

**Table 1.11**  
**Exposure to changes in interest rates, the five major banking groups, 2011 and 2012**  
(NIS million)

	Leumi		Hapoalim		Discount		Mizrahi-Tefahot		The First International		The five groups	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
<b>Unindexed segment</b>												
Net position in segment <sup>a</sup>	17,512	17,000	15,662	13,489	3,087	1,147	1,526	-611	3,347	3,997	41,166	35,002
The change in the fair value of the net position in the segment as a result of an interest rate change <sup>b</sup>												
1 percentage point increase	-352	-439	102	-26	-328	-342	148	290	-57	-107	-487	-624
1 percentage point decrease	357	485	-90	81	346	332	-174	-334	65	117	504	681
Maximum change in interest rates <sup>c</sup> (percentage points)	0.71	0.73	0.71	0.73	0.71	0.73	0.71	0.73	0.71	0.73	0.71	0.73
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate <sup>d</sup>												
Interest rate increase	-248	-319	72	-19	-231	-248	104	210	-40	-78	-343	-453
Interest rate decrease	252	352	-63	59	244	241	-123	-242	46	85	355	494
<b>CPI-indexed segment</b>												
Net position in segment <sup>a</sup>	3,414	1,456	4,278	5,885	2,172	1,954	4,991	7,029	415	367	15,270	16,691
The change in the fair value of the net position in the segment as a result of an interest rate change <sup>b</sup>												
1 percentage point increase	109	90	195	-16	-11	-24	-109	-169	-60	-72	124	-191
1 percentage point decrease	-132	-181	-114	37	12	22	247	424	70	84	83	386
Maximum change in interest rates <sup>c</sup> (percentage points)	0.95	0.93	0.95	0.93	0.95	0.93	0.95	0.93	0.95	0.93	0.95	0.93
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate <sup>d</sup>												
Interest rate increase	104	84	185	-15	-10	-22	-104	-157	-57	-67	118	178
Interest rate decrease	-126	-169	-108	34	11	20	235	395	67	78	79	359
<b>Foreign currency segment<sup>e</sup></b>												
Net position in segment <sup>a</sup>	-4,351	-364	-2,228	28	-1,013	2,136	207	113	-616	-253	-8,001	1,660
The change in the fair value of the net position in the segment as a result of an interest rate change <sup>b</sup>												
1 percentage point increase	-3	-130	-76	-36	-185	-310	-70	-95	2	-15	-332	-586
1 percentage point decrease	-7	125	61	84	-255	-38	72	132	0	21	-129	324
Maximum change in interest rates <sup>c</sup> (percentage points)	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate <sup>d</sup>												
Interest rate increase	-2	-81	-48	-23	-117	-194	-44	-59	1	-9	-210	-367
Interest rate decrease	-4	78	38	53	-162	-24	46	83	0	13	-82	203
<b>Total</b>												
Total fair value of bank's net worth <sup>f</sup>	16,575	18,092	17,744	19,402	4,246	5,237	6,724	6,531	3,146	4,111	48,435	53,373
The change in the fair value of the bank's net worth as a result of an interest rate change <sup>b</sup>												
1 percentage point increase	-246	-479	221	-78	-524	-676	-31	26	-115	-194	-695	-1,401
1 percentage point decrease	218	429	-143	202	103	316	145	222	135	222	458	1,391
The change in the fair value of the bank's net worth as a result of the maximum change in interest rates <sup>d</sup>												
Interest rate increase	-146	-316	209	-56	-359	-465	-44	-6	-96	-154	-436	-997
Interest rate decrease	122	262	-133	146	94	238	158	235	112	176	353	1,056
As a percentage of the fair value of the bank's net worth												
Interest rate increase	-0.9	-1.7	1.2	-0.3	-8.5	-8.9	-0.6	-0.1	-3.1	-3.7	-0.9	-1.9
Interest rate decrease	0.7	1.4	-0.8	0.8	2.2	4.5	2.3	3.6	3.6	4.3	0.7	2.0

<sup>a</sup> The difference between the fair value of assets and the fair value of liabilities, including the effect of futures transactions in each indexing segment.

<sup>b</sup> Based on published financial statements - directors report.

<sup>c</sup> The maximum change in the yield-to-maturity on *makam* (short term securities) for a year in the unindexed segment, on 3-year CPI-indexed bonds in the indexed segment and on the 1-year LIBOR in the foreign currency segment is derived from monthly changes over the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent. We note that in calculating the maximum change in the yield-to-maturity, the redemption periods of bonds were set according to the average duration of the assets and liabilities in each segment.

<sup>d</sup> Based on published financial statements - directors report, and on the Banking Supervision Department's estimate of the maximum change in the interest rate. This calculation is an approximation, as it assumes linear behavior of interest rate risk.

<sup>e</sup> Including the foreign-currency-indexed segment.

<sup>f</sup> The total of net positions in the three indexing segments.

**SOURCE: Banking Supervision Department based on published financial statements.**