

2016

**ANNUAL
REVIEW**



TEL-AVIV STOCK EXCHANGE

MAIN INDICATORS 2014-2016

THE TEL-AVIV STOCK EXCHANGE

LOCAL CURRENCY YIELD ⁽¹⁾	2016	2015	2014
TA-25 Index	-3.8%	4.4%	10.2%
TA-75 Index	17.3%	-5.4%	-9.8%
TA Blue-Tech Index	15.3%	1.6%	-5.2%
TA Finance Index	19.2%	4.0%	-7.7%
TA Real Estate-15 Index	17.0%	1.1%	0.9%
TA MidCap-50 Index	24.4%	21.2%	-11.5%
General Share Index	-11.0%	6.8%	11.5%
General Bond Index	2.1%	1.8%	4.7%
Government Non-Linked Bond Index	1.2%	2.8%	7.2%
Corporate Bonds - Tel-Bond 20 Index	2.9%	-1.1%	1.0%
DAILY TURNOVER (US \$ millions)			
Shares and Convertibles (Including ETNs)	330	373	339
Bonds (Including ETNs)	979	1,070	1,186
Treasury Bills	90	131	179
TA-25 Index Monthly Options (Thousands of contracts)	121	160	176
TA-25 Index Weekly Options (Thousands of contracts)	40	41	26
Dollar Options (Thousands of contracts)	52	64	52
Capital Raised (US \$ billions) ⁽²⁾			
Shares and Convertibles in Tel-Aviv	1.8	1.4	2.1
Shares and Convertibles abroad ⁽³⁾	5.9	8.6	1.9
Corporate Bonds - Public	16.5	14.1	10.3
Corporate Bonds - Institutional	1.0	0.6	5.8
Government Bonds - Gross	12.4	10.0	14.5
Market Capitalization (US \$ billions)			
Shares and Convertibles (Excluding ETNs)	213.9	243.6	200.6
Corporate Bonds (Excluding ETNs)	89.9	82.2	80.4
Government Bonds	129.7	128.8	127.6
ETNs Public Holdings (Including deposit notes)	29.0	30.3	33.3
Treasury Bills (MAKAM)	27.3	29.7	33.4
Number of Shares Listed Companies			
	451	461	473

MAJOR WORLD STOCK EXCHANGES' INDICES

DOLLAR YIELD	2016	2015	2014
S&P 500 Index	9.5%	-0.7%	11.4%
NASDAQ 100 Index	5.9%	8.4%	17.9%
DJ Euro STOXX 50 Index	-3.3%	-6.4%	-10.8%
FTSE 100 Index	-5.1%	-9.6%	-8.3%
DAX Index	3.3%	-1.8%	-9.5%
NIKKEI 225 Index	3.4%	8.2%	-5.9%
MSCI EM Index	8.6%	-17.0%	-7.1%
TA-25 Index	-2.4%	4.0%	-1.6%

(1) In 2016 the dollar has depreciated 1.5% against the NIS.

(2) Excluding ETNs.

(3) In 2015 including US\$ 7.4 billion raised by TEVA through public shares offering in USA.
In 2016 including US\$ 5.5 billion raised by TEVA through private placement to Allergan.

LOOKING BACK ON 2016 AND FORWARD TO 2017



2016 was a challenging year for the Tel Aviv Stock Exchange (TASE). TASE's primary mission is to facilitate companies raise capital to drive their continual growth and development, while enhancing the liquidity of its listed securities to enable the public to effectively participate in the process of corporate growth. The fact that these goals were not achieved, during the past year can't be ignored. While the market witnessed a 36% gain in equity raised through public offerings, only three companies embarked on IPOs and three companies executed dual listing. Average daily trading volume fell 5% over the year.

At the same time, TASE's bond market continues, as in past years, to occupy center stage for corporate bond issues and preserve its standing as a key platform for raising corporate debt in Israel. 2016 witnessed an acceleration of debt raising activity, reaching a record US\$ 16.5 billion and bringing seven new companies to TASE. Corporate bond trading volume also increased by 9% relative to 2015, averaging US\$ 0.2 billion daily in 2016.

We, along with capital markets worldwide, are operating an environment of perpetual change, in which the old rules no longer apply. The number

of companies choosing to go public is steadily declining, as stock exchanges become relevant solely for large corporations, unable to provide financial solutions for small and medium size enterprises.

To this global trend, one can add the negative sentiment towards raising capital on TASE and the wide-spread perception that regulation places a heavy burden on Israel's capital market. Over the past year, we have left no stone unturned to address any and in all aspects of this problem, including the removal of regulatory barriers. In this respect, it is worth mentioning the significant easing of regulation approved by the Israel Securities Authority (ISA) this past year, as well as additional measures, including special dispensation for technology companies and tax benefits for small and medium-size enterprises, to mention a few. A large part of these welcome changes have yet to seep into corporate consciousness and we, in conjunction with the ISA, spare no effort to promote awareness of these changes.

In addition to our ongoing attention to market failure, we have established a marketing department and have initiated an outreach





program, working with dozens of companies to persuade and prepare them to list on TASE. The "market analysis" project, in which leading global companies survey and analyze Israeli technology & biomed companies, to enhance exposure, increase available information, and attract the interest of institutional investors and capital markets have for these companies, became active this year.

"We assess great importance to promoting public discussion, with the capital market, as well with regulators and policy makers, regarding issues pertaining to securities and corporate governance"

The reform of TASE indices scheduled for the beginning of the coming year, marking the most pervasive overhaul of the indices in the past twenty years. We are confident that it will serve to enhance liquidity, reduce index concentration and address other problems encountered with the leading indices.

In the past year, the ISA and TASE have spearheaded legislation designed to demutualize TASE, an amendment essential to put into motion the strategic changes to TASE's operations necessary for effectively addressing current challenges - domestic and in international - and conforming to the world in which most stock exchanges currently operate. We hope that this process will be completed within 2017.

We assess great importance to promoting public discussion, with the capital market, as well with regulators and policy makers, regarding issues pertaining to securities and corporate governance. We believe that a sincere fruitful dialogue will ultimately lead to the alignment of Israeli regulation to accepted international standards, particularly regarding corporate governance, and will enable the easing of regulation and will increase regulatory certainty for corporations and the economy, which in turn, will enable the capital market to operate efficiently towards fulfilling its mission.

TASE's CEO, Yossi Beinart, resigned in mid-2016 for health reasons and we take this opportunity to wish him a fast and full recovery.

At the beginning of January 2017, TASE's new CEO, Ittai Ben-Zeev takes office. We would like to congratulate him and wish him success in his new position. Upon his entry, the formulation of TASE's corporate strategy for the coming years will commence.

We, TASE's Board of Directors and management, together with its employees, will continue to dedicate our efforts to restore the Tel Aviv Stock Exchange as a vital engine of growth for Israeli companies and the entire Israeli economy.

Amnon Neubach,
Chairman

TASE BY THE NUMBERS 2016

24%

TA MidCap-50 Index
annual SHEKEL yield

330

million dollars
daily turnover on TASE
in equity market

8

**New shares-listed
companies, thereof:**

- 3 IPOs
- 3 dual-listing
- 2 other

17.5

billion dollars
capital raised in
corporate bonds

685

bond series
traded on TASE

979

million dollars
daily turnover on
TASE in bond market

-4%

TA-25 Index
annual SHEKEL
yield

451

companies with share listings,
of which 62 dual-listing with
international exchanges

130

High-tech
companies of which
55 are biomed

29

billion dollars public
holdings of ETNs

691

ETN series
traded on TASE

27%

Portion of equity-linked
ETNs in total equity
market turnover

7

New bond-issuing companies
raising record of US \$0.7
billion - of which 4 foreign
commercial real estate firms

216

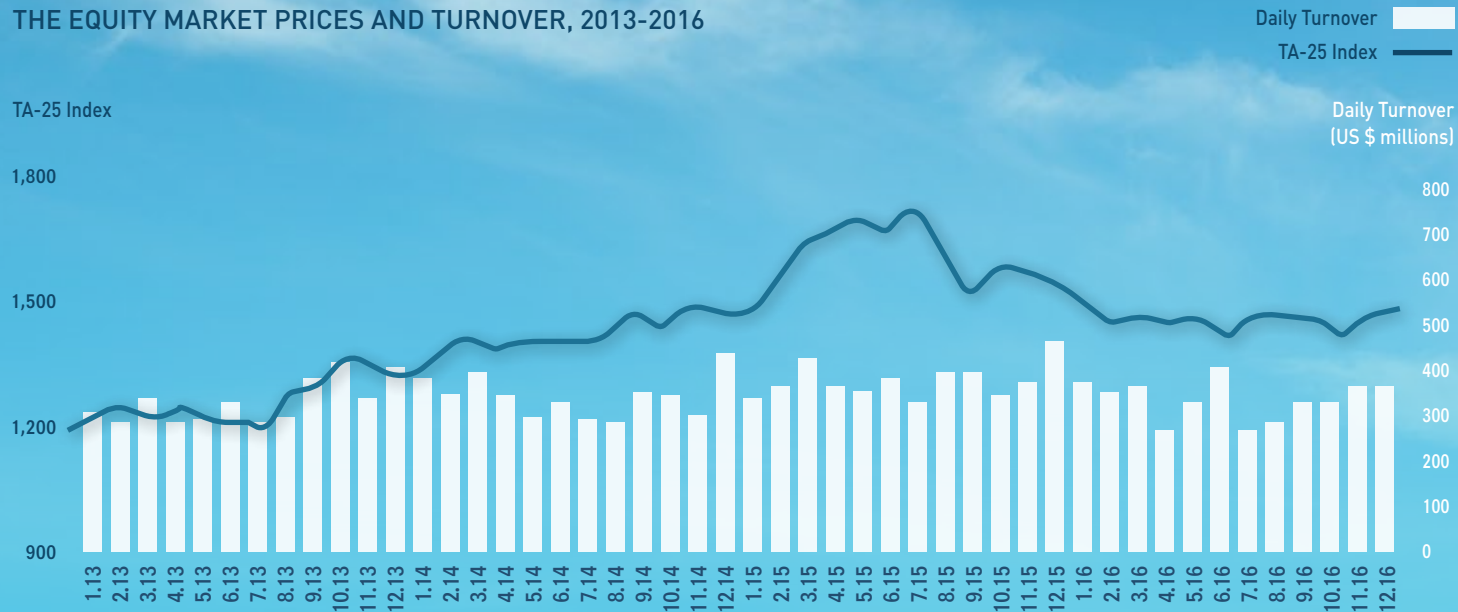
million dollars
daily turnover on TASE
in Corporate Bonds

131,268

dollar options
daily turnover record
on 9.11.2016

TASE IN 2016

THE EQUITY MARKET PRICES AND TURNOVER, 2013-2016



The TA-25 index lost 4% influenced by the sharp decline in pharmaceutical share prices

The TA-75 and MidCap-50 indices gained 17% and 24% respectively, influenced by the dual-listings and real estate shares included in them

EQUITY MARKET

Share Prices

The TA-25 share price index concluded the 2016 year with a loss of 4%, following four successive years of positive returns. The sharp decline in pharmaceutical shares – **Teva** (-44%), **Perrigo** (-43%) and **Mylan** (-31%) contributed to the decline of the index. These shares plunged in wake of share price declines in the industry, a slow-down in the generic drug market, and most recently, the opening of an investigation in the United States regarding price-fixing by leading pharmaceutical firms.

The indices representing mid-cap firms posted gains this year, attributable to dual listings and real estate shares, which continue to benefit low interest rates. The **TA-75 index** gained 17% - 7% of which is attributed to the dual listings, **Tower** and **SodaStream**. The **MidCap-50 index**, which reached an all-time record level on December 13th stood out with a 24% increase.

All the data appearing in this review are stated in terms of U.S. dollars, excluding the returns of indices which are stated in terms of NIS. In 2016 the dollar depreciated 1.5% against the New Israeli Shekel (NIS).

Key factors positively affecting TASE trading trends include:

- Bank of Israel interest rates, which were at a historic low of 0.1%, starting in March 2015, and this against the backdrop of a negative 0.2% inflation rate in 2016, as opposed to a positive 1% inflation rate marked as the lower threshold of the inflationary target set by the Israeli government.
- Positive macro-economic developments: an anticipated 3.8% GDP growth in 2016 – which exceeded GDP growth in 2015 (2.5%); a decrease in the unemployment rate from 5.2% in 2015 to 4.5% towards the end of the year – the lowest unemployment in 33 years; the increase in Israel’s sovereign credit rating from A to A+ with a “positive” forecast (similar to the ratings given by S&P and Moody’s) by the international credit rating agency, Fitch.

New TASE index methodology gets underway

Over the past year, TASE has advanced a major reform of its indices, which is scheduled to take effect on February 9th, 2017.

The new methodology will improve index stability and significantly reduce the risk undertaken by investors and index trackers, which directly manage approx. NIS 40 billion in TASE indices. The process will be implemented incrementally in several stages.

This overhaul of the index methodology will contribute to reducing the risk undertaken by the managers of various index-based financial products, which stems from the impact of corporate actions on the index. It will also reduce the “index effect” (the impact index rebalancing has on the market) and encourage foreign investments in TASE indices. The new index methodology significantly promotes the increase of the free float of the shares included in the flagship indices, as well as the fulfillment of the shares of small and medium-size companies’ (SMEs) potential. It addresses issues pertaining to the ties of an index’s underlying shares to Israel. In addition, it clarifies distinctions between existing indices and creates a broad and current infrastructure for the launch of new indices.

TA-25 AND INTERNATIONAL INDICES, 11/2008-2016 (US \$ terms)



- The Ministry of Finance’s program to reduce taxes, which include the reduction of corporate taxes to 25% at the beginning of 2016 and 24% in 2017.
- In the international realm: rising share prices in the United States given the continued improvement of the American economy and expectation of interest rate increases by the Federal Reserve only after the elections – the S&P 500 and NASDAQ Composite indices gained 9.5% and 7.5% over the year respectively; quantitative easing in Europe and the United Kingdom; the economic program to stop the economic slowdown in Japan; the agreement between Israel and Turkey, which includes the export of natural gas to Turkey.

Key factors adversely affecting TASE trading trends include:

- Increase in the Composite State-of-the-Economy index at a pace characteristic of the previous year and expectation to an increase of the government deficit;

- The weakening of the U.S. dollar by 1.5% against the NIS, stabilizing at NIS 3.85 at the end of the year, despite dollar purchases by the Bank of Israel, and the depreciation of the Euro to a 14-year low against the NIS.
- In the international realm: oil prices, which increased this year by 53% to US\$ 57 per barrel; Federal Reserve policy not to change interest rates, until December, in contrast to expectation for interest rate increases in wake of lower-than-expected macroeconomic performance and the U.S. presidential elections; falling share prices in Europe in wake of the decision of the British electorate to leave the European Union (Brexit), apprehensions that other countries will leave the Euro bloc as well and that the global economy will slip into recession; he bear market in China in wake of the slowing pace of growth.
- **In dollar terms**, the TA-25 index lost 2.5% in 2016 in wake of the 1.5% depreciation of the U.S. dollar against the shekel, as opposed to an up-to 5% decline of leading European exchanges. In contrast, U.S. stock markets continue to stand out for the fourth year running, leading with positive returns of 6-13% in 2016.

Table 1: Annual Returns of TASE Share Price Indices

	2016	2015	2014
TA-25	-4%	4%	10%
TA-75	17%	-5%	-10%
TA MidCap-50	24%	21%	-12%
TA Tech-Elite*	16%	2%	-
TA-BlueTech	15%	2%	-5%
TA-Technology	24%	8%	1%
TA-Biomed	-12%	-24%	-34%
TA-Finance	19%	4%	-8%
TA Real Estate-15	17%	1%	1%
TA-Oil & Gas	18%	-5%	-20%
TA-Com	-5%	23%	10%

* The index was launched 11.5.2014

Technology shares stood out this year, posting gains of 24%

The **Tech-Elite index**, which was launched in May 2014 and comprises large companies in the technology (24 shares) and biomed (16 shares) industries gained 16% this year and a cumulative 19% since its launch. Dually-listed technology shares, which gained an average 24% over the year –lead by **Ormat Technologies** (47%) and **Tower** (32%) – and offsetting the losses sustained by the Biomed shares which came to 12%.

Project Analysis of TASE-traded High Tech Companies Leaves the Starting Gate

This year TASE launched its market analysis program for TASE-traded technology and biomed companies, following the recommendations to promote investment in public companies engaged in research and development (the so-called “R&D Committee”). The aim of Project Analysis is to expand investor knowledge and understanding of technology and biomed companies and the markets in which they operate; and in so doing, facilitate better pricing and increase exposure among local and foreign investors. Analyses will be published at least four times a year, following the publication of the companies’ financial statements. Updates will be published if a material event, which necessitates an update of the latest published analysis takes place.

The analyses will be posted on the Israel Securities Authority’s MAGNA and TASE’s MAYA websites in English, with summaries in Hebrew. In addition, they will be distributed worldwide by the international economic research firms, Edison and Frost & Sullivan to their thousands of clients, and to leading data vendors and economic networks.

To keep the analysis professional, independent and unbiased, the participating companies have signed an agreement with TASE obligating them to receive the services for a period of two years. The companies are not allowed to leave the project during this period. The analysis is financed by the companies covered, TASE and the Israel Innovation Authority.

11 companies have already been analyzed by Edison within the framework of the program: Biomed companies: Intec Pharma, Allium Medical, BioLight Medical Devices, BiONDVax Pharmaceuticals, Pluristem Therapeutics, CollPlant and RedHill Biopharma.

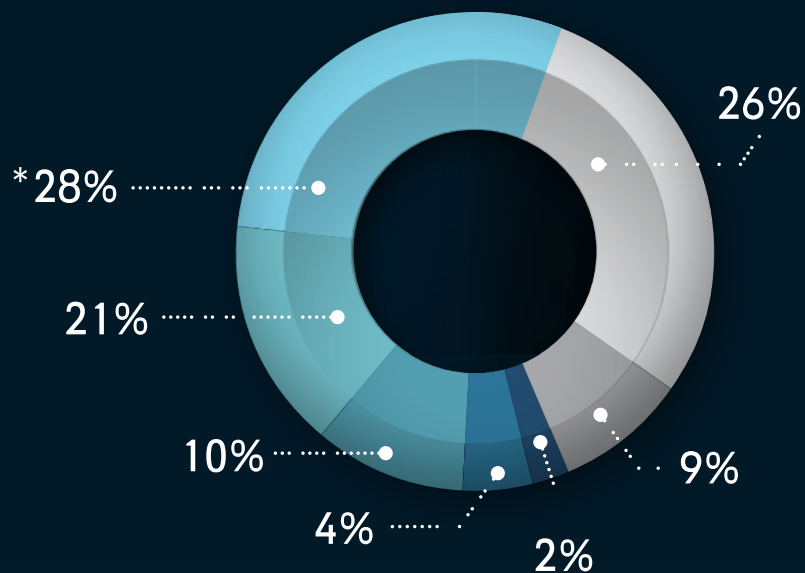
Technology companies: Ellomay Capital, Nano Dimension, Pointer Telocation and Foresight.

Analyses of 10 additional companies will be conducted in the coming weeks by Frost & Sullivan.

Biomed companies: Aposense, Brainsway, Bioline Rx, D.N.A. Biomedical Solutions, Kitov Pharmaceuticals, Collect Biotechnology, RedHill Biopharma

Technology companies: Energix Renewable Energies, Vonetize, Safe-T Group.

BREAKDOWN OF SHARE OWNERSHIP ON TASE, 2016*



"Free Float" (65%)

- International Public & Institutionals (28%*)
- Israeli Public (21%)
- Provident & Pension Funds (10%)
- Insurance Companies (4%)
- Mutual Funds (2%)

Interested Parties (35%)

- Israeli (26%)
- International (9%)

* Thereof: 23% holdings in dual-listed shares abroad.
Source: TASE & The Bank of Israel.


Returns on TASE's sector indices were mixed, Indices standing out for positive returns include: The TA-Technology index, comprising 43 shares, of which 21 are dual listings trading in the United States as well as Tel Aviv, increased 24%, in wake of rising prices on NASDAQ; the TA- Oil and Gas index, which posted gains of 18% following the approval of the natural gas outline agreement and agreements to export natural gas to Turkey and Jordan; and the TA Real Estate-15 which gained 17% over the year, fueled by low interest rates.

In contrast, the Biomed index continued to decline for the third consecutive year, albeit at a relatively modest rate of 12% when compared to the previous two years. The majority of shares included in the index posted price declines. Communications sector shares moved this year from positive to negative returns, following the fall of **Space-Communication** in the wake of the failed Amos 6 satellite launch and of **Bezeq** in wake of growing competition.

The **TA-BIGItech** index, which was launched in October 2013 by BlueStar Indexes and includes 57 shares of Israeli and Israel-related high-tech companies traded on TASE and other exchanges around the world (including 20 dual listings and 3 shares traded solely on TASE) rose 4% this year.

In January, BlackRock launched in London the iShares TA-25 Israel UCITS ETF (TASE), the first ETF to enable direct investment by European investors in the TA-25 Net Dollar index, which TASE started to publish in November 2015.

This is the first foreign ETF which provides direct exposure to TASE's most highly capitalized shares. The fund's net asset value comes to US\$ 5 million.



Average daily stock trading volume fell by 5%

Shares Trading Volume

Table 2: Average Daily Share Trading Volume (US \$ millions)

	2016	2015	change in 2016
Shares including ETNs	330	373	-12%
Shares excluding ETNs	240	252	-5%

The volume of shares trading (both on and off-floor, including ETNs) averaged US\$ 330 million daily – some 12% lower than the average of the previous year. On the June 14th, on the eve of the semi-annual index rebalancing, equity trading volume came to US\$ 1.1 billion.

Average daily shares trading volume (without ETNs) came to US\$ 240 million – lower by 5% than the 2015 daily average.

TA-25 index shares have accounted for some 71% of the shares trading volume (excluding ETNs) for several years, while TA-75 constituent shares maintained a 21% share in total shares trading volume and the Mid-Cap maintained a 8% share in total shares trading volume. This distribution has been stable, with the exception of 2008, the year of the financial crisis, in which the concentration of TA-25 shares rose to 81% of equity trading activity.

Free Float

The sell-off of **shares held by interested parties** continued in 2016, including sell-offs designed to increase the free float to meet criteria set in the reform of TASE's indices, which is scheduled to take place in the beginning of 2017.

In total interested parties divested holdings worth US\$ 1.4 billion, lead by the sale of: US\$ 255 million **Bezeq** shares by B Communications, controlled by Shaul Elovitch; the sale of **Paz Oil** shares US\$ 242 million by Zadik Bino – following his decision to relinquish control in the company in wake of restrictions placed under the "Concentration Law"; the sale of 5% of **Azrieli Group** shares worth US\$ 232 million, a measure designed to increase the free float to 30%; and the sale of the remaining US\$ 108 million shares of the **First International Bank** held by the Israel Discount Bank.

In January-September 2016, foreign investor entry into the TASE equity market continued at a moderate pace, as foreign investors purchased a net US\$ 0.4 billion of TASE-listed shares, and this following 2014 and 2015 in which net purchases came to US\$ 1.7 and 1.3 billion respectively. In the last Quarter of 2016 the trend reversed and they sold shares at value of US\$ 0.6 billion.

Equity Capital Raising

This year a 23% increase in the scope of equity raised in the Israeli market was posted relative to last year, amounting to US\$ 1.8 billion.

The total raised through public offerings came to US\$ 1.2 billion – an increase of 36% over the previous year.

Real Estate companies, which raised US\$ 0.5 billion in equity offering, **stood out this year as well**, accounting for 45% of the total raised in public offerings, as opposed to 50% and more in the years 2013-2015.

The largest public offering this year was undertaken by the **Delek Group**, which raised US\$ 0.3 billion through two new series of A-rated convertible bonds. The company redeemed publicly traded bonds equaling US\$ 0.2 billion in each one of the 2016 and 2017 years.

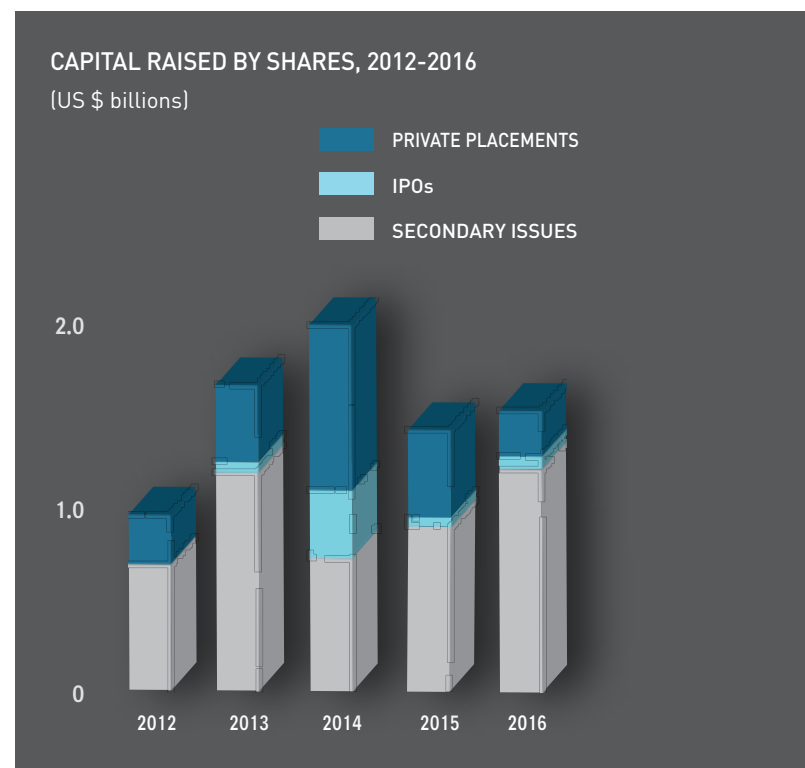
Other large public offerings included those of the real estate company, **Jerusalem Economy**, which raised US\$ 0.2 billion in a share offering and the **Discount** bank, which raised a similar amount in an equity offering of shares and warrants.

Table 3: Equity Capital Raised on TASE 2014-2016

	Equity raised (US \$ millions)			No. of offerings		
	2016	2015	2014	2016	2015	2014
Public offerings	1,190	877	1,050	82	60	76
of which: IPOs	68	39	374	3	2	5
Private placements	344	464	988	72	84	65
Warrant exercise	222	87	108	-	-	-
Total	1,756	1,428	2,146	154	144	141

Three initial public offerings (IPOs) were completed in 2016, raising a total of US\$ 68 million:

36% increase in the total equity raised from public offerings



- **Overseas** listed shares on TASE following an offering of US\$ 48 million of existing shares by share-holders. The company provides logistic services through the operation of container and cargo terminals, bonded warehouses and logistic centers.
- **Megureit** the first REIT in Israel to invest in residential rental real estate following an amendment to the Income Tax Ordinance, which grants tax benefits for residential rental real estate projects, raised US\$ 16 million. Prior to the offering the fund promised to raise an additional US\$ 48 million from four different parties.
- **Vonetize**, which develops & distributes video-on-demand (VOD) to television sets and smart phones, raised US\$ 4 million.



3 companies – Vontize, Megureit and Overseas completed equity IPOs; 3 companies dual listed shares on TASE and 2 companies listed shares following a spin-off/ capital restructuring; and new activity was injected into 3 shell companies in reverse mergers which included capital raising

The road services company **Shagrir** is another new TASE listing. This company was spun-off from the dually-listed company, Pointer through the distribution of shares to Pointer shareholders as dividends in kind.

Three companies, two of which high tech companies, “joined” TASE through reverse mergers, i.e. the injection of new business activity into listed companies devoid of active business operations. Some of these raised capital in equity private placements:

- **The Safe-T activity** is engaged in the development and marketing of solutions to protect enterprise data. The reverse merger was carried out through a public offering of US\$ 4.5 million, followed by the incorporation of business activity in exchange for a private placement of 66% of the company’s shares. Two actions enabled the company to meet the listing requirements placed on a “new company” merging with a shell company and resuming the shares’ trading on the main listings.

Two other companies completed reverse mergers, prior to the new “shell company rules” coming into effect.

- The operations of **Foresight**, which engages in the research and development of products to prevent traffic accidents (the

activity was incorporated in exchange for a private placement of 63% of the company’s shares).

- The activity of **Shoham Business**, which is engaged in providing loans, foreign currency services and check cashing services (without raising additional capital).

Dual Listings

Three companies completed dual listings on TASE in 2016:

- **Ability** - a supplier of technological solutions for intelligence agencies, which trades on NASDAQ. The company’s market capitalization comes to US\$ 72 million.
- **Pointer** - a provider of technology and services to the automotive and insurance industries, which is traded on NASDAQ. The company’s market capitalization comes to US\$ 57 million.
- **Matomy Media** - an advertising firm traded on the London Stock Exchange (LSE). The company’s market capitalization comes to US \$130 million.

The shares of these companies were “fast tracked” on to TA-BlueTech and TA-Technology indices.

The real estate company **Mirland**, which trades on the AIM market in London listed its shares on TASE as well - not within the framework of the dual listing provisions - as part of its corporate debt restructuring.

The technology company **Nano Dimension** and the biomed company **Cellect Biotechnology**, which more than doubled in value since completing reverse mergers two-three years ago, reaching US\$ 52 million and US\$ 28 million respectively on the eve of their public offerings in the United States, raised US\$ 14 million and US\$ 8 million respectively and listed their shares on NASDAQ. The shares of the technology company **My Size**, the value of which tripled since its reverse merger three years ago, coming to US\$ 76 million, listed on NASDAQ as well without raising additional capital.

Silicom and **Ituran** delisted their shares solely from TASE, and their shares continue to trade in the U.S.. **EZchip** delisted its shares from both Tel Aviv and the U.S. in wake of its merger with Mellanox. Technologies. **Alon Blue Square** also delisted its shares from both markets in wake of a court settlement. The company's bonds continue to trade on TASE.

This year dually-listed companies raised US\$ 6 billion abroad in public share offerings and private placements. **Teva** was the largest of these, completing a US\$ 5.5 billion private placement of shares to the share holders of the giant pharmaceutical company, Allergan, following the completion of a public share offering of US\$ 7.4 billion in the previous year (half of the amount was raised through the issue of ordinary shares and half was raised through preferred shares).

Today **57** companies trade under the dual listing provisions in both Tel Aviv and the U.S., while **5** additional shares trade both in Tel Aviv and abroad outside of the framework of the dual listing provisions.

Number of TASE-listed companies

As of year's end, the shares of 451 companies were traded on TASE, as opposed to 461 at the end of 2015. In the past year 18 companies delisted, as opposed to 23 and 42 companies delisted in 2015 and 2014 respectively. The distribution of companies according to reason for delisting follows:

10 companies voluntarily delisted following **tender offers and mergers**;

6 companies delisted after **court settlements/liquidation**;

2 dually listed companies delisted solely from TASE (**Silicom** and **Ituran**, which continue to trade on NASDAQ).

The attrition rate in the number of companies with equity listings on TASE from a record 662 companies in 1998 to 451 companies at the close of 2016, is not specific to the Tel Aviv Stock Exchange and is in fact lower than that in the United States - where an ongoing downward trend in the number of listed public companies, according to **J.P. Morgan** comes to 46, from 8,025 companies at the beginning of 1997 to 4,300 companies in 2016.

TABLE 4: MAIN INDICATORS OF THE EQUITY MARKET, 2007-2016

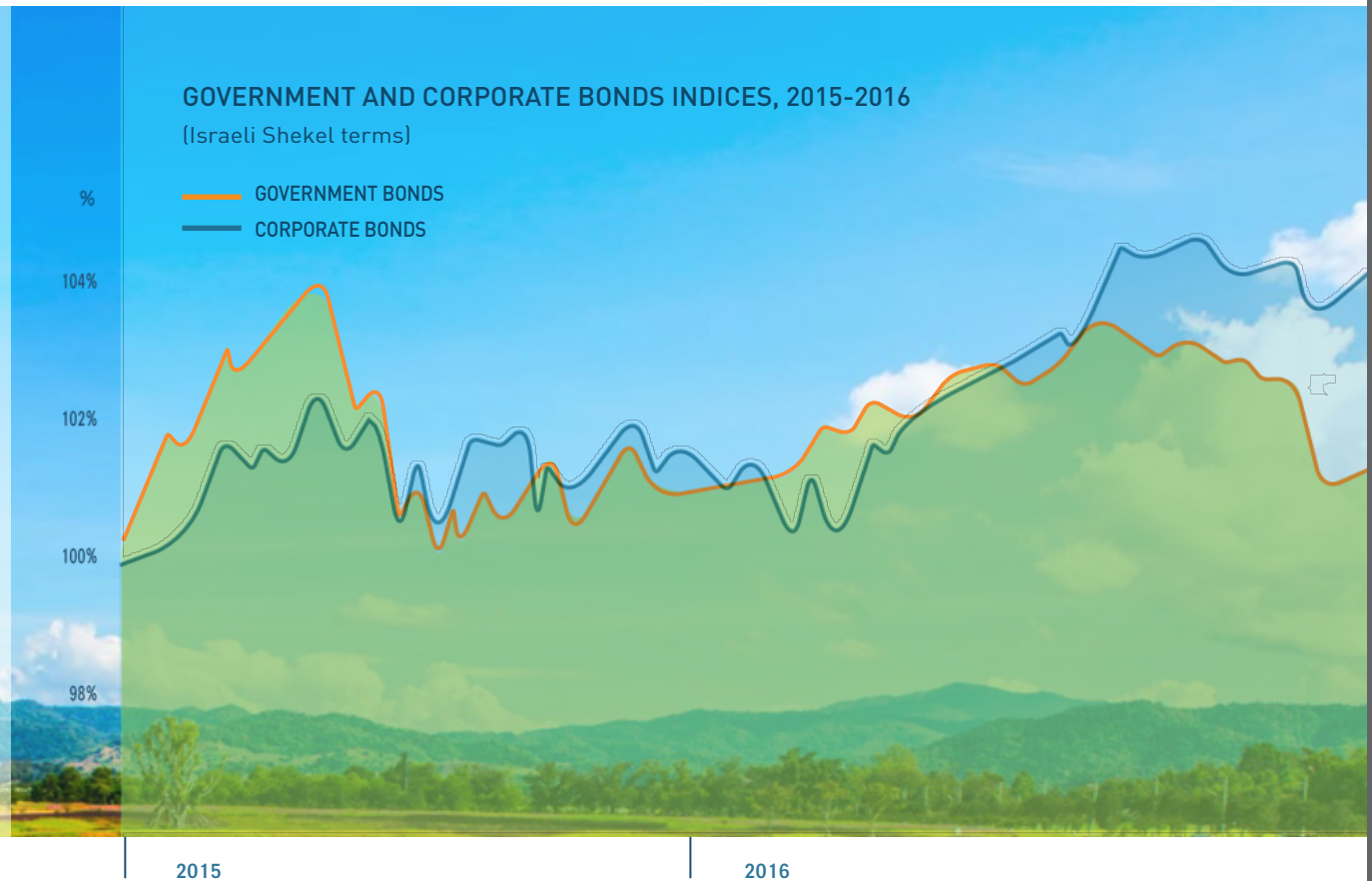
Year	Daily Turnover (US \$ millions)	Capital Raised in Tel-Aviv ⁽¹⁾ (US \$ billions)	Number of Listed Companies ⁽²⁾	Thereof: New Listed Companies ⁽²⁾	TA-100 Index % Change (local currency terms)
2007	505	5.2	637	62	25.3
2008	547	1.8	623	2	-51.1
2009	432	1.7	604	4	88.8
2010	547	3.4	600	22	14.9
2011	482	1.4	580	11	-20.1
2012	279	0.9	540	3	7.2
2013	324	1.7	508	6	15.1
2014	339	2.1	473	6	6.7
2015	373	1.4	461	11	2.0
2016	330	1.8	451	8	-2.5

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

(2) Including dual-listed companies. Excluding ETNs issuers.

BOND MARKET

CPI-linked corporate bond prices gained 4% as opposed to slight gains of 1% for government bonds



Increase in the average daily trading volume of corporate bonds and decrease in the trading volume of government bonds

Bond Price Indices

Modest price gains of 1% were posted in 2016 for TASE-traded government bonds, while corporate bond indices rose 4% over the year. **The Tel Bond-Yields index**, which includes CPI-linked fixed rate corporate bonds rated BBB to A by Maalot or Baa3 to A2 by Midroog **stood out** with returns of 6.2% - more than twice that of the other Tel Bond indices, and this as compensation for the relatively lower rating of the bonds included in the index.

Bond Trading Volume

Table 5: Average Daily Bond Trading Volume (US \$ millions)

	2016	2015	change in 2016
Government bonds	712	789	-10%
Corporate bonds including ETNs	267	281	-5%
Corporate bonds excluding ETNs	216	198	9%
Central Bank bills (MAKAM)	90	131	-31%

Trading volume in the bond market (including ETNs, on-floor and off-floor trading) averaged US\$ 1 billion daily – some 9% lower than the average daily trading volume in 2015. On May 19, 2016, on the eve of the semi-annual Tel-Bond indices rebalancing, **a record bond trading volume was set at US\$ 3 billion** – of which US\$ 2 billion in corporate bonds.

- **Trading in government bonds was less active**, particularly in non-linked shekel-denominated government issues, for which the average daily trading volume declined 13% relative to the previous year, amounting to US\$ 0.5 billion in 2016. CPI-linked government bond trading activity experienced a more moderate decline of 4% relative to the previous year, averaging US\$ 0.2 billion daily.
- **A 9% increase in the average daily trading volume of corporate bonds** relative to the previous year averaging US\$ 0.2 billion daily in 2016.

As of the end of November, **foreign investors** purchased a net US\$ 0.5 billion government bonds in 2016, after purchasing US\$ 0.7 billion in the previous year. Investment in Israel government bonds is advantageous given the strong shekel coupled with the positive inflation-adjusted yield to maturity on 10-year shekel-denominated government bonds which

come to 2.5% as opposed to negligible yields in the U.S. and negative yields in Europe.

Bond Market Debt Raising

Gross government debt raising increased in 2016, amounting to US\$ 12.4 billion as opposed to US\$ 10 billion in 2015. Approximately 70% of the total raised this year was in Shekel denominated non-linked bonds and 30% in CPI-linked bonds.

Government bond issues were accompanied this year by giant redemptions of some US\$ 11 billion Shekel denominated non-linked bonds and US\$ 3.5 billion CPI-linked bonds.

In addition, the government resumed the issue of sovereign bonds abroad after a two-year hiatus, and raised a total of US\$ 1.5 billion in the U.S. and Europe. Two bond series were issued: US\$ 1 billion was raised in 10-year bonds at the lowest interest rate ever in a dollar offering (2.94% yield-to-maturity) and 0.5 billion dollars were raised for the first time by expanding an existing series of 30-year bonds (4.18% yield). The offering was over-subscribed 5.5 times the original amount of the offering.

The increase in gross Treasury issues is a result of expectations of a larger government deficit of 2.9% in 2016 as opposed to 2.2% in the previous year.

The scope of corporate bond issues on TASE, which constitutes center stage for raising debt in recent years, increased in 2016, **reaching a record US\$ 16.5 billion dollars** (not including bonds privately placed on the TACT Institutional platform and Neshet non-listed securities clearing services) as opposed to US\$ 14 billion in the previous year. Record low interest rates and expectations for their increase by the end of 2017 contributed to the active primary debt market.

Corporate debt offerings this year were designated primarily for debt recycling and lowering finance costs. The redemption of traded corporate bonds came to US\$ 9.5 billion this year, and this sum is expected to increase to US\$ 11.5 billion in 2017.

Table 6: Corporate Debt Raised on the TASE Bond Market*, according to sector, 2014-2016 (US \$ millions)

	2016		2015		2014	
Total	17,308	100%	14,314	100%	12,015	100%
Sectoral division						
Finance:	4,957	29%	5,583	39%	3,148	26%
Banking	4,202	24%	4,712	33%	2,755	23%
Insurance	462	3%	834	6%	355	3%
Financial services	293	2%	37	0.3%	38	0.3%
Total real sector:	12,351	71%	8,731	61%	8,867	74%
Real estate	5,588	32%	5,098	36%	4,134	34%
Commerce & services	3,684	21%	2,122	15%	2,040	17%
Investments	1,226	7%	765	5%	523	5%
Oil & gas	856	5%	-	0%	724	6%
Manufacturing	653	4%	719	5%	1,186	10%
Technology	344	2%	27	0.2%	260	2%

* Including bonds privately placed on the TACT Institutional platform. Excluding exercise of warrants and Neshor non-listed securities clearing services.

Corporate Debt Issues in 2016, Key Characteristics:

- **Increase in the scope of debt raised in the real sector:** The real sector raised US \$12.4 billion debt capital in 2016, accounting for 71% of the total raised in corporate bond issues. **More than 90% of this sum is earmarked for the redemption of traded debt** – US\$ 6.8 billion in 2016 and a similar amount in 2017, and a minor amount for the recycling of non-traded debt and expansion of corporate activities.
- **Real estate companies** continue to lead the sectoral rankings, raising US\$ 5.5 billion in 2016, after raising US\$ 5 billion in the previous year. The amount raised by real estate firms in 2016 constitutes 32% of the total debt raised, somewhat lower than the average for 2014-2015. Real estate companies again took advantage of the low interest rates to recycle debt – bond redemptions equaling US\$ 2.7 billion in 2016 and to prepare for future bond redemptions of a similar scope in 2017.

The real sector increased the scope of capital raising – real estate companies continue to lead with debt issues equaling one third of the total corporate debt raised

Approximately US\$ 0.6 billion was raised by six new issuers, among them four commercial real estate companies operating in the New York - **KBS** (US\$ 251 million), **NAMCO Realty** (US\$ 118 million), **Delshah Capital** (US\$ 101 million) and **Cornerstone** (US\$ 72 million), and two local real estate companies **Fattal Europe** (US\$ 62 million) and **Oren Investments** (US\$ 10 million).

Among seasoned issuers, the largest bond offerings were undertaken by the **Azrieli Group** and **Melison**, for US\$ 0.6 billion and US\$ 0.3 billion respectively.

- **Commerce and services companies** placed second this year as well in the real sector industrial rankings, raising US\$ 3.7 billion debt, a sharp increase relative to 2014-2015, in which US\$ 2 billion was raised each year. These companies redeemed bonds equaling US\$ 2 billion in 2016, and are expected to redeem a similar amount in 2017.

The major issues of this sector include: the **Israel Electric Corporation**, which raise US\$ 1.3 billion in two separate public offerings, and **B Communications**, which raised US\$ 0.5 billion in one public offering.

- **Continuation of active debt raising by the financial sector:** The financial sector, and primarily the banks, raised US\$ 5 billion this year – an amount equaling 29% of the total debt raised on the TASE corporate bond market. The amount raised is designated to cover financial sector bond redemptions of US\$ 3 billion in 2016 and US\$ 5 billion in the following year.

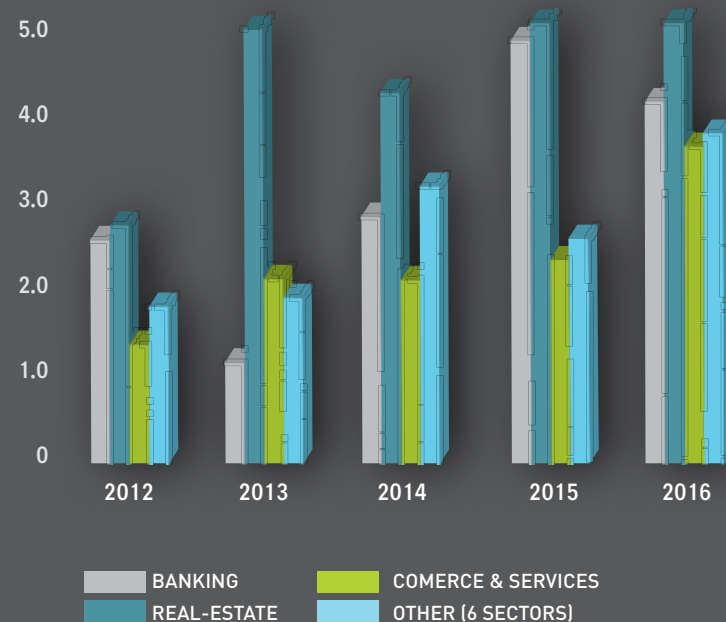
For the first time, this year the banks completed five contingent convertible (CoCo) bond offerings, for a total of US\$ 0.5 billion – **Bank Leumi** was the first to raise capital (US\$ 234 million) in January through bonds the terms of which include forced conversion, and following this offering, convertible bonds which include principal write-down mechanisms triggered by a “bank failure event” were issued by the **First International bank** (US\$ 218 million), the **Union bank** (US\$ 59 million) and the **Jerusalem bank** (US\$ 33 million).

The banks continued to be the largest issuers in 2016 as well: **Mizrachi Tefahot** bank issued US\$ 1.6 billion in two offerings; **Bank Leumi** raised US\$ 1.1 billion (of which US\$ 0.2 billion in CoCo bonds); and **Hapoalim** bank which raised US\$ 0.8 billion.

Record
16.5
 US\$ billion
 raised in corporate
 bond issues

- **The weight of bond offerings of bonds rated A and above this year came to 85%** of the total raised in public bond offerings, similar to 2014 and in contrast to 91% in 2015.
- **The weight of public CPI-linked bond offerings** came to 48% of the total in 2016, similar to the previous two years. This year US\$ 7.8 billion was raised in these offerings.
The weight of public shekel-denominated non-linked bonds came to 48% this year, similar to the previous two years. US\$ 8 billion was raised in these offerings, most of which (US\$ 7.5 billion) was raised in fixed-rate bonds and US\$ 0.2 billion dollar was raised through **commercial paper**, six times the amount raised in the floatation of commercial paper in 2015.

ISSUES OF CORPORATE BONDS BY SECTORS, 2012-2016
 (US \$ billions)



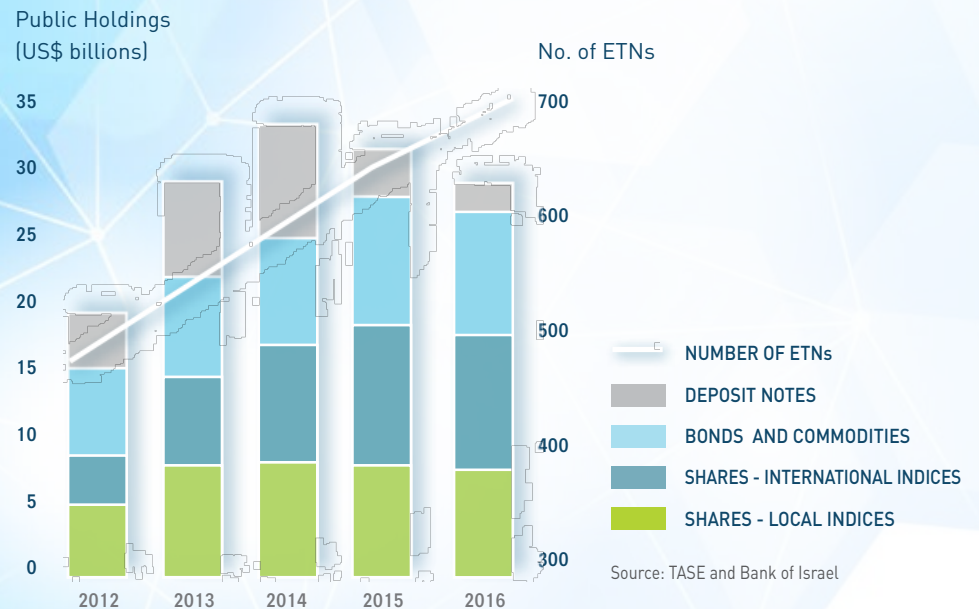
(1) Including Corporate Bonds and TACT Institutional, Not Including deposit notes and structured bonds.



This year five offerings of **dollar-linked bonds** were completed, raising US\$ 0.7 billion, as opposed to US\$ 0.4 billion in the five offerings completed in 2015. Half of this amount was raised by the **Israel Electric Corporation**.

- **12 corporate bond exchange offers** were executed this year, with the purpose of taking advantage of low interest rates to lower financing costs.
- **Rising bond offering concentration** – This year 14 mega bond offerings were completed (US\$ 0.2 billion and higher per offering) for a total of US\$ 7.6 billion, accounting for 48% of the total debt raised in public offerings, and this is similar to the weight of the 16 mega-offerings in 2015 for US\$ 6.7 billion of the total debt raised in public offerings that year.
- **US\$ 1 billion was raised through bond offerings restricted to institutional investors** (the TACT Institutional platform and Neshar non-listed securities clearing services)
 - **In 2016 US\$ 0.8 billion was raised through the TACT Institutional platform**, more than three times the amount raised in the previous year. Key issuers included: **Mekorot** and **Ormat Technologies**, which raised US\$ 0.2 billion each, the first through CPI-linked bonds and the second through dollar-linked bonds. **Direct Insurance** also raised US\$ 0.2 billion through shekel-denominated non-linked bonds.
 - **US\$ 0.2 billion was raised in 2016 within the framework of the Neshar (non-listed securities) clearing services**, as opposed to US\$ 0.4 billion in 2015, The total raised this year was exclusively through commercial paper.

THE ETNs MARKET, 2012-2016



The public bought mutual funds tracking local share price indices and sold mutual funds specializing in foreign equities

EXCHANGE TRADED NOTES (ETNS)

As of the end of 2016 **691 ETNs** traded on TASE, of which **21 currency ETNs** ("deposit notes"). **The market capitalization of public ETN holdings** (including currency ETNs) **came to US\$ 29 billion at the end of December 2016.**

New ETN Series

The development of the ETN market continued and this year **58 new ETN series were launched**, in keeping with the previous, among them: an ETN on the TA-Banks index, an inverse (short) ETN on the MidCap-50 index, 46 ETNs on foreign share price indices and 10 ETNs on bond price indices.

Among the series, the following ETNs were launched for the first time ever: **three ETNs on the Tel Bond Yields NIS bond index**, which was launched in November 2015 (the market capitalization of public holdings today is US\$ 33 million); **three ETNs on the Tel Bond - Non Linked bond index** which was launched in January 2015 (the market capitalization of public holdings today is US\$ 4 million) **and an ETN of the index of Israeli high-tech companies (TA-BIGITech)**, which was launched in October 2013 and includes 57 large Israeli and Israel-related technology and biomed companies traded on TASE and stock exchanges abroad.

Public ETN Purchases/Sales

Table 7: Public ETN Purchases/Sales (US \$ millions)

	2016	2015
ETNs on TASE share price indices	-62	-330
ETNs on foreign share price indices	-1,488	951
ETNs on TASE bond price indices	-422	-38
Currency ETNs	-973	-4,438

During times of market uncertainty like this year, the home field constitutes an anchor for local investors, who tend to return home. **The public purchased ETNs on TASE share price indices, till December, and sold ETNs on foreign share price indices:**

- In the months January-November 2016, the public purchased a net US\$ 0.1 billion **ETNs tracking local share price indices**, after a period of net sales equalling US\$ 0.3 billion in 2015. In December sales resumed, amounting to US\$ 0.2 billion. The market capitalization of public holdings (the free float) of ETNs tracking local share price indices increase by US\$ 0.4 billion to US\$ 8 billion at the end of 2016. Approximately US\$ 0.3 billion of this increase stems from the increased value of the underlying shares (TA-banks and TA-75 indices) and US\$ 0.1 billion of the increase can be attributed to public purchases of TA-25 index ETNs, which offset the negative impact of falling index prices for the TA-25 and TA-100 indices and the net sales of TA-100 index ETNs.
- The public sold **ETNs tracking foreign share price indices**, which netted US\$ 1.5 billion in 2016, following net purchases of US\$ 1 billion in the previous year. The market capitalization of the free float of these ETNs dropped US\$ 0.8 billion, reaching US\$ 10.6 billion at the end of 2016 – the entire decrease can be attributed to sales, some of which were channeled to the local stock market, but most are found in current accounts, the cumulative balance of which reached record proportions.

The market capitalization of the free float of ETNs tracking bond price indices rose to US\$ 9.1 billion at the end of 2016, as opposed to US\$ 8.9 billion at the end of 2015. Net sales by the public of **bond index ETNs** accelerated and reached US\$ 0.4 billion in 2016, following a year of negligible net sales in 2015. The market capitalization of the free float in this ETNs rose US\$ 0.2 billion, which can be fully attributed to higher prices of the underlying bonds.

In 2016 the public sold currency ETNs for a net US\$ 1 billion. The market capitalization of currency ETNs declined this year by US \$ 1.1 billion to US\$ 1.3 billion at the end of 2016, while most of the decrease in value stemmed from sales by the public, primarily of shekel ETNs, and this in wake of the almost-zero interest rate. Approximately US\$ 0.1 billion of the decrease stemmed primarily from the weakening dollar, although a weakening Euro (both relative the NIS), contributed to this as well.

Similar trends to those of the ETN market were posted **in the parallel channel of mutual funds**, as the public purchases funds specializing in TASE-listed shares and sold funds investing in foreign shares, funds investing in bonds, shekel funds and money market funds.

ETN Trading Volume

Table 8: Average Daily ETN Trading Volume (US \$ millions)

	2016	2015
Share price index ETNs	90	121
% of shares trading volume	27%	32%
Bond price index ETNs	51	83
% of non-government bond trading volume	19%	30%



The average daily trading volume of ETNs tracking shares (local and foreign) fell in 2016 coming to US\$ 90 million (on a off-floor trading), some 26% lower than the average volume in the previous year. This trading activity accounted for 27% of the total trading volume of shares, as opposed to 32% last year.

The average daily trading volume of ETNs tracking bonds and currency ETNs declined in 2016, coming to US\$ 51 million (on an off-floor trading), some 39% lower than the average daily volume in the previous year. This activity constituted 19% of the total non-government bond trading volume, as opposed to 30% last year.

DERIVATIVES MARKET

The trading volume of **monthly options on the TA-25 index** in 2016 averaged 121 thousand contracts daily, a 25% decrease relative to the previous year,

Average trading volume of **weekly options on the TA-25 index** came to 40 thousands contracts this year, similar to 2015. Upon the publication of the U.S. presidential election results on **9.11.2016, 131,268 contracts changed hands, marking the highest volume since the launch of weeklies in July 2013.**

Basel III provisions requiring banks to hold substantial capital to cover their clients' derivatives activity, which were scheduled to become effective at the beginning of July but were postponed, precipitated a reduction in derivatives activity and contributed to the decline in TA-25 options trading activity. In addition, lower market volatility also contributed to the decline. This slowdown in activity reflected a reduction in the trading activity of index derivatives worldwide.

2016 was characterized by relatively low market volatility relative to last year. The average annual implied volatility in TA-25 options came to 13%. At the same time, however, a number of events this year (such as the global stock market sell-off in February, the Brexit referendum in June and the U.S. Presidential elections in November) for which the implied volatility reflected in option prices came to 20%.

In the first quarter of the year, TASE launched three groups of 16 new stock options. With completion of the launch of these options, it is possible for the first time to trade options on all shares included in the TA-25 index. The trading volume of these options averages 4,000 contracts daily in 2016, 35% lower than the 2015 average daily volume, which came to 6,200 contracts. The decline in stock option trading volume was caused, inter alia, by the discontinuation of market maker activity in February 2016.

Options and futures on the TA-100 index trading, which commenced at the end of January 2015, picked up momentum, rising from an average 200 contracts daily in their first year of trading and the first trimester of 2016, to an average 340 and 520 contracts daily in the second and third trimesters of 2016 respectively.

Dollar options trading averaged 52,000 contracts daily in 2016, off 19% from the record volume it achieved in the previous year. The dollar depreciated 1.5% against the shekel despite the dollar purchases made by the Bank of Israel.

TABLE 9: TA-25 INDEX OPTIONS TURNOVER, 2013-2016

Year	Daily Turnover in Monthly Options (thousands contracts)	Daily Turnover in Weekly Options ⁽¹⁾ (thousands contracts)	Derivatives Liquidity ratio ⁽²⁾	Maximum no. of open interest contracts (thousands)
2013	193	12	1,424%	736
2014	176	26	1,703%	688
2015	160	41	1,439%	670
2016	121	40	1,156%	517

(1) The Weekly options on TA-25 Index Launched in July 2013.

(2) 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.

New products added to TASE derivatives market

US Dollar weekly derivatives

At the beginning of November, TASE launched for the first time weekly options on the dollar/NIS exchange rate. These options carry similar terms to those of the monthly options.

A new series of weekly options will begin trading on Tuesdays and will expire on the Wednesday of the following week. The new options are suitable for a broad spectrum of investors, including those seeking to hedge short-term currency risks, with relatively low margin requirements.

Weekly options enable trading through to an additional expiration date, facilitating the creation of a fuller picture of trader expectations regarding exchange rate volatility.

Individual Stock Options on TA-25 Index Shares

In the first quarter of 2016, TASE launched stock options on all shares included in the TA-25 index. The new options expand the variety of TASE-traded derivatives and enable, among other things, exposure through derivatives to shares from sectors which to date do not have options written on them and the opportunity to execute new investment strategies.



CENTRAL BANK BILLS (MAKAM)

The daily trading volume (on and off-floor) of **MAKAM Central Bank Bills** averaged US\$ 90 million, 31% lower than the trading volume in the previous year, and the lowest volume in 14 years.

MAKAM prices remained virtually unchanged in 2016, as in 2015 and the yield-to-maturity came to 0.2% at the end of 2016.

In 2016 the public holdings of both Israeli and foreign investors in MAKAM came to US\$ 27 billion at the end of the year, as opposed to US\$ 30 and 33 billion at the end of 2015 and 2014 respectively.

In 2016 foreign investors sold US\$ 0.4 billion MAKAM, continuing the net sale of US\$ 0.7 billion in the previous year.

TABLES

TA-25 INDEX COMPANIES

TABLE 10: MARKET CAPITALIZATION AND WEIGHTING

SECURITY	MARKET CAP 31.12.2016 (US\$ millions)	WEIGHTING ⁽¹⁾
1. Bank Hapoalim	7,946	9.9%
2. Bank Leumi	6,282	9.5%
3. Perrigo ⁽²⁾	11,673	9.2%
4. Opko ⁽²⁾	6,356	7.8%
5. Teva ⁽²⁾	36,485	7.1%
6. Nice ⁽²⁾	4,094	6.7%
7. Bezeq	5,265	6.4%
8. Elbit Systems ⁽²⁾	4,336	4.0%
9. Frutarom ⁽²⁾	3,029	3.7%
10. Israel Chemicals ⁽²⁾	5,245	3.7%
11. Bank Discount	2,358	3.7%
12. Mylan ⁽²⁾	18,621	3.6%
13. Ormat Technologies ⁽²⁾	2,663	3.3%
14. Mizrahi Tefahot Bank	3,401	3.1%
15. Azrieli Group	5,270	2.9%
16. Isramco	2,153	2.6%
17. Paz Oil	1,491	1.9%
18. Delek Group	2,565	1.7%
19. Avner	2,301	1.6%
20. Gazit Globe ⁽²⁾	1,669	1.6%
21. International Bank	1,474	1.4%
22. Melisron	1,896	1.3%
23. Israel Corporation	1,281	1.2%
24. Strauss Group	1,702	1.2%
25. Delek Drilling	2,004	1.1%
TOTAL	141,560	100.0%

TABLE 11: DAILY TURNOVER

SECURITY	DAILY TURNOVER ⁽³⁾ (US\$ thousands)
1. Teva ⁽²⁾	28,529
2. Bank Hapoalim	13,543
3. Bezeq	12,829
4. Bank Leumi	12,460
5. Perrigo ⁽²⁾	11,203
6. Israel Chemicals ⁽²⁾	7,987
7. Elbit Systems ⁽²⁾	6,136
8. Frutarom ⁽²⁾	5,836
9. Nice ⁽²⁾	5,394
10. Mylan ⁽²⁾	5,388
11. Bank Discount	5,206
12. Delek Group	4,450
13. Opko ⁽²⁾	4,055
14. Azrieli Group	4,025
15. Mizrahi Tefahot Bank	3,984
16. Isramco	2,791
17. Gazit Globe ⁽²⁾	2,769
18. Ormat Technologies ⁽²⁾	2,433
19. Avner	2,315
20. Israel Corporation	2,216
21. Paz Oil	2,022
22. International Bank	1,733
23. Melisron	1,653
24. Delek Drilling	1,568
25. Strauss Group	1,098
TOTAL	151,622
OF TOTAL TURNOVER	72%

(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 12: CAPITAL RAISED BY SECURITY TYPES, 2007-2016 (US \$ millions)

Year	Shares & convertibles		Government Bonds - Gross	Corporate Bonds			ETNs ⁽³⁾
	Tel-Aviv ⁽¹⁾	Abroad ⁽²⁾		Corporate Bonds ⁽¹⁾	Institutionals	Total	
2007	5,168	668	7,641	10,904	8,904	19,808	2,088
2008	1,774	3,265	14,709	4,949	1,257	6,206	932
2009	1,701	266	17,370	8,296	874	9,170	549
2010	3,424	152	15,165	10,416	862	11,278	558
2011	1,437	405	17,966	9,574	1,631	11,205	380
2012	889	171	21,326	7,316	1,131	8,447	144
2013	1,690	440	18,200	9,545	601	10,146	296
2014	2,146	1,876	14,525	10,321	5,827	16,148	116
2015	1,428	8,591	9,965	14,072	617	14,689	45
2016	1,756	5,860	12,361	16,518	1,003	17,521	24
Change in 2016	23%	-32%	24%	17%	63%	19%	-47%

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

(2) In 2015 including US\$ 7.4 billion raised by TEVA through public shares offering in USA.

In 2016 including US\$ 5.5 billion raised by TEVA through private placement to Allergan.

(3) Including deposit notes and structured bonds.

TABLE 13: DAILY TURNOVER, 2007-2016⁽¹⁾ (US \$ millions)

Year	The Equity Market			The Fixed Income Market			Treasury Bill	Total	
	Total	Thereof:		Total	Thereof:				
		Shares & convertibles	ETNs		Government Bonds	Corporate Bonds			ETNs ⁽²⁾
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
2013	324	248	76	1,202	920	210	72	160	1,686
2014	339	237	102	1,186	901	204	81	179	1,704
2015	373	252	121	1,070	789	198	83	131	1,574
2016	330	240	90	979	712	216	51	90	1,399
Change in 2016	-12%	-5%	-26%	-9%	-10%	9%	-39%	-31%	-11%

(1) Including off-the floor transactions.

(2) Including deposit notes and structured bonds.

TABLE 14: MARKET CAPITALIZATION OF LISTED SECURITIES, 2007-2016 (US \$ billions)

Year	The Equity Market		The Fixed Income Market				Treasury Bills
	Shares & convertibles	ETN's ⁽¹⁾	Government Bonds	Corporate Bonds	TACT Institutional	ETN's ⁽²⁾	
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	78.1	9.7	16.9	36.2
2014	200.6	18.1	127.6	67.8	12.6	16.0	33.4
2015	243.6	19.1	128.8	70.2	11.9	11.4	29.7
2016	213.9	18.6	129.7	78.2	11.7	10.4	27.3

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

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

TABLE 15: ANNUAL YIELDS OF THE EQUITY INDICES, 2007-2016 (% , in local currency terms)

Year	TA-25	TA-100	TA Blue-Tech ⁽¹⁾	TA-Finance ⁽²⁾	TA Real Estate-15	General Share Index
2007	31.4	25.3	-3.5	2.1	0.9	22.9
2008	-46.2	-51.1	-60.9	-56.2	-79.7	-46.4
2009	74.9	88.8	92.7	126.9	125.2	78.8
2010	15.8	14.9	9.1	9.3	15.4	12.6
2011	-18.2	-20.1	-9.4	-34.0	-23.2	-22.1
2012	9.2	7.2	15.6	23.1	14.1	4.5
2013	12.1	15.1	8.6	18.8	26.0	15.3
2014	10.2	6.7	-5.2	-7.7	0.9	11.5
2015	4.4	2.0	1.6	4.0	1.1	6.8
2016	-3.8	-2.5	15.3	19.2	17.0	-11.0

(1) Till March 2011 – Tel-Tech. Till June 2014 - Blue-Tech 50.

(2) Till March 2011 – Finance-15.

TABLE 16: ANNUAL YIELDS OF THE BOND INDICES, 2007-2016 (% , in local currency terms)

Year	General Bond Index	Government Bond Indices		Corporate Bond Indices			
		CPI Linked Bonds	Non Linked Bonds	CPI Linked Bonds			Dollar Linked Bonds ⁽¹⁾
				Total ⁽¹⁾	Thereof: Tel-Bond 20 ⁽²⁾	Thereof: Tel-Bond 40 ⁽³⁾	
2007	4.0	6.7	3.1	5.5	5.8	-	-2.5
2008	-0.7	9.6	9.7	-16.6	-3.2	-22.2	-5.5
2009	15.5	10.3	2.5	40.2	21.6	44.1	6.8
2010	8.0	8.0	5.0	13.0	11.1	10.8	-0.9
2011	2.5	4.3	5.2	-1.8	0.7	-1.6	8.2
2012	8.8	9.4	7.0	10.3	7.9	9.1	7.3
2013	5.4	3.0	4.0	9.5	5.9	6.9	-0.2
2014	4.7	5.8	7.2	1.0	1.0	0.6	3.3
2015	1.8	-0.2	2.8	0.8	-1.1	0.2	5.5
2016	2.1	0.7	1.2	4.1	2.9	1.7	9.4

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

(2) Launched in February 2007.

(3) Launched in February 2008.

TASE MEMBERS

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