

**Banking Supervision Department**  
Supervisor's Office

Jerusalem  
March 14, 2023  
23LM4825

**Abstract of the decision regarding the imposing of a civil fine in  
respect of a violation of Section 24a of the Banking (Licensing)  
Law**

By force of my authority under Section 50b(a) of the Banking (Licensing) Law, 5741-1981, (hereinafter, the "Banking (Licensing) Law"), according to the Banking (Licensing) (Reduction of amounts of the civil fine) Rules, 5771-2011 (hereinafter, the "reduction rules"), and after considering the claims of Bank Hapoalim Ltd. (hereinafter, "the bank") as provided in its letter dated November 8, 2022, and in a hearing held verbally on February 27, 2023, I hereby impose on the bank a civil fine totaling NIS 427,704.

**Description of the violation**

1. On September 12, 2022, the bank was sent a notice of intent to impose a civil fine totaling NIS 1,710,816, and the bank was granted the opportunity to present its claims regarding the actual imposing of the fine and regarding its amount (hereinafter, "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 violation of Section 24a(a) of the Banking (Licensing) Law, according to which:
  - (a) A banking corporation shall not hold more than 1 percent of a specific type of means of control in one significant nonfinancial corporation or in one insurer that is a significant financial entity.
  - (b) Notwithstanding the provisions of Subsection (a), a banking corporation may hold more than 1 percent of a specific 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 said corporation or insurer does not exceed 10 percent of a specific type of means of control in said corporation or insurer.
3. Following is a description of the findings on which the violation determination is based:

- 3.1. On April 11, 2022, the Banking Supervision Department sent the bank a letter request that it check which significant nonfinancial corporations it holds, and at what percentage, as of the date of the letter.
- 3.2. On May 9, 2022, the bank updated that due to the receipt of the letter, the bank checked and it was found that **apparently** the bank has a holding in means of control in a significant nonfinancial corporation that exceeds the share permitted under Section 24a of the Banking (Licensing) Law.
4. Due to these findings, the bank was sent a notice of intent.

### **The bank's claims**

In the bank's response, sent in its letter dated November 8, 2022, the bank made various claims regarding the actual imposing of the fine and regarding its reduction in accordance with the reduction rules. In addition, on February 27, 2023, a hearing was held with bank representatives, in which they presented the bank's claims verbally as well.

### **Decision**

5. It was found that the bank violated Section 24a(a) of the Banking (Licensing) Law, and therefore, I have decided to impose a civil fine, as noted above.
6. As noted above, the bank was sent a notice of intent to impose a civil fine in accordance with Section 50b(a) of the Banking (Licensing) Law, at a total of NIS 1,710,816.
7. As the bank ended the violation and acted to rectify the deficiencies and to prevent their recurrence, after the Banking Supervision Department contacted it on the same issue, and in view of the **ease of the facts** serving as the violation and other factual issues (including the scope of the violation and the profit it would have generated), then in accordance with my authority under Section (1)2 and (3) of the reduction rules, I have decided to reduce the amount of the fine by 75 percent. Therefore, the total amount of the civil fine after the reduction, shall be NIS 427,704.