

**Part of the Financial
Statements
translated from the
Hebrew original**

ZUR SHAMIR HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2020

UNAUDITED

Please find attached an extract English translation of the Hebrew version of the interim consolidated financial statements of Zur Shamir Holdings Ltd. which were approved on November 22, 2020.

The full set of financial statements in Hebrew can be viewed on the website of the Israeli Securities Authority (<http://www.magna.isa.gov.il>).

ZUR SHAMIR HOLDINGS LTD.

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AS OF SEPTEMBER 30, 2020

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

AUDITORS' REPORT

To the Shareholders of

ZUR SHAMIR HOLDINGS LTD.

Introduction

We have reviewed the accompanying financial information of ZUR SHAMIR HOLDINGS LTD. and its subsidiaries (hereunder - the Group) which comprise the condensed consolidated statements of financial position as of September 30, 2020, and the related condensed interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the period of nine and three months then ended. The Company's Board of Directors and Management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981, and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

We did not review the condensed interim financial information of consolidated subsidiaries whose assets constitute about 18.2% of the total consolidated assets as at September 30, 2020, and whose revenues constitute about 5.3% and about 4.9% of the total consolidated revenues for the nine and three-month periods then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors whose review reports were furnished to us, and our opinion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981,

Conclusion (Cont.)

In addition to the abovementioned, based on our review and on the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies.

Without qualifying our above conclusion, we draw attention to Note 5 to the financial statements regarding exposure to class actions and the approval of claims as class actions of subsidiaries.

Tel-Aviv,
November 22, 2020

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
	NIS in thousands		
CURRENT ASSETS			
Cash and cash equivalents	1,220,763	1,331,111	1,036,189
Cash and cash equivalents for yield-dependent contracts	10,899	4,722	6,528
Financial assets	823,318	1,223,455	935,505
Derivatives	8,289	35,494	14,111
Outstanding insurance premiums	525,746	593,435	542,841
Debtors and receivables	197,939	197,722	176,106
Deposits	30,057	26,123	62,288
Current tax receivable	30,654	17,039	32,021
Reinsurance assets	389,022	199,490	227,324
Deferred acquisition costs	129,653	142,892	138,761
	<u>3,366,340</u>	<u>3,771,483</u>	<u>3,171,674</u>
Assets designated for sale	<u>2,226,017</u>	<u>1,670,225 *)</u>	<u>1,918,459</u>
	<u>5,592,357</u>	<u>5,441,708</u>	<u>5,090,133</u>
NON-CURRENT ASSETS			
Financial assets	2,729,203	2,468,711 *)	2,749,784
Derivatives	10,694	20,850	17,387
Investment property and investment property under construction	4,463,869	4,172,679	4,337,614
Reinsurance assets	728,290	636,647	686,561
Fixed assets	248,930	259,648	267,353
Deferred acquisition costs	216,750	212,120	215,370
Debtors and receivables	45,491	77,382	74,178
Deposits	44,584	124,516	44,474
Assets designated for sale	270,552	-	-
Goodwill and intangible assets	410,957	376,436	390,771
Deferred taxes	11,058	9,356	10,087
	<u>9,180,378</u>	<u>8,358,345</u>	<u>8,793,579</u>
	<u>14,772,735</u>	<u>13,800,053</u>	<u>13,883,712</u>

*) Reclassified.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
	NIS in thousands		
CURRENT LIABILITIES			
Financial liabilities	2,456,650	1,960,984	1,818,809
Creditors and payables	970,897	886,578	949,233
Current taxes payable	16,515	18,842	18,496
Derivatives	49,419	7,401	32,924
Liabilities for insurance contracts and investment contracts	1,476,456	1,356,069	1,413,727
	<u>4,969,937</u>	<u>4,229,874</u>	<u>4,233,189</u>
NON-CURRENT LIABILITIES			
Financial liabilities	5,453,030	5,229,570	5,488,687
Creditors and payables	91,592	116,995	117,404
Liabilities for insurance contracts and investment contracts	2,354,357	2,407,286	2,355,321
Liabilities for employee benefits	39,442	36,232	43,189
Derivatives	35,593	63,804	38,933
Deferred taxes	263,686	220,868	264,516
	<u>8,237,700</u>	<u>8,074,755</u>	<u>8,308,050</u>
EQUITY			
Share capital	144,174	144,174	144,174
Share premium	58,301	58,301	58,301
Reserves	(142,309)	(166,777)	(136,292)
Retained earnings	157,787	376,185	110,743
	<u>217,953</u>	<u>411,883</u>	<u>176,926</u>
Total equity attributed to the Company's shareholders	217,953	411,883	176,926
Non-controlling interests	<u>1,347,145</u>	<u>1,083,541</u>	<u>1,165,547</u>
Total equity	<u>1,565,098</u>	<u>1,495,424</u>	<u>1,342,473</u>
	<u><u>14,772,735</u></u>	<u><u>13,800,053</u></u>	<u><u>13,883,712</u></u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
INCOME					
Premiums earned on retention	1,481,599	1,609,511	480,030	533,211	2,131,773
Income from lease of properties	173,539	175,967	58,960	56,191	234,177
Increase (decrease) of value of investment property and property under construction, net	(71,554)	80,754	-	33,225	159,161
Net gains from investments and other finance income	49,870	114,113	34,766	36,143	168,489
Income from management fees	3,841	3,998	1,285	1,316	5,434
Income from grant of consumer credit	329,571	459,543	148,725	143,702	609,657
Income from commissions	71,930	73,732	25,327	25,361	96,067
Other income	3,251	7,875	1,328	1,525	8,532
Total income	2,042,047	2,525,493	750,421	830,674	3,413,290
EXPENSES					
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	921,118	1,091,673	289,978	348,704	1,479,946
Marketing and other acquisition expenses	421,481	440,189	143,632	151,836	593,884
Maintenance, administrative and general expenses	316,907	314,120	94,756	108,570	428,881
Financial expenses	187,365	217,307	67,504	59,716	302,949
Losses (income) from reevaluation of an option to Leumi Partners	(5,620)	13,210	3,000	13,210	13,210
Other expenses	661	332	180	208	733
Total expenses	1,841,912	2,076,831	599,050	682,244	2,819,603
Income before taxes on income	200,135	448,662	151,371	148,430	593,687
Taxes on income	100,509	161,554	63,849	53,053	215,078
Net income	99,626	287,108	87,522	95,377	378,609
Net income attributed to:					
Company's shareholders	26,694	93,282	33,431	30,049	126,821
Non-controlling interests	72,932	193,826	54,091	65,328	251,788
	99,626	287,108	87,522	95,377	378,609
Net earnings per share attributed to shareholders of the Company (in NIS):					
Basic net earnings	0.41	1.44	0.51	0.46	1.96
Diluted net earnings	0.41	1.41	0.51	0.45	1.92

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
Net income	99,626	287,108	87,522	95,377	378,609
Other comprehensive income (loss) (after the tax effect):					
Amounts that will be reclassified to profit or loss					
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss)	(5,981)	10,695	5,956	3,260	9,672
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss) transferred to profit or loss	(1,283)	835	(436)	152	78
Income (loss) from cash flow hedging transactions	(1,968)	(10,485)	1,005	(1,511)	(5,376)
Adjustments resulting from the translation of financial statements of foreign activities	(8,932)	(65,311)	15,952	(37,916)	(56,877)
Amounts that will not be reclassified subsequently to profit or loss					
Revaluation of fixed assets	-	436	-	-	2,816
Income (loss) from remeasurement in respect of defined benefit plan	1,917	-	-	-	(3,536)
Total other comprehensive income (loss)	(16,247)	(63,830)	22,477	(36,015)	(53,223)
Total comprehensive income	83,379	223,278	109,999	59,362	325,386
Total comprehensive income attributed to:					
Company's shareholders	19,705	63,588	43,579	13,305	101,369
Non-controlling interests	63,674	159,690	66,420	46,057	224,017
	83,379	223,278	109,999	59,362	325,386

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>					<u>Non controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>		
	<u>NIS in thousands</u>						
<u>Balance at January 1, 2020</u> (Audited)	144,174	58,301	(136,292)	110,743	176,926	1,165,547	1,342,473
Net income	-	-	-	26,694	26,694	72,932	99,626
Total other comprehensive loss	-	-	(6,989)	-	(6,989)	(9,258)	(16,247)
Total comprehensive income (loss)	-	-	(6,989)	26,694	19,705	63,674	83,379
Cost of share-based payment	-	-	972	-	972	2,258	3,230
Realization of options to subsidiary's shares by non- controlling interest holders	-	-	-	(8,621)	(8,621)	8,704	83
Issue of shares of subsidiaries	-	-	-	33,581	33,581	126,151	159,732
Acquisition of subsidiary's shares	-	-	-	(4,610)	(4,610)	(3,397)	(8,007)
Dividend to non- controlling interest holders	-	-	-	-	-	(15,792)	(15,792)
<u>Balance at September 30, 2020</u> (Unaudited)	<u>144,174</u>	<u>58,301</u>	<u>(142,309)</u>	<u>157,787</u>	<u>217,953</u>	<u>1,347,145</u>	<u>1,565,098</u>
	<u>Attributable to equity holders of the Company</u>					<u>Non controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>		
	<u>NIS in thousands</u>						
<u>Balance at January 1, 2019</u> (Audited)	143,947	56,150	(137,126)	313,039	376,010	1,002,214	1,378,224
Net income	-	-	-	93,282	93,282	193,826	287,108
Total other comprehensive loss	-	-	(29,694)	-	(29,694)	(34,136)	(63,830)
Total comprehensive income (loss)	-	-	(29,694)	93,282	63,588	159,690	223,278
Cost of share-based payment	-	-	57	-	57	2,624	2,681
Realization of options to Company's shares	2	14	(14)	-	2	-	2
Issue of share capital	225	2,137	-	-	2,362	-	2,362
Realization of options to subsidiary's shares by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(5,455)	(5,455)	(2,495)	(7,950)
Acquisition of subsidiary's shares	-	-	-	(12,681)	(12,681)	(7,418)	(20,099)
Dividend to Company's shareholders	-	-	-	(12,000)	(12,000)	-	(12,000)
Dividend to non- controlling interest holders	-	-	-	-	-	(71,074)	(71,074)
<u>Balance at September 30, 2019</u> (Unaudited)	<u>144,174</u>	<u>58,301</u>	<u>(166,777)</u>	<u>376,185</u>	<u>411,883</u>	<u>1,083,541</u>	<u>1,495,424</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>					<u>Non controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>		
	<u>Unaudited</u>						
<u>NIS in thousands</u>							
<u>Balance at July 1, 2020</u>	144,174	58,301	(152,781)	99,396	149,090	1,150,264	1,299,354
Net income	-	-	-	33,431	33,431	54,091	87,522
Total other comprehensive income	-	-	10,148	-	10,148	12,329	22,477
Total comprehensive income	-	-	10,148	33,431	43,579	66,420	109,999
Cost of share-based payment	-	-	324	-	324	595	919
Realization of options to subsidiary's shares by non- controlling interest holders	-	-	-	(8,621)	(8,621)	8,704	83
Issue of shares in subsidiaries	-	-	-	33,581	33,581	126,151	159,732
Dividend to non- controlling interest holders	-	-	-	-	-	(4,989)	(4,989)
<u>Balance at September 30, 2020</u>	<u>144,174</u>	<u>58,301</u>	<u>(142,309)</u>	<u>157,787</u>	<u>217,953</u>	<u>1,347,145</u>	<u>1,565,098</u>
	<u>Attributable to equity holders of the Company</u>						
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non controlling interests</u>	<u>Total equity</u>
	<u>Unaudited</u>						
	<u>NIS in thousands</u>						
<u>Balance at July 1, 2019</u>	144,174	58,301	(150,052)	346,872	399,295	1,074,702	1,473,997
Net income	-	-	-	30,049	30,049	65,328	95,377
Total other comprehensive loss	-	-	(16,744)	-	(16,744)	(19,271)	(36,015)
Total comprehensive income (loss)	-	-	(16,744)	30,049	13,305	46,057	59,362
Cost of share-based payment	-	-	19	-	19	819	838
Realization of options to subsidiary's shares by non- controlling interest holders	-	-	-	(736)	(736)	1,608	872
Dividend to non- controlling interest holders	-	-	-	-	-	(39,645)	(39,645)
<u>Balance at September 30, 2019</u>	<u>144,174</u>	<u>58,301</u>	<u>(166,777)</u>	<u>376,185</u>	<u>411,883</u>	<u>1,083,541</u>	<u>1,495,424</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>				<u>Total</u>	<u>Non controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>			
	<u>Audited</u>						
<u>NIS in thousands</u>							
<u>Balance at January 1, 2019</u>	143,947	56,150	(137,126)	313,039	376,010	1,002,214	1,378,224
Net income	-	-	-	126,821	126,821	251,788	378,609
Total other comprehensive loss	-	-	(25,452)	-	(25,452)	(27,771)	(53,223)
Total comprehensive income (loss)	-	-	(25,452)	126,821	101,369	224,017	325,386
Cost of share-based payment	-	-	76	-	76	3,437	3,513
Realization of options to Company's shares	2	14	(14)	-	2	-	2
Issue and acquisition of Subsidiary's shares	-	-	53,235	(49,273)	3,962	199,541	203,503
Issue of share capital	225	2,137	-	-	2,362	-	2,362
Realization of options to shares of subsidiaries by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(7,575)	(7,575)	(1,323)	(8,898)
Acquisition of subsidiary shares	-	-	(27,011)	(245,269)	(272,280)	(180,542)	(452,822)
Dividend to Company's shareholders	-	-	-	(27,000)	(27,000)	-	(27,000)
Dividend to non- controlling interest holders	-	-	-	-	-	(81,797)	(81,797)
<u>Balance at December 31, 2019</u>	<u>144,174</u>	<u>58,301</u>	<u>(136,292)</u>	<u>110,743</u>	<u>176,926</u>	<u>1,165,547</u>	<u>1,342,473</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
CASH FLOWS PROVIDED BY (USED IN)					
CURRENT ACTIVITIES (App. A)	99,684	432,798	(353,997)	171,878	102,284
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Settlement (grant) of deposits, net	33,608	(16,204)	18,629	9,491	27,433
Acquisition of fixed assets, investment property and investment property under construction	(216,808)	(131,888)	(31,931)	(47,653)	(183,554)
Interest paid and capitalized to cost of investment property under construction	(2,576)	(6,998)	(1,084)	(1,605)	(9,498)
Proceeds from the sale of fixed assets and investment property	1,871	2,110	312	120	2,774
Proceeds from hedging transactions	22,022	9,593	9,035	6,059	22,135
Payment from hedging transactions	(4,024)	(7,001)	(1,988)	(1,043)	(8,174)
Acquisition of intangible assets	(62,410)	(66,165)	(20,054)	(24,900)	(90,625)
Acquisition of subsidiaries consolidated for the first time (App. D)	-	106	-	106	(1,989)
Net cash used in investment activities	(228,317)	(216,447)	(27,081)	(59,425)	(241,498)
CASH FLOWS FROM FINANCE ACTIVITIES					
Settlement of CPI hedging transactions and interest rate determination	(4,340)	(106)	(4,340)	(240)	(106)
Acquisition of subsidiary's shares, net	(8,007)	(29,019)	-	-	(461,742)
Buyback of bonds in subsidiary	(18,030)	-	-	-	-
Proceeds from the issue of Company's bonds, net	-	244,313	-	-	410,861
Proceeds from the issue of bonds and subordinated deeds in subsidiary	483,804	204,168	437,398	-	996,692
Proceeds from realization of options to Subsidiary's shares	83	970	83	872	22
Proceeds from the realization of options to Company's shares	-	2	-	-	2
Issue of Company's shares, net	-	2,362	-	-	2,362
Net issue and sale of shares of subsidiaries to non-controlling interest holders	142,812	-	142,812	-	203,503
Proceeds in respect of liability for indemnification	580	-	580	-	-
Settlement of bonds and subordinated deeds in subsidiaries	(291,962)	(253,784)	(59,190)	-	(665,209)
Settlement of Company bonds	(66,195)	(150,441)	-	(93,324)	(337,117)
Settlement of lease liability	(8,794)	(8,993)	(3,006)	(3,712)	(11,811)
Receipt of long-term loans from banking institutions and others, net	419,620	218,583	-	-	218,583
Settlement of long-term loans from banking institutions and others, net	(312,999)	(278,509)	(62,292)	(68,133)	(320,552)
Dividend paid to shareholders of the Company	-	(12,000)	-	-	(27,000)
Dividend paid to non-controlling interest holders	(15,792)	(71,074)	(4,989)	(41,568)	(81,797)
Net cash provided by (used in) finance activities	320,780	(133,528)	447,056	(206,105)	(73,309)
Exchange rate differences in respect of balances of cash and cash equivalents	(3,202)	(11,028)	823	(7,421)	(8,798)
Increase (decrease) in cash and cash equivalents	188,945	71,795	66,801	(101,073)	(221,321)
Balance of cash and cash equivalents as at the beginning of the period (App. B)	1,042,717	1,264,038	1,164,861	1,436,906	1,264,038
Balance of cash and cash equivalents as at the end of the period (App. C)	1,231,662	1,335,833	1,231,662	1,335,833	1,042,717

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
APPENDIX A - CASH FLOWS FROM CURRENT ACTIVITIES					
Net income	99,626	287,108	87,522	95,377	378,609
Adjustments to the profit and loss items:					
Losses (profits) from financial investments for yield- dependent contracts	592	14,383	(12,327)	3,224	(32,458)
Profits from other financial investments	(242,183)	(65,587)	(125,381)	(197,078)	(469,424)
Depreciation and amortization	74,702	65,866	24,224	22,965	89,665
Loss from sale of fixed assets	641	201	180	207	612
Cost of share-based payment	3,230	2,681	919	838	3,513
Finance expenses, net	187,365	217,307	67,504	59,716	302,949
Losses (income) from revaluation of an option to Leumi Partners	(5,620)	13,210	3,000	13,210	13,210
Investment losses (profits), net and other finance expenses (income)	3,426	(35,858)	9,558	(15,897)	(48,286)
Decrease (increase) of value of investment property	71,554	(80,754)	-	(33,225)	(159,161)
Taxes on income	100,509	161,554	63,849	53,053	215,078
	194,216	293,003	31,526	(92,987)	(84,302)
Other financial investments:					
Net sales (acquisitions) of financial investments	(403,833)	(391,063)	(357,314)	(111,995)	(243,713)
Acquisitions and investments of investment property in consolidated insurance company	(1,367)	(820)	(325)	(744)	(844)
	(405,200)	(391,883)	(357,639)	(112,739)	(244,557)
Changes in other assets and liabilities items:					
Change in liabilities for non-yield dependent insurance contracts	73,425	211,906	(21,512)	67,367	217,430
Change in liabilities for yield dependent insurance contracts	(11,660)	2,210	9,149	(3,695)	2,379
Change in deferred acquisition expenses	7,728	(13,943)	3,652	(2,679)	(13,062)
Change in reinsurance assets	(203,427)	(309,622)	(40,425)	(108,140)	(387,370)
Change in employee benefit liabilities	(834)	1,218	-	1,200	2,801
Short-term credit, net from banking institutions and others in respect of grant of consumer credit	407,579	427,465	(66,757)	295,844	215,359
Change in outstanding premiums	17,095	(17,628)	3,386	7,659	32,966
Change in debtors and receivables	5,619	(36,163)	(2,089)	20,365	(6,826)
Change in creditors and payables	2,059	127,953	17,398	55,530	195,053
	297,584	393,396	(97,198)	333,451	258,730
Cash paid and received during the period for:					
Interest paid	(179,228)	(187,984)	(58,238)	(64,095)	(277,082)
Interest received	184,011	165,454	67,614	50,434	222,204
Taxes paid	(121,517)	(173,071)	(30,289)	(43,292)	(204,966)
Taxes received	21,324	38,549	89	2,263	42,470
Dividend received	8,868	8,226	2,616	3,466	11,178
	(86,542)	(148,826)	(18,208)	(51,224)	(206,196)
Total cash flows provided by (used in) current activities	99,684	432,798	(353,997)	171,878	102,284

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
<u>APPENDIX B - CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD</u>					
Cash and cash equivalents for yield dependent contracts	6,528	4,881	8,594	6,162	4,881
Other cash and cash equivalents	1,036,189	1,259,157	1,156,267	1,430,744	1,259,157
Balance of cash and cash equivalents at beginning of period	<u>1,042,717</u>	<u>1,264,038</u>	<u>1,164,861</u>	<u>1,436,906</u>	<u>1,264,038</u>
<u>APPENDIX C - CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</u>					
Cash and cash equivalents for yield-dependent contracts	10,899	4,722	10,899	4,722	6,528
Other cash and cash equivalents	1,220,763	1,331,111	1,220,763	1,331,111	1,036,189
Balance of cash and cash equivalents as at the end of the period	<u>1,231,662</u>	<u>1,335,833</u>	<u>1,231,662</u>	<u>1,335,833</u>	<u>1,042,717</u>
<u>APPENDIX D – ACQUISITION OF SUBSIDIARIES CONSOLIDATED FOR THE FIRST TIME</u>					
Fixed assets	-	9	-	9	9
Goodwill	-	-	-	-	1,018
Intangible assets	-	44	-	44	1,444
Deferred taxes	-	-	-	-	(296)
Working capital (excluding cash and cash equivalents)	-	(159)	-	(159)	(186)
	<u>-</u>	<u>(106)</u>	<u>-</u>	<u>(106)</u>	<u>1,989</u>
<u>APPENDIX E - SIGNIFICANT NON-CASH TRANSACTIONS</u>					
Acquisition of fixed asset, investment property and property under construction against creditors and payables	<u>20,972</u>	<u>27,333</u>	<u>20,972</u>	<u>27,333</u>	<u>24,634</u>
Recognition of a right to use asset against a lease liability	<u>-</u>	<u>65,489</u>	<u>-</u>	<u>-</u>	<u>65,489</u>

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY

a. The Company operates in the following segments of activity:

1. The segment of life assurance and long-term savings

The segment of life assurance and long term savings includes the lines of life assurance and it focuses on insurance coverage for various risks such as: death, disability, disability income insurance, etc. and on long term savings (in the framework of various types of insurance policies).

2. Health insurance segment

The segment of health insurance includes medical expenses, personal accident, dread disease and travel abroad.

3. General insurance segment

The segment of general insurance includes the liability and property branches. Pursuant to the Regulator of Insurance's directives, the general insurance segment is detailed according to the lines of motor act, motor casco, property and others and other liabilities.

a. The motor act insurance line of business

The motor act insurance line of business focuses on coverages that their acquisition by the owner of the vehicle or the driver is compulsory by law and it provides a coverage for bodily injuries (to the driver of the vehicle, the passengers in the vehicle or to the pedestrians), as a result of the use of the motor vehicle.

b. The motor casco line of business

The motor casco line of business focuses on the property damage coverage for the insured vehicle and property damages that the insured vehicle will cause to a third party.

c. Property and other branches

The rest of the insurance lines of business that are not vehicle and liabilities mainly residential line.

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

a. The Company operates in the following segments of activity: (Cont.)

3. General insurance segment (Cont.)

d. Other liabilities branches

Liabilities lines are designated for coverage of the policyholder liabilities in respect of damage he causes to a third party. Including: third party liability, employers' liability and professional liability.

4. Granting of consumer credit segment

Includes granting of consumer credit activity for the acquisition of vehicles (mainly second hand), granting of credit for loans for any purpose and granting loans for special purposes in different businesses.

5. Investment property

Includes mainly the lease of office buildings in Israel, Canada, Poland and Belgium.

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)**

b. Hereunder are the results of the segments of activity:

	Nine months ended as at September 30, 2020										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
	Unaudited										
NIS in thousands											
INCOME											
Premiums earned on retention	-	212,177	187,123	116,917	856,493	95,025	13,864	1,082,299	-	-	1,481,599
Income from lease of properties	179,392	-	-	-	-	-	-	-	-	(5,853)	173,539
Decrease of value of investment property and property under construction, net	(71,554)	-	-	-	-	-	-	-	-	-	(71,554)
Net gains (losses) from investments and other finance income (expenses)	(1,835)	(61)	365	16,925	3,147	(133)	975	20,914	5,150	25,337	49,870
Income from management fees	-	3,841	-	-	-	-	-	-	-	-	3,841
Income from grant of consumer credit	-	-	-	-	-	-	-	-	330,441	(870)	329,571
Income from commissions	-	12,252	1,962	46,987	-	10,416	313	57,716	-	-	71,930
Other income	-	-	-	-	-	-	-	-	-	3,251	3,251
Total income	106,003	228,209	189,450	180,829	859,640	105,308	15,152	1,160,929	335,591	21,865	2,042,047
EXPENSES											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	75,951	86,564	79,816	621,693	50,295	6,799	758,603	-	-	921,118
Marketing and other acquisition expenses	-	58,933	49,631	52,313	119,370	29,891	2,089	203,663	108,024	1,230	421,481
Maintenance, administrative and general expenses	49,896	23,687	23,731	17,551	38,332	9,341	836	66,060	139,209	14,324	316,907
Finance expenses	80,037	240	221	2,329	640	302	11	3,282	35,576	68,009	187,365
Income from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	(5,620)	(5,620)
Other expenses	-	-	-	-	-	-	-	-	-	661	661
Total expenses	129,933	158,811	160,147	152,009	780,035	89,829	9,735	1,031,608	282,809	78,604	1,841,912
Income (loss) before taxes on income	(23,930)	69,398	29,303	28,820	79,605	15,479	5,417	129,321	52,782	(56,739)	200,135
Other comprehensive income (loss) before taxes on income	(11,192)	465	511	(6,898)	(148)	310	(395)	(7,131)	-	(1,969)	(19,316)
Comprehensive income (loss) before taxes on income	(35,122)	69,863	29,814	21,922	79,457	15,789	5,022	122,190	52,782	(58,708)	180,819

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)**

b. Hereunder are the results of the segments of activity: (Cont.)

	Nine months ended as at September 30, 2019										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Unaudited										
NIS in thousands											
INCOME											
Premiums earned on retention	-	200,137	189,176	165,295	951,351	90,580	12,972	1,220,198	-	-	1,609,511
Income from lease of properties	181,956	-	-	-	-	-	-	-	-	(5,989)	175,967
Increase of value of investment property and property under construction, net	80,754	-	-	-	-	-	-	-	-	-	80,754
Net gains from investments and other finance income	25,708	23,053	783	19,368	9,432	1,339	819	30,958	4,833	28,778	114,113
Income from management fees	-	3,998	-	-	-	-	-	-	-	-	3,998
Income from grant of consumer credit	-	-	-	-	-	-	-	-	460,073	(530)	459,543
Income from commissions	-	9,963	1,989	50,084	-	11,696	-	61,780	-	-	73,732
Other income	6,143	-	-	-	-	-	-	-	10	1,722	7,875
Total income	294,561	237,151	191,948	234,747	960,783	103,615	13,791	1,312,936	464,916	23,981	2,525,493
EXPENSES											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	105,853	78,626	141,167	704,082	56,853	5,092	907,194	-	-	1,091,673
Marketing and other acquisition expenses	-	51,168	51,872	52,731	121,204	25,915	1,605	201,455	135,518	176	440,189
Maintenance, administrative and general expenses	51,630	20,288	24,731	16,975	39,035	8,151	613	64,774	140,882	11,815	314,120
Finance expenses	92,731	160	130	1,560	778	302	-	2,640	35,992	85,654	217,307
Losses from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	20	312	332
Total expenses	144,361	177,469	155,359	212,433	865,099	91,221	7,310	1,176,063	312,412	111,167	2,076,831
Income (loss) before taxes on income	150,200	59,682	36,589	22,314	95,684	12,394	6,481	136,873	152,504	(87,186)	448,662
Other comprehensive income (loss) before taxes on income	(77,752)	46	37	8,956	4,362	619	379	14,316	-	3,120	(60,233)
Comprehensive income (loss) before taxes on income	72,448	59,728	36,626	31,270	100,046	13,013	6,860	151,189	152,504	(84,066)	388,429

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)**

b. Hereunder are the results of the segments of activity: (Cont.)

	Three months ended as at September 30, 2020										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Unaudited										
NIS in thousands											
INCOME											
Premiums earned on retention	-	69,608	61,901	35,445	277,411	31,062	4,603	348,521	-	-	480,030
Income from lease of properties	60,893	-	-	-	-	-	-	-	-	(1,933)	58,960
Net gains (losses) from investments and other finance income (expenses)	(9,296)	12,462	212	15,649	837	(620)	928	16,794	724	13,870	34,766
Income from management fees	-	1,285	-	-	-	-	-	-	-	-	1,285
Income from grant of consumer credit	-	-	-	-	-	-	-	-	148,995	(270)	148,725
Income from commissions	-	5,311	475	15,416	-	3,944	181	19,541	-	-	25,327
Other income	-	-	-	-	-	-	-	-	-	1,328	1,328
Total income	51,597	88,666	62,588	66,510	278,248	34,386	5,712	384,856	149,719	12,995	750,421
EXPENSES											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	34,929	28,219	15,718	197,684	13,114	314	226,830	-	-	289,978
Marketing and other acquisition expenses	-	20,001	15,999	17,486	39,930	11,087	717	69,220	38,004	408	143,632
Maintenance, administrative and general expenses	16,447	7,495	7,574	5,690	11,888	3,164	236	20,978	35,588	6,674	94,756
Finance expenses	29,142	77	71	819	186	105	5	1,115	13,979	23,120	67,504
Losses from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	3,000	3,000
Other expenses	-	-	-	-	-	-	-	-	-	180	180
Total expenses	45,589	62,502	51,863	39,713	249,688	27,470	1,272	318,143	87,571	33,382	599,050
Income (loss) before taxes on income	6,008	26,164	10,725	26,797	28,560	6,916	4,440	66,713	62,148	(20,387)	151,371
Other comprehensive income (loss) before taxes on income	21,025	(17)	(14)	(3,227)	6,079	1,628	(272)	4,208	-	4,210	29,412
Comprehensive income (loss) before taxes on income	27,033	26,147	10,711	23,570	34,639	8,544	4,168	70,921	62,148	(16,177)	180,783

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)**

b. Hereunder are the results of the segments of activity: (Cont.)

	Three months ended as at September 30, 2019										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Unaudited										
NIS in thousands											
INCOME											
Premiums earned on retention	-	68,195	64,741	47,067	317,084	31,617	4,507	400,275	-	-	533,211
Income from lease of properties	58,298	-	-	-	-	-	-	-	-	(2,107)	56,191
Increase in value of investment property and property under construction, net	33,225	-	-	-	-	-	-	-	-	-	33,225
Net gains (losses) from investments and other finance income (expenses)	18,763	3,401	126	1,756	923	(81)	108	2,706	2,623	8,524	36,143
Income from management fees	-	1,316	-	-	-	-	-	-	-	-	1,316
Income from grant of consumer credit	-	-	-	-	-	-	-	-	143,942	(240)	143,702
Income from commissions	-	3,890	643	17,546	-	3,282	-	20,828	-	-	25,361
Other income	-	-	-	-	-	-	-	-	1	1,524	1,525
Total income	110,286	76,802	65,510	66,369	318,007	34,818	4,615	423,809	146,566	7,701	830,674
EXPENSES											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	28,522	28,783	33,933	236,159	19,616	1,691	291,399	-	-	348,704
Marketing and other acquisition expenses	-	15,757	17,345	19,390	42,081	9,717	545	71,733	46,825	176	151,836
Maintenance, administrative and general expenses	16,556	6,931	8,090	5,742	12,611	3,148	160	21,661	50,698	4,634	108,570
Finance expenses	25,402	69	62	622	298	105	-	1,025	6,885	26,273	59,716
Losses from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	19	189	208
Total expenses	41,958	51,279	54,280	59,687	291,149	32,586	2,396	385,818	104,427	44,482	682,244
Income (loss) before taxes on income	68,328	25,523	11,230	6,682	26,858	2,232	2,219	37,991	42,139	(36,781)	148,430
Other comprehensive income (loss) before taxes on income	(39,770)	(5)	(2)	1,739	875	38	87	2,739	-	2,452	(34,586)
Comprehensive income (loss) before taxes on income	28,558	25,518	11,228	8,421	27,733	2,270	2,306	40,730	42,139	(34,329)	113,844

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)**

b. Hereunder are the results of the segments of activity: (Cont.)

	Year ended as at December 31, 2019										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Audited										
NIS in thousands											
INCOME											
Premiums earned on retention	-	269,570	253,005	207,386	1,259,568	124,630	17,614	1,609,198	-	-	2,131,773
Income from lease of properties	241,905	-	-	-	-	-	-	-	-	(7,728)	234,177
Increase in value of investment property and property under construction, net	159,161	-	-	-	-	-	-	-	-	-	159,161
Net gains on investments and other finance income	20,482	33,247	1,018	34,145	17,724	2,447	1,490	55,806	2,823	55,113	168,489
Income from management fees	-	5,434	-	-	-	-	-	-	-	-	5,434
Income from grant of consumer credit	-	-	-	-	-	-	-	-	610,483	(826)	609,657
Income from commissions	-	11,336	2,716	67,154	-	14,861	-	82,015	-	-	96,067
Other income	6,143	-	-	-	-	-	-	-	-	2,389	8,532
Total income	427,691	319,587	256,739	308,685	1,277,292	141,938	19,104	1,747,019	613,306	48,948	3,413,290
EXPENSES											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	143,494	109,168	201,374	937,450	78,708	9,752	1,227,284	-	-	1,479,946
Marketing and other acquisition expenses	-	69,147	68,735	74,042	159,693	35,572	2,197	271,504	184,065	433	593,884
Maintenance, administrative and general expenses	70,331	27,669	31,917	22,550	53,407	10,757	785	87,499	194,730	16,735	428,881
Finance expenses	133,647	241	205	2,253	1,094	424	-	3,771	46,330	118,755	302,949
Losses from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	10	723	733
Total expenses	203,978	240,551	210,025	300,219	1,151,644	125,461	12,734	1,590,058	425,135	149,856	2,819,603
Income (loss) before taxes on income	223,713	79,036	46,714	8,466	125,648	16,477	6,370	156,961	188,171	(100,908)	593,687
Other comprehensive income (loss) before taxes on income	(62,127)	(852)	(956)	7,131	1,861	146	309	9,447	-	1,802	(52,686)
Comprehensive income (loss) before taxes on income	161,586	78,184	45,758	15,597	127,509	16,623	6,679	166,408	188,171	(99,106)	541,001