MEITAV DASH INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2020

UNAUDITED

INDEX

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

Introduction

We have reviewed the accompanying financial information of Meitav Dash Investments Ltd. and its subsidiaries ("the Company"), which comprises the consolidated statement of financial position as of March 31, 2020 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 43% of total consolidated assets as of March 31, 2020 and whose revenues included in consolidation constitute approximately 3.4% of total consolidated revenues for the three months then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of other auditors.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

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

Tel-Aviv, Israel
May 31, 2020

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31,		December 31,
	2020	2019	2019
	Unaudited		Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	556	279	290
Short-term investments	228	240	280
Customer credit	911	766	894
Trade receivables	45	34	59
Other accounts receivable	92	44	26
Current taxes receivable	7	5	9
	1,839	1,368	1,558
NON-CURRENT ASSETS:			
Investments of provident fund members	96	96	96
Investments, loans and receivables	223	105	179
Investments, loans and capital notes in associates	41	24	36
Property, plant and equipment	188	206	194
Deferred taxes	19	20	19
Intangible assets	1,138	1,162	1,159
	1,705	1,613	1,683
	3,544	2,981	3,241

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2020	March 31, 2019	December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of debentures	825	625	667
Liabilities for short sale of securities	44	21	48
Trade payables	55	86	66
Other accounts payable	287	197	209
Current taxes payable	13	16	14
Dividend declared	-	15	-
	1,224	960	1,004
NON-CURRENT LIABILITIES:			
Loans from banks	9	94	12
Debentures	855	638	897
Liabilities to provident fund members	98	98	98
Liabilities for purchase of operations	3	10	4
Lease liabilities	150	163	154
Other accounts payable	18	2	16
Employee benefit liabilities	8	8	8
Deferred taxes	46	47	46
	1,187	1,060	1,235
Total liabilities	2,411	2,020	2,239
EQUITY:			
Share capital	65	64	65
Share premium	520	516	518
Capital reserve for share-based payment transactions	9	11	10
Retained earnings	237	214	228
Other reserves	28	34	35
Equity attributable to equity holders of the Company	859	839	856
Non-controlling interests	274	122	146
Total equity	1,133	961	1,002
	3,544	2,981	3,241

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

May 31, 2020			
Date of approval of the financial statements	Zvi Stepak Director	Ilan Raviv CEO	Einat Rom CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended March 31, 2020	Three months ended March 31, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions (except per share data)		
Revenue from management fees, commissions and other, net	224	217	844
Finance income from non-bank loans	23	18	81
Total revenues	247	235	925
Marketing, operating, general and administrative expenses	184	181	718
Operating income	63	54	207
Gain (loss) from securities held for Nostro portfolio investments, net	(8)	11	9
Finance income	1	-	1
Finance expenses	(5)	(5)	(33)
Other expenses, net	(21)	(12)	(44)
Company's share of earnings of companies accounted for at equity, net	-	1	6
Income before taxes on income	30	49	146
Taxes on income	17	17	50
Net income for the period	13	32	96
Other comprehensive income (loss) (net of tax effect):			
Foreign currency translation adjustments of foreign operations	-	-	(2)
Gain from cash flow hedges	(1)	-	-
Total other comprehensive loss	(1)	-	(2)
Total comprehensive income	12	32	94
Net income attributable to:			
Equity holders of the Company	9	29	78
Non-controlling interests	4	3	18
	13	32	96
Comprehensive income attributable to:			
Equity holders of the Company	8	29	78
Non-controlling interests	4	3	16
	12	32	94
Basic and diluted net earnings per share attributable to equity holders of the Company (in NIS):			
Basic net earnings	0.14	0.44	1.19
Diluted net earnings	0.14	0.44	1.17

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Capital reserve from share-based payment transactions**	**Retained earnings**	**Other reserves**	**Total**	**Non-controlling interests**	**Total equity**
	Unaudited							
	NIS in millions							
Balance at January 1, 2020 (audited)	65	518	10	228	35	856	146	1,002
Net income for the period	-	-	-	9	-	9	4	13
Other comprehensive loss, net	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income (loss)	-	-	-	9	(1)	8	4	12
Dividend to non-controlling interests	-	-	-	-	-	-	(3)	(3)
Exercise of employee options	-	2	(2)	-	-	-	-	-
Issuance of capital to non-controlling interests	-	-	-	-	6	6	131	137
Company's share-based payment	-	-	1	-	-	1	-	1
Net purchases of non-controlling interests	-	-	-	-	(12)	(12)	(4)	(16)
Balance at March 31, 2020	6465	520	9	237	28	859	274	1,133

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at January 1, 2019 (audited)	64	513	14	200	34	825	125	950
Net income for the period	-	-	-	29	-	29	3	32
Other comprehensive income, net	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	29	-	29	3	32
Dividend declared but not yet paid	-	-	-	(15)	-	(15)	-	(15)
Dividend declared but not yet paid to non-controlling interests	-	-	-	-	-	-	(6)	(6)
Exercise of employee options	*) -	3	(3)	-	-	-	-	-
Balance at March 31, 2019	64	516	11	214	34	839	122	961

*) Less than NIS 1 million.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Audited							
	NIS in millions							
Balance at January 1, 2019	64	513	14	200	34	825	125	950
Net income for the period	-	-	-	78	-	78	18	96
Other comprehensive loss, net	-	-	-	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	78	-	78	16	94
Dividend declared and paid	-	-	-	(50)	-	(50)	-	(50)
Dividend to non-controlling interests	-	-	-	-	-	-	(15)	(15)
Issuance of capital to non-controlling interests	-	-	-	-	5	5	27	32
Company's share-based payment	-	-	2	-	-	2	-	2
Investment in partnership's capital by non-controlling interests	-	-	-	-	(4)	(4)	61	57
Exercise of employee options	1	5	(6)	-	-	-	-	-
Non-controlling interests created in newly consolidated company	-	-	-	-	-	-	(5)	(5)
Derecognition of non-controlling interests due to loss of control in partnership	-	-	-	-	-	-	(63)	(63)
Balance at December 31, 2019	65	518	10	228	35	856	146	1,002

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2020	Three months ended March 31, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
Cash flows from operating activities:			
Net income for the period	13	32	96
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Depreciation of property, plant and equipment	7	6	27
Impairment loss of goodwill	14	-	-
Amortization of intangible assets	14	19	69
Amortization of deferred acquisition costs	2	3	9
Change in liabilities for purchase of operations	-	-	1
Company's share of earnings of companies accounted for at equity, net	-	-	(2)
Deferred taxes, net	-	1	1
Revaluation of debentures	(4)	(4)	(3)
Gain from securities measured at fair value through profit or loss, net	(3)	(14)	(15)
Share-based payment	1	-	2
	31	11	89
Changes in asset and liability items:			
Customer credit, trade receivables and other accounts receivable	(106)	94	(169)
Short-term credit from giving non-bank loans	32	62	53
Trade payables and other accounts payable	69	(105)	(129)
	(5)	51	(245)
Net cash provided by (used in) operating activities	39	94	(60)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2020	Three months ended March 31, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
Cash flows from investing activities:			
Change in short-term investments measured at fair value through profit or loss	34	(31)	(62)
Purchase of property, plant and equipment	(1)	-	(3)
Purchase of intangible assets	(7)	(6)	(30)
Repayment of liabilities for business combination	(5)	(2)	(9)
Grant of long-term loan	(5)	(3)	(11)
Change in restricted deposits, net	7	(2)	(16)
Investment in companies accounted for at equity	(5)	-	(1)
Acquisition of newly consolidated company (b)	-	-	(14)
Net cash provided by (used in) investing activities	18	(44)	(146)
Cash flows from financing activities:			
Issuance of Company debentures (net of issuance expenses)	-	-	268
Issuance of subsidiary's debentures (net of issuance expenses)	-	-	207
Repayment of debentures	-	-	(87)
Repayment of subsidiary's debentures	(29)	(29)	(114)
Dividend paid to equity holders of the Company	-	-	(50)
Dividend paid to non-controlling interests	-	-	(15)
Repayment of long-term liabilities	(7)	(7)	(27)
Grant of partnership rights to non-controlling interests	-	-	59
Exercise of options in subsidiary	-	-	8
Repayment of long-term loans from banks	(3)	(3)	(85)
Purchases of non-controlling interests	(16)	-	-
Issuance of capital to non-controlling interests	137	-	20
Receipt of convertible loan	10	-	30
Issuance of capital to non-controlling interests	1	-	5
Short-term credit from banks, net	116	(10)	(3)
Net cash provided by (used in) financing activities	209	(49)	216
Exchange rate differences on cash and cash equivalents	-	-	2
Increase in cash and cash equivalents	266	1	12
Cash and cash equivalents at the beginning of the period	290	278	278
Cash and cash equivalents at the end of the period	556	279	290

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2020	Three months ended March 31, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
(a) Additional information on cash flows from operating activities:			
Group operations, excluding ETN operation:			
Cash paid during the period for:			
Interest	4	7	51
Taxes on income	10	14	43
Cash received during the period for:			
Interest	25	20	113
Taxes on income	3	5	9

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2020	Three months ended March 31, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
(b) Acquisition of newly consolidated company:			
The subsidiary's assets and liabilities on date of acquisition:			
Working capital (excluding cash and cash equivalents)	-	-	2
Intangible assets attributable to operations	-	-	(26)
Long-term liabilities	-	-	15
Non-controlling interests	-	-	(5)
Total acquisition of newly consolidated subsidiary	-	-	(14)

	Three months ended March 31, 2020	Three months ended March 31, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
(c) Loss of control in previously consolidated partnership:			
Working capital (excluding cash and cash equivalents)	-	-	(72)
Non-controlling interests	-	-	62
Total assets and liabilities of the partnership on date of sale	-	-	(10)
Total assets and liabilities on date of sale	-	-	(10)
Investment in the partnership on date of non-consolidation	-	-	10
	-	-	-
	-	-	-
(d) Significant non-cash operations:			
Dividend declared	-	15	-
Dividend declared to non-controlling interest	3	6	-

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

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of March 31, 2020 and for the three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2019 and for the year then ended and accompanying notes ("annual consolidated financial statements").

b. Effects of the Coronavirus outbreak

Following the outbreak of the Coronavirus (Covid-19) in China in December 2019 and its global spread in the first and second quarters of 2020, many regions around the world including Israel experienced reduced economic activities. The Coronavirus spread presents a global macroeconomic risk and causes considerable uncertainty regarding future global economic activities which, among others, led to sharp declines in stock prices and extensive volatility in capital markets as well as impaired the value of financial assets in Israel and worldwide and adversely affected global economy and the Israeli economy.

The Israeli Government imposed various restrictions on travel, transport and employment which forced the Company to operate in reduced capacity and required certain employees to take unpaid leave while other employees worked from home. In addition, some of the Company's employees were forced to relocate to alternative sites of the Company in order to minimize potential risk of infection among employees. As of the date of publication of these financial statements, some of the Company's employees returned to working at the Company's offices and the Company estimates that it will soon and gradually return to normal operation.

The Coronavirus spread and the reduced operations described above affected the Group's activities and results as described below:

1. In the reporting period there was a major decrease in the scope of assets managed by the Group. The mutual fund assets managed by the Group (including ETFs) decreased by approximately NIS 12.7 billion, the managed portfolio assets decreased by approximately NIS 1.7 billion and the provident and pension fund assets decreased by approximately NIS 5.6 billion. The decrease in the scope of managed assets also consists of impairment losses and redemptions by customers and directly resulted in reduced revenues in the Group. After the reporting date, with the recovery of the markets, the assets managed by the Group showed an increase and as of May 24, 2020 they amounted to NIS 123.9 billion compared wo NIS 115.9 billion at March 31, 2020.

NOTE 1:- GENERAL (Cont.)

b. Effects of the Coronavirus outbreak (Cont.)

2. The fair value of the Group's investments in quoted securities decreased in the reporting period. The total loss from securities held for investment in the Company's Nostro portfolio in the reporting period amounted to approximately NIS 8 million. A trend of recovery has been noticeable in the markets since April this year and their fair value increased in April by approximately NIS 3 million.

3. Following the decrease in revenues discussed above, the Company took certain measures to adapt its expenses to the expected decline in revenues, among others by requiring certain employees to take unpaid leave, minimizing marketing and procurement budgets and suspending new projects. In addition, in view of the decrease in managed assets, some of the direct expenses derived from the scope of the managed assets and the revenues decreased. In contrast to the asset management activities, some of the Group's other operations experienced increased business activity (mainly the TASE retail brokerage company and the institutional brokerage operations).

4. In order to increase the Company's cash reserve and prepare for the worsening or prolongation of the economic crisis, after the reporting date, the Company issued debentures (series D) by way of a series expansion in a total of approximately NIS 112.1 million. Also, as of March 31, 2020, the Company is in compliance with all the financial covenants agreed with banks and in respect of the debentures (series C and D) issued by it.

5. In the non-bank credit segment operated by Peninsula Group Ltd. ("Peninsula"), in the current quarter Peninsula raised capital totaling approximately NIS 250 million thereby entering the beginning of the economic crisis with solid financing resources and free cash flows. In addition, Peninsula increased its bank credit and simultaneously repaid the entire commercial paper issued by it in a total of approximately NIS 125 million. When the crisis broke, Peninsula began mapping its credit portfolio and minimized the scope of the credit portfolio. Peninsula also raised the financial margin charged to customers, including by raising interest and not renewing credit to active customers who are overexposed to the specific risk characteristics of the crisis, in order to properly reflect the increased credit risk in the market and mitigate the impact of the increase in bank borrowings taken by Peninsula on its operating results.

   As a result of these measures, the credit portfolio decreased in relation to the average portfolio in the quarter by approximately NIS 106 million, short-term bank credit increased by approximately NIS 323 million and Peninsula's cash balances grew by approximately NIS 227 million.

NOTE 1:- GENERAL (Cont.)

b. Effects of the Coronavirus outbreak (Cont.)

6. The Company reviewed the financial results of its cash-generating units and concluded that there are no indications of impairment, other than in the provident and pension segment where the Company conducted a valuation of the unit's recoverable amount. Following this analysis, the Company recorded a provision for impairment of the provident and pension segment of approximately NIS 13.9 million. See also Note 4 below.

Since the pandemic and the resulting economic crisis are not under the Group's control and other factors such as the continued spread of the virus are likely to affect the Group's evaluations, the Group continues to closely monitor the changes in local and global markets and analyzes the implications on the business results of the Group companies in the medium and long term.

The Company has analyzed the above implications and concluded that it will be able to continue repaying its liabilities in the foreseeable future and comply with the financial covenants applicable to it.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements

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

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

c. Amendments to existing standards

In September 2019, the IASB published amendments to IFRS 9, "Financial Instruments", IFRS 7, "Financial Instruments: Disclosures" and IAS 39," Financial Instruments: Recognition and Measurement" ("the Amendment").

The Amendment provides certain transitional reliefs for companies applying hedge accounting based on the benchmark Interbank Offered Rates ("IBORs") and are affected by the uncertainty arising from the expected reform in these benchmark rates. The IBOR reform leads to uncertainty regarding the dates and amounts to be attributed to future cash flows relating to both hedging instruments and hedged items that rely on existing IBORs.

The Amendment had no effect on the financial statements of the Company as of January 1, 2020, as it does not enter into IBOR-based hedges in respect of which the timing of the IBOR reform could have an impact.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Reclassification

The Company reclassified certain comparative data in the consolidated statements of financial position for previous periods in immaterial amounts in order to adapt them to the current period's presentation format.

NOTE 3:- FINANCIAL INSTRUMENTS

a. Fair value

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

	Carrying amount			Fair value		
	March 31,		December 31,	March 31,		December 31,
	2020	2019	2019	2020	2019	2019
	Unaudited		Audited	Unaudited		Audited
	NIS in millions					
Financial liabilities:						
Loans from banks (1) (3)	18	103	21	18	103	21
Subsidiary's debentures (3) (4)	308	210	336	290	213	337
Debentures (series C) (2) (3)	542	633	540	544	684	586
Debentures (series D) (2) (3)	270	-	268	261	-	324
	1,138	946	1,165	1,113	1,000	1,268

(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 and series D) 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.

b. Classification of financial instruments by fair value hierarchy

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

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

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

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

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

Financial instruments measured at fair value

	Level 1	Level 2	Level 3
		NIS in millions	
March 31, 2020 (unaudited)			
Financial assets at fair value through profit or loss			
Shares ,options and debentures	115	3	35
Financial assets at fair value through other comprehensive income			
Shares	-	-	6
	115	3	41
Financial liabilities			
Shares, debentures and marketable options	43	1	-
Index forwards used for hedging	-	3	-
Convertible liability to shares	-	-	6
Liability for shares	-	-	12
	43	4	18

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

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Convertible liability to shares	Liability for shares	Total
			NIS in millions		
Balance at January 1, 2020	37	6	(5)	(17)	21
Total loss recognized in profit or loss	(2)	-	-	-	(2)
Loan received	-	-	(1)	-	(1)
Repayments of liabilities	-	-	-	5	5
Balance at March 31, 2020	35	6	(6)	(12)	23

In addition, as of March 31, 2020, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members at the amount of approximately NIS 10 million.

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

	Level 1	Level 2	Level 3
		NIS in millions	
March 31, 2019 (unaudited)			
Financial assets at fair value through profit or loss			
Shares ,options and debentures	128	3	34
Financial assets at fair value through other comprehensive income			
Shares	-	-	4
	128	3	38
Financial liabilities			
Shares, debentures and marketable options	19	-	-
Index forwards used for hedging	-	2	-
Forwards and swaps	-	2	-
Contingent liability in business combination	-	-	19
	19	4	19

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

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Liability for purchase of operations	Total
		NIS in millions		
Balance at January 1, 2019	32	4	(21)	15
Acquisitions	19	-	-	19
Sale of assets	(17)	-	-	(17)
Repayments of liabilities	-	-	2	2
Balance at March 31, 2019	34	4	(19)	19

In addition, as of March 31, 2019, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members at the amount of approximately NIS 11 million.

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

	Level 1	Level 2	Level 3
		NIS in millions	
December 31, 2019 (audited)			
Financial assets at fair value through profit or loss			
Shares ,options and debentures	150	3	37
Financial assets at fair value through other comprehensive income			
Shares	-	-	6
	150	3	43
Financial liabilities			
Shares, debentures and marketable options	55	-	-
Index forwards used for hedging	-	2	-
Convertible liability to shares	-	-	5
Liability for shares	-	-	17
	55	2	22

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

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Convertible liability to shares	Liability for shares	Total
			NIS in millions		
Balance at January 1, 2019	32	4	-	(21)	15
Total loss recognized in profit or loss	(8)	-	-	(1)	(9)
Purchases	30	2	-	-	32
Loan received	-	-	(5)	-	(5)
Newly consolidated companies	-	-	-	(6)	(6)
Disposals	(17)	-	-	-	(17)
Repayments of liabilities	-	-	-	11	11
Balance at March 31, 2020	37	6	(5)	(17)	21

NOTE 4:- INTANGIBLE ASSETS

Managing provident funds and pension funds

In the period of three months ended March 31, 2020, following the Coronavirus outbreak as described in Note 1b above, there were indications of a potential impairment of the Company's provident and pension fund operation and therefore the Company conducted a test of impairment of goodwill in respect of the cash-generating unit of provident and pension funds management. The recoverable amount of assets allocated to provident and pension funds management is determined based on fair value and using the DCF method. For the calculation of the fair value using the DCF method, the Company used forecasts regarding future income derived from the scope of managed assets as of March 31, 2020 based on its profits for the period ended March 31, 2020, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 10.7%. The recoverable amount based on the above assumptions approximates NIS 483 million as of March 31, 2020 and is lower than the carrying amount. Consequently, the Company recognized in the reporting period an impairment loss of approximately NIS 13.9 million (the Company's share of the goodwill impairment) which was fully allocated to goodwill and included in other expenses. The total goodwill allocated to this unit as of March 31 ,2020 amounts to NIS 354 million.

NOTE 5:- OPERATING SEGMENTS

a. General

1. The Group operates in five reportable business segments:

Long and medium-term savings management segment	-	Marketing and managing compensation and severance pay funds, study funds, central severance pay funds, pension funds and central provident fund for participation in budgetary pension.
Current savings management segment	-	From the second quarter of 2019 and following the merger discussed in Note 4b to the annual consolidated financial statements, the current savings management segment consists of marketing and managing security investment portfolios for private and institutional customers, managing mutual funds and managing ETFs.
TASE member and institutional brokerage segment	-	Providing TASE member services mainly to private customers and institutional brokerage services that consist, among others, of security custodian services, trading services, security transactions and various current account and credit transactions for a wide variety of customers.
Non-bank loans	-	Providing non-bank loans to small and medium sized corporations in Israel through Peninsula Group Ltd.

NOTE 5:- OPERATING SEGMENTS (Cont.)

a. General (Cont.)

The other activities in the Group are included in the "other" segment and mainly consist of insurance agencies (other than an insurance agency that is wholly owned by the Company and is included in the Long and medium-term savings management segment), distribution of foreign funds, grant of consumer credit through Meitav Dash Loans, purchase of income flows through Liquidity Capital M.C. Ltd. and grant of credit through Lotus Investment Management Limited ("Lotus").

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. As discussed above, from the second quarter of 2019, the current savings management segment includes mutual fund management, ETF management and securities investment portfolio marketing and management for private and institutional customers. The presentation is governed by the policy adopted by the Company's CODM who, from the second quarter of 2019 and as a result of the merger, as described in Note 4b to the annual consolidated financial statements, views these operations as a reportable segment. Accordingly, the Group restated the segment under the necessary changes.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments

	Three months ended March 31, 2020						
	Long and medium-term savings management	Current savings management	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues							
Revenues from external entities	77	88	35	23	24	-	247
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	77	88	35	23	25	(1)	247
Segment income	14	37	8	11	7	-	77
Expenses not allocated to segments							(14)
Loss from securities held for Nostro portfolio investments, net							(8)
Finance expenses, net							(4)
Other expenses, net							(21)
Income before taxes on income							30

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.)

	Three months ended March 31, 2019						
	Long and medium-term savings management	Current savings management *)	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues							
Revenues from external entities	79	86	31	18	21	-	235
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	79	86	31	18	22	(1)	235
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	1	-	1
Segment income	10	31	11	10	8	-	70
Expenses not allocated to segments							(15)
Gain from securities held for Nostro portfolio investments, net							12
Finance expenses, net							(6)
Other expenses, net							(12)
Income before taxes on income							49

*) From the second quarter of 2019, the current savings management segment includes mutual fund management, ETF management and securities investment portfolio marketing and management for private and institutional customers. The presentation is governed by the policy adopted by the Company's CODM who, from the second quarter of 2019 and as a result of the merger, as described in Note 4b to the annual consolidated financial statements, views these operations as a reportable segment. Accordingly, the Group restated the segment under the necessary changes.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.)

	Year ended December 31, 2019						
	Long and medium-term savings management	Current savings management	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Audited						
	NIS in millions						
Revenues							
Revenues from external entities	318	342	104	81	80	-	925
Inter-segment revenues	-	-	-	-	5	(5)	-
Total revenues	318	342	104	81	85	(5)	925
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	6	-	6
Segment income	44	117	35	42	32	-	270
Expenses not allocated to segments							(57)
Gain from securities held for Nostro portfolio investments, net							9
Finance expenses, net							(32)
Other expenses, net							(44)
Income before taxes on income							146

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. In keeping with the matters discussed in Note 4a(3) to the annual consolidated financial statements, on February 27, 2020, the Company completed the acquisition of an additional stake of 13.5% of Lotus' issued and outstanding share capital from a corporation controlled by Mr. David Green for a total of approximately € 2 million. After the reporting date, the Company completed the acquisition of another 0.68% of Lotus' issued and outstanding share capital for a total of approximately € 101 thousand. As of the financial statement approval date, the Company holds approximately 59.2% of Lotus' issued and outstanding share capital.

b. In keeping with the matters discussed in Note 4a(4) to the annual consolidated financial statements, on January 22, 2020, Peninsula issued a shelf offering report by virtue of which it issued 69,976,000 ordinary shares for immediate gross proceeds of approximately NIS 250.3 million less issuance expenses. In the share issue, the Company purchased 32,000,000 ordinary shares of Peninsula for a total of approximately NIS 115 million. As of the date of approval of the financial statements, the Company holds about 50.33% of Peninsula's issued share capital.

c. In keeping with the matters discussed in Note 13 to the annual consolidated financial statements, Peninsula completed the full repayment of the commercial paper (CP) series issued to classified investors which on the issue date amounted to NIS 125 million.

NOTE 7:- EVENTS AFTER THE REPORTING DATE

a. On March 31, 2020, Midroog announced a rating of A1.il with a stable outlook of the debentures (series D) that will be issued by the Company at a scope of up to approximately NIS 130 million par value in view of a master decision made by the Company's Board on March 31, 2020 to offer securities to the public by way of expansion of the existing series of debentures (series D) which had been originally issued by virtue of a shelf prospectus published by the Company on February 28, 2019. On April 1, 2020, based on the shelf offering report issued based on a shelf prospectus of the Company, the Company raised debentures (series D) totaling approximately NIS 112.1 million (less issuance expenses). According to the shelf offering report, the Company offered the public between NIS 50 million par value and NIS 130 million par value. The Effective interest rate underlying the debentures (series D) in the issuance was 4%. See details of the terms of the debentures (series D) in Note 16d to the annual consolidated financial statements.

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

b. On April 23, 2020, following the approval of the Remuneration Committee, the Company's Board approved the allocation of 764,683 registered marketable RSUs of NIS 1 par value each of the Company to 14 officers and employees, subject to obtaining the TASE's approval. After their allocation, the RSUs will account for about 1.1% of the Company's issued and outstanding share capital and voting rights. The allocation is executed in the backdrop of the Coronavirus crisis and its effects on the Company and on the capital market and in an attempt to assist the Company's cash flows instead of the annual bonus for 2019 which the relevant officers and employees are entitled to receive and in view of the Company's request and their' consent to convert the bonus to RSUs. The allocation includes the granting of 44,397 RSUs to the Company's CEO, Mr. Ilan Raviv, 150,588 RSUs to Mr. Avner Stepak, a controlling shareholder in the Company and Deputy Chairman of the Board, and 113,676 RSUs to Mr. Zvi Stepak, the father of Mr. Avner Stepak. The allocation is subject to the approval of the general meeting which is scheduled to convene on June 2, 2020.

80% of the RSUs vest after two years from the date of approval of the allocation by the Board ("the record date") and the other 20% vest at the end of three years from the record date. It should be noted that from the record date, the optionees will be entitled to receive dividends in respect of the RSUs, if any are distributed. Any optionees that terminate their employment in the Group after the record date, whether initiated by the employees or by the Company, will be entitled to all the RSUs allocated tot hem since the allocation replaces the bonus, as discussed above. The shares will be allocated in the name of a trustee in favor of each of the optionees and held by the trustee until the end of the relevant vesting period as above.

c. On April 30, 2020, a claim was filed with the Tel-Aviv District Court against a subsidiary, Meitav Dash Trade Ltd. ("Meitav Dash Trade") by a customer demanding compensation in an amount of approximately NIS 1.95 million for actions allegedly taken by Meitav Dash Trade to close positions in which the customer invested. The customer argues that Meitav Dash Trade blocked the option to perform any transactions in the customer's account and was late in closing the position, thereby causing the account a loss in excess of NIS 5 million which brought the balance in the account at the end of that trading day to a debit balance of approximately NIS 5.9 million, and did not report the absence of collateral in the account. The Company plans to take legal action against the customer for collecting the outstanding debt in the account in a total of approximately NIS 5.9 million.

In the opinion of the attorneys handling the claim, due to its early stages, the chances of the claim cannot be assessed.

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

d. A claim and class action certification motion (collectively - "the claim") were filed with the Tel-Aviv District Court pursuant to the Class Action Law, 2006 against a subsidiary, Meitav Dash Provident and Pension Ltd. ("Meitav Dash Provident"). The claim was produced to Meitav Dash Provident on May 10, 2020 and was filed against nine other managing companies (collectively - "the defendants"). According to the plaintiff, the claim alleges illegal collection of payments by the Enforcement and Collection Authority and their transfer to the defendants for needed foreclosures in the magnetic storage media. The plaintiff states that the amount of the overall damage to the group of plaintiffs cannot be assessed but is within the jurisdiction of the District Court which means it exceeds NIS 2.5 million. Other remedies sough in the claim consist of recovery of surcharges collected by the defendants, ordering the defendants to charge a single fee for magnetic media foreclosure relating to all of the provident funds managed by them and awarding a special compensation for the petitioners and legal expenses for their representatives. At this early stage of the proceeding, the chances of the claim or class action certification motion cannot be assessed.

e. A claim and class action certification motion (collectively - "the claim") were filed with the Tel-Aviv District Court pursuant to the Class Action Law, 2006 against a subsidiary, Meitav Dash Trade. The claim was produced to Meitav Dash Trade on May 14, 2020 and was filed against 13 other managing companies (collectively - "the defendants"). According to the essence of the claim, the plaintiffs argue that the defendants illegally classify some of the accruals in the advanced study funds managed by them as taxable accruals. At this early stage of the proceeding, the chances of the claim or class action certification motion cannot be assessed.

f. On May 31, 2020, the Company's Board resolved to adopt a share repurchase plan for the Company's shares for a period of three months at a maximum scope of NIS 25 million.