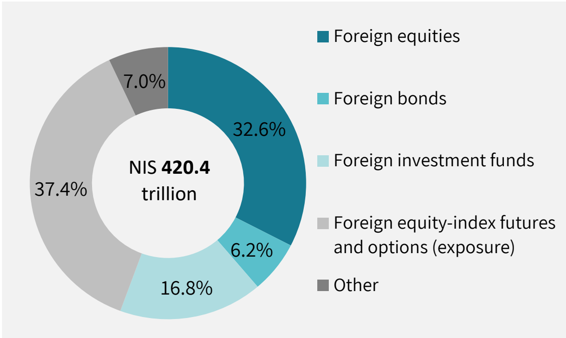
SOURCE: Bank of Israel.

Exposure to foreign equities and equity-index futures accounted for 70 percent of institutional investors' total external asset position in 2025.

The rate of exposure via external-equity index futures and options increased by 5 percentage points in view of rising prices on foreign equity indices.

The rate of exposure to foreign investment funds fell by 2.4 percentage points and that of foreign bonds decreased by 2 percentage points.

Figure 1.17: Distribution of institutional investors' external asset position
Percentage of all foreign assets held by institutional investors



SOURCE: Bank of Israel.

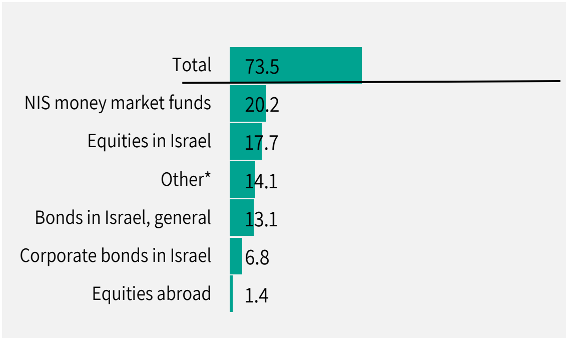
7. Mutual funds

With the interest level and the surging domestic capital market in the background, accrual in mutual funds advanced briskly again.

Mutual funds recorded NIS 73.5 billion in net accrual, on the heels of vigorous accrual (NIS 56 billion and NIS 79 billion) in 2023 and 2024, respectively.

Most of the net accrual (NIS 53.8 billion) originated in active funds[2] and NIS money funds stood out.

Figure 1.18: Mutual-fund balances, by specializations (incl. ETFs)
Net accrual in 2025, NIS billion



SOURCE: Bank of Israel.
* Other—other investment groups that do not appear in the graph, including groups specializing in Government bonds in Israel, bonds abroad, nonresidents, and foreign-exchange and flexible money funds.

[2] Funds managed by investment managers who make decisions on how to manage investments and choose assets for the fund.

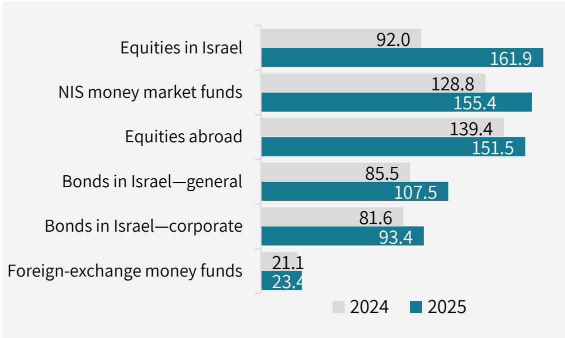
Positive accrual and the performance of domestic equity indices triggered a major increase in the net assets of mutual funds, foremost funds that specialize in domestic equities.

The balance of mutual-fund assets ended 2025 at a record NIS 757 billion, up NIS 159.5 billion during the year.

Funds specializing in equities in Israel posted a startling NIS 70 billion increase in view of rising equities in Israel indices and net accrual.

Also against the background of net accrual, the balance of NIS money funds continued to rise, ending the year at NIS 155 billion (up NIS 27 billion).

Figure 1.19: Mutual fund balances, by selected specialization groups (incl. ETFs)
NIS billion



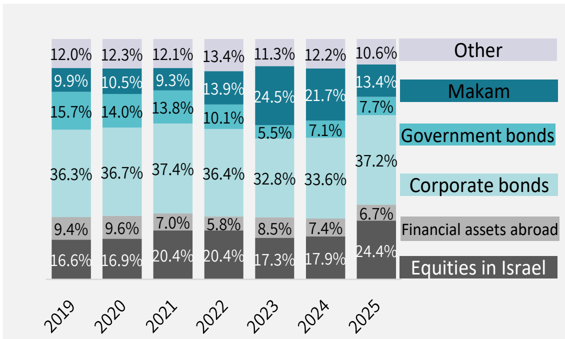
SOURCE: Bank of Israel.
* Including mutual funds' holdings in ETFs.

The mix of mutual-fund assets has changed.

The shares of domestic equities and corporate bonds climbed by 6.5 and 3.6 percentage points, respectively.

Contrastingly, the Makam component contracted by 8.3 percentage points despite growth in the balances of money funds and those specializing in foreign equities[3]

Figure 1.20: Distribution of mutual-fund assets
Percentage of total assets



SOURCE: Bank of Israel.
* Other—other investment groups that do not appear in the graph, including groups specializing in Government bonds in Israel, bonds abroad, nonresidents, and foreign-exchange and flexible money funds.

[3] For elaboration on mutual funds' Makam holdings, see "Zoom-In" in the *Statistical Bulletin* for 2023.

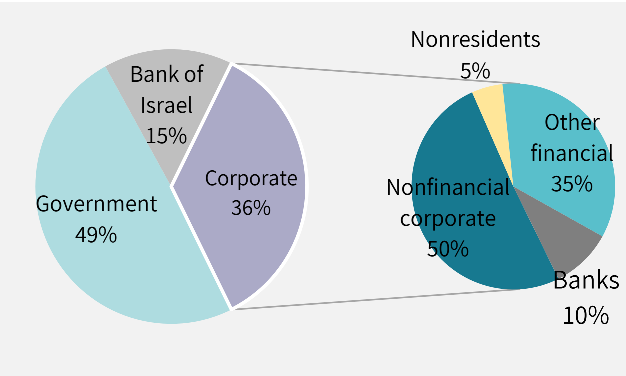
ZOOM IN

A Close Look at Issuers and Holders of Bonds Traded on the Tel Aviv Stock Exchange

Description of the sectors[4] that hold Makam, government bonds, and corporate bonds[5], and relations between them and their issuers, including resident vs. nonresident issuers

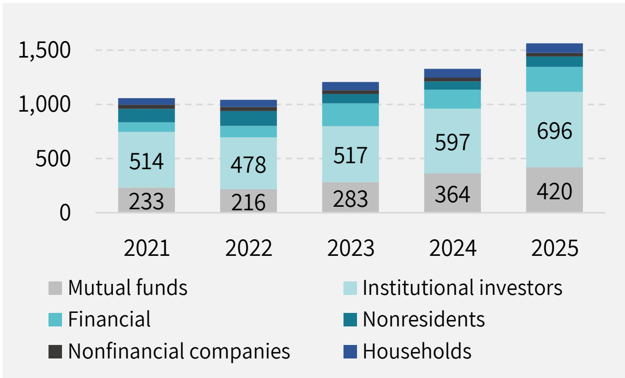
When net holdings of tradable bonds are segmented by issuing sectors, the Government of Israel is found .to be the main issuer of debt
About half of the balance of corporate debt is composed of nonfinancial bonds.

Figure 1.21: Distribution of balance of bonds by issuing sector and segmentation of the corporate sector, Percent, December 2025



Institutional investors and mutual funds built up their holdings of domestic bonds, sustaining a trend that began in 2023.

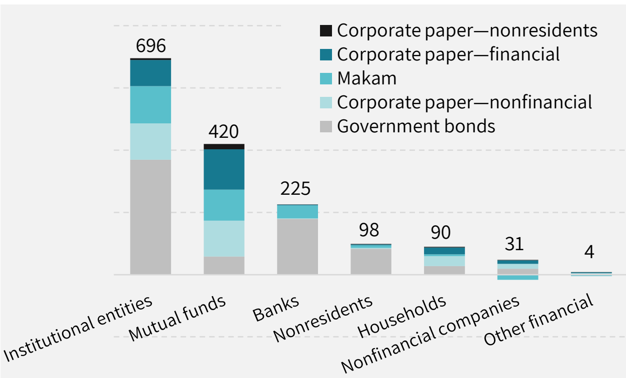
Figure 1.22: Main holders of bonds (government and corporate) and Makam, balances in NIS billion



*Households—including private nonprofits that serve households.
*Financial—including banks and other financial.

Institutional investors keep most of their bondholdings in government instruments; mutual funds stress .corporate paper

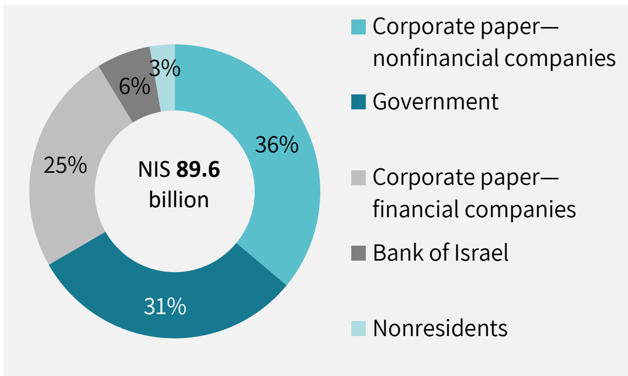
Figure 1.23: Net holdings of bonds and Makam, by Issuers (columns) and main holders (X-axis), NIS billion, December 2025



*Issuers of nonfinancial bonds include unclassified issuers.
*Households—including private nonprofits that serve households.
*Issuers of financial bonds include banks, other financial, and insurance.

Approx. 61 percent of household holdings are of financial and nonfinancial corporate bonds.

Figure 1.24: Distribution of households' holdings, by issuers, Percent, December 2025



SOURCE: Bank of Israel

[4] Not including unclassified holders.
[5] Corporate bonds include structured bonds.

Main indicators

	2020	2021	2022	2023	2024	2025
Total asset portfolio held by the public						
Value of the public's asset portfolio (NIS trillion)	4.5	5.2	5.1	5.42	6.23	7.19
Asset portfolio as a percentage of GDP	318	329	289	288	311	341
Tradable assets	47.6	47.3	42.5	44.7	46.9	49.9
Risk assets[6]	41.9	43.0	39.1	40.4	42.7	46.7
Assets abroad[7]	17.2	17.1	16.7	19.1	20.3	18.5
Foreign exchange assets[8]	23.7	24.1	24.4	25.4	26.8	24.2
Unindexed assets[9]	74.4	75.5	75.6	76.1	76.9	77.7
Liquid assets[10]	31.8	32.3	35.1	32.9	31.1	28.5
Portfolio managed by the public directly and through mutual funds						
Rate of investment as a share of the asset portfolio	**54.3**	**54.0**	**55.1**	**53.7**	**54.1**	**53.9**
Tradable assets	43.2	44.1	39.1	41.4	44.1	47.9
Risk assets	31.7	32.7	26.3	25.4	29.0	35.6
Assets abroad	9.8	9.2	8.9	10.7	13.6	12.7
Foreign exchange assets	19.4	19.6	20.8	19.9	21.9	19.9
Unindexed assets	91.6	91.4	91.7	91.3	91.4	91.1
Liquid assets	51.3	51.4	53.4	50.5	46.8	40.3
Portfolio managed by institutional investors						
Rate of investment as a share of the asset portfolio6[11]	**45.7**	**46.0**	**44.9**	**46.3**	**45.9**	**46.1**
Tradable assets	52.9	51.0	46.6	48.4	50.2	52.3
Risk assets	54.0	55.0	54.9	57.8	58.9	59.6
Assets abroad7[12]	26.0	26.4	26.4	28.8	28.3	25.3
Foreign exchange assets8[13]	28.7	29.3	28.8	31.9	32.6	29.3
Unindexed assets	54.0	56.7	55.9	58.5	59.7	62.1
Liquid assets	8.5	9.9	12.7	12.5	12.8	14.6

[6] Excluding government bonds, makam, deposits (in Israel and abroad), and cash.
[7] Israelis' investments abroad.
[8] Assets indexed to foreign exchange + equities abroad.
[9] All assets minus those indexed to the CPI.
[10] Cash, deposits up to one year in Israel, and makam.
[11] The rate of institutional investors' investments as a share of the total asset portfolio - excluding investments in ETFs, structured bonds, certificates of deposit, and mutual funds.
[12] Investments in deposits and Israeli securities abroad, excluding investments in ETFs traded in Israel on foreign indices. This definition is different than the definitions of exposure to foreign exchange and exposure to foreign assets.
[13] Assets denominated in foreign exchange and assets indexed to foreign exchange, excluding shekel/forex derivatives.

DATA SOURCES AND MAIN TERMS

The Bank of Israel Information and Statistics Department manages a database of balances in the public's portfolio of financial assets. This system records and processes data and information from various sources, through which the balance of the public's portfolio of financial assets is calculated according to various breakdowns. The sources of data for the system are the Tel Aviv Stock Exchange, reports from the banking system to the Banking Supervision Department; institutional investors' reports to the Ministry of Finance and the Bank of Israel; direct reports from large Israeli corporations to the Bank of Israel on their activity vis-à-vis nonresidents; reports by banks and other financial intermediaries to the Bank of Israel regarding nonresidents, holdings of Israeli financial assets; and the Ministry of Finance.

The public's portfolio of financial assets includes the assets of households and businesses (financial-service firms and others). It does not include the government's assets and those of the Bank of Israel, nonresidents, and banks. Management of the assets portfolio may be divided into two types, each managed differently:

- **The asset portfolio directly managed directly by the public** — The stock of financial assets, including cash and deposits, tradable and nontradable securities, and index products, held by the public directly or through portfolio managers or mutual funds.

- **The asset portfolio managed by institutional investors on behalf of the public** — The public's long-term savings managed by the institutional investors. These institutions include the provident and severance-pay funds, advanced training funds, old and new pension funds, and life insurance policies managed by the insurance companies (excluding the insurance companies' nostro portfolio, which they manage on their own behalf). in tradable and nontradable securities and in other instruments, according to the investment guidelines of each entity.
The composition of the public's financial-assets portfolio reflects the decisions of the public and of the institutional investors, which derive them mainly from considerations of yield, risk and liquidity, based on their expectations of future developments in the capital and money markets. The division of the asset portfolio into two—assets managed directly by the public and those managed by institutional investors for the public—reflects several structural differences, including: (1) control—the public has full and ongoing control over the size of investment and the composition of assets that it holds directly, in contrast to incomplete and infrequent influence on the composition of assets held by institutional investors, which is expressed only in the selection of the investment track; (2) term—in general, the public directly holds assets to short-to-medium terms, whereas institutional investors hold assets to longer terms, which affects the liquidity and risk profiles of the assets; (3) expertise—the institutional investors specialize in managing financial assets and in regularly monitoring and analyzing a broad range of information about the assets, the issuing entities, and the relevant environment in Israel and abroad. In contrast, only some of the portfolio held directly by the public is managed by experts; (4) the institutional investors have the advantage of scale.

- **Exposure to foreign assets** [14] — The monetary sum at risk in the event of a decline in the value of assets issued by nonresidents (mostly assets held abroad). Investment in foreign assets and in foreign economies creates exposure to crises that may erupt in those economies and to other changes that have a negative impact on the value of the securities.

- **External investments**— The balance of assets invested outside of Israel' including holdings of securities issued abroad by Israeli companies but not including holdings of external assets in Israel.

- **Cash and current accounts**— Cash is calculated as the total money (banknotes and coins) issued by the Bank of Israel and in circulation, minus cash in the hands of the banks. This item may also include cash in the hands of nonresidents,

[14] For further information on the definitions, terms and explanations, see "Measuring Institutional Investors' Exposure to Foreign Exchange and to Foreign Assets" in Chapter 2 of the *Statistical Bulletin for 2016*.

which, however, is assumed to be small in value. Current accounts are demand deposits in NIS (excluding nonresidents' current accounts in NIS).

- **Deposits-** Funds belonging to Israeli customers and kept at banks, which generate returns and may be withdrawn at points in time depending on the type of plan. The deposits are categorized as follows: (1) savings plans—plans structured to customers' needs to various ranges and indexations; (2) Self-renewing Overnight Deposit (SRO)—a deposit that may be created and withdrawn every business day, provided the principal not fall short of the sum set by the bank; (3) fixed-term deposit—a deposit that may be withdrawn after a predetermined period and that generally pays fixed-rate interest; (4) CPI-indexed deposit; (5) deposit indexed to a foreign-currency exchange rate; (6) resident foreign-currency deposit with an Israeli bank, managed either as a current account or as a deposit.

- **Mutual funds** — A financial instrument intended for joint investment in securities and joint creation of profits from such holdings and transactions. Each fund is comprised of units, each of which grants an equal right to the fund's assets and profits. Units can be bought and sold through the fund manager and, for certain types of funds, through continuous trading on the stock exchange.
  The Israel Securities Authority has set out a list of relevant classifications, from which fund managers select the most appropriate classification for each fund under their management in view of the fund's investment policy. The classification titles characterize the type of fund, express the essence of investing in it, and help the investor understand its investment channels. The classification titles are divided into three levels—overall, primary, and secondary. The overall title reflects the investment channels or methods of managing the investments in the fund, e.g., equities, bonds, or money-market. The primary title reflects the specialization of the fund, such as a domestic-equities fund or a government-bond fund. The secondary title reflects the specific investment channel on which the fund focuses, for instance, Tel Aviv 35 Index.