

**Banking Supervision Department**

Jerusalem, September 30, 2021

**Circular No. C-06-2672**

**Attn: The Banking Corporations**

**Re: Credit Risk Management**

(Proper Conduct of Banking Business Directive No. 311)

**Introduction**

1. In view of the publication of Proper Conduct of Banking Business Directive no. 314A on “Management of Workout and Collection Processes involving Substantial Troubled Credit”, I have found it appropriate to update the Proper Conduct of Banking Business Directive on the issue.
2. After consulting with the Advisory Committee on Banking Business Affairs, and with the approval of the Governor, I have set the following Proper Conduct of Banking Business Directive as follows.

**Main points of the update**

3. A referral to Directive 314A—“Management of Workout and Collection Processes involving Substantial Troubled Credit”—was added where relevant.

**Explanatory remarks**

In view of the decision to set aside a separate directive for the issue of “Management of Workout and Collection Processes involving Substantial Troubled Credit”, and since this issue is an integral part of credit risk management, it became necessary to provide a referral to the new directive where relevant.

4. Section 83a was deleted.

**Explanatory remarks**

Section 83a dealt with the requirement to anchor in procedures and processes the considerations that are to be taken into account in order to allow a debt writeoff. This requirement was transferred to the new Directive, and even expanded.

**Commencement**

5. The directive set in accordance with this Circular shall apply to a banking corporation from April 1, 2022 and onward.

**Update files**

6. Following are the updates to the Proper Conduct of Banking Business file:

Remove pages	Insert pages
311-1-32 [6] (10/19)	311-1-32 [7] (9/21)

Respectfully,

Yair Avidan  
Supervisor of Banks