

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

ZUR SHAMIR HOLDINGS LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

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 29, 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 CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

INDEX

	<u>Page</u>
Auditors' Report – Regarding the Audit of Components of Internal Control over Financial Reporting	2 - 3
Auditors' Report	4 - 5
Condensed Consolidated Statements of the Financial Position	6 - 7
Condensed Consolidated Statements of Profit or Loss	8
Condensed Consolidated Statements of Comprehensive Income	9
Condensed Consolidated Statements of Changes in Equity	10
Condensed Consolidated Statements of Cash Flows	11 – 13
Note to Condensed Consolidated Financial Statements	14 - 18

AUDITORS' REPORT

To the Shareholders of

ZUR SHAMIR HOLDINGS LTD.

Regarding the Audit of 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 the subsidiaries (collectively, "the Company") as of December 31, 2019. 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 the components of internal control over financial reporting included in the accompanying periodic report for said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting based on our audit.

The components of internal control over financial reporting audited by us were determined in conformity with Auditing Standard (Israel) 104 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting" as amended ("Auditing Standard (Israel) 104"). These components consist of entity level controls, including financial reporting preparation and close process controls and information technology general controls 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 (Israel) 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 provides 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 effectively maintained, in all material respects, the audited control components as of December 31, 2019.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and our report dated March 29, 2020 expressed an unqualified opinion thereon and included an emphasis of matter paragraph to the matter described in Note 42a and b to the consolidated financial statements regarding the exposure to the motions to approve claims as class actions in subsidiaries.

Tel-Aviv, Israel
March 29, 2020

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. ("the Company") as of December 31, 2019 and 2018, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2019. 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 audit the financial statements of certain subsidiaries, whose assets included in consolidation constitute approximately 18.9% and 20.7% of total consolidated assets as of December 31, 2019 and 2018, respectively, and whose revenues included in consolidation constitute approximately 4.7%, 4.9% and 4.8% of total consolidated revenues for the years ended December 31, 2019, 2018 and 2017, respectively. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2019 and 2018, and the results of their operations, changes in equity and their cash flows for each of the three years in the period ended December 31, 2019, in conformity with International Financial Reporting Standards (IFRS), with the disclosure requirements prescribed by the Commissioner of Insurance in accordance with the Supervision of Financial Services (Insurance) Law, 1981 and with the provisions of the Securities Regulations (Annual Financial Statements), 2010, to the extent that these regulations apply to a corporation that consolidates insurance companies.

Without qualifying our above opinion, we draw attention to the matter described in Note 42a and b to the financial statements regarding the exposure to the motions to approve claims as class actions in subsidiaries.

We have also audited, in accordance with Auditing Standard (Israel) 911 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, 2019 and our report dated March 29, 2020 expressed an unqualified opinion on the effective existence of those components.

Tel-Aviv, Israel
March 29, 2020

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
	NIS in thousands	
CURRENT ASSETS:		
Cash and cash equivalents	1,036,189	1,259,157
Cash and cash equivalents for yield dependent contracts	6,528	4,881
Financial assets	935,505	1,211,570
Derivatives	14,111	5,567
Outstanding insurance premiums	542,841	575,807
Debtors and receivables	176,106	162,481
Deposits	62,288	31,350
Current tax receivable	32,021	7,791
Reinsurance assets	227,324	137,416
Deferred acquisition costs	138,761	135,012
	<u>3,171,674</u>	<u>3,531,032</u>
Assets designated for sale	<u>1,899,554</u>	<u>1,183,274</u>
	<u>5,071,228</u>	<u>4,714,306</u>
NON-CURRENT ASSETS:		
Financial assets	2,768,689	2,675,696
Derivatives	17,387	1,283
Investment property and investment property under construction	4,337,614	4,194,062
Reinsurance assets	686,561	389,099
Fixed assets	267,353	195,565
Deferred acquisition costs	215,370	206,057
Debtors and receivables	74,178	81,268
Deposits	44,474	98,076
Goodwill and intangible assets	390,771	343,849
Deferred taxes	10,087	9,744
	<u>8,812,484</u>	<u>8,194,699</u>
	<u>13,883,712</u>	<u>12,909,005</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
	NIS in thousands	
CURRENT LIABILITIES:		
Financial liabilities	1,818,809	1,512,669
Creditors and payables	949,233	795,973
Current taxes payable	18,496	24,320
Derivatives	32,924	12,038
Liabilities for insurance contracts and investment contracts	1,413,727	1,346,091
	<u>4,233,189</u>	<u>3,691,091</u>
NON-CURRENT LIABILITIES:		
Financial liabilities	5,488,687	5,346,195
Creditors and payables	117,404	36,770
Liabilities for insurance contracts and investment contracts	2,355,321	2,203,148
Liabilities for employee benefits	43,189	35,014
Derivatives	38,933	31,197
Deferred taxes	264,516	187,366
	<u>8,308,050</u>	<u>7,839,690</u>
EQUITY:		
Share capital	144,174	143,947
Share premium	58,301	56,150
Reserves	(136,292)	(137,126)
Retained earnings	110,743	313,039
	<u>176,926</u>	<u>376,010</u>
Total equity attributed to the Company's shareholders	176,926	376,010
Non-controlling interests	<u>1,165,547</u>	<u>1,002,214</u>
Total equity	<u>1,342,473</u>	<u>1,378,224</u>
	<u><u>13,883,712</u></u>	<u><u>12,909,005</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31,		
	2019	2018	2017
	NIS in thousands (except per share data)		
INCOME:			
Premiums earned on retention	2,131,773	2,276,858	2,182,752
Income from lease of properties	234,177	236,962	219,189
Increase of value of investment property and property under construction, net	159,161	24,576	17,462
Net gains from investments and other finance income	168,489	67,943	110,479
Income from management fees	5,434	5,790	6,222
Income from grant of consumer credit	609,657	482,680	(*405,182)
Income from commissions	96,067	64,872	17,960
Group's share of losses of affiliate	-	-	(578)
Other income	8,532	176	399
Total income	3,413,290	3,159,857	2,959,067
EXPENSES:			
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	1,479,946	1,586,734	1,539,327
Marketing and other acquisition expenses	593,884	552,502	449,780
Maintenance, administrative and general expenses	428,881	394,700	348,562
Finance expenses	302,949	252,324	218,555
Valuation of option to Leumi Partners	13,210	-	-
Other expenses	733	532	921
Total expenses	2,819,603	2,786,792	2,557,145
Income before taxes on income	593,687	373,065	401,922
Taxes on income	215,078	148,832	(*107,093)
Net income	378,609	224,233	294,829
Net income attributed to:			
Company's shareholders	126,821	52,475	(* 98,391)
Non-controlling interests	251,788	171,758	(*196,438)
	378,609	224,233	294,829
Net earnings per share attributable to equity shareholders of the Company (in NIS):			
Basic earnings, net	1.96	0.82	(* 1.54)
Diluted earnings, net	1.92	0.80	(* 1.52)

*) Immaterial adjustment of comparative data.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2019	2018	2017
	NIS in thousands		
Net income	378,609	224,233	294,829
Other comprehensive income (loss) (after the tax effect):			
Amounts that will be reclassified subsequently to profit or loss:			
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss)	9,672	(9,854)	-
Net change in respect of debt instruments measured at fair value through other comprehensive income (loss) transferred to profit or loss	78	1,080	-
Profit (loss) from cash flow hedging transactions	(5,376)	(3,641)	7,458
Transfer to profit or loss in respect of cash flow hedging transactions, net	-	1,951	-
Adjustments resulting from the translation of financial statements of activities abroad	(56,877)	4,596	(2,594)
Amounts that will not be reclassified subsequently to profit or loss:			
Revaluation of fixed assets	2,816	2,007	29,102
Loss from remeasurement in respect of defined benefit plan	(3,536)	(2,129)	(4,612)
Total other comprehensive income (loss)	(53,223)	(5,990)	29,354
Total comprehensive income	325,386	218,243	324,183
Total comprehensive income attributed to:			
Company's shareholders	101,369	50,907	112,777
Non-controlling interests	224,017	167,336	211,406
	325,386	218,243	324,183

The accompanying note is an integral part of the condensed consolidated financial statements.

CONDENSED 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	Treasury shares	Total		
	NIS in thousands							
Balance as of January 1, 2017	217,531	38,469	(178,390)	(* 268,896)	(67,599)	278,907	(* 772,366)	1,051,273
Net income	-	-	-	(* 98,391)	-	98,391	(* 196,438)	294,829
Total other comprehensive income	-	-	14,386	-	-	14,386	14,968	29,354
Total comprehensive income	-	-	14,386	98,391	-	112,777	211,406	324,183
Cost of share-based payment	-	-	320	-	-	320	8,153	8,473
Issue of subsidiary shares to non-controlling interests, net	-	-	21,376	(28,867)	-	(7,491)	115,663	108,172
Realization of options to Company's shares	17	94	(94)	-	-	17	-	17
Cancellation of treasury shares	(74,463)	6,864	-	-	67,599	-	-	-
Dividend to Company's shareholders	-	-	-	(24,000)	-	(24,000)	-	(24,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(121,499)	(121,499)
Balance as of December 31, 2017	143,085	45,427	(142,402)	314,420	-	360,530	986,089	1,346,619
Effect of first time implementation of IFRS 9 and IFRS 15	-	-	2,246	(* (5,883))	-	(3,637)	(* (4,716))	(8,353)
Balance as of January 1, 2018 after the first time implementation	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 purchase of subsidiary shares	-	-	4,481	(18,066)	-	(13,585)	(21,278)	(34,863)
Issue of share capital	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)
Balance as of December 31, 2018	143,947	56,150	(137,126)	313,039	-	376,010	1,002,214	1,378,224
Net income	-	-	-	126,821	-	126,821	251,788	378,609
Total other comprehensive loss	-	-	(25,452)	-	-	(25,452)	(27,771)	(53,223)
Total comprehensive income (loss)	-	-	(25,452)	126,821	-	101,369	224,017	325,386
Cost of share-based payment	-	-	76	-	-	76	3,437	3,513
Realization of options to Company's shares	2	14	(14)	-	-	2	-	2
Issue and acquisition of subsidiary shares	-	-	53,235	(49,273)	-	3,962	199,541	203,503
Issue of share capital	225	2,137	-	-	-	2,362	-	2,362
Realization of options to shares in subsidiaries by non-controlling interests and acquisition of shares by a subsidiary	-	-	-	(7,575)	-	(7,575)	(1,323)	(8,898)
Acquisition of subsidiary's 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)
Balance as of December 31, 2019	144,174	58,301	(136,292)	110,743	-	176,926	1,165,547	1,342,473

*) Immaterial adjustment of comparative data.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2019	2018	2017
	NIS in thousands		
<u>Cash flows provided by (used in) current activities (Appendix A)</u>	<u>102,284</u>	<u>(406,991)</u>	<u>25,486</u>
<u>Cash flows from investment activities:</u>			
Settlement of deposits, net	27,433	55,900	9,000
Acquisitions of fixed assets and investment property and property under construction	(183,554)	(266,003)	(267,555)
Interest paid and capitalized to cost of investment property under construction	(9,498)	(6,822)	(4,062)
Investment in affiliate, net	-	-	(578)
Proceeds from sale of fixed and investment property	2,774	2,917	4,754
Proceeds in respect of hedging transactions	22,135	1,378	4,528
Payment in respect of hedging transactions	(8,174)	(14,950)	(4,346)
Acquisition of intangible assets	(90,625)	(79,809)	(59,552)
Cash derecognized due to acquisitions under business combination	-	-	(6,000)
Acquisition of a subsidiary consolidated for the first time (Appendix D)	(1,989)	-	-
Net cash used in investment activity	<u>(241,498)</u>	<u>(307,389)</u>	<u>(323,811)</u>
<u>Cash flows from financing activities:</u>			
Settlement of CPI hedging transactions and interest rate determination	(106)	(2,698)	(15,529)
Acquisition of subsidiary's shares, net	(461,742)	(25,260)	-
Proceeds from the issue of bonds and subordinated deeds in subsidiary	996,692	694,274	517,799
Proceeds from realization of options to shares in subsidiary	22	638	-
Proceeds from realization of options to Company's shares	2	12	17
Issue of Company shares, net	2,362	11,514	-
Proceeds from the issue of Company bonds, net tax	410,861	647,979	-
Issuance and sale of subsidiaries shares to non-controlling interests, net	203,503	(273)	108,172
Settlement of bonds and subordinated deeds in subsidiary	(665,209)	(282,307)	(235,022)
Settlement of Company bonds	(337,117)	(115,963)	(51,067)
Settlement of lease liability	(11,811)	-	-
Change in short-term credit from banks, net	-	-	(764)
Receipt of long-term loans from banking institutions and others, net	218,583	463,698	168,631
Settlement of long-term loans from banking institutions and others, net	(320,552)	(125,510)	(353,480)
Dividend paid to the shareholders of the Company	(27,000)	(30,000)	(24,000)
Dividend paid to non-controlling Interest holders	(81,797)	(181,789)	(74,523)
Net cash provided by (used in) finance activity	<u>(73,309)</u>	<u>1,054,315</u>	<u>40,234</u>
Exchange rate differences in respect of balances of cash and cash equivalents	<u>(8,798)</u>	<u>(538)</u>	<u>4,169</u>
Increase (decrease) in cash and cash equivalents	(221,321)	339,397	(253,922)
Balance of cash and cash equivalents as at the beginning of the year (Appendix B)	<u>1,264,038</u>	<u>924,641</u>	<u>1,178,563</u>
Balance of cash and cash equivalents as at the end of the year (Appendix C)	<u><u>1,042,717</u></u>	<u><u>1,264,038</u></u>	<u><u>924,641</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2019	2018	2017
	NIS in thousands		
<u>Appendix A - cash flows from current activities:</u>			
Net income	378,609	224,233	(* 294,829)
Adjustments to the profit or loss items:			
Losses (profits) from financial investments for yield dependent contracts	(32,458)	5,441	(14,421)
Profits from other financial investments	(469,424)	(348,737)	(317,036)
Depreciation and amortization	89,665	67,353	58,551
Loss from sale of fixed assets	612	532	903
Cost of share-based payment	3,513	4,675	8,473
Company's share of losses of affiliate	-	-	578
Finance expenses, net	302,949	252,324	218,555
Valuation of option to Leumi Partners	13,210	-	-
Investment losses (income), net and other finance income	(48,286)	11,879	(1,764)
Increase in value of investment property	(159,161)	(24,576)	(17,462)
Taxes on income	215,078	148,832	(* 107,093)
	<u>(84,302)</u>	<u>117,723</u>	<u>43,470</u>
Other financial investments:			
Net acquisitions of financial investments	(243,713)	(636,661)	(562,808)
Acquisition and investment in investment property in consolidated insurance company	(844)	(16)	(821)
	<u>(244,557)</u>	<u>(636,677)</u>	<u>(563,629)</u>
Changes in asset and liability items:			
Change in liabilities for non-yield dependent insurance contracts	217,430	346,216	322,319
Change in liabilities for yield dependent contracts	2,379	(28,880)	(8,673)
Change in deferred acquisition costs	(13,062)	(23,800)	(36,789)
Change in reinsurance assets	(387,370)	(332,306)	(21,654)
Change in employee benefit liabilities, net	2,801	519	1,769
Short-term credit, net from banking institutions and others in respect of consumer credit grant activities	215,359	(176,397)	295,821
Change in liability for borrowing securities	-	-	(183,126)
Change in deposits used as collateral in transactions for borrowing securities, net	-	-	187,511
Change in outstanding premium	32,966	(35,102)	(85,886)
Change in debtors and receivables	(6,826)	(145,175)	(* (119,775))
Change in creditors and payables	195,053	281,591	66,430
	<u>258,730</u>	<u>(113,334)</u>	<u>417,947</u>
Cash paid and received during the year for:			
Interest paid	(277,082)	(228,335)	(210,115)
Interest received	222,204	257,875	206,655
Taxes paid	(204,966)	(89,116)	(173,465)
Taxes received	42,470	50,051	1,856
Dividend received	11,178	10,589	7,938
	<u>(206,196)</u>	<u>1,064</u>	<u>(167,131)</u>
Total cash flows provided by (used in) current activities	<u>102,284</u>	<u>(406,991)</u>	<u>25,486</u>

*) Immaterial adjustment of comparative data.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2019	2018	2017
	NIS in thousands		
<u>Appendix B - cash and cash equivalents at the beginning of the year:</u>			
Cash and cash equivalents for yield dependent contracts	4,881	8,279	10,740
Other cash and cash equivalents	1,259,157	916,362	1,167,823
Balance of cash and cash equivalents at the beginning of the year	<u>1,264,038</u>	<u>924,641</u>	<u>1,178,563</u>
<u>Appendix C - cash and cash equivalents at the end of the year:</u>			
Cash and cash equivalents for yield dependent contracts	6,528	4,881	8,279
Other cash and cash equivalents	1,036,189	1,259,157	916,362
Balance of cash and cash equivalents at the end of the year	<u>1,042,717</u>	<u>1,264,038</u>	<u>924,641</u>
<u>Appendix D - acquisition of subsidiary consolidated for the first time:</u>			
Fixed assets	9	-	-
Goodwill	1,018	-	-
Intangible assets	1,444	-	-
Deferred taxes	(296)	-	-
Working capital (excluding cash and cash equivalents)	(186)	-	-
	<u>1,989</u>	<u>-</u>	<u>-</u>
<u>Appendix E - significant non-cash transactions:</u>			
Acquisition of fixed assets, investment property and property under construction against creditors and payables	<u>24,634</u>	<u>36,055</u>	<u>38,118</u>
Securitization of loan portfolio against debtors	<u>-</u>	<u>-</u>	<u>314,748</u>
Recognition of a right to use asset against a lease liability	<u>65,489</u>	<u>-</u>	<u>-</u>
Dividend declared but not yet paid to non-controlling interest holders	<u>-</u>	<u>-</u>	<u>51,528</u>

NOTE TO CONDENSED 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 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.

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.

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

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.

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	December 31, 2019										
	General insurance							Consumer credit granted	Unallocated and offset in activities between segments	Total	
	Investment property	Life insurance and long-term saving	Health insurance	Motor act	Motor casco	Property and others	Other liabilities				Total
NIS in thousands											
INCOME:											
Premiums earned on retention	-	269,570	253,005	207,386	1,259,568	124,630	17,614	1,609,198	-	-	2,131,773
Income from lease of properties	241,905	-	-	-	-	-	-	-	-	(7,728)	234,177
Increase in value of investment property and property under construction, net	159,161	-	-	-	-	-	-	-	-	-	159,161
Net gains from investments and other finance income	20,482	33,247	1,018	34,145	17,724	2,447	1,490	55,806	2,823	55,113	168,489
Income from management fees	-	5,434	-	-	-	-	-	-	-	-	5,434
Income from grant of consumer credit	-	-	-	-	-	-	-	-	610,483	(826)	609,657
Income from commissions	-	11,336	2,716	67,154	-	14,861	-	82,015	-	-	96,067
Other income	6,143	-	-	-	-	-	-	-	-	2,389	8,532
Total income	427,691	319,587	256,739	308,685	1,277,292	141,938	19,104	1,747,019	613,306	48,948	3,413,290
EXPENSES:											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	143,494	109,168	201,374	937,450	78,708	9,752	1,227,284	-	-	1,479,946
Marketing and other acquisition expenses	-	69,147	68,735	74,042	159,693	35,572	2,197	271,504	184,065	433	593,884
Maintenance, administrative and general expenses	70,331	27,669	31,917	22,550	53,407	10,757	785	87,499	194,730	16,735	428,881
Finance expenses	133,647	241	205	2,253	1,094	424	-	3,771	46,330	118,755	302,949
valuation of option to Leumi Partners	-	-	-	-	-	-	-	-	-	13,210	13,210
Other expenses	-	-	-	-	-	-	-	-	10	723	733
Total expenses	203,978	240,551	210,025	300,219	1,151,644	125,461	12,734	1,590,058	425,135	149,856	2,819,603
Income (loss) before taxes on income	223,713	79,036	46,714	8,466	125,648	16,477	6,370	156,961	188,171	(100,908)	593,687
Other comprehensive income (loss) before taxes on income	(62,127)	(852)	(956)	7,131	1,861	146	309	9,447	-	1,802	(52,686)
Comprehensive income (loss) before taxes on income	161,586	78,184	45,758	15,597	127,509	16,623	6,679	166,408	188,171	(99,106)	541,001
Segment assets as of December 31, 2019	4,669,892	746,135	198,453					3,786,886	2,737,487	1,744,859	13,883,712
Segment liabilities as of December 31, 2019	3,351,113	646,759	97,213					3,731,324	2,255,812	2,459,018	12,541,239

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	December 31, 2018										
	General insurance							Consumer credit granted	Unallocated and offset in activities between segments	Total	
	Investment property	Life insurance and long-term saving	Health insurance	Motor act	Motor casco	Property and others	Other liabilities				Total
	NIS in thousands										
INCOME:											
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
Total income	265,118	271,519	247,430	438,242	1,274,978	145,523	17,848	1,876,591	485,406	13,793	3,159,857
EXPENSES:											
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
Total expenses	185,900	196,022	207,020	472,110	1,104,321	117,343	15,534	1,709,308	378,838	109,704	2,786,792
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)
Comprehensive income (loss) before taxes on income	84,423	74,956	39,811	(39,149)	167,550	27,651	2,131	158,183	106,568	(102,239)	361,702
Segment assets as of December 31, 2019	4,597,065	728,341	194,896					3,409,373	1,962,831	2,016,499	12,909,005
Segment liabilities as of December 31, 2019	3,507,487	627,534	86,150					3,412,047	1,592,485	2,305,078	11,530,781

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	December 31, 2017										
	General insurance							Consumer credit granted	Unallocated and offset in activities between segments	Total	
	Investment property	Life insurance and long-term saving	Health insurance	Motor act	Motor casco	Property and others	Other liabilities				Total
NIS in thousands											
INCOME:											
Premiums earned on retention	-	241,323	208,819	471,157	1,098,833	147,181	15,439	1,732,610	-	-	2,182,752
Income from lease of properties	225,931	-	-	-	-	-	-	-	-	(6,742)	219,189
Increase in value of investment property and property under construction, net	17,462	-	-	-	-	-	-	-	-	-	17,462
Net gains from investments and other finance income	2,080	15,684	1,196	33,145	12,692	2,209	946	48,992	98	42,429	110,479
Income from management fees	-	6,222	-	-	-	-	-	-	-	-	6,222
Income from grant of consumer credit	-	-	-	-	-	-	-	-	405,897	(715)	405,182
Income from commissions	-	10,858	1,776	-	531	4,795	-	5,326	-	-	17,960
Group's share of losses of affiliate	-	-	-	-	-	-	-	-	-	(578)	(578)
Other income	31	-	-	-	-	-	-	-	177	191	399
Total income	245,504	274,087	211,791	504,302	1,112,056	154,185	16,385	1,786,928	406,172	34,585	2,959,067
EXPENSES:											
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	128,199	81,485	434,031	811,894	75,532	9,399	1,330,856	-	(1,213)	1,539,327
Marketing and other acquisition expenses	-	45,503	51,761	59,577	125,543	23,677	2,134	210,931	144,596	(3,011)	449,780
Maintenance, administrative and general expenses	62,936	25,543	23,494	20,980	47,387	6,826	663	75,856	142,718	18,015	348,562
Finance expenses	110,330	81	-	-	(525)	58	-	(467)	31,602	77,009	218,555
Other expenses	107	-	-	-	-	-	-	-	-	814	921
Total expenses	173,373	199,326	156,740	514,588	984,299	106,093	12,196	1,617,176	318,916	91,614	2,557,145
Income (loss) before taxes on income	72,131	74,761	55,051	(10,286)	127,757	48,092	4,189	169,752	87,256	(57,029)	401,922
Other comprehensive income (loss) before taxes on income	44,798	(1,129)	(1,260)	(1,158)	(2,957)	(461)	(42)	(4,618)	-	-	37,791
Comprehensive income (loss) before taxes on income	116,929	73,632	53,791	(11,444)	124,800	47,631	4,147	165,134	87,256	(57,029)	439,713
