



Bank Leumi le-Israel B.M.

**Additional Information to the
Annual Consolidated Reports**

2014

31.03.2015

DESCRIPTION	PAGE
Management's Declaration	3
Note 2 - Cash and Deposits with Banks - Bank	4
Note 3 - Securities - Bank	5-11
Note 4 - Credit to the Public - Bank	12-25
Note 5 - Credit to Governments - Bank	26
Note 6 - Investments in Subsidiaries and Affiliated Companies -Bank	27
Note 7 - Buildings and Equipment - Bank	28
Note 8 - Other Assets - Bank	29
Note 9 - Deposits of the Public - Bank	29
Note 10 - Deposits from Banks - Bank	29
Note 11 - Debentures, Bonds and Subordinated Notes - Bank	30
Note 12 - Other Liabilities- Bank	31
Note 15 - Employee Rights- Bank	31
Note 14 - Liens Restrictive Conditions and Collaterals - Bank	32
Note 16 - Assets and Liabilities Classified According to Linkage Basis - Bank	33-34
Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis -Bank	35-36
Note 18 - Contingent Liabilities and Special Commitments-Bank	37-50
Note 20 - Interest Income and Expenses	51
Note 21 - Non-Interest Financing Income	52
Note 22 - Commissions	53
Note 23 - Other Income	53
Note 24 - Salaries and Related Expenses	54
Note 25 - Other Expenses	54
Note 26 - Provision for Taxes on Operating Profit - Bank	55-58
Note 28 - Earmarked Deposits, Credit and Deposits from Earmarked Deposits	59
Cash flows generated by operating activity	60
Cash flows generated by investment activity	61
Cash flows generated by financing activity	62



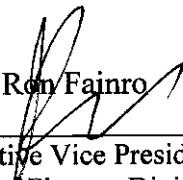
BANK LEUMI LE-ISRAEL

This booklet presents details of the data appearing in Note 30 of the annual financial statements.

The financial information of the Bank, as appearing in this booklet was prepared in accordance with accepted accounting principles and reporting principles determined by the directives and guidelines of the Supervisor of Banks.

The Joint Auditors of the Bank, Somekh Chaikin and Kost Forer Gabbay & Kasierer audited the consolidated annual financial statements of the Bank in accordance with accepted auditing standards.

In addition, the data in this booklet have been transmitted to the Joint Auditors of the Bank in order to enable them to advise whether the information contains information that is materially incompatible with the facts or other information received by the Joint Auditors during their audit. No such announcement was received from the Joint Auditors of the Bank. The Joint Auditors of the Bank did not use for this purpose any additional auditing procedures except those that they were obliged to use for the audit of the consolidated financial statements.


Ron Fainro

Executive Vice President
Head of Finance Division


Shlomo Goldfarb

Executive Vice President
Chief Accounting Officer
Head of Accounting Division

31 March 2015

Note 2 - Cash and Deposits with Banks - Bank

	31 December 2014	31 December 2013
	NIS millions	
Cash and deposits with central banks	41,289	29,463
Deposits with commercial banks (a)	15,987	10,950
Total	57,276	40,413
Including: cash and deposits with central and commercial banks for original periods not exceeding three months	53,145	37,014

(a) After deduction of provision for doubtful debts.

See the annual financial report for the consolidated note.

Note 3 - Securities - Bank

	31 December 2014				31 December 2013					
	Amount in balance sheet	Amortized cost (In shares cost)	Accumulated other comprehensive income (loss) profits	losses	Fair value (a)	Amount in balance sheet	Amortized cost (In shares cost)	Accumulated other comprehensive income (loss) profits	losses	Fair value (a)
	NIS millions				NIS millions					
1. Securities available for sale:										
Debentures and bonds -										
The Government of Israel	12,630	12,387	245	(2)	12,630	29,450	29,274	191	(15)	29,450
Foreign governments	3,995	3,990	8	(2)	3,996	3,104	3,102	2	-	3,104
Israel's financial institutions	65	60	5	-	65	105	100	6	(1)	105
Foreign financial institutions	5,216	5,140	78	(2)	5,216	4,864	4,790	82	(8)	4,864
Asset-backed (ABS) or Mortgage-backed securities (MBS)	5,506	5,515	33	(43)	5,505	5,732	5,808	33	(109)	5,732
Others in Israel	906	880	30	(4)	906	720	682	39	(1)	720
Others abroad	1,034	1,020	20	(6)	1,034	909	897	19	(7)	909
	29,352	28,992	419	(59)	29,352	44,884	44,653	372	(141)	44,884
Shares of Others companies and mutual funds (b)	1,711	1,643	79	(11)	1,711	1,573	1,596	49	(72)	1,573
Total securities available for sale	31,063	30,635	498 (c)	(70) (c)	31,063	46,457	46,249	421 (c)	(213) (c)	46,457

	31 December 2014				31 December 2013					
	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					
2. Securities held for trading:										
Debentures and bonds -										
The Government of Israel	7,900	7,873	33	(6)	7,900	7,087	7,039	57	(9)	7,087
Foreign governments	399	398	1	-	399	986	994	-	(8)	986
Israel's financial institutions	374	374	1	(1)	374	327	322	5	-	327
Foreign financial institutions	235	231	5	(1)	235	116	114	2	-	116
Asset-backed (ABS) or Mortgage-backed securities (MBS)	1,374	1,371	8	(5)	1,374	280	283	1	(4)	280
Others in Israel	319	318	3	(2)	319	389	380	9	-	389
Others abroad	517	515	11	(9)	517	505	515	2	(12)	505
	11,118	11,080	62	(24)	11,118	9,690	9,647	76	(33)	9,690
Shares	1,488	1,374	141	(27)	1,488	1,056	984	76	(4)	1,056
Total securities held for trading	12,606	12,454	203 (d)	(51) (d)	12,606	10,746	10,631	152 (d)	(37) (d)	10,746
Total securities	43,669	43,089	701	(121)	43,669	57,203	56,880	573	(250)	57,203

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

(b) Including NIS 391 million with respect to shares which have no readily available fair value, which are presented at cost (31 December 2012 - NIS 352 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 571 million (31 December 2012- NIS 339 million) are shown under Credit to the Public.

See the annual financial report for the consolidated note.

Note 3 - Securities - Bank (cont'd)

31 December 2014					
	Book value	Amortized cost	Other comprehensive accumulated profit (loss)*		Fair value
			Profits	Losses	
NIS millions					
3. Bonds available for sale					
Pass-through securities:					
Securities guaranteed by GNMA	-	-	-	-	-
Securities issued by FNMA and FHLMC	1,399	1,415	-	(16)	1,399
Total	1,399	1,415	-	(16)	1,399
Other mortgage-backed securities (including CMO and STRIPPED MBS)					
Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities	1,378	1,389	1	(12)	1,378
Other mortgage-backed securities	724	721	5	(2)	724
Total	2,102	2,110	6	(14)	2,102
Asset-backed securities (ABS)					
CLO debentures	2,004	1,990	27	(12)	2,004
Total	2,004	1,990	27	(12)	2,004
Total asset-backed bonds available for sale	5,505	5,515	33	(42)	5,505

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

Note 3 - Securities - Bank (cont'd)

31 December 2013					
	Book value	Amortized cost	Other comprehensive accumulated profit (loss)*		Fair value
			Profits	Losses	
NIS millions					
3. Bonds available for sale (cont'd)					
Pass-through securities:					
Securities guaranteed by GNMA	212	213	1	(2)	212
Securities issued by FNMA and FHLMC	1,472	1,551	-	(79)	1,472
Total	1,684	1,764	1	(81)	1,684
Other mortgage-backed securities (including CMO and STRIPPED MBS)					
Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities	1,966	1,982	2	(18)	1,966
Other mortgage-backed securities	356	356	-	-	356
Total	2,322	2,338	2	(18)	2,322
Asset-backed securities (ABS)					
CLO debentures	1,726	1,706	30	(10)	1,726
Total	1,726	1,706	30	(10)	1,726
Total asset-backed bonds available for sale	5,732	5,808	33	(109)	5,732

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

Note 3 - Securities - Bank (cont'd)

31 December 2014					
	Book value	Amortized cost	Unrealized profits from adjustments to fair value*	Unrealized losses from adjustments to fair value*	Fair value
	NIS millions				
4. Debentures for trading					
Pass-through securities					
Other securities	-	-	-	-	-
Total	248	248	-	-	248
Other mortgage-backed securities (including CMO and STRIPPED MBS)					
Securities issued by FNMA, FHLMC, or GNMA, or guaranteed by these entities	775	776	3	(4)	775
Other mortgage-backed securities	107	106	2	(1)	107
Total	882	882	5	(5)	882
Asset-backed securities (ABS)					
Credit for purchase of vehicles	78	78	1	-	78
Other credit to private persons	16	16	-	-	16
Others	137	135	2	-	137
Total	244	242	3	-	244
Total asset-backed securities for trading	1,374	1,372	8	(5)	1,374

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

Note 3 - Securities - Bank (cont'd)

	31 December 2013				
	Book value	Amortized cost	Unrealized profits from adjustments to fair value*	Unrealized losses from adjustments to fair value ²	Fair value
	NIS millions				
4. Debentures for trading (cont'd)					
Pass-through securities					
Other securities	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	12	12	-	-	12
Other mortgage-backed securities	73	76	-	(3)	73
Total	85	88	-	(3)	85
Asset-backed securities (ABS)					
Credit card debtors	-	-	-	-	-
Lines of credit for any purpose secured by dwelling	-	-	-	-	-
Credit for purchase of vehicles	57	57	-	-	57
Other credit to private persons	16	16	-	-	16
Credit not to private persons	-	-	-	-	-
CLO debentures	118	118	-	-	118
Others	-	-	-	-	-
Total	191	191	-	-	191
Total asset-backed securities for trading	280	283	-	(3)	280

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

Note 3 - Securities - Bank (cont'd)

31 December 2014						
	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						
5. Additional details of asset-backed securities available for sale for which are included unrealized losses from adjustments to fair value						
Mortgage-backed securities (MBS)	-	-	1,346	(16)	1,346	(16)
Other mortgage-backed securities (including REMIC, CMO and STRIPPED MBS)	352	(4)	730	(11)	1,082	(15)
Asset-backed securities (ABS)	898	(4)	472	(8)	1,370	(12)
Total	1,250	(8)	2,548	(35)	3,798	(43)

31 December 2013						
	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						
Mortgage-backed securities (MBS)	1,234	(64)	315	(17)	1,549	(81)
Other mortgage-backed securities (including REMIC, CMO and STRIPPED MBS)	1,409	(17)	99	(1)	1,508	(18)
Asset-backed securities (ABS)	613	(5)	169	(5)	782	(10)
Total	3,256	(86)	583	(23)	3,839	(109)

Note 3 - Securities - Bank (cont'd)

	31 December 2014									
	Less than 12 months					More than 12 months				
	Fair	Unrealized	losses		Total	Fair	Unrealized	losses		Total
			0-20%	20-35%				More than 35%	0-20%	
value					value					
NIS millions										
bonds										
The Government of Israel	6,855	(2)	-	-	(2)	-	-	-	-	-
Foreign governments	3,325	(2)	-	-	(2)	-	-	-	-	-
Israel's financial institutions	5	-	-	-	-	-	-	-	-	-
Foreign financial institutions	1,333	(2)	-	-	(2)	194	-	-	-	-
backed securities (ABS) or	898	(4)	-	-	(4)	472	(8)	-	-	(8)
backed securities (MBS)	352	(4)	-	-	(4)	2,076	(27)	-	-	(27)
Others in Israel	300	(4)	-	-	(4)	-	-	-	-	-
Others abroad	172	(1)	-	-	(1)	40	(5)	-	-	(5)
Shares	-	-	-	-	-	196	(11)	-	-	(11)
Total securities available for sale	13,240	(19)	-	-	(19)	2,978	(51)	-	-	(51)

	31 December 2013									
	Less than 12 months					More than 12 months				
	Fair	Unrealized	losses		Total	Fair	Unrealized	losses		Total
			0-20%	20-35%				More than 35%	0-20%	
value					value					
NIS millions										
bonds										
The Government of Israel	298	(15)	-	-	(15)	-	-	-	-	-
Foreign governments	567	-	-	-	-	-	-	-	-	-
Israel's financial institutions	-	-	-	-	-	9	(1)	-	-	(1)
Foreign financial institutions	1,374	(3)	-	-	(3)	412	(5)	-	-	(5)
backed securities (ABS) or	613	(5)	-	-	(5)	169	(5)	-	-	(5)
backed securities (MBS)	2,643	(82)	-	-	(82)	414	(18)	-	-	(18)
Others in Israel	9	(1)	-	-	(1)	66	-	-	-	-
Others abroad	283	(6)	-	-	(6)	38	-	-	-	-
Shares	948	(72)	-	-	(72)	-	-	-	-	-
Total securities available for sale	6,735	(184)	-	-	(184)	1,108	(29)	-	-	(29)

Note 4 - Credit to the Public - Bank

A. Debts* and off-balance sheet credit instruments

1. Change in balance of credit loss allowance

	31 December 2014					
	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	2,562	479	344	3,385	2	3,387
Expenses in respect of credit losses	(144)	22	315	193	2	195
Accounting write-offs	(287)	(7)	(489)	(783)	-	(783)
Collection of debts written off in previous years	457	-	335	792	-	792
Net accounting write-offs	170	(7)	(154)	9	-	9
Balance of credit loss allowance at end of year	2,588	494	505	3,587	4	3,591
Of which in respect of off-balance sheet credit instruments	441	-	29	470	-	470

	31 December 2013					
	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	3,056	455	248	3,759	4	3,763
Expenses in respect of credit losses	(179)	46	156	23	3	26
Accounting write-offs	(363)	(22)	(402)	(787)	(5)	(792)
Collection of debts written off in previous years	48	-	342	390	-	390
Net accounting write-offs	(315)	(22)	(60)	(397)	(5)	(402)
Balance of credit loss allowance at end of year	2,562	479	344	3,385	2	3,387
Of which in respect of off-balance sheet credit instruments	366	-	26	392	-	392

* 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 4 - Credit to the Public - Bank (cont'd)

2. Additional information on the method of calculating the credit loss allowance in respect of debts* and on debts* on which it was calculated

31 December 2014						
Credit loss allowance						
	Credit to the public			Banks and governments		Total
	Commercial	Residential	Other private	Total		
(NIS millions)						
Recorded debt balance of debts*:						
Examined on an individual basis	109,711	-	886	110,597	16,468	127,065
Examined on a collective basis	13,716	74,239	25,753	113,708	-	113,708
Of which the allowance was calculated by extent of arrears	-	74,239 **	-	74,239	-	74,239
Total debts*	123,427	74,239	26,639	224,305	16,468	240,773
Credit loss allowance by debts*:						
Examined on an individual basis	1,908	-	46	1,954	4	1,958
Examined on a collective basis	236	495	430	1,161	-	1,161
Of which the allowance was calculated by extent of arrears	-	236	-	236	-	236
Total Credit loss allowance	2,144	495	476	3,115	4	3,119
31 December 2013						
Credit loss allowance						
	Credit to the public			Banks and governments		Total
	Commercial	Residential	Other private	Total		
(NIS millions)						
Recorded debt balance of debts*:						
Examined on an individual basis	108,260	-	743	109,003	11,468	120,471
Examined on a collective basis	11,519	68,581	23,830	103,930	-	103,930
Of which the allowance was calculated by extent of arrears	-	68,581	-	68,581	-	68,581
Total debts*	119,779	68,581	24,573	212,933	11,468	224,401
Credit loss allowance by debts*:						
Examined on an individual basis	2,094	-	47	2,141	2	2,143
Examined on a collective basis	100	480	272	852	-	852
Of which the allowance was calculated by extent of arrears	-	242	-	242	-	242
Total Credit loss allowance	2,194	480	319	2,993	2	2,995

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

** 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 291 million (2013– NIS 276 million).

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts¹

1. Credit quality and arrears

31 December 2014						
(NIS millions)						
Activity of borrowers in Israel	Non-problem debts	Problem debts ²			Unimpaired debts - additional	
		Not impaired	Impaired ³	Total	In arrears of 90 days or more ⁴	In arrears of 30 to 89 days ⁵
Public - commercial						
Construction & real estate - construction	14,846	285	572	15,703	8	28
Construction & real estate - real estate activities	20,269	515	1,311	22,095	5	12
Financial services	11,931	33	20	11,984	-	12
Commercial - other	63,275	3,056	1,480	67,811	34	72
Total commercial	110,321	3,889	3,383	117,593	47	124
Private individuals - housing loans ⁶	73,439	775	-	74,214	768	499
Private individuals - other	26,423	127	76	26,626	81	153
Total public - activity in Israel	210,183	4,791	3,459	218,433	896	776
Israeli banks	3,258	-	-	3,258	-	-
Government of Israel	294	-	-	294	-	-
Total activity in Israel	213,735	4,791	3,459	221,985	896	776
Activity of borrowers abroad						
Public - commercial						
Construction & real estate	1,948	15	44	2,007	-	-
Commercial - other	3,733	61	35	3,829	-	-
Total commercial	5,681	76	79	5,836	-	-
Private individuals	37	1	-	38	-	-
Total public - activity abroad	5,718	77	79	5,874	-	-
Foreign banks	12,733	-	-	12,733	-	-
Foreign governments	184	-	-	184	-	-
Total	18,635	77	79	18,791	-	-

31 December 2013						
(NIS millions)						
Activity of borrowers in Israel	Non-problem debts	problem debts ²			Unimpaired debts - additional	
		Not impaired	Impaired ³	Total	In arrears of 90 days or more ⁴	In arrears of 30 to 89 days ⁵
Public - commercial						
Construction & real estate - construction	13,245	553	472	14,270	5	13
Construction & real estate - real estate activities	21,409	196	1,372	22,977	5	21
Financial services	11,753	319	345	12,417	1	9
Commercial - other	60,069	2,332	1,749	64,150	28	72
Total commercial	106,476	3,400	3,938	113,814	39	115
Private individuals - housing loans ⁶	67,760	803	-	68,563	786	602
Private individuals - other	24,338	134	86	24,558	82	165
Total public - activity in Israel	198,574	4,337	4,024	206,935	907	882
Israeli banks	2,990	-	-	2,990	-	-
Government of Israel	338	-	-	338	-	-
Total activity in Israel	201,902	4,337	4,024	210,263	907	882
Activity of borrowers abroad						
Public - commercial						
Construction & real estate	1,487	35	55	1,577	-	-
Commercial - other	4,217	8	166	4,391	-	-
Total commercial	5,704	43	221	5,968	-	-
Private individuals	33	-	-	33	-	-
Total public - activity abroad	5,737	43	221	6,001	-	-
Foreign banks	7,962	-	-	7,962	-	-
Foreign governments	177	-	-	177	-	-
Total	13,876	43	221	14,140	-	-

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

(6) Including housing loans in the amount of NIS 175 million (31 December 2013 – NIS 198 million) with a provision by extent of arrears, in which an arrangement was signed for the repayment of arrears by the borrower, with a change made to the repayment schedule in respect of the loan balance of which the repayment date has not yet arrived.

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts¹ (cont'd)

2. Additional information on impaired debts

31 December 2014					
(NIS millions)					
A. Impaired debts and individual allowance	Balance ² of impaired debts	Balance of individual allowance ³	Balance ² of impaired debts	Total balance ² of impaired debts	Principal contractual balance of impaired debts
<u>Activity of borrowers in Israel</u>	in respect of which there is an individual allowance ³	individual allowance ³	in respect of which there is no individual allowance ³	of impaired debts	of impaired debts
Public - commercial					
Construction & real estate - construction	88	34	484	572	1,247
Construction & real estate - real estate activities	714	304	598	1,312	2,430
Financial services	7	7	13	20	534
Commercial - other	872	341	608	1,480	4,882
Total commercial	1,681	686	1,703	3,384	9,093
Private individuals - housing loans	-	-	-	-	-
Private individuals - other	64	38	13	77	1,709
Total public - activity in Israel	1,745	724	1,716	3,461	10,802
Israeli banks	-	-	-	-	-
Government of Israel	-	-	-	-	-
Total activity in Israel	1,745	724	1,716	3,461	10,802
Activity of borrowers abroad					
Public - commercial					
Construction & real estate	9	7	36	45	171
Commercial - other	1	1	33	34	105
Total commercial	10	8	69	79	276
Private individuals	-	-	-	-	-
Total public - activity abroad	10	8	69	79	276
Foreign banks	-	-	-	-	1
Foreign governments	-	-	-	-	-
Total *	10	8	69	79	277
Of which:*					
Measured by present value of cash flows	802	366	1,160	1,962	-
Debts under troubled debt restructuring	911	229	1,037	1,948	-

(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 4 - Credit to the Public - Bank (cont'd)

B. Debts¹ (cont'd)

2. Additional information on impaired debts

31 December 2012					
(NIS millions)					
A. Impaired debts and individual allowance	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
Activity of borrowers in Israel					
Public - commercial					
Construction & real estate - construction	105	22	366	471	1,616
Construction & real estate - real estate activities	961	158	412	1,373	2,500
Financial services (4)	302	143	43	345	1,014
Commercial - other (4)	852	348	897	1,749	5,070
Total commercial	2,220	671	1,718	3,938	10,200
Private individuals - housing loans	-	-	-	-	-
Private individuals - other	60	40	26	86	1,673
Total public - activity in Israel	2,280	711	1,744	4,024	11,873
Israeli banks	-	-	-	-	-
Government of Israel	-	-	-	-	-
Total activity in Israel	2,280	711	1,744	4,024	11,873
Activity of borrowers abroad					
Public - commercial					
Construction & real estate	26	23	28	54	209
Commercial - other	162	139	4	166	277
Total commercial	188	162	33	221	486
Private individuals	-	-	-	-	-
Total public - activity abroad	188	162	33	221	486
Foreign banks	-	-	-	-	1
Foreign governments	-	-	-	-	-
Total *	188	162	33	221	487
Of which*					
Measured by present value of cash flows	802	366	1,160	1,962	-
Debts under troubled debt restructuring	911	229	1,037	1,948	-

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

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

(4) Reclassified

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts¹ (cont'd)

2. Additional information on impaired debts

B. Average balance and interest income

	31 December 2014		
	Average balance (b) of impaired debts (NIS millions)	Interest income recorded (c)	Of which: recorded on cash basis
<u>Activity of borrowers in Israel</u>			
<u>Public - commercial</u>			
Construction & real estate - construction	495	10	10
Construction & real estate - real estate activities	1,385	12	12
Financial services	150	2	2
Commercial - other	1,593	38	37
Total commercial	3,623	62	61
Private individuals - housing loans	-	-	-
Private individuals - other	83	19	19
Total public - activity in Israel	3,706	81	80
Israeli banks	-	-	-
Government of Israel	-	-	-
Total activity in Israel	3,706	81	80
<u>Activity of borrowers abroad</u>			
<u>Public - commercial</u>			
Construction & real estate	53	-	-
Other commercial	111	-	-
Total commercial	163	-	-
Private individuals	(0)	-	-
Total public - activity abroad	163	-	-
Foreign banks	-	-	-
Foreign governments	-	-	-
Total activity abroad	163	-	-
Total public	3,870	81	80
Total banks	-	-	-
Total governments	-	-	-
Total	3,870	81	80

(a) Credit to the public, credit to governments, deposits in banks (from 2013, excluding deposits in the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

(b) Average debt balance recorded of impaired debts in the reporting period.

(c) 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.

(d) If the impaired debts had accrued interest under their original terms, interest income would have been recorded in the amount of NIS 369 million

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts¹ (cont'd)

2. Additional information on impaired debts

B. Average balance and interest income

	31 December 2013		
	Average balance (b) of impaired debts (NIS millions)	Interest income recorded (c)	Of which: recorded on cash basis
<u>Activity of borrowers in Israel</u>			
<u>Public - commercial</u>			
Construction & real estate - construction	544	11	11
Construction & real estate - real estate activities	1,565	19	19
Financial services (e)	513	-	-
Commercial - other (e)	1,994	17	14
Total commercial	4,616	47	44
Private individuals - housing loans	-	-	-
Private individuals - other	48	-	-
Total public - activity in Israel	4,664	47	44
Israeli banks	-	-	-
Government of Israel	-	-	-
Total activity in Israel	4,664	47	44
<u>Activity of borrowers abroad</u>			
<u>Public - commercial</u>			
Construction & real estate	124	-	-
Other commercial	177	-	-
Total commercial	301	-	-
Private individuals	1	-	-
Total public - activity abroad	302	-	-
Foreign banks	2	-	-
Foreign governments	-	-	-
Total activity abroad	304	-	-
Total public	4,966	47	44
Total banks	2	-	-
Total governments	-	-	-
Total	4,968	47	44

(a) Credit to the public, credit to governments, deposits in banks (from 2013, excluding deposits in the Bank of Israel) and other debts, excluding bonds and securities borrowed or purchased under agreements to resell.

(b) Average debt balance recorded of impaired debts in the reporting period.

(c) 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.

(d) If the impaired debts had accrued interest under their original terms, interest income would have been recorded in the amount of NIS 472 million

(e) Reclassified

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts¹ (cont'd)

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

31 December 2014					
(NIS millions)					
C. Impaired debts under restructuring					
<u>Activity of borrowers in Israel</u>	<u>Not accruing</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>arrears of 30</u>	<u>Accruing² not</u>
		<u>days or more</u>	<u>to 89 days</u>	<u>in arrears</u>	<u>Total³</u>
Construction & real estate - construction	408	-	-	18	426
Construction & real estate - real estate activities	826	-	-	-	826
Financial services	17	-	-	-	17
Commercial - other	553	-	-	30	583
Total commercial	1,804	-	-	48	1,852
Private individuals - housing loans	-	-	-	-	-
Private individuals - other	50	-	-	-	50
Total public - activity in Israel	1,854	-	-	48	1,902
Israeli banks	-	-	-	-	-
Government of Israel	-	-	-	-	-
Total activity in Israel	1,854	-	-	48	1,902
Activity of borrowers abroad					
<u>Public - commercial</u>					
Construction & real estate	13	-	-	-	13
Commercial - other	33	-	-	-	33
Total commercial	46	-	-	-	46
Private individuals	-	-	-	-	-
Total public - activity abroad	47	-	-	-	47
Foreign banks	-	-	-	-	-
Foreign governments	-	-	-	-	-
Total - activity abroad	47	-	-	-	47
Total public	1,901	-	-	48	1,949
Total banks	-	-	-	-	-
Total governments	-	-	-	-	-
Total	1,901	-	-	48	1,949

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

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts¹ (cont'd)

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

31 December 2013 (a)					
(NIS millions)					
C. Impaired debts under restructuring (cont'd)					
	<u>Not accruing</u>	<u>Accruing² in</u>	<u>Accruing² in</u>	<u>Accruing² not</u>	
<u>Activity of borrowers in Israel</u>	<u>interest income</u>	<u>arrears of 90</u>	<u>arrears of 30</u>	<u>in arrears</u>	<u>Total³</u>
<u>Public - commercial</u>	<u>to 89 days</u>	<u>days or more</u>	<u>to 89 days</u>	<u>in arrears</u>	
Construction & real estate - construction	298	-	-	-	298
Construction & real estate - real estate activities	607	-	-	-	607
Financial services	48	-	-	-	48
Commercial - other	449	-	-	36	485
Total commercial	1,402	-	-	36	1,438
Private individuals - housing loans 6	-	-	-	-	-
Private individuals - other	38	-	-	-	38
Total public - activity in Israel	1,440	-	-	36	1,476
Israeli banks	-	-	-	-	-
Government of Israel	-	-	-	-	-
Total activity in Israel	1,440	-	-	36	1,476
Activity of borrowers abroad					
<u>Public - commercial</u>					
Construction & real estate	14	-	-	-	14
Commercial - other	34	-	-	-	34
Total commercial	48	-	-	-	48
Private individuals	-	-	-	-	-
Total public - activity abroad	48	-	-	-	48
Foreign banks	-	-	-	-	-
Foreign governments	-	-	-	-	-
Total - activity abroad	48	-	-	-	48
Total public	1,488	-	-	36	1,524
Total banks	-	-	-	-	-
Total governments	-	-	-	-	-
Total	1,488	-	-	36	1,524

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

(2) Balance of recorded debt.

(3) Individual allowance for credit losses.

Note 4 - Credit to the Public - Bank (cont'd)

B. Debts (cont'd)

3. Additional information on housing loans

Year end balances by rate of financing (LTV) ¹

		31 December 2013			
		(NIS millions)			
		Balance of housing loans			
		<u>Total</u>	<u>Of which: bullet and balloon</u>	<u>Of which: variable interest</u>	<u>Off-balance sheet credit risk total</u>
First charge: rate of financing	Up to 60%	45,206	3,386	33,061	834
	Above 60%	28,222	1,172	21,506	281
Second or without charge		745	35	582	1,324
Total		74,173	4,593	55,149	2,439

		31 December 2012			
		(NIS millions)			
		Balance of housing loans			
		<u>Total</u>	<u>Of which: bullet and balloon</u>	<u>Of which: variable interest</u>	<u>Off-balance sheet credit risk total</u>
First charge: rate of financing	Up to 60%	37,175	3,038	28,542	762
	Above 60%	30,578	1,587	24,177	372
Second or without charge		740	43	600	1,061
Total		68,493	4,668	53,319	2,195

(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 4 - Credit to the Public - Bank (cont'd)

C. Credit to the public (a) and off-balance sheet credit risk (b) by size of debt per borrower

31 December 2014

Credit per borrower (NIS thousands)		Number of borrowers (c)	Credit (a) (NIS millions)	Off balance sheet credit risk (b)
From	To			
0	10	424,886	118	1,001
10	20	158,440	1,067	1,396
20	40	204,820	2,987	3,218
40	80	223,784	7,042	5,846
80	150	150,084	10,984	5,110
150	300	92,535	15,423	3,252
300	600	65,632	25,098	2,214
600	1,200	46,159	34,704	3,060
1,200	2,000	11,500	15,111	2,054
2,000	4,000	5,116	11,476	2,124
4,000	8,000	2,072	8,761	2,368
8,000	20,000	1,373	12,997	4,186
20,000	40,000	552	11,279	4,403
40,000	200,000	553	28,663	17,967
200,000	400,000	109	17,926	12,618
400,000	800,000	41	11,308	11,954
800,000	1,200,000	10	4,656	5,290
1,200,000	1,600,000	2	268	2,360
1,600,000	2,000,000	2	2,942	400
2,000,000	2,400,000	3	4,068	2,019
2,400,000	2,800,000	-	-	-
2,800,000	2,855,203	2	4,734	1,002
Total		1,387,675	231,612	93,842

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.

(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 7,307 million. Open credit card transactions have been allocated to credit levels by the category consolidation method.

(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.

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 4 - Credit to the Public - Bank (cont'd)

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

31 December 2013

Credit per borrower (NIS thousands)		Number of borrowers (c)	Credit (a) (NIS millions)	Off balance sheet credit risk (b)
From	To			
0	10	424,751	382	904
10	20	158,104	1,107	1,374
20	40	204,241	3,034	3,160
40	80	222,432	7,055	5,718
80	150	141,712	10,132	4,979
150	300	84,023	13,951	2,983
300	600	60,143	23,143	2,081
600	1,200	40,324	30,456	2,777
1,200	2,000	10,363	13,613	2,000
2,000	4,000	4,888	10,827	2,246
4,000	8,000	1,990	8,406	2,369
8,000	20,000	1,315	12,281	4,236
20,000	40,000	522	10,103	4,583
40,000	200,000	524	27,005	15,928
200,000	400,000	104	14,554	13,466
400,000	800,000	42	9,988	13,116
800,000	1,200,000	9	6,564	2,188
1,200,000	1,600,000	5	4,382	2,539
1,600,000	2,000,000	3	2,215	2,799
2,000,000	2,400,000	3	2,607	3,777
2,400,000	2,800,000	1	2,376	41
2,800,000	3,200,000	0	0	0
3,200,000	3,523,640	1	2,941	583
Total		1,355,500	217,124	93,850

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.

(a) Net of specific provisions for doubtful debts and with the addition of the fair value of derivative instruments in the amount of NIS 4,189 million. Open credit card transactions were allocated to credit levels by the category consolidation method.

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

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

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 4 - 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 2014			
	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	4	240	240
Construction & real estate - real estate activities	10	385	379
Financial services	-	-	-
Commercial - other	12	142	136
Total commercial	26	767	755
Private individuals - housing loans	-	-	-
Private individuals - other	-	-	-
Total public - activity in Israel	26	767	755
Israeli banks	-	-	-
Government of Israel	-	-	-
Total activity in Israel	26	767	755
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	26	767	755
Total banks	-	-	-
Total governments	-	-	-
Total	26	767	755

* 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 4 - Credit risk, Credit to the Public and Allowance for Credit Losses - Bank (cont'd)

B. Debts*

2. Additional information on impaired debts:

C. Impaired debts under restructuring (cont'd)

2. Failed restructurings**

	31 December 2014	
	Number of contracts (NIS millions)	Recorded debt balance (***)
Activity of borrowers in Israel		
<u>Public - commercial</u>		
Construction & real estate - construction	12	18
Construction & real estate - real estate activities	9	106
Financial services	1	-
Commercial - other	42	38
Total commercial	64	161
Private individuals - housing loans	-	-
Private individuals - other	4	0
Total public - activity in Israel	68	161
Israeli banks	-	-
Government of Israel	-	-
Total activity in Israel	68	161
<u>Activity of borrowers abroad</u>		
<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	68	161
Total banks	-	-
Total governments	-	-
Total	68	161

*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

**Debts that during the reporting year went into arrears of 30 days or more and underwent a troubled debt restructuring during the 12 months preceding the date they became debts in arrears.

***Recorded debt balance at the end of the period when the failure occurred.

Note 5 - Credit to Governments - Bank

	31 December 2014	31 December 2013
	NIS millions	
Credit to the Government	293	339
Credit to foreign Governments	184	177
Total credit to Governments	477	516

See the annual financial report for the consolidated note

Note 6 - Investments in Subsidiaries and Affiliated Companies -Bank

Reported Amounts

	31 December 2014			31 December 2013		
	Companies included on equity basis NIS millions	Subsidiaries	Total	Companies included on equity basis NIS millions	Subsidiaries	Total
A. Investments in shares stated on equity basis (including other assets and goodwill)	1,435	10,173	11,608	1,259	9,887	11,146
Other investments:						
Convertible securities	-	1,961	1,961	-	2,002	2,002
Shareholders' loans	-	12	12	-	18	18
Total other investments	-	1,973	1,973	-	2,020	2,020
Total investments	1,435	12,146	13,581	1,259	11,907	13,166
Including - Post-acquisition profits	764	4,119	4,883	730	4,299	5,029
Post-acquisition changes in shareholders' equity:						
Adjustments in respect of presentation of securities available for sale at fair value, net	-	209	209	-	78	78
Translation differences	12	(49)	(37)	(132)	(385)	(517)
Details regarding goodwill:						
Period of amortization	0-20 years			0-20 years		
Original amount, net	102	183	285	102	183	285
Unamortized balance	26	25	51	31	61	92
Details on book value and market value of quoted securities:						
Book value	1,318	-	1,318	1,137	-	1,137
Market value	2,566	-	2,566	2,526	-	2,526

See the annual financial report for the consolidated note

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

	Bank		
	2014	2013	2012
	NIS millions		
Group's equity in operating profits of companies included on equity basis (Bank - affiliated companies)	(129)	151	637
Provision for deferred taxes	(45)	21	(35)
Group's equity in operating profits of companies included on equity basis (Bank-affiliated companies) net of tax effect	(174)	172	602

Note 7 - Buildings and Equipment - Bank

	Buildings and real estate (a)	Equipment, furniture and motor vehicles	Software	Total
NIS millions				
Cost				
As at 31 December 2013	2,784	2,620	4,083	9,487
Additions	79	116	367	562
Disposals	(35)	(61)	(14)	(110)
Merger of Leumi Mortgage Bank	-	-	-	-
As at 31 December 2013	2,828	2,675	4,436	9,939
Accumulated Depreciation				
As at 31 December 2013	1,415	2,026	2,915	6,356
Current year provision	62	133	394	589
Recognized losses from impairment	(1)	-	-	(1)
Disposals	(27)	(58)	(14)	(99)
Merger of Leumi Mortgage Bank	0	0	0	-
As at 31 December 2014	1,449	2,101	3,295	6,845
Balance after depreciation as at 31 December 2014	1,379	574	1,141	3,094
Balance after depreciation as at 31 December 2013	1,369	594	1,168	3,131

(a) Including installations and leasehold improvements.

See the annual financial report for the consolidated note.

Note 8 - Other Assets - Bank

	31 December 2014	31 December 2013
NIS millions		
Deferred tax asset, net (a) - (see note 26)	2,807	2,829
Excess of funds allocated for severance pay over provision (see note 1)	1,110	756
Assets transferred to ownership of the Group as a result of settlement of problem loans	6	6
Excess of advance tax payments over current provisions	77	14
Expenses to be amortized on issuance of debentures, bonds and subordinated notes	46	63
Accrued income	153	151
Prepaid expenses	123	131
Other receivables and prepayments	213	313
Total other assets	4,535	4,263

Note 9 - Deposits of the Public - Bank

Types of deposits by location raised and type of depositor

	31 December 2014	31 December 2013
NIS millions		
in Israel		
On demand		
Non-interest bearing	53,886	43,000
Interest bearing	55,294	49,499
Total on demand	109,181	92,499
*Fixed term	178,198	180,576
Total deposits in Israel **	287,379	273,076
*of which: non-interest bearing deposits	53,886	43,000
Outside israel		
On demand	-	-
Non-interest bearing	-	-
Interest bearing	-	57
Total on demand	-	57
*Fixed term	-	53
Total deposits outside israel	-	111
*of which: non-interest bearing deposits	-	-
Total deposits of the public	287,379	273,186
**of which:		
Deposits of private persons	118,701	122,597
Deposits of institutional entities	30,978	29,554
Deposits of corporations and others	137,699	120,925

Note 10 - Deposits from Banks - Bank

	31 December 2014	31 December 2013
NIS millions		
in Israel		
commercial banks:		
Demand deposits	3,163	2,685
Time deposits	5,200	4,296
Acceptances	526	506
central banks:		
Demand deposits	-	32
Time deposits	-	-
Outside israel		
commercial banks:		
Demand deposits	-	-
Time deposits	-	3
Acceptances	-	-
central banks:		
Demand deposits	-	-
Time deposits	-	-
Acceptances	-	-
Total deposits from banks	8,889	7,522

Note 11 - Debentures, Bonds and Subordinated Notes - Bank

Bank				
	Average	Internal	31 December	
	maturity (a)	yield rate (a)	2014	2013
	Years	%	NIS millions	
Debentures and bonds (b):				
In Israeli currency linked to the CPI			-	-
In Israeli currency Unlinked			-	-
Subordinated notes(b):				
In Israeli currency Unlinked	4.39(c)	3.14	953	953
In Israeli currency linked to the CPI	2.80 (c)	4.09	5,000	5,572
Total debentures, bonds and subordinated notes			5,953	6,526

(a) The average duration is the average of the payment periods, weighted according to the payment flow discounted at the internal rate of return. The internal rate of return is the rate of interest discounting the value of the anticipated future flow of payments to the amount included in the balance sheet.

(b) The unamortized balance of discount less premium on debentures and on subordinated liability notes has been deducted from the amount of the debentures.

(c) The average duration as of the date of change in interest is based on a calculation of the effective average life as calculated for purposes of Exhibit D, in unlinked subordinated notes is 0.2 years, in those linked to the CPI is 3.07 years.

Note 12 - Other Liabilities- Bank

	Bank	
	31 December 2014	31 December 2013
	NIS millions	
Deferred tax liability, net – see Note 26	102	103
Excess of current provisions for taxes over advance payments	-	285
Excess of provisions for severance pay and pensions over amounts funded - See Note 15 (1)	6,398	5,906
Provisions for unutilized vacations and long service bonus	894	882
Deferred income	561	509
Allowance for credit losses in respect of off-balance sheet items	470	392
Accrued expenses in respect of salaries and related expenses	189	506
Payables in respect of credit cards	4,783	4,696
Accrued expenses	168	173
Market value of securities sold short	758	858
Other payables and credit balances	1,033	1,158
Total other liabilities	15,356	15,468

(1) Restated.

Note 15 - Employee Rights- Bank

Data relating to provisions and fundings

The amounts of provisions and related fundings for severance pay and pensions are included in the balance sheet as follows:

	Bank	
	31 December 2014	31 December 2013
	NIS millions	
Provision for severance pay (3)	2,435	2,578
Amounts funded for severance pay (1)	(3,545)	(3,329)
Provision for pension	6,398	5,901
Excess of provisions over amounts funded, net	5,288	5,150
Excess of provisions over amounts funded, net, included in "other liabilities" (3)	6,398	5,906
Excess of amounts funded included in "other assets"	1,110	756
Excess of provisions over amounts funded, net (2)	5,288	5,150

(1) Bank and its subsidiaries are not allowed to draw the amount funded except for payment of severance pay.

(2) This surplus represents mainly the actuarial pension liability of the Bank for the pensioners of the Bank, and the cover for this liability is part of the Bank's assets and its current applications.

(3) Restated pursuant to a change in accounting method for accumulating employee rights

Total liabilities for pensions to employees who commenced work in the Bank before 1 January 1999, totaled NIS 7,489 million at 31 December 2012.

To cover this liability are severance monies deposited in Central Severance Pay Funds in the amount of NIS 2,325 million as well as provident monies deposited in provident funds in the amount of NIS 3,520 below.

Provident monies are set off from pension liabilities and are not shown in the balance sheet and are also not detailed in the above table.

The difference between the above provisions and amounts funded is provided for by the Bank and included under liabilities in the Bank's balance sheet.

See the annual financial report for the consolidated note.

Note 14 - Liens Restrictive Conditions and Collaterals - Bank

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(NIS millions)</u>		
Securities received in securities borrowing transactions against cash	2,000	1,360	1,435

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(NIS millions)</u>		
Securities loaned in securities lending transactions against cash	1,238	624	951

Note 16 - Assets and Liabilities Classified According to Linkage Basis - Bank

31 December 2014							
	Israeli Currency		Foreign Currency (a)				
	Unlinked	Linked to the CPI	IN U.S. dollars	In Euro	In other currencies	Non-monetary items (b)	Total
NIS millions							
Assets							
Cash and deposits with banks	43,416	262	11,210	1,360	942	86	57,276
Securities	17,840	2,195	16,316	3,008	1,111	3,199	43,669
Securities borrowed or purchased under agreement to resell	2,000	-	-	-	-	-	2,000
Credit to the public, net (c)	151,584	51,048	13,223	3,895	1,218	222	221,190
Credit to governments	53	240	125	59	-	-	477
Investments in companies included on equity basis	1,229	6	14	28	695	11,612	13,584
Buildings and equipment	-	-	-	-	-	3,094	3,094
Assets in respect of derivative instruments	7,603	181	7,127	107	117	1,567	16,702
Other assets	4,143	1	123	1	1	266	4,535
Total assets	227,868	53,933	48,138	8,458	4,084	20,046	362,527
Liabilities							
Deposits of the public	168,074	40,669	59,251	14,017	5,024	343	287,378
Deposits from banks	2,718	965	4,472	571	163	-	8,889
Deposits from governments	21	2	92	8	-	-	123
Securities loaned or sold under agreement to repurchase	1,238	-	-	-	-	-	1,238
Debentures, bonds and subordinated notes	953	5,000	-	-	-	-	5,953
Liabilities in respect of derivative instruments	7,103	129	6,384	312	43	1,526	15,497
Other liabilities	6,818	7,255	622	22	5	634	15,356
Total Liabilities	186,925	54,020	70,821	14,930	5,235	2,503	334,434
Of which: Earmarked deposits, net	5	35	62	-	-	-	102
Difference (d)	40,943	(87)	(22,683)	(6,472)	(1,151)	17,543	28,093
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	-	-	-	-	-	-	-
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Total	40,943	(87)	(22,683)	(6,472)	(1,151)	17,543	28,093
Effect of derivative instruments that are not hedged:							
Option in the money, net (discounted par value)	1,579	-	(2,555)	979	(3)	-	-
Options out of the money, net (discounted par value)	266	-	(6)	(233)	(27)	-	-

(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 3,118 million.

(d) Equity.

See the annual financial report for the consolidated note.

Note 16 - Assets and Liabilities Classified According to Linkage Basis-Bank (cont'd)

31 December 2013							
Israeli Currency				Foreign Currency (a)			
	Unlinked	Linked to the CPI	IN U.S. dollars	Non-			Total
				In Euro	In other currencies	monetary items (b)	
NIS millions							
Assets							
Cash and deposits with banks	30,939	343	5,461	2,236	1,308	126	40,413
Securities	33,298	3,288	13,505	3,654	829	2,629	57,203
Securities borrowed or purchased under agreement to resell	1,350	-	-	10	-	-	1,360
Credit to the public, net (c)	139,255	53,255	11,779	3,928	1,361	362	209,940
Credit to governments	66	273	133	44	-	-	516
Investments in companies included on equity basis	1,299	6	20	28	667	11,148	13,168
Buildings and equipment	-	-	-	-	-	3,131	3,131
Assets in respect of derivative instruments	8,678	309	2,043	345	143	1,442	12,960
Other assets	3,577	181	198	4	83	220	4,263
Total assets	218,462	57,655	33,139	10,249	4,391	19,058	342,954
Liabilities							
Deposits of the public	156,684	43,254	52,236	14,708	5,683	621	273,186
Deposits from banks	2,423	970	3,207	665	257	-	7,522
Deposits from governments	23	3	119	10	-	-	155
Securities loaned or sold under agreement to repurchase	624	-	-	-	-	-	624
Debentures, bonds and Subordinated notes	954	5,572	-	-	-	-	6,526
Liabilities in respect of derivative instruments	8,363	514	2,024	830	160	1,453	13,344
Other liabilities	7,782	6,314	702	17	124	529	15,468
Total liabilities	176,853	56,627	58,288	16,230	6,224	2,603	316,825
Of which: Earmarked deposits, net	6	43	58	-	-	-	107
Difference (d)	41,609	1,028	(25,149)	(5,981)	(1,833)	16,455	26,129
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	694	-	-	-	(694)	-	-
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Total	16,534	(2,621)	(5,822)	(274)	(2,796)	18,353	26,129
Effect of derivative instruments that are not hedged:							
Option in the money, net (discounted par value)	1,226	-	(1,280)	25	17	12	-
Options out of the money, net (discounted par value)	4,252	-	(3,947)	65	(428)	58	-

(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 2,993 million.

(d) Equity.

Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) - Bank

31 December 2014														
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	84,324	20,475	43,659	26,017	21,901	16,231	13,903	40,523	34,577	10,765	312,375	3,870	287,449	2.86%
Liabilities	145,390	16,219	31,945	12,444	13,819	4,167	3,959	14,247	3,502	2,878	248,570	1,582	245,938	2.82%
Difference	(61,066)	4,256	11,714	13,573	8,082	12,064	9,944	26,276	31,075	7,887	63,805	2,288	41,511	
Derivative instruments (except options)	(6,283)	(3,718)	(7,878)	(132)	210	(14)	1,807	(1,956)	(40)	(85)	(18,089)	-	(18,856)	
Options (in terms of underlying asset)	294	316	27	19	-	183	895	687	-	-	2,421	-	1,877	
Difference After Effect of Derivatives instruments	(67,055)	854	3,863	13,460	8,292	12,233	12,646	25,007	31,035	7,802	48,137	2,288	24,532	
Foreign currency														
Assets	20,178	5,314	9,409	5,965	3,178	3,006	2,635	7,891	4,893	3,321	65,790	894	55,032	2.70%
Liabilities	58,203	14,890	11,892	2,787	1,452	615	1,026	961	73	2	91,901	-	85,993	1.97%
Difference	(38,025)	(9,576)	(2,483)	3,178	1,726	2,391	1,609	6,930	4,820	3,319	(26,111)	894	(30,961)	
Of which difference in \$	(39,901)	3,623	(1,700)	3,304	1,329	1,366	781	5,461	5,229	2,952	(17,556)	425	(22,718)	
Of which: difference in respect of foreign operations	81	-	-	-	7	30	-	-	-	-	118	-	97	
Derivative instruments (except options)	6,283	3,718	7,878	132	(210)	14	(1,807)	1,956	40	85	18,089	-	18,856	
Options (in terms of underlying asset)	(294)	(316)	(27)	(19)	-	(183)	(895)	(687)	-	-	(2,421)	-	(1,877)	
Difference After Effect of Derivatives instruments	(32,036)	(6,174)	5,368	3,291	1,516	2,222	(1,093)	8,199	4,860	3,404	(10,443)	894	(13,982)	
Total														
Assets	104,502	25,789	53,068	31,982	25,079	19,237	16,538	48,414	39,470	14,086	378,165	4,763	342,480	2.88%
Liabilities	203,593	31,109	43,837	15,231	15,271	4,782	4,985	15,208	3,575	2,880	340,471	1,583	331,930	2.72%
Difference (f)	(99,091)	(5,320)	9,231	16,751	9,808	14,455	11,553	33,206	35,895	11,206	37,694	3,180	10,550	
Of which: credit to the public	40,856	20,284	34,666	24,975	21,074	15,748	13,138	37,614	33,992	10,853	253,200	1,104	220,968	3.17%
Of which: deposits of the public	188,442	27,230	37,328	11,621	12,000	3,015	2,169	8,542	632	2	290,981	-	287,034	2.13%

(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 253 million (31 December 2013- NIS 326 million)

(c) Including linkage foreign currency.

(d) As included in Note 16, "Assets and liabilities According to Linkage Basis".

(e) Credit with debitory account conditions is classified in accordance with the credit framework line of NIS 8.8 billion (31 December 2013- NIS 9 billion) special credit in the amount of NIS 0.6 billion is classified without repayment date (31 December 2013- NIS 0.7 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 4.5 billion (31 December 2013- NIS 5.1 billion).

See the annual financial report for the consolidated note.

Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) - Bank (cont'd)

	31 December 2013													
	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)	Contractual yield rate (g)	
	NIS millions													
Israeli currency (c)														
Assets	69,533	19,547	58,853	26,869	20,306	16,726	13,171	40,674	34,322	11,353	311,354	3,541	276,394	3.72%
Liabilities	134,689	14,657	30,734	16,543	9,687	11,221	3,195	15,339	3,147	2,338	241,550	2,191	236,313	3.07%
Difference	(65,156)	4,890	28,119	10,326	10,619	5,505	9,976	25,335	31,175	9,015	69,804	1,350	40,081	
Derivative instruments (except options)	(10,197)	(12,763)	(2,147)	(488)	172	(117)	18	171	(27)	(78)	(25,456)	-	(25,522)	
Options (in terms of underlying asset)	779	(372)	20	15	-	-	162	1,399	-	-	2,003	-	1,902	
Difference After Effect of Derivative instruments	(74,574)	(8,245)	25,992	9,853	10,791	5,388	10,156	26,905	31,148	8,937	46,351	1,350	16,461	
Foreign currency														
Assets	14,462	4,228	5,576	6,635	4,156	4,372	4,304	6,977	1,592	409	52,711	769	47,454	5.44%
Liabilities	54,161	9,965	10,194	2,618	975	903	354	1,313	44	-	80,527	454	77,938	4.93%
Difference	(39,699)	(5,737)	(4,618)	4,017	3,181	3,469	3,950	5,664	1,548	409	(27,816)	315	(30,484)	
Of which difference in \$	(35,210)	(11)	(3,152)	4,104	2,476	2,406	2,082	2,922	1,090	353	(22,940)	(202)	(25,395)	
Of which: difference in respect of foreign operations	41	81	-	1	9	37	-	-	-	-	169	-	169	
Derivative instruments (except options)	10,197	12,763	2,147	488	(172)	117	(18)	(171)	27	78	25,456	-	25,522	
Options (in terms of underlying asset)	(779)	372	(20)	(15)	-	-	(162)	(1,399)	-	-	(2,003)	-	(1,902)	
Difference After Effect of Derivative instruments	(30,281)	7,398	(2,491)	4,490	3,009	3,586	3,770	4,094	1,575	487	(4,363)	315	(6,864)	
Total														
Assets	83,996	23,775	64,429	33,504	24,462	21,098	17,475	47,650	35,913	11,762	364,064	4,310	323,848	3.91%
Liabilities	188,850	24,622	40,928	19,161	10,662	12,124	3,549	16,652	3,191	2,338	322,077	2,645	314,251	3.25%
Difference (f)	(104,854)	(847)	23,501	14,343	13,800	8,974	13,926	30,998	32,722	9,424	41,987	1,665	9,597	
Of which: credit to the public	40,566	19,980	34,888	25,094	18,296	15,599	11,606	36,557	33,398	11,406	247,390	1,000	209,579	4.12%
Of which: deposits of the public	178,683	21,191	34,694	13,992	7,944	9,298	2,350	9,111	722	7	277,992	-	272,565	3.21%

Note 18 - Contingent Liabilities and Special Commitments-Bank

	31 December 2014		31 December 2013	
	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	1,083	3	1,282	4
Credit guarantees	6,219	100	5,740	81
Guarantees to apartment purchasers	17,547	24	15,529	22
Other guarantees and liabilities	16,786	216	14,808	173
Unutilized credit card facilities (a)	13,041	10	12,319	10
Other unutilized revolving credit facilities and credit facilities in accounts on demand	14,199	24	13,967	23
Irrevocable commitments to provide credit which has been approved and not yet granted (a)	17,592	70	15,611	63
Commitments to issue guarantees	15,081	23	11,825	18
Unutilized facilities for activity in derivative instruments	5,533	-	6,406	-
Approval in principle for a guaranteed rate of interest	4,565	-	3,692	-

(a) Of which: non unrealized credit exposures in respect of commitments to provide liquidity to securitization structures under the aegis of others totaled NIS 233 million (on 31 December 2013 NIS 212 million). This commitment is only extended in a state of financial difficulties which do not permit securitization. The liquidity framework is not currently in use and has not been used in the past. The line supplied by the Bank constitutes a small part of total liquidity lines to those entities. The Bank does not provide any other type of support to these entities.

B. Off-balance sheet commitments for transactions based on extent of collections (a)

Balance of credit from deposits on collection basis(b)

	31 December 2014	31 December 2013
Israeli currency unlinked	820	1,069
Israeli currency linked to the CPI	3,087	3,785
Foreign currency	155	267
Total	4,062	5,121

Cash flows in respect of collection commissions and interest margins on activities based on the extent of collections as at 31 December 2014

	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 2014	Total 2013
	(NIS millions)							
1. CPI linked sector (c)								
Cash flows of futures contracts	26	34	32	49	16	1	158	244
Expected future cash flows after management estimate of early repayments	26	34	32	49	15	-	156	242
Discounted expected future cash flows after management estimate of early repayments (d)	25	33	29	41	11	-	139	215
2. Unlinked shekel sector								
Cash flows of futures contracts	8	3	3	3	-	-	17	17
Expected future cash flows after management estimate of early repayments	8	3	3	3	-	-	17	17
Discounted expected future cash flows after management estimate of early repayments (d)	8	3	2	3	-	-	16	15

(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 204 million, (NIS 267 million last year), were not included in this table.

(c) Including foreign currency sector.

(d) The discounting was made at the rate of 2.45% (2013 - 2.97%).

See the annual financial report for the consolidated note.

Note 18 - Contingent Liabilities and Special Commitments-Bank (cont'd)

	2014	2013
	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	32	38
Standing loans	15	28
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	126	132
Second year	111	113
Third year	102	101
Fourth year	87	92
Fifth year	62	65
After five years	379	411
Total	867	914
(2) Commitments to purchase securities	185	122
(3) Commitments to invest in and acquire buildings and equipment	12	31
(4) Future deposits		
Transactions with depositors for purposes of receipt of large deposits at various future dates and at fixed interest rates determined in advance as of the date of the commitment		
Details of amounts of future deposits and deposit dates as determined in the terms of the		
First year	12	17
Second year	3	12
Third year	-	3
Fourth year	-	-
Fifth year	-	-
Sixth and subsequent years	-	-
Total future deposits	15	32

Note 18B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates - Bank

a. Scope of Activity					
31 December 2014					
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
NIS millions					
(1) Amount of derivative instruments					
a) Hedge derivative (a)					
Forward contracts	-	-	-	-	-
Swaps	-	2,440	-	-	-
Total	-	2,440	-	-	-
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	2,440			
b) ALM derivative (a) (b)					
Futures contracts	-	12,153	372	55,940	460
Forward contracts	12,108	25,847	197,610	304	39
Exchange-traded options					
Put options	-	498	17,647	12,678	56
Call options	-	498	17,769	12,678	56
Other options					
Put options	-	12,962	30,369	2,544	242
Call options	-	10,494	28,740	2,173	270
Swaps	463	273,544	30,182	24,408	395
Total	12,571	335,996	322,689	110,725	1,518
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	129,861			
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			17,627		
Total	-	-	17,627	-	-
Total	12,571	338,436	340,316	110,725	1,518

(a) Except credit derivatives and Spot contracts.

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

Note 18B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates Bank (cont'd)

(a) Scope of activity (cont'd)

	31 December 2014				
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
NIS millions					
(2) Gross fair value of derivative instruments					
a) Hedged derivatives (a)					
Gross positive fair value	-	1	-	-	-
Gross negative fair value	-	166	-	-	-
b) ALM derivatives (a) (b)					
Gross positive fair value	241	7,857	6,726	1,804	77
Gross negative fair value	254	7,454	5,781	1,800	76
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)	241	7,859	6,726	1,804	77
Fair value amounts offset in the balance sheet	-	-	-	-	-
(*) Book value of assets in respect of derivative instruments	241	7,859	6,726	1,804	77
*Of which: book value of assets in respect of derivative instruments not subject to a master netting arrangement or similar arrangements					
	5	22	441	46	11
Gross negative fair value (c)	254	7,620	5,781	1,800	76
Fair value amounts offset in the balance sheet	-	-	-	-	-
(*) Book value of liabilities in respect of derivative instruments	254	7,620	5,781	1,800	76
respect of derivative instruments not subject to a master netting arrangement or similar arrangements					
	-	1	456	296	12

(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 18B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates

Bank (cont'd)

(a) Scope of activity (cont'd)

31 December 2013					
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
NIS millions					
(1) Amount of derivative instruments					
a) Hedge derivative (a)					
Forward contracts	-	-	1,426	-	-
Swaps	-	2,533	-	-	-
Total	-	2,533	1,426	-	-
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	2,533			
b) ALM derivative (a) (b)					
Futures contracts	-	8,320	348	35,508	6,639
Forward contracts	12,072	12,015	118,711	3	136
Put options	-	4,779	8,586	14,592	405
Call options	-	4,779	8,762	14,592	405
Put options	-	10,751	26,870	824	239
Call options	-	8,082	25,645	756	252
Swaps	678	287,536	26,099	12,251	197
Total	12,750	336,262	215,021	78,526	8,273
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	158,832	-	-	-
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	-	-	6,361	-	-
Total	-	-	6,361	-	-
Total	12,750	338,795	222,808	78,526	8,273

(a) Except credit derivatives and Spot contracts.

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

Note 18B – Derivative Instrument Activity - Scope, Credit Risks and Repayment Dates

Bank (cont'd)

(a) Scope of activity (cont'd)

	31 December 2013				
	Interest contracts		Foreign currency contracts	Contracts in respect of shares	Contracts in respect of goods and others
	Shekel - index	Other			
NIS millions					
(2) Gross fair value of derivative instruments					
a) Hedged derivatives (a)					
Gross positive fair value	-	36	37	-	-
Gross negative fair value	-	130	10	-	-
b) ALM derivatives (a) (b)					
Gross positive fair value	118	7,924	3,188	1,557	100
Gross negative fair value	232	7,538	3,761	1,597	92
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)	118	7,960	3,225	1,557	100
Fair value amounts offset in the balance sheet	-	-	-	-	-
Book value of assets in respect of derivative instruments (*)	118	7,960	3,225	1,557	100
* Of which: Book value of assets in respect of derivative instruments not subject to a master netting arrangement or similar	20	26	174	17	1
Gross negative fair value (c)	232	7,668	3,771	1,597	92
Fair value amounts offset in the balance sheet	-	-	-	-	-
Book value of liabilities in respect of derivative instruments (*)	232	7,668	3,771	1,597	92
* Of which: Book value of liabilities in respect of derivative instruments not subject to a master netting arrangement or similar	54	27	454	315	1

(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 18B – 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 2014						
	Stock exchanges	Banks	Dealers/ brokers	Governments and Central Banks	Others	Total
NIS millions						
Balance sheet balances of						
derived assets from derivative instruments (1)	304	9,394	2,560	6	4,443	16,707
Gross amounts that not offset in the balance sheet:						
Mitigation of credit risk in respect of financial instruments	-	3,486	1,140	6	877	5,509
Mitigation of credit risk in respect of cash collateral received	-	1,015	409	-	-	1,424
Net amount of assets in respect of derivative instruments	304	4,893	1,011	-	3,566	9,774
Off-balance sheet credit risk in respect of derivative						
instruments (3)	-	4,013	1,196	87	3,487	8,783
Mitigation of off-balance sheet credit risk	-	246	71	52	1,011	1,380
Net off-balance sheet credit risk in respect of derivative instruments.	-	3,767	1,124	35	2,476	7,402
Total credit risk in respect of derivative instruments	304	8,660	2,135	35	6,042	17,176
Book balance of liabilities in respect of derivative instruments (2)	328	8,565	2,293	114	4,232	15,532
Gross amounts that not offset in the balance sheet:						
Financial instruments	-	3,486	1,140	6	877	5,509
Cash collateral pledged	-	695	58	97	101	951
Net amount of liabilities in respect of derivative instruments	328	4,384	1,095	11	3,254	9,072

(1) Net accounting arrangements do not exist.

(2) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 15,497 million

(31 December 2012 – NIS 13,344 million) included under other assets.

(3) 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 2014					
	Up to three months	Three months to one year	One year to five years	After five years	Total
NIS millions					
Interest contracts:					
Shekel - index	1,296	3,203	5,696	2,375	12,570
Other	17,869	75,488	157,929	87,150	338,436
Foreign currency contracts	212,553	90,443	19,590	17,729	340,315
Contracts in respect of shares	92,154	16,928	1,642	-	110,724
Contracts in respect of commodities and others	1,007	471	38	-	1,516
Total	324,879	186,533	184,895	107,254	803,561

Note 18B – 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 2013						
	Stock exchanges	Banks	Dealers/ brokers	Governments and Central Banks	Others	Total
NIS millions						
Balance sheet balances of derived assets from derivative instruments (1)	139	8,685	1,933	85	2,117	12,959
Gross amounts that not offset in the balance sheet:						
Mitigation of credit risk in respect of financial instruments	-	6,646	1,755	-	802	9,203
Mitigation of credit risk in respect of cash collateral received	-	938	90	32	43	1,103
Net amount of assets in respect of derivatives instruments	139	1,101	88	53	1,272	2,653
Off-balance sheet credit risk in respect of derivatives instruments (3)						
Mitigation of off-balance sheet credit risk	-	10,324	2,269	326	10,975	23,894
Net off-balance sheet credit risk in respect of derivative instruments.	-	3,288	448	-	2,960	6,696
Net off-balance sheet credit risk in respect of derivative instruments.	-	7,036	1,821	326	8,016	17,199
Total credit risk in respect of derivative instruments	139	8,137	1,909	379	9,288	19,852
Book balance of liabilities in respect of derivative instruments (2)						
Book balance of liabilities in respect of derivative instruments (2)	317	7,438	1,824	-	3,781	13,360
Gross amounts that not offset in the balance sheet:						
Financial instruments	-	6,646	1,755	-	802	9,203
Cash collateral pledged	-	468	2	-	-	470
Net amount of liabilities in respect of derivatives instruments	317	324	67	-	2,979	3,687

(1) Of which a balance sheet amount of stand-alone derivative instruments in the sum of NIS 15,497 million (31 December 2013 – NIS 13,344 million) included under other assets.

(2) 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 2013					
	Up to three months	Three months to one year	One year to five years	After five years	Total
NIS millions					
Interest contracts:					
Shekel - index	2,151	5,044	3,748	1,807	12,750
Other	36,200	62,894	145,722	93,981	338,797
Foreign currency contracts	144,943	45,927	10,983	20,956	222,809
Contracts in respect of shares	69,176	8,533	817	-	78,526
Contracts in respect of commodities and others	2,169	6,079	26	-	8,274
Total	254,639	128,477	161,296	116,744	661,156

Note 18C – Balances and Fair Value Assessments of Financial Instruments - Bank

31 December 2014

	Book value	Fair value			Total
		(level 1)(1)	(level 2)(1)	(level 3)(1)	
NIS millions					
Financial assets					
Cash and deposits with banks	57,276	41,380	13,930	2,004	57,314
Securities (2)	43,669	26,270	14,894	2,505	43,669
Securities borrowed or purchased under agreement to resell	2,000	2,000	-	-	2,000
Credit to the public, net	221,191	2,109	38,662	181,641	222,412
Credit to governments	477	-	1	491	492
assets in respect of derivative instruments	16,702	1,359	12,341	3,002	16,702
Other financial assets	371	187	-	184	371
Total financial assets	341,686 (3)	73,305	79,828	189,827	342,960
Financial liabilities					
Deposits of the public	287,377	2,682	145,552	142,753	290,987
Deposits from banks	8,889	-	4,890	4,057	8,947
Deposits from governments	123	-	58	93	151
Securities loaned or sold under agreement to repurchase	1,238	1,238	-	-	1,238
Debentures, bonds and subordinated notes	5,953	305	-	6,596	6,901
liabilities in respect of derivative instruments	15,497	1,306	14,040	151	15,497
Other financial liabilities	6,125	176	-	5,953	6,129
Total financial liabilities	325,202 (3)	5,707	164,540	159,603	329,850
Off balance financial instruments					
Deals in which the balance represents credit risk	332	-	-	332	332

31 December 2013

	Book value	Fair value			Total
		(level 1)(1)	(level 2)(1)	(level 3)(1)	
NIS millions					
Financial assets					
Cash and deposits with banks	40,413	29,572	9,297	1,566	40,435
Securities (2)	57,203	41,516	13,440	2,247	57,203
Securities borrowed or purchased under agreement to resell	1,360	1,360	-	-	1,360
Credit to the public, net	209,940	2,585	47,962	160,780	211,327
Credit to governments	516	-	4	537	541
assets in respect of derivative instruments	12,960	1,272	9,876	1,812	12,960
Other financial assets	469	148	-	320	468
Total financial assets	322,861 (3)	76,453	80,579	167,262	324,294
Financial liabilities					
Deposits of the public	273,186	2,828	120,696	153,099	276,623
Deposits from banks	7,522	-	3,968	3,605	7,573
Deposits from governments	155	-	90	83	173
Securities loaned or sold under agreement to repurchase	624	624	-	-	624
Debentures, bonds and subordinated notes	6,526	2,634	-	4,806	7,440
liabilities in respect of derivative instruments	13,344	1,281	11,683	380	13,344
Other financial liabilities	6,069	148	-	5,884	6,032
Total financial liabilities	307,426 (3)	7,515	136,437	167,857	311,809
Off balance financial instruments					
Deals in which the balance represents credit risk	269	-	-	269	269

(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 87,521 million (31 December 2013 – NIS 98,507 million) and NIS 123,080 million (31 December 2013 – NIS 82,469 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 18d.

Note 18D – Items Measured for Fair Value on a Recurring Basis- Bank

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

	31 December 2014			
	Fair Value Measurements using			
	Prices quoted in an active market (level 1)	Other significen observable in inputs (level 2)	Significant unobservable inputs (level 3)	Book Value
	NIS millions			
Assets				
Securities available for sale:				
Israeli government bonds	11,096	1,534	-	12,630
Foreign government bonds	3,225	771	-	3,996
Bonds of Israeli financial institutions	18	47	-	65
Bonds of financial institutions abroad	-	5,216	-	5,216
MBS/ABS	-	3,503	2,003	5,506
Others in Israel	641	266	-	907
Others abroad	-	1,034	-	1,034
Shares available for sale	1,208	-	-	1,208
Total securities available for sale	16,188	12,371	2,003	30,562
Securities held for trading:				
Bonds held for trading	8,594	2,524	-	11,118
Shares held for trading	1,489	-	-	1,489
Total securities held for trading	10,083	2,524	-	12,607
Assets in respect of derivative financial instruments:				
Shekel-index contracts	-	96	145	241
Interest contracts	9	7,421	422	7,852
Foreign currency contracts	5	4,167	2,307	6,479
Contracts in respect of shares	707	656	64	1,427
Commodities and other contracts	12	-	64	76
Maof market activity	626	-	-	626
Total assets in respect of derivative financial instruments	1,359	12,340	3,002	16,701
Others				
Credit and deposits in respect of lending of securities	2,000	-	-	2,000
Others	2,290	5	-	2,295
Total Assets	31,920	27,240	5,005	64,165
Liabilities:				
Shekel-index contracts	-	213	41	254
Interest contracts	9	7,610	-	7,619
Foreign currency contracts	5	5,438	110	5,553
Contracts in respect of shares	707	715	-	1,422
Commodities and other contracts	12	64	-	76
Maof market activity	573	-	-	573
Total liabilities in respect of derivative financial instruments	1,306	14,040	151	15,497
Others				
Deposites in respect of lending of securities	2,680	23	11	2,714
Others	1,414	-	-	1,414
Total Liabilities	5,400	14,063	162	19,625

See the annual financial report for the consolidated note.

Note 18D – 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 2013			
	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	27,968	1,482	-	29,450
Foreign government bonds	2,355	749	-	3,104
Corporate bonds in Israel	45	60	-	105
Corporate bonds abroad	-	4,744	120	4,864
MBS/ABS	-	4,005	1,726	5,732
Others in Israel	381	331	9	721
Others abroad	-	909	-	909
Shares available for sale	1,182	-	-	1,182
Total securities available for sale	31,931	12,280	1,855	46,067
Securities held for trading:				
Bonds held for trading	8,530	1,158	-	9,688
Shares held for trading	1,057	-	-	1,057
Total securities held for trading	9,587	1,158	-	10,745
Assets in respect of derivative financial instruments:				
Shekel-index contracts	-	32	86	118
Interest contracts	21	7,548	392	7,961
Foreign currency contracts	5	1,746	1,334	3,085
Contracts in respect of shares	739	510	-	1,249
Commodities and other contracts	59	41	-	100
Maof market activity	447	-	-	447
Total assets in respect of derivative financial instruments:	1,271	9,877	1,812	12,960
Others				
Credit and deposits in respect of lending of securities	1,360	-	-	1,360
Others	2,733	-	-	2,733
Total Assets	46,882	23,315	3,667	73,865
Liabilities:				
Liabilities in respect of derivative financial instruments:				
Shekel-index contracts	-	156	76	232
Interest contracts	22	7,646	-	7,668
Foreign currency contracts	14	3,298	304	3,616
Contracts in respect of shares	739	551	-	1,289
Commodities and other contracts	59	32	-	92
Maof market activity	447	-	-	447
Total liabilities in respect of derivative financial instrument:	1,281	11,683	380	13,344
Others				
Deposits in respect of lending of securities	624	-	-	624
Others	2,976	17	-	2,993
Total Liabilities	4,881	11,700	380	16,961

Note 18D – 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 2014					
Fair Value Measurements using					
	Prices quoted in an active market (level 1)	other significant observable in inputs (level 2)	Significant unobservable inputs (level 3)	Total fair value	profits (losses)
NIS Millions					
Collateral-dependent impaired credit	-	-	1,213	1,213	-
Other Assets	-	-	-	-	-
Total	-	-	1,213	1,213	-

31 December 2013					
Fair Value Measurements using					
	Prices quoted in an active market (level 1)	other significant observable in inputs (level 2)	Significant unobservable inputs (level 3)	Total fair value	profits (losses)
NIS Millions					
Collateral-dependent impaired credit	-	-	2,046	2,046	-
Other Assets	-	-	-	-	-
Total	-	-	2,046	2,046	-

Note 18E – Changes in items measured for fair value on a recurring basis included in Level 3 - Bank

31 December 2014

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 2014	Unrealized profit/loss from instruments held 31 December 2014
NIS Millions									
Assets:									
Bonds Available for sale:									
Foreign Governments	-	-	-	-	-	-	-	-	-
Financial institutes abroad	120	-	-	-	-	(119)	-	1	-
MBS \ ABS	1,726	77	(5)	557	(160)	(192)	-	2,003	289
Others in Israel	9	-	-	-	-	(9)	-	-	-
Others abroad	-	-	-	-	-	-	-	-	-
Total bonds available for sale	1,855	77	(5)	557	(160)	(320)	-	2,004	289
Assets in respect of derivative financial instruments:									
Shekel-index contracts	86	17	-	-	-	-	41	144	88
Interest contracts	391	136	-	-	-	(105)	-	422	73
Foreign currency contracts	1,334	(623)	-	1,595	-	-	-	2,306	2,046
Contracts in respect of shares	-	64	-	-	-	-	-	64	64
Commodities and other contracts	-	64	-	-	-	-	-	64	64
Total assets in respect of derivative financial instruments	1,811	(342)	-	1,595	-	(105)	41	3,000	2,335
Total assets	3,666	(265)	(5)	2,152	(160)	(425)	41	5,004	2,624
Liabilities:									
Liabilities in respect of derivative financial instruments:									
Shekel-index contracts	75	(71)	-	-	-	-	37	41	38
Interest contracts	-	-	-	-	-	-	-	-	-
Foreign currency contracts	304	(194)	-	-	-	-	-	110	(181)
Total liabilities in respect of derivative financial instruments	379	(265)	-	-	-	-	37	151	(143)
Other	-	11	-	-	-	-	-	11	11
Total liabilities	379	(254)	-	-	-	-	37	162	(132)

Note 18E – Changes in items measured for fair value on a recurring basis included in Level 3-Bank(cont'd)

31 December 2013

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 2013	Unrealized profit/loss from instruments held 31 December 2013
NIS Millions									
Assets:									
Bonds Available for sale:									
Financial institutes abroad	123	(2)	-	-	-	(1)	-	120	-
MBS \ ABS	1,371	(93)	(15)	1,006	(424)	(118)	-	1,727	8
Others in Israel	-	(8)	-	-	-	(2)	19	9	-
Others abroad	74	(1)	-	-	-	(73)	-	-	-
Total bonds available for sale	1,568	(104)	(15)	1,006	(424)	(194)	19	1,856	8
Assets in respect of derivative financial instruments:									
Shekel-index contracts	117	(55)	-	-	-	-	24	86	37
Interest contracts	573	(99)	-	-	-	(83)	-	391	(364)
Foreign currency contracts	619	(482)	-	1,197	-	-	-	1,334	(98)
Contracts in respect of shares	14	(14)	-	-	-	-	-	-	-
Commodities and other contracts	12	(12)	-	-	-	-	-	-	-
Total assets in respect of derivative financial instruments	1,335	(662)	-	1,197	-	(83)	24	1,811	(425)
Total Assets	2,903	(766)	(15)	2,203	(424)	(277)	43	3,667	(417)
Liabilities:									
Liabilities in respect of derivative financial instruments:									
Shekel-index contracts	154	(76)	-	-	-	-	(3)	75	(66)
Other interest contracts	-	-	-	-	-	-	-	-	-
Foreign currency contracts	318	(14)	-	-	-	-	-	304	13
Total liabilities in respect of derivative financial instruments	472	(90)	-	-	-	-	(3)	379	(53)
Total Liabilities	472	(90)	-	-	-	-	(3)	379	(53)

Note 20 - Interest Income and Expenses

	Bank		
	2014	2013	2012
	(NIS millions)		
A. Interest Income (a)			
Credit to the public	7,589	9,194	7,355
Credit to governments	18	23	21
Deposits with banks	87	85	1,702
Deposits with Bank of Israel and cash	136	309	513
Interest income from securities borrowed or purchased under agreements to resell	11	20	45
Bonds (b)	667	996	1,223
Total Interest Income	8,508	10,627	10,859
B. Interest Expenses(a)			
Deposits of the public	(2,158)	(4,110)	(5,011)
Deposits from governments	(5)	(7)	(12)
Deposits from banks	(91)	(93)	(115)
Debentures, bonds and subordinated notes	(283)	(425)	(355)
Interest expense from securities loaned or sold under agreements to repurchase	(9)	(13)	(28)
Total Interest Expenses	(2,546)	(4,648)	(5,521)
Total included in interest income	5,962	5,979	5,338
C. Details of the net effect of hedging derivative financial instruments on interest income and expenses (c)			
Interest income	(45)	(49) (d)	(50) (d)
Interest expenses	-	-	(9)
D. Details of interest income on accrual basis from bonds			
Held to maturity	52	59	103
Available for sale	509	732	855
Held for trading	106	205	265
Total included in interest income	667	996	1,223

(a) Including effective component of hedge relationships.

(b) Including interest in respect of mortgage-backed bonds (MBS) in the amount of NIS 50 million (2013 - NIS 117 million, 2012 - NIS 64 million).

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

(d) Restated

Note 21 - Non-Interest Financing Income

	Bank		
	2014	2013	2012
	(NIS millions)		
A. Non-interest financing income from activities not for trading purposes			
A.1 From activities in derivative instruments			
Non-effective part of hedging relationships (a)	10	11	6
Net Income (expenses) in respect of ALM derivative instruments (b)	1,814	(1,427)	(724)
Total from activities in derivative instruments	1,824	(1,416)	(718)
A.2 From investment in bonds			
Gains on sale of debentures available for sale	196	211	271
Losses on sale of debentures available for sale(***)	(3)	(16)	(22)
Total from investment in debentures	193	195	249
A.3 Exchange rate differentials ,net	(2,303)	1,657	578
A.4 Gains (losses) on investment in shares			
Gains from sale of shares available for sale (**)	204	403	17
Losses from sale of shares available for sale (c)	(21)	(51)	-
Gain from sale of shares in companies included on equity basis	-	-	-
Dividend from shares available for sale	6	16	30
Total from investment in shares	189	368	47
A.5 Net profits in respect of loans sold (*)	28	99	-
Total non-interest financing income in respect of activities not for trading purposes	(69)	903	156
B. Non-interest financing income from activities for trading purposes (e)			
Net income (expenses) in respect of other derivative instruments	-	(3)	(5)
Realized and unrealized profits (losses) from fair value adjustment of bonds for trading, net (d)	423	(54)	229
Realized and unrealized profits (losses) from fair value adjustment of shares for trading, net (e)	30	82	4
Dividend from shares held for trading	-	-	2
Total non-interest financing income in respect of activities not for trading purposes (g)	453	25	230

(a) Excluding effective component of hedging relationships.

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

(c) During 2014 loans were sold in the amount of NIS 12 million (2013 – NIS 7 million, 2012 - 0).

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

(e) Of which part of the profits (losses) of NIS 33 million (2013 and 2012 - NIS 25 million and NIS 192 million, respectively), relating to bonds held for trading still held as of balance sheet date.

(f) Of which part of the profits (losses) of NIS 58 million (2013 and 2012 - NIS 76 million and NIS 12 million, respectively), relating to shares held for trading still held as of balance sheet date.

(g) For interest income from investment in bonds held for trading, see Note 20.

(*) in respect of loans sold in amount of NIS 713 million

(**) including profit from sale of Migdal shares in amount of NIS 358 million in 2013

(***) including provisions for impairment in amount of NIS 1 million in 2014.

Note 22 - Commissions

	Bank		
	2014	2013(a)	2012(a)
	(NIS millions)		
Ledger fees (c)	615	618	625
Conversion differences	311	281	289
Handling of credit	181	311	304
Commissions for distribution of financial products (b)	207	159	135
Foreign trade activities	112	118	124
Income from transactions in securities and certain derivative instruments	590	581	604
Credit cards	204	188	176
Management fees and commission on life insurance and home insurance	36	47	42
Net income from servicing credit portfolios	30	31	6
Commissions on financing transactions	442	400	375
Other commissions	80	83	89
Total operating commissions	2,808	2,817	2,769

(a) Reclassified pursuant to the first-time implementation of the directives of the Supervisor of Banks on the format of the statement of profit and loss for a banking corporation.

(b) Mainly distribution fees of mutual funds.

(c) Reclassified.

Note 23 - Other Income

	Bank		
	2014	2013(a)	2012(a)
	(NIS millions)		
Profit from the realization of assets received for settlement of loans	1	1	1
Profits from severance pay funds	70	123	92
Capital gain from sale of buildings and equipment	85	35	4
Capital loss from sale of buildings and equipment	(1)	(3)	(2)
Other, net (b)	16	9	15
Total other income	171	165	110

(a) Reclassified pursuant to the first-time implementation of the directives of the Supervisor of Banks on the format of the statement of profit and loss for a banking corporation.

(b) Reclassified.

Note 24 - Salaries and Related Expenses

	Bank		
	2014	2013	2012
	(NIS millions)		
Salaries	2,211	2,464	2,155
Early retirement (a)	-	75	323
Severance pay, provident fund, training fund, pension, vacation and long service bonus	1,020	829	587
Expense (income) deriving from share-based payment transactions	(1)	1	-
National Insurance and VAT on salaries	636	685	561
Other related expenses	125	129	127
Adjustment of provisions for related expenses as a result of changes in salaries in the current year	(165)	(b) (9)	(b) 371
Total salaries and related expenses	3,826	4,174	4,124
Of which: salaries and related expenses abroad	1	2	3

(a) Expenses related to early retirement of employees in the Bank.

(b) Restated pursuant to a change in accounting method for accumulating employee rights, see Note 1.R.

Note 25 - Other Expenses

	Bank		
	2014	2013	2012
	(NIS millions)		
Marketing and advertising	138	131	108
Legal, audit and professional consultants	176	191	208
Communications - postage, telephone, delivery services, etc.	112	118	111
Computers (a)	71	79	74
Office expenses	52	52	48
Insurance	20	24	16
Training	14	15	11
Commissions	107	88	77
Loss in respect of assets received in settlement of loans	3	-	11
Other (b) (c)	408	535	606
Total other expenses	1,101	1,233	1,270

(c)

(a) Reclassified pursuant to the first-time implementation of the directives of the Supervisor of Banks on the format of the statement of profit and loss for a banking corporation.

(b) Regarding directors' fees of the Bank included in this item, see Note 19.D.

(c) Including expenses in respect of US customers, about NIS 256 million (2013-about NIS 236 million, 2012 - about 396 million).

Note 26 - Provision for Taxes on Operating Profit - Bank

A. Composition

	2014	2013	2012
	(NIS millions)		
Current taxes:			
In respect of current year	1,259	1,221	1,020
In respect of prior years	(54)	101	45
Total current taxes	1,205	1,322	1,065
Add (deduct) changes in deferred taxes:			
In respect of current year (*)	(81)	(2)	(596)
In respect of prior years (*)	-	(140)	(50)
Total deferred taxes	(81)	(142)	(646)
Provision for taxes on income	1,124	1,180	419
Deferred tax:			
Creation and reversal of temporary differences	(81)	(2)	(596)
Change in tax rate (*)	-	(140)	(50)
Total deferred taxes	(81)	(142)	(646)

(*) Restated pursuant to a change in accounting method for accumulating employee rights, see Note 1.R

	2014	2013	2012
Statutory tax rate applying to a banking corporation	37.71%	36.21%	35.53%
	NIS millions		
Tax at the statutory tax rate (*)	1,055	1,083	262
Tax (tax saving) resulting from:			
Other non-deductible expenses	140	84	123
Income of foreign consolidated companies	1	1	8
Income of Israeli consolidated companies	(14)	(12)	(8)
Depreciation adjustment differences	(6)	28	9
Tax exempt and at preferred rates	(38)	(10)	(6)
Timing differences for which deferred taxes have not been recorded	9	-	-
Change in deferred taxes due to change in tax rates (*)	-	(141)	(50)
Taxes in respect of prior years	(54)	101	45
Other	40	46	36
Provision for taxes on operating profit	1,141	1,180	419

(*) Restated pursuant to a change in accounting method for accumulating employee rights, see Note 1.R

See the annual financial report for the consolidated note.

Note 26 - Provision for Taxes on Operating Profit - Bank (cont'd)

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

	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(NIS millions)		Average tax rate in percent	
Deferred tax assets				
From allowance for credit losses	1,054	934	38%	38%
From provision for unutilized vacations and long service bonuses	337	332	38%	38%
From excess of provision for severance pay and pension over funds allocated(*)	1,692	1,737	38%	38%
From interest not credited to current income	21	39	38%	38%
From tax deductions carried forward	2	20	38%	38%
From activity abroad	6	7	38%	38%
From securities	-	7	0%	32%
Other – from non-monetary assets	39	29	18%	15%
Total	3,151	3,105		
Deferred tax reserve				
From securities	-	-	0%	0%
From investments in investee companies	(181)	(106)	22%	22%
From the adjustment of depreciable non-monetary assets	(254)	(261)	34%	36%
Other – from non-monetary assets	(11)	(12)	17%	17%
Total	(446)	(379)		
Deferred taxes receivable, net	2,705	2,726		
Deferred taxes included:				
"In "Other assets (*)	2,807	2,829		
"In "Other liabilities	(102)	(103)		
Deferred tax assets, net	2,705	2,726		

(*) Restated pursuant to a change in accounting method for accumulating employee rights, see Note 1.R.

Note 26 - Provision for Taxes on Operating Profit - Bank (cont'd)

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

For the period ended 31 December 2014

	Allowance for credit losses	Provision for vacation and bonuses	Surplus of funds over reserve for severance pay and pension	Interest not charged to annual income
(NIS millions)				
Balance of deferred tax asset (liability) at 1 January 2014	934	332	1,737	39
Changes charged to profit and loss	120	5	(45)	(18)
Changes charged to equity	-	-	-	-
Effect of the change in the rate of tax	-	-	-	-
Balance of deferred tax asset (liability) at 31 December 2014	1,054	337	1,692	21
Deferred tax asset	1,054	337	1,692	21
Balances available for offsetting	-	-	-	-
Deferred tax asset at 31 December 2014	-	-	-	-
Deferred tax liability	-	-	-	-
Balances available for offsetting	-	-	-	-
Deferred tax liability at 31 December 2013	-	-	-	-

For the period ended 31 December 2013

	Allowance for credit losses	Provision for vacation and bonuses	Surplus of funds over reserve for severance pay and pension	Interest not charged to annual income
Reported amounts				
(NIS millions)				
Balance of deferred tax asset (liability) at 1 January 2013	862	311	1,679	38
Changes charged to profit and loss	28	4	(26)	1
Changes charged to equity	-	-	-	-
Effect of the change in the rate of tax	44	17	84	-
Business Combinations	-	-	-	-
Balance of deferred tax asset (liability) at 31 December 2013	934	332	1,737	39
Deferred tax asset	934	332	1,737	39
Balances available for offsetting	-	-	-	-
Deferred tax asset at 31 December 2013	-	-	-	-
Deferred tax liability	-	-	-	-
Balances available for offsetting	-	-	-	-
Deferred tax liability at 31 December 2013	-	-	-	-

Note 26 - Provision for Taxes on Operating Profit (cont'd)

Deductions carried forward for tax purposes	Foreign operation	Securities	Investments in investee companies	Adjustment of depreciable non-monetary assets	Other monetary items	Other non-monetary items	Total
20	7	7	(106)	(261)	-	17	2,726
(18)	(1)	42	(173)	7	-	11	(70)
-	-	(49)	98	-	-	-	49
-	-	-	-	-	-	-	-
2	6	-	(181)	(254)	-	28	2,705
2	6	-	-	-	-	39	3,151
-	-	-	-	-	-	-	(344)
							2,807
-	-	-	(181)	(254)	-	(11)	(446)
-	-	-	-	-	-	-	(344)
							(102)

Deductions carried forward for tax purposes	Foreign operation	Securities	Investments in investee companies	Adjustment of depreciable non-monetary assets	Other monetary items	Other non-monetary items	Total
39	3	(121)	(191)	(275)	-	15	2,360
(19)	4	(42)	164	14	-	2	130
-	-	168	(73)	-	-	-	95
-	-	2	(6)	-	-	-	141
-	-	-	-	-	-	-	-
20	7	7	(107)	(261)	-	17	2,726
20	7	7	-	-	-	29	3,105
							(276)
							2,829
-	-	-	(106)	(261)	-	(12)	(379)
							(276)
							(103)

Note 28 - Earmarked Deposits, Credit and Deposits from Earmarked Deposits

	31 December 2014	31 December 2013
	(NIS millions)	
Credit and deposits from earmarked deposits		
Total credit to the public	102	107
Earmarked deposits		
Deposits of the public	1	2
Deposits from the Government	63	60
Total	64	62

Statement of Cash Flows - Bank

For the year ended 31 December 2014

	2014	2013(1)	2012(1)
	(NIS millions)		
Cash flows generated by operating activity			
Net profit for the year	1,502	1,982	922
Adjustments:			
Group share in undistributed losses of companies included on equity basis	190	(51)	(497)
Expenses deriving from share-based payment transactions	0	10	0
Depreciation of buildings and equipment (including impairment)	589	645	584
Expenses in respect of credit losses	195	27	1,069
Provision for impairment in assets transferred to group ownership	3	11	11
Net gains on sale of securities available for sale (including impairment)	(376)	(547)	(266)
Realized and unrealized gain from adjustment to fair value of securities held for trading	(453)	(28)	(233)
Loss (gain) on realization of buildings and equipment	(83)	(26)	(2)
Extraordinary provisions (elimination of provisions) in connection with fixed assets after taxes	(1)	(5)	47
Interest received in excess of accumulated interest (not yet received) for debentures available for sale	(89)	(114)	(67)
Interest not yet paid for debentures and subordinated notes	282	286	360
Effect of exchange differentials on cash and deposits with banks for period not exceeding three months	(698)	619	125
Deferred taxes, net	(81)	(142)	(646)
Severance pay and pension - increase in excess of provision over amount funded	(354)	(428)	78
Profit on sale of loan portfolios	(28)	(99)	0
Other, net	(54)	53	140
Net change in current assets:			
Deposits in banks for an original period of more than three months	(734)	581	(3,820)
Credit to the public	(12,031)	(2,592)	4,576
Credit to the government	39	(90)	14
Securities borrowed or purchased under agreements to resell	(640)	75	(210)
Assets in respect of derivative instruments	(3,738)	(1,625)	42
Securities held for trading	(1,408)	112	(986)
Other assets	60	264	(281)
Net change in current liabilities:			
Deposits from banks	1,367	456	(2,684)
Deposits of the public	13,921	(1,120)	12,989
Deposits from governments	(32)	(105)	(113)
Securities lent or sold under agreements to repurchase	614	(327)	566
Liabilities in respect of derivative instruments	2,081	836	734
Other liabilities	(146)	1,719	649
Net cash generated by operating activity	(103)	377	13,101

(1) 2012 and 2013 data do not include Leumi Mortgage which was merged with the Bank in 2013.

Statement of Cash Flows (cont'd)

For the year ended 31 December 2014

	2014	2013(1)	2012(1)
	(NIS millions)		
Cash flows generated by investment activity			
Acquisition of securities available for sale	(30,592)	(57,082)	(45,519)
Proceeds from sale of securities available for sale	21,070	31,295	23,834
Proceeds from redemption of securities available for sale	25,934	17,921	16,323
Acquisition of shares in companies included on equity basis	3	0	(65)
Net decrease (increase) in capital notes of investee companies	50	7	(51)
Acquisition of buildings and equipment	(513)	(517)	(586)
Proceeds from realization of buildings and equipment	94	42	7
Proceeds from realization of assets transferred to group ownership	0	3	5
Proceeds of sale of loan portfolios	344	713	230
Acquisition of loan portfolios	0	0	(101)
Change in cash resulting from merger of Leumi Mortgage and Maalot	0	(5)	(24,723)
Net cash for investment activity	16,390	(7,623)	(30,646)

(1) 2012 and 2013 data do not include Leumi Mortgage which was merged with the Bank in 2013.

Statement of Cash Flows (cont'd)

For the year ended 31 December 2014

	2014	2013(1)	2012(1)
	(NIS millions)		
Cash flows generated by financing activity			
Issue of debentures and subordinated notes	0	0	0
Redemption of debentures and subordinated notes	(855)	(582)	(2,554)
Issue of capital in consolidated companies to external shareholders	0	0	0
Additional acquisition of shares in consolidated companies	0	0	0
Dividend paid to shareholders	0	0	0
Dividend paid to minority shareholders of consolidated companies	0	0	0
Loans to employees for purchase of the Bank's shares	1	1	0
Net, cash flows generated by financing activity	(854)	(581)	(2,554)
Increase (decrease) in cash and cash equivalents	15,433	(7,827)	(20,099)
Balance of cash and cash equivalents at beginning of year	37,014	45,460	65,684
Effect of movements in exchange rates on cash balances and cash equivalents	698	(619)	(125)
Balance of cash and cash equivalents at end of year	53,145	37,014	45,460
	2014	2013	2012
	(NIS millions)		
Interest received	9,128	10,912	10,939
Interest paid	(3,602)	(5,242)	(5,798)
Dividend received	22	137	136
Taxes paid on income	(1,420)	(1,036)	(785)

(1) 2012 and 2013 data do not include Leumi Mortgage which was merged with the Bank in 2013.