

Table 1.22
Exposure to changes in the CPI and the exchange rate, the five banking groups, December 2014 and December 2015

	(NIS million)											
	Leumi		Hapoalim		Discount		Mizrahi-Tefahot		First International		Total system	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Unindexed segment												
Total assets (excluding futures transactions and options)	235,891	270,159	245,915	281,512	119,482	126,463	119,977	134,438	82,577	92,050	803,842	904,622
Total liabilities (excluding futures transactions and options)	190,179	219,518	222,768	247,782	104,242	111,717	109,051	121,142	68,109	77,439	694,349	777,598
Effect of futures transactions and options	-18,927	-25,208	-3,487	-13,910	-13,678	-11,063	-9,111	-12,558	-10,308	-9,321	-55,511	-72,060
Total position in the segment ^a	26,785	25,433	19,660	19,820	1,562	3,683	1,815	738	4,160	5,290	53,982	54,964
The bank's total equity^{b,c}	17,802	22,424	24,778	27,022	8,655	9,846	9,733	10,778	4,795	5,477	65,763	75,547
CPI-indexed segment												
Total assets (excluding futures transactions and options)	54,203	51,672	55,301	51,782	21,772	19,257	54,602	52,733	15,393	13,241	201,271	188,685
Total liabilities (excluding futures transactions and options)	56,971	50,997	43,111	41,391	16,919	13,969	39,116	36,800	13,887	12,539	170,004	155,696
Effect of futures transactions and options	-2,177	-1,308	-5,925	-2,106	-759	-2,047	-7,258	-5,911	-841	-505	-16,960	-11,877
Total position in the segment ^a	-4,945	-633	6,265	8,285	4,094	3,241	8,228	10,022	665	197	14,307	21,112
Maximum change in the CPI ^d (percent)	1.3	0.9	1.3	0.9	1.3	0.9	1.3	0.9	1.3	0.9	1.3	0.9
Loss as a result of the maximum change in the CPI												
CPI increase	62	6	-	-	-	-	-	-	-	-	62	6
CPI decline	-	-	79	76	52	30	104	92	8	2	243	199
Foreign currency segment^e												
Total assets (excluding futures transactions and options)	94,589	85,592	99,573	91,289	61,364	55,338	22,115	20,174	15,154	16,165	292,795	268,558
Total liabilities (excluding futures transactions and options)	121,081	114,880	110,132	108,388	72,802	65,526	38,798	38,624	26,333	26,001	369,146	353,419
Effect of futures transactions and options	22,454	26,912	9,412	16,016	14,437	13,110	16,373	18,468	11,149	9,826	73,825	84,332
Total position in the segment ^a	-4,038	-2,376	-1,147	-1,083	2,999	2,922	-310	18	-30	-10	-2,526	-529
Maximum change in the exchange rate ^f (percent)	6.6	5.3	6.6	5.3	6.6	5.3	6.6	5.3	6.6	5.3	6.6	5.3
Loss as a result of the maximum change in the exchange rate ^g												
Weakening of the shekel (depreciation)	267	127	76	58	-	-	20	-	2	1	365	185
Strengthening of the shekel (appreciation)	-	-	-	-	198	156	-	1	-	-	198	157
Total maximum loss to the bank's total equity as a result of indexation base risk	329	133	155	134	250	186	124	93	10	2	608	384
As a percentage of the bank's total equity	1.8	0.6	0.6	0.5	2.9	1.9	1.3	0.9	0.2	0.0	0.9	0.5

^a The total position in the segment as the difference between assets and liabilities in the segment, including the effect of futures transactions.

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

^c The bank's total equity 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.

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

^e Including 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, while the banking corporations may take them into account when managing the exposure.

^f The 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 significance level of 99 percent.

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

^h The 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.

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