

Bank Leumi le-Israel L.T.D.

**Additional Information to the
Annual Consolidated Reports**

2018

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Note 2 - Interest Income and Expenses

| | Bank | | |
|---|----------------|---------|---------|
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| A. Interest Income (a) | | | |
| Credit to the public | 8,500 | 7,954 | 7,532 |
| Credit to governments | 33 | 25 | 18 |
| Deposits with banks | 164 | 105 | 83 |
| Deposits with Bank of Israel and cash | 56 | 47 | 36 |
| Interest income from securities borrowed or purchased under agreements to resell | 2 | 3 | 3 |
| Bonds (b) | 871 | 561 | 627 |
| Total Interest Income | 9,626 | 8,695 | 8,299 |
| B. Interest Expenses(a) | | | |
| Deposits of the public | (1,601) | (1,199) | (1,103) |
| Deposits from governments | (3) | (3) | (4) |
| Deposits from banks | (21) | (15) | (7) |
| Debentures, bonds and subordinated notes | (572) | (672) | (781) |
| Interest expense from securities loaned or sold under agreements to repurchase | (2) | (3) | (3) |
| Total Interest Expenses | (2,199) | (1,892) | (1,898) |
| Total included in interest income | 7,427 | 6,803 | 6,401 |
| C. Details of the net effect of hedging derivative financial instruments on interest income and expenses (c) | | | |
| Interest income | 7 | (16) | (42) |
| D. Details of interest income on accrual basis from bonds | | | |
| Held to maturity | 65 | 17 | 32 |
| Available for sale | 769 | 497 | 536 |
| Held for trading | 37 | 47 | 59 |
| Total included in interest income | 871 | 561 | 627 |

(a) Including effective component of hedge relationships.

(b) Including interest in respect of mortgage-backed bonds (MBS) in the amount of NIS 104 million (2017 - NIS 109 million, 2016 - NIS 121 million).

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

Note 3 - Non-Interest Financing Income

| | Bank | | |
|--|----------------|---------|-------|
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| A. Non-interest financing income from activities not for trading purposes | | | |
| A.1 From activities in derivative instruments | | | |
| Net Income (expenses) in respect of ALM derivative instruments (a) | 2,462 | (1,766) | (241) |
| Total from activities in derivative instruments | 2,462 | (1,766) | (241) |
| A.2 From investment in bonds | | | |
| Gains on sale of debentures available for sale | 54 | 153 | 385 |
| Losses on sale of debentures available for sale(h) | (71) | (45) | (30) |
| Total from investment in debentures | (17) | 108 | 355 |
| A.3 Exchange rate differentials ,net | (2,310) | 2,519 | 886 |
| A.4 Gains (losses) on investment in shares | | | |
| Gains from sale of shares available for sale (b) | 197 | 24 | 453 |
| Losses from sale of shares available for sale (c) | (2) | (15) | (55) |
| Gain from sale of shares in holding companies | 7 | - | - |
| Losses from sale of shares in holding companies | (1) | (15) | (17) |
| Dividend from shares available for sale | 5 | 3 | 5 |
| Total from investment in shares | 206 | (3) | 386 |
| A.5 Net profits in respect of loans sold | - | 9 | 44 |
| Total non-interest financing income in respect of activities not for trading purposes | 341 | 867 | 1,430 |
| B. Non-interest financing income from activities for trading purposes (d) | | | |
| Net income (expenses) in respect of other derivative instruments | - | - | - |
| Realized and unrealized profits (losses) from fair value adjustment of bonds for trading, net (e) | (27) | (80) | (84) |
| Realized and unrealized profits (losses) from fair value adjustment of shares for trading, net (f) | 85 | 30 | (32) |
| Total non-interest financing income in respect of activities for trading purposes (g) | 58 | (50) | (116) |
| Total income from Non-Interest Financing | 399 | 817 | 1,314 |

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

(b) Including due to gain of NIS 64 million on the sale of Orom, sale of Tel Aviv Stock Exchange shares totaling NIS 46 million (2017 - mainly includes a NIS 14 million gain on the sale of Kenon, 2016 - mainly including gains on proceeds from Visa totaling NIS 343 million and a NIS 87 million gain in respect of the Israel Corporation.)

(c) Including provisions for impairment relating to bonds available for sale in the amount of NIS 1 million (2017 – NIS 11 million, 2016– NIS 6 million).

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

(e) Of which part of the profits (losses) of NIS (23) million (2017 - NIS 23 million, 2016 - NIS 8 million) relating to bonds held for trading still held as of balance sheet date.

(f) Of which part of the profits (losses) of NIS 0 million (2017- NIS (15) million, 2016-NIS 0 million) 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.

(h) including provisions for impairment in amount of NIS 19 million (2017 - NIS 3 million, 2016 - NIS 3 million)

Note 4 - Commissions

| | Bank | | |
|---|----------------|---------|---------|
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| Ledger fees | 634 | 626 | 632 |
| Conversion differences | 354 | 332 | 320 |
| Handling of credit | 175 | 175 | 172 |
| Commissions for distribution of financial products (a) | 243 | 237 (c) | 217 (c) |
| Foreign trade activities | 118 | 124 | 127 |
| Income from transactions in securities and certain derivative instruments (b) | 588 | 549 | 512 |
| Credit cards | 300 | 277 | 255 |
| Management fees and commission on life insurance and home insurance | 5 | 7 (c) | 7 (c) |
| Net income from servicing credit portfolios | 12 | 14 | 16 |
| Commissions on financing transactions | 431 | 432 (c) | 424 (c) |
| Other commissions | 90 | 88 | 90 |
| Total operating commissions | 2,950 | 2,861 | 2,772 |

(a) Mainly distribution fees of mutual funds.

(b) Including fees and commissions from underwriting activity

(c) Reclassified

Note 5 - Other Income

| | Bank | | |
|--|----------------|---------|------|
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| Profit from the realization of assets received for settlement of loans | - | - | 1 |
| Income from mutual funds | 4 | 36 | 27 |
| Capital gain from sale of buildings and equipment | 43 | 301 (a) | 87 |
| Capital loss from sale of buildings and equipment | (5) | - | (2) |
| Other, net | 4 | 4 | 8 |
| Total other income | 46 | 341 | 121 |

(a) Including gain on sale of main branch building in Tel Aviv for a total of NIS 265 million in 2017.

Note 6 - Salaries and Related Expenses

| | Bank | | |
|--|----------------|--------|-----------|
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| Salaries | 2,436 | 2,543 | 2,785 (c) |
| Expenses deriving from share-based payment transactions | 40 | - | 10 |
| Severance pay, provident fund, training fund, pension, vacation and long service bonus | 228 | 221 | 237 |
| Long-term - Jubilee benefits | (5) | (14) | (90) |
| National Insurance and VAT on salaries | 635 | 642 | 710 |
| Special benefits in respect of dismissal (a)(b) | - | - | - |
| Defined benefit | 142 | 146 | 159 (c) |
| Defined deposit | 133 | 122 | 116 |
| Other post-employment benefits and non-pension post retirement benefits (a) | 3 | 17 (c) | (9) (c) |
| Total salaries and related expenses | 3,612 | 3,677 | 3,918 |
| 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

| | Bank | | |
|--|----------------|---------|---------|
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| Pension expenses, defined benefit, excluding service cost | 675 | 687 (d) | 648 (d) |
| Marketing and advertising | 173 | 179 | 148 |
| Legal, audit and professional consultants | 173 | 177 | 205 (d) |
| Communications - postage, telephone, delivery services, etc. | 121 | 116 | 118 |
| Computers (a) | 51 | 41 | 34 (d) |
| Office expenses | 32 | 37 | 40 |
| Insurance | 18 | 28 (d) | 27 (d) |
| Training | 10 | 16 | 19 |
| Commissions | 122 | 117 | 117 |
| Loss in respect of assets received in settlement of loans | 1 | 1 | - |
| Other (b) | 297 | 274 | 89 (c) |
| Total other expenses | 1,673 | 1,673 | 1,445 |

(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

| | 2018 | 2017 | 2016 |
|---|----------------|-----------|-----------|
| | (NIS millions) | | |
| Current taxes: | | | |
| In respect of current year | 1,187 | 1,787 (a) | 1,423 (a) |
| In respect of prior years | (68) | (95) | 49 |
| Total current taxes | 1,119 | 1,692 | 1,472 |
| Including (less) changes in deferred taxes: | | | |
| In respect of current year | 252 | (238) (a) | (341) (a) |
| In respect of prior years | - | - | 299 |
| Total changes in deferred taxes (1) | 252 | (238) | (42) |
| Tax expense on income | 1,371 | 1,454 | 1,430 |
| Of which provision for taxes abroad | - | - | - |

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

| | 2018 | 2017 | 2016 |
|--|----------------|-----------|-----------|
| | (NIS millions) | | |
| Deferred tax Income (expenses) before impact of the following items: | 252 | (207) (a) | (341) (a) |
| Increase in carry forward deductions for tax purposes | - | - | - |
| Impact of changes to tax-related rules | - | - | 299 |

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) | 252 | (238) | (42) |

(a) Restated

B. Reconciliation between the theoretical amount of tax amount and the tax provision

| | 2018 | 2017 | 2016 |
|--|--------------|--------|--------|
| Statutory tax rate applying to a banking corporation | 34.19% | 35.04% | 35.90% |
| | NIS millions | | |
| Tax at the statutory tax rate | 1,339 | 1,435 | 1,450 |
| Tax (tax saving) resulting from: | | | |
| Income of foreign consolidated companies | 3 | 7 | - |
| Tax exempt and at preferred rates | - | (5) | (101) |
| Depreciation differences, depreciation adjustment and capital gain | (22) | (35) | (46) |
| Other non-deductible expenses | 17 | 34 | 30 |
| Timing differences for which deferred taxes have not been recorded | (40) | - | (300) |
| Income of Israeli consolidated companies | 62 | 40 | (5) |
| Change in deferred taxes due to change in tax rates | - | 11 | 299 |
| Taxes in respect of prior years | (68) | (95) | 49 |
| Change in the balance of provision for deferred-tax asset | - | (31) | - |
| Other | 80 | 93 | 54 |
| Provision for taxes on operating profit | 1,371 | 1,454 | 1,430 |

See the annual financial report for the consolidated note.

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

C. Components of deferred tax assets and deferred tax liabilities are as follows:

| | <u>Balance as at</u> <u>December 31 2017</u> | <u>Changes</u> <u>carried to</u> <u>profit and</u> | <u>Effect of change in</u> <u>tax rate carried to</u> <u>profit and loss</u> | <u>Changes</u> <u>recognized</u> <u>in equity</u> | <u>Effect of</u> <u>change in</u> <u>tax rate</u> | <u>Changes</u> <u>carried to</u> <u>other</u> | <u>Other</u> | <u>Balance as at</u> <u>December 31 2018</u> | <u>Average tax</u> <u>rate in 2018</u> <u>(% in)</u> |
|---|---|--|--|---|---|---|--------------|---|--|
| Deferred tax assets | | | | | | | | | |
| From allowance for credit losses | (a) 1,164 | 42 | - | - | - | - | - | 1,206 | 34% |
| From provision for unutilized vacations and long service bonuses | 354 | (145) | - | - | - | - | - | 209 | 34% |
| From excess of provision for severance pay and pension over funds allocated | 3,725 | 96 | - | (618) | - | - | - | 3,203 | 34% |
| From interest not credited to current income | 4 | (1) | - | - | - | - | - | 3 | 34% |
| Tax credit & losses carried forward for tax purposes | 231 | (70) | - | - | - | - | - | 161 | 18% |
| From activity abroad | - | - | - | - | - | - | - | - | |
| From securities | - | (187) | - | 187 | - | - | - | - | |
| Property, plant & equipment and leases | - | - | - | - | - | - | - | - | |
| Other – from non-monetary assets | 45 | (4) | - | - | - | - | - | 41 | 14% |
| Gross balance of deferred tax assets | 5,523 | (269) | - | (431) | - | - | - | 4,823 | |
| Provision for deferred tax asset | (200) | 73 | - | - | - | - | - | (127) | |
| Balance of deferred taxes net of provision for deferred taxes | 5,323 | (196) | - | (431) | - | - | - | 4,696 | |
| Offsettable balances ^(b) | (74) | | | | | | | (134) | |
| Balance of deferred taxes net of provision for deferred taxes | 5,249 | | | | | | | 4,562 | |
| Deferred tax liabilities | | | | | | | | | |
| From securities | - | - | - | - | - | - | - | - | |
| From investments in investee companies | (71) | (43) | - | - | - | - | - | (114) | 11% |
| Tax credit & losses carried forward for tax purposes | - | - | - | - | - | - | - | - | |
| From the adjustment of depreciable non-monetary assets | (73) | (16) | - | - | - | - | - | (89) | 24% |
| Other from monetary items | - | - | - | - | - | - | - | - | |
| Other – from non-monetary assets | (9) | 3 | - | - | - | - | - | (6) | 14% |
| Balance of gross deferred tax liabilities | (153) | (56) | - | - | - | - | - | (209) | |
| Offsettable balances ^(b) | (74) | | | | | | | (134) | |
| Balance of deferred tax liabilities | (79) | | | | | | | (75) | |
| Deferred taxes, net | 5,170 | (252) | - | (431) | - | - | - | 4,487 | |

(a) Restated.

(b) Deferred tax balances are presented in the standalone balance sheet according to the net balance's classification in the Bank's books of accounts.

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

C. Movement in deferred tax assets and liabilities relating to the following items:

| | Balance as at December 31 2016 | Changes carried to profit and loss | Effect of change in tax rate carried to profit and loss | Changes recognized in equity | change in tax rate carried to | carried to other comprehensiv | Other | Balance as at December 31 2017 | Average tax rate in 2017 (% in) |
|---|--------------------------------------|---------------------------------------|---|------------------------------------|-------------------------------------|-------------------------------------|----------|--------------------------------------|---------------------------------------|
| Deferred tax assets | | | | | | | | | |
| From allowance for credit losses ^(a) | 1,133 | 31 | - | - | - | - | - | 1,164 | 34% |
| From provision for unutilized vacations and long service bonuses | 363 | (9) | - | - | - | - | - | 354 | 34% |
| From excess of provision for severance pay and pension over funds allocated | 3,159 | 169 | - | 397 | - | - | - | 3,725 | 34% |
| From interest not credited to current income | 4 | - | - | - | - | - | - | 4 | 34% |
| Tax credit & losses carried forward for tax purposes | 382 | (151) | - | - | - | - | - | 231 | 24% |
| From activity abroad | 5 | (5) | - | - | - | - | - | - | |
| From securities | - | - | - | - | - | - | - | - | |
| Property, plant & equipment and leases | 5 | (5) | - | - | - | - | - | - | |
| Other – from non-monetary assets | 43 | 2 | - | - | - | - | - | 45 | 16% |
| Gross balance of deferred tax assets | 5,094 | 32 | - | 397 | - | - | - | 5,523 | |
| Provision for deferred tax asset | (382) | 182 | - | - | - | - | - | (200) | |
| Balance of deferred taxes net of provision for deferred taxes | 4,712 | 214 | - | 397 | - | - | - | 5,323 | |
| Offsettable balances ^(b) | (22) | - | - | - | - | - | - | (74) | |
| Balance of deferred taxes net of provision for deferred taxes | 4,690 | | | | | | | 5,249 | |
| Deferred tax liabilities | | | | | | | | | |
| From securities | - | 74 | - | (74) | - | - | - | - | |
| From investments in investee companies | (16) | (55) | - | - | - | - | - | (71) | 11% |
| Tax credit & losses carried forward for tax purposes | (3) | 3 | - | - | - | - | - | - | |
| From the adjustment of depreciable non-monetary assets | (75) | 2 | - | - | - | - | - | (73) | 24% |
| Other from monetary items | - | - | - | - | - | - | - | - | |
| Other – from non-monetary assets | (9) | - | - | - | - | - | - | (9) | 16% |
| Balance of gross deferred tax liabilities | (103) | 24 | - | (74) | - | - | - | (153) | |
| Offsettable balances ^(b) | (22) | - | - | - | - | - | - | (74) | |
| Balance of deferred tax liabilities | (81) | | | | | | | (79) | |
| Deferred taxes, net | 4,609 | 238 | - | 323 | - | - | - | 5,170 | |

(a) Restated.

(b) Deferred tax balances are presented in the standalone balance sheet according to the net balance's classification in the Bank's books of accounts.

Note 8 - Provision for Taxes on Operating

(d) Carryforward tax losses and tax credits

| As at December 31 2018 | | | | | |
|---------------------------------|----------------------------|--|---|------------------------------|----------------------------------|
| | <u>Deferred tax assets</u> | <u>Provision for deferred tax assets</u> | <u>Deferred tax assets, net</u> | <u>Accumul ated loss</u> | <u>First expiry year</u> |
| Losses for tax purposes: | | | | | |
| The Bank | - | - | - | - | - |
| Tax credits: | | | | | |
| The Bank | 161 | (127) | 34 | - | - |
| As at December 31 2017 | | | | | |
| | <u>Deferred tax assets</u> | <u>Provision for deferred tax assets</u> | <u>Deferred tax assets, net</u> | <u>Accumul ated loss</u> | <u>First expiry year</u> |
| Losses for tax purposes: | | | | | |
| The Bank | - | - | - | - | - |
| Tax credits: | | | | | |
| The Bank | 231 | (200) | 31 | - | - |

Note 11 - Cash and Deposits with Banks - Bank

| | 31 December 2018 | 31 December 2017 |
|--|-------------------------|------------------|
| | NIS millions | |
| Cash and deposits with central banks | 66,440 | 70,186 |
| Deposits with commercial banks (a) | 15,958 | 11,036 |
| Total (b) | 82,398 | 81,222 |
| Including: cash and deposits with central and commercial banks for original periods not exceeding three months | 72,539 | 76,691 |

(a) Net of the allowance for credit losses.

(b) Of which pledged cash in the amount of NIS 4,949 million (31 December 2017 – NIS 1,635 million).

See the annual financial report for the consolidated note.

Note 12 - Securities - Bank

| 31 December 2018 | | | | | | 31 December 2017 | | | | | |
|--|----------------------------------|--|---|---|-------------------|----------------------------------|---|---|---|-------------------|--|
| | Amount in balance sheet | Amortized cost (In shares cost) | Unrecognized profit from adjustments to fair value | Unrecognized losses from adjustments to fair value | Fair value (a) | Amount in balance sheet | Amortized cost (In shares cost) | Unrecognized profit from adjustments to fair value | Unrecognized losses from adjustments to fair value | Fair value (a) | |
| | NIS millions | | | | | NIS millions | | | | | |
| 1. Debentures held to maturity: | | | | | | | | | | | |
| Debentures and bonds- | | | | | | | | | | | |
| The Government of Israel | 2,296 | 2,296 | 14 | (3) | 2,307 | - | - | - | - | - | |
| Foreign governments | - | - | - | - | - | - | - | - | - | - | |
| Financial institutes in Israel | - | - | - | - | - | - | - | - | - | - | |
| Financial institutes Foreigners | - | - | - | - | - | - | - | - | - | - | |
| Asset-backed (ABS) or Mortgage-backed securities (MBS) | 1,279 | 1,279 | 4 | (3) | 1,280 | - | - | - | - | - | |
| Other in Israel | - | - | - | - | - | - | - | - | - | - | |
| Other foreigners | - | - | - | - | - | - | - | - | - | - | |
| Total debentures held to maturity | 3,575 | 3,575 | 18 | (6) | 3,587 | - | - | - | - | - | |
| | Amount in balance sheet | Amortized cost (In shares cost) | Accumulated other comprehensive income (loss) | | Fair value (a) | Amount in balance sheet | Amortized cost (In shares cost) | Accumulated other comprehensive income (loss) | | Fair value (a) | |
| | NIS millions | | | | | NIS millions | | | | | |
| 2. Securities available for sale: | | | | | | | | | | | |
| Debentures and bonds - | | | | | | | | | | | |
| The Government of Israel | 30,218 | 30,425 | 40 | (247) | 30,218 | 36,215 | 36,100 | 152 | (37) | 36,215 | |
| Foreign governments | 5,690 | 5,683 | 12 | (5) | 5,690 | 10,590 | 10,602 | 3 | (15) | 10,590 | |
| Israel's financial institutions | - | - | - | - | - | 11 | 11 | - | - | 11 | |
| Foreign financial institutions | 9,665 | 9,758 | 13 | (106) | 9,665 | 9,593 | 9,563 | 44 | (14) | 9,593 | |
| Asset-backed (ABS) or Mortgage-backed securities (MBS) | 5,680 | 5,736 | 6 | (62) | 5,680 | 5,099 | 5,110 | 8 | (19) | 5,099 | |
| Others in Israel | 242 | 241 | 3 | (2) | 242 | 71 | 67 | 4 | - | 71 | |
| Others abroad | 3,236 | 3,291 | 12 | (67) | 3,236 | 2,203 | 2,197 | 18 | (12) | 2,203 | |
| | 54,731 | 55,134 | 86 | (489) | 54,731 | 63,782 | 63,650 | 229 | (97) | 63,782 | |
| Shares of Others companies and mutual funds (b) | 2,293 | 2,236 | 99 | (42) | 2,293 | 1,796 | 1,725 | 93 | (22) | 1,796 | |
| Total securities available for sale | 57,024 | 57,370 | 185 (c) | (531) (c) | 57,024 | 65,578 | 65,375 | 322 (c) | (119) (c) | 65,578 | |
| | 31 December 2018 | | | | | 31 December 2017 | | | | | |
| | Amount in balance sheet | Amortized cost (In shares cost) | Unrealized profit from adjustments to fair value | Unrealized losses from adjustments to fair value | Fair value (a) | 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 | | | | | |
| 3. Securities held for trading: | | | | | | | | | | | |
| Debentures and bonds - | | | | | | | | | | | |
| The Government of Israel | 5,674 | 5,677 | 3 | (6) | 5,674 | 3,199 | 3,180 | 19 | - | 3,199 | |
| Foreign governments | 52 | 53 | - | (1) | 52 | 64 | 65 | - | (1) | 64 | |
| Israel's financial institutions | 119 | 120 | - | (1) | 119 | 89 | 88 | 1 | - | 89 | |
| Foreign financial institutions | 131 | 136 | - | (5) | 131 | 94 | 94 | 1 | (1) | 94 | |
| Asset-backed (ABS) or Mortgage-backed securities (MBS) | 271 | 272 | 1 | (2) | 271 | 268 | 267 | 2 | (1) | 268 | |
| Others in Israel | 197 | 204 | - | (7) | 197 | 103 | 99 | 4 | - | 103 | |
| Others abroad | 220 | 225 | - | (5) | 220 | 286 | 285 | 3 | (2) | 286 | |
| | 6,664 | 6,687 | 4 | (27) | 6,664 | 4,103 | 4,078 | 30 | (5) | 4,103 | |
| Shares | 2 | 2 | - | - | 2 | 1,235 | 1,249 | 1 | (15) | 1,235 | |
| Total securities held for trading | 6,666 | 6,689 | 4 (d) | (27) (d) | 6,666 | 5,338 | 5,327 | 31 (d) | (20) (d) | 5,338 | |
| Total securities | 67,265 | 67,634 | 207 | (564) | 67,277 | 70,916 | 70,702 | 353 | (139) | 70,916 | |

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

(b) Including NIS 134 million with respect to shares which have no readily available fair value, which are presented at cost (31 December 2017 - NIS 92 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 109 million (31 December 2017- NIS 215 million) are shown under Credit to the Public.

See the annual financial report for the consolidated note.

Note 12 - Securities - Bank (cont.)

| December 31 2018 | | | | | |
|--|---------------------|----------------|---|--|------------|
| | Balance sheet value | Amortized cost | Unrealized gains from adjustments to fair value | Unrealized losses from adjustments to fair value | Fair value |
| In NIS millions | | | | | |
| Held-to-maturity bonds | | | | | |
| Pass-through held-for-trading securities | | | | | |
| GNMA-backed securities | 1,099 | 1,099 | 4 | (2) | 1,101 |
| Securities issued by FNMA or FHLMC | 180 | 180 | - | (1) | 179 |
| Other securities | - | - | - | - | - |
| Total | 1,279 | 1,279 | 4 | (3) | 1,280 |
| Total mortgage-backed held-to-maturity bonds | | | | | |
| | 1,279 | 1,279 | 4 | (3) | 1,280 |

Note 12 - Securities - Bank (cont'd)

| | 31 December 2018 | | | | |
|---|------------------|-------------------|---|-------------|--------------|
| | Book value | Amortized cost | Other comprehensive accumulated profit (loss)* | | Fair value |
| | | | Profits | Losses | |
| | NIS millions | | | | |
| Bonds available for sale | | | | | |
| Pass-through securities: | | | | | |
| Securities guaranteed by GNMA | 459 | 460 | 1 | (2) | 459 |
| Securities issued by FNMA and FHLMC | 550 | 555 | - | (5) | 550 |
| Other securities | - | - | - | - | - |
| Total | 1,009 | 1,015 | 1 | (7) | 1,009 |
| Other mortgage-backed securities (including CMO and STRIPPED MBS) | | | | | |
| Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities | 2,209 | 2,226 | 4 | (21) | 2,209 |
| Other mortgage-backed securities | 243 | 242 | 1 | - | 243 |
| Total | 2,452 | 2,468 | 5 | (21) | 2,452 |
| Asset-backed securities (ABS) | | | | | |
| Credit card receivables | 8 | 8 | - | - | 8 |
| Credit facilities for any purpose, secured by an apartment | - | - | - | - | - |
| Car loans | 23 | 23 | - | - | 23 |
| Other consumer credit | - | - | - | - | - |
| Other non-consumer credit | - | - | - | - | - |
| CLO debentures | 1,526 | 1,547 | - | (21) | 1,526 |
| SBA debentures | 634 | 647 | - | (13) | 634 |
| SCDO debentures | - | - | - | - | - |
| Others | 28 | 28 | - | - | - |
| Total | 2,219 | 2,253 | - | (34) | 2,219 |
| Total asset-backed bonds available for sale | 5,680 | 5,736 | 6 | (62) | 5,680 |

* 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 | Other comprehensive accumulated profit (loss)* | | Fair value |
| | | | Profits | Losses | |
| | NIS millions | | | | |
| Bonds available for sale (cont'd) | | | | | |
| Pass-through securities: | | | | | |
| Securities guaranteed by GNMA | 312 | 320 | - | (8) | 312 |
| Securities issued by FNMA and FHLMC | 551 | 552 | - | (1) | 551 |
| Other securities | 742 | 750 | - | (8) | 742 |
| Total | 1,605 | 1,622 | - | (17) | 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 | 1,961 | 3 | - | 1,964 |
| Other mortgage-backed securities | 161 | 160 | 1 | - | 161 |
| Total | 2,125 | 2,121 | 4 | - | 2,125 |
| Asset-backed securities (ABS) | | | | | |
| Credit card debtors | - | - | - | - | - |
| Lines of credit for any purpose secured by dwelling | - | - | - | - | - |
| Credit for purchase of vehicles | - | - | - | - | - |
| Other credit to private persons | - | - | - | - | - |
| Credit not to private persons | - | - | - | - | - |
| CLO debentures | 1,369 | 1,367 | 4 | (2) | 1,369 |
| CDO debentures | - | - | - | - | - |
| SCDO debentures | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 1,369 | 1,367 | 4 | (2) | 1,369 |
| Total asset-backed bonds available for sale | 5,099 | 5,110 | 8 | (19) | 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 2018 | | | | | |
|---|---------------|-------------------|---|--|---------------|
| | Book value | Amortized cost | Unrealized profits from adjustments to fair value* | Unrealized losses from adjustments to fair value* | Fair value |
| NIS millions | | | | | |
| Debentures for trading | | | | | |
| Pass-through securities | | | | | |
| Securities guaranteed by GNMA | - | - | - | - | - |
| Securities issued by FNMA and FHLMC | 4 | 4 | - | - | 4 |
| Total | 4 | 4 | - | - | 4 |
| Other mortgage-backed securities (including CMO and STRIPPED MBS) | | | | | |
| Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities | - | - | - | - | - |
| Other mortgage-backed securities | 48 | 49 | - | (1) | 48 |
| Total | 48 | 49 | - | (1) | 48 |
| Asset-backed securities (ABS) | | | | | |
| Credit card receivables | 7 | 7 | - | - | 7 |
| Credit for purchase of vehicles | 56 | 56 | - | - | 56 |
| Other credit to private persons | 22 | 22 | - | - | 22 |
| Others | 134 | 134 | 1 | (1) | 134 |
| Total | 219 | 219 | 1 | (1) | 219 |
| Total asset-backed securities for trading | 271 | 272 | 1 | (2) | 271 |

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

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 | | | | |
| Debentures for trading (cont'd) | | | | | |
| Pass-through securities | | | | | |
| Securities guaranteed by GNMA | - | - | - | - | - |
| Securities issued by FNMA and FHLMC | 4 | 4 | - | - | 4 |
| Other securities | - | - | - | - | - |
| Total | 4 | 4 | - | - | 4 |
| Other mortgage-backed securities (including CMO and STRIPPED MBS) | | | | | |
| Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities | - | - | - | - | - |
| Other mortgage-backed securities | 55 | 55 | - | - | 55 |
| Total | 55 | 55 | - | - | 55 |
| Asset-backed securities (ABS) | | | | | |
| Credit card debtors | 4 | 4 | - | - | 4 |
| Lines of credit for any purpose secured by dwelling | - | - | - | - | - |
| Credit for purchase of vehicles | 61 | 61 | - | - | 61 |
| Other credit to private persons | 9 | 9 | - | - | 9 |
| Credit not to private persons | - | - | - | - | - |
| Of which: CLO debentures | - | - | - | - | - |
| Others | 135 | 134 | 2 | (1) | 135 |
| Total | 209 | 208 | 2 | (1) | 209 |
| Total asset-backed securities for trading | 268 | 267 | 2 | (1) | 268 |

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

Note 12 - Securities - Bank (cont'd)

| 31 December 2018 | | | | | | |
|---|---------------------|--|---------------------|--|--------------|--|
| | 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 | | | | | | |
| Additional details of asset-backed securities available for sale for which are included unrealized losses from adjustments to fair value | | | | | | |
| Pass-through securities | 176 | (3) | 610 | (4) | 786 | (7) |
| Mortgage-backed securities (MBS) | 67 | - | - | - | 67 | - |
| Other mortgage-backed securities (including REMIC, CMO and STRIPPED MBS) | 832 | (3) | 870 | (18) | 1,702 | (21) |
| Asset-backed securities (ABS) | 1,152 | (16) | 940 | (18) | 2,092 | (34) |
| Total | 2,227 | (22) | 2,420 | (40) | 4,647 | (62) |

| 31 December 2017 | | | | | | |
|---|---------------------|--|---------------------|--|--------------|--|
| | 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 | | | | | | |
| Additional details of asset-backed securities available for sale for which are included unrealized losses from adjustments to fair value | | | | | | |
| Pass-through securities | 1,517 | (17) | - | - | 1,517 | (17) |
| Other mortgage-backed securities (including REMIC, CMO and STRIPPED MBS) | 1,174 | - | - | - | 1,174 | - |
| Asset-backed securities (ABS) | 944 | (2) | - | - | 944 | (2) |
| Total | 3,635 | (19) | - | - | 3,635 | (19) |

Note 12 - Securities - Bank (cont.)

| 31 December 2018 | | | | | | | | | | | |
|---|--------------|------------|---------------|----------------|-------------------|----------|---------------|----------|----------|----------|--|
| Less than 12 months | | | | | 12 months or more | | | | | | |
| Unrealized losses | | | | | Unrealized losses | | | | | | |
| Amortized cost | 0-20% | 20-35% | More than 35% | Amortized cost | 0-20% | 20-35% | More than 35% | Total | | | |
| (In NIS millions) | | | | | (In NIS millions) | | | | | | |
| Bonds | | | | | | | | | | | |
| Of the Israeli government | 694 | (3) | 0 | 0 | (3) | 0 | 0 | 0 | 0 | 0 | |
| Of foreign governments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Of Israeli financial institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Of foreign financial institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Asset-backed (ABS) or mortgage-backed (MBS) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Of other Israeli entities | 434 | (3) | 0 | 0 | (3) | 0 | 0 | 0 | 0 | 0 | |
| Of other foreign entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total held-to-maturity bonds | 1,128 | (6) | 0 | 0 | (6) | 0 | 0 | 0 | 0 | 0 | |

Note 12 - Securities - Bank (cont'd)

| | 31 December 2018 | | | | | | | | | |
|--|---------------------|--------------|------------|----------|--------------|---------------------|--------------|-----------|----------|--------------|
| | 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 | | | | | | | | | |
| bonds | | | | | | | | | | |
| The Government of Israel | 23,891 | (231) | - | - | (231) | 592 | (16) | - | - | (16) |
| Foreign governments | 2,510 | (3) | - | - | (3) | 138 | (2) | - | - | (2) |
| Israel's financial institutions | - | - | - | - | - | - | - | - | - | - |
| Foreign financial institutions | 3,598 | (77) | - | - | (77) | 1,275 | (29) | - | - | (29) |
| backed securities (ABS) or | 1,152 | (16) | - | - | (16) | 940 | (19) | - | - | (19) |
| backed securities (MBS) | 1,075 | (6) | - | - | (6) | 1,480 | (21) | - | - | (21) |
| Others in Israel | 103 | (2) | - | - | (2) | - | - | - | - | - |
| Others abroad | 1,516 | (46) | - | - | (46) | 747 | (21) | - | - | (21) |
| Shares | 844 | (38) | (2) | - | (40) | 20 | (2) | - | - | (2) |
| Total securities available for sale | 34,689 | (419) | (2) | - | (421) | 5,192 | (110) | - | - | (110) |

| | 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 | | | | | | | | | |
| bonds | | | | | | | | | | |
| The Government of Israel | 999 | (3) | - | - | (3) | 2,227 | (34) | - | - | (34) |
| Foreign governments | 7,708 | (15) | - | - | (15) | - | - | - | - | - |
| Israel's financial institutions | - | - | - | - | - | - | - | - | - | - |
| 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) |
| Total securities available for sale | 19,968 | (81) | - | - | (81) | 2,320 | (38) | - | - | (38) |

Note 13 - Credit to the Public - Bank

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

| 31 December 2018 | | | | | | |
|---|----------------------|---------------|-----------|-------------|-----------|---------|
| Allowance for credit losses | | | | | | |
| | Credit to the public | | | | Banks and | |
| Commercial | Residential | Other private | Total | governments | Total | |
| (NIS millions) | | | | | | |
| Recorded debt balance of debts (a): | | | | | | |
| Examined on an individual basis | 123,089 | - | 867 | 123,956 | 16,741 | 140,697 |
| Examined on a collective basis | 19,528 | 80,432 | 27,918 | 127,878 | - | 127,878 |
| Of which: the allowance was calculated by extent of arrears | (c) | 913 | 80,432 | - | 81,345 | - |
| Total debts (a) | 142,617 | 80,432 | 28,785 | 251,834 | 16,741 | 268,575 |
| Credit loss allowance by debts (a): | | | | | | |
| Examined on an individual basis | 1,642 | - | 80 | 1,722 | 3 | 1,725 |
| Examined on a collective basis | 277 | 473 | 534 | 1,284 | - | 1,284 |
| Of which: the allowance was calculated by extent of arrea | - | 473 (b) | - | 473 | - | 473 |
| Total Credit loss allowance | 1,919 | 473 | 614 | 3,006 | 3 | 3,009 |
| Of which: in respect of impaired debts | 351 | - | 149 | 500 | - | 500 |
| | | | | | | |
| 31 December 2017 | | | | | | |
| Credit loss allowance | | | | | | |
| | Credit to the public | | | | Banks and | |
| Commercial (d) | Residential | Other private | (d) Total | governments | Total | |
| (NIS millions) | | | | | | |
| Recorded debt balance of debts (a): | | | | | | |
| Examined on an individual basis | 118,075 | - | 993 | 119,068 | 11,753 | 130,821 |
| Examined on a collective basis | 20,472 | 77,465 | 27,496 | 125,433 | - | 125,433 |
| Of which the allowance was calculated by extent of arrears | 1,066 (c) | 77,465 | - | 78,531 | - | 78,531 |
| Total debts (a) | 138,547 | 77,465 | 28,489 | 244,501 | 11,753 | 256,254 |
| Credit loss allowance by debts (a): | | | | | | |
| Examined on an individual basis | 1,438 | - | 106 | 1,544 | 3 | 1,547 |
| Examined on a collective basis | 300 | 443 | 472 | 1,215 | - | 1,215 |
| Of which the allowance was calculated by extent of arrears | - | 443 (b) | - | 443 | - | 443 |
| Total Credit loss allowance | 1,738 | 443 | 578 | 2,759 | 3 | 2,762 |
| Of which: in respect of impaired debts | 318 | - | 53 | 371 | - | 371 |

(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 295 million (2017 - 283 million)

(c) Including housing loans granted to purchasing groups under construction

(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

| | 31 December 2018 | | | | | |
|---|-----------------------|-------------|---------------|---------|-------------|---------|
| | 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 | 2,181 | 443 | 599 | 3,223 | 3 | 3,226 |
| Expenses in respect of credit losses | 140 | 34 | 136 | 310 | - | 310 |
| Accounting write-offs | (652) | (4) | (413) | (1,069) | - | (1,069) |
| Collection of debts written off in previous years | 676 | - | 313 | 989 | - | 989 |
| Net accounting write-offs | 24 | (4) | (100) | (80) | - | (80) |
| Balance of credit loss allowance at end of year | 2,345 | 473 | 635 | 3,453 | 3 | 3,456 |
| Of which in respect of off-balance sheet credit instruments | 426 | - | 21 | 447 | - | 447 |

| | 31 December 2017 | | | | | |
|---|-----------------------|-------------|---------------|----------|-------------|---------|
| | Credit loss allowance | | | | | |
| | Credit to the public | | | | Banks and | |
| | Commercial (a) | Residential | Other private | (a)Total | governments | Total |
| | (NIS millions) | | | | | |
| Balance of credit loss allowance at beginning of year | 2,315 | 461 | 670 | 3,446 | 1 | 3,447 |
| Expenses in respect of credit losses | (70) | (10) | 122 | 42 | 2 | 44 |
| Accounting write-offs | (701) | (8) | (546) | (1,255) | - | (1,255) |
| Collection of debts written off in previous years | 637 | - | 353 | 990 | - | 990 |
| Net accounting write-offs | (64) | (8) | (193) | (265) | - | (265) |
| Balance of credit loss allowance at end of year | 2,181 | 443 | 599 | 3,223 | 3 | 3,226 |
| 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 (a) | Residential | Other private | (a)Total | governments | Total |
| | (NIS millions) | | | | | |
| Balance of credit loss allowance at beginning of year | 2,567 | 497 | 525 | 3,589 | 3 | 3,592 |
| Expenses (income) in respect of credit losses | (570) | (10) | 422 | (158) | (2) | (160) |
| Accounting write-offs | (504) | (26) | (667) | (1,197) | - | (1,197) |
| Collection of debts written off in previous years | 822 | - | 390 | 1,212 | - | 1,212 |
| Net accounting write-offs | 318 | (26) | (277) | 15 | - | 15 |
| Balance of credit loss allowance at end of year | 2,315 | 461 | 670 | 3,446 | 1 | 3,447 |
| Of which in respect of off-balance sheet credit instruments | 447 | 0 | 23 | 470 | 0 | 470 |

(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

| | 31 December 2018 | 31 December 2017 |
|-------------------------------|-------------------------|------------------|
| | NIS millions | |
| Credit to the Government | 75 | 130 |
| Credit to foreign Governments | 707 | 585 |
| Total credit to Governments | 782 | 715 |

See the annual financial report for the consolidated note

Note 15 - Investments in Subsidiaries and Affiliated Companies -Bank

Reported Amounts

| | 31 December 2018 | | | 31 December 2017 | | |
|--|--|---------------|---------------|--|---------------|---------------|
| | Companies included on equity basis | Subsidiaries | Total | Companies included on equity basis | Subsidiaries | Total |
| | NIS millions | | | NIS millions | | |
| A. Investments in shares stated on equity basis (including other assets and goodwill) | 26 | 10,404 | 10,430 | 142 | 10,037 | 10,179 |
| Other investments: | | | | | | |
| Convertible securities | - | 1,321 | 1,321 | - | 1,273 | 1,273 |
| Total other investments | - | 1,321 | 1,321 | - | 1,273 | 1,273 |
| Total investments | 26 | 11,725 | 11,751 | 142 | 11,310 | 11,452 |
| Including - Post-acquisition profits | (2) | 5,366 | 5,364 | 113 | 4,742 | 4,855 |
| Post-acquisition changes in shareholders' equity: | | | | | | |
| Adjustments in respect of presentation | | | | | | |
| of securities available for sale at fair value, net | - | (112) | (112) | - | (77) | (77) |
| Adjustments in respect of companies included on equity basis, net | - | (53) | (53) | - | (281) | (281) |
| Details on book value and market value of quoted securities: | | | | | | |
| Book value | - | - | - | 113 | - | 113 |
| Market value | - | - | - | 189 | - | 189 |

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

| | Bank | | |
|--|--------------|------|------|
| | 2018 | 2017 | 2016 |
| | NIS millions | | |
| Group's equity in operating profits of companies included on equity basis (Bank - affiliated companies) | 711 | 528 | 184 |
| Provision for deferred taxes | (1) | - | (1) |
| Group's equity in operating profits of companies included on equity basis (Bank-affiliated companies) net of tax effect | 710 | 528 | 183 |

(a) For more information, please see Note 36F at the annual financial report
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 | | | |
| Cost | | | | |
| As at 31 December 2017 | 2,639 | 3,116 | 3,671 | 9,426 |
| Additions | 51 | 108 | 431 | 590 |
| Disposals | (189) | (91) | (114) | (394) |
| As at 31 December 2018 | 2,501 | 3,133 | 3,988 | 9,622 |
| Accumulated depreciation and losses from impairment | | | | |
| As at 31 December 2017 | 1,423 | 2,307 | 3,201 | 6,931 |
| Current year provision | 61 | 121 | 304 | 486 |
| Cancellation of loss from impairment | (2) | 0 | 0 | (2) |
| Disposals | (153) | (84) | (114) | (351) |
| As at 31 December 2018 | 1,329 | 2,344 | 3,391 | 7,064 |
| Balance after depreciation as at 31 December 2018 | 1,172 | 789 | 597 | 2,558 |
| Balance after depreciation as at 31 December 2017 | 1,216 | 809 | 470 | 2,495 |

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

Note 18 - Other Assets - Bank

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| | NIS millions | |
| Deferred tax asset, net | 4,562 | 5,249 (b) |
| Excess of plan funds over liabilities in respect on employee benefits | 378 | 624 |
| Assets transferred to ownership of the Group as a result of settlement of problem loans | 3 | 4 |
| Excess of advance tax payments over current provisions | 8 | 35 (b) |
| Expenses to be amortized on issuance of debentures, bonds and subordinated notes | 43 | 40 |
| Accrued income | 175 | 175 |
| Prepaid expenses | 131 | 166 |
| Assets in respect of activity in Maof clearing house (a) | 477 | 1,152 |
| Other receivables and prepayments | 60 | (17) |
| Total other assets | 5,837 | 7,428 |

(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 2018 | 31 December 2017 |
|--|------------------|------------------|
| | NIS millions | |
| In Israel | | |
| On demand | | |
| Non-interest bearing | 88,080 | 84,620 |
| Interest bearing | 121,347 | 117,867 |
| Total on demand | 209,427 | 202,487 |
| Fixed term | 133,064 | 138,136 |
| Total deposits in Israel * | 342,491 | 340,623 |
| *of which: non-interest bearing deposits | 88,080 | 84,620 |
| Outside Israel | | |
| On demand | - | - |
| Non-interest bearing | - | - |
| Interest bearing | - | - |
| Total on demand | - | - |
| Fixed term | - | - |
| Total deposits outside Israel | - | - |
| of which: non-interest bearing deposits | - | - |
| Total deposits of the public | 342,491 | 340,623 |
| *of which: | | |
| Deposits of private persons | 134,931 | 138,620 (a) |
| Deposits of institutional entities | 61,003 | 70,496 |
| Deposits of corporations and others | 146,557 | 131,507 (a) |

(a) Reclassified in respect of the improvement effort carried out in 2018.

Note 20 - Deposits from Banks - Bank

| | 31 December 2018 | 31 December 2017 |
|----------------------------------|------------------|------------------|
| | NIS millions | |
| In Israel | | |
| Commercial banks: | | |
| Demand deposits | 2,927 | 2,721 |
| Time deposits | 1,761 | 2,044 |
| Acceptances | 701 | 352 |
| Central banks: | | |
| Demand deposits | - | 41 |
| Time deposits | - | - |
| Total deposits from banks | 5,389 | 5,158 |

Note 21 - Debentures, Bonds and Subordinated Notes - Bank

| Bank | | | | |
|---|----------------------|-------------------------|---------------|---------------|
| | Average maturity (a) | Internal yield rate (b) | 31 December | |
| | Years | % | 2018 | 2017 |
| NIS millions | | | | |
| Debentures and bonds (c): | | | | |
| In Israeli currency linked to the CPI | 2.4 | 0.7 | 6,660 | 5,338 |
| In Israeli currency Unlinked | 4.9 | 3.0 | 1,159 | 1,159 |
| Subordinated notes (c) (f) (g): | | | | |
| In Israeli currency Unlinked (e) | 3.7 (d) | 3.0 | 2,881 | 2,880 |
| In Israeli currency linked to the CPI (e) | 2.8 (d) | 2.4 | 7,098 | 6,200 |
| Total debentures, bonds and subordinated notes | | | 17,798 | 15,577 |

(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 3.7 years, in those linked to the CPI it is 2.8 years.

(e) Of which: subordinated promissory notes (non-tradable), which constitute CPI-linked Tier 2 capital totaling of NIS 825 million and non-CPI-linked totaling NIS 926 million (non-linked as at December 31 2017 – NIS 926 million), which can be converted into shares under certain circumstances.

(f) Of which: listed for trading on the Tel Aviv Stock Exchange an amount of NIS 5,344 million linked to the CPI and an amount of NIS 2,880 million unlinked (31 December 2017 – NIS 4,465 million linked and NIS 2,880 million unlinked).

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

Note 22 - Other Liabilities- Bank

| | 31 December 2018 | 31 December 2017 |
|---|-------------------------|------------------|
| | NIS millions | |
| Deferred tax liability, net | 75 | 79 |
| Excess of current provisions for taxes over advance payments | 625 | 407 |
| Excess of provisions for severance pay and pensions over amounts funded | 9,577 | 11,261 |
| Provision for vacation | 174 | 196 |
| Deferred income | 274 | 266 |
| Other provisions in respect of employee rights | 302 | 333 |
| Allowance for credit losses in respect of off-balance sheet items | 447 | 464 |
| Accrued expenses in respect of salaries and related expenses | 577 | 697 |
| Accumulated Jubilee vacation | 41 | 47 |
| Liabilities in respect of activity in Maof Clearing House (a) | 459 | 1,152 |
| Payables in respect of credit cards | 5,665 | 5,523 |
| Accrued expenses | 181 | 219 |
| Market value of securities sold short | 686 | 569 |
| Other payables and credit balances | 520 | 543 |
| Total other liabilities | 19,603 | 21,756 |

(a) Shown at fair value.

Note 25 - Contingent Liabilities and Special Commitments-Bank

| 31 December | | | | |
|---|-------------------|--|-------------------|--|
| 2018 | | 2017 | | |
| | Contract balances | Balance of allowance for credit losses | Contract balances | Balance of allowance for credit losses |
| NIS millions | | | | |
| A. Off-balance sheet financial instruments | | | | |
| 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 | 880 | 2 | 827 | 3 |
| Credit guarantees | 5,193 | 87 | 5,517 | 80 |
| Guarantees to apartment purchasers | 18,667 | 12 | 19,313 | 16 |
| Other guarantees and liabilities | 16,365 | 238 | 15,849 | 253 |
| Unutilized credit card facilities | 14,388 | 13 | 14,178 | 12 |
| Other unutilized revolving credit facilities and credit facilities in accounts on demand | 12,455 | 25 | 12,274 | 25 |
| Irrevocable commitments to provide credit which has been approved and not yet granted (a) | 18,738 | 53 | 17,496 | 56 |
| Commitments to issue guarantees | 16,367 | 17 | 16,075 | 17 |
| Unutilized facilities for activity in derivative instruments | 2,748 | - | 1,955 | - |
| Approval in principle for a guaranteed rate of interest | 4,045 | - | 3,246 | - |
| Total | 109,846 | 447 | 106,730 | 462 |

(a) Of which: non unrealized credit exposures in respect of commitments to provide liquidity to securitization) structures under the aegis of others totaled NIS 225 million (on 31 December 2017 NIS 208 million). The line supplied by the Bank constitutes a small part of total liquidity lines to those entities.

| B. Off-balance sheet commitments for transactions based on extent of collections (a) | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Balance of credit from deposits on collection basis (b) | | |
| Israeli currency unlinked | 288 | 272 |
| Israeli currency linked to the CPI | 1,336 | 1,481 |
| Foreign currency | - | 5 |
| Total | 1,624 | 1,758 |

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 2018 | Total 2017 |
|---|----------------|--------------------|---------------------|-------------------|---------------------|------------------------|------------|------------|
| (NIS millions) | | | | | | | | |
| 1. CPI linked sector (c) | | | | | | | | |
| Cash flows of futures contracts | 9 | 15 | 9 | 10 | 3 | 1 | 47 | 62 |
| Expected future cash flows after management estimate of early repayments | 9 | 15 | 9 | 10 | 3 | - | 46 | 62 |
| Discounted expected future cash flows after management estimate of early repayments (d) | 9 | 14 | 8 | 8 | 2 | - | 41 | 54 |
| 2. Unlinked shekel sector | | | | | | | | |
| Cash flows of futures contracts | 1 | 1 | 1 | - | - | - | 3 | 6 |
| Expected future cash flows after management estimate of early repayments | 1 | 1 | 1 | - | - | - | 3 | 6 |
| Discounted expected future cash flows after management estimate of early repayments (d) | 1 | 1 | 1 | - | - | - | 3 | 5 |

(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 99 million, (NIS 91 million last year), were not included in this table.

(c) Including foreign currency sector.

(d) The discounting was made at the rate of 3.08% (2017 – 3.42%).

See the annual financial report for the consolidated note.

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

| | 2018 | 2017 |
|--|--------------|------------|
| | NIS millions | |
| B. Off-balance sheet commitments for transactions based on collection (cont'd) | | |
| Information on loans granted during the year by mortgage banks: | | |
| Loans from deposits on collection basis | 95 | 32 |
| Standing loans | 19 | 9 |
| C. Other contingent liabilities and special commitments: | | |
| (1) Long-term rental contracts - rental of buildings, equipment and motor vehicles and maintenance in respect of commitments payable in following years | | |
| First year | 184 | 154 |
| Second year | 142 | 134 |
| Third year | 85 | 94 |
| Fourth year | 77 | 77 |
| Fifth year | 67 | 67 |
| After five years | 418 | 422 |
| Total | 973 | 948 |
| (2) Commitments to purchase securities | 11 | 18 |
| (3) Commitments to invest in and acquire buildings and equipment (a) | 14 | 10 |

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:

| | 2018 | 2017 | 2016 |
|---|-----------------------|-------|-------|
| | <u>(NIS millions)</u> | | |
| Securities received in securities borrowing transactions against cash | 1,257 | 1,161 | 1,284 |

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

| | 2018 | 2017 | 2016 |
|---|-----------------------|------|------|
| | <u>(NIS millions)</u> | | |
| Securities loaned in securities lending transactions against cash | 541 | 558 | 539 |

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

| a. Scope of Activity | | | | | | |
|--|--------------------|---------|----------------------------|--------------------------------|--|---------|
| 31 December 2018 | | | | | | |
| | Interest contracts | | Foreign currency contracts | Contracts in respect of shares | Contracts in respect of goods and others | total |
| | Shekel - index | Other | | | | |
| NIS millions | | | | | | |
| (1) Amount of derivative instruments | | | | | | |
| a. Hedge derivative (a) | | | | | | |
| Forward contracts | - | - | - | - | - | - |
| Swaps | - | 2,246 | - | - | - | 2,246 |
| Total | - | 2,246 | - | - | - | 2,246 |
| Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest | | | | | | |
| | - | 2,246 | - | - | - | 2,246 |
| b. ALM derivative (a) (b) | | | | | | |
| Futures contracts | - | 46,882 | 59 | 115,526 | 995 | 163,462 |
| Forward contracts | 18,129 | 9,575 | 196,474 | 418 | 11 | 224,607 |
| Exchange-traded options | - | - | - | - | - | - |
| Put options | - | 27,747 | 14,739 | 20,667 | 293 | 63,446 |
| Call options | - | 27,747 | 14,739 | 20,869 | 293 | 63,648 |
| Other options | - | - | - | - | - | - |
| Put options | - | 11,935 | 26,978 | 1,821 | 374 | 41,108 |
| Call options | - | 9,350 | 27,343 | 1,962 | 374 | 39,029 |
| Swaps | 615 | 251,240 | 24,175 | 47,968 | 211 | 324,209 |
| Total | 18,744 | 384,476 | 304,507 | 209,231 | 2,551 | 919,509 |
| Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest | | | | | | |
| | - | 128,095 | - | - | - | 128,095 |
| c. Other derivatives (a) | | | | | | |
| Swaps | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| d. Credit derivatives and Spot contracts | | | | | | |
| Credit derivatives in which the banking institution is a guarantor | | | | | - | - |
| Credit derivatives in which the banking institution is a beneficiary | | | | | - | - |
| Foreign exchange spot contracts | | | 13,883 | | | |
| Total | - | - | 13,883 | - | - | 13,883 |
| Total | 18,744 | 386,722 | 318,390 | 209,231 | 2,551 | 935,638 |

(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.

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)

| 31 December 2018 | | | | | | |
|--|--------------------|-------|----------------------------------|--------------------------------------|--|--------|
| | Interest contracts | | Foreign currency contracts | Contracts in respect of shares | Contracts in respect of goods and others | total |
| | Shekel - index | Other | | | | |
| | NIS millions | | | | | |
| (2) Gross fair value of derivative instruments | | | | | | |
| a) Hedged derivatives (a) | | | | | | |
| Gross positive fair value | - | 48 | - | - | - | 48 |
| Gross negative fair value | - | 17 | - | - | - | 17 |
| b) ALM derivatives (a) (b) | | | | | | |
| Gross positive fair value | 235 | 3,399 | 4,402 | 4,508 | 81 | 12,625 |
| Gross negative fair value | 345 | 3,224 | 3,850 | 4,509 | 81 | 12,009 |
| 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) | 235 | 3,447 | 4,402 | 4,508 | 81 | 12,673 |
| Fair value amounts offset in the balance sheet | - | - | - | - | - | - |
| Book value of assets in respect of derivative instruments (*) | 235 | 3,447 | 4,402 | 4,508 | 81 | 12,673 |
| *Of which: book value of assets in respect of derivative instruments not subject to a master netting arrangement or similar arrangements | 39 | - | 50 | 194 | - | 283 |
| Gross negative fair value (c) | 345 | 3,241 | 3,850 | 4,509 | 81 | 12,026 |
| Fair value amounts offset in the balance sheet | - | - | - | - | - | - |
| Book value of liabilities in respect of derivative instruments (*) | 345 | 3,241 | 3,850 | 4,509 | 81 | 12,026 |
| *Of which: book value of liabilities in respect of derivative instruments not subject to a master netting arrangement or similar | - | 118 | 231 | 506 | 2 | 857 |

(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)

| 31 December 2017 | | | | | | |
|--|--------------------|---------|----------------------------------|--------------------------------------|--|---------|
| | Interest contracts | | Foreign currency contracts | Contracts in respect of shares | Contracts in respect of goods and others | total |
| | Shekel - index | Other | | | | |
| NIS millions | | | | | | |
| (1) Amount of derivative instruments | | | | | | |
| a. Hedge derivative (a) | | | | | | |
| Forward contracts | - | - | - | - | - | - |
| Swaps | - | 1,742 | - | - | - | 1,742 |
| Total | - | 1,742 | - | - | - | 1,742 |
| Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest | | | | | | |
| | - | 1,742 | - | - | - | 1,742 |
| b. ALM derivative (a) (b) | | | | | | |
| Futures contracts | - | 33,009 | 106 | 103,734 | 234 | 137,083 |
| Forward contracts | 16,209 | 800 | 167,569 | 863 | 21 | 185,462 |
| Exchange-traded options | - | - | - | - | - | - |
| Put options | - | - | 15,655 | 36,351 | 11 | 52,017 |
| Call options | - | - | 15,672 | 36,351 | 11 | 52,034 |
| Other options | - | - | - | - | - | - |
| Put options | - | 5,529 | 18,673 | 2,741 | 209 | 27,152 |
| Call options | - | 2,367 | 18,795 | 2,586 | 209 | 23,957 |
| Swaps | 794 | 228,681 | 25,648 | 37,523 | 157 | 292,803 |
| Total | 17,003 | 270,386 | 262,118 | 220,149 | 852 | 770,508 |
| Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest | | | | | | |
| | - | 121,703 | - | - | - | 121,703 |
| c. Other derivatives (a) | | | | | | |
| Swaps | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| d. Credit derivatives and Spot contracts | | | | | | |
| Credit derivatives in which the banking institution is a guarantor | - | - | - | - | - | - |
| Credit derivatives in which the banking institution is a beneficiary | - | - | - | - | 5 | 5 |
| Foreign exchange spot contracts | - | - | 12,116 | - | - | 12,116 |
| Total | - | - | 12,116 | - | 5 | 12,121 |
| Total | 17,003 | 272,128 | 274,234 | 220,149 | 857 | 784,371 |

(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.

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

Note 27B – Derivative Instrument Activity - Scope, Credit Risks and Repayment 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 | total |
| | Shekel - index | Other | | | | |
| NIS millions | | | | | | |
| (2) Gross fair value of derivative instruments | | | | | | |
| a. Hedged derivatives (a) | | | | | | |
| Gross positive fair value | - | 30 | - | - | - | 30 |
| Gross negative fair value | - | 8 | - | - | - | 8 |
| b. ALM derivatives (a) (b) | | | | | | |
| Gross positive fair value | 315 | 4,100 | 3,004 | 2,060 | 32 | 9,511 |
| Gross negative fair value | 432 | 3,801 | 3,432 | 2,041 | 25 | 9,731 |
| 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 | 4,130 | 3,004 | 2,060 | 32 | 9,541 |
| Fair value amounts offset in the balance sheet | - | - | - | - | - | - |
| Book value of assets in respect of derivative instruments (*) | 315 | 4,130 | 3,004 | 2,060 | 32 | 9,541 |
| * 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 | 461 |
| Gross negative fair value (c) | 432 | 3,809 | 3,432 | 2,041 | 25 | 9,739 |
| Fair value amounts offset in the balance sheet | - | - | - | - | - | - |
| Book value of liabilities in respect of derivative instruments (*) | 432 | 3,809 | 3,432 | 2,041 | 25 | 9,739 |
| * Of which: Book value of liabilities in respect of derivative instruments not subject to a master netting arrangement or similar arrangements. | - | - | 362 | 60 | 13 | 435 |

(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 2018 | | | | | | |
|---|--------------------|-------|---------------------|-------------------------------------|--------|--------|
| | Stock exchanges | Banks | Dealers/ brokers | Governments and Central Banks | Others | Total |
| NIS millions | | | | | | |
| Balance sheet balances of | | | | | | |
| derived assets from derivative instruments (a) (b) | 204 | 4,592 | 1,160 | 19 | 6,698 | 12,673 |
| Gross amounts that not offset in the balance sheet: | | | | | | |
| Mitigation of credit risk in respect of financial instruments | - | 3,709 | 1,076 | 19 | 1,213 | 6,017 |
| Mitigation of credit risk in respect of cash collateral received | - | 706 | 68 | - | 4,125 | 4,899 |
| Net amount of assets in respect of derivative instruments | 204 | 177 | 16 | - | 1,360 | 1,757 |
| instruments (d) | 446 | 6,354 | 2,817 | 73 | 6,961 | 16,651 |
| Mitigation of off-balance sheet credit risk | - | 2,839 | 1,663 | 44 | 1,010 | 5,556 |
| Net off-balance sheet credit risk in respect of derivative instruments. | 446 | 3,516 | 1,153 | 29 | 5,951 | 11,095 |
| Total credit risk in respect of derivative instruments | 650 | 3,693 | 1,169 | 29 | 7,311 | 12,852 |
| Book balance of liabilities in respect of derivative instruments (c) | 255 | 7,068 | 2,278 | 101 | 2,324 | 12,026 |
| Gross amounts that not offset in the balance sheet: | | | | | | |
| Financial instruments | - | 3,709 | 1,076 | 18 | 1,214 | 6,017 |
| Cash collateral pledged | - | 2,549 | 1,197 | 83 | 93 | 3,922 |
| Net amount of liabilities in respect of derivative instruments | 255 | 810 | 5 | - | 1,017 | 2,087 |

(a) Net accounting arrangements do not exist.

(b) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 12,667 million.

(c) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 12,009 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 2018 | | | | | |
|--|--------------------------|--------------------------------|------------------------------|------------------------|---------|
| | Up to three months | Three months to one year | One year to five years | After five years | Total |
| NIS millions | | | | | |
| Interest contracts: | | | | | |
| Shekel - index | 2,029 | 4,319 | 9,648 | 2,748 | 18,744 |
| Other | 101,363 | 59,254 | 154,500 | 71,605 | 386,722 |
| Foreign currency contracts | 183,024 | 111,641 | 18,888 | 4,837 | 318,390 |
| Contracts in respect of shares | 172,096 | 35,879 | 1,256 | - | 209,231 |
| Contracts in respect of commodities and others | 1,254 | 966 | 331 | - | 2,551 |
| Total | 459,766 | 212,059 | 184,623 | 79,190 | 935,638 |

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 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 derivatives instruments | 218 | 457 | 12 | 4 | 892 | 1,583 |
| Off-balance sheet credit risk in respect of derivatives 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 derivatives 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 (cont'd)

| 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 | 38,084 | 128,760 | 76,420 | 272,128 |
| 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 | 323 | 511 | 23 | - | 857 |
| Total | 371,142 | 163,626 | 166,288 | 83,315 | 784,371 |

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

B. Debts* and off-balance sheet credit instruments

1. Change in balance of credit loss allowance

| | 31 December 2018 | | | | | |
|--|-----------------------|-------------|---------------|---------|-----------------------|---------|
| | Credit loss allowance | | | | | |
| | Credit to the public | | | | Banks and governments | Total |
| | Commercial | Residential | Other private | Total | | |
| | (NIS millions) | | | | | |
| Balance of credit loss allowance at beginning of year | 2,181 | 443 | 599 | 3,223 | 3 | 3,226 |
| Expenses in respect of credit losses | 140 | 34 | 136 | 310 | - | 310 |
| Accounting write-offs | (652) | (4) | (413) | (1,069) | - | (1,069) |
| Collection of debts written off in previous years | 676 | 0 | 313 | 989 | - | 989 |
| Net accounting write-offs | 24 | (4) | (100) | (80) | - | (80) |
| Balance of credit loss allowance at end of year | 2,345 | 473 | 635 | 3,453 | 3 | 3,456 |
| Of which: in respect of off-balance sheet credit instruments | 426 | 0 | 21 | 447 | - | 447 |

| | 31 December 2017 (a) | | | | | |
|--|-----------------------|-------------|---------------|---------|-----------------------|---------|
| | Credit loss allowance | | | | | |
| | Credit to the public | | | | Banks and governments | Total |
| | Commercial | Residential | Other private | Total | | |
| | (NIS millions) | | | | | |
| Balance of credit loss allowance at beginning of year | 2,315 | 461 | 670 | 3,446 | 1 | 3,447 |
| Expenses in respect of credit losses | (70) | (10) | 122 | 42 | 2 | 44 |
| Accounting write-offs | (701) | (8) | (546) | (1,255) | - | (1,255) |
| Collection of debts written off in previous years | 637 | - | 353 | 990 | - | 990 |
| Net accounting write-offs | (64) | (8) | (193) | (265) | - | (265) |
| Balance of credit loss allowance at end of year | 2,181 | 443 | 599 | 3,223 | 3 | 3,226 |
| Of which: in respect of off-balance sheet credit instruments | 443 | 0 | 21 | 464 | - | 464 |

| | 31 December 2016 (a) | | | | | |
|--|-----------------------|-------------|---------------|---------|-----------------------|---------|
| | Credit loss allowance | | | | | |
| | Credit to the public | | | | Banks and governments | Total |
| | Commercial | Residential | Other private | Total | | |
| | (NIS millions) | | | | | |
| Balance of credit loss allowance at beginning of year | 2,567 | 497 | 525 | 3,589 | 3 | 3,592 |
| Expenses in respect of credit losses | (570) | (10) | 422 | (158) | (2) | (160) |
| Accounting write-offs | (504) | (26) | (667) | (1,197) | - | (1,197) |
| Collection of debts written off in previous years | 822 | - | 390 | 1,212 | - | 1,212 |
| Net accounting write-offs | 318 | (26) | (277) | 15 | - | 15 |
| Balance of credit loss allowance at end of year | 2,315 | 461 | 670 | 3,446 | 1 | 3,447 |
| Of which: in respect of off-balance sheet credit instruments | 447 | - | 23 | 470 | - | 470 |

(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 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^a and on debts^a on which it was calculated:

| 31 December 2018 | | | | | | |
|---|----------------------|-------------|---------------|-----------------------|--------|---------|
| Credit loss allowance | | | | | | |
| | Credit to the public | | | Banks and governments | | |
| | Commercial | Residential | Other private | Total | | Total |
| (NIS millions) | | | | | | |
| Recorded debt balance of debts (a): | | | | | | |
| Examined on an individual basis | 123,089 | - | 867 | 123,956 | 16,741 | 140,697 |
| Examined on a collective basis | 19,528 | 80,432 | 27,918 | 127,878 | - | 127,878 |
| Of which the allowance was calculated by extent of arrears | 913 (c) | 80,432 | - | 81,345 | - | 81,345 |
| Total debts (a) | 142,617 | 80,432 | 28,785 | 251,834 | 16,741 | 268,575 |
| Credit loss allowance by debts (a): | | | | | | |
| Examined on an individual basis | 1,642 | - | 80 | 1,722 | 3 | 1,725 |
| Examined on a collective basis | 277 | 473 | 534 | 1,284 | - | 1,284 |
| Of which: the allowance was calculated by extent of arrears | - | 473 (b) | - | 473 | - | 473 |
| Total Credit loss allowance | 1,919 | 473 | 614 | 3,006 | 3 | 3,009 |
| Of which: in respect of impaired debts | 351 | - | 149 | 500 | - | 500 |
| 31 December 2017 (d) | | | | | | |
| Credit loss allowance | | | | | | |
| | Credit to the public | | | Banks and governments | | |
| | Commercial | Residential | Other private | Total | | Total |
| (NIS millions) | | | | | | |
| Recorded debt balance of debts(a): | | | | | | |
| Examined on an individual basis | 118,075 | - | 993 | 119,068 | 11,753 | 130,821 |
| Examined on a collective basis | 20,472 | 77,465 | 27,496 | 125,433 | - | 125,433 |
| Of which the allowance was calculated by extent of arrears | 1,066 (c) | 77,465 | - | 78,531 | - | 78,531 |
| Total debts (a) | 138,547 | 77,465 | 28,489 | 244,501 | 11,753 | 256,254 |
| Credit loss allowance by debts(a): | | | | | | |
| Examined on an individual basis | 1,438 | - | 106 | 1,544 | 3 | 1,547 |
| Examined on a collective basis | 300 | 443 | 472 | 1,215 | - | 1,215 |
| Of which the allowance was calculated by extent of arrears | - | 443 (b) | - | 443 | - | 443 |
| Total Credit loss allowance | 1,738 | 443 | 578 | 2,759 | 3 | 2,762 |
| Of which: in respect of impaired debts | 318 | - | 53 | 371 | - | 371 |

(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 295 million (2017 - NIS 283 million)

(c) Including housing loans granted to purchasing groups under construction.

(d) Restated

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

B. Debts¹

1. Credit quality and arrears

| 31 December 2018 | | | | | | |
|---|-------------------|----------------------------|-----------------------|----------------|--|--|
| (NIS millions) | | | | | | |
| Activity of borrowers in Israel | Non-problem debts | Problem debts ² | | Total | Unimpaired debts - additional information | |
| | | Not impaired | Impaired ³ | | In arrears of 90 days or more ⁴ | In arrears of 30 to 89 days ⁵ |
| Public - commercial | | | | | | |
| Construction & real estate - construction | 21,181 | 162 | 233 | 21,576 | 11 | 220 |
| Construction & real estate - real estate activities | 24,939 | 160 | 315 | 25,414 | 16 | 21 |
| Financial services | 10,568 | 7 | 8 | 10,583 | 2 | 4 |
| Commercial - other | 73,971 | 1,713 | 1,240 | 76,924 | 64 | 169 |
| Total commercial | 130,659 | 2,042 | 1,796 | 134,497 | 93 | 414 |
| Private individuals - housing loans ⁶ | 79,555 | 862 | - | 80,417 | 862 | 694 |
| Private individuals - other | 28,168 | 258 | 339 | 28,765 | 72 | 175 |
| Total public - activity in Israel | 238,382 | 3,162 | 2,135 | 243,679 | 1,027 | 1,282 |
| Israeli banks | 2,669 | - | - | 2,669 | - | - |
| Government of Israel | 74 | - | - | 74 | - | - |
| Total activity in Israel | 241,125 | 3,162 | 2,135 | 246,422 | 1,027 | 1,282 |
| Activity of borrowers abroad | | | | | | |
| Public - commercial | | | | | | |
| Construction & real estate | 2,737 | 1 | 5 | 2,743 | - | - |
| Commercial - other | 5,376 | - | 1 | 5,377 | - | 7 |
| Total commercial | 8,113 | 1 | 6 | 8,120 | - | 7 |
| Private individuals | 35 | - | - | 35 | - | - |
| Total public - activity abroad | 8,148 | 1 | 6 | 8,155 | - | 7 |
| Foreign banks | 13,290 | - | - | 13,290 | - | - |
| Foreign governments | 708 | - | - | 708 | - | - |
| Total | 22,146 | 1 | 6 | 22,153 | - | 7 |

| 31 December 2017 (7) | | | | | | |
|---|-------------------|----------------------------|-----------------------|----------------|--|--|
| (NIS millions) | | | | | | |
| Activity of borrowers in Israel | Non-problem debts | problem debts ² | | Total | Unimpaired debts - additional information | |
| | | Not impaired | Impaired ³ | | In arrears of 90 days or more ⁴ | In arrears of 30 to 89 days ⁵ |
| Public - commercial | | | | | | |
| Construction & real estate - construction | 18,304 | 210 | 276 | 18,790 | 12 | 63 |
| Construction & real estate - real estate activities | 23,751 | 114 | 555 | 24,420 | 11 | 43 |
| Financial services | 10,947 | 5 | 2 | 10,954 | 2 | 6 |
| Commercial - other | 74,850 | 1,449 | 1,532 | 77,831 | 42 | 172 |
| Total commercial | 127,852 | 1,778 | 2,365 | 131,995 | 67 | 284 |
| Private individuals - housing loans ⁶ | 76,743 | 722 | - | 77,465 | 722 | 516 |
| Private individuals - other | 27,853 | 262 | 343 | 28,458 | 85 | 245 |
| Total public - activity in Israel | 232,448 | 2,762 | 2,708 | 237,918 | 874 | 1,045 |
| Israeli banks | 1,623 | - | - | 1,623 | - | - |
| Government of Israel | 129 | - | - | 129 | - | - |
| Total activity in Israel | 234,200 | 2,762 | 2,708 | 239,670 | 874 | 1,045 |
| Activity of borrowers abroad | | | | | | |
| Public - commercial | | | | | | |
| Construction & real estate | 2,023 | 2 | 23 | 2,048 | - | - |
| Commercial - other | 4,502 | - | 2 | 4,504 | - | - |
| Total commercial | 6,525 | 2 | 25 | 6,552 | - | - |
| Private individuals | 31 | - | - | 31 | - | - |
| Total public - activity abroad | 6,556 | 2 | 25 | 6,583 | - | - |
| Foreign banks | 9,415 | - | - | 9,415 | - | - |
| Foreign governments | 586 | - | - | 586 | - | - |
| Total | 16,557 | 2 | 25 | 16,584 | - | - |

(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 852 million were classified as problem debts that are not impaired.

(6) Including housing loans in the amount of NIS 87 million (31 December 2017 – NIS 94 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.

(7) Restated

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

B. Debts¹ (cont'd)

2. Additional information on impaired debts

| | 31 December 2018 | | | | |
|--|--|--|--|--|---|
| | (NIS millions) | | | | |
| | Balance ² of impaired debts in respect of which there is an individual allowance ³ | Balance of individual allowance ³ | Balance ² of impaired debts in respect of which there is no individual allowance ³ | Total balance ² of impaired debts | Principal contractual balance of impaired debts |
| <u>A. Impaired debts and individual allowance</u> | | | | | |
| Activity of borrowers in Israel | | | | | |
| Public - commercial | | | | | |
| Construction & real estate - construction | 69 | (13) | 164 | 233 | 656 |
| Construction & real estate - real estate activities | 121 | (27) | 194 | 315 | 1,196 |
| Financial services | 3 | (1) | 5 | 8 | 437 |
| Commercial - other | 872 | (311) | 368 | 1,240 | 4,270 |
| Total commercial | 1,065 | (352) | 731 | 1,796 | 6,559 |
| Private individuals - housing loans | - | - | - | - | - |
| Private individuals - other | 337 | (149) | 2 | 339 | 2,549 |
| Total public - activity in Israel | 1,402 | (501) | 733 | 2,135 | 9,108 |
| Israeli banks | - | - | - | - | - |
| Government of Israel | - | - | - | - | - |
| Total activity in Israel | 1,402 | (501) | 733 | 2,135 | 9,108 |
| Activity of borrowers abroad | | | | | |
| Public - commercial | | | | | |
| Construction & real estate | - | - | 5 | 5 | 25 |
| Commercial - other | - | - | 1 | 1 | 38 |
| Total commercial | - | - | 6 | 6 | 63 |
| Private individuals | - | - | - | - | - |
| Total public - activity abroad | - | - | 6 | 6 | 63 |
| Foreign banks | - | - | - | - | - |
| Foreign governments | - | - | - | - | - |
| Total - activity abroad | - | - | 6 | 6 | 63 |
| Of which:* | | | | | |
| Measured by present value of cash flows | 1,342 | (459) | 675 | 2,017 | |
| Debts under troubled debt restructuring | 826 | (137) | 540 | 1,366 | |

(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. Debts¹ (cont'd)

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

| | 31 December 2017 (4) | | | | |
|---|--|--|--|--|---|
| | (NIS millions) | | | | |
| | Balance ² of impaired debts in respect of which there is an individual allowance ³ | Balance of individual allowance ^{3,2} | Balance ² of impaired debts in respect of which there is no individual allowance ³ | Total balance ² of impaired debts | Principal contractual balance of impaired debts |
| A. Impaired debts and individual allowance | | | | | |
| <u>Activity of borrowers in Israel</u> | | | | | |
| <u>Public - commercial</u> | | | | | |
| Construction & real estate - construction | 74 | (14) | 202 | 276 | 778 |
| Construction & real estate - real estate activities | 137 | (31) | 419 | 556 | 1,482 |
| Financial services | 1 | (1) | 1 | 2 | 460 |
| Commercial - other | 926 | (269) | 606 | 1,532 | 4,551 |
| Total commercial | 1,138 | (315) | 1,228 | 2,366 | 7,271 |
| Private individuals - housing loans | - | - | - | - | - |
| Private individuals - other (4) | 311 | (53) | 31 | 342 | 2,602 |
| Total public - activity in Israel | 1,449 | (368) | 1,259 | 2,708 | 9,873 |
| Israeli banks | - | - | - | - | - |
| Government of Israel | - | - | - | - | - |
| Total activity in Israel | 1,449 | (368) | 1,259 | 2,708 | 9,873 |
| <u>Activity of borrowers abroad</u> | | | | | |
| <u>Public - commercial</u> | | | | | |
| Construction & real estate | 9 | (4) | 14 | 23 | 65 |
| Commercial - other | - | - | 2 | 2 | 37 |
| Total commercial | 9 | (4) | 16 | 25 | 102 |
| Private individuals | - | - | - | - | - |
| Total public - activity abroad | 9 | (4) | 16 | 25 | 102 |
| Foreign banks | - | - | - | - | - |
| Foreign governments | - | - | - | - | - |
| Total * | 9 | (4) | 16 | 25 | 102 |
| *Of which: | | | | | |
| Measured by present value of cash flows | 1,377 | (325) | 1,011 | 2,388 | |
| Debts under troubled debt restructuring | 771 | (93) | 976 | 1,747 | |

(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.

(4) Restated

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 2018 | | |
|---|--|--------------------------------|-------------------------------------|
| | 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 | 258 | 1 | 1 |
| Construction & real estate - real estate activities | 379 | 4 | 2 |
| Financial services | 6 | - | - |
| Commercial - other | 1,345 | 9 | 4 |
| Total commercial | 1,988 | 14 | 7 |
| Private individuals - housing loans | - | - | - |
| Private individuals - other | 336 | 1 | - |
| Total public - activity in Israel | 2,324 | 15 | 7 |
| Israeli banks | - | - | - |
| Government of Israel | - | - | - |
| Total activity in Israel | 2,324 | 15 | 7 |
| <u>Activity of borrowers abroad</u> | | | |
| <u>Public - commercial</u> | | | |
| Construction & real estate | 13 | - | - |
| Other commercial | 2 | - | - |
| Total commercial | 15 | - | - |
| Private individuals | - | - | - |
| Total public - activity abroad | 15 | - | - |
| Foreign banks | - | - | - |
| Foreign governments | - | - | - |
| Total activity abroad* | 15 | - | - |
| Total public | 2,339 | 15 | 7 |
| Total banks | - | - | - |
| Total governments | - | - | - |
| Total | 2,339 | 15 **** | 7 |

* 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 impaired.

**** If the impaired debts had accrued interest under their original terms, interest income would have been recorded in the amount of NIS 251 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 2017 | | |
|--|--|-----------------------------|-------------------------------------|
| | Average balance of impaired debts** (1) | 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 | 277 | 2 | 1 |
| Construction & real estate - real estate activities | 638 | 15 | 12 |
| Financial services | 165 | 8 | 8 |
| Commercial - other | 1,619 | 26 | 12 |
| Total commercial | 2,699 | 51 | 33 |
| Private individuals - housing loans | - | - | - |
| Private individuals - other | 285 | 4 | 1 |
| Total public - activity in Israel | 2,984 | 55 | 34 |
| Israeli banks | - | - | - |
| Government of Israel | - | - | - |
| Total activity in Israel | 2,984 | 55 | 34 |
| <u>Activity of borrowers abroad</u> | | | |
| <u>Public - commercial</u> | | | |
| Construction & real estate | 23 | - | - |
| Other commercial | 2 | - | - |
| Total commercial | 25 | - | - |
| Private individuals | - | - | - |
| Total public - activity abroad | 25 | - | - |
| Foreign banks | - | - | - |
| Foreign governments | - | - | - |
| Total activity abroad | 25 | - | - |
| Total public | 3,009 | 55 | 34 |
| Total banks | - | - | - |
| Total governments | - | - | - |
| Total | 3,009 | 55 **** | 34 |

*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 impaired.

**** If the impaired debts had accrued interest under their original terms, interest income would have been recorded in the amount of NIS 311 million

(1) Restated

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

B. Debts¹ (cont'd)

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

| 31 December 2018 | | | | | |
|---|------------------------------|---|---|--------------------------------------|--------------------|
| (NIS millions) | | | | | |
| C. Impaired debts under restructuring | | | | | |
| Activity of borrowers in Israel | Not accruing interest income | Accruing ² in arrears of 90 days or more | Accruing ² in arrears of 30 to 89 days | Accruing ² not in arrears | Total ³ |
| Public - commercial | | | | | |
| Construction & real estate - construction | 196 | - | - | 6 | 202 |
| Construction & real estate - real estate activities | 211 | - | 1 | 21 | 233 |
| Financial services | 1 | - | - | - | 1 |
| Commercial - other | 562 | - | 2 | 47 | 611 |
| Total commercial | 970 | - | 3 | 74 | 1,047 |
| Private individuals - housing loans | - | - | - | - | - |
| Private individuals - other | 280 | - | 2 | 36 | 318 |
| Total public - activity in Israel | 1,250 | - | 5 | 110 | 1,365 |
| Israeli banks | - | - | - | - | - |
| Government of Israel | - | - | - | - | - |
| Total activity in Israel | 1,250 | - | 5 | 110 | 1,365 |
| Activity of borrowers abroad | | | | | |
| Public - commercial | | | | | |
| Construction & real estate | - | - | - | - | - |
| Commercial - other | - | - | - | 1 | 1 |
| Total commercial | - | - | - | 1 | 1 |
| Private individuals | - | - | - | - | - |
| Total public - activity abroad | - | - | - | 1 | 1 |
| Foreign banks | - | - | - | - | - |
| Foreign governments | - | - | - | - | - |
| Total - activity abroad | - | - | - | 1 | 1 |
| Total public | 1,250 | - | 5 | 111 | 1,366 |
| Total banks | - | - | - | - | - |
| Total governments | - | - | - | - | - |
| Total | 1,250 | - | 5 | 111 | 1,366 |

(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. Debts¹ (cont'd)

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

| 31 December 2017 (4) | | | | | |
|---|------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------|
| (NIS millions) | | | | | |
| C. Impaired debts under restructuring (cont'd) | | | | | |
| <u>Activity of borrowers in Israel</u> | <u>Not accruing</u> | <u>Accruing² in</u> | <u>Accruing² in</u> | <u>Accruing² 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>Total³</u> |
| | | <u>days or more</u> | <u>to 89 days</u> | | |
| Construction & real estate - construction | 202 | - | 1 | 13 | 216 |
| Construction & real estate - real estate activities | 222 | - | - | 180 | 402 |
| Financial services | - | - | - | - | - |
| Commercial - other | 565 | - | - | 238 | 803 |
| Total commercial | 989 | - | 1 | 431 | 1,421 |
| Private individuals - housing loans 6 | - | - | - | - | - |
| Private individuals - other | 266 | - | 2 | 56 | 324 |
| Total public - activity in Israel | 1,255 | - | 3 | 487 | 1,745 |
| Israeli banks | - | - | - | - | - |
| Government of Israel | - | - | - | - | - |
| Total activity in Israel | 1,255 | - | 3 | 487 | 1,745 |
| Activity of borrowers abroad | | | | | |
| <u>Public - commercial</u> | | | | | |
| Construction & real estate | - | - | - | - | - |
| Commercial - other | - | - | - | 2 | 2 |
| Total commercial | - | - | - | 2 | 2 |
| Private individuals | - | - | - | - | - |
| Total public - activity abroad | - | - | - | 2 | 2 |
| Foreign banks | - | - | - | - | - |
| Foreign governments | - | - | - | - | - |
| Total - activity abroad | - | - | - | 2 | 2 |
| Total public | 1,255 | - | 3 | 489 | 1,747 |
| Total banks | - | - | - | - | - |
| Total governments | - | - | - | - | - |
| Total | 1,255 | - | 3 | 489 | 1,747 |

(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.

(4) Restated

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 2018 | | |
|---|---------------------------------------|--|---|
| | Number of contracts (NIS millions) | Recorded debt balance before restructuring | Recorded debt balance after restructuring |
| Activity of borrowers in Israel | | | |
| Public - commercial | | | |
| Construction & real estate - construction | 389 | 44 | 43 |
| Construction & real estate - real estate activities | 148 | 38 | 38 |
| Financial services | 25 | 2 | 2 |
| Commercial - other | 1,737 | 190 | 180 |
| Total commercial | 2,299 | 274 | 263 |
| Private individuals - housing loans | - | - | - |
| Private individuals - other | 5,884 | 163 | 159 |
| Total public - activity in Israel | 8,183 | 437 | 422 |
| Israeli banks | - | - | - |
| Government of Israel | - | - | - |
| Total activity in Israel | 8,183 | 437 | 422 |
| Activity of borrowers abroad | | | |
| Public - commercial | | | |
| Construction & real estate | - | - | - |
| Other commercial | - | - | - |
| Total commercial | - | - | - |
| Private individuals | - | - | - |
| Total public - activity abroad | - | - | - |
| Foreign banks | - | - | - |
| Foreign governments | - | - | - |
| Total activity abroad | - | - | - |
| Total public | 8,183 | 437 | 422 |
| Total banks | - | - | - |
| Total governments | - | - | - |
| Total | 8,183 | 437 | 422 |

* 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. Restructurings carried out (cont'd)

| | 31 December 2017 (1) | | |
|---|---------------------------------------|--|---|
| | Number of contracts (NIS millions) | Recorded debt balance before restructuring | Recorded debt balance after restructuring |
| Activity of borrowers in Israel | | | |
| <u>Public - commercial</u> | | | |
| Construction & real estate - construction | 451 | 42 | 39 |
| Construction & real estate - real estate activities | 253 | 36 | 32 |
| Financial services | 13 | 7 | - |
| Commercial - other | 1,545 | 254 | 239 |
| Total commercial | 2,262 | 339 | 310 |
| Private individuals - housing loans | - | - | - |
| Private individuals - other | 6,873 | 150 | 135 |
| Total public - activity in Israel | 9,135 | 489 | 445 |
| Israeli banks | - | - | - |
| Government of Israel | - | - | - |
| Total activity in Israel | 9,135 | 489 | 445 |
| Activity of borrowers abroad | | | |
| <u>Public - commercial</u> | | | |
| Construction & real estate | - | - | - |
| Other commercial | - | - | - |
| Total commercial | - | - | - |
| Private individuals | - | - | - |
| Total public - activity abroad | - | - | - |
| Foreign banks | - | - | - |
| Foreign governments | - | - | - |
| Total activity abroad | - | - | - |
| Total public | 9,135 | 489 | 445 |
| Total banks | - | - | - |
| Total governments | - | - | - |
| Total | 9,135 | 489 | 445 |

*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

(1) Restated

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) ¹

| | | 31 December 2018 | | | |
|---------------------------------|-----------|---------------------------------|-------------------|------------------|---------------------|
| | | (NIS millions) | | | |
| | | Balance of housing loans | | | |
| | | | <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% | 52,072 | 1,884 | 33,973 | 1,720 |
| | Above 60% | 28,323 | 669 | 19,332 | 202 |
| Second or without charge | | 36 | 1 | 33 | - |
| Total | | 80,431 | 2,554 | 53,338 | 1,922 |

| | | 31 December 2017 | | | |
|---------------------------------|-----------|---------------------------------|-------------------|------------------|---------------------|
| | | (NIS millions) | | | |
| | | Balance of housing loans | | | |
| | | | <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% | 49,974 | 2,097 | 32,816 | 1,416 |
| | Above 60% | 27,454 | 671 | 18,979 | 170 |
| Second or without charge | | 37 | 2 | 33 | - |
| Total | | 77,465 | 2,770 | 51,828 | 1,586 |

(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 2018

| Credit per borrower (NIS thousands) | | Number of borrowers (c) | Credit (a) (NIS millions) | Off-balance sheet credit risk (a) (b) |
|--|-----------|-------------------------------|------------------------------|---|
| From | To | | | |
| 0 | 10 | 415,345 | 497 | 1,092 |
| 10 | 20 | 167,842 | 1,048 | 1,590 |
| 20 | 40 | 196,858 | 2,835 | 3,201 |
| 40 | 80 | 208,325 | 6,709 | 5,309 |
| 80 | 150 | 151,766 | 11,746 | 4,870 |
| 150 | 300 | 103,379 | 17,917 | 3,693 |
| 300 | 600 | 71,191 | 27,479 | 2,955 |
| 600 | 1,200 | 53,027 | 40,558 | 3,784 |
| 1,200 | 2,000 | 13,969 | 18,458 | 2,303 |
| 2,000 | 4,000 | 5,646 | 12,932 | 2,307 |
| 4,000 | 8,000 | 2,279 | 10,038 | 2,578 |
| 8,000 | 20,000 | 1,564 | 15,316 | 4,177 |
| 20,000 | 40,000 | 670 | 14,391 | 4,181 |
| 40,000 | 200,000 | 647 | 38,716 | 15,664 |
| 200,000 | 400,000 | 90 | 16,553 | 8,377 |
| 400,000 | 800,000 | 33 | 10,115 | 9,031 |
| 800,000 | 1,200,000 | 13 | 6,342 | 5,932 |
| 1,200,000 | 1,600,000 | 4 | 2,079 | 3,673 |
| 1,600,000 | 2,000,000 | 3 | 2,548 | 2,787 |
| 2,000,000 | 2,400,000 | 1 | 1,067 | 1,325 |
| 2,400,000 | 2,555,610 | 1 | 2,553 | 3 |
| Total | | 1,392,653 | 259,897 | 88,832 |

(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 8,063 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 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 | 342 | 913 |
| 10 | 20 | 165,023 | 1,075 | 1,504 |
| 20 | 40 | 199,188 | 2,956 | 3,137 |
| 40 | 80 | 213,644 | 7,028 | 5,276 |
| 80 | 150 | 153,498 | 11,979 | 4,766 |
| 150 | 300 | 102,191 | 17,843 | 3,615 |
| 300 | 600 | 71,687 | 27,650 | 3,074 |
| 600 | 1,200 | 51,307 | 39,035 | 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 | 10,040 | 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 | 34,301 | 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 | 0 | 0 | 0 |
| 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 |
| Total | | 1,374,985 | 248,343 | 90,134 |

(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 30 - Assets and Liabilities Classified According to Linkage Basis - Bank

| 31 December 2018 | | | | | | | |
|--|------------------|-----------|----------------------|---------|------------|------------|---------|
| | 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) | |
| Assets | | | | | | | |
| Cash and deposits with banks | 67,755 | - | 9,928 | 2,225 | 2,425 | 65 | 82,398 |
| Securities | 32,834 | 2,832 | 25,089 | 2,523 | 1,692 | 2,295 | 67,265 |
| Securities borrowed or purchased under agreement to resell | 999 | - | 189 | 47 | 22 | - | 1,257 |
| Credit to the public, net (c) | 190,016 | 42,108 | 11,561 | 3,489 | 1,347 | 307 | 248,828 |
| Credit to governments | 22 | 53 | 674 | 33 | - | - | 782 |
| Investments in companies included on equity basis | 1,064 | - | - | - | 257 | 10,430 | 11,751 |
| Buildings and equipment | - | - | - | - | - | 2,558 | 2,558 |
| Assets in respect of derivative instruments | 2,525 | 95 | 5,323 | 261 | 213 | 4,250 | 12,667 |
| Other assets | 5,151 | 1 | 39 | 2 | - | 644 | 5,837 |
| Total assets (e) | 300,366 | 45,089 | 52,803 | 8,580 | 5,956 | 20,549 | 433,343 |
| Liabilities | | | | | | | |
| Deposits of the public | 232,692 | 16,696 | 78,421 | 10,179 | 4,100 | 403 | 342,491 |
| Deposits from banks | 2,004 | - | 2,271 | 432 | 682 | - | 5,389 |
| Deposits from governments | 114 | - | 84 | 9 | - | - | 207 |
| Securities loaned or sold under agreement to repurchase | 310 | - | 154 | 43 | 23 | 11 | 541 |
| Debentures, bonds and subordinated notes | 4,040 | 13,758 | - | - | - | - | 17,798 |
| Liabilities in respect of derivative instruments | 2,989 | 222 | 4,254 | 134 | 187 | 4,223 | 12,009 |
| Other liabilities | 8,727 | 9,998 | 143 | 19 | 15 | 701 | 19,603 |
| Total Liabilities (e) | 250,876 | 40,674 | 85,327 | 10,816 | 5,007 | 5,338 | 398,038 |
| Of which: Earmarked deposits, net | - | - | - | - | - | - | - |
| Difference (d) | 49,490 | 4,415 | (32,524) | (2,236) | 949 | 15,211 | 35,305 |
| Effect of derivative instruments that are 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) | (19,437) | (4,232) | 24,597 | 1,130 | (2,931) | 873 | - |
| Option in the money, net (in terms of underlying asset) | (2,204) | - | 1,809 | 388 | 7 | - | - |
| Options out of the money, net (in terms of underlying asset) | (1,549) | - | 1,196 | 307 | 42 | 4 | - |
| Total | 26,300 | 183 | (4,922) | (411) | (1,933) | 16,088 | 35,305 |
| Effect of derivative instruments that are not hedged: | | | | | | | |
| Option in the money, net (discounted par value) | (3,409) | - | 2,886 | 517 | 6 | - | - |
| Options out of the money, net (discounted par value) | (7,018) | - | 5,900 | 871 | 45 | 202 | - |

(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 3,006 million.

(d) Equity.

(e) For more information, please see Note 36F at the annual financial report

See the annual financial report for the consolidated note.

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

| 31 December 2017 | | | | | | | |
|------------------|------------------|--|--|----------------------|--|--|--|
| | Israeli Currency | | | Foreign Currency (a) | | | |
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(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 2,759 million.

(d) Equity.

Note 31 - Assets and Liabilities by Currency and Repayment Period (a)

| 31 December 2018 | | | | | | | | | | | | | | |
|---|-------------------------------|------------------------------|-----------------------|--------------------------|---------------------------|--------------------------|-------------------------|---------------------------|-------------------|------------------|--------------------------------|-------|----------------------------|-------|
| 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) | Total | Contractual yield rate (g) | |
| NIS millions | | | | | | | | | | | | | | |
| Israeli currency (c) | | | | | | | | | | | | | | |
| Assets | 116,406 | 21,686 | 49,991 | 32,201 | 27,271 | 19,919 | 15,032 | 47,152 | 42,928 | 15,856 | 388,442 | 3,296 | 349,494 | 3.64% |
| Liabilities | 199,199 | 14,241 | 32,585 | 17,352 | 8,618 | 4,640 | 2,529 | 7,549 | 5,528 | 5,761 | 298,002 | 1,085 | 294,362 | 2.38% |
| Difference | (82,793) | 7,445 | 17,406 | 14,849 | 18,653 | 15,279 | 12,503 | 39,603 | 37,400 | 10,095 | 90,440 | 2,211 | 55,132 | |
| Of which: credit to the public | 45,400 | 16,701 | 32,389 | 29,403 | 22,542 | 18,428 | 13,996 | 41,726 | 41,172 | 12,719 | 274,476 | 1,272 | 232,159 | |
| Of which: deposits of the public | 189,719 | 13,478 | 29,430 | 6,356 | 4,216 | 3,716 | 920 | 2,061 | 463 | - | 250,359 | - | 249,500 | |
| Derivative instruments (except options) | (18,536) | (711) | (5,801) | 1,137 | (769) | 269 | 171 | 627 | (20) | - | (23,633) | - | (23,236) | |
| Options (in terms of underlying asset) | - | (1,452) | (2,651) | 675 | - | - | - | - | - | - | (3,428) | - | (3,424) | |
| Difference After Effect of Derivatives instruments | (101,329) | 5,282 | 8,954 | 16,661 | 17,884 | 15,548 | 12,674 | 40,230 | 37,380 | 10,095 | 63,379 | 2,211 | 28,472 | |
| | | | | | | | | | | | | | | |
| Foreign currency | | | | | | | | | | | | | | |
| Assets | 18,129 | 7,228 | 10,125 | 8,312 | 6,229 | 4,726 | 3,645 | 11,658 | 4,482 | 2,178 | 76,712 | 2,841 | 67,550 | 3.38% |
| Liabilities | 71,554 | 15,439 | 16,272 | 1,470 | 568 | 394 | 528 | 262 | 18 | 7 | 106,512 | 12 | 102,561 | 2.85% |
| Difference | (53,425) | (8,211) | (6,147) | 6,842 | 5,661 | 4,332 | 3,117 | 11,396 | 4,464 | 2,171 | (29,800) | 2,829 | (35,011) | |
| Of which: credit to the public | 4,656 | 1,496 | 2,969 | 1,705 | 1,349 | 770 | 485 | 805 | 418 | 64 | 14,717 | 2,584 | 16,363 | |
| Of which: deposits of the public | 67,405 | 10,688 | 13,153 | 1,007 | 250 | 167 | 346 | 1 | 6 | - | 93,023 | - | 92,588 | |
| Of which difference in \$ | (45,387) | (9,053) | (7,902) | 5,698 | 4,731 | 3,767 | 2,514 | 9,988 | 4,186 | 2,107 | (29,351) | 2,547 | (33,302) | |
| Of which: difference in respect of foreign operations | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Derivative instruments (except options) | 18,536 | 711 | 5,801 | (1,137) | 769 | (269) | (171) | (627) | 20 | - | 23,633 | - | 23,236 | |
| Options (in terms of underlying asset) | - | 1,452 | 2,651 | (675) | - | - | - | - | - | - | 3,428 | - | 3,424 | |
| Difference After Effect of Derivatives instruments | (34,889) | (6,048) | 2,305 | 5,030 | 6,430 | 4,063 | 2,946 | 10,769 | 4,484 | 2,171 | (2,739) | 2,829 | (8,351) | |
| | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| Assets | 134,535 | 28,914 | 60,116 | 40,513 | 33,500 | 24,645 | 18,677 | 58,810 | 47,410 | 18,034 | 465,154 | 6,137 | 417,044 | 3.60% |
| Liabilities | 270,753 | 29,680 | 48,857 | 18,822 | 9,186 | 5,034 | 3,057 | 7,811 | 5,546 | 5,768 | 404,514 | 1,097 | 396,923 | 2.42% |
| Difference (f) | (136,218) | (766) | 11,259 | 21,691 | 24,314 | 19,611 | 15,620 | 50,999 | 41,864 | 12,266 | 60,640 | 5,040 | 20,121 | |
| Of which: credit to the public | 50,056 | 18,197 | 35,358 | 31,108 | 23,891 | 19,198 | 14,481 | 42,531 | 41,590 | 12,783 | 289,193 | 3,856 | 248,522 | 3.97% |
| Of which: deposits of the public | 257,124 | 24,166 | 42,583 | 7,363 | 4,466 | 3,883 | 1,266 | 2,062 | 469 | - | 343,382 | - | 342,088 | 1.45% |

(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 719 million (31 December 2017- NIS 597 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 7.7 billion (31 December 2017 - NIS 7.2billion)

special credit in the amount of NIS 1 billion is classified without repayment date (31 December 2017 - NIS 1.2 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 4.93 billion (31 December 2017 - NIS 4.46 billion).

See the annual financial report for the consolidated note.

Note 31 - Assets and Liabilities by Currency and Repayment Period (a) - Bank (cont'd)

| 31 December 2017 | | | | | | | | | | | | | | |
|---|-------------------------------------|------------------------|------------------------------|-----------------|--------------------|---------------------|--------------------|-------------------|---------------------|-------------------|----------|-------------------------------|----------|----------------------------|
| 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 | | | | | | | | | | | | | |
| Israeli currency (c) | | | | | | | | | | | | | | |
| Assets | 114,953 | 19,332 | 56,372 | 30,657 | 24,632 | 21,445 | 16,530 | 46,130 | 39,914 | 13,870 | 383,835 | 4,410 | 351,043 | 3.12% |
| Liabilities | 198,100 | 19,627 | 37,095 | 8,764 | 14,400 | 6,502 | 3,579 | 7,336 | 5,608 | 6,216 | 307,227 | 907 | 301,930 | 1.83% |
| Difference | (83,147) | (295) | 19,277 | 21,893 | 10,232 | 14,943 | 12,951 | 38,794 | 34,306 | 7,654 | 76,608 | 3,503 | 49,113 | |
| Of which: credit to the public | 39,503 | 16,186 | 35,800 | 27,423 | 23,104 | 17,127 | 14,010 | 39,008 | 37,798 | 11,075 | 261,034 | 2,175 | 226,459 | |
| Of which: deposits of the public | 188,369 | 18,560 | 34,481 | 5,643 | 3,029 | 2,781 | 2,610 | 2,206 | 491 | - | 258,170 | - | 256,842 | |
| 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 Derivative instruments | (94,338) | (8,415) | 10,561 | 25,886 | 11,420 | 14,113 | 13,221 | 38,515 | 34,273 | 7,654 | 52,890 | 3,503 | 25,061 | |
| | | | | | | | | | | | | | | |
| Foreign currency | | | | | | | | | | | | | | |
| Assets | 14,610 | 3,695 | 16,720 | 4,271 | 4,081 | 2,903 | 3,229 | 8,876 | 3,347 | 1,249 | 62,981 | 1,936 | 58,177 | 3.53% |
| Liabilities | 66,754 | 8,558 | 12,794 | 2,000 | 222 | 295 | 174 | 405 | (10) | 5 | 91,197 | 38 | 89,622 | 2.71% |
| Difference | (52,144) | (4,863) | 3,926 | 2,271 | 3,859 | 2,608 | 3,055 | 8,471 | 3,357 | 1,244 | (28,216) | 1,898 | (31,445) | |
| Of which: credit to the public | 4,049 | 1,985 | 3,354 | 1,624 | 810 | 461 | 639 | 800 | 452 | 75 | 14,249 | 1,720 | 14,992 | |
| Of which: deposits of the public | 62,588 | 7,299 | 11,597 | 1,597 | 124 | 139 | 119 | 209 | 2 | - | 83,674 | - | 83,278 | |
| 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) | |
| If 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 Derivative instruments | (40,953) | 3,257 | 12,642 | (1,722) | 2,671 | 3,438 | 2,785 | 8,750 | 3,390 | 1,244 | (4,498) | 1,898 | (7,393) | |
| | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| Assets | 129,563 | 23,027 | 73,092 | 34,928 | 28,713 | 24,348 | 19,759 | 55,006 | 43,261 | 15,119 | 446,816 | 6,346 | 409,220 | 3.17% |
| Liabilities | 264,854 | 28,185 | 49,889 | 10,764 | 14,622 | 6,797 | 3,753 | 7,741 | 5,598 | 6,221 | 398,424 | 945 | 391,552 | 1.88% |
| Difference (f) | (135,291) | (5,158) | 23,203 | 24,164 | 14,091 | 17,551 | 16,006 | 47,265 | 37,663 | 8,898 | 48,392 | 5,401 | 17,668 | |
| 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 | 3.62% |
| 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 | 1.21% |

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

31 December 2018

| | Book value | Fair value | | | |
|--|-------------|------------|-------------|-------------|---------|
| | | level 1(1) | level 2 (1) | level 3 (1) | Total |
| NIS millions | | | | | |
| Financial assets | | | | | |
| Cash and deposits with banks | 82,398 | 66,638 | 11,064 | 4,652 | 82,354 |
| Securities (2) | 67,265 | 40,047 | 24,275 | 2,955 | 67,277 |
| Securities borrowed or purchased under agreement to resell | 1,257 | 1,257 | - | - | 1,257 |
| Credit to the public, net | 248,828 | 2,663 | 62,760 | 181,787 | 247,210 |
| Credit to governments | 782 | - | 15 | 793 | 808 |
| assets in respect of derivative instruments | 12,667 | 3,145 | 7,304 | 2,218 | 12,667 |
| Other financial assets | 718 | 478 | - | 240 | 718 |
| Total financial assets | 413,915 (3) | 114,228 | 105,418 | 192,645 | 412,291 |
| Financial liabilities | | | | | |
| Deposits of the public | 342,491 | 2,608 | 237,204 | 103,010 | 342,822 |
| Deposits from banks | 5,389 | - | 4,935 | 445 | 5,380 |
| Deposits from governments | 207 | - | 126 | 90 | 216 |
| Securities loaned or sold under agreement to repurchase | 541 | 541 | - | - | 541 |
| Debentures, bonds and subordinated notes | 17,798 | 13,136 | - | 5,516 | 18,652 |
| liabilities in respect of derivative instruments | 12,009 | 3,147 | 8,625 | 237 | 12,009 |
| Other financial liabilities | 7,392 | 1,147 | 5,665 | 580 | 7,392 |
| Total financial liabilities | 385,827 (3) | 20,579 | 256,555 | 109,878 | 387,012 |
| Off balance financial instruments | | | | | |
| Deals in which the balance represents credit risk | 333 | - | - | 333 | 333 |

31 December 2017

| | 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 |

- (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 114,404 million and NIS 207,657 million (31 December 2017– NIS 108,796 million and NIS 197,199 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 2018 | | | | |
|---|---|---|--|---------------|
| | 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 | | | |
| Assets | | | | |
| Securities available for sale: | | | | |
| Israeli government bonds | 27,952 | 2,266 | - | 30,218 |
| Foreign government bonds | 2,203 | 3,487 | - | 5,690 |
| Bonds of Israeli financial institutions | - | - | - | - |
| Bonds of financial institutions abroad | - | 9,665 | - | 9,665 |
| MBS/ABS | - | 2,859 | 2,821 | 5,680 |
| Others in Israel | 81 | 161 | - | 242 |
| Others abroad | - | 3,236 | - | 3,236 |
| Shares available for sale | 2,158 | - | - | 2,158 |
| Total securities available for sale | 32,394 | 21,674 | 2,821 | 56,889 |
| Securities held for trading: | | | | |
| Bonds held for trading | 6,041 | 623 | - | 6,664 |
| Shares held for trading | 2 | - | - | 2 |
| Total securities held for trading | 6,043 | 623 | - | 6,666 |
| Assets in respect of derivative financial instruments: | | | | |
| Shekel-index contracts | - | 86 | 149 | 235 |
| Interest contracts | 508 | 2,791 | 142 | 3,441 |
| Foreign currency contracts | - | 3,220 | 971 | 4,191 |
| Contracts in respect of shares | 2,133 | 1,195 | 937 | 4,265 |
| Commodities and other contracts | 50 | 12 | 19 | 81 |
| Maof market activity | 454 | - | - | 454 |
| Total assets in respect of derivative financial instruments | 3,145 | 7,304 | 2,218 | 12,667 |
| Others | | | | |
| Credit and deposits in respect of lending of securities | 2,728 | 6 | - | 2,734 |
| Others | 1,734 | - | - | 1,734 |
| Total Assets | 46,044 | 29,607 | 5,039 | 80,690 |
| Liabilities: | | | | |
| Shekel-index contracts | - | 236 | 109 | 345 |
| Interest contracts | 508 | 2,733 | - | 3,241 |
| Foreign currency contracts | - | 3,462 | 128 | 3,590 |
| Contracts in respect of shares | 2,132 | 2,164 | - | 4,296 |
| Commodities and other contracts | 51 | 30 | - | 81 |
| Maof market activity | 456 | - | - | 456 |
| Total liabilities in respect of derivative financial instruments | 3,147 | 8,625 | 237 | 12,009 |
| Others | | | | |
| Deposites in respect of lending of securities | 2,608 | 13 | 3 | 2,624 |
| Others | 1,686 | - | - | 1,686 |
| Total Liabilities | 7,441 | 8,638 | 240 | 16,319 |

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 2017 | | | |
|--|---|---|--|---------------|
| | 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 | | | |
| Assets: | | | | |
| Securities available for sale: | | | | |
| Israeli government bonds | 34,195 | 2,020 | - | 36,215 |
| Foreign government bonds | 7,535 | 3,055 | - | 10,590 |
| Corporate bonds in Israel | - | 11 | - | 11 |
| Corporate bonds abroad | - | 9,593 | - | 9,593 |
| MBS/ABS | - | 3,730 | 1,369 | 5,099 |
| Others in Israel | 3 | 68 | - | 71 |
| Others abroad | - | 2,203 | - | 2,203 |
| Shares available for sale | 1,702 | - | - | 1,702 |
| Total securities available for sale | 43,435 | 20,680 | 1,369 | 65,484 |
| Securities held for trading: | | | | |
| Bonds held for trading | 3,429 | 674 | - | 4,103 |
| Shares held for trading | 1,235 | - | - | 1,235 |
| Total securities held for trading | 4,664 | 674 | - | 5,338 |
| Assets in respect of derivative financial instruments: | | | | |
| Shekel-index contracts | - | 149 | 166 | 315 |
| Interest contracts | 30 | 3,826 | 266 | 4,122 |
| Foreign currency contracts | - | 2,193 | 615 | 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 |
| Total assets in respect of derivative financial instruments | 1,113 | 7,307 | 1,113 | 9,533 |
| Others | | | | |
| Credit and deposits in respect of lending of securities | 2,473 | 7 | - | 2,480 |
| Others | 2,316 | - | - | 2,316 |
| Total Assets | 54,001 | 28,668 | 2,482 | 85,151 |
| Liabilities: | | | | |
| Liabilities in respect of derivative financial instruments: | | | | |
| Shekel-index contracts | - | 177 | 255 | 432 |
| Interest contracts | 29 | 3,780 | - | 3,809 |
| Foreign currency contracts | - | 2,990 | 184 | 3,174 |
| Contracts in respect of shares | 663 | 1,178 | - | 1,841 |
| Commodities and other contracts | 3 | 22 | - | 25 |
| Maof market activity | 397 | - | - | 397 |
| Total liabilities in respect of derivative financial instruments | 1,092 | 8,147 | 439 | 9,678 |
| Others | | | | |
| Deposits in respect of lending of securities | 2,216 | 14 | 47 | 2,277 |
| Others | 2,278 | - | - | 2,278 |
| Total Liabilities | 5,586 | 8,161 | 486 | 14,233 |

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 2018 | | | | |
|--------------------------------------|-------------------------------|---------------------|---------------------|------------|
| | 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 | - | - | 82 | 82 |
| Held-to-maturity bonds | - | - | 3,587 | 3,587 |
| Total | - | - | 3,669 | 3,669 |
| 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 | - | - | 299 | 299 |
| Total | - | - | 299 | 299 |

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

| 31 December 2018 | | | | | | | | |
|--|---|--|-------------------------------------|-------------------|-------------------------|----------------------------------|---|---|
| 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 2018 | Unrealized profit/loss from instruments held 31 December 2018 |
| NIS Millions | | | | | | | | |
| Assets: | | | | | | | | |
| Bonds Available for sale: | | | | | | | | |
| MBS \ ABS | 1,369 | 377 | (27) | 287 | - | (458) | 1,273 | 2,821 (27) |
| Assets in respect of derivative financial instruments: | | | | | | | | |
| Shekel-index contracts | 166 | (44) | - | - | - | 27 | 149 | (22) |
| Interest contracts | 266 | 34 | - | - | (158) | - | 142 | (109) |
| Foreign currency contracts | 615 | (77) | - | 433 | - | - | 971 | 290 |
| Contracts in respect of shares | 63 | 874 | - | - | - | - | 937 | 935 |
| Commodities and other contracts | 3 | 16 | - | - | - | - | 19 | 19 |
| Total assets in respect of derivative financial instruments | 1,113 | 803 | - | 433 | (158) | 27 | 2,218 | 1,113 |
| Total assets | 2,482 | 1,180 | (27) | 720 | - | (616) | 1,300 | 5,039 1,086 |
| Liabilities: | | | | | | | | |
| Liabilities in respect of derivative financial instruments: | | | | | | | | |
| Shekel-index contracts | 255 | (125) | - | - | - | (21) | 109 | 41 |
| Foreign currency contracts | 184 | (56) | - | - | - | - | 128 | (16) |
| Total liabilities in respect of derivative financial instruments | 439 | (181) | - | - | - | (21) | 237 | 25 |
| Other | 47 | (44) | - | - | - | - | 3 | 1 |
| Total liabilities | 486 | (225) | - | - | - | (21) | 240 | 26 |

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

| 31 December 2017 | | | | | | | | | |
|---|---|--|-------------------------------------|--------------|----------|-----------------|---------------------------------|---|---|
| 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 2017 | Unrealized profit/loss from instruments held 31 December 2017 |
| NIS Millions | | | | | | | | | |
| Assets: | | | | | | | | | |
| Bonds Available for sale: | | | | | | | | | |
| MBS \ ABS | 1,426 | (61) | (10) | 887 | - | (873) | - | 1,369 | (1) |
| Assets in respect of derivative financial instruments: | | | | | | | | | |
| Shekel-index contracts | 202 | (25) | - | - | - | - | (11) | 166 | 10 |
| Interest contracts | 130 | 329 | - | - | - | (193) | - | 266 | 154 |
| Foreign currency contracts | 575 | (533) | - | 573 | - | - | - | 615 | 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 | (223) | - | 573 | - | (193) | (11) | 1,113 | 715 |
| Total Assets | 2,393 | (284) | (10) | 1,460 | - | (1,066) | (11) | 2,482 | 714 |
| Liabilities: | | | | | | | | | |
| Liabilities in respect of derivative financial instruments: | | | | | | | | | |
| Shekel-index contracts | 162 | 73 | - | - | - | - | 20 | 255 | 114 |
| Foreign currency contracts | 246 | (62) | - | - | - | - | - | 184 | (26) |
| Total liabilities in respect of derivative financial instruments | 408 | 11 | - | - | - | - | 20 | 439 | 88 |
| other | 34 | 13 | - | - | - | - | - | 47 | 27 |
| Total Liabilities | 442 | 24 | - | - | - | - | 20 | 486 | 115 |

Statement of Cash Flows - Bank

For the year ended 31 December 2018

| | 2018 | 2017 | 2016 |
|--|----------------|------------------|-----------------|
| | (NIS millions) | | |
| Cash flows generated by operating activity | | | |
| Net profit for the year | 3,257 | 3,172 | 2,791 |
| Adjustments: | | | |
| Group share in undistributed gains (losses) of companies included on equity basis (a) | (581) | (526) | (176) |
| Expenses deriving from share-based payment transactions | 28 | - | 10 |
| Depreciation of buildings and equipment (including impairment) | 486 | 501 | 520 |
| Provision for impairment of available for sale shares | 1 | 62 | - |
| Expenses in respect of credit losses | 310 | 44 | (160) |
| Provision for impairment in assets transferred to group ownership | 1 | 1 | - |
| Net gains on sale of securities available for sale (including impairment) | (179) | (179) | (753) |
| Realized and unrealized gain from adjustment to fair value of securities held for trading | (58) | 50 | 116 |
| Loss (gain) on realization of investment in companies included on equity basis | (6) | 15 | 17 |
| Loss (gain) on realization of buildings and equipment | (31) | (278) | (66) |
| Extraordinary provisions (elimination of provisions) in connection with fixed assets after taxes | (1) | (6) | - |
| Interest received in excess of accumulated interest (not yet received) for debentures available for sale | (172) | 93 | 297 |
| Interest not yet paid for debentures and subordinated notes | 139 | (466) | (558) |
| Effect of exchange differentials on cash and deposits with banks for period not exceeding three months | (400) | 604 | 351 |
| Deferred taxes, net | 252 | (238) | (42) |
| Severance pay and pension - increase in excess of provision over amount funded (b) | 153 | (36) | 279 |
| Profit on sale of loan portfolios | 0 | (9) | (44) |
| Other, net | (19) | (4) | 85 |
| Net change in current assets: | | | |
| Assets in respect of derivative instruments | (3,134) | 1,044 | 596 |
| Securities held for trading | (1,270) | 2,979 | 3,434 |
| Other assets | 657 | (55) | (527) |
| Net change in current liabilities: | | | |
| Liabilities in respect of derivative instruments | 2,341 | (888) | (326) |
| Other liabilities | (435) | 148 | 1,015 |
| Net cash generated by operating activity | 1,339 | 6,028 (b) | 6,859(b) |

(a) Net of dividend received.

(b) Reclassified, including in respect of the application of US GAAP ASC 230, Statement of Cash Flows.

Please see Note 1.U.2. to the Annual Financial Statements.

Statement of Cash Flows (cont'd)
For the year ended 31 December 2018

| | 2018 | 2017 | 2016 |
|--|----------------|---------------------|--------------------|
| | (NIS millions) | | |
| Cash flows generated by investment activity | | | |
| Net change in deposits with banks with original maturities of more than three months | (5,328) | (1,611) | 636 |
| Net change in loans to the public ^(b) | (7,695) | (6,168) | (1,899) |
| Net change in loans to governments | (67) | (73) | (189) |
| Change in securities borrowed or purchased under reverse repurchase agreements | (96) | 123 | 480 |
| Purchase of held-to-maturity bonds | (3,575) | - | - |
| Acquisition of securities available for sale | (85,989) | (88,150) | (89,643) |
| Proceeds from sale of securities available for sale | 53,603 | 41,410 | 35,161 |
| Proceeds from redemption of securities available for sale | 40,716 | 43,318 | 44,223 |
| Proceeds on disposal of investments in previously consolidated investees | 11 | - | - |
| Acquisition of shares in companies included on equity basis | (20) | (39) | (4) |
| Proceeds from realization of investment in companies included on equity basis | - | 155 | - |
| Net decrease (indecrease) in capital notes of investee companies | (36) | 89 | 409 |
| Acquisition of buildings and equipment | (573) | (518) | (785) |
| Proceeds from realization of buildings and equipment | 73 | 314 | 88 |
| Proceeds from sale of loan portfolios | 354 | 65 | 2,589 |
| Central severance pay fund | 246 | 383 | 173 |
| Net cash for investment activity | (8,376) | (10,702) (a) | (8,761) (a) |

(a) Reclassified, including in respect of the application of US GAAP ASC 230, Statement of Cash Flows.
Please see Note 1.U.2. to the Annual Financial Statements.

(b) Including current activities from invoice factoring. Please see Note 30.E.

Statement of Cash Flows (cont'd)

For the year ended 31 December 2018

| | 2018 | 2017 | 2016 |
|---|----------------|-----------------------------|-----------------------------|
| | (NIS millions) | | |
| Cash flows generated by financing activity | | | |
| Net change in deposits from banks with original maturities of more than three months | 231 | 1,496 | (3,041) |
| Net change in deposits by the public | 1,686 | 17,254 | 18,282 |
| Net change in deposits by the government | 60 | (31) | 32 |
| Net change in securities loaned or sold under repurchase agreements | (17) | 19 | (399) |
| Issue of debentures and subordinated notes | 2,114 | - | 4,443 |
| Redemption of debentures and subordinated notes | (32) | (6,597) | (2,553) |
| Proceeds of disposal of investments in consolidated companies without loss of control | 512 | - | - |
| Share buyback | (700) | - | - |
| Dividend paid to shareholders | (1,369) | (627) | - |
| Net, cash flows generated by financing activity | 2,485 | 11,514^(a) | 16,764^(a) |
| Increase (decrease) in cash and cash equivalents | (4,552) | 6,840 | 14,862 |
| Balance of cash and cash equivalents at beginning of year | 76,691 | 70,454 | 55,943 |
| Effect of movements in exchange rates on cash balances and cash equivalents | 400 | (603) | (351) |
| Balance of cash and cash equivalents at end of year | 72,539 | 76,691 | 70,454 |
| | 2018 | 2017 | 2016 |
| | (NIS millions) | | |
| Interest received | 9,005 | 8,753 | 8,624 |
| Interest paid | (2,438) | (2,284) | (2,875) |
| Dividend received | 134 | 5 | 13 |
| Taxes paid on income | (845) | (1,651) | (1,473) |

(a) Reclassified, including in respect of the application of US GAAP ASC 230, Statement of Cash Flows.

Please see Note 1.U.2. to the Annual Financial Statements.

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

2018

During the period, property, plant and equipment were purchased against commitments to suppliers in the amount of NIS 17 million.

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.

During the period, property, plant and equipment were purchased against commitments to suppliers in the amount of NIS 119 million.