



**Updated as of November 16, 2023**

## **Frequently Asked Questions<sup>1</sup> on the assistance program for customers dealing with the ramifications of the “Swords of Iron” War**

### **1. To what loans does the program apply?**

- Mortgages – for first homes and housing upgraders only - regardless of amount
- Consumer credit – cumulative up to NIS 100,000
- Business credit – up to NIS 2 million (for a business with annual revenue of up to NIS 25 million)
- Negative balances (overdraft) in a household account up to NIS 10,000 – negative balance that is part of a credit facility approved by the bank.

### **2. Are all bank customers eligible for all of the assistance mentioned in the program?**

The assistance in the program is divided into two customer groups:

First-degree customers are individuals who live within 30 km from the Gaza Strip or the owners of businesses that operate within that range, people who have been evacuated from their homes by an official state entity as of November 7, 2023 and who live in one of the communities that appear on the list published on the Bank of Israel website, those who have been mobilized through an emergency call-up, and those who are first-degree relatives of someone killed, kidnapped, or missing.

Second-degree customers are all other bank customers.

In addition, leniencies in business credit will be provided for businesses with revenue of up to NIS 25 million per year.

With regard to fees, the leniencies in this program apply to individuals and small businesses as defined in the Banking (Service to the Customer) (Fees) Rules, 5768–2008.

### **3. Until when can I submit a request to defer repayments to the bank?**

The period for requesting a loan repayment deferral is until December 31, 2023. At the end of this period, the need for extending the request period will be examined.

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<sup>1</sup> The information is presented as a service to the public for the purpose of publication of the program to ease the burden of credit and fees. This information does not include all of the conditions or restrictions of the program, which do appear on the [Bank of Israel's website](#). We emphasize that each customer must examine the details, conditions, and restrictions related to the relevant service in accordance with the service agreement offered by the banking corporation from which the customer receives the service.

**4. Does the program apply to a business owner who does not live within the range of the outline but whose business is located within that range?**

The program applies to a business that operates within 30 km of the Gaza Strip, or that operates in one of the communities that were evacuated by an official government entity as of November 7, 2023, and that appear on the lists published on the Bank of Israel website, even if the business owner lives outside of that range. This is in relation to the business credit, if any, provided to the business owner, and provided that it is not a loan in commercial cooperation with a third party.

**5. What is the difference in eligibility for assistance between the two customer groups?**

First-degree customers are eligible to defer loan repayments<sup>2</sup> in three activity segments (mortgages, consumer credit, and business credit) for three months without any interest or fee charges.

In addition, first-degree customers will be exempt from fee charges for transactions made as part of account management, other than transactions in foreign exchange, securities, foreign trade, or diamonds (as detailed in the footnote)<sup>3</sup> for a period of three months.

Furthermore, individuals who live within 30 km from the Gaza Strip, people who have been evacuated from their homes by an official state entity as of November 7, 2023 and who live in one of the communities that appear on the lists published on the Bank of Israel website, those who have been mobilized through an emergency call-up, and those who are first-degree relatives of someone killed, kidnapped, or missing, who, prior to the publication of the program, had a debt balance (overdraft) in their household current account will not be charged interest on the negative balance in their account up to a negative balance of NIS 10,000.<sup>4</sup> Beyond that amount, the customer will be charged interest on the outstanding debt in accordance with the interest brackets set out in his account management agreement.

Second-degree customers will be given the option of deferring loan repayments<sup>5</sup> for three months, with the deferred payments bearing interest that shall not exceed the interest rate in the loan contract. The payments will be added to the end of the loan period. The deferral will not incur fee payments.

**6. Is the loan repayment benefit provided automatically, or does it require the customer to contact the bank?**

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<sup>2</sup> Mortgages – for first homes and housing upgraders only, regardless of amount; Consumer credit – cumulative up to NIS 100,000; Business credit – up to NIS 2 million for a business with annual revenue of up to NIS 25 million), not including loans in commercial cooperation with a third party.

<sup>3</sup> The fees that appear in the following sections, with regard to the banks, in the Banking (Service to the Customer)(Fees) Rules, 5768-2008:

Section 1 – Current Account (in its entirety)

Section 2 – Information, notices, and warnings (in its entirety)

Section 3 – Credit (in its entirety)

Section 6 – Credit cards (in its entirety, excluding fees – (7) foreign exchange transactions, (8) foreign exchange withdrawals abroad, (9) foreign exchange purchases from abroad)

Section 9 – Fees for handling estates and wills, fees for withdrawing cash (from a remote ATM and by a prepaid card).

<sup>4</sup> The exemption from interest charges on the debt balance of up to NIS 10,000 does not apply to reservists and those called up under the emergency mobilization.

<sup>5</sup> Mortgages – relating to a first home or housing upgraders, regardless of amount; Consumer credit – cumulative up to NIS 100,000; Business credit – up to NIS 2 million, for businesses with annual revenue of up to NIS 25 million, excluding loans in commercial cooperation with a third party.

The benefit is not implemented automatically, because adjustments are necessary at the customer level that require the customer's explicit consent. Furthermore, the bank is not aware that some people belong to certain groups. As such, the customer must sometimes make a declaration or provide appropriate documentation in accordance with the bank's decision. With regard to small companies, documentation will be requested in accordance with the characteristics published by the bank.

Customers who wish to defer payments and are eligible for these benefits may contact the bank through their website, application, telephone call center, or branch, and submit a request to defer loan repayments. In parallel, the banks have been instructed to initiate contact with first-degree customers who meet the conditions of the program, insofar as they are aware of this, and to direct their attention to the leniencies to which they are entitled subject to the program.

**7. To which evacuees does the program apply?**

The program applies to the population that was evacuated by an official state agency, as of November 7, 2023 and that lives in one of the communities that appear on the lists published on the Bank of Israel website.

**8. Does the program apply to people whose mortgage is on a property within 30 km of the Gaza Strip but who do not live there?**

The program with regard to first-degree customers applies only to people who live within a range of 30 km from the Gaza Strip, people who were evacuated from their homes by an official government entity as of November 7, 2023, and that live in one of the communities appearing on the lists published on the Bank of Israel website, or those who own a business located within that range, or that is in one of the communities that was evacuated by an official government entity as of November 7, 2023 and that appear on the lists published on the Bank of Israel website. If something has happened to the property due to the war, you must check the compensation mechanism for war damages that are supposed to be provided by the government. It should be noted that a customer whose mortgage is for a property within the 30 km range from Gaza but who does not live there is included in the group of second-degree customers, and can obtain a response under the conditions that apply to that group.

**9. Are the banks' call centers updated with regard to the program?**

The banks' emergency call centers have been updated with the details of the program, which will take effect no later than October 31, 2023. An updated list of call center phone numbers appears on the Bank of Israel website.

**10. Does the program apply to someone whose account is restricted with regard to checks?**

The program applies to a customer whose checking account has been restricted pursuant to the Checks Without Cover Law, 5741-1981.

**11. Does the program apply to loans in arrears?**

The program does not apply to a borrower who is in judicial proceedings. Regarding a borrower who was in arrears at the time the program was published, a deferral will be allowed for a

period of not more than 180 days from the date the arrears began, or up to 3 months from the date the request is submitted, whichever is earlier.

It should be noted that the Supervisor of Banks has sent letters to the banking system, with the clear expectation that the banks will act with sensitivity toward all customers and will consider freezing collections proceedings at this time.

**12. What can I do if I have a question regarding the program, including with regard to how it is being applied by the bank?**

You may contact the bank's ombudsman. If you have reservations regarding the answer you receive, you may contact the Banking Supervision Department's Consumer Enquiries and Inspections Unit at 02-655-2680 or \*9086.

**13. What is the difference between the program that has been published and adopted by the banks and the law dealing with deferrals?**

In general, the Deferrals (Temporary Order – Swords of Iron) (Contract, Judicial Ruling, or Payment to an Authority) Law, 5784–2023 (hereinafter: the Law) and the program apply in parallel.

As the program applies with regard to all bank customers, divided into first-degree and second-degree customers, there are customers who are entitled to defer payments both pursuant to the Law and pursuant to the program, and there are customers who are entitled to defer payments only in accordance with the program.

A customer who is entitled pursuant to both the law and the program may request that the arrangement set out in the law or the arrangement set out in the program be used in his matter, or that both arrangements be used (in accordance with the conditions of each arrangement). If it turns out that there is any inconsistency between the law and the program, the customer is entitled to the arrangement that is most beneficial for him.

**14. If I have a number of consumer loans from the same bank, with a cumulative total that is not more than NIS 100,000, do they meet the conditions of the program?**

In such a case, repayments on all of the loans can be deferred as part of the program. The same principle applies to the limit on business credit.

**15. If I have two consumer loans, one of NIS 50,000 and the other of NIS 75,000, can I defer the repayments on both loans within the program?**

As part of the program, repayments can be deferred on consumer loans with a cumulative total of NIS 100,000. In such a case, the total amount of both loans is more than NIS 100,000, so the bank will include the bigger loan, NIS 75,000 within the plan, and will defer repayments on that loan in accordance with the terms of the program.

The same principle applies to the limit on business credit.

**16. I have a consumer loan of NIS 150,000. Can part of that amount be included in the program up to NIS 100,000?**

The program does not apply to portions of loans, only to consumer loans of up to NIS 100,000, or up to a cumulative amount of NIS 100,000.

The same principle applies to the limit on business credit.

**17. Are credit transactions using bank credit cards included in the outline?**

The outline includes loans bearing interest that were taken by the customer, that were not in connection with the execution of a specific transaction or payment, and therefore credit transactions using a bank credit card are not include in the program.

**18. Is it possible to defer, within the framework of the outline, payments on loans that were granted through the Fund for Loans Backed by the State for small and medium businesses?**

In coordination with the Accountant General at the Ministry of Finance, the outline will also apply to loans that were granted within the framework of the Fund and that comply with the conditions of the outline.

**19. Is it possible to defer, within the framework of the outline, payments on loans that were granted in collaboration with a third party?**

The outline does not include loans in commercial collaboration with a third party, or loans that were granted by nonbank entities.

**20. Does the program apply to all types of consumer credit, including credit for a vehicle with a lien?**

The program applies to consumer loans up to NIS 100,000, regardless of the purpose of the loans. For example, if a car loan has been provided up to this amount (whether there is a lien on the vehicle or not), the program applies.

**21. How do I know what the loan repayment alternative offered by the bank is?**

The bank will publish this information on its website, and will clarify for the customer how the deferral will be implemented before it is done, subject to the customer's consent.

**22. Example of deferring mortgage repayments for first-degree customers**

Let us look at the following example customer:

Mortgage balance: NIS 800,000

Average interest rate: 4.5%

Remaining term to repayment: 20 years

As of the date of publication of the program, the customer's monthly repayment is NIS 5,000, comprised of NIS 4,000 principal and NIS 1,000 interest. (The composition of the repayment may change in accordance with the duration since the loan was made, without changing the monthly payment.)

Upon implementation of the program, the customer may receive assistance by deferring the next three payments, for a total of NIS 15,000. In those three months, the customer will pay

nothing. The deferred payments, totaling NIS 15,000, will not bear interest or fees and will be repaid in one of three ways (at the bank's decision):

1. Adding the deferred payments to the end of the mortgage period:  
Following the end of the deferral period, the customer will continue to pay down the mortgage as normal, and at the end of the mortgage period, the three deferred payments will be added on.
2. Spreading out the deferred payments over the remaining mortgage period:  
The total of the deferred payments will be spread out over the entire remaining loan period. In other words, at the end of the deferral period, the customer's monthly repayments will be NIS 5,063: NIS 5,000 in respect of the regular monthly payments, and an additional NIS 63<sup>6</sup> in respect of the amount that was deferred, which will be spread out of the remaining mortgage period.
3. Providing an interest-free loan for the amount of the deferral, for a period of 4 years, with a final prepayment date of 1 year from the end of the deferral period. This loan will be a five-year interest-free loan, which will be provided at the end of the deferral. Repayments will begin one year after the loan is issued, and will be made monthly for four years.  
Following the deferral period, the customer will resume paying down the mortgage in the normal fashion (NIS 5,000 per month). In addition, 12 months after the end of the deferral period, the customer will begin paying NIS 313 a month<sup>7</sup> for 4 years in respect of the deferred payments. Indexation differentials may be added to this amount, at the bank's discretion. Once this period is over, the customer will continue paying down the mortgage as normal, and the monthly repayment will remain NIS 5,000.

### **23. Is the deferral of loan repayments applicable to both the principal and the interest?**

The deferral of loan repayments includes the principal and the interest payments that should have been made during the deferral period, in accordance with the customer's original amortization table.

### **24. Is the deferral in loan repayments for first-degree customers free of interest and indexation?**

Deferral of loan repayments in accordance with the program does not incur additional interest in respect of the deferral. The interest that has already been accumulated pursuant to the amortization table will be charged. With regard to indexation, this is at the bank's discretion.

### **25. I am a first-degree customer. Is it worthwhile for me to defer payments according to the program?**

Payment deferrals are intended to help ease the customer's cash flow. If the customer can continue meeting his payments, the objective of the deferral is obviated. This is also true in cases where the deferral does not bear interest or fees, since the customer will still be required to make the payments that have been deferred. In addition, there are additional factors to

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<sup>6</sup> The amount of the deferred payments is NIS 5,000, multiplied by 3 months = NIS 15,000, divided by 240 months (20 years in the remaining period to full repayment of the mortgage).

<sup>7</sup> The amount of the deferred payments is NIS 5,000, multiplied by 3 months = NIS 15,000, divided by 48 months (4 years, the period to full repayment of the loan).

consider when making a deferral, such as increased monthly payments following the deferral period and extending the life of the loan in some cases. The customers deferring mortgage payments should examine closely the ramifications of the deferral on the existing insurance coverage (life insurance and structure insurance) within the framework of the mortgage.

**26. What is important for second-degree customers to know before deferring loan repayments?**

Second-degree customers will be given the option of deferring loan repayments for three months, with the deferred payments bearing interest that shall not exceed the interest rate in the loan contract. Deferred payments will be added to the end of the loan period. The deferral will be made without fee charges.

It is important to understand that deferring the payments, with regard to second-degree customers, will incur a cost, and that the implications of the deferral must be considered before making a decision. In addition, customers deferring mortgage payments should closely examine the ramifications of the deferral on the existing insurance coverage (life insurance and structure insurance) within the framework of the mortgage.

**27. How will the credit data that are transferred to the Credit Data System (and that are used to determine a credit rating) be impacted due to the implementation of the assistance outline?**

The Supervisor of Credit Data Sharing instructed the data sources to report the providing of easings in a manner that is in line with their record in their internal systems, which generally should not reflect a negative indication regarding the customer in respect of those easings.

We assess that those easings will not have a direct negative impact on the credit rating, or at most will have a very small effect.

It is important to emphasize that the decision to provide credit is not based only on data from the Credit Data System.

For specific questions, you can contact the Public Enquiries Unit of the Credit Data System at telephone \*6194 or on their website, [www.creditdata.org.il](http://www.creditdata.org.il).