

Table 1.12
Exposure to changes in the CPI and the exchange rate, the five major banking groups, December 2011 and December 2012
(NIS million)

	Leumi		Hapoalim		Discount		Mizrahi-Tefahot		First International		The five groups	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Unindexed segment												
Total assets (excluding futures transactions and options)	199,647	216,020	203,177	226,661	109,575	110,760	80,612	89,941	67,891	72,664	660,902	716,046
Total liabilities (excluding futures transactions and options)	164,770	177,449	185,628	202,802	99,908	100,536	80,216	92,205	56,749	63,055	587,271	636,047
Difference between assets and liabilities excluding the effect of futures transactions and options	34,877	38,571	17,549	23,859	9,667	10,224	396	-2,264	11,142	9,609	73,631	79,999
Difference between assets and liabilities including effect of futures transactions and options	19,557	19,583	14,476	13,008	2,765	717	1,205	-246	3,571	3,935	41,574	36,997
The bank's net worth ^{a,b}	15,208	16,973	18,637	21,332	5,545	6,595	6,564	7,597	3,350	4,228	49,304	56,725
CPI-indexed segment												
Total assets (excluding futures transactions and options)	61,163	60,341	60,607	60,780	26,211	24,810	45,856	50,540	15,872	15,776	209,709	212,247
Total liabilities (excluding futures transactions and options)	56,494	55,847	48,970	50,539	21,539	20,732	34,859	35,296	15,284	15,316	177,146	177,730
Effect of futures transactions and options	-4,472	-6,280	-4,834	-1,802	-1,700	-867	-5,754	-7,286	-327	29	-17,087	-16,206
Total position in the segment ^c	197	-1,786	6,803	8,439	2,972	3,211	5,243	7,958	261	489	15,476	18,311
Maximum change in the CPI ^d (percent)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Loss as a result of the maximum change in the CPI												
CPI increase		19										19
CPI decrease	2		73	91	32	34	56	85	3	5	166	216
Foreign currency segment^e												
Total assets (excluding futures transactions and options)	95,674	90,191	86,716	82,607	60,653	59,527	21,941	19,820	13,900	13,508	278,884	265,653
Total liabilities (excluding futures transactions and options)	120,012	116,283	97,265	95,375	69,445	67,234	26,795	25,205	22,280	19,349	335,797	323,446
Effect of futures transactions and options	19,792	25,268	7,907	12,653	8,600	10,374	4,970	5,270	7,898	5,645	49,167	59,210
Total position in the segment ^c	-4,546	-824	-2,642	-115	-192	2,667	116	-115	-482	-196	-7,746	1,417
Maximum change in the exchange rate ^f (percent)	6.8	7.0	6.8	7.0	6.8	7.0	6.8	7.0	6.8	7.0	6.8	7.0
Loss as a result of the maximum change in the exchange rate ^g												
Increase in the exchange rate (weakening of the shekel)	307	57	179	8	13			8	33	14	532	87
Decrease in the exchange rate (strengthening of the shekel)						185	8				8	185
Total maximum loss to the bank's net worth as a result of indexation base risk^h												
As a percentage of the bank's net worth	2.0	0.5	1.4	0.5	0.8	3.3	1.0	1.2	1.1	0.4	1.4	0.7

^aThe difference between assets and liabilities in all sectors includes the effect of futures transactions (excluding nonmonetary items), per Note 16 to the published financial statements.

^bThe bank's net worth is attributed (by definition) entirely to the unindexed segment, with the result that the nominal exposure to indexation bases occurs in the indexed segment and in the foreign currency segment.

^cThe difference between assets and liabilities in the segment includes the effect of futures transactions.

^dThe maximum change in the CPI derived from monthly changes in inflation expectations during the past 7 years, assuming a normal distribution and a confidence level of 99 percent.

^eIncluding foreign-currency indexed. The calculation of the banking corporations' exposure to foreign currency in this survey is based on the positions obtained from Note 16 to the financial statements. The positions presented do not take into account taxation effects, which the banking corporations may take into account when managing the exposure.

^fThe maximum change in the nominal shekel-dollar exchange rate, which is derived from monthly changes in the exchange rate over the past 7 years, assuming a normal distribution and a confidence level of 99 percent.

^gThe change that will occur in the bank's position as the result of a maximum change in the shekel-dollar exchange rate.

^hThe total maximum loss as a result of indexation base risk is obtained by simple addition of the maximum losses as a result of risks in the indexed segment and the foreign currency segment, assuming that the maximum change will occur in the direction that causes the bank the maximum loss in each segment.

ⁱThe change in the total position in unindexed local currency and in foreign currency derives primarily from cancellation of the hedge of the investment in IDB New York following the publication on February 14, 2012 of a Supervisor of Banks circular on "Currency of activities of overseas branches." This Circular amended the Reporting to the Public Directives and enabled banking corporations to determine a currency of operations other than the shekel for some of their branches.

SOURCE: Banking Supervision Department based on published financial statements and Central Bureau of Statistics data.