

Table 9
Exposure to changes in interest rates, five major banking groups, December 2011 through June 2012

(NIS million)

	Leumi			Hapoalim			Discount ^f		
	2011	2012: Q1	2012: Q2	2011	2012: Q1	2012: Q2	2011	2012: Q1	2012: Q2
Unindexed segment									
Net position in segment^a	17,512	11,920	14,389	15,662	16,292	14,853	3,087	-13	912
The change in the fair value of the net position in the segment as a result of an interest rate change ^b									
1 percentage point increase	-352	-174	-266	102	83	131	-138	-431	-455
1 percentage point decrease	357	212	339	-90	-72	-109	3	325	195
Maximum change in interest rates ^c (percentage points)	1.56	1.58	1.58	1.56	1.58	1.58	1.56	1.58	1.58
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate ^d									
Interest rate increase	-550	-275	-420	159	131	207	-216	-681	-719
Interest rate decrease	557	335	535	-141	-114	-172	5	513	308
CPI-indexed segment									
Net position in segment^a	3,414	6,473	5,606	4,278	4,017	4,533	2,172	2,578	2,331
The change in the fair value of the net position in the segment as a result of an interest rate change ^b									
1 percentage point increase	109	170	164	195	238	107	-11	-2	-46
1 percentage point decrease	-132	-198	-138	-114	-243	-97	12	-8	32
Maximum change in interest rates ^c (percentage points)	0.50	0.51	0.51	0.50	0.51	0.51	0.50	0.51	0.51
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate ^d									
Interest rate increase	54	87	83	97	121	54	-5	-1	-23
Interest rate decrease	-66	-101	-70	-57	-124	-49	6	-4	16
Foreign currency segment^e									
Net position in segment^a	-4,354	-1,970	-1,775	-2,173	-1,455	-1,457	-1,013	1,704	1,908
The change in the fair value of the net position in the segment as a result of an interest rate change ^b									
1 percentage point increase	-3	-170	-150	-76	38	-74	-154	-468	-150
1 percentage point decrease	-7	98	118	61	-35	86	-155	89	10
Maximum change in interest rates ^c (percentage points)	0.49	0.51	0.51	0.49	0.51	0.51	0.49	0.51	0.51
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate ^d									
Interest rate increase	-1	-87	-77	-37	19	-38	-76	-240	-77
Interest rate decrease	-3	50	60	30	-18	44	-76	46	5
Total									
Total fair value of bank's net worth	16,572	16,423	18,220	17,767	18,854	17,929	4,246	4,269	5,151
The change in the fair value of the bank's net worth as a result of an interest rate change ^b									
1 percentage point increase	-246	-174	-252	221	359	164	-303	-901	-651
1 percentage point decrease	218	112	319	-143	-350	-120	-140	406	237
The change in the fair value of the bank's equity as a result of the maximum change in interest rates ^d									
Interest rate increase	-497	-275	-413	219	272	223	-297	-921	-819
Interest rate decrease	488	284	526	-167	-255	-177	-66	555	329
As a percent of the fair value of the bank's net worth									
Interest rate increase	-3.0	-1.7	-2.3	1.2	1.4	1.2	-7.0	-21.6	-15.9
Interest rate decrease	2.9	1.7	2.9	-0.9	-1.4	-1.0	-1.5	13.0	6.4

^a The difference between the present value of assets and the present value of liabilities, including the effect of futures transactions. The present value of assets and liabilities is obtained by discounting the future flow (principal and interest) by the market interest rate in accordance with the term structure of the relevant interest rates for each segment.

^b Based on published financial statements - directors report.

^c The maximum change in the yield-to-maturity on *makam* (short term securities) for a month in the unindexed segment, on 5-year CPI-indexed bonds in the indexed segment and on the 3-month LIBID in the foreign currency segment is derived from 10 days' change over the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent.

^d 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.

^e Including the foreign-currency-indexed segment.

^f The change in the net fair value in unindexed local currency and in foreign currency derives primarily from cancellation of the hedge of the investment in IDB New York.

SOURCE: Published financial statements and Banking Supervision Department calculations.

Table 9-(continued)
Exposure to changes in interest rates, 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									
Net position in segment^a	1,526	-1,127	-1,422	3,567	3,198	3,308	41,354	30,270	32,040
The change in the fair value of the net position in the segment as a result of an interest rate change ^b									
1 percentage point increase	148	167	288	-57	-88	-78	-297	-443	-380
1 percentage point decrease	-174	-204	-357	65	98	87	161	359	155
Maximum change in interest rates ^c (percentage points)	1.56	1.58	1.58	1.56	1.58	1.58	1.56	1.58	1.58
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate ^d									
Interest rate increase	231	264	455	-89	-139	-123	-464	-700	-600
Interest rate decrease	-272	-322	-564	102	155	137	251	567	245
CPI-indexed segment									
Net position in segment^a	4,991	7,528	8,015	415	553	720	15,270	21,149	21,205
The change in the fair value of the net position in the segment as a result of an interest rate change ^b									
1 percentage point increase	-109	-153	-198	-60	-82	-74	124	171	-47
1 percentage point decrease	247	293	209	70	94	86	83	-62	92
Maximum change in interest rates ^c (percentage points)	0.50	0.51	0.51	0.50	0.51	0.51	0.50	0.51	0.51
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate ^d									
Interest rate increase	-54	-78	-101	-30	-42	-38	62	87	-24
Interest rate decrease	123	149	106	35	48	44	41	-32	47
Foreign currency segment^e									
Net position in segment^a	207	64	-166	-616	-330	-575	-7,949	-1,987	-2,065
The change in the fair value of the net position in the segment as a result of an interest rate change ^b									
1 percentage point increase	-70	-98	-65	2	6	0	-301	-692	-439
1 percentage point decrease	72	88	92	0	-5	0	-29	235	306
Maximum change in interest rates ^c (percentage points)	0.49	0.51	0.51	0.49	0.51	0.51	0.49	0.51	0.51
The change in the fair value of the net position in the segment as a result of the maximum change in the interest rate ^d									
Interest rate increase	-35	-50	-33	1	3	0	-149	-355	-225
Interest rate decrease	36	45	47	0	-3	0	-14	120	157
Total									
Total fair value of bank's net worth	6,724	6,465	6,427	3,366	3,421	3,453	48,675	49,432	51,180
The change in the fair value of the bank's net worth as a result of an interest rate change ^b									
1 percentage point increase	-31	-84	25	-115	-164	-152	-474	-964	-866
1 percentage point decrease	145	177	-56	135	187	173	215	532	553
The change in the fair value of the bank's equity as a result of the maximum change in interest rates ^d									
Interest rate increase	142	136	321	-118	-178	-161	-550	-967	-849
Interest rate decrease	-113	-128	-410	136	200	181	278	656	448
As a percent of the fair value of the bank's net worth									
Interest rate increase	2.1	2.1	5.0	-3.5	-5.2	-4.7	-1.1	-2.0	-1.7
Interest rate decrease	-1.7	-2.0	-6.4	4.1	5.8	5.2	0.6	1.3	0.9

^a The difference between the present value of assets and the present value of liabilities, including the effect of futures transactions. The present value of assets and liabilities is obtained by discounting the future flow (principal and interest) by the market interest rate in accordance with the term structure of the relevant interest rates for each segment.

^b Based on published financial statements - directors report.

^c The maximum change in the yield-to-maturity on *makam* (short term securities) for a month in the unindexed segment, on 5-year CPI-indexed bonds in the indexed segment and on the 3-month LIBID in the foreign currency segment is derived from 10 days' change over the past 7 years, on the assumption of a normal distribution and a confidence level of 99 percent.

^d 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.

^e Including the foreign-currency-indexed segment.

^f The change in the net fair value in unindexed local currency and in foreign currency derives primarily from cancellation of the hedge of the investment in IDB New York.

SOURCE: Published financial statements and Banking Supervision Department calculations.