



BANK OF ISRAEL  
Office of the Spokesperson and Economic Information

Press release

June 10, 2024

**The Banking Supervision Department imposes a civil fine on Bank Mizrahi-Tefahot**

The Supervisor of Banks has imposed a civil fine on Bank Mizrahi-Tefahot totaling NIS 172,588 due to the bank's holding of means of control of a significant nonfinancial corporation at a rate exceeding the rate permitted pursuant to Section 24a of the Banking (Licensing) Law.

An excerpt from the decision, detailing the contravention that was identified and the considerations behind the imposition of the civil fine and its reduction, is attached below.

Excerpt of the decision to impose a civil fine due to contravention of Section 24a of the Banking (Licensing) Law

Based on my authority pursuant to Section 50b(a) of the Banking (Licensing) Law, 5741–1981 (hereinafter: “the Banking (Licensing) Law”), pursuant to the Banking (Licensing) (Reduction of Civil Fine Amounts) Rules, 5771–2011 (hereinafter: “the Reduction Rules”), and after having considered the arguments of Bank Mizrahi-Tefahot Ltd. (hereinafter: “the Bank”) as provided in its letter of February 15, 2024 and in a hearing that was held on April 16, 2024, I hereby impose on the bank a civil fine of NIS 172,588.

The contravention

1. On January 9, 2024, the Bank was given notice of the intention to impose a civil fine totaling NIS 1,150,584, and the Bank was given the opportunity to submit its arguments with regard to the imposition of the fine and with regard to its amount (hereinafter: “the Notice of Intent”).
2. As stated in the Notice of Intent, the intention to impose a civil fine on the Bank pursuant to Section 50b(a) of the Banking (Licensing) Law is due to a contravention of Section 24a(a) of the Banking (Licensing) Law, according to which:
  - a. *A banking corporation shall not hold more than 1% of a particular type of means of control in a significant nonfinancial corporation or in an insurer that is a significant financial entity.*
  - b. *Notwithstanding the aforesaid in subsection (a), a banking corporation may hold more than 1% of a particular type of means of control in one significant*

*nonfinancial corporation and in one insurer that is a significant financial entity, provided that its holding in that corporation or insurer does not exceed 10% of a particular type of means of control in a corporation or insurer as abovementioned.*

3. The following is a description of the findings upon which the determination of a contravention is based:
  - 3.1 On June 13, 2023, the Bank updated the Banking Supervision Department that an examination it carried out revealed that it held means of control of a significant nonfinancial corporation at a rate that exceeded the rate permitted pursuant to Section 24a of the Banking (Licensing) Law.
  - 3.2 The corporation in which the Bank held holdings was, for the first time, included in the list of significant nonfinancial corporations published pursuant to the Promoting Competition and Reducing Concentration Law, 5774–2013 a few months before the matter was discovered by the Bank.
4. As a result of the findings, a Notice of Intent was sent to the Bank.

#### The Bank's arguments

In the Bank's response, which was provided in its letter of February 15, 2014, the Bank made various arguments regarding the imposition of the fine and with regard to reducing it in accordance with the Reduction Rules. In addition, on April 16, 2014, a hearing was held with representatives of the Bank, at which they presented the Bank's arguments.

#### Decision

5. It was found that the Bank contravened Section 24a(a) of the Banking (Licensing) Law, and as such, I have decided to impose a civil fine, as stated above.
6. As stated above, the Bank was given a Notice of Intent to impose a civil fine pursuant to Section 50b(a) of the Banking (Licensing) Law, totaling NIS 1,150,584.
7. Since the Bank, at its own initiative, took action to correct the deficiencies and to prevent their recurrence, to the Supervisor's satisfaction, before the Supervisor contacted it on this matter, and in view of the mitigation of the facts that comprise the contravention and other factual circumstances (including the volume of the contravention and the profit that could have been generated from it), based on my authority pursuant to Section 1(2) and (3) of the Reduction Rules, I have decided to reduce the amount of the fine by 85 percent. Therefore, the total of the civil fine, after the reduction, will be NIS 172,588.