

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

**DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2018**

Please find attached an extract English translation of the Hebrew version of the consolidated financial statements of Direct Insurance Financial Investments Ltd. which were approved on March 25, 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>).

**DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2018**

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**Independent Auditors' Report  
to the Shareholders of  
Direct Insurance Financial Investments Ltd.**

**Review of the components of internal control over financial reporting**

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

We have audited the components of internal control over financial reporting of DIRECT INSURANCE FINANCIAL INVESTMENTS LTD. and its subsidiaries (hereunder collectively - the Company) as at December 31, 2018. These control components were determined as explained in the following paragraph. The Company's Board of Directors and Management are responsible for maintaining effective internal control over financial reporting, and for their assessment of the effectiveness of internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

We conducted our audit in accordance with Auditing Standard 104. The Standard requires that we plan and perform the audit to identify the control components that are auditable in accordance with the provisions of the Regulations and to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the control components that are auditable in accordance with the provisions of the Regulations, 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 also included performing such other procedures as we considered necessary in the circumstances. According to the Regulations, our audit only addressed the audited control components, as opposed to internal control over the corporation's overall significant processes relating to financial reporting. 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 maintained, in all material respects, effective internal control over financial reporting with respect to the audited control components as at December 31, 2018.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018 and our report dated March 25, 2019 expressed an unqualified opinion of those financial statements. We also drew attention to Note 42a and Note 42b to the annual consolidated financial statements regarding the exposure to requests to approve claims as class actions in a subsidiaries.

Tel-Aviv, Israel  
March 25, 2019

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

## **AUDITORS' REPORT**

### **To the Shareholders of**

#### **DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**

We have audited the accompanying consolidated statements of financial position of DIRECT INSURANCE FINANCIAL INVESTMENTS LTD. (hereunder - the Company) as at December 31, 2018 and 2017, 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 as at December 31, 2018. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not review the financial statements of certain subsidiaries, whose assets constitute about 22.0% and about 22.6% of total consolidated assets as at December 31, 2018 and 2017, respectively, and whose revenues constitute about 4.9%, about 4.8% and about 5.6% of total consolidated revenues for the years ended as at December 31, 2018, 2017 and 2016, respectively. The financial statements of those companies were audited by other auditors whose reports were furnished to us and our opinion, insofar as it relates to the amounts included for those companies, is based on the reports of the other auditors.

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

In our opinion, based on our audit and on the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2018 and 2017 and the results of their activities, the changes in equity and cash flows, for each of the three years in the period ended as at December 31, 2018, in conformity with the International Financial Reporting Standards (IFRS) and in accordance with the disclosure requirements as prescribed by the Regulator of Insurance according to the Supervision of Financial Services (Insurance) Law, 1981. Furthermore, in our opinion, the financial statements referred to above are prepared in accordance with the directives of the Israeli Securities Regulations (Preparation of Annual Financial Statements), 2010, insofar as these Regulations apply to insurance companies.

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

We have also audited, in accordance with Auditing Standard 104 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting", the Company's components of internal control over financial reporting as of December 31, 2018, and our report dated March 25, 2019 expressed an unqualified opinion on the effective existence of those components.

Tel-Aviv,  
March 25, 2019

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2018	2017
	NIS in thousands	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	910,622	881,057
Cash and cash equivalents for yield-dependent contracts	4,881	8,279
Financial assets	961,274	579,375
Derivatives	5,567	2,198
Outstanding insurance premiums	575,807	540,705
Debtors and receivables	162,466	(* 478,948
Deposits	31,350	18,030
Current taxes receivable	7,791	75,357
Reinsurance assets	137,416	55,214
Deferred acquisition costs	135,012	(* 117,843
	<u>2,932,186</u>	<u>2,757,006</u>
Assets designated for sale	<u>1,183,274</u>	<u>844,634</u>
	<u>4,115,460</u>	<u>3,601,640</u>
<b>NON-CURRENT ASSETS</b>		
Financial assets	2,675,696	2,557,583
Derivatives	1,283	6,485
Reinsurance assets	389,099	138,995
Debtors and receivables	81,268	88,458
Deposits	83,179	92,943
Deferred acquisition costs	206,057	199,426
Investment property and investment property under construction	4,179,563	3,873,869
Fixed assets	189,224	178,658
Goodwill and intangible assets	271,760	231,290
Deferred taxes	5,697	5,451
	<u>8,082,826</u>	<u>7,373,158</u>
	<u>12,198,286</u>	<u>10,974,798</u>

\*) Reclassified.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS in thousands</b>	
<b>CURRENT LIABILITIES</b>		
Financial liabilities	1,371,268	1,363,466
Creditors and payables	794,144	537,146
Current taxes payable	22,664	609
Derivatives	11,907	13,210
Liabilities for insurance contracts and investment contracts	<u>1,346,091</u>	<u>1,186,408</u>
	<u>3,546,074</u>	<u>3,100,839</u>
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	4,499,463	3,888,991
Liabilities for employee benefits, net	34,591	30,837
Creditors and payables	36,770	37,509
Liabilities for insurance contracts and investment contracts	2,203,148	2,045,495
Derivatives	30,412	20,206
Deferred taxes	<u>182,855</u>	<u>204,202</u>
	<u>6,987,239</u>	<u>6,227,240</u>
<b>EQUITY</b>		
Share capital	61,488	57,554
Share premium	140,701	-
Reserves	(81,790)	(80,843)
Retained earnings	<u>647,251</u>	<u>714,411</u>
Total equity attributable to shareholders of the Company	767,650	691,122
Non-controlling interests	<u>897,323</u>	<u>955,597</u>
Total equity	<u>1,664,973</u>	<u>1,646,719</u>
	<u><u>12,198,286</u></u>	<u><u>10,974,798</u></u>



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)**

	Year ended as at December 31,		
	2018	2017	2016
	NIS in thousands		
<b>INCOME</b>			
Premiums earned on retention	2,276,858	2,182,752	1,924,712
Income from lease of properties	236,200	218,482	215,302
Increase in value of investment property and properties under construction, net	24,594	17,001	22,437
Net gains from investments and other finance income	67,495	110,330	88,152
Income from management fees	5,790	6,222	6,513
Income from grant of consumer credit	482,680	422,680	294,613
Income from commissions	64,872	17,960	17,604
Company's share in losses of affiliate	-	(578)	(1,333)
Other income	176	399	208
<b>Total income</b>	<b>3,158,665</b>	<b>2,975,248</b>	<b>2,568,208</b>
<b>EXPENSES</b>			
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	1,586,734	1,539,327	1,467,224
Marketing and other acquisition expenses	552,502	449,780	383,582
Maintenance, administrative and general expenses	383,638	339,212	267,288
Finance expenses	214,054	191,941	193,503
Other expenses	525	898	892
<b>Total expenses</b>	<b>2,737,453</b>	<b>2,521,158</b>	<b>2,312,489</b>
Income before taxes on income	421,212	454,090	255,719
Taxes on income	147,945	116,700	118,882
<b>Net income</b>	<b>273,267</b>	<b>337,390</b>	<b>136,837</b>
Other comprehensive income (loss) (after the tax effect):			
<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)	(9,854)	-	-
Net change in respect of debt instruments measured at fair value through other comprehensive income transferred to profit or loss	1,080	-	-
Profit (loss) from cash flow hedging transactions	(3,649)	7,288	(7,809)
Transfer to profit or loss in respect of cash flow hedging transactions, net	1,951	-	-
Adjustments resulting from the translation of the financial statements of activities abroad	3,678	(3,282)	(13,260)
<b>Amounts that will not be reclassified subsequently to profit or loss:</b>			
Revaluation in respect of fixed assets	2,007	15,554	-
Loss from remeasurement in respect of defined benefit plans	(2,129)	(4,612)	(737)
<b>Total other comprehensive income (loss)</b>	<b>(6,916)</b>	<b>14,948</b>	<b>(21,806)</b>
<b>Total comprehensive income</b>	<b>266,351</b>	<b>352,338</b>	<b>115,031</b>

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME (LOSS)**

	<b>Year ended as at December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>NIS in thousands (except net earnings per share data)</b>		
<b>Net income attributed to:</b>			
Shareholders of the Company	123,609	163,881	45,718
Non-controlling interests	149,658	173,509	91,119
	<u>273,267</u>	<u>337,390</u>	<u>136,837</u>
<b>Total comprehensive income attributed to:</b>			
Shareholders of the Company	120,018	171,160	35,453
Non-controlling interests	146,333	181,178	79,578
	<u>266,351</u>	<u>352,338</u>	<u>115,031</u>
<b>Net earnings per share attributed to shareholders of the Company (in NIS):</b>			
Basic earnings, net	<u>2.49</u>	<u>3.32</u>	<u>0.93</u>
Diluted earnings, net	<u>2.47</u>	<u>3.29</u>	<u>0.92</u>

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributed to the Company's shareholders						Non-controlling interests	Total capital
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total		
	NIS in thousands							
<b>Balance as at January 1, 2016</b>	77,715	180,848	(95,939)	730,868	(249,733)	643,759	738,723	1,382,482
Net income	-	-	-	45,718	-	45,718	91,119	136,837
Total other comprehensive loss	-	-	(10,265)	-	-	(10,265)	(11,541)	(21,806)
Total comprehensive income (loss)	-	-	(10,265)	45,718	-	35,453	79,578	115,031
Realization of option warrants to subsidiary's shares by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(1,904)	-	(1,904)	191	(1,713)
Share based payment cost	-	-	1,276	-	-	1,276	3,509	4,785
Dividend to the Company's shareholders	-	-	-	(85,000)	-	(85,000)	-	(85,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(64,587)	(64,587)
<b>Balance as at December 31, 2016</b>	77,715	180,848	(104,928)	689,682	(249,733)	593,584	757,414	1,350,998
Net income	-	-	-	163,881	-	163,881	173,509	337,390
Total other comprehensive income	-	-	7,279	-	-	7,279	7,669	14,948
Total comprehensive income	-	-	7,279	163,881	-	171,160	181,178	352,338
Issue of a subsidiary's shares, net to non-controlling interest holders	-	-	16,142	(25,428)	-	(9,286)	117,458	108,172
Share based payment cost	-	-	664	-	-	664	7,489	8,153
Cancellation of treasury shares	(20,161)	(180,848)	-	(48,724)	249,733	-	-	-
Dividend to the Company's shareholders	-	-	-	(65,000)	-	(65,000)	-	(65,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(107,942)	(107,942)
<b>Balance as at December 31, 2017</b>	57,554	-	(80,843)	714,411	-	691,122	955,597	1,646,719
Effect of first-time implementation of IFRS 9 and IFRS 15 standards	-	-	2,931	(36,929)	-	(33,998)	(21,886)	(55,884)
<b>Balance as at December 31, 2017 after first-time implementation</b>	57,554	-	(77,912)	677,482	-	657,124	933,711	1,590,835
Net income	-	-	-	123,609	-	123,609	149,658	273,267
Total other comprehensive loss	-	-	(3,591)	-	-	(3,591)	(3,325)	(6,916)
Total comprehensive income (loss)	-	-	(3,591)	123,609	-	120,018	146,333	266,351
Realization of option warrants to subsidiary's shares by non-controlling interest holders	-	-	-	(16)	-	(16)	615	599
Realization of options to Company shares	39	644	(644)	-	-	39	-	39
Share based payment cost	-	-	357	-	-	357	4,142	4,499
Issue of a Company's shares in consideration for subsidiary shares	3,895	140,057	-	(83,824)	-	60,128	(69,731)	(9,603)
Dividend to the Company's shareholders	-	-	-	(70,000)	-	(70,000)	-	(70,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(117,747)	(117,747)
<b>Balance as at December 31, 2018</b>	61,488	140,701	(81,790)	647,251	-	767,650	897,323	1,664,973

**DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	App.	Year ended as at December 31,		
		2018	2017	2016
		NIS in thousands		
Cash flows provided by (used in) current activities	A	(114,651)	57,290	363,014
<b>CASH FLOWS FROM INVESTMENT ACTIVITY</b>				
Settlement (grant) of deposits		(4,637)	(44,847)	47,800
Acquisition of fixed assets		(26,297)	(24,649)	(23,982)
Purchase of investment property and investment property under construction		(239,307)	(242,702)	(139,283)
Interest paid and capitalized to cost of investment property under construction		(6,822)	(4,062)	(985)
Investment in intangible assets		(79,809)	(59,552)	(57,712)
Proceeds from sale of fixed assets		2,907	4,717	4,184
Proceeds from sale of investment property and investment property under construction		-	-	27,510
Investment in affiliates, net		-	(578)	(1,333)
Proceeds in respect of hedging transactions		1,378	4,330	4,851
Payment in respect of hedging transactions		(14,950)	(4,346)	(2,291)
Cash deducted from acquisitions in a business combination		-	(6,000)	-
Net cash used in investment activities		(367,537)	(377,689)	(141,241)
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>				
Settlement of CPI hedging transactions		(2,331)	(15,529)	(13,360)
Proceeds from realization of options to Company's shares		39	-	-
Proceeds from realization of options to subsidiary's shares		599	-	304
Expenses, net in respect of issue of Company's shares		(273)	-	-
Net issue of a subsidiary's shares to non-controlling interest holders		-	108,172	-
Buy back of shares in subsidiary		-	-	(2,142)
Issue of bonds and subordinated deeds		694,274	517,799	1,199,057
Settlement of bonds and subordinated deeds		(282,307)	(235,022)	(648,656)
Receipt of loans from banking institutions and others		463,698	168,631	80,918
Settlement of loans from banking institutions and others		(125,510)	(353,480)	(180,802)
Dividend paid to holders of non-controlling interests		(169,275)	(62,607)	(58,394)
Dividend paid to Company's shareholders		(70,000)	(65,000)	(85,000)
Change in short term credit from banking institutions, net		-	(764)	764
Net cash provided by finance activities		508,914	62,200	292,689
<b>Exchange rate differences in respect of balances of cash and cash equivalents</b>				
		(559)	4,160	(1,163)
<b>Increase (decrease) in cash and cash equivalents</b>		26,167	(254,039)	513,299
<b>Cash and cash equivalents balance as at the beginning of the year</b>	B	889,336	1,143,375	630,076
<b>Cash and cash equivalents balance as at the end of the year</b>	C	915,503	889,336	1,143,375

**DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended as at December 31,		
	2018	2017	2016
	NIS in thousands		
<b>APPENDIX A – CASH FLOWS FROM CURRENT ACTIVITIES</b>			
Net income	273,267	337,390	136,837
<b>Adjustments to the profit and loss items:</b>			
Net losses (profits) from financial investments for yield dependent insurance contracts and investment contracts	5,441	(14,421)	(8,882)
Net profits from other financial investments	(348,498)	(317,032)	(210,604)
Finance expenses for financial liabilities and others	214,054	191,941	193,503
Net investment losses (income) and other finance expenses (income)	12,096	(1,184)	(14,282)
Increase in value of investment property and investment property under construction, net	(24,594)	(17,001)	(22,437)
Loss from sale of fixed assets, net	525	880	814
Depreciation and amortization	66,394	58,082	49,758
Change in liabilities for insurance contracts and investment contracts	317,336	313,646	345,029
Share based payment cost	4,499	8,153	4,785
Change in reinsurance assets	(332,306)	(21,654)	(8,208)
Change in deferred acquisition costs	(23,800)	(* (36,789))	(* (31,830))
Company's share in losses of affiliate	-	578	1,333
Taxes on income	147,945	116,700	118,882
<b>Other financial investments:</b>			
Sale of financial investments for yield dependent insurance contracts and investment contracts	13,564	15,298	2,189
Net acquisitions of other financial investments	(400,264)	(578,136)	(149,222)
Acquisition and investments in investment property in insurance subsidiary	(16)	(821)	(474)
<b>Changes in other assets and liabilities items:</b>			
Short-term credit , net from banking institutions and others in respect of consumer credit grant activities	(176,397)	295,821	323,476
Change in liability in respect of borrowing securities	-	(183,126)	183,126
Change in deposits serving to secure securities borrowing transactions, net	-	187,709	(187,709)
Buy back of subsidiary shares	-	-	(6,600)
Outstanding insurance premiums	(35,102)	(85,886)	(90,354)
Debtors and receivables	(146,153)	(* (137,410))	(* (104,673))
Creditors and payables	281,436	65,881	51,399
Liabilities for employee benefits, net	519	1,696	(292)
Total adjustments required to present cash flows from current activities	(150,054)	200,315	575,564
<b>Cash paid and received during the year for:</b>			
Interest paid	(194,192)	(185,864)	(168,918)
Interest received	258,071	206,510	133,160
Taxes paid	(89,116)	(173,465)	(190,266)
Taxes received	50,051	1,856	6,666
Dividend received	10,589	7,938	6,808
Total cash flows provided by (used in) current activities	(114,651)	57,290	363,014

\*) Reclassified.

**DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended as at December 31,		
	2018	2017	2016
	NIS in thousands		
<b>APPENDIX B - CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR:</b>			
Cash and cash equivalents for yield-dependent contracts	8,279	10,740	15,519
Other cash and cash equivalents	881,057	1,132,635	614,557
	<u>889,336</u>	<u>1,143,375</u>	<u>630,076</u>
<b>APPENDIX C - CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR:</b>			
Cash and cash equivalents for yield-dependent contracts	4,881	8,279	10,740
Other cash and cash equivalents	910,622	881,057	1,132,635
	<u>915,503</u>	<u>889,336</u>	<u>1,143,375</u>
<b>APPENDIX D - SIGNIFICANT NON-CASH ACTIVITIES:</b>			
Acquisition of fixed asset, investment property and property under construction against creditors and payables	36,055	38,118	40,337
Securitization of loan portfolio against debtors	-	314,748	-
Dividend declared but not yet paid to non-controlling interest holders	-	51,528	6,193

**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 life assurance 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 liability lines.

a. The motor act insurance line of business

The motor act insurance line of business focuses on coverage 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.

**DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)**

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

3. General insurance segment (Cont.)

d. Other liabilities branches

Liabilities lines are designated for coverage of the policyholder liabilities in respect of damage he causes to a third party 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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	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
<b>INCOME</b>											
Gross premiums earned	-	291,357	253,777	553,957	1,266,044	195,375	17,940	2,033,316	-	-	2,578,450
Premiums earned by reinsurers	-	34,317	10,011	187,624	3,410	64,955	1,275	257,264	-	-	301,592
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	243,282	-	-	-	-	-	-	-	-	(7,082)	236,200
Increase in value of investment property											
And property under construction, net	24,594	-	-	-	-	-	-	-	-	-	24,594
Net gains (losses) on investments, net and other finance income (expenses)	(3,672)	(3,684)	1,295	34,659	12,344	2,223	1,183	50,409	2,608	20,539	67,495
Income from management fees	-	5,790	-	-	-	-	-	-	-	-	5,790
Income from grant of consumer credit	-	-	-	-	-	-	-	-	482,748	(68)	482,680
Income from commission	-	12,373	2,369	37,250	-	12,880	-	50,130	-	-	64,872
Other income	-	-	-	-	-	-	-	-	50	126	176
Total income	264,204	271,519	247,430	438,242	1,274,978	145,523	17,848	1,876,591	485,406	13,515	3,158,665
<b>EXPENSES</b>											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	127,585	107,220	575,670	906,870	110,353	13,848	1,606,741	-	(1,235)	1,840,311
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	19,615	5,750	193,809	254	32,880	1,269	228,212	-	-	253,577
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	68,580	23,776	31,644	20,474	48,356	9,821	595	79,246	167,202	13,190	383,638
Finance expenses	116,225	68	-	707	461	104	-	1,272	43,696	52,793	214,054
Other expenses	61	-	-	-	-	-	-	-	-	464	525
Total expenses	184,866	195,274	207,020	472,110	1,104,321	117,343	15,534	1,709,308	378,838	62,147	2,737,453
Income (loss) before taxes on income	79,338	76,245	40,410	(33,868)	170,657	28,180	2,314	167,283	106,568	(48,632)	421,212
Other comprehensive income (loss) before taxes on income	4,279	(541)	(599)	(5,281)	(3,107)	(529)	(183)	(9,100)	-	(6,328)	(12,289)
Comprehensive income (loss) before taxes on income	83,617	75,704	39,811	(39,149)	167,550	27,651	2,131	158,183	106,568	(54,960)	408,923
Segment assets as at December 31, 2018	4,575,891	727,055	194,896					3,409,373	1,962,831	1,328,240	12,198,286
Segment liabilities as at December 31, 2018	3,502,016	627,070	86,150					3,412,047	1,592,485	1,313,545	10,533,313

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	Year ended as at December 31, 2017										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
											NIS in thousands
<b>INCOME</b>											
Gross premiums earned	-	272,963	218,667	503,505	1,101,172	180,362	16,623	1,801,662	-	-	2,293,292
Premiums earned by reinsurers	-	31,640	9,848	32,348	2,339	33,181	1,184	69,052	-	-	110,540
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	225,051	-	-	-	-	-	-	-	-	(6,569)	218,482
Increase in value of investment property and property under construction, net	17,001	-	-	-	-	-	-	-	-	-	17,001
Net gains on investments and other finance income	2,080	15,684	1,196	33,145	12,692	2,209	946	48,992	98	42,280	110,330
Income from management fees	-	6,222	-	-	-	-	-	-	-	-	6,222
Income from grant of consumer credit	-	-	-	-	-	-	-	-	423,395	(715)	422,680
Income from commission	-	10,858	1,776	-	531	4,795	-	5,326	-	-	17,960
Company's share in losses of affiliate	-	-	-	-	-	-	-	-	-	(578)	(578)
Other income	31	-	-	-	-	-	-	-	177	191	399
Total income	244,163	274,087	211,791	504,302	1,112,056	154,185	16,385	1,786,928	423,670	34,609	2,975,248
<b>EXPENSES</b>											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	142,471	89,063	459,104	811,969	81,491	10,050	1,362,614	-	(1,213)	1,592,935
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	14,272	7,578	25,073	75	5,959	651	31,758	-	-	53,608
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	62,905	24,795	23,494	20,980	47,387	6,826	663	75,856	142,718	9,444	339,212
Finance expenses	110,452	81	-	-	(525)	58	-	(467)	31,602	50,273	191,941
Other expenses	107	-	-	-	-	-	-	-	-	791	898
Total expenses	173,464	198,578	156,740	514,588	984,299	106,093	12,196	1,617,176	318,916	56,284	2,521,158
Income (loss) before taxes on income	70,699	75,509	55,051	(10,286)	127,757	48,092	4,189	169,752	104,754	(21,675)	454,090
Other comprehensive income (loss) before taxes on income	26,345	(1,129)	(1,260)	(1,158)	(2,957)	(461)	(42)	(4,618)	-	-	19,338
Comprehensive income (loss) before taxes on income	97,044	74,380	53,791	(11,444)	124,800	47,631	4,147	165,134	104,754	(21,675)	473,428
Segment assets as at December 31, 2017	4,189,802	732,081	172,854					2,902,201	1,845,391	1,132,469	10,974,798
Segment liabilities as at December 31, 2017	3,145,563	634,695	76,262					2,824,166	1,493,501	1,153,892	9,328,079

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- SEGMENTS OF ACTIVITY (Cont.)

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

	Year ended as at December 31, 2016										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
	NIS in thousands										
<b>INCOME</b>											
Gross premiums earned	-	253,801	182,756	450,256	950,271	165,372	16,579	1,582,478	-	-	2,019,035
Premiums earned by reinsurers	-	28,477	10,135	20,795	2,197	31,522	1,197	55,711	-	-	94,323
Premiums earned on retention	-	225,324	172,621	429,461	948,074	133,850	15,382	1,526,767	-	-	1,924,712
Income from lease of properties	221,497	-	-	-	-	-	-	-	-	(6,195)	215,302
Increase in value of investment property and property under construction, net	22,437	-	-	-	-	-	-	-	-	-	22,437
Net gains on investments and other finance income	1,779	10,132	1,089	32,553	10,952	2,249	865	46,619	530	28,003	88,152
Income from management fees	-	6,513	-	-	-	-	-	-	-	-	6,513
Income from grant of consumer credit	-	-	-	-	-	-	-	-	294,684	(71)	294,613
Income from commission	-	12,192	1,758	-	-	3,654	-	3,654	-	-	17,604
Company's share in losses of affiliate	-	-	-	-	-	-	-	-	-	(1,333)	(1,333)
Other income	79	-	-	-	-	-	-	-	129	-	208
<b>Total income</b>	<b>245,792</b>	<b>254,161</b>	<b>175,468</b>	<b>462,014</b>	<b>959,026</b>	<b>139,753</b>	<b>16,247</b>	<b>1,577,040</b>	<b>295,343</b>	<b>20,404</b>	<b>2,568,208</b>
<b>EXPENSES</b>											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	129,107	76,569	485,833	766,092	68,841	10,730	1,331,496	-	(1,206)	1,535,966
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	9,303	6,999	42,466	1,275	7,461	1,238	52,440	-	-	68,742
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	119,804	69,570	443,367	764,817	61,380	9,492	1,279,056	-	(1,206)	1,467,224
Marketing and other acquisition expenses	-	39,941	38,670	55,874	113,693	23,173	2,020	194,760	113,204	(2,993)	383,582
Maintenance, administrative and general expenses	59,238	22,309	21,006	22,668	44,376	6,905	831	74,780	83,069	6,886	267,288
Finance expenses	113,589	89	-	-	-	46	-	46	13,636	66,143	193,503
Other expenses	138	-	-	-	-	-	-	-	1	753	892
<b>Total expenses</b>	<b>172,965</b>	<b>182,143</b>	<b>129,246</b>	<b>521,909</b>	<b>922,886</b>	<b>91,504</b>	<b>12,343</b>	<b>1,548,642</b>	<b>209,910</b>	<b>69,583</b>	<b>2,312,489</b>
Income (loss) before taxes on income	72,827	72,018	46,222	(59,895)	36,140	48,249	3,904	28,398	85,433	(49,179)	255,719
Other comprehensive income (loss) before taxes on income	(22,702)	(180)	(202)	(189)	(464)	(78)	(7)	(738)	-	-	(23,822)
Comprehensive income (loss) before taxes on income	50,125	71,838	46,020	(60,084)	35,676	48,171	3,897	27,660	85,433	(49,179)	231,897
Segment assets as at December 31, 2016	3,897,076	729,138	160,233					2,481,084	1,571,029	1,222,979	10,061,539
Segment liabilities as at December 31, 2016	3,072,333	627,120	66,840					2,498,197	1,278,802	1,167,249	8,710,541