

**Table 1.13**  
**Exposure to changes in the CPI and the exchange rate, the five major banking groups, December 2012 and December 2013**  
(NIS million)

|   | Leumi     |            | Hapoalim  |            | Discount   |            | Mizrahi-Tefahot |           | First International |           | The five groups |            |
|---|-----------|------------|-----------|------------|------------|------------|-----------------|-----------|---------------------|-----------|-----------------|------------|
|   | 2011      | 2012       | 2011      | 2012       | 2011       | 2012       | 2011            | 2012      | 2011                | 2012      | 2011            | 2012       |
| <b>Unindexed segment</b>  |           |            |           |            |            |            |                 |           |                     |           |                 |            |
| Total assets (excluding futures transactions and options)   | 216,020   | 224,492    | 226,661   | 236,826    | 110,811    | 112,798    | 89,941          | 105,410   | 72,670              | 77,397    | 716,103         | 756,923    |
| Total liabilities (excluding futures transactions and options)  | 177,449   | 179,667    | 202,802   | 210,271    | 100,587    | 102,447    | 92,205          | 102,445   | 63,061              | 63,810    | 636,104         | 658,640    |
| Difference between assets and liabilities <u>excluding</u> the effect of futures transactions and options | 38,571    | 44,825     | 23,859    | 26,555     | 10,224     | 10,351     | -2,264          | 2,965     | 9,609               | 13,587    | 79,999          | 98,283     |
| Difference between assets and liabilities plus effect of futures transactions and options                 | 19,583    | 21,780     | 13,008    | 14,812     | 717        | 3,377      | -246            | 1,512     | 3,935               | 3,930     | 36,997          | 45,411     |
| The bank's total equity <sup>a,b</sup>  | 16,973    | 18,251     | 21,332    | 23,117     | 6,595      | 7,188      | 7,597           | 8,752     | 4,228               | 4,685     | 56,725          | 61,993     |
| <b>CPI-indexed segment</b>  |           |            |           |            |            |            |                 |           |                     |           |                 |            |
| Total assets (excluding futures transactions and options)   | 60,341    | 57,812     | 60,780    | 59,698     | 24,810     | 25,032     | 50,540          | 53,881    | 15,776              | 16,890    | 212,247         | 213,313    |
| Total liabilities (excluding futures transactions and options)  | 55,847    | 56,130     | 50,539    | 46,737     | 20,732     | 20,392     | 35,296          | 37,513    | 15,316              | 16,520    | 177,730         | 177,292    |
| Effect of futures transactions and options  | -6,280    | -2,441     | -1,802    | -4,064     | -867       | -3,420     | -7,286          | -9,125    | 29                  | 490       | -16,206         | -18,560    |
| Total position in the segment <sup>c</sup>  | -1,786    | -759       | 8,439     | 8,897      | 3,211      | 1,220      | 7,958           | 7,243     | 489                 | 860       | 18,311          | 17,461     |
| Maximum change in the CPI <sup>d</sup> (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        | 8          | -         | -          | -          | -          | -               | -         | -                   | -         | 19              | 8          |
| CPI decline   | -         | -          | 91        | 98         | 34         | 13         | 85              | 80        | 5                   | 10        | 216             | 202        |
| <b>Foreign currency segment<sup>e</sup></b>   |           |            |           |            |            |            |                 |           |                     |           |                 |            |
| Total assets (excluding futures transactions and options)   | 90,141    | 80,522     | 82,607    | 76,812     | 59,594     | 56,779     | 19,820          | 18,413    | 13,565              | 13,000    | 265,727         | 245,526    |
| Total liabilities (excluding futures transactions and options)  | 116,233   | 109,114    | 95,375    | 93,211     | 67,301     | 64,582     | 25,205          | 28,994    | 19,406              | 22,272    | 323,520         | 318,173    |
| Effect of futures transactions and options  | 25,268    | 25,822     | 12,653    | 15,807     | 10,374     | 10,394     | 5,270           | 10,578    | 5,645               | 9,167     | 59,210          | 71,768     |
| Total position in the segment <sup>c</sup>  | -824      | -2,770     | -115      | -592       | 2,667      | 2,591      | -115            | -3        | -196                | -105      | 1,417           | -879       |
| Maximum change in the exchange rate <sup>f</sup> (percent)  | 7.0       | 6.9        | 7.0       | 6.9        | 7.0        | 6.9        | 7.0             | 6.9       | 7.0                 | 6.9       | 7.0             | 6.9        |
| Loss as a result of the maximum change in the exchange rate <sup>g</sup>                                  |           |            |           |            |            |            |                 |           |                     |           |                 |            |
| Increase in the exchange rate (weakening of the shekel)   | 57        | 192        | 8         | 41         | -          | -          | 8               | 0         | 14                  | 7         | 87              | 241        |
| Decline in the exchange rate (strengthening of the shekel)  | -         | -          | -         | -          | 185        | 180        | -               | -         | -                   | -         | 185             | 180        |
| <b>Total maximum loss to the bank's total equity as a result of indexation base risk<sup>h</sup></b>      | <b>76</b> | <b>201</b> | <b>99</b> | <b>140</b> | <b>220</b> | <b>194</b> | <b>93</b>       | <b>80</b> | <b>19</b>           | <b>17</b> | <b>401</b>      | <b>443</b> |
| As a percentage of the bank's total equity  | 0.5       | 1.1        | 0.5       | 0.6        | 3.3        | 2.7        | 1.2             | 0.9       | 0.4                 | 0.4       | 0.7             | 0.7        |

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> The difference between assets and liabilities in the segment includes the effect of futures transactions.

<sup>d</sup> 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.

<sup>e</sup> 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.

<sup>f</sup> 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.

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

<sup>h</sup> 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.**