

Table 10

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

	Leumi			Hapoalim			Discount ^j		
	2011	2012:Q1	2012:Q2	2011	2012:Q1	2012:Q2	2011	2012:Q1	2012:Q2
Unindexed segment									
Total assets (excluding futures transactions and options)	199,647	194,867	196,986	203,203	205,344	211,403	109,574	107,259	105,881
Total liabilities (excluding futures transactions and options)	164,770	165,310	166,770	185,628	183,434	186,301	99,833	99,088	98,670
Difference between assets and liabilities <u>excluding</u> the effect of futures transactions and options	34,877	29,557	30,216	18,663	19,327	19,877	5,619	5,744	6,265
Difference between assets and liabilities plus effect of futures transactions and options	19,557	14,429	16,849	14,502	15,073	14,306	2,839	-337	579
The bank's net worth ^{a,b}	15,208	15,965	16,422	18,663	19,327	19,877	5,619	5,744	6,265
CPI-indexed segment									
Total assets (excluding futures transactions and options)	61,163	62,131	62,878	60,607	59,997	60,931	26,211	26,436	26,212
Total liabilities (excluding futures transactions and options)	56,494	54,074	56,001	48,970	49,992	51,232	21,539	21,611	21,290
Effect of futures transactions and options	-4,472	-4,611	-5,397	-4,834	-3,975	-2,766	-1,700	-1,231	-1,795
Total position in the segment ^c	197	3,446	1,480	6,803	6,030	6,933	2,972	3,594	3,127
Maximum change in the CPI ^d (percent)	-0.8	-0.8	-0.8	-0.79	-0.80	-0.80	-0.79	-0.80	-0.80
Loss as a result of the maximum change in the CPI^e	2	28	12	54	49	56	23	29	25
Foreign currency segment^f									
Total assets (excluding futures transactions and options)	95,674	92,793	97,043	86,716	78,876	83,769	60,653	59,852	62,914
Total liabilities (excluding futures transactions and options)	120,012	114,442	117,714	97,265	91,464	98,693	69,445	67,104	68,782
Effect of futures transactions and options	19,792	19,739	18,764	7,907	10,812	13,562	8,600	9,739	8,427
Total position in the segment ^c	-4,546	-1,910	-1,907	-2,642	-1,776	-1,362	-192	2,487	2,559
Maximum change in the exchange rate ^g (percent)	-4.63	-4.76	-4.76	-4.63	-4.76	-4.76	-4.63	4.21	4.63
Loss as a result of the maximum change in the exchange rate^h	210	91	91	122	84	65	9	105	119
Total maximum loss to the bank's net worth as a result of indexation base riskⁱ	212	119	103	176	133	121	32	133	144
As a percentage of the bank's net worth	1.39	0.74	0.62	0.94	0.69	0.61	0.58	2.32	2.29

^a The difference between assets and liabilities in all sectors includes the effect of futures transactions (excluding non-monetary items), per Note 16 to the financial statements.

^b The 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.

^c The difference between assets and liabilities includes the effect of futures transactions.

^d The maximum change in the CPI derived from changes in inflation expectations over moving 10-business-day periods during the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent.

^e The change that will occur in the bank's position as the result of a maximum change in the CPI.

^f 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, which the banking corporations may take into account when managing the exposure.

^g The maximum change in the nominal shekel-dollar exchange rate, which is derived from changes in the exchange rate in moving 10-business-day periods over the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent.

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

ⁱ 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, on the assumption that the worst change will occur, from the bank's aspect, in both segments.

^j The 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 of a Supervisor of Banks directive on "Currency of activities of overseas branches."

SOURCE: Published financial statements, Central Bureau of Statistics data, and Banking Supervision Department calculations.

Table 10 (continued)

Exposure to changes in the CPI and the exchange rate, the five major banking groups, December 2011 through June 2012

(NIS million)

	Mizrahi-Tefahot			First International			The five groups		
	2011	2012:Q1	2012:Q2	2011	2012:Q1	2012:Q2	2011	2012:Q1	2012:Q2
Unindexed segment									
Total assets (excluding futures transactions and options)	80,612	80,819	82,145	67,891	68,898	68,538	660,927	657,187	664,953
Total liabilities (excluding futures transactions and options)	80,216	78,967	81,526	56,739	57,388	57,723	587,186	584,187	590,990
Difference between assets and liabilities <u>excluding</u> the effect of futures transactions and options	396	1,852	619	11,152	11,510	10,815	73,741	73,000	73,963
Difference between assets and liabilities plus effect of futures transactions and options	1,205	-1,150	-992	3,581	3,436	3,559	-32,057	-41,549	-39,662
The bank's net worth ^{a,b}	6,599	6,764	7,114	3,630	3,554	3,736	41,684	31,451	34,301
							49,719	51,354	53,414
CPI-indexed segment									
Total assets (excluding futures transactions and options)	45,856	47,500	48,922	15,872	15,742	16,829	209,709	211,806	215,772
Total liabilities (excluding futures transactions and options)	34,859	35,189	35,988	15,014	15,354	16,019	176,876	176,220	180,530
Effect of futures transactions and options	-5,754	-4,449	-4,607	-327	-14	-142	-17,087	-14,280	-14,707
Total position in the segment ^c	5,243	7,862	8,327	531	374	668	15,746	21,306	20,535
Maximum change in the CPI ^d (percent)	-0.8	-0.8	-0.8	-0.79	-0.80	-0.80	-0.79	-0.80	-0.80
Loss as a result of the maximum change in the CPI^e	41	63	67	4	3	5	124	171	165
Foreign currency segment^f									
Total assets (excluding futures transactions and options)	21,976	20,095	22,444	13,900	13,893	14,731	278,919	265,509	280,901
Total liabilities (excluding futures transactions and options)	26,795	27,490	28,884	22,280	22,237	22,620	335,797	322,737	336,693
Effect of futures transactions and options	4,970	7,447	6,219	7,898	8,088	7,398	49,167	55,825	54,370
Total position in the segment ^c	151	52	-221	-482	-256	-491	-7,711	-1,403	-1,422
Maximum change in the exchange rate ^g (percent)	4.21	4.21	-4.76	-4.63	-4.76	-4.76	-4.63	-4.76	-4.76
Loss as a result of the maximum change in the exchange rate^h	6	2	11	22	12	23	370	294	308
Total maximum loss to the bank's net worth as a result of indexation									
base riskⁱ	48	65	77	26	15	29	495	466	473
As a percentage of the bank's net worth	0.72	0.97	1.09	0.73	0.43	0.77	0.99	0.91	0.89

^a The difference between assets and liabilities in all sectors includes the effect of futures transactions (excluding non-monetary items), per Note 16 to the financial statements.

^b The 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.

^c The difference between assets and liabilities includes the effect of futures transactions.

^d The maximum change in the CPI derived from changes in inflation expectations over moving 10-business-day periods during the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent.

^e The change that will occur in the bank's position as the result of a maximum change in the CPI.

^f 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, which the banking corporations may take into account when managing the exposure.

^g The maximum change in the nominal shekel-dollar exchange rate, which is derived from changes in the exchange rate in moving 10-business-day periods over the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent.

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

ⁱ 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, on the assumption that the worst change will occur, from the bank's aspect, in both segments.

^j The 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 of a Supervisor of Banks directive on "Currency of activities of overseas branches."

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