

Table 1.21
Exposure to changes in the CPI and the exchange rate, the five banking groups, December 2015 and December 2016

(NIS million)

	Leumi		Hapoalim		Discount		Mizrahi-Tefahot		First International		Total system	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Unindexed segment												
Total assets (excluding futures transactions and options)	270,159	291,150	281,512	304,559	126,463	140,573	134,423	159,317	92,050	97,910	904,607	993,509
Total liabilities (excluding futures transactions and options)	219,518	239,055	247,782	260,287	111,717	125,354	121,141	135,767	77,439	83,617	777,597	844,080
Effect of futures transactions and options	-25,208	-24,142	-13,910	-20,919	-11,063	-12,222	-12,558	-16,812	-9,321	-9,350	-72,060	-83,445
Total position in the segment ^a	25,433	27,953	19,820	23,353	3,683	2,997	724	6,738	5,290	4,943	54,950	65,984
The bank's total equity^{b,c}	22,424	25,488	27,022	28,202	9,846	11,302	10,764	11,664	5,477	5,835	75,533	82,491
CPI-indexed segment												
Total assets (excluding futures transactions and options)	51,672	48,573	51,782	47,099	19,257	20,211	52,733	50,352	13,241	12,594	188,685	178,829
Total liabilities (excluding futures transactions and options)	50,997	47,588	41,391	40,438	13,969	12,116	36,800	39,883	12,539	11,541	155,696	151,566
Effect of futures transactions and options	-1,308	-1,469	-2,106	-626	-2,047	-3,076	-5,911	-5,590	-505	-239	-11,877	-11,000
Total position in the segment ^a	-633	-484	8,285	6,035	3,241	5,019	10,022	4,879	197	814	21,112	16,263
Maximum change in the CPI ^d (percent)	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.7
Loss as a result of the maximum change in the CPI												
CPI increase	6	3	-	-	-	-	-	-	-	-	6	3
CPI decline	-	-	74	40	29	34	89	33	2	5	194	112
Foreign currency segment^e												
Total assets (excluding futures transactions and options)	85,592	89,768	91,289	88,346	55,338	54,371	20,174	18,971	16,165	13,958	268,558	265,414
Total liabilities (excluding futures transactions and options)	114,880	117,081	108,388	111,077	65,526	66,383	38,624	41,326	26,001	23,469	353,419	359,336
Effect of futures transactions and options	26,912	25,332	16,016	21,545	13,110	15,298	18,468	22,402	9,826	9,589	84,332	94,166
Total position in the segment ^a	-2,376	-1,981	-1,083	-1,186	2,922	3,286	18	47	-10	78	-529	244
Maximum change in the exchange rate ^f (percent)	5.3	4.8	5.3	4.8	5.3	4.8	5.3	4.8	5.3	4.8	5.3	4.8
Loss as a result of the maximum change in the exchange rate ^g												
Weakening of the shekel (depreciation)	125	96	57	57	-	-	-	-	1	-	183	154
Strengthening of the shekel (appreciation)	-	-	-	-	154	159	1	2	-	4	155	165
Total maximum loss to the bank's total equity as a result of indexation base risk^h	131	99	131	98	183	193	90	35	2	9	377	278
As a percentage of the bank's total equity	0.6	0.4	0.5	0.3	1.9	1.7	0.8	0.3	0.0	0.2	0.5	0.3

^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 the Note to the published financial statements "Assets and liabilities by indexation segment".

^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 the Note to the financial statements entitled "Assets and Liabilities by currency and by term to repayment". 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 SOURCE: Banking Supervision Department based on published financial statements and Central Bureau of Statistics data.