

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

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2018

UNAUDITED

Please find attached an extract English translation of the Hebrew version of the interim consolidated financial statements of Direct Insurance Financial Investments Ltd. which were approved on 21st of November, 2018.

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>).

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AS OF SEPTEMBER 30, 2018

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AUDITORS' REPORT

To the Shareholders of

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

Introduction

We have reviewed the accompanying financial information of DIRECT INSURANCE FINANCIAL INVESTMENTS LTD. and its subsidiaries (hereunder - the Group) which comprise the condensed consolidated statements of financial position as of September 30, 2018, and the related condensed interim consolidated statements of profit or loss and other comprehensive income (loss), changes in equity and cash flows for the nine and three months then ended. The Company's Board of Directors and Management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981, and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

We did not review the condensed interim financial information of consolidated subsidiaries whose assets constitute about 23% of the total consolidated assets as at September 30, 2018, and whose revenues constitute about 4.7% and about 4.8% of the total consolidated revenues for the nine and three months period then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors whose review reports were furnished to us, and our opinion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981,

Conclusion (Cont.)

In addition to the abovementioned, based on our review and on the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies.

Emphasis of matter (attention)

Without qualifying our above conclusion, we draw attention to Note 5 to the financial statements regarding exposure to class actions and the approval of claims as class actions of a subsidiaries.

Tel-Aviv,
November 21, 2018

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

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2018	2017	2017
	Unaudited		Audited
	NIS in thousands		
CURRENT ASSETS			
Cash and cash equivalents	783,991	860,439	881,057
Cash and cash equivalents for yield-dependent contracts	8,623	6,914	8,279
Financial assets	869,384	700,948	579,375
Derivatives	2,916	847	2,198
Outstanding insurance premiums	607,105	556,589	540,705
Debtors and receivables	176,152	158,137	498,276
Deposits	39,702	20,564	18,030
Current taxes receivable	3,217	73,976	75,357
Reinsurance assets	111,040	41,297	55,214
Deferred acquisition costs	120,620	106,872	98,515
	2,722,750	2,526,583	2,757,006
Assets designated for sale	956,246	901,104	844,634
	3,678,996	3,427,687	3,601,640
NON-CURRENT ASSETS			
Financial assets	2,563,030	2,270,276	2,557,583
Derivatives	4,488	7,256	6,485
Reinsurance assets	380,878	163,476	138,995
Debtors and receivables	87,537	79,613	88,458
Deposits	104,191	91,021	92,943
Deferred acquisition costs	207,046	194,300	199,426
Investment property and investment property under construction	4,095,216	3,876,262	3,873,869
Fixed assets	179,047	147,484	178,658
Goodwill and intangible assets	258,168	227,915	231,290
Deferred taxes	5,050	1,346	5,451
	7,884,651	7,058,949	7,373,158
	11,563,647	10,486,636	10,974,798

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2018	2017	2017
	Unaudited		Audited
	NIS in thousands		
CURRENT LIABILITIES			
Financial liabilities	1,043,355	1,049,209	1,363,466
Creditors and payables	650,265	407,426	537,146
Current taxes payable	33,769	24,511	609
Derivatives	14,044	26,042	13,210
Liabilities for insurance contracts and investment contracts	<u>1,322,744</u>	<u>992,158</u>	<u>1,186,408</u>
	<u>3,064,177</u>	<u>2,499,346</u>	<u>3,100,839</u>
NON-CURRENT LIABILITIES			
Financial liabilities	4,291,268	4,010,624	3,888,991
Liabilities for employee benefits	32,296	23,464	30,837
Creditors and payables	39,820	36,028	37,509
Liabilities for insurance contracts and investment contracts	<u>2,289,517</u>	<u>2,230,867</u>	<u>2,045,495</u>
Derivatives	14,395	23,191	20,206
Deferred taxes	<u>182,989</u>	<u>178,281</u>	<u>204,202</u>
	<u>6,850,285</u>	<u>6,502,455</u>	<u>6,227,240</u>
EQUITY			
Share capital	57,593	57,554	57,554
Share premium	644	-	-
Reserves	(76,897)	(99,782)	(80,843)
Retained earnings	<u>713,674</u>	<u>688,873</u>	<u>714,411</u>
Total equity attributed to shareholders of the Company	695,014	646,645	691,122
Non-controlling interests	<u>954,171</u>	<u>838,190</u>	<u>955,597</u>
Total equity	<u>1,649,185</u>	<u>1,484,835</u>	<u>1,646,719</u>
	<u>11,563,647</u>	<u>10,486,636</u>	<u>10,974,798</u>

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

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
INCOME					
Premiums earned on retention	1,723,498	1,599,760	572,995	564,135	2,182,752
Income from lease of properties	174,754	160,858	58,397	55,292	218,482
Increase in value of investment property and property under construction, net	8,819	23,285	5,283	20,611	17,001
Net gains from investments and other finance income	76,516	61,534	43,197	16,473	110,330
Income from management fees	4,222	4,652	1,342	1,527	6,222
Income from grant of consumer credit	369,589	287,524	94,356	97,123	422,680
Income from commissions	43,020	14,292	19,891	5,509	17,960
Company's share in losses of affiliate	-	(578)	-	(245)	(578)
Other income	187	352	19	183	399
Total income	<u>2,400,605</u>	<u>2,151,679</u>	<u>795,480</u>	<u>760,608</u>	<u>2,975,248</u>
EXPENSES					
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	1,181,783	1,115,552	381,561	389,679	1,539,327
Marketing and other acquisition expenses	394,061	325,662	137,203	112,689	449,780
Maintenance, administrative and general expenses	287,729	253,380	92,535	89,738	339,212
Finance expenses	162,418	144,150	59,243	41,891	191,941
Other expenses	406	525	39	196	898
Total expenses	<u>2,026,397</u>	<u>1,839,269</u>	<u>670,581</u>	<u>634,193</u>	<u>2,521,158</u>
Income before taxes on income	374,208	312,410	124,899	126,415	454,090
Taxes on income	139,846	74,257	44,534	45,095	116,700
Net income	<u>234,362</u>	<u>238,153</u>	<u>80,365</u>	<u>81,320</u>	<u>337,390</u>
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)	(3,332)	-	942	-	-
Net change in respect of debt instruments measured at fair value through other comprehensive income transferred to profit or loss	(179)	-	(2,704)	-	-
Profit (loss) from cash flow hedging transactions	1,599	6,442	3,260	(114)	7,288
Transfer to profit or loss in respect of cash flow hedging transactions, net	1,951	-	-	-	-
Adjustments resulting from translation of financial statements of activities abroad	3,471	4,032	(2,029)	20,647	(3,282)
Amounts that will not be reclassified subsequently to profit or loss					
Revaluation in respect of fixed assets	-	-	-	-	15,554
Loss from remeasurement in respect of defined benefit plans	-	-	-	-	(4,612)
Total other comprehensive income (loss)	<u>3,510</u>	<u>10,474</u>	<u>(531)</u>	<u>20,533</u>	<u>14,948</u>
Total comprehensive income	<u>237,872</u>	<u>248,627</u>	<u>79,834</u>	<u>101,853</u>	<u>352,338</u>

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

	<u>Nine months ended September 30,</u>		<u>Three months ended September 30,</u>		<u>Year ended December 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>Unaudited</u>				<u>Audited</u>
	<u>NIS in thousands</u>				
	<u>(except for net earnings per share data)</u>				
Net income attributable to:					
Shareholders of the Company	106,208	112,915	35,062	39,023	163,881
Non-controlling interests	128,154	125,238	45,303	42,297	173,509
	<u>234,362</u>	<u>238,153</u>	<u>80,365</u>	<u>81,320</u>	<u>337,390</u>
Total comprehensive income attributable to:					
Shareholders of the Company	107,599	117,563	34,685	50,097	171,160
Non-controlling interests	130,273	131,064	45,149	51,756	181,178
	<u>237,872</u>	<u>248,627</u>	<u>79,834</u>	<u>101,853</u>	<u>352,338</u>
Net earnings per share attributable to shareholders of the Company (in NIS):					
Basic earnings, net	<u>2.15</u>	<u>2.29</u>	<u>0.71</u>	<u>0.79</u>	<u>3.32</u>
Diluted earnings, net	<u>2.13</u>	<u>2.27</u>	<u>0.71</u>	<u>0.79</u>	<u>3.29</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Non controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	NIS in thousands						
Balance at January 1, 2018 (Audited)	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)
Balance at January 1, 2018 after first-time implementation	57,554	-	(77,912)	677,482	657,124	933,711	1,590,835
Net income	-	-	-	106,208	106,208	128,154	234,362
Total other comprehensive income	-	-	1,391	-	1,391	2,119	3,510
Total comprehensive income	-	-	1,391	106,208	107,599	130,273	237,872
Cost of share-based payment	-	-	268	-	268	3,117	3,385
Realization of options to Company shares	39	644	(644)	-	39	-	39
Realization of options to shares in subsidiaries by non-controlling interest holders	-	-	-	(16)	(16)	615	599
Dividend to Company's shareholders	-	-	-	(70,000)	(70,000)	-	(70,000)
Dividend to non-controlling interest holders	-	-	-	-	-	(113,545)	(113,545)
Balance at September 30, 2018 (Unaudited)	57,593	644	(76,897)	713,674	695,014	954,171	1,649,185

	Attributable to shareholders of the Company					Non controlling interests	Total equity	
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares			Total
	NIS in thousands							
Balance at January 1, 2017 (Audited)	77,715	180,848	(104,928)	689,682	(249,733)	593,584	757,414	1,350,998
Net income	-	-	-	112,915	-	112,915	125,238	238,153
Total other comprehensive income	-	-	4,648	-	-	4,648	5,826	10,474
Total comprehensive income	-	-	4,648	112,915	-	117,563	131,064	248,627
Cost of share-based payment	-	-	498	-	-	498	6,126	6,624
Cancellation of treasury shares	(20,161)	(180,848)	-	(48,724)	249,733	-	-	-
Dividend to Company's shareholders	-	-	-	(65,000)	-	(65,000)	-	(65,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(56,414)	(56,414)
Balance as September 30, 2017 (Unaudited)	57,554	-	(99,782)	688,873	-	646,645	838,190	1,484,835

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Non controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total		
	NIS in thousands						
Balance at July 1, 2018 (Unaudited)	57,554	-	(75,966)	708,612	690,200	948,061	1,638,261
Net income	-	-	-	35,062	35,062	45,303	80,365
Total other comprehensive loss	-	-	(377)	-	(377)	(154)	(531)
Total comprehensive income (loss)	-	-	(377)	35,062	34,685	45,149	79,834
Cost of share-based payment	-	-	90	-	90	1,037	1,127
Realization of options to Company shares	39	644	(644)	-	39	-	39
Dividend to Company's shareholders	-	-	-	(30,000)	(30,000)	-	(30,000)
Dividend to non-controlling interest holders	-	-	-	-	-	(40,076)	(40,076)
Balance at September 30, 2018 (Unaudited)	57,593	644	(76,897)	713,674	695,014	954,171	1,649,185

	Attributable to shareholders of the Company					Non controlling interests	Total equity	
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares			Total
	NIS in thousands							
Balance at July 1, 2017 (Unaudited)	77,715	180,848	(111,022)	733,574	(249,733)	631,382	811,796	1,443,178
Net income	-	-	-	39,023	-	39,023	42,297	81,320
Total other comprehensive income	-	-	11,074	-	-	11,074	9,459	20,533
Total comprehensive income	-	-	11,074	39,023	-	50,097	51,756	101,853
Cost of share-based payment	-	-	166	-	-	166	1,442	1,608
Cancellation of treasury shares	(20,161)	(180,848)	-	(48,724)	249,733	-	-	-
Dividend to Company shareholders	-	-	-	(35,000)	-	(35,000)	-	(35,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(26,804)	(26,804)
Balance at September 30, 2017 (Unaudited)	57,554	-	(99,782)	688,873	-	646,645	838,190	1,484,835

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Non controlling interests	Total equity	
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares			Total
	NIS in thousands							
Balance at January 1, 2017 (Audited)	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
Cost of share-based payment	-	-	664	-	-	664	7,489	8,153
Cancellation of treasury shares	(20,161)	(180,848)	-	(48,724)	249,733	-	-	-
Dividend to Company's shareholders	-	-	-	(65,000)	-	(65,000)	-	(65,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(107,942)	(107,942)
Balance at December 31, 2017 (Audited)	<u>57,554</u>	<u>-</u>	<u>(80,843)</u>	<u>714,411</u>	<u>-</u>	<u>691,122</u>	<u>955,597</u>	<u>1,646,719</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
Cash flows provided by (used in) current activity (Appendix A)	<u>(148,320)</u>	<u>(5,932)</u>	<u>74,749</u>	<u>170,976</u>	<u>57,290</u>
Cash flows from investment activity					
Grant of deposits	(32,044)	(45,572)	(31,550)	(8,022)	(44,847)
Acquisition of fixed assets	(18,172)	(15,898)	(6,224)	(3,249)	(24,649)
Acquisition of investment property and investment property under construction	(176,919)	(206,781)	(39,022)	(142,697)	(242,702)
Interest paid and capitalized to cost of investment property under construction	(4,985)	(2,982)	(1,735)	(1,027)	(4,062)
Investment in intangible assets	(56,218)	(46,978)	(17,529)	(17,311)	(59,552)
Proceeds from sale of fixed assets	1,944	3,311	292	846	4,717
Investment in affiliates, net	-	(578)	-	(245)	(578)
Proceeds in respect of hedging transactions	1,220	7,976	190	923	4,330
Payment in respect of hedging transactions	(9,957)	(2,527)	(6,098)	(1,235)	(4,346)
Cash deducted due to acquisitions in the framework of business combination	-	(6,000)	-	-	(6,000)
Net cash used in investment activities	<u>(295,131)</u>	<u>(316,029)</u>	<u>(101,676)</u>	<u>(172,017)</u>	<u>(377,689)</u>
Cash flows from finance activity					
Settlement of CPI hedging transactions and interest rate determination	(2,331)	(15,529)	270	(9,820)	(15,529)
Proceeds from the realization of options to Company's shares	39	-	39	-	-
Sale, net and issue of shares of subsidiary to non-controlling interest holders, net of tax	599	-	-	-	108,172
Issue of bonds and subordinated deeds	473,576	517,799	-	-	517,799
Settlement of bonds and subordinated deeds	(168,099)	(198,723)	-	-	(235,022)
Receipt of loans from banking institutions and others	368,698	168,631	12,870	110,000	168,631
Settlement of loans from banking institutions and others	(90,628)	(309,363)	(37,270)	(18,753)	(353,480)
Dividend paid to non-controlling interest holders	(165,073)	(62,607)	(40,076)	(26,804)	(62,607)
Dividend paid to Company's shareholders	(70,000)	(65,000)	(30,000)	(35,000)	(65,000)
Change in short-term credit from banking institutions, net	-	5,402	-	6,166	(764)
Net cash provided by (used in) finance activity	<u>346,781</u>	<u>40,610</u>	<u>(94,167)</u>	<u>25,789</u>	<u>62,200</u>
Exchange rate differences in respect of balances of cash and cash equivalents	<u>(52)</u>	<u>5,329</u>	<u>756</u>	<u>4,011</u>	<u>4,160</u>
Increase (decrease) in cash and cash equivalents	<u>(96,722)</u>	<u>(276,022)</u>	<u>(120,338)</u>	<u>28,759</u>	<u>(254,039)</u>
Balance of cash and cash equivalents as at the beginning of period (Appendix B)	<u>889,336</u>	<u>1,143,375</u>	<u>912,952</u>	<u>838,594</u>	<u>1,143,375</u>
Balance of cash and cash equivalents as at the end of period (Appendix C)	<u>792,614</u>	<u>867,353</u>	<u>792,614</u>	<u>867,353</u>	<u>889,336</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
Appendix A – Cash Flows from Current Activity					
Net income	234,362	238,153	80,365	81,320	337,390
Adjustments to the profit and loss items:					
Net profits from financial investments for yield dependent insurance contracts and investment contracts	(7,568)	(9,894)	(6,708)	(6,506)	(14,421)
Net profits from other financial investments	(291,637)	(202,096)	(90,420)	(66,348)	(317,032)
Finance expenses for financial liabilities and others	162,418	144,150	59,243	41,891	191,941
Net investment losses (income) and other finance expenses (income)	6,547	1,318	(4,024)	7,699	(1,184)
Increase in value of investment property and investment property under construction, net	(8,819)	(23,285)	(5,283)	(20,611)	(17,001)
Loss from sale of fixed assets, net	406	494	39	165	880
Depreciation and amortization:	49,135	41,555	16,601	14,532	58,082
Change in liabilities for insurance contracts and investment contracts	380,358	300,545	118,366	92,193	313,646
Cost of share-based payment	3,385	6,624	1,127	1,608	8,153
Change in reinsurance assets	(297,709)	(32,218)	(98,311)	(10,493)	(21,654)
Change in deferred acquisition costs	(29,725)	(38,344)	(9,223)	(13,788)	(35,113)
Company's share in losses of affiliate	-	578	-	245	578
Taxes on income	139,846	74,257	44,534	45,095	116,700
Other financial investments:					
Sales of financial investments for yield dependent insurance contracts and investment contracts	11,808	9,599	2,789	3,596	15,298
Net sales (acquisitions) of other financial investments	45,520	(229,019)	217,798	177,779	(578,136)
Acquisitions and investments in investment property in insurance subsidiary	(16)	(822)	-	(14)	(821)
Changes in other assets and liabilities items:					
Short-term credit, net from banking institutions and others in respect of consumer credit grant activities	(535,819)	8,680	(229,980)	(128,163)	295,821
Change in liabilities in respect of borrowing securities	-	(183,126)	-	-	(183,126)
Change in deposits used as guarantee for borrowing securities transactions, net	-	187,709	-	2,979	187,709
Outstanding insurance premiums	(66,400)	(101,770)	(8,346)	(19,012)	(85,886)
Debtors and receivables	(127,139)	(85,563)	(58,521)	(24,718)	(139,086)
Creditors and payables	150,877	(9,292)	56,658	25,238	65,881
Liabilities for employee benefits	1,459	5,553	459	3,600	1,696
Total adjustments required to present cash flows from current activity	(178,711)	103,786	87,163	208,287	200,315
Cash paid and received during the period for:					
Interest paid	(147,678)	(141,688)	(51,331)	(48,399)	(185,864)
Interest received	190,824	149,906	62,086	51,760	206,510
Taxes paid	(72,076)	(126,052)	(26,753)	(42,876)	(173,465)
Taxes received	49,984	1,856	-	-	1,856
Dividend received	9,337	6,260	3,584	2,204	7,938
Total cash flows provided by (used in) current activity	(148,320)	(5,932)	74,749	170,976	57,290

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
Appendix B - Cash and cash equivalents as at the beginning of the period:					
Cash and cash equivalents for yield-dependent contracts	8,279	10,740	8,780	7,498	10,740
Other cash and cash equivalents	881,057	1,132,635	904,172	831,096	1,132,635
Balance of cash and cash equivalents as at the beginning of the period	889,336	1,143,375	912,952	838,594	1,143,375
Appendix C - Cash and cash equivalents as at the end of the period:					
Cash and cash equivalents for yield-dependent contracts	8,623	6,914	8,623	6,914	8,279
Other cash and cash equivalents	783,991	860,439	783,991	860,439	881,057
Balance of cash and cash equivalents as at the end of the period	792,614	867,353	792,614	867,353	889,336
Appendix D - Significant non-cash activities:					
Acquisition of fixed assets, investment property and property under construction against creditors and payables	51,028	34,312	51,028	34,312	38,118
Securitization of loans portfolio against debtors	-	-	-	-	314,748
Dividend declared but not yet paid to Holders of non-controlling interests	-	-	-	-	51,528

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY

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

1. The segment of life assurance and long term savings

The segment of life assurance and long term savings includes the lines of life assurance and it focuses mainly, 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 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 liability lines.

a. The motor act insurance line of business

The motor act insurance line of business focuses on coverages that their acquisition by the owner of the vehicle or the driver is compulsory by law and it provides a coverage for bodily injuries (to the driver of the vehicle, the passengers in the vehicle or to the pedestrians), as a result of the use of the motor vehicle.

b. The motor casco line of business

The motor casco line of business focuses on the property damage coverage for the insured vehicle and property damages that the insured vehicle will cause to a third party.

c. Property and other branches

The rest of the insurance lines of business that are not vehicle and liabilities mainly residential line.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

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

	Nine months ended as at September 30, 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
Unaudited NIS in thousands											
INCOME											
Gross premiums earned	-	216,837	189,313	416,675	940,187	144,429	13,387	1,514,678	-	-	1,920,828
Premiums earned by reinsurers	-	25,605	7,511	116,220	2,553	44,483	958	164,214	-	-	197,330
Premiums earned on retention	-	191,232	181,802	300,455	937,634	99,946	12,429	1,350,464	-	-	1,723,498
Income from lease of properties	180,039	-	-	-	-	-	-	-	-	(5,285)	174,754
Increase in value of investment property and property under construction, net	8,819	-	-	-	-	-	-	-	-	-	8,819
Net gains (losses) on investments and other finance income (expenses)	(1,752)	7,609	1,014	29,131	11,672	2,029	950	43,782	1,320	24,543	76,516
Income from management fees	-	4,222	-	-	-	-	-	-	-	-	4,222
Income from grant of consumer credit	-	-	-	-	-	-	-	-	369,757	(168)	369,589
Income from commissions	-	9,541	2,018	22,270	-	9,191	-	31,461	-	-	43,020
Other income	-	-	-	-	-	-	-	-	60	127	187
Total income	187,106	212,604	184,834	351,856	949,306	111,166	13,379	1,425,707	371,137	19,217	2,400,605
EXPENSES											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	101,779	74,420	437,497	675,829	77,057	9,289	1,199,672	-	(925)	1,374,946
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	15,758	3,412	153,205	237	19,573	978	173,993	-	-	193,163
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	86,021	71,008	284,292	675,592	57,484	8,311	1,025,679	-	(925)	1,181,783
Marketing and other acquisition expenses	-	45,431	51,667	47,317	103,561	20,754	1,790	173,422	125,835	(2,294)	394,061
Maintenance, administrative and general expenses	50,170	17,028	23,884	16,179	36,261	7,557	482	60,479	125,692	10,476	287,729
Finance expenses	87,065	52	-	418	367	80	-	865	34,471	39,965	162,418
Other expenses	45	-	-	-	-	-	-	-	-	361	406
Total expenses	137,280	148,532	146,559	348,206	815,781	85,875	10,583	1,260,445	285,998	47,583	2,026,397
Income (loss) before taxes on income	49,826	64,072	38,275	3,650	133,525	25,291	2,796	165,262	85,139	(28,366)	374,208
Other comprehensive income (loss) before taxes on income	7,998	-	-	(1,981)	(794)	(138)	(65)	(2,978)	-	(2,357)	2,663
Comprehensive income (loss) before taxes on income	57,824	64,072	38,275	1,669	132,731	25,153	2,731	162,284	85,139	(30,723)	376,871

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

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

	Nine months ended as at September 30, 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				Total
	Unaudited										
NIS in thousands											
INCOME											
Gross premiums earned	-	201,708	160,263	369,684	803,779	133,613	12,298	1,319,374	-	-	1,681,345
Premiums earned by reinsurers	-	23,364	7,315	23,965	1,742	24,230	969	50,906	-	-	81,585
Premiums earned on retention	-	178,344	152,948	345,719	802,037	109,383	11,329	1,268,468	-	-	1,599,760
Income from lease of properties	165,729	-	-	-	-	-	-	-	-	(4,871)	160,858
Increase in value of investment property and property under construction, net	23,285	-	-	-	-	-	-	-	-	-	23,285
Net gains on investments and other finance income	383	10,749	801	21,067	6,996	1,232	596	29,891	78	19,632	61,534
Income from management fees	-	4,652	-	-	-	-	-	-	-	-	4,652
Income from grant of consumer credit	-	-	-	-	-	-	-	-	287,596	(72)	287,524
Income from commissions	-	9,409	1,273	-	250	3,360	-	3,610	-	-	14,292
Company's share in losses of affiliate	-	-	-	-	-	-	-	-	-	(578)	(578)
Other income	31	-	-	-	-	-	-	-	130	191	352
Total income	189,428	203,154	155,022	366,786	809,283	113,975	11,925	1,301,969	287,804	14,302	2,151,679
EXPENSES											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	99,790	64,080	335,597	601,362	60,484	7,859	1,005,302	-	(906)	1,168,266
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	9,665	5,882	32,382	127	4,238	420	37,167	-	-	52,714
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	90,125	58,198	303,215	601,235	56,246	7,439	968,135	-	(906)	1,115,552
Marketing and other acquisition expenses	-	33,689	37,688	43,376	90,500	17,072	1,874	152,822	103,712	(2,249)	325,662
Maintenance, administrative and general expenses	47,561	18,724	17,856	16,614	36,566	5,119	566	58,865	103,162	7,212	253,380
Finance expenses	84,007	62	-	-	-	43	-	43	22,984	37,054	144,150
Other expenses	-	-	-	-	-	-	-	-	-	525	525
Total expenses	131,568	142,600	113,742	363,205	728,301	78,480	9,879	1,179,865	229,858	41,636	1,839,269
Income (loss) before taxes on income	57,860	60,554	41,280	3,581	80,982	35,495	2,046	122,104	57,946	(27,334)	312,410
Other comprehensive income before taxes on income	12,067	-	-	-	-	-	-	-	-	-	12,067
Comprehensive income (loss) before taxes on income	69,927	60,554	41,280	3,581	80,982	35,495	2,046	122,104	57,946	(27,334)	324,477

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

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

	Three months ended as at September 30, 2018										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
		Motor act		Motor casco	Property and others		Other liabilities				Total
					Total	Total					
Unaudited NIS in thousands											
INCOME											
Gross premiums earned	-	73,739	67,417	141,344	323,078	49,882	4,489	518,793	-	-	659,949
Premiums earned by reinsurers	-	8,642	2,510	56,292	867	18,314	329	75,802	-	-	86,954
Premiums earned on retention	-	65,097	64,907	85,052	322,211	31,568	4,160	442,991	-	-	572,995
Income from lease of properties	60,232	-	-	-	-	-	-	-	-	(1,835)	58,397
Increase in value of investment property and property under construction, net	5,283	-	-	-	-	-	-	-	-	-	5,283
Net gains on investments and other finance income	1,184	5,873	337	11,633	5,824	849	385	18,691	1,201	15,911	43,197
Income from management fees	-	1,342	-	-	-	-	-	-	-	-	1,342
Income from grant of consumer credit	-	-	-	-	-	-	-	-	94,408	(52)	94,356
Income from commission	-	3,670	728	11,483	-	4,010	-	15,493	-	-	19,891
Other income	-	-	-	-	-	-	-	-	-	19	19
Total income	66,699	75,982	65,972	108,168	328,035	36,427	4,545	477,175	95,609	14,043	795,480
EXPENSES											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	31,144	24,885	145,275	234,830	25,363	3,962	409,430	-	(311)	465,148
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	3,027	971	70,622	154	8,369	444	79,589	-	-	83,587
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	28,117	23,914	74,653	234,676	16,994	3,518	329,841	-	(311)	381,561
Marketing and other acquisition expenses	-	16,228	17,682	16,486	36,133	7,452	544	60,615	43,448	(770)	137,203
Maintenance, administrative and general expenses	16,488	6,214	9,296	5,533	13,396	3,332	131	22,392	35,471	2,674	92,535
Finance expenses	30,238	17	-	197	88	43	-	328	10,775	17,885	59,243
Other expenses	26	-	-	-	-	-	-	-	-	13	39
Total expenses	46,752	50,576	50,892	96,869	284,293	27,821	4,193	413,176	89,694	19,491	670,581
Income (loss) before taxes on income	19,947	25,406	15,080	11,299	43,742	8,606	352	63,999	5,915	(5,448)	124,899
Other comprehensive income (loss) before taxes on income	2,030	-	-	(1,026)	(475)	(73)	(34)	(1,608)	-	(1,069)	(647)
Comprehensive income (loss) before taxes on income	21,977	25,406	15,080	10,273	43,267	8,533	318	62,391	5,915	(6,517)	124,252

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

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

	Three months ended as at September 30, 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				Total
	Unaudited										
NIS in thousands											
INCOME											
Gross premiums earned	-	68,369	57,654	129,866	285,849	46,022	4,288	466,025	-	-	592,048
Premiums earned by reinsurers	-	7,929	2,408	8,190	594	8,405	387	17,576	-	-	27,913
Premiums earned on retention	-	60,440	55,246	121,676	285,255	37,617	3,901	448,449	-	-	564,135
Income from lease of properties	57,038	-	-	-	-	-	-	-	-	(1,746)	55,292
Increase in value of investment property and property under construction, net	20,611	-	-	-	-	-	-	-	-	-	20,611
Net gains (losses) on investments and other finance income (expenses)	(5,837)	6,644	98	6,153	2,370	370	175	9,068	23	6,477	16,473
Income from management fees	-	1,527	-	-	-	-	-	-	-	-	1,527
Income from grant of consumer credit	-	-	-	-	-	-	-	-	97,163	(40)	97,123
Income from commissions	-	3,906	191	-	250	1,162	-	1,412	-	-	5,509
Company's share in losses of affiliate	-	-	-	-	-	-	-	-	-	(245)	(245)
Other income	31	-	-	-	-	-	-	-	50	102	183
Total income	71,843	72,517	55,535	127,829	287,875	39,149	4,076	458,929	97,236	4,548	760,608
EXPENSES											
Payments and change in liabilities in respect of gross insurance contracts and investment contracts	-	32,798	24,742	113,507	212,411	20,351	2,125	348,394	-	(308)	405,626
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	1,453	2,087	11,174	64	1,052	117	12,407	-	-	15,947
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	31,345	22,655	102,333	212,347	19,299	2,008	335,987	-	(308)	389,679
Marketing and other acquisition expenses	-	11,660	12,734	15,161	30,788	5,912	518	52,379	36,682	(766)	112,689
Maintenance, administrative and general expenses	17,097	6,443	6,188	5,329	13,093	1,798	162	20,382	36,579	3,049	89,738
Finance expenses	24,581	21	-	-	-	14	-	14	5,450	11,825	41,891
Other expenses	-	-	-	-	-	-	-	-	-	196	196
Total expenses	41,678	49,469	41,577	122,823	256,228	27,023	2,688	408,762	78,711	13,996	634,193
Income (loss) before taxes on income	30,165	23,048	13,958	5,006	31,647	12,126	1,388	50,167	18,525	(9,448)	126,415
Other comprehensive income before taxes on income	20,535	-	-	-	-	-	-	-	-	-	20,535
Comprehensive income (loss) before taxes on income	50,700	23,048	13,958	5,006	31,647	12,126	1,388	50,167	18,525	(9,448)	146,950

NOTES TO THE CONDENSED INTERIM CONSOLIDATED 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, 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				
	Audited										
NIS in thousands											
INCOME											
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 commissions	-	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
EXPENSES											
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
