

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

**ZUR SHAMIR HOLDINGS LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF SEPTEMBER 30, 2019**

**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 28, 2019.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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## **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, 2019, 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 18.6% of the total consolidated assets as at September 30, 2019, and whose revenues constitute about 4.9% and about 5.3% of the total consolidated revenues for the period of nine and three months 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 1 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.

**Emphasis of matter (attention)**

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 a subsidiaries.

Tel-Aviv,  
November 28, 2019

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

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<u>September 30,</u>		<u>December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,331,111	1,230,863	1,259,157
Cash and cash equivalents for yield-dependent contracts	4,722	8,623	4,881
Financial assets	1,223,455	869,442	1,211,570
Derivatives	35,494	2,916	5,567
Outstanding insurance premiums	593,435	607,105	575,807
Debtors and receivables	197,722	(* 170,959)	162,481
Deposits	26,123	39,702	31,350
Current tax receivable	17,039	3,217	7,791
Reinsurance assets	199,490	111,040	137,416
Deferred acquisition costs	142,892	(* 127,492)	135,012
	<u>3,771,483</u>	<u>3,171,359</u>	<u>3,531,032</u>
Assets designated for sale	<u>1,660,696</u>	<u>956,246</u>	<u>1,183,274</u>
	<u>5,432,179</u>	<u>4,127,605</u>	<u>4,714,306</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	2,478,240	2,563,030	2,675,696
Derivatives	20,850	4,488	1,283
Investment property and investment property under construction	4,172,679	4,109,417	4,194,062
Reinsurance assets	636,647	380,878	389,099
Fixed assets	259,648	185,424	195,565
Deferred acquisition costs	212,120	207,046	206,057
Debtors and receivables	77,382	87,537	81,268
Deposits	124,516	119,083	98,076
Goodwill and intangible assets	376,436	330,444	343,849
Deferred taxes	9,356	9,097	9,744
	<u>8,367,874</u>	<u>7,996,444</u>	<u>8,194,699</u>
	<u>13,800,053</u>	<u>12,124,049</u>	<u>12,909,005</u>

\*) Reclassified.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>September 30,</b>		<b>December 31,</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<b>CURRENT LIABILITIES</b>			
Financial liabilities	1,960,984	1,170,768	1,512,669
Creditors and payables	886,578	652,756	795,973
Current taxes payable	18,842	34,267	24,320
Derivatives	7,401	14,170	12,038
Liabilities for insurance contracts and investment contracts	1,356,069	1,322,744	1,346,091
	<u>4,229,874</u>	<u>3,194,705</u>	<u>3,691,091</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	5,229,570	4,973,573	5,346,195
Creditors and payables	116,995	39,820	36,770
Liabilities for insurance contracts and investment contracts	2,407,286	2,289,517	2,203,148
Liabilities for employee benefits	36,232	32,719	35,014
Derivatives	63,804	14,764	31,197
Deferred taxes	220,868	187,567	187,366
	<u>8,074,755</u>	<u>7,537,960</u>	<u>7,839,690</u>
<b>EQUITY</b>			
Share capital	144,174	143,097	143,947
Share premium	58,301	45,488	56,150
Reserves	(166,777)	(138,017)	(137,126)
Retained earnings	376,185	331,378	313,039
	<u>411,883</u>	<u>381,946</u>	<u>376,010</u>
Total equity attributed to the Company's shareholders	411,883	381,946	376,010
Non-controlling interests	<u>1,083,541</u>	<u>1,009,438</u>	<u>1,002,214</u>
Total equity	<u>1,495,424</u>	<u>1,391,384</u>	<u>1,378,224</u>
	<u><u>13,800,053</u></u>	<u><u>12,124,049</u></u>	<u><u>12,909,005</u></u>

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in thousands (except for net earnings per share data)				
<b>INCOME</b>					
Premiums earned on retention	1,609,511	1,723,498	533,211	572,995	2,276,858
Income from lease of properties	175,967	175,370	56,191	58,642	236,962
Increase in value of investment property and property under construction, net	80,754	8,819	33,225	5,283	24,576
Net gains from investments and other finance income	114,113	76,645	36,143	43,265	67,943
Income from management fees	3,998	4,222	1,316	1,342	5,790
Income from grant of consumer credit	459,543	369,589	143,702	94,356	482,680
Income from commissions	73,732	43,020	25,361	19,891	64,872
Other income	7,875	187	1,525	19	176
Total income	2,525,493	2,401,350	830,674	795,793	3,159,857
<b>EXPENSES</b>					
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	1,091,673	1,181,783	348,704	381,561	1,586,734
Marketing and other acquisition expenses	440,189	394,061	151,836	137,203	552,502
Maintenance, administrative and general expenses	314,120	295,406	108,570	95,021	394,700
Finance expenses	217,307	188,149	59,716	72,053	252,324
Valuation of option to Leumi Partners	13,210	-	13,210	-	-
Other expenses	332	413	208	46	532
Total expenses	2,076,831	2,059,812	682,244	685,884	2,786,792
Income before taxes on income	448,662	341,538	148,430	109,909	373,065
Taxes on income	161,554	139,645	53,053	44,467	148,832
Net income	287,108	201,893	95,377	65,442	224,233
<b>Net income attributed to:</b>					
Company's shareholders	93,282	52,748	30,049	13,608	52,475
Non-controlling interests	193,826	149,145	65,328	51,834	171,758
	287,108	201,893	95,377	65,442	224,233
<b>Net earnings per share attributable to shareholders of the Company (in NIS)</b>					
Basic earnings, net	1.44	0.83	0.46	0.21	0.82
Diluted earnings, net	1.41	0.81	0.45	0.21	0.80

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in thousands				
Net income	287,108	201,893	95,377	65,442	224,233
<b>Other comprehensive income (loss) (after the tax effect):</b>					
<b>Amounts that will be reclassified subsequently to profit or loss</b>					
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss)	10,695	(3,332)	3,260	942	(9,854)
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss) transferred to profit or loss	835	(179)	152	(2,704)	1,080
Profit (loss) from cash flow hedging transactions	(10,485)	1,607	(1,511)	3,260	(3,641)
Transfer to profit or loss in respect of cash flow hedging transactions, net	-	1,951	-	-	1,951
Adjustments resulting from the translation of financial statements of activities abroad	(65,311)	3,889	(37,916)	(2,287)	4,596
<b>Amounts that will not be reclassified subsequently to profit or loss</b>					
Revaluation of fixed assets	436	-	-	-	2,007
Loss from remeasurement in respect of defined benefit plan	-	-	-	-	(2,129)
Total other comprehensive income (loss)	(63,830)	3,936	(36,015)	(789)	(5,990)
Total comprehensive income	223,278	205,829	59,362	64,653	218,243
<b>Total comprehensive income attributed to:</b>					
Company's shareholders	63,588	54,816	13,305	13,150	50,907
Non-controlling interests	159,690	151,013	46,057	51,503	167,336
	223,278	205,829	59,362	64,653	218,243



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	NIS in thousands						
<b>Balance at January 1, 2019 (Audited)</b>	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 shares in subsidiaries by non-controlling interests and acquisition of shares by a 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)
<b>Balance at September 30, 2019 (Unaudited)</b>	<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>

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	NIS in thousands						
<b>Balance at January 1, 2018 (Audited)</b>	143,085	45,427	(142,402)	336,831	382,941	1,011,209	1,394,150
Effect of first time implementation of IFRS 9 and IFRS 15 standards	-	-	2,246	(28,294)	(26,048)	(29,836)	(55,884)
<b>Balance as at January 1, 2018, after the first time implementation</b>	143,085	45,427	(140,156)	308,537	356,893	981,373	1,338,266
Net income	-	-	-	52,748	52,748	149,145	201,893
Total other comprehensive income	-	-	2,068	-	2,068	1,868	3,936
Total comprehensive income	-	-	2,068	52,748	54,816	151,013	205,829
Cost of share-based payment	-	-	132	-	132	3,385	3,517
Realization of options to Company's shares	12	61	(61)	-	12	-	12
Realization of options to shares in subsidiaries by non-controlling interests	-	-	-	93	93	545	638
Dividend to Company's shareholders	-	-	-	(30,000)	(30,000)	-	(30,000)
Dividend to non-controlling interest holders	-	-	-	-	-	(126,878)	(126,878)
<b>Balance at September 30, 2018 (Unaudited)</b>	<u>143,097</u>	<u>45,488</u>	<u>(138,017)</u>	<u>331,378</u>	<u>381,946</u>	<u>1,009,438</u>	<u>1,391,384</u>

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	NIS in thousands						
<b>Balance at July 1, 2019 (Unaudited)</b>	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 shares in subsidiaries by non-controlling interests	-	-	-	(736)	(736)	1,608	872
Dividend to non-controlling interest holders	-	-	-	-	-	(39,645)	(39,645)
<b>Balance at September 30, 2019 (Unaudited)</b>	<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>

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	NIS in thousands						
<b>Balance at July 1, 2018 (Unaudited)</b>	143,085	45,427	(137,542)	332,662	383,632	1,003,204	1,386,836
Net income	-	-	-	13,608	13,608	51,834	65,442
Total other comprehensive loss	-	-	(458)	-	(458)	(331)	(789)
Total comprehensive income (loss)	-	-	(458)	13,608	13,150	51,503	64,653
Cost of share-based payment	-	-	44	-	44	1,127	1,171
Realization of options to Company's shares	12	61	(61)	-	12	-	12
Realization of options to shares in subsidiaries by non-controlling interests	-	-	-	108	108	(69)	39
Dividend to Company's shareholders	-	-	-	(15,000)	(15,000)	-	(15,000)
Dividend to non-controlling interest holders	-	-	-	-	-	(46,327)	(46,327)
<b>Balance at September 30, 2018 (Unaudited)</b>	<u>143,097</u>	<u>45,488</u>	<u>(138,017)</u>	<u>331,378</u>	<u>381,946</u>	<u>1,009,438</u>	<u>1,391,384</u>

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	Audited						
NIS in thousands							
<b>Balance at January 1, 2018</b>	143,085	45,427	(142,402)	336,831	382,941	1,011,209	1,394,150
Effect of first time implementation of IFRS 9 and IFRS 15 standards	-	-	2,246	(28,294)	(26,048)	(29,836)	(55,884)
<b>Balance as at January 1, 2018, after the first time implementation</b>	143,085	45,427	(140,156)	308,537	356,893	981,373	1,338,266
Net income	-	-	-	52,475	52,475	171,758	224,233
Total other comprehensive loss	-	-	(1,568)	-	(1,568)	(4,422)	(5,990)
Total comprehensive income (loss)	-	-	(1,568)	52,475	50,907	167,336	218,243
Cost of share-based payment	-	-	176	-	176	4,499	4,675
Realization of options to Company's shares	12	59	(59)	-	12	-	12
Issue and acquisition of shares of subsidiary	-	-	4,481	(18,066)	(13,585)	(21,278)	(34,863)
Issue of capital shares	850	10,664	-	-	11,514	-	11,514
Realization of options to shares in subsidiaries by non-controlling interests	-	-	-	93	93	545	638
Dividend to Company's shareholders	-	-	-	(30,000)	(30,000)	-	(30,000)
Dividend to non-controlling interest holders	-	-	-	-	-	(130,261)	(130,261)
<b>Balance at December 31, 2018</b>	<u>143,947</u>	<u>56,150</u>	<u>(137,126)</u>	<u>313,039</u>	<u>376,010</u>	<u>1,002,214</u>	<u>1,378,224</u>

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in thousands				
Cash flows provided by (used in) current activities (appendix A)	432,798	(173,994)	171,878	64,904	(406,991)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Settlement (grant) of deposits, net	(16,204)	28,493	9,491	(31,550)	55,900
Acquisitions of fixed assets and investment property and investment property under construction	(131,888)	(195,441)	(47,653)	(45,113)	(266,003)
Interest paid and capitalized to the cost of investment property under construction	(6,998)	(4,985)	(1,605)	(1,735)	(6,822)
Proceeds from sale of fixed assets and investment property	2,110	1,954	120	302	2,917
Proceeds in respect of hedging transactions	9,593	1,220	6,059	190	1,378
Payment in respect of hedging transactions	(7,001)	(9,957)	(1,043)	(6,098)	(14,950)
Acquisition of intangible assets	(66,165)	(56,218)	(24,900)	(17,529)	(79,809)
Acquisition of a subsidiary consolidated for the first time (Appendix D)	106	-	106	-	-
Net cash used in investment activity	(216,447)	(234,934)	(59,425)	(101,533)	(307,389)
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>					
Settlement of CPI hedging transactions and interest rate determination	(106)	(2,698)	(240)	270	(2,698)
Acquisition of subsidiary's shares, net	(29,019)	-	-	-	(25,260)
Proceeds from the issue of Company bonds, net tax	244,313	402,043	-	(293)	647,979
Proceeds from the issue of bonds and subordinated deeds in subsidiary	204,168	473,576	-	-	694,274
Proceeds from realization of options to shares in subsidiary	970	638	872	39	638
Proceeds from realization of options to Company's shares	2	12	-	12	12
Settlement of bonds and subordinated deeds in subsidiary	(253,784)	(168,099)	-	-	(282,307)
Issue of Company shares, net	2,362	-	-	-	11,514
Issue of shares, net of subsidiaries to non-controlling interests	-	-	-	-	(273)
Settlement of Company bonds	(150,441)	(51,320)	(93,324)	-	(115,963)
Settlement of lease liability	(8,993)	-	(3,712)	-	-
Receipt of long-term loans from banking institutions and others, net	218,583	368,698	-	12,870	463,698
Settlement of long-term loans from banking institutions and others, net	(278,509)	(90,628)	(68,133)	(37,270)	(125,510)
Dividend paid to the shareholders of the Company	(12,000)	(30,000)	-	(15,000)	(30,000)
Dividend paid to non-controlling Interest holders	(71,074)	(178,406)	(41,568)	(46,327)	(181,789)
Net cash provided by (used in) finance activity	(133,528)	723,816	(206,105)	(85,699)	1,054,315
<b>Exchange rate differences in respect of balances of cash and cash equivalents</b>	(11,028)	(43)	(7,421)	750	(538)
<b>Increase (decrease) in cash and cash equivalents</b>	71,795	314,845	(101,073)	(121,578)	339,397
<b>Balance of cash and cash equivalents as at the beginning of period (appendix B)</b>	1,264,038	924,641	1,436,906	1,361,064	924,641
<b>Balance of cash and cash equivalents as at the end of period (appendix C)</b>	1,335,833	1,239,486	1,335,833	1,239,486	1,264,038

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in thousands				
<b>APPENDIX A - CASH FLOWS FROM CURRENT ACTIVITIES</b>					
Net income	287,108	201,893	95,377	65,442	224,233
<b>Adjustments to profit or loss items</b>					
Losses (profits) from financial investments for yield dependent contracts	14,383	(7,568)	3,224	(6,708)	5,441
Profits from other financial investments	(65,587)	(291,640)	(197,078)	(90,422)	(348,737)
Depreciation and amortization	65,866	49,850	22,965	16,843	67,353
Loss from sale of fixed assets	201	413	207	46	532
Cost of share-based payment	2,681	3,517	838	1,171	4,675
Finance expenses, net	217,307	188,149	59,716	72,053	252,324
Valuation of option to Leumi Partners	13,210	-	13,210	-	-
Investment losses (income), net and other finance expenses (income)	(35,858)	6,258	(15,897)	(3,990)	11,879
Increase in value of investment property	(80,754)	(8,819)	(33,225)	(5,283)	(24,576)
Taxes on income	161,554	139,645	53,053	44,467	148,832
	293,003	79,805	(92,987)	28,177	117,723
<b>Other financial investments</b>					
Net sales (acquisitions) of financial investments	(391,063)	57,369	(111,995)	220,629	(636,661)
Acquisition and investment in investment property in consolidated insurance company	(820)	(16)	(744)	-	(16)
	(391,883)	57,353	(112,739)	220,629	(636,677)
<b>Changes in asset and liability items</b>					
Change in liabilities for non-yield- dependent insurance contracts	211,906	388,997	67,367	116,219	346,216
Change in liabilities for yield-dependent contracts	2,210	(8,639)	(3,695)	2,147	(28,880)
Change in deferred acquisition costs	(13,943)	(29,725)	(2,679)	(9,223)	(23,800)
Change in reinsurance assets	(309,622)	(297,709)	(108,140)	(98,311)	(332,306)
Change in employee benefit liabilities	1,218	1,459	1,200	459	519
Short-term credit, net from banking institutions and others in respect of consumer credit grant activities	427,465	(535,819)	295,844	(229,980)	(176,397)
Change in outstanding premium	(17,628)	(66,400)	7,659	(8,346)	(35,102)
Change in debtors and receivables	(36,163)	(127,839)	20,365	(58,661)	(145,175)
Change in creditors and payables	127,953	151,505	55,530	56,610	281,591
	393,396	(524,170)	333,451	(229,086)	(113,334)
<b>Cash paid and received during the period for:</b>					
Interest paid	(187,984)	(167,009)	(64,095)	(59,241)	(228,335)
Interest received	165,454	190,889	50,434	62,152	257,875
Taxes paid	(173,071)	(72,076)	(43,292)	(26,753)	(89,116)
Taxes received	38,549	49,984	2,263	-	50,051
Dividend received	8,226	9,337	3,466	3,584	10,589
	(148,826)	11,125	(51,224)	(20,258)	1,064
Total cash flows provided by (used in) current activities	432,798	(173,994)	171,878	64,904	(406,991)

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in thousands				
<b>APPENDIX B - Cash and cash equivalents as at the beginning of the period</b>					
Cash and cash equivalents for yield-dependent contracts	4,881	8,279	6,162	8,780	8,279
Other cash and cash equivalents	1,259,157	916,362	1,430,744	1,352,284	916,362
Balance of cash and cash equivalents as at the beginning of the period	<u>1,264,038</u>	<u>924,641</u>	<u>1,436,906</u>	<u>1,361,064</u>	<u>924,641</u>
<b>APPENDIX C - Cash and cash equivalents as at the end of the period</b>					
Cash and cash equivalents for yield-dependent contracts	4,722	8,623	4,722	8,623	4,881
Other cash and cash equivalents	1,331,111	1,230,863	1,331,111	1,230,863	1,259,157
Balance of cash and cash equivalents as at the end of the period	<u>1,335,833</u>	<u>1,239,486</u>	<u>1,335,833</u>	<u>1,239,486</u>	<u>1,264,038</u>
<b>APPENDIX D – Acquisition of subsidiary consolidated for the first time</b>					
Working capital (except for cash and cash equivalents)	(159)	-	(159)	-	-
Fixed assets	9	-	9	-	-
Intangible assets	44	-	44	-	-
	<u>(106)</u>	<u>-</u>	<u>(106)</u>	<u>-</u>	<u>-</u>
<b>APPENDIX E - Significant non-cash activities</b>					
Acquisition of fixed assets, investment property and investment property under construction against creditors and payables	<u>27,333</u>	<u>51,028</u>	<u>27,333</u>	<u>51,028</u>	<u>36,055</u>
Recognition of a right to use asset against a lease liability	<u>65,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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**

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**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, 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				Total
	Unaudited										
NIS in thousands											
<b>INCOME</b>											
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 in 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
<b>Total income</b>	<b>294,561</b>	<b>237,151</b>	<b>191,948</b>	<b>234,747</b>	<b>960,783</b>	<b>103,615</b>	<b>13,791</b>	<b>1,312,936</b>	<b>464,916</b>	<b>23,981</b>	<b>2,525,493</b>
<b>EXPENSES</b>											
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
Revaluation of options to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	20	312	332
<b>Total expenses</b>	<b>144,361</b>	<b>177,469</b>	<b>155,359</b>	<b>212,433</b>	<b>865,099</b>	<b>91,221</b>	<b>7,310</b>	<b>1,176,063</b>	<b>312,412</b>	<b>111,167</b>	<b>2,076,831</b>
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)
<b>Comprehensive income (loss) before taxes on income</b>	<b>72,448</b>	<b>59,728</b>	<b>36,626</b>	<b>31,270</b>	<b>100,046</b>	<b>13,013</b>	<b>6,860</b>	<b>151,189</b>	<b>152,504</b>	<b>(84,066)</b>	<b>388,429</b>

**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, 2018										
	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											
<b>INCOME</b>											
Premiums earned on retention		191,232	181,802	300,455	937,634	99,946	12,429	1,350,464	-	-	1,723,498
Income from lease of properties	180,783	-	-	-	-	-	-	-	-	(5,413)	175,370
Increase in value of investment property and property under construction, net	8,819	-	-	-	-	-	-	-	-	-	8,819
Net gains (losses) from investments and other finance income (expenses)	(1,752)	7,609	1,014	29,131	11,672	2,029	950	43,782	1,320	24,672	76,645
Income from management fees	-	4,222	-	-	-	-	-	-	-	-	4,222
Income from grant of consumer credit	-	-	-	-	-	-	-	-	369,757	(168)	369,589
Income from commissions	-	9,541	2,018	22,270	-	9,191	-	31,461	-	-	43,020
Other income	-	-	-	-	-	-	-	-	60	127	187
<b>Total income</b>	<b>187,850</b>	<b>212,604</b>	<b>184,834</b>	<b>351,856</b>	<b>949,306</b>	<b>111,166</b>	<b>13,379</b>	<b>1,425,707</b>	<b>371,137</b>	<b>19,218</b>	<b>2,401,350</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	86,021	71,008	284,292	675,592	57,484	8,311	1,025,679	-	(925)	1,181,783
Marketing and other acquisition expenses	-	45,431	51,667	47,317	103,561	20,754	1,790	173,422	125,835	(2,294)	394,061
Maintenance, administrative and general expenses	50,538	17,589	23,884	16,179	36,261	7,557	482	60,479	125,692	17,224	295,406
Finance expenses	86,849	52	-	418	367	80	-	865	34,471	65,912	188,149
Other expenses	45	-	-	-	-	-	-	-	-	368	413
<b>Total expenses</b>	<b>137,432</b>	<b>149,093</b>	<b>146,559</b>	<b>348,206</b>	<b>815,781</b>	<b>85,875</b>	<b>10,583</b>	<b>1,260,445</b>	<b>285,998</b>	<b>80,285</b>	<b>2,059,812</b>
Income (loss) before taxes on income	50,418	63,511	38,275	3,650	133,525	25,291	2,796	165,262	85,139	(61,067)	341,538
Other comprehensive income (loss) before taxes on income	8,424	-	-	(1,981)	(794)	(138)	(65)	(2,978)	-	(2,357)	3,089
<b>Comprehensive income (loss) before taxes on income</b>	<b>58,842</b>	<b>63,511</b>	<b>38,275</b>	<b>1,669</b>	<b>132,731</b>	<b>25,153</b>	<b>2,731</b>	<b>162,284</b>	<b>85,139</b>	<b>(63,424)</b>	<b>344,627</b>

**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											
<b>INCOME</b>											
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
<b>Total income</b>	<b>110,286</b>	<b>76,802</b>	<b>65,510</b>	<b>66,369</b>	<b>318,007</b>	<b>34,818</b>	<b>4,615</b>	<b>423,809</b>	<b>146,566</b>	<b>7,701</b>	<b>830,674</b>
<b>EXPENSES</b>											
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
Valuation of options to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	19	189	208
<b>Total expenses</b>	<b>41,958</b>	<b>51,279</b>	<b>54,280</b>	<b>59,687</b>	<b>291,149</b>	<b>32,586</b>	<b>2,396</b>	<b>385,818</b>	<b>104,427</b>	<b>44,482</b>	<b>682,244</b>
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)
<b>Comprehensive income (loss) before taxes on income</b>	<b>28,558</b>	<b>25,518</b>	<b>11,228</b>	<b>8,421</b>	<b>27,733</b>	<b>2,270</b>	<b>2,306</b>	<b>40,730</b>	<b>42,139</b>	<b>(34,329)</b>	<b>113,844</b>

**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, 2018										
	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											
<b>INCOME</b>											
Premiums earned on retention	-	65,097	64,907	85,052	322,211	31,568	4,160	442,991	-	-	572,995
Income from lease of properties	60,520	-	-	-	-	-	-	-	-	(1,878)	58,642
Increase in value of investment property and property under construction, net	5,283	-	-	-	-	-	-	-	-	-	5,283
Net gains from investments and other finance income	1,184	5,873	337	11,633	5,824	849	385	18,691	1,201	15,979	43,265
Income from management fees	-	1,342	-	-	-	-	-	-	-	-	1,342
Income from grant of consumer credit	-	-	-	-	-	-	-	-	94,408	(52)	94,356
Income from commissions	-	3,670	728	11,483	-	4,010	-	15,493	-	-	19,891
Other income	-	-	-	-	-	-	-	-	-	19	19
<b>Total income</b>	<b>66,987</b>	<b>75,982</b>	<b>65,972</b>	<b>108,168</b>	<b>328,035</b>	<b>36,427</b>	<b>4,545</b>	<b>477,175</b>	<b>95,609</b>	<b>14,068</b>	<b>795,793</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	28,117	23,914	74,653	234,676	16,994	3,518	329,841	-	(311)	381,561
Marketing and other acquisition expenses	-	16,228	17,682	16,486	36,133	7,452	544	60,615	43,448	(770)	137,203
Maintenance, administrative and general expenses	16,604	6,401	9,296	5,533	13,396	3,332	131	22,392	35,471	4,857	95,021
Finance expenses	30,165	17	-	197	88	43	-	328	10,775	30,768	72,053
Other expenses	26	-	-	-	-	-	-	-	-	20	46
<b>Total expenses</b>	<b>46,795</b>	<b>50,763</b>	<b>50,892</b>	<b>96,869</b>	<b>284,293</b>	<b>27,821</b>	<b>4,193</b>	<b>413,176</b>	<b>89,694</b>	<b>34,564</b>	<b>685,884</b>
Income (loss) before taxes on income	20,192	25,219	15,080	11,299	43,742	8,606	352	63,999	5,915	(20,496)	109,909
Other comprehensive income (loss) before taxes on income	1,772	-	-	(1,026)	(475)	(73)	(34)	(1,608)	-	(1,069)	(905)
<b>Comprehensive income (loss) before taxes on income</b>	<b>21,964</b>	<b>25,219</b>	<b>15,080</b>	<b>10,273</b>	<b>43,267</b>	<b>8,533</b>	<b>318</b>	<b>62,391</b>	<b>5,915</b>	<b>(21,565)</b>	<b>109,004</b>

**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, 2018										
	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
	Audited										
NIS in thousands											
<b>INCOME</b>											
Premiums earned on retention	-	257,040	243,766	366,333	1,262,634	130,420	16,665	1,776,052	-	-	2,276,858
Income from lease of properties	244,214	-	-	-	-	-	-	-	-	(7,252)	236,962
Increase in value of investment property and property under construction, net	24,576	-	-	-	-	-	-	-	-	-	24,576
Net gains (losses) from investments and other finance income (expenses)	(3,672)	(3,684)	1,295	34,659	12,344	2,223	1,183	50,409	2,608	20,987	67,943
Income from management fees	-	5,790	-	-	-	-	-	-	-	-	5,790
Income from grant of consumer credit	-	-	-	-	-	-	-	-	482,748	(68)	482,680
Income from commissions	-	12,373	2,369	37,250	-	12,880	-	50,130	-	-	64,872
Other income	-	-	-	-	-	-	-	-	50	126	176
<b>Total income</b>	<b>265,118</b>	<b>271,519</b>	<b>247,430</b>	<b>438,242</b>	<b>1,274,978</b>	<b>145,523</b>	<b>17,848</b>	<b>1,876,591</b>	<b>485,406</b>	<b>13,793</b>	<b>3,159,857</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	107,970	101,470	381,861	906,616	77,473	12,579	1,378,529	-	(1,235)	1,586,734
Marketing and other acquisition expenses	-	63,460	73,906	69,068	148,888	29,945	2,360	250,261	167,940	(3,065)	552,502
Maintenance, administrative and general expenses	69,907	24,524	31,644	20,474	48,356	9,821	595	79,246	167,202	22,177	394,700
Finance expenses	115,932	68	-	707	461	104	-	1,272	43,696	91,356	252,324
Other expenses	61	-	-	-	-	-	-	-	-	471	532
<b>Total expenses</b>	<b>185,900</b>	<b>196,022</b>	<b>207,020</b>	<b>472,110</b>	<b>1,104,321</b>	<b>117,343</b>	<b>15,534</b>	<b>1,709,308</b>	<b>378,838</b>	<b>109,704</b>	<b>2,786,792</b>
Income (loss) before taxes on income	79,218	75,497	40,410	(33,868)	170,657	28,180	2,314	167,283	106,568	(95,911)	373,065
Other comprehensive income (loss) before taxes on income	5,205	(541)	(599)	(5,281)	(3,107)	(529)	(183)	(9,100)	-	(6,328)	(11,363)
<b>Comprehensive income (loss) before taxes on income</b>	<b>84,423</b>	<b>74,956</b>	<b>39,811</b>	<b>(39,149)</b>	<b>167,550</b>	<b>27,651</b>	<b>2,131</b>	<b>158,183</b>	<b>106,568</b>	<b>(102,239)</b>	<b>361,702</b>