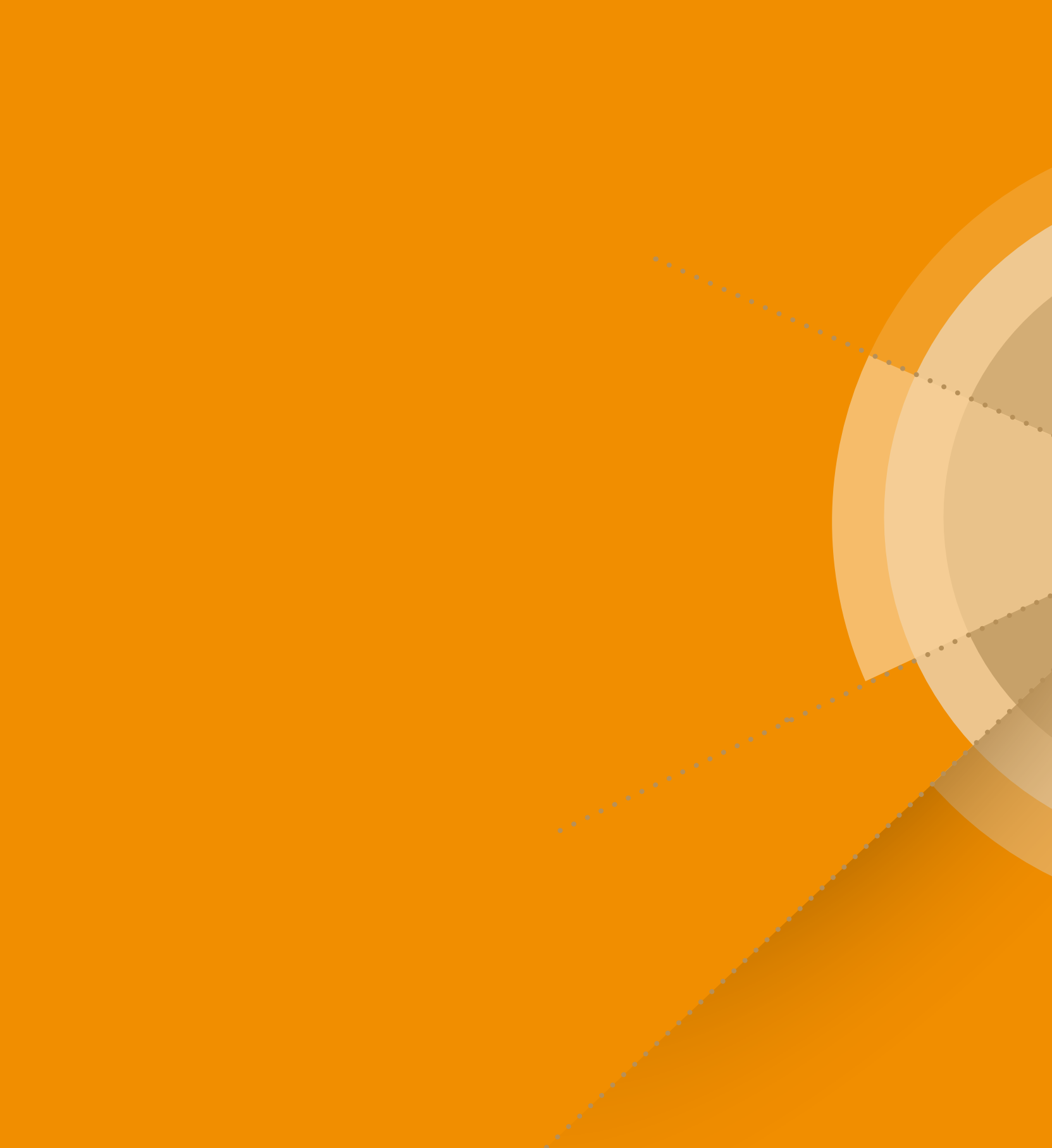


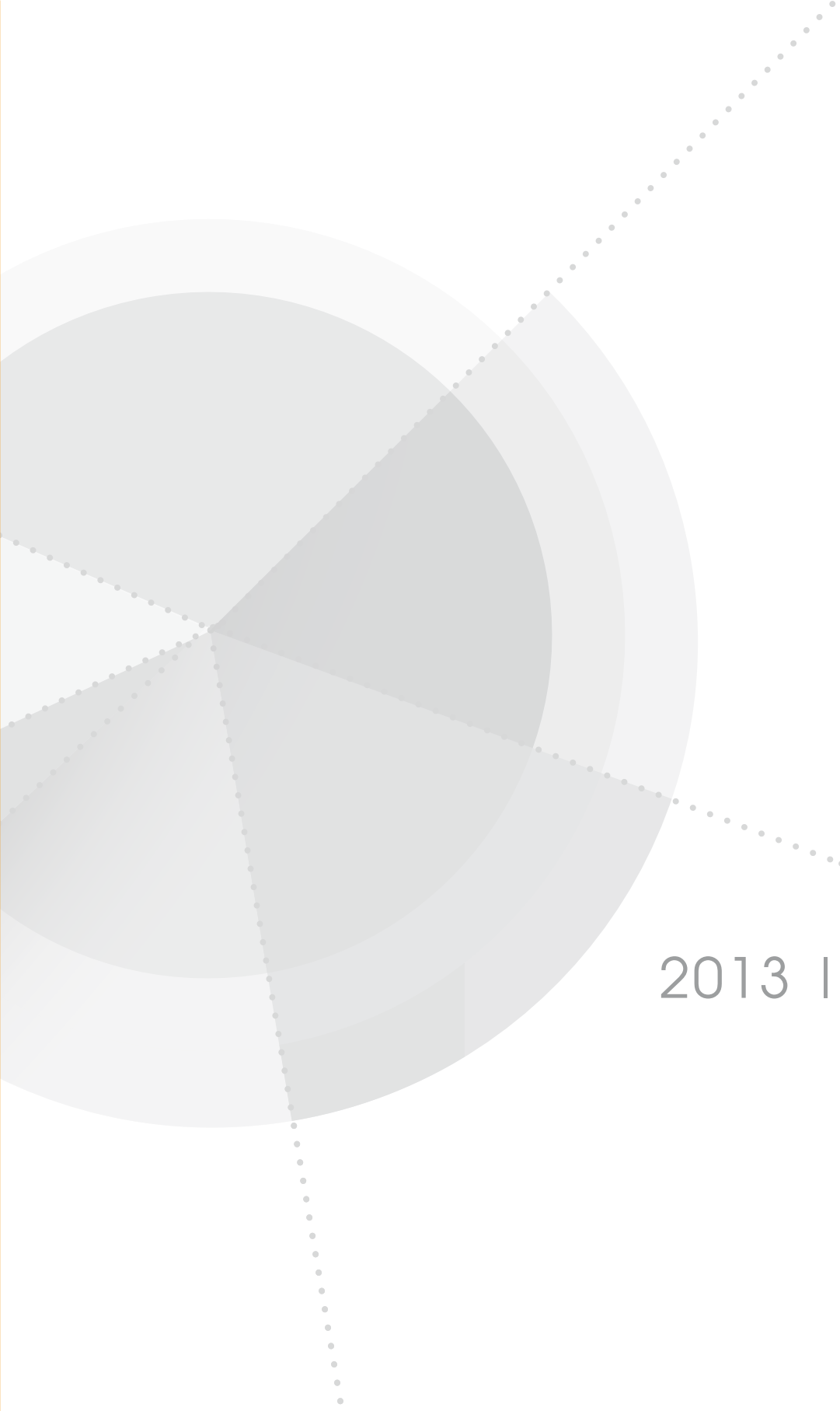


TEL-AVIV STOCK EXCHANGE

# 2013

ANNUAL REVIEW





2013 | ANNUAL REVIEW

# MAIN INDICATORS

## THE TEL-AVIV STOCK EXCHANGE

|  | 2011       | 2012               | 2013 <sup>(1)</sup> |
|--|------------|--------------------|---------------------|
| <b>DOLLAR YIELD</b>                                  |            |                    |                     |
| TA-25 Index  | -24.0%     | 11.8%              | 20.6%               |
| TA-100 Index   | -25.7%     | 9.7%               | 23.8%               |
| TA Blue-Tech 50 Index                                | -15.8%     | 18.3%              | 16.8%               |
| TA Finance Index                                     | -38.7%     | 26.0%              | 27.7%               |
| TA Real Estate-15 Index                              | -28.7%     | 16.8%              | 35.5%               |
| Government Non-Linked Bond Index                     | -2.3%      | 9.5%               | 11.9%               |
| Non-Government Bonds - Tel-Bond 20 Index             | -6.5%      | 10.5%              | 13.9%               |
| <b>Daily Turnover (US \$ millions)</b>               |            |                    |                     |
| Shares and Convertibles (Including ETNs)             | 482        | 279                | 324                 |
| Bonds (Including ETNs)                               | 1,054      | 1,063              | 1,202               |
| Treasury Bills                                       | 328        | 165                | 160                 |
| TA-25 Index Options (Thousands of contracts)         | 357        | 234                | 205                 |
| Dollar Options (Thousands of contracts)              | 43         | 35                 | 41                  |
| <b>Capital Raised (US \$ billions)<sup>(2)</sup></b> |            |                    |                     |
| Shares and Convertibles                              | 1.4        | 0.9                | 1.7                 |
| Government Bonds - Net                               | 0.7        | 5.2                | 5.5                 |
| Non-Government Bonds                                 | 11.4       | 8.5 <sup>(3)</sup> | 10.1                |
| <b>Market Capitalization (US \$ billions)</b>        |            |                    |                     |
| Shares and Convertibles (Excluding ETNs)             | 157.1      | 161.8              | 203.3               |
| Government Bonds                                     | 107.0      | 123.1              | 138.5               |
| Non-Government Bonds (Excluding ETNs)                | 71.0       | 79.9               | 87.8                |
| ETNs Public Holdings <sup>(4)</sup>                  | 17.1       | 20.4               | 32.7                |
| Treasury Bills (MAKAM)                               | 32.1       | 31.4               | 36.2                |
| <b>Number of Shares Listed Companies</b>             | <b>593</b> | <b>540</b>         | <b>508</b>          |

## MAJOR WORLD STOCK EXCHANGES' INDICES

| DOLLAR YIELD           | 2011          | 2012         | 2013         |
|------------------------|---------------|--------------|--------------|
| S&P 500 Index          | 0.0%          | 13.4%        | 29.6%        |
| NASDAQ 100 Index       | 2.7%          | 16.8%        | 35.0%        |
| DJ Euro STOXX 50 Index | -19.6%        | 15.9%        | 23.2%        |
| FTSE 100 Index         | -5.9%         | 11.0%        | 17.1%        |
| DAX Index              | -17.4%        | 31.6%        | 31.1%        |
| NIKKEI 225 Index       | -13.2%        | 10.6%        | 28.6%        |
| MSCI EM Index          | -20.1%        | 12.2%        | 8.0%         |
| <b>TA-25 Index</b>     | <b>-24.0%</b> | <b>11.8%</b> | <b>20.6%</b> |

(1) In 2013 the dollar has depreciated 7% against the NIS.

(2) Excluding ETNs.

(3) In 2012 excluding US \$ 1,8 billion raised by Israel Electric Company (IEC) through government-guaranteed bond series offerings.

(4) Including deposit notes and structured bonds.

# TASE BY THE NUMBERS

**21%**

TA-25 Index  
annual dollar  
yield

**508**

companies with share listings,  
of which 52 dual-listing with  
international exchanges

**324**

million dollars  
daily turnover on TASE  
in equity market

**1377.79**

points  
TA-25 index record level  
on 1.12.2013

**136**

High-tech companies  
of which 57 biomed

**1.2**

billion dollars  
daily turnover on TASE  
in bond market

**31.6**

billion dollars  
public holdings of ETNs

**530**

ETN series  
traded on TASE

**23%**

Portion of equity-linked ETNs in  
total equity market turnover

**10.1**

billion dollars  
capital raised in  
corporate bonds

**651**

bond series  
traded on TASE

**227,664**

dollars options  
daily turnover record  
on 24.10.2013

**1.4**

billion dollars  
net international investors'  
purchase of equities

**6**

New shares-listed companies,  
thereof 2 dual-listing  
companies

**202**

TASE employees  
of which 126 women

# TASE IN 2013

- Share prices increase and TA-25 index hits all-time record level
- 90% increase in equity capital raising and renewal of the IPO market
- Real estate firms stand out in raising debt and equity capital
- US \$12.4 billion increase in ETNs public holdings

## EQUITY MARKET

All TASE leading share price indices ended higher in 2013, with the TA-25 and TA-100 indices posting annual returns of 21% and 24% respectively. Average daily trading volume came to US \$324 million – 16% higher than the 2012 average.

Primary market activity picked up considerably this year as the amount equity raised on TASE increased 90% over the amount raised in 2012. Four companies completed IPOs and two new companies dual listed their shares on TASE.

In addition, ten companies, including seven high tech companies, completed reverse mergers with TASE-listed shell companies.

### Share Prices

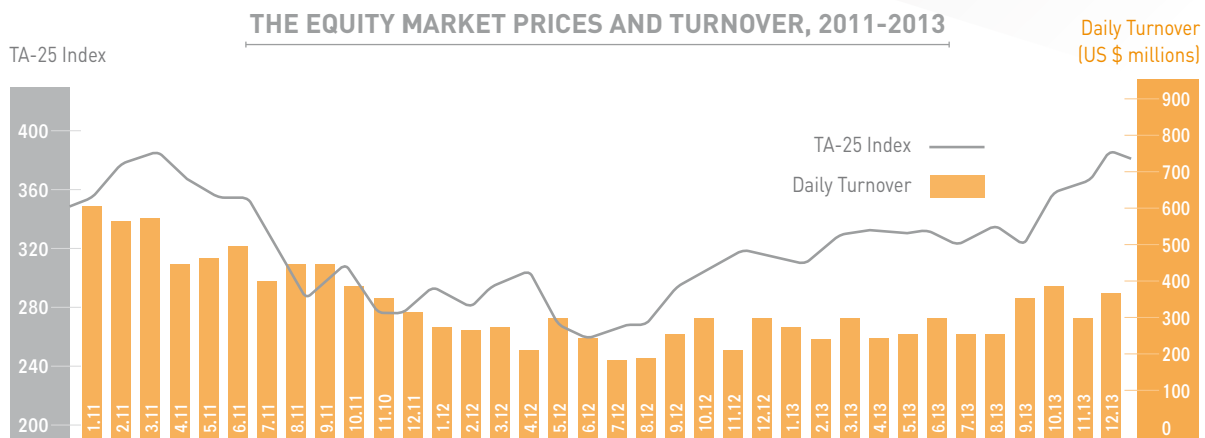
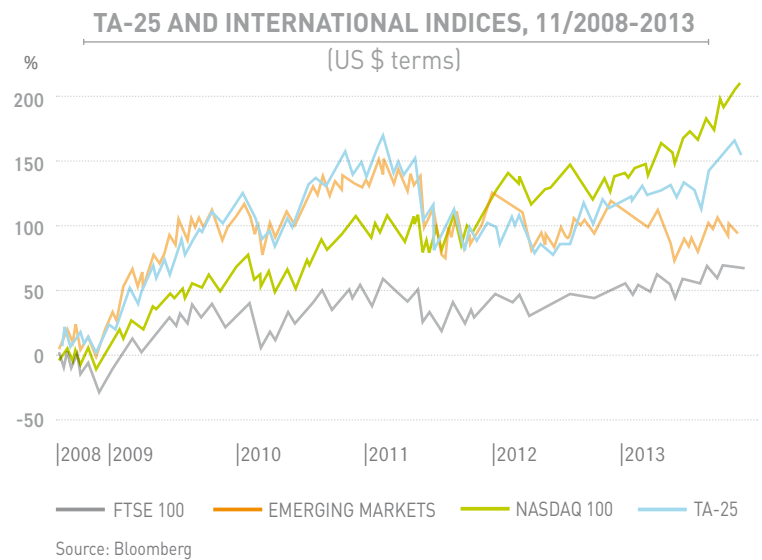
2013 opened with the leading TASE share price indices trading water, continuing the trend started in the final quarter of 2012. This trend subsequently changed in wake of positive geo-political developments and in the third trimester of the year share prices rallied some 17%. **In total the TA-25 index gained approximately 21% over the year**, following a 12% increase in 2012. On December 1 the index reached a record level of 1377.79 points – approximately 3% higher than the previous record reached in April 2011.

The major positive factors affecting trading trends on TASE included:

- The lowering of interest rates by the Bank of Israel three times during the year to a level of 1.0%, starting in October 2013. The lowering of interest rates came as a response to a weakening dollar and sluggish CPI increase, which did not reach the inflation ceiling set by the Israeli government.
- A decrease in unemployment from a level of 7% in 2012 to 5.5% at the end of 2013.

All data contained in this review are stated in terms of US dollars, unless indicated otherwise. The dollar depreciated against NIS by 7% in 2013.

- Reduction of the fiscal deficit (resulting in part from the one-time taxes assessed on the acquisition of Iscar and Waze and from the unleashing of so-called “captive profits”).
- In the international arena, share price increases, particularly on U.S. markets, as well as the agreement between the U.S. and Russia regarding the disarmament of Syrian chemical weapons and the signing of an interim agreement in Geneva between Iran and the six superpowers contributed to the positive upturn.



The major negative factors affecting TASE share price indices include:

- Geo-political developments in the Middle East (Syria, Egypt);
- Devaluation of the dollar by approximately 7% against the NIS, despite the Bank of Israel's dollar purchases;
- A slowdown in the economic growth rate towards the end of the year.

In dollar terms the TA-25 increased at a rate similar to the average increase posted on leading European securities exchanges, yet less than that of U.S.

markets, which gained approximately 30% on average this past year.

Returns on the TA MidCap-50 index stood out this year, increasing some 46%. Most of TASE's sectorial indices enjoyed price gains as well. The TA-Com index of telecom and media companies stood out, soaring some 61% after plunging approximately 60% since its inception in April 2011. The performance of the TA Biomed index, which gained 40% over the year, after posting 13% returns in 2012 is also noteworthy. The TA BlueTech-50 index, which comprises TASE's largest technology and biomed companies, gained approximately 17% over the year.

### Select TASE Share Price Indices: Annual Dollar Rates of Return, 2011-2013

|                           | 2011 | 2012 | 2013 |
|---------------------------|------|------|------|
| <b>Market Cap Indices</b> |      |      |      |
| TA-25                     | -24% | 12%  | 21%  |
| TA-75                     | -31% | 7%   | 34%  |
| TA Midcap-50              | -31% | 25%  | 46%  |
| <b>Sectorial Indices</b>  |      |      |      |
| TA-Com*                   | -42% | -31% | 61%  |
| TA-Biomed                 | -30% | 13%  | 40%  |
| TA Real Estate-15         | -29% | 17%  | 36%  |
| Oil & Gas Shares          | -13% | 9%   | 34%  |
| TA-Finance                | -39% | 26%  | 28%  |
| TA BlueTech-50            | -16% | 18%  | 17%  |

\*The index was launched 3.4.2011.



## Equity Trading Volume

Average daily trading volume for 2013 came to US \$324 million, some 16% higher than the daily average in 2012.

The volume of daily trading activity remained stable until August at an average level of around US \$300 – 6% higher than the average volume in 2012. Activity gradually picked up in the third trimester of the year reaching an average of approximately US \$380 million per day, the highest volume posted for more than two years.

The relative weight of TA-25 constituent shares dropped this year, comprising approximately 51% of the total volume of shares traded (including ETNs), as opposed to 56% of the total in 2012. At the same time, the relative weight of small and mid-cap shares grew, increasing from 7% in 2012 to 10% this year.

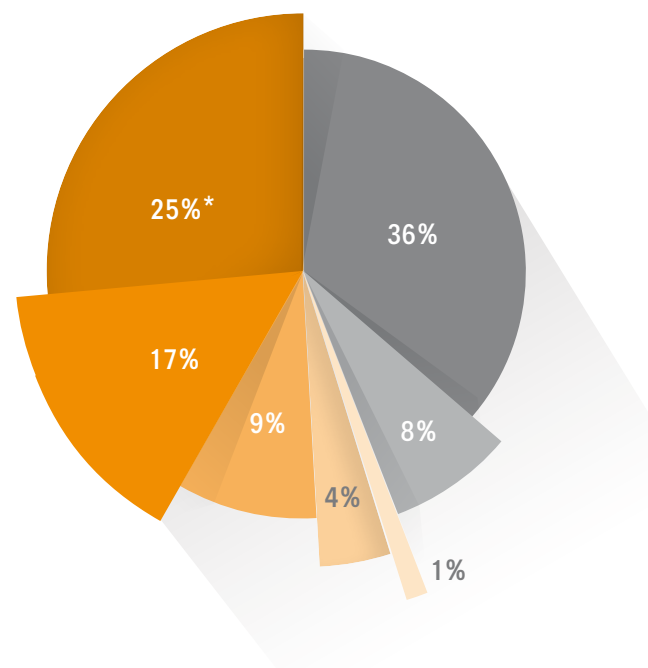
With an eye to increasing trading volume, TASE extended trading hours by one hour on Mondays through Thursdays in mid-June, so that trading in Tel Aviv would coincide with the first hour of trading in the United States. In the fourth quarter of the year the average daily volume of equities trading increased by approximately 30% to around US \$345 million, as opposed to US \$262 million in the first six months of the year, inter alia as a result of the extension of trading hours. (The comparison does not include summer months and the high holidays, in which there is a seasonal drop in trading volume on TASE).

## Free Float

As a result of the sale of shares held by principal shareholders of approximately US \$1.6 billion to institutional investors and the public at large, the free float of TASE-listed shares increased.

It is worth noting that the free float ratio has risen over the past ten years, from an average of 53% in 2004-2008 to 57% in the past five years.

Foreign residents increased their holdings of shares in Israel in 2013, acquiring a net US \$1.4 billion of TASE-listed. This follows the net US \$0.4 billion acquired in 2012.



## BREAKDOWN OF SHARE OWNERSHIP ON TASE, 2013

### "Free Float" (56%)

- International Public & Institutionals (25%\*)
- Israeli Public (17%)
- Provident & Pension Funds (9%)
- Insurance Companies (4%)
- Mutual Funds (1%)

### Interested Parties (44%)

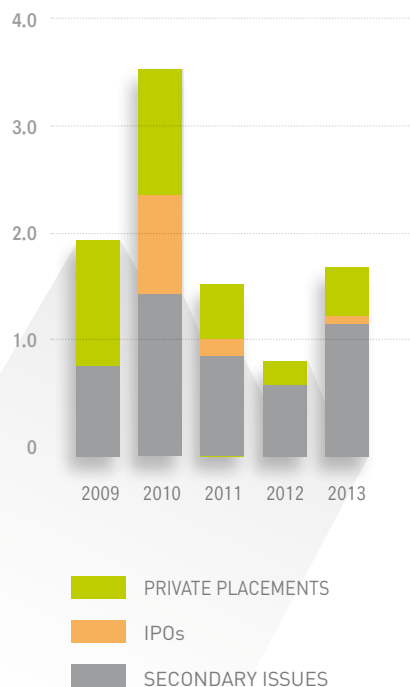
- Israeli (36%)
- International (8%)

\*Thereof: 20% holdings in dual-listed shares abroad.

Source: TASE & Bank of Israel

## CAPITAL RAISED BY SHARES, 2009-2013

(US \$ billions)



## Equity Capital Raising

This year saw an increase in the **scope of public offerings and private placement of TASE-listed shares in Israel**, which amounted to US \$1.7 billion, as opposed to US \$0.9 billion in 2012.

In 2013 four **initial public offerings (IPOs)** were completed, in which the issuing companies raised US \$90 million. Most of this sum, approximately US \$58 million was raised in the first offering of **I.D.I. Insurance** shares held by its parent company, Direct Insurance. The three other companies completing IPOs this year were **Mendelson Infrastructures**, which had already listed bonds on TASE at the time of its initial share offering (approximately US \$21 million), the biomed firm **Kadimastem** and technology company, **Somoto** (which raised approximately US \$6 million each).

Ten additional companies joined TASE through reverse mergers with “**shell companies**”, seven of which operate in the biomed and technology sectors.

Real estate firms raised approximately US \$0.6 billion in equity offerings, approximately one half of the total raised this year in public share offerings.

## Dual Listings

Dually listed companies **raised** some US \$0.4 billion **abroad** this year, more than 2.5 times the amount raised in 2012. Biomed companies, **Kamada**, **Evogene** and **Mazor**, stood out. These companies originally listed on TASE during the years 2005-2007 with a market cap of US \$25 million each. This year they completed public offerings of US \$45-85 million each, listing their shares on U.S. exchanges (Kamada and Mazor on NASDAQ, Evogene on the NYSE). Today, each one these companies boasts a market cap of US \$0.3-0.5 billion. They join **Bioline** and **RedHill Pharma**, which initially listed on TASE and in 2011-2012 listed on U.S. exchanges as well.

During the course of 2013, **two companies** whose shares trade on the NYSE **dual listed** their shares on TASE as well – U.S. biomed company, **Opko Health**, which dual listed its shares in anticipation of its merger with dual-listed “Prolor Biotech”, and the cleantech company, **Ellomay Capital**.

Biomed firms, **Can-Fite BioPharma** and **X.T.L. Biopharmaceuticals** also listed their shares in the United States this year.

Four dual listings delisted their shares from TASE this year: **Retalix** and **Prolor Biotech** delisted from both TASE and NASDAQ in wake of their acquisition by multinational companies. **Cimatron** and **Mellanox** delisted from TASE alone.

44 dual-listed companies currently trade concurrently on TASE and on an exchange in the U.S. or Europe. In addition, eight companies have cross-listed their securities in Israel and on foreign securities exchanges outside of the framework of the dual listing provisions.

### Number of TASE-listed Companies:

Following the delisting of 38 companies in 2013, at year's end 508 equity companies traded in TASE as opposed

to 540 companies at the end of 2012. Of the delisted companies, 16 delisted voluntarily through tender offers and mergers. A number of these contributed to the "leveling of pyramid structures" through the merging of one delisted TASE-listed company with another TASE-listed company. Some of the delisted companies were listed on TASE's "maintenance"/"illiquid trading" listings prior to their delisting. TASE compelled 12 companies to delist for failure to meet maintenance requirements, 8 were delisted as a result of liquidation and 2 dual listings delisted from TASE while maintaining their listings on U.S. exchanges.

**TABLE 1: MAIN INDICATORS OF THE EQUITY MARKET, 2004-2013**

| Year        | Daily Turnover<br>(US \$ millions) | Capital Raised<br>in Tel-Aviv <sup>(1)</sup><br>(US \$ billions) | Number of<br>Listed<br>Companies | Thereof:<br>New Listed<br>Companies <sup>(2)</sup> | TA-100 Index<br>% Change<br>(US \$ terms) |
|-------------|------------------------------------|--|----------------------------------|--|---|
| 2004        | 147                                | 1.6  | 578                              | 25   | 21.0                                      |
| 2005        | 223                                | 2.7  | 584                              | 32   | 21.1                                      |
| 2006        | 326                                | 2.7  | 606                              | 44   | 22.0                                      |
| 2007        | 505                                | 5.2  | 654                              | 62   | 37.6                                      |
| 2008        | 547                                | 1.8  | 642                              | 2  | -50.6                                     |
| 2009        | 432                                | 1.7  | 622                              | 4  | 90.1                                      |
| 2010        | 547                                | 3.4  | 613                              | 22   | 22.3                                      |
| 2011        | 482                                | 1.4  | 593                              | 11   | -25.7                                     |
| 2012        | 279                                | 0.9  | 540                              | 3  | 9.7                                       |
| <b>2013</b> | <b>324</b>                         | <b>1.7</b>   | <b>508</b>                       | <b>6</b>   | <b>23.8</b>                               |

(1) Including private placements and exercise of warrants. Excluding issues abroad of the dual-listed companies.

(2) Including new dual-listed companies.

## DEBT MARKET

### TASE Bond Indices

Prices increased for all bond classes in 2013. CPI-linked corporate bonds posted the highest gains of approximately 10% in NIS terms, while government bonds climbed around 4% on average.

### Bond Trading Volume

**Average daily trading volume increased this year,** reaching US \$1.2 billion, an increase of approximately 13% over the 2012 average, and slightly less than the record daily average posted in 2008.

The increase in trading volume in 2013 stems from a 21% increase in the volume of non-linked government bonds traded, which averaged approximately US \$0.6 billion in 2013, as opposed to US \$0.5 billion in 2012, hitting a record US \$0.9 billion in June of this year.

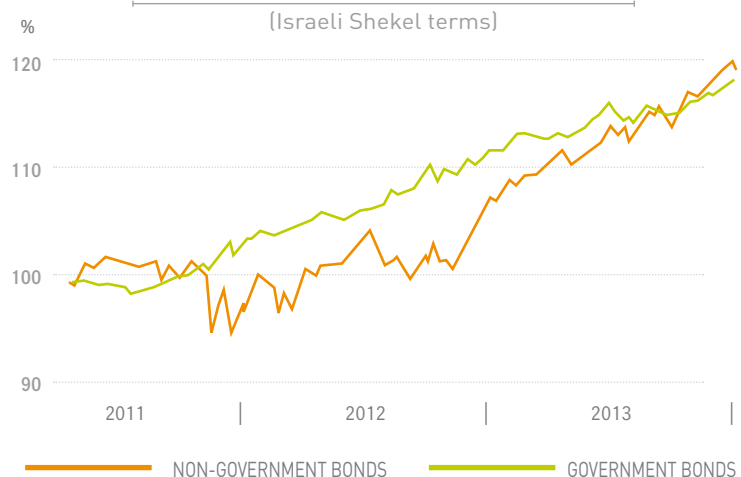
Average daily trading volume in corporate bonds increased by approximately 11% over the year.

**Foreign investors** liquidated net holdings in government bonds of approximately US \$1.9 billion in 2013, US \$1.5 billion of which from the redemption of maturing "Shahar" bonds. This follows 2012 in which the net liquidation of government bonds by foreign investors came to US \$0.2 billion.

### Debt Market Capital Raising

The scope of **gross government capital raising** in 2013 came to approximately US \$18.2 billion, 72% of which from the issue of non-linked bonds, as opposed to the US \$21.3 billion raised in 2012. The decrease in the scope of gross government bond auctions was made possible, inter alia, by the reduction of the

### GOVERNMENT AND NON-GOVERNMENT BONDS INDICES, 2011-2013



budget deficit - which receded to approximately 3.2% of the GDP, as opposed to 3.9% in the previous year. In addition, the government raised capital abroad through a US \$2 billion offering of dollar-denominated 10 and 30-year sovereign bonds in the United States. These bonds were issued at yields-to-maturity of 3.2% and 4.6% respectively, yields higher in 1.35% than the interest offered on U.S. government bonds of equivalent maturities - the lowest spread in recent years.

At the same time, a vast sum of some US \$8.6 billion of non-linked government bonds and US \$4.1 billion CPI-linked bonds were redeemed this year. Hence the **net scope of government flotations came** to approximately US \$5.5 billion as opposed to a net U.S. \$5.1 billion in 2012.

**The total raised in corporate bond offerings** this year, including option exercises and private placements to institutional investors, came to US \$10 billion, some 19% higher than the sum raised in 2012 (which was approximately US \$8.4 billion, net the government-guaranteed Israel Electric Company bond offering). Approximately US \$8 billion of this amount was raised in 148 separate corporate bond offerings.

### Corporate Debt Capital

#### Raising in 2013 – Highlights:

- **In 2013 the scope of public corporate bond offerings increased**, reaching approximately US \$8 billion, as opposed to US \$5.8 billion in the previous year. This sum, however, is lower than the annual amounts raised in 2010-2011.

- **In 2013 there was a substantial increase in the amount raised through new series offerings** to approximately 51% of the total raised, as opposed to 36% of the total in 2012.
- **In 2013 the relative share of investment grade bonds issued declined** to approximately 84% of the total raised in public bond offerings, as opposed to 92% in 2011 and 95% in 2012.
- **In 2013 the real estate industry stood out**, raising some US \$4.8 billion, approximately 48% of the total raised (in public offerings and private placements), following 2012 in which the financial services industry dominated the primary debt market as a response to the stricter capital adequacy requirements placed on banking institutions.
- **In 2013 there was a relatively large dispersion of companies undertaking corporate bond offerings.** Only three mega bond offerings (of more than US \$0.3 billion per offering) took place this year, which constituted approximately 15% of the total raised in public bond offerings. In contrast nine mega-offerings, accounting for some 55% of the total raised in public corporate bond offerings were completed in 2012.
- **In 2013**, as in the previous year, 77% of the total raised in public corporate bond offerings was raised through the **issue of CPI-linked bonds** - equaling approximately US \$6 billion. Around US \$1.8 billion dollars was raised this year through public offerings of non-linked bonds, the lion's share, 87% of which was raised through fixed-interest instruments, as was the case in 2012.

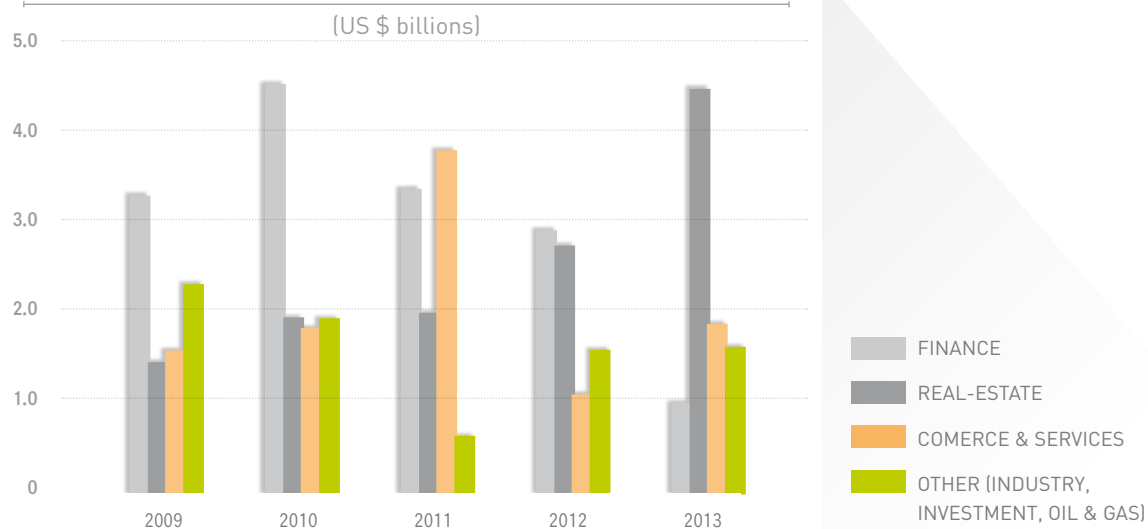
### Corporate Bond Issues\* by Sector, 2011-2013 (US\$ millions)

|   | 2011   |      | 2012   |      | 2013  |      |
|---|--------|------|--------|------|-------|------|
| Total                                   | 10,960 |      | 10,008 |      | 9,853 |      |
| of which I.E.C.** (govt. guaranteed)    | 0      |      | 1,793  |      | 0     |      |
| Total excluding I.E.C.                  | 10,960 | 100% | 8,215  | 100% | 9,853 | 100% |
| <b>Sector</b>                           |        |      |        |      |       |      |
| Financial Sector                        | 3,756  | 34%  | 2,808  | 34%  | 1,349 | 14%  |
| Real Estate                             | 2,114  | 19%  | 2,658  | 32%  | 4,835 | 48%  |
| Commerce & Services                     | 4,402  | 40%  | 1,066  | 13%  | 2,052 | 21%  |
| Industry                                | 156    | 1%   | 788    | 10%  | 659   | 7%   |
| Investments                             | 532    | 6%   | 499    | 6%   | 612   | 6%   |
| Other (Industry, Investment, Oil & Gas) | 0      | 0%   | 396    | 5%   | 346   | 4%   |

\* Including private placements to institutional investors, excluding financial instruments

\*\* Israel Electric Company

### ISSUES OF NON-GOVERNMENT BONDS BY SECTORS, 2009-2013



\* Including Corporate Bonds and TACT Institutional, not Including financial instruments

## EXCHANGE-TRADED NOTES (ETNs)

At the close of 2013, **530 ETNs**, including 25 depository notes, traded on TASE. Having increased in value by some U.S. \$12.4 billion over the year, the assets of these instruments as of the end of November came to a record US \$31.6 billion.

### New ETN Series

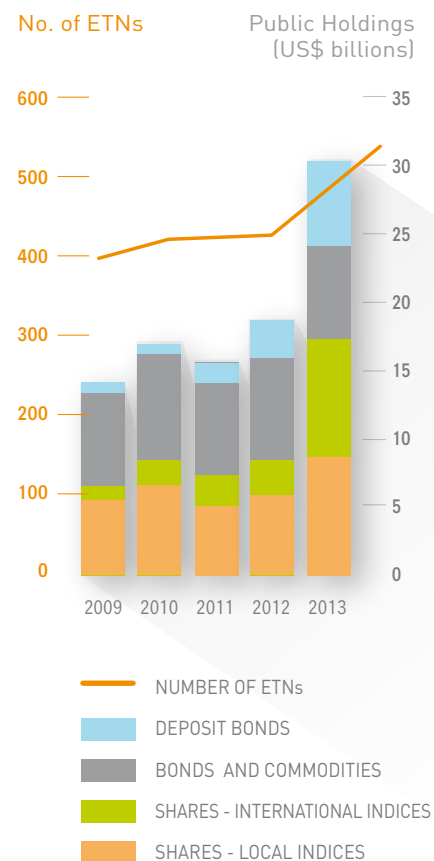
The development of the ETN market in Israel, which started in 2003, climaxed in 2008 and slowed down over the past few years, picked up again in 2013. 80 new ETN series were **issued this year**, while 13 were delisted (7 of which were expired short ETNs).

### Public ETN Purchases

The public purchased ETNs for a net US \$7.1 billion in 2013. The assets of ETNs increased this year by approximately US \$12.4 billion, increasing holdings to a total of US \$31.6 billion. 57% percent of this increase is attributed from, as mentioned above, investor acquisitions, while the remaining 43% to price appreciation of the underlying assets.

- Net acquisition of **ETNs tracking local share price indices** came to approximately US \$1.1 billion, more than three times the total of 2012 net acquisition. The assets of ETNs tracking local share price indices rose by some US \$3 billion, primarily due to the appreciation of underlying share prices. The increase in share prices contributed not only to the growth of the assets of equity ETNs, but also precipitated renewed investor demand for mutual funds specializing in TASE-listed shares.
- Net public acquisition of ETNs tracking **foreign share price indices** came to approximately US \$2.6 billion in 2013, following a net acquisition of around US \$0.6 billion in 2012, and was responsible for most of the US \$4.0 billion increase in the assets of these instruments.
- Net public acquisition of ETNs tracking **bond indices and commodities** came to approximately US \$0.5 billion in 2013, following the US \$0.3 billion

## THE ETNs MARKET, 2009-2013



acquired in 2012. The assets of these ETNs increased by approximately US \$2.2 billion, due primarily to the appreciation of underlying asset prices. It is worth noting that the scope of net investment in mutual funds specializing in bonds was enormous, amounting to approximately US \$8 billion.

- Net public acquisition of **foreign currency ETNs** (“depository notes”) came to approximately US \$2.9 billion, as opposed US \$1.5 billion in 2012. The assets value of foreign currency ETNs increased by approximately US \$3.4 billion in 2013.

## ETN Trading Volume

**The average daily trading volume of ETNs tracking share price indices (local and foreign)** increased, reaching approximately US \$75 million, some 27% higher than the average volume in 2012. This constituted around 23% of the total trading volume for TASE equities, as opposed to 20% last year.

**The average daily trading volume of ETNs tracking bond indices and commodities** increased, reaching approximately US \$45 million, some 14% higher than the average volume in 2012

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## DERIVATIVES MARKET

In contrast to trading in the underlying shares, **TA-25 index option trading** activity declined in 2013. On average 205 thousand contracts were traded daily this year, as opposed to 234 thousand contracts in 2012.

In July successfully introduced weekly options on the TA-25 index and since their launch an average 12 thousand contracts were traded daily. This is the first derivatives product launched by TASE in the past few years that attained this level of trading activity within a few months.

At the beginning of the year the average volatility (standard deviation) stood at around 13%, but gradually decreased to 9%-12% in July-August. Other than a slight increase in September and October, this lower level of volatility was maintained until the end of the year.

**Trading in dollar options** was characterized by an increase in trading activity, in tandem with the depreciation of the dollar against the NIS by some 7% in 2013. The average daily trading volume of dollar options increased to approximately 41 thousand contracts in 2013, some 15% higher than last year’s daily average.

A record 227,664 contracts were traded on October 24, the expiration date for dollar options.

TASE and Eurex Exchange, the international derivatives marketplace and part of Deutsche Börse Group, have signed a cooperation agreement that Eurex Exchange will list and clear index futures based on the TA-25 index, Israel’s blue chip index. Eurex’s TA-25 index futures will be denominated in US dollars. The launch is planned for middle 2014.



**TABLE 2: TA-25 INDEX OPTIONS TURNOVER, 2009-2013**

| Year | Daily Turnover<br>(thousand contracts) | Derivatives<br>Liquidity ratio <sup>(1)</sup> | Maximum no. of open<br>interest contracts<br>(thousands) |
|------|--|---|--|
| 2009 | 252                                    | 779%  | 660  |
| 2010 | 289                                    | 1,056%  | 746  |
| 2011 | 357                                    | 1,452%  | 1,125  |
| 2012 | 234                                    | 1,473%  | 718  |
| 2013 | 205                                    | 1,424%  | 736  |

(1) The ratio between the turnover of the TA-25 options, in the underlying asset terms, (delta-weighted, taking into account the probability that the options will be exercised) and the turnover of the TA-25 index shares.

## MAKAM (TREASURY BILLS)

Average daily trading volume for Makam (T-bills) came to US \$160 million, lower by 3% than last year's daily average.

The massive liquidation on TASE of Makam holdings by foreign investors halted this year and foreign investors sold a net US \$310 million on TASE, after liquidating holdings of approximately U.S. \$3.6 billion in 2012 and US \$9 billion in May-December, 2011 – sales precipitated by the annulment of the tax exemption for foreign residents on Makam investments as of July 2011.

Makam prices increased in NIS terms by 1.7% in 2013 and the yield-to-maturity declined this year to approximately 0.9% at year's end as opposed to 1.8% at the end of 2012 and 2.6% at the end of 2011.

At the close of 2013 the value of Israeli and foreign investor Makam holdings amounted to approximately US \$36.3 billion, as opposed to US \$31.6 billion at the end of 2012. These balances are still lower than the record US \$38.4 billion posted at the end of 2010.

# TABLES

## TA-25 INDEX COMPANIES

**TABLE 3: MARKET CAPITALIZATION AND WEIGHTING**

| SECURITY                         | MARKET CAP<br>31.12.2013<br>(US\$ millions) | WEIGHTING <sup>(1)</sup> |
|----------------------------------|---|--------------------------|
| 1. Bank Hapoalim                 | 7,397                                       | 10.1%                    |
| 2. Bank Leumi                    | 6,020                                       | 10.1%                    |
| 3. Teva <sup>(2)</sup>           | 37,864                                      | 10.0%                    |
| 4. Perrigo <sup>(2)</sup>        | 20,456                                      | 9.8%                     |
| 5. Israel Chemicals              | 10,607                                      | 7.0%                     |
| 6. Bezeq                         | 4,629                                       | 6.9%                     |
| 7. Nice <sup>(2)</sup>           | 2,508                                       | 4.8%                     |
| 8. Opko <sup>(2)</sup>           | 3,396                                       | 3.9%                     |
| 9. Isramco                       | 2,601                                       | 3.9%                     |
| 10. Delek Group                  | 4,485                                       | 3.7%                     |
| 11. Mizrahi Tefahot Bank         | 3,004                                       | 3.3%                     |
| 12. Bank Discount                | 2,012                                       | 3.0%                     |
| 13. Elbit Systems <sup>(2)</sup> | 2,572                                       | 2.9%                     |
| 14. Gazit Globe <sup>(2)</sup>   | 2,364                                       | 2.7%                     |
| 15. Avner                        | 3,057                                       | 2.6%                     |
| 16. Israel Corporation           | 4,052                                       | 1.9%                     |
| 17. Azrieli Group                | 4,032                                       | 1.9%                     |
| 18. Delek Drilling               | 2,873                                       | 1.9%                     |
| 19. Paz Oil                      | 1,660                                       | 1.9%                     |
| 20. Partner <sup>(2)</sup>       | 1,435                                       | 1.6%                     |
| 21. Cellcom <sup>(2)</sup>       | 1,372                                       | 1.6%                     |
| 22. Strauss Group                | 2,040                                       | 1.4%                     |
| 23. Osem                         | 2,703                                       | 1.3%                     |
| 24. Migdal Insurance             | 1,860                                       | 1.2%                     |
| 25. International Bank           | 1,667                                       | 0.8%                     |
| <b>TOTAL</b>                     | <b>136,666</b>                              | <b>100.0%</b>            |

**TABLE 4: DAILY TURNOVER**

| SECURITY                         | DAILY TURNOVER <sup>(3)</sup><br>(US\$ thousands) |
|----------------------------------|---|
| 1. Israel Chemicals              | 19,884  |
| 2. Teva <sup>(2)</sup>           | 18,215  |
| 3. Bezeq                         | 14,115  |
| 4. Bank Hapoalim                 | 12,880  |
| 5. Bank Leumi                    | 12,346  |
| 6. Perrigo <sup>(2)</sup>        | 7,490   |
| 7. Opko <sup>(2)</sup>           | 6,747   |
| 8. Bank Discount                 | 5,434   |
| 9. Israel Corporation            | 5,430   |
| 10. Mizrahi Tefahot Bank         | 5,129   |
| 11. Delek Group                  | 4,948   |
| 12. Isramco                      | 3,758   |
| 13. Nice <sup>(2)</sup>          | 3,596   |
| 14. Gazit Globe <sup>(2)</sup>   | 3,564   |
| 15. Avner                        | 3,440   |
| 16. Elbit Systems <sup>(2)</sup> | 2,812   |
| 17. Partner <sup>(2)</sup>       | 2,770   |
| 18. Migdal Insurance             | 2,429   |
| 19. Azrieli Group                | 2,286   |
| 20. Paz Oil                      | 2,266   |
| 21. Cellcom <sup>(2)</sup>       | 2,254   |
| 22. Delek Drilling               | 2,213   |
| 23. Strauss Group                | 1,386   |
| 24. Osem                         | 1,298   |
| 25. International Bank           | 1,232   |
| <b>TOTAL</b>                     | <b>147,922</b>                                    |
| <b>OF TOTAL TURNOVER</b>         | <b>51%</b>  |

(1) The weight is calculated according to the value of the float in each share. Weighting is adjusted according to the 10% cap - updated quarterly.

(2) a Dual-Listing company.

(3) Not including off exchange transactions.

**TABLE 5: CAPITAL RAISED BY SECURITY TYPES, 2004-2013 (US \$ millions)**

| Year           | Shares & convertibles   |            | Government Bonds - Net | Non-Government Bonds           |                |               | ETNs <sup>(2)</sup> |
|----------------|-------------------------|------------|------------------------|--------------------------------|----------------|---------------|---------------------|
|                | Tel-Aviv <sup>(1)</sup> | Abroad     |                        | Corporate Bonds <sup>(1)</sup> | Institutionals | Total         |                     |
| 2004           | 1,582                   | 2,054      | 4,150                  | 1,498                          | 2,338          | 3,836         | 1,008               |
| 2005           | 2,748                   | 465        | 1,208                  | 5,203                          | 4,009          | 9,212         | 968                 |
| 2006           | 2,713                   | 6,909      | 698                    | 4,725                          | 5,597          | 10,322        | 802                 |
| 2007           | 5,168                   | 668        | 957                    | 10,970                         | 8,904          | 19,874        | 2,088               |
| 2008           | 1,774                   | 3,265      | 8,889                  | 5,003                          | 1,257          | 6,260         | 932                 |
| 2009           | 1,701                   | 266        | 7,595                  | 8,367                          | 874            | 9,241         | 549                 |
| 2010           | 3,424                   | 152        | 2,634                  | 10,401                         | 862            | 11,263        | 558                 |
| 2011           | 1,437                   | 405        | 668                    | 9,647                          | 1,631          | 11,278        | 380                 |
| 2012           | 889                     | 171        | 5,156                  | <sup>(3)</sup> 6,958           | 1,520          | 8,478         | 144                 |
| <b>2013</b>    | <b>1,689</b>            | <b>440</b> | <b>5,511</b>           | <b>9,545</b>                   | <b>601</b>     | <b>10,146</b> | <b>296</b>          |
| Change in 2013 | 90%                     | 157%       | 7%                     | 37%                            | -60%           | 20%           | 106%                |

(1) Including direct offers, private placements and exercise of warrents.

(2) Including deposit notes and structured bonds.

(3) In 2012 Excluding US \$ 1,793 million raised by Israel Electric Company (IEC) through government-guaranteed bond series offerings.

**TABLE 6: DAILY TURNOVER, 2004-2013<sup>(1)</sup> (US \$ millions)**

| Year           | The Equity Market |                       |           | The Fixed Income Market |                  |                 |                     | Treasury Bill | Total        |
|----------------|-------------------|-----------------------|-----------|-------------------------|------------------|-----------------|---------------------|---------------|--------------|
|                | Total             | Thereof:              |           | Total                   | Thereof:         |                 |                     |               |              |
|                |                   | Shares & convertibles | ETN's     |                         | Government Bonds | Corporate Bonds | ETNs <sup>(2)</sup> |               |              |
| 2004           | 147               | 138                   | 9         | 214                     | 199              | 9               | 6                   | 140           | 501          |
| 2005           | 223               | 200                   | 23        | 298                     | 251              | 21              | 26                  | 151           | 672          |
| 2006           | 326               | 263                   | 63        | 384                     | 325              | 27              | 32                  | 179           | 889          |
| 2007           | 505               | 412                   | 93        | 799                     | 635              | 95              | 69                  | 205           | 1,509        |
| 2008           | 547               | 446                   | 101       | 1,120                   | 866              | 152             | 102                 | 219           | 1,886        |
| 2009           | 432               | 347                   | 85        | 1,035                   | 806              | 151             | 78                  | 163           | 1,630        |
| 2010           | 547               | 460                   | 87        | 875                     | 639              | 172             | 64                  | 320           | 1,742        |
| 2011           | 482               | 373                   | 109       | 1,054                   | 805              | 179             | 70                  | 328           | 1,864        |
| 2012           | 279               | 223                   | 56        | 1,063                   | 800              | 188             | 75                  | 165           | 1,507        |
| <b>2013</b>    | <b>324</b>        | <b>248</b>            | <b>76</b> | <b>1,202</b>            | <b>920</b>       | <b>210</b>      | <b>72</b>           | <b>160</b>    | <b>1,686</b> |
| Change in 2013 | 16%               | 11%                   | 36%       | 13%                     | 15%              | 12%             | -4%                 | -3%           | 12%          |

(1) Including off-the floor transactions.

(2) Including deposit notes and structured bonds.

**TABLE 7: MARKET CAPITALIZATION OF LISTED SECURITIES, 2004-2013 (US \$ billions)**

| Year | The Equity Market     |                      | The Fixed Income Market |                 |                    |                      | Treasury Bills |
|------|-----------------------|----------------------|-------------------------|-----------------|--------------------|----------------------|----------------|
|      | Shares & convertibles | ETN's <sup>(1)</sup> | Government Bonds        | Corporate Bonds | TACT Institutional | ETN's <sup>(2)</sup> |                |
| 2004 | 87.1                  | 1.2                  | 58.7                    | 7.3             | 0.9                | 1.5                  | 17.6           |
| 2005 | 112.8                 | 1.5                  | 56.8                    | 12.6            | 3.7                | 3.1                  | 18.9           |
| 2006 | 140.7                 | 3.0                  | 62.8                    | 20.0            | 6.4                | 4.6                  | 20.9           |
| 2007 | 198.0                 | 4.9                  | 71.2                    | 38.5            | 11.1               | 7.3                  | 18.1           |
| 2008 | 106.7                 | 2.3                  | 84.3                    | 34.4            | 11.2               | 9.4                  | 18.9           |
| 2009 | 189.4                 | 6.7                  | 97.3                    | 53.3            | 9.1                | 10.1                 | 22.6           |
| 2010 | 227.1                 | 9.4                  | 109.7                   | 67.3            | 9.8                | 9.7                  | 38.1           |
| 2011 | 157.1                 | 7.5                  | 107.0                   | 61.6            | 9.3                | 9.6                  | 32.1           |
| 2012 | 161.8                 | 9.3                  | 123.1                   | 69.9            | 10.0               | 11.1                 | 31.4           |
| 2013 | 203.3                 | 16.2                 | 138.5                   | 78.0            | 9.7                | 16.6                 | 36.2           |

(1) Public Holdings. Source: Bank of Israel.

(2) Public Holdings - Including deposit notes and structured bonds. Source: Bank of Israel

**TABLE 8: ANNUAL YIELDS OF THE EQUITY INDICES, 2004-2013 (in US \$ terms)**

| Year | TA-25 | TA-100 | TA Blue-Tech 50 <sup>(1)</sup> | TA-Finance <sup>(2)</sup> | TA Real Estate-15 <sup>(3)</sup> | General Share Index |
|------|-------|--------|--------------------------------|---------------------------|----------------------------------|---------------------|
| 2004 | 24.6  | 21.0   | 17.9                           | -                         | -                                | 19.5                |
| 2005 | 24.7  | 21.1   | -10.9                          | 27.5                      | 32.1                             | 24.3                |
| 2006 | 22.6  | 22.0   | 5.8                            | 17.1                      | 81.3                             | 15.3                |
| 2007 | 44.3  | 37.6   | 6.0                            | 12.1                      | 10.9                             | 35.0                |
| 2008 | -45.6 | -50.6  | -60.5                          | -55.7                     | -79.5                            | -45.8               |
| 2009 | 76.1  | 90.1   | 94.0                           | 128.5                     | 126.8                            | 80.1                |
| 2010 | 23.2  | 22.3   | 16.0                           | 16.3                      | 22.7                             | 19.8                |
| 2011 | -24.0 | -25.7  | -15.8                          | -38.7                     | -28.7                            | -27.6               |
| 2012 | 11.8  | 9.7    | 18.3                           | 26.0                      | 16.8                             | 7.0                 |
| 2013 | 20.6  | 23.8   | 16.8                           | 27.7                      | 35.5                             | 24.0                |

(1) Till March 2011 – Tel-Tech.

(2) Till March 2011 – Finance-15. Launched in January 2005.

(3) Launched in January 2005.

**TABLE 9: ANNUAL YIELDS OF THE BOND INDICES, 2004-2013 (in US \$ terms)**

| Year | General Bond Index | Government Bond Indices |                  | Non-Government Bond Indices |                                     |                                     |                                    |
|------|--------------------|-------------------------|------------------|-----------------------------|-------------------------------------|-------------------------------------|------------------------------------|
|      |                    | CPI Linked Bonds        | Non Linked Bonds | CPI Linked Bonds            |                                     |                                     | Dollar Linked Bonds <sup>(1)</sup> |
|      |                    |                         |                  | Total <sup>(1)</sup>        | Thereof: Tel-Bond 20 <sup>(2)</sup> | Thereof: Tel-Bond 40 <sup>(3)</sup> |                                    |
| 2004 | 7.1                | 6.8                     | 7.3              | 10.0                        | -                                   | -                                   | 2.3                                |
| 2005 | -0.9               | -0.3                    | -1.4             | 0.1                         | -                                   | -                                   | -0.7                               |
| 2006 | 14.0               | 13.4                    | 15.9             | 14.2                        | -                                   | -                                   | 6.4                                |
| 2007 | 14.3               | 17.2                    | 13.3             | 15.9                        | 18.6                                | -                                   | 7.1                                |
| 2008 | 0.5                | 10.8                    | 10.9             | -15.7                       | -2.1                                | -21.3                               | -4.4                               |
| 2009 | 16.4               | 11.1                    | 3.3              | 41.2                        | 22.5                                | 45.1                                | 7.5                                |
| 2010 | 14.9               | 14.9                    | 11.7             | 20.2                        | 18.2                                | 17.9                                | 5.5                                |
| 2011 | -4.8               | -3.1                    | -2.3             | -8.8                        | -6.5                                | -8.6                                | 0.5                                |
| 2012 | 11.3               | 11.9                    | 9.5              | 12.9                        | 10.5                                | 11.7                                | 9.8                                |
| 2013 | 13.4               | 10.8                    | 11.9             | 17.7                        | 13.9                                | 15.0                                | 7.3                                |

(1) Including corporate bonds (until June 2010 including structured bonds and deposit notes).

(2) Launched in February 2007.

(3) Launched in February 2008.

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