MEITAV DASH INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2019

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Auditors' review report to the shareholders of Meitav Dash Investments Ltd.

Introduction

We have reviewed the accompanying financial information of Meitav Dash Investments Ltd. and its subsidiaries ("the Company"), which comprises the consolidated statement of financial position as of September 30, 2019 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 30.6% of total consolidated assets as of September 30, 2019 and whose revenues included in consolidation constitute approximately 17.3% and approximately 11.8% of total consolidated revenues for the periods of nine and three months then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of 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.

In addition to the abovementioned, 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 does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
November 17, 2019

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2019	September 30, 2018	December 31, 2018
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	237	166	278
Short-term investments	287	426	182
Current investments of special purpose subsidiaries for covering ETNs and CDs	-	26,688	-
Customer credit	959	679	768
Trade receivables	50	31	32
Other accounts receivable	21	44	164
Current taxes receivable	8	11	9
	1,562	28,045	1,433
NON-CURRENT ASSETS:			
Investments of provident fund members	96	96	96
Investments, loans and receivables	137	61	80
Investments, loans and capital notes in associates	27	23	24
Property, plant and equipment	197	38	37
Deferred taxes	15	15	20
Intangible assets	1,140	1,149	1,174
	1,612	1,382	1,431
	3,174	29,427	2,864

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2019	September 30, 2018	December 31, 2018
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of debentures	634	483	573
ETNs and CDs	-	26,122	-
Current liabilities of special purpose subsidiaries for covering ETNs and CDs	-	536	-
Liabilities for short sale of securities	51	35	10
Trade payables	56	61	80
Other accounts payable	184	168	294
Current taxes payable	11	14	15
	936	27,419	972
NON-CURRENT LIABILITIES:			
Loans from banks	90	99	97
Debentures	770	785	669
Liabilities to provident fund members	98	98	98
Liabilities for purchase of operations	6	15	11
Lease liabilities	157	14	13
Other accounts payable	2	-	-
Employee benefit liabilities	9	7	8
Deferred taxes	45	43	46
	1,177	1,061	942
Total liabilities	2,113	28,480	1,914
EQUITY:			
Share capital	65	64	64
Share premium	517	562	513
Treasury shares	-	(51)	-
Capital reserve for share-based payment transactions	10	14	14
Retained earnings	230	199	200
Other reserves	36	35	34
Equity attributable to equity holders of the Company	858	823	825
Non-controlling interests	203	124	125
Total equity	1,061	947	950
	3,174	29,427	2,864

The accompanying notes are an integral part of the interim consolidated financial statements.

November 17, 2019			
Date of approval of the financial statements	Eli Barkat Chairman of the Board	Ilan Raviv CEO	Einat Rom CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in millions (except per share data)				
Revenue from management fees, commissions and other, net	632	625	206	216	829
Finance income from non-bank loans	60	43	21	15	61
Total revenues	692	668	227	231	890
Marketing, operating, general and administrative expenses	527	513	173	175	688
Operating income	165	155	54	56	202
Gain (loss) from securities held for investment purposes in nostro portfolio, net	10	2	(4)	-	(3)
Finance income	1	1	-	-	1
Finance expenses	(26)	(29)	(3)	(8)	(37)
Other expenses, net	(33)	(24)	(11)	(8)	(33)
Company's share of earnings of companies accounted for at equity, net	5	2	2	1	3
Income before taxes on income	122	107	38	41	133
Taxes on income	40	44	11	16	56
Net income for the period	82	63	27	25	77
Other comprehensive income (loss) (net of tax effect):					
Actuarial loss on defined benefits plans	(1)	-	(1)	-	-
Foreign currency translation adjustments of foreign operations	(2)	-	(2)	-	-
Gain (loss) on cash flow hedges	-	2	(1)	-	2
Total other comprehensive income (loss) attribute to the company	(3)	2	(4)	-	2
Total comprehensive income	(3)	65	23	25	79
Net income attributable to:					
Equity holders of the Company	70	55	22	22	67
Non-controlling interests	12	8	5	3	10
	82	63	27	25	77
Comprehensive income attributable to:					
Equity holders of the Company	69	57	20	22	69
Non-controlling interests	10	8	3	3	10
	79	65	23	25	79
Basic and diluted net earnings per share attributable to equity holders of the Company (in NIS):					
Basic net earnings	1.07	0.85	0.34	0.34	1.03
Diluted net earnings	1.06	0.83	0.34	0.34	1.02

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at January 1, 2019 (audited)	64	513	14	200	34	825	125	950
Net income for the period	-	-	-	70	-	70	12	82
Other comprehensive loss, net	-	-	-	-	(1)	(1)	(2)	(3)
Total comprehensive income	-	-	-	70	(1)	69	10	79
Dividend declared and paid	-	-	-	(40)	-	(40)	-	(40)
Dividend to non-controlling interests	-	-	-	-	-	-	(12)	(12)
Exercise of employee options	1	4	(5)	-	-	-	-	-
Issuance of shares to non-controlling interests	-	-	-	-	3	3	19	22
Company share-based payment	-	-	1	-	-	1	-	1
Investment in partnership's equity by non-controlling interests	-	-	-	-	-	-	61	61
Balance at September 30, 2019	65	517	10	230	36	858	203	1,061

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance at January 1, 2018 (audited)	64	561	(52)	14	179	36	802	126	928
Cumulative effect of initial adoption of IFRS 9 at January 1, 2018	-	-	-	-	(1)	-	(1)	-	(1)
Balance at January 1, 2018 (after initial adoption of IFRS 9)	64	561	(52)	14	178	36	801	126	927
Net income for the period	-	-	-	-	55	-	55	8	63
Other comprehensive income, net	-	-	-	-	-	2	2	-	2
Total comprehensive income	-	-	-	-	55	2	57	8	65
Dividend declared and paid	-	-	2	-	(34)	-	(32)	-	(32)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(7)	(7)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	1	1
Company share-based payment	-	-	-	1	-	-	1	-	1
Acquisition of non-controlling interests	-	-	-	-	-	(3)	(3)	(4)	(7)
Exercise of employee options	*) -	1	-	(1)	-	-	-	-	-
Net purchases of treasury shares by subsidiaries	-	-	(1)	-	-	-	(1)	-	(1)
Balance at September 30, 2018	64	562	(51)	14	199	35	823	124	947

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at July 1, 2019	64	517	11	218	38	848	169	1,017
Net income for the period	-	-	-	22	-	22	5	27
Other comprehensive loss, net	-	-	-	-	(2)	(2)	(2)	(4)
Total comprehensive income	-	-	-	22	(2)	20	3	23
Dividend declared and paid	-	-	-	(10)	-	(10)	-	(10)
Dividend to non-controlling interests	-	-	-	-	-	-	(3)	(3)
Exercise of employee options	1	-	(1)	-	-	-	-	-
Investment in partnership's equity by non-controlling interests	-	-	-	-	-	-	34	34
Balance at September 30, 2019	65	517	10	230	36	858	203	1,061

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance at July 1, 2018	64	563	(51)	13	187	35	811	121	932
Net income for the period	-	-	-	-	22	-	22	3	25
Other comprehensive income, net	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	22	-	22	3	25
Dividend declared and paid	-	-	1	-	(10)	-	(9)	-	(9)
Exercise of employee options	*) -	(1)	-	1	-	-	-	-	-
Net purchases of treasury shares by subsidiaries	-	-	(1)	-	-	-	(1)	-	(1)
Balance at September 30, 2018	64	562	(51)	14	199	35	823	124	947

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
					Audited				
					NIS in millions				
Balance at January 1, 2018	64	561	(52)	14	179	36	802	126	928
Cumulative effect of initial adoption of IFRS 9 at January 1, 2018	-	-	-	-	(1)	-	(1)	-	(1)
Balance at January 1, 2018 (after initial adoption of IFRS 9)	64	561	(52)	14	178	36	801	126	927
Net income for the period	-	-	-	-	67	-	67	10	77
Other comprehensive income, net	-	-	-	-	-	2	2	-	2
Total comprehensive income	-	-	-	-	67	2	69	10	79
Dividend declared and paid	-	-	2	-	(45)	-	(43)	-	(43)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(8)	(8)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	1	1
Company share-based payment	-	-	-	2	-	-	2	-	2
Net purchases of non-controlling interests	-	-	-	-	-	(4)	(4)	(4)	(8)
Exercise of employee options	*) -	2	-	(2)	-	-	-	-	-
Receipt of treasury shares as dividend in kind	-	(50)	50	-	-	-	-	-	-
Balance at December 31, 2018	64	513	-	14	200	34	825	125	950

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in millions				
Cash flows from operating activities:					
Net income for the period	82	63	27	25	77
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation of property, plant and equipment	20	5	7	2	7
Amortization of intangible assets	51	41	15	14	56
Capital loss from sale of investment in subsidiary	-	1	-	1	1
Amortization of deferred acquisition costs	7	7	2	3	9
Revaluation of investments to provident fund members	-	(1)	1	-	(1)
Revaluation of liabilities to provident fund members	-	2	(1)	-	2
Change in liabilities for purchase of operations	1	1	1	1	-
Revaluation of short-term loan	1	-	-	-	-
Company's share of earnings of companies accounted for at equity, net	(3)	(2)	(1)	(1)	(3)
Deferred taxes, net	4	(4)	2	(2)	(6)
Revaluation of debentures	(1)	4	(6)	1	6
Losses (Gains) from securities measured at fair value through profit or loss, net	(13)	(6)	3	(4)	2
Share-based payment	1	1	-	-	2
	68	49	23	15	75

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in millions				
Changes in asset and liability items attributable to ETN operation:					
Revaluation of current investments of special purpose subsidiaries	-	(1,273)	-	(1,073)	(94)
Revaluation of ETNs and CDs	-	1,640	-	1,145	483
Change in assets, net	-	3,564	-	640	4,444
Change in liabilities, net	-	(87)	-	(105)	(308)
Change in ETNs and CDs	-	(3,845)	-	(614)	(4,550)
Change in securities, net	-	(16)	-	(11)	32
Change in liabilities for short sale of securities	-	6	-	3	(20)
	-	(11)	-	(15)	(13)
Changes in asset and liability items:					
Customer credit, trade receivables and other accounts receivable	(121)	(137)	(68)	(116)	(347)
Restricted cash in limited partnership	(36)	-	(20)	-	-
Short-term credit from giving non-bank loans	42	6	(114)	96	103
Trade payables and other accounts payable	(152)	37	(25)	32	179
	(267)	(94)	(227)	12	(65)
Net cash provided by (used in) operating activities	(117)	7	(177)	37	74

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	NIS in millions				
Cash flows to investing activities:					
Proceeds from sale (purchase) of short-term investments measured at fair value through profit or loss	(30)	(67)	-	(17)	(28)
Purchase of property, plant and equipment	(1)	(3)	-	-	(4)
Purchase of intangible assets	(18)	(42)	(5)	(6)	(52)
Purchase of customer credit	-	(4)	-	-	(4)
Repayment of liabilities for business combination	(8)	(7)	(2)	(1)	(10)
Grant of long-term loan	(3)	-	-	-	(13)
Change in restricted deposits, net	(7)	(6)	-	(2)	(11)
Investment in investee	(1)	-	(1)	-	-
Proceeds in respect of previously consolidated ETN subsidiaries (c)	-	-	-	-	173
Proceeds from sale of TASE shares	-	27	-	27	27
Net cash provided by (used in) investing activities	(68)	(102)	(8)	1	78
Cash flows from financing activities:					
Issuance of Company debentures (net of issuance expenses)	-	95	-	-	95
Issuance of subsidiary's debentures (net of issuance expenses)	207	98	207	-	98
Repayment of Company debentures	-	-	-	-	(87)
Repayment of subsidiary's debentures	(85)	(58)	(28)	(29)	(86)
Change in treasury shareholdings	-	(1)	-	(1)	1
Dividend paid to equity holders of the Company	(40)	(32)	(10)	(9)	(43)
Dividend paid to non-controlling interests	(12)	(7)	(3)	-	(8)
Repayment of long-term lease liabilities	(20)	(2)	(8)	(1)	(2)
Investment in partnership's equity by non-controlling interests	59	-	32	-	-
Purchase of non-controlling interests	-	(7)	-	-	(8)
Repayment of long-term loans from banks	(7)	(11)	(2)	(7)	(11)
Issuance of shares to non-controlling interests	22	1	-	-	1
Proceeds from short sale of securities	20	-	-		-
Short-term credit from banks, net	(2)	25	15	6	16
Net cash provided by (used in) financing activities	142	101	203	(41)	(34)
Exchange rate differences on cash and cash equivalents	2	-	2	-	-
Increase (decrease) in cash and cash equivalents	(41)	6	20	(3)	118
Cash and cash equivalents at the beginning of the period	278	160	217	169	160
Cash and cash equivalents at the end of the period	237	166	237	166	278

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2019	Nine months ended September 30, 2018	Three months ended September 30, 2019	Three months ended September 30, 2018	Year ended December 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	NIS in millions				
(a) Additional information on cash flows from operating activities:					
Group operations, excluding ETN operation:					
Cash paid during the period for:					
Interest	29	26	5	5	48
Taxes on income	36	34	12	14	44
Cash received during the period for:					
Interest	76	56	24	22	83
Taxes on income	9	4	2	-	7
ETN operation:					
Cash paid during the period in ETN operation for:					
Interest	-	10	-	4	9
Dividend	-	18	-	7	21
Cash received during the period in ETN operation for:					
Interest	-	201	-	65	218
Dividend	-	140	-	25	148

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2019	Nine months ended September 30, 2018	Three months ended September 30, 2019	Three months ended September 30, 2018	Year ended December 31, 2018
	Unaudited				Audited
	NIS in millions				
(b) Proceeds from sale of investment in previously consolidated subsidiary:					
Working capital (excluding cash and cash equivalents)	-	4	-	4	4
Total assets and liabilities on date of sale	-	4	-	4	4
Assets and liabilities on date of sale	-	4	-	4	4
Non-cash proceeds	-	(4)	-	(4)	(4)
	-	-	-	-	-
(c) Sale of previously consolidated ETN subsidiaries:					
Current investments of special purpose subsidiaries	-	-	-	-	24,796
Liabilities of special purpose subsidiaries	-	-	-	-	(320)
Liabilities of ETNs and CDs	-	-	-	-	(24,303)
Total assets and liabilities of the subsidiaries on date of sale	-	-	-	-	173

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

These financial statements have been prepared in a condensed format as of September 30, 2019 and for the periods of nine and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2018 and for the year then ended and accompanying notes ("annual consolidated financial statements").

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

b. The significant accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except as described below:

<u>IFRS 16, "Leases"</u>

As described in Note 2z to the annual consolidated financial statements, effective from January 1, 2019, the Group applies IFRS 16, "Leases" ("the Standard") which provides guidelines for the accounting treatment of leases.

The accounting policy for leases applied commencing from January 1, 2019, is as follows:

For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Company has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

Transactions that entitle employees to a company car as part of their employment terms are accounted for as employee benefits according to IAS 19 and not as subleases.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life or the lease term. The Company tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset. The effect of the change in the Israeli CPI in respect of current payments is carried to profit or loss.

A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised. In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability in the modified contract at the revised discount rate on the modification date and carries the change in the lease liability to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a profit or loss arising from the partial or full reduction in the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate on the modification date and carries the change in the lease liability to the right-of-use asset.

As permitted by the Standard, the Group elected to adopt the Standard using the modified retrospective approach and measuring the right-of-use asset at an amount equal to the lease liability. This approach does not require restatement of comparative data. The balance of the liability as of the date of initial application of the Standard is measured using the Company's incremental borrowing rate of interest on the date of initial adoption of the Standard.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Following is data relating to the initial adoption of the Standard as of January 1, 2019, in respect of leases existing as of that date:

1. Effects of the initial application of the Standard on the Company's financial statements as of January 1, 2019:

	According to the previous accounting policy	The change	As presented according to IFRS 16
		NIS in thousands	
As of January 1, 2019:			
Non-current assets:			
Property, plant and equipment	37	175	212
Current liabilities:			
Other payables	294	18	312
Non-current liabilities:			
Lease liabilities	13	157	170
Retained earnings	200	-	200

2. The Group hired an external valuation expert for determining the appropriate nominal interest rate for discounting the lease contracts, based on the finance risk applicable to the companies, the average remaining life of the lease contracts and other economic variables. The nominal discount rates used to measure the lease liability on the date of initial adoption of the Standard range between 1.48% and 4.84%, a range which is affected by the differences in the lease term, the various asset categories, the variations between the discount rates used by other Group companies etc.

<u>IFRIC 23, "Uncertainty over Income Tax Treatments"</u>

The Company applies the provisions of IFRIC 23, "Uncertainty over Income Tax Treatments", from January 1, 2019. The adoption of the Interpretation does not have a material effect on the financial statements.

c. Reclassification:

The Company reclassified certain items in the comparative data in the consolidated statements of financial position for previous periods in immaterial amounts in order to adjust their presentation to the current period.

NOTE 3:- FINANCIAL INSTRUMENTS

a. Fair value:

The following table presents the carrying amount and fair value of the groups of financial instruments that are presented in the financial statements not at fair value:

	Carrying amount			Fair value		
	September 30,		December 31,	September 30,		December 31,
	2019	2018	2018	2019	2018	2018
	Unaudited		Audited	Unaudited		Audited
	NIS in millions					
Financial liabilities:						
Loans from banks (1)(3)	99	106	106	99	106	106
Debentures of subsidiary (3)(4)	364	267	239	365	267	240
Debentures (series C) (2) (3)	635	725	632	688	779	669
	1,098	1,098	977	1,152	1,152	1,015

(1) The fair value is based on the discounted cash flows in respect of the loans based on interest quotes obtained from the banks for similar loans.

(2) The debentures (series C) are traded on the TASE. The fair value is based on quoted market prices.

(3) Including current maturities and accrued interest.

(4) The debentures of Peninsula Group Ltd. are traded on the TASE. The fair value is based on quoted market prices.

b. Classification of financial instruments by fair value hierarchy:

The financial instruments presented in the financial statements at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

Financial instruments measured at fair value (excluding ETNs and CDs):

	Level 1	**Level 2**	**Level 3**
		NIS in millions	
September 30, 2019 (unaudited)			
Financial assets at fair value through profit or loss			
Shares, options and debentures	132	4	28
Financial assets at fair value through other comprehensive income			
Shares	-	-	5
	132	4	33
Financial liabilities			
Shares, debentures and marketable options	51	-	-
Index forwards used for hedging	-	2	-
Forwards and swaps	-	-	-
Contingent liability for business combination	-	-	13
	51	2	13

Movement in financial assets and liabilities classified at Level 3 (unaudited):

	Financial assets at fair value through profit or loss	**Financial assets at fair value through other comprehensive income**	**Financial liabilities at fair value through profit or loss**	**Total**
		NIS in millions		
Balance at January 1, 2019	32	4	(21)	15
Total loss recognized in profit or loss	(6)	-	(1)	(7)
Acquisitions	19	1	-	20
Sale of assets	(17)	-	-	(17)
Repayments of liabilities	-	-	9	9
Balance at September 30, 2019	28	5	(13)	20

In addition, as of September 30, 2019, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 11 million.

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

	Level 1	Level 2	Level 3
		NIS in millions	
September 30, 2018 (unaudited)			
Financial assets at fair value through profit or loss			
Shares and options, debentures and ETNs	102	6	34
Forwards and futures	-	9	-
Financial assets at fair value through other comprehensive income			
Shares	-	-	4
	102	15	38
Financial liabilities			
Shares, debentures and marketable options	34	1	-
Index forwards used for hedging	-	3	-
Contingent liability for business combination	-	-	25
	34	4	25

Movement in financial assets classified at Level 3 (unaudited):

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Total
		NIS in millions		
Balance at January 1, 2018	23	4	(33)	(6)
Total income (loss) recognized in profit or loss	5	-	(1)	4
Acquisitions	23	-	-	23
Sale of assets	(27)	-	-	(27)
Repayments of liabilities	-	-	9	9
Balance at September 30, 2018	34	4	(25)	13

In addition, as of September 30, 2018, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 8 million.

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

	Level 1	Level 2	Level 3
	NIS in millions		
December 31, 2018 (audited)			
Financial assets at fair value through profit or loss			
Shares ,options and debentures	93	4	32
Financial assets at fair value through other comprehensive income			
Shares	-	-	4
	93	4	36
Financial liabilities			
Shares, debentures and marketable options	6	-	-
Index forwards used for hedging	-	2	-
Forwards and swaps	-	3	-
Contingent liability in business combination	-	-	21
	6	5	21

Movement in financial assets classified at Level 3 (audited):

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Liability for purchase of operations	Total
	NIS in millions			
Balance at January 1, 2018	33	4	(33)	4
Total income (loss) recognized in profit or loss	3	-	(1)	2
Acquisitions	23	-	-	23
Sale of assets	(27)	-	-	(27)
Repayments of liabilities	-	-	13	13
Balance at December 31, 2018	32	4	(21)	15

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

Details of levels in the fair value hierarchy of current investments and current liabilities of special purpose subsidiary:

	September 30, 2019 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS in millions			
Financial assets at fair value through profit or loss:				
Short-term deposits	-	2,680	-	2,680
Government bonds	6,537	162	-	6,699
Marketable corporate debentures	4,241	121	-	4,362
Marketable shares	6,865	-	-	6,865
ETNs	-	128	-	128
IRSs	-	162	-	162
Forwards and futures	58	69	-	127
	17,701	3,322	-	21,023
Financial liabilities:				
Marketable corporate debentures	2	-	-	2
Marketable corporate debentures	56	-	-	56
Marketable shares	237	-	-	237
IRSs	-	25	-	25
Forwards and futures	32	11	-	43
	327	36	-	363

NOTE 4:- INTANGIBLE ASSETS

a. Managing ETFs

The Company tested impairment of goodwill on June 30, 2019, for the cash-generating units Managing ETFs. The recoverable amount of assets allocated to Managing ETFs determined based on the fair value which is derived from the discounted DCF method. For the calculation fair value, the Company used forecasts regarding future income derived from the scope of managed assets as of June 30, 2019 based on its profits for the period ended June 30, 2019, its expected future profits, evaluations of a future growth rate of 2.5% and a pre-tax discount rate of about 10.5%. The goodwill allocated to the ETFs unit, as of June 30, 2019, amounts to approximately NIS 258 million. The recoverable amount exceeds the carrying amount and therefore no provision for impairment is needed.

NOTE 4:- INTANGIBLE ASSETS (Cont.)

b. Managing portfolios and mutual funds

As of June 30, 2019, the assets and liabilities comprising the Managing portfolios and mutual funds cash-generating unit have not undergone any significant change compared since the impairment test conducted by the Company as of September 30, 2018 according to which the recoverable amount of the CGU materially exceeded its carrying amount and the chances that the recoverable amount that would be determined in the current period would be lower than the carrying amount were remote. Accordingly, the Company used the calculation conducted for June 30, 2018 according to which no provision for impairment was needed. The impairment test for June 30, 2018 relied on its profits for the period ended June 30, 2018, its expected future profits, evaluations of a future growth rate of 2.5% and a pre-tax discount rate of about 10.3%. The goodwill allocated to the Managing portfolios and mutual funds unit, as of June 30, 2019, amounts to approximately NIS 191 million.

c. Managing provident funds and pension funds

The Company tested impairment of goodwill in managing provident funds and pension funds unit on September 30, 2019. The recoverable amount of assets allocated to managing provident funds and pension funds is determined based on the fair value which is derived from the discounted DCF method. For the calculation of the fair value, the Company used forecasts regarding future income derived from the scope of managed assets as of September 30, 2019 based on its profits for the period ended September 30, 2019, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 10.1%. The goodwill allocated to the managing provident funds and pension funds unit, as of September 30, 2019, amounts to approximately NIS 365 million. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

d. Insurance activity Yekev and Kariv

The Company tested impairment of goodwill in insurance activity in Y.K.V insurance agencies and in Kariv insurance agency cash-generating unit ("insurance activity") on September 30, 2019. The recoverable amount of assets allocated to the insurance activity unit is determined based on the value in use which is derived from the discounted DCF method. For the calculation of the pre-tax value in use using the DCF method, the Company used forecasts regarding future income derived from the insurance activity profits for the period ended September 30, 2019, its expected future profits, evaluations of a future growth rate of 2% and a pre-tax discount rate of about 17.7%. The goodwill allocated to the insurance activity unit, as of September 30, 2019, amounts to approximately NIS 23 million. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required

NOTE 4:- INTANGIBLE ASSETS (Cont.)

e. Brokerage

The Company tested impairment of goodwill in brokerage cash-generating unit on September 30, 2019. The recoverable amount of assets allocated to the brokerage cash-generating unit is determined based on the value in use which is derived from the discounted DCF method. For the calculation of the pre-tax value in use using the DCF method, the Company used forecasts regarding future income derived from Meitav Dash Brokerage Ltd profits for the period ended September 30, 2019, its expected future profits, evaluations of a future growth rate of 2% and a pre-tax discount rate of about 17.6%. The goodwill allocated to brokerage cash-generating unit, as of September 30, 2019, amounts to approximately NIS 10 million. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required

NOTE 5:- OPERATING SEGMENTS

a. General:

1. The Group operates in four reportable business segments:

Long and medium-term savings management segment	-	Marketing and managing compensation and severance pay funds, study funds, central severance pay funds, pension funds and funds earmarked for other purposes.
Current savings management segment	-	From the current quarter and following the merger, as described in Note 6b below, the current savings management segment includes securities investment portfolio marketing and management for private and institutional customers, mutual fund management and ETF management.
TASE member and institutional brokerage segment	-	Providing TASE member services mainly for private costumers and brokerage services for institutional customers that consist, among others, of security custodian services and security transactions for a wide variety of customers.
Non-bank loans	-	Extending credit to small and medium-sized corporations in Israel through Peninsula Group Ltd.

The other activities in the Group are included in the "other" segment and mainly consist of insurance agencies (other than an insurance agency that is wholly owned by the Company and is included in the Long and medium-term savings management segment), distribution of foreign funds and the Capital Markets College that was sold in July 2018.

NOTE 5:- OPERATING SEGMENTS (Cont.)

a. General (Cont.):

2. Management separately monitors the operating results of its business units for the purpose of making decisions of resource allocation and performance evaluation. Segment performances are evaluated based on the operating income or loss which in certain cases is measured differently from the operating income or loss in the consolidated financial statements.

   The finance expenses, finance income and taxes on income are managed on a group basis and not allocated to operating segments. Other expenses, which mainly consist of amortization of intangible assets, are not allocated to operating segments since they are not part of the CODM's decision-making process. Moreover, expenses that are not allocated to segments mainly include headquarter expenses.

3. The Group accounts for inter-segment revenues as if the revenues are derived from third parties and therefore recognizes them at current market prices.

4. In 2018, the Company's share is included in the consolidated statement of financial position under liabilities in respect of ETFs under several ETF-tracking indices. Against those liabilities, the special purpose ETF subsidiaries hold the Company's shares as part of the assets backing their liabilities. In the Company's consolidated financial statements, these shares are presented in treasury shares and accordingly, gains or losses from the revaluation and exercise of these shares are neutralized in the statements of profit or loss. The CODM does not neutralize the gains and losses arising from the liabilities in respect of the Company's shares for the purpose of making decisions. Consequently, in 2018, the Company's revenues in the consolidated statements of comprehensive income might differ from the total consolidated revenues of the operating segments.

5. As explained in Note 2b above, as of January 1, 2019, the Company applies the provisions of IFRS 16. The amortization expenses of right-of-use assets are not attributed to the different segments as they are not used by management in making operating decisions.

6. As discussed above, from the second quarter of 2019, the current savings management segment includes mutual fund management, ETF management and securities investment portfolio marketing and management for private and institutional customers. The presentation is governed by the policy adopted by the Company's CODM who, from the second quarter of 2019 and as a result of the merger, as described in Note 6b below, views these operations as a reportable segment. Accordingly, the Group restated the segment under the necessary changes.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Long and medium term savings management	Current savings management	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Nine months ended September 30, 2019						
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	237	257	80	60	58	-	692
Inter-segment revenues	-	-	-	-	4	(4)	-
Total revenues	237	257	80	60	62	(4)	692
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	5	-	5
Segment income	38	91	28	31	23	-	211
Expenses not allocated to segments (1)							(41)
Gain from securities held for Nostro portfolio investments, net							10
Finance expenses, net							(25)
Other expenses, net							(33)
Income before taxes on income							122

(1) Including amortization of right-of-use assets.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Long and medium term savings management	Current savings management *)	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Nine months ended September 30, 2018						
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	241	256	76	43	52	-	668
Inter-segment revenues	-	-	-	-	3	(3)	-
Total revenues	241	256	76	43	55	(3)	668
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	2	-	2
Segment income	32	95	22	20	12	-	181
Expenses not allocated to segments							(24)
Gain from securities held for Nostro portfolio investments, net							2
Finance expenses, net							(28)
Other expenses, net							(24)
Income before taxes on income							107

*) From the second quarter of 2019, the current savings management segment includes mutual fund management, ETF management and securities investment portfolio marketing and management for private and institutional customers. The presentation is governed by the policy adopted by the Company's CODM who, from the second quarter of 2019 and as a result of the merger, as described in Note 6b below, views these operations as a reportable segment. Accordingly, the Group restated the segment under the necessary changes.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Three months ended September 30, 2019						
	Long and medium term savings management	Current savings management	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	79	85	24	21	18	-	227
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	79	85	24	21	19	(1)	227
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	2	-	2
Segment income	11	30	9	11	6	-	67
Expenses not allocated to segments (1)							(11)
Loss from securities held for Nostro portfolio investments, net							(4)
Finance expenses, net							(3)
Other expenses, net							(11)
Income before taxes on income							38

(1) Including amortization of right-of-use assets.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Three months ended September 30, 2018						
	Long and medium term savings management	Current savings management *)	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	80	96	25	15	15	-	231
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	80	96	25	15	16	(1)	231
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	1	-	1
Segment income	8	40	6	7	3	-	64
Expenses not allocated to segments							(7)
Finance expenses, net							(8)
Other expenses, net							(8)
Income before taxes on income							41

*) From the second quarter of 2019, the current savings management segment includes mutual fund management, ETF management and securities investment portfolio marketing and management for private and institutional customers. The presentation is governed by the policy adopted by the Company's CODM who, from the second quarter of 2019 and as a result of the merger, as described in Note 6b below, views these operations as a reportable segment. Accordingly, the Group restated the segment under the necessary changes.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Long and medium term savings management	Current savings management *)	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Year ended December 31, 2018						
	Audited						
	NIS in millions						
Revenues:							
Revenues from external entities	320	336	105	61	68	-	890
Inter-segment revenues	-	-	-	-	5	(5)	-
Total revenues	320	336	105	61	73	(5)	890
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	3	-	3
Segment income	42	117	33	30	16	-	238
Expenses not allocated to segments							(33)
Loss from securities held for Nostro portfolio investments, net							(3)
Finance expenses, net							(36)
Other expenses, net							(33)
Income before taxes on income							133

*) From the second quarter of 2019, the current savings management segment includes mutual fund management, ETF management and securities investment portfolio marketing and management for private and institutional customers. The presentation is governed by the policy adopted by the Company's CODM who, from the second quarter of 2019 and as a result of the merger, as described in Note 6b below, views these operations as a reportable segment. Accordingly, the Group restated the segment under the necessary changes.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. On February 27, 2019, the Company issued a shelf prospectus by virtue of which it may issue different types of securities as allowed by applicable law. The securities included in the shelf prospectus will be offered in shelf offering reports which will consist of all the details pertaining to each specific offering such as the composition of the offered units and other terms and method of allocation of the offered securities as they will be on the offering date.

b. In keeping with the matters discussed in Note 4c to the annual consolidated financial statements, on March 24, 2019, the Company received the ITA's pre-ruling regarding the merger of Meitav Dash Funds Ltd. ("Meitav Dash Funds") with and into Tachlit Indices Mutual Fund Management Ltd. ("Tachlit") in accordance with the provisions of Section 103B to the Income Tax Ordinance. The merger was subject to the fulfillment of certain suspending conditions which were met On March 28, 2019, and on April 4, 2019, the merger certificate was received and the merger between Tachlit and Meitav Dash Funds was completed. On April 28, 2019, the merged company's name was changed to Meitav Tachlit Mutual Funds Ltd.

c. On March 27, 2019, after obtaining the approval of the Company's Remuneration Committee, the Company's Board approved the extension of management agreements signed with companies controlled by Mr. Eli Barkat, Mr. Zvi Stepak and Mr. Avner Stepak under similar terms, subject to the approval of the general meeting (see below).

   On May 26, 2019, the Company's general meeting approved the extended management agreements. The extended management agreements are for a period of three years from March 20, 2019. Also, following the approval of the Company's Remuneration Committee and Board, the Company's general meeting approved the Company's officer remuneration policy in keeping with the directives of the Companies Law, 1999, in effect for a period of three years from the date of approval of the general meeting. The remuneration policy is multiannual and prescribes fixed and variable remuneration components by establishing ratios, parameters, thresholds, ranges and ceilings.

d. On March 27, 2019, the Company declared the distribution of a dividend representing NIS 0.23 per share in a total of approximately NIS 15 million. The dividend was paid on April 21, 2019.

   On May 27, 2019, the Company declared the distribution of a dividend of approximately NIS 0.23 per share in a total of approximately NIS 15 million. The dividend was paid on June 18, 2019.

   On August 14, 2019, the Company declared the distribution of a dividend of approximately NIS 0.15 per share in a total of approximately NIS 10 million. The dividend was paid on September 9, 2019.

e. In keeping with the matters discussed in Note 4a(3) to the annual consolidated financial statements, on April 1, 2019, Liquidity Capital II, L.P. ("the Fund") completed an initial capital raising round of approximately $ 30 million and on August 1, 2019 the Fund completed another capital raising round of approximately $ 8 million. As of the date of approval of the financial statements, the Fund holds investor commitments totaling approximately $ 40 million.

   The Company's capital commitment for investing in the Fund is $ 7 million, half of which has already been invested.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

On May 27, 2019, the Company's Board approved the Company's participation in a convertible loan agreement ("CLA") with other investors according to which Liquidity Capital M.C. Ltd. ("Liquidity") will be granted a convertible loan of up to $ 1 million.

On October 22, 2019, Liquidity completed the first CLA closing. According to the transaction, in the first capital raising round, Liquidity raised approximately $ 2.5 million ("the amount raised"), of which the Company invested an amount of $ 1 million. The amount raised and any additional amounts that will be raised, if any, during a period of 90 days from the first closing date will be convertible into Liquidity shares based on the methods, rates and dates determined in the agreement. The transaction also includes MUFG Innovation Partners No. 1 Investment Partnership ("MUIP") of the MUFG Mitsubishi UFJ Financial Group, one of the world's largest and leading financial and banking groups. Based on the mechanism determined in the agreement, after Liquidity has raised additional capital, MUIP will increase its share of the transaction to a cumulative amount of $ 4 million whereby its relative share as determined on the first closing date will be retained after said capital raising. The purpose of the capital raising is mainly to accelerate the development of Liquidity's technology which is based on a series of unique algorithms which are being developed by Liquidity for forecasting future corporate revenues and cash flows and which is used by the Fund for managing its investments.

f. In keeping with the matters discussed in Note 23b(1)(a) to the annual consolidated financial statements regarding a claim and a motion for class certification filed with the Central District Court on March 23, 2009 against 26 defendants, including the underwriters in the offering and M.D. Treasury Ltd., on April 15, 2019, a court hearing was held regarding the pending proceedings at the Tel-Aviv District Court. The Court ordered any party that is interested to submit its opinion on the content of the settlement agreement.

On June 27, 2019, the Court rendered its decision whereby it ordered the Group members to prepare a binding settlement version. It was also decided that assuming that no objections have been filed by the date of filing objections, guidelines will be provided on submitting the parties' arguments for the distribution of the settlement amount and the payment of legal and professional fees to the plaintiffs' representatives and attorneys.

During the period for filing objections and withdrawing from the motion, several notices were submitted by various parties. The paying parties and other parties to the proceedings objected to the submitted notices of withdrawal and objections. As of the financial statement date, the Court has yet to render a decision on the other notices of withdrawal and objections and a hearing has yet to be scheduled in the case. The Attorney General is expected to submit his position on the settlement agreement by November 17, 2019.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

g. In keeping with the matters discussed in Note 23b(2)(d) to the annual consolidated financial statements regarding claims and motions for class certification filed with the Jerusalem Regional Labor Court and the Central District Court in October, November and December 2016 against Meitav Dash Provident and Pension Ltd. ("Meitav Dash Provident") and Ayalon Pension and Provident Ltd. (which was merged on January 1, 2017 into Meitav Dash Provident), the following developments have occurred in the cases from the date of publication of the annual consolidated financial statements through the date of these financial statements:

1. With respect to two claims and class action certification motions, on June 26, 2019, a petition was filed for suspending the proceedings and on August 20, 2019 the petition for suspending the proceedings was dismissed. Meitav Dash Provident has not yet filed its summations.

2. With respect to another claim and motion for class certification filed by an association, on September 9, 2019, a proof hearing was held on adding the petitioner as a class action plaintiff. On September 19, 2019, another petition was filed for ordering the petitioner to deposit a guarantee in escrow as a prerequisite for pursuing the proceeding.

h. On May 27, 2019, following the approval of the Company's Remuneration Committee, the Company's Board approved the allocation of 575,000 RSUs of the Company (accounting for about 0.88% of its issued capital) to 16 Company employees (of whom six officers and senior officers). Half of the RSUs will vest at the third anniversary from the date of approval of the allocation by the Board and the other half will vest at the fifth anniversary from said date. On June 4, 2019, the approval for the listing of the RSUs for trade on the TASE was obtained and the RSUs were listed for trade. The fair value on the grant date amounted to approximately NIS 6.9 million.

i. On June 10, 2019, Peninsula Group Ltd. ("Peninsula") issued a shelf offering report by virtue of which it issued 13,230,000 ordinary shares, 3,969,000 warrants (series 2) that are exercisable into ordinary shares of Peninsula and 3,969,000 warrants (series 3) that are exercisable into ordinary shares of Peninsula for immediate (gross) proceeds of approximately NIS 30.6 million. In the context of the share and warrant issue, the Company purchased 2,553,000 ordinary shares, 765,900 warrants (series 2) and 765,900 warrants (series 3). As of the date of approval of the financial statements, the Company holds about 51.53% of Peninsula's issued and outstanding share capital (about 49.9% on a fully diluted basis).

j. In keeping with the matters discussed in Note 23b(2)(g) to the annual consolidated financial statements regarding a claim and class action certification motion filed with the Tel-Aviv Regional Labor Court, a pretrial hearing was held on June 23, 2019 and on July 29, 2019, the Court rendered its decision on the petition for disclosure of documents which fully dismissed the petition. An interrogation hearing has been scheduled for January 30, 2020.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

k. On June 23, 2019, Midroog Ltd. reported that it was retaining the rating of the debentures (series C) issued by the Company at A1.il with a stable outlook.

l. In keeping with the matters discussed in Note 23b(2)(c) to the annual consolidated financial statements regarding a claim and class action certification motion filed with the Tel-Aviv District Court, a proof hearing was held on July 1, 2019 which consisted of the interrogation of the petitioners. Another proof hearing is scheduled for January 23, 2020.

m. In keeping with the matters discussed in Note 20d(2) to the annual consolidated financial statements ,on July 16, 2019, Peninsula completed the issue of NIS 207,971 thousand par value of debentures (series B) of NIS 1 par value each by way of series expansion. The debentures are (principal and interest) linkage free and bear fixed annual interest of 1.5%. The debenture principal is repayable in eight consecutive quarterly installments from April 1, 2019.

n. On July 21, 2019, the Company signed an investment agreement with Reigo Investments Ltd. ("Reigo") along with other investors, including the Company's CEO and the Company's VP of Alternative Investments. According to the agreement, the Company, the CEO and the VP of Alternative Investments were granted a right to receive minority shares in Reigo based on fulfillment of the conditions stipulated in the agreement. Concurrently with the investment agreement, the Company signed an option agreement for increasing its stake in Reigo to about 21% on a fully diluted basis ("the option transaction"), subject to meeting certain suspending conditions. There is currently no certainty that the suspending conditions underlying the closing of the option transaction will be met or that the option transaction will be completed.

Concurrently with the signing of the investment agreement and the option transaction as above, the Company, the Company's CEO and the VP of Alternative Investments entered into a shareholders' agreement with Reigo for founding a new company and settling their rights in the new company. The new company is expected to serve as the general partner of an investment fund that will be founded by the new company.

Reigo currently engaged in providing (collateralized) loans for the purchase of US real estate properties using a unique big data algorithm that minimizes risk.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

o. In keeping with the matters discussed in Note 23b(2)(f) to the annual consolidated financial statements regarding a claim and class action certification motion filed with the Tel-Aviv District Court on July 10, 2017 against Meitav Dash Provident whose hearing had been assigned to the Tel-Aviv Regional Labor Court, on September 13, 2019, the petitioner filed a claim and revised class action certification motion against Meitav Dash Provident ("the revised class action certification motion") in which similar arguments as in the initial motion are raised (as detailed in the annual consolidated financial statements). The amount of the revised class action certification motion in respect of the entire group of plaintiffs is approximately NIS 16.7 million (based on an expert opinion attached to the revised class action certification motion). Meitav Dash Provident is required to respond to the revised class action certification motion by December 15, 2019 and the petitioner must submit its counter response by January 15, 2020. A pretrial hearing has been scheduled for January 23, 2020. In the opinion of Meitav Dash Provident's legal counsel handling the case, at this early stage when the respondent has not yet submitted its response to the revised class action certification motion, the chances of the revised class action certification motion or the claim to be accepted cannot be assessed.

p. On September 26, 2019, a claim and class action certification motion filed with the Tel-Aviv District Court against Meitav Dash Loans Ltd. (a wholly owned subsidiary, "Meitav Dash Loans"). The plaintiff argues that Meitav Dash Loans is guilty of deception and breach of fiduciary duty and duty of good faith vis-à-vis the public of lenders which use its loan platform regarding projected insolvency rates. The plaintiff also argues that Meitav Dash Loans had violated its legislative duty, the provisions of the Consumer Protection Law and the provisions of the Contract Law and also alleges malpractice, exploitation of standard form contracts and unjust enrichment. The members of the group which the plaintiff seeks to represent are anyone who in the seven years prior to the date of filing the motion had used Meitav Dash Loans' platform as a lender whose rate of defaulted loans exceeded the projected insolvency rates used by Meitav Dash Loans. The plaintiff assessed the damage to the entire group members at approximately NIS 7 million. Meitav Dash Loans is currently studying the motion and at this stage is unable to estimate its chances of being accepted.

q. In keeping with the matters discussed in Note 23b(2)(a) to the annual consolidated financial statements regarding a claim and class action certification motion filed with the Tel-Aviv District Court on December 22, 2012 against Meitav Dash Provident, proof hearings in the case were held in September 2019. The plaintiffs are required to submit their arguments by December 15, 2019 and the defendants must submit their arguments by January 31, 2020. An oral summation heating has been scheduled for February 9, 2020.

NOTE 7:- SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. On October 10, 2019, the Company entered into an acquisition agreement whereby upon signing, the Company and two additional buyers ("the additional buyers" and collectively with the Company - "the buyers") acquired 85% of the issued share capital of Lotus Investment Management Limited ("Lotus"), an Irish company controlled by Mr. David Green, in consideration of a total of € 10.35 million (the Company's share is € 5.4 million), subject to certain adjustments. Following the acquisition, the Company will have control over Lotus with 45% of Lotus' issued share capital, another 40% will be held by the additional buyers and the remaining 15% will be held by Lotus' executives, including Mr. Green.

On the acquisition date, the Company paid € 4.05 million and the balance will be paid subject to meeting certain milestones as determined in the agreement. The sellers are also entitled to an earnout of € 2.4 million once certain conditions as determined in the agreement are met. The Company also granted one of the additional buyers a loan of up to € 2.4 million for financing the latter's share of the transaction in return for recording a lien on the additional buyer's shares in Lotus.

Lotus, an Irish company, manages Small & Medium Enterprise (SME) loan portfolios for real estate developers and investors. As of the acquisition date, Lotus manages asset-backed loan portfolios totaling some € 115 million for various investors. Its loan portfolios are mostly comprised of loans to developers for financing real estate construction and a small portion is dedicated to bridge loans for financing constructed real estate properties for average periods ranging between 12 and 24 months.

The Company has undertaken, by itself or through third parties, to invest in Lotus' managed loan portfolios an amount of € 16.8 million after 30 days have elapsed from the signing date.

According to the terms of the acquisition agreement, Lotus may purchase the loan portfolios managed by it, in which case the investments in the portfolios (as defined above) will be converted into mezzanine loans bearing annual interest of 11% ("the mezzanine loans"). The mezzanine loans are designed to finance Lotus' acquisition of the loan portfolios from the investors. The repayment of the mezzanine loans is superior to the distribution of any dividends by Lotus but inferior to the payment of the earnout, to the repayment of any senior debt and to any other payments to the sellers as determined in the agreement.

The parties to the acquisition agreement also signed a shareholders' agreement for settling their rights as shareholders in Lotus, including the Company's right to appoint half of the directors in Lotus, one of whom will serve as Chairman of the Board and have a deciding vote, other than in certain decisions which require a special majority or which are subject to veto tights by the other shareholders, dividend policy, priority upon dividend distribution based on the classes of shares allocated to the parties and according to which a dividend in respect of the shares allocated to the Company will only be paid after a certain amount determined between the Company and one of the buyers is paid, the earnout is paid and other amounts determined in the agreement are paid to the sellers as well as certain restrictions on the transfer of shares.

NOTE 7:- SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (Cont.)

b. In keeping with the matters discussed in Note 23b(2)(e) to the annual consolidated financial statements regarding a claim and class action certification motion filed with the Tel-Aviv District Court on February 22, 2017 against Ayalon Pension and Provident Ltd. (which was merged into Meitav Dash Provident), on October 28, 2019, the parties submitted a notice to the Court according to which they had reached an agreed version of a settlement agreement.

c. On October 30, 2019, the Company's Board made a master decision to authorize the Company's management to act for raising debt by issuing a new series of debentures (series D) to the public through a shelf offering report based on the Company's shelf prospectus of February 28, 2019.

On November 4, 2019, Midroog rated the debentures (series D) at A1.il with a stable outlook for raising up to NIS 250 million.

It should be clarified that as of the date of approval of the financial statements, there is no certainty whether, when and at what scope and terms the series of debentures will be issued. Among others, the issue of the debentures will be at the Company's discretion and subject to the fulfillment of appropriate market terms, obtaining the approval of the TASE for listing the issued securities for trade, obtaining the final approval of the Company's Board for raising debt and the publication of a shelf offering report by the Company.

d. On November 17, 2019, the Company declared the distribution of a dividend of approximately NIS 0.15 per share in a total of approximately NIS 10 million.

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