

# **Bank Leumi le-Israel B.M.**

**Additional Information to the  
Annual Consolidated Reports**

## **2017**

**06.03.2018**

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## Note 2 - Interest Income and Expenses

	Bank		
	2017	2016	2015
	(NIS millions)		
<b>A. Interest Income (a)</b>			
Credit to the public	7,954	7,532	6,744
Credit to governments	25	18	15
Deposits with banks	105	83	73
Deposits with Bank of Israel and cash	47	36	35
Interest income from securities borrowed or purchased under agreements to resell	3	3	3
Bonds (b)	561	627	443
Total Interest Income	8,695	8,299	7,313
<b>B. Interest Expenses(a)</b>			
Deposits of the public	(1,199)	(1,103)	(795)
Deposits from governments	(3)	(4)	(4)
Deposits from banks	(15)	(7)	(48)
Debentures, bonds and subordinated notes	(672)	(781)	(699)
Interest expense from securities loaned or sold under agreements to repurchase	(3)	(3)	(3)
Total Interest Expenses	(1,892)	(1,898)	(1,549)
Total included in interest income	6,803	6,401	5,764
<b>C. Details of the net effect of hedging derivative financial instruments on interest income and expenses (c)</b>			
Interest income	(16)	(42)	(46)
<b>D. Details of interest income on accrual basis from bonds</b>			
Held to maturity	17	32	38
Available for sale	497	536	322
Held for trading	47	59	83
Total included in interest income	561	627	443

(a) Including effective component of hedge relationships.

(b) Including interest in respect of mortgage-backed bonds (MBS) in the amount of NIS 109 million (2016 - NIS 121 million, 2015 - NIS 130 million).

(c) Details of the effect of hedging derivative instruments on sub-sections A and B.

### Note 3 - Non-Interest Financing Income

	Bank		
	2017	2016	2015
	(NIS millions)		
<b>A. Non-interest financing income from activities not for trading purposes</b>			
<b>A.1 From activities in derivative instruments</b>			
Non-effective part of hedging relationships (a)	-	-	-
Net Income (expenses) in respect of ALM derivative instruments (b)	(1,766)	(241)	(233)
Total from activities in derivative instruments	(1,766)	(241)	(233)
<b>A.2 From investment in bonds</b>			
Gains on sale of debentures available for sale	153	385	176
Losses on sale of debentures available for sale(j)	(45)	(30)	(20)
Total from investment in debentures	108	355	156
<b>A.3 Exchange rate differentials ,net</b>	2,519	886	359
<b>A.4 Gains (losses) on investment in shares</b>			
Gains from sale of shares available for sale (i)	24	453	474
Losses from sale of shares available for sale (c)	(15)	(55)	(385)
Gain from sale of shares in holding companies	-	-	522
Losses from sale of shares in holding companies	(15)	(17)	-
Dividend from shares available for sale	3	5	166
Total from investment in shares	(3)	386	777
<b>A.5 Net profits in respect of loans sold (h)</b>	9	44	11
<b>Total non-interest financing income in respect of activities not for trading purposes</b>	867	1,430	1,070
<b>B. Non-interest financing income from activities for trading purposes (d)</b>			
Net income (expenses) in respect of other derivative instruments	-	-	(1)
Realized and unrealized profits (losses) from fair value adjustment of bonds for trading, net (e)	(80)	(84)	67
Realized and unrealized profits (losses) from fair value adjustment of shares for trading, net (f)	30	(32)	(2)
<b>Total non-interest financing income in respect of activities for trading purposes (g)</b>	(50)	(116)	64
<b>Total income from Non-Interest Financing</b>	817	1,314	1,134

(a) Excluding effective component of hedging relationships.

(b) Derivative instruments which constitute part of the Bank's assets and liability management system and were not designated for hedging relationships.

(c) Including provisions for impairment relating to bonds available for sale in the amount of NIS 11 million (2016 – NIS 6 million, 2015– NIS 283 million).

(d) Including exchange rate differences resulting from trading activity.

(e) Of which part of the profits (losses) of NIS 23 million (2016 - NIS 8 million, 2015 - NIS (36) million) relating to bonds held for trading still held as of balance sheet date.

(f) Of which part of the profits (losses) of NIS (15) million (2015- NIS (62) million), respectively, relating to shares held for trading still held as of balance sheet date.

(g) For interest income from investment in bonds held for trading, see Note 2.

(i) Including profit from sale of Kanon in the amount of NIS 14 million, profit from sale of the Israel Corporation in the amount of NIS 87 million and os Visa of NIS 343 million in 2016 and the Israel Corporation in the amount of NIS 289 in 2015.

(j) including provisions for impairment in amount of NIS 3 million (2016 - NIS 3 million, 2015 - NIS 1 million)

## Note 4 - Commissions

	Bank		
	2017	2016	2015
	(NIS millions)		
Ledger fees	626	632	596
Conversion differences	332	320	316
Handling of credit	175	172	187
Commissions for distribution of financial products (a)	244	224	241
Foreign trade activities	124	127	119
Income from transactions in securities and certain derivative instruments	549	512	560
Credit cards	277	255	216
Management fees and commission on life insurance and home insurance	50	47	48
Net income from servicing credit portfolios	14	16	22
Commissions on financing transactions	518	504	503
Other commissions	88	90	92
Total operating commissions	2,997	2,899	2,900

(a) Mainly distribution fees of mutual funds.

## Note 5 - Other Income

	Bank		
	2017	2016	2015
	(NIS millions)		
Profit from the realization of assets received for settlement of loans	-	1	-
Income from mutual funds	36	27	35
Capital gain from sale of buildings and equipment	301	87	126
Capital loss from sale of buildings and equipment	-	(2)	(2)
Other, net	4	8	55
Total other income	341	121	214

## Note 6 - Salaries and Related Expenses

	<b>Bank</b>		
	<b>2017</b>	2016	2015
	(NIS millions)		
Salaries	<b>2,543</b>	2,785 (c)	2,839 (c)
Expenses deriving from share-based payment transactions	-	10	-
Severance pay, provident fund, training fund, pension, vacation and long service benefits	<b>221</b>	237	250
Long-term - Jubilee benefits	<b>(14)</b>	(90)	(358)
National Insurance and VAT on salaries	<b>642</b>	710	724
Special benefits in respect of dismissal (a)(b)	-	-	-
Defined benefit	<b>814</b>	<b>787</b>	<b>722</b>
Defined deposit	<b>122</b>	<b>116</b>	<b>99</b>
Other post-employment benefits and non-pension post retirement benefits (a)	<b>36</b>	<b>11</b>	<b>121</b>
Total salaries and related expenses	<b>4,364</b>	4,566	4,397
Of which: salaries and related expenses abroad	-	-	-

(a) See Note 23 on Employee Rights.

(b) Expenses related to early retirement of employees as part of the plan for structural change in the Bank.

(c) Restated.

## Note 7 - Other Expenses

	<b>Bank</b>		
	<b>2017</b>	2016	2015
	(NIS millions)		
Marketing and advertising	<b>179</b>	148	133
Legal, audit and professional consultants	<b>177</b>	205 (d)	182 (d)
Communications - postage, telephone, delivery services, etc.	<b>116</b>	118	112
Computers (a)	<b>41</b>	34 (d)	16 (d)
Office expenses	<b>37</b>	40	44
Insurance	<b>114</b>	107	23
Training	<b>16</b>	19	14
Commissions	<b>117</b>	117	107
Loss in respect of assets received in settlement of loans	<b>1</b>	-	1
Other (b)	<b>274</b>	89 (c)	315
Total other expenses	<b>1,072</b>	877	947

(a) The item includes outsourcing expenses and does not include the Bank's computer expenses as the Operations Division is a part of the Bank and its expenses are recorded and classified under the various expense headings

(b) Regarding directors' fees of the Bank included in this item, see Note 34.C.

(c) Including income in respect of the investigation by US authorities, of about NIS 205 million

(d) Restated.

## Note 8 - Provision for Taxes on Operating Profit - Bank

### A. Composition

	2017	2016	2015
	(NIS millions)		
Current taxes:			
In respect of current year (1)	1,775	1,461	1,471
In respect of prior years	(95)	49	9
Total current taxes	1,680	1,510	1,480
Including (less) changes in deferred taxes:			
In respect of current year	(226)	(379)	(354)
In respect of prior years	-	299	49
Total changes in deferred taxes	(226)	(80)	(305)
Tax expense on income	1,454	1,430	1,175
Of which provision for taxes abroad	-	-	-

(1) composition of deferred tax expenses (income) attributed to continuing operations:

	2017	2016	2015
	(NIS millions)		
Deferred tax Income (expenses) before impact of the following items:	(195)	(379)	(354)
Increase in carry forward deductions for tax purposes	-	-	-
A tax expense due to certain benefits allocation to paid in capital	-	-	-
Impact of changes to tax-related rules	-	299	49
Changes in deferred taxes provision due to change in circumstances that resulted in a judgement change regarding the ability to utilize the deferred taxes asset	(31)	-	-
Total deferred tax expenses (income)	(226)	(80)	(305)

### B. Reconciliation between the theoretical amount of tax applicable if the profit were liable for tax at the statutory rate of tax in Israel, and the provision for taxes on the profit appearing in the statement of profit and loss:

	2017	2016	2015
Statutory tax rate applying to a banking corporation	35.04%	35.90%	37.58%
	NIS millions		
Tax at the statutory tax rate	1,435	1,450	1,199
Tax (tax saving) resulting from:			
Other non-deductible expenses	34	30	29
Income of foreign consolidated companies	7	-	2
Income of Israeli consolidated companies	40	(5)	-
Depreciation differences, depreciation adjustment and capital gain	(35)	(46)	(109)
Tax exempt and at preferred rates	(5)	(101)	(18)
Timing differences for which deferred taxes have not been recorded	-	(300)	(27)
Change in deferred taxes due to change in tax rates	11	299	49
Taxes in respect of prior years	(95)	49	9
Change in the balance of provision for deferred-tax asset	(31)	-	-
Other	93	54	41
Provision for taxes on operating profit	1,454	1,430	1,175

See the annual financial report for the consolidated note.

## Note 8 - Provision for Taxes on Operating Profit - Bank (cont'd)

(G) A. Components of deferred tax assets and deferred tax liabilities are as follows:

	31 December 2017 (NIS millions)	31 December 2016	31 December 2017 Average tax rate in percent	31 December 2016
<b>Deferred tax assets</b>				
From allowance for credit losses	1,190	1,171	34%	34%
From provision for unutilized vacations and long service bonuses	354	363	34%	34%
From excess of provision for severance pay and pension over funds allocated	3,725	3,159	34%	34%
From interest not credited to current income	4	4	34%	34%
Tax credit & losses carried forward for tax purposes	31	-	34%	-
From activity abroad	-	5	-	36%
From Adjustments of depreciable non-monetary Assets	-	5	-	34%
Other – from non-monetary assets	45	43	16%	17%
Total	5,349	4,750		
<b>Deferred tax reserve</b>				
Tax credit & losses carried forward for tax purposes	-	(3)	-	34%
From investments in investee companies	(71)	(16)	11%	11%
From the adjustment of depreciable non-monetary assets	(73)	(75)	24%	23%
Other – from non-monetary assets	(9)	(9)	16%	17%
Total	(153)	(103)		
Deferred taxes receivable, net	5,196	4,647		
Deferred taxes included:				
In "Other assets"	5,275	4,728		
In "Other liabilities"	(79)	(81)		
Deferred tax assets, net	5,196	4,647		



## Note 8 - Provision for Taxes on Operating Profit (cont'd)

### G.2. Movement in deferred tax assets and liabilities relating to the following items:

#### For the period ended 31 December 2017

	Allowance for credit losses	Provision for vacation and bonuses	Surplus of funds over reserve for severance pay and pension	Interest not charged to annual income
(NIS millions)				
Balance of deferred tax asset (liability) at 1 January 2017	1,171	363	3,159	4
Changes charged to profit and loss	19	(9)	169	-
Changes charged to equity	-	-	397	-
Effect of the change in the rate of tax to profit and loss	-	-	-	-
Effect of the change in the rate of tax on equity	-	-	-	-
Balance of deferred tax asset (liability) at 31 December 2017	1,190	354	3,725	4
Deferred tax asset	1,190	354	3,725	4
Balances available for offsetting	-	-	-	-
Deferred tax asset at 31 December 2017	-	-	-	-
Deferred tax liability	-	-	-	-
Balances available for offsetting	-	-	-	-
Deferred tax liability at 31 December 2017	-	-	-	-

#### For the period ended 31 December 2016

	Allowance for credit losses	Provision for vacation and bonuses	Surplus of funds over reserve for severance pay and pension	Interest not charged to annual income
(NIS millions)				
Balance of deferred tax asset (liability) at 1 January 2016	1,125	262	2,886	8
Changes charged to profit and loss	142	128	202	(4)
Changes charged to equity	-	-	325	-
Effect of the change in the rate of tax charged to profit and loss	(96)	(27)	(174)	-
Effect of the change in the rate of tax charged to equity	-	-	(80)	-
Balance of deferred tax asset (liability) at 31 December 2016	1,171	363	3,159	4
Deferred tax asset	1,171	363	3,159	4
Balances available for offsetting	-	-	-	-
Deferred tax asset at 31 December 2016	-	-	-	-
Deferred tax liability	-	-	-	-
Balances available for offsetting	-	-	-	-
Deferred tax liability at 31 December 2016	-	-	-	-

## Note 8 - Provision for Taxes on Operating Profit (cont'd)

Deductions carried forward for tax purposes	Foreign operation	Securities	Investments in investee companies	Adjustment of depreciable non-monetary assets	Other non-monetary items	Total
(3)	5	-	(16)	(70)	34	4,647
34	(5)	74	(55)	(3)	2	226
-	-	(74)	-	-	-	323
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31	-	-	(71)	(73)	36	5,196
31	-	-	-	-	45	5,349
-	-	-	-	-	-	(74)
-	-	-	-	-	-	5,275
-	-	-	(71)	(73)	(9)	(153)
-	-	-	-	-	-	(74)
						(79)

Deductions carried forward for tax purposes	Foreign operation	Securities	Investments in investee companies	Adjustment of depreciable non-monetary assets	Other non-monetary items	Total
-	4	(50)	(14)	(113)	43	4,151
(3)	1	(120)	(1)	43	(9)	379
-	-	168	-	-	-	493
-	-	(2)	-	-	-	(299)
-	-	4	(1)	-	-	(77)
(3)	5	-	(16)	(70)	34	4,647
-	5	-	-	5	43	4,750
						(22)
						4,728
(3)	-	-	(16)	(75)	(9)	(103)
						(22)
						(81)

## Note 11 - Cash and Deposits with Banks - Bank

	<b>31 December 2017</b>	31 December 2016
	NIS millions	
Cash and deposits with central banks	<b>70,186</b>	63,341
Deposits with commercial banks (a)	<b>11,036</b>	10,035
Total (b)	<b>81,222</b>	73,376
Including: cash and deposits with central and commercial banks for original periods not exceeding three months	<b>76,691</b>	70,454

(a) Net of the allowance for credit losses.

(b) Of which pledged cash in the amount of NIS 1,635 million (31 December 2016 – NIS 810 million).

See the annual financial report for the consolidated note.

## Note 12 - Securities - Bank

31 December 2017					31 December 2016					
	Amount in balance sheet	Amortized cost (In shares cost)	Accumulated other comprehensive income (loss)			Amount in balance sheet	Amortized cost (In shares cost)	Accumulated other comprehensive income (loss)		
			profits	losses	Fair value (a)			profits	losses	Fair value (a)
	NIS millions					NIS millions				
<b>1. Securities available for sale:</b>										
<b>Debentures and bonds -</b>										
The Government of Israel	36,216	36,100	153	(37)	36,216	34,860	34,832	128	(100)	34,860
Foreign governments	10,590	10,602	3	(15)	10,590	10,820	10,864	8	(52)	10,820
Israel's financial institutions	11	11	-	-	11	23	22	1	-	23
Foreign financial institutions	9,593	9,563	44	(14)	9,593	7,400	7,387	27	(14)	7,400
Asset-backed (ABS) or Mortgage-backed securities (MBS)	5,099	5,110	8	(19)	5,099	5,540	5,595	13	(68)	5,540
Others in Israel	71	67	4	-	71	296	280	16	-	296
Others abroad	2,203	2,197	18	(12)	2,203	1,882	1,892	13	(23)	1,882
	63,783	63,650	230	(97)	63,783	60,821	60,872	206	(257)	60,821
Shares of Others companies and mutual funds (b)	1,794	1,723	93	(22)	1,794	1,040	958	97	(15)	1,040
<b>Total securities available for sale</b>	<b>65,577</b>	<b>65,373</b>	<b>323 (c)</b>	<b>(119) (c)</b>	<b>65,577</b>	<b>61,861</b>	<b>61,830</b>	<b>303 (c)</b>	<b>(272) (c)</b>	<b>61,861</b>

31 December 2017					31 December 2016					
	Amount in balance sheet	Amortized cost (In shares cost)	Unrealized profit from adjustments to fair value	Unrealized losses from adjustments to fair value		Amount in balance sheet	Unrealized cost (In shares cost)	Unrealized profit from adjustments to fair value	Unrecognized losses from adjustments to fair value	Fair value (a)
	NIS millions					NIS millions				
<b>2. Securities held for trading:</b>										
<b>Debentures and bonds -</b>										
The Government of Israel	3,200	3,181	19	-	3,200	5,087	5,082	12	(7)	5,087
Foreign governments	64	65	-	(1)	64	2,335	2,334	1	-	2,335
Israel's financial institutions	89	88	1	-	89	159	159	-	-	159
Foreign financial institutions	94	94	1	(1)	94	103	104	-	(1)	103
Asset-backed (ABS) or Mortgage-backed securities (MBS)	268	267	2	(1)	268	279	279	2	(2)	279
Others in Israel	103	99	4	-	103	131	129	2	-	131
Others abroad	286	285	3	(2)	286	270	268	4	(2)	270
	4,104	4,079	30	(5)	4,104	8,364	8,355	21	(12)	8,364
Shares	1,235	1,249	1	(15)	1,235	1	1	-	-	1
<b>Total securities held for trading</b>	<b>5,339</b>	<b>5,328</b>	<b>31 (d)</b>	<b>(20) (d)</b>	<b>5,339</b>	<b>8,365</b>	<b>8,356</b>	<b>21 (d)</b>	<b>(12) (d)</b>	<b>8,365</b>
<b>Total securities</b>	<b>70,916</b>	<b>70,701</b>	<b>354</b>	<b>(139)</b>	<b>70,916</b>	<b>70,226</b>	<b>70,186</b>	<b>324</b>	<b>(284)</b>	<b>70,226</b>

(a) Such quotations do not necessarily reflect the price which will be obtained upon sale of securities in large volumes.

(b) Including NIS 92 million with respect to shares which have no readily available fair value, which are presented at cost (31 December 2016 - NIS 189 million).

(c) Regarding securities available for sale, total other income- unrealized profits (losses) are included in shareholders' equity in the item "adjustments in respect of presentation of securities available for sale according to fair value", except securities intended as hedging instruments for hedging fair value.

(d) Reported in the profit and loss statement but not yet realized.

Securities lent amounting to NIS 215 million (31 December 2016- NIS 324 million) are shown under Credit to the Public.

See the annual financial report for the consolidated note.

## Note 12 - Securities - Bank (cont'd)

31 December 2017					
	Book value	Amortized cost	Other comprehensive accumulated profit (loss)*		Fair value
			Profits	Losses	
NIS millions					
3. Bonds available for sale					
Pass-through securities:					
Securities guaranteed by GNMA	312	320	-	(7)	312
Securities issued by FNMA and FHLMC	551	552	-	(1)	551
Other securities	742	750	-	(8)	742
Total	1,605	1,622	-	(16)	1,605
Other mortgage-backed securities (including CMO and STRIPPED MBS)					
Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities	1,964	1,962	3	-	1,964
Other mortgage-backed securities	161	160	1	-	161
Total	2,125	2,122	4	-	2,125
Asset-backed securities (ABS)					
CLO debentures	1,369	1,367	3	(2)	1,369
Total	1,369	1,367	3	(2)	1,369
Total asset-backed bonds available for sale	5,099	5,111	7	(18)	5,099

\* Amounts charged to capital reserve as part of the adjustments of securities available for sale to fair value.

## Note 12 - Securities - Bank (cont'd)

	31 December 2016				
	Book value	Amortized cost	Other comprehensive accumulated profit (loss)*		Fair value
			Profits	Losses	
	NIS millions				
<b>3. Bonds available for sale (cont'd)</b>					
<b>Pass-through securities:</b>					
Securities guaranteed by GNMA	228	234	-	(5)	228
Securities issued by FNMA and FHLMC	674	693	-	(20)	674
Other securities	728	744	-	(15)	728
<b>Total</b>	<b>1,630</b>	<b>1,671</b>	<b>-</b>	<b>(40)</b>	<b>1,630</b>
<b>Other mortgage-backed securities (including CMO and STRIPPED MBS)</b>					
Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities	2,148	2,173	-	(26)	2,148
Other mortgage-backed securities	338	337	1	(1)	338
<b>Total</b>	<b>2,486</b>	<b>2,510</b>	<b>1</b>	<b>(27)</b>	<b>2,486</b>
<b>Asset-backed securities (ABS)</b>					
CLO debentures	1,425	1,413	12	-	1,425
<b>Total</b>	<b>1,425</b>	<b>1,413</b>	<b>12</b>	<b>-</b>	<b>1,425</b>
<b>Total asset-backed bonds available for sale</b>	<b>5,541</b>	<b>5,594</b>	<b>13</b>	<b>(67)</b>	<b>5,541</b>

\* Amounts charged to capital reserve as part of the adjustments of securities available for sale to fair value.

## Note 12 - Securities - Bank (cont'd)

31 December 2017					
	Book value	Amortized cost	Unrealized profits from adjustments to fair value*	Unrealized losses from adjustments to fair value*	Fair value
	NIS millions				
<b>4. Debentures for trading</b>					
<b>Pass-through securities</b>					
Securities issued by FNMA and FHLMC	4	4	-	-	4
<b>Total</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Other mortgage-backed securities (including CMO and STRIPPED MBS)</b>					
Other mortgage-backed securities	55	55	-	-	55
<b>Total</b>	<b>55</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>55</b>
<b>Asset-backed securities (ABS)</b>					
Credit for purchase of vehicles	61	61	-	-	61
Other credit to private persons	9	9	-	-	9
Others	135	134	1	(1)	135
<b>Total</b>	<b>209</b>	<b>208</b>	<b>1</b>	<b>(1)</b>	<b>209</b>
<b>Total asset-backed securities for trading</b>	<b>268</b>	<b>267</b>	<b>1</b>	<b>(1)</b>	<b>268</b>

\*These profits (losses) were charged to profit and loss account.

## Note 12 - Securities - Bank (cont'd)

	31 December 2016				
	Book value	Amortized cost	Unrealized profits from adjustments to fair value*	Unrealized losses from adjustments to fair value*	Fair value
	NIS millions				
<b>4. Debentures for trading (cont'd)</b>					
<b>Pass-through securities</b>					
Securities issued by FNMA and FHLMC	6	6	-	-	6
<b>Total</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Other mortgage-backed securities (including CMO and STRIPPED MBS)</b>					
Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities	-	-	-	-	-
Other mortgage-backed securities	84	84	-	-	84
<b>Total</b>	<b>84</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>84</b>
<b>Asset-backed securities (ABS)</b>					
Credit card debtors	12	12	-	-	12
Lines of credit for any purpose secured by dwelling	-	-	-	-	-
Credit for purchase of vehicles	51	51	-	-	51
Other credit to private persons	12	12	-	-	12
Others	113	114	1	(2)	113
<b>Total</b>	<b>188</b>	<b>189</b>	<b>1</b>	<b>(2)</b>	<b>188</b>
<b>Total asset-backed securities for trading</b>	<b>278</b>	<b>279</b>	<b>1</b>	<b>(2)</b>	<b>278</b>

\*These profits (losses) were charged to profit and loss account.



## Note 12 - Securities - Bank (cont'd)

<b>31 December 2017</b>						
	Less than 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from adjustments to fair value	Fair value	Unrealized losses from adjustments to fair value	Fair value	Unrealized losses from adjustments to fair value
NIS millions						
<b>5. Additional details of asset-backed securities available for sale for which are included unrealized losses from adjustments to fair value</b>						
Mortgage-backed securities (MBS)	<b>1,517</b>	<b>(17)</b>	-	-	<b>1,517</b>	<b>(17)</b>
Other mortgage-backed securities (including REMIC, CMO and STRIPPED MBS)	<b>1,174</b>	-	-	-	<b>1,174</b>	-
Asset-backed securities (ABS)	<b>944</b>	<b>(2)</b>	-	-	<b>944</b>	<b>(2)</b>
<b>Total</b>	<b>3,635</b>	<b>(19)</b>	-	-	<b>3,635</b>	<b>(19)</b>

  

<b>31 December 2016</b>						
	Less than 12 months		More than 12 months		Total	
	Fair value	Unrealized losses from adjustments to fair value	Fair value	Unrealized losses from adjustments to fair value	Fair value	Unrealized losses from adjustments to fair value
NIS millions						
<b>Additional details of asset-backed securities available for sale for which are included unrealized losses from adjustments to fair value</b>						
Mortgage-backed securities (MBS)	1,630	(40)	-	-	1,630	(40)
Other mortgage-backed securities (including REMIC, CMO and STRIPPED MBS)	2,205	(28)	-	-	2,205	(28)
Asset-backed securities (ABS)	447	-	-	-	447	-
<b>Total</b>	<b>4,282</b>	<b>(68)</b>	-	-	<b>4,282</b>	<b>(68)</b>

## Note 12 - Securities - Bank (cont'd)

	31 December 2017									
	Less than 12 months					More than 12 months				
	Unrealized		losses			Unrealized		losses		
			More than					More than		
	Fair value	0-20%	20-35%	35%	Total	Fair value	0-20%	20-35%	35%	Total
NIS millions										
<b>bonds</b>										
The Government of Israel	999	(3)	-	-	(3)	2,227	(35)	-	-	(35)
Foreign governments	7,708	(15)	-	-	(15)	-	-	-	-	-
Foreign financial institutions	5,871	(14)	-	-	(14)	-	-	-	-	-
backed securities (ABS) or	944	(2)	-	-	(2)	-	-	-	-	-
backed securities (MBS)	2,691	(17)	-	-	(17)	-	-	-	-	-
Others in Israel	-	-	-	-	-	-	-	-	-	-
Others abroad	1,138	(12)	-	-	(12)	-	-	-	-	-
Shares	617	(18)	-	-	(18)	93	(4)	-	-	(4)
<b>Total securities available for sale</b>	<b>19,968</b>	<b>(81)</b>	<b>-</b>	<b>-</b>	<b>(81)</b>	<b>2,320</b>	<b>(39)</b>	<b>-</b>	<b>-</b>	<b>(39)</b>

	31 December 2016									
	Less than 12 months					More than 12 months				
	Unrealized		losses			Unrealized		losses		
			More than					More than		
	Fair value	0-20%	20-35%	35%	Total	Fair value	0-20%	20-35%	35%	Total
NIS millions										
<b>bonds</b>										
The Government of Israel	24,523	(100)	-	-	(100)	-	-	-	-	-
Foreign governments	4,914	(52)	-	-	(52)	-	-	-	-	-
Foreign financial institutions	4,766	(14)	-	-	(14)	-	-	-	-	-
backed securities (ABS) or	447	-	-	-	-	-	-	-	-	-
backed securities (MBS)	3,835	(68)	-	-	(68)	-	-	-	-	-
Others in Israel	3	-	-	-	-	-	-	-	-	-
Others abroad	1,018	(23)	-	-	(23)	-	-	-	-	-
Shares	35	(3)	-	-	(3)	172	(12)	-	-	(12)
<b>Total securities available for sale</b>	<b>39,541</b>	<b>(260)</b>	<b>-</b>	<b>-</b>	<b>(260)</b>	<b>172</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>(12)</b>

## Note 13 - Credit to the Public - Bank

A. Additional information on the method of calculating the credit loss allowance in respect of debts<sup>(a)</sup> and on debts<sup>(a)</sup> on which it was calculated:

	31 December 2017					
	Allowance for credit losses					
	Credit to the public				Banks and governments	
	Commercial	Residential	Other private	Total		Total
	(NIS millions)					
<b>Recorded debt balance of debts (a):</b>						
Examined on an individual basis	117,786	-	748	118,534	11,753	130,287
Examined on a collective basis	18,636	77,465	29,913	126,014	-	126,014
Of which: the allowance was calculated by extent of arrears	(c)	1,067	(b) 77,465	-	78,532	-
Total debts (a)	136,422	77,465	30,661	244,548	11,753	256,301
<b>Credit loss allowance by debts (a):</b>						
Examined on an individual basis	1,443	-	49	1,492	2	1,494
Examined on a collective basis	287	443	587	1,317	-	1,317
Of which: the allowance was calculated by extent of arrears	-	443	-	443	-	443
Total Credit loss allowance	1,730	443	636	2,809	2	2,811
Of which: in respect of impaired debts	328	-	16	344	-	344
	31 December 2016					
	Credit loss allowance					
	Credit to the public				Banks and governments	
	Commercial	Residential	Other private	Total		Total
	(NIS millions)					
<b>Recorded debt balance of debts (a):</b>						
Examined on an individual basis	116,623	-	487	117,110	10,678	-
Examined on a collective basis	11,732	78,656	31,274	121,662	-	121,662
Of which the allowance was calculated by extent of arrears	909 (c)	(b) 78,656	-	79,565	-	79,565
Total debts (a)	128,355	78,656	31,761	238,772	10,678	121,662
<b>Credit loss allowance by debts (a):</b>						
Examined on an individual basis	1,675	-	206 <sup>(d)</sup>	1,881	1	1,882
Examined on a collective basis	167 (d)	462	487	1,116	-	1,116
Of which the allowance was calculated by extent of arrears	-	462	-	462	-	462
Total Credit loss allowance	1,842	462	693	2,997	1	2,998
Of which: in respect of impaired debts	432 (d)	-	- (d)	432	-	432

(a) Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

(b) Including balance of allowance in excess of that required by the extent of arrears method calculated on a collective basis in the amount of NIS 283 million (2016 - 294 million)

(c) Including housing loans granted to purchasing groups under construction in the amount of NIS 1,067 million (2016 - 909 million).

(d) Restated

## Note 13 - Credit to the Public - Bank

### B. Debts\* and off-balance sheet credit instruments

#### 1. Change in balance of credit loss allowance

<b>31 December 2017</b>						
Credit loss allowance						
	Credit to the public			Banks and governments		
	Commercial	Residential	Other private	Total		Total
	(NIS millions)					
Balance of credit loss allowance at beginning of year	2,289	461	716	3,466	2	3,468
Expenses in respect of credit losses	(71)	(10)	122	41	2	43
Accounting write-offs	(685)	(8)	(534)	(1,227)	-	(1,227)
Collection of debts written off in previous years	638	-	353	991	-	991
Net accounting write-offs	(47)	(8)	(181)	(236)	-	(236)
Balance of credit loss allowance at end of year	2,171	443	657	3,271	4	3,275
Of which in respect of off-balance sheet credit instruments	443	-	21	464	-	464

  

<b>31 December 2016</b>						
Credit loss allowance						
	Credit to the public			Banks and governments		
	Commercial	Residential	Other private	Total		Total
	(NIS millions)					
Balance of credit loss allowance at beginning of year	2,530	497	562	3,589	3	3,592
Expenses in respect of credit losses	(570)	(10)	422	(158)	(1)	(159)
Accounting write-offs	(491) (a)	(26)	(658) (a)	(1,175)	-	(1,175)
Collection of debts written off in previous years	820	-	390	1,210	-	1,210
Net accounting write-offs	329	(26)	(268)	35	-	35
Balance of credit loss allowance at end of year	2,289	461	716	3,466	2	3,468
Of which in respect of off-balance sheet credit instruments	448	0	23	471	0	471

  

<b>31 December 2015</b>						
Credit loss allowance						
	Credit to the public			Banks and governments		
	Commercial	Residential	Other private	Total		Total
	(NIS millions)					
Balance of credit loss allowance at beginning of year	2,635	493	456	3,584	4	3,588
Expenses (income) in respect of credit losses	(146)	14	282	150	(1)	149
Accounting write-offs	(375)	(10)	(545)	(930)	-	(930)
Collection of debts written off in previous years	383	-	330	713	-	713
Net accounting write-offs	8	(10)	(215)	(217)	-	(217)
Balance of credit loss allowance at end of year	2,497	497	523	3,517	3	3,520
Of which in respect of off-balance sheet credit instruments	441	0	19	460	0	460

(a) Restated

\*Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell

## Note 14 - Credit to Governments - Bank

	<b>31 December 2017</b>	31 December 2016
	NIS millions	
Credit to the Government	<b>130</b>	206
Credit to foreign Governments	<b>585</b>	436
Total credit to Governments	<b>715</b>	642

See the annual financial report for the consolidated note

## Note 15 - Investments in Subsidiaries and Affiliated Companies -Bank

### Reported Amounts

	31 December 2017			31 December 2016		
	Companies included on equity basis	Subsidiaries	Total	Companies included on equity basis	Subsidiaries	Total
	NIS millions			NIS millions		
<b>A. Investments in shares stated on equity basis (including other assets and goodwill)</b>	<b>142</b>	<b>10,037</b>	<b>10,179</b>	<b>139</b>	<b>9,891</b>	<b>10,030</b>
<b>Other investments:</b>						
Convertible securities	-	1,272	1,272	-	1,357	1,357
Total other investments	-	1,272	1,272	-	1,357	1,357
<b>Total investments</b>	<b>142</b>	<b>11,309</b>	<b>11,451</b>	<b>139</b>	<b>11,248</b>	<b>11,387</b>
Including - Post-acquisition profits	113	4,731	4,844	110	4,149	4,259
<b>Post-acquisition changes in shareholders' equity:</b>						
<b>Adjustments in respect of presentation</b>						
of securities available for sale at fair value, net	-	(77)	(77)	-	(101)	(101)
Adjustments in respect of companies included on equity basis, net	-	(268)	(268)	-	15	15
<b>Details regarding goodwill:</b>						
Period of amortization	10-20 years			10-20 years		
Original amount, net	-	-	-	-	-	-
Unamortized balance	-	-	-	-	-	-
<b>Details on book value and market value of quoted securities:</b>						
Book value	113	-	113	119	-	119
Market value	189	-	189	205	-	205

### B. Group's equity in profit of companies included on equity basis (in Bank - subsidiaries and affiliates)

	Bank		
	2017	2016	2015
	NIS millions		
Group's equity in operating profits of companies included on equity basis (Bank - affiliated companies)	528	184	864
Provision for deferred taxes	-	(1)	(44)
Group's equity in operating profits of companies included on equity basis (Bank-affiliated companies) net of tax effect	528	183	820

See the annual financial report for the consolidated note

## Note 16 - Buildings and Equipment - Bank

	Buildings and real estate (a)	Equipment, furniture and vehicles	Software	Total
	NIS millions			
<b>Cost</b>				
As at 31 December 2016	2,736	3,178	3,384	9,298
Additions	28	82	340	450
Disposals	(125)	(144)	(53)	(322)
<b>As at 31 December 2017</b>	<b>2,639</b>	<b>3,116</b>	<b>3,671</b>	<b>9,426</b>
<b>Accumulated depreciation and losses from impairment</b>				
As at 31 December 2016	1,466	2,321	2,935	6,722
Current year provision	61	126	314	501
Cancellation of loss from impairment	(6)	0	0	(6)
Disposals	(98)	(140)	(48)	(286)
<b>As at 31 December 2017</b>	<b>1,423</b>	<b>2,307</b>	<b>3,201</b>	<b>6,931</b>
<b>Balance after depreciation as at 31 December 2017</b>	<b>1,216</b>	<b>809</b>	<b>470</b>	<b>2,495</b>
Balance after depreciation as at 31 December 2016	1,270	857	449	2,576

(a) Including installations and leasehold improvements.  
See the annual financial report for the consolidated note.

## Note 18 - Other Assets - Bank

	31 December 2017	31 December 2016
	NIS millions	
Deferred tax asset, net - (see note 8.G)	5,275	4,728
Excess of plan funds over liabilities in respect on employee benefits	624	971
Assets transferred to ownership of the Group as a result of settlement of problem loans	4	5
Excess of advance tax payments over current provisions	9	21
Expenses to be amortized on issuance of debentures, bonds and subordinated notes	40	57
Accrued income	175	164
Prepaid expenses	166	177
Assets in respect of activity in Maof clearing house (a)	1,152	978
Other receivables and prepayments	(17)	61 <sup>(b)</sup>
<b>Total other assets</b>	<b>7,428</b>	<b>7,162</b>

(a) Shown at fair value.

(b) Reclassified.

## Note 19 - Deposits of the Public - Bank

Types of deposits by location raised and type of depositor

	31 December 2017	31 December 2016
	NIS millions	
<b>In Israel</b>		
On demand		
Non-interest bearing	84,620	79,447
Interest bearing	117,867	98,068
Total on demand	202,487	177,515
Fixed term	138,136	146,099
<b>Total deposits in Israel *</b>	<b>340,623</b>	<b>323,614</b>
<b>Outside Israel</b>		
On demand	-	-
Non-interest bearing	-	-
Interest bearing	-	-
Total on demand	-	-
Fixed term	-	-
<b>Total deposits outside Israel</b>	<b>-</b>	<b>-</b>
<b>Total deposits of the public</b>	<b>340,623</b>	<b>323,614</b>
*of which:		
Deposits of private persons	138,620	143,576
Deposits of institutional entities	70,496	55,862
Deposits of corporations and others	131,507	124,176

## Note 20 - Deposits from Banks - Bank

	31 December 2017	31 December 2016
	NIS millions	
<b>In Israel</b>		
<b>Commercial banks:</b>		
Demand deposits	2,721	2,162
Time deposits	2,044	1,077
Acceptances	352	423
<b>Central banks:</b>		
Demand deposits	41	-
Time deposits	-	-
<b>Outside Israel</b>		
<b>Commercial banks:</b>		
Demand deposits	-	-
Time deposits	-	-
Acceptances	-	-
<b>Central banks:</b>		
Demand deposits	-	-
Time deposits	-	-
<b>Total deposits from banks</b>	<b>5,158</b>	<b>3,662</b>



## Note 21 - Debentures, Bonds and Subordinated Notes - Bank

Bank				
	Average maturity (a)	Internal yield rate (b)	31 December	
	Years	%	2017	2016
NIS millions				
<b>Debentures and bonds (c):</b>				
In Israeli currency linked to the CPI	2.5	0.6	5,338	5,285
In Israeli currency Unlinked	5.7	3.0	1,159	1,159
<b>Subordinated notes (c) (f) (g):</b>				
In Israeli currency Unlinked	4.7 (d)	2.8	2,880	5,133
In Israeli currency linked to the CPI (e)	2.9 (d)	2.9	6,200	11,063
<b>Total debentures, bonds and subordinated notes</b>			<b>15,577</b>	<b>22,640</b>

(a) The average duration is the average of the payment periods, weighted according to the payment flow discounted at the internal rate of return.

(b) The internal rate of return is the rate of interest discounting the value of the anticipated future flow of payments to the balance sheet amount included in the financial statement.

(c) The unamortized balance of the discount less the premium on debentures and on subordinated notes not yet charged to profit and loss has been deducted from the amount of the debentures.

(d) The average duration as of the date of change in interest is based on a calculation of the effective average duration as calculated for purposes of the exposure to changes in interest rates. In unlinked subordinated notes it is 2.7 years, in those linked to the CPI it is 2.6 years.

(e) Of which: subordinated notes (unquoted) deemed Tier 2 capital in the amount of NIS 926 million (31 December 2016 – NIS 1,446 million) that in certain circumstances may be converted into shares. See Note 25A.A.

(f) Of which: listed for trading on the Tel Aviv Stock Exchange an amount of NIS 4,465 million linked to the CPI and an amount of NIS 2,880 million unlinked (31 December 2016 – NIS 8,664 million linked and NIS 5,084 million unlinked).

(g) Tier 2 capital pursuant to the Basel III transitional provisions.

## Note 22 - Other Liabilities- Bank

	<b>31 December 2017</b>	31 December 2016
	NIS millions	
Deferred tax liability, net – see Note 8.G	<b>79</b>	81
Excess of current provisions for taxes over advance payments	<b>407</b>	333
Excess of provisions for severance pay and pensions over amounts funded	<b>11,261</b>	10,079
Provision for vacation	<b>196</b>	193
Deferred income	<b>266</b>	294
Other provisions in respect of employee rights	<b>333</b>	301
Allowance for credit losses in respect of off-balance sheet items	<b>464</b>	469
Accrued expenses in respect of salaries and related expenses	<b>697</b>	718
Accumulated Jubilee vacation	<b>47</b>	82
Liabilities in respect of activity in Maof Clearing House (a)	<b>1,152</b>	978
Payables in respect of credit cards	<b>5,523</b>	5,294
Accrued expenses	<b>219</b>	197
Market value of securities sold short	<b>569</b>	768
Other payables and credit balances	<b>543</b>	637
<b>Total other liabilities</b>	<b>21,756</b>	20,424

(a) Shown at fair value.

## Note 25 - Contingent Liabilities and Special Commitments-Bank

31 December				
2017		2016		
	Contract balances	Balance of allowance for credit losses	Contract balances	Balance of allowance for credit losses
NIS millions				
<b>A. Off-balance sheet financial instruments</b>				
Balances of contracts or their stated amounts as at the end of the year				
Transactions in which the balance reflects a credit risk:				
Documentary credits	827	3	896	1
Credit guarantees	5,517	80	6,125	113
Guarantees to apartment purchasers	19,313	16	19,555	17
Other guarantees and liabilities	15,849	253	15,668	236
Unutilized credit card facilities (a)	14,178	12	14,090	12
Other unutilized revolving credit facilities and credit facilities in accounts on demand	12,274	25	12,648	24
Irrevocable commitments to provide credit which has been approved and not yet granted (a)	17,496	56	17,375	49
Commitments to issue guarantees	16,075	17	13,807	20
Unutilized facilities for activity in derivative instruments	1,955	-	2,912	-
Approval in principle for a guaranteed rate of interest	3,246	-	2,725	-
<b>Total</b>	<b>106,730</b>	<b>462</b>	<b>105,801</b>	<b>472</b>

(a) Of which: non unrealized credit exposures in respect of commitments to provide liquidity to securitization) structures under the aegis of others totaled NIS 208 million (on 31 December 2016 NIS 231 million). This commitment is only extended in a state of financial difficulties which do not permit securitization. The liquidity framework is not currently in use and has not been used in the past. The line supplied by the Bank constitutes a small part of total liquidity lines to those entities. The Bank does not provide any other type of support to these entities

B. Off-balance sheet commitments for transactions based on extent of collections (a)	31 December 2017	31 December 2016
Balance of credit from deposits on collection basis (b)		
Israeli currency unlinked	272	354
Israeli currency linked to the CPI	1,481	1,685
Foreign currency	5	7
<b>Total</b>	<b>1,758</b>	<b>2,046</b>

### Cash flows in respect of collection commissions and interest margins on activities based on the extent of collections as at 31 December

	Up to one year	One to three years	Three to five years	Five to ten years	Ten to twenty years	More than twenty years	Total 2017	Total 2016
(NIS millions)								
<b>1. CPI linked sector (c)</b>								
Cash flows of futures contracts	12	19	12	15	4	-	62	85
Expected future cash flows after management estimate of early repayments	12	19	12	15	4	-	62	85
Discounted expected future cash flows after management estimate of early repayments (d)	12	18	11	11	2	-	54	74
<b>2. Unlinked shekel sector</b>								
Cash flows of futures contracts	2	2	1	1	-	-	6	12
Expected future cash flows after management estimate of early repayments	2	2	1	1	-	-	6	12
Discounted expected future cash flows after management estimate of early repayments (d)	2	2	1	-	-	-	5	12

(a) Credits and deposits from deposits for which their return to the depositor is conditional on collection of the credits, (or deposits), with a margin or collection fee, (instead of a margin).

(b) Standing loans and related Government deposits totaling NIS 91 million, (NIS 113 million last year), were not included in this table.

(c) Including foreign currency sector.

(d) The discounting was made at the rate of 3.42% (2016 – 3.69%).

See the annual financial report for the consolidated note.

## Note 25 - Contingent Liabilities and Special Commitments-Bank (cont'd)

	2017	2016
	NIS millions	
<b>B. Off-balance sheet commitments for transactions based on collection (cont'd)</b>		
<b>Information on loans granted during the year by mortgage banks:</b>		
Loans from deposits on collection basis	32	16
Standing loans	9	21
<b>C. Other contingent liabilities and special commitments:</b>		
<b>(1) Long-term rental contracts - rental of buildings, equipment and motor vehicles and maintenance in respect of commitments payable in following years</b>		
First year	154	228
Second year	134	136
Third year	94	112
Fourth year	77	102
Fifth year	67	70
After five years	422	461
<b>Total</b>	<b>948</b>	<b>1,109</b>
<b>(2) Commitments to purchase securities</b>	<b>18</b>	<b>339</b>
<b>(3) Commitments to invest in and acquire buildings and equipment (a)</b>	<b>10</b>	<b>3</b>

## Note 26 - Liens Restrictive Conditions and Collaterals - Bank

Sources of securities received which the Bank may sell or pledge, by fair value, excluding set-offs:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>(NIS millions)</u>		
Securities received in securities borrowing transactions against cash	<b>1,161</b>	1,284	1,764

Uses of securities received as collateral and securities of the Bank, by fair value, excluding set-offs:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>(NIS millions)</u>		
Securities loaned in securities lending transactions against cash	<b>558</b>	539	938

## Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates - Bank

<b>a. Scope of Activity</b>					
31 December 2017					
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
NIS millions					
<b>(1) Amount of derivative instruments</b>					
<b>a. Hedge derivative (a)</b>					
Forward contracts	-	-	-	-	-
Swaps	-	1,742	-	-	-
<b>Total</b>	-	1,742	-	-	-
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest					
	-	1,742	-	-	-
<b>b. ALM derivative (a) (b)</b>					
Futures contracts	-	33,009	106	103,734	234
Forward contracts	16,209	800	167,569	863	21
Exchange-traded options	-	-	-	-	-
Put options	-	-	15,655	36,351	11
Call options	-	-	15,672	36,351	11
Other options	-	-	-	-	-
Put options	-	5,529	18,673	2,742	209
Call options	-	2,367	18,795	2,586	209
Swaps	794	228,681	25,648	37,523	157
<b>Total</b>	17,003	270,386	262,118	220,150	852
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest					
	-	121,703	-	-	-
<b>c. Other derivatives (a)</b>					
Swaps	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>d. Credit derivatives and Spot contracts</b>					
Credit derivatives in which the banking institution is a guarantor					-
Credit derivatives in which the banking institution is a beneficiary					5
Foreign exchange spot contracts			12,116		
<b>Total</b>	-	-	12,116	-	5
<b>Total</b>	17,003	272,128	274,234	220,150	857

(a) Except credit derivatives and Spot contracts.

(b) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

## Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates Bank (cont'd)

### (a) Scope of activity (cont'd)

31 December 2017					
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
	NIS millions				
<b>(2) Gross fair value of derivative instruments</b>					
a) Hedged derivatives (a)					
Gross positive fair value	-	30	-	-	-
Gross negative fair value	-	8	-	-	-
b) ALM derivatives (a) (b)					
Gross positive fair value	315	4,100	3,004	2,060	32
Gross negative fair value	431	3,801	3,432	2,041	25
c) Other derivatives (a)					
Gross positive fair value	-	-	-	-	-
Gross negative fair value	-	-	-	-	-
d) Credit derivatives					
Credit derivatives in which the banking institution is a guarantor					
Gross positive fair value					-
Gross negative fair value					-
Credit derivatives in which the banking corporation is a beneficiary					
Gross positive fair value					-
Gross negative fair value					-
e) Total					
Gross positive fair value (c)	315	4,129	3,004	2,060	32
Fair value amounts offset in the balance sheet	-	-	-	-	-
Book value of assets in respect of derivative instruments (*)	315	4,129	3,004	2,060	32
*Of which: book value of assets in respect of derivative instruments not subject to a master netting arrangement or similar arrangements					
	51	27	88	289	6
Gross negative fair value (c)					
	431	3,809	3,432	2,041	25
Fair value amounts offset in the balance sheet	-	-	-	-	-
Book value of liabilities in respect of derivative instruments (*)	431	3,809	3,432	2,041	25
*Of which: book value of liabilities in respect of derivative instruments not subject to a master netting arrangement or similar					
	-	-	362	60	13

(a) Except credit derivatives.

(b) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

(c) See the annual financial report for the consolidated note.

## Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates

### Bank (cont'd)

#### (a) Scope of activity (cont'd)

(a) Scope of activity (cont'd)	31 December 2016				
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
	NIS millions				
<b>(1) Amount of derivative instruments</b>					
<b>a. Hedge derivative (a)</b>					
Forward contracts	-	-	-	-	-
Swaps	-	3,460	-	-	-
<b>Total</b>	-	3,460	-	-	-
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	3,460	-	-	-
<b>b. ALM derivative (a) (b)</b>					
Futures contracts	-	40,972	183	61,988	210
Forward contracts	12,187	4,850	185,177	407	11
Put options	-	299	14,513	9,719	67
Call options	-	299	14,556	9,719	67
Put options	-	7,210	12,553	2,526	56
Call options	-	4,186	12,215	2,568	189
Swaps	572	263,088	26,796	29,441	253
<b>Total</b>	12,759	320,904	265,993	116,368	853
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	140,716	-	-	-
<b>c. Other derivatives (a)</b>					
Swaps	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>d. Credit derivatives and Spot contracts</b>					
Credit derivatives in which the banking institution is a guarantor	-	-	-	-	-
Credit derivatives in which the banking institution is a beneficiary	-	-	-	-	20
Foreign exchange spot contracts	-	-	8,642	-	-
<b>Total</b>	-	-	8,642	-	20
<b>Total</b>	12,759	324,364	274,635	116,368	873

(a) Except credit derivatives and Spot contracts.

(b) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.



## Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Bank (cont'd)

### (a) Scope of activity (cont'd)

		31 December 2016			
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
NIS millions					
<b>(2) Gross fair value of derivative instruments</b>					
a. Hedged derivatives (a)					
Gross positive fair value	-	60	-	-	-
Gross negative fair value	-	107	-	-	-
b. ALM derivatives (a) (b)					
Gross positive fair value	339	5,567	3,020	1,571	24
Gross negative fair value	400	5,155	3,423	1,543	20
c. Other derivatives (a)					
Gross positive fair value	-	-	-	-	-
Gross negative fair value	-	-	-	-	-
d. Credit derivatives					
Credit derivatives in which the banking institution is a guarantor					
Gross positive fair value	-	-	-	-	-
Gross negative fair value	-	-	-	-	-
<b>Credit derivatives in which the banking corporation is a beneficiary</b>					
Gross positive fair value	-	-	-	-	-
Gross negative fair value	-	-	-	-	-
e. Total					
Gross positive fair value (c)	339	5,628	3,020	1,571	24
Fair value amounts offset in the balance sheet	-	-	-	-	-
Book value of assets in respect of derivative instruments (*)	339	5,628	3,020	1,571	24
* Of which: Book value of assets in respect of derivative instruments not subject to a master netting arrangement or similar arrangements.	41	370	27	-	-
Gross negative fair value (c)	400	5,262	3,423	1,543	21
Fair value amounts offset in the balance sheet	-	-	-	-	-
Book value of liabilities in respect of derivative instruments (*)	400	5,262	3,423	1,543	21
* Of which: Book value of liabilities in respect of derivative instruments not subject to a master netting arrangement or similar arrangements.	-	194	260	3	-

(a) Except credit derivatives.

(b) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

(c) See the annual financial report for the consolidated note.

## Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates Bank (cont'd)

### (b) Credit Risk in Respect of Derivative Instruments According to Other Party to the Contract

31 December 2017						
	Stock exchanges	Banks	Dealers/ brokers	Governments and Central Banks	Others	Total
NIS millions						
Balance sheet balances of						
derived assets from derivative instruments (a) (b)	218	5,608	1,883	87	1,745	9,541
Gross amounts that not offset in the balance sheet:						
Mitigation of credit risk in respect of financial instruments	-	3,614	1,448	42	732	5,836
Mitigation of credit risk in respect of cash collateral received	-	1,537	423	41	121	2,122
Net amount of assets in respect of derivative instruments	218	457	12	4	892	1,583
Off-balance sheet credit risk in respect of derivative						
instruments (d)	743	7,308	1,571	65	6,162	15,849
Mitigation of off-balance sheet credit risk	-	2,274	731	19	2,548	5,572
Net off-balance sheet credit risk in respect of derivative instruments.	743	5,034	841	46	3,614	10,278
Total credit risk in respect of derivative instruments	961	5,491	853	50	4,506	11,861
Book balance of liabilities in respect of derivative instruments (c)	191	4,218	1,597	42	3,691	9,739
Gross amounts that not offset in the balance sheet:						
Financial instruments	-	3,614	1,448	42	732	5,836
Cash collateral pledged	-	287	131	-	1,497	1,915
Net amount of liabilities in respect of derivative instruments	191	317	18	-	1,462	1,988

(a) Net accounting arrangements do not exist.

(b) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 9,533 million.

(c) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 9,678 million.

(d) Off-balance sheet credit risk in respect of derivative instruments (including in respect of derivative instrument with negative fair value) as calculated for purposes of limitations on debts of borrowers.

### (c) Repayment Dates - Nominal Amounts: Balances as at end of the year

31 December 2017					
	Up to three months	Three months to one year	One year to five years	After five years	Total
NIS millions					
Interest contracts:					
Shekel - index	1,508	3,938	9,691	1,866	17,003
Other	28,864	38,083	128,760	76,420	272,127
Foreign currency contracts	152,002	90,276	26,927	5,029	274,234
Contracts in respect of shares	188,445	30,817	887	-	220,149
Contracts in respect of commodities and others	324	511	23	-	858
Total	371,143	163,625	166,288	83,315	784,371

## Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates Bank (cont'd)

### (b) Credit Risk in Respect of Derivative Instruments According to Other Party to the Contract (cont'd)

31 December 2016						
	Stock exchanges	Banks	Dealers/ brokers	Governments and Central Banks	Others	Total
NIS millions						
Balance sheet balances of derived assets from derivative instruments (a) (b)	121	6,701	2,072	11	1,678	10,583
Gross amounts that not offset in the balance sheet:						
Mitigation of credit risk in respect of financial instruments	-	5,246	1,365	11	757	7,379
Mitigation of credit risk in respect of cash collateral received	-	1,305	438	-	55	1,798
Net amount of assets in respect of derivatives instruments	121	150	269	-	866	1,406
Off-balance sheet credit risk in respect of derivatives instruments (d)	-	3,880	1,277	61	4,519	9,737
Mitigation of off-balance sheet credit risk	-	2,141	484	37	1,788	4,450
Net off-balance sheet credit risk in respect of derivative instruments.	-	1,738	793	24	2,731	5,286
Total credit risk in respect of derivative instruments	121	1,888	1,062	24	3,597	6,692
Book balance of liabilities in respect of derivative instruments (c)	132	5,880	1,692	31	2,916	10,651
Gross amounts that not offset in the balance sheet:						
Financial instruments	-	5,246	1,365	11	757	7,379
Cash collateral pledged	-	509	53	7	963	1,532
Net amount of liabilities in respect of derivatives instruments	132	125	274	13	1,196	1,740

(a) Net accounting arrangements do not exist.

(b) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 10,577 million.

(c) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 10,600 million.

(d) Off-balance sheet credit risk in respect of derivative instruments (including in respect of derivative instrument with negative fair value)  
as calculated for purposes of limitations on debts of borrowers.

### (c) Repayment Dates - Nominal Amounts: Balances as at end of the year (cont'd)

31 December 2016					
	Up to three months	Three months to one year	One year to five years	After five years	Total
NIS millions					
Interest contracts:					
Shekel - index	2,928	2,486	5,230	2,115	12,759
Other	43,563	78,607	119,414	82,780	324,364
Foreign currency contracts	157,759	83,807	26,241	6,826	274,633
Contracts in respect of shares	92,249	22,479	1,635	4	116,367
Contracts in respect of commodities and others	465	381	28	-	874
Total	296,964	187,760	152,548	91,725	728,997

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### A. Debts\* and off-balance sheet credit instruments

#### 1. Change in balance of credit loss allowance

	31 December 2017					
	Credit loss allowance					
	Credit to the public				Banks and	
	Commercial	Residential	Other private	Total	governments	Total
	(NIS millions)					
Balance of credit loss allowance at beginning of year	2,289	461	716	3,466	2	3,468
Expenses in respect of credit losses	(71)	(10)	122	41	2	43
Accounting write-offs	(685)	(8)	(534)	(1,227)	0	(1,227)
Collection of debts written off in previous years	638	0	353	991	0	991
Net accounting write-offs	(47)	(8)	(181)	(236)	0	(236)
Balance of credit loss allowance at end of year	2,171	443	657	3,271	4	3,275
Of which in respect of off-balance sheet credit instruments	443	0	21	464	0	464

	31 December 2016					
	Credit loss allowance					
	Credit to the public				Banks and	
	Commercial	Residential	Other private	Total	governments	Total
	(NIS millions)					
Balance of credit loss allowance at beginning of year	2,530	497	562	3,589	3	3,592
Expenses in respect of credit losses	(570)	(10)	422	(158)	(1)	(159)
Accounting write-offs	(491) (a)	(26)	(658) (a)	(1,175)	-	(1,175)
Collection of debts written off in previous years	820	-	390	1,210	-	1,210
Net accounting write-offs	329	(26)	(268)	35	-	35
Balance of credit loss allowance at end of year	2,289	461	716	3,466	2	3,468
Of which in respect of off-balance sheet credit instruments	448	0	23	471	0	471

(a) Reasted

\* Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

A. Additional information on the method of calculating the credit loss allowance in respect of debts<sup>a</sup> and on debts<sup>a</sup> on which it was calculated:

<b>31 December 2017</b>						
Credit loss allowance						
	Credit to the public			Banks and governments		
	Commercial	Residential	Other private	Total		Total
(NIS millions)						
<b>Recorded debt balance of debts (a):</b>						
Examined on an individual basis	117,786	-	748	118,534	11,753	130,287
Examined on a collective basis	18,636	77,465	29,913	126,014	-	126,014
Of which the allowance was calculated by extent of arrears	1,067 <sup>(c)</sup>	77,465 <sup>(b)</sup>	-	78,532	-	78,532
Total debts (a)	136,422	77,465	30,661	244,548	11,753	256,301
<b>Credit loss allowance by debts (a):</b>						
Examined on an individual basis	1,443	-	49	1,492	2	1,494
Examined on a collective basis	287	443	587	1,317	-	1,317
Of which the allowance was calculated by extent of arrears	-	443	-	443	-	443
Total Credit loss allowance	1,730	443	636	2,809	2	2,811
Of which: in respect of impaired debts	328	-	16	344	-	344
<b>31 December 2016</b>						
Credit loss allowance						
	Credit to the public			Banks and governments		
	Commercial	Residential	Other private	Total		Total
(NIS millions)						
<b>Recorded debt balance of debts(a):</b>						
Examined on an individual basis	116,623	-	487	117,110	10,678	-
Examined on a collective basis	11,732	78,656	31,274	121,662	-	121,662
Of which the allowance was calculated by extent of arrears	909	78,656 <sup>(b)</sup>	-	79,565	-	79,565
Total debts (a)	128,355	78,656	31,761	238,772	10,678	121,662
<b>Credit loss allowance by debts(a):</b>						
Examined on an individual basis	1,675 <sup>(d)</sup>	-	206 <sup>(d)</sup>	1,881	1	1,882
Examined on a collective basis	167	462	487	1,116	-	1,116
Of which the allowance was calculated by extent of arrears	-	462	-	462	-	462
Total Credit loss allowance	1,842	462	693	2,997	1	2,998
Of which: in respect of impaired debts	432 <sup>(d)</sup>	-	- <sup>(d)</sup>	432	-	432

(a) Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

(b) Including balance of allowance in excess of that required by the extent of arrears method calculated on a collective basis in the amount of NIS 283 million (2016 - 294 million)

(c) Including housing loans granted to purchasing groups under construction in the amount of NIS 1,067 million (2016 - 909 million).

(d) Restated

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts<sup>1</sup>

#### 1. Credit quality and arrears

31 December 2017						
(NIS millions)						
Activity of borrowers in Israel	Non-problem debts	Problem debts <sup>2</sup>		Total	Unimpaired debts - additional	
		Not impaired	Impaired <sup>3</sup>		In arrears of 90 days or more <sup>4</sup>	In arrears of 30 to 89 days <sup>5</sup>
Public - commercial						
Construction & real estate - construction	18,151	210	237	18,598	15	62
Construction & real estate - real estate activities	23,833	120	472	24,425	12	45
Financial services	10,947	5	2	10,954	2	6
Commercial - other	67,302	1,477	1,347	70,126	70	174
<b>Total commercial</b>	<b>120,233</b>	<b>1,812</b>	<b>2,058</b>	<b>124,103</b>	<b>99</b>	<b>287</b>
<b>Private individuals - housing loans <sup>6</sup></b>	<b>76,726</b>	<b>722</b>	<b>-</b>	<b>77,448</b>	<b>722</b>	<b>516</b>
<b>Private individuals - other</b>	<b>30,326</b>	<b>211</b>	<b>110</b>	<b>30,647</b>	<b>76</b>	<b>232</b>
<b>Total public - activity in Israel</b>	<b>227,285</b>	<b>2,745</b>	<b>2,168</b>	<b>232,198</b>	<b>897</b>	<b>1,035</b>
<b>Israeli banks</b>	<b>1,623</b>	<b>-</b>	<b>-</b>	<b>1,623</b>	<b>-</b>	<b>-</b>
<b>Government of Israel</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>129</b>	<b>-</b>	<b>-</b>
<b>Total activity in Israel</b>	<b>229,037</b>	<b>2,745</b>	<b>2,168</b>	<b>233,950</b>	<b>897</b>	<b>1,035</b>
Activity of borrowers abroad						
Public - commercial						
Construction & real estate	2,023	2	23	2,048	-	-
Commercial - other	4,502	-	2	4,504	-	-
<b>Total commercial</b>	<b>6,525</b>	<b>2</b>	<b>25</b>	<b>6,552</b>	<b>-</b>	<b>-</b>
<b>Private individuals</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>
<b>Total public - activity abroad</b>	<b>6,556</b>	<b>2</b>	<b>25</b>	<b>6,583</b>	<b>-</b>	<b>-</b>
<b>Foreign banks</b>	<b>7,064</b>	<b>-</b>	<b>-</b>	<b>7,064</b>	<b>-</b>	<b>-</b>
<b>Foreign governments</b>	<b>586</b>	<b>-</b>	<b>-</b>	<b>586</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>14,206</b>	<b>2</b>	<b>25</b>	<b>14,233</b>	<b>-</b>	<b>-</b>

  

31 December 2016						
(NIS millions)						
Activity of borrowers in Israel	Non-problem debts	problem debts <sup>2</sup>		Total	Unimpaired debts - additional	
		Not impaired	Impaired <sup>3</sup>		In arrears of 90 days or more <sup>4</sup>	In arrears of 30 to 89 days <sup>5</sup>
Public - commercial						
Construction & real estate - construction	14,773	275	264	15,312	19	58
Construction & real estate - real estate activities	22,844	360	618	23,822	12	35
Financial services	10,035	5	459	10,499	2	3
Commercial - other	64,708	1,745	1,549	68,002	65	144
<b>Total commercial</b>	<b>112,360</b>	<b>2,385</b>	<b>2,890</b>	<b>117,635</b>	<b>98</b>	<b>241</b>
<b>Private individuals - housing loans <sup>6</sup></b>	<b>77,926</b>	<b>719</b>	<b>-</b>	<b>78,645</b>	<b>719</b>	<b>530</b>
<b>Private individuals - other</b>	<b>31,369</b>	<b>294</b>	<b>91</b>	<b>31,754</b>	<b>122</b>	<b>250</b>
<b>Total public - activity in Israel</b>	<b>221,655</b>	<b>3,398</b>	<b>2,981</b>	<b>228,034</b>	<b>939</b>	<b>1,020</b>
<b>Israeli banks</b>	<b>1,718</b>	<b>-</b>	<b>-</b>	<b>1,718</b>	<b>-</b>	<b>-</b>
<b>Government of Israel</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>206</b>	<b>-</b>	<b>-</b>
<b>Total activity in Israel</b>	<b>223,579</b>	<b>3,398</b>	<b>2,981</b>	<b>229,958</b>	<b>939</b>	<b>1,020</b>
Activity of borrowers abroad						
Public - commercial						
Construction & real estate	1,812	2	24	1,838	-	-
Commercial - other	4,088	-	2	4,090	-	-
<b>Total commercial</b>	<b>5,900</b>	<b>2</b>	<b>26</b>	<b>5,928</b>	<b>-</b>	<b>-</b>
<b>Private individuals</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>-</b>
<b>Total public - activity abroad</b>	<b>5,917</b>	<b>2</b>	<b>26</b>	<b>5,945</b>	<b>-</b>	<b>-</b>
<b>Foreign banks</b>	<b>2,775</b>	<b>-</b>	<b>-</b>	<b>2,775</b>	<b>-</b>	<b>-</b>
<b>Foreign governments</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9,128</b>	<b>2</b>	<b>26</b>	<b>9,156</b>	<b>-</b>	<b>-</b>

(1) Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

(2) Impaired, substandard or special mention credit risk, including in respect of housing loans for which there is a provision by extent of arrears, and housing loans for which there is no provision that are in arrears of 90 days or more.

(3) As a rule, impaired debts do not accrue interest income.

(4) Classified as problem debts that are not impaired, accruing interest income.

(5) Accruing interest income. Debts in arrears of 30 to 89 days in the amount of NIS 632 million were classified as problem debts that are not impaired.

(6) Including housing loans in the amount of NIS 93.6 million (31 December 2016 – NIS 114 million) with a provision by extent of arrears, in which an arrangement was signed for the repayment of arrears by the borrower, with a change made to the repayment schedule in respect of the loan balance of which the repayment date has not yet arrived.

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts<sup>1</sup> (cont'd)

#### 2. Additional information on impaired debts

	31 December 2017				
	(NIS millions)				
	Balance <sup>2</sup> of impaired debts in respect of which there is an individual allowance <sup>3</sup>	Balance of individual allowance <sup>3</sup>	Balance <sup>2</sup> of impaired debts in respect of which there is no individual allowance <sup>3</sup>	Total balance <sup>2</sup> of impaired debts	Principal contractual balance of impaired debts
<b><u>A. Impaired debts and individual allowance</u></b>					
Activity of borrowers in Israel					
Public - commercial					
Construction & real estate - construction	35	(18)	202	237	735
Construction & real estate - real estate activities	53	(33)	419	472	1,393
Financial services	2	(1)	1	3	460
Commercial - other	741	(273)	606	1,347	4,347
<b>Total commercial</b>	<b>831</b>	<b>(325)</b>	<b>1,228</b>	<b>2,059</b>	<b>6,935</b>
Private individuals - housing loans	-	-	-	-	-
Private individuals - other	79	(16)	31	110	2,349
<b>Total public - activity in Israel</b>	<b>910</b>	<b>(341)</b>	<b>1,259</b>	<b>2,169</b>	<b>9,284</b>
Israeli banks	-	-	-	-	-
Government of Israel	-	-	-	-	-
<b>Total activity in Israel</b>	<b>910</b>	<b>(341)</b>	<b>1,259</b>	<b>2,169</b>	<b>9,284</b>
Activity of borrowers abroad					
Public - commercial					
Construction & real estate	9	(4)	14	23	65
Commercial - other	-	-	2	2	37
<b>Total commercial</b>	<b>9</b>	<b>(4)</b>	<b>16</b>	<b>25</b>	<b>102</b>
Private individuals	-	-	-	-	-
<b>Total public - activity abroad</b>	<b>9</b>	<b>(4)</b>	<b>16</b>	<b>25</b>	<b>102</b>
Foreign banks	-	-	-	-	-
Foreign governments	-	-	-	-	-
<b>Total *</b>	<b>9</b>	<b>(4)</b>	<b>16</b>	<b>25</b>	<b>102</b>
Of which:*					
Measured by present value of cash flows	838	(298)	1,011	1,849	0
Debts under troubled debt restructuring	188	(66)	976	1,164	0

(1) Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts<sup>1</sup> (cont'd)

#### 2. Additional information on impaired debts (cont'd)

31 December 2016					
(NIS millions)					
<b>A. Impaired debts and individual allowance</b>	Balance <sup>2</sup> of impaired debts		Balance <sup>2</sup> of impaired debts		Principal contractual balance of impaired debts
	in respect of which there is an individual allowance <sup>3</sup>	Balance of individual allowance <sup>3,2</sup>	in respect of which there is no individual allowance <sup>3</sup>	Total balance <sup>2</sup> of impaired debts	
<u>Activity of borrowers in Israel</u>					
Public - commercial					
Construction & real estate - construction	54	(20)	210	264	790
Construction & real estate - real estate activities (4)	113	(49)	505	618	1,754
Financial services	1	-	458	459	958
Commercial - other	638	(359)	911	1,549	4,630
<b>Total commercial</b>	<b>806</b>	<b>(428)</b>	<b>2,084</b>	<b>2,890</b>	<b>8,132</b>
<b>Private individuals - housing loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Private individuals - other (4)</b>	<b>17</b>	<b>-</b>	<b>74</b>	<b>91</b>	<b>2,182</b>
<b>Total public - activity in Israel</b>	<b>823</b>	<b>(428)</b>	<b>2,158</b>	<b>2,981</b>	<b>10,314</b>
Israeli banks	-	-	-	-	-
Government of Israel	-	-	-	-	-
<b>Total activity in Israel</b>	<b>823</b>	<b>(428)</b>	<b>2,158</b>	<b>2,981</b>	<b>10,314</b>
<u>Activity of borrowers abroad</u>					
Public - commercial					
Construction & real estate	9	(4)	16	25	67
Commercial - other	-	-	2	2	36
<b>Total commercial</b>	<b>9</b>	<b>(4)</b>	<b>18</b>	<b>27</b>	<b>103</b>
<b>Private individuals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total public - activity abroad</b>	<b>9</b>	<b>(4)</b>	<b>18</b>	<b>27</b>	<b>103</b>
<b>Foreign banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foreign governments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total *</b>	<b>9</b>	<b>(4)</b>	<b>18</b>	<b>27</b>	<b>103</b>
<b>*Of which:</b>					
<b>Measured by present value of cash flows</b>	<b>635</b>	<b>(314)</b>	<b>1,487</b>	<b>2,122</b>	<b>-</b>
<b>Debts under troubled debt restructuring</b>	<b>86</b>	<b>(15)</b>	<b>1,611</b>	<b>1,697</b>	<b>-</b>

(1) Credit to the public, credit to governments, deposits in banks and other debts, excluding

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

(4) Reclassified



## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts\* (cont'd)

#### 2. Additional information on impaired debts (cont'd)

#### B. Average balance and interest income

	31 December 2017		
	Average balance of impaired debts**	Interest income recorded***	Of which: recorded on cash basis
	(NIS millions)		
<u>Activity of borrowers in Israel</u>			
<u>Public - commercial</u>			
Construction & real estate - construction	245	2	1
Construction & real estate - real estate activities	569	15	12
Financial services	224	8	8
Commercial - other	1,457	26	12
<b>Total commercial</b>	<b>2,495</b>	<b>51</b>	<b>33</b>
Private individuals - housing loans	-	-	-
Private individuals - other	102	4	1
<b>Total public - activity in Israel</b>	<b>2,597</b>	<b>55</b>	<b>34</b>
<b>Israeli banks</b>	-	-	-
<b>Government of Israel</b>	-	-	-
<b>Total activity in Israel</b>	<b>2,597</b>	<b>55</b>	<b>34</b>
<u>Activity of borrowers abroad</u>			
<u>Public - commercial</u>			
Construction & real estate	23	-	-
Other commercial	2	-	-
<b>Total commercial</b>	<b>24</b>	-	-
Private individuals	-	-	-
<b>Total public - activity abroad</b>	<b>24</b>	-	-
<b>Foreign banks</b>	-	-	-
<b>Foreign governments</b>	-	-	-
<b>Total activity abroad*</b>	<b>24</b>	-	-
<b>Total public</b>	<b>2,621</b>	<b>54</b>	<b>34</b>
<b>Total banks</b>	-	-	-
<b>Total governments</b>	-	-	-
<b>Total</b>	<b>2,621</b>	<b>54 ****</b>	<b>34</b>

\* Credit to the public, credit to governments, deposits in banks (excluding deposits in the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

\*\* Average debt balance recorded of impaired debts in the reporting period.

\*\*\* Interest income recorded in the reporting period in respect of the average balance of impaired debts, for the period in which the debts were classified as impaired.

\*\*\*\* If the impaired debts had accrued interest under their original terms, interest income would have been recorded in the amount of NIS 276 million

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts\* (cont'd)

#### 2. Additional information on impaired debts (cont'd)

#### B. Average balance and interest income (cont'd)

	31 December 2016		
	Average balance of impaired debts**	Interest income recorded***	Of which: recorded on cash basis
	(NIS millions)		
<u>Activity of borrowers in Israel</u>			
<u>Public - commercial</u>			
Construction & real estate - construction	288	2	1
Construction & real estate - real estate activities	665	6	3
Financial services	226	1	-
Commercial - other	1,657	33	25
<b>Total commercial</b>	<b>2,836</b>	<b>42</b>	<b>29</b>
Private individuals - housing loans	-	-	-
Private individuals - other	124	3	1
<b>Total public - activity in Israel</b>	<b>2,960</b>	<b>45</b>	<b>30</b>
<b>Israeli banks</b>	-	-	-
<b>Government of Israel</b>	-	-	-
<b>Total activity in Israel</b>	<b>2,960</b>	<b>45</b>	<b>30</b>
<u>Activity of borrowers abroad</u>			
<u>Public - commercial</u>			
Construction & real estate	17	-	-
Other commercial	2	-	-
<b>Total commercial</b>	<b>19</b>	<b>-</b>	<b>-</b>
Private individuals	-	-	-
<b>Total public - activity abroad</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Foreign banks</b>	-	-	-
<b>Foreign governments</b>	-	-	-
<b>Total activity abroad</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Total public</b>	<b>2,979</b>	<b>45</b>	<b>30</b>
<b>Total banks</b>	-	-	-
<b>Total governments</b>	-	-	-
<b>Total</b>	<b>2,979</b>	<b>45 ****</b>	<b>30</b>

\*Credit to the public, credit to governments, deposits in banks and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

\*\* Average debt balance recorded of impaired debts in the reporting period.

\*\*\* Interest income recorded in the reporting period in respect of the average balance of impaired debts, for the period in which the debts were classified as

\*\*\*\* If the impaired debts had accrued interest under their original terms, interest income would have been recorded in the amount of NIS 297 million

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts<sup>1</sup> (cont'd)

#### 2. Additional information on impaired debts(cont'd)

31 December 2017					
(NIS millions)					
<b>C. Impaired debts under restructuring</b>					
Activity of borrowers in Israel	Not accruing	Accruing <sup>2</sup> in	Accruing <sup>2</sup> in	Accruing <sup>2</sup> not	Total <sup>3</sup>
Public - commercial	interest income	arrears of 90	arrears of 30	in arrears	
		days or more	to 89 days		
Construction & real estate - construction	168	-	-	8	176
Construction & real estate - real estate activities	147	-	-	170	317
Financial services	-	-	-	-	-
Commercial - other	396	-	-	214	610
<b>Total commercial</b>	<b>711</b>	-	-	<b>392</b>	<b>1,103</b>
<b>Private individuals - housing loans</b>	-	-	-	-	-
<b>Private individuals - other</b>	<b>41</b>	-	-	<b>18</b>	<b>59</b>
<b>Total public - activity in Israel</b>	<b>752</b>	-	-	<b>410</b>	<b>1,162</b>
<b>Israeli banks</b>	-	-	-	-	-
<b>Government of Israel</b>	-	-	-	-	-
<b>Total activity in Israel</b>	<b>752</b>	-	-	<b>410</b>	<b>1,162</b>
Activity of borrowers abroad					
Public - commercial					
Construction & real estate	-	-	-	-	-
Commercial - other	-	-	-	2	2
<b>Total commercial</b>	-	-	-	<b>2</b>	<b>2</b>
<b>Private individuals</b>	-	-	-	-	-
<b>Total public - activity abroad</b>	-	-	-	<b>2</b>	<b>2</b>
<b>Foreign banks</b>	-	-	-	-	-
<b>Foreign governments</b>	-	-	-	-	-
<b>Total - activity abroad</b>	-	-	-	<b>2</b>	<b>2</b>
<b>Total public</b>	<b>752</b>	-	-	<b>412</b>	<b>1,164</b>
<b>Total banks</b>	-	-	-	-	-
<b>Total governments</b>	-	-	-	-	-
<b>Total</b>	<b>752</b>	-	-	<b>412</b>	<b>1,164</b>

(1) Credit to the public, credit to governments, deposits in

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts<sup>1</sup> (cont'd)

#### 2. Additional information on impaired debts(cont'd)

31 December 2016					
(NIS millions)					
<b>C. Impaired debts under restructuring (cont'd)</b>					
<u>Activity of borrowers in Israel</u>	<u>Not accruing</u>	<u>Accruing<sup>2</sup> in</u>	<u>Accruing<sup>2</sup> in</u>	<u>Accruing<sup>2</sup> not</u>	
<u>Public - commercial</u>	<u>interest income</u>	<u>arrears of 90</u>	<u>arrears of 30</u>	<u>in arrears</u>	<u>Total<sup>3</sup></u>
		<u>days or more</u>	<u>to 89 days</u>		
Construction & real estate - construction	199	-	-	13	212
Construction & real estate - real estate activities	346	-	4	44	394
Financial services	403	-	-	-	403
<b>Commercial - other</b>	<b>394</b>	<b>-</b>	<b>2</b>	<b>217</b>	<b>613</b>
<b>Total commercial</b>	<b>1,342</b>	<b>-</b>	<b>6</b>	<b>274</b>	<b>1,622</b>
<b>Private individuals - housing loans 6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Private individuals - other</b>	<b>49</b>	<b>-</b>	<b>1</b>	<b>23</b>	<b>73</b>
<b>Total public - activity in Israel</b>	<b>1,391</b>	<b>-</b>	<b>7</b>	<b>297</b>	<b>1,695</b>
<b>Israeli banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Government of Israel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total activity in Israel</b>	<b>1,391</b>	<b>-</b>	<b>7</b>	<b>297</b>	<b>1,695</b>
Activity of borrowers abroad					
<u>Public - commercial</u>					
Construction & real estate	-	-	-	-	-
Commercial - other	-	-	-	2	2
<b>Total commercial</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Private individuals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total public - activity abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Foreign banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foreign governments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - activity abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Total public</b>	<b>1,391</b>	<b>-</b>	<b>7</b>	<b>299</b>	<b>1,697</b>
<b>Total banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total governments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,391</b>	<b>-</b>	<b>7</b>	<b>299</b>	<b>1,697</b>

(1) Credit to the public, credit to governments, deposits in banks and other debts,

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

## Note 29 - Credit risk, Credit to the Public and Allowance for Credit Losses - Bank

### B. Debts\*

#### 2. Additional information on impaired debts:

#### C. Impaired debts under restructuring (cont'd)

##### 1. Restructurings carried out

	31 December 2017		
	Number of contracts (NIS millions)	Recorded debt balance before restructuring	Recorded debt balance after restructuring
<b>Activity of borrowers in Israel</b>			
<b>Public - commercial</b>			
Construction & real estate - construction	247	19	19
Construction & real estate - real estate activities	32	9	9
Financial services	13	7	-
Commercial - other	887	172	166
<b>Total commercial</b>	<b>1,179</b>	<b>207</b>	<b>194</b>
Private individuals - housing loans	-	-	-
Private individuals - other	4,887	62	60
<b>Total public - activity in Israel</b>	<b>6,066</b>	<b>269</b>	<b>254</b>
<b>Israeli banks</b>	-	-	-
<b>Government of Israel</b>	-	-	-
<b>Total activity in Israel</b>	<b>6,066</b>	<b>269</b>	<b>254</b>
<b>Activity of borrowers abroad</b>			
<b>Public - commercial</b>			
Construction & real estate	-	-	-
Other commercial	-	-	-
<b>Total commercial</b>	-	-	-
Private individuals	-	-	-
<b>Total public - activity abroad</b>	-	-	-
<b>Foreign banks</b>	-	-	-
<b>Foreign governments</b>	-	-	-
<b>Total activity abroad</b>	-	-	-
<b>Total public</b>	<b>6,066</b>	<b>269</b>	<b>254</b>
<b>Total banks</b>	-	-	-
<b>Total governments</b>	-	-	-
<b>Total</b>	<b>6,066</b>	<b>269</b>	<b>254</b>

\* Credit to the public, credit to governments, deposits in banks (excluding deposits in the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

## Note 29 - Credit risk, Credit to the Public and Allowance for Credit Losses - Bank (cont'd)

### B. Debts\*

#### 2. Additional information on impaired debts:

### C. Impaired debts under restructuring (cont'd)

#### 2. Failed restructurings (cont'd)

31 December 2016			
	Number of contracts (NIS millions)	Recorded debt balance	Recorded debt balance after restructuring
<b>Activity of borrowers in Israel</b>			
<u>Public - commercial</u>			
Construction & real estate - construction	195	183	179
Construction & real estate - real estate activities	29	146	144
Financial services	14	410	405
Commercial - other	895	82	75
<b>Total commercial</b>	<b>1,133</b>	<b>821</b>	<b>803</b>
Private individuals - housing loans	-	-	-
Private individuals - other	4,435	64	50
<b>Total public - activity in Israel</b>	<b>5,568</b>	<b>885</b>	<b>853</b>
<b>Israeli banks</b>	-	-	-
<b>Government of Israel</b>	-	-	-
<b>Total activity in Israel</b>	<b>5,568</b>	<b>885</b>	<b>853</b>
<b>Activity of borrowers abroad</b>			
<u>Public - commercial</u>			
Construction & real estate	-	-	-
Other commercial	-	-	-
<b>Total commercial</b>	-	-	-
Private individuals	-	-	-
<b>Total public - activity abroad</b>	-	-	-
<b>Foreign banks</b>	-	-	-
<b>Foreign governments</b>	-	-	-
<b>Total activity abroad</b>	-	-	-
<b>Total public</b>	<b>5,568</b>	<b>885</b>	<b>853</b>
<b>Total banks</b>	-	-	-
<b>Total governments</b>	-	-	-
<b>Total</b>	<b>5,568</b>	<b>885</b>	<b>853</b>

\*Credit to the public, credit to governments, deposits in banks (excluding deposits in the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under agreements to

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### B. Debts (cont'd)

#### 3. Additional information on housing loans

Year end balances by rate of financing (LTV) <sup>1</sup>

		<b>31 December 2017</b>			
		(NIS millions)			
		<b>Balance of housing loans</b>			
			<u>Of which:</u>	<u>Of which:</u>	<u>Off-balance</u>
			<u>bullet and</u>	<u>variable</u>	<u>sheet credit</u>
		<u>Total</u>	<u>balloon</u>	<u>interest</u>	<u>risk total</u>
First charge: rate of financing	Up to 60%	<b>51,371</b>	<b>2,296</b>	<b>33,564</b>	<b>1,429</b>
	Above 60%	<b>26,059</b>	<b>684</b>	<b>18,115</b>	<b>157</b>
Second or without charge		<b>35</b>	<b>1</b>	<b>32</b>	<b>-</b>
<b>Total</b>		<b>77,465</b>	<b>2,981</b>	<b>51,711</b>	<b>1,586</b>

  

		<b>31 December 2016</b>			
		(NIS millions)			
		<b>Balance of housing loans</b>			
			<u>Of which:</u>	<u>Of which:</u>	<u>Off-balance</u>
			<u>bullet and</u>	<u>variable</u>	<u>sheet credit</u>
		<u>Total</u>	<u>balloon</u>	<u>interest</u>	<u>risk total</u>
First charge: rate of financing	Up to 60%	50,186	2,635	33,138	1,681
	Above 60%	28,459	766	20,073	216
Second or without charge		12	0	6	27
<b>Total</b>		<b>78,656</b>	<b>3,402</b>	<b>53,217</b>	<b>1,925</b>

(1) The ratio between the approved facility when the facility was granted and the value of the property, as approved by the Bank when the facility was granted.

## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### C. Credit to the public and off-balance sheet credit risk by size of debt per borrower

31 December 2017

Credit per borrower (NIS thousands)		Number of borrowers (c)	Credit (a) (NIS millions)	Off-balance sheet credit risk (a) (b)
From	To			
0	10	394,379	349	913
10	20	165,023	1,081	1,504
20	40	199,188	2,962	3,137
40	80	213,644	7,034	5,276
80	150	153,498	11,985	4,766
150	300	102,191	17,849	3,615
300	600	71,687	27,657	3,074
600	1,200	51,307	39,040	3,729
1,200	2,000	13,275	17,533	2,292
2,000	4,000	5,626	12,887	2,383
4,000	8,000	2,305	10,041	2,692
8,000	20,000	1,488	14,380	4,023
20,000	40,000	614	12,502	4,506
40,000	200,000	611	34,302	16,428
200,000	400,000	92	14,052	11,104
400,000	800,000	39	11,013	10,295
800,000	1,200,000	12	5,306	6,295
1,200,000	1,600,000	4	2,633	2,976
1,600,000	2,000,000	-	-	-
2,000,000	2,400,000	1	1,124	1,122
2,400,000	2,800,000	-	-	-
2,800,000	3,200,000	-	-	-
3,200,000	4,668,150	1	4,664	4
<b>Total</b>		<b>1,374,985</b>	<b>248,394</b>	<b>90,134</b>

(a) Before the effect of allowances for credit losses, and before the effect of collateral permitted for deduction for purposes of single borrower and group of borrowers' indebtedness; with the addition of the fair value of derivative instruments in the amount of NIS 3,846 million.

(b) Credit risk in off-balance sheet financial instruments as calculated for purposes of single borrower restrictions.

(c) Number of borrowers by total credit and credit risk.

#### General comments:

Commencing with a credit level of NIS 8,000 thousand, the classification is set out by the specific consolidation method; with respect to the other borrowers, credit has been classified by the category consolidation method.

The definition of "borrower" and the definition of debt, including off-balance sheet credit risk, are in accordance with the directives of the Banking Supervision Department for amendment of Proper Conduct of Banking Business Directive No. 313 - "Restrictions on the Debt of a Single Borrower and of a Group of Borrowers".



## Note 29 - Additional Information on Credit Risk, Credit to the Public, and the Allowance for Credit Losses

### C. Credit to the public and off-balance sheet credit risk by size of debt per borrower (cont'd)

31 December 2016

Credit per borrower (NIS thousands)		Number of borrowers (c)	Credit (a) (NIS millions)	Off-balance sheet credit risk (a) (b)
From	To			
0	10	417,801	271	897
10	20	161,420	1,055	1,407
20	40	199,693	2,907	3,091
40	80	212,820	6,897	5,318
80	150	149,338	11,492	4,762
150	300	93,905	16,078	3,578
300	600	67,811	26,099	3,080
600	1,200	53,705	40,790	4,090
1,200	2,000	14,366	19,119	2,423
2,000	4,000	5,916	13,492	2,540
4,000	8,000	2,258	9,814	2,592
8,000	20,000	1,474	13,979	4,188
20,000	40,000	565	11,663	4,214
40,000	200,000	596	34,393	16,345
200,000	400,000	83	12,429	10,175
400,000	800,000	42	9,805	13,164
800,000	1,200,000	10	4,931	4,734
1,200,000	1,600,000	1	869	432
1,600,000	2,000,000	2	2,890	789
2,000,000	2,400,000	-	-	-
2,400,000	2,800,000	-	-	-
2,800,000	3,200,000	-	-	-
3,200,000	3,672,537	1	3,669	3
<b>Total</b>		<b>1,381,807</b>	<b>242,642</b>	<b>87,822</b>

(a) Before the effect of allowances for credit losses, and before the effect of collateral permitted for deduction for purposes of single borrower and group of borrowers' indebtedness; with the addition of the fair value of derivative instruments in the amount of NIS 3,871 million.

(b) Credit risk in off-balance sheet financial instruments as calculated for purposes of single borrower restrictions.

(c) Number of borrowers by total credit and credit risk.

#### General comments:

Commencing with a credit level of NIS 8,000 thousand, the classification is set out by the specific consolidation method; with respect to the other borrowers, credit has been classified by the category consolidation method.

The definition of "borrower" and the definition of debt, including off-balance sheet credit risk, are in accordance with the directives of the Banking Supervision Department for amendment of Proper Conduct of Banking Business Directive No. 313 - "Restrictions on the Debt of a Single Borrower and of a Group of Borrowers".

## Note 30 - Assets and Liabilities Classified According to Linkage Basis - Bank

31 December 2017							
	Israeli Currency		Foreign Currency (a)				
	Unlinked	Linked to	IN U.S.		In other	Non-	
	NIS millions	the CPI	dollars	In Euro	currencies	monetary	Total
						items (b )	
<b>Assets</b>							
Cash and deposits with banks	71,655	-	6,320	1,675	1,466	106	81,222
Securities	34,506	3,132	24,696	4,469	1,084	3,029	70,916
Securities borrowed or purchased under agreement to resell	1,080	-	27	42	12	-	1,161
Credit to the public, net (c )	184,541	41,923	10,862	3,124	1,002	290	241,742
Credit to governments	27	102	543	43	-	-	715
Investments in companies included on equity basis	1,057	-	-	-	215	10,180	11,452
Buildings and equipment	-	-	-	-	-	2,495	2,495
Assets in respect of derivative instruments	5,795	113	890	574	196	1,965	9,533
Other assets	6,057	1	26	2	-	1,342	7,428
Total assets	304,718	45,271	43,364	9,929	3,975	19,407	426,664
<b>Liabilities</b>							
Deposits of the public	237,801	18,955	68,035	11,128	4,201	503	340,623
Deposits from banks	1,443	10	2,557	976	172	-	5,158
Deposits from governments	62	-	77	8	-	-	147
Securities loaned or sold under agreement to repurchase	509	-	2	3	-	44	558
Debentures, bonds and subordinated notes	4,039	11,538	-	-	-	-	15,577
Liabilities in respect of derivative instruments	6,030	211	787	524	240	1,886	9,678
Other liabilities	8,171	12,016	136	22	13	1,398	21,756
Total Liabilities	258,055	42,730	71,594	12,661	4,626	3,831	393,497
Of which: Earmarked deposits, net	-	-	-	-	-	-	-
Difference (d)	46,663	2,541	(28,230)	(2,732)	(651)	15,576	33,167
<b>Effect of derivative instruments that are not hedged:</b>							
Derivative instruments (except options)	(19,663)	(5,014)	25,389	1,238	(1,096)	(854)	-
Option in the money, net (in terms of underlying asset)	1,427	-	(2,175)	598	(31)	181	-
Options out of the money, net (in terms of underlying asset)	(1,263)	-	721	520	11	11	-
Total	27,164	(2,473)	(4,295)	(376)	(1,767)	14,914	33,167
<b>Effect of derivative instruments that are not hedged:</b>							
Option in the money, net (discounted par value)	1,587	-	(2,676)	845	(64)	308	-
Options out of the money, net (discounted par value)	(40)	-	(468)	391	62	55	-

(a) Including linked to foreign currency.

(b) Including derivative instruments whose underlying asset is a non-monetary item.

(c) After deduction of provision for credit losses which were attributable to the linkage basis, totaling NIS 2,811 million.

(d) Equity.

See the annual financial report for the consolidated note.

## Note 30 - Assets and Liabilities Classified According to Linkage Basis-Bank (cont'd)

31 December 2016							
	Israeli Currency			Foreign Currency (a)			
		Linked to	IN U.S.		In other	Non-	
	Unlinked	the CPI	dollars	In Euro	currencies	monetary	Total
	NIS millions						
Assets							
Cash and deposits with banks	63,300	247	8,054	1,227	263	285	73,376
Securities	35,292	3,701	25,815	2,914	1,463	1,041	70,226
Securities borrowed or purchased under agreement to resell	1,284	-	-	-	-	-	1,284
Credit to the public, net (c )	177,123	44,372	10,374	2,902	823	180	235,774
Credit to governments	57	149	382	54	-	-	642
Investments in companies included on equity basis	1,049	-	8	-	300	10,030	11,387
Buildings and equipment	-	-	-	-	-	2,576	2,576
Assets in respect of derivative instruments	5,601	98	2,984	260	99	1,535	10,577
Other assets	5,906	-	185	1	-	1,070	7,162
Total assets	289,612	48,567	47,802	7,358	2,948	16,717	413,004
Liabilities							
Deposits of the public	219,509	20,389	65,235	13,596	4,377	508	323,614
Deposits from banks	1,066	18	1,581	742	255	-	3,662
Deposits from governments	68	-	102	8	-	-	178
Securities loaned or sold under agreement to repurchase	534	-	5	-	-	-	539
Debentures, bonds and Subordinated notes	6,292	16,348	-	-	-	-	22,640
Liabilities in respect of derivative instruments	5,843	230	2,685	281	96	1,465	10,600
Other liabilities	8,388	10,612	276	21	1	1,126	20,424
Total liabilities	241,700	47,597	69,884	14,648	4,729	3,099	381,657
Of which: Earmarked deposits, net	-	-	-	-	-	-	-
Difference (d)	47,912	970	(22,082)	(7,290)	(1,781)	13,618	31,347
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	-	-	-	-	-	-	-
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	(26,243)	(1,469)	19,839	7,693	40	140	-
Option in the money, net (in terms of underlying asset)	1,424	-	(1,318)	(214)	(30)	138	-
Options out of the money, net (in terms of underlying asset)	642	-	(180)	(476)	14	-	-
Total	23,735	(499)	(3,741)	(287)	(1,757)	13,896	31,347
Effect of derivative instruments that are not hedged:							
Option in the money, net (discounted par value)	2,103	-	(2,014)	(253)	(37)	201	-
Options out of the money, net (discounted par value)	1,903	-	(500)	(1,446)	43	-	-

(a) Including linked to foreign currency.

(b) Including derivative instruments whose underlying asset is a non-monetary item.

(c) After deduction of provision for credit losses which were attributable to the linkage basis, totaling NIS 2,998 million.

(d) Equity.

## Note 31 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) - Bank

31 December 2017													
	Estimated future contractual cash flows										Balance sheet balance (d)		
	upon demand and up to a month (e)	one month to three months (e)	three months to one year (e)	one year to two years	two years to three years	three years to four years	four years to five years	five years to ten years	ten years to twenty years	over twenty years	Total cash flows	without fixed maturity (b) (e)	Contractual yield rate (g)
NIS millions													
<b>Israeli currency (c)</b>													
Assets	114,954	19,332	56,371	30,657	24,632	20,444	17,530	46,130	39,914	13,870	383,834	4,410	350,798
Liabilities	198,100	19,628	37,095	8,764	14,400	6,502	3,579	7,337	5,608	6,216	307,229	908	301,651
Difference	(83,146)	(296)	19,276	21,893	10,232	13,942	13,951	38,793	34,306	7,654	76,605	3,502	49,147
Derivative instruments (except options)	(11,375)	(7,594)	(7,754)	3,051	526	(830)	270	(279)	(33)	-	(24,018)	-	(24,343)
Options (in terms of underlying asset)	184	(526)	(962)	942	662	-	-	-	-	-	300	-	291
Difference After Effect of Derivatives instruments	(94,337)	(8,416)	10,560	25,886	11,420	13,112	14,221	38,514	34,273	7,654	52,887	3,502	25,095
<b>Foreign currency</b>													
Assets	14,296	2,895	15,853	4,034	3,859	2,794	3,185	8,707	3,353	1,249	60,225	1,936	56,459
Liabilities	66,329	7,755	11,923	1,706	164	190	147	301	(1)	1	88,515	38	88,011
Difference	(52,033)	(4,860)	3,930	2,328	3,695	2,604	3,038	8,406	3,354	1,248	(28,290)	1,898	(31,552)
Of which difference in \$	(46,307)	6,559	11,169	(3,882)	(6,465)	1,977	2,452	7,408	2,629	1,262	(23,198)	214	(27,098)
Of which: difference in respect of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative instruments (except options)	11,375	7,594	7,754	(3,051)	(526)	830	(270)	279	33	-	24,018	-	24,343
Options (in terms of underlying asset)	(184)	526	962	(942)	(662)	-	-	-	-	-	(300)	-	(291)
Difference After Effect of Derivatives instruments	(40,842)	3,260	12,646	(1,665)	2,507	3,434	2,768	8,685	3,387	1,248	(4,572)	1,898	(7,500)
<b>Total</b>													
Assets	129,250	22,227	72,224	34,691	28,492	23,238	20,714	54,837	43,267	15,119	444,059	6,346	407,257
Liabilities	264,430	27,383	49,018	10,470	14,564	6,692	3,726	7,638	5,607	6,217	395,745	945	389,662
Difference (f)	(135,180)	(5,156)	23,206	24,221	13,928	16,546	16,988	47,199	37,660	8,902	48,314	5,401	17,595
Of which: credit to the public	43,552	18,171	39,154	29,047	23,914	17,588	14,649	39,808	38,250	11,150	275,283	3,895	241,451
Of which: deposits of the public	250,957	25,859	46,078	7,240	3,153	2,920	2,729	2,415	493	-	341,844	-	340,120

(a) In this Note, forecast contractual future cash flows in respect of assets and liabilities are shown according to linkage basis, in accordance with the remaining contractual period to maturity of each cash flow. The data is presented after deduction of provisions for doubtful debts.

(b) Including overdue assets which amounts in the sum of NIS 597 million (31 December 2016- NIS 524 million)

(c) Including linkage foreign currency.

(d) As included in Note 30, "Assets and liabilities According to Linkage Basis".

(e) Credit with debitory account conditions is classified in accordance with the credit framework line of NIS 7.2 billion ( 31 December 2016 - NIS 7.6 billion) special credit in the amount of NIS 1.2 billion is classified without repayment date ( 31 December 2016 - NIS 0.9 billion) .

(f) The above difference does not necessarily reflect the exposure to interest and/or linkage basis.

(g) Contractual yield rate is the interest rate discounting future anticipated contractual cash flows reported in this Note to its balance sheet figure.

Note: Total off-balance sheet restricted liabilities against with short-term credit was granted in the Bank amount to NIS 4.46 billion ( 31 December 2016 - NIS 4.95 billion).

See the annual financial report for the consolidated note.

## Note 31 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) - Bank (cont'd)

31 December 2016														
Estimated future contractual cash flows												Balance sheet balance (d )		
Upon demand and up to one month (e)	One month to three (e)	Three months to one year (e)	One year to two	Two years to three	Three years to four	Four years to five	Five years to ten	Ten years to twenty	Over twenty years	Total	Without fixed maturity (b)(e)	Total	Contractual yield rate (g)	
NIS millions														
<b>Israeli currency (c)</b>														
Assets	104,339	21,980	52,857	29,566	26,100	19,709	18,343	47,139	40,073	13,938	374,044	4,719	340,049	2.42%
Liabilities	178,738	23,141	43,061	9,061	6,533	12,406	5,151	8,270	2,954	3,781	293,061	865	291,105	2.43%
Difference	(74,415)	(1,167)	9,853	20,505	19,568	7,303	13,192	38,869	37,119	10,157	80,983	3,842	48,969	
Derivative instruments (except options)	(13,312)	(605)	(14,313)	184	1,638	(465)	(790)	448	(147)	-	(27,361)	-	(27,712)	
Options (in terms of underlying asset)	34	205	124	193	920	708	-	-	-	-	2,184	-	2,066	
Difference After Effect of Derivative instruments	(87,692)	(1,567)	(4,336)	20,882	22,126	7,546	12,402	39,317	36,972	10,157	55,807	3,842	23,323	
<b>Foreign currency</b>														
Assets	12,568	9,377	10,113	7,651	3,458	4,082	2,156	9,688	2,952	1,084	63,129	1,794	56,238	1.55%
Liabilities	65,955	9,991	11,275	1,833	1,141	443	320	341	55	3	91,356	56	87,449	1.67%
Difference	(53,387)	(614)	(1,162)	5,818	2,316	3,640	1,836	9,347	2,897	1,081	(28,227)	1,738	(31,211)	
Of which difference in \$	(43,469)	2,234	(1,360)	1,919	4,451	2,607	1,552	8,531	2,344	822	(20,368)	1,627	(21,761)	
If which: difference in respect of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	
Derivative instruments (except options)	13,312	605	14,313	(184)	(1,638)	465	790	(448)	147	-	27,361	-	27,571	
Options (in terms of underlying asset)	(34)	(205)	(124)	(193)	(920)	(708)	-	-	-	-	(2,184)	-	(2,204)	
Difference After Effect of Derivative instruments	(40,110)	(214)	13,027	5,442	(242)	3,397	2,626	8,899	3,044	1,081	(3,050)	1,738	(5,844)	
<b>Total</b>														
Assets	116,908	31,357	62,970	37,217	29,558	23,792	20,499	56,827	43,024	15,022	437,173	6,514	396,287	2.28%
Liabilities	244,693	33,132	54,336	10,893	7,674	12,849	5,470	8,611	3,009	3,784	384,417	921	378,554	2.36%
Difference (f)	(127,801)	(1,782)	8,691	26,324	21,884	10,943	15,029	48,216	40,016	11,237	52,756	5,580	17,758	
Of which: credit to the public	41,160	18,279	36,534	28,820	22,899	18,477	13,852	40,744	38,719	11,698	271,180	3,598	235,551	3.33%
Of which: deposits of the public	232,708	30,579	42,776	8,208	4,359	1,552	1,778	2,644	554	-	325,158	98	323,106	0.92%

## Note 32a – Balances and Fair Value Assessments of Financial Instruments - Bank

31 December 2017						
	Book value	Fair value				
		level 1(1)	level 2 (1)	level 3 (1)	Total	
NIS millions						
Financial assets						
Cash and deposits with banks	81,222	70,479	8,096	2,749	81,324	
Securities (2)	70,916	48,102	21,354	1,460	70,916	
Securities borrowed or purchased under agreement to resell	1,161	1,161	-	-	1,161	
Credit to the public, net	241,742	2,324	60,320	177,658	240,302	
Credit to governments	715	-	8	740	748	
assets in respect of derivative instruments	9,533	1,113	7,307	1,113	9,533	
Other financial assets	1,310	1,155	-	156	1,311	
Total financial assets	406,599 (3)	124,334	97,085	183,876	405,295	
Financial liabilities						
Deposits of the public	340,623	2,139	232,755	106,736	341,630	
Deposits from banks	5,158	-	5,204	60	5,264	
Deposits from governments	147	-	89	72	161	
Securities loaned or sold under agreement to repurchase	558	555	-	3	558	
Debentures, bonds and subordinated notes	15,577	11,802	-	4,982	16,784	
liabilities in respect of derivative instruments	9,678	1,092	8,147	439	9,678	
Other financial liabilities	7,853	1,721	5,523	610	7,854	
Total financial liabilities	379,594 (3)	17,309	251,718	112,902	381,929	
Off balance financial instruments						
Deals in which the balance represents credit risk	344	-	-	344	344	
31 December 2016						
	Book value	Fair value				Total
		level 1 (1)	level 2 (1)	level 3 (1)		
NIS millions						
Financial assets						
Cash and deposits with banks	73,376	63,072	7,508	2,799	73,379	
Securities (2)	70,226	49,354	19,258	1,614	70,226	
Securities borrowed or purchased under agreement to resell	1,284	1,284	-	-	1,284	
Credit to the public, net	235,774	2,565	54,411	177,504	234,480	
Credit to governments	642	-	27	642	669	
assets in respect of derivative instruments	10,577	723	8,886	968	10,577	
Other financial assets	1,242	980	-	262	1,242	
Total financial assets	393,121 (3)	117,978	90,090	183,789	391,857	
Financial liabilities						
Deposits of the public	323,614	2,379	209,738	112,568	324,685	
Deposits from banks	3,662	-	3,571	92	3,663	
Deposits from governments	178	-	111	86	197	
Securities loaned or sold under agreement to repurchase	539	539	-	-	539	
Debentures, bonds and subordinated notes	22,640	17,794	12	6,119	23,925	
liabilities in respect of derivative instruments	10,600	724	9,468	408	10,600	
Other financial liabilities	7,737	1,746	5,294	698	7,738	
Total financial liabilities	368,970 (3)	23,182	228,194	119,971	371,347	
Off balance financial instruments						
Deals in which the balance represents credit risk	335	-	-	335	335	

- (1) Level 1 – Fair value measurements used in prices quoted in an active market.  
Level 2 – Fair value measurements used in other significant observed data.  
Level 3 – Fair value measurements used in non-significant observed data
- (2) For additional information on the balance sheet and fair value of securities, see security note.
- (3) Of which: assets and liabilities totaling NIS 108,796 million and NIS 197,199 million (31 December 2016 – NIS 109,474 million and NIS 174,493 million) respectively, where the book value is identical to fair value, (instruments for an original period of up to 3 months, for which use is made of the book value). For additional information on instruments that were measured at fair value on a recurring and non recurring basis, see notes 32d.

## Note 32b – Items Measured for Fair Value on a Recurring Basis- Bank

### A. instruments being measured by fair value over a repeated basis.

31 December 2017				
	Fair Value Measurements using			
	Prices quoted in an active market (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Book Value
NIS millions				
<b>Assets</b>				
<b>Securities available for sale:</b>				
Israeli government bonds	34,195	2,020	-	36,215
Foreign government bonds	7,535	3,055	-	10,590
Bonds of Israeli financial institutions	-	11	-	11
Bonds of financial institutions abroad	-	9,593	-	9,593
MBS/ABS	-	3,731	1,369	5,100
Others in Israel	3	68	-	71
Others abroad	-	2,203	-	2,203
Shares available for sale	1,702	-	-	1,702
<b>Total securities available for sale</b>	<b>43,435</b>	<b>20,681</b>	<b>1,369</b>	<b>65,485</b>
<b>Securities held for trading:</b>				
Bonds held for trading	3,431	674	-	4,105
Shares held for trading	1,235	-	-	1,235
<b>Total securities held for trading</b>	<b>4,666</b>	<b>674</b>	<b>-</b>	<b>5,340</b>
<b>Assets in respect of derivative financial instruments:</b>				
Shekel-index contracts	-	149	166	315
Interest contracts	30	3,826	266	4,122
Foreign currency contracts	-	2,192	616	2,808
Contracts in respect of shares	669	1,113	63	1,845
Commodities and other contracts	3	26	3	32
Maof market activity	411	-	-	411
<b>Total assets in respect of derivative financial instruments</b>	<b>1,113</b>	<b>7,306</b>	<b>1,114</b>	<b>9,533</b>
<b>Others</b>				
Credit and deposits in respect of lending of securities	2,473	-	-	2,473
Others	2,316	7	-	2,323
<b>Total Assets</b>	<b>54,003</b>	<b>28,668</b>	<b>2,483</b>	<b>85,154</b>
<b>Liabilities:</b>				
Shekel-index contracts	-	176	255	431
Interest contracts	29	3,780	-	3,809
Foreign currency contracts	-	2,990	184	3,174
Contracts in respect of shares	663	1,179	-	1,842
Commodities and other contracts	3	22	-	25
Maof market activity	395	-	-	395
<b>Total liabilities in respect of derivative financial instruments</b>	<b>1,090</b>	<b>8,147</b>	<b>439</b>	<b>9,676</b>
<b>Others</b>				
Deposits in respect of lending of securities	2,219	14	44	2,277
Others	2,277	-	3	2,280
<b>Total Liabilities</b>	<b>5,586</b>	<b>8,161</b>	<b>486</b>	<b>14,233</b>

See the annual financial report for the consolidated note.

## Note 32B – Items Measured for Fair Value on a Recurring Basis-Bank(cont'd)

### A. instruments being measured by fair value over a repeated basis (cont'd)

	31 December 2016			
	Fair Value Measurements using			
	Prices quoted in an active market (level 1)	other significant observable in inputs (level 2)	significant unobservable inputs (level 3)	Book Value
	NIS Millions			
<b>Assets:</b>				
<b>Securities available for sale:</b>				
Israeli government bonds	33,309	1,551	-	34,860
Foreign government bonds	9,364	1,456	-	10,820
Corporate bonds in Israel	-	23	-	23
Corporate bonds abroad	-	7,400	-	7,400
MBS/ABS	-	4,115	1,426	5,541
Others in Israel	68	228	-	296
Others abroad	-	1,882	-	1,882
Shares available for sale	851	-	-	851
Total securities available for sale	43,592	16,655	1,426	61,673
<b>Securities held for trading:</b>				
Bonds held for trading	5,761	2,604	-	8,365
Shares held for trading	1	-	-	1
Total securities held for trading	5,762	2,604	-	8,366
<b>Assets in respect of derivative financial instruments:</b>				
Shekel-index contracts	-	137	202	339
Interest contracts	33	5,460	130	5,623
Foreign currency contracts	1	2,315	575	2,891
Contracts in respect of shares	432	958	57	1,447
Commodities and other contracts	6	15	3	24
Maof market activity	253	-	-	253
Total assets in respect of derivative financial instruments	725	8,885	967	10,577
<b>Others</b>				
Credit and deposits in respect of lending of securities	2,522	5	-	2,527
Others	2,264	-	-	2,264
<b>Total Assets</b>	<b>54,865</b>	<b>28,149</b>	<b>2,393</b>	<b>85,407</b>
<b>Liabilities:</b>				
<b>Liabilities in respect of derivative financial instruments:</b>				
Shekel-index contracts	-	238	162	400
Interest contracts	32	5,230	-	5,262
Foreign currency contracts	1	3,002	246	3,249
Contracts in respect of shares	432	983	-	1,415
Commodities and other contracts	6	15	-	21
Maof market activity	252	-	-	252
Total liabilities in respect of derivative financial instruments	723	9,468	408	10,599
<b>Others</b>				
Deposits in respect of lending of securities	2,379	16	34	2,429
Others	2,285	-	-	2,285
<b>Total Liabilities</b>	<b>5,387</b>	<b>9,484</b>	<b>442</b>	<b>15,313</b>



## Note 32B – Items Measured for Fair Value on a Recurring Basis (cont'd)Bank

### B. instruments being measured by fair value over a repeated basis

31 December 2017				
	Fair Value Measurements using			
	Prices quoted in	other significant	Significant	Total
	an active market	observable in	unobservable	fair value
	(level 1 )	inputs (level 2)	inputs (level 3)	
NIS Millions				
Collateral-dependent impaired credit	-	-	311	311
Other Assets	-	-	-	-
Total	-	-	311	311

  

31 December 2016				
	Fair Value Measurements using			
	Prices quoted in	other significant	Significant	Total
	an active market	observable in	unobservable	fair value
	(level 1 )	inputs (level 2)	inputs (level 3)	
NIS Millions				
Collateral-dependent impaired credit	-	-	724	724
Other Assets	-	-	-	-
Total	-	-	724	724

**Note 32c – Changes in items measured for fair value on a recurring basis included in Level 3 - Bank**

<b>31 December 2017</b>								
Changes in items measured for fair value included in level 3								
	Fair value at Beginning of the year	Total realized and un-realized profits(losses)	In overall profit after discount	Acquisition Sales	Extinguishment: level 3	Transfers to/from December	Fair value at 31 December 2017	Unrealized profit/loss from instruments held 31 December 2017
NIS Millions								
<b>Assets:</b>								
<b>Bonds Available for sale:</b>								
MBS \ ABS	1,426	(61)	(10)	887	-	(873)	-	1,369 (1)
<b>Assets in respect of derivative financial instruments:</b>								
Shekel-index contracts	202	(25)	-	-	-	(11)	166	10
Interest contracts	130	329	-	-	(193)	-	266	154
Foreign currency contracts	575	(532)	-	573	-	-	616	505
Contracts in respect of shares	57	6	-	-	-	-	63	43
Commodities and other contracts	3	-	-	-	-	-	3	3
Total assets in respect of derivative financial instruments	967	(222)	-	573	(193)	(11)	1,114	715
<b>Total assets</b>	<b>2,393</b>	<b>(283)</b>	<b>(10)</b>	<b>1,460</b>	<b>-</b>	<b>(1,066)</b>	<b>(11)</b>	<b>2,483 714</b>
<b>Liabilities:</b>								
<b>Liabilities in respect of derivative financial instruments:</b>								
Shekel-index contracts	162	73	-	-	-	20	255	114
Foreign currency contracts	245	(61)	-	-	-	-	184	(26)
Total liabilities in respect of derivative financial instruments	407	12	-	-	-	20	439	88
<b>Other</b>	<b>34</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>27</b>
<b>Total liabilities</b>	<b>441</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>486</b>	<b>115</b>

**Note 32c – Changes in items measured for fair value on a recurring basis included in Level 3-Bank(cont'd)**

31 December 2016									
Changes in items measured for fair value included in level 3									
	Fair value at Beginning of the year	Total realized and un-realized profits(losses)	In overall profit after discount	Acquisition	Sales	Extinguishments	Transfers to/from level 3	Fair value at 31 December 2016	Unrealized profit/loss from instruments held 31 December 2016
NIS Millions									
<b>Assets:</b>									
<b>Bonds Available for sale:</b>									
MBS \ ABS	1,999	(61)	10	134	(378)	(278)	-	1,426	14
<b>Assets in respect of derivative financial instruments:</b>									
Shekel-index contracts	174	19	-	-	-	-	9	202	32
Interest contracts	297	(4)	-	-	-	(163)	-	130	(160)
Foreign currency contracts	770	(768)	-	573	-	-	-	575	299
Contracts in respect of shares	127	(70)	-	-	-	-	-	57	36
Commodities and other contracts	33	(30)	-	-	-	-	-	3	1
<b>Total assets in respect of derivative financial instruments</b>	<b>1,401</b>	<b>(853)</b>	<b>-</b>	<b>573</b>	<b>-</b>	<b>(163)</b>	<b>9</b>	<b>967</b>	<b>208</b>
<b>Total Assets</b>	<b>3,400</b>	<b>(914)</b>	<b>10</b>	<b>707</b>	<b>(378)</b>	<b>(441)</b>	<b>9</b>	<b>2,393</b>	<b>222</b>
<b>Liabilities:</b>									
<b>Liabilities in respect of derivative financial instruments:</b>									
Shekel-index contracts	53	110	-	-	-	-	(1)	162	159
Foreign currency contracts	199	47	-	-	-	-	-	246	56
<b>Total liabilities in respect of derivative financial instruments</b>	<b>252</b>	<b>157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>408</b>	<b>215</b>
<b>other</b>	<b>13</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>34</b>
<b>Total Liabilities</b>	<b>265</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>442</b>	<b>249</b>

# Statement of Cash Flows - Bank

## For the year ended 31 December 2017

	2017	2016	2015
	(NIS millions)		
<b>Cash flows generated by operating activity</b>			
Net profit for the year	3,172	2,791	2,835
<b>Adjustments:</b>			
Group share in undistributed gains (losses) of companies included on equity basis (a)	(526)	(176)	(13)
Expenses deriving from share-based payment transactions	-	10	10
Depreciation of buildings and equipment (including impairment)	501	520	488
Provision for impairment of shares available for sale	11	-	-
Expenses in respect of credit losses	44	(160)	149
Provision for impairment in assets transferred to group ownership	1	-	1
Net gains on sale of securities available for sale (including impairment)	(128)	(753)	(245)
Realized and unrealized gain from adjustment to fair value of securities held for trading	50	116	(65)
Loss (gain) on realization of investment in companies included on equity basis	-	17	(522)
Loss (gain) on realization of buildings and equipment	(278)	(66)	(92)
Extraordinary provisions (elimination of provisions) in connection with fixed assets after taxes	(6)	-	2
Interest received in excess of accumulated interest (not yet received) for debentures available for sale	93	297	99
Interest not yet paid for debentures and subordinated notes	671	781	699
Effect of exchange differentials on cash and deposits with banks for period not exceeding three months	603	351	(91)
Deferred taxes, net	(226)	(80)	(305)
Severance pay and pension - increase in excess of provision over amount funded (b)	(1,182)	252	340
Profit on sale of loan portfolios	(9)	(44)	(11)
Other, net	12	85	28
<b>Net change in current assets:</b>			
Deposits in banks for an original period of more than three months	(1,611)	636	1,147
Credit to the public (b)	(6,168)	(1,899)	(9,808)
Credit to the government	(73)	(189)	24
Securities borrowed or purchased under agreements to resell	123	480	236
Assets in respect of derivative instruments	1,044	596	5,529
Securities held for trading	2,979	3,434	754
Other assets	(66)	(489)	(398)
<b>Net change in current liabilities:</b>			
Deposits from banks	1,496	(3,041)	(2,186)
Deposits of the public	17,254	18,282	30,665
Deposits from governments	(31)	32	23
Securities lent or sold under agreements to repurchase	19	(399)	(300)
Liabilities in respect of derivative instruments	(888)	(326)	(4,451)
Other liabilities	1,330	1,015	664
<b>Net cash generated by operating activity</b>	<b>18,210</b>	<b>22,073</b>	<b>25,206</b>

(a) Not including profits (losses) of companies included on equity basis, as required under generally accepted accounting principles in Israel.

(b) Reclassified.

## Statement of Cash Flows (cont'd)

For the year ended 31 December 2017

	2017	2016	2015
	(NIS millions)		
<b>Cash flows generated by investment activity</b>			
Acquisition of securities available for sale	(88,150)	(89,643)	(78,007)
Proceeds from sale of securities available for sale	41,410	35,161	30,132
Proceeds from redemption of securities available for sale	43,318	44,223	27,827
Acquisition of shares in companies included on equity basis	(39)	(4)	(75)
Proceeds from realization of investment in companies included on equity basis	155	-	707
Net decrease (increase) in capital notes of investee companies	89	409	89
Acquisition of buildings and equipment	(518)	(785)	(658)
Proceeds from realization of buildings and equipment	314	88	129
Proceeds of sale of loan portfolios	65	2,589	317
Change in cash resulting from merger of Leeumi Mortgage and Maalot (b)	347	200	59
<b>Net cash for investment activity</b>	<b>(3,009)</b>	<b>(7,762)</b>	<b>(19,480)</b>

(b) Reclassified.

## Statement of Cash Flows (cont'd)

For the year ended 31 December 2017

	2017	2016	2015
	(NIS millions)		
<b>Cash flows generated by financing activity</b>			
Issue of debentures and subordinated notes (b)	-	4,443	2,606
Redemption of debentures and subordinated notes (b)	(7,734)	(3,892)	(5,667)
Loans to employees for purchase of the Bank's shares	(627)	-	42
<b>Net, cash flows generated by financing activity</b>	<b>(8,361)</b>	<b>551</b>	<b>(3,019)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>6,840</b>	<b>14,862</b>	<b>2,707</b>
<b>Balance of cash and cash equivalents at beginning of year</b>	<b>70,454</b>	<b>55,943</b>	<b>53,145</b>
<b>Effect of movements in exchange rates on cash balances and cash equivalents</b>	<b>(603)</b>	<b>(351)</b>	<b>91</b>
<b>Balance of cash and cash equivalents at end of year</b>	<b>76,691</b>	<b>70,454</b>	<b>55,943</b>
	2017	2016	2015
	(NIS millions)		
Interest received	8,753	8,624	8,350
Interest paid	(2,284)	(2,875)	(3,060)
Dividend received	5	13	973
Taxes paid on income	(1,651)	(1,473)	(1,133)

(b) Reclassified.

### Appendix C – Non-cash investment and financing transactions in the reporting period:

#### 2017

On April 6, 2017, the Bank issued PSUs. As a result, NIS 10 million were reclassified from Other liabilities to Share-based payment transactions reserve.

#### 2016

During the year, shares were issued against the conversion of rights that accumulated to the benefit of the employees in the amount of NIS 636 million.