The Credit Crisis in Israel

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Israel Securities Authority

July 2009
Israel capital market

Market Capitalization
(USD billions)

Source: Economics Research Department, ISA; Data taking from Tel Aviv Stock exchange
Israel capital market

Market share of Government Bonds out of total Bond Market Capitalization

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share</th>
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<tbody>
<tr>
<td>2000</td>
<td>94%</td>
</tr>
<tr>
<td>2001</td>
<td>93%</td>
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<tr>
<td>2002</td>
<td>93%</td>
</tr>
<tr>
<td>2003</td>
<td>91%</td>
</tr>
<tr>
<td>2004</td>
<td>84%</td>
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<tr>
<td>2005</td>
<td>71%</td>
</tr>
<tr>
<td>2006</td>
<td>64%</td>
</tr>
<tr>
<td>2007</td>
<td>47%</td>
</tr>
<tr>
<td>2008</td>
<td>50%</td>
</tr>
<tr>
<td>Jul-09</td>
<td>49%</td>
</tr>
</tbody>
</table>

Source: Economics Research Department, ISA
Israel capital market

Capital Raised on TASE by Private Sector
(USD billions)

Source: Economics Research Department, ISA
Israel capital market
Assets allocation of provident funds*

* Including study funds, compensation funds, providence and other purposes

Source: Economics Research Department, ISA
Credit to the business sector
In percent of GDP

Source: Economics Research Department, ISA
The Secondary Market

July 2009
Spread
Corporate Bond Index (Tel Bond 20)

*The Spread calculations are based on index component daily weights

Source: Economics Research Department, ISA
Corporate Bonds Index- Market Depth
Tel Bond 20

The dollar value of transaction required to move prices by 10% (USD millions)

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<tbody>
<tr>
<td>10%</td>
<td>1.01</td>
<td>0.97</td>
<td>1.57</td>
<td>0.76</td>
<td>0.45</td>
<td>3.08</td>
</tr>
<tr>
<td>50%</td>
<td>0.46</td>
<td>0.22</td>
<td>0.26</td>
<td>0.19</td>
<td>0.18</td>
<td>1.68</td>
</tr>
<tr>
<td>90%</td>
<td>0.17</td>
<td>0.08</td>
<td>0.10</td>
<td>0.05</td>
<td>0.04</td>
<td>0.50</td>
</tr>
</tbody>
</table>

Source: Economics Research Department, ISA
Distribution of Number of Firms
by Yield to Maturity

Source: Economics Research Department, ISA
Distribution of Yield to Maturity Spreads
for different risk Categories of Bonds
Duration of 3-5 yrs, Credit Rating of A and Above

Source: Economics Research Department, ISA
Scheduled Payments

July 2009
Tradable Corporate Bonds
January 2009

NIS billions

Source: Economics Research Department, ISA
Tradable Corporate Bonds
June 2009

Source: Economics Research Department, ISA
Sample

Examination of companies’ solvency

H/2 2009
Distribution of companies in the sample by companies’ category

Source: Economics Research Department, ISA
Distribution of total tradable debt for the period (NIS billions)

Source: Economics Research Department, ISA
Distribution of total tradable debt to redemption in companies of 4&5 category

Total distressed debt 10.8 NIS billions

Source: Economics Research Department, ISA
Primary Market

July 2009
Monthly Distribution of Capital Raised by credit rating

not including banks and government companies

(NIS billions)

Source: Economics Research Department, ISA
From A securities Market to A Debt Market

Disclosure focused on Debt:

- Materiality
- Future Cash Flows
- Dividends
Thank you