



November 15, 2020

**Circular no. C-06-2633**

Attn:

**Banking corporations and credit card companies**

**Re: Additional Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Coronavirus (Temporary Provision)**

(Proper Conduct of Banking Business Directive no. 250)

**Introduction**

1. Against the background of the development of the coronavirus event and its ramifications on the economy in Israel and abroad, and in order to assist households and businesses to endure the challenging period, following are additional easing steps that we formulated to revise the temporary provision.
2. The adjustments in this Directive are intended to provide the banking corporations with the business flexibility required at this time. However, we emphasize that it is extremely important that the decisions regarding the providing of credit and assistance to businesses and households are in line with the banking corporation's risk assessment and risk tolerance.
3. After consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have established the following Proper Conduct of Banking Business Directive as detailed below.

**Main revisions to the Temporary Provision**

**Proper Conduct of Banking Business Directive no. 218 on the Leverage Ratio (Section 3b)**

4. Instead of the provisions of Section 7 of Proper Conduct of Banking Business Directive no. 218 shall be the following:  
"The banking corporation shall maintain a leverage ratio of not less than 4.5 percent on a consolidated basis. A banking corporation, the total balance sheet assets of which, on a consolidated basis, are 24 percent or more of total balance sheet assets in the banking system, shall maintain a leverage ratio of not less than 5.5 percent."

**Explanatory remarks**

Against the background of the continuation of the coronavirus crisis, and in order to prevent a situation in which the leverage ratio serves as a barrier to the providing of bank credit, it was decided to reduce the requirement with regard to the minimum leverage ratio in a manner consistent with the

easings that we carried out in the minimum capital adequacy ratios and with the easings in the leverage ratio that supervisory authorities around the world carried out due to the coronavirus crisis.

**Application**

5. The start date of this Directive shall be the date it is published.
  
6. When the temporary provision ceases to be in effect, the easing shall remain in place for an additional 24 months, provided that the leverage ratio is not less than the leverage ratio on the date of the end of the Directive period or the minimum leverage ratio that applied to the banking corporation prior to the temporary provision, the lower of the two.

**Update of file**

7. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

**Remove page**

(Sept. 22, 2020) [10] 250-1-8

**Insert page**

(Nov. 15, 2020) [11] 250-1-9

Respectfully,

Yair Avidan  
Supervisor of Banks