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Hillside Engineering
Hose & Coupling Distributors NZ Ltd
Hoskin Hollander & Associates Ltd
Howard Wright Ltd
HPM Legrand NZ Ltd
Hydraulink Fluid Connectors Ltd
Incept Marine Ltd
Industrial Measurement Centre (IMC)
Industrial Textiles Ltd
Interlock Group Limited
Iplex Pipelines NZ Ltd
Jasco (NZ) Pty Ltd
Jaydex International Ltd
John Bull Footwear (NZ)
Johnson & Couzins Ltd
Kernohan Engineering Ltd
Lancer Industries Ltd
Line 7 Limited
MacDonald Industries Ltd
Mace Engineering Ltd
Marks & Associates Limited
Matrix Applied Computing Ltd
McKenzie Aluminium
Mercer Stainless Ltd
Mersen Oceania
Metrology Calibration Services Ltd
Mills-Tui Rotorua Ltd
Monz Ltd
Mulford Plastics (NZ) Ltd
Naiad Inflatables (NZ) Ltd
Napier Tool & Die Limited
National Radiators
Nichecom Ltd
Nulook Windows & Doors Ltd
Nylex NZ Limited
NZ Safety
Opus International Consultants Ltd
Pacific Aerospace Ltd
Pacific Helmets (NZ) Ltd
Packaging House
Pakuranga Engineering Ltd
Pall NZ Ltd
Palmer Canvas Synthetics Ltd
Pilkington (NZ) Ltd
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Portion Pack Foods Ltd
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R A Trading Eco-Wristrest
R Cameron & Co Ltd
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Renold NZ
Rotational Power Group
Schneider Electric Ltd
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Scott Automation
Seatrans NZ Ltd
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Sims NZ Ltd
Skellerup Industries Ltd
SKF NZ Ltd
Skope Industries Limited
Sliderite Manufacturing Ltd
Southern Cross Engineering Ltd
Spectrum Aluminium Ltd
Steelfort Engineering Co Ltd
Stewart & Cavalier Ltd
Strait Engineering Ltd
Streat Automation Ltd
Sullivan Electrical Ltd
Supreme Metal Component Solutions Ltd
Synapco Industries Ltd
Tactics Ltd
Tasman Insulation NZ Ltd
Tauranga Canvas Co Ltd
Teltherm Instruments Ltd
Tenix NZ Ltd
The National Innovation Centre Ltd
The Workwear Group
Tordeich Engineering Ltd
Tracgrip Hydraulics & Equipment Ltd
Trimble Navigation NZ Ltd
Tru-Test Corporation Limited
Truck Centre (Bay of Plenty) Ltd
Ullrich Aluminium Company Limited
Ultralon Products (NZ) Ltd
Vega Industries Ltd
Wakefield Metals Ltd
Wallace & Cooper Ltd
Weldwell NZ Ltd

Financing Land Grab

The Direct Involvement of
Israeli Banks in the Israeli
Settlement Enterprise

February 2017

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Who Profits from the Occupation is a research center dedicated to exposing the commercial involvement of Israeli and international companies in the continued Israeli control over Palestinian and Syrian land. Who Profits operates an online database, which includes information concerning companies that are commercially complicit in the occupation. In addition, the center publishes in-depth reports and flash reports about industries, projects and specific companies. Who Profits also serves as an information center for queries regarding corporate involvement in the occupation. In this capacity, Who Profits assists individuals and civil society organizations working to end the Israeli occupation and to promote international law, corporate social responsibility, social justice and labor rights.

www.whoprofits.org | whoprofits@gmail.com

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Executive Summary

Israeli banks provide the financial infrastructure for all the activities of companies, governmental agencies and individuals linked to the continuing occupation of Palestinian land.

The following report focuses on the central role that Israeli banks play in construction and infrastructure projects in West Bank and East Jerusalem settlements and in providing loans to regional and local councils of settlements in the West Bank. The findings of this report reveal that all Israeli banks except Dexia Israel provide special loans to construction and infrastructure projects in settlements in the West Bank and East Jerusalem. In addition, all Israeli banks with no exception provide loans and financial services to local and regional councils of Israeli settlements in the West Bank.

The main source for this report is desk research. This includes the collection and analysis of publicly available sources, including information published by official registries, government ministries and local councils of West Bank settlements. Another chief source for this report is information published by Israeli banks and by companies involved in construction or infrastructure projects in the West Bank and East Jerusalem.

Who Profits has sent letters to all of the banks prior to the publication of this report, notifying them of the research findings. The banks did not respond.

Israeli banks provide loans, guarantees and credit to various construction firms for the explicit purpose of constructing housing projects in Israeli settlements in the West Bank and in East Jerusalem. The terms of these loans are established in "accompaniment agreements" (*heskemey livuy*), which are special agreements between the banks and construction companies for financial accompaniment

from a project's first stages to its completion. If the project goes bankrupt, the bank becomes the owner of the property, which is on occupied Palestinian land.

Israeli banks also provide credit to companies that execute infrastructure projects in the West Bank, while holding as collateral the company's rights in contracts and the company's rights to receive funds from different Israeli authorities.

In addition, regional and local councils of Israeli settlements in the occupied West Bank depend on financial services provided by Israeli banks. Such services include opening and managing bank accounts, transferring funds and providing loans. Through these loans, settlement councils can sustain themselves, develop and expand existing settlements, build facilities for the benefit of the settlers and attract more Jewish-Israelis to reside in the occupied territory.

Furthermore, most Israeli banks have several branches in Israeli settlements in the West Bank and East Jerusalem. The different banks operate 33 branches in those settlements, through which they provide financial services to settlers and commercial companies in settlements, thereby enabling the continued maintenance and development of the settlements.

In order to expose the complicity of Israeli banks in maintaining and developing the Israeli settlement enterprise in the occupied West Bank, the Who Profits Research Center has used publically available documents and relevant publications, including official registry records and information published by the banks, local and regional settlement councils and construction companies involved.

Who Profits is dedicated to exposing the most up-to-date information on corporate involvement in the Israeli occupation. Therefore, this report focuses on the most recent examples of the role played by Israeli banks in the construction of illegal Israeli settlements. However, the examples herein are just a drop in the ocean: Israeli banks have been involved in settlement construction projects since the very inception of the settlement enterprise.

It is indisputable that Israeli banks provide the financial foundation for the construction, sustainment and development of settlements. The following report by Who Profits clearly demonstrates that Israeli banks not only provide such services and enable such activities, they are also fully aware of the type of activities for which their financial assistance is being used. Moreover, Israeli

banks reap profits from the subordination of the Palestinian financial sector as a captive market.

From a more general perspective, it can be said that all aspects of Israeli control over the occupied Palestinian territory require a financial foundation, and that none of the financial activities conducted by individuals, organizations, government institutions and commercial companies could take place without the active support of the banks mentioned in this report.

Introduction

The Israeli occupation is not merely an ideological or militaristic endeavor, it also has significant economic implications. All economic activity in the West Bank depends on support from financial institutions, or more specifically Israeli banks, which provide the financial foundation for all activities carried out by companies, government agencies and individuals in the framework of the long-standing occupation of Palestinian land.

The purpose of this report is to expose the key role played by Israeli banks in financing construction and infrastructure projects in Israeli settlements in the West Bank and East Jerusalem and in providing loans to regional and local councils of West Bank settlements. By providing such loans, the banks actively support the transfer of the population of the Occupying Power into the occupied territory (in violation of international law) and the sustainment of this population.

The Israeli settlements beyond the Green Line are illegal under international law. According to Article 49 of the Fourth Geneva Convention: "The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies."¹ The international community views Article 49 as applicable to the West Bank (including East Jerusalem), Gaza Strip and Golan Heights.

The Israeli financial sector comprises seven influential Israeli banks, all of which are publicly traded in the Tel Aviv Stock Exchange: Leumi, Hapoalim, Discount, Mizrahi-Tefahot, Bank Igud (Union Bank), the First International Bank of Israel (hereinafter: FIBI) and Bank of Jerusalem.

¹ International Committee of the Red Cross (ICRC), *Geneva Convention Relative to the Protection of Civilian Persons in Time of War (Fourth Geneva Convention)*, 12 August 1949, 75 UNTS 287, Article 49.

The findings of this report reveal that all Israeli banks except Dexia Israel provide special loans to construction and infrastructure projects in settlements in the West Bank and East Jerusalem. In addition, all Israeli banks with no exception provide loans and financial services to local and regional councils of Israeli settlements in the West Bank.

The special loans for housing and infrastructure projects in West Bank settlements are provided by Israeli banks under special terms known as “accompaniment agreements” (*heskemey livui*). An accompaniment agreement ensures that the bank provides the construction company with all of the required financial services from the early stages of the project until its completion. The real estate is usually used by banks as collateral for their loans. Thus, in construction projects in Israeli settlements, the banks become stakeholders in settlement real estate, and in case of foreclosure the bank might end up fully owning a property on occupied land.

The accompaniment agreements clearly indicate the location of the project, therefore the financing banks are well aware that their services are used in the economy of the occupation. In addition, Who Profits has sent letters to all of the banks prior to the publication of this report, notifying them of the research findings. The banks did not respond.

The Who Profits Research Center is dedicated to exposing the most up-to-date information on corporate involvement in the Israeli occupation. Therefore, this report focuses on the most recent examples of the role played by Israeli banks in the construction of illegal Israeli settlements.² However, Israeli banks have been involved in construction projects in Israeli settlements since the very inception of the settlement enterprise. This is all the more severe because construction projects are not ephemeral: They remain on the occupied land years after their completion, serving as the foundation of the settlement, establishing facts on the ground, marking the settlement’s borders and usually further expanding it.

Most Israeli banks also have several branches in Israeli settlements, through which they provide financial services to settlers and commercial companies in settlements. Bank branches in settlements are part of the service infrastructure

2. Who Profits limited the scope of the current report to specific construction projects that have been initiated since 2010.

that enables the settlements' continued development, they constitute a direct physical presence of bank property and personnel on occupied land, and they lead to the direct participation of banks in the settlement economy as municipal tax payers.

The main source for this report is desk research. This includes the collection and analysis of publicly available sources, including information published by official registries, government ministries and local councils of West Bank settlements. Another chief source for this report is information published by Israeli banks and by companies involved in construction or infrastructure projects in the West Bank and East Jerusalem.

Who Profits has been researching the complicity of Israeli banks in the occupation of Palestinian and Syrian land since the organization's establishment. A Who Profits report published in 2010, titled "Financing the Israeli Occupation,"³ identified six categories of complicity, in which the involvement of the banks in the Israeli occupation is explicit, unambiguous and well documented. In addition to granting loans to construction projects in settlements, providing financial services to settlements' local authorities and operating branches in settlements - the previous report has also addressed the issues of mortgage loans to homebuyers in settlements and financial services to businesses in settlements. An additional flash report,⁴ published by Who Profits in November 2013, showed that Israeli banks were still involved in the abovementioned activities.

The Who Profits Research Center found evidence that six Israeli banks provide mortgage loans to individuals wishing to build or purchase homes in Israeli settlements in the occupied territory, including the Golan Heights. Those banks are Hapoalim, Leumi, Mizrahi-Tefahot, Discount, FIBI and Bank of Jerusalem. By providing those mortgage loans, the banks become active participants in the development and sustainment of Israeli settlements in the occupied territory.

In addition, as exposed in the 2010 report, the Israeli banks Hapoalim and Discount also benefit from access to the Palestinian banking market as a captive market. Under the Paris Protocol (the economic annex of the Oslo Accords),

3 Who Profits, *Financing the Israeli Occupation: The direct involvement of Israeli banks in illegal Israeli Settlement Activity and Control Over the Palestinian Banking Market*, October 2010.

4 Who Profits, *Financing the Israeli Occupation: The Current Involvement of Israeli Banks in Israeli Settlement Activity*, November 2013.

the Palestinian banking industry cannot have a currency of its own. Due to the subjugation of the Palestinian economy to the Israeli economy, the Israeli shekel dominates most of the Palestinian banking market. Therefore, Palestinian banks have to rely on Israeli banks, which serve as correspondent banks, for fund transfers and clearing services. To provide such services, Israeli banks require Palestinian banks to deposit exorbitant cash collaterals of more than a billion shekels. Furthermore, the Israeli banks charge high commissions for those services and impose restrictions on the transfer of money, two factors that increase the costs of such operations and the risks for the Palestinian banks.

All of the above categories are still relevant with regard to the Israeli banking sector's involvement in the Israeli occupation, but the focus of the following report on the West Bank settlement enterprise allows us to closely examine the scope and specifics of the direct involvement of Israeli banks in providing the economic infrastructure for settlement construction and expansion in the West Bank and East Jerusalem. The findings of this research show that as the providers of all those services and direct participants in the settlement economy, Israeli banks are beneficiaries and stakeholders in the financial activity of illegal Israeli settlements in the occupied Palestinian territory.

Israeli Construction on Occupied Land

The construction industry is a key sector of the Israeli economy and employs over 300,000 workers. In 2015, the investments in this sector amounted to NIS 111.2 billion – approximately 9.7% of Israel's gross domestic product (GDP).⁵

Apartment prices in Israel have risen by approximately 86% since the end of 2008, with a recent rise of 7.8% in 2015. Together with a severe shortage of apartments, this has led to a housing crisis in the Israeli market.⁶ As part of the solution, the government initiated more extensive building on occupied land.⁷ The low prices of land and construction in the West Bank have encouraged many construction companies to build in Israeli settlements.⁸

According to the Israeli Central Bureau of Statistics, there were 1,189 dunams of residential construction area in different stages of construction in West Bank settlements in 2015.⁹ According to the Ministry of Construction and Housing, in late January 2015 there were 1,778 housing units in development stages in West Bank settlements, 517 of which had already been marketed.¹⁰ On the eve of the publication of this report, on 24 January 2017, the Israeli Prime Minister and Defense Minister approved the construction and planning of approximately 2,500 new housing units in the West Bank, 909 for immediate marketing and an additional 1,642 to enter a planning phase. The Yesha Council of settlements, however, was not satisfied

5 Eliav Ben Shimon, "The Construction Sector – Summary of the Year 2015" (Hebrew), bdicode.co.il.

6 Ibid.

7 Motti Levi, "Yishay Approves 4,300 Apartments in Jerusalem, Beyond Green Line" (Hebrew), *Wallat*, 11 August 2011.

8 Oron Itzkovitch, "Do Real Estate Investments Beyond the Green Line Ensure a Cheap and Quality Investment for the Future, or Are They a Financial Risk?" (Hebrew), banknadlan.co.il, 26 August 2015.

9 Central Bureau of Statistics, "Residential Construction Area by Construction Initiator, Type of Locality and District" (Hebrew), cbs.gov.il, 22 September 2016.

10 Ministry of Construction and Housing, "Data on Marketing Housing Units in Rural Construction" (Hebrew), moch.gov.il, 21 January 2015.

with this announcement, which it dubbed a “disappointment,” noting that “the American government has changed and Israel’s policies also need to change. The Israeli government needs to approve all the plans currently on the table and issue bids to build in all of Judea and Samaria and the Jordan Valley.”¹¹

The Israeli government can offer land for sale more easily in the occupied territory, since most of its area has been confiscated and declared as state land. In order to build on land in the West Bank, it must be declared as state land or as a nature reserve; this process of confiscation permanently transfers land ownership to the State of Israel, even against the owner’s will.¹² After the declaration of an area as state land, the Israel Land Authority (hereinafter: ILA) issues public tenders that specify the designated number of housing units and their characteristics (e.g., cottages, apartment buildings and so on). In early 2014, some 55% of the land marketed by the ILA was located beyond the Green Line.¹³

Each tender elaborates on the local outline plan according to which it was issued. Local outline plans are published by the Ministry of Construction and Housing and address the planning and development of specific areas. As will be shown later in this report, many of the outline plans for West Bank settlements specifically indicate that the land belongs to Palestinian villages.

In 2013, the Ministry of Construction and Housing marketed land for the construction of 2,747 housing units in Israeli settlements: 1,254 in the West Bank and 1,493 in East Jerusalem. The tenders were issued through the ILA.¹⁴ It is worth noting that the Minister of Construction and Housing at the time, Uri Ariel, was also chair of the ILA. With that announcement, the minister declared that the construction is part of a political and economic agenda.¹⁵

In the first three months of 2014, the ILA marketed land for about 3,000

11 Barak Ravid, “Israel Approves Construction and Planning of 2,500 Settler Homes in West Bank,” *Haaretz*, 24 January 2017.

12 See, for example: Nir Shalev, “The Hidden Agenda: The Establishment and Expansion Plans of Ma’ale Adumim and Their Human Rights Ramifications,” Bimkom and B’Tselem, December 2009.

13 Nimrod Bouso, “Summary of First Quarter of 2014: About 55% of Land Marketing Is Beyond the Green Line” (Hebrew), *TheMarker*, 24 March 2014.

14 Ministry of Construction and Housing, “ ” (Hebrew), moch.gov.il, 11 August 2013; Ministry of Construction and Housing, “Land Will Be Marketed for 860 Apartments in West Bank and 700 Apartments in Jerusalem” (Hebrew), moch.gov.il, 4 November 2013.

15 Ministry of Construction and Housing, “Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria” (Hebrew), moch.gov.il, 11 August 2013.

condominium complexes, 23% of them (700 units) in West Bank settlements and 31.5% (966 units) in the East Jerusalem settlement neighborhoods of Pisgat Ze'ev, Ramot, Ramat Shlomo and Neve Ya'akov.¹⁶ In June 2014, the Ministry of Construction and Housing announced the marketing of land for 1,064 additional housing units in West Bank settlements and 400 housing units in East Jerusalem. According to the announcement, Minister Ariel stated that this is "an appropriate Zionist response to the establishment of the Palestinian government of terrorism."¹⁷

Benefits for Homebuyers and Contractors in Settlements

Approximately three million people live in the West Bank, 88% of whom are Palestinians. In 2015, there were some 385,900 Israeli settlers living in 131 settlements and 97 outposts in Area C of the West Bank.¹⁸ The number of settlers is constantly on the rise: From 2003 to 2013, the number of Jewish residents in the West Bank increased at an annual rate of 7.4%, while the average annual population increase in Israel is about 4.1%.¹⁹ Many of the settlers in the West Bank and East Jerusalem are not ideologically motivated, but rather people who are seeking to improve their quality of life.²⁰ The average price of an apartment in a West Bank settlement is NIS 1.1 million for a new, four-room apartment; even premium apartments in settlements sell for approximately NIS 1.45 million.²¹

Approximately two-thirds of Israeli settlers in the West Bank live in five settlement "blocs": Ma'ale Adumim, Gush Etzion, Givat Ze'ev, Modiin Illit and Ariel²² (see more on these below, in the sections that address specific settlements). Throughout the years, Israeli leaders have stated their intention that these blocs be considered as

16 Nimrod Bousoo, "Summary of First Quarter of 2014: About 55% of Land Marketing Is Beyond the Green Line" (Hebrew), *TheMarker*, 24 March 2014.

17 Ministry of Construction and Housing, "1,500 New Apartments in Judea and Samaria and Jerusalem" (Hebrew), moch.gov.il, 4 June 2014.

18 Peace Now, "Settlements Data: Population," peacenow.org.il.

19 Idit Sotilberg, "The Effects of the Characteristics of Residents and Municipalities in Judea and Samaria on Central Government Budget Allocated to the Region" (Hebrew), *Judea and Samaria Research Studies*, Vol. 25 (1), 2016, p. 113-135.

20 Rachel Shabi, "We Were Looking for a Nice, Peaceful Place near Jerusalem," *The Guardian*, 24 September 2010.

21 Hilla Tzion, "A Spike in Prices: Get to Know the Real Estate Market in Judea and Samaria" (Hebrew), *Ynet*, 22 March 2016.

22 Mitchell Bard, "Fact Sheet: The 'Consensus' Settlements," *Jewish Virtual Library*, January 2017.

part of Israel proper when the final borders are drawn.

As the highly populated settlement blocs are close to the Green Line and developed in order to be considered as part of Israel proper, there is a conscious effort by Israeli governments to dissolve the Green Line by connecting the settlements to central cities within Israel through highways and designated roads.²³ The price of an apartment in West Bank settlements is usually about 30% lower than that of an apartment within the Green Line.²⁴

In order to further encourage Israeli citizens to move to the West Bank, homebuyers in settlements receive incentives, subsidies and major tax benefits. Settlement residents receive two types of tax benefits: tax benefits from the State of Israel and tax deductions through municipalities and local councils of settlements (related to welfare payments provided to their residents).²⁵

The government also provides generous grants to the local councils and municipalities of settlements. In 2012-2013, the grants given to West Bank settlements were three times higher than those given to municipalities within the Green Line.²⁶ Such grants and benefits allow local and regional councils to offer their residents better municipal services and infrastructure and other incentives that attract Jewish-Israeli citizens to reside in the settlements.

Homebuyers in most West Bank settlements are exempt from paying betterment taxes and entitled to municipal tax benefits provided by the local authority of the settlement.²⁷ For example, the Samaria Regional Council decided in 2012 that a residential security room or shelter will not be included in municipal tax calculations and that the municipal tax rate for warehouses, garages and open space floors will be 50% lower.²⁸

In addition, buyers and renters in West Bank settlements are entitled to extended

23 Amnon Direktor, "The Settlements Are No Longer Cheap" (Hebrew), Mako, 29 June 2016.

24 Nachman Shapira, "Judea and Samaria: Building Despite of Everything" (Hebrew), Arutz 7, 21 April 2015.

25 Neta Cohen-Salman, "Judea and Samaria – A Real Estate Attraction" (Hebrew), shresh.co.il, 9 September 2012.

26 Idit Sohlberg, "The Effects of the Characteristics of Residents and Municipalities in Judea and Samaria on Central Government Budget Allocated to the Region" (Hebrew), Judea and Samaria Research Studies, Vol. 25 (1), 2016, p. 123.

27 Hilla Tzion, "A Spike in Prices: Get to Know the Real Estate Market in Judea and Samaria" (Hebrew), Ynet, 22 March 2016.

28 Neta Cohen-Salman, "Judea and Samaria – A Real Estate Attraction", shresh.co.il, 9 September 2012.

tax breaks for living in a conflict zone, such as an income tax benefit. Some of the settlements are entitled to economic benefits as a result of their designation as "national priority areas,"²⁹ Under Government Decision 1527 from June 2016, local authorities included in the list of national priority areas receive extensive benefits from the Ministry of Construction and Housing. The benefits include subsidizing 20%-70% of the planning and development costs for new construction on state land and providing housing loans to individuals. The list of priority areas entails numerous settlements, among them Ariel, Kiryat Arba, Karnei Shomron and Geva Binyamin (Adam).³⁰

The settlements are also included in the new government program "mekhir lamishtaken" (Hebrew: price for the resident), which offers apartments at controlled prices to entitled beneficiaries.³¹

Residents of settlements are not the only ones who receive subsidies and benefits from the Israeli authorities – contractors and construction companies do, too. A foreign company or resident that acquires real estate in a settlement is also entitled to tax breaks and exempt from paying value added tax (VAT), which stands at 17% in Israel. In addition, contractors and business owners in some settlements are exempt from corporate tax for two years. Business owners in settlements are also entitled to municipal fee deductions of up to 50% relative to the amount paid by businesses within the Green Line.³²

On 5 August 2015, the Knesset passed Decision 358 regarding "infrastructure, public buildings and municipal security grants in Judea and Samaria."³³ The decision allocates special budgets in 2015-2016 for the establishment of infrastructure and public buildings in West Bank settlements. Decision 538 is combined with a plan for its implementation by the Ministry of Agriculture and Rural Development, in the framework of the plan for the development of rural areas in Israel in 2015-2020.³⁴

29 Ibid.

30 The 34th Government of Israel, "Decision no. 1527: Establishing National Priority Areas for Benefits in the Area of Housing and Construction" (Hebrew), Prime Minister's Office, 13 June 2016.

31 Among the settlements included in this program are Kiryat Arba, Beitar Illit and the East Jerusalem settlement neighborhoods of Gilo and Ramat Shlomo. See: Ministry of Construction and Housing, "Tenders of Mekhir Lamishtaken Open to Entrepreneurs and Contractors" (Hebrew), moch.gov.il, accessed on 27 October 2016 (the online list changes according to the available tenders).

32 Neta Cohen-Salman, "Judea and Samaria – A Real Estate Attraction", shoresh.co.il, 9 September 2012.

33 The 34th Government of Israel, Prime Minister's Office, 5 August 2015.

34 Ministry of Agriculture and Rural Development, "Implementation of Government Decision 358: Support for Planning, Development and Construction Activities in Judea and Samaria" (Hebrew), moag.gov.il, 18

The grants for “support of rural development activities in Judea and Samaria” start at NIS 50,000 and their total budget is approximately NIS 60 million.³⁵

In June 2016, the Knesset passed a bill amending the Israeli Income Tax Order, according to which an Israeli resident of the West Bank, who is eligible for benefits under the Law for the Encouragement of Capital Investments will receive similar income tax benefits. While it is more more complicated to apply tax benefits to an entire area in which Israeli law does not currently apply, this amendment applies to benefits to individuals through income tax reductions, and in this manner extends the Law for the Encouragement of Capital Investments to entrepreneurs, businesses and factories in West Bank settlements.³⁶

Palestinian residents of the West Bank are prohibited by a military order from entering the Israeli settlements, let alone purchase or build houses in them. In addition, various administrative and bureaucratic mechanisms prevent Palestinians who hold Israeli citizenship from moving into settlements in the occupied territories.³⁷ Therefore, the benefits described above are tantamount to structural discrimination on the basis of race, as they are only provided to Jewish citizens of Israel.

November 2015.

35 Ministry of Agriculture and Rural Development, “Announcement of Support for Rural Development Activities in Judea and Samaria – 2015” (Hebrew), moag.gov.il, 18 November 2015.

36 The Social Guard, “Proposed Amendment to the Income Tax Order (No. 226)” (Hebrew), hamishmar.org.il, 28 August 2016.

37 Limor Yehuda, Anne Suciú et al., *One Rule, Two Legal Systems: Israel's Regime of Laws in the West Bank*, The Association for Civil Rights in Israel, October 2014.

Financing Construction on Occupied Land

Accompaniment agreements - special loans that finance construction projects - are one of the financial pillars of the construction sector in Israel and the occupied Palestinian territory. Such agreements are an integral part of municipal and governmental development plans, and many of the major projects in Israel and the occupied territory would have encountered difficulties without the financial backing of the accompanying banks.

As will be detailed in the following section of this report, Who Profits discovered that Bank Leumi, Bank Hapoalim, Israel Discount Bank, Mizrahi-Tefahot Bank, Bank Igud, FIBI and Bank of Jerusalem are all party to accompaniment agreements signed with Israeli construction companies operating in the Israeli settlements in the West Bank and East Jerusalem. All these banks provide loans or financial guarantees and extend credit to the companies, which in return provide the banks with all their contractual, actual and financial rights to the land and projects as collateral. Most companies also provide the bank with all of the funds they receive from buyers and renters in the project, as well as from different Israeli authorities, including the tax authorities.

Accompaniment agreements are regulated by the Sale Law (Apartments) (Assurance of Investments of Persons Acquiring Apartments)³⁸ and by Bank of Israel regulations. The loans are also supervised by the Ministry of Construction and Housing. These agreements ensure that the bank will provide the construction company with all of the financial services from the early stages of the project until its completion. The main financial services include credit for the company to purchase the land and build the project and financial guarantees on housing projects for the apartment buyers. In addition, the homebuyers' payments are

38 Sale Law (Apartments) (Assurance of Investments of Persons Acquiring Apartments), 5732:1974 (Hebrew).

deposited in a dedicated bank account at the accompanying bank, through which the project's entire cash flow is managed. The banks are so heavily involved in accompanied construction projects that they inspect each and every stage of the project, including its profitability and the development of the construction. Usually, the bank is also involved in determining the price rate and sale schedule of the apartments.

The signing of an accompaniment agreement deeply involves the bank in the construction project; in a sense, the bank has taken on a form of partnership with the construction company for the purpose of completing a particular construction project. In most of those agreements, the accompanying bank holds the real estate property as collateral until all housing units in the project are sold. Thus, in construction projects in Israeli settlements, the bank might end up fully owning a property on occupied land and become responsible to the apartment buyers. Since the accompaniment agreements clearly indicate the location of the project, the financing banks are well aware that their supporting construction on occupied land.

Information about the involvement of specific banks in accompaniment agreements generally remains inaccessible to the public, unless one digs through the annual reports published by publicly traded Israeli construction companies. Technically, Israeli law requires the Supervisor of Banks to manage a registry of all new accompaniment agreements, including the name of the accompanying bank. The law further requires the Supervisor to submit an annual activity report to the Knesset Finance Committee. However, in practice, accompaniment agreements are usually privileged information that is kept between the bank and the construction company, and they are not available to the public.

Who Profits found evidence of accompaniment agreements for construction projects in settlements by all Israeli banks, except for the Dexia Israel bank. These solid evidence are saved on file with Who Profits. The following section will present some examples of the complicity of Israeli banks in housing projects in Israeli settlements (as mentioned above, the scope of this research is limited to construction projects initiated after 2010). In order to illustrate the direct effects of this financial support, the projects are presented in the context of the planning and execution of construction in settlements, the settlements' expansion aspirations and the banks' contribution to the mechanism that attracts many Jewish Israelis to reside in those settlements.

The Settlement of Alfei Menashe

Banks: **Leumi and Discount**

The Alfei Menashe settlement was established in 1993, close to the Palestinian city of Qalqilia and five kilometers from the Green Line. The population of Alfei Menashe has been constantly growing,³⁹ backed by the establishment of new neighborhoods and numerous construction projects. In 2015, the settlement had 7,638 residents on an area of 4.58 square kilometers.⁴⁰

The Alfei Menashe settlement is well connected to Israel proper by a network of roads, the main one being Highway 55.⁴¹ Highway 55 is 25.5 kilometers long and leads from the city of Kefar Sava inside the Green Line to the entrance to Nablus. In the past, the road passed through the Palestinian village of Azzun and city of Qalqilya, but now it bypasses Azzun from the north and Qalqilya from the south. The section that connected Highway 55 to Qalqilya was cancelled and blocked by the separation wall. This road is also connected to Highway 57 and Highway 60 (the Tunnels Highway), which bypasses Nablus from the west.



The settlement of Alfei Menashe | Screenshot of Google Maps

In April 2016, the Israeli government started the construction of a new road, connecting Alfei Menashe to the Tzofim settlement in the north through the existing Highway 55. An area of 104,000 m² of private Palestinian land east of Qalqilia was confiscated in order to execute this plan.⁴²

39 B'Tselem, "Alfei Menashe" a view to an ,gmentA to the companymnts citizens of Israel specific settlements). Hebrew, btselem.org.

40 Central Bureau of Statistics, "Alfei Menashe - 2015" (Hebrew), cbs.gov.il; Central Bureau of Statistics, "Alfei Menashe Profile - 2014" (Hebrew), cbs.gov.il.

41 Neta Cohen-Salman, "Judea and Samaria - A Real Estate Attraction" (Hebrew), shosh.co.il, 9 September 2012.

42 Yael Nudelman, "No the Confiscation! No to the Embezzlement Road!" (Hebrew), Israel Social TV, 6 April 2016.

Leumi and Discount banks are accompanying construction projects in the settlement of Alfei Menashe in the framework of Local Outline Plan 115/8, which relates to an area called Givat Tal. This area is located in the southeast of the settlement, on the land of the Palestinian village Azzun.

Local Outline Plan 115/8 relates to the expansion of the neighborhood of Givat Tal in the southeast of Alfei Menashe, on the land of the Palestinian village Azzun. According to the plan, which was approved in 1996, approximately 1 km² of land is to be repurposed from agriculture to housing, and 1,406 housing units are planned to be built on that area.⁴³ The registered owner of the land to which the plan refers is the Supervisor of Governmental and Abandoned Property in Judea and Samaria, which means that this land has been confiscated and then declared and registered as state land. The plan includes the development of public services, infrastructure and landscape.⁴⁴

Several specific local outline plans have been developed subsequent to this plan, including *Plan 115/8/1* and *Plan 115/8/9*, in the framework of which the construction projects described below were built.

Bank Leumi

"Amirei Nof" (stage 4) | southeast Alfei Menashe | 130 housing units | under construction

Bank Leumi is accompanying the fourth stage of the Amirei Nof housing project, which is built by the Israeli construction company Z.M.H. Hammerman the Givat Tal neighborhood in the settlement of Alfei Menashe.⁴⁵ The project includes the construction of 130 housing units in five buildings on an area of 14,634 m². The project is currently under construction and is due to end in 2019.

According to the bank accompaniment agreement that was signed in June 2015, the project's entire credit frame is NIS 184.5 million, including a cash

43 Tabá Now, "Plan 115/8 Alfei Menashe" (Hebrew), tabanow.co.il.

44 Ibid.

45 Bank Leumi holds as collateral the company's contractual and actual rights in the land and project, including the right to receive funds from homebuyers and the right to receive VAT refunds and any other funds from Israeli tax authorities in relation to this project (the source for this information is on file with Who Profits).

credit of NIS 20 million provided by the bank to the company.⁴⁶

The project is executed according to Local Outline Plan 115/8/9, which changes the designation of the land in Givat Tal in order to provide the homebuyers with a view to an open landscape.⁴⁷ In accordance, the company markets the project as a luxurious project with spacious apartments, huge terraces and a pastoral view. A five-bedroom apartment in the project costs between 1.2-1.7 million shekels.⁴⁸

Israel Discount Bank

"Amirei Nof" (stage 3) | southeast Alfei Menashe | 70 housing units | completed in 2016

Israel Discount Bank accompanied the third stage of the Amirei Nof project, which was built by the Israeli construction company Z.M.H Hammerman.⁴⁹ The project includes 70 housing units on an area of 5,077 m² in the Givat Tal neighborhood of Alfei Menashe. The company has acquired the land for NIS 2.17 million and paid development expenses of NIS 3.686 million.⁵⁰ The construction of the project was completed in early 2016.

The project is executed according to Local Outline Plan 115/8/1, which grants additional authorities for the construction and design of the area of Givat Tal, on the lands of the Palestinian village Azzun.⁵¹

46 Z.M.H. Hammerman, "Third Quarter Report for 2015" (Hebrew), 25 November 2015, p. 4.

47 Taba Now, "Plan 115/8/9 Alfei Menashe" (Hebrew), tabanow.co.il.

48 Madlan website, "Amirei Nof" (Hebrew), madlan.co.il.

49 Israel Discount Bank holds as collateral all of the company's rights in the land and project, including its rights to receive any funds in relation to this project (the source for this information is on file with Who Profits).

50 Z.M.H Hammerman, *Periodic Report for Year 2015* (Hebrew), p. 33.

51 Taba Now, "Plan 115/8/1 Alfei Menashe" (Hebrew), tabanow.co.il.

The Settlement of Ariel

Banks: **Mizrahi-Tefahot and Mercantile Discount**

The settlement of Ariel, one of the biggest settlements in the West Bank, was founded in 1978 and declared as a city in 1998. In order to establish the settlement, the Israeli government confiscated land for "military needs" and declared other areas as state land. This included agricultural land of Palestinian villages in the Salfit district. The municipal area of Ariel, at 13,346 km², is about four times larger than its built-up area. Currently, nearly 20,000 residents live in Ariel, most of them not ideologically motivated, and an additional 10,000 students attend its university.⁵²

Ariel is the central settlement in the second most populated settlement bloc, one of five settlement blocs that are considered by the Israeli government as "consensus settlements". Although this bloc is located 25 kilometers east of the Green Line, Ariel and its surrounding settlements are intended to remain in Israeli hands in any future agreement since they create a geographic contingency between Israel proper and the Jordan Valley.⁵³ Ariel is connected to Tel Aviv through Highway 5 and to the Jordan Valley through Route 505. It is also connected to Highway 60 (the Tunnels Highway), which leads to Jerusalem, and Highway 90, which crosses the Jordan Valley.



The settlement of Ariel | Google Maps screen shot

In 2000, Israel blocked Palestinian entry to Salfit from the north via Route 4775, branching off Highway 5 (the Trans-Samaritan Highway), which also serves as the main access road to Ariel. Palestinians wishing to get to Salfit from the villages

⁵² Human Rights Watch, *Occupation, Inc.: How Settlement Businesses Contribute to Israel's Violations of Palestinian Rights*, 19 January 2016.

⁵³ Mitchell Bard, "Fact Sheet: The 'Consensus' Settlements," Jewish Virtual Library, January 2017.

north of Ariel must take a 40-minute detour around the settlement, instead of a five-minute drive through Route 4775. In April 2012, the Civil Administration partially opened the road to Palestinian public transportation and ambulances.⁵⁴

Ariel is considered to be an attractive settlement for homebuyers, due to its enhanced development, local university and accessibility to central locations within Israel.⁵⁵ Ariel Industries Park, one of Israel's largest industrial zones, is located next to Ariel and provides employment in various sectors. In 2015, the price of apartments in Ariel rose 9.8%.⁵⁶

Another attractive attribute of Ariel is the subsidies granted by the Israeli government and the local authority to residents, homebuyers, contractors and business owners. The Israeli government provides the Ariel municipality with a substantial balance grant⁵⁷ of NIS 847 per person (in 2014)⁵⁸, whereas the average balance grant per person in Israeli local authorities was NIS 328 (in 2014).⁵⁹ The government has also declared Ariel as a National Priority Area A, further reducing developer costs due to generous construction subsidies.⁶⁰

In 2013, the Ministry of Construction and Housing announced that it published tenders for the construction of 135 apartments in Ariel⁶¹ and an additional tender for 76 apartments in 2014.⁶² In January 2017, the Prime Minister and Defense Minister announced the approval of 63 new housing units in Ariel for immediate marketing, and an additional 899 units to be advanced into a planning phase.⁶³

The Israeli banks Mizrahi-Tefahot and Mercantile Discount are accompanying construction projects in the settlement of Ariel in the framework of **Local Outline**

54 B'Tselem, "Ariel Settlement Fact Sheet", btselem.org, 17 July 2012.

55 Efrat Avivi, "The City of Ariel" (Hebrew), my-community.co.il, 23 July 2015.

56 Amnon Direktor, "The Settlements Are No Longer Cheap" (Hebrew), Mako, 29 June 2016.

57 A balance grant is the main grant provided by the government to local authorities, in order to balance between the expenses of the local authority and its income.

58 Central Bureau of Statistics, "Ariel Profile - 2014" (Hebrew), cbs.gov.il.

59 Tamir Agmon, "Analysis of Balance Grants in Local Authorities 2014-2015" (Hebrew), The Knesset Research and Information Center, 21 February 2016.

60 Human Rights Watch, *Occupation, Inc.*, 19 January 2016.

61 Ministry of Construction and Housing, "Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria" (Hebrew), moch.gov.il, 11 August 2013; Ministry of Construction and Housing, "Land Will Be Marketed for 860 Apartments in West Bank and 700 Apartments in Jerusalem" (Hebrew), moch.gov.il, 4 November 2013.

62 Ministry of Construction and Housing, "3,500 New Apartments in Judea and Samaria and Jerusalem" (Hebrew), moch.gov.il, 4 June 2014.

63 Barak Ravid, "Israel Approves Construction," Haaretz, 24 January 2017.

Plans 130/2/3 and **130/2/4**, which refer to the land of the Palestinian villages Salfit and Marda.

Local Outline Plan 130/2/3, which was approved in 1991, is a master plan for the construction of 2,600 housing units on an area of 335,790 m² in the southeast of Ariel.⁶⁴ **Plan 130/2/3/1**, which was approved in 2012, refers to the same area while indicating that this land belongs to the Palestinian village of Salfit. This plan establishes new boundaries to the area and a new division of plots in order to enable landowners to register their property. It also includes the construction of infrastructure and pavements and the expansion of internal roads.⁶⁵

Local Outline Plan 130/2/4, which was approved in 2003, refers to an area of 174,795 m² in the south of Ariel, on land belonging to the Palestinian villages of Salfit and Marda. This is a specific master plan to build a neighborhood of 422 housing units, including infrastructure, internal roads, public buildings and parks.⁶⁶

Mizrahi-Tefahot Bank

Southeast Ariel | 60 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a construction project of the Israeli company Malibu Construction in the southeast area of the Ariel settlement.⁶⁷ The project is executed according to a tender awarded to the company on 7 June 2015, to build 60 housing units on an area of 9,075 m² in the settlement. The company acquired the land for NIS 8.47 million, with development expenses of NIS 5.47 million. The tender was published in the framework of Local Outline Plan 130/2/3/1, which relates to the land of the Palestinian village Salfit.⁶⁸

"Euro on the Park" | south Ariel | 32 housing units | completed in 2016

The Mizrahi-Tefahot bank is accompanying Euro on the Park, a project of the Israeli construction company Euro Israel in the south area of the Ariel

64 Tabanow, "Plan 130/2/3 Ariel" (Hebrew), tabanow.co.il.

65 Tabanow, "Plan 130/2/3/1 Ariel" (Hebrew), tabanow.co.il.

66 Tabanow, "Plan 130/2/4 Ariel" (Hebrew), tabanow.co.il.

67 The Mizrahi-Tefahot bank holds all the company's rights in the land and project as collateral (the source for this information is saved on file with Who Profits).

68 Israel Land Authority, "Data on Tender 176/2014/ש" (Hebrew), 7 June 2015.

settlement.⁶⁹ The project was built according to a tender awarded to the company on 21 March 2012, to build 32 housing units on an area of 3,562 m² in the settlement for NIS 226,000, with development expenses of NIS 1.85 million. The project was built in the framework of Local Outline Plan 130/2/4,⁷⁰ which refers to the land of the Palestinian villages of Salfit and Marda.

Euro Israel currently markets apartments in this project, which is described as a high-standard project in a “green and peaceful environment.”⁷¹ A four-bedroom apartment in this project costs about NIS 980,000, which according to Euro Israel’s owner and CEO is “a low price for a city that is located in the country’s center.”⁷²

“Green Ariel” (stages A+B) | south Ariel | 136 housing units | completed in 2015-2016

The Mizrahi-Tefahot bank is accompanying the first two stages of the Green Ariel project, which was built by Kachan Investments Company (a subsidiary of the publicly-traded, Israeli company Hanan Mor Group).⁷³ The company built this project under two tenders won by it in 2012 and in 2013.

On 26 March 2012, Kachan Investments won a tender of NIS 1.21 million, with development expenses of NIS 6.11 million, to build 96 housing units on an area of 13,399 m² in south Ariel.⁷⁴ The construction of stage A started in 2013.⁷⁵ On 29 May 2013, the company won another tender to build 40 additional housing units in the Green Ariel project (stage B) on an area of 5,008 m² in the south of the settlement. Kachan Investments bought the land for NIS 3.12 million, with development expenses of NIS 2.48 million.⁷⁶ The construction of stage B started in 2014.⁷⁷

69 The Mizrahi-Tefahot bank holds as collateral all the company’s rights in the project, including its rights to receive funds from homebuyers and renters in the project (the source for this information is saved on file with Who Profits).

70 Israel Land Authority, “Data on Tender 327/2011/ש” (Hebrew), 21 March 2012.

71 Guru, “Euro on the Park, Ariel” (Hebrew), guru.co.il.

72 Israeli Real Estate, “Euro Israel Company Started Marketing a New Residential Project – Euro in Ariel” (Hebrew), nadlanisraeli.co.il, 8 July 2013.

73 Kachan Investments Company provided as collateral to the Mizrahi-Tefahot bank all its rights to receive funds in the project, including from homebuyers and from insurance on the property (the source for this information is saved on file with Who Profits).

74 Israel Land Authority, “Data on Tender 327/2011/ש” (Hebrew), 21 March 2012.

75 Hanan Mor Group, *Periodic Report for Date 31 December 2015* (Hebrew), p. 41.

76 Israel Land Authority, “Data on Tender no. 189/2012/ש” (Hebrew), 24 April 2013.

77 Hanan Mor Group, *Periodic Report for Date 31 December 2015* (Hebrew), p. 41.

The Mizrahi-Tefahot bank provided the company with NIS 149 million in credit and guarantees for the two first stages of the project. The bank also extended a credit of NIS 15.74 million to the company.⁷⁸

The first two stages of the Green Ariel project were built in the framework of Local Outline Plan 130/2/4, which refers to land belonging to the Palestinian villages Salfit and Marda.⁷⁹ Researchers from the organization Human Rights Watch documented the confiscation of private Palestinian land for the construction of this project.⁸⁰

According to the developer, the project is offering a high quality of life in "boutique buildings" located close to the Ariel University, and a pastoral green park.⁸¹

Mercantile Discount Bank

"Green Ariel" (stage C) | southeast Ariel | 50 housing units | under construction

Mercantile Discount Bank is accompanying the third stage of the Green Ariel project, which is also being built by Kachan Investments Company⁸² under a tender it won on 17 December 2014. Kachan Investments acquired an area of 3,603 m² for NIS 6.2 million, with development expenses of NIS 2.3 million, in order to build 40 housing units and a commercial area in southeast Ariel.⁸³ In the framework of the accompaniment agreement, Mercantile Discount bank provided the company with a loan of NIS 6.246 million in December 2015.⁸⁴

Stage C of the Green Ariel project is built according to Local Outline Plans 130/2/3 and 130/2/3/1, which refer to land belonging to the Palestinian village of Salfit. In February 2016, the number of housing units in stage C of the project was raised to 50, on an area of 5,040 m², and the commercial area was expanded from 475 m² to 1,325.⁸⁵

78 Ibid. p. 44-46.

79 Taba Now, "Plan 130/2/4 Ariel" (Hebrew), tabanow.co.il.

80 Human Rights Watch, *Occupation, Inc.*, 19 January 2016.

81 Guru, "Green Ariel, Ariel" (Hebrew), guru.co.il.

82 Mercantile Discount Bank holds as collateral all the company's rights to receive funds from homebuyers, third parties and Israeli authorities, including the tax authorities (the source for this information is saved on file with Who Profits).

83 Israel Land Authority, "Data on Tender 2014/5/101" (Hebrew), 17 December 2014.

84 Hanan Mor Group, *Periodic Report for Date 31 December 2015* (Hebrew), p. 61.

85 Ibid., p. 58.

“The House in Ariel by the University” | southeast Ariel | 18 housing units | under construction

Mercantile Discount Bank is accompanying the construction project The House in Ariel by the University, which is being built in southeast Ariel by the Israeli company S.A.G (Valul) Building & Development.⁸⁶ This project is executed according to a tender won by S.A.G (Valul) Building & Development on 26 January 2014. The company purchased an area of 3,300 m² for NIS 2.6 million, with development expenses of NIS 1.46 million, in order to build 18 housing units in the Ariel settlement.⁸⁷ The tender was published in the framework of Local Outline Plan 130/2/3, which refers to the land of the Palestinian village Salfit. This project is due to be completed in June 2017.⁸⁸

“The House in Ariel” | south Ariel | 51 housing units | completed in 2015

Mercantile Discount Bank accompanied The House in Ariel construction project of the Israeli company S.A.G (Valul) Building & Development in the south of Ariel.⁸⁹ The project was executed according to a tender to build 51 housing units on an area of 8,689 m² in the settlement, which the company won on 21 March 2012 with an offer of NIS 455,500. Development expenses were NIS 4.74 million.⁹⁰ The project comprises several cottages and one building, which “provide a stunning view of the Mountains of Samaria” according to the developer.⁹¹ It was built under Local Outline Plan 130/2/4, which refers to the land of the Palestinian villages Salfit and Marda.

86 Mercantile Discount Bank holds as collateral all the rights of S.A.G (Valul) Building & Development to receive funds from homebuyers, third parties and Israeli authorities, including the tax authorities. The bank also holds as collateral the rights of the company to receive compensation in case of eviction or transfer of the area to the Palestinian Authority.

87 Israel Land Authority, *Tender 162/2013/ש* (Hebrew), 26 January 2014.

88 Kan Bonim, “The House in Ariel by the University” (Hebrew), Mako.

89 S.A.G (Valul) Building & Development provided as collateral to Mercantile Discount Bank all its rights to receive funds from homebuyers, third parties and Israeli authorities, including the tax authorities, in relation to this project. Those also included the rights of the company to receive compensation in case of eviction or transfer of the area to the Palestinian Authority.

90 Israel Land Authority, “Data on Tender no. 327/2011/ש” (Hebrew), 21 March 2012.

91 Ma Ba, “The House in Ariel, Ariel” (Hebrew), maba.co.il.

The Settlement of Beitar Illit

Banks: **Hapoalim, Mizrahi-Tefahot, Bank of Jerusalem, FIBI**

Beitar Illit is an ultra-Orthodox settlement in the northern Judean Hills in the West Bank, established in 1984 on the land of the Palestinian village Husan,⁹² approximately a 10-minute drive from Jerusalem. The settlement was first populated in 1990, after the Israeli government also confiscated land belonging to the Palestinian villages of Wadi Fukin⁹³ and Nahhalin.⁹⁴ Those three villages currently surround the settlement, which continues to expand.

Beitar Illit was declared as a city in 2001 and is currently one of the biggest Israeli settlements in the West Bank, with a jurisdiction of 4.3 km² and some 49,343 residents in 2015.⁹⁵ The settlement is built on three parallel hills: A, B and C, which “were planned as individual, independent residential neighborhoods, interconnected via transport links.”⁹⁶ Its jurisdiction includes three large parks and the Arava Industrial Zone, with over 6,000 m² of industrial structures.⁹⁷



The settlement of Beitar Illit | Screenshot of Google Maps

The Beitar Illit settlement attracts many new residents and its population is constantly increasing.⁹⁸ The main reasons for its appeal include its ultra-Orthodox character

92 Applied Research Institute – Jerusalem (ARIJ) and the Land Research Center, “Husan: A Palestinian Village Undergoes the Segregation Wall,” poica.org, 5 April 2004.

93 Aziza Nofal, “Palestinians Stand Their Ground in Wadi Fukin,” *Al-Monitor*, 22 June 2015.

94 Applied Research Institute – Jerusalem (ARIJ), “Under the Pretext of State Property: The Israeli Occupation Authorities Confiscate Land in Nahhalin Village,” poica.org, 5 March 2009.

95 Central Bureau of Statistics, “List of Localities, in Alphabetical Order,” cbs.gov.il, 31 December 2015.

96 Beitar Illit Municipality, “Plan Outline,” betar-illit.muni.il.

97 Neta Cohen-Salman, “Judea and Samaria – A Real Estate Attraction” (Hebrew), shores.co.il, 9 September 2012.

98 Central Bureau of Statistics, “Beitar Illit 2014” (Hebrew), cbs.gov.il, 2014.

and its proximity to the Green Line. Beitar Illit is situated on Route 375, which leads to Tel Aviv. It is merely 8 kilometers southeast of Jerusalem and connected to West Jerusalem by Highway 60 (the Tunnels Highway), which passes directly under the Palestinian town of Beit Jala and provides access to Jerusalem without coming in view of surrounding Palestinian villages and neighborhoods.⁹⁹ The settlement is also connected to central locations inside the Green Line through a vast network of public transportation, operated by the companies Kavim, Afkim, Dan and Nativ Express. All intercity transportation lines from and to the settlement are “Mehadrin,” which means that they incorporate a separation between male and female passengers¹⁰⁰

Another attractive feature of Beitar Illit is the subsidies provided to its residents by the State of Israel and local authorities, including government grants of millions of shekels provided to business owners in the settlement.¹⁰¹ In addition, housing prices in Beitar Illit are lower than in most cities within the Green Line. Indeed, in recent years, this settlement’s popularity has made it a desired location for real estate investments, leading to an increase of 10.6% in the prices of apartments in Beitar Illit in 2015. However, an average apartment there is still cheaper than a similar apartment in Israel proper.¹⁰²

The construction of new housing projects in Beitar Illit is ongoing, as the Ministry of Construction and Housing publishes new tenders for hundreds of housing units in the settlement every year. In 2013, the Ministry of Construction and Housing announced the construction of 274 housing units in Beitar Illit,¹⁰³ and in 2014, the ministry announced the construction of an additional 484 housing units.¹⁰⁴

In the past few years, the settlement has been expanding to the northwest, and additional lots were declared as “state land” and approved for construction in the framework of the settlement’s local outline plan.¹⁰⁵ On 25 August 2014, Israel declared about 3.8 km² of West Bank land as state land – northwest of Beitar Illit and adjacent to the Green Line. According to the military order, the declaration

99 John Collins, “Democratic Palestine”, *Middle East Report*, No. 248, Fall 2008, p. 8-13.

100 Neta Cohen-Salman, “Judea and Samaria – A Real Estate Attraction” (Hebrew), shoresh.co.il, 9 September 2012.

101 Ibid.

102 Amnon Direktor, “The Settlements Are No Longer Cheap” (Hebrew), Mako, 29 June 2016.

103 Ministry of Construction and Housing, “Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria” (Hebrew), moch.gov.il, 11 August 2013; Ministry of Construction and Housing, “Land Will Be Marketed for 860 Apartments in West Bank and 700 Apartments in Jerusalem” (Hebrew), moch.gov.il, 4 November 2013.

104 Ministry of Construction and Housing, “3,500 New Apartments in Judea and Samaria and Jerusalem” (Hebrew), moch.gov.il, 4 June 2014.

105 Beitar Illit Municipality, “Plan Outline,” betar-illit.muni.il.

applies to land belonging to the Palestinian villages of Husan, Wadi Fukin, Jab'a, Surif and Nahhalin. The location of the confiscated land suggests an intention to create territorial contiguity between Israel proper and the settlements of Beitar Illit, Gva'ot and the Gush Etzion bloc (which consists of 18 "consensus settlements").¹⁰⁶ In Beitar Illit, the declaration includes areas in hills B3, B4 and C.¹⁰⁷

The next stage, in September 2014, included tenders issued by the Ministry of Construction and Housing to conduct infrastructure and road work in the area. As part of the initial work, the third hill was fenced and connected to the settlement and agricultural fields and public parks were established between hill B and hill C.

One of the additional lots that were declared as state land is territory D, which faces the neighboring Israeli village of Tzur Hadassah,¹⁰⁸ within the Green Line. The construction in hill C and territory D puts Beitar Illit only 500 meters away from the Green Line.¹⁰⁹ According to an ultra-Orthodox media outlet, this area will also be used for future expansion of the settlement.¹¹⁰

In addition, the planning of a vast industrial zone near Beitar Illit started in 2014 and is currently in the final stages of approval. The planned industrial zone is located on an area of 800,000 m², which is referred to as the "English Forest" and located on both sides of Route 375 in the northwest of Beitar Illit. The industrial zone will become the western entrance to the settlement.¹¹¹

The Israeli banks Hapoalim, Mizrahi-Tefahot, Bank of Jerusalem and First International Bank of Israel (FIBI) are accompanying construction projects in the settlement of Beitar Illit in the framework of Local Outline Plans 426, 426/3, 426/8 and 426/1/3/12.

The settlement of Beitar Illit was planned according to *Local Outline Plan 426*, which had been approved in 1988. The plan refers to "state land" on three parallel hills: A, B and C. According to those plans, 17,500 housing units were to be built on a 4.3 km² area, most of them in saturated construction.¹¹² A year later, Local Outline

¹⁰⁶ B'Tselem, "Israel Declares Some 380 Hectares in West Bank as State Land," btselem.org, 10 Sep 2014.

¹⁰⁷ Ibid.

¹⁰⁸ Beitar Illit Municipality, "Plan Outline," betar-illit.muni.il.

¹⁰⁹ Beitar Illit News, "Beitar Illit Is Getting Close to the Green Line" (Hebrew), betarelit.net, February 2015.

¹¹⁰ Moshe Ben Haim, "Will Beitar Double Its Size? 4,000 Adjacent Dunams Declared as 'State Land'" (Hebrew), Chabad Online, 1 September 2014.

¹¹¹ Beitar Bitnufa: The Beitar Illit Blog, "The Plan of the English Forest" (Hebrew), betarbitnufa.blogspot.co.il, 29 April 2015.

¹¹² Beitar Illit Municipality, "Plan Outline," betar-illit.muni.il.

Plan 426 was replaced by **Plan 426/3** in order to include additional land on hill C, which is closest to the Green Line.¹¹³

Local Outline Plan 426/8 for the west of Beitar Illit (hill B2 – Hatamar) was approved in 2003. The plan refers to 1.15 km² of the land of the Palestinian villages Wadi Fukin, Husan and Nahhalin.¹¹⁴ **Local Outline Plan 426/8/4** that was approved in 2006 specifically refers to the establishment of a commercial center on hill B2 of Beitar Illit, on the land of the Palestinian villages Wadi Fukin and Husan.¹¹⁵

Local Outline Plan 426/1/3/12 that was approved in 2013 refers to the construction of 8,193 housing units in the south of the settlement, on hill A1. The plan changes the designation of 22,960 m² of the land of the Palestinian village Nahhalin.¹¹⁶

Bank Hapoalim

Infrastructure and road works in hill C and territory D | under construction

Bank Hapoalim extended credit to the Israeli development and infrastructure company Bardarian Brothers, on the basis of a contract with the Israeli company Adi Hadar, for infrastructure and road works in the area of hill C and territory D on 2 June 2015.¹¹⁷

Northwest Beitar Illit: Expansion of hill C | 48 housing units | under construction

Bank Hapoalim is accompanying a construction project of the Israeli company Bonayich Building Development & Investments in the northwest of Beitar Illit (hill C),¹¹⁸ executed in the framework of the settlement's Local Outline Plan 426/3. According to the tender that Bonayich Building Development & Investments won on 18 March 2015, the company purchased an area of 3,628 m² for NIS 9.8 million, with development expenses of NIS 6.6 million, in order to build 48 housing units in northwest Beitar Illit.¹¹⁹

113 Taba Now, "Plan 426/3 Beitar Illit" (Hebrew), tabanow.co.il.

114 Taba Now, "Plan 426/8 Beitar Illit" (Hebrew), tabanow.co.il.

115 Taba Now, "Plan 426/8/4 Beitar Illit" (Hebrew), tabanow.co.il.

116 Taba Now, "Plan 426/1/3/12 Beitar Illit" (Hebrew), tabanow.co.il.

117 The source for this information is on file with Who Profits.

118 Bank Hapoalim holds as collateral all the rights of the company to received funds and benefits from the Israeli tax authorities (the source for this information is on file with Who Profits).

119 Israel Land Authority, "Data on Tender 2014/171/א" (Hebrew), 18 March 2015.

West Beitar Illit: Expansion of hill B | 40 housing units | under construction

Bank Hapoalim is accompanying a construction project of the Israeli construction company Bonayich Building Development & Investments in the western area of Beitar Illit (hill B2 – Hatamar).¹²⁰ The project is executed according to a tender of NIS 6.5 million, which the company won on 27 October 2014, to build 40 housing units on an area of 4,091 m² in the center of Beitar Illit.¹²¹ Development expenses were NIS 7.725 million. This tender is part of Local Outline Plan 426/8, which refers to the land of the Palestinian villages Wadi Fukin, Husan and Nahhalin.¹²²

Southwest Beitar Illit: Expansion of hill A | 20 housing units | under construction

Bank Hapoalim is accompanying a construction project of the Israeli company Ahim Hasid in the southwest of Beitar Illit (hill A).¹²³ The project is executed according to a tender won by the company on 21 June 2015, to build 20 housing units on an area of 2,012 m² in the southwest of Beitar Illit, for NIS 818,000 and development expenses of NIS 7.62 million.¹²⁴ The tender is part of Local Outline Plan 426/1/3/12, which refers to the land of the Palestinian village Nahhalin.¹²⁵

Mizrahi-Tefahot Bank

"Mitzpe Yael" | Expansion of hill B | 36 housing units, commercial center | completed in 2016

The Mizrahi-Tefahot bank is accompanying a project of the Israeli construction company Haim Zaken in west Beitar Illit.¹²⁶ The project, which is currently being

¹²⁰ Bank Hapoalim holds as collateral all the rights of the company in the land and project, including materials and equipment, and the rights to receive funds from third parties, homebuyers and renters. The bank also holds as collateral all the rights of the company to receive a tax exemption or tax benefits in relation to the project (the source for this information is on file with Who Profits).

¹²¹ Israel Land Authority, "Data on Tender 168/2014/ש" (Hebrew), 27 October 2014.

¹²² Tabanow, "Plan 426/8 Beitar Illit" (Hebrew), tabanow.co.il.

¹²³ Bank Hapoalim holds as collateral all the rights of the company in the tender and any following contracts, and all its rights to receive funds from the Israeli authorities, including the tax authorities (the source for this information is on file with Who Profits).

¹²⁴ Israel Land Authority, "Data on Tender 39/2015/ש" (Hebrew), 21 June 2015.

¹²⁵ Tabanow, "Plan 426/1/3/12 Beitar Illit" (Hebrew), tabanow.co.il.

¹²⁶ Mizrahi-Tefahot bank holds as collateral all the company's contractual and actual rights to the project, including all rights to receive funds from homebuyers and renters in the project and all rights to receive funds from the Israeli tax authorities (the source for this information is on file with Who Profits).

marketed by the company,¹²⁷ was executed in accordance with a tender awarded to the company on 3 November 2013. The company acquired an area of 3,454 m² for NIS 11.9 million, with development expenses of NIS 2.5 million, in order to build 36 housing units in the west of the settlement.¹²⁸ This construction project is part of Local Outline Plan 426/8, which refers to the land of the Palestinian villages Wadi Fukin, Husan and Nahhalin.

Mizrahi-Tefahot has also accompanied Haim Zaken's project for building a commercial center on an area of 17,505 m².¹²⁹ The commercial center was built in the framework of Local Outline Plan 426/8/4, which specifically refers to the establishment of a commercial center on hill B of Beitar Illit, on the land of the Palestinian villages Wadi Fukin and Husan.¹³⁰

First International Bank of Israel (FIBI)

"Ginot Minrav" | Northwest Beitar Illit: Expansion of hill C | 90 housing units | under construction

The First International Bank of Israel (FIBI) accompanies a project of the Israeli publicly traded company Minrav to build 90 housing units on an area of 10,955 m² on hill C in northwest Beitar Illit.¹³¹ The project is executed according to a tender of NIS 13.5 million, with development expenses of NIS 16.9 million, which was won by the company on 18 March 2015.¹³² The construction of this project started in 2016 and is due to be completed in 2019.¹³³ The investment of the company (and of the bank) in the project is expected to reach NIS 100 million.¹³⁴ The project is executed according to Local Outline Plan 426/3, which refers to the construction of the entire area of the settlement.¹³⁵

127 Haim Zaken website, "Mitzpeh Yael" (Hebrew), h-zaken.co.il.

128 Israel Land Authority, "Data on Tender 346/2012/ו" (Hebrew), 3 November 2013.

129 The Mizrahi-Tefahot bank holds as collateral all the rights of the company to receive funds from homebuyers and renters of units and land in the project (the source for this information is on file with Who Profits).

130 Taba Now, "Plan 426/8/4 Beitar Illit" (Hebrew), tabanow.co.il.

131 FIBI holds as collateral all the rights of the company to receive value added tax (VAT) refunds in the amount of NIS 1.8 million, or any other amount that the company receives from the Israeli tax authorities in relation to this project. The bank also holds as collateral all the rights of the company in the project and its rights to receive any other funds from government bodies and the Israeli tax authorities (the source for this information is on file with Who Profits).

132 Israel Land Authority, "Data on Tender 371/2015/ו" (Hebrew), 18 March 2015.

133 Minrav Holdings, *Periodic Report for Year 2015* (Hebrew), p. 24-K.

134 *Ibid.*, p. 68.

135 Israel Land Authority, "Data on Tender 371/2015/ו" (Hebrew), 18 March 2015.

Bank of Jerusalem

Northwest Beitar Illit: Expansion of hill C | 80 housing units | under construction

Bank of Jerusalem is accompanying a project of the Israeli company Traklin Yizum Ubniya to build 80 housing units on an area of 8,136 m² in northwest Beitar Illit.¹³⁶ The project is executed according to a tender of NIS 10.34 million, with development expenses of NIS 13.3 million, which was awarded to the company on 18 March 2015. The tender is part of Local Outline Plan 426/3, which refers to the construction of the entire area of the settlement.¹³⁷

The Settlement of Efrat (Efrata)

Banks: **Hapoalim and Bank of Jerusalem**

The settlement of Efrat, which was established in 1983, is built on a range of hills east of Highway 60 (the Tunnels Highway), which connects the Palestinian cities in the West Bank.¹³⁸ Efrat has a relatively small population of 8,301 residents (as of 2015) occupying a large area of 6.49 km², which renders it the largest settlement in the Gush Etzion settlement bloc.¹³⁹ Most of the residents of Efrat are religious Zionists, with a small number of ultra-orthodox communities.¹⁴⁰

Over the years, the Efrat settlement has been vastly extended and its expansion continues to this very day. After the State of Israel marketed thousands of housing units in Efrat in 2013, Efrat is in a building momentum and is due to increase its population by more than 60%, with an additional 1,300 families expected to enter the settlement in the coming years.¹⁴¹ Between the years 2014-2016, 1,000 new housing units were marketed in Efrat.¹⁴² A hundred of those were marketed in 2015, as part of the government program "*mekhir lamishtaken*" (price for the resident),

¹³⁶ Bank of Jerusalem holds as collateral all the rights of the company in the project, including its rights to receive funds from Israeli authorities and Israeli tax authorities (the source for this information is on file with Who Profits).

¹³⁷ Israel Land Authority, "Data on Tender 171/2014/wr" (Hebrew), 18 March 2015.

¹³⁸ Chaim Levinson, "With Barak's Authorization: Israel Expands Gush Etzion" (Hebrew), Haaretz, 12 December 2011.

¹³⁹ Central Bureau of Statistics, "Efrat 2014" (Hebrew), cbs.gov.il, 2014.

¹⁴⁰ Erica Danielle Chernofsky, "Guns 'n' Roses," Jerusalem Post, 13 July 2006.

¹⁴¹ Direktor, "The Settlements Are No Longer Cheap" (Hebrew), Mako, 29 June 2016.

¹⁴² Tzion, "A Spike in Prices: Get to Know the Real Estate Market in Judea and Samaria" (Hebrew), Ynet, 22 March 2016.

with 10 families applying for each available housing unit.¹⁴³ In January 2017, the Prime Minister and Defense Minister announced the approval of 21 new housing units in Efrat for immediate marketing.¹⁴⁴

The first neighborhoods in Efrat were Harimon, Hate'ena and Hagefen. Later on the settlement expanded to the north and Hadekel neighborhood was built. Additional lands were allocated to the settlement, which continued expanding to the north in order to establish Hazait, Hatamar and Hadagan neighborhoods. In recent years, Efrat has been gradually expanding the area of its northern neighborhoods: to the north in the area of Hadagan, to the northwest in the area of Hatamar and to the east in the area of Hazayit.



The settlement of Efrat | Screenshot of Google Maps

The three northern hills of the settlement – Hazayit, Hatamar and Hadagan – were planned in the framework of *Local Outline Plans 410/5 and 410/5/1*. Local Outline

143 Direktor, "The Settlements Are No Longer Cheap" (Hebrew), Mako, 29 June 2016.

144 Ravid, "Israel Approves Construction and Planning of 2,500 Settler Homes in West Bank," Haaretz, 24 January 2017.

Plan 410/5, which was approved in 1991, allocated an area of 1.47 km² on those hills for the construction of houses, roads and infrastructure, public buildings and open public spaces.¹⁴⁵ Local Outline Plan 410/5/1, which was approved in 1998, allocated an additional 223,669 m² to Plan 410/5.¹⁴⁶

The northernmost neighborhood of the settlement is currently Hadagan,¹⁴⁷ located only a few hundred meters south of the Palestinian refugee camp Deheishe and southwest of the Palestinian village al-Hader, both of which are located southwest of Bethlehem.¹⁴⁸

The official boundaries of Efrat, outlined in 1999, included an area of 1.7 km² northeast of Hadagan, which was excluded from the settlement by the separation wall's route as a result of deliberations in the High Court of Justice in 2004.¹⁴⁹ This area – which the settlers call Givat Eitam and the Palestinians, Jabel Abu-Zeid – was considered part of Bethlehem and the Palestinian village of Irtas¹⁵⁰ until it was declared as state land by the Israeli Civil Administration in early 2009. In 2016, a farm was established on the land as a placeholder until a plan to build 2,500 houses on that site can be carried out, which will double the size of the settlement.¹⁵¹

The construction in Givat Eitam, which is planned to be the biggest neighborhood in Efrat,¹⁵² prevents the possibility of creating territorial contiguity between Bethlehem and the villages south of it.¹⁵³ In December 2011, it was reported that the Israeli army agreed to the expansion of Efrat (and the Gush Etzion bloc) to the north and northeast, with 40 single-family houses on Hadagan hill. Ten of those are to be sold as finished houses of up to 160 m² each, and the buyers of

145 Tabanow, "Plan 410/5 Efrat" (Hebrew), tabanow.co.il.

146 Tabanow, "Plan 410/5/1 Efrat" (Hebrew), tabanow.co.il.

147 Chaim Levinson, "IDF Agrees to Expansion of West Bank Settlement," *Haaretz*, 12 December 2011.

148 Chaim Levinson, "With Barak's Authorization: Israel Expands Gush Etzion" (Hebrew), *Haaretz*, 12 December 2011.

149 Chaim Levinson, "IDF Agrees to Expansion of West Bank Settlement," *Haaretz*, 12 December 2011.

150 Lara Friedman and Hagit Ofra, "Zero Tolerance Now," *Haaretz*, 27 February 2009.

151 Yotam Berger, "State Plans to Expand Efrat Settlement Towards Bethlehem" (Hebrew), *Haaretz*, 14 August 2016; Chaim Levinson, "With Barak's Authorization: Israel Expands Gush Etzion" (Hebrew), *Haaretz*, 12 December 2011.

152 Nadav Shargai, "1,700 Dunams Declared as State Lands in Preparation for Expansion of Efrat Settlement" (Hebrew), *Haaretz*, 16 February 2009.

153 Yotam Berger, "State Plans to Expand Efrat Settlement Towards Bethlehem" (Hebrew), *Haaretz*, 14 August 2016; Chaim Levinson, "With Barak's Authorization: Israel Expands Gush Etzion" (Hebrew), *Haaretz*, 12 December 2011.

the remaining 30 lots will independently arrange the construction of their homes. Following the completion of this construction, the Jewish settlements in northern Gush Etzion will reach the outskirts of Bethlehem's southernmost suburbs.¹⁵⁴

Who Profits has discovered that since 2014, most of the lots on Hadagan hill were sold to individuals to build cottages, while others were sold to settler associations. Only a small portion of the land was sold to construction companies.¹⁵⁵ In 2014, the Ministry of Construction and Housing allocated NIS 900,000 for the drafting of a local outline plan for Givat Eitam. The Palestinian landowners had petitioned the Israeli High Court of Justice against the construction in that area, but in January 2016 the Court rejected their petition.¹⁵⁶

Hatamar hill is located west of Hadagan hill. Following the commencement of the construction of Hatamar neighborhood in March 2015, the Palestinian landowners from the village of al-Hader had petitioned the High Court of Justice to stop the construction. In March 2016, the Court ruled against them and construction in the area continues.¹⁵⁷

Hazayit hill, south of Hatamar and Hadagan, was founded by an association called Hazayit in 1990. The construction of the neighborhood started in 1996 and included approximately 400 housing units,¹⁵⁸ some of them in apartment buildings, unlike most neighborhoods in Efrat. In 2010, the Civil Administration planted 3,000 trees in the area, as the basis for a future park of 20,000 m².¹⁵⁹ In 2011, the construction of 277 houses in Hazayit was approved in response to UNESCO accepting Palestine as a full member.¹⁶⁰ Currently, Hazayit has been expanding to the east with the construction of 800-1,000 housing units in the eastern hillsides of the neighborhood, under the name Mordot Hazayit.¹⁶¹

154 Chaim Levinson, "IDF Agrees to Expansion of West Bank Settlement," Haaretz, 12 December 2011.

155 Information gathered by Who Profits from public tenders issued by the Israel Land Authority in Hadagan hill since 2014.

156 Peace Now, Kerem Navot, and Combatants for Peace, "The New Settlement in Nahla (E2) – A Significant Threat to the Two States Solution," cfpeace.org, July 2015.

157 High Court of Justice, HCJ 2290/15 Al-Hader Municipality v. Minister of Defense (Hebrew), ruling granted on 1 March 2016.

158 Globes writer, "Hazayit Association Sold Plots in Efrat for USD 3 million" (Hebrew), Globes, 27 April 1998.

159 Yoni Kempinsky, "Civil Administration Plants 3,000 New Trees in Efrat" (Hebrew), Arutz 7, 2 February 2010.

160 Chaim Levinson, "IDF Agrees to Expansion of West Bank Settlement," Haaretz, 12 December 2011.

161 Efrat Municipality, "Construction in Hazayit" (Hebrew), efrat.muni.il; Efrat Municipality, [Efrat Local Council Meeting Protocol](#) (Hebrew), 11 April 2016, p. 3-12.

The expansion of Hazayit hill was planned in the framework of *Local Outline Plan 410/5/4*. This plan, which was approved in 2000, includes 157,871 m² of land in the northeast of Hazayit hill, an area that belongs to the Palestinian villages al-Hader and Irtas. The plan designates this area for the construction and development of roads and infrastructure, public buildings, institutions and open public spaces.¹⁶²

The Israeli banks Hapoalim and Bank of Jerusalem are accompanying construction projects in Hadagan, Hatamar and Hazayit hills in the settlement of Efrat.

Bank Hapoalim

Hadagan hill | 30 housing units | under construction

Bank Hapoalim is accompanying a project of the Israeli construction company Bonayich Building Development & Investments in Hadagan hill.¹⁶³ The company is building 30 housing units on an area of 6,200 m² under a tender of NIS 4.35 million, with development expenses of NIS 3.84 million, which it won on 24 November 2013.¹⁶⁴

"Open Efrat" | Hatamar hill | 24 housing units | under construction

Bank Hapoalim is accompanying a project of the Israeli company Mishkan Eliyahu in Hatamar hill.¹⁶⁵ According to a tender awarded to the company in July 2014, Mishkan Eliyahu is building 24 housing units on an area of 3,695 m² for NIS 1.89 million, with development expenses of NIS 4.9 million.¹⁶⁶ The project, called Open Efrat, prides itself on offering a "green living experience" with an open landscape and is currently marketed to potential buyers.¹⁶⁷

Hazayit East | 40 housing units | under construction

Bank Hapoalim is accompanying a project of the Israeli construction company

¹⁶² Taba Now, "Plan 410/5/4 Efrat" (Hebrew), tabanow.co.il.

¹⁶³ Bank Hapoalim holds as collateral all the contractual and actual rights of the company in the project and land, including the rights to receive funds from the Israeli authorities and the Israeli tax authorities and from homebuyers in the project (the source for this information is on file with Who Profits).

¹⁶⁴ Israel Land Authority, "Data on Tender "96/2013/ש" (Hebrew), 24 November 2013.

¹⁶⁵ Bank Hapoalim holds as collateral all the rights of the company in the land and project, including the rights to receive a tax exempt or tax benefits from the Israeli tax authorities and all the rights to receive funds from homebuyers in the project (the source for this information is on file with Who Profits).

¹⁶⁶ Israel Land Authority, "Data on Tender 1/2014/ש" (Hebrew), 1 July 2014.

¹⁶⁷ Mishkan Eliyahu, "Open: A Green Living Experience in Efrat" (Hebrew).

Z.F. Building in Hazayit East.¹⁶⁸ The company is building 40 housing units on an area of 9,830 m² under a tender of NIS 2.74 million, with development expenses of NIS 18 million, which the company won on 18 March 2015.¹⁶⁹ The project is executed according to Local Outline Plan 410/5/4, which refers to the land of the Palestinian villages al-Hader and Irtas, located east of Hazayit hill.

"T&D" | Hatamr and Hadagan hills | 50 housing units | completed in 2016

Bank Hapoalim is accompanying two integrated projects of the Israeli construction company Z.F. Building in Hatamar and Hadagan hills.¹⁷⁰ Z.F. Building still markets apartments in those projects, which are described by the company as having a "high technical standard".¹⁷¹

Z.F. Building company executed the first project in Hatamar hill under a NIS 4.2 million tender awarded to it on 24 April 2013, with development expenses of NIS 3.7 million. The company built 36 housing units on an area of 4,941 m² in northwest Efrat.¹⁷² A few months later, on 24 November 2013, the company won another tender to build 24 housing units on an area of 6,736 m² in Hadagan hill. The company acquired the land for NIS 3.36 million, with development expenses of NIS 3.9 million.¹⁷³

Bank of Jerusalem

Hatamar hill | 28 housing units | under construction

Bank of Jerusalem is accompanying a housing project of the Israeli construction company A. Barkan in Hadagan hill.¹⁷⁴ The project is being built under a tender

168 Bank Hapoalim holds as collateral all the contractual and actual rights of the company in the land and project, including the rights to receive a tax exemption or tax benefits from the Israeli tax authorities (the source for this information is on file with Who Profits).

169 Israel Land Authority, "Data on Tender 204/2014/ש" (Hebrew), 18 March 2015.

170 Bank Hapoalim has accompanied these projects. The company provided as collateral to the bank all its rights in the land and projects, including materials, tools, suppliers, service providers, etc. The company also provided as collateral all its rights to receive funds from the Israeli tax authorities in relation to these projects (the source for this information is on file with Who Profits).

171 Z.F. Building, "T&D Efrat" (Hebrew), zfbuilding.co.il.

172 Israel Land Authority, "Data on Tender 265/2012/ש" (Hebrew), 24 April 2013.

173 Israel Land Authority, "Data on Tender 96/2013/ש" (Hebrew), 24 November 2013.

174 Bank of Jerusalem holds as collateral all the rights of the company in the project and all its rights to receive funds from homebuyers in the project. The bank also holds as collateral all the rights of the company to receive funds or refunds from the supervisor of abandoned property in the West Bank and from the Israeli authorities, including the Israeli tax authorities (the source for this information is on file with Who Profits).

awarded to the company on 1 July 2014, to build 28 housing units on an area of 7,943 m² in Hadagan hill. A. Barkan purchased the land for NIS 2.1 million, with development expenses of NIS 10.2 million.¹⁷⁵

The Settlement of Givat Ze'ev

Banks: **Leumi and Igud**

The settlement of Givat Ze'ev is located five kilometers from the northern outskirts of Jerusalem, south of Route 443, which cuts into the West Bank for 20 kilometers to connect Tel Aviv and Jerusalem.¹⁷⁶ Givat Ze'ev was established in 1977 on an area of 4,841 km². Its population, which reached 16,123 residents in 2015,¹⁷⁷ is composed mostly of secular Jews.¹⁷⁸ The majority of settlers in Givat Ze'ev reside there due to its affordable prices, high-quality education system and easy access to Jerusalem and Tel Aviv through Route 443 and similar bypass roads intended for Israelis.¹⁷⁹ The settlement is also connected to Jerusalem and Tel Aviv via public transportation operated by the Israeli companies Egged and Egged Ta'avura.

Givat Ze'ev is the largest settlement in the Givat Ze'ev settlement bloc, which includes five other settlements northwest of Jerusalem, all intended to be part of Israel proper in any future agreement with the Palestinians.¹⁸⁰ According to Palestinian residents of the area, Route 443 has taken up 15 km² of agricultural land, on which the livelihood of 24,000 Palestinians depends.¹⁸¹

The settlement of Givat Ze'ev is the fifth largest West Bank settlement and one of the fastest growing among them.¹⁸² It was initially established on land belonging to the Palestinian village Nabi Samuel and later on took over the land of the Palestinian villages Nabi Salah, Beitunia, Biddu and Jib, in its constant expansion efforts.¹⁸³ In the past two decades, the settlement has greatly expanded to the

175 Israel Land Authority, "Data on Tender 1/2014/ש" (Hebrew), 1 July 2014.

176 Martin Asser, "An Israeli Settlement in Close-up," BBC, 22 September 2009.

177 Central Bureau of Statistics, "List of Localities, in Alphabetical Order," cbs.gov.il, 31 December 2015.

178 Martin Asser, "An Israeli Settlement in Close-up," BBC, 22 September 2009.

179 Ibid.

180 Mitchell Bard, "Fact Sheet: The 'Consensus' Settlements," Jewish Virtual Library, January 2017.

181 Deborah Cowen and Emily Gilbert (eds.), *War, Citizenship, Territory*, London: Routledge, 2008, p. 277.

182 Martin Asser, "An Israeli Settlement in Close-up," BBC, 22 September 2009.

183 Ibid.; Chaim Levinson, "Israel Pledges to Raze Settler Structures Built on Palestinian Land with Forget

northwest, forming the area called “new Givat Ze’ev.” Even on the eve of the publication of this report, the approved expansion of Givat Ze’ev continues: On 24 January 2017, the Prime Minister and Defense Minister announced the approval of 552 new housing units in Givat Ze’ev for immediate marketing, and an additional 100 units to be advanced into a planning phase.¹⁸⁴



The settlement of Givat Ze'ev | Screenshot of Google Maps

One of the largest expansion projects of the Givat Ze’ev settlement is in the area of Wadi Salman, which the Israelis refer to as Agan Ha’ayalot. This area is located in the northwest of the settlement, on land confiscated from the Palestinian villages of Beitunia, Biddu and Jib. As described by a BBC reporter, “each side of the valley is topped by Palestinian houses and it extends west from the main body of the settlement, with the first new houses located 700m away – or 2.5km by a winding road.”¹⁸⁵ In 1996, an expansion program with an envisaged addition of 20,000 new settlers was approved for the area. The construction started in 1999 and stopped in 2000, following the outbreak of the Second Intifada; it resumed in 2008, after the completion of a section of the separation wall that passes through the valley.¹⁸⁶ More than 12,000 housing units have been built in the area since then.¹⁸⁷

The construction in the area is conducted under the framework of *Local Outline Plan 220/10*, which refers to “Givat Ze’ev West – Agan Ha’ayalot,” an area that has been confiscated of the Palestinian village Jib. The plan specifies the development and construction of 240 housing units, public buildings, open public spaces, a

Deeds,” Haaretz, 3 September 2013.

184 Barak Ravid, “Israel Approves Construction and Planning of 2,500 Settler Homes in West Bank,” Haaretz, 24 January 2017.

185 Martin Asser, “An Israeli Settlement in Close-up,” BBC, 22 September 2009.

186 Ibid.

187 Cheryl Rubenberg, *The Palestinians: In Search of a Just Peace*, Boulder: Lynne Rienner Publishers, 2003, p. 222.

commercial center, roads and infrastructure, on an area of 482,344 m² in the northwest of the settlement.¹⁸⁸

Bank Igud is accompanying at least two construction projects in the area of Agan Ha'ayalot. In addition, Bank Leumi extended credit for an infrastructure project in the settlement.

Bank Igud (Union Bank)

"Minrav Bagiv'a" | Agan Ha'ayalot | 149 housing units | under construction

Bank Igud is accompanying a two-stage project by the Israeli publicly-traded construction company Minrav at Agan Ha'ayalot, in the northwestern outskirts of the Givat Ze'ev settlement.¹⁸⁹ The project is being built in the framework of Local Outline Plan 220/10, which refers to the land of the Palestinian village Jib.

Minrav is currently building the first stage of the project, which includes the construction of 120 housing units on an area of 18,528 m².¹⁹⁰ Bank Igud has extended Minrav financial credit in the sum of NIS 19 million for the first stage of the project.¹⁹¹ The bank is also accompanying the second stage of the project, which includes 29 housing units¹⁹² and is expected to cost the company NIS 33.3 million.¹⁹³

Agan Ha'ayalot | 24 housing units | completed in 2015

Bank Igud accompanied a project of the Israeli company Dalia Aliasfor to build 24 housing units on an area of 2,517 m² in Agan Ha'ayalot.¹⁹⁴ The project was executed under a tender of NIS 3.5 million, with development expenses of NIS 4.18 million, won by the company on 22 July 2012.¹⁹⁵ The project was also built in the framework of Local Outline Plan 220/10, which refers to the land of the Palestinian village Jib.

¹⁸⁸ Tabanow, "Plan 220/10 Givat Ze'ev" (Hebrew), tabanow.co.il.

¹⁸⁹ Bank Igud holds as collateral all the company's rights in the land and project, including all the rights of the company to receive funds from the insurance of the properties. The bank also holds as collateral all the company's rights to receive funds from homebuyers, renters, suppliers and any other body or person related to this project (The source for this information is on file with Who Profits).

¹⁹⁰ Minrav, Annual report 2015, p. 27-κ.

¹⁹¹ Ibid., p. 71.

¹⁹² Minrav, Report for the Period Ended 30 June 2016, (Hebrew), p. 4-κ.

¹⁹³ Minrav, Annual report 2015, p. 25-κ.

¹⁹⁴ Dalia Aliasfor provided as collateral to Bank Igud all its rights in the real estate project, including all the rights of the company to receive funds from the Israeli tax authorities. The company also provided as collateral all its rights to receive funds from homebuyers, renters, suppliers and any other body or person related to this project (the source for this information is on file with Who Profits).

¹⁹⁵ Israel Land Authority, "Data on Tender 429/2011/ שי" (Hebrew), 22 July 2012.

Bank Leumi

Infrastructure and road works | Initiated in 2013

Bank Leumi has extended credit to the Israeli company Bardarian Brothers to conduct road pavement, development and infrastructure works in the settlement of Givat Ze'ev in 2013. The bank held as collateral all the company's rights in relation to the contract with the Givat Ze'ev Regional Council and the company Local Government Economic Services, which hired Bardarian Brothers to execute this project.

The Settlement of Ma'ale Adumim

Banks: **Hapoalim, Leumi, Mercantile Discount, Mizrahi-Tefahot**

The settlement of Ma'ale Adumim is a city located seven kilometers east of Jerusalem, along Highway 1, which connects it to Jerusalem and the Tel Aviv metropolitan area. In 2014, Ma'ale Adumim had a population of some 37,400 residents.¹⁹⁶ One of the goals of establishing Ma'ale Adumim was to provide affordable housing to young couples, who could not afford homes in Jerusalem.

Ma'ale Adumim was initially established as an industrial zone for Jerusalem in 1974, on a confiscated area of 4.5 km². In March 1975, a ministerial committee decided to confiscate an additional 30 km² from the Palestinian villages of Abu Dis, Azariya, Issawiya, At-Tur, Anata, Khan al-Ahmar and Nabi Musa, in order to enable the workers of Mishor Adumim industrial zone to live in the area. Other plots of land have been inhabited for decades by the Bedouin tribes Jahalin and Sawahreh;¹⁹⁷ most of those areas have been declared as closed military zones. The confiscated land in Ma'ale Adumim amounts to some 35 km², constituting about 73% of the settlement's jurisdiction over 48 km².¹⁹⁸

In the late 1990s, approximately 1,050 Jahalin Bedouins were forcibly displaced

196 Central Bureau of Statistics, "Ma'ale Adumim 2014" (Hebrew), cbs.gov.il.

197 Eitan Felner, "Creeping Annexation of the West Bank," *Le Monde diplomatique*, November 1999; Nir Shalev, "The Hidden Agenda: The Establishment and Expansion Plans of Ma'ale Adumim and Their Human Rights Ramifications," Bimkom and B'Tselem, December 2009.

198 Nir Shalev, "The Hidden Agenda: The Establishment and Expansion Plans of Ma'ale Adumim and Their Human Rights Ramifications," Bimkom and B'Tselem, December 2009.

from a land in the hills of East Jerusalem, in order to enable the expansion of Ma'ale Adumim. The United Nations Relief and Works Agency (UNRWA) states that approximately 17,000 Bedouins live in the occupied West Bank. Most of them struggle with Israeli restrictions imposed on their movement and access to grazing fields located in Area C, where Israel retains authority over planning and zoning.¹⁹⁹

Ma'ale Adumim is the largest settlement in the Ma'ale Adumim bloc of "consensus settlements." According to the Jewish Virtual Library, "Israel has long planned to fill in the empty gap between Jerusalem and this bedroom community (referred to as the E1 project). The corridor is approximately 3,250 acres and does not have any inhabitants, so no Palestinians would be displaced."²⁰⁰ Yet, this area of 12 km², located northeast of East Jerusalem and to the west of Ma'ale Adumim, is home to a number of Bedouin communities. Furthermore, the construction in E1 creates territorial contiguity between Ma'ale Adumim and Jerusalem, thereby also dividing East Jerusalem from the rest of the West Bank and its Palestinian population centers.²⁰¹



The settlement of Ma'ale Adumim | Screenshot of Google Maps

The settlement of Ma'ale Adumim continues to expand to this day. In 2013, the Ministry of Construction and Housing announced the issuance of tenders to build 206 housing units in this settlement.²⁰²

199 Jihan Abdalla, "Israel Eyes Landfill Site for Bedouin Nomads," Reuters, 20 June 2012.

200 Mitchell Bard, "Fact Sheet: The 'Consensus' Settlements," Jewish Virtual Library, January 2017.

201 Harriet Sherwood, "Israel's E1 Plan: Barren Hills Long Targeted for Settlement Expansion," The Guardian, 3 December 2012.

202 Ministry of Construction and Housing, "Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria" (Hebrew), moch.gov.il, 11 August 2013; Ministry of Construction and Housing, "Land Will Be Marketed for 860 Apartments in West Bank and 790 Apartments in Jerusalem" (Hebrew), moch.gov.il, 4 November 2013.

In 2015, the Israeli army cancelled a firing zone in the occupied area of the Jordan Valley, which lies between the settlement of Ma'ale Adumim and the Dead Sea in the east and Um Derj in the south, in order to further expand the settlement. The Nofey Adumim project has been built on that area. Yet, the Israeli army continues to demolish Palestinian houses in the area under the claim that they are in a firing zone.²⁰³

In 2016, the Israeli government announced its plans to build over 1,000 new housing units in Ma'ale Adumim.²⁰⁴ In January 2017, the Prime Minister and Defense Minister announced the approval of 90 new housing units in Ma'ale Adumim for immediate marketing.²⁰⁵

The settlement of Ma'ale Adumim was planned in the framework of **Local Outline Plan 420**, which was approved in November 1984, and includes the Mishor Adumim Industrial Zone. The plan relates to the development of housing units, roads, infrastructure and parks.²⁰⁶ After its initial approval, the plan was amended to include more land belonging to Palestinian villages surrounding the settlement. For example, **Local Outline Plan 420/1/7/2**, which was approved in 2004, determines land designation in the north of Ma'ale Adumim, on the land of the Palestinian villages of Azariya, Khan al-Ahmar and At-Tur.²⁰⁷ **Local Outline Plan 420/1/7/10**, which was approved in 2007, refers to an area of 38,536 m² in the southwest of Ma'ale Adumim, on the land of the village Khan al-Ahmar. The plan includes the construction of 173 housing units, a public structure and technical facilities.²⁰⁸

The Israeli banks Hapoalim, Leumi, Mercantile Discount and Mizrahi-Tefahot are accompanying construction projects in the settlement of Ma'ale Adumim in the framework of Local Outline Plans 420/1/16/4/1 and 420/1/7/11.

Local Outline Plan 420/1/16/4/1, which was approved in 2011, refers to a neighborhood located in southwest Ma'ale Adumim, on the land of the Palestinian

203 Chaim Levinson, "Head of Central Command Cancels Firing Zone to Enable Expansion of Ma'ale Adumim" (Hebrew), Haaretz, 8 March 2015.

204 Barak Ravid and Yair Ettinger, "US: Israel Accelerates Construction in Settlements and Provocatively Undermines Two-State Solution" (Hebrew), Haaretz, 28 August 2016; Moshe Steinmatz, "Despite Condemnations: Jerusalem Continues to Advance Construction Beyond Green Line" (Hebrew), Walla!, 24 July 2016.

205 Ravid, "Israel Approves Construction and Planning of 2,500 Settler Homes in West Bank," Haaretz, 24 January 2017.

206 Nir Shalev, "The Hidden Agenda: The Establishment and Expansion Plans of Ma'ale Adumim and Their Human Rights Ramifications," Bimkom and B'Tselem, December 2009.

207 Taba Now, "Plan 420/1/7/2 Ma'ale Adumim" (Hebrew), tabanow.co.il.

208 Taba Now, "Plan 420/1/7/10 Ma'ale Adumim" (Hebrew), tabanow.co.il.

villages Azariya and Abu-Dis. The plan includes the construction of 141 housing units, as well as commercial centers, public buildings and public open spaces.²⁰⁹

Local Outline Plan 420/1/7/11, which was approved in 2011, refers to an area of 62,562 m² in the center of Ma'ale Adumim, on the land of the Palestinian village Khan al-Ahmar. The plan includes the construction of 92 housing units, a new road and public open spaces.²¹⁰

Mizrahi-Tefahot Bank

Southwest Ma'ale Adumim | 48 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a project of the Israeli construction company Kotler Adika²¹¹ to build 48 housing units on an area of 7,325 m² in southwest Ma'ale Adumim. The project is executed under a tender of NIS 6.9 million, with development expenses of NIS 12.6 million, awarded to the company on 2 February 2014.²¹² The project is built in the framework of Local Outline Plan 420/1/16/4/1, which refers to the land of the Palestinian villages Al-Azariya and Abu-Dis.

"Ma'ale Hadar" | center of Ma'ale Adumim | 155 housing units | completed in 2016

The Mizrahi-Tefahot bank accompanied a construction project of the Israeli construction company Mitzpor Adumim (a subsidiary of the publicly traded Amos Hadar Group, which turned private in 2015) in the center of Ma'ale Adumim.²¹³ The 155-unit project, which includes 24 cottages and 6 apartment buildings, was built in four different compounds,²¹⁴ spreading over an area of 18,290 m² in the center of the settlement (Nofey Hasela neighborhood).²¹⁵ All the local outline plans that refer to this area in Ma'ale Adumim indicate that it

209 Tabá Now, "Plan 420/1/16/4/1 Ma'ale Adumim" (Hebrew), tabanow.co.il.

210 Tabá Now, "Plan 420/1/7/11 Ma'ale Adumim" (Hebrew), tabanow.co.il.

211 The Mizrahi-Tefahot bank holds as collateral all the company's rights in the project, including all its rights to receive funds from homebuyers and renters in the project (the source for this information is on file with Who Profits).

212 Israel Land Authority, "Data on Tender 274/2013/w" (Hebrew), 2 February 2014.

213 Mizrahi-Tefahot bank holds as collateral all the company's rights in the project, including the rights to receive funds from homebuyers in the project (the source for this information is on file with Who Profits). Thus, the bank is still accompanying this project until the company completes the sale of all housing units in the project.

214 Amos Hadar Group, *Periodic Report for Year 2012* (Hebrew), p. 9-κ, 8-κ.

215 *Ibid.*, p. 69-κ.

is located on the land of the Palestinian village Khan al-Ahmar.²¹⁶ Apartments in the project are still being marketed by the company.²¹⁷

In 2012, the company signed an accompaniment agreement with the Mizrahi-Tefahot bank for the entire project. The bank holds as collateral all the company's rights in the project.²¹⁸ The company committed to selling 15 apartments upon entering the agreement and another 20 apartments to reduce the equity capital of the company, which stands at NIS 24.5 million.²¹⁹ Mizrahi-Tefahot extended credit of NIS 40 million to the company for this project.²²⁰

Bank Hapoalim

"Nofey Adumim" | center of Ma'ale Adumim | 14 housing units | completed in December 2016

Bank Hapoalim accompanied a project of the Israeli construction company Ofer Aharon Building Works in the center of the settlement of Ma'ale Adumim.²²¹ The company executed this project under a tender of NIS 1.6 million, with development expenses of NIS 3.4 million, won by it on 3 November 2013. According to the tender, the company is to build 14 housing units on an area of 2,955 m² in the center of the settlement.²²² The project was built in the framework of Local Outline Plan 420/1/7/11, which refers to the land of the Palestinian village Khan al-Ahmar.

The project includes two buildings of seven large apartments each, with "open panoramic" landscape. As of January 2017, the company continues to market apartments in the project.²²³

216 Taba Now, "Plan 420/1/16/4/1 Ma'ale Adumim" (Hebrew), tabanow.co.il; Taba Now, "Plan 420/1/7/10 Ma'ale Adumim" (Hebrew), tabanow.co.il; Taba Now, "Plan 420/1/7/11 Ma'ale Adumim" (Hebrew), tabanow.co.il.

217 Hadar Group, "Ma'ale Hadar" (Hebrew), a-hadar.co.il.

218 Amos Hadar Group, *Periodic Report for Year 2012* (Hebrew), p. 99-κ, 98-κ.

219 Amos Hadar Group, *Periodic Report for Year 2013* (Hebrew), p. 85-κ.

220 Amos Hadar Group, *Periodic Report for Year 2014* (Hebrew), p. 74-κ, 73-κ.

221 Bank Hapoalim held as collateral all the company's rights in the project, including the rights to receive funds from the Israeli authorities and from the Israeli tax authorities. The bank also holds as collateral all the rights of the company to receive funds from homebuyers in the project, which is relevant until the company completes the sale of all the apartments in the project (the source for this information is on file with Who Profits).

222 Israel Land Authority, "Data on Tender 91/2013/11" (Hebrew), 3 November 2013.

223 Ofer Aharon, "Marketed Projects" (Hebrew), oaharon.co.il.

Bank Leumi

"Medoragey Hadar" | center of Ma'ale Adumim | 60 housing units | completed in 2016

Bank Leumi accompanied a project built by the Israeli company Mitzpor Adumim (a subsidiary of the publicly traded Amos Hadar Group, which turned private in 2015) in the center of Ma'ale Adumim.²²⁴ The project includes 60 housing units in 10 apartment buildings on an area of 13,088 m². It was built under a tender of NIS 12 million, with development expenses of NIS 15.2 million that the company won on 3 November 2013.²²⁵

Following the accompaniment agreement with Bank Leumi,²²⁶ the bank extended a credit of NIS 23 million to the company for acquiring the land and for the required guarantees.²²⁷

The project was built in the framework of Local Outline Plan 420/1/7/11, which refers to the land of the Palestinian village Khan al-Ahmar. The company continues to market apartments in this project, which it describes as having "a breathtaking view to the east"²²⁸ (where Palestinian villages are located).

Mercantile Discount Bank

The settlement of Ma'ale Adumim | Screenshot of Google Maps

The Mercantile Discount bank extended credit to the Israeli construction company Kotler Adika to purchase an area of 2,268 m² in the Mishor Adumim Industrial Zone and a build structure on this land.²²⁹

224 Bank Leumi held as collateral all the company's rights in real estate and any funds it receives from the Israeli tax authorities. The bank also holds as collateral all the rights of the company to receive funds from homebuyers in the project, which is still relevant until the company completes the sale of all apartments in this project (the source for this information is on file with Who Profits).

225 Israel Land Authority, "Data on Tender 91/2013/ש" (Hebrew), 3 November 2013.

226 Amos Hadar Group, *Periodic Report for Year 2013* (Hebrew), p. 76-κ 77-κ.

227 Amos Hadar Group, *Periodic Report for Year 2014* (Hebrew), p. 76-κ 77-κ.

228 Hadar Group, "Medoragey Hadar" (Hebrew), a-hadar.co.il.

229 The bank holds as collateral the rights of the company in the land, including all its rights in a leasing contract that the company signed with the Civil Administration in the West Bank (the source for this information is on file with Who Profits).

Financing Construction in East Jerusalem Settlement Neighborhoods

Soon after the occupation of the Palestinian territory in the 1967 War, Israel annexed approximately 71 km² of land, including dozens of Palestinian villages, to the municipal borders of the city of Jerusalem. Since then, Israeli governments have been expanding existing neighborhoods, constructing new neighborhoods and linking neighborhoods together to form one urban continuum.²³⁰ Twelve settlement neighborhoods were built in East Jerusalem over the years, home to some 200,000 Israeli citizens.²³¹ Those large settlement neighborhoods, such as French Hill, Gilo, Ramot, Neve Ya'akov, Pisgat Ze'ev and Har Homa, were built between Palestinian neighborhoods in East Jerusalem in order to separate them from each other and from the rest of the West Bank.²³²

The following section of this report presents five settlement neighborhoods in East Jerusalem, in which Israeli banks provide financial accompaniment for construction projects: Gilo, Har Homa, Neve Ya'akov, Pisgat Ze'ev and Ramat Shlomo.²³³ Those settlement neighborhoods have been dubbed as part of "the ring neighborhoods," referring to the Israeli aim to establish a continuum of Jewish neighborhoods around the center of Jerusalem. The policy was to build satellite neighborhoods that will enable the future expansion of Jerusalem's Jewish neighborhoods.²³⁴ The strategic placement of the settlement neighborhoods also creates a physical

230 Ir Amim, "Settlements and National Parks," ir-amim.org.il.

231 Hagit Ofran, "A Brief History of East Jerusalem" (Hebrew), *Eyes on the Ground in East Jerusalem*.

232 Ir Amim, "Settlements and National Parks," ir-amim.org.il.

233 The ring neighborhoods also include neighborhoods that are not addressed in this report: French Hill and Ramot, which are partly beyond the Green Line and partly in no man's land, and Talpiot East (Armon Hanatziv), which is located in no man's land. Har Homa and Ramat Shlomo were built as ring neighborhoods only in the 1990s. A *slideshow by Ir Amim* demonstrates the development of Israeli settlements in East Jerusalem since 1967.

234 Michael J. Koplow, "A Primer on Building Beyond the Green Line," Israel Policy Forum, 7 July 2016; Yuval Heiman, "The Residents of Ramot and Pisgat Ze'ev Are Shocked: What Do They Want, to Throw Us into the Sea?" (Hebrew), *Zman Yerushalaim*, 27 October 2010; Homely, "Armon Hanatziv" (Hebrew), homely.co.il; Homely, "Ramot Alon" (Hebrew), Homely.

barrier that prevents any possible development of the Palestinian neighborhoods of East Jerusalem toward the city's west.²³⁵

Approximately 263,232 Palestinians live in East Jerusalem as permanent residents. They are eligible for National Insurance payments, health and municipal services, but they are not citizens and do not have the right to vote or to hold an Israeli passport. As permanent residents, if they relocate to another country for a certain period of time, they might lose their residency status.²³⁶

The route of the separation wall in Jerusalem annexes most of East Jerusalem and the settlement blocs of Gush Etzion, Ma'ale Adumim and Giva't Ze'ev to Israel proper. Approximately 55,000 East Jerusalem Palestinians, who are considered as residents of Israel, are left behind this wall. East Jerusalem is also off-limits to the Palestinian residents of the West Bank, who require special permits issued under strict conditions.²³⁷

The establishment of the settlement neighborhoods in East Jerusalem entailed acquiring ownership of land and houses that had been owned by Palestinian and non-Jewish residents and institutions in the area. Since 1967, Israel has confiscated 38.3% of the land in East Jerusalem for the construction of Jewish settlements. Another 10.8% of East Jerusalem is still unplanned for construction, and an additional 14.7% is declared as "no-construction" zones. This means that over 63% of the land in East Jerusalem is not available for use by the Palestinian population of the area. Moreover, of the remaining 37% of land in East Jerusalem, 19.8% is designated for roads and infrastructure in Palestinian neighborhoods, and 2.6% is intended for public structures in Palestinian neighborhoods. This leaves only 13.8% of the area for the construction of housing in the Palestinian neighborhoods.²³⁸

Out of more than 200,000 housing units in East Jerusalem, less than a quarter are located in Palestinian neighborhoods.²³⁹ Between 2010-2015, the Jerusalem Municipality issued construction permits for 11,603 apartments in East and West Jerusalem – only 878 of them in Palestinian neighborhoods. The funds invested by the Jerusalem Municipality for the benefit of the Palestinian residents in East

235 Allison Hodgkins, *The Judaization of Jerusalem – Israeli Policies Since 1967*, Palestinian Academic Society for the Study of International Affairs (PASSIA), December 1996.

236 Hagit Ofran, "A Brief History of East Jerusalem" (Hebrew), Eyes on the Ground in East Jerusalem.

237 Ibid.

238 Ir Amim, "East Jerusalem – Key Figures" (Hebrew), ir-amim.org.il, February 2016.

239 Ibid.

Jerusalem are also quite meager: In 2013 they amounted to only 10.1% of the municipal budget.²⁴⁰

Between 2014 and 2016, the Israel Land Authority granted 30 tenders for construction projects in Jerusalem, 13 of them in East Jerusalem and one in the area that is no man's land.²⁴¹

In 2015, the State of Israel published tenders to build 603 housing units in East Jerusalem. This number is significantly lower than previous years, in which the Israeli government published tenders for the construction of over 3,000 housing units every year. In addition, there are numerous housing projects currently under construction in the Jewish neighborhoods of East Jerusalem in accordance with previously approved plans, including: hundreds of housing units in Ramot, west of the Begin Highway that leads to the settlements around Pisgat Ze'ev; 708 housing units on the western hillsides of Gilo; and a housing project in Har Homa that further separates Bethlehem from East Jerusalem.²⁴²

In addition to settlement neighborhoods in East Jerusalem, there are also settlement compounds in the middle of the Palestinian neighborhoods surrounding the Old City, housing 2,000 settlers and protected by a similar number of armed guards. These compounds are founded by ideological settlers, supported by the government and aim to establish an Israeli presence within distinctly Palestinian areas, in an attempt to prevent any future division of Jerusalem.²⁴³ In 2015, there was an increase in the establishment of such compounds in the Old City and the area of the Historic Basin, as well as in the eviction of Palestinian families, mainly in the Muslim Quarter of the Old City and in Silwan.²⁴⁴

Israel's annexation of East Jerusalem has never been recognized by the international community. International law prohibits the annexation of occupied territories.²⁴⁵ According to the United Nations and the European Union, the neighborhoods built on those annexed territories are considered as Israeli

240 Ibid.

241 Information gathered by Who Profits from public tenders issued by the Israel Land Authority. The term "no man's land" refers to a land that is unoccupied due to a dispute between parties.

242 Ir Amim, "Planning, Building and Settlements in East Jerusalem: Summary of 2015" (Hebrew), ir-amim.org.il, January 2016.

243 Hagit Ofrian, "A Brief History of East Jerusalem" (Hebrew), Eyes on the Ground in East Jerusalem.

244 Ir Amim, "Planning, Building and Settlements in East Jerusalem: Summary of 2015" (Hebrew), ir-amim.org.il, January 2016.

245 Ir Amim, "Settlements and National Parks," ir-amim.org.il.

settlements because they are located beyond the Green Line, and therefore they are illegal under international law based, among other things, on the Fourth Geneva Convention and on United Nations Security Council Resolution 476.²⁴⁶

The Who Profits Research Center has gathered concrete evidence of the direct involvement of all Israeli banks, except Dexia Israel Bank, in providing financial accompaniment to construction projects in settlement neighborhoods in East Jerusalem. The following section will present selected examples of this involvement.

Gilo

Banks: Discount, Mercantile Discount, Bank of Jerusalem, FIBI

The settlement neighborhood of Gilo, in the southwest of East Jerusalem, was established in 1971 on some 2.7 km² of land confiscated from the Palestinian villages of Beit Jala, Beit Safafa, Shuafat²⁴⁷ and Al-Walajah.²⁴⁸ Gilo is located on a hilltop north of Beit Jala, in the southern entrance of Jerusalem. Although this neighborhood is located beyond the Green Line, Gilo, as well as all other settlement neighborhoods in East Jerusalem, is included in the municipal boundaries of Jerusalem.

Gilo's population comprises approximately 32,000 people.²⁴⁹ Consecutive Israeli governments have expressed great interest in the development of this settlement, because of its strategic location and capacity for further expansion.²⁵⁰ Therefore, like other settlements, Gilo is constantly expanding – with the construction of hundreds of new housing units every year. For example, in 2013, the Israeli Ministry of Construction and Housing published tenders for the construction of 711 housing units in Gilo.²⁵¹

246 Leigh Phillips, "EU Rebukes Israel for Jerusalem Settlement Expansion", *EJObserver*, 19 November 2009.

247 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," *poica.org*, 10 March 2007.

248 B'Tselem, "The [Green] Line Is Long Gone: Gilo to Be Expanded," *btselem.org*, 5 January 2016.

249 *Ibid.*

250 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," *poica.org*, 10 March 2007.

251 Ministry of Construction and Housing, "Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria" (Hebrew), *moch.gov.il*, 11 August 2013; Ministry of Construction and Housing, "Land Will Be Marketed for 860 Apartments in West Bank and 700 Apartments in Jerusalem" (Hebrew), *moch.gov.il*, 4 November 2013.



The settlement neighborhood of Gilo, including Municipal Zoning Plan 13157 and the final stage of Highway 50 | Adaptation of a screenshot from Google Maps

In 2012, the Jerusalem Municipality approved three local outline plans that raise Gilo's existing 9,000 housing units by 23.5%. One of those plans enables the construction of about 100 residential units close to the Palestinian neighborhood of Beit Safafa, in the northeast of the settlement.²⁵² The second plan is set to expand the settlement to the west, towards the Palestinian village of al-Walajah²⁵³ and the Israeli settlement of Har Gilo. The expansion is formalized in *Municipal Zoning Plan 13157*, which refers to the construction of 900 housing units on 228,994 m² between the constructed area of Gilo and the Cremisan Valley located near the Har Gilo settlement.²⁵⁴ In July 2016, the Municipality of Jerusalem announced its plan to build 770 housing units in the area it referred to as "Gilo Hillsides West."²⁵⁵ The plan was further advanced in December 2016,²⁵⁶ The land to which this plan refers is privately owned by the Palestinian residents of al-Walajah and Beit Jala.²⁵⁷

Over the years, the village of al-Walajah has lost large swaths of land confiscated by the Israeli authorities. Part of the village was confiscated for the establishment of Gilo; another, for the construction of the separation wall, which cuts off al-Walajah's residents from their agricultural land; and yet another part was declared

252 B'Tselem, "The [Green] Line Is Long Gone: Gilo to Be Expanded," btselem.org, 5 January 2016.

253 Ibid.

254 Taba Now, "Plan 13157 Jerusalem" (Hebrew), tabanow.co.il.

255 Moshe Steinmatz, "Despite Condemnations: Jerusalem Continues to Advance Construction Beyond Green Line" (Hebrew), Walla, 24 July 2016.

256 Yotam Berger, "Jerusalem Municipality Advances Construction of 770 Housing Units in Gilo Beyond the Green Line" (Hebrew), Haaretz, 8 December 2016.

257 Barak Ravid and Yair Etinger, "US: Israel Accelerates Construction in Settlements and Provocatively Undermines Two-State Solution" (Hebrew), Haaretz, 28 August 2016.

as the Nachal Refa'im National Park, the advancement of which completely prevents any possible development of the village.²⁵⁸

The third plan extends Gilo's expansion to the south, in the direction of the Palestinian village of Beit Jala. In August 2016, the Jerusalem Municipality announced its plan to build some 2,000 housing units between Gilo and Highway 60, in an area referred to as "The Olive Trees Compound" in the south of Gilo.²⁵⁹ Palestinians previously declared by Israel as "absentees" privately own 30% of the area, which is about 280,000 m² in size. The planning administration is also coordinating with the Moriah Jerusalem Development Company,²⁶⁰ which is building a large interchange connecting Highway 50 (Begin Highway) and Highway 60 (the Tunnels Highway) in this area.²⁶¹ The construction of that interchange is partly accompanied by the First International Bank of Israel.

The plan to expand Gilo to the south was approved shortly after the renewal of the construction of the separation wall on the other side of the Cremisan Valley. The wall's route was designed to cut off the Palestinian residents of the nearby Beit Jala from their privately-owned farmland in the valley and achieve *de facto* annexation of the land and of Har Gilo. The southward expansion of Gilo will facilitate territorial contiguity between Gilo, which lies within Jerusalem's jurisdiction, and Har Gilo, which is part of the Gush Etzion Regional Council. The Cremisan Valley – a vital source of income for the residents of Beit Jala – will apparently be turned into an open public space for the residents of Gilo and Har Gilo.²⁶²

Most of the following examples of accompaniment agreements between Israeli banks and Israeli construction companies refer to projects that are executed according to Municipal Zoning Plan 13157 in the area west of Gilo, near the Cremisan Valley and close to the settlement of Har Gilo. The last example is of infrastructure work in the south of the settlement.

258 B'Tselem, "The [Green] Line Is Long Gone: Gilo to Be Expanded," btsalem.org, 5 January 2016.

259 Moshe Steinmatz, "Jerusalem Municipality Advances Construction of 2,000 Additional Apartments Beyond the Green Line" (Hebrew), *Wallat*, 8 August 2016.

260 Moriah was established by the Municipality of Jerusalem in order to execute infrastructure projects in Jerusalem for the municipality, government, Israel Land Authority and Ministry of Transportation.

261 Nis Hasson, "Private Plan to Expand Gilo Neighborhood Toward Beit Jala Is Advanced with Support of Jerusalem Municipality" (Hebrew), *Haaretz*, 8 August 2016.

262 B'Tselem, "The [Green] Line Is Long Gone: Gilo to Be Expanded," btsalem.org, 5 January 2016.

Israel Discount Bank

Gilo Hillsides West | 100 housing units | under construction

Israel Discount Bank is accompanying a project of the Israeli construction company Dona Engineering and Construction to build 100 housing units on an area of 6,741 m² in the west of Gilo.²⁶³ The project is executed under a tender of NIS 7 million, with development expenses of NIS 29.9 million, awarded to the company on 24 August 2014.²⁶⁴

Mercantile Discount Bank

Gilo Hillsides West | 36 housing units | under construction

Mercantile Discount Bank is accompanying²⁶⁵ a project of the Israeli construction company A. Hezi Building and Investments to build 36 housing units in Gilo Hillsides West. The company purchased the area of 3,830 m² for NIS 6.5 million, with development expenses of NIS 13.6 million, under a tender awarded to it on 24 August 2014.²⁶⁶

Bank of Jerusalem

Gilo Hillsides West | 52 housing units | under construction

Bank of Jerusalem is accompanying a project of 52 housing units by the Israeli construction company Shlomo Cohen Building in Gilo Hillsides West.²⁶⁷ The company acquired the area of 3,219 m² under a tender of NIS 8.1 million, with

263 Israel Discount Bank holds as collateral all the contractual and actual rights of the company in the land and future construction project, including all the funds that the company receives from the Israeli authorities in relation to the project (the source for this information is on file with Who Profits).

264 Israel Land Authority, "Data on Tender 65/2014/מ" Plot 5 (Hebrew), 24 August 2014.

265 Mercantile Discount Bank holds as collateral all the rights of the company in the project and all its rights to receive any funds in relation to this project, including from the Israeli tax authorities and from homebuyers in the project (the source for this information is on file with Who Profits).

266 Israel Land Authority, "Data on Tender 65/2014/מ" Plot 2 (Hebrew), 24 August 2014.

267 Bank of Jerusalem holds as collateral all the rights of the company in the real estate and in the project's bank accounts. In addition, the bank holds as collateral all the rights of the company to receive funds from the Israeli authorities, including the tax authorities, and from homebuyers in the project (the source for this information is on file with Who Profits).

development expenses of NIS 15.3 million, on 24 August 2014.²⁶⁸

Gilo Hillsides West | 60 housing units | under construction

Bank of Jerusalem is accompanying a project of the Israeli construction company Haim Zaken Construction and Investments,²⁶⁹ which is executed under a tender to build 60 housing units on an area of 4,131 m² in Gilo Hillsides West. The company won the tender on 24 August 2014 for NIS 5.1 million, with development expenses of NIS 18.1 million.²⁷⁰

First International Bank of Israel (FIBI)

Infrastructure work: Highway 50 (Begin Highway) | south Gilo | under construction

The First International Bank of Israel is accompanying an infrastructure project of the Israeli company Shapir Civil and Marine Engineering,²⁷¹ which was hired by the Moriah Jerusalem Development Company to build the final stage of Highway 50 (Begin Highway).

Begin Highway, which is over 15 kilometers long, crosses Jerusalem from north to south, connecting the northern settlements of East Jerusalem – through the city center – with Highway 60 (the Tunnels Highway) and the settlement of Gilo in the south of East Jerusalem. The road starts at the Givat Ze'ev Junction, beyond the Green Line, where it connects to Highway 45 (which is connected in the northwest to Route 443). It reaches the area of Beit Safafa and continues through a tunnel under the Palestinian neighborhood of Shuafat. The final section financed by FIBI is planned to connect to the Tunnels Highway and Gilo through the neighborhood of Givat Hamatos.

According to Moriah, the final section of the road, which is paved by Shapir, will enable the flow of traffic from Atarot in the north (Route 443) to Gilo in the

268 Israel Land Authority, "Data on Tender 65/2014/A" Plot 9 (Hebrew), 24 August 2014.

269 Bank of Jerusalem holds as collateral all the rights of the company in real estate and in the project's bank account. The bank also holds as collateral all the rights of the company to receive funds and refunds from the Israeli authorities, including the tax authorities, and the rights to receive funds from suppliers, contractors and homebuyers in the project.

270 Israel Land Authority, "Data on Tender 65/2014/D" Plot 6 (Hebrew), 24 August 2014.

271 The First International Bank of Israel holds as collateral all the rights of the company to receive funds under an agreement with the Moriah Jerusalem Development Company to conduct paving in section 2 of Highway 50 South and its extensions (the source for this information is on file with Who Profits).

south without any traffic lights.²⁷² Two new sections were opened in 2015 and 2016, and the entire project is due to be completed in 2017.²⁷³

Har Homa (Homat Shmuel)

Banks: **Leumi, Hapoalim, Mizrahi-Tefahot**

The settlement neighborhood of Har Homa, officially Homat Shmuel, is located in the area of Abu Ghanim Mountain,²⁷⁴ near the Palestinian village of Beit Sahour in the southern part of East Jerusalem. In 1991, 1.85 km² of land were confiscated from private owners, both Jewish and Arab, for the residential development of the first stage of this settlement.²⁷⁵ Part of the land is said to have been originally owned by the Greek Orthodox Church and allegedly either sold or leased following severe pressure on behalf of Israel.²⁷⁶

The construction in the settlement officially began in 1997, following approval from the newly elected government headed by Benjamin Netanyahu.²⁷⁷ Israeli bulldozers started demolishing the forest and uprooted more than 60,000 pine trees to clear way for Har Homa.²⁷⁸ At the time, at least 35% of the land of this settlement neighborhood was privately owned by Palestinians.²⁷⁹

The Israeli government is constantly promoting new housing projects in Har Homa. In August 2013, the Ministry of Construction and Housing announced the marketing of 210 housing units in Har Homa.²⁸⁰ In October 2014, Prime Minister

272 Eli Schlesinger, "Jerusalem: Begin Highway Stage B Will Open to Traffic Tonight" (Hebrew), *Behadrei Haredim*, 1 March 2015.

273 Jerusalem Municipality, "Work on Section Dov Yosef – Harozmarim on Begin Highway South Has Ended" (Hebrew), *jerusalem.muni.il*, 30 March 2016.

274 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," *poica.org*, 10 March 2007.

275 Isabel Kershner, "Israel Plans 1,000 Units in East Jerusalem," *New York Times*, 8 November 2010.

276 Merav Mack, "Christian Palestinian Communities in Israel: Tensions between Laity, Clergy and State," in: Marshall J. Breger, Yitzhak Reiter and Leonard Hammer (eds.), *Sacred Space in Israel and Palestine: Religion and Politics*, London: Routledge, 2013, p. 284-307, 293-294.

277 Martin Patience, "Storm Grows over Jerusalem Settlement," *BBC*, 7 January 2008; *BBC Middle East*, "Israel Plans 1,300 East Jerusalem Jewish Settler Homes," *BBC*, 9 November 2010.

278 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," *poica.org*, 10 March 2007.

279 Jerusalem Municipality, "The Neighborhood of Homat Shmuel – Har Homa" (Hebrew), *Jerusalem.muni.il*.

280 Ministry of Construction and Housing, "Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria" (Hebrew), *moch.gov.il*, 11

Netanyahu approved the construction of 400 additional units in the settlement neighborhood.²⁸¹ In July 2016, the Israel Land Authority announced its plan to build 130 housing units in the area.²⁸² According to the Jerusalem Municipality, 19,703 residents lived in the Har Homa settlement neighborhood in 2016, and it constantly continues to expand.²⁸³



The settlement neighborhood of Har Homa, including Municipal Zoning Plans 7509 and 10310 | Adaptation of a screenshot from Google Maps

The establishment of the settlement of Har Homa was ideologically motivated, with a clear geographical goal. In March 2015, Prime Minister Netanyahu said he had authorized the construction of Har Homa during his first term in order to block Palestinians from expanding Bethlehem,²⁸⁴ which is located south of the settlement. Furthermore, Har Homa, along with the neighborhoods of Gilo and Givat Hamatos, creates a barrier at the southern entrance of Jerusalem, which blocks Palestinian urban expansion in the city southward,²⁸⁵ thereby hindering Palestinian development that would connect the villages of Beit Sahour and Sur Baher.²⁸⁶ In addition, the Israeli government established the separation wall surrounding Jerusalem to the south and east of Har Homa, disconnecting

August 2013.

281 JPost.com staff, "PA on East Jerusalem Building: Such Unilateral Acts Will Lead to an Explosion," *Jerusalem Post*, 27 October 2014.

282 Netael Bendel, "Tenders Published for Construction of Hundreds of Housing Units in Jerusalem" (Hebrew), NRG, 27 July 2016; Barak Ravid and Yair Ettinger, "US: Israel Accelerates Construction in Settlements and Provocatively Undermines Two-State Solution" (Hebrew), *Haaretz*, 28 August 2016.

283 Jerusalem Municipality, "Neighborhood of Homat Shmuel" (Hebrew), *jerusalem.muni.il*, 13 July 2016.

284 Jody Rudoren, "Netanyahu Says No Palestinian State if He Is Re-Elected," *New York Times*, 16 March 2015.

285 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," *poica.org*, 10 March 2007.

286 Amir Cheshin, Bill Hutman and Avi Melamed, *Separate and Unequal: The Inside Story of Israeli Rule in East Jerusalem*, Cambridge: Harvard University Press, 1999, p. 57.

Palestinian neighborhoods from the municipal area of Jerusalem.²⁸⁷

The first extension of the Har Homa settlement neighborhood was a peripheral extension, formalized by **Municipal Zoning Plan 7509** in 2003. The plan includes the construction of 2,400 housing units and 383 commercial units, office spaces and public institutions. The plan refers to an area of 977,521 m² in Har Homa.²⁸⁸

The expansion of Har Homa to the southeast was formalized in 2011 under **Municipal Zoning Plan 10310**. The plan includes the construction of a new neighborhood of 930 housing units on an area of 303,389 m² in southeast Har Homa, north of the Palestinian village of Beit Sahur.²⁸⁹

The Israeli banks Hapoalim, Mizrahi-Tefahot and Leumi have been accompanying construction projects in Har Homa, which are executed according to the abovementioned Municipal Zoning plans.

Bank Hapoalim

“Tzarfati in Har Homa” | southeast Har Homa | 126 housing units | under construction

Bank Hapoalim is accompanying a project of the Israeli construction company Tzarfati Shimon,²⁹⁰ building 126 housing units on a land of 5,157 m² in the southeast of Har Homa. In 17 June 2012 the company won a tender of NIS 18.2 million with development expenses of NIS 19 million to build this project.²⁹¹ The project, called “Tzarfati in Har Homa” was built according to Municipal Zoning Plan 10310, which refers to the construction of a new Jewish neighborhood in the southeast of Har Homa.

287 Jerusalem Municipality, “[The Neighborhood of Homa Shimel – Har Homa](#)” (Hebrew), [jerusalem.muni.il](#).

288 Israel Land Authority, “[Data on Planning of Plan 7509](#)” (Hebrew).

289 Israel Land Authority, “[Data on Planning of Plan 10310](#)” (Hebrew).

290 Bank Hapoalim holds as collateral all the contractual and actual rights of the company in the project, including the rights to receive tax benefits from the Israeli tax authorities and the rights to receive funds from suppliers, contractors, homebuyers and renters in the project (the source for this information is on file with Who Profits).

291 Israel Land Authority, “[Data on Tender 2012/52/01](#)” Plot 9 (Hebrew), 17 June 2012.

Mizrahi-Tefahot Bank

“Tal on the Park” | southeast Har Homa | 44 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a project of the Israeli company May-Tal Engineering and Services in southeast Har Homa.²⁹² The project is executed under a tender of NIS 6.2 million, with development expenses of NIS 7.8 million, awarded to the company on 17 June 2012, for the construction of 44 housing units on an area of 2,869 m² in southeast Har Homa. The tender is part of Municipal Zoning Plan 10310 for the southeast of the settlement neighborhood.²⁹³

“Lev Hahoresht” | southeast Har Homa | 64 housing units | completed in 2016

The Mizrahi-Tefahot bank accompanied a project of the Israeli construction company Peretz Bonei Hanegev in southeast Har Homa.²⁹⁴ On 17 June 2012, the company won a tender of NIS 5.1 million, with development expenses of NIS 11 million, to build 64 housing units on an area of 3,800 m² in Har Homa. The tender is part of Municipal Zoning Plan 10310.²⁹⁵ The company is still marketing apartments in this project.

“Ahuzat Ohad” | southeast Har Homa | 68 housing units | completed in 2016

The Mizrahi-Tefahot bank accompanied a project of 68 housing units, which was built in southeast Har Homa by the Israeli company Haim Zaken Building and Investments.²⁹⁶ The company purchased an area of 2,884 m² for NIS 6.3 million, with development expenses of NIS 9.3 million, under a tender awarded to it on 17 June 2012.²⁹⁷ The tender included the construction of 60 housing units, but the project eventually included 68 housing units.²⁹⁸ It was populated in 2016. The project is part of Municipal Zoning Plan 10310.

292 Mizrahi-Tefahot bank holds as collateral all the company's rights in the project and all the contractual rights in relation to agreements with Israeli authorities. In addition, the bank holds as collateral all the company's rights to receive funds from homebuyers and renters in the project (the source for this information is on file with Who Profits).

293 Israel Land Authority, “Data on Tender 2012/52/a” (Hebrew), 17 June 2012.

294 Peretz Bonei Hanegev provided the Mizrahi-Tefahot bank as collateral all its rights in the project and the project's bank accounts, including all its rights to receive funds from homebuyers and renters in the project (the source for this information is on file with Who Profits).

295 Israel Land Authority, “Data on Tender 2012/52/a” Plot 7 (Hebrew), 17 June 2012.

296 Haim Zaken Building and Investments provided as collateral to the Mizrahi-Tefahot bank all its rights in the project and all its rights to receive funds from homebuyers or renters in this project (the source for this information is on file with Who Profits).

297 Israel Land Authority, “Data on Tender 2012/52/a” Plot 2 (Hebrew), 17 June 2012.

298 Haim Zaken Building and Investments, “Ahuzat Ohad” (Hebrew), h-zaken.co.il.

Bank Leumi

South Har Homa | 77 housing units | completed in 2015

Bank Leumi accompanied a project of 77 housing units on an area of 6,347 m², which was built by the Israeli construction company Ahim Hasid in the south of the Har Homa.²⁹⁹ The project was executed under a tender of NIS 15.58 million, with development expenses of NIS 12.2 million, awarded to the company on 23 April 2012.³⁰⁰ The project was executed according to Municipal Zoning Plan 7509, which refers to the peripheral expansion of Har Homa.³⁰¹

Infrastructure projects | Initiated in 2013

Bank Leumi extended credit to the Israeli company Bardarian Brothers for an infrastructure project in Har Homa. The company provided as collateral to the bank all of its contractual rights in this project.³⁰²

Neve Ya'akov

Banks: **Discount, Mizrahi-Tefahot, Leumi**

The settlement neighborhood of Neve Yaakov, the northernmost Jewish neighborhood in Jerusalem, is situated south of a-Ram and was established in 1972 on land confiscated from the Palestinian towns of Beit Hanina, Hizma and a-Ram. This settlement neighborhood occupies an area of at least 1.24 km²,³⁰³ with a population of 24,658 residents as of 2016.³⁰⁴ The population of Neve Ya'akov is diverse and includes secular, religious and ultra-Orthodox communities and a large community of English speakers.

299 Ahim Hasid provided as collateral to Bank Leumi all its rights in the land and in the project, including the rights to receive funds from homebuyers in the project. Specifically, the company provided as collateral to the bank all its rights in 44 sale agreements with homebuyers in a project from 2015 and 2016 (the source for this information is on file with Who Profits).

300 Israel Land Authority, "Data on Tender 342/2012/Q" Plot 1 (Hebrew), 23 April 2012.

301 Israel Land Authority, "Data on Planning of Plan 7509" (Hebrew).

302 The source for this information is on file with Who Profits.

303 The Applied Research Institute - Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," poica.org, 10 March 2007.

304 Jerusalem Municipality, "Neve Ya'akov Neighborhood" (Hebrew), jerusalem.muni.il, 13 July 2016.

The settlement neighborhood is close to the Atarot Industrial Zone and the Har Hotzvim high-tech industrial park. It is connected to Jerusalem, Tel Aviv and other major cities within the Green Line via Highway 60 (the Tunnels Highway) and Highway 50 (Begin Highway).



The settlement neighborhood of Neve Ya'akov, including Municipal Zoning Plan 6513/κ | Adaptation of a screenshot from Google Maps

In 1982, the settlement neighborhood of Neve Ya'akov expanded to the east, in the direction of the Palestinian village of Hizma, with the construction of hundreds of housing units in Kiryat Kaminetz. This ultra-Orthodox section of Neve Ya'akov keeps expanding, as it is extremely popular among young ultra-Orthodox families.³⁰⁵

The settlement neighborhood of Neve Ya'akov has also been expanding to the south, in the direction of the settlement neighborhood of Pisgat Ze'ev, with housing units popping out on both sides of the valley between the two settlement neighborhoods. Connecting Neve Ya'akov to Pisgat Ze'ev establishes a Jewish continuum that reaches the center of Jerusalem.³⁰⁶

One of the plans facilitating the expansion of Neve Ya'akov to the south is Municipal Zoning Plan 6513/κ. This plan, which was approved in 2010, refers to an area of 107,000 m² in the south of the settlement neighborhood. The plan includes the construction of 393 units, mostly for housing but also for commercial purposes, offices and institutions.³⁰⁷

The Israeli banks Mizrahi-Tefahot, Discount and Leumi have been accompanying construction and infrastructure projects in the south of the settlement neighborhood of Neve Ya'akov.

305 Go Jerusalem, "Neve Yaakov," gojerusalem.com.

306 Go Jerusalem, "Pisgat Ze'ev," gojerusalem.com.

307 Tabanow, "Plan 6513/κ Jerusalem" (Hebrew), tabanow.co.il.

Mizrahi-Tefahot Bank

Neve Ya'akov south | 78 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a project of the Israeli construction company Euro-Israel in the south of the Neve Ya'akov.³⁰⁸ The company is building 78 housing units on an area of 7,701 m², as part of Municipal Zoning Plan 6513/κ.

Israel Discount Bank

Neve Ya'akov south | 165 housing units | completed in 2014-2016

Israel Discount Bank is accompanying a three-stage project of 165 housing units by the Israeli construction company Dona Engineering and Construction in the south of Neve Ya'akov.³⁰⁹ The company purchased an area of 22,013 m² for NIS 22.3 million, with development expenses of NIS 30.2, under a tender awarded to it on 24 June 2010.³¹⁰ The project is part of Municipal Zoning Plan 6513/κ.

Bank Leumi

Roads and infrastructure works | Neve Ya'akov southern hillsides | Initiated in 2013

Bank Leumi extended credit to the Israeli company Bardarian Brothers to conduct road and infrastructure works on Neve Ya'akov's southern hillsides, according to a contract that the company signed with the Ministry of Construction and Housing in May 2013. The company provided as collateral to the bank all of its contractual rights.³¹¹

308 Mizrahi-Tefahot holds as collateral all the company's rights in the project and in the project's bank account and all its rights to receive funds from the Israeli authorities, insurance companies, homebuyers and renters in the project (the source for this information is on file with Who Profits).

309 Israel Discount Bank holds as collateral all the rights of the company in the land and project, including in the project's bank account. The bank also holds as collateral all the funds the company receives from homebuyers and renters in the project (the source for this information is on file with Who Profits). Since the company is currently marketing apartments in the project on its website, as of December 2016 the accompaniment agreement is still valid.

310 Israel Land Authority, "Data on Tender 383/2009/κ" (Hebrew), 26 June 2010.

311 The source for this information is on file with Who Profits.

Pisgat Ze'ev

Banks: Hapoalim, Leumi, Mizrahi-Tefahot

The settlement neighborhood of Pisgat Ze'ev was established in 1982 on a hilltop known as Ras A-Tawill in the northeastern part of the Israeli side of Jerusalem, in order to create a sequence between the settlement neighborhood of Neve Ya'akov and the center of Jerusalem.³¹² Pisgat Ze'ev is one of the largest neighborhoods in Israel, with 42,138 residents (as of July 2016)³¹³ on an area of at least 4.1 km².³¹⁴ The residents of the settlement are a mix of religious and secular Jews,³¹⁵ with a small population of Palestinian citizens of Israel – approximately 1,300 in 2007.³¹⁶ In 2009, several rabbis held a conference in an attempt to stop Jewish residents from renting or selling their homes to Arabs and called to ostracize those who do.³¹⁷

Pisgat Ze'ev is connected in the east to Route 437 (the Ramallah Bypass Road) and in the north to Highway 50 (Begin Highway) and Highway 60 (the Tunnels Highway). In addition, the Jerusalem Light Rail passes through and stops in Pisgat Ze'ev.

Pisgat Ze'ev was built on land confiscated from the Palestinian villages of Beit Hanina, Hizma, Shuafat and Anata.³¹⁸ The separation wall constructed in the area incorporates Pisgat Ze'ev into the northern section of Jerusalem, while excluding Shuafat from the city.³¹⁹ The establishment and expansion of this settlement neighborhood form a physical barrier between Shuafat and Beit Hanina from one side and the village of Hizma (which falls outside of Jerusalem's municipal borders) on the other side. This prevents Palestinian urban expansion in Jerusalem and interrupts its continuity with Palestinian communities in the West Bank.³²⁰

312 Go Jerusalem, "Pisgat Ze'ev Neighborhood," gojerusalem.com.

313 Jerusalem Municipality, "Pisgat Ze'ev Neighborhood" (Hebrew), jerusalem.muni.il.

314 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," poica.org, 10 March 2007.

315 Go Jerusalem, "Pisgat Ze'ev Neighborhood," gojerusalem.com.

316 Jerusalem Post, "Holy City Twist: Arabs Moving into Jewish Areas," Jerusalem Post, 7 September 2009.

317 Ari Galhar, "This Is How Rabbis Will Prevent the Sale of Houses to Arabs" (Hebrew), Ynet, 3 September 2009.

318 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," poica.org, 10 March 2007.

319 Andrew James Clarno, *The Empire's New Walls: Sovereignty, Neo-Liberalism and the Production of Space in Post-Apartheid South Africa and Post-Oslo Palestine/Israel*, University of Michigan, 2009, p. 210-211.

320 The Applied Research Institute – Jerusalem, "One More Obstacle to Peace: A New Israeli Neighborhood on the Lands of Jerusalem City," poica.org, 10 March 2007.

Throughout the years, this settlement neighborhood has greatly expanded and it currently includes over 10,000 housing units in four districts: Pisgat Ze'ev Center, West, East and North.³²¹



The settlement neighborhood of Pisgat Ze'ev, including Municipal Zoning Plans 7973, 11647, 8150, 5/53/18 and 8151 | Adaptation of a screenshot from Google Maps

Pisgat Ze'ev Center was the first neighborhood to be populated, in 1985. It is located between Beit Hanina and Hizma and includes approximately 3,000 housing units.³²² Later on, the settlement began expanding to the south, forming both Pisgat Ze'ev East and Pisgat Ze'ev West in 1990. Pisgat Ze'ev West, which comprises over 1,100 housing units, borders on Beit Hanina, and Pisgat Ze'ev East, with over 6,000 housing units, is close to Anata and Hizma and faces the Judean Desert.³²³

During the 1990s, the settlement expanded to the northwest, forming Pisgat Ze'ev North in 1994. This district has over 2,000 housing units and borders on the settlement neighborhood of Neve Ya'akov. Since 1998, Pisgat Ze'ev has also been expanding to the south, with a few hundreds housing units that will eventually form Pisgat Ze'ev South.³²⁴

In August 2011, the Ministry of Construction and Housing approved the construction of another 700 housing units in Pisgat Ze'ev.³²⁵ More than 1,500 housing units were built in Pisgat Ze'ev East in 2012.³²⁶ In August 2013, the Ministry of Construction

321 Jerusalem Municipality, "Pisgat Ze'ev," jerusalem.muni.il.

322 Yaar Architects, "The Neighborhoods of Pisgat Ze'ev - Jerusalem - 1980-1999" (Hebrew), yaaryaar.net.

323 Jerusalem Municipality, "Pisgat Ze'ev," jerusalem.muni.il; Adina Hacham, "The Jerusalem Ring: A Visit to the Pisgat Ze'ev Neighborhood" (Hebrew), [Ynet](http://ynet.com), 29 March 2012.

324 *Ibid.*

325 Uzi Baruch, "Thousands of Housing Units Approved in Pisgat Ze'ev and Ramat Shlomo" (Hebrew), [Arutz 7](http://arutz7.co.il), 11 August 2011; Motti Levi, "Yisbay Approves 4,300 Apartments in Jerusalem, Beyond Green Line" (Hebrew), [Walla!](http://walla.co.il), 11 August 2011.

326 Adina Hacham, "The Jerusalem Ring: A Visit to the Pisgat Ze'ev Neighborhood" (Hebrew), [Ynet](http://ynet.com), 29 March

and Housing announced the marketing of 183 housing units in the settlement neighborhood.³²⁷ Pisgat Ze'ev is planned to further expand in the coming years and to include at least 12,000 housing units and some 55,000 residents.³²⁸

The coming section will present examples of bank accompaniment for construction projects in the framework of Pisgat Ze'ev's expansion – mainly to the northwest, northeast and southeast. The Israeli banks Hapoalim, Leumi and Mizrahi-Tefahot are providing financial accompaniment for construction projects built in the framework of the following Municipal Zoning plans:

Municipal Zoning Plan 7928 – Pisgat Ze'ev Center - was approved in 2006. The plan refers to the northeastern part of the settlement, west of the Palestinian village of Hizma. It consists of 196 housing units, as well as commercial and open spaces, on an area of 90,320 m².³²⁹

Municipal Zoning Plan 11647 – Pisgat Ze'ev North – which was approved in 2011, refers to the construction of 625 housing units in the northwestern part of the settlement, east of the Palestinian village of Beit Hanina. The area of 109,155 m² connects Pisgat Ze'ev North and Pisgat Ze'ev center.³³⁰

Municipal Zoning Plan 33602/גב – Pisgat Ze'ev East – was approved in 1994. It refers to the construction of 803 housing units on an area of 311,389 m² in southeast Pisgat Ze'ev, near the Palestinian village of Anata.³³¹

Municipal Zoning Plan 5/53/18 – Pisgat Ze'ev East – which was approved in 2003, refers to public housing on an area of 164,968 m² in southeast Pisgat Ze'ev, including road pavement and open public spaces.³³²

Municipal Zoning Plan 8150 – Pisgat Ze'ev East – which was approved in 2006, refers to the construction of 252 housing units on an area of 163,318 m² as an expansion of Pisgat Ze'ev East to the northeast – pushing the settlement closer to

2012.

327 Ministry of Construction and Housing, "Minister of Construction and Housing Uri Ariel Announced Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria" (Hebrew), moch.gov.il, 11 August 2013.

328 Jerusalem Municipality, "Pisgat Ze'ev," jerusalem.muni.il.

329 Israel Land Authority, "Data on Planning of Plan 7928" (Hebrew).

330 Israel Land Authority, "Data on Planning of Plan 11647" (Hebrew).

331 Israel Land Authority, "Data on Planning of Plan 33602/גב" (Hebrew).

332 Israel Land Authority, "Data on Planning of Plan 5/53/18" (Hebrew).

The Palestinian villages of Hizma and Anata. The area is located south of Highway 45, which is planned to begin at the Ben Shemen Interchange, continue east to the city of Modi'in-Macabim-Reut – all within the Green Line – and then cross the Green Line to connect Pisgat Ze'ev and the Atarot Industrial Zone to Highway 50.³³³

Municipal Zoning Plan 8151 – Pisgat Ze'ev East – was approved in 2007. It refers to the construction of 220 housing units, public buildings and commercial and office spaces on an area of 127,566 m² in the southeast of the settlement, near the Palestinian villages of Hizma and Anata.³³⁴

Bank Hapoalim

Pisgat Ze'ev North | 68 housing units | under construction

Bank Hapoalim is accompanying a project of the Israeli construction company Psagot Ziv Investments and Development in the northwest of the settlement neighborhood.³³⁵ The project is executed under a tender of NIS 8.1 million, with development expenses of NIS 12.1 million, awarded to the company on 30 November 2015. According to the tender, Psagot Ziv will build 68 housing units on an area of 2,521 m² in the framework of Municipal Zoning Plan 11647, which refers to the expansion of Pisgat Ze'ev North to the southwest.³³⁶

This project is part of the Israeli government program mekhir lamishtaken.

“Al Hahoresh” | Pisgat Ze'ev East | 12 housing units | completed in 2016

Bank Hapoalim is providing financial accompaniment to a project of the Israeli construction company Y.D. Barazani in the southeast of Pisgat Ze'ev.³³⁷ The company purchased an area of 3,363 m² in Pisgat Ze'ev East for NIS 132,451, with development expenses of NIS 3.5 million, under a tender awarded to it

333 Israel Land Authority, “Data on Planning of Plan 8150” (Hebrew), lan no. 0 m² as part of Local omeant “d Authority.asa neighborhood.(this is repeated a lotizens.re to only use sources you pers

334 Israel Land Authority, “Data on Planning of Plan 8151” (Hebrew); Tabanow, “Plan 8151 Jerusalem” (Hebrew), tabanow.co.il.

335 Bank Hapoalim holds as collateral all the company's contractual and actual rights in the project, including its rights to receive funds from the Israeli authorities and tax authorities in relation to this project (the source for this information is on file with Who Profits).

336 Israel Land Authority, “Data on Tender 157/2015/ים” (Hebrew), 30 November 2015.

337 Bank Hapoalim holds as collateral the company's rights in the land and in the project and all its rights to receive funds from the Israeli authorities, including the tax authorities (the source for this information is on file with Who Profits). Since the company is currently marketing housing units in this project, the accompaniment agreement is still valid.

on 19 August 2012 to build 12 housing units in the east of Pisgat Ze'ev.³³⁸ This "luxury" project, called Al Hahoresht, includes two buildings of six apartments and is currently still being marketed.³³⁹

The project was executed according to Municipal Zoning Plan 33602/במ, which refers to the southern expansion of Pisgat Ze'ev East, and the complementary Municipal Zoning Plan 5/53/18, which refers to public housing.

"Bayit Bekoma" | Pisgat Ze'ev East | 24 housing units | completed in 2014-2016

Bank Hapoalim accompanies a two-stage project of the Israeli construction company Hasid Brothers in the southeast of the settlement neighborhood.³⁴⁰ The project is executed under a tender of NIS 4.75 million, with development expenses of NIS 5.37 million, to build 24 housing units on an area of 6,599 m², which the company won on 3 March 2010.³⁴¹ This project is part of Municipal Zoning Plan 8151, which refers to the eastern expansion of Pisgat Ze'ev East.

The project, called Bayit Bekoma, is described by the developer as a luxurious housing project of huge apartments with a garden or a terrace for each apartment. The company is currently marketing the last few apartments in the second phase of this project.³⁴²

Pisgat Ze'ev East | 12 housing units (cottages) | completed in 2016

Bank Hapoalim accompanied a project of the Israeli company Bonayich Building Development & Investments in the northeastern extension of Pisgat Ze'ev East, which pushes the settlement closer to the Palestinian villages of Hizma and Anata.³⁴³ The project was built on an area of 4,940 m² as part of Municipal Zoning Plan 8150, which refers to the expansion of Pisgat Ze'ev East to the northeast.

338 Israel Land Authority, "Data on Tender 145/2012/א" (Hebrew), 19 August 2012.

339 Dara Projects, "Al Hahoresht - Luxury Housing in Pisgat Ze'ev" (Hebrew), dara.co.il.

340 Bank Hapoalim holds as collateral all the rights of the company in the project, including all rights in the project's bank account and the right of the company to receive funds from homebuyers in the project (the source for this information is on file with Who Profits). Since the company is currently marketing housing units in this project, the accompaniment agreement is still valid.

341 Israel Land Authority, "Data on Tender 109/2009/א" (Hebrew), 3 March 2010.

342 Hasid Brothers, "Bayit Bekoma" (Hebrew), a-hasid.co.il.

343 Bank Hapoalim held as collateral all the rights of the company in the project, including materials, equipment and the rights to receive funds from suppliers, service providers, homebuyers and renters in the project. The bank also held as collateral all the company's rights to receive funds from the Israeli tax authorities and from the insurance of property (the source for this information is on file with Who Profits).

This is a luxurious housing project of 12 large cottages, with a garden for each house and open view. The company marketed units in this project for the starting price of NIS 2.35 million per cottage.³⁴⁴

“Top Forest” | Pisgat Ze’ev Center | 12 housing units | completed in 2014-2015

Bank Hapoalim accompanied a project of the Israeli construction company Mary Building Works in northwestern Pisgat Ze’ev, east of the Palestinian village of Beit Hanina.³⁴⁵ Mary Building Works purchased an area of 2,678 m² for NIS 2.1 million, with development expenses of NIS 1.9 million, to build 12 housing units under a tender awarded to it on 24 June 2010.³⁴⁶ The project is part of Municipal Zoning Plan 7928, which refers to the expansion of Pisgat Ze’ev Center to the northeast.

The Top Forest project, as its name suggests, is located near Mir Forest, a 1-km² forest planted by the Jewish National Fund, which is situated between Neve Ya’akov and Pisgat Ze’ev. The project includes luxury penthouses and duplex apartments, in which the company promises an “amazing view.”³⁴⁷

Bank Leumi

“Sarfati in Pisgat Ze’ev” | Pisgat Ze’ev North | 92 housing units | under construction

Bank Leumi is accompanying a project of the Israeli construction company Sarfati Shimon in northeast Pisgat Ze’ev.³⁴⁸ The project was executed under a tender of NIS 6.8 million, with development expenses of NIS 17.36 million, to build 92 housing units on an area of 4,858 m² – which the company won on 1 June 2014.³⁴⁹ The project is part of Municipal Zoning Plan 11647, which refers to the expansion of Pisgat Ze’ev North to the southwest.

344 Bemuna, “Jerusalem – Bonayich” (Hebrew), bemuna.co.il.

345 Bank Hapoalim held as collateral all the company’s contractual and actual rights in the project, including all the rights of the company to receive a tax exemption or benefits in relation to the land or project and the rights to receive funds from homebuyers in the project (the source for this information is on file with Who Profits).

346 Israel Land Authority, “Data on Tender 107/2009/ד” (Hebrew), 24 June 2010.

347 Mery Building Works “Marketed Projects: Top Forest” (Hebrew), mery.co.il.

348 Bank Leumi holds as collateral all the company’s contractual and actual rights in the project, including the rights to receive funds from the insurance of the property, from the Israeli tax authorities and from homebuyers in the project (the source for this information is on file with Who Profits).

349 Israel Land Authority, “Data on Tender 7/2014/ד” (Hebrew), 1 June 2014.

According to the company's website, it plans to build 252 housing units in the settlement neighborhood, as Pisgat Ze'ev became "more attractive for young couples and people upgrading their homes," mainly due to "the significant increase in the construction of new projects [and the] new road that connects the neighborhood with Tel Aviv."³⁵⁰ This road, Highway 20 (formerly Hizma Road), connects Pisgat Ze'ev and Neve Ya'akov to Jerusalem via Highway 50 (Begin Highway) and to Tel Aviv via Route 443.

Mizrahi-Tefahot Bank

"Pisgat Euro" | Pisgat Ze'ev North | 122 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a project of the Israeli construction company Euro Israel in northeastern Pisgat Ze'ev.³⁵¹ The company acquired an area of 4,749 m² for NIS 10.6 million, with development expenses of NIS 19.49 million. Under the tender that the company won on 24 April 2013, the company is building 122 housing units in the settlement neighborhood.³⁵² The project is built according to Municipal Zoning Plan 11647, which refers to the expansion of Pisgat Ze'ev North to the southwest.

"Nofei Barkan" | Pisgat Ze'ev East | 18 housing units (cottages) | completed in 2014

Mizrahi-Tefahot accompanied a project of the Israeli construction company A. Barkan and Co. in the southeast of Pisgat Ze'ev.³⁵³ The project, which comprises 18 cottages, penthouses and garden apartments,³⁵⁴ was built under a tender awarded to the company on 3 March 2010. The company purchased an area of 5,072 m² for NIS 4.49 million, with development expenses of NIS 4.09 million. The project is part of Municipal Zoning Plan 8151, which refers to the eastern expansion of Pisgat Ze'ev East.³⁵⁵

350 Sarfati Shimon, "Sarfati in Pisgat Ze'ev" (Hebrew), s-sarfati.co.il.

351 Mizrahi-Tefahot holds as collateral all the contractual and actual rights of the company in the project and the project's bank account. The bank also holds as collateral all the company's rights to receive funds from homebuyers and renters in the project (the source for this information is on file with Who Profits).

352 Israel Land Authority, "Data on Tender 151/2012/01" (Hebrew), 24 April 2013.

353 Mizrahi-Tefahot has lent NIS 6.5 million to A. Barkan for the initial stage of the project. The bank held as collateral all the rights of the company in the project and the project's bank account and on all its rights to receive funds from homebuyers or renters in the project. Mizrahi-Tefahot also held as collateral any contract to conduct public infrastructure works in the framework of the project (the source for this information is on file with Who Profits).

354 Nadlan.com, "Nofei Barkan, Jerusalem" (Hebrew), nadlan.com.

355 Israel Land Authority, "Data on Tender 109/2009/0" (Hebrew), 3 March 2010.

Ramat Shlomo

Banks: Mizrahi-Tefahot, Igud

The Ramat Shlomo settlement neighborhood was established in 1995 in the northern part of East Jerusalem. The neighborhood's population was about 16,823 residents in 2013, mainly ultra-Orthodox Jews.³⁵⁶ Ramat Shlomo borders on the Ramot settlement neighborhood in the west, Har Hotzvim to the south and the Shuafat refugee camp to the east. Less than 200 meters separate the neighborhood's furthestmost houses from the first row of homes in Shuafat and Beit Hanina.

The settlement neighborhood of Ramat Shlomo has been expanding over the years, and the Israeli government continually offers land for the construction of housing projects there. In June 2008, Israel's Interior Minister approved the construction of an additional 1,300 apartments in the settlement neighborhood.³⁵⁷

In March 2010, the Jerusalem Municipality approved **Municipal Zoning Plan 11085**, to build some 1,531 residential units on an area of 561,222 m² in Ramat Shlomo.³⁵⁸ This created a diplomatic incident between Israel and the US, as the plan's approval was announced during a visit of US Vice President Joe Biden.³⁵⁹ The Ministry of Construction and Housing approved the plan in August 2011,³⁶⁰ and it was published in November 2013. The plan refers to the expansion of Ramat Shlomo to the south and the west, north of Highway 9 and east of Route 443,³⁶¹ on the land of the Palestinian neighborhood of Shuafat.³⁶²

During 2013, the Ministry of Construction and Housing announced the marketing of 387 new housing units in Ramat Shlomo.³⁶³ In the following year, it approved the

356 Jerusalem Municipality, "The Neighborhood of Ramat Shlomo" (Hebrew), jerusalem.muni.il.

357 News Agencies, "Outrage over Jerusalem Housing Plan," *Al Jazeera*, 13 June 2008.

358 Herb Keinon and Hilary Leila Krieger, "We'll Prevent Future Embarrassments," *Jerusalem Post*, 14 March 2010; Israel Land Authority, "Data on Planning of Plan 11085" (Hebrew).

359 Shaul Kahana, "Against Government Request: 88 Housing Units Approved Beyond the Green Line" (Hebrew), *Bizzness*, 6 June 2016.

360 Uzi Baruch, "Thousands of Housing Units Approved in Pisgat Ze'ev and Ramat Shlomo" (Hebrew), *Arutz 7*, 11 August 2011; Motti Levi, "Yishay Approves 4,300 Apartments in Jerusalem, Beyond Green Line" (Hebrew), *Wallat*, 11 August 2011.

361 Israel Land Authority, "Data on Planning of Plan 11085" (Hebrew).

362 Nir Hasson, Barak Ravid and Natasha Mozgovaya, "Despite International Criticism: Israel Approves Construction of 1,500 Homes in East Jerusalem," *Haaretz*, 17 December 2012.

363 Ministry of Construction and Housing, "Minister of Construction and Housing Uzi Arif Announced

marketing of some 400 housing units in the neighborhood.³⁶⁴ In 2015, the Ministry announced that it had successfully marketed 438 housing units in Ramat Shlomo, in the framework of the mekhir lamishtaken affordable housing program.³⁶⁵ These housing projects will be presented below.



The settlement neighborhood of Ramat Shlomo, including Municipal Zoning Plan 11085 and the first three stages of the new Road No. 21. | Adaptation of a screenshot from Google Maps.

In June 2016, the Jerusalem Municipality's Local Committee for Planning and Building approved the building permits for 88 housing units in Ramat Shlomo.³⁶⁶ In November, the committee was expected to discuss the construction of some 1,400 new apartments in the settlement neighborhood, and city officials linked this to the recent election of US President Donald Trump.³⁶⁷

The construction in the Ramat Shlomo settlement neighborhood was heavily criticized by the international community. On 25 November 2016, the Spokesperson of the Delegation of the European Union to Israel published a statement about Ramat Shlomo, according to which, "The Jerusalem Municipality has announced that it will advance plans for 500 new housing units in Ramat Shlomo [...] It would affect land privately owned by Palestinians, and extend the settlement northeast,

³⁶⁴ [Marketing of Over 1,000 New Apartments in Jerusalem and Judea and Samaria](#) (Hebrew), [moch.gov.il](#), 11 August 2013.

³⁶⁵ Ministry of Construction and Housing, "1,500 New Apartments in Judea and Samaria and Jerusalem" (Hebrew), [moch.gov.il](#), 4 June 2014; JPost.com staff, "PA on East Jerusalem Building: Such Unilateral Acts Will Lead to an Explosion," [Jerusalem Post](#), 27 October 2014; Daniel K. Eisenbud, "Israel Approves Construction of 500 More Housing Units in East Jerusalem," [Jerusalem Post](#), 3 November 2014.

³⁶⁶ Ministry of Construction and Housing, "Three Additional Tenders in the Program Mekhir Lamishtaken of Finance Minister Moshe Kahlon and Construction and Housing Minister Yoav Galant Successfully Ended in Jerusalem, Yokneam and Beit Shemesh" (Hebrew), [moch.gov.il](#), 29 December 2015.

³⁶⁷ Shaul Kahana, "Against Government Request: 88 Housing Units Approved Beyond the Green Line" (Hebrew), [Bizzness](#), 6 June 2016.

³⁶⁸ Tamar Pileggi, "Trump Win Spurs Plans for Jerusalem Building Spree over Green Line," [Times of Israel](#), 20 November 2016.

further encroaching on Palestinian inhabited areas, while linking to expansion of a neighbouring Israeli settlement to the west [...] As stated in the Quartet report of July 2016, the settlement policy, designation of land for exclusive Israeli use and the denial of Palestinian development are steadily eroding the viability of the two-state solution and represent a threat to achieving a negotiated peace.³⁶⁸

The following examples of projects accompanied by the banks Mizrahi-Tefahot and Igud are part of Plan 11085, which refers to the expansion of Ramat Shlomo to the south and the west. All of the projects mentioned below have been built in the framework of the governmental program mekhir lamishtaken for affordable housing.

Mizrahi-Tefahot Bank

Southwest Ramat Shlomo | 144 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a project of the Israeli construction company Guy & Doron Levi in southwest Ramat Shlomo.³⁶⁹ The project comprises 144 housing units on an area of 7,286 m² and was initiated following a tender awarded to the company on 28 December 2015. The company purchased the land for NIS 10,949, with development expenses of NIS 48.5 million.³⁷⁰

Southwest Ramat Shlomo | 94 housing units | under construction

The Mizrahi-Tefahot bank is accompanying a project of the Israeli construction company Kotler Adika in southwest Ramat Shlomo.³⁷¹ The project was built under a tender won by the company on 28 December 2015. According to the tender, Kotler Adika paid NIS 10,844, with development expenses NIS 34.75 million, to build 94 housing units on an area of 6,610 m² in the southwest of

368 Delegation of the European Union to Israel, "Statement by the Spokesperson on the Settlements in Ramat Shlomo," eeas.europa.eu, 25 November 2016.

369 Mizrahi-Tefahot holds as collateral all the company's contractual and actual rights in the project and the project bank account. The bank also holds as collateral all the company's rights to receive funds from homebuyers and renters in the project and all the company's rights to receive funds from the insurance of the property (the source for this information is on file with Who Profits).

370 Israel Land Authority, "Data on Tender 266/2015/01" Plot 1 (Hebrew), 28 December 2015.

371 Mizrahi-Tefahot holds as collateral all the contractual and actual rights of the company in the project and all its rights to receive funds from the Israeli tax authorities and from homebuyers and renters in this project (the source for this information is on file with Who Profits).

the settlement neighborhood.³⁷²

Mizrahi-Tefahot also extended credit to Kotler Adika for infrastructure work that the company is conducting in the area. The bank holds a specific collateral on the contract signed between Kotler Adika and the Moriah Jerusalem Development Company for public infrastructure works in the area.³⁷³

These works include the construction of Road 21, which connects the neighborhoods in northeastern Jerusalem with the villages and settlements around it. Road 21 starts at the Ramot Alon settlement neighborhood via Road 9 - which is connected to Highway 1 and Highway 50 - passes through Ramat Shlomo and connects the settlement neighborhood to Road 20 (formerly the Hizma Road) near Pisgat Ze'ev. According to Moriah, the new road will "provide easy access to the Ramat Shlomo neighborhood and establish access to neighborhoods that will be built in the future."³⁷⁴

Bank Igud (Union Bank)

Southwest Ramat Shlomo | 200 housing units | under construction

Bank Igud is accompanying two projects of the Israeli company Dalia Aliasfor in the southwest of the Ramat Shlomo settlement neighborhood.³⁷⁵ On 28 December 2015, the company won two tenders to build 200 residential units. The first tender was for NIS 11,100, with development expenses of NIS 39.7 million, to build 110 housing units on an area of 7295 m². The second tender was for NIS 11,000, with development expenses of NIS 36.15 million, to build 90 housing units on an area of 7208 m².³⁷⁶

372 Israel Land Authority, "Data on Tender 266/2015/ד" Plot 2 (Hebrew), 28 December 2015.

373 The source for this information is on file with Who Profits.

374 Moriah Jerusalem Development Company, "Road 21" (Hebrew), moriah.co.il.

375 Bank Igud holds as collateral all the contractual and actual rights of the company in the projects and all its rights to receive funds from the insurance of the property (the source for this information is on file with Who Profits).

376 Israel Land Authority, "Data on Tender 266/2015/ד" Plot 3 and "Data on Tender 266/2015/ד" Plot 4 (Hebrew), 28 December 2015.

Loans and Financial Services to Local and Regional Councils of Settlements

Like all other local governing authorities, local and regional councils and municipalities of Israeli settlements in the West Bank are financial entities. These councils manage a budget, which enables the settlements to pay salaries to employees, fund services that the council provides to its residents and build facilities and infrastructure for the benefit of the settlers. Hence, settlement councils in the West Bank are reliant on financial services provided to them by banks.

Regional councils, local councils and municipalities of West Bank settlements depend on the financial services provided by Israeli banks, services that are essential for their sustainment. Such services include opening and managing bank accounts, providing fund management services and transferring funds from the government and other sources – such as the national lottery – and providing credit to the councils. Most importantly, the banks provide loans to the local authorities of settlements, which are used for developing infrastructure, constructing public buildings and providing municipal services to the settlement residents. Many times, the banks hold the council's income as collateral for these loans.

By providing such loans, the banks not only aid in the development and sustainment of settlements, but also form a continual financial engagement with them. In this manner, the banks become investors in the continued development and prosperity of the settlements.

Who Profits has found that all commercial Israeli banks provided loans and financial services to councils and municipalities of Israeli settlements in the West Bank (as noted before, this report focuses on bank activity from 2010 to the present). Their involvement will be detailed below.

Bank Leumi

Loans

- NIS 5 million | Gush Etzion Regional Council | May 2016³⁷⁷
- NIS 10.9 million | Mateh Binyamin Regional Council | February 2015 | for a sewage project³⁷⁸
- NIS 2.52 million | Har Hevron Regional Council | June 2015³⁷⁹
- Efrat Local Council | 2015

The Efrat Local Council receives loans from Bank Leumi, however Who Profits could not obtain the details of those loans. In the protocol of a meeting of the Efrat Local Council on 22 June 2015, the treasurer stated: "The council works a lot with Bank Leumi in Rehavia [a neighborhood in West Jerusalem] and it gives us when we take loans, and in recent years we've been taking a lot of loans for development, all sorts of things that we do, so it increases the competitiveness for us because the traditional bank of the local authorities still doesn't work with Judea and Samaria, that's Dexia bank, so they [Bank Leumi] ask that we work with them, actively, regularly..." (translation by Who Profits, emphasis added).³⁸⁰

Bank accounts

- Mateh Binyamin Regional Council | 2013 | for investments³⁸¹
- Efrat Local Council | 2015 | for paychecks for council employees³⁸²

Bank Hapoalim

Loans

- NIS 2 million | Megilot Dead Sea Regional Council | June 2016 | a development loan for 15 years³⁸³
- NIS 49.5 million | Mateh Binyamin Regional Council | January 2015³⁸⁴
- NIS 1.5 million | Megilot Dead Sea Regional Council | July 2014 | a development loan for 10 years³⁸⁵

377 Gush Etzion Regional Council, "Protocol of Assembly Meeting 4 for 2016" (Hebrew), 1 May 2016, p. 7.

378 Mateh Binyamin Regional Council "Aggregated Decisions of Assembly no. 1" (Hebrew), 24 February 2015.

379 Har Hevron Regional Council "Protocol of Assembly Meeting 5/15" (Hebrew), 30 June 2015, p. 5.

380 Efrat Local Council "Protocol of Council Meeting" (Hebrew), 22 June 2015, p. 18-19.

381 Mateh Binyamin Regional Council "Protocol of Decisions of Council Assembly no. 8" (Hebrew), 31 December 2013.

382 Efrat Local Council "Protocol of Council Meeting" (Hebrew), 22 June 2015, p. 18-19.

383 Megilot Dead Sea Regional Council, "Protocol of Council Assembly Meeting no. 5/2016" (Hebrew), 2 June 2016, section 4.

384 Mateh Binyamin Regional Council, "Aggregated Decisions of Assembly no. 8" (Hebrew), 6 January 2015.

385 Megilot Dead Sea Regional Council, "Protocol of Council Assembly Meeting no. 7/2014" (Hebrew), 3 July 2014, section 3.

Bank accounts

- Shomron Regional Council | 2015 | for loans for sewage projects³⁸⁶
- Mateh Binyamin Regional Council | 2015 | for routine activities and for receiving credit³⁸⁷
- Mateh Binyamin Regional Council | 2015 | for the management of investments files³⁸⁸
- Efrat Local Council | 2015 | for installments to suppliers³⁸⁹
- Megilot Dead Sea Regional Council | 2014³⁹⁰

Israel Discount Bank

Loans

- NIS 1.5 million | Gush Etzion Regional Council | May 2016³⁹¹
- Gush Etzion Regional Council | June 2015 | a development loan for 10 years³⁹²
- NIS 6 million | Gush Etzion Regional Council | July 2014³⁹³

Mercantile Discount Bank

(Subsidiary of Israel Discount Bank)

Loans

- NIS 4.8 million | Har Hevron Regional Council | March 2016 | for construction of education facilities and other projects
- NIS 2.42 million | Har Hevron Regional Council | March 2016 | for refurbishment of 11 security vehicles in the council's settlements³⁹⁴

Bank accounts

- Har Hevron Regional Council | 2015 | an account with an initial deposit of NIS 140,000³⁹⁵

386 Shomron Regional Council "[Aggregated Decisions of Assembly Meeting \(6/2015\)](#)" (Hebrew), 7 September 2015.

387 Mateh Binyamin Regional Council, "[Aggregated Decisions of Assembly no. 8](#)" (Hebrew), 6 January 2015.

388 Ibid.

389 Efrat Local Council "[Protocol of Council Meeting](#)" (Hebrew), 22 June 2015, p. 18-19.

390 Megilot Dead Sea Regional Council, "[Protocol of Council Assembly Meeting no. 8/2014](#)" (Hebrew), 31 July 2014, section 7.

391 Gush Etzion Regional Council, "[Protocol of Assembly Meeting 4 for 2016](#)" (Hebrew), 1 May 2016, p. 7.

392 Gush Etzion Regional Council, "[Protocol of Assembly Meeting 5 for 2015](#)" (Hebrew), 31 May 2015, p. 11-12;

Gush Etzion Regional Council, "[Protocol of Assembly Meeting 6 for 2015](#)" (Hebrew), 28 June 2015, p. 10-15.

393 Gush Etzion Regional Council, "[Protocol of Assembly Meeting 4 for 2014](#)" (Hebrew), 28 April 2014, p. 7-8;

Gush Etzion Regional Council, "[Protocol of Assembly Meeting 6 for 2014](#)" (Hebrew), 6 July 2014, p. 6.

394 Har Hevron Regional Council, "[Protocol of Assembly Meeting 1/16](#)" (Hebrew), 1 March 2016, section 5.

395 Har Hevron Regional Council "[Protocol of Assembly Meeting 5/15](#)" (Hebrew), 30 June 2015, p. 5.

Mizrahi-Tefahot Bank

Loans

- NIS 4.865 million | Har Hevron Regional Council | June 2015 | a loan turnover³⁹⁶ 397
- NIS 1.5 million | Alfei Menashe Local Council | June 2014 | to be paid off in ten years³⁹⁸

Bank guarantees

- NIS 250,000 | Kedumim Local Council | November 2012 | the bank holds the income of the local council as collateral for the guarantee³⁹⁹

Bank accounts

- Har Hevron Regional Council | 2016 | for public projects⁴⁰⁰
- Jordan Valley Regional Council | 2015⁴⁰¹

Bank Igud (Union Bank)

Bank guarantees

- NIS 970,000 | Kedumim Local Council | November 2012 | the bank holds the income of the local council as collateral for the guarantee⁴⁰²

Bank Otsar Ha-Hayal

(Subsidiary of FIBI)

Loans

- NIS 670,000 | Alfei Menashe Local Council | September 2014 | to be paid off in ten years⁴⁰³

Bank guarantees

- NIS 100,000 | Kedumim Local Council | November 2012 | the bank holds the income of the local council as collateral for the guarantee⁴⁰⁴

396 A loan turnover changes the conditions of existing loans, in order to meet the current situation of the borrowers or the general situation of the market.

397 Har Hevron Regional Council "Protocol of Assembly Meeting no. 5/15" (Hebrew), 30 June 2015, p. 5.

398 Alfei Menashe Local Council, "Protocol of Special Meeting no. 16" (Hebrew), 29 June 2014, p. 1-3.

399 Kedumim Local Council, "Protocol of Assembly Meeting no. 8/12" (Hebrew), 14 November 2012, p. 1.

400 Har Hevron Regional Council, "Protocol of Assembly Meeting 1/16" (Hebrew), 1 March 2016, section 3.

401 Jordan Valley Regional Council, "Protocol of Meeting no. 5" (Hebrew), 6 September 2015, p. 3.

402 Kedumim Local Council, "Protocol of Assembly Meeting no. 8/12" (Hebrew), 14 November 2012, p. 1.

403 Alfei Menashe Local Council "Protocol of Special Meeting no. 20" (Hebrew), 16 September 2014, section 1.

404 Kedumim Local Council, "Protocol of Assembly Meeting no. 8/12" (Hebrew), 14 November 2012, p. 1.

Dexia Israel Bank

Loans

- NIS 1.25 million | Shomron Regional Council | September 2014 | a loan turnover for sewage lines along Nahal Qana (Qana stream) in the oPt

In the past, Dexia Israel Bank granted a loan to the Shomron Regional Council and Kolhey Hasharon corporation for funding a sewage project. In September 2014, the bank granted a loan turnover of NIS 1.25 million to the Shomron Regional Council.⁴⁰⁵

Checking accounts for a project financed by the national lottery (Mifal HaPais)

- Shomron Regional Council | 2014-2016 | a development⁴⁰⁶ account⁴⁰⁷
- Mateh Binyamin Regional Council | 2014-2016 | Auxiliary⁴⁰⁸ accounts⁴⁰⁹
- Gush Eztion Regional Council | 2015-2016 | project accounts⁴¹⁰
- Har Hevron Regional Council | 2016 | a development account⁴¹¹
- Megilot Dead Sea Regional Council | 2016 | a development account⁴¹²
- Efrat Local Council | 2014⁴¹³ and 2016⁴¹⁴ | a development account
- Alfei Menashe Local Council | 2015-2016 | accounts for projects⁴¹⁵
- Kedumim Local Council | 2013-2014 | accounts for projects⁴¹⁶
- Kiryat Arba Local Council | 2016 | a development account⁴¹⁷

405 Shomron Regional Council, "Aggregated Decisions of Assembly Meeting (7/2014)" (Hebrew), 22 September 2014.

406 An account for the management of development costs for a project.

407 Shomron Regional Council, "Aggregated Decisions of Assembly Meeting (1/2014)" (Hebrew), 27 January 2014; Shomron Regional Council, "Aggregated Decisions of Assembly Meeting (3/2016)" (Hebrew), 21 March 2016.

408 An auxiliary account is a secondary account for the controlling account of the project.

409 Mateh Binyamin Regional Council, "Protocol of Council Assembly Decisions no. 3" (Hebrew), 2 June 2014.

410 Gush Eztion Regional Council, "Protocol of Assembly Meeting 1 for 2015" (Hebrew), 25 January 2015, p. 5.

411 Har Hevron Regional Council, "Protocol of Assembly Meeting 1/16" (Hebrew), 1 March 2016, section 2.

412 Megilot Dead Sea Regional Council, "Protocol of Council Assembly Meeting no. 2/2016", 10 March 2016, p. 4.

413 Efrat Local Council, Council "Protocol of Council Meeting" (Hebrew), 1 September 2014, p. 16-17.

414 Efrat Local Council, Council "Protocol of Council Meeting" (Hebrew), 8 February 2016, p. 24-25.

415 Alfei Menashe Local Council, "Protocol of Special Meeting no. 25" (Hebrew), 8 February 2015, p. 2-3.

416 Kedumim Local Council, "Protocol of Assembly Meeting no. 8/12" (Hebrew), 14 November 2012, p. 1-2.

417 Kiryat Arba Local Council, "Protocol of Council Meeting no. 7/2016" (Hebrew), 10 April 2016, section 7.

Israeli Banks – Branches in West Bank Settlement

The settlements have been established for ideological reasons, but their continued existence is maintained by a network of services and financial support. The main services include municipal services, infrastructure services (electricity, water and telecommunications), healthcare, transportation and educational services. Israeli banks provide essential financial services to individual residents of the settlements, as private clients, and also to settlement businesses. For this purpose, Israeli banks operate branches in West Bank settlements. These branches constitute a direct physical presence of bank property and personnel on occupied land, establish ownership of property in settlements and lead to the direct participation of banks in the settlement economy, as municipal taxpayers.

In addition to being part of the settlements themselves, the very operation of branches in the West Bank involves structural discrimination: The branches are located inside settlements, to which the entry of West Bank Palestinians is prohibited, and therefore their services are offered exclusively to Israelis. The branches in East Jerusalem strengthen the Israeli presence on occupied land.

All of the major commercial banks in Israel - except for Dexia Israel and Igud banks - have branches on occupied land, either their own branches or branches of banks in which they are the controlling shareholders. All in all, 33 bank branches are located in settlements.⁴¹⁸

⁴¹⁸ List of bank's branches, Bank of Israel, last updated on 09/05/2010, www.bankisrael.gov.il/deptdata/pibuah/soifim/soifim.xls

Bank	No. of Branches	Locations
Bank Leumi	6	West Bank: Modi'in Illit, Ma'ale Adumim and Kiryat Arbā. East Jerusalem: Gilo, Ramot and Ramat Eshkol. The bank also operates a branch on Salah ad-Din Street, in a Palestinian neighborhood of East Jerusalem.
Bank Hapoalim	6	West Bank: Ma'ale Adumim, Ariel and Beitar Illit. East Jerusalem: Pisgat Ze'ev, Gilo, Ramot, Ramat Eshkol and French Hill. The bank also operates a branch on Nur ad-Din Street, in a Palestinian neighborhood of East Jerusalem.
Israel Discount Bank	2	West Bank: Ma'ale Adumim. East Jerusalem: Ramat Eshkol. The bank also operates a branch on Sultan Suleiman Street, in a Palestinian neighborhood of East Jerusalem.
Mercantile Discount Bank (a fully-owned subsidiary of Israel Discount Bank)	2	West Bank: Beitar Illit. East Jerusalem: Ramot. The bank also operates a branch on Salah ad-Din Street, in a Palestinian neighborhood of East Jerusalem.
Mizrahi-Tefahot Bank	4	West Bank: Alon Shvut and Karnei Shomron, East Jerusalem: Ramat Eshkol and Tiferet Israel Street in the Old City.
Bank Yahav (a 50% subsidiary of Mizrahi-Tefahot Bank)	3	West Bank: Ma'ale Adumim. East Jerusalem: Mount Scopus and Pisgat Ze'ev.
PAGI Bank (a fully-owned subsidiary of FIBI)	5	West Bank: Beitar Illit (two branches) and Modi'in Illit (two branches). East Jerusalem: Ramot.
Bank Otsar Ha-Hayal (a 78% subsidiary of FIBI)	1	West Bank: Ariel. The bank also operates 12 branches in Israeli military camps inside the Green Line.
Bank Massad (a 51% subsidiary of FIBI)	1	East Jerusalem: French Hill.
Bank of Jerusalem	3	West Bank: Beitar Illit and Modi'in Illit. East Jerusalem: Pisgat Ze'ev.

Conclusion

This extensive report aimed to expose the vast and direct involvement of Israeli banks in the Israeli settlement enterprise. As the report clearly demonstrates, the banks substantially benefit from their participation in the occupation industry, particularly from construction projects on occupied land.

The findings of this report indicate that all Israeli banks (with the exception of Dexia Israel Bank) provide special loans for construction projects in West Bank settlements and in East Jerusalem settlement neighborhoods. In addition, the Israeli banks of Hapoalim, Leumi, Mizrahi-Tefahot and FIBI provide credit for settlement infrastructure projects in the West Bank and East Jerusalem. Furthermore, all Israeli banks provide financial services to the local and regional councils of West Bank settlements. The findings also show that all Israeli banks (with the exception of Dexia Israel and Igud banks) operate 33 branches in Israeli settlements in the West Bank and settlement neighborhoods in East Jerusalem.

The existence of Israeli settlements in the occupied Palestinian territory contravenes international law, namely the Fourth Geneva Convention (Article 49). The construction of housing projects in settlements constitutes the foundation of the settlement enterprise. Hence, *prima facie*, through the accompaniment agreements and the consequent involvement of Israeli banks in the construction of housing projects in settlements, the banks are complicit in the violation of international law.

By financing occupation-related endeavors and providing the financial basis for the continued development and sustainment of residential and commercial presence on occupied land, Israeli banks both benefit from and are stakeholders in illegal Israeli settlements in the occupied Palestinian territory.

Appendix 1 Israeli Banks – Corporate Information

Bank Leumi

Revenues (2015): NIS 13,415 million ≈ USD 3,554 million⁴¹⁹

Main shareholders:

The government of Israel (58.8%); Bank Leumi Le'Israel Nominees co. (19.66%); Otsar Hityashvut Heyehudim (1.59%); Discount Trust (1.09%), which is owned by Israel Discount Bank.

Chair of directors: David Brodet

President and CEO: Rakefet Russak-Aminoach

Israeli subsidiaries:

Leumi for Agriculture Development (100%); Leumi for Industry Development (100%); Leumi Partners (100%); Leumi Bonds and Investments (100%); Leumi Capital Market Services (100%); Leumi Financial Holdings (100%); Leumi Real Holdings (100%); Leumi-Tech (99.5%); Leumi Card (80%); Super-Pharm (14.99%); Avgol Industries (7.7%); Israel Chemicals (1.4%).

International subsidiaries:

Bank Leumi Le'Israel Corporation – US (100%); Bank Leumi US (99.9%) – owns Bank Leumi Financial Corporation (99.9%) and Leumi US Investment Company (99.9%); Bank Leumi UK (100%); Leumi Re – Guernsey Island (100%); Leumi Romania (99.8%).

The bank operates a representative office in Shenghai, China.

Partners:

Kenon Holdings (2.3%)

Bank Leumi is a partner in the Israeli company TSI Highways – the bank is the largest investor, with NIS 87.5 million invested in the partnership.

Leumi's business partners include: Delek Group, IDB Group, Partner Communications, HOT, Alon Blue Square, Gazit Globe, Shlomo Group, Ofer Brothers and the Fishman Group.

Bank Leumi holds shares in the Israeli company enVerid Systems (17.1% of the company's shares).

Bank Leumi holds shares in the Israeli company EZBob (10.85% of the company's shares).

⁴¹⁹ All approximate sums in US dollars are based on the currency exchange rate for 27 January 2017.

Bank Hapoalim

Revenues (2015): NIS 13,887 Million ≈ USD 3,680 million

Main shareholders:

Arison Holdings – Shari Arison (20.01%); Excellence Investments (2.87%); Phoenix Holdings (2.42%). Additional small shareholders from the US: Goldman, Sachs & Co, Maxwell Don.

Chair of directors: Oded Eran

President and CEO: Ari Pinto

Israeli subsidiaries:

Poalim Capital Markets (100%); Diur B.P (100%); Tarshish Holdings and Investments (100%); Opaz (100%); Continental Poalim (100%); Hapoalim Properties – Stocks (100%); Poalim Sahar (100%); Zohar Hashemesh for Investments (100%); Isracard (98.2%); Israel Chemicals (88.7%); Avgol Industries (7.7%).

International subsidiaries:

Bank Hapoalim Switzerland (100%); Banque Hapoalim Luxemburg (100%); Poalim Asset Management UK and Poalim Asset Management Ireland – held by Pam Holdings, which is fully owned by Bank Hapoalim; Hapoalim Latin America (100%) – operates two branches in Uruguay; Bank Hapoalim NY branch (100%); Bank Hapoalim Miami branch (100%); Hapoalim Securities USA – broker-dealer company (100%); Bank Pozitif Kredi Ve Kalkinma Bankasi A.S. Turkey (69.8%).

The bank operates a representative office in Los Angeles, USA.

The bank holds shares in the following companies, which are all traded in the NYSE: Check Point Software Technologies; Gazit-Globe – the bank also holds shares in the company's subsidiary Norstar; Caesarstone Sdot-Yam; Tower; and Whirlpool. Hapoalim bank also holds shares in the following American companies: Alphabet (the mother company of Google), J.P. Morgan investment bank, McKesson, Visa, Microsoft, Cisco, Barclays, Allergan, Mylan, and more.

Partners:

Bank Hapoalim signed a contract for strategic cooperation with the American company Cisco Systems.

Alon Blue Square's bonds are attached to Bank Hapoalim.

Bank Hapoalim is financing a project by Netafim in Ethiopia for over USD 200 million.

Israel Discount Bank

Revenues (2015): NIS 8,320 million = USD 2,204 million

Main shareholders:

Harel Investments; Meitav Dash Investments; Psagot Investment House; Clal Insurance; Phoenix Holdings; Excellence Investments; Menora Mivtahim Investments; Migdal Insurance and Financial Holdings; Norges Bank Norway (2.61%).

Chair of directors: Joseph Bachar

President and CEO: Lilach Asher-Topilsky

Israeli subsidiaries:

Mercantile Discount Bank (100%); Discount Leasing (100%); Israel Discount Capital Markets & Investments (100%); Discount Manpikim (100%); Diners Club Israel (100%); C.A.L (Financing) (100%); Israel Credit Cards (71.8%).

International subsidiaries:

Discount Bancorp US (100%); Bank of New York Israel Discount – US (100%); IDB NY Realty Delaware – US (100%); IDB Realty – US (100%).

Mizrahi-Tefahot Bank

Revenues (2015): NIS 5,392 million = USD 1,429 million

Main shareholders:

Wertheim Group, owner of the Central Bottling Company (Coca Cola Israel) (21.89%); Ofer Group (22.51%).

Chair of directors: Moshe Vidman

President and CEO: Eldad Freshet

Israeli subsidiaries:

Tefahot Insurance Agency (100%); Elgar Asset Management (100%); Mizrahi-Tefahot Issuing Company (100%); Mizrahi-Tefahot Trust Company (100%); Bank Yahav for Government Employees (50%); Psagot Jerusalem (20%); Rosario Capital (19.99%); Mustang Mezzanine Fund (20%); Plenus Technologies (20%).

International subsidiaries:

United Mizrahi Overseas Holding (UMOH) (Holland) (100%), which fully owns United Mizrahi Bank (UMB) in Zurich, Switzerland.

The bank operates branches in London, UK and in Los Angeles, USA.

The bank operates representative offices in Germany, Mexico and Uruguay.

Bank Igud (Union Bank)

Revenues (2015): NIS 1,061 million = USD 281 million

Main shareholders: Sh lomo Eliahu Holdings (22.9%); Yeshayahu Landau Holdings (21.65%); Ye shayahu Landau Properties (3.12%); David Lubinski Properties (16.5%); Schroders (6.36%); Eliahu Insurance Company (4.20%).

Chair of directors: Zeev Abeles

President and CEO: Israel Trau

Israeli subsidiaries:

Igud Investments and Initiating; Igud Leasing; Bank Igud Trust Company; Igud Issuing; Carmel Igud for Mortgages and Investmenets; Livluf Insurance Agency; Igud Capital Markets and Investments, Igud Underwriting and Finance; Egudim; Igud Systems.

First International Bank of Israel (FIBI)

Revenues (2015): NIS 3,494 million ≈ USD 926 million

Main shareholders: The bank is controlled by F.I.B.I Holdings, a public Israeli company controlled by Binohon (38.29%); Instenz 2 (15.66%) – owned by Sing Acquisitions Pte. (Singapore), which is controlled by Helen and Michael Ables from Australia; Dolphin Energies – Australia (15.66%), which is owned by the Liberman family from Australia.

Chair of directors: Irit Izakson

President and CEO: Smadar Barber-Tsadik

Israeli subsidiaries: Benleumi Leasing (100%); Bank Otsar Ha-Hayal (78%); Bank Massad (51%); Israel Credit Cards (28.2%); Paz Oil (3.93%).

PAGI bank and UBank merged into FIBI.

Bank of Jerusalem

Revenues (2015): NIS 436 million ≈ USD 115 million

Main shareholders: The bank is controlled by the public Israeli company Export Investment (86.23%), which is controlled by the Shoval family.

Chair of directors: Zeev Nahari

President and CEO: Gill Topaz

Subsidiaries (only Israeli):

Fully-owned subsidiaries: Bank of Jerusalem Trust Company; Tomer Jerusalem; If Shalem Insurance; Jerusalem Investment Management; Jerusalem Underwriting and Issuing; Jerusalem Financing and Issuing; Jerusalem Capital Markets Fund Management.

Appendix 2 Israeli Law Regarding the Banks

Israeli banks repeatedly justify their operations on occupied land by referring to the Israeli law. According to their claims, the Israeli banking sector is required by law to provide services to settlements. In order to fully address these claims, Who Profits requested a legal opinion from the Michael Sfrad Law Office on the provision of loans, mortgages and banking services by Israeli banks to settlers and settlements.

According to this legal opinion,⁴²⁰ Israeli banks are not required to provide:

- 1) Mortgage loans for homebuyers in settlements;
 - 2) Financial services beyond the three services specified by law⁴²¹ to Israeli local authorities in the West Bank;
 - 3) Special loans for construction projects in settlements;
 - 4) Financial services beyond the three services specified by law to businesses in settlements;
- or: 5) Branch services in settlements for their residents.

Israeli law should not be used as a reference point for human rights and humanitarian law norms, as it often contradicts international humanitarian law and legitimizes occupation-related activities. However, as Israeli banks refer to Israeli law to justify their occupation-related activities, it is important to address this claim.

⁴²⁰ The legal opinion provided by the Michael Sfrad Law Office is saved on file with Who Profits.

⁴²¹ According to Section 2 of the Banking Law (Customer Service), 5741-1981, titled "Obligation to Provide Certain Services," Israeli banks are prohibited from unreasonably refusing to provide certain services to customers. Those services include:

- (1) accepting a money deposit in Israeli currency or in foreign currency;
- (2) opening a current [checking] account in Israeli currency and managing this account, as long as one of the following applies:
 - (a) the account shows a credit balance in favor of the customer;
 - (b) the customer abides by the terms of the agreement between him and the banking corporation with regard to the management of the account;
- (3) selling cashier's checks in Israeli currency and in foreign currency;

The law notes in no uncertain terms: "however, there is no obligation to provide a service that involves granting credit to the customer" (Section 2(a)).

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Financing Land Grab

P.O.B. 1084, Tel-Aviv 6101001, Israel
whoprofits@gmail.com | www.whoprofits.org