

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

ZUR SHAMIR HOLDINGS LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2014

Please find attached an extract English translation of the Hebrew version of the consolidated financial statements of Zur Shamir Holdings Ltd. which were approved on March 19, 2015.

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.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

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**Independent Auditors' Report
to the Shareholders of
Zur Shamir Holdings Ltd.**

Review of the components of internal control over financial reporting

**Pursuant to Section 9b(c) to the Israeli Securities Regulations
(Periodic and Immediate Reports), 1970**

We have audited the components of internal control over financial reporting of ZUR SHAMIR HOLDINGS LTD. and its subsidiaries (hereunder collectively - the Company) as at December 31, 2014. These control components were determined as explained in the following paragraph. The Company's Board of Directors and Management are responsible for maintaining effective internal control over financial reporting, and for their assessment of the effectiveness of internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

The components of internal control over financial reporting audited by us were prescribed in accordance with Auditing Standard 104 of the Institute of Certified Public Accountants in Israel "Audit of Components of Internal Control over Financial Reporting", as amended (hereunder – Auditing Standard 104). These components are entity-level controls, including financial statements closing and preparation process controls and information technology general controls (hereunder - "the audited control components") and controls over processes that are very significant to the financial reporting and disclosure in the Company and its subsidiaries (collectively, "the audited control components").

We conducted our audit in accordance with Auditing Standard 104. That Standard requires that we plan and perform the audit to identify the audited control components and obtain reasonable assurance about whether these control components have been effectively maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists regarding the audited control components and testing and evaluating the design and operating effectiveness of the audited control components based on the assessed risk. Our audit of these control components also included performing such other procedures as we considered necessary in the circumstances. Our audit only addressed the audited control components, as opposed to internal control over all the material processes in connection with financial reporting and therefore, our opinion addresses solely the audited control components. Moreover, our audit did not address any reciprocal effects between the audited control components and unaudited ones and accordingly, our opinion does not take into account any such possible effects. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion within the context described above.

Because of its inherent limitations, internal control over financial reporting as a whole, and specifically the components therein, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting with respect to the audited control components as at December 31, 2014.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 and our report dated March 19, 2015 expressed an unqualified opinion of those financial statements. We also drew attention to Note 42a to the annual consolidated financial statements regarding the exposure to requests to approve claims as class actions in a subsidiary.

Tel-Aviv, Israel
March 19, 2015

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

AUDITORS' REPORT

To the Shareholders of

ZUR SHAMIR HOLDINGS LTD.

We have audited the accompanying consolidated statements of financial position of ZUR SHAMIR HOLDINGS LTD. (hereunder - the Company) as at December 31, 2014 and 2013, and the related consolidated statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for each of the three years in the period ended as at December 31, 2014. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not review the financial statements of certain subsidiaries, whose assets constitute about 25.1% and about 27.9% of total consolidated assets as at December 31, 2014 and 2013, respectively, and whose revenues constitute about 6.2%, about 7.9% and about 8.2% of total consolidated revenues for each of the three years ended the last of which ended, December 31, 2014, 2013 and 2012. The financial statements of those companies were audited by other auditors whose reports were furnished to us and our opinion, insofar as it relates to the amounts included for those companies, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Israeli Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and information in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors and Management of the Company, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2013 and 2012 and the results of their activities, the changes in equity and cash flows, for each of the three years in the period ended as at December 31, 2013, in conformity with the International Financial Reporting Standards (IFRS) and in accordance with the disclosure requirements as prescribed by the Regulator of Insurance according to the Supervision of Financial Services (Insurance) Law, 1981. Furthermore, in our opinion, the financial statements referred to above are prepared in accordance with the directives of the Israeli Securities Regulations (Preparation of Annual Financial Statements), 2010, insofar as these Regulations apply to insurance companies.

Without qualifying our opinion, we draw attention to Note 42a to the annual consolidated financial statements regarding exposure to class actions and the approval of claims as class actions of a subsidiary.

We have also audited, in accordance with Auditing Standard 104 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting", the Company's components of internal control over financial reporting as of December 31, 2014, and our report dated March 19, 2015 expressed an unqualified opinion on the effective existence of those components.

Tel-Aviv,
March 19, 2015

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

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION

	December 31	
	2014	2013
	NIS in thousands	
CURRENT ASSETS		
Cash and cash equivalents	1,193,078	1,316,619
Cash and cash equivalents for yield dependent contracts	27,222	20,337
Financial assets	779,248	304,392
Financial derivatives	4,812	8,885
Outstanding insurance premiums	260,791	229,740
Debtors and receivables	110,710	82,374 **)
Deposits	13,022	29,586
Current taxes receivable	7,766	6,257
Reinsurance assets	51,922	48,921
Deferred acquisition costs	75,075	76,259
	<u>2,523,646</u>	<u>2,123,370</u>
Assets designated for sale	<u>177,364</u>	<u>484,316</u>
	<u>2,701,010</u>	<u>2,607,686</u>
Financial assets	2,301,419	1,927,876
Investment property and real estate under construction, net	3,212,538	2,744,803
Reinsurance assets	100,706	124,403
Fixed assets	123,247	120,460
Deferred acquisition costs	132,965	118,246
Long term debts	32,913	17,345 **)
Deposits	45,508	20,662
Goodwill and intangible assets	214,224	186,100
Deferred taxes	1,450	2,723 *)
	<u>6,164,970</u>	<u>5,262,618</u>
	<u>8,865,980</u>	<u>7,870,304</u>

*) Retrospective application.

***) Reclassified.

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION

	December 31	
	2014	2013
	NIS in thousands	
CURRENT LIABILITIES		
Financial liabilities	1,162,139	625,200
Creditors and payables	354,215	316,919 **)
Current taxes payable	53,740	31,130
Financial derivatives	21,235	12,655
Liabilities in respect of insurance and investment contracts	<u>930,459</u>	<u>869,593</u>
	2,521,788	1,855,497
Financial liabilities in respect of assets designated for sale	<u>-</u>	<u>165,050</u>
	<u>2,521,788</u>	<u>2,020,547</u>
NON-CURRENT LIABILITIES		
Financial liabilities	3,473,250	3,229,691
Creditors and payables	7,298	6,073 **)
Liabilities in respect of insurance and investment contracts	1,572,239	1,484,070
Liabilities for employee benefits	12,393	13,111
Financial derivatives	32,630	23,615
Deferred taxes	<u>171,839</u>	<u>171,747 *)</u>
	<u>5,269,649</u>	<u>4,928,307</u>
CAPITAL		
Share capital	217,374	216,474
Share premium	38,319	37,250
Reserves	(96,329)	(101,618) *)
Retained earnings	272,893	246,703 *)
Treasury shares	<u>(67,599)</u>	<u>(67,599)</u>
Total capital attributed to the Company's shareholders	364,658	331,210
Non-controlling interests	<u>709,885</u>	<u>590,240 *)</u>
Total capital	<u>1,074,543</u>	<u>921,450</u>
	<u>8,865,980</u>	<u>7,870,304</u>

*) Retrospective application.

***) Reclassified.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31		
	2014	2013	2012
	NIS in thousands		
INCOME			
Premiums earned on retention	1,457,376	1,295,913	1,178,879
Income from lease of assets	176,740	194,444	192,124
Increase in value of investment property and real estate under construction, net	79,277	122,513	76,031
Investment income, net and other finance income	104,449	88,755	177,073
Income from management fees	7,224	7,158	6,789
Income from grant of consumer credit	173,076	139,567	100,319
Income from commissions	17,343	17,493	9,913
Company's share in losses of affiliates, net	(1,400)	(1,232)	(897)
Other income	213	364	406
Total income	2,014,298	1,864,975	1,740,637
EXPENSES			
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	945,391	885,591	845,915
Marketing and other acquisition expenses	305,003	258,033	251,031
Maintenance, administrative and general expenses	227,883	233,405	213,872
Finance expenses	242,578	281,182	234,724
Other expenses	584	152	260
Total expenses	1,721,439	1,658,363	1,545,802
Income before taxes on income	292,859	206,612	194,835
Taxes on income	150,762	99,982 *)	103,601 *)
Profit from continuing activities	142,097	106,630	91,234
Loss from discontinued activities	-	-	(8,218)
Net income	142,097	106,630	83,016
Attributed to:			
Company shareholders	20,025	12,857	33,227
Non-controlling interest	122,072	93,773	49,789
	142,097	106,630 *)	83,016 *)

*) Retrospective application.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31		
	2014	2013	2012
	NIS in thousands		
(except net earnings (loss) per share data)			
Net earnings per share attributed to the Company's shareholders (in NIS)			
Basic earnings, net			
Earnings from continuing activities	0.32	0.20 *)	0.65 *)
Loss from discontinued activities	-	-	(0.11)
Basic net earnings	<u>0.32</u>	<u>0.20</u>	<u>0.54</u>
Diluted earnings, net			
Earnings from continuing activities	0.25	0.17 *)	0.65 *)
Loss from discontinued activities	-	-	(0.11)
Diluted net earnings (loss)	<u>0.25</u>	<u>0.17</u>	<u>0.54</u>

*) Retrospective application.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31		
	2014	2013	2012
	NIS in thousands		
Net income	142,097	106,630	83,016
Other comprehensive income (loss) (after the tax effect):			
Profit (loss) in respect of cash flow hedging transactions	(161)	10,157	(9,273)
Adjustments resulting from the translation of the financial statements of activities abroad	326	(91,683) *)	1,765 *)
Profit (loss) from remeasurement in respect of defined benefit plan	1,285	(689)	(698)
Total other comprehensive income (loss)	1,450	(82,215)	(8,206)
Total comprehensive income	<u>143,547</u>	<u>24,415</u>	<u>74,810</u>
Total comprehensive income (loss) attributed to:			
Company shareholders	20,636	(37,132)	27,331
Non-controlling interests	122,911	61,547	47,479
	<u>143,547</u>	<u>24,415 *)</u>	<u>74,810 *)</u>

*) Retrospective application.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Company					Total	Non- controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Capital reserves	Treasury shares			
	NIS in thousands							
Balance as at January 1, 2012	216,299	35,948	100,483 *)	(50,319) *)	(61,174)	241,237	403,094 *)	644,331
Net income	-	-	33,227	-	-	33,227	49,789	83,016
Total other comprehensive loss	-	-	-	(5,896)	-	(5,896)	(2,310)	(8,206)
Comprehensive income (loss)	-	-	33,227	(5,896)	-	27,331	47,479	74,810
Share based payment cost	-	-	-	512	-	512	4,629	5,141
Buy back of subsidiary shares	-	-	5,340	-	-	5,340	(77,904)	(72,564)
Realization of option warrants into subsidiary's shares and expiration of option warrants in subsidiary's shares	-	-	13,283	-	-	13,283	(7,642)	5,641
Issue and sale of a subsidiary's shares to non-controlling interest holders	-	-	39,046	-	-	39,046	75,079	114,125
Dividend to non-controlling interest holders	-	-	-	-	-	-	(39,675)	(39,675)
Dividend to the Company's shareholders	-	-	(30,000)	-	-	(30,000)	-	(30,000)
Buy back of Company shares	-	-	-	-	(6,425)	(6,425)	-	(6,425)
Balance as at December 31, 2012	216,299	35,948	161,379 *)	(55,703) *)	(67,599)	290,324	405,060 *)	695,384
Net income	-	-	12,857	-	-	12,857	93,773	106,630
Total other comprehensive loss	-	-	-	(49,989)	-	(49,989)	(32,226)	(82,215)
Comprehensive income (loss)	-	-	12,857	(49,989)	-	(37,132)	61,547	24,415
Share based payment cost	-	-	-	309	-	309	14,683	14,992
Realization of option warrants into Company shares and expiration of option warrants in Company shares	175	328	-	(328)	-	175	-	175
Realization of option warrants into subsidiary's shares and expiration of option warrants in subsidiary's shares	-	974	(648)	(974)	-	(648)	1,495	847
Issue and sale of a subsidiary's shares to non-controlling interest holders	-	-	88,115	5,067	-	93,182	139,395	232,577
Dividend to non-controlling interest holders	-	-	-	-	-	-	(31,940)	(31,940)
Dividend to the Company's shareholders	-	-	(15,000)	-	-	(15,000)	-	(15,000)
Balance as at December 31, 2013	216,474	37,250	246,703 *)	(101,618) *)	(67,599)	331,210	590,240 *)	921,450
Net income	-	-	20,025	-	-	20,025	122,072	142,097
Total other comprehensive income	-	-	-	611	-	611	839	1,450
Comprehensive income	-	-	20,025	611	-	20,636	122,911	143,547
Issue and sale of subsidiaries shares, net to non-controlling interest holders	-	-	84,672	-	-	84,672	65,313	149,985
Buy back of subsidiary shares in the framework of a proposed acquisition exchange	-	-	(25,386)	5,579	-	(19,807)	(4,332)	(24,139)
Realization of option warrants into subsidiary's shares by non-controlling interests	-	-	(3,121)	-	-	(3,121)	10,183	7,062
Realization of option warrants into Company shares	900	1,069	-	(1,040)	-	929	-	929
Share based payment cost	-	-	-	139	-	139	6,147	6,286
Dividend to the Company's shareholders	-	-	(50,000)	-	-	(50,000)	-	(50,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(80,577)	(80,577)
Balance as at December 31, 2014	217,374	38,319	272,893	(96,329)	(67,599)	364,658	709,885	1,074,543

*) Retrospective application.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	App.	Year ended December 31		
		2014	2013	2012
				NIS in thousands
Cash flows provided by (used in) ongoing current activities	a	(357,691)	145,019	349,892
Cash flows provided by discontinued current activities		-	-	350
Cash flows provided by (used in) current activities		<u>(357,691)</u>	<u>145,019</u>	<u>350,242</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Exit from consolidation of company consolidated in the past		2,385	-	-
Repayment of deposits, net		152,657	49,308	6,303
Acquisition of fixed assets and investment property and investment property under construction		(369,837)	(276,696)	(51,118)
Interest paid and capitalized cost of investment property under construction		(7,474)	(6,705)	-
Investment in affiliates, net		(1,400)	(689)	583
Settlement of loan granted to affiliate		-	-	2,574
Proceeds from the sale of fixed assets and investment property		363,633	2,487	214,286
Proceeds from sale of hedging transactions		13,585	-	-
Acquisition of intangible assets		<u>(45,661)</u>	<u>(36,995)</u>	<u>(21,405)</u>
Net cash provided by (used in) ongoing investment activities		107,888	(269,290)	151,223
Net cash provided by discontinued investment activities		-	12,926	-
Net cash provided by (used in) investment activities		<u>107,888</u>	<u>(256,364)</u>	<u>151,223</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	App.	Year ended December 31		
		2014	2013	2012
		NIS in thousands		
CASH FLOWS FROM FINANCE ACTIVITIES				
Repayment of CPI hedging transactions		(4,191)	-	-
Grant of deposit for bonds and loans		(21,019)	(263,742)	(3)
Proceeds from the issue of bonds and subordinated deeds in a subsidiary, net		347,980	656,120	117,727
Proceeds from the realization of options to a subsidiary's shares		7,062	847	5,641
Proceeds from the realization of options to Company's shares		929	175	-
Buy-back of Company's shares		-	-	(6,425)
Buy back of shares in a subsidiary		-	-	(72,564)
Issue of Company bonds, net tax		276,739	133,418	-
Sale, net and issue of a subsidiary's shares to non-controlling interest holders, net tax		123,871	269,865	114,125
Settlement of bonds and subordinated deeds in a subsidiary		(249,549)	(184,109)	(191,542)
Settlement of Company bonds		(80,400)	(70,358)	(70,463)
Decrease in short-term credit from banking institutions, net		(11,167)	(4,750) *)	(33,399) *)
Buy back of bonds in a subsidiary		-	-	(9,425)
Buy back of the Company's bonds		-	-	(627)
Receipt (settlement) of long term loans from banking institutions and others, net		(118,883)	46,190	209,702
Dividend paid to shareholders of the Company		(50,000)	(30,000)	(15,000)
Dividend paid to non-controlling interest holders		(80,577)	(54,740)	(16,875)
Net cash provided by finance activities		140,795	498,916	30,872
Capital reserve from the translation differences from activities abroad		(7,682)	(9,602)	112
Effect of fluctuation in the foreign exchange rate on the balances of cash and cash equivalents		34	(408)	(130)
Increase (decrease) in cash and cash equivalents		(116,656)	377,561	532,319
Balance of cash and cash equivalents as at the beginning of the year	b	1,336,956	959,395	427,076
Balance of cash and cash equivalents as at the end of the year	c	1,220,300	1,336,956	959,395

*) Reclassified.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2014	2013	2012
	NIS in thousands		
(a) Cash flows from ongoing current activities			
Profit from ongoing activities	142,097	106,630 *)	91,234 *)
Net sale (acquisition) of financial investments	(801,090)	85,238	174,822
Adjustments to the profit or loss items:			
Depreciation and amortization	38,881	36,806	34,886
Loss (profit) from the sale of fixed assets	531	(54)	246
Share based payment cost	6,286	14,992	5,141
Company's share in losses of affiliates, net	1,400	1,232	897
Finance expenses, net	242,578	281,182	234,724
Net investment income and other finance income	(3,622)	(8,664)	(1,410)
Increase in value of investment property	(79,277)	(122,513)	(76,031)
Taxes on income	150,762	99,982 *)	103,601 *)
	<u>(443,551)</u>	<u>388,201</u>	<u>476,876</u>
Changes in assets and liabilities items:			
Profits from financial investments			
for yield dependent contracts	(27,503)	(29,912)	(39,004)
Profits from other financial investments	(194,562)	(123,821)	(174,701)
Change in liabilities in respect of non-yield-dependent insurance contracts	125,783	124,804	39,933
Change in liabilities in respect of yield-dependent contracts	23,252	26,781	30,375
Change deferred acquisition costs	(13,535)	(33,809)	(28,759)
Change in reinsurance assets	20,696	25,633	54,801
Change in employee benefits liabilities, net	1,344	1,157	1,499
Short-term credit from banking institutions in respect of grant of consumer credit activities	267,850	(106,617) **)	49,213 **)
Buy back of subsidiary shares	(5,547)	-	-
Change in outstanding premium	(31,051)	(28,443)	(18,371)
Change in debtors and receivables	(23,348)	(18,844)	(5,146)
Change in creditors and payables	17,505	(6,574)	54,060
	<u>160,884</u>	<u>(169,645)</u>	<u>(36,100)</u>
Cash paid and received during the year for:			
Interest paid	(193,259)	(218,806)	(211,025)
Interest received	101,511	94,513	97,246
Taxes paid	(134,792)	(64,716)	(74,705)
Taxes received	2,981	1,129	1,734
Dividend received	6,438	7,713	4,632
	<u>(217,121)</u>	<u>(180,167)</u>	<u>(182,118)</u>
Total cash flows provided by (used in) ongoing current activities	<u>(357,691)</u>	<u>145,019</u>	<u>349,892</u>

*) Retrospective application.

**) Reclassified.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2014	2013	2012
	NIS in thousands		
(b) CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			
Cash and cash equivalents for yield dependent contracts	20,337	19,739	15,087
Other cash and cash equivalents	<u>1,316,619</u>	<u>939,656</u>	<u>411,989</u>
Balance of cash and cash equivalents as at the beginning of the year	<u><u>1,336,956</u></u>	<u><u>959,395</u></u>	<u><u>427,076</u></u>
(c) CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			
Cash and cash equivalents for yield dependent contracts	27,222	20,337	19,739
Other cash and cash equivalents	<u>1,193,078</u>	<u>1,316,619</u>	<u>939,656</u>
Balance of cash and cash equivalents at the end of the year	<u><u>1,220,300</u></u>	<u><u>1,336,956</u></u>	<u><u>959,395</u></u>
(d) SIGNIFICANT NON-CASH TRANSACTIONS			
Acquisition of investment property against creditors and payables	<u>40,738</u>	<u>13,505</u>	<u>9,134</u>
Sale of investment property against debtors	<u>22,259</u>	<u>-</u>	<u>-</u>
Dividend declared and not yet paid to the Company's shareholders	<u>-</u>	<u>-</u>	<u>15,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- 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 health assurance and it focuses mainly on long term savings (in the framework of various types of life assurance policies), as well as insurance coverages for various risks such as: death, disability, disability income insurance, etc.

2. Health insurance segment

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

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 other insurances.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- 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.

These lines include: third party liability, employers' liability and professional liability.

4. Granting of consumer credit segment

Includes granting of consumer credit activity mainly for the acquisition of private vehicles mostly backed by vehicle pledge and providing loans for any purpose.

5. Investment property

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)**

b. Hereunder is the breakdown of results of the segments of activity:

	Year ended as at December 31, 2014										
	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
NIS in thousands											
INCOME											
Premiums earned on retention	-	195,134	118,261	341,565	681,216	113,157	8,043	1,143,981	-	-	1,457,376
Income from lease of properties	183,051	-	-	-	-	-	-	-	-	(6,311)	176,740
Increase in value of investment property and real estate under construction, net	79,277	-	-	-	-	-	-	-	-	-	79,277
Net gains on investments and other finance income	6,535	30,184	1,947	22,565	10,939	2,689	354	36,547	-	29,236	104,449
Income from management fees	-	7,224	-	-	-	-	-	-	-	-	7,224
Income from granting consumer credit	-	-	-	-	-	-	-	-	173,679	(603)	173,076
Income from commissions	-	10,548	2,420	-	-	4,375	-	4,375	-	-	17,343
Group's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(1,400)	(1,400)
Other income	2	-	-	-	-	-	-	-	160	51	213
Total income	268,865	243,090	122,628	364,130	692,155	120,221	8,397	1,184,903	173,839	20,973	2,014,298
EXPENSES											
Payments and changes in liabilities for insurance contracts on retention	-	130,131	43,189	240,679	479,512	48,309	4,768	773,268	-	(1,197)	945,391
Marketing expenses and other acquisition expenses	-	34,202	28,059	52,933	99,992	25,060	1,432	179,417	66,297	(2,972)	305,003
Maintenance, general and administrative expenses	50,210	21,421	15,940	18,759	37,539	7,485	490	64,273	46,405	29,634	227,883
Finance expenses	118,747	-	-	-	-	86	-	86	7,520	116,225	242,578
Other expenses	-	-	-	-	-	-	-	-	-	584	584
Total expenses	168,957	185,754	87,188	312,371	617,043	80,940	6,690	1,017,044	120,222	142,274	1,721,439
Income (loss) before taxes on income	99,908	57,336	35,440	51,759	75,112	39,281	1,707	167,859	53,617	(121,301)	292,859
Segment assets as at December 31, 2014	3,851,352	701,518	119,827					2,037,672	592,551	1,563,060	8,865,980
Segment liabilities as at December 31, 2014	2,941,468	622,914	58,967					2,043,931	435,641	1,688,516	7,791,437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)**

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

	Year ended as at December 31, 2013										
	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				
											NIS in thousands
INCOME											
Premiums earned on retention	-	194,968	94,893	313,334	585,197	102,297	5,224	1,006,052	-	-	1,295,913
Income from lease of properties	200,553	-	-	-	-	-	-	-	-	(6,109)	194,444
Increase in value of investment property and real estate under construction, net	122,513	-	-	-	-	-	-	-	-	-	122,513
Net gains on investments and other finance income	3,965	34,366	2,929	36,666	15,466	3,593	524	56,249	18	(8,772)	88,755
Income from management fees	-	7,158	-	-	-	-	-	-	-	-	7,158
Income from granting consumer credit	-	-	-	-	-	-	-	-	140,958	(1,391)	139,567
Income from commissions	-	10,468	2,815	-	-	4,210	-	4,210	-	-	17,493
Group's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(1,232)	(1,232)
Other income	35	-	-	-	-	-	-	-	91	238	364
Total income	327,066	246,960	100,637	350,000	600,663	110,100	5,748	1,066,511	141,067	(17,266)	1,864,975
EXPENSES											
Payments and changes in liabilities for insurance contracts on retention	-	138,307	39,126	235,985	423,591	47,000	2,768	709,344	-	(1,186)	885,591
Marketing expenses and other acquisition expenses	-	31,464	23,395	38,945	90,085	23,667	972	153,669	52,447	(2,942)	258,033
Maintenance, general and administrative expenses	58,013	19,727	13,888	16,730	32,179	6,915	317	56,141	41,711	43,925	233,405
Finance expenses	131,494	-	-	-	-	82	-	82	6,876	142,730	281,182
Other expenses	-	-	-	-	-	-	-	-	-	152	152
Total expenses	189,507	189,498	76,409	291,660	545,855	77,664	4,057	919,236	101,034	182,679	1,658,363
Income (loss) before taxes on income	137,559	57,462	24,228	58,340	54,808	32,436	1,691	147,275	40,033	(199,945)	206,612
Segment assets as at December 31, 2013	3,602,722	675,257	118,604					1,889,866	283,698	1,300,157	7,870,304
Segment liabilities as at December 31, 2013	2,754,624	598,909	56,953					1,904,606	150,656	1,483,106	6,948,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	Year ended as at December 31, 2012										
	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	Total				
NIS in thousands											
INCOME											
Premiums earned on retention	-	188,675	74,554	296,468	523,642	91,367	4,173	915,650	-	-	1,178,879
Income from lease of properties	198,170	-	-	-	-	-	-	-	-	(6,046)	192,124
Increase in value of investment property and real estate under construction, net	76,031	-	-	-	-	-	-	-	-	-	76,031
Net gains on investments and other finance income	5,315	42,990	2,203	55,628	19,089	4,688	721	80,126	-	46,439	177,073
Income from management fees	-	6,789	-	-	-	-	-	-	-	-	6,789
Income from granting consumer credit	-	-	-	-	-	-	-	-	102,430	(2,111)	100,319
Income from commissions	-	5,226	2,448	-	-	2,239	-	2,239	-	-	9,913
Group's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(897)	(897)
Other income	33	-	-	-	-	-	-	-	94	279	406
Total income	279,549	243,680	79,205	352,096	542,731	98,294	4,894	998,015	102,524	37,664	1,740,637
EXPENSES											
Payments and changes in liabilities for insurance contracts on retention	-	149,277	32,829	239,777	385,204	37,385	2,613	664,979	-	(1,170)	845,915
Marketing expenses and other acquisition expenses	-	26,205	16,921	51,802	89,571	25,070	783	167,226	43,683	(3,004)	251,031
Maintenance, general and administrative expenses	49,206	19,778	9,555	17,982	31,793	7,004	279	57,058	34,552	43,723	213,872
Finance expenses	131,042	-	-	-	-	87	-	87	10,176	93,419	234,724
Other expenses	-	-	-	-	-	-	-	-	-	260	260
Total expenses	180,248	195,260	59,305	309,561	506,568	69,546	3,675	889,350	88,411	133,228	1,545,802
Income (loss) before taxes on income	99,301	48,420	19,900	42,535	36,163	28,748	1,219	108,665	14,113	(95,564)	194,835
Segment assets as at December 31, 2012	3,283,741	639,437	104,030					1,753,082	321,586	1,164,999	7,266,875
Segment liabilities as at December 31, 2013	2,435,358	547,864	45,409					1,800,979	263,937	1,459,977	6,553,524