Translated from the Hebrew original

MEITAV DASH INVESTMENTS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017

INDEX

	Page
Auditors' Report - Internal Control over Financial Reporting	2 - 3
Auditors' Report	4
Consolidated Statements of Financial Position	5 - 6
Consolidated Statements of Profit or Loss and Other Comprehensive Income	7
Consolidated Statements of Changes in Equity	8
Consolidated Statements of Cash Flows	9 - 14
Notes to Consolidated Financial Statements	15 - 156
Appendix to Consolidated Financial Statements - List of Investees	157 - 159

- - - - - - - - - - - - - -

EY
Building a better working world

Kost Forer Gabbay & Kasierer
144A Menachem Begin Road
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

AUDITORS' REPORT

To the Shareholders of

MEITAV DASH INVESTMENTS LTD.

Regarding the Audit of Components of Internal Control over Financial Reporting

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

We have audited the components of internal control over financial reporting of Meitav Dash Investments Ltd. as of December 31, 2017. Control components were determined as explained in the following paragraph. The Company's board of directors and management are responsible for maintaining effective internal control over financial reporting, and for their assessment of the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting based on our audit.

The components of internal control over financial reporting audited by us were determined in conformity with Auditing Standard 104 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting" ("Auditing Standard 104"). These components consist of: (1) entity level controls, including financial reporting preparation and close process controls and information technology general controls; (2) controls over the supplier payment process; (3) controls over the commission payment process relating to independent and internal resellers of mutual funds; (4) controls over the bank distribution commission payment processes relating to mutual, provident and pension funds; (5) controls over the bank charge process relating to provident funds; (6) controls over the revenue process relating to provident and pension funds; (7) controls over the revenue process relating to mutual funds; (8) controls over the process of recording income from management fees and credit providers in Peninsula Group Ltd.; (9) controls over the process of managing the current investment operations of special purpose subsidiaries relating to Tachlit Trackers ETPs; (10) controls over the payroll process (collectively, "the audited control components").

We conducted our audit in accordance with Auditing Standard 104. That Standard requires that we plan and perform the audit to identify the audited control components and obtain reasonable assurance about whether these control components have been effectively maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists regarding the audited control components and testing and evaluating the design and operating effectiveness of the audited control components based on the assessed risk. Our audit of these control components also included performing such other procedures as we considered necessary in the circumstances. Our audit only addressed the audited control components, as opposed to internal control over all the material processes in connection with financial reporting and, therefore, our opinion addresses solely the audited control components. Moreover, our audit did not address any reciprocal effects between the audited control components and unaudited ones and, accordingly, our opinion does not take into account any such possible effects. We believe that our audit provides a reasonable basis for our opinion within the context described above.

Because of its inherent limitations, internal control over financial reporting as a whole, and specifically the components therein, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2017.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 and our report dated March 15, 2018 expressed an unqualified opinion thereon.

Tel-Aviv, Israel
March 15, 2018

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

EY
Building a better working world

Kost Forer Gabbay & Kasierer
144A Menachem Begin Road
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

AUDITORS' REPORT

To the Shareholders of

MEITAV DASH INVESTMENTS LTD.

We have audited the accompanying consolidated statements of financial position of Meitav Dash Investments Ltd. ("the Company") as of December 31, 2017 and 2016 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of certain subsidiaries, whose assets included in consolidation constitute approximately 2.03% and approximately 1.76% of total consolidated assets as of December 31, 2017 and 2016, respectively, and whose revenues included in consolidation constitute approximately 9.74% and approximately 4.71% of total consolidated revenues for the years ended December 31, 2017 and 2016, respectively. Furthermore, we did not audit the financial statements of certain companies accounted for at equity, the Company's share of their earnings amounted to approximately NIS 1.6 million and approximately NIS 1.6 million for the years ended December 31, 2016 and 2015, respectively. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2017 and 2016 and their results of operations, changes in equity and their cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards (IFRS) and with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

We have also audited, in accordance with Auditing Standard 104 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting", as amended, the Company's components of internal control over financial reporting as of December 31, 2017 and our report dated March 15, 2018 expressed an unqualified opinion on the effective existence of those components.

Tel-Aviv, Israel
March 15, 2018

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31, 2017	December 31, 2016
		NIS in millions	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		160	111
Short-term investments	5	332	338
Current investments of special purpose subsidiaries for covering ETNs and CDs	6	28,981	28,608
Loans to customers	7	592	509
Trade receivables	8	37	26
Other accounts receivable	9	21	21
Current taxes receivable		14	9
		30,137	29,622
Assets held for sale	11b	-	11
		30,137	29,633
NON-CURRENT ASSETS:			
Investments of provident fund members	23c(9)	95	93
Investments, loans and receivables	10	47	11
Investments, loans and capital notes in associates	11	21	24
Property, plant and equipment	12	40	42
Deferred taxes	30b	10	22
Intangible assets	13	1,150	1,066
		1,363	1,258
		31,500	30,891

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31, 2017	December 31, 2016
		NIS in millions	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of debentures	14	416	507
ETNs and CDs	15	28,329	28,104
Current liabilities of special purpose subsidiaries for covering ETNs and CDs	16	621	472
Liabilities for short sale of securities	17	29	53
Trade payables	18	70	60
Other accounts payable	19	122	98
Current taxes payable		12	7
		29,599	29,301
NON-CURRENT LIABILITIES:			
Loans from banks	20	106	117
Debentures	20	683	495
Liabilities to provident fund members	23c(9)	96	94
Liabilities for purchase of operations		22	34
Liabilities due to put options to non-controlling interests	20	-	4
Other accounts payable	21c(2)	18	21
Employee benefit liabilities	22	7	7
Deferred taxes	30b	41	51
		973	823
Total liabilities		30,572	30,124
EQUITY:	24		
Share capital		64	63
Share premium		561	559
Treasury shares		(52)	(54)
Capital reserve for share-based payment transactions		14	15
Retained earnings		179	134
Other reserves		36	(18)
Equity attributable to equity holders of the Company		802	699
Non-controlling interests		126	68
Total equity		928	767
		31,500	30,891

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

March 15, 2018			
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

	Note	Year ended December 31, 2017	2016	2015
		NIS in millions (except per share data)		
Revenue from management fees, commissions and other, net	26	818	749	736
Finance income from non-bank loans		56	26	-
Total revenues		874	775	736
Marketing, operating, general and administrative expenses	27	667	592	540
Operating income		207	183	196
Gain (loss) from securities held for Nostro portfolio investments, net		4	(1)	-
Finance income	28a	2	2	2
Finance expenses	28b	(32)	(33)	(28)
Other expenses, net	29	(16)	(24)	(20)
Company's share of earnings of companies accounted for at equity, net	11	5	6	3
Income before taxes on income		170	133	153
Taxes on income	30c	64	45	62
Net income for the year		106	88	91
Other comprehensive income (loss) (net of tax effect):				
Actuarial gain (loss) on defined benefit plans		1	(1)	-
Gain (loss) on cash flow hedges		-	1	(1)
Gain (loss) on available-for-sale financial assets		(1)	(1)	1
Total other comprehensive loss attributable to equity holders of the Company		-	(1)	-
Total comprehensive income		106	87	91
Net income attributable to:				
Equity holders of the Company		95	80	88
Non-controlling interests		11	8	3
		106	88	91
Comprehensive income attributable to:				
Equity holders of the Company		95	79	88
Non-controlling interests		11	8	3
		106	87	91
Earnings per share attributable to equity holders of the Company (in NIS):	32			
Basic earnings		1.47	1.24	1.38
Diluted earnings		1.43	1.23	1.38

The accompanying notes are an integral part of the 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
	NIS in millions								
Balance at December 31, 2014	63	559	(67)	8	60	(18)	605	2	607
Net income for the year	-	-	-	-	88	-	88	3	91
Other comprehensive income, net	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	88	-	88	3	91
Dividend declared and paid	-	-	2	-	(48)	-	(46)	-	(46)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(4)	(4)
Company's share-based payment	-	-	-	4	-	-	4	-	4
Net purchases of non-controlling interests	-	-	-	-	-	-	-	(1)	(1)
Issuance of capital to non-controlling interests	-	-	-	-	-	(3)	(3)	8	5
Non-controlling interests created in initially consolidated company	-	-	-	-	-	-	-	1	1
Net purchases of Company shares by subsidiaries	-	(1)	8	-	-	-	7	-	7
Balance at December 31, 2015	63	558	(57)	12	100	(21)	655	9	664
Net income for the year	-	-	-	-	80	-	80	8	88
Other comprehensive loss, net	-	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income (loss)	-	-	-	-	80	(1)	79	8	87
Dividend declared and paid	-	-	2	-	(46)	-	(44)	-	(44)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(5)	(5)
Company's share-based payment	-	-	-	3	-	-	3	-	3
Non-controlling interests created in business combination	-	-	-	-	-	-	-	54	54
Issuance of capital to non-controlling interests	-	-	-	-	-	4	4	2	6
Non-controlling interests created in subsidiary	-	-	-	-	-	-	-	1	1
Derecognition of non-controlling interests due to sale of subsidiary	-	-	-	-	-	-	-	(1)	(1)
Net purchases of Company shares by subsidiaries	-	1	1	-	-	-	2	-	2
Balance at December 31, 2016	63	559	(54)	15	134	(18)	699	68	767
Net income for the year	-	-	-	-	95	-	95	11	106
Other comprehensive income, net	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	95	-	95	11	106
Dividend declared and paid	-	-	2	-	(50)	-	(48)	-	(48)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(8)	(8)
Company's share-based payment	-	-	-	2	-	-	2	-	2
Net purchases of non-controlling interests	-	-	-	-	-	(9)	(9)	(6)	(15)
Exercise of employee options	1	2	-	(3)	-	-	-	-	-
Issuance of capital to non-controlling interests	-	1	-	-	-	63	64	62	126
Reduction of capital to non-controlling interests	-	-	-	-	-	-	-	(1)	(1)
Net purchases of Company shares by subsidiaries	-	(1)	-	-	-	-	(1)	-	(1)
Balance at December 31, 2017	64	561	(52)	14	179	36	802	126	928

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Cash flows from operating activities:			
Net income for the year	106	88	91
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Adjustments to the profit or loss items:			
Depreciation of property, plant and equipment	7	7	6
Amortization of intangible assets	49	36	29
Impairment loss of goodwill	3	20	-
Capital gain from obtaining of control of associates	-	(14)	-
Gain from sale of investment in associate	(1)	-	(1)
Capital gain from sale of investment in subsidiary	-	(6)	-
Amortization of deferred acquisition costs	9	7	6
Redemption of assets of special purpose subsidiaries, net	-	-	16
Decrease in liabilities of special purpose subsidiaries, net	-	-	(16)
Revaluation of investments to provident fund members	(2)	4	3
Revaluation of liabilities to provident fund members	2	(3)	(4)
Change in liabilities for purchase of operations	(1)	-	(1)
Revaluation of loans from banks	(1)	-	-
Gain from sale of available-for-sale financial asset	(2)	-	-
Gain from change in TASE equity rights	(22)	-	-
Revaluation of financial derivative measured at fair value through profit or loss	-	(1)	-
Company's share of earnings of companies accounted for at equity, net	(1)	(3)	(2)
Deferred taxes, net	11	(4)	16
Revaluation of debentures	(2)	(3)	(7)
Change in employee benefit liabilities, net	-	-	1
Loss (gain) from securities measured at fair value through profit or loss, net	(1)	3	1
Share-based payment	2	3	4
Revaluation of liabilities due to put options to non-controlling interests	1	-	1
	51	46	52

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	**2016**	**2015**
	NIS in millions		
Changes in asset and liability items attributable to ETNs operation:			
Revaluation of current investments of special purpose subsidiaries	(2,079)	(511)	101
Revaluation of ETNs and CDs	2,469	888	399
Change in assets, net	1,713	3,174	3,686
Change in liabilities, net	148	(122)	3
Change in ETNs, CDs and liability, net	(2,243)	(3,429)	(4,196)
Change in securities, net	12	50	122
Change in liabilities for short sale of securities	(22)	(27)	(132)
	(2)	23	(17)
Changes in asset and liability items:			
Loans to customers, trade receivables and other accounts receivable	(99)	(30)	34
Short-term credit from giving non-bank loans *)	(165)	40	-
Trade payables and other accounts payable	(12)	-	(34)
	(276)	10	-
Net cash provided by (used in) operating activities	(121)	167	126

*) See Note 20d.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Cash flows from investing activities:			
Change in short-term investments measured at fair value through profit or loss, net	13	6	(6)
Repayment of loan from investee	-	1	-
Purchase of property, plant and equipment	(5)	(5)	(3)
Purchase of intangible assets	(27)	(23)	(15)
Purchase of loans to customers	-	(13)	-
Proceeds from sale of assets held for sale	12	-	2
Repayment of liabilities in respect of business combination	(10)	(16)	-
Grant of long-term loan	(3)	-	(2)
Change in restricted deposits, net	(9)	8	(10)
Investment in companies accounted for at equity	(1)	(7)	(61)
Repayment of loan to company accounted for at equity	2	-	-
Merger of operation against issuance of capital note to non-controlling interests (b)	6	-	-
Acquisition of initially consolidated companies (c)	-	(11)	(2)
Sale of available-for-sale financial asset	1	-	-
Proceeds from sale of investment in previously consolidated subsidiary (d)	-	4	-
Net cash used in investing activities	(21)	(56)	(97)
Cash flows from financing activities:			
Issuance of Company debentures (net of issuance expenses)	141	-	143
Issuance of subsidiary's debentures (net of issuance expenses)	222	-	-
Change in treasury shareholdings	-	-	8
Dividend paid to equity holders of the Company	(48)	(44)	(46)
Dividend paid to non-controlling interests	(8)	(5)	(4)
Repayment of long-term liabilities	(2)	(2)	(2)
Repayment of Company debentures	(75)	(61)	(61)
Exercise of options in subsidiary	(4)	6	-
Purchase of non-controlling interests	(11)	-	(7)
Repayment of long-term loans from banks	(20)	(15)	(31)
Issuance of capital to non-controlling interests	13	-	-
Receipt of long-term loans from banks	-	20	-
Short-term credit from banks, net	(17)	21	(10)
Net cash provided by (used in) financing activities	191	(80)	(10)
Increase in cash and cash equivalents	49	31	19
Cash and cash equivalents at the beginning of the year	111	80	61
Cash and cash equivalents at the end of the year	160	111	80

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
(a) Additional information on cash flows from operating activities:			
Group operations, excluding ETNs operation:			
Cash paid during the year for:			
Interest	43	43	34
Taxes on income	32	45	29
Cash received during the year for:			
Interest	68	54	5
Taxes on income	5	3	11
ETNs operation:			
Cash paid during the year in ETNs operation for:			
Interest	7	6	5
Dividend	20	26	30
Cash received during the year in ETNs operation for:			
Interest	279	274	346
Dividend	234	172	219

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	**2016**	**2015**
	NIS in millions		
(b) Merger of operation against issuance of capital note to non-controlling interests			
Working capital (excluding cash and cash equivalents)	14	-	-
Intangible assets attributable to operations	(62)	-	-
Goodwill	(48)	-	-
Deferred taxes	(9)	-	-
Non-controlling interests	50	-	-
Total *)	(55)	-	-
*) Total for merger	(55)	-	-
Total against allocation of shares to non-controlling interests	61	-	-
Total cash provided by the merger	6	-	-
(c) Acquisition of initially consolidated companies:			
The subsidiaries' assets and liabilities on date of acquisition:			
Working capital (excluding cash and cash equivalents)	-	(73)	1
Prepaid expenses, investments and other receivables	-	(1)	-
Property, plant and equipment	-	(2)	-
Software	-	-	(2)
Intangible assets attributable to operations	-	(42)	(12)
Goodwill	-	(78)	(14)
Deferred taxes	-	8	4
Investment in associate on date of acquisition	-	81	-
Non-controlling interests	-	54	1
Total acquisition of subsidiaries and grant of loan to initially consolidated companies *)	-	(53)	(22)
*) Acquisition of initially consolidated companies	-	(53)	(22)
Total acquisition against share allocation	-	-	8
Unpaid amounts on the acquisition date in respect of initially consolidated companies	-	-	12
Total acquisition amount against liability for contingent consideration	-	42	-
	-	(11)	(2)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
(d) Sale of investment in previously consolidated subsidiary:			
Working capital (excluding cash and cash equivalents)	-	(1)	-
Non-controlling interests	-	(1)	-
Total assets and liabilities on date of sale	-	(2)	-
Total assets and liabilities on date of sale	-	(2)	-
Total capital gain from sale of subsidiary	-	6	-
	-	4	-
(e) Significant non-cash operations:			
Unpaid amounts in respect of initially consolidated company	-	-	12

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

NOTE 1:- GENERAL

a. Company description:

1. Meitav Dash Investments Ltd. ("the Company") was founded and began its operations in 1992. The Company operates, by itself and through its investees, in the capital market in the fields of financial asset management, including study funds, provident funds, pension funds, exchange-traded notes ("ETNs") and certificates of deposit ("CDs"), mutual funds and investment portfolios. In addition, the Group operates in other segments such as Stock Exchange membership and brokerage, insurance agencies, non-bank loans, distribution of foreign funds as well as operating a Capital Markets College.

2. The Company is a public company whose shares and issued debentures (series C) are traded on the Tel-Aviv Stock Exchange ("the TASE"). See Note 20 regarding series C issued debentures and debenture expansions.

3. On November 30, 2016, the Company signed an agreement with SPCs that are controlled by the global equity fund XIO Fund LP ("the Fund") for entering into a merger transaction whereby the Fund will acquire, through a SPC that is controlled by it ("the acquiree"), the entire issued and outstanding share capital of the Company by an invert triangle merge pursuant to the provisions of the Companies Law, 1999 ("the merger agreement" or "the transaction"). According to the merger agreement, after completion of the transaction, the Company was expected to become a private company that is wholly owned by the acquiree but remain a "reporting entity" because its debentures (series C) are traded on the TASE.

   According to the transaction, the Company's shares were supposed to be purchased from the Company's shareholders against payment of consideration according to one of the following alternatives, at the option of each of the shareholders: (a) the cash alternative - NIS 22 per share in cash; or (b) the second alternative - a combination of NIS 27.4 per share of which NIS 13.7 in cash ("the cash element in the second alternative") and NIS 13.7 in the form of one unquoted debenture for each share of the Company that will be issued by a wholly owned subsidiary of the Fund (indirectly) ("the debenture element in the second alternative"). Additional provisions were stipulated in the merger agreement regarding both alternatives, including additional adjustments and conditions.

   The Company had afforded the Fund several extensions for submitting the applications for the required regulatory approvals underlying the transaction and also agreed to the restructuring of control in the buyer.

NOTE 1:- GENERAL (Cont.)

a. Company description: (Cont.)

3. (Cont.)

On August 20, 2017 (a day before the last date for submitting applications for regulatory approvals), the XIO Group informed the Company of the expected structure of control in the Company after the transaction is completed based on which the Group intends to submit the applications for the regulatory approvals.

In keeping with the above, the Company delivered a written notice to the XIO Group whereby the structure of control presented by the XIO Group to the Company materially exceeds the new control outline agreed upon between the parties and represents a violation of the understandings reached between the parties in this context.

The last date for submitting applications for regulatory approvals elapsed and the XIO Group failed to submit the applications for regulatory approvals based on the new control outline.

Therefore, on August 21, 2017, the Company's Board convened and decided to cancel the merger agreement. Written notice of the cancellation of the merger agreement was immediately delivered to the XIO Group, without derogating from any other right conferred to the Company according to the merger agreement and pursuant to applicable law.

b. Definitions:

In these financial statements:

The Company	- Meitav Dash Investments Ltd.
The Group	- The Company and its investees.
Subsidiaries	- Companies in which the Company exercises control (as this term is defined in IFRS 10) and whose accounts are consolidated with those of the Company.
Associates	- Companies in which the Company has significant influence and that are not subsidiaries. The Company's investment therein is accounted for in the consolidated financial statements of the Company using the equity method.
Investees	- Subsidiaries or associates.
Interested parties and controlling shareholder	- As defined in the Israeli Securities Regulations (Annual Financial Statements), 2010.
Related parties	- As defined in IAS 24 (2009).

NOTE 1:- GENERAL (Cont.)

c. Dividend distribution policy:

According to the Company's dividend distribution policy, the Company may distribute to its shareholders a dividend accounting for at least 50% of net income according to the Company's consolidated financial statements.

The distribution is subject to the existence of distributable profits, as defined in the Israeli Companies Law, 1999 ("the Companies Law"), as well as to the provisions of other applicable laws and provided that such distribution does not impair the Company's business and/or operations. This decision does not derogate from the Company's Board's authority to amend the Company's dividend distribution policy as it considers appropriate from time to time or decide on additional dividend distributions within the legally allowed limits and provided that the Company's Board reports such decision as required by law.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Furthermore, the financial statements have been prepared in conformity with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

The Company's financial statements have been prepared on a cost basis, except for the following items:

- Derivatives and certain other financial instruments that are measured at fair value;
- Non-current assets held for sale;
- Deferred tax assets and liabilities;
- Employee benefit assets and liabilities;
- Investments accounted for at equity;
- Provisions;
- Liability in respect of cash-settled share-based payment transaction;
- Options to non-controlling interests;

The Company has elected to present the profit or loss items using the function of expense method.

b. The operating cycle:

The Company's operating cycle is one year.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries) and special purpose companies (SPCs) and are engaged in ETNs and liability certificate, debenture issuance and asset correlation operations. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in ownership interests while control is maintained is accounted for as a change in equity.

After loss of control, the Group derecognizes the subsidiary's assets and liabilities, any non-controlling interests and other components of equity that are attributable to the subsidiary. The difference between the proceeds and the derecognized balances is recognized in profit or loss in the item other income or expenses.

d. Business combinations and goodwill:

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date with the addition of non-controlling interests in the acquiree. In each business combination, the Company chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the acquisition date or at their proportionate share in the fair value of the acquiree's net identifiable assets.

Direct acquisition costs are carried to the statement of profit or loss as incurred.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Business combinations and goodwill: (Cont.)

In a business combination achieved in stages, equity interests in the acquiree that had been held by the acquirer prior to obtaining control are measured at the acquisition date fair value while recognizing a gain or loss resulting from the revaluation of the prior investment on the date of achieving control.

Contingent consideration is recognized at fair value on the acquisition date and classified as a financial asset or liability in accordance with IAS 39. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss or in the statement of comprehensive income. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent remeasurement.

Goodwill is initially measured at cost which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the resulting amount is negative, the acquirer recognizes the resulting gain on the acquisition date.

e. Investments in associates:

Associates are companies in which the Group has significant influence over the financial and operating policies without having control. The investment in an associate is accounted for using the equity method.

Under the equity method, the investment in the associate is presented at cost with the addition of post-acquisition changes in the Group's share of net assets, including other comprehensive income of the associate. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Goodwill relating to the acquisition of an associate is presented as part of the investment in the associate, measured at cost and not systematically amortized. Goodwill is evaluated for impairment as part of the investment in the associate as a whole.

The financial statements of the Company and of the associate are prepared as of the same dates and periods. The accounting policies applied in the financial statements of the associate are uniform and consistent with the policies applied in the financial statements of the Group.

The equity method is applied until the loss of significant influence in the associate or classification as investment held for sale.

On the date of loss of significant influence or joint control, the Group measures any remaining investment in the associate or the joint venture at fair value and recognizes in profit or loss the difference between the fair value of any remaining investment plus any

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Investments in associates: (Cont.)

proceeds from the sale of the investment in the associate or the joint venture and the carrying amount of the investment on that date.

f. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

   The presentation currency of the financial statements is the NIS.

2. Index-linked monetary items:

   Monetary assets and liabilities linked to the changes in the Israeli Consumer Price Index ("CPI") are adjusted at the relevant index at each reporting date according to the terms of the agreement.

g. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

h. Short-term investments:

Short-term bank deposits are deposits with an original maturity of more than three months from the date of investment and which do not meet the definition of cash equivalents. The deposits are presented according to their terms of deposit.

i. Allowance for doubtful accounts:

The allowance for doubtful accounts is determined in respect of specific debts whose collection, in the opinion of the Company's management, is doubtful. Impaired debts are derecognized when they are assessed as uncollectible. The Group did not recognize an allowance in respect of groups of customers that are collectively assessed for impairment since it did not identify any groups of customers which bear similar credit risks.

As for determining the allowance for doubtful accounts in a subsidiary that is engaged in lending non-bank loans, see Note 3k.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Non-current assets or disposal group held for sale:

Non-current assets or a disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Company must be committed to sell, there must be a program to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification. From the date of such initial classification, these assets are no longer depreciated and are presented separately as current assets at the lower of their carrying amount and fair value less costs to sell.

k. Revenue recognition:

Revenues are recognized in the statement of profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. When the Company acts as a principal and is exposed to the risks associated with the transaction, revenues are presented on a gross basis. When the Company acts as an agent and is not exposed to the risks and rewards associated with the transaction, revenues are presented on a net basis. Revenues are measured at the fair value of the consideration less any trade discounts.

Following are the specific revenue recognition criteria which must be met before revenue is recognized:

1. Revenues from consulting services, management services and insurance commissions are carried to profit or loss over the service period.

2. a) Revenues from commissions relating to customer portfolios and other security brokerage services are recognized when the service is rendered and presented on a net basis in profit or loss since the Company acts as an agent and is not exposed to any of the risks or rewards associated with the transaction.

   b) Revenues from asset management services are recognized over the service period on an accrual basis.

3. A subsidiary carries a provision for reimbursement of management fees to members in keeping with its obligations pursuant to agreements and according to estimates based on past experience.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Revenue recognition: (Cont.)

4. Interest income:

Interest income is recognized on an accrual basis using the effective interest method. Finance income on trade transactions in deferred deliverables are recognized using the effective interest method. The interest is computed according to this method for the relative portion that has accrued from the date of the trade transaction in deferred deliverables to the end of the reporting year.

5. Revenues from dividends:

Revenues from dividends from investments in shares classified as available-for-sale financial assets are recognized when the right to receive the dividends is established.

l. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years plus gain tax as defined in the VAT Law for those subsidiaries that are financial institutions.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Taxes on income: (Cont.)

2. Deferred taxes: (Cont.)

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

m. Leases:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17. Leases in which substantially all the risks and rewards of ownership of the leased asset are not transferred to the Group are classified as operating leases. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

A lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the Group is classified as a finance lease. At the commencement of the lease term, the leased asset is measured at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

n. Property, plant and equipment:

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation and less accumulated impairment losses and excluding day-to-day servicing expenses.

Depreciation of assets is calculated on a straight-line basis to reduce their cost or their estimated value to residual value over their estimated useful lives as follows:

	%	Mainly %
Computers and peripheral equipment	25 - 33	
Office furniture and equipment	6 - 15	6
Leasehold improvements	see below	

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

n. Property, plant and equipment: (cont.)

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) and the expected life of the improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

o. Intangible assets:

Separately acquired intangible assets are measured on initial recognition at cost including direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortized systematically over its useful life.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Intangible assets: (Cont.)

Amortization expenses in respect of intangible assets with a finite useful life are carried to profit or loss on a straight-line basis or over the declining sum of the years' digits method as follows:

	Straight-line method	Declining sum of the years' digits method
Customer relations	4 - 15	1.5 - 13
Excess cost attributable to provident and pension fund management	12 - 15	13
Excess cost attributable to portfolio and mutual fund management	7	1 - 5 (mainly 1)
Excess cost attributable to TASE member customer base		7
Excess cost attributable to brokerage operation customer base		7
Excess cost attributable to other operations' customer base		4 - 6
Excess costs attributable to Tachlit trademark	0.5 - 10	
Brand name	13 - 15	
Non-competition	1 - 3	
Other	5 - 7	
Software	3 - 4	

Software:

The Group's assets include computer systems comprising hardware and software. Software forming an integral part of the hardware to the extent that the hardware cannot function without the programs installed on it is classified as property, plant and equipment. In contrast, stand-alone software that adds functionality to the hardware is classified as an intangible asset.

An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the ability to measure reliably the respective expenditure asset during its development.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Impairment of non-financial assets: (Cont.)

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

The following unique criteria are applied in assessing impairment of these specific assets:

1. Goodwill in respect of subsidiaries:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated on the date of acquisition to each of the Group's cash-generating units that are expected to benefit from the business combination.

The Company reviews goodwill for impairment once a year, on December 31, or more frequently if events or changes in circumstances indicate that there is an impairment.

Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill has been allocated. An impairment loss is recognized if the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is less than the carrying amount of the cash-generating unit (or group of cash-generating units). Any impairment loss is allocated first to goodwill. Impairment losses recognized for goodwill cannot be reversed in subsequent periods.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Impairment of non-financial assets: (Cont.)

2. Investment in associate:

After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the investment in associates. The Company determines at each reporting date whether there is objective evidence that the carrying amount of the investment in the associate is impaired. The test of impairment is carried out with reference to the entire investment, including the goodwill attributed to the associate.

q. Financial instruments:

1. Financial assets:

Financial assets within the scope of IAS 39 are initially recognized at fair value plus direct transaction costs, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

After initial recognition, the accounting treatment of financial assets is based on their classification as follows:

a) Financial assets at fair value through profit or loss:

This category includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

The Group assesses the existence of an embedded derivative and whether it is required to be separated from a host contract when the Group first becomes party to the contract. Reassessment of the need to separate an embedded derivative only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Derivatives, including embedded derivatives separated from the host contract, are classified as held for trading unless they are designated as effective hedging instruments.

In the event of a financial instrument that contains one or more embedded derivatives, the entire combined instrument is designated as a financial asset at fair value through profit or loss only upon initial recognition.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

1. Financial assets: (Cont.)

b) Loans and receivables:

Loans and receivables are investments with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans are measured based on their terms at amortized cost plus direct transaction costs using the effective interest method and less any impairment losses. Short-term borrowings are measured based on their terms, normally at face value.

c) Available-for-sale financial assets:

Available-for-sale financial assets are (non-derivative) financial assets that are designated as available for sale or are not classified in any of the preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from fair value adjustments, except for interest, exchange rate differences that relate to debt instruments and dividends from an equity instrument, are recognized in other comprehensive income. When the investment is disposed of or in case of impairment, the other comprehensive income (loss) is transferred to profit or loss.

2. Financial liabilities:

Financial liabilities are initially recognized at fair value. Loans and other liabilities measured at amortized cost are presented less direct transaction costs.

After initial recognition, the accounting treatment of financial liabilities is based on their classification as follows:

a) Financial liabilities at amortized cost:

After initial recognition, loans and other liabilities are measured based on their terms at amortized cost less direct transaction costs using the effective interest method. The amortization of effective interest is carried to profit or loss under financing.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

2. Financial liabilities: (Cont.)

b) Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss, including short sale of securities, include financial liabilities classified as held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments.

The Group assesses the existence of an embedded derivative and whether it is required to be separated from a host contract when the Group first becomes party to the contract. Reassessment of the need to separate an embedded derivative only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

A liability may be designated upon initial recognition at fair value through profit or loss, subject to the provisions of IAS 39.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

3. Fair value:

a) Financial instruments traded in an active market:

The fair value of these instruments is determined based on market prices as of the reporting date.

b) Financial instruments with no active market:

The fair value of these instruments is determined using valuation techniques. These techniques include reliance on recent arm's length transactions, reference to the current market value of similar instruments, discounted cash flows or other valuation methods.

c) Financial instruments used in asset-backed ETNs:

1) The fair value of instruments traded in several active markets is determined at the price in the active market that is the most relevant for measuring the assets based on the value of these assets which is embedded in the measurement of the relevant liability.

2) The fair value of instruments whose price is determined during intervals in relation to the measurement of the respective liability is determined according to the calculation of the value of the asset embedded in the measurement of the liability in respect of the relevant ETN.

4. Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

5. Put option granted to non-controlling interests:

When the Group grants non-controlling interests a put option to sell all or part of their interests in a subsidiary over a certain period, the Company adopts one of the two following approaches:

a) If the parent has a present ownership interest in shares subject to the put option, on the grant date, the non-controlling interests are classified as a financial liability. At each reporting date, the financial liability is measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put option whereas the non-controlling interests are accounted for as if they were held by the Group. In subsequent periods, the revaluation of the liability is carried to profit or loss.

b) If the parent does not have a present ownership interest in shares subject to the put option, it does not derecognize the non-controlling interests but rather presents them in equity and concurrently records a liability for the option which is derecognized from equity attributable to equity holders of the parent. Changes in the liability are carried to profit or loss.

6. Derecognition of financial instruments:

a) Financial assets:

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company transfers its rights to receive cash flows from an asset and neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset. When continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

6. Derecognition of financial instruments: (Cont.)

b) Financial liabilities:

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the debtor (the Group) discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

7. Liability for ETNs and CDs:

The liabilities for ETNs and CDs are initially recognized at their liability value representing adjusted cost and less issuance expenses. These liabilities are presented in each reporting period at their liability value which is calculated based on their issuance terms less the outstanding unamortized issuance expenses. Gains and losses are measured through profit or loss. Liabilities in respect of ETNs and CDs represent a compound financial instrument which consists of a host contract and an embedded derivative. According to IAS 39, separate accounting treatment and measurement must be exercised for the host contract (ETNs which constitute zero-coupon loan and CDs which constitute a loan) and for the embedded derivative (which constitutes a forward transaction on the index to which the ETNs are linked and CDs and the currency to which they are linked). According to IAS 39, the host contract relating to the ETNs and CDs does not require separate presentation of each of the compound instrument's components. The Company believes that presenting the components of the ETNs and the CDs collectively best reflects the economic substance of the liability in respect of the ETNs and certificates.

According to IAS 39, embedded derivatives included in compound financial instruments are presented at fair value. Changes in fair value are carried over the life of the ETNs and CDs in profit or loss. The fair value of the embedded derivatives on the date of issuance of the ETNs and CDs is deemed as zero. Accordingly, the issuance expenses of ETNs and CDs are proportionately allocated between the embedded derivatives and the host contracts. Since the value of the embedded derivatives is negligible, the majority of issuance expenses were allocated to the host contract (zero coupon loan).

Moreover, costs of issuance of ETNs and CDs are amortized on a straight-line basis over the life of the ETNs and CDs. Liabilities in respect of ETNs and CDs are initially recognized at liability value.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

8. Assets and liabilities of special purpose subsidiaries:

The statement of financial position comprises assets and liabilities of special purpose subsidiaries. The assets are presented at fair value in current assets and non-current assets and are used in meeting the Group's liabilities based on the terms of the ETNs and certificates issued by the Company's special purpose subsidiaries in the context of prospectuses. The assets mainly include foreign currency corporate debentures which are pledged in favor of the trustees of the holders of the notes and certificates. The liabilities of the special purpose subsidiaries are presented in current and non-current liabilities in correlation to the assets.

9. Impairment of financial assets:

The Group assesses at the end of each reporting period whether there is any objective evidence of impairment of a financial asset or group of financial assets as follows:

a) Financial assets carried at amortized cost:

Objective evidence of impairment exists when one or more events that have occurred after initial recognition of the asset have a negative impact on the estimated future cash flows. The amount of the loss recorded in profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate is the current effective interest rate. In a subsequent period, the amount of the impairment loss is reversed if the recovery of the asset can be related objectively to an event occurring after the impairment was recognized. The amount of the reversal, up to the amount of any previous impairment, is recorded in profit or loss.

b) Available-for-sale financial assets:

For equity instruments classified as available-for-sale financial assets, evidence of impairment includes a significant or prolonged decline in the fair value of the asset below its cost and evaluation of changes in the technological, economic or legal environment or in the market in which the issuer of the instrument operates. The determination of a significant or prolonged impairment depends on the circumstances at each reporting date. In making such a determination, historical volatility in fair value is considered, as well as a decline in fair value of 20% or more, or a decline in fair value whose duration is six months or more.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Financial instruments: (Cont.)

9. Impairment of financial assets: (Cont.)

b) Available-for-sale financial assets: (Cont.)

Where there is evidence of impairment, the cumulative loss recorded in other comprehensive income is reclassified to profit or loss. In subsequent periods, any reversal of the impairment loss is recognized in other comprehensive income.
For debt instruments classified as available-for-sale financial assets, evidence of impairment includes one or more events that have occurred after the date of the investment in the asset and which have a negative impact on the estimated future cash flows. Where there is evidence of impairment, the cumulative loss recorded in other comprehensive income is recognized as an impairment loss in profit or loss. In a subsequent period, the amount of the impairment loss is reversed if the increase in fair value can be related objectively to an event occurring after the impairment was recognized. The amount of the reversal, up to the amount of any previous impairment, is recorded in profit or loss.

r. Derivative financial instruments designated as hedges:

The Group enters into contracts for derivative financial instruments such as forward currency contracts and interest rate swaps to hedge risks associated with foreign exchange rate and interest rate fluctuations.

Any gains or losses arising from changes in the fair values of derivatives that do not qualify for hedge accounting are recorded immediately in profit or loss.

Hedges qualify for hedge accounting, among others, when at inception of the hedging relationship there is a formal designation and documentation of the hedging relationship and of the Group's risk management objective and strategy for undertaking the hedge. Hedges are assessed on an ongoing basis to determine whether they are highly effective during the reporting period for which the hedge is designated. Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

Derivatives used as cash flow hedges are presented in the financial statements at fair value.

Changes in the fair value which effectively protect the cash flow hedges are recognized as follows:

Amounts in respect of the hedging instrument are recognized in profit or loss in the reporting period in which the expenses in respect of the hedged instrument are recognized.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. Derivative financial instruments designated as hedges: (cont.)

Changes in the fair value of the hedging instrument which effectively hedge unrecognized cash flows are carried to equity and included in comprehensive income.

Changes in fair value which do not constitute an effective hedge are carried immediately to profit or loss.

s. Treasury shares:

Company shares held by the Company and/or subsidiaries are recognized at cost of purchase and presented as a deduction from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

t. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, a third party indemnification liability and etc., the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

Following are the types of provisions included in the financial statements:

Legal claims:

A provision for claims is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Group to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Onerous contracts:

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group from the contract. The provision is measured at the lower of the present value of the anticipated cost of exiting from the contract and the present value of the net anticipated cost of fulfilling it.

Levies:

Levies imposed on the Company by government entities through legislation, are accounted for pursuant to IFRIC 21 according to which the liability for the levy is recognized only when the activity that triggers payment occurs.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

u. Employee benefit liabilities:

The Group has several employee benefit plans:

1. Short-term employee benefits:

Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

2. Post-employment benefits:

The plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans.

The Group has defined contribution plans pursuant to section 14 to the Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed concurrently with performance of the employee's services.

The Group also operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds in NIS with a term that is consistent with the estimated term of the severance pay obligation. The computation is done by a qualified actuary.

In respect of its severance pay obligation to certain of its employees, the Company makes current deposits in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

u. Employee benefit liabilities: (Cont.)

2. Post-employment benefits: (Cont.)

The liability for employee benefits shown in the statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets.

Remeasurements of the net liability are recognized in other comprehensive income in the period in which they occur.

v. Share-based payment transactions:

The Group's employees/other service providers are entitled to remuneration in the form of the Company's and/or subsidiaries' equity-settled share-based payment transactions.

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model. As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted. If the fair value of the services received in return for equity instruments cannot be measured, it is measured at the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award ("the vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

w. IFRS 8, "Operating Segments" ("IFRS 8"):

According to IFRS 8, when reporting the financial performances of the operating segments, the Company applies the management approach. Segment information is the information used by management internally for evaluating segment performances and for making decisions on allocating resources to the operating segments.

An operating segment is a Group component which meets the following three conditions:

1. It is engaged in business activities which yield revenues and incur expenses, including revenues and expenses attributable to intercompany transactions in the Group;

2. Its operating results are regularly reviewed by the Group's chief operating decision maker ("CODM") in making decisions regarding resource allocation and performance evaluation;

3. There is available separate financial information regarding the segment.

x. Earnings per share:

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.

Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

y. Investments of provident fund members and liabilities to provident fund members:

A subsidiary, Meitav Dash Provident, has undertaken towards its members to supplement the yield determined in the articles of association of Meitav Dash Security Fund under yield-guaranteed tracks (4.5% and 5.5% real yield).

According to an agreement signed with the Ministry of Finance, the yield-guaranteed fund deposited amounts that are linked to the CPI and bear annual interest of 4.95% and 5.95%, respectively. It was also agreed that at all times, the amounts of the deposits in the State Treasury will not exceed 85% of the balance of the yield-guaranteed fund's assets and/or of the balance of the fund's liabilities, whichever is lower, in respect of the members whose yield has been guaranteed. If the amounts of the deposits exceed the above rate, the fund will repay the surplus yield to the State Treasury, as defined in the agreement.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

z. Reclassification:

The Company reclassified certain comparative figures in immaterial amounts in the statement of financial position and in the statement of cash flows in order to adapt them to the current period's presentation. The reclassification has no effect on total income for the year.

aa. Disclosure of new IFRSs in the period prior to their adoption:

IFRS 9, "Financial Instruments":

In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 mainly focuses on the classification and measurement of financial assets and it applies to all assets in the scope of IAS 39.

According to IFRS 9, all financial assets are measured at fair value upon initial recognition. In subsequent periods, debt instruments are measured at amortized cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets should be at fair value. IFRS 9 establishes a distinction between debt instruments to be measured at fair value through profit or loss and debt instruments to be measured at fair value through other comprehensive income.

Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognized in profit or loss or in other comprehensive income (loss), in accordance with the election by the Company on an instrument-by-instrument basis. If equity instruments are held for trading, they should be measured at fair value through profit or loss.

According to IFRS 9, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected. According to the Standard, changes in fair value of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

aa. Disclosure of new IFRSs in the period prior to their adoption: (Cont.)

IFRS 9, "Financial Instruments": (Cont.)

The new Standard also prescribes new hedge accounting requirements but allows entities to continue adopting the provisions of IAS 39 regarding hedge accounting. The new Standard expands the disclosure requirements of an entity's risk management activities.

The new Standard is to be applied for annual periods beginning on January 1, 2018.

The Company plans to adopt the new Standard on January 1, 2018 without restatement of comparative figures.

A subsidiary which operates in the non-bank credit market has examined the expected impact of the new Standard on the financial statements regarding the new model for testing the impairment of financial assets based on expected credit losses. Since the majority of the Group's financial assets consist of customer credit which matures in the next 12 months, the subsidiary estimated the weighted average credit losses with the probability of default in the next 12 months based on past experience and probability-weighted amounts that are determined by evaluating a range of possible outcomes. With respect to non-current trade receivables, the subsidiary examined whether there has been a significant increase in the customer's credit risk from the date of initial recognition and recognized the weighted probability of default over the asset's lifetime. Based on the subsidiary's estimation, as of December 31, 2017, the allowance for doubtful accounts is expected to grow by an amount of approximately NIS 0.9 million which will be recorded in the subsidiary against a reduction in retained earnings.

The subsidiary operating in the ETN segment will continue to classify the financial assets backing the ETN liabilities under the fair value through profit or loss category and on the transition date will also classify the cash and cash equivalents and short-term bank deposits under the fair value through profit or loss category, as allowed by the transition provisions of IFRS 9.

The Group has evaluated the implications of the adoption of the new Standard, and, excluding the aforementioned, estimates that its adoption is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers":

IFRS 15 replaces previously issued guidance regarding revenue recognition and introduces a new model for recognizing revenue earned from contracts with customers. IFRS 15 prescribes two revenue recognition approaches: over time or at a point in time. The model consists of five steps for analyzing transactions in order to determine the timing and amount of revenue recognition. IFRS 15 also establishes new and more extensive disclosure requirements than currently practiced.

IFRS 15 is to be applied retrospectively for annual periods beginning on January 1, 2018.

After having evaluated the effects of the application of IFRS 15, the Company believes that it is not expected to have a material effect on the Company's financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

aa. Disclosure of new IFRSs in the period prior to their adoption: (Cont.)

IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases" ("the Standard") according to which a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

According to the Standard, lessees are required to recognize an asset and a corresponding liability in the statement of financial position in respect of all leases (except in certain cases) similar to the accounting treatment of finance leases according to the existing IAS 17, "Leases".

Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset. Lessees will also recognize interest and depreciation expenses separately.

Variable lease fees that are not index or interest linked and are based on performance of use will be recognized as an expense by the lessees or as income by the lessors when incurred.

In the event of any change in index-linked variable lease fees, the lessee will reevaluate the lease obligation and carry the effect of the change to right-of-use asset.

The Standard includes two exceptions which permit lessees to apply the existing accounting treatment of operating leases: for leases whose underlying asset is of low value and for leases with a term of up to one year.

The accounting treatment by lessors remains substantially unchanged, namely classification of a lease as a finance lease or an operating lease.

The Standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. At this stage, the Company does not intend to early adopt the Standard.

The Standard provides different alternatives for applying the transition provisions that can be chosen on the date of initial adoption: full retrospective approach according to which the effect of the adoption of the Standard at the beginning of the earliest period presented will be carried to equity and the Company will restate the comparative figures in its financial statements, and modified retrospective approach which does not require restatement of comparative data. The balance of the liability as of the date of first-time adoption of the Standard will be calculated using the existing discount rate on the date of first-time adoption. As for the outstanding right-of-use asset, the Company may apply one of the two following alternatives to account for each lease separately

The Company is evaluating the possible effect of the Standard but is presently unable to quantify its impact on the financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

aa. Disclosure of new IFRSs in the period prior to their adoption: (Cont.)

IFRIC 23, "Uncertainty over Income Tax Treatments":

In June 2017, the IASB issued IFRIC 23, "Uncertainty over Income Tax Treatments" ("the Interpretation"). The Interpretation clarifies the rules of recognition and measurement of assets or liabilities in accordance with the provisions of IAS 12, "Income Taxes", in situations of uncertainty involving income taxes. The Interpretation provides guidance on considering whether some tax treatments should be considered collectively, examination by the tax authorities, measurement to reflect uncertainty involving income taxes in the financial statements and accounting for changes in facts and circumstances underlying the uncertainty.

The Interpretation is to be applied in financial statements for annual periods beginning on January 1, 2019. Early adoption is permitted.

The Company does not expect the Interpretation to have any material impact on the financial statements.

bb. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

bb. Fair value measurement: (Cont.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

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:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Group has made judgments which have the most significant effect on the amounts recognized in the financial statements. The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Legal claims:

In estimating the likelihood of outcome of legal claims filed against investees, the companies rely on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

a. Legal claims: (Cont.)

The investee's management examines the potential of settling claims whose chances cannot be assessed and which are directly handled by the Group's legal advisors before the legal proceedings are concluded and records a provision in respect thereof if a reliable estimate can be made. If the subsidiary's management decides that it has no intention to settle the legal claims before the court and/or arbitration proceedings are concluded, no provision is included until an evaluation of the chances of the claims are obtained from the legal advisors that directly handle the claims.

When the chances of the claims handled directly by the Group's legal advisors can be evaluated and it is more likely than not that the investee has a present legal or constructive obligation in respect thereof, a provision is recorded if it is expected that the investee will be required to expense financial resources to settle the obligation which can be measured reliably. When the time value effect is material, the provision is measured at its present value.

b. Impairment of goodwill:

The Group reviews goodwill for impairment at least once a year. This requires management to make an estimate of the projected future cash flows from the continuing use of the cash-generating unit (or a group of cash-generating units) to which the goodwill is allocated and also to choose a suitable discount rate for those cash flows.

c. Deferred acquisition costs:

Commissions paid to agents and acquisition supervisors for the acquisition of pension and provident fund asset management contracts are recorded as deferred acquisition costs ("DAC") if they can be separately identified and reliably measured and it their recovery is expected through management fees. The DAC are amortized over the estimated period of generating revenues from management fees.

According to the Company's estimate, the DAC amortization period is six years for provident contracts and 10 years for pension contracts.

The Group reviews the recoverability of DAC every reporting period based on the entire pension and provident contract portfolio. If the related DAC cannot be recovered, the accelerated amortization of DAC may be required or even the derecognition of DAC.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

d. Impairment of available-for-sale financial assets:

The Group assesses at each reporting date whether there is objective evidence that the asset has been impaired and an impairment loss has been incurred. In evaluating impairment, the Group makes judgments as to indicators of objective evidence relating to the extent of the percentage of decline in fair value and of the duration of the period of the decline in fair value.

e. Deferred tax assets:

Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and amount of future taxable income. See additional information in Note 30b below.

f. Pension and other post-employment benefits:

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The valuation involves making assumptions about, among others, the discount rate, rate of salary increase and employee turnover rate. The carrying amount of the liability may be significantly affected by changes in these estimates.

g. Determining the fair value of an unquoted financial instrument:

The fair value of unquoted financial instruments classified at Level 3 in the fair value hierarchy is determined as follows: for loans and debentures - using future cash flows discounted at current rates applicable for items with similar terms and risk characteristics; for warrants - based on a customary valuation model. Changes in estimated future cash flows and estimated discount rates, after consideration of risks such as liquidity risk, credit risk, volatility and applicable standard deviation, are liable to affect the fair value of these assets.

h. Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price and exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

i. Provision for onerous contracts:

The provision for onerous contracts has been calculated based on the Company's estimate of the expected gap between the income from subleases and the Company's liability according to existing contracts. The gap is affected by the expected date of subleasing the offices and the rental income that will be received.

j. Provision for reimbursement of management fees:

The provision for the reimbursement of management fees to members of provident funds were calculated based on the Company's estimate which relies, among others, on past experience and the directives of the Ministry of Finance's circulars.

k. Allowance for doubtful accounts:

The allowance for doubtful accounts is assessed at each reporting date and until the date of the approval of the financial statements and is recognized when there is objective evidence of risk that the Company will not be able to collect the amounts to which it is entitled. In each case of objective evidence or an indication of non-compliance with the deliverable, a discussion is held for each specific amount at risk, in which the receivable is examined, the borrower of the deliverable and its financial condition, the collaterals and the history of agreements, if any.

According to the Company's policy, besides the examination of other loss events, the Company examines on the above dates all the debts on an individual basis, with respect to debts over 90 days past due but not collected close to the date of the approval of the financial statements and contemplates to create an allowance for doubtful accounts and creates an allowance accordingly. In addition, the group of financial assets for which there is no objective evidence of impairment is examined separately close to the date of publication of the financial statements. Part of this group that was not repaid as of the date of the additional examination is collectively assessed for impairment based on the Company's experience.

If such objective evidence exists, the Company accounts as follows:

The amount of the loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows from the asset discounted at the original effective interest rate of the financial asset (i.e., the effective interest rate calculated on initial recognition in the financial statements). When estimating the future cash flows from the asset, the Company does not take into account any future credit losses that have not yet been incurred or indemnifications expected to be received from the insurance company. The amount of the loss is reported in profit or loss.

l. Contingent liability for business combinations:

The Company measures the fair value of contingent liabilities for business combinations based on the evaluation of the total outstanding payments as determined in the acquisition agreement, discounted at the original effective interest rate on the business combination date. Changes in fair value are carried to profit or loss.

NOTE 4:- SUBSIDIARIES

a. Business combinations:

1. Camalia Capital Market Ltd.:

On January 3, 2013, 60% of the share capital of Camalia Capital Market Ltd. ("Camalia") were acquired. Camalia mainly provided foreign security trading services to institutional entities, hedge funds and foreign traders of securities. Moreover, an option agreement was signed according to which the Company received call options (which are exercisable in two portions) to purchase the interests of Camalia's shareholders ("Camalia's minority shareholders") on certain dates as determined in the agreement for a price that reflects a multiple of Camalia's EBITDA on the date of exercise of the option as per the agreement. If said call options are not exercised, Camalia's minority shareholders will have a put option to sell their entire holdings at the same exercise price. According to the option agreement, once the merger between Camalia and Meitav Dash Brokerage Ltd., a wholly-owned subsidiary of the Company ("Meitav Dash Brokerage"), is completed as described below, the options will apply to the minority shares in the merged company under the necessary adjustments. The merger was completed in late 2015.

On May 26, 2015, the Company exercised the first call option. Following the completion of the acquisition, the Company held 66.77% of the outstanding share capital of Meitav Dash Brokerage.

On July 10, 2017, the Company signed a share sale agreement with Camalia's minority shareholders according to which the latter sold their entire interests in Meitav Dash Brokerage to the Company (in this context, the call and put options were cancelled). As of December 31, 2017, following the completion of the agreement, the Company holds about 81.3% of the share capital of Meitav Dash Brokerage. The Company paid a net amount of approximately NIS 4 million in consideration for the shares (after offsetting payments for liabilities for indemnification and settlement of loans).

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

2. Benny Sarid Insurance Agency (2009) Ltd.:

On February 1, 2016, Sela Insurance Agency Ltd. ("Sela") entered into an agreement with Benny Sarid Insurance Agency (2009) Ltd. ("Sarid Agency") and Mr. Sarid, the sole shareholder of Sarid Agency, according to which, subject to the fulfillment of the suspending conditions stipulated therein (which were met at the end of the first quarter of 2016), Sela acquired from Mr. Sarid all its shares in Sarid Agency in consideration of approximately NIS 1.6 million and additional quarterly payments, as set in the agreement, over a three-year period from the closing date of the transaction, which are derived from Sarid Agency's future revenues. On December 31, 2016, Sarid Agency was merged into Sela and its entire assets, liabilities and employees were transferred to Sela through Sarid Agency's dissolution without liquidation, all under tax exemption pursuant to Article 103b to the Israeli Income Tax Ordinance.

The approval received from the Tax Authority determines that for the implementation of the provisions of article 103h to the Ordinance, since the merger date, the losses of the transferring company (Sarid Agency) or the receiving company (Sela) are deductible against the income of the receiving company provided that in any tax year the amount deductible is the lower of less than 14.3% (spread over 7 years) of total losses of the transferring company and the receiving company and 50% of the taxable income of the receiving company in a given tax year, before offsetting losses from previous years.

3. A-Broker Trade & Securities Ltd.:

On January 26, 2016, Meitav Dash Trade Ltd. ("Meitav Dash Trade") acquired the activity of A Broker Trade & Securities Ltd. ("A-Broker") which operates in the same segment as Meitav Dash Trade and in the market making industry. In addition, a tax ruling was obtained from the Tax Authority that regulates the way losses from securities are offset for withholding tax purposes in respect of customer portfolios transferred in 2016.

In consideration for the acquisition of the activity, an amount of approximately NIS 13.7 million was paid, of which an amount of approximately NIS 12.4 million is attributed to A-Broker's portfolio of loans to customers which was fully transferred to Meitav Dash Trade and was secured by A Broker's customer securities portfolios acquired in the transaction.

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

4. Peninsula Group Ltd.:

On May 8, 2016, the Company issued a purchase offer for up to 9,735,957 Ordinary shares of Peninsula Group Ltd. ("Peninsula"), representing, as of that date, 7.7% of Peninsula's issued and outstanding share capital (7.25% on a fully diluted basis). The last date of acceptance was scheduled for June 14, 2016 and was extended to June 27, 2016.

According to the revised purchase offer, the Company offered to purchase the offered shares from the optionees at a price of NIS 1.5 per share.

On June 27, 2016, the purchase offer was accepted in full and on July 3, 2016, the Company purchased 9,735,957 Ordinary shares of Peninsula in consideration of approximately NIS 14.6 million.

On July 3, 2016, a shareholders' agreement was signed between the Company and Mr. Micha Avni, a shareholder in Peninsula who also serves as Peninsula's CEO and a director therein, in order to establish the parties' legal relations in their capacity as shareholders in Peninsula. The agreement settles the parties' manner of voting on the appointment of directors on Peninsula's Board such that the Company will have the right to recommend the appointment of the majority of directors on Peninsula's Board, make certain material decisions that require special majority of Board members (mainly restructuring Peninsula's business operations and conducting material transactions for the sale or acquisition of operations), make decisions that require early consultation between the parties before presented in general meetings of Peninsula's shareholders (including changing Peninsula's dividend distribution policy) and Mr. Avni's tag-along right to join the sale of shares of Peninsula by the Company under certain circumstances.

In view of the aforementioned, effective from July 3, 2016, the Company started to consolidate Peninsula's accounts. In the context of the business combination, the Company recorded a capital gain of approximately NIS 13.2 million in the third quarter of 2016.

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

4. Peninsula Group Ltd.: (Cont.)

Below are the identifiable assets purchased and liabilities assumed:

	NIS in millions
Current assets:	
Cash and cash equivalents	12
Loans to customers	450
Other accounts receivable	2
	464
Non-current assets:	
Property, plant and equipment and other receivables	2
Intangible assets	9
Goodwill	46
Total assets	521
Current liabilities:	
Credit from banks and others	366
Current taxes payable	1
Other accounts payable	4
	371
Deferred tax reserve	1
Total liabilities	372
Net assets	149
Non-controlling interests	(54)
Fair value of former holdings in associate	(80)
Consideration paid for obtaining control	15

The Group measures the non-controlling interests that confer present ownership interests and entitle their holders a pro rata share of the entity's net assets upon liquidation (Ordinary shares) arising from the acquisition at their proportionate share in the acquiree's net identifiable assets. Non-controlling interests in respect of marketable share options were measured at fair value based on their market price and share options to employees were measured at fair value determined based on the Black & Scholes model.

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

4. Peninsula Group Ltd.: (Cont.)

On June 13, 2017, Peninsula issued 10,200 thousand shares of NIS 0.1 par value each according to a shelf offering report issued by Peninsula on June 11, 2017, which was based on the shelf prospectus issued by Peninsula on January 27, 2016. The total proceeds from the share issuance amounted to approximately NIS 25 million. In the context of the issuance, the Company purchased 4,657 thousand shares in consideration of approximately NIS 12 million and an amount of approximately NIS 13 million was added to non-controlling interests.

In the course of November and December of 2017, the Company purchased 5,171 thousand Ordinary shares of NIS 0.1 par value each of Peninsula in consideration of approximately NIS 10.6 million. As of the date of approval of the financial statements, the Company holds 75,202 thousand Ordinary shares of Peninsula which account for about 52.23% of Peninsula's issued share capital (52.05% on a fully diluted basis).

5. Y.K.V Insurance Agencies Ltd.:

On June 28, 2016, the Company entered into an agreement whereby it acquired the entire shares of Y.K.V Insurance Agencies Ltd. ("Y.K.V"). Y.K.V is an insurance agency specializing in general insurance and life assurance and is owned by Mr. Ben-Zion Kaplan (through a company controlled by him) and Mr. Avi Yaakobovic.

On July 31, 2016, the suspending conditions underlying the agreement were fulfilled and the shares were purchased according to the terms stipulated in the agreement. On the closing date of the transaction, the Company paid for the shares approximately NIS 8 million and it will make quarterly payments over five years from the closing date of the transaction, which are mainly derived from Y.K.V's future revenues. The fair value of future quarterly payments was estimated at approximately NIS 34 million and was determined according to the discounted cash flow of the projected payments using the formula set in the purchase agreement.

According to the agreement, Mr. Ben-Zion Kaplan and Mr. Avi Yaakobovic will serve as joint CEOs of Y.K.V based on the agreements with them.

In the course of 2017, in view of Y.K.V's business results, the Company updated the fair value of the future quarterly payments and recorded an expense of approximately NIS 4 million in profit or loss.

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

6. Meitav Dash Loans Ltd. (formerly: eLoan P2P Lending 2012 Ltd.):

On November 6, 2016, the Company acquired 80% of the share capital of Meitav Dash Loans Ltd. (formerly: eLoan P2P Lending 2012 Ltd.) ("Meitav Dash Loans") and from that date the Company holds the entire share capital of Meitav Dash Loans.

As part of the acquisition agreement, the Company transferred to a paying agent a cash payment in an immaterial amount that was distributed between the shareholders of Meitav Dash Loans (excluding the Company).

Also, the acquisition determines that additional payments will be transferred to the selling shareholders up to 2020 which are derived from the profits of Meitav Dash Loans (if any) up to a total of NIS 10 million.

Meitav Dash Loans is an online lending platform which acts as an intermediate between borrowers and lenders (peer-to-peer). The Company plans to continue to operate Meitav Dash Loans in its current activity and, in addition, use the technology developed in Meitav Dash Loans as a basis for providing consumer loans from its sources.

The Company allocated the fair value of Meitav Dash Loans as follows: an amount totaling approximately NIS 3.3 million to technology and an amount totaling approximately NIS 2.8 million to goodwill. In the course of 2017, the Company examined the recoverable amount of the assets allocated to Meitav Dash Loans and found it to be lower than the carrying amount. Consequently, the Company recorded an impairment loss of approximately NIS 2.8 million which was allocated in full to goodwill and included in other expenses.

7. Merger between Meitav Dash Provident and Pension Ltd. and Ayalon Pension and Provident Ltd.:

On January 1, 2017, Ayalon Pension and Provident Ltd. ("Ayalon") was merged into Meitav Dash Provident and Pension Ltd. ("Meitav Dash Provident"). Following the completion of the merger and according to the approval of the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance, members' assets previously managed by Ayalon at a scope of approximately NIS 7.5 billion were transferred to Meitav Dash Provident. Following the merger, the Company indirectly holds 80% of the shares of Meitav Dash Provident and the Ayalon Group holds the remaining 20%.

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

7. Merger between Meitav Dash Provident and Pension Ltd. and Ayalon Pension and Provident Ltd.: (Cont.)

Following is the fair value of the identifiable assets and liabilities in the merger after the allocation of excess cost and goodwill pursuant to a valuation performed by an independent external appraiser:

	NIS in millions
Goodwill and other intangible assets	110
Deferred tax	9
Current tax asset	4
Trade and other receivables	8
Financial investments	19
Cash and cash equivalents	6
Total assets	156
Trade and other payables	20
Ayalon Insurance Company Ltd.	24
Financial liabilities	1
Total liabilities	45
Net assets	111

Cash deriving from the merger:

Cash and cash equivalents in merged company as of merger date	6
Cash paid for the merger	-
Total cash deriving from the merger	6

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

7. Merger between Meitav Dash Provident and Pension Ltd. and Ayalon Pension and Provident Ltd.: (Cont.)

Purchase price allocation:

Details of intangible assets recorded in the Company's books following the merger:

	Amortization amount	Amortization period	Amortization method
	NIS in millions	Years	
Identifiable intangible assets			
Provident funds - asset portfolio	20	10	Accelerated
Pension funds - asset portfolio	42	12	Accelerated
Goodwill	48		Unamortized
Total intangible assets	110		

The Group measures non-controlling interests which confer present ownership rights and entitle their holders to a relative share of the entity's net assets upon liquidation (ordinary shares) arising from the acquisition pro rata to their share of the acquiree's identifiable net assets.

8. Bank of Jerusalem Ltd.:

On October 16, 2017, Meitav Dash Trade and Meitav Dash Brokerage entered into agreements for the purchase of the operation of Bank of Jerusalem Ltd. ("the Bank") for providing securities trading services to independent and institutional customers, respectively, for a total consideration of approximately NIS 21 million to be paid on the completion date. As of the closing date of the agreements, the scope of assets managed in the purchased operation approximates NIS 5 billion.

Among others, the purchase agreements consist of various presentations as customary in this type of transactions as well as the Bank's liability for compensation for any violation of the presentations and past liabilities in connection with the purchased operation, subject to a time limit and maximum compensation limit of 100% of the consideration. Moreover, the purchase agreements consist of certain non-compete restrictions that apply to the Bank for a period of up to four years from the transaction completion date.

NOTE 4:- SUBSIDIARIES (Cont.)

a. Business combinations: (Cont.)

8. Bank of Jerusalem Ltd.: (Cont.)

Completion of the transaction is contingent on obtaining the approval of the Director General of the Israel Antitrust Authority and the Court's approval for the arrangement pursuant to Article 350 to the Israeli Companies Law and the assignment of agreements with customers.

In addition to the transaction consideration, on the date of completion of the transaction, Meitav Dash Trade will pay the Bank the monetary credit that had been extended by the Bank to its customers up to the maximum amount determined in the purchase agreement and will assume the Bank's position for the credit.

On January 25, 2018, after the suspending conditions had been met, the transaction for the sale of the institutional customer operation to Meitav Dash Brokerage in consideration of NIS 6.5 million was completed. Meitav Dash Brokerage also entered into an agreement with the Bank according to which the Bank will continue providing Meitav Dash Brokerage TASE member and operating services in connection with the sold operation for a predetermined transition period.

On February 15, 2018, the transaction for the sale of the independent customer operation signed with Meitav Dash Trade was completed according to which the overall purchase cost of the operation amounted to approximately NIS 18.2 million, of which NIS 14.5 million was paid to the bank for the purchase of the operation and approximately NIS 3.7 million was allocated to the bank's customers' credit portfolio that was transferred to Meitav Dash Trade. It should be noted that the purchased credit portfolio is secured by the customers' securities portfolios purchased in the transaction. Meitav Dash Trade is also required to hold variable liquid assets in respect of the purchased operation pursuant to the TASE's regulations.

NOTE 4:- SUBSIDIARIES (Cont.)

b. Non-controlling interests in subsidiaries:

The table below presents information regarding the Group's subsidiaries which operate in Israel, including fair value adjustments made on the date of acquisition, other than goodwill, with material non-controlling interests (before elimination of intragroup transactions).

	December 31, 2017							Year ended December 31, 2017							
	Ownership interests held by non-controlling interests	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total net assets	Carrying amount of non-controlling interests	Revenues	Total comprehensive income (loss)	Income (loss) attributable to non-controlling interests	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities excluding dividend to non-controlling interests	Dividend paid to non-controlling interests	Total increase in cash and cash equivalents
	%	NIS in millions													
Peninsula	48%	610	15	335	140	150	72	56	19	10	(216)	(1)	238	5	21
Meitav Dash Provident and Pension	20%	111	499	207	104	300	48	338	(12)	(2)	10	13	(19)	-	4
		721	514	542	244	450	120	394	7	8	(206)	12	219	5	25

	December 31, 2016							Year ended December 31, 2016							
	Ownership interests held by non-controlling interests	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total net assets	Carrying amount of non-controlling interests	Revenues	Total comprehensive income (loss)	Income (loss) attributable to non-controlling interests	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities excluding dividend to non-controlling interests	Dividend paid to non-controlling interests	Total increase in cash and cash equivalents
	%	NIS in millions													
Peninsula	51%	523	9	414	1	117	60	26	6	3	20	-	7	-	27
		523	9	414	1	117	60	26	6	3	20	-	7	-	27

NOTE 5:- SHORT-TERM INVESTMENTS

		December 31,	
		2017	2016
		NIS in millions	
a.	Financial assets measured at fair value with changes therein carried to profit or loss:		
	Investment funds	10	-
	Short-term Government loans (MAKAM) (1)	3	3
	Shares and warrants (2)	16	45
	Forward transactions (2)	6	-
	Corporate debentures (2)	28	21
	Government bonds	46	42
	ETNs	8	-
	Convertible debentures	-	1
		117	112
b.	Surplus investments of special purpose subsidiaries for covering ETNs and CDs (3)	157	166
c.	Cash and deposits in banks (2) (5)	38	49
d.	Restricted deposits in respect of the TASE Clearing House (4)	20	11
		332	338

As for information regarding the Group's exposure to credit and currency risks, see Note 21.

As for liens and guarantees, see Note 23c.

		December 31,	
		2017	2016
		NIS in millions	
(1)	Including deposits used in trust according to Article 6 to the Securities Regulations (Underwriting), 2007	3	3
(2)	Including financial assets pledged to banks:		
	Shares	12	32
	Derivatives	9	10
	Corporate debentures	11	-
		32	42
	Cash and deposits in banks	25	25
		57	67

NOTE 5:- SHORT-TERM INVESTMENTS (Cont.)

(3) These surplus investments represent the difference between the total ETN assets less the liability to holders of ETNs and CDs (without deducting the issuance expenses).

The surplus investments form part of the Group's assets for the purpose of compliance with the regulatory minimum capital requirements in special purpose companies that manage ETNs and/or serve as a safety cushion in accounts of the various series of ETNs and CDs as required by the rating agency. The surplus investments are placed in bank deposits, short-term Government loans, Government bonds and financial instruments which the Group considers to have a similar risk level. These investments are pledged to the trustee under a first degree fixed charge to cover the liabilities in respect of the ETNs and CDs. As for liens and guarantees, see Note 23c(7).

(4) See Note 23c(8).

(5) Includes NIS 12.5 million (December 31, 2016 - NIS 22.6 million) that Meitav Dash Trade provided as a collateral to a bank which is a member of the MAOF Clearing House to secure its operation in the MAOF market.

NOTE 6:- CURRENT INVESTMENTS OF SPECIAL PURPOSE SUBSIDIARIES FOR COVERING ETNs AND CDs

The composition of the backing assets and liabilities in respect of ETNs, short ETNs, diversified ETNs and CDs is as follows:

Composition of balance:

	December 31,	
	2017	2016
	NIS in millions	
Total current investments for covering ETNs and CDs	31,933	31,924
With the addition of borrowings and payables due to short sale offset from current investments (1)	629	484
Less - mutual holdings in ETNs	(3,416)	(3,622)
Less - holdings in Company shares (1)	(8)	(12)
Less - restricted surplus investments classified as short-term investments (2)	(157)	(166)
Total current investments of special purpose subsidiaries for covering ETNs and CDs	28,981	28,608

(1) See Note 16.
(2) See Note 5.

NOTE 6:- CURRENT INVESTMENTS OF SPECIAL PURPOSE SUBSIDIARIES FOR COVERING ETNs AND LIABILITY AND CDs (Cont.)

Type of assets:

	December 31,	
	2017	2016
	NIS in millions	
Measured at amortized cost:		
Balances in banks	4,024	3,611
Bank deposits	5,786	5,341
	9,810	8,952
Receivables	19	32
Measured at fair value through profit or loss:		
Shares	7,533	8,531
Debentures	10,311	10,817
Derivatives	247	345
Other ETNs	1,218	97
	19,309	19,790
Restricted surplus investments classified as short-term investments	(157)	(166)
Total current investments of special purpose subsidiaries for covering ETNs and CDs	28,981	28,608

The securities and deposits are used for the fulfillment of liabilities of special purpose subsidiaries according to the terms of the ETNs and CDs. These investments are pledged to the trustee under a first degree fixed charge to cover the liabilities in respect of ETNs and CDs.

As for the terms of the ETNs and CDs, see Note 15.

As for liens and guarantees, see Note 23c(7).

The Group's exposure to interest rate risk and currency risk and the analysis of sensitivity of ETNs to financial assets and financial liabilities are specified in Note 21b regarding financial instruments.

NOTE 7:- LOANS TO CUSTOMERS

	December 31,	
	2017	2016
	NIS in millions	
Open debts and checks receivable	610	523
Less - allowance for doubtful accounts	(9)	(7)
Less - deferred revenues	(9)	(7)
	592	509

Net loans to customers are in unlinked-NIS.

a. In the ordinary course of business, Meitav Dash Trade, a subsidiary, extends credit to its customers at arm's length for financing their stock trading activity. Meitav Dash Trade's customers' securities portfolio serves as a safety cushion for this credit. See also Note 21a(2)(b).

b. As of December 31, 2017, Peninsula has past due trade receivables of NIS 1 million, however the Company did not recognize an allowance for doubtful accounts in respect thereof. These balances are related to several independent customers and the Company believes that these amounts are likely to be collected. The aging of these receivables is as follows:

	December 31,	
	2017	2016
	NIS in millions	
Past due trade receivables with aging of less than three months	-	1
Past due trade receivables with aging of more than three months	1	4
	1	5

As of December 31, 2017, the gross balance of loans to customers in respect of which Peninsula recognized an allowance for doubtful accounts of approximately NIS 9 million amounts to approximately NIS 15 million (December 31, 2016 - a balance of approximately NIS 7 million in respect of an allowance for doubtful accounts of approximately NIS 10 million).

NOTE 8:- TRADE RECEIVABLES

	December 31,	
	2017	2016
	NIS in millions	
Open debts *)	37	26

*) Mainly monthly management fees receivable from managed provident funds and investment portfolios.

An analysis of past due but not impaired trade receivables (allowance for doubtful accounts), trade receivables, net, with reference to reporting date:

	Neither past due nor impaired	Past due trade receivables with aging of					
		< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	>120 days	Total
	NIS in millions						
December 31, 2017	37	-	-	-	-	-	37
December 31, 2016	25	1	-	-	-	-	26

NOTE 9:- OTHER ACCOUNTS RECEIVABLE

	December 31,	
	2017	2016
	NIS in millions	
Government authorities	1	2
Current balance with company accounted for at equity	4	1
Prepaid expenses	9	8
Other	7	10
	21	21

NOTE 10:- LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES

	December 31,	
	2017	2016
	NIS in millions	
Investment in available-for-sale financial assets	5	4
Investment in TASE shares (1)	22	-
Long-term loan	6	3
Investment in financial derivative measured at fair value (2)	-	4
Long-term customers' credit	14	-
	47	11

(1) In keeping with the Court's approval of the TASE restructuring plan pursuant to Article 350 to the Israeli Companies Law, on September 3, 2017, 5,300,416 Ordinary shares with no par value of the TASE were listed in the name of Meitav Dash Trade Ltd. ("Meitav Dash Trade"), accounting for about 5.3% of the TASE's share capital.

According to the Amendment to the Israeli Securities Law regarding the TASE's restructuring, if Meitav Dash Trade sells its interests or share in the TASE for proceeds that exceed the percentage of the sold shares multiplied by the TASE's equity as of December 31, 2015, which approximates NIS 508 million ("the equity"), it will be required to pay the TASE the difference between the sale proceeds and the equity. Moreover, the capital gain derived to Meitav Dash Trade from the allocation will not be taxed until the shares are exercised. In addition, according to the Amendment to the Israeli Law for Promoting Competition and Minimizing Market Concentration, the interests will not confer any rights in addition to the right conferred by holding 5% of the TASE's entire rights until the earlier of a period of five years or the date of listing of the TASE's shares for trade and their offering to the public.

Meitav Dash Trade accounted for the change in rights by derecognizing the old right (zero value) and recording the fair value of the new asset based on a valuation obtained from an external appraiser, in conformity with the provisions of IAS 39. Consequently, an amount of approximately NIS 22 million was recognized in other income, net in the statement of profit or loss.

The following table presents the sensitivity analysis of the fair value of the TASE in relation to the changes in growth rates and discount rates:

	NIS in millions
0.5% increase in growth rate	2
0.5% decrease in growth rate	(2)
0.25% increase in discount rate	(1)
0.25% decrease in discount rate	1

NOTE 10:- LONG-TERM INVESTMENTS, LOANS AND RECEIVABLES (Cont.)

On January 17, 2018, the board of Meitav Dash Trade decided to respond to the TASE's tender to receive offers from its shareholders for purchasing shares held by them. Accordingly, as per the TASE's conditions underlying the admission of offers, Meitav Dash Trade offered to sell to the TASE 5.3 million TASE shares held by it (about 5.3% of the TASE's equity) for a total price of NIS 26.5 million. The offer is irrevocable and non-cancellable in effect until April 18, 2018. It should be noted that there is no certainty that the TASE will accept Meitav Dash Trade's offer, in whole or in part, or that the share sale transaction will indeed be executed.

(2) Call options in respect of non-controlling interests in subsidiary, see Note 4a.

NOTE 11:- INVESTMENTS, LOANS AND CAPITAL NOTES IN ASSOCIATES

a. Composition:

	Associates	
	December 31,	
	2017	2016
	NIS in millions	
Cost of shares	16	15
Post-acquisition gains, net	5	4
	21	19
Long-term receivables and loans	-	5
	21	24

b. Additional information regarding interests in associates:

1. Edco Technologies 1993 Ltd. ("Edco"):

Edco is a private company which serves as reseller and representative of U.S., European and Far East companies that market military and industrial automation subsystems. The Company holds about 49.4% of the share capital of Edco whereas the remaining 50.6% is held by Mr. Benny Constantine who serves as the president of Edco.

The investment in Edco included a capital note that is linked to the U.S. dollar, but not below the exchange rate as of January 1, 2003, in the amount of NIS 4.1 million and a perpetual loan of NIS 2.1 million.

NOTE 11:- INVESTMENTS, LOANS AND CAPITAL NOTES IN ASSOCIATES (Cont.)

b. Additional information regarding interests in associates: (Cont.)

1. Edco Technologies 1993 Ltd. ("Edco"): (Cont.)

On March 29, 2017, the agreement signed between the Company and Mr. Benny Constantine and EMET Computing Ltd. ("EMET") for the sale of the entire share capital (of the Company and of Mr. Benny Constantine) was completed and in return for the shares the Company received an amount of approximately NIS 9.4 million plus the balance of equity as of December 31, 2016 and less the total amount of outstanding capital notes. The total consideration amounted to approximately NIS 13 million.

2. Apex Issuances Ltd.:

The Company holds 19.99% of the share capital of Apex Issuances Ltd. which is engaged in the management of underwriting, distribution and consulting for offerings.

3. Value Base Ltd.:

The Company holds 19.95% of the share capital of Value Base Ltd. which is engaged in investment banking, deal brokerage, M&A, underwriting, hedge fund management and investments and corporate and stock investments.

c. Movement in investments in associates:

	Associates	
	2017	2016
	NIS in millions	
Balance at beginning of year	24	92
Company's share of earnings of associates, net	1	3
Investment in associates	1	7
Repayment of loan from associate	(2)	-
Reclassification of loan to other accounts receivable	(3)	-
Gain from obtaining control	-	14
Obtaining control of associates	-	(81)
Reclassification to assets held for sale	-	(11)
Balance at end of year	21	24

NOTE 12:- PROPERTY, PLANT AND EQUIPMENT

	Computers and peripheral equipment	Office furniture and equipment	Leasehold improvements	Total
	NIS in millions			
Cost:				
Balance at January 1, 2017	51	15	54	120
Additions during the year	3	1	1	5
Balance at December 31, 2017	54	16	55	125
Accumulated depreciation:				
Balance at January 1, 2017	42	9	27	78
Additions during the year	4	1	2	7
Balance at December 31, 2017	46	10	29	85
Depreciated cost at December 31, 2017	8	6	26	40

	Computers and peripheral equipment	Office furniture and equipment	Leasehold improvements	Total
	NIS in millions			
Cost:				
Balance at January 1, 2016	45	15	52	112
Initially consolidated companies	1	-	2	3
Additions during the year	5	-	-	5
Balance at December 31, 2016	51	15	54	120
Accumulated depreciation:				
Balance at January 1, 2016	38	8	24	70
Initially consolidated companies	-	-	1	1
Additions during the year	4	1	2	7
Balance at December 31, 2016	42	9	27	78
Depreciated cost at December 31, 2016	9	6	27	42

NOTE 13:- INTANGIBLE ASSETS, NET

a. Composition and movement:

	Excess cost *)	Non-compete	Goodwill	Computer software	DAC	Total
	NIS in millions					
Cost:						
Balance at January 1, 2017	260	5	894	86	52	1,297
Business combination	62	-	48	-	-	110
Additions during the year	1	-	-	27	7	35
Balance at December 31, 2017	323	5	942	113	59	1,442
Accumulated amortization:						
Balance at January 1, 2017	134	2	27	50	18	231
Impairment loss	-	-	3	-	-	3
Additions during the year	33	1	-	15	9	58
Balance at December 31, 2017	167	3	30	65	27	292
Amortized cost at December 31, 2017	156	2	912	48	32	1,150

	Excess cost *)	Non-competition	Goodwill	Computer software	DAC	Total
	NIS in millions					
Cost:						
Balance at January 1, 2016	217	4	820	61	39	1,141
Initially consolidated companies	43	1	74	2	-	120
Additions during the year	-	-	-	23	13	36
Balance at December 31, 2016	260	5	894	86	52	1,297
Accumulated amortization:						
Balance at January 1, 2016	108	2	7	38	11	166
Initially consolidated companies	-	-	-	2	-	2
Impairment loss	-	-	20	-	-	20
Additions during the year	26	-	-	10	7	43
Balance at December 31, 2016	134	2	27	50	18	231
Amortized cost at December 31, 2016	126	3	867	36	34	1,066

*) Excess cost mainly allocated to customer relations in respect of provident fund, portfolio, mutual fund, non-bank loans and insurance agency management totaling approximately NIS 144 million and brand name totaling approximately NIS 12 million (December 31, 2016 - NIS 110 million and NIS 13 million, respectively).

NOTE 13:- INTANGIBLE ASSETS, NET (Cont.)

b. Amortization expenses:

Amortization expenses of intangible assets are classified in profit or loss as follows:

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Marketing, operating, general and administrative expenses	24	17	13
Other expenses	37	46	22
Total	61	63	35

c. Testing the impairment of cash-generating units including goodwill:

In order to test the impairment of goodwill, the goodwill was allocated to cash-generating units as follows:

1. Managing ETNs.
2. Managing portfolios and mutual funds.
3. Managing provident funds and pension funds.
4. Brokerage.
5. Managing insurance agency - Rimonim.
6. Managing insurance agencies - Y.K.V and Kariv.
7. Managing insurance agency - Sela.
8. Non-bank loans - Peninsula Group.

As of December 31, 2017 and 2016, the carrying amount of goodwill allocated to each cash-generating unit of the above intangible assets is as follows:

	ETNs and CDs	Managing portfolios and mutual funds	Managing provident and pension funds	Brokerage	Managing insurance agencies (see below)	Non-bank credit	Total allocated to cash-generating units
	December 31, 2017						
	NIS in millions						
Goodwill	258	191	368	10	39	46	912

	Sela	Y.K.V and Kariv	Rimonim	Total allocated to managing insurance agencies
	December 31, 2017			
	NIS in millions			
Goodwill	8	23	8	39

NOTE 13:- INTANGIBLE ASSETS, NET (Cont.)

c. Testing the impairment of cash-generating units including goodwill: (Cont.)

	ETNs and CDs	Managing portfolios and mutual funds	Managing provident and pension funds	Brokerage	Managing insurance agencies (see below)	Non-bank credit	Unallocated provisional goodwill	Total allocated to cash-generating units
	December 31, 2016							
	NIS in millions							
Goodwill	258	191	320	10	39	46	3	867

	Sela	Y.K.V and Kariv	Rimonim	Total allocated to managing insurance agencies
	December 31, 2016			
	NIS in millions			
Goodwill	8	23	8	39

As of the reporting date, management believes that no changes have occurred in the following underlying assumptions that are liable to cause the carrying amount of intangible assets to exceed their recoverable amount.

1. Managing ETNs:

The Company conducted the annual test of impairment of goodwill on December 31, 2017 in respect of the cash-generating unit of ETN and CD management. The recoverable amount of assets allocated to managing ETNs and CDs is determined based on the fair value which is derived from the discounted cash flows ("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 December 31, 2017 based on its profits for the period ended December 31, 2017, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 11%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

NOTE 13:- INTANGIBLE ASSETS, NET (Cont.)

c. Testing the impairment of cash-generating units including goodwill: (Cont.)

2. Managing portfolios and mutual funds:

The Company conducted the annual test of impairment of goodwill on June 30, 2017 in respect of the cash-generating unit of portfolio and mutual fund management. The recoverable amount of assets allocated to portfolio and mutual fund management is determined based on the value in use which is derived from the 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 scope of managed assets as of June 30, 2017 based on its profits for the period ended June 30, 2017, its expected future profits, evaluations of a future growth rate of 2.5% and a pre-tax discount rate of about 14.9%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

3. Managing provident funds and pension funds:

The Company conducted the annual test of impairment of goodwill on September 30, 2017 in respect of the cash-generating unit of provident and pension fund management. The recoverable amount of assets allocated to provident and pension fund management is determined based on the value in use which is derived from the 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 scope of managed assets as of September 30, 2017 based on its profits for the period ended September 30, 2017, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 14.2%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

As for the assumptions used in determining the value in use of the provident and pension fund management unit, management believes that there no possible changes in the assumptions detailed above which might cause the unit's carrying amount to significantly exceed the recoverable amount.

NOTE 13:- INTANGIBLE ASSETS, NET (Cont.)

c. Testing the impairment of cash-generating units including goodwill: (Cont.)

4. Brokerage:

The Company conducted the annual test of impairment of goodwill on September 30, 2017 in respect of the brokerage cash-generating unit. 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 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 profits of Meitav Dash Brokerage Ltd. ("Meitav Dash Brokerage") for the period ended September 30, 2017, its expected future profits, evaluations of a future growth rate of 2% and a pre-tax discount rate of about 16.5%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

5. Insurance activity - Y.K.V and Kariv:

The Company conducted the annual test of impairment of goodwill on September 30, 2017 in respect of the cash-generating unit of the insurance activity of Y.K.V Insurance Agencies Ltd. ("Y.K.V") and Kariv Insurance Agencies Ltd. ("Kariv"). The recoverable amount of assets allocated to the insurance activity cash-generating unit is determined based on the value in use which is derived from the 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 profits from the insurance activity for the period ended on September 30, 2017, evaluations of a future growth rate of 2% and a pre-tax discount rate of about 17.6%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

6. Insurance agency management - Rimonim:

The recoverable amount of assets allocated to the Rimonim insurance agency cash-generating unit is determined based on the value in use which is derived from the 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 Rimonim's profits for the period ended December 31, 2017, its expected future profits, evaluations of a future growth rate of 0.5% and a pre-tax discount rate of about 14.1%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

NOTE 13:- INTANGIBLE ASSETS, NET (Cont.)

c. Testing the impairment of cash-generating units including goodwill: (Cont.)

7. Insurance agency management - Sela:

The recoverable amount of assets allocated to the Sela insurance agency cash-generating unit is determined based on the value in use which is derived from the 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 Rimonim's profits for the period ended December 31, 2017, its expected future profits, evaluations of a future growth rate of 2% and a pre-tax discount rate of about 15.1%. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

8. Non-bank loans - Peninsula Group:

The quoted market value of the shares of Peninsula Group on the TASE as of December 31, 2017 is higher than their carrying amount. Accordingly, the recoverable amount exceeds the unit's carrying amount and no provision for impairment is required.

9. Non-bank loans - Meitav Dash Loans

The recoverable amount of assets allocated to this cash-generating unit is determined based on the value in use which is derived from the 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 profits Meitav of Dash Loans for the period ended December 31, 2017, its expected future profits, evaluations of a future growth rate of 3% and a pre-tax discount rate of about 17.6%. The value in use of Meitav Dash Loans based on these assumptions as of December 31, 2017 approximates NIS 2.8 million and is lower than the carrying amount. Accordingly, in the reporting period, an impairment loss of approximately NIS 2.8 million was fully allocated to goodwill and recognized in other expenses.

NOTE 14:- CREDIT FROM BANKS AND OTHERS

	Interest rate (1)	December 31, 2017			December 31, 2016		
	2017	Unlinked	CPI-linked	Total	Unlinked	CPI-linked	Total
	%	NIS in millions					
Short-term credit (1)	Prime	5	-	5	22	-	22
Credit to finance non-bank loans (1)	Prime+ 0.0-0.8	241	-	241	406	-	406
Current maturities of long-term loans	(2)	-	11	11	-	18	18
Current maturities of debentures	(2)	-	75	75	-	61	61
Current maturities of subsidiary's debentures	(2)	84	-	84	-	-	-
		330	86	416	428	79	507

(1) As of December 31, 2017, the Prime interest rate is 1.6%.

(2) See Note 20 below.

Credit from banks - Peninsula:

To secure the above liabilities and guarantees, Peninsula recorded current charges on its property, assets and insurance rights therefrom, fixed charges on its share capital, goodwill, its right to tax exemption and/or relief and/or discount and on its securities, documents and notes. Peninsula also recorded a floating charge on its entire assets, funds, property and rights of any type that are or will be owned by it in the future, including all deposits in NIS and in foreign currency and the rights therefrom that are placed in the banks.

To the best of Peninsula's knowledge, the banks that finance its operations have signed an interbank agreement according to which to secure Peninsula's liabilities to the banks that have signed the interbank agreement, Peninsula must record in favor of these banks a general current charge that is equal in degree and rights (pari passu) to the charges recorded in favor of other lending banks.

The lending banks may place the loans provided to Peninsula to immediate repayment if: (1) Peninsula decides or intends to execute a restructuring process without obtaining the lenders' advance written consent; (2) a restructuring process has been executed without the lenders' advance written consent; or (3) the lenders consider, at their exclusive discretion, that a change in ownership or control of Peninsula has occurred.

The terms of Peninsula's engagements with the banks impose a general current charge on Peninsula's entire assets as well as various restrictions, including the requirement to meet certain financial covenants.

NOTE 14:- CREDIT FROM BANKS AND OTHERS (Cont.)

Credit from banks - Peninsula: (Cont.)

Peninsula is required to maintain the following leverage ratios, as demanded by the credit providing banks:

1. Towards bank A:

- Peninsula has undertaken that the entire credit facilities received from the bank will be used to finance its customers at a rate of up to 85% of the advance for each invoice paid to customers. The balance of the invoice (15%) will be financed using Peninsula's own capital.
- Peninsula has undertaken that the ratio of its equity to total balance sheet will not be lower than the higher of (a) 15% of the balance sheet; or (b) NIS 27 million. In order to calculate the ratio, the total amount of deposits and cash will be subtracted from the total amount of credit up to an amount of NIS 60 million.
- Peninsula has undertaken that an individual debtor's debt will not exceed the lower of (1) the total debt in its balance sheet; or (2) 25% of its equity.
- The aggregate (net) debt of Peninsula's ten largest debtors will not exceed 120% of its equity.
- Peninsula has undertaken to hold a credit insurance policy according to which the compulsory insurance of the Company's entire transactions will not be lower than the higher of: (1) 16% of its total net factoring transactions; or (2) $ 18 million.
- Peninsula has undertaken to obtain at least an A rating from an insurance company based on international ratings.
- Peninsula has undertaken to deposit an overall amount of deferred deliverables at a rate of at least 90% of the Company's outstanding bank debt.

2. Towards bank B:

- Peninsula has undertaken not to extend any loans to its interested parties and not to repay ant existing or future loans to its interested parties in an amount that exceeds NIS 200 thousand per annum, excluding the remuneration paid to its officers and shareholders, as customary in other companies that are similar in nature to Peninsula, without the bank's advance written consent.
- Peninsula has undertaken to maintain a cross default provision – if it violates any undertaking and/or agreement and/or document towards a bank or another lender in connection with loans provided by the former and/or if any of Peninsula's creditors become entitled to demand early or immediate repayment of Peninsula's debts thereto which exceed NIS 100 thousand, the default will represent grounds for the bank to place the credit and debt for immediate repayment.
- Peninsula has undertaken to maintain a ratio of tangible equity to balance sheet assets less financial assets of at least 15%.

NOTE 14:- CREDIT FROM BANKS AND OTHERS (Cont.)

Credit from banks - Peninsula: (Cont.)

2. Towards bank B: (Cont.)

- Peninsula has undertaken that the ratio of overall credit received/receivable by it from all banks and/or other financial institutions (net of cash, cash equivalents and bank deposits that are not restricted by a fixed lien) will not exceed 85% of its total invoices and deliverables which Peninsula finances in the ordinary course of business.
- Peninsula has undertaken that the overall amount of invoices and checks of an individual debtor: (a) will not exceed 10% of total credit extended by it in factoring and check discounting transactions; (b) will not exceed 33% of its total equity; and (c) in any event will not exceed NIS 10 million of the insured amount.
- Peninsula will not record a net loss during four consecutive quarters from the first quarter of 2013.
- Peninsula has undertaken not to perform any factoring and check discounting transactions without valid credit insurance unless with the bank's advance written consent.
- According to the insurance policy which Peninsula has undertaken to hold, Peninsula's debtors' insurance will not be lower than $ 25 million. Peninsula's deductible will not exceed 10% of the insured amount.
- Every calendar year, Peninsula will be entitled to pay management fees provided that its annual income (according to its annual financial statements) is at least NIS 2.5 million and provided that no default event has occurred, and will also be entitled to distribute every calendar year a dividend (as this term is defined in the Companies Law) in an amount that is equivalent to its annual net income less NIS 2.5 million, provided that no default event has occurred.
- Peninsula has undertaken that in any event that any other collateral of any type is created, recorded and/or granted by it to any of the other banks and/or to another third party, it will create, record and/or grant the bank identical or equivalent collateral.
- Peninsula has undertaken to deposit an overall amount of deferred deliverables at a rate of at least 100% of its outstanding bank debt (net of the deposits).

3. Towards bank C:

- Peninsula has undertaken that the ratio of its outstanding liabilities to financial and other lending institutions net of cash deposited in financial institutions, as presented in the financial statements, to its equity will not exceed 6 at all times.
- Peninsula has undertaken that the debt of an individual debtor towards it will not exceed 5% of its total debtors, unless with the bank's advance written consent.
- The scope of Peninsula's debtors' credit insurance will not be lower than $ 35 million at all times.

NOTE 14:- CREDIT FROM BANKS AND OTHERS (Cont.)

Credit from banks - Peninsula: (Cont.)

3. Towards bank C: (Cont.)

- Peninsula has undertaken to deposit deferred deliverables which are and/or whose rights are pledged in favor of the bank based on the principles agreed upon with the bank in an overall amount that will not be lower than 100% of its total debts and liabilities to the bank.
- Peninsula has undertaken that the total deferred deliverables deposited by it in the bank's accounts and withdrawn by the same entity will not exceed at tall times the lower of: (i) 4% of total deferred deliverables; or (ii) NIS 20 million.
- Peninsula has undertaken that its tangible equity (the equity presented in the financial statements with the addition of outstanding shareholders' loan principals for which the bank, Peninsula and its shareholders signed subordinated loan agreements, and less: (a) intangible assets such as: goodwill, patents, trademarks, tradenames, copyright etc.; (b) Peninsula's receivables which consist of interested parties and/or subsidiaries and/or related companies; (c) guarantees provided by Peninsula to secure the debts of interested parties and/or subsidiaries and/or related companies; (d) investments in investees/subsidiaries/related companies; (e) non-controlling interests (formerly: minority interests) presented in equity (in consolidated financial statements); (f) revaluation reserve in respect of property, plant and equipment created as a result of the adoption of a revaluation model in the period after drafting the financial covenants; (g) deferred tax asset; (h) its deferred charges will not be lower than an amount equivalent to 15% of the subsidiary's total balance sheet (less cash).
- Peninsula will not incur a net loss in four consecutive quarters.

4. Towards bank D:

- Peninsula has undertaken that its equity will not be lower than NIS 27 million or that the ratio of its equity to balance sheet (less cash and deposits in its account) will not be lower than 15%, whichever is higher.
- Peninsula has undertaken that its total net financial credit (less cash and deposits in its account) will not exceed 85% of total debtors' portfolio at all times.
- Peninsula has undertaken that an individual debtor's debt will not exceed the lower of (1) 7.5% of the total debt in its balance sheet or (2) 25% of its equity.
- The aggregate (net) debt of Peninsula's ten largest debtors will not exceed 120% of its equity.
- Peninsula has undertaken to deposit an overall amount of deferred deliverables at a rate of at least 90% of total actually utilized credit in its account.
- Peninsula will not record a net loss during four consecutive quarters.
- Peninsula will be insured by a credit insurance company so that the scope of its debtors' credit insurance will not be lower than $ 40 million at all times.

As of the reporting date, Peninsula is meeting the restrictions and financial covenants imposed by virtue of the various loans received from banks in Israel.

NOTE 15:- ETNs AND CDs

This segment consists of special purpose subsidiaries which issue ETNs and CDs, which are listed for trade on the TASE and managed by a subsidiary, Tachlit. Tachlit issues and manages exchange-traded products ("ETPs") that track Local Equity Indices, International Equity Indices, Government and Corporate Bond Indices, Commodity Indices, Short and Hybrid Products, which are all traded on TASE.

Each of the issuers is a special purpose subsidiary founded for the purpose of issuing ETNs, short notes and other securities which Tachlit is entitled to issue at the discretion of the TASE's Board.

a. The ETNs are issued through special purpose subsidiaries whose sole occupation consists of issuing ETNs and managing assets that are pledged in favor of holders of such notes. The notes are an instrument which accurately tracks specific indices and is convertible into shares or cash based on the benchmarks earmarked for said notes. The notes are backed by base assets whose yield is based on various share and commodity indices. The issuance proceeds are used to deposit amounts in banks or other financial institutions and base assets and/or financial instruments and derivatives that are purchased to secure compliance with liabilities to the holders of the notes. The rights of the holders of notes are exercised out of the special purpose subsidiaries' actual net receipts from the pledged assets. As of December 31, 2017, Tachlit manages 173 ETNs.

b. CDs are issued by SPCs whose sole occupation is issuing CDs and managing the assets that are pledged in favor of the holders of the CDs. The CDs are linked (principal and interest) to the exchange rates of various currencies in relation to the NIS and bear interest. Each of the CD companies is a special purpose subsidiary specifically founded for issuing the CDs which is prohibited from engaging in any other business activity. The special purpose subsidiaries use the issuance proceeds to secure bank deposits that back the payments to holders of CDs. The special purpose subsidiaries' rights to the backing deposits are the only source for repaying the liabilities to the holders of CDs. The CDs are rated at various ratings (AA+ and AAA-). These ratings rely, among others, on the ratings of the banks holding the deposits. As of December 31, 2017, Tachlit manages 5 CDs.

c. Composition of the balance of ETNs and CDs:

	December 31,	
	2017	2016
	NIS in millions	
ETNs and CDs (see d below)	31,776	31,771
Less - joint holdings	(3,416)	(3,635)
Less - deferred issuance costs	(31)	(32)
	28,329	28,104

NOTE 15:- ETNs AND CDs (Cont.)

d. Additional information regarding the composition of assets and liabilities of special purpose subsidiaries:

December 31, 2017

	Share indices in Israel	Foreign share indices	Commodity indices	Exchange rates	Bond indices	NIS	Other	Total
	NIS in millions							
Backing assets, net (1)	7,443	11,371	134	485	9,549	1,592	1,359	31,933
CDs	7,413	11,300	132	469	9,527	1,590	1,345	31,776
	30	71	2	16	22	2	14	157
Add - joint holdings								-
Total surplus investments for covering liabilities in respect of ETNs and CDs (2)								157

December 31, 2016

	Share indices in Israel	Foreign share indices	Commodity indices	Exchange rates	Bond indices	NIS	Other	Total
	NIS in millions							
Backing assets, net (1)	8,620	9,766	162	605	9,769	1,599	1,403	31,924
CDs	8,598	9,696	158	594	9,748	1,587	1,390	31,771
	22	70	4	11	21	12	13	153
Add - joint holdings								13
Total surplus investments for covering liabilities in respect of ETNs and CDs (2)								166

(1) Less borrowings and payables and less liabilities for securities of special purpose subsidiaries.

(2) These investments were classified as short-term investments, see Note 5.

The Group's exposure to credit risk, price risk and currency risk is specified in Note 21b regarding financial instruments.

NOTE 16:- CURRENT LIABILITIES OF SPECIAL PURPOSE SUBSIDIARIES FOR COVERING ETNs AND CDs

Liabilities arising from stock and credit operations for minimizing the exposure in respect of ETNs and CDs. These operations supplement the current investments of special purpose subsidiaries for covering ETNs and CDs, see Notes 6 and 15 above.

		December 31,	
		2017	2016
	Currency	NIS in millions	
Credit from banks	NIS	9	74
	USD	96	100
	Euro	-	60
	HKD	1	-
		106	234
Liabilities for securities:			
Shares		216	34
Debentures		162	53
Derivatives		111	119
ETNs		6	9
		495	215
Payables		20	23
		621	472

The Group's exposure to credit risk, price risk and currency risk is specified in Note 21b regarding financial instruments.

NOTE 17:- LIABILITIES FOR SHORT SALE OF SECURITIES

	December 31,	
	2017	2016
	NIS in millions	
Shares (1)	7	20
Short-term Government loans	-	18
Derivatives	-	15
Government bonds	18	-
Corporate debentures	4	-
	29	53

(1) Liabilities in respect of securities arise from short sale of borrowed marketable securities.

NOTE 18:- TRADE PAYABLES

	December 31,	
	2017	2016
	NIS in millions	
Open debts	68	57
Checks payable	2	3
	70	60

Supplier debts do not bear interest.

NOTE 19:- OTHER ACCOUNTS PAYABLE

	December 31,	
	2017	2016
	NIS in millions	
Employees and payroll accruals	52	57
Government authorities	8	10
Payables for acquisition of shares *)	11	13
Reimbursement of management fees to members	-	1
Accrued expenses	10	8
Deferred revenues	1	1
TASE Clearing House	3	-
Custodian customers	-	3
Liability to subsidiary's shareholders	29	-
Other payables	8	5
	122	98

*) See Note 4a.

NOTE 20:- NON-CURRENT LIABILITIES

a. Composition:

December 31, 2017

	Principal amount NIS in millions	Stated interest rate %	Effective interest rate %	Balance	Balance less current maturities
				NIS in millions	
Loans from banks	117	5.8-2.85	5.8-3.15	117	106
Debentures (series C) (1) (2)	600	3.95	1.24-4.27	619	544
Subsidiary's debentures	223	1.4	1.4	223	139
	940			959	789

December 31, 2016

	Principal amount NIS in millions	Stated interest rate %	Effective interest rate %	Balance	Balance less current maturities
				NIS in millions	
Loans from banks	135	2.6-5.8	3.15-5.8	135	117
Debentures (series C) (1) (2)	548	3.95	1.98-4.27	556	495
Liabilities for put options to non-controlling interests	4			4	4
	687			695	616

(1) The principal and interest are linked to the CPI.

(2) As for a hedge transaction, see c(3) below.

b. Maturity dates after the statement of financial position date as of December 31, 2017:

	First year	Second year	Third year	Fourth year	Fifth year	Sixth year and onwards*)	Total
	NIS in millions						
Loans from banks	11	85	9	9	3	-	117
Debentures (series C)	75	75	75	75	75	244	619
Subsidiary's debentures	84	112	27	-	-	-	223
	170	272	111	84	78	244	959

*) Final maturity in 2025.

NOTE 20:- NON-CURRENT LIABILITIES (Cont.)

c. The Company's debentures:

1. On November 28, 2010, the Company issued a shelf prospectus (which was amended on December 7, 2010). On December 21, 2010, in the context of a shelf offering report issued according to the prospectus, the Company raised approximately NIS 296 million (less issuance expenses) in debentures (series C). According to the offering report, the Company offered to the public NIS 300 million par value of debentures (series C). The annual effective interest rate of the debentures is 4.12%.

   The debentures (series C) are repayable in 14 equal installments on December 10 in each of the years 2012 through 2025, bearing annual interest of 3.95% and linked (principal and interest) to the CPI. Moreover, the interest will be paid semiannually from June 10, 2011 through December 10, 2025. As for financial covenants, see d below.

   In 2012-2015, the Company expanded the series of debentures (series C) and issued approximately NIS 497.34 million par value each for total proceeds of approximately NIS 508.7 million less issuance expenses at linked effective interest rates ranging between 1.98% and 4.27%.

   On September 3, 2017, Midroog announced a stable rating of A1.il for the debentures (series C) to be issued by the Company at a scope of up to NIS 110 million par value in view of a master resolution passed by the Company's Board on September 3, 2017 for offering debentures to the public by way of expansion of the existing series of debentures (series C). On September 5, 2017, Midroog published an updated rating of a stable A1.il for the debentures to be issued by the Company of up to NIS 150 million par value.

   On September 6, 2017, according to a shelf offering report issued based on the Company's shelf prospectus as discussed above, the Company raised approximately NIS 120 million par value of debentures (series C) for total proceeds of approximately NIS 141 million (net of issuance expenses) at an effective linked interest rate of 1.24%.

   In total, as of the financial statement date, the Company has NIS 571.81 million par value of debentures (series C).

NOTE 20:- NON-CURRENT LIABILITIES (Cont.)

c. The Company's debentures: (Cont.)

2. Adjustment of interest rate on the debentures (series C) due to lowered rating:

In the event that the rating of debentures (series C) by a rating agency is updated during any interest period to one or more levels lower than A1 ("the downgraded rating" and "the original rating", respectively), the annual interest rate borne by the unsettled principal balance of the debentures (series C) will be annually raised by 0.25% above an interest rate of 3.95% for each level below the original rating up to a rating of Baa2 ("the additional interest rate"). The additional interest rate will be paid for the period beginning on the date of announcement of the downgraded rating until the full repayment of the unsettled principal balance of the debentures (series C) or until the upgrading of the rating of the debentures (series C) by one or more levels upon which for each upgrading of the rating of the debentures (series C) by one level, the additional interest rate will be lowered by 0.25% in such a manner that in any event, the interest rate will not be lower than 3.95%.

It is clarified that increasing the interest rate as described above will only be done up to a rating of Baa2 whereby even if a rating that is lower than Baa2 is assigned to the debentures (series C), the interest rate will not be further increased.

On July 26, 2017, Midroog reaffirmed the rating of the debentures (series C) at A1.il with a stable outlook.

3. Hedges:

On October 30, 2013, the Company's Board approved entering into hedges for part of the debentures (series C) in a maximum amount of NIS 300 million through interest rate swap ("IRS") transactions with Israeli banks to hedge against the exposure to the CPI by swapping the CPI-linked coupon (principal and interest) with a fixed coupon. On November 14, 2013, the Company and a bank entered into a hedge on a balance of debentures in the amount of approximately NIS 50 million with the addition of stated interest of 6.46% on said balance. On July 2, 2014, the Company and another bank entered into another hedge on a balance of debentures in the amount of approximately NIS 50 million with the addition of stated interest of 6.35% on said balance. The Company occasionally considers entering into additional hedges based on market terms.

The hedges are accounted for in the financial statements as effective hedges on the expected cash flows from the balance of the hedged debentures. As of the financial statement date, the hedged par value amounted to approximately NIS 72 million and the fair value of the hedges amounted to approximately NIS 5 million, recognized in short-term and long-term payables.

NOTE 20:- NON-CURRENT LIABILITIES (Cont.)

d. Investee's debentures:

On April 9, 2017, Peninsula issued the results of the issuance of debentures (series A) based on a shelf offering report of April 5, 2017, which was based on a shelf prospectus issued by Peninsula on January 27, 2017. The debentures were rated by S&P Maalot on April 5, 2017 at Ail.

The debentures (series A) bear fixed annual interest at a rate of 1.4% and are not linked (principal or interest) to any index. The total immediate proceeds from the public offering less issuance expenses amounted to approximately NIS 222.4 million.

The debenture principal is repayable in eight equal quarterly consecutive installments, each accounting for 12.5% of the overall value of the debentures, from April 1, 2018. The interest on the unsettled balance of the debentures will be paid in 11 quarterly installments from July 1, 2017.

e. Financial covenants:

1. Debentures:

The Company undertook that as long as the debentures (series C) are outstanding, it will meet the following financial covenants. If the Company fails to meet any of these covenants at each reporting date of five consecutive quarters, this will constitute grounds for placing the debentures for immediate repayment.

The shelf offering report of the debentures (series C) which is based on the consolidated financial statements establishes the following financial covenants:

a) Debt coverage ratio (net financial debt to NOI):

"Net financial debt" is defined as current liabilities, consisting of credit from banks and others, with the addition of non-current liabilities, consisting of loans from banks and debentures, less current assets, consisting of cash and cash equivalents, short-term investments and loans to customers, and less non-current assets, consisting of investments, loans and receivables. It should be clarified that the components of net financial debt do not include assets that are (fully or proportionately) consolidated in the Company's financial statements in respect of financial instruments of SPCs that have been and/or will be issued and/or have been and/or will be purchased by the Company.

"Net operating income" (NOI) is defined as the Company's consolidated accounting operating income in the quarter less expenses for share-based payment (as defined in IFRS 2, "Share-based Payment"). If the Company issues pro forma financial statements (as defined in Regulation 9a to the Israel Securities Regulations (Periodic and Immediate Reports), 1970), then for each quarter of issuing pro forma financial statements, the interim NOI will be extracted from the pro forma statements.

The Company has undertaken that its cumulative debt coverage ratio at the end of each quarter in the last calendar quarters will not exceed 6.

NOTE 20:- NON-CURRENT LIABILITIES (Cont.)

e. Financial covenants: (Cont.)

1. Debentures: (Cont.)

b) Minimum equity:

"Equity" is defined as the equity attributable to equity holders of the Company according to the consolidated financial statements (excluding non-controlling interests).

The Company has undertaken that as long as its debentures (series C) are outstanding, the Company's equity will not be lower than NIS 100 million.

As of the date of the financial statements, the Company is meeting the financial covenants in respect of the debentures (series C) as described above.

Following are the results of the Company's compliance with the financial covenants as of the relevant cutoff dates:

Date	Debt coverage ratio	Minimum equity
		NIS in millions
March 31, 2017	0.22	770
June 30, 2017	0.19	781
September 30, 2017	0.45	801
December 31, 2017	0.35	802

2. Investee's debentures:

Following are the financial covenants which Peninsula has undertaken to meet in connection with the issuance of the debentures:

- Equity of at least NIS 80 million.
- Equity to total balance sheet ratio of at least 15%;
- The rate of checks withdrawn by the same legal entity will not exceed 10% of total gross customer credit portfolio.

As of the date of the financial statements, Peninsula is meeting the financial covenants in respect of the debentures as described above.

NOTE 20:- NON-CURRENT LIABILITIES (Cont.)

e. Financial covenants: (Cont.)

3. Banks:

a) In the context of the restructuring of the debts of the Company and the Group companies to banks, in August 2013, the Company signed an agreement with a bank according to which Meitav Dash Securities and Investments Ltd. ("Dash") assigned to the Company its bank debts in an aggregate of NIS 30 million (as of December 31, 2017), by virtue of past financing agreements signed by Meitav (which merged with and into Dash) ("the assigned liabilities"). In the context of the assignment of the liabilities as above, the causes for placement of the assigned liabilities for immediate repayment by the bank were updated.

In order to secure the full repayment of the liabilities to the bank, Dash pledged shares of Tachlit held by it in favor of the bank, including the revenues therefrom and yields thereon, its rights in the bank account, including funds and deposits therein and its rights to receive funds from Tachlit as management fees and on account of shareholders' loans granted by the Company.

Among others, the Company also undertook that until the full repayment of the bank credit, the Company and its material subsidiaries (as defined in the letter of liability) will continue to engage in their principal business operations (as defined in the letter of liability) and will not alter the nature of their businesses without the bank's advance written consent. Moreover, the letter of liability establishes grounds for placing the credit for immediate repayment. The Company also undertook that it and Tachlit, as applicable, will meet the following financial covenants:

According to the letter of liability, the Company is required to meet the following financial covenants:

Total EBITDA will not be lower than NIS 160 million.
Tachlit's total managed assets will not lower than NIS 13 billion.

The Company signed agreements with two banks for receiving credit facilities of up to NIS 50 million from each, a total of NIS 100 million, until the end of 2018 and subsequently the credit facility will be renewed for 12-month periods each. The amended letter of liability between the Company and one of the banks contains an additional financial covenant according to which the ratio of net financial debt in each quarter to the Company's cumulative operating income in the four latest calendar quarters ended in the relevant quarter will not exceed 6 (this covenant is identical to the covenant underlying the debentures (series C)).

NOTE 20:- NON-CURRENT LIABILITIES (Cont.)

e. Financial covenants: (Cont.)

3. Banks: (Cont.)

b) Following the merger of Meitav Provident and Pension into Meitav Dash Provident as a result of which Meitav Provident and Pension's entire liabilities were assigned to Meitav Dash Provident and in view of a loan whose balance is approximately NIS 11 million as of December 31, 2017, Meitav Dash Provident undertook, among others, that until the full repayment of the loan to the bank the total amount of assets managed by it will not be lower than NIS 27 billion at all times. The letter of liability also prescribes standard covenants regarding obtaining the bank's consent for any restructuring and change in control in Meitav Dash Provident as well as covenants whose noncompliance places the loan for immediate repayment. In keeping with said letter of liability, the Company provided the bank a guarantee to secure the repayment of the loan.

c) The Company has outstanding loans of approximately NIS 76 million as of December 31, 2017 which mature in July 2019. The Company undertook to meet the following financial covenants:

1) The Company's total equity at all times will not be lower than NIS 250 million.

2) The Company and/or subsidiaries will provide an unrestricted deposit or Government bonds or monetary funds in the amount of the credit.

3) No operating loss will be recorded in the consolidated financial statements (including Nostro results) for two consecutive quarters.

4) The ratio of total debt in the Company's consolidated balance sheet to banks and holders of debentures to equity will not exceed 3.

As of the financial statement date, the Company, Tachlit and Meitav Dash Provident meet the above financial covenants.

f. Liens and collaterals:

See Note 23c.

NOTE 21:- FINANCIAL INSTRUMENTS

a. Financial risk factors:

The Group's activities expose it to various financial risks such as market risks (foreign currency risk, CPI risk, interest risk and price risk), credit risk and liquidity risk.

Market risks affect the fair value of the Group's assets, mainly the Group's securities portfolio which is held for Nostro investments ("the Group's assets") and the Group's income component which is derived from the value of the Group's managed assets (provident and pension fund assets, mutual fund assets, investment portfolio assets, ETN assets etc.) ("the Group's managed assets").

Risk management is an integral part of the Group's daily investment activities. The Group has established limitations on investments in shares and debentures of the Group's assets and uses tests performed by the Group's analysts in managing the investments of the Group's assets and the Group's managed assets.

As for financial risk factors in the ETN operation, see b below.

1. Market risks:

a) Currency risk and interest risk:

Currency risks and interest risks relating to the Group's assets and the Group's managed assets are indirectly inherent in other price risks, as explained below, since some of the Company's short-term investments consist of bonds and securities that are traded in foreign stock markets.

The net financial assets which are linked to foreign currency in respect of which the Group is exposed to currency fluctuations amount to approximately NIS 21 million as of December 31, 2017 (December 31, 2016 - approximately NIS 13 million).

	Sensitivity test to changes in foreign currency exchange rates	
	Profit (loss) from change	
	5% increase in exchange rate	5% decrease in exchange rate
	NIS in millions	
2017	1.0	(1.0)
2016	0.7	(0.7)

The selected changes were determined based on management's evaluations regarding reasonable potential changes in these risk variables.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

a. Financial risk factors: (Cont.)

1. Market risks: (Cont.)

b) CPI risk:

The Group has loans from banks and issued debentures which are linked to changes in the CPI. The net financial liabilities which are linked to the CPI in respect of which the Group is exposed to CPI changes amount to approximately NIS 620 million as of December 31, 2017 (December 31, 2016 - approximately NIS 592 million).

The Company issued marketable debentures (series C) which bear fixed interest and are linked to the CPI. Therefore, the fair value of these debentures is exposed to market and CPI risks. As for hedges entered into in respect of some of the debentures (series C), see Note 20c(3).

The Company's policy is to occasionally hedge some of the effects of the CPI, based on the Board's decisions.

	Sensitivity test to changes in CPI	
	Profit (loss) from change	
	2.5% increase in CPI	**2.5% decrease in CPI**
	NIS in millions	
2017	(15)	15
2016	(15)	15

The selected changes were determined based on management's evaluations regarding reasonable potential changes in these risk variables.

c) Interest risk:

The Group has balances of cash and deposits that bear interest and therefore the Company is exposed to changes in interest rates.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

a. Financial risk factors: (Cont.)

1. Market risks: (Cont.)

c) Interest risk: (Cont.)

In the non-bank loans segment:

The principal market risk to which Peninsula is exposed is interest risk. Interest risk is the risk of impairment of Peninsula's profits and equity as a result of changes in interest rates. Peninsula adjusts the interest and commission received from its customers in order to prevent erosion of its operating margins. Lowering the BOI interest rate increases the margin whereas raising the BOI interest rate reduces the margin in existing transactions which do not allow raising the interest rate. Peninsula estimates that owing to the short-term loans and the general adjustment of the interest rate to the customer as a result of changes in market interest, its exposure to this type of situations is immaterial.

d) Price risk:

The Group has investments in marketable financial instruments. The Group is exposed to the risk of changes in fair value which is determined based on quoted market prices in respect of its shares, debentures and warrants which are classified as financial assets and measured at fair value through profit or loss.

The Group has investments in non-marketable financial instruments (mainly warrants and derivatives) whose base asset is traded on the TASE and investments in debentures whose quoted market price is derived from risk-free interest rate quotes and risk premiums for the revaluation of unquoted assets ("Fair Spread"), which is indirectly affected by changes in the quoted market price of marketable debentures (financial instruments classified at Level 2 in the fair value hierarchy (see h below)). Shares, debentures, warrants, derivatives and investment funds are classified as financial assets and measured at fair value through profit or loss in respect of which the Group is exposed to the risk of changes in fair value which is determined based on quoted market prices.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

a. Financial risk factors: (Cont.)

2. Credit risk:

a) The Group has cash, cash equivalents, short-term deposits and marketable securities which are placed in banks and Israeli and foreign stock exchange members. Accordingly, the Group is exposed to fluctuations in the banking system and in the local and foreign stock exchange members and to the collapse of a bank or a stock exchange member in which the Group's funds are deposited.

b) A subsidiary which is a TASE member extends credit to its customers for the purchase of securities pursuant to the TASE's articles of association and receives from its customers the managed securities portfolios as collaterals. The subsidiary's exposure to credit risk arises from overnight (T+1-5) credit terms granted to customers in respect of short-term bank trading and clearing services (custodian customers) in the amount of the difference between the transaction price and the position closing price only in the event of credit card chargebacks. The exposure to credit risk in respect of loans to customers is limited by the number of customers to which credit is extended and by the amount of the credit extended in relation to collaterals.

c) The Group has credit risks (the risk that the counterparty to a financial instrument will fail to meet its obligation and cause the Group losses) arising from holding debentures (mainly corporate debentures) both in respect of the Group's assets and in respect of the Group's managed assets.

d) In the non-bank loans segment:

Credit risk is the risk that one party to the financial instrument will cause the counterparty to sustain a financial loss due to default. Peninsula's credit risk mainly arises from the risk that its customers and/or providers of deferred deliverables fail to meet their commitments towards it in the event that the deliverables provided by customers are not honored. The amount that best represents Peninsula's maximum exposure to credit risk, regardless of any collateral held by it, is the carrying amount of the financial assets. Credit risk is managed by Peninsula. Peninsula is responsible for managing and analyzing the specific credit risk of each new customer before offering it standard payment terms. Credit risk arises from cash and cash equivalents, financial instruments and bank deposits. Peninsula enters into engagements with leasing and most prominent banks in Israel.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

a. Financial risk factors: (Cont.)

2. Credit risk: (Cont.)

d) In the non-bank loans segment: (Cont.)

In the process of deciding whether to enter into engagements with customers, Peninsula's management reviews the customer's credit quality while considering its financial position, the past experience with the customer and other factors. Peninsula takes steps to minimize credit risk by dispersing the transactions with customers and debtors in various markets. In addition, Peninsula's receivable portfolio, excluding immaterial amounts and engagements with government owned entities (authorities, government companies etc.), is insured by a credit insurance policy. The policy provides insurance coverage against debtors' insolvency and bankruptcy. Among others, the policy terms provide for the following: (1) a liability limit of $ 50 million in Israel and between $ 300 thousand and $ 1 million in other countries, according to the relevant country; (2) insurance coverage of 90% with a deductible of $ 1.5 million (annual cumulative global deductible and not per event); (3) Peninsula may decide to enter into engagements with customers up to an amount of $ 385 thousand and in certain cases up to $ 825 thousand without requiring advance approval from the insurance company, subject to meeting Peninsula's tests for customers; (4) Peninsula's insurance premium is partly derived from its total operating turnover from insured transactions (commercial debts only), and in any event the premium will not be below $ 270 thousand per annum. In 2017, the insurance premium rate calculated on the turnover from insured amounts was 0.06%; (5) the policy does not apply to debts which are retroactively ruled out as commercial debts. In this context it should be noted that the policy does not prevent Peninsula from entering into uninsured engagements.

3. Liquidity risk:

The Company has a working capital ratio of 1.02 as of December 31, 2017 (December 31, 2016 - 1.01). The Company does not foresee any liquidity risk relating to meeting any type of liability.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors in the ETN segment:

1. General:

The Group's policy is to verify that at the end of and during each trading day, the amount of the risk to which the special purpose subsidiaries are exposed in respect of changes in the CPI or the relevant record price is as close to zero as possible given the applicable business considerations and technical limitations.

It should be noted that the special purpose subsidiaries in the ETN segment hold the Company's shares (treasury shares) as part of the backing assets. Accordingly, the Company is exposed to accounting losses in the event of the Company's stock appreciation. In order to minimize this exposure, the Company occasionally enters into swaps and note transactions to hedge various financial instruments (that are not convertible into Company shares).

2. Operating policy vis-à-vis foreign financial institutions:

The credit risk management policy in operations with foreign financial institutions is divided into two main aspects:

a) Reporting operations with foreign financial institutions that provide a brief summary of the identity of these institutions, the Group's definition of financial institutions, maximum exposure conditions for foreign financial institutions in activities involving deposits, foreign currency, collaterals, financial instruments and borrowings, limitation on types of operations, limitations on exposure to foreign financial institutions at the Group level and at the ETN level, preservation rules for switching banks in the predetermined group of financial institutions, procedures and ongoing control.

b) Exposure profiling for foreign and local financial institutions through classification into categories and maximum degree of exposure to shares, foreign currency and credit risk.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors in the ETN segment: (Cont.)

3. Rated ETN policy:

With respect to rated ETNs, the rate of borrowing for each ETN will not exceed 80% of the value of the note. Moreover, the special purpose subsidiaries will only enter into borrowing agreements with institutions that have an international or Israeli short-term deposit rating of at least P-1 (or a corresponding rating) and a long-term rating of at least Aa3 with a stable outlook (or a corresponding rating).

Notwithstanding the aforementioned, the Company estimates that there might be certain risk factors that are liable to affect the operating results of the special purpose subsidiaries and their ability to meet their obligations to holders of ETNs.

4. Capital market volatility caused by political and economic occurrences:

The management company of the ETNs and the special purpose subsidiaries operate directly or through others in various areas of the capital market and are therefore exposed to market volatility due to the impact of domestic and international political and economic factors which are not under their control. Such volatility is liable to affect prices of stock, financial instruments and derivatives traded in various stock markets as well as the scope of public transactions in the capital market and effectively the Group's assets, liabilities and business results.

5. Credit risks:

The Group is exposed to risk relating to the solvency and financial compliance of institutions in which some of the net issuance proceeds are placed as deposits and/or with which the coverage activity is performed. There is also a risk underlying the solvency of the stock exchange members with which the Group enters into any security lending agreements and the compliance of stock exchange members with liabilities to Group companies for recovering the borrowed securities in the amount borrowed at the end of the lending period.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors in the ETN segment: (Cont.)

6. Risk of base asset tracking failure:

In the context of its coverage activity, the Group aims to hedge the exposure to changes in stock indices ("base assets") to allow the Group's assets to fully track the yields on the base assets. The main risks underlying this activity are:

a) Market risk:

Sharp fluctuations in base assets, trading suspension or other base asset trading difficulties and lack of sufficient base asset marketability are all liable to hinder the performance of transactions and lead to the inability to close open positions thereby creating a gap between the price of financial instruments that are occasionally held by the Group and the note's conversion price.

b) Liquidity risk:

Liquidity risk is the risk that the Group will experience difficulty in meeting its financial liabilities that are settled by cash or other financial assets.

The Group's approach to managing its liquidity risks is to assure to the extent possible sufficient liquidity levels for meeting its liabilities in a timely manner under normal conditions as well as under pressure without incurring unwanted losses or damage to reputation.

Decisions made by trading authorities regarding index changes or changes in prices of shares and bonds included in the index or in the weight of the shares and bonds in the index and the lack of sufficient base asset marketability and/or of financial instruments purchased by the Group as part of the coverage activity might result in the inability to close open positions or achieve balance.

c) Lending risk (short sale):

The Group's exposure to securities with low marketability is intensified when short trading actions are performed (lending), when there exists trading halt or marketability difficulties that may lead to a situation where the Group will not be able to close the lending transaction at the required quantities and dates while performing the coverage activity based on the terms of the lending transactions.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors in the ETN segment: (Cont.)

6. Risk of base asset tracking failure: (Cont.)

d) Risk of using derivatives:

The Group might use derivatives such as options, futures etc. in the context of the coverage activity. The use of derivatives creates an exposure to additional risks (such as changes in market expectations of interest rates, base asset volatility etc.) as opposed to the use of base assets only, which could result in tracking inconsistency between their yield and the base asset yield.

e) Operational risk:

Hedging the subsidiary's exposure to changes in the security indices requires constant monitoring and supervision of the changes in the indices. Impairing the Group's ability to perform such supervision due to operational reasons (such as human error, malicious acts, IT and trading systems failure) may prevent the Group from successfully hedging the above exposure.

There is also a risk that upon conversion or repayment, the holders of ETNs will not receive all or part of the consideration, among others, if the Group's coverage activity prevents it from repaying its entire liabilities to said holders of ETNs.

f) Currency risk and quanto risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument and deposit change as a result of changes in foreign currency exchange rates.

The quanto exposure risk arises from miscorrelation between the change in the ETN's underlying currency and its benchmark index in (currency hedged) NIS ETNs on foreign indices.

Currency hedged ETNs are ETNs whose investors are interested in hedging the exposure to international indices without the exposure to the index's foreign currency component. The Group currently has two types of currency hedged ETNs - currency hedged ETNs in which the quanto component is borne by the Company and currency hedged ETNs in which the quanto component is borne by the holder. It should be noted that both types of currency hedged ETNs include an interest variation component that reflects the interest gap between interest paid on the foreign currency and interest received on the NIS while adding or subtracting margins. The Group has a risk estimation model which allows the Company at the end of each trading day in Israel to estimate the total exposure to quanto as part of the exposure to market risk in accordance with the limitations of its market risk policy.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

c. Concentration of liquidity risk (excluding the ETN segment):

1. The following table presents the maturity dates of the Group's financial liabilities based on contractual terms in undiscounted amounts:

December 31, 2017

	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	< 5 years *)	Total
	NIS in millions						
Credit from banks	246	-	-	-	-	-	246
Liabilities for short sale of securities	29	-	-	-	-	-	29
Trade payables	70	-	-	-	-	-	70
Other accounts payable	109	-	-	-	-	-	109
Loans from banks	11	85	9	9	3	-	117
Debentures	159	187	102	75	75	244	842
Liabilities for purchase of operations	11	10	8	4	-	-	33
Other payables	2	2	3	3	3	7	20
	637	284	122	91	81	251	1,466

December 31, 2016

	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	< 5 years *)	Total
	NIS in millions						
Credit from banks	428	-	-	-	-	-	428
Liabilities for short sale of securities	53	-	-	-	-	-	53
Trade payables	60	-	-	-	-	-	60
Other accounts payable	83	-	-	-	-	-	83
Loans from banks	18	11	85	9	9	3	135
Debentures	61	61	61	61	61	251	556
Liabilities for purchase of operations	13	11	9	6	6	1	47
Liabilities due to put options to non-controlling interests	-	4	-	-	-	-	4
Other payables	2	2	2	3	3	11	23
	718	89	157	79	79	266	1,389

*) Until 2025.

The expected maturity dates of short-term investments are up to one year.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

c. Concentration of liquidity risk (excluding the ETN segment): (Cont.)

2. The item of other accounts payable mostly consists of liabilities for finance leases with the following maturity dates:

	December 31, 2017		
	Future minimum lease fees	Interest component	Present value of minimum lease fees
		NIS in millions	
First year	2	1	1
Second to fifth years	11	1	10
After fifth year	3	-	3
	16	2	14

d. Concentration of liquidity risk - the ETN segment:

Following are the contractual maturity dates of financial liabilities of special purpose subsidiaries in the ETN segment, including estimated interest payments. This disclosure does not include amounts prescribed in offsetting agreements:

	December 31, 2017		
	Carrying amount	Contractual cash flow	Immediate
		NIS in millions	
Financial liabilities measured at fair value through profit or loss:			
Liabilities in respect of securities	503	503	503
Other financial liabilities:			
Credit from banks	106	106	106
ETNs and CDs	28,321	28,360	28,360
Payables	20	20	20
	28,447	28,486	28,486
	28,950	28,989	28,989

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

d. Concentration of liquidity risk - the ETN segment: (Cont.)

	December 31, 2016		
	Carrying amount	Contractual cash flow	Immediate
	NIS in millions		
Financial liabilities measured at fair value through profit or loss:			
Liabilities in respect of securities	226	226	226
Other financial liabilities:			
Credit from banks	234	234	234
ETNs and CDs	28,093	28,136	28,136
Payables	23	23	23
	28,350	28,393	28,393
	28,576	28,619	28,619

e. 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	
	2017	2016	2017	2016
	NIS in millions			
Financial liabilities:				
Loans from banks (1) (3)	117	136	117	136
Subsidiary's debentures (4)	223	-	225	-
Debentures (series C) (2) (3)	621	557	679	610
	961	693	1,021	746

(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.

(3) Including current maturities and accrued interest.

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

The carrying amount of cash and cash equivalents, short-term investments, customer credit, trade receivables, other accounts receivable, long-term loans and receivables, short-term credit from banks, trade payables, other accounts payable, liabilities for purchase of operations and liabilities due to put options to non-controlling interests approximate their fair value.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

f. Value at Risk ("VAR") model:

1. Reporting pursuant to the VAR model:

A subsidiary, Tachlit, manages the ETN operation by using the VAR model for analyzing market risks. This model reflects the codependency of risk variables such as interest rates and exchange rates and is used to estimate market risks. Tachlit uses a software program developed by Hedge-Tech Financial Engineering Ltd. to examine the VAR data. Tachlit also uses the fair value at risk model to calculate extreme scenarios based on the methodologies of Prof. Avi Wohl and Dr. Maayana Wiessman.

2. Summary of the VAR model:

VAR is a model that measures the fair value at risk of various portfolios. VAR addresses the loss inherent in the Company's exposure to market risks within a given timeframe under given probability.

VAR is the percentile of the yield distribution in NIS investment portfolios. VAR is estimated by Tachlit with a 95% significance ("the 5% VAR") which is the 5% percentile of the portfolio yield distribution. For instance, if the 5% VAR equals NIS 1 million then according to the VAR estimate with a 5% probability the portfolio's inherent loss during the holding period will be NIS 1 million or more.

The standard VAR estimate calculation methods consist of analyzing different scenarios using different methods - the historical method, the Monte Carlo method and the analytical method. Moreover, different degrees of weight may be accorded to different scenarios, for example, more weight is accorded to later historical scenarios.

The Company chose the historical method in its application of the VAR model.

It should also be noted that according to the Securities Regulations (Periodic and Immediate Reports), 1970, effective from 2008, Tachlit has been performing a weekly VAT analysis at fixed time intervals. Effective from the end of the reporting year ended December 31, 2009 and with a significance level of 95% (and from December 31, 2014 with a significance level of 100%), Tachlit has also been presenting information regarding maximum, minimum and average potential loss using the VAR model.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

f. Value at Risk ("VAR") model: (Cont.)

3. The assumptions and parameters underlying the VAR model:

a) Running historical simulations using backtesting calculations going back two years.

b) Due to noises and desynchronization of daily data, weekly data are used and normalized to daily return levels.

c) When a certain risk factor is missing (its historical data in the IRF project are incomplete), an alternate risk factor that is as similar as possible is used. In addition, for securities which have no proper historical data, a strict penalty will be defined.

d) Portfolios that contain a similar short and long mix are more sensitive to assumptions and error. The historical behavior of the Tel-Aviv-25 Index is slightly different from the historical behavior of the current composition of the Tel-Aviv-25 Index and therefore analyzing the TA-25 Index by placing the index (short) against individual shares (long) will cause an artificial risk exposure. Accordingly, the presentation of liabilities in the various funds depends on the structure and components of the fund assets.

For example, when analyzing an option's asset component in the TA-25 Index it will be examined opposite a liability component in the same index whereas when analyzing the asset component of individual shares, the liability component of individual shares will be used, which effectively means that the TA-25 Index will be deconstructed. For shares which have no available IRF project historical data, a strict penalty will be defined.

e) For ETNs in the TA-MidCap Index, due to their low marketability, there is no point in analyzing individual shares or Beta data. In this case, a strict risk factor which is individually defined for each security is used.

f) For ETNs based on corporate debenture indices, a strict risk factor which is individually defined for each security is used.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

g. Results of VAR estimates underlying the ETN operation in the reporting period:

Based on the analysis findings, there is no real deviation in the backtesting results compared with the results of applying the VAR model to the ETNs as described above. These findings reinforce the results obtained from applying the VAR model to the assets of the special purpose subsidiaries with a high degree of certainty.

	As of December 31, 2017	Average in the reporting period	Maximum in the reporting period	Minimum in the reporting period
	NIS in millions			
VAR	0.5	0.9	1.3	0.5
VAR of treasury shares	0.2	0.2	0.2	0.2
Total VAR	0.7	1.1	1.5	0.7

The number of times that the actual loss exceeded the loss measured using the VAR model is zero.

h. 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 21:- FINANCIAL INSTRUMENTS (Cont.)

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

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

December 31, 2017

	Level 1	Level 2	Level 3
		NIS in millions	
Financial assets at fair value through profit or loss:			
Shares and options, debentures and ETN	108	3	23
Forwards and futures	-	6	-
Available-for-sale financial assets:	1	-	4
Shares	109	9	27
Financial liabilities:			
Shares, debentures and marketable options	29	-	-
Index forwards used for hedging	-	5	-
Contingent liability for business combination	-	-	33
	29	5	33

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

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

December 31, 2016

	Level 1	Level 2	Level 3
	NIS in millions		
Financial assets at fair value through profit or loss:			
Shares and options, debentures and ETNs	102	-	1
Forwards and futures	-	10	-
Investment in financial derivative measured at fair value	-	-	4
Available-for-sale financial assets:	1	-	4
Shares	103	10	9
Financial liabilities:			
Shares, debentures and marketable options	53	-	-
Index forwards used for hedging	-	5	-
Contingent liability for business combination	-	-	47
	53	5	47

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

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

Movement in financial assets classified at Level 3:

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Liability for purchase of operation	Total
	NIS in millions			
Balance at January 1, 2017	5	4	(47)	(38)
Total income recognized in profit or loss				
Sale of assets	22	-	-	22
Repayment of liabilities	(4)	-	-	(4)
	-	-	14	14
Balance at December 31, 2017	23	4	(33)	(6)

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Liability for purchase of operation	Total
	NIS in millions			
Balance at January 1, 2016	4	2	(8)	(2)
Total income recognized in profit or loss	1	2	-	3
Purchases	-	-	(39)	(39)
Balance at December 31, 2016	5	4	(47)	(38)

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

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

Details of the classification of current investments and current liabilities of special purpose subsidiary according to the fair value hierarchy:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	NIS in millions			
Financial assets at fair value through profit or loss:				
Government bonds	5,492	-	-	5,492
Marketable corporate debentures	4,819	-	-	4,819
Marketable shares	7,295	237	-	7,532
ETNs	331	887	-	1,218
IRSs	17	179	-	196
Options	2	10	-	12
Forwards and futures	2	38	-	40
	17,958	1,351	-	19,309
Financial liabilities:				
Marketable corporate debentures	162	-	-	162
Marketable shares	223	-	-	223
ETNs	6	-	-	6
IRSs	2	5	-	7
Forwards and futures	6	97	-	103
	399	102	-	501

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

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

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	NIS in millions			
Financial assets at fair value through profit or loss:				
Government bonds	5,554	-	-	5,554
Marketable corporate debentures	5,082	181	-	5,263
Marketable shares	8,460	71	-	8,531
ETNs	13	84	-	97
IRSs	61	96	-	157
Options	96	9	-	105
Forwards and futures	9	74	-	83
	19,275	515	-	19,790
Financial liabilities:				
Marketable corporate debentures	53	-	-	53
Marketable shares	46	-	-	46
ETNs	9	-	-	9
IRSs	9	10	-	19
Forwards and futures	-	17	-	17
Options	82	1	-	83
	199	28	-	227

i. Additional information regarding material investments in financial assets:

There are no material investments in groups of financial assets pursuant to IAS 39.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

j. Linkage terms of financial assets by groups of financial instruments pursuant to IAS 39:

December 31, 2017

	In or linked to foreign currency		Linked		ETNs linked to various	Yield-guaranteed funds linked to various	
	USD	Other	to CPI	Unlinked	indices	indices	Total
	NIS in millions						
Cash and cash equivalents	8	-	-	152	-	-	160
Financial assets at fair value through profit or loss	13	-	22	99	165	33	332
Current investments of special purpose subsidiaries for covering ETNs and CDs	-	-	-	-	28,981	-	28,981
Available-for-sale financial assets	-	-	-	5	-	-	5
Yield-guaranteed funds (1)	-	-	-	-	-	95	95
Loans and receivables *)	-	-	3	37	-	-	40
	21	-	25	293	29,146	128	29,613

December 31, 2016

	In or linked to foreign currency		Linked		ETNs linked to various	Yield-guaranteed funds linked to various	
	USD	Other	to CPI	Unlinked	indices	indices	Total
	NIS in millions						
Cash and cash equivalents	10	1	-	100	-	-	111
Financial assets at fair value through profit or loss	2	-	15	112	166	43	338
Current investments of special purpose subsidiaries for covering ETNs and CDs	-	-	-	-	28,608	-	28,608
Available-for-sale financial assets	-	-	-	4	-	-	4
Yield-guaranteed funds (1)	-	-	-	-	-	93	93
Loans and receivables *)	-	-	2	12	-	-	14
	12	1	17	228	28,774	136	29,168

*) Excluding trade receivables and loans to customers.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

j. Linkage terms of financial assets by groups of financial instruments pursuant to IAS 39: (Cont.)

(1) Composition of yield-guaranteed funds:

	December 31,	
	2017	2016
	NIS in millions	
Quoted debt assets	6	5
Treasury deposits	81	80
Loans and receivables, including bank deposits	1	1
Other financial investments	7	7
	95	93

k. Linkage terms of financial liabilities by groups of financial instruments pursuant to IAS 39:

December 31, 2017

	Linked to CPI	Unlinked	ETNs linked to various indices	Total
	NIS in millions			
ETNs and CDs	-	-	28,329	28,329
Current liabilities of special purpose subsidiaries for covering ETNs and CDs	-	-	621	621
Financial liabilities measured at amortized cost *)	645	611	-	1,256
	645	611	28,950	30,206

*) Excluding trade payables.

NOTE 21:- FINANCIAL INSTRUMENTS (Cont.)

k. Linkage terms of financial liabilities by groups of financial instruments pursuant to IAS 39: (Cont.)

December 31, 2016

	Linked to CPI	Unlinked	ETNs linked to various indices	Total
	NIS in millions			
ETNs and CDs	-	-	28,104	28,104
Current liabilities of special purpose subsidiaries for covering ETNs and CDs	-	-	472	472
Financial liabilities measured at amortized cost *)	609	586	-	1,195
	609	586	28,576	29,771

*) Excluding trade payables.

NOTE 22:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES

Employee benefits consist of short-term benefits, post-employment benefits, other long-term benefits and termination benefits.

a. Post-employment benefits:

According to the labor laws and Severance Pay Law in Israel, the Company is required to pay compensation to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to Section 14 to the Severance Pay Law, as specified below. The Company's liability is accounted for as a post-employment benefit. The computation of the Company's employee benefit liability is made in accordance with a valid employment contract based on the employee's salary and employment term which establish the entitlement to receive the compensation.

The post-employment employee benefits are normally financed by contributions classified as defined benefit plans or as defined contribution plans, as detailed below.

NOTE 22:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES

a. Post-employment benefits: (Cont.)

1. Defined contribution plans:

Section 14 to the Severance Pay Law, 1963 applies to part of the compensation payments, pursuant to which the fixed contributions paid by the Group into pension funds and/or policies of insurance companies release the Group from any additional liability to employees for whom said contributions were made. These contributions and contributions for compensation represent defined contribution plans.

	Year ended December 31,		
	2017	**2016**	**2015**
		NIS in millions	
Expenses in respect of defined contribution plans	10	8	7

2. Defined benefit plans:

The Group accounts for that part of the payment of compensation that is not covered by contributions in defined contribution plans, as above, as a defined benefit plan for which an employee benefit liability is recognized and for which the Group deposits amounts in central severance pay funds and in qualifying insurance policies.

NOTE 22:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES (Cont.)

a. Post-employment benefits: (Cont.)

2. Defined benefit plans: (Cont.)

a) Changes in the defined benefit obligation and fair value of plan assets:

2017

		Expenses recognized in profit or loss					Gain (loss) from remeasurement in other comprehensive income						
	Balance at January 1, 2017	Current service cost	Net interest expense	Past service cost and effect of settlements	Total expense recognized in profit or loss for the period	Payments from the plan	Return on plan assets (excluding amounts included in net interest expenses)	Actuarial gain (loss) arising from changes in demographic assumptions	Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from experience adjustments	Total effect on other comprehensive income for the period	Contributions by employer	Balance at December 31, 2017
	NIS in millions												
Defined benefit obligation	28	2	1	-	3	4	-	-	1	1	2	-	29
Fair value of plan assets	21	-	1	-	1	2	1	-	-	-	1	1	22
Net defined benefit liability (asset)	7	2	-	-	2	2	(1)	-	1	1	1	(1)	7

2016

		Expenses recognized in profit or loss					Gain (loss) from remeasurement in other comprehensive income							
	Balance at January 1, 2016	Current service cost	Net interest expense	Past service cost and effect of settlements	Total expense recognized in profit or loss for the period	Payments from the plan	Return on plan assets (excluding amounts included in net interest expenses)	Actuarial gain (loss) arising from changes in demographic assumptions	Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from experience adjustments	Total effect on other comprehensive income for the period	Contributions by employer	Initial consolidation	Balance at December 31, 2016
	NIS in millions													
Defined benefit obligation	22	2	1	-	3	2	-	-	-	-	-	-	5	28
Fair value of plan assets	16	-	-	-	-	1	-	-	-	-	-	1	5	21
Net defined benefit liability (asset)	6	2	1	-	3	1	-	-	-	-	-	(1)	-	7

NOTE 22:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES (Cont.)

a. Post-employment benefits: (Cont.)

2. Defined benefit plans: (Cont.)

b) Disaggregation of the fair value of the plan assets:

	December 31,	
	2017	2016
	NIS in millions	
Cash and cash equivalents	2	1
Equity instruments	4	5
Debt instruments	13	12
Other	3	3
	22	21

c) The principal assumptions underlying the defined benefit plan:

	2017	2016
	%	
Discount rate	2.06-3.39	2.6-4.05
Average rate of expected salary increase	3.1	3.1

The discount rates as of December 31, 2017 and 2016 were determined based on the yield curve as of the reporting date on high-quality corporate debentures in Israel.

NOTE 22:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES (Cont.)

a. Post-employment benefits: (Cont.)

2. Defined benefit plans: (Cont.)

d) Amount, timing and uncertainty of future cash flows:

Below are reasonably possible changes at the end of the reporting period in each actuarial assumption assuming that all other actuarial assumptions are constant:

	Change in defined benefit obligation
	NIS in millions
Sensitivity test for changes in the rate of expected salary increase:	
The change as a result of:	
Salary increase of 4% (instead of 3%)	0.5
Sensitivity test for changes in the discount rate of the plan assets and liability:	
The change as a result of:	
Increase of 1% in discount rate	(0.5)
Decrease of 1% in discount rate	0.5

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS

a. Commitments:

1. The Company's engagement in management agreements with controlling shareholders and officers:

a) Mr. Zvi Stepak (a controlling shareholder in the Company, "Zvi") and Mr. Avner Stepak ("Avner"):

Management services provided through companies controlled by Zvi and Avner:

On May 9, 2016, the Company's general meeting approved the extension of the Company's engagement in management service agreements with companies controlled by Zvi and Avner.

Zvi provides the Company services as a full-time active director through a management company controlled by him. Subject to Zvi's consent and the approval of the relevant organs, he also serves as chairman of the Board, director and/or member of committees of Group companies. In return for the management services, the Company pays the management company a monthly fee of NIS 135 thousand, with the addition of monthly VAT, linked to the increase in the CPI (for April 2012). Zvi unilaterally stated that notwithstanding the aforementioned, until further notice to the Company and at his absolute discretion, the monthly management fees to be paid to him will be NIS 115 thousand (linked) plus VAT.

Avner (Zvi's son) provides the Company services as the full-time Vice Chairman of the Board through a management company controlled by him. Subject to Avner's consent and the approval of the relevant organs, he also serves as director and/or member of committees of Group companies. In return for the management services, the Company pays the management company a monthly fee of NIS 115 thousand, with the addition of monthly VAT, linked to the increase in the CPI (for April 2012). Avner unilaterally stated that notwithstanding the aforementioned, until further notice to the Company and at his absolute discretion, the monthly management fees to be paid to him will be NIS 97.5 thousand (linked) plus VAT.

Zvi and Avner are entitled to quittance, indemnification and insurance, as customary in the Company

Annual bonus:

After the approval of the financial statements for the former calendar year, the Company pays each of the management companies of Zvi and Avner an annual bonus with the addition of VAT as required by law, subject to the high- water mark mechanism.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

1. The Company's engagement in management agreements with controlling shareholders and officers: (Cont.)

a) Mr. Zvi Stepak (a controlling shareholder in the Company, "Zvi") and Mr. Avner Stepak ("Avner"): (Cont.)

Annual bonus: (Cont.)

According to this mechanism, a net present value ("NPV") is defined as the net income attributable to equity holders of the Company in the calendar year based on the audited annual financial statements for any calendar year with the following adjustments: (a) less profits and with the addition of non-recurring net capital losses (after tax); (b) with the addition of the annual bonus to the management companies of Zvi and Avner, if and to the extent paid, and less corporate tax in their respect; (c) with the addition of tax expenses and less tax income against deferred taxes; (d) with the addition of 100% of amortization of other assets and depreciation of property, plant and equipment; and (e) with the addition of expenses or losses recorded in the Company's statements of profit or loss for which a demand for compensation was submitted to the Company and less income and/or gains recorded in the Company's statements of profit or loss as a result of compensation paid to the Company - both on a net basis - after taxes and only in connection with the merger agreement.

Every year, the NPV will be calculated with the addition of the NPV of each of the years before the relevant year from the year of commencement of the management services (namely from 2013) divided by the number of years included in said calculation ("the cumulative NPV underlying the annual bonus"). If the cumulative NPV underlying the annual bonus in the relevant year is above NIS 98 million ("the minimum amount"), the Company will pay each of the management companies the annual bonus based on the following brackets and rates:

- If the cumulative NPV underlying the annual bonus in the relevant year is between the minimum amount (NIS 98 million) and NIS 131 million, the difference between the minimum amount and the lower of the actual cumulative NPV underlying the annual bonus and NIS 131 million ("the difference for calculating the first bonus bracket"), the Company will pay the management companies of Zvi and Avner an annual bonus of 1.75% and 2.25% of the difference for calculating the first bonus bracket, respectively ("the first bonus bracket").

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

1. The Company's engagement in management agreements with controlling shareholders and officers: (Cont.)

a) Mr. Zvi Stepak (a controlling shareholder in the Company, "Zvi") and Mr. Avner Stepak ("Avner"): (Cont.)

Annual bonus: (Cont.)

- If the cumulative NPV underlying the annual bonus in the relevant year is between NIS 131 million and NIS 163 million, the difference between NIS 131 million and the lower of the actual cumulative NPV underlying the annual bonus and NIS 163 million ("the difference for calculating the second bonus bracket"), the Company will pay the management companies of Zvi and Avner, in addition to the first bonus bracket, an annual bonus of 2.25% and 3.25% of the difference for calculating the second bonus bracket, respectively ("the second bonus bracket").

- If the cumulative NPV underlying the annual bonus in the relevant year is above NIS 163 million, the difference between NIS 163 million and the actual cumulative NPV underlying the annual bonus ("the difference for calculating the third bonus bracket"), the Company will pay the management companies of Zvi and Avner, in addition to the first and second bonus brackets, an annual bonus of 3% and 4.25% of the difference for calculating the third bonus bracket, respectively ("the third bonus bracket").

In any case, the total annual cost to the Company for the remuneration of each in a given calendar year (including management fees, reimbursement of expenses and annual bonus) shall not exceed the lower of (a) NIS 2.5 million, linked to the CPI of April 2012, (b) a ceiling which is the result of multiplying the average cost to the employer in each calendar year of the bottom percentile of the Group's employees and individuals employed in the Group through management agreements by 30 and (c) another binding cogent ceiling for remuneration of officers which applies to the Company by law and this in effect from the date on which the ceiling will apply, as above, in respect of agreements with officers which were binding before the above ceiling became effective.

The total cost of employment of Zvi and Avner in 2017 amounted to approximately NIS 1.9 million and NIS 1.8 million, respectively (2016 - approximately NIS 1.8 million and NIS 1.7 million, respectively, 2015 - approximately NIS 1.7 million and NIS 1.6 million, respectively).

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

1. The Company's engagement in management agreements with controlling shareholders and officers: (Cont.)

a) Mr. Zvi Stepak (a controlling shareholder in the Company, "Zvi") and Mr. Avner Stepak ("Avner"): (Cont.)

The engagement period:

The Company's engagement in management agreements with Zvi and Avner is for a period of three years effective from March 19, 2016. During the engagement period, each party may terminate the engagement at any time by providing an advance notice of six months. During the early notice period, all the provisions of the management agreements will continue to apply but the Company will be entitled to waive the actual performance of the management services provided that the full fee is paid pursuant to the management agreements.

b) Mr. Eli Barkat:

On May 9, 2016, the Company's general meeting approved the extension of the Company's engagement in a management service agreement with a company controlled by Mr. Eli Barkat, the Chairman of the Company's Board ("Mr. Barkat") for a period of three years effective from March 19, 2016.

Mr. Barkat provides the Company management services consisting of all the functions of an active chairman of the board of a company of the Company's size and nature, under a position at a scope of at least 40%, in return for an overall monthly fee of NIS 80 thousand with the addition of VAT. Mr. Barkat unilaterally stated that notwithstanding the aforementioned, until further notice to the Company and at his absolute discretion, the monthly management fee to be paid to him will be NIS 64 thousand plus VAT.

Mr. Barkat is entitled to quittance, indemnification and insurance, as customary in the Company.

The total cost of employment of Mr. Barkat in a given calendar year (including management fees and reimbursement of expenses) shall not exceed another binding cogent ceiling for remuneration of officers which applies to the Company by law and this in effect from the date on which the ceiling will apply, as above, in respect of agreements with officers which were binding before the above ceiling became effective.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

1. The Company's engagement in management agreements with controlling shareholders and officers: (Cont.)

b) Mr. Eli Barkat: (Cont.)

Each party may terminate the management agreement by providing an advance notice of three months during which time all the provisions of the management agreement will continue to apply. Mr. Barkat holds 33% of the share capital of BRM Finance Ltd., a controlling shareholder in the Company, through companies controlled by him. The total cost of employment of Mr. Barkat in 2017 amounted to approximately NIS 0.8 million (2016 and 2015 - approximately NIS 0.8 million each year).

c) The Company's CEO:

On March 14, 2017, the Company's general meeting approved and reaffirmed the extension and terms of the engagement with Mr. Ilan Raviv ("Mr. Raviv") as the Company's CEO. Mr. Raviv serves as the Company's CEO as a full-time position and under an employer-employee relationship with the Company. It should be noted that Mr. Raviv also serves as director in the Company's subsidiaries without receiving any additional remuneration.

Base salary:

In return for his services, Mr. Raviv is entitled to a gross base salary of NIS 125 thousand a month, linked to the known Israeli CPI as of January 1, 2017. He is also entitled to related benefits and reimbursement of expenses (including company car and social benefits). Mr. Raviv is entitled to quittance, indemnification and insurance, as customary in the Company.

Fixed bonus:

Mr. Raviv is entitled to a fixed gross annual bonus of NIS 780 thousand (or a relative portion thereof if the agreement is in effect for part of the calendar year and subject to the Company's remuneration policy). Mr. Raviv is entitled to advances on account of said bonus in the form of 12 equal gross monthly payments of NIS 65 thousand. Notwithstanding the aforementioned: (a) if the Company fails to meet 70% of the annual EBITDA target imposed on it by the Board for a certain year, Mr. Raviv will not be entitled to the fixed bonus for that year; (b) if the Company meets 70%-85% of the annual EBITDA target imposed on it by the Board for a certain year, Mr. Raviv will be entitled to a fixed gross bonus in the amount of NIS 384 thousand for that year.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

1. The Company's engagement in management agreements with controlling shareholders and officers: (Cont.)

c) The Company's CEO: (Cont.)

Fixed bonus: (Cont.)

If the Company meets 85% or more of the annual EBITDA target imposed on it by the Board for a certain year, Mr. Raviv will be entitled to the full amount of the fixed bonus. The (full/partial) offsetting of the fixed bonus will be done in the following year by reducing the monthly payments for the fixed bonus accordingly.

Annual bonus based on measurable targets:

The Company will pay Mr. Raviv an annual bonus of up to five salaries based on meeting an annual measurable targets plan as annually determined by the Company's Board at the latter's discretion.

Discretionary bonus:

The remuneration committee and Board may decide to grant Mr. Raviv an annual bonus, based on their discretion, in an amount that does not exceed three times his base salary.

Maximum remuneration:

The Company's expected cost of the entire components of Mr. Raviv's remuneration will not exceed 35 times the lowest remuneration, based on a full-time position cost paid by the Company to any of its employees in the year before the engagement date.

The engagement term:

The engagement will be effective from January 1, 2017 for a period of three years until January 1, 2020. Each party may terminate the engagement at any time by providing an advance written notice of six months. During the early notice period, all the provisions of the engagement will continue to apply but the Company will be entitled to waive Mr. Raviv's actual services.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

1. The Company's engagement in management agreements with controlling shareholders and officers: (Cont.)

c) The Company's CEO: (Cont.)

The engagement term: (Cont.)

The total cost of Mr. Raviv's employment in 2017 amounted to approximately NIS 3 million (2016 - approximately NIS 4.1 million, 2015 - approximately NIS 3.6 million). For the allocation of non-marketable share options to the CEO, see Note 33 below.

Through December 31, 2016, Mr. Raviv granted the Company management services through a company controlled by him for monthly management fees of NIS 140 thousand, linked to the Israeli CPI. In addition, the company controlled by Mr. Raviv was entitled to a company car with all expenses paid at a maximum cost of NIS 12 thousand a month and to an annual bonus in a maximum amount of NIS 1 million linked to the CPI plus VAT based on meeting certain annual quantitative and qualitative targets as determined every year in advance by the Company's Board. In the event that Mr. Raviv and the management company meet part of the targets, they will be entitled to a relative portion of the bonus, as determined in the plan.

2. On August 4, 2013, the Group entered into a lease agreement for six office floors in an overall gross area of some 9,703 sq. m. consisting of office, storage and parking spaces in Champion Tower. The lease period is 10 years from January 1, 2014 with three extension options of three years each. The annual lease fees payable by the Group approximate NIS 14.5 million, with the addition of linkage differences and VAT. The fees are for the lease of the office, storage and parking spaces, management fees, municipal taxes and participation in cost of maintenance. The Company guaranteed the fulfillment of the lease obligations of Meitav Dash Securities and Investments Ltd. according to the lease agreement.

3. The Group has agreements with executives in subsidiaries according to which the executives will receive a base salary and bonuses based on compliance with predetermined targets. The remuneration paid to officers in the Company is subject to the Company's remuneration policy. Moreover, executives in subsidiaries occasionally receive shares and/or share options in their respective companies.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

4. As of the date of the financial statements, Mizrahi Tefahot Bank Ltd. and Malam Provident Operation Ltd. serve as the operators of the provident and pension funds managed by the Group ("the operators"). The operators grant Meitav Dash operating and back office services as well management of members' accounts consisting, among others, of issuing reports to the members and the authorities, transfer payments and computing services.

5. A subsidiary, Meitav Dash Provident, entered into agreements with various resellers for marketing the provident funds managed by it in return for commissions that until March 31, 2017 were calculated as a percentage of the subsidiary's revenues from the assets recruited by the resellers. As of April 1, 2017, the commissions are not derived from the revenues for the assets recruited. In the majority of agreements, the entitlement to a commission also applies if the agreement is cancelled and as long as the funds of the customers recruited by the resellers are managed by Meitav Dash Provident, subject to the terms of each specific agreement. Meitav Dash Provident's customers include entities which are related and interested parties the engagement with which is at standard engagement terms.

6. Meitav Dash Provident signed distribution agreements with the majority of Israeli banks, including the top five banks in Israel, for the distribution of some of the funds managed by it. Meitav Dash Provident entered into engagements with other pension consultants for distributing its products and intends to enter into engagements with additional pension consultants.

7. Meitav Dash Funds, a subsidiary which manages mutual funds, entered into distribution agreements with the majority of commercial banks in Israel. According to the distribution agreements, the banks distribute the participation units of the mutual funds managed by the subsidiary. In return, the subsidiary pays the banks distribution commissions at the maximum rates prescribed in the Joint Investments in Trust Regulations (Distribution Commissions), 2006 ("distribution commissions").

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

a. Commitments: (Cont.)

8. Some of the mutual funds managed by Meitav Dash Funds are "host" mutual funds whose investments are managed by external investment managers ("hosting"). Under the hosting format, the subsidiary is fully responsible for the funds, including the management and operation of the mutual funds, whereas the external investment managers provide investment management services that consist, among others, of daily management of fund assets under the governance of the subsidiary's investment committee and board and the trustees and based on the provisions of the relevant fund agreement, the fund's prospectus and applicable legal provisions. In return for the investment management services, each external investment manager is entitled to a monthly fee which is normally derived from management fees and an additional percentage which is collected upon the sale of the fund's units, less direct expenses and including distribution commissions, origination fees, statutory publications and the ISA's and TASE's fees. The parties are entitled to cancel the engagement by providing an advance notice on the dates specified in the relevant agreement.

9. On November 8, 2016, after examining the registration forms by an independent external accountant, the Company recognized the National Employee Federation (Histadrut) as the organization that represents the employees vis-à-vis the Company. As of the date of approval of the financial statements, the parties are holding negotiations toward signing a collective agreement.

b. Contingent liabilities:

Owing to their business occupations, in the ordinary course of business, the Group companies receive requests from customers or suppliers involving various arguments. Some of these requests are liable to result in litigation. The Group companies might be required to pay various amounts in respect of differences and errors involving their activities. When the liabilities in respect of the aforementioned are immaterial and/or cannot be reasonably estimated, no provision is recorded in the financial statements.

1. Claims filed against underwriting companies:

a) On March 23, 2009, a claim and motion for approval of the claim as a class action were filed with the Central District Court by Mrs. Ruth Hillel Safroni and Dr. Barak Shenhav ("the claim" and "the petitioners", respectively) against 26 defendants (among which are the underwriters in the issuance including M.D. Treasury Ltd.) in a total of at least NIS 50 million alleging the existence of misleading details in the prospectus of Pacifica Holdings Ltd. ("Pacifica").

After certain delays in the proceeding, among others in view of a criminal proceeding held and an attempt to reach a settlement, on July 19, 2016, the petitioners filed a petition for renewing the proceedings in the case. As of said date, preliminary proceedings are being held in the case, including the hearing of a petition for adding exhibits from the criminal case.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

1. Claims filed against underwriting companies: (Cont.)

a) (Cont.)

The date scheduled for submitting a revised response to the underwriters' motion for approval is May 10, 2018. A pretrial hearing has been scheduled for June 11, 2018.

The attorneys representing the underwriters (including M.D. Treasury Ltd.) believe that in view of the preliminary stage of the proceeding it is impossible to assess the chances of the motion for approval or claim to prevail or to quantify the monetary sanction which might be imposed on M.D. Treasury Ltd. if the motion for approval and claim are accepted. The financial statements include a provision in an immaterial amount.

b) On May 20, 2009, a claim and motion for approval of the claim as a class action were filed with the Central District Court by Harel Pia Mutual Funds Ltd. and Mr. Asher Sapir against 16 defendants, including M.D. Treasury, in a total of approximately NIS 194 million alleging the existence of misleading details in the prospectus of Landmark Group Ltd. ("Landmark"). M.D. Treasury was M.D. Treasury the chief consortium manager in the Landmark issuance based on a prospectus of May 21, 2007. On December 27, 2012, the District Court granted the motion for approval of the claim as a class action pertaining to some of the grounds of the claim and on March 15, 2017, a notice of signing a settlement agreement by all the parties was delivered to the Court. On September 5, 2017, the Court rendered its decision which approved the settlement agreement and provided guidelines for publicizing the settlement agreement and its execution. The decision rendered on September 5, 2017 was granted preemptory rule status. As of the date of approval of the financial statements, the execution of the settlement agreement is in process in keeping with the outline determined in the settlement agreement and the Court's decision.

c) On September 14, 2017, a claim and motion to approve the claim as a derivative action ("the claim" and "the motion for approval", respectively) were filed with the Tel-Aviv District Court among others against the underwriters, including M.D. Treasury Ltd. and other defendants ("the respondents") in which the petitioners argue that the outcome of the actions taken by the respondents during the period from March 2006 to June 2007 caused Pacifica Holdings Ltd. ("Pacifica") to remain without liquid means and with debts in excess of NIS 50 million. Among others, the petitioners argue the respondents have violated different legal provisions. The remedies sought by the petitioners in the claim and motion for approval from the respondents, jointly and severally, include recovery of the entire funds, conditions and benefits, compensation for funds paid by Pacifica for various transactions, a remedy to cure the indirect damage caused to Pacifica, compensation for the rights issue based on false documents and an overall monetary compensation of approximately NIS 51 million.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

1. Claims filed against underwriting companies: (Cont.)

c) (Cont.):

On January 18, 2018, the underwriters submitted a petition for dismissal of the motion in limine ("the motion for dismissal"). On January 29, 2018, the underwriters submitted a petition for obligating the respondents to post collateral in the amount of NIS 400 thousand at the Court's Clerk's Office. On March 1, 2018, the underwriters submitted their response to the motion for approval. A pretrial hearing was scheduled for April 23, 2018 in which the Court is expected to discuss the motion for dismissal of the collateral submitted by the underwriters and other motions for dismissal submitted by other respondents in the case.

In view of the preliminary stage of the proceeding, the attorneys handling the case are currently unable to assess the chances of the claim or motion for approval or quantify the amount which M.D. Treasury will be liable for if the claim and motion for approval are accepted.

2. Litigation and claims - Meitav Dash Provident and Pension:

a) On December 23, 2012, a claim and motion for approval of the claim as a class action were filed with the Tel-Aviv District Court pursuant to the Class Action Law, 2006 ("the claim") in a nominal amount of approximately NIS 195 million against Meitav Dash Provident. The plaintiff argues that Meitav Dash Provident should have collected zero management fees on the accumulated balance of assets from the members of the compensation provident fund ("the fund") who joined before June 30, 2007. The plaintiff also argues that Meitav Dash Provident should have collected 1% of the contributions although the legal provisions forbade companies that manage provident funds to collect management fees on the contributions (until January 1, 2013). The claim is based on a document of 1969 which according to the articles of association, agreements and documents produced to Meitav Dash Provident was no longer in effect in 2007, the date of purchase of the fund by Meitav Dash Provident and therefore is obviously not effective today. The fund was purchased after obtaining the approval of the Ministry of Finance and the collection of the management fees was executed in conformity with the fund's articles of association and applicable laws.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

2. Litigation and claims - Meitav Dash Provident and Pension: (Cont.)

a) (Cont.):

In addition, on September 1, 2014, a claim and motion for approval of the claim as a class action were filed with the Tel-Aviv District Court pursuant to the Class Action Law, 2006 in a nominal amount of approximately NIS 251 million against Meitav Dash Provident. The plaintiff argues that Meitav Dash Provident illegally increased the management fees paid by the plaintiff and the group of members of a compensation fund. The plaintiff also argues that the management fees should be zero and that charging management fees is in contrast to signed agreements. Both cases were consolidated and are discussed together.

On August 30, 2015, the District Court decided to dismiss the motion for approval of a class action against Meitav Dash Provident regarding alleged illegal collection of management fees from provident fund members who are employees of Bank Hapoalim and accept the motion for approval of a class action with respect to the other groups of plaintiffs in both motions.

In the course of 2017, several pretrial hearings were held in the case. On November 22, 2017, a joint file was submitted which includes the documents on which the parties were asked to rely. Disagreement arose in respect of some of the documents and in this context a request submitted by Meitav Dash Provident is pending. On January 31, 2018, the plaintiffs submitted their depositions and an opinion on their behalf. The last date for submitting depositions by Meitav Dash Provident is April 30, 2018.

The attorneys handling the case believe that Meitav Dash Provident has good defense arguments against the motion and that it is more likely than not that Meitav Dash Provident's position will accepted once the legal proceedings have been exhausted. Accordingly, no provision was included in the financial statements.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

2. Litigation and claims - Meitav Dash Provident and Pension: (Cont.)

b) On October 15, 2013, a claim and motion for approval of the claim as a class action were filed with the Tel-Aviv District Court pursuant to the Class Action Law, 2006 ("the claim") in an amount of approximately NIS 50 million against Meitav Dash Provident. The plaintiff argues that Meitav Dash Provident increased the plaintiff's management fees without providing advance notice.

In the course of 2017 through the date of the financial statements, several interim petitions and responses thereto were submitted, a pretrial hearing was held, a proof hearing was held (cross examination for depositions) and summations were filed by the parties to the claim.

On February 26, 2018, Meitav Dash Provident submitted a petition for striking certain clauses from the petitioner's response in view of the broadening of the claim scope.

The attorneys representing Meitav Dash Provident believe that it is more likely than not that Meitav Dash Provident's defense arguments will be accepted and that the motion will be dismissed. If the claim is approved as a class action, however, at this early stage it is difficult to assess its chances or Meitav Dash Provident's monetary exposure in its respect.

c) On July 10, 2016, a claim and motion for approval of the claim as a class action were filed with the Tel-Aviv District Court against Meitav Dash Provident.

According to the petitioners' arguments, members of Meitav Dash Comprehensive Provident Fund (formerly: Yuvalim Comprehensive Pension Fund for Hired and Self Employed Employees), managed by Meitav Dash Provident, who had made excess contributions to the pension fund (above the maximum amount prescribed by law) are not and will not be entitled in the future to receive any pension annuities in respect of the excess amounts contributed by them and are also not entitled to a recovery of said contributions which are retained by Meitav Dash Provident and for which the latter even charges management fees without providing details thereon. It is also argued that Meitav Dash Provident was negligent in failing to inform its members of the Fund's articles of association according to which there is no legal option of making excess contributions above the maximum rate stipulated by law and had even notified one of the petitioners that the "insured annuity" includes the entire contributions made. The petitioners also argue that Meitav Dash Provident was negligent in failing to provide timely information to members that they will not be entitled to any annuity for the excess contributions made by them.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

2. Litigation and claims - Meitav Dash Provident and Pension: (Cont.)

c) (Cont.):

On January 11, 2017, the District Court rendered its decision according to which the petition filed by Meitav Dash Provident to dismiss the above motion in limine due to absence of subject-matter jurisdiction was partly accepted and ruled that the subject-matter jurisdiction underlying the above motion pertaining to non-torts lies with the Labor Court. Accordingly, on February 1, 2017, the petitioners filed an amended motion with the District Court which excludes all the grounds in the original motion except for the grounds of theft and negligence.

On May 7, 2017, Meitav Dash Provident submitted its response to the petitioners' amended motion. On January 18, 2018, a pretrial hearing was held in which the Court recommended that the parties reach understandings for settling their disputes. Insofar as the parties fail to reach such understandings, a proof hearing will be held on November 21, 2018.

The attorneys representing Meitav Dash Provident believe that due to the preliminary stage of the claim, its chances of being approved as a class action cannot be assessed.

d) In October, November and December 2016, three claims and motions for approval of the claims as a class actions were filed with the Jerusalem Regional Labor Court and the Central District Court against Meitav Dash Provident and Ayalon Pension and Provident Ltd. (which was merged into Meitav Dash Provident on January 1, 2017, "Ayalon").

According to the above motions, Meitav Dash Provident/Ayalon were not entitled to deduct from the members' assets direct expenses for conducting transactions in the relevant fund assets. The sought remedy is recovery of the direct expenses charged from the fund for transactions in its assets. The total damage to the group in the above three claims is estimated by the plaintiffs at approximately NIS 110.6 million, approximately NIS 67.4 million and an amount which cannot be quantified. In the course of 2017 through the date of approval of the financial statements, the following developments occurred in the case:

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

2. Litigation and claims - Meitav Dash Provident and Pension: (Cont.)

d) (Cont.):

(1) With respect to the claims and motions for approval of the claims as class actions totaling approximately NIS 67.4 million and NIS 110.6 million, respectively, on April 9, 2017, Meitav Dash Provident submitted its response to the motion. On December 3, 2017, the petitioner submitted its response to Meitav Dash Provident's response and on January 11, 2018, a pretrial hearing was held in the case. The case is scheduled for interrogations of the deponents on June 12, 2018 and July 15, 2018.

(2) With respect to the claim and the motion for approval of the claim as a class action in an unspecified amount, on March 14, 2017, the case was assigned to the Regional Labor Court in Jerusalem and preliminary proceedings and interim petitions were submitted. On January 4, 2018, Meitav Dash Provident submitted its response to the motion. A hearing of the case has been scheduled for May 13, 2018.

The attorneys handling the claims believe that in view of the early stage of the motions, before a hearing of the actual motions has commenced, and based on information delivered to them to date, Meitav Dash Provident has good defense arguments and that it is more likely than not that the Court will dismiss the motions.

e) On February 26, 2017, a claim and motion for approval of a claim as a class action pursuant to the Class Action Law, 2006 were filed with the Tel-Aviv-Jaffa District Court by Financial Justice, R.A. ("the motion" and "the plaintiff", respectively) against Ayalon Pension and Provident (which was merged with and into Meitav Dash Provident on January 1, 2017, "the defendant") et al.

According to the plaintiff, the defendant illegally collected loan origination and/or management fees from its members. The group which the plaintiff seeks to represent is any individual or entity that had received a loan and/or credit from the defendant and was charged for loan origination and/or management fees.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

2. Litigation and claims - Meitav Dash Provident and Pension: (Cont.)

e) (Cont.):

The overall damage claimed from the defendant is estimated by the plaintiff at approximately NIS 1.5 million which, according to the plaintiff, should also include compensation for the management fees collected by the defendant from non-member borrowers in an amount which the class action plaintiff has not quantified. The main remedies sought in the motion are: (1) issuing a declaratory relief for violation of the law and breach of fiduciary duty applicable to the defendant and a declaratory relief for unjust enrichment at the expense of the group of plaintiffs; (2) granting compensation and restitution of the funds illegally collected from the group of plaintiffs with the addition of interest and linkage differences.

On December 17, 2017, a petition for consolidating all the claims that had been filed for the same issue under a single beneficiary was granted. It was also agreed in the hearing that the parties will be first assigned to mediation.

According to the Company's attorneys handling the motion, due to the early stage of the claim, it is difficult to assess the chances of the claim and/or the motion to be accepted.

f) On July 10, 2017, a claim and motion to approve the claim as a class action were filed against Meitav Dash Provident with the Tel-Aviv District Court ("the motion"). The main arguments raised in the motion involve a criminal proceeding held against a former investment manager ("the defendant") in Apex Provident Fund Management Ltd. (which had been merged into Meitav Dash Provident several years before, "Apex Provident"). On May 25, 2017, the defendant was convicted in a plea bargain, among others, of several criminal offenses such as securities fraud, fraudulent receipt, theft by authorized person, deceit, breach of trust in a corporation and money laundering. The conviction mainly relies on planned transactions committed by the defendant himself.

Among others, it is argued in the motion that Apex Provident is responsible for the losses caused to its then members by the defendant's actions and for the damages caused to the members' funds, among others due to Apex Provident's negligence in safekeeping the members' funds. The petitioner estimates that the overall amount of the motion payable to the members of the group of plaintiffs is in excess of NIS 55 million.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

b. Contingent liabilities: (Cont.)

2. Litigation and claims - Meitav Dash Provident and Pension: (Cont.)

f) (Cont.):

In the reporting period, Meitav Dash Provident filed a petition for dismissal of the motion in limine and several interim petitions and responses thereto were submitted by the parties.

After having obtained interrogation documents from the Attorney General, on January 4, 2018, the petitioner filed a petition for revising the motion and adding evidence. The Court suspended the hearing and the decision regarding the revised motion until a decision is rendered in the motion for dismissal in limine.

Due to the preliminary stage of the motion, the attorneys are unable to assess its chances of being accepted as a class action.

3. On December 31, 2014, a claim and motion for approval of the claim as a class action were filed with the Tel-Aviv District Court against Meitav Dash Funds and 14 others, including 8 fund managers and 6 mutual fund trustees (collectively - "the defendants"). The claim alleges violation of fiduciary duty, duty of care and other duties prescribed by law due to charging and collecting allegedly excessive brokerage commissions in mutual funds managed and/or supervised by the defendants until December 27, 2011. The overall claim amount was estimated by the plaintiffs at approximately NIS 220 million, of which an amount of approximately NIS 36.2 million is attributed to Meitav Dash Funds.

In 2017, the petitioner submitted petitions for withdrawal of the motion for approval of the claim as a class action and for dismissing the individual claim regarding all the defendants. On October 2, 2017, the Court granted the latest petition for withdrawal and the dismissal of the individual claim. On October 8, 2017, the Court announced that the decision of October 2, 2017 represents a verdict which concludes the claim.

c. Guarantees and liens:

1. Dash pledged in favor of Bank Hapoalim shares of Tachlit held by it, including the revenues therefrom and yields thereon, its rights in the bank account, including the funds and assets thereof, and its rights to receive funds from Tachlit as management fees and on account of shareholders' loans.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

c. Guarantees and liens: (Cont.)

2. In the context of lease agreements, the Company and subsidiaries provided CPI-linked guarantees to owners of assets as collateral for the fulfillment of liabilities pursuant to lease agreements. As of the financial statement date, these guarantees amounted to approximately NIS 0.8million.

3. To secure the repayment of the contingent consideration to Y.K.V.'s former shareholders, the Company recorded a first degree lien in an unlimited amount on Y.K.V.'s entire issued and outstanding share capital until July 31, 2019.

4. As of December 31, 2017, Meitav Dash Portfolio Management provided performance guarantees in favor of customers totaling approximately NIS 0.4 million. In connection with these guarantees, Meitav Dash Portfolio Management pledged its entire rights in a bank account in favor of the bank, including all securities, deposits and respective and/or related rights.

5. A subsidiary, Meitav Dash Trade, manages its operations in the derivative (MAOF) market and clears all the securities traded by it according to an agreement with a bank which is a member of the TASE Derivatives (MAOF) Clearing House ("the TASE Derivatives Clearing House"). Meitav Dash Trade is committed to adhere to all the guidelines of the TASE and the TASE Derivatives Clearing House pertaining to derivative transactions as if it were itself a member of the TASE Derivatives Clearing House.

   According to the guidelines of the TASE Derivatives Clearing House, the generation of future rights for TASE members or for customers requires the TASE Derivatives Clearing House member to fulfill the obligations underlying the future rights. To secure these liabilities, Meitav Dash Trade might be required to provide the lending member collaterals at the monetary scope that is required from time to time.

   As of December 31, 2017, Meitav Dash Trade provided collaterals in respect of this liability totaling approximately NIS 12.5 million.

6. In the context of security and foreign currency transactions conducted by a subsidiary with banks and to secure credit extended to it, the subsidiary pledged the specific funds, deposits and securities in its bank accounts.

7. Liens and guarantees in respect of ETNs and securitization:

   To secure payment of conversion amounts in respect of ETNs and CDs which are offered by subsidiaries in additional issuances and to secure the full and accurate fulfillment of the other liabilities of subsidiaries in their respect, the subsidiaries undertook to record fixed and floating first degree charges in favor of the trustee and in respect of each series individually, on the bank accounts in which the issuance proceeds are deposited for any series of notes and/or in which the assets and financial instruments designed to serve as collateral for the holders of notes of said series are deposited, no later than by the date of issuance of the note pertaining to each note individually.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

c. Guarantees and liens: (Cont.)

7. Liens and guarantees in respect of ETNs and securitization: (Cont.)

The floating charge will apply to the assets that have been and/or will be deposited from time to time in the bank accounts that are pledged in favor of any series and the fixed charge will only apply to the subsidiaries' other rights in the assets pledged in favor of that series.

In addition, with respect to the ETNs and CDs, subsidiaries recorded a floating first degree charge in an unlimited amount in favor of the trustee on all their assets, including their unissued share capital, according to which they undertook not to pledge any of their assets in favor of any factor without the trustee's advance written consent.

Also with respect to the ETNs, the subsidiaries are entitled, without requiring the consent of the trustee or the holders of any series of ETNs, to transfer some of the assets pledged in favor of that series to other bank accounts in Israel or abroad and pledge them under a floating second degree charge in favor of the trustee of the public of holders of ETNs of the same series, which will be subordinate to a floating and/or fixed first degree charge in favor of a TASE member and/or bank, in Israel or abroad and/or other financial institution in Israel or abroad, including rated investment houses or rated brokers, all for the purpose of providing collaterals and/or financial resources for the subsidiaries' coverage activity.

The exercise of the rights of holders of any series of ETNs will only be allowed out of the net receipts from the assets pledged in favor of that series and the yields thereon on a non-recourse basis and a claim from the net receipts from the assets pledged in favor of another series and the yields thereon.

8. Meitav Dash Trade provided the TASE Clearing House a bank deposit in the amount of approximately NIS 19.9 million that is included in short-term investments. The deposit is pledged in favor of the TASE Clearing House under a first degree fixed lien. In October 2017, the TASE Clearing House ruled that Meitav Dash Trade's share of the TASE's risk fund as of the date of the financial statements will not be lower than NIS 19.9 million. Meitav Dash Trade is meeting this covenant.

NOTE 23:- COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND LIENS (Cont.)

c. Guarantees and liens: (Cont.)

9. Investments of members of provident funds and liabilities to members of provident funds:

   Meitav Dash Provident has undertaken towards the fund members to supplement the yield as determined in the articles of association of the Meitav Dash Security Fund under the guaranteed-yield tracks (4.5% and 5.5% real yield). According to the agreement with the Ministry of Finance, the guaranteed-yield fund placed CPI-linked deposits that bear annual interest of 4.95% and 5.95%, respectively. It was also agreed that at all times the amounts deposited in the State Treasury will not exceed 85% of the lower of the balance of the guaranteed-yield fund assets or the balance of the fund's liabilities in respect of members in the guaranteed-yield tracks. If the deposited amounts exceed the allowed ceiling as above, the Fund will refund the State Treasury the surplus yield, as defined in the agreement.

   Meitav Dash Provident undertook towards some of the provident fund members to pay an amount that is not lower than the member's nominal receipts (under certain predetermined conditions). Mizrahi Tefahot Bank Ltd. ("Mizrahi Bank") guaranteed this undertaking for a period of two years from the date of signing (June 2017). The guarantee will be automatically renewed at the end of the period for an additional 24-month period unless Mizrahi Bank notifies Meitav Dash Provident in writing six months in advance of its decision not to renew the guarantee. The guarantee is limited to an amount of NIS 30 million. If Mizrahi Bank is required to pay any amount pursuant to the guarantee, it will have a right to receive a refund from Meitav Dash Provident and the Company.

10. In June 2007, Meitav Dash Provident completed the purchase of the entire compensation fund operation, the underlying investment activity and the entire underlying rights and liabilities of Gad Gmulim Provident Fund Management Company Ltd. ("Gad Gmulim") for managing the fund and its assets, the right to receive management fees for the fund's management and the assignment all of the fund's members' data included in Gad Gmulim's database, the fund's goodwill and trade name.

    Mizrahi Bank provided a guarantee for fund members who had joined the fund before June 28, 2007 whereby if members or their representatives are entitled to amounts deposited in their respect in the fund, they will be paid at least all the receipts in the account except for certain deductions as detailed in the fund's articles of association. The guarantee does not apply to contributions made from May 1, 2009. The guarantee is in effect for a period of two years from the date of signing (June 2017) and will be automatically renewed at the end of the period for an additional 24-month period unless Mizrahi Bank notifies Meitav Dash Provident in writing six months in advance of its decision not to renew the guarantee. The guarantee is limited to an amount of NIS 30 million. If Mizrahi Bank is required to pay any amount pursuant to the guarantee, it will have a right to receive a refund from Meitav Dash Provident and the Company.

11. In 2015-2016, the Company provided several guarantees to several investors in the context of their investment in Meitav Dash Loans' loan platform. The aggregate amount of the guarantees provided by the Company approximates NIS 3 million.

NOTE 24:- EQUITY

a. Composition of share capital:

	December 31, 2017 and 2016	December 31,	
		2017	2016
	Authorized	Authorized	Issued and outstanding
	Number of shares		
Ordinary shares of NIS 1 par value each	100,000,000	67,995,904	67,512,823

b. Movement in share capital:

Issued and outstanding share capital:

	Number of shares
Balance at January 1, 2017	67,512,823
Exercise of employee options into shares	483,081
Balance at December 31, 2017	67,995,904

c. Company's shares held by subsidiaries - treasury shares:

The subsidiaries' holdings in the Company's shares are as follows:

	December 31,	
	2017	2016
Number of treasury shares	3,028,637	3,032,396
Percentage of treasury shares out of issued share capital	4.45%	4.46%
	NIS in millions	
Cost (less dividends)	52	54

The decrease in the number of treasury shares arises from the sale of the Company's shares in the ETNs managed by a subsidiary.

NOTE 24:- EQUITY (Cont.)

d. Capital management in the Group:

1. The Company's equity is used in the development of the Company's business and in maintaining its financial stability.

2. The Group companies operate by virtue of laws and regulations that govern their activities. Bu virtue of these laws and regulations, some of the Group companies are required to meet minimum capital requirements. As of December 31, 2017, all the Group companies are meeting these minimum capital and solvency requirements.

e. Dividend policy:

As for the dividend policy adopted by the Company, see Note 1c above.

f. As for the Company's obligation to meet financial covenants, see Note 20d above.

g. Dividend distributions:

In 2017, cumulative dividends were declared and paid in an amount of NIS 0.74 per share and a net total of approximately NIS 48 million (less dividends to subsidiaries that hold Company shares). As for a dividend declared after the reporting date, see Note 34b below.

In 2016, cumulative dividends were declared and paid in an amount of NIS 0.60 per share and a net total of approximately NIS 44 million (less dividends to subsidiaries that hold Company shares).

In 2015, cumulative dividends were declared and paid in an amount of NIS 0.70 per share and a net total of approximately NIS 46 million (less dividends to subsidiaries that hold Company shares).

NOTE 24:- EQUITY (Cont.)

h. Other capital reserves:

	Put options to non-controlling interests	Hedges	Transactions with non-controlling interests	Other	Total
			NIS in millions		
Balance at January 1, 2015	(14)	(3)	-	(1)	(18)
Gain on available-for-sale financial assets	-	-	-	1	1
Exercise of put options to non-controlling interests	9	-	(9)	-	-
Issuance of capital to non-controlling interests	-	-	(3)	-	(3)
Loss on cash flow hedges	-	(1)	-	-	(1)
Balance at December 31, 2015	(5)	(4)	(12)	-	(21)
Exercise of put options to non-controlling interests	-	-	4	-	4
Loss on available-for-sale financial assets	-	-	-	(1)	(1)
Actuarial loss on defined benefit plans	-	-	-	(1)	(1)
Gain on cash flow hedges	-	1	-	-	1
Balance at December 31, 2016	(5)	(3)	(8)	(2)	(18)
Exercise of put options to non-controlling interests	5	-	(8)	-	(3)
Loss on available-for-sale financial assets	-	-	-	(1)	(1)
Actuarial gain on defined benefit plans	-	-	-	1	1
Purchases of non-controlling interests	-	-	(6)	-	(6)
Issuance of capital to non-controlling interests	-	-	63	-	63
Balance at December 31, 2017	-	(3)	41	(2)	36

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES

a. Balances with interested and related parties:

December 31, 2017

	See Note	Associates	Interested party and related parties
		NIS in millions	
Other accounts receivable *)	9	4	-
Other accounts payable		-	(3)
*) The highest balance in the year		4	-

December 31, 2016

	See Note	Associates	Interested party and related parties
		NIS in millions	
Other accounts receivable *)		1	-
Loans and capital notes in associates**)	11	9	-
Other accounts payable		-	(5)
*) The highest balance in the year		1	-

**) Includes an amount of approximately NIS 5 million presented in assets held for sale.

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

b. Benefits to interested parties:

	Year ended December 31,		
	2017	**2016**	**2015**
	NIS in millions		
Salaries and related expenses to those employed by or on behalf of the Company	7	8	8
Fees of directors not employed by or on behalf of the Company	1	1	1
Number of people to whom the salaries and benefits relate:			
Interested parties employed by or on behalf of the Company	4	4	4
Directors not employed by the Company	7	7	7
	11	11	11

c. Benefits to key management personnel:

	Year ended December 31,		
	2017	**2016**	**2015**
	NIS in millions		
Short-term benefits	8	8	8
Share-based payment	-	1	1
	8	9	8
Number of people to whom the benefits relate	4	4	4

d. Transactions with interested and related parties:

	Year ended December 31,		
	2017	**2016**	**2015**
	NIS in millions		
Salaries and payroll accruals	10	11	11

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

e. Terms of transactions with related parties:

Transactions with related parties are conducted at arm's length and consist, among others, of brokerage services, portfolio management, provident funds, pension funds and mutual funds managed for related parties at market prices and not included above.

f. The Company's policy on immaterial transactions:

The Company adopted guidelines and rules for classifying transactions with controlling shareholders as immaterial transactions. These rules will also serve for examining the scope of disclosure of transactions with controlling shareholders or transactions in whose approval controlling shareholders have a personal interest, as stipulated in Regulation 22 to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 and in Regulation 54 to the Israeli Securities Regulations (Details of Prospectus and Prospectus Draft - Structure and Format), 1969. In this context, the Company's Board ruled that a controlling shareholder transaction will be viewed as an immaterial transaction provided that it meets all the following conditions:

1. The transaction is not extraordinary (as this term is defined in the Israeli Companies Law); and

2. The transaction is inherent in the Company's operations, is of the type of transaction which the Company enters into in its ordinary course of business and the underlying engagement is not extraordinary and does not require making extraordinary management decisions; and based on the entirety of the circumstances it does not appear that the transaction has a significant impact on the Company or that it requires immediate disclosure to the public.

3. Regarding transactions for the provision of services by the Group to a controlling shareholder or in which a controlling shareholder has a personal interest:

   3.1 Long-term saving transactions - if conducted under the same rules of benefits granted to the Group's employees.

   Non long-term saving transactions - if the ratio of the Group's forecasted annual income from the provision of the services to the Group's total consolidated income in the latest calendar year does not exceed 0.5%, and provided that the ratio of the Group's forecasted annual income from the provision of the services to the Group's total consolidated income from the provision of the services in the latest calendar year does not exceed 10%; and

   3.2 The price (including commissions, management fees etc.) for the controlling shareholder will not be lower than the average price for a customer with a similar scope of activity in connection with the same services by more than 1%.

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

f. The Company's policy on immaterial transactions: (Cont.)

4. Regarding transactions for the receipt of services/produces by the Company from a controlling shareholder or in which a controlling shareholder has a personal interest:

   4.1 If the (annual) cost of the service/product to the Group does not exceed NIS 5 million (as adjusted to the rate of increase in the CPI in relation to the CPI published in January 2014); and

   4.2 The ratio of the Group's forecasted annual transaction related expenses to the Group's total expenses in the latest calendar year does not exceed 0.5%.

5. Regarding investment transactions in which the Group and controlling shareholders are involved:

   5.1 If the ratio of the Company's investment to the Company's total long-term investments on a consolidated basis on the date of making the investment decision does not exceed 0.5%; and

   5.2 If the ratio of the Company's investment to the Company's consolidated equity according to its latest financial statements does not exceed 1%.

   5.3 It is hereby clarified that provided that the transaction is not an extraordinary transaction, investments in public companies in which the controlling shareholder holds less than 5% of the share capital will be classified as immaterial transactions.

It should be clarified that transactions in which the Company's controlling shareholders have excess interest will not be viewed as transactions that create material excess interest for the controlling shareholders and accordingly will not be viewed as transactions in which the controlling shareholders have a personal interest if the aggregate amount of all the transactions of the same type in which the Company's controlling shareholders have excess interest in annual terms does not exceed NIS 200,000 with respect to each controlling shareholder.

In cases in which the abovementioned benchmarks are not applicable to the examination of the transaction's immateriality, the transaction will be viewed as immaterial if it meets another applicable benchmark determined by the Audit Committee, provided that the scope of the transaction according to the applicable benchmark does not exceed 1% of the predetermined applicable benchmark and NIS 5 million (as adjusted to the rate of increase in the CPI in relation to the CPI published in January 2014).

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

f. The Company's policy on immaterial transactions: (Cont.)

The immateriality of interdependent or contingent transactions in the context of the same engagement will be examined on an aggregation basis. The immateriality of a multiannual transaction will be examined annually as long as it is in effect based on the transaction's scope in the relevant year in relation to its overall scope.

Moreover, the Company's Audit Committee decided that transactions that meet the conditions stipulated in paragraphs 2-5 above will not be viewed as extraordinary transactions. The Audit Committee will annually approve in advance that a transaction that meets the conditions stipulated in paragraphs 2-5 above is not extraordinary and if necessary the relevant parameters will be updated. This policy is reexamined annually by the Audit Committee.

NOTE 26:- REVENUES FROM MANAGEMENT FEES, COMMISSIONS AND OTHER

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Management of provident and pension funds	338	280	303
ETNs, net (1)	113	124	107
Management of mutual funds	192	181	190
Management of security portfolios	26	30	35
TASE member and institutional brokerage	77	69	60
Revenues from insurance commission	58	45	19
Consulting, management fees and other	14	20	22
	818	749	736

(1) The composition of revenues from ETNs and CDs, net:

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Gain from securities and financing, net	21	42	20
Revenues from lending activity, net	5	7	8
Revenues from management fees from ETNs, net	87	75	79
	113	124	107

NOTE 27: MARKETING, OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES AND FINANCE EXPENSES FROM NON-BANK LOANS

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Salaries and related expenses (1) (2)	280	255	229
Reseller commissions	162	141	144
Professional fees	38	39	35
Advertising	20	17	14
Rent and maintenance	20	17	16
Levies	12	12	11
Office and communication expenses	11	9	10
Operating and computing commissions	54	48	41
Depreciation and amortization	24	17	13
Vehicle maintenance and parking fees	15	14	14
Share-based payment	2	3	4
Donations	2	2	2
Compensation of customers	1	-	-
Finance expenses from non-bank loans	15	5	-
Other	11	13	7
	667	592	540

(1) Includes payroll tax for salaries and related expenses of subsidiaries which are financial institutions pursuant to the VAT Law.

(2) Includes management fees to companies owned by executives in the Group.

NOTE 28:- FINANCE INCOME (EXPENSES)

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
a. Finance income:			
Finance income from bank deposits	1	-	1
Finance income from options to non-controlling interests	-	1	1
Other	1	1	-
	2	2	2

NOTE 28:- FINANCE INCOME (EXPENSES) (Cont.)

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
b. Finance expenses:			
Finance expenses from long-term liabilities	4	5	5
Finance expenses from debentures	23	21	18
Finance expenses from options to non-controlling interests	-	-	1
Ineffective portion of change in fair value of cash flow hedge	1	2	1
Other	4	5	3
	32	33	28

NOTE 29:- OTHER EXPENSES, NET

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Amortization of intangible assets	(34)	(26)	(22)
Impairment of goodwill in subsidiary	(3)	(20)	-
Capital gain from obtaining control in investees	-	14	-
Capital gain from sale of investment in associate	1	6	-
Loss from change in liability for purchase of operations	(2)	-	-
Gain from change in share of TASE equity rights	22	-	-
Other, net	-	2	2
	(16)	(24)	(20)

NOTE 30:- TAXES ON INCOME

a. Details of the tax environment in which the Group operates:

1. Corporate tax rate:

The Israeli corporate tax rate was 26.5% in 2015, 25% in 2016 and 24% in 2017. A company is taxable on its real capital gains at the corporate tax rate in the year of sale.

On January 5, 2016, amendment No. 2016 to the Income Tax Ordinance was published which reduced the corporate tax rate from 26.5% to 25%, effective from the 2016 tax year.

Current taxes for the reported years were calculated based on the above tax rates.

Further, on December 22, 2016, the "Knesset" plenum approved the Economic Efficiency Law (Legislative Amendments for Achieving the Economic Targets for the 2017 and 2018 Budget Years), 2016 which prescribes, among others, a reduction of the corporate tax rate from 25% to 23% in two stages; the first to the rate of 24% is effective from January 1, 2017 and the second to the rate of 23% is effective from January 1, 2018 onward.

The impact of the changes described above on the financial statements as of December 31, 2016 results in recording an amount of approximately NIS 3 million in deferred tax income.

2. Profit tax:

Some of the Group companies are financial institutions, as this term is defined in the Value Added Tax Law, 1975. According to this law, in addition to corporate tax (24%), financial institutions are also subject to profit tax.

On October 12, 2015, the Israeli Parliament's Plenum approved the Value Added Tax Decree (Tax Rate applicable to Non-profit Organizations and Financial Institutions) (Revised), 2015 according to which the profit rate applicable to financial institutions will be lowered from 18% to 17% effective from October 1, 2015.

As a result of the above change, the statutory tax rate applicable to financial institutions decreased from 37.71% to 37.58% in 2015 and to 35.9% from 2016 and thereafter (following the lowering of the corporate tax rate to 25% effective from the 2016 tax year).

The profit tax for 2017 and 2018 is 17% and the statutory tax rate applicable to financial institutions is 35.04% and 34.19%, respectively.

NOTE 30:- TAXES ON INCOME (Cont.)

b. Deferred taxes:

	Carry-forward losses	Intangible assets	Employee benefits	Deferred issuance costs	Other	Total
	NIS in millions					
Deferred tax assets (liabilities), net:						
Balance at January 1, 2015	25	(42)	4	9	(1)	(5)
Changes reported in profit or loss	(6)	(9)	-	(1)	-	(16)
Initial consolidation	-	(4)	-	-	-	(4)
Balance at December 31, 2015	19	(55)	4	8	(1)	(25)
Changes reported in profit or loss	-	-	-	(1)	5	4
Initial consolidation	-	(9)	-	-	1	(8)
Balance at December 31, 2016	19	(64)	4	7	5	(29)
Changes reported in profit or loss	(5)	(3)	-	(1)	(2)	(11)
Business combination	9	-	-	-	-	9
Balance at December 31, 2017	23	(67)	4	6	3	(31)

NOTE 30:- TAXES ON INCOME (Cont.)

b. Deferred taxes: (Cont.)

The deferred taxes are presented in the statement of financial position as follows:

	December 31,	
	2017	2016
	NIS in millions	
Non-current assets	10	22
Non-current liabilities	(41)	(51)
	(31)	(29)

The deferred tax balances are computed at the tax rates that are expected to apply upon realization.

c. Taxes on income included in the statements of comprehensive income:

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Current taxes	34	33	30
Deferred taxes	11	(4)	16
Taxes in respect of previous years	(1)	(1)	(2)
VAT on intragroup management fees	19	17	18
Adjustment of deferred tax balances following change in tax rate	1	-	-
	64	45	62

d. Tax assessments:

The Company and some of the Group companies received final tax assessments and assessments that are considered final through the 2011-2014 tax years.

NOTE 30:- TAXES ON INCOME (Cont.)

e. Theoretical tax:

The reconciliation between the tax amount that would have applied, assuming that all the income and expenses, gains and losses in the statement of comprehensive income were taxed at the statutory tax rate, and the taxes on income recorded in the statement of comprehensive income as follows:

	Year ended December 31,		
	2017	2016	2015
	NIS in millions		
Income before taxes on income (excluding the Company's share of earnings (losses) of associates and associated partnerships, net)	165	127	150
Statutory tax rate *)	24.0%	25.0%	26.5%
Tax computed at the statutory tax rate	40	32	40
Permanent differences in recognition of income and expenses, net	1	1	-
Share-based payment	1	1	1
Tax-exempt income	(1)	(6)	(1)
Utilization of timing differences, carryforward losses and temporary differences from previous years for which deferred taxes were not recorded in the past	(1)	-	(1)
Losses and timing differences for which deferred taxes were not created	8	7	1
Losses from previous year for which deferred taxes were created	(2)	(7)	-
Deferred and current taxes in respect of previous years	(1)	(1)	(1)
Differences in respect of different tax rate applicable to Group companies (financial institutions)	22	22	23
Adjustment due to change in tax rates, net	1	(3)	-
Other	(4)	(1)	-
Taxes on income	64	45	62

*) The tax rate applicable to the Company and subsidiaries in the Group that are not financial institutions.

NOTE 30:- TAXES ON INCOME (Cont.)

f. Carryforward tax losses:

Based on the Company's evaluation, the Company and subsidiaries have business losses, capital losses and real losses from marketable securities for tax purposes that are carried forward to future years totaling approximately NIS 394 million as of December 31, 2017 (December 31, 2016 - approximately NIS 300 million). As of December 31, 2017, the Company and the subsidiaries did not create deferred taxes relating to said carryforward losses of approximately NIS 288 million (December 31, 2016 - approximately NIS 213 million). Some of the losses are subject to limitations due to the tax-exempt business restructuring in the Company.

NOTE 31:- OPERATING SEGMENTS

a. General:

1. The Group operates in five reportable operating 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	- Marketing and managing security investment portfolios for private and institutional customers and managing mutual funds.
ETN and CD segment	- Managing ETNs and CDs.
TASE member and institutional brokerage segment	- Providing TASE member and institutional brokerage services that consist, among others, of security custodian services and security transactions for a wide variety of customers.
Non-bank loans	- As a result of obtaining control of Peninsula and based on the approach of the Company's chief operating decision maker (CODM), starting from the third quarter of 2016, the Group considers the non-bank loans activity a reportable operating segment and, accordingly, the Group has restated the segment with the required adjustments.

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 provident fund and pension fund management segment), distribution of foreign funds and the Capital Markets College.

NOTE 31:- 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 the context of liabilities for ETNs in the consolidated financial statements, the Company's share is included in several indices which are tracked by the ETNs. Against those liabilities, the special purpose subsidiaries of the ETNs hold Company shares as part of the assets backing the liabilities. These shares are presented in the Company's consolidated financial statements as treasury shares and accordingly, the gains or losses from revaluation and exercise of these shares are not recognized in profit or loss. For the purpose of making decisions, the CODM takes into account the gains and losses arising from the liabilities for the Company's shares.

   As a result of the above, the Company's consolidated revenues in the statement of comprehensive income differ from the total consolidated revenues of the segments.

NOTE 31:- OPERATING SEGMENTS (Cont.)

b. Information regarding operating segments:

	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Year ended December 31, 2017							
	NIS in millions							
Revenues:								
Revenues from external entities	338	218	112	77	56	72	-	873
Inter-segment revenues	-	2	-	-	-	6	(8)	-
Total revenues	338	220	112	77	56	78	(8)	873
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	-	5	-	5
Segment income	48	80	46	21	26	27	(2)	246
Expenses not allocated to segments								(35)
Gain from liability arising from treasury shares								1
Gain from securities held for Nostro portfolio investments, net								4
Finance expenses, net								(30)
Other expenses, net								(16)
Income before taxes on income								170
Additional information:								
Segment assets	-	-	29,138	-	-	-	-	29,138
Unallocated assets	-	-	-	-	-	-	-	2,362
Total assets								31,500

NOTE 31:- OPERATING SEGMENTS (Cont.)

b. Information regarding operating segments: (Cont.)

	Year ended December 31, 2016							
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	NIS in millions							
Revenues:								
Revenues from external entities	280	211	125	69	26	65	-	776
Inter-segment revenues	-	2	-	-	-	5	(7)	-
Total revenues	280	213	125	69	26	70	(7)	776
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	3	1	-	4
Segment income	44	75	59	15	15	21	(4)	225
Expenses not allocated to segments								(37)
Loss from liability arising from treasury shares								(1)
Loss from securities held for Nostro portfolio investments, net								(1)
Finance expenses, net								(31)
Other expenses, net								(24)
Company's share of earnings of company accounted for at equity								2
Income before taxes on income								133
Additional information:								
Segment assets	-	-	28,774	-	-	-	-	28,774
Unallocated assets	-	-	-	-	-	-	-	2,117
Total assets								30,891

NOTE 31:- OPERATING SEGMENTS (Cont.)

b. Information regarding operating segments: (Cont.)

	Year ended December 31, 2015						
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Other	Adjustments	Total
	NIS in millions						
Revenues:							
Revenues from external entities	303	225	106	60	41	-	735
Inter-segment revenues	-	2	-	-	4	(6)	-
Total revenues	303	227	106	60	45	(6)	735
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	2	-	2
Segment income	75	89	45	9	17	(2)	233
Expenses not allocated to segments							(36)
Gain from liability arising from treasury shares							1
Finance expenses, net							(26)
Other expenses, net							(20)
Company's share of earnings of company accounted for at equity							1
Income before taxes on income							153

NOTE 31:- OPERATING SEGMENTS (Cont.)

c. Major service providers:

A subsidiary uses FMR's software for its account management and trading service system. The subsidiary and other TASE members are dependent on the services of this service provider.

NOTE 32:- EARNINGS PER SHARE

Details of the number of shares and income used in the computation of earnings per share:

	Year ended December 31,					
	2017		2016		2015	
	Weighted number of shares	Income	Weighted number of shares	Income	Weighted number of shares	Income
	In thousands	NIS in millions	In thousands	NIS in millions	In thousands	NIS in millions
For the computation of basic earnings per share	64,727	95	64,267	80	63,922	88
For the computation of diluted earnings per share	66,557	95	64,943	80	63,922	88

NOTE 33:- SHARE-BASED PAYMENT TRANSACTIONS CONSISTING OF COMPANY SHARES

a. Allocation of options to the CEO and Deputy CEO:

1. In the context of the allocation of May 20, 2014 as described below, the Company allocated to Mr. Raviv 732,000 non-marketable options that are exercisable into up to 732,000 Ordinary shares of the Company of NIS 1 par value each, assuming full exercise. As a result of the Company's agreement to sell its control, as stated in Note 1a(3) above, and in accordance with the terms of the allocation of options agreement with Mr. Raviv, 50% of the unvested options vested immediately upon signature of the agreement. The expenses recorded in 2017 in respect of the grant of said options totaled approximately NIS 0.2 million (2016 and 2015 - approximately NIS 0.9 million and approximately NIS 0.8 million, respectively).

NOTE 33:- SHARE-BASED PAYMENT TRANSACTIONS CONSISTING OF COMPANY SHARES (Cont.)

a. Allocation of options to the CEO and Deputy CEO: (Cont.)

2. On February 25, 2014, as part of the terms of the engagement with Mr. Tov, Mr. Tov was allocated 338,213 non-marketable options that are exercisable into up to 338,213 shares of the Company, assuming full exercise. The date of evaluation of the options was determined based on the record date for the allocation - December 1, 2013).

   In the context of the allocation of October 1, 2014, the Company allocated to Mr. Tov additional 87,500 non-marketable options that are exercisable into up to 87,500 Ordinary shares of the Company of NIS 1 par value each, assuming full exercise.

   The expenses recorded in 2017 in respect of the grant of said options totaled approximately NIS 0.2 million (2016 and 2015 - approximately NIS 0.3 million and approximately NIS 0.4 million, respectively).

b. Option plan for the Company's officers and employees:

According to the Company's remuneration policy approved on September 12, 2013 by the Company's general meeting, from time to time, the Company's Remuneration Committee and Board are entitled to allocate options to officers in the Company (who are not controlling shareholders therein).

On December 25, 2013 and January 26, 2014, the Company's Board approved the allocation of options to the Company's CEO and to officers and employees of the Company and of companies controlled by it, at no consideration, in an aggregate number of up to non-marketable registered 5,932,000 options ("the allocation package") that are exercisable into up to 5,932,000 Ordinary shares of the Company of NIS 1 par value each, assuming full exercise and subject to adjustments.

Also, on November 15, 2017, the Company's Board approved the allocation to seven directors of 245,000 non-marketable options that are exercisable into up to 245,000 shares of the Company, assuming full exercise. The allocation was approved by the Company's general meeting.

NOTE 33:- SHARE-BASED PAYMENT TRANSACTIONS CONSISTING OF COMPANY SHARES (Cont.)

b. Option plan for the Company's officers and employees: (Cont.)

The movement in options issued and their weighted average exercise price:

	Number of options		Weighted average exercise price (NIS)	
	2017	**2016**	**2017**	**2016**
Balance at January 1,	5,572,097	5,542,180	12.01	12.14
Granted during the year	57,109	1,004,023	14.61	11.30
Exercised during the year	(1,328,623)	(492,848)	12.21	12.18
Expired during the year	(416,324)	(481,258)	11.86	11.75
Balance at December 31,	3,884,259	5,572,097	11.85	12.01

The parameters used in fair value measurement on the date of approval of the grant of the options:

	2017			2016
	Directors	**Senior officers**	**Employees**	**Employees**
Fair value at grant date (NIS in millions)	0.9	0.02	0.05	1.3
Share price on grant date (NIS)	14.42	14.49	14.67	9.92-15.18
Expected volatility (%)	26.43-30.09	22.02-28.94	22.02-28.94	21.97-30.07
Risk-free interest rate (%)	0.28-1.05	0.42-1.16	0.42-1.16	0.46-1.35
Expected life of the options (years)	3-6	3-6	3-6	3-6
Dividend yield on share (%)	-	-	-	-

NOTE 34:- EVENTS AFTER THE REPORTING DATE

a. On March 15, 2018, the Company declared the distribution of a dividend representing NIS 0.2 per share in a total of approximately NIS 13 million, net (less dividend distributed to subsidiaries holding Company shares).

b. On March 15, 2018, the Company entered into an investment agreement and shareholders' agreement with Liquidity Capital General Partner Ltd. ("Liquidity") and Liquidity's founders. Liquidity plans to focus on the purchase of SaaS based portfolios of international and local tech companies for nostro and third party accounts through a limited partnership (fund) that will be founded by it whose general partner will be Liquidity of an SPC. According to the transaction, the Company will invest approximately $ 540 thousand in Liquidity against the allocation of shares to the Company as a result of which the Company will hold 54% of the share capital of Liquidity on a fully diluted basis. Moreover, after obtaining the approval of the Company's Audit Committee and Board, the Company's CEO, Mr. Ilan Raviv, will invest in Liquidity a total of approximately $ 60 thousand in return for shares in Liquidity accounting for 6% of its share capital on a fully diluted basis. The Company also undertook to invest an amount of $ 3.4 million by itself or through potential investors for participating in financing 30% of Liquidity's initial investments in addition to other investors who have already committed to financing the transactions. The above investments will be made based on a profit distribution mechanism established between the Company and Liquidity. In the context of the transaction, Liquidity's shareholders, Dr. Yaron Sela and Mr. Ron Daniel, signed an agreement with the Company for settling their interests in Liquidity. These shareholders will also provide management services to Liquidity.

c. As for the consummation of the Jerusalem Bank Ltd. transaction, see Note 4a(8) above.

LIST OF INVESTEES

	Ownership rate	
	December 31,	
	2017	2016
	%	
Meitav Dash Securities and Investments Ltd.	100	100
M.D. Treasury Ltd.	100	100
DS Apex Mergers and Acquisitions Ltd.	100	100
DS Apex Holdings D.A. (1998) Ltd. (3)	-	100
DS Apex Technologies Ltd.	100	100
Edco Technologies 1993 Ltd.	-	49.4
Peninsula Group Ltd. (1)	52.23	48.86
Meitav Dash Loans Ltd. (formerly: eLoan P2P Loans 2012 Ltd.)	100	100
Meitav Dash Insurance Agency Ltd.	88	88
Meitav Dash Brokerage Ltd.	81.3	66.77
Meitav Dash Trade Ltd.	100	100
Meitav Dash Mortgage Advisors Ltd. (2)	60.01	60.01
Meitav Dash Global Markets Ltd.	70.01	70.01
Sela Insurance Agency Ltd.	60	60
Meitav Dash College Ltd.	100	100
Naroy Financial Technologies Ltd.	42	42
Meitav Dash Pension Insurance Agency Ltd.	100	100
Value Base Ltd.	19.95	19.95
Y.K.V Insurance Agencies Ltd.	100	100
Mikadu Hedge Funds Ltd.	70	70
MDP Loan Funds Ltd.	75	-
Knox Wealth Management Ltd.	59.3	-
Companies held by Meitav Dash Trade Ltd.:		
Gaon Finance Investments (2000) Ltd. (2)	100	100
Gaon Financial Investments (MBLL) Ltd. (2)	100	100
M.G.B.H. Holdings Ltd. (2)	100	100
Companies held by M.D. Treasury Ltd.:		
Apex Issuances Ltd.	19.99	19.99
Apex Capital Markets Ltd.	19.99	19.99

LIST OF INVESTEES (Cont.)

	Ownership rate	
	December 31,	
	2017	2016
	%	
Company held by Y.K.V Insurance Agencies Ltd.:		
Kariv Insurance Agencies Ltd.	100	100
Company held by Meitav Dash Insurance Agency Ltd.		
Rimonim Insurance Agency Ltd.	88	88
Companies held by Meitav Dash Securities and Investments Ltd.:		
Meitav Dash Provident and Pension Ltd.	80	100
Tachlit Trackers Ltd.	100	100
Meitav Dash Mutual Funds Ltd.	100	100
Meitav Dash Portfolio Management Ltd.	100	100
Meitav Dash Properties Ltd.	100	100
Dovrat Shrem Enterprises (2)	100	100
Meitav Issuing and Finance Ltd.	100	68.9
Meitav Dash Financial Markets Ltd.	100	100
Millennium - Investment House Ltd. (3)	-	100
Company held by Meitav Issuing and Finance Ltd.		
Direct Investment House (Underwriting) Ltd.	100	100
Company and limited partnership held by Meitav Dash Loans Ltd.:		
e-Loan GP Ltd.	100	-
SPC Loans Limited Partnership (4)	99	-

(1) See Note 4a(7).
(2) Inactive company.
(3) Liquidated voluntarily.
(4) eLoan GP Ltd. is the general partner which holds 1% of SPC Loans Limited Partnership.

LIST OF INVESTEES (Cont.)

	Ownership rate	
	December 31,	
	2017	2016
	%	
Companies held by Tachlit Trackers Ltd. (some indirectly):		
Index ETNs Ltd.	100	100
Synergetica Underwriting Ltd.	100	100
Tachlit Financial Instruments Ltd.	100	100
Tachlit Global Ltd.	100	100
Global Aggregation and Trade Ltd.	100	100
Tachlit ETPs Ltd.	100	100
Aggregation and Trade (Index) Ltd.	100	100
Tachlit Deposits Ltd.	100	100
Reserve and Trade (Deposits) Ltd.	100	100
Tachlit Currencies Ltd.	100	100
Reserve and Trade (Currencies) Ltd.	100	100
Tachlit Composite Instruments Ltd.	100	100
Tachlit Composites Ltd.	100	100
Composites Aggregation and Trade Ltd.	100	100
Tachlit Global Dollar Ltd.	100	100
Reserve and Trade (Dollar) Ltd.	100	100
Tachlit Index Foreign Currency Ltd.	100	100
Tachlit Index Machsanit Foreign Currency Ltd.	100	100

- - - - - - - - - - - - - -

F:\W2000\w2000\3405\M\17\EC12-MEITAV-DS-INVESTMENTS-IFRS.docx