



The advantage of capital market performance  
with a guaranteed principle

# Structured Deposit

"Internet of Things" (IoT) Shares

## ***Structured Deposit Linked to “Internet of Things” (IoT) Shares, without risk to the invested capital***

A 3 year structured deposit offering a return linked to the rise of a basket\* of “Internet of Things” (IoT) shares, up to a ceiling of 50% for each share, for the period of the deposit. The deposit return is calculated according to the paragraph: "Deposit Return"

### ***About the Deposit:***

- The deposit is intended for customers who are interested in an investment with a high return potential and a guaranteed capital repayment.
- The deposit offers exposure to a basket of shares that was constructed by the bank and provides exposure to IoT, a field that has potential for impressive growth.
- The Internet network as we know it today is undergoing a revolution that is transforming it from a network of computers to a network of “things”. This rapidly expanding revolution is connecting a variety of products, from home appliances such as washing machines, refrigerators and ovens, through watches, clothing and shoes to cars and even “smart cities”.
- According to Intel and International Data Corporation analysis (IDC), the number of networked devices will exceed 200 billion by the year 2020, a 40-fold increase since 2015. The analysts also estimate that the average person will possess 26 networked “Things”.

**It is hereby clarified that a structured deposit is deemed a transaction involving special risk. The bank has financial interest in marketing the structured deposit. Therefore, the structured deposit may be given precedence over other similar products in respect to their suitability for the customer.**

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## Deposit Return:

- Each share has a ceiling (barrier) of 50% (not inclusive) relative to its closing price on the Deposit Start Date (Initial Price).
- For each share in the basket, if its daily close prices did not touch or breach the 50% barrier during the term of the deposit, the full performance of the share, whether positive or negative, will be taken into account for the calculation of that share's performance in the basket.
- If on any given trading day the close price of any share should touch or breach the barrier (even once), the performance of that specific share will be set at a fixed level of 8%.
- The interest income deriving from the deposit will be calculated according to the average of the shares change rates in the period as calculated above. In any case, the return of the initial investment is guaranteed at redemption.

## \*The Shares Basket

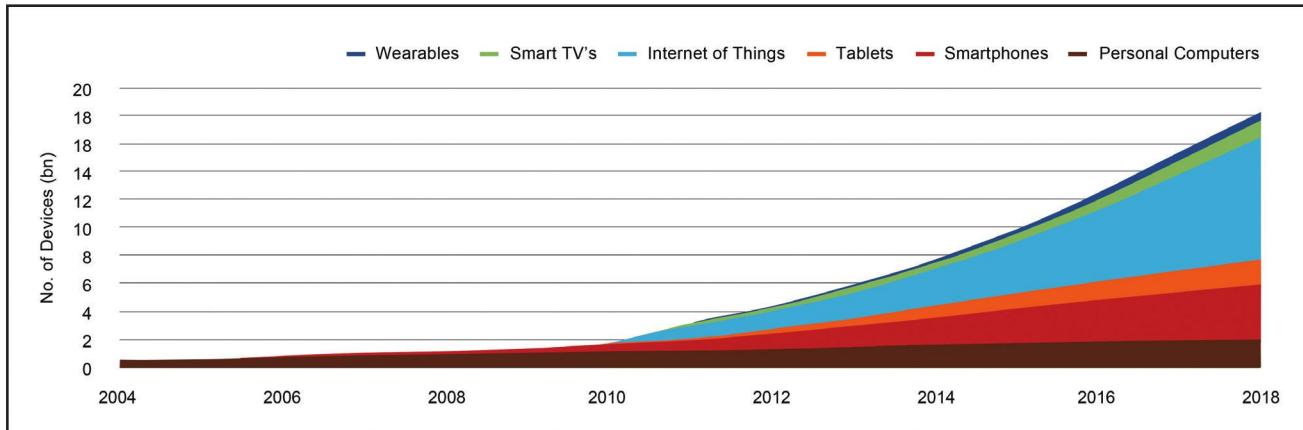
Weight in the basket	Share Name	Share Symbol
10%	APPLE INC	AAPL UQ Equity
10%	SAMSUNG ELECTRONICS CO	005930 KS Equity
10%	CISCO SYSTEMS INC	CSCO UQ Equity
10%	MOBILEYE NV	MBLY UN Equity
10%	GOPRO INC	GPRO UQ Equity
10%	ERICSSON (LM) TEL-SP	ERIC UQ Equity
10%	INVENSENSE INC	INVN UN Equity
10%	PALO ALTO NETWORKS INC	PANW UN Equity
10%	PANDORA MEDIA INC	P UN Equity
10%	FIREEYE INC	FEYE UQ Equity

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### ***Growth forecast of globally connected devices:***



Source: Gartner and others

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## Possible Scenarios

The following table illustrates repayment amounts of the deposit assuming an Optimistic, Neutral and Pessimistic market scenarios, and the corresponding shares performances under the scenarios:

Share	Optimistic Scenario			Neutral Scenario			Pessimistic Scenario		
	Actual Share Performance	Barrier Breach	Share Change Rate	Actual Share Performance	Barrier Breach	Share Change Rate	Actual Share Performance	Barrier Breach	Share Change Rate
AAPL UQ Equity	32.10%	No	32.10%	61.00%	Yes	8.00%	-12.50%	No	-12.50%
005930 KS Equity	25.30%	Yes	8.00%	45.00%	Yes	8.00%	-10.43%	No	-10.43%
CSCO UQ Equity	43.00%	No	43.00%	30.41%	No	30.41%	-12.43%	No	-12.43%
MBLY UN Equity	158.00%	Yes	8.00%	-15.42%	No	-15.42%	-42.00%	Yes	8.00%
GPRO UQ Equity	223.00%	Yes	8.00%	223.00%	Yes	8.00%	-63.00%	No	-63.00%
ERIC UQ Equity	27.40%	No	27.40%	-21.33%	No	-21.33%	-18.44%	No	-18.44%
INVN UN Equity	146.60%	Yes	8.00%	146.60%	Yes	8.00%	-38.44%	No	-38.44%
PANW UN Equity	28.41%	No	28.41%	28.41%	Yes	8.00%	-44.12%	No	-44.12%
P UN Equity	12.55%	No	12.55%	9.27%	No	9.27%	-62.50%	No	-62.50%
FEYE UQ Equity	37.12%	No	37.12%	78.45%	Yes	8.00%	-31.00%	Yes	8.00%
<b>Basket Performance</b>			<b>21.26%</b>			<b>5.09%</b>			<b>-24.59%</b>
<b>USD/ILS change</b>			<b>6.63%</b>			<b>2.95%</b>			<b>-3.44%</b>
<b>Total Return</b>			<b>22.67%</b>			<b>5.24%</b>			<b>0.00%</b>
<b>Repayment</b>			<b>122.67%</b>			<b>105.24%</b>			<b>100.00%</b>

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## General Terms

Currency	Israeli New Shekel (ILS)
Minimum Deposit	10,000 ILS
Offer Period	From Wednesday, 15/07/2015 until Wednesday, 12/08/2015
Deposit Start Date	13/08/2015
Deposit End Date	13/08/2018
Initial Price	Closing Price of the Shares Basket on 13/08/2015
Final Price	Closing Price of the Shares Basket on 08/08/2018
Participation	100% if no barrier was breached
Barrier	50%
Interest Income Linkage	Interest Income is linked to USD/ILS and might change according to the change in USD/ILS during the deposit period
Interest Income Linkage to USD	Will be calculated according to the change between the exchange rate for USD (positive or negative) published on 13/08/2015 and the exchange rate for USD published on 09/08/2018
Dividend	If a dividend will be paid for any share during the deposit period, it will not be included in the total repayment to the customer

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## Highlights



### Advantages:

- The deposit enables customers to diversify their investment portfolio with a financial asset that holds the potential of high return with full protection of the invested capital, thereby substantially reducing their investment risk.
- The deposit holds considerable potential to receive an excess return over the existing alternatives at the same risk level.
- The deposit allows exposure to the underlying assets at a relatively low deposit amount and without buy/sell fees



### Risks:

- Interest payment at maturity isn't guaranteed and depends on the performance of the underlying assets. The deposit might not provide a return at all.
- It is possible that the return on the deposit at maturity will be lower than the return on the alternative investment for the same period.
- The deposit does not include the possibility of early withdrawal on the customer's side - lack of liquidity for the period of the deposit.



### Taxation:

- If a qualifying rate event (barrier breach) occurs for all shares, i.e. they all breached the barrier; withholding tax for an Israeli/foreign resident will be 15% of the nominal earnings.
- If a qualifying rate event (barrier breach) does not occur for all shares, withholding tax for an Israeli/foreign resident will be 25% of the real earnings.
- Tax rates were determined in accordance with the provisions of law and directives of the Israel tax authorities as were known on the day of the deposit start date. Tax rates are subject to changes according to any new provisions of law and directives that may be published from time to time.

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*Bank of Jerusalem*

[jbank.co.il](http://jbank.co.il) | **\*5727**