

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

**ZUR SHAMIR HOLDINGS LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF JUNE 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 August 30, 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.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**UNAUDITED**

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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 June 30, 2020, and the related condensed interim consolidated statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the period of 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 June 30, 2020, and whose revenues constitute about 5.5% and about 5.0% of the total consolidated revenues for the six and three-month periods then ended. 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,  
August 30, 2020

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

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>		<b>December 31,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,156,267	1,430,744	1,036,189
Cash and cash equivalents for yield-dependent contracts	8,594	6,162	6,528
Financial assets	830,153	952,044	935,505
Derivatives	27,870	12,012	14,111
Outstanding insurance premiums	529,132	601,094	542,841
Debtors and receivables	181,267	213,945	176,106
Deposits	46,613	24,492	62,288
Current tax receivable	31,487	9,804	32,021
Reinsurance assets	422,117	174,930	227,324
Deferred acquisition costs	134,041	143,975	138,761
	<u>3,367,541</u>	<u>3,569,202</u>	<u>3,171,674</u>
Assets designated for sale	<u>2,116,033</u>	<u>1,438,547 *)</u>	<u>1,918,459 *)</u>
	<u>5,483,574</u>	<u>5,007,749</u>	<u>5,090,133</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	2,668,409	2,713,433 *)	2,749,784 *)
Derivatives	14,757	11,254	17,387
Investment property and investment property under construction	4,364,578	4,229,624	4,337,614
Reinsurance assets	654,770	553,067	686,561
Fixed assets	254,803	253,275	267,353
Deferred acquisition costs	216,014	208,358	215,370
Debtors and receivables	60,026	83,772	74,178
Deposits	44,612	128,136	44,474
Goodwill and intangible assets	404,399	363,326	390,771
Deferred taxes	10,898	9,492	10,087
	<u>8,693,266</u>	<u>8,553,737</u>	<u>8,793,579</u>
	<u>14,176,840</u>	<u>13,561,486</u>	<u>13,883,712</u>

\*) Reclassified.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>		<b>December 31,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<b>CURRENT LIABILITIES</b>			
Financial liabilities	2,276,186	1,706,757	1,818,809
Creditors and payables	936,013	835,624	949,233
Current taxes payable	3,658	21,573	18,496
Derivatives	41,425	7,189	32,924
Liabilities for insurance contracts and investment contracts	1,144,784	1,327,117	1,413,727
	<u>4,402,066</u>	<u>3,898,260</u>	<u>4,233,189</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	5,344,861	5,424,295	5,488,687
Creditors and payables	105,890	111,097	117,404
Liabilities for insurance contracts and investment contracts	2,698,392	2,372,566	2,355,321
Liabilities for employee benefits	39,442	35,032	43,189
Derivatives	48,149	40,963	38,933
Deferred taxes	238,686	205,276	264,516
	<u>8,475,420</u>	<u>8,189,229</u>	<u>8,308,050</u>
<b>EQUITY</b>			
Share capital	144,174	144,174	144,174
Share premium	58,301	58,301	58,301
Reserves	(152,781)	(150,052)	(136,292)
Retained earnings	99,396	346,872	110,743
	<u>149,090</u>	<u>399,295</u>	<u>176,926</u>
Total equity attributed to the Company's shareholders	149,090	399,295	176,926
Non-controlling interests	<u>1,150,264</u>	<u>1,074,702</u>	<u>1,165,547</u>
Total equity	<u>1,299,354</u>	<u>1,473,997</u>	<u>1,342,473</u>
	<u><u>14,176,840</u></u>	<u><u>13,561,486</u></u>	<u><u>13,883,712</u></u>

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**

	<b>Six months ended June 30,</b>		<b>Three months ended June 30,</b>		<b>Year ended December 31,</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Unaudited</b>				<b>Audited</b>
	<b>NIS in thousands</b>				
<b>INCOME</b>					
Premiums earned on retention	1,001,569	1,076,300	491,408	533,227	2,131,773
Income from lease of properties	114,579	119,776	55,912	61,083	234,177
Increase (decrease) of value of investment property and property under construction, net	(71,554)	47,529	(57,751)	47,087	159,161
Net gains from investments, net and other finance income	15,104	77,970	59,896	46,785	168,489
Income from management fees	2,556	2,682	1,265	1,342	5,434
Income from grant of consumer credit	180,846	315,841	115,170	168,821	609,657
Income from commissions	46,603	48,371	23,227	26,553	96,067
Other income	1,923	6,350	1,183	81	8,532
<b>Total income</b>	<b>1,291,626</b>	<b>1,694,819</b>	<b>690,310</b>	<b>884,979</b>	<b>3,413,290</b>
<b>EXPENSES</b>					
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	631,140	742,969	313,403	363,003	1,479,946
Marketing and other acquisition expenses	277,849	288,353	130,595	144,851	593,884
Maintenance, administrative and general expenses	222,151	205,550	94,556	104,937	428,881
Financial expenses	119,861	157,591	57,573	105,409	302,949
Losses (income) from revaluation of an option to Leumi Partners	(8,620)	-	-	-	13,210
Other expenses	481	124	-	124	733
<b>Total expenses</b>	<b>1,242,862</b>	<b>1,394,587</b>	<b>596,127</b>	<b>718,324</b>	<b>2,819,603</b>
Income before taxes on income	48,764	300,232	94,183	166,655	593,687
Taxes on income	36,660	108,501	45,180	63,433	215,078
<b>Net income</b>	<b>12,104</b>	<b>191,731</b>	<b>49,003</b>	<b>103,222</b>	<b>378,609</b>
<b>Net income attributed to:</b>					
Company's shareholders	(6,737)	63,233	29,548	31,363	126,821
Non-controlling interests	18,841	128,498	19,455	71,859	251,788
	12,104	191,731	49,003	103,222	378,609
<b>Net earnings (losses) per share attributed to shareholders of the Company (in NIS):</b>					
Basic net earnings (losses)	(0.10)	0.98	0.45	0.48	1.96
Diluted net earnings (losses)	(0.10)	0.96	0.45	0.48	1.92

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
Net income	12,104	191,731	49,003	103,222	378,609
<b><u>Other comprehensive income (loss) (after the tax effect):</u></b>					
<b><u>Amounts that will be reclassified to profit or loss</u></b>					
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss)	(11,937)	7,435	6,790	(254)	9,672
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss) transferred to profit or loss	(847)	683	(28)	(403)	78
Loss from cash flow hedging transactions	(2,973)	(8,974)	(740)	(4,037)	(5,376)
Adjustments resulting from the translation of financial statements of foreign activities	(24,884)	(27,395)	2,878	(326)	(56,877)
<b><u>Amounts that will not be reclassified subsequently to profit or loss</u></b>					
Revaluation of fixed assets	-	436	-	436	2,816
Income (loss) from remeasurement in respect of defined benefit plan	1,917	-	(1,621)	-	(3,536)
Total other comprehensive income (loss)	(38,724)	(27,815)	7,279	(4,584)	(53,223)
Total comprehensive income (loss)	(26,620)	163,916	56,282	98,638	325,386
<b><u>Total comprehensive income (loss) attributed to:</u></b>					
Company's shareholders	(23,874)	50,283	32,886	29,571	101,369
Non-controlling interests	(2,746)	113,633	23,396	69,067	224,017
	(26,620)	163,916	56,282	98,638	325,386



## 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, 2020</b> <b>(Audited)</b>	144,174	58,301	(136,292)	110,743	176,926	1,165,547	1,342,473
Net income (loss)	-	-	-	(6,737)	(6,737)	18,841	12,104
Total other comprehensive loss	-	-	(17,137)	-	(17,137)	(21,587)	(38,724)
Total comprehensive loss	-	-	(17,137)	(6,737)	(23,874)	(2,746)	(26,620)
Cost of share-based payment	-	-	648	-	648	1,663	2,311
Acquisition of share of subsidiary	-	-	-	(4,610)	(4,610)	(3,397)	(8,007)
Dividend to non-controlling interest holders	-	-	-	-	-	(10,803)	(10,803)
<b>Balance at June 30, 2020</b> <b>(Unaudited)</b>	<u>144,174</u>	<u>58,301</u>	<u>(152,781)</u>	<u>99,396</u>	<u>149,090</u>	<u>1,150,264</u>	<u>1,299,354</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, 2019</b> <b>(Audited)</b>	143,947	56,150	(137,126)	313,039	376,010	1,002,214	1,378,224
Net income	-	-	-	63,233	63,233	128,498	191,731
Total other comprehensive loss	-	-	(12,950)	-	(12,950)	(14,865)	(27,815)
Total comprehensive income (loss)	-	-	(12,950)	63,233	50,283	113,633	163,916
Cost of share-based payment	-	-	38	-	38	1,805	1,843
Realization of options to Company's shares	2	14	(14)	-	2	-	2
Issuance of share capital	225	2,137	-	-	2,362	-	2,362
Realization of options to shares in subsidiaries by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(4,719)	(4,719)	(4,103)	(8,822)
Acquisition of subsidiary 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	-	-	-	-	-	(31,429)	(31,429)
<b>Balance at June 30, 2019</b> <b>(Unaudited)</b>	<u>144,174</u>	<u>58,301</u>	<u>(150,052)</u>	<u>346,872</u>	<u>399,295</u>	<u>1,074,702</u>	<u>1,473,997</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>NIS in thousands</u>						
<b>Balance at April 1, 2020 (Unaudited)</b>	144,174	58,301	(156,443)	69,848	115,880	1,131,832	1,247,712
Net income	-	-	-	29,548	29,548	19,455	49,003
Total other comprehensive income	-	-	3,338	-	3,338	3,941	7,279
Total comprehensive income	-	-	3,338	29,548	32,886	23,396	56,282
Cost of share-based payment	-	-	324	-	324	489	813
Dividend to non-controlling interest holders	-	-	-	-	-	(5,453)	(5,453)
<b>Balance at June 30, 2020 (Unaudited)</b>	<u>144,174</u>	<u>58,301</u>	<u>(152,781)</u>	<u>99,396</u>	<u>149,090</u>	<u>1,150,264</u>	<u>1,299,354</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 April 1, 2019 (Unaudited)</b>	143,949	56,159	(148,273)	333,049	384,884	1,022,133	1,407,017
Net income	-	-	-	31,363	31,363	71,859	103,222
Total other comprehensive loss	-	-	(1,792)	-	(1,792)	(2,792)	(4,584)
Total comprehensive income (loss)	-	-	(1,792)	31,363	29,571	69,067	98,638
Cost of share-based payment	-	-	18	-	18	815	833
Expiration of Company options	-	5	(5)	-	-	-	-
Issuance of share capital	225	2,137	-	-	2,362	-	2,362
Realization of options to shares in subsidiaries by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(4,859)	(4,859)	(4,038)	(8,897)
Acquisition of subsidiary shares	-	-	-	(12,681)	(12,681)	(7,418)	(20,099)
Dividend to non-controlling interest holders	-	-	-	-	-	(5,857)	(5,857)
<b>Balance as at June 30, 2019 (Unaudited)</b>	<u>144,174</u>	<u>58,301</u>	<u>(150,052)</u>	<u>346,872</u>	<u>399,295</u>	<u>1,074,702</u>	<u>1,473,997</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, 2019</b>	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 shares of subsidiary	-	-	53,235	(49,273)	3,962	199,541	203,503
Issuance of share capital	225	2,137	-	-	2,362	-	2,362
Realization of options to shares in 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)
<b>Balance at December 31, 2019</b>	<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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
<b>CASH FLOWS PROVIDED BY (USED IN) CURRENT ACTIVITIES (App. A)</b>	453,681	260,920	(69,704)	167,110	102,284
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Settlement (grant) of deposits, net	14,979	(25,695)	(1,613)	(3,047)	27,433
Acquisition of fixed assets investment property and investment property under construction	(184,877)	(84,235)	(29,025)	(30,748)	(183,554)
Interest paid and capitalized to cost of investment property under construction	(1,492)	(5,393)	(847)	(3,753)	(9,498)
Proceeds from sale of fixed assets and investment property	1,559	1,990	218	1,840	2,774
Proceeds from hedging transactions	12,987	3,534	6,632	3,264	22,135
Payment from hedging transactions	(2,036)	(5,958)	(509)	(2,302)	(8,174)
Acquisition of intangible assets	(42,356)	(41,265)	(18,377)	(21,161)	(90,625)
Acquisition of subsidiaries consolidated for the first time (App. D)	-	-	-	-	(1,989)
Net cash used in investment activities	(201,236)	(157,022)	(43,521)	(55,907)	(241,498)
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>					
Settlement of CPI hedging transactions and interest rate determination	-	134	-	-	(106)
Acquisition of shares of a subsidiary, net	(8,007)	(29,019)	-	(29,019)	(461,742)
Buyback of bonds in subsidiary	(18,030)	-	(8,335)	-	-
Proceeds from the issue of Company bonds, net tax	-	244,313	-	244,313	410,861
Proceeds from the issue of bonds and subordinated deeds in subsidiary	46,406	204,168	46,406	204,168	996,692
Proceeds from the realization of options to shares in subsidiary	-	98	-	23	22
Proceeds from the realization of options to Company's shares	-	2	-	-	2
Issue of Company shares, net	-	2,362	-	2,362	2,362
Issue and sale of shares, net of subsidiaries to non-controlling interest holders	-	-	-	-	203,503
Settlement of bonds and subordinated deeds in subsidiaries	(232,772)	(253,784)	(104,126)	(102,546)	(665,209)
Settlement of Company bonds	(66,195)	(57,117)	(66,195)	(57,117)	(337,117)
Settlement of lease liability	(5,788)	(5,281)	(2,919)	(2,647)	(11,811)
Receipt of long-term loans from banking institutions and others, net	419,649	218,583	-	177,103	218,583
Settlement of long-term loans from banking institutions and others, net	(250,736)	(210,376)	(186,840)	(154,260)	(320,552)
Dividend paid to shareholders of the Company	-	(12,000)	-	(12,000)	(27,000)
Dividend paid to non-controlling interest holders	(10,803)	(29,506)	(10,803)	(29,506)	(81,797)
Net cash provided by (used in) finance activities	(126,276)	72,577	(332,812)	240,874	(73,309)
<b>Exchange rate differences in respect of balances of cash and cash equivalents</b>	(4,025)	(3,607)	217	1,127	(8,798)
<b>Increase (decrease) in cash and cash equivalents</b>	122,144	172,868	(445,820)	353,204	(221,321)
<b>Balance of cash and cash equivalents as at the beginning of the period (App. B)</b>	1,042,717	1,264,038	1,610,681	1,083,702	1,264,038
<b>Balance of cash and cash equivalents as at the end of the period (App. C)</b>	1,164,861	1,436,906	1,164,861	1,436,906	1,042,717

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in thousands				
<b>APPENDIX A - CASH FLOWS FROM CURRENT ACTIVITIES</b>					
Net income	12,104	191,731	49,003	103,222	378,609
<b>Adjustments to the profit and loss items:</b>					
Losses (profits) from financial investments					
for yield-dependent contracts	12,919	(18,994)	(15,029)	(6,709)	(32,458)
Profits from other financial investments	(116,802)	(260,074)	(134,940)	(148,389)	(469,424)
Depreciation and amortization	50,478	42,901	25,109	21,964	89,665
Loss (profit) from sale of fixed assets	461	(6)	(9)	2	612
Cost of share-based payment	2,311	1,843	813	833	3,513
Finance expenses, net	119,861	157,591	57,573	105,409	302,949
Losses (income) from revaluation of an option to Leumi Partners	(8,620)	-	-	-	13,210
Investment losses (income), net and other finance expenses (income)	(6,132)	(19,961)	5,017	(11,717)	(48,286)
Decrease (increase) of value of investment property	71,554	(47,529)	57,751	(47,087)	(159,161)
Taxes on income	36,660	108,501	45,180	63,433	215,078
	<u>162,690</u>	<u>(35,728)</u>	<u>41,465</u>	<u>(22,261)</u>	<u>(84,302)</u>
<b>Other financial investments:</b>					
Net sales (acquisitions) of financial investments	(46,519)	142,650	(66,739)	422,367	(243,713)
Acquisitions and investments of investment property in consolidated insurance company	(1,042)	(76)	(287)	(76)	(844)
	<u>(47,561)</u>	<u>142,574</u>	<u>(67,026)</u>	<u>422,291</u>	<u>(244,557)</u>
<b>Changes in assets and liability items:</b>					
Change in liabilities for non-yield dependent insurance contracts	94,937	144,539	27,949	15,284	217,430
Change in liabilities for yield dependent insurance contracts	(20,809)	5,905	15,382	(961)	2,379
Change in deferred acquisition costs	4,076	(11,264)	6,528	(4,439)	(13,062)
Change in reinsurance assets	(163,002)	(201,482)	(76,210)	(63,793)	(387,370)
Change in employee benefit liabilities	(834)	18	(1,076)	18	2,801
Short-term credit, net from banking institutions and others in respect of grant of consumer credit	474,336	131,621	(23,920)	(253,314)	215,359
Change in outstanding premiums	13,709	(25,287)	32,581	12,082	32,966
Change in debtors and receivables	7,708	(56,528)	36,456	(21,391)	(6,826)
Change in creditors and payables	(15,339)	72,423	(63,897)	27,841	195,053
	<u>394,782</u>	<u>59,945</u>	<u>(46,207)</u>	<u>(288,673)</u>	<u>258,730</u>
<b>Cash paid and received during the period for:</b>					
Interest paid	(120,990)	(123,889)	(68,165)	(61,338)	(277,082)
Interest received	116,397	115,020	54,067	52,217	222,204
Taxes paid	(91,228)	(129,779)	(37,099)	(41,416)	(204,966)
Taxes received	21,235	36,286	-	9	42,470
Dividend received	6,252	4,760	4,258	3,059	11,178
	<u>(68,334)</u>	<u>(97,602)</u>	<u>(46,939)</u>	<u>(47,469)</u>	<u>(206,196)</u>
Total cash flows provided by (used in) current activities	<u>453,681</u>	<u>260,920</u>	<u>(69,704)</u>	<u>167,110</u>	<u>102,284</u>

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	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	6,528	4,881	6,677	11,836	4,881
Other cash and cash equivalents	1,036,189	1,259,157	1,604,004	1,071,866	1,259,157
Balance of cash and cash equivalents at beginning of period	1,042,717	1,264,038	1,610,681	1,083,702	1,264,038
<b>APPENDIX C - CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>					
Cash and cash equivalents for yield-dependent contracts	8,594	6,162	8,594	6,162	6,528
Other cash and cash equivalents	1,156,267	1,430,744	1,156,267	1,430,744	1,036,189
Balance of cash and cash equivalents as at the end of the period	1,164,861	1,436,906	1,164,861	1,436,906	1,042,717
<b>APPENDIX D – ACQUISITION OF SUBSIDIARIES CONSOLIDATED FOR THE FIRST TIME</b>					
Fixed assets	-	-	-	-	9
Goodwill	-	-	-	-	1,018
Intangible assets	-	-	-	-	1,444
Deferred taxes	-	-	-	-	(296)
Working capital (excluding cash and cash equivalents)	-	-	-	-	(186)
	-	-	-	-	1,989
<b>APPENDIX E - SIGNIFICANT NON-CASH TRANSACTIONS</b>					
Acquisition of fixed asset, investment property and property under construction against creditors and payables	14,133	21,421	14,133	21,421	24,634
Recognition of a right to use asset against a lease liability	-	65,489	-	-	65,489
Dividend declared and not yet paid to non-controlling interest holders	-	1,923	-	1,923	-

**CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

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**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:

	Six months ended as at June 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											
<b>INCOME</b>											
Premiums earned on retention	-	142,569	125,222	81,472	579,082	63,963	9,261	733,778	-	-	1,001,569
Income from lease of properties	118,499	-	-	-	-	-	-	-	-	(3,920)	114,579
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)	7,461	(12,523)	153	1,276	2,310	487	47	4,120	4,426	11,467	15,104
Income from management fees	-	2,556	-	-	-	-	-	-	-	-	2,556
Income from grant consumer credit	-	-	-	-	-	-	-	-	181,446	(600)	180,846
Income from commissions	-	6,941	1,487	31,571	-	6,472	132	38,175	-	-	46,603
Other income	-	-	-	-	-	-	-	-	-	1,923	1,923
<b>Total income</b>	<b>54,406</b>	<b>139,543</b>	<b>126,862</b>	<b>114,319</b>	<b>581,392</b>	<b>70,922</b>	<b>9,440</b>	<b>776,073</b>	<b>185,872</b>	<b>8,870</b>	<b>1,291,626</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	41,022	58,345	64,098	424,009	37,181	6,485	531,773	-	-	631,140
Marketing and other acquisition expenses	-	38,932	33,632	34,827	79,440	18,804	1,372	134,443	70,020	822	277,849
Maintenance, administrative and general expenses	33,449	16,192	16,157	11,861	26,444	6,177	600	45,082	103,621	7,650	222,151
Finance expenses	50,895	163	150	1,510	454	197	6	2,167	21,597	44,889	119,861
Income from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	(8,620)	(8,620)
Other expenses	-	-	-	-	-	-	-	-	-	481	481
<b>Total expenses</b>	<b>84,344</b>	<b>96,309</b>	<b>108,284</b>	<b>112,296</b>	<b>530,347</b>	<b>62,359</b>	<b>8,463</b>	<b>713,465</b>	<b>195,238</b>	<b>45,222</b>	<b>1,242,862</b>
Income (loss) before taxes on income	(29,938)	43,234	18,578	2,023	51,045	8,563	977	62,608	(9,366)	(36,352)	48,764
Other comprehensive income (loss) before taxes on income	(32,217)	482	525	(3,671)	(6,227)	(1,318)	(123)	(11,339)	-	(6,179)	(48,728)
<b>Comprehensive income (loss) before taxes on income</b>	<b>(62,155)</b>	<b>43,716</b>	<b>19,103</b>	<b>(1,648)</b>	<b>44,818</b>	<b>7,245</b>	<b>854</b>	<b>51,269</b>	<b>(9,366)</b>	<b>(42,531)</b>	<b>36</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.)

	Six months ended as at June 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	-	131,942	124,435	118,228	634,267	58,963	8,465	819,923	-	-	1,076,300
Income from lease of properties	123,658	-	-	-	-	-	-	-	-	(3,882)	119,776
Increase of value of investment property and property under construction, net	47,529	-	-	-	-	-	-	-	-	-	47,529
Net gains from investments and other finance income	6,945	19,652	657	17,612	8,509	1,420	711	28,252	2,210	20,254	77,970
Income from management fees	-	2,682	-	-	-	-	-	-	-	-	2,682
Income from grant consumer credit	-	-	-	-	-	-	-	-	316,131	(290)	315,841
Income from commissions	-	6,073	1,346	32,538	-	8,414	-	40,952	-	-	48,371
Other income	6,143	-	-	-	-	-	-	-	9	198	6,350
<b>Total income</b>	<b>184,275</b>	<b>160,349</b>	<b>126,438</b>	<b>168,378</b>	<b>642,776</b>	<b>68,797</b>	<b>9,176</b>	<b>889,127</b>	<b>318,350</b>	<b>16,280</b>	<b>1,694,819</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	77,331	49,843	107,234	467,923	37,237	3,401	615,795	-	-	742,969
Marketing and other acquisition expenses	-	35,411	34,527	33,341	79,123	16,198	1,060	129,722	88,693	-	288,353
Maintenance, administrative and general expenses	35,074	13,357	16,641	11,233	26,424	5,003	453	43,113	90,184	7,181	205,550
Finance expenses	67,329	91	68	938	480	197	-	1,615	29,107	59,381	157,591
Other expenses	-	-	-	-	-	-	-	-	1	123	124
<b>Total expenses</b>	<b>102,403</b>	<b>126,190</b>	<b>101,079</b>	<b>152,746</b>	<b>573,950</b>	<b>58,635</b>	<b>4,914</b>	<b>790,245</b>	<b>207,985</b>	<b>66,685</b>	<b>1,394,587</b>
Income (loss) before taxes on income	81,872	34,159	25,359	15,632	68,826	10,162	4,262	98,882	110,365	(50,405)	300,232
Other comprehensive income (loss) before taxes on income	(37,982)	51	39	7,217	3,487	581	292	11,577	-	668	(25,647)
<b>Comprehensive income (loss) before taxes on income</b>	<b>43,890</b>	<b>34,210</b>	<b>25,398</b>	<b>22,849</b>	<b>72,313</b>	<b>10,743</b>	<b>4,554</b>	<b>110,459</b>	<b>110,365</b>	<b>(49,737)</b>	<b>274,585</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 June 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											
<b>INCOME</b>											
Premiums earned on retention	-	71,567	62,172	38,527	282,830	31,648	4,664	357,669	-	-	491,408
Income from lease of properties	57,896	-	-	-	-	-	-	-	-	(1,984)	55,912
Decrease of value of investment property and property under construction, net	(57,751)	-	-	-	-	-	-	-	-	-	(57,751)
Net gains (losses) from investments and other finance income (expenses)	(2,371)	15,260	183	6,683	5,799	1,058	306	13,846	2,260	30,718	59,896
Income from management fees	-	1,265	-	-	-	-	-	-	-	-	1,265
Income from grant consumer credit	-	-	-	-	-	-	-	-	115,462	(292)	115,170
Income from commissions	-	3,098	731	16,075	-	3,240	83	19,398	-	-	23,227
Other income	-	-	-	-	-	-	-	-	-	1,183	1,183
<b>Total income</b>	<b>(2,226)</b>	<b>91,190</b>	<b>63,086</b>	<b>61,285</b>	<b>288,629</b>	<b>35,946</b>	<b>5,053</b>	<b>390,913</b>	<b>117,722</b>	<b>29,625</b>	<b>690,310</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	41,367	23,583	38,980	190,573	16,277	2,623	248,453	-	-	313,403
Marketing and other acquisition expenses	-	18,577	15,760	17,077	34,969	8,920	654	61,620	34,170	468	130,595
Maintenance, administrative and general expenses	15,185	7,866	7,567	5,869	12,943	3,174	232	22,218	38,009	3,711	94,556
Finance expenses	23,787	79	73	784	222	96	3	1,105	12,296	20,233	57,573
<b>Total expenses</b>	<b>38,972</b>	<b>67,889</b>	<b>46,983</b>	<b>62,710</b>	<b>238,707</b>	<b>28,467</b>	<b>3,512</b>	<b>333,396</b>	<b>84,475</b>	<b>24,412</b>	<b>596,127</b>
Income (loss) before taxes on income	(41,198)	23,301	16,103	(1,425)	49,922	7,479	1,541	57,517	33,247	5,213	94,183
Other comprehensive income (loss) before taxes on income	3,464	(306)	(365)	6,114	(1,647)	(649)	322	4,140	-	4,343	11,276
<b>Comprehensive income (loss) before taxes on income</b>	<b>(37,734)</b>	<b>22,995</b>	<b>15,738</b>	<b>4,689</b>	<b>48,275</b>	<b>6,830</b>	<b>1,863</b>	<b>61,657</b>	<b>33,247</b>	<b>9,556</b>	<b>105,459</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 June 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	-	66,085	62,833	52,893	317,351	29,756	4,309	404,309	-	-	533,227
Income from lease of properties	63,121	-	-	-	-	-	-	-	-	(2,038)	61,083
Increase of value of investment property and property under construction, net	47,087	-	-	-	-	-	-	-	-	-	47,087
Net gains (losses) from investments and other finance income (expenses)	(1,567)	7,117	424	15,376	7,379	1,168	624	24,547	1,311	14,953	46,785
Income from management fees	-	1,342	-	-	-	-	-	-	-	-	1,342
Income from grant consumer credit	-	-	-	-	-	-	-	-	168,961	(140)	168,821
Income from commissions	-	4,383	802	17,332	-	4,036	-	21,368	-	-	26,553
Other income	-	-	-	-	-	-	-	-	-	81	81
<b>Total income</b>	<b>108,641</b>	<b>78,927</b>	<b>64,059</b>	<b>85,601</b>	<b>324,730</b>	<b>34,960</b>	<b>4,933</b>	<b>450,224</b>	<b>170,272</b>	<b>12,856</b>	<b>884,979</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	34,910	24,523	48,785	234,117	18,921	1,747	303,570	-	-	363,003
Marketing and other acquisition expenses	-	17,592	16,072	18,515	39,098	8,307	574	66,494	44,693	-	144,851
Maintenance, administrative and general expenses	18,191	6,912	8,975	5,681	12,811	2,548	187	21,227	45,962	3,670	104,937
Finance expenses	45,205	74	68	591	371	115	-	1,077	21,264	37,721	105,409
Other expenses	-	-	-	-	-	-	-	-	1	123	124
<b>Total expenses</b>	<b>63,396</b>	<b>59,488</b>	<b>49,638</b>	<b>73,572</b>	<b>286,397</b>	<b>29,891</b>	<b>2,508</b>	<b>392,368</b>	<b>111,920</b>	<b>41,514</b>	<b>718,324</b>
Income (loss) before taxes on income	45,245	19,439	14,421	12,029	38,333	5,069	2,425	57,856	58,352	(28,658)	166,655
Other comprehensive income (loss) before taxes on income	(4,788)	(2)	-	(106)	(209)	(245)	11	(549)	-	(446)	(5,785)
<b>Comprehensive income (loss) before taxes on income</b>	<b>40,457</b>	<b>19,437</b>	<b>14,421</b>	<b>11,923</b>	<b>38,124</b>	<b>4,824</b>	<b>2,436</b>	<b>57,307</b>	<b>58,352</b>	<b>(29,104)</b>	<b>160,870</b>

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

b. Hereunder is the breakdown of 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				Total
	Audited										
NIS in thousands											
<b>INCOME</b>											
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 of 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 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
<b>Total income</b>	<b>427,691</b>	<b>319,587</b>	<b>256,739</b>	<b>308,685</b>	<b>1,277,292</b>	<b>141,938</b>	<b>19,104</b>	<b>1,747,019</b>	<b>613,306</b>	<b>48,948</b>	<b>3,413,290</b>
<b>EXPENSES</b>											
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
Loss from revaluation of an option to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	10	723	733
<b>Total expenses</b>	<b>203,978</b>	<b>240,551</b>	<b>210,025</b>	<b>300,219</b>	<b>1,151,644</b>	<b>125,461</b>	<b>12,734</b>	<b>1,590,058</b>	<b>425,135</b>	<b>149,856</b>	<b>2,819,603</b>
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)
<b>Comprehensive income (loss) before taxes on income</b>	<b>161,586</b>	<b>78,184</b>	<b>45,758</b>	<b>15,597</b>	<b>127,509</b>	<b>16,623</b>	<b>6,679</b>	<b>166,408</b>	<b>188,171</b>	<b>(99,106)</b>	<b>541,001</b>