

Banking Supervision Department, On-Site Examination Division

October 11, 2020

8.272.5422

To:
The Banking Corporations and Credit Card Companies
Attn: Chief Accountant

To:
Ms. Eileen Toledano—Chair of the Coordinating Committee of the Israel Institute of Chartered Accountants with the Banking Supervision Department, and Members of the Committee

Dear Madam/Sir:

Re: Guidance regarding Quarterly and Annual Public Reports for the Year 2020

1. In view of the effects of the coronavirus crisis on the activities of banking corporations and credit card companies (hereinafter – banking corporations), the banking corporations must continue to ensure that their quarterly and annual public reports in 2020 adequately reflect the main effects of the coronavirus crisis on their results of operations, their financial position, the risks to which they are exposed and how they act to manage these risks and to work with their customers and support their needs, in line with the guidance for reports to the public included in our letter dated April 21, 2020.
2. In view of the accumulated experience, from the 2020:Q3 reports onwards, a banking corporation should expand the disclosure given regarding debts for which the terms have been modified and additional actions it has taken to work with its borrowers in dealing with the coronavirus crisis. This should include, among other things, a quantitative disclosure regarding debts whose terms have been modified and which have not been classified as trouble debt restructurings, in accordance with the sample format attached in the appendix. The following are additional guidelines in this regard:
 - Banking corporations should describe the types of payment deferrals made, and other modification in the terms of the debt, if relevant, their duration, scope and significance.
 - Qualitative and quantitative information must be provided regarding the process and manner used by the banking corporation to perform the assessment of quality, the risk and the classification of debts that are in payment deferral. In this context, it is necessary to detail the quantitative and qualitative criteria used by the banking corporation for the purpose of classifying the debts into the various categories. As stated in our letter of October 11, 2020, "Coronavirus Event – Supervisory Emphases for Additional Changes in Loan Terms", criteria that a banking corporation may use to identify segments in the credit portfolio with a higher potential credit risk may relate to the characteristics of the debts (such as balloon payments after the payment deferral period, the nature and duration of the period of modifications in payments, the duration of the extension to the repayment period), and/or the characteristics of the borrowers (such as being on watch lists, credit risk rating, industry sector, damage to employment or to activity, the level of impairment of the expected repayment capacity in relation to the debt and more), which may affect credit performance.

- In the reports as of September 30, 2020, a banking corporation is entitled to not present comparative figures relating to certain data, if the information is not available.
 - If it is material, disclosure must be given regarding this information close to the date of publication of the report, in addition to the information that refers to the reporting date.
 - The disclosure will be made in conjunction with the disclosure provided by the banking corporation in the report of the board of directors and the management regarding the analysis of the quality of credit, criticized credit risk and the non-performing assets of the public.
3. In addition, a banking corporation must provide quantitative and qualitative information regarding state-guaranteed credit related to dealing with the coronavirus crisis, including a breakdown of the credit debt balance recorded at the end of the reporting date by type of borrower (for example: small, medium and large businesses), the main terms of the credit and of the state guarantee, and how the state guarantee affects credit quality.

Sincerely,
Signature
 Or Sofer
 Deputy Supervisor of Banks

Copy: Yair Avidan – Supervisor of Banks
 Ido Galil – Head of Financial Reporting

Total as of Jun. 30, 2020	0	0	0	(4) 0	0	0	0	0	0	0	0	0
Total as of Mar. 31, 2020	0	0	0	0	0	0	0	0	0	0	0	0

- (1) If material, this information must also be disclosed close to the date of publication of the report.
- (2) Of which: deferrals granted not as part of a general moratorium program in the amount of NIS 0 million (as of June 30, 2020 – NIS 0 million).
- (3) The payment deferral period is the cumulative period of deferrals granted for the debt from the beginning of the Corona virus pandemic and does not include deferrals to which the borrower is entitled by law.
- (4) Of which: impaired loans that do not accrue interest income in the amount of NIS 0 million (as of June 30, 2020 – NIS 0 million).