MOODY'S INVESTORS SERVICE

CREDIT OPINION
18 May 2022

Update

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RATINGS

First International Bank of Israel

Domicile	Israel
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Type	Senior Unsecured - Fgn Curr
Outlook	Not Assigned
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Source: Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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First International Bank of Israel Ltd.

Update to credit analysis

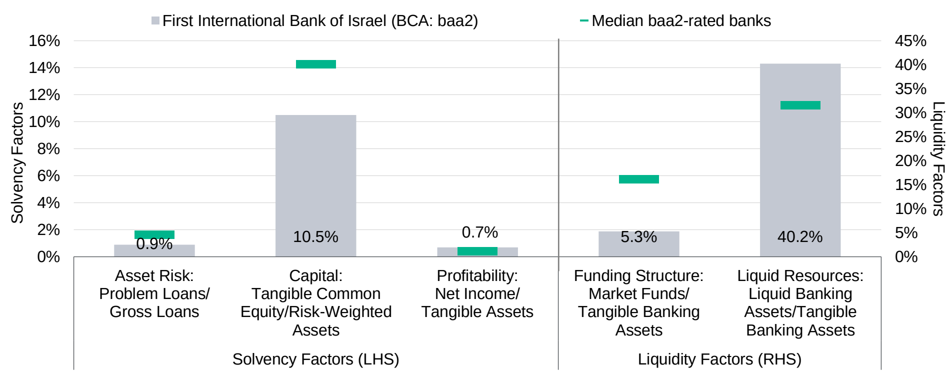
Summary

First International Bank of Israel Ltd. (FIBI)'s A2 long-term deposit ratings reflect (1) the bank's baa2 Baseline Credit Assessment (BCA); and (2) three notches of rating uplift based on our assessment of a very high likelihood of support from the Government of Israel (A1 positive), in case of need.

FIBI's baa2 BCA reflects the bank's (1) strong asset quality, with problem loans (that we define as impaired loans and loans that are more than 90 days overdue) at 0.7% of gross loans as of the end of 2021; (2) stable retail deposit funding base and comfortable liquidity; and (3) a strong presence in niche segments that have benefited it with consistent business opportunities.

At the same time, the bank's BCA also captures (1) adequate but modest capital buffers with a tangible common equity (TCE)/risk-weighted assets (RWAs) ratio of 10.5% as of the end of 2021, which are below those of similarly-rated international peers, mainly reflecting Bank of Israel's (BoI) conservative risk-weighting on mortgages, as well as, (2) downside risks from a significant and growing exposure to the Israeli property market and potential geopolitical events. FIBI's efficiency remains weaker than peers, but ongoing management measures have successfully reduced costs and increased revenues, resulting in consistent improvement.

Exhibit 1
Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset Risk and Profitability reflect the weaker of either the latest figure or the three-year and latest figure average. Capital is the latest reported figure. Funding Structure and Liquid Resources reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

- Stable mostly retail deposit-based funding structure and comfortable liquidity
- Strong asset quality, supported by a relatively low-risk loan book structure
- Strong presence in niche segments provides stable business growth
- Very high likelihood of government support, in case of need, underpins the deposit ratings

Credit challenges

- Modest risk-weighted capitalisation and leverage
- Moderate profitability, but ongoing initiatives will further reduce the bank's relatively high operating costs
- Concentration in real estate and geopolitical tensions remain downside risks

Outlook

The stable outlook on the bank's long-term deposit ratings reflects our expectation that the bank's low-risk loan book structure and sound funding profile balance downside risks from exposure to the property market and modest but adequate capitalisation.

Factors that could lead to an upgrade

- FIBI's ratings could be upgraded following both stronger sovereign creditworthiness and an improvement in the bank's standalone credit profile. The bank's standalone BCA could be upgraded following (1) materially stronger capitalisation; and/or (2) a sustained improvement in the bank's efficiency and profitability without an increase in the credit risk profile.

Factors that could lead to a downgrade

- Downward pressure could be exerted on FIBI's ratings if deteriorating operating conditions lead to a material weakening in asset quality. Lower capital levels, an increase in the bank's asset risk profile or any sustained reduction in the bank's recurring earnings power may also put pressure on the ratings.
- There could also be negative rating pressure if we consider that the government's willingness or capacity to provide support in case of need has materially declined.

Key indicators

Exhibit 2

First International Bank of Israel Ltd. (Consolidated Financials) [1]

	12-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (ILS Million)	180,470.0	167,778.0	141,110.0	134,120.0	135,717.0	7.4[4]
Total Assets (USD Million)	58,119.6	52,254.3	40,854.1	35,892.2	39,092.9	10.4[4]
Tangible Common Equity (ILS Million)	9,620.0	8,804.0	8,252.0	7,863.0	7,467.0	6.5[4]
Tangible Common Equity (USD Million)	3,098.1	2,742.0	2,389.1	2,104.2	2,150.9	9.6[4]
Problem Loans / Gross Loans (%)	0.7	0.9	1.1	0.8	0.9	0.9[5]
Tangible Common Equity / Risk Weighted Assets (%)	10.5	10.3	10.0	9.8	9.5	10.0[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	7.0	7.9	10.4	8.1	9.3	8.5[5]
Net Interest Margin (%)	1.6	1.7	1.9	1.9	1.8	1.8[5]
PPI / Average RWA (%)	2.2	1.9	1.9	1.8	1.5	1.9[6]
Net Income / Tangible Assets (%)	0.8	0.5	0.7	0.6	0.5	0.6[5]
Cost / Income Ratio (%)	56.7	60.4	62.4	65.0	69.0	62.7[5]
Market Funds / Tangible Banking Assets (%)	5.3	4.5	2.8	2.8	2.9	3.7[5]
Liquid Banking Assets / Tangible Banking Assets (%)	40.2	42.0	34.0	33.2	36.9	37.2[5]
Gross Loans / Due to Customers (%)	66.7	65.4	74.6	76.2	71.5	70.9[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

FIBI is the fifth-largest banking group in Israel by assets with an 8.1% market share and total consolidated assets of NIS180 billion ($58 billion) as of the end of 2021. As a universal bank, FIBI provides banking services to individuals, small businesses, corporations and high net-worth clients. The bank also provides capital market, foreign currency, global trade and corporate finance services.

FIBI maintains a strong market presence in specific niche retail segments in Israel, including the armed forces, teachers and the ultra-orthodox. The bank also has a leading position in capital market activity.

The bank's common stock trades on the Tel Aviv Stock Exchange (ticker: FIBI). As of the end of 2021, FIBI Holdings Ltd. held a 48.3% stake in FIBI, with the Bino-Liberman Group in turn, owning 51.9% of the shares in FIBI Holdings Ltd.

Recent developments

We have maintained our stable outlook on Israel's banking system.

The Israeli economy has weathered the pandemic-driven shock better than most advanced economies and its growth prospects remain robust. Furthermore, Israel's exposure to the Russia-Ukraine conflict is limited. The swift and enduring economic recovery and strengthening labour market will help sustain banks' sound loan quality. Israeli banks have large and growing exposure to the country's property market, which combined with rapid house price increases poses a risk to their loan performance. Tight underwriting standards for residential mortgages provide a safeguard, however.

Capital will remain sound, underpinned by conservative regulatory risk weights on mortgages. Profitability is moderate and will be supported by business growth and ongoing cost efficiency measures, which will help counterbalance revenue headwinds from intensifying competition in the banking sector and efforts by the authorities to reduce the cost of banking services. Gradually rising interest rates and moderate inflation will also support banks' profitability. Growing domestic deposits will provide ample funding and liquidity will stay robust.

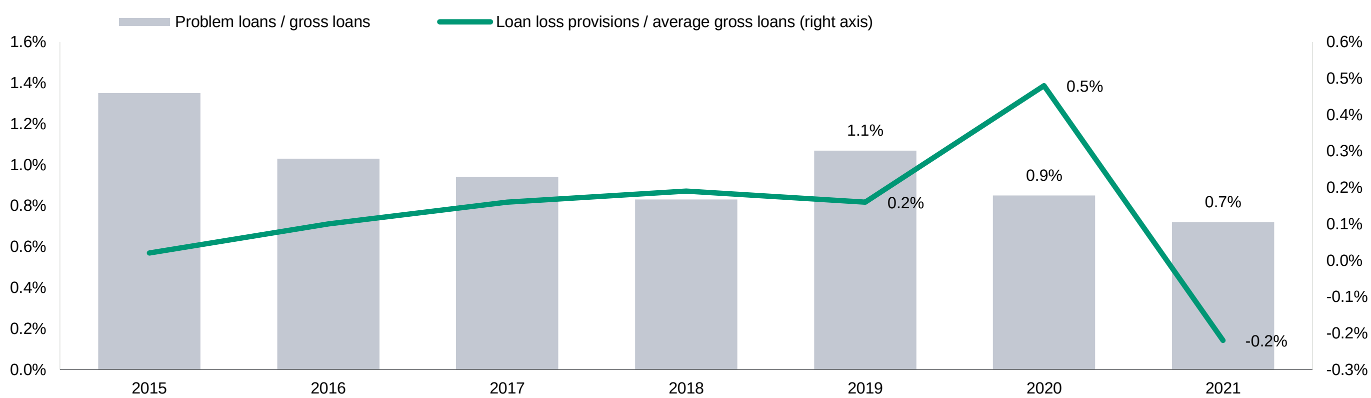
Detailed credit considerations

Strong asset quality supported by a relatively low-risk loan book structure; concentration in real estate and geopolitical tensions are downside risks

Our assigned baa1 Asset Risk score reflects FIBI's strong asset quality, supported by the relatively low risk structure of the bank's loan book and conservative underwriting standards and regulatory oversight. These characteristics have translated into lower credit costs than its domestic peers through past economic cycles. Concentration in Israel's real estate market through lending along with high and rising property prices, and potential geopolitical tensions continue to present downside risks for the bank's asset quality.

Problem loans were 0.7% of gross loans as of the end of 2021, lower than their pre-pandemic level (end-2019: 1.1%, see Exhibit 3), a reflection of strong lending growth and limited defaults. We expect the bank's asset quality to remain strong, supported by Israel's robust economic growth and a tight labour market. Borrowers' servicing ability will also be sustained given gradual monetary policy tightening and a moderate rise in interest rates in Israel over the coming year owing to higher but contained inflationary pressures.

Exhibit 3
Problem loans are below their pre-pandemic level and the bank has demonstrated strong asset quality performance over time
Asset quality evolution



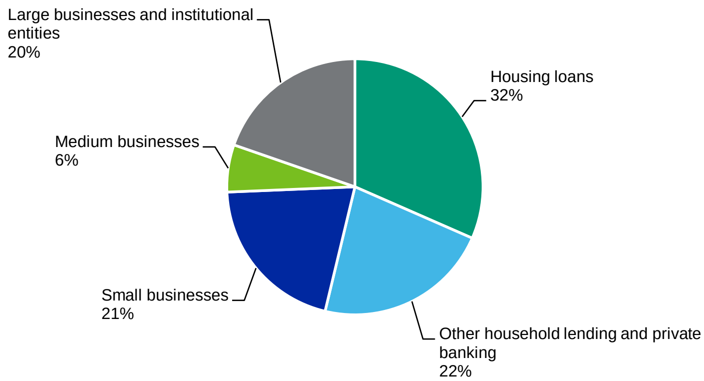
Source: Moody's Investors Service

We also expect FIBI's credit costs (loan loss provision expenses to average gross loans) to normalise in the coming quarters after provision charge-backs in 2021 equivalent to 0.2% of average gross loans, but for these to remain below the domestic peer average in line with historical performance. FIBI demonstrated a strong asset quality performance through a complete economic cycle with average credit costs of just 0.2% between 2006 and 2021, and reported the second-lowest cost of risk during 2020 out of the five large Israeli banks, driven entirely by pandemic-related collective provisions.

Furthermore, the initial application of the US Current Expected Credit Loss (CECL) standard from 1 January 2022 has not led to significant additional impairments on implementation, and we do not expect it to lead to higher ongoing provisions, given the significant general provisions required for housing loans under the previous standard[1].

Strong asset quality is a reflection of the bank's loan book structure and underwriting standards. FIBI's loan book is diversified, with relatively low risk residential mortgages accounting for 32% of total loans, while medium and large businesses (including institutional entities) for 26% as of the end of 2021 (see Exhibit 4). Other retail and consumer loans were 22% of total, but a significant portion of the unsecured retail portfolio is salary-assigned and the bank's client base is mainly higher-income, wealthier individuals.

Exhibit 4
FIBI's loan book is relatively diversified
Loan book breakdown as of the end of 2021 (supervisory segments)



Source: Bank's financial reports

Borrower concentrations has declined in recent recent years, with no individual exposure exceeding 15% of the bank's capital as of the end of 2021. However, FIBI's significant and growing exposure to residential mortgages and the construction and real estate sector, which made up a further 13% of total lending as of the end 2021, render its asset quality susceptible to developments in the Israeli property market.

House prices in Israel are rising at a high rate, although a structurally limited supply of new housing units provides price support and limits the risk of a potential price correction. Banks are also exposed to potentially higher risk in the mortgage book from unexpectedly higher interest rates and a rise in unemployment. For housing loans, risks are mitigated by the low overall level of household debt in the economy, macroprudential measures[2], which enforce tight underwriting standards and high capital buffers against mortgages.

The bank's exposure to the construction and real estate sector, although lower than most peers, grew by a high 17% in 2021 because of strong demand. In view of the significant lending growth in these sectors and the risk posed by rapidly rising costs of raw materials and any jump in interest rates that may challenge some borrowers, the BoI requested banks to heighten their monitoring of borrowers. FIBI increased its collective provisions against this sector in 2021, with the balance of collective provisions accounting for 0.5% of total credit risk of the construction and real estate sectors.

We see higher risk in the office space market and commercial real estate. Credit secured by commercial property accounted for 26% of the bank's total credit risk to the construction and real estate sectors as of the end of 2021. The bank's real estate exposure mainly involves the funding of closed residential construction projects[3] where risk is mitigated by close oversight and more conservative underwriting criteria[4].

Similarly to other Israeli banks, FIBI's asset quality also remains vulnerable to potential geopolitical events that can compromise business confidence and economic activity.

Adequate but modest risk-weighted capitalisation and leverage

We view FIBI's risk-weighted capitalisation and leverage as adequate but modest. However, FIBI's loss-absorption buffers are supported by relatively conservative regulatory risk-weights, especially on mortgage lending. We expect the bank's capital ratios, which have increased to their highest level in recent years, to decline slightly following the resumption of profit distribution to shareholders and sustained loan growth, but to remain comfortably above regulatory requirements. The bank's capital ratios are also significantly more stable compared to banks' globally that use a model approach in calculating credit RWAs.

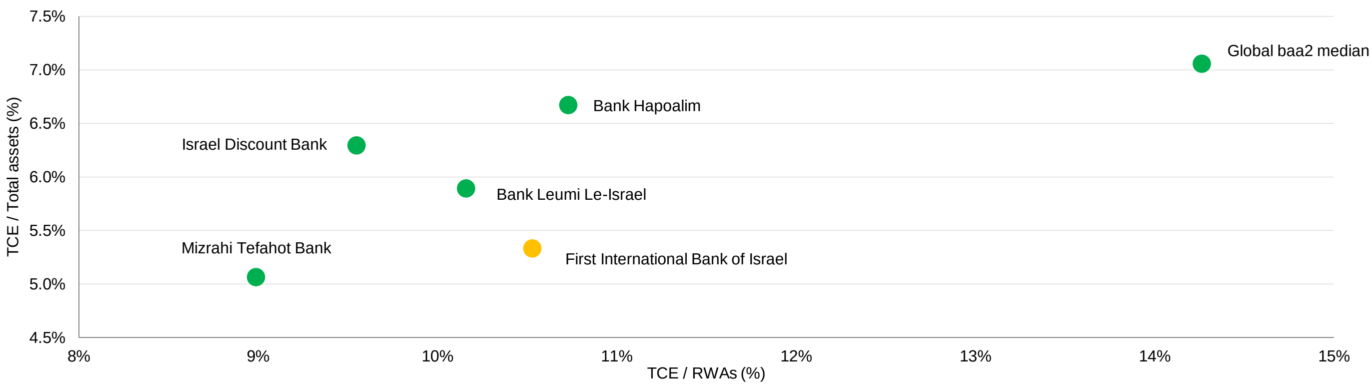
FIBI's TCE/RWAs ratio was 10.5% as of the of 2021, below the median level of similarly-rated international peers (see Exhibit 5). However, the BoI maintains a conservative approach to risk-weighting that results in higher loss-absorption buffers than capital ratios show. Israeli banks use the standardised approach to risk-weighting. Mortgages are further risk-weighted according to loan-to-value, resulting in an average risk weight of over 50% in Israel. This effective mortgage loan risk weight is significantly higher than the risk weights applied by banks in other developed markets that use the internal ratings-based approach and even the 35% risk weight normally used in the standardised approach.

The bank's TCE-to-total assets ratio was 5.3% as of the end of 2021, at the same level as its Basel III leverage ratio that was above the 4.5% minimum regulatory requirement that applied at that time.

Exhibit 5

FIBI's risk-weighted capitalisation is lower than global peers driven by conservative risk weights

Risk-weighted capitalisation and leverage of Israeli banks and the global median as of the end of 2021



Source: Moody's Investors Service

FIBI reported a Common Equity Tier 1 (CET1) capital ratio of 11.5% as of the end of 2021, significantly exceeding the 8.3% minimum regulatory requirement that applied at that time by 3.2 percentage points, the highest buffer across the five large Israeli banks. The BoI's leniency on lower banks' capital requirements by 1 percentage point expired at the end of 2021. This leniency was initially provided in March 2020 and reduced FIBI's minimum CET1 ratio requirement from 9.3% as of the end of 2019.[5] At the same time, the BoI also lifted its earlier guidance on suspension of profit distributions. Following this, FIBI resumed dividend distributions in line with its dividend policy (50% of profits).

Moderate profitability, but ongoing initiatives will further reduce relatively high operating costs; strong presence in niche segments provide stable business growth

FIBI's recurring profitability is moderate but stable, refecting a relatively high operating cost base but also strong revenue growth, supported by the bank's presence in niche segments. The bank's net income to tangible assets averaged 0.62% during 2017 to 2019. The bank reported record net income equivalent to 0.84% of tangible assets in 2021, up from 0.49% in 2020.

Stronger profitability in 2021 was driven by the aforementioned provision reversals, strong revenue growth because of loan growth and higher CPI, which was negative in 2020, benefiting returns from the bank's net long CPI position (deriving mainly from CPI-linked mortgages). Over the coming 12-18 months, we expect these trends to be sustained and provision expenses to normalise but remain contained supporting bottom-line profitability. Higher interest rates will also support wider net interest margins, further boosting profitability.

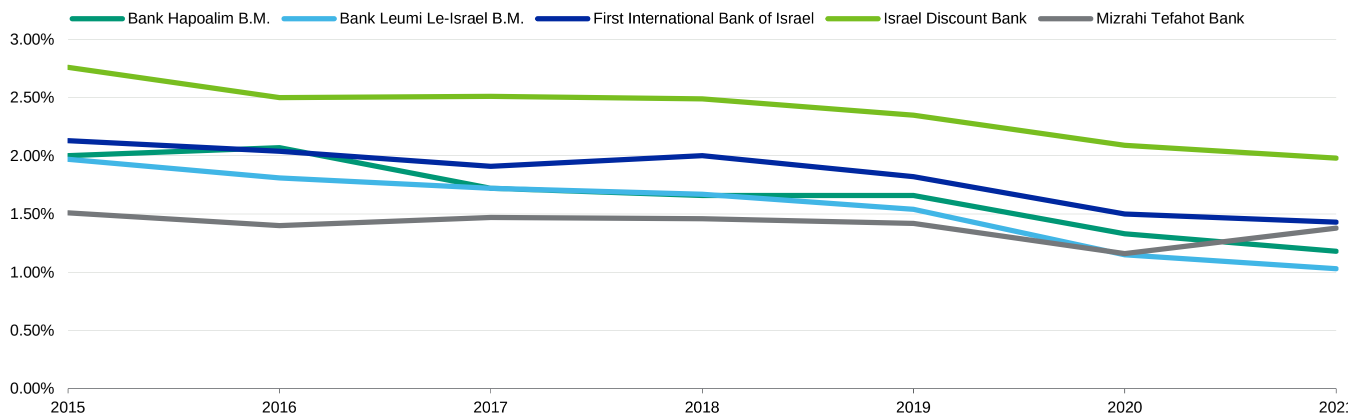
FIBI's strong presence in niche markets, which include capital markets activity and teachers, armed forces and religious segments, coupled with high customer satisfaction, have resulted in consistent credit and revenue growth in recent years, with a compound annual growth rate of 9% for loans and 7% for revenues for the period 2015-2021.

Competition by providers of financial services in Israel will likely intensify, however, as Israeli authorities continue to implement measures to promote competition and lower the cost of banking services for households and small businesses. A digital-only bank, the first new bank to be licensed in Israel in over four decades, has started official operations this year and a new system facilitating fast and zero cost switching between banks was launched in September.

The bank's operating cost base remains higher than domestic peers, but continued cost-reduction initiatives have driven significant operating efficiency gains for FIBI, paving the way for higher sustainable profitability and strengthening its ability to adapt and resist growing competition and income headwinds.

Management's ongoing initiatives to improve cost efficiency include reducing headcount, optimising the branch network and reducing real estate space and have improved the bank's operating expenses to assets ratio to 1.5% in 2021 from 2.2% in 2015 (see Exhibit 6). Combined with consistent revenue growth, these efficiency initiatives have driven the bank's cost-to-income ratio below 60% in 2021 from above 75% in 2015. We expect the bank to continue to pursue digitalisation and cost-reduction initiatives, aided by an enabling regulator.

Exhibit 6
FIBI has managed its relatively high operating cost base down in recent years
Operating expenses / total assets



Moody's adjusted figures. Figures also exclude provisions related to US investigations into tax evasion schemes and other litigation costs
Source: Moody's Investors Service

Stable mostly retail deposit-based funding structure and comfortable liquidity

FIBI benefits from a sound funding profile supported by a large and stable customer deposit base in Israel, which comfortably funds its loan portfolio, helped by Israel's strong savings culture. FIBI's net loans-to-deposits ratio stood at 66% as of the end of 2021, improved from 74% as of the end of 2019, following a significant inflow of deposits.

Further, 58% of total deposits from the public were relatively granular household and small business deposits (excluding private banking deposits). However, our assessment of FIBI's funding structure also considers that 21% of total deposits from the public, as of the end of 2021, were sourced from institutional and capital markets investors that could be more vulnerable to a loss in depositor confidence. This relatively high share of institutional investor deposits is partly driven by the bank's significant capital market activity. Nevertheless, FIBI's deposit base has proven to be stable during past shocks in Israel.

The bank is a net lender in the interbank market and has a low reliance on potentially more confidence-sensitive market funding at just 5.3% of tangible banking assets as of the end of 2021.

The bank also maintains a comfortable level of liquidity, with liquid assets to total assets ratio of 40% as of the end of 2021. The bank's liquid assets portfolio is also conservatively structured, with 32% of total assets held in cash and deposits with banks, and 8% invested in securities of which 81% is made up of A1-rated Israeli government securities. FIBI reported a healthy Liquidity Coverage Ratio of 128% as of the end of 2021.

Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank-specific figures originate from the banks' reports and are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to Financial Statement Adjustments in the Analysis of Financial Institutions published on 9 August 2018. We do not use the Bank of Israel's exchange rates in converting figures from Israeli shekel into US dollars, so US dollar figures may differ from bank reported figures.

ESG considerations

In line with our general view for the banking sector, FIBI has a low exposure to Environmental risks, see our Environmental risks heat map for further information. Although Israel is exposed to environmental risk through rising temperatures, drought episodes and water scarcity given its geographical location in a semiarid climate zone, the authorities have taken a number of steps to address these risks, including through seawater desalination and wastewater recycling.

Overall, we believe banks, including FIBI, face moderate Social risks, see our Social risks heat map. The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy which is partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage due to product misselling or other types of misconduct is a further social risk.

Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology cost, aging population concerns in several countries, impacting demand for financial services or socially driven policy agendas that may translate into regulation that affects banks' revenue base. Specifically in Israel, authorities are taking measures to promote competition in the banking system and to reduce the cost of financial services for households and small business, which will weigh on the banks' profitability.

Further, strict labour laws and strong banking employee unions in Israel limit staffing flexibility and drive up staffing costs. However, the banks have reduced employee posts through successive early retirement plans and have implemented stringent cost control, which has allowed them to mitigate these challenges.

Governance is highly relevant for FIBI, as it is to all players in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for FIBI we do not currently have material governance concerns. Nonetheless corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Government support considerations

FIBI's A2 deposit ratings incorporate three notches of government support uplift from the bank's baa2 Adjusted BCA because of our expectation of a very high probability of support from the Israeli authorities, in case of need. This assumption is based on FIBI's systemic importance as one of the country's five large banking groups and the Israeli government's long standing practice of injecting capital into systemically important banks in case of need.

Counteparty Risk (CR) Assessment

FIBI's CR Assessment is A1(cr)/P-1(cr)

Prior to government support, the CR Assessment is positioned one notch above the bank's baa2 Adjusted BCA, reflecting our view that its probability of default is lower than that of deposits. Senior obligations represented by the CR Assessment will be more likely preserved to limit contagion, minimise losses and avoid disruption of critical functions. The CR Assessment also benefits from government support uplift, in line with our support assumptions on deposits.

Counteparty Risk Ratings (CRRs)

FIBI's CRRs are A1/P-1

For jurisdictions with a non-operational resolution regime, such as Israel, the starting point for the CRR is one notch above the bank's Adjusted BCA. The CRRs also benefit from three notches of government support uplift.

Methodology and scorecard

About Moody's Bank scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity

Rating methodology and scorecard factors

Exhibit 7

First International Bank of Israel Ltd.

Macro Factors		
Weighted Macro Profile	**Strong**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.9%	aa3	↔	baa1	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	10.5%	baa3	↓	ba1	Nominal leverage	Expected trend
Profitability						
Net Income / Tangible Assets	0.7%	baa3	↔	baa3	Return on assets	
Combined Solvency Score		baa1		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	5.3%	a1	↔	a2	Deposit quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	40.2%	a1	↓↓	a3	Expected trend	
Combined Liquidity Score		a1		a2		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				A1		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	1	0	baa1	3	A1	A1
Counterparty Risk Assessment	1	0	baa1 (cr)	3	A1(cr)	
Deposits	0	0	baa2	3	A2	A2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 8

Category	Moody's Rating
FIRST INTERNATIONAL BANK OF ISRAEL LTD.	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)

Source: Moody's Investors Service

Endnotes

1 The new standard is implemented from 1 January 2022. The cumulative first-day effect of the change in calculating provisions will be taken against the balance of retained earnings. However, the impact on supervisory capital can be phased-in over four years. Banks are allowed to add any decrease from the standard's implementation back to Common Equity Tier 1 capital at a rate of 75% on 1 January of the first year of implementation, 50% in the second year, and 25% in the third year, with full effect from the fourth year. Under the previous standard, Israeli banks were mandated to maintain minimum general loan-loss provisions equivalent to 0.35% of gross loans for outstanding housing loans. FIBI estimates the CECL implementation will result in an increase of NIS10 million in the balance of provisions for the households (non-housing) portfolio, NIS80 million in the business and commercial loan portfolio and a decrease of NIS30 million in the housing loans portfolio.

2 The measures include loan-to-value limits, a monthly repayment cap at 50% of a borrower's month salary and limit on the variable-rate of interest part of the mortgage. Higher risk-weights for the calculation of regulatory capital metrics for mortgages with higher loan-to-value and repayment ratios also encourage tighter underwriting.

3 The closed financing structure mitigates risks because credit is managed in a separate account dedicated to the project that is separate from the rest of the borrower's banking activity and from which the developer cannot withdraw funds without the bank's consent. There is external oversight of construction progress by inspectors approved by the bank, who track the pace of progress on-site and monitor expenditure and income in accordance with the planned budget.

4 According to the Bank of Israel, these criteria include minimum levels of equity and pre-sales and the ability of projects to absorb declines in sales prices or rises in the cost of construction without impairing the borrowers' ability to service the debt.

5 In November 2020, the authorities also lowered the bank's leverage ratio requirement to 4.5%, from 5% previously.

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