MEITAV DASH INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2020

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

Introduction

We have reviewed the accompanying financial information of Meitav Dash Investments Ltd. and its subsidiaries ("the Company"), which comprises the consolidated statement of financial position as of September 30, 2020 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 31.7% of total consolidated assets as of September 30, 2020 and whose revenues included in consolidation constitute approximately 12.4% and approximately 11.6% of total consolidated revenues for the periods of nine and three months then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of other auditors.

Scope of review

We conducted our review in accordance with Review Standard (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
November 22, 2020

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2020	September 30, 2019	December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	548	237	290
Short-term investments	262	287	280
Customer credit	833	959	894
Trade receivables	61	50	59
Other accounts receivable	53	21	26
Current taxes receivable	5	8	9
	1,762	1,562	1,558
NON-CURRENT ASSETS:			
Investments of provident fund members	95	96	96
Investments, loans and receivables	230	137	179
Investments, loans and capital notes in associates	39	27	39
Property, plant and equipment	189	203	200
Deferred taxes	19	15	19
Intangible assets	1,122	1,140	1,159
	1,694	1,618	1,692
	3,456	3,180	3,250

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2020	September 30, 2019	December 31, 2019
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of debentures	529	634	667
Liabilities for short sale of securities	81	51	48
Trade payables	57	56	66
Other accounts payable	270	184	209
Current taxes payable	21	11	14
	958	936	1,004
NON-CURRENT LIABILITIES:			
Loans from banks	5	90	12
Debentures	968	770	897
Liabilities to provident fund members	98	98	98
Liabilities for purchase of operations	-	6	4
Lease liabilities	150	163	160
Other accounts payable	22	2	16
Employee benefit liabilities	8	9	8
Deferred taxes	46	45	46
	1,297	1,183	1,241
Total liabilities	2,255	2,119	2,245
EQUITY:			
Share capital	66	65	65
Share premium	512	517	518
Capital reserve for share-based payment transactions	10	10	10
Retained earnings	293	230	228
Other reserves	28	36	38
Equity attributable to equity holders of the Company	909	858	859
Non-controlling interests	292	203	146
Total equity	1,201	1,061	1,005
	3,456	3,180	3,250

November 22, 2020			
Date of approval of the financial statements	Eli Barkat Chairman of the Board	Ilan Raviv CEO	Einat Rom CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in millions (except per share data)				
Revenue from management fees, commissions and other, net	640	632	208	206	844
Finance income from non-bank loans	57	60	16	21	81
Total revenues	697	692	224	227	925
Marketing, operating, general and administrative expenses	524	527	171	173	718
Operating income	173	165	53	54	207
Gain (loss) from securities held for investment purposes in nostro portfolio, net	8	10	9	(4)	9
Finance income	2	1	1	-	1
Finance expenses	(23)	(26)	(10)	(3)	(33)
Other expenses, net	(37)	(33)	(7)	(11)	(44)
Company's share of earnings of companies accounted for at equity, net	3	5	2	2	6
Income before taxes on income	126	122	48	38	146
Taxes on income	51	40	16	11	50
Net income for the period	75	82	32	27	96
Other comprehensive loss (net of tax effect):					
Actuarial loss on defined benefits plans	-	(1)	-	(1)	-
Foreign currency translation adjustments of foreign operations	-	(2)	-	(2)	(2)
Loss on cash flow hedges	(1)	-	-	(1)	-
Total other comprehensive loss attribute to the company	(1)	(3)	-	(4)	(2)
Total comprehensive income	74	79	32	23	94
Net income attributable to:					
Equity holders of the Company	65	70	29	22	78
Non-controlling interests	10	12	3	5	18
	75	82	32	27	96
Comprehensive income attributable to:					
Equity holders of the Company	64	69	29	20	78
Non-controlling interests	10	10	3	3	16
	74	79	32	23	94
Basic and diluted net earnings per share attributable to equity holders of the Company (in NIS):					
Basic net earnings	0.98	1.07	0.42	0.34	1.19
Diluted net earnings	0.98	1.06	0.42	0.34	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	38	859	146	1,005
Net income for the period	-	-	-	65	-	65	10	75
Other comprehensive loss, net	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income (loss)	-	-	-	65	(1)	64	10	74
Dividend to non-controlling interests	-	-	-	-	-	-	(10)	(10)
Exercise of employee options	(* -	3	(3)	-	-	-	-	-
Issuance of capital to non-controlling interests	-	-	-	-	6	6	135	141
Investment in partnership's capital by non-controlling interests	-	-	-	-	-	-	10	10
Issuance of capital to employees and officers	1	4	-	-	-	5	-	5
Share-based payment	-	-	3	-	-	3	3	6
Net purchases of non-controlling interests	-	-	-	-	(15)	(15)	(2)	(17)
Repurchase for the Company's shares	-	(13)	-	-	-	(13)	-	(13)
Balance at September 30, 2020	66	512	10	293	28	909	292	1,201

*) Less than NIS 1 million.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at July 1, 2020	66	518	10	264	28	886	281	1,167
Net income for the period	-	-	-	29	-	29	3	32
Other comprehensive income, net	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	29	-	29	3	32
Dividend to non-controlling interests	-	-	-	-	-	-	(2)	(2)
Share-based payment	-	-	1	-	-	1	-	1
Exercise of employee options	(* -	1	(1)	-	-	-	-	-
Investment in partnership's capital by non-controlling interests	-	-	-	-	-	-	10	10
Repurchase for the Company's shares	-	(7)	-	-	-	(7)	-	(7)
Balance at September 30, 2020	66	512	10	293	28	909	292	1,201

*) Less than NIS 1 million.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	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 year	-	-	-	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
Share-based payment	-	-	2	-	-	2	-	2
Investment in partnership's capital by non-controlling interests	-	-	-	-	(1)	(1)	61	60
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	38	859	146	1,005

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
	NIS in millions				
Cash flows to operating activities:					
Net income for the period	75	82	32	27	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	21	20	7	7	27
Amortization of intangible assets	44	51	15	15	69
Impairment loss of goodwill	14	-	-	-	-
Amortization of deferred acquisition costs	7	7	2	2	9
Revaluation of investments to provident fund members	1	-	1	1	-
Revaluation of liabilities to provident fund members	-	-	-	(1)	-
Change in liabilities for purchase of shares	-	1	-	1	1
Revaluation of short-term loan	-	1	-	-	-
Company's share of losses (earnings) of companies accounted for at equity, net	4	(3)	3	(1)	(2)
Deferred taxes, net	-	4	(2)	2	1
Revaluation of debentures	(6)	(1)	-	(6)	(3)
Losses (Gains) from securities measured at fair value through profit or loss, net	(23)	(13)	(18)	3	(15)
Share-based payment	6	1	1	-	2
	68	68	9	23	89
Changes in asset and liability items:					
Customer credit, trade receivables and other accounts receivable	61	(121)	(147)	(68)	(169)
Restricted cash in limited partnership	-	(36)	-	(20)	-
Short-term credit from giving non-bank loans	(245)	42	73	(114)	53
Trade payables and other accounts payable	(4)	(152)	(66)	(25)	(129)
	(188)	(267)	(140)	(227)	(245)
Net cash used in operating activities	(45)	(117)	(99)	(177)	(60)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Three months ended September 30, 2020	Three months ended September 30, 2019	Year ended December 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	NIS in millions				
Cash flows to investing activities:					
Proceeds from (purchase of) short-term investments measured at fair value through profit or loss	60	(30)	48	-	(62)
Purchase of property, plant and equipment	(5)	(1)	(2)	-	(3)
Purchase of intangible assets	(21)	(18)	(6)	(5)	(30)
Repayment of liabilities for purchase of shares	(11)	(8)	(4)	(2)	(9)
Grant of long-term loan	(5)	(3)	(3)	-	(11)
Change in restricted deposits, net	4	(7)	8	-	(16)
Repayment of long-term loan	4	-	4	-	-
Investment in companies accounted for at equity	(5)	(1)	-	(1)	(1)
Acquisition of newly consolidated company (b)	-	-	-	-	(14)
Net cash provided by (used in) investing activities	21	(68)	45	(8)	(146)
Cash flows from financing activities:					
Issuance of Company debentures (net of issuance expenses)	112	-	-	-	268
Issuance of subsidiary's debentures (net of issuance expenses)	85	207	85	207	207
Repayment of Company debentures	-	-	-	-	(87)
Repayment of subsidiary's debentures	(105)	(85)	(38)	(28)	(114)
Dividend paid to equity holders of the Company	-	(40)	-	(10)	(50)
Dividend paid to non-controlling interests	(10)	(12)	(2)	(3)	(15)
Repayment of long-term lease liabilities	(20)	(20)	(7)	(8)	(27)
Investment in partnership's equity by non-controlling interests	10	59	10	32	59
Exercise of options in subsidiary	-	-	-	-	8
Purchases of non-controlling interests	(17)	-	-	-	-
Repayment of long-term loans from banks	(7)	(7)	(2)	(2)	(85)
Issuance of shares to non-controlling interests	141	22	-	-	20
Repurchase for the Company's shares	(13)	-	(7)	-	-
Proceeds from short sale of securities	10	20	-	-	30
Receipt of loan convertible into shares	5	-	-	-	5
Short-term credit from banks, net	91	(2)	(2)	15	(3)
Net cash provided by financing activities	282	142	37	203	216
Exchange rate differences on cash and cash equivalents	-	2	-	2	2
Increase (decrease) in cash and cash equivalents	258	(41)	(17)	20	12
Cash and cash equivalents at the beginning of the period	290	278	565	217	278
Cash and cash equivalents at the end of the period	548	237	548	237	290

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Three months ended September 30, 2020	Three months ended September 30, 2019	Year ended December 31, 2019
	Unaudited				Audited
	NIS in millions				
(a) Additional information on cash flows from operating activities:					
Cash paid during the period for:					
Interest	25	29	3	5	51
Taxes on income	28	36	14	12	43
Cash received during the period for:					
Interest	76	76	19	24	113
Taxes on income	5	9	2	2	9
(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)
(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
	-	-	-	-	-

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 September 30, 2020 and for the periods of nine and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 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 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, as a result of the lifting of some of the restrictions imposed, some of the Company's employees returned to work at the Company's offices and the majority of employees on unpaid leave of absence returned. 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 6.5 billion and the provident and pension fund assets decreased by approximately NIS 1.2 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, the assets managed by the Group showed an increase and as of November 16, 2020 they amounted to NIS 140.2 billion compared to NIS 128.8 billion at of September 30, 2020.

NOTE 1:- GENERAL (Cont.)

b. Effects of the Coronavirus outbreak: (Cont.)

2. 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 are saved. In contrast to the asset management operation, some of the Group's other operations experienced increased business activity (mainly the retail and institutional brokerage operations).

3. In order to increase the Company's cash reserve and prepare for the aggravation or prolongation of the economic crisis, on April 1, 2020, the Company issued debentures (series D) by way of series expansion in a total of approximately NIS 112.1 million. Also, as of September 30, 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.

4. In the non-bank loans segment (the Peninsula Group Ltd., "Peninsula") – at the beginning of the Coronavirus crisis, Peninsula performed a comprehensive analysis of its credit portfolio for inspecting the general risks that are characteristic of periods of initiated global economy shutdown in response to pandemic outbreaks and uncertainty and the specific credit risks that are partly inherent to the Company's credit portfolio. Simultaneously with the above analysis and as part of a strategy of temporarily mitigating exposures during this time of uncertainty, Peninsula took steps to significantly minimize and optimize its credit portfolio also by increasing the collaterals provided by existing customers, entering into shorter-term financing transactions and financing property-backed transactions for relatively shorter periods. Peninsula also increased the financial margin of its customers by raising interest and not renewing credit for customers with overexposure to the specific risks underlying the crisis in order to better reflect the enhanced credit risk in the market and mitigate the effects of the increase in Peninsula's bank debt on its operating results. As a result of the above steps, in the third quarter of 2020, Peninsula's short-term customer credit decreased by approximately NIS 64 million compared with the average quarterly credit portfolio, credit received from banks increased by approximately NIS 323 million and cash balances increased by approximately NIS 167 million.

NOTE 1:- GENERAL (Cont.)

b. Effects of the Coronavirus outbreak: (Cont.)

5. 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 estimated the unit's recoverable amount. Following this analysis, the Company recorded on the first quarter of the year 2020 a provision for impairment of the provident and pension segment of approximately NIS 13.9 million. In the reporting period, the Company also tested for any impairment of its current savings operation, the operations of Yekev Insurance Agencies Ltd. and Kariv Insurance Agency Ltd. and the institutional brokerage operation and concluded that the recoverable amount of all these cash-generating units exceeds their carrying amount and therefore no provision for impairment is needed. 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:

1. 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 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.

2. Amendment to IFRS 16, "Leases":

   In view of the global coronavirus crisis, in May 2020, the IASB issued "Covid-19-Related Rent Concessions - Amendment to IFRS 16, Leases". The objective of the Amendment is to allow a lessee to apply a practical expedient according to which Covid-19 related rent concessions will not be accounted for as lease modifications but as variable lease payments. The relief applies to lessees only.

   The Amendment applies only to Covid-19 related rent concessions and only if all of the following conditions are met:

   - The revised future lease payments are substantially the same or less than the original lease payments immediately preceding the change;
   - The reduction in lease payments relates to payments due on or before June 30, 2021; and
   - No other substantive changes have been made to the terms of the lease.

   The Amendment is to be applied retrospectively effective for annual periods beginning on or after June 1, 2020, with earlier application permitted.

   The Company has elected to apply the Amendment early to all Covid-19 related rent concessions. Accordingly, as a result of a rent concession received for lease payments, the Company recognized a decrease in depreciation expense totaling approximately NIS 824 thousand for the nine months ended September 30, 2020.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Amendments to existing standards: (Cont.)

3. In October 2018, the IASB issued an amendment to the definition of a "business" in IFRS 3, "Business Combinations". The Amendment is intended to assist entities in determining whether a transaction should be accounted for as a business combination or as an acquisition of an asset. The Amendment consists of a clarification that to meet the definition of a business, an integrated set of activities and assets must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The Amendment also introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

   The Amendment is applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

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		
	September 30,		December 31,	September 30,		December 31,
	2020	2019	2019	2020	2019	2019
	Unaudited		Audited	Unaudited		Audited
	NIS in millions					
Financial liabilities:						
Loans from banks (1)(3)	14	99	21	14	99	21
Debentures of subsidiary (3)(4)	317	364	336	321	365	337
Debentures (series C) (2) (3)	538	635	540	548	688	586
Debentures (series D) (2) (3)	382	-	268	401	-	324
	1,251	1,098	1,165	1,284	1,152	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 D) are traded on the TASE. The fair value is based on quoted market prices.
(3) Including current maturities and accrued interest.
(4) The debentures of Peninsula Group Ltd. are traded on the TASE. The fair value is based on quoted market prices.

b. Classification of financial instruments by fair value hierarchy:

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

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

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

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

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

Financial instruments measured at fair value:

	Level 1	Level 2	Level 3
		NIS in millions	
September 30, 2020 (unaudited)			
Financial assets at fair value through profit or loss			
Shares, options and debentures	143	8	23
Financial assets at fair value through other comprehensive income			
Shares	-	-	6
	143	8	29
Financial liabilities			
Shares, debentures and marketable options	80	1	-
Index forwards used for hedging	-	3	-
Convertible liability to shares	-	-	10
Liability for shares	-	-	7
	80	4	17

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

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	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	(5)	-	-	-	(5)
Acquisitions	3	-	-	-	3
Loan received	-	-	(5)	-	(5)
Disposals	(12)	-	-	-	(12)
Repayments of liabilities	-	-	-	10	10
Balance at September 30, 2020	23	6	(10)	(7)	12

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

In addition, as of September 30, 2020, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 11 million.

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

Movement in financial assets 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 shares	Total
		NIS in millions		
Balance as at January 1, 2019	32	4	(21)	15
Total income recognized in profit or loss	(6)	-	(1)	(7)
Acquisitions	19	1	-	20
Sale of assets	(17)	-	-	(17)
Repayments of liabilities	-	-	9	9
Balance as at September 30, 2019	28	5	(13)	20

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

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

	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	140	3	37
Financial assets at fair value through other comprehensive income			
Shares	-	-	6
	140	3	43
Financial liabilities			
Shares, debentures and marketable options	48	-	-
Index forwards used for hedging	-	2	-
Convertible liability to shares	-	-	5
Liability for shares	-	-	17
	48	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)
Acquisitions	30	2	-	-	32
Newly consolidated companies	-	-	-	(6)	(6)
Disposals	(17)	-	-	-	(17)
Repayments of liabilities	-	-	-	11	11
Loan received	-	-	(5)	-	(5)
Balance at December 31, 2019	37	6	(5)	(17)	21

NOTE 4:- INTANGIBLE ASSETS

a. 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 fund management. The recoverable amount of assets allocated to provident and pension fund management is determined based on fair value and using the discounted cash flow ("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.

b. Current savings management

The Company tested impairment of goodwill on June 30, 2020, for the cash-generating unit Current saving management. The recoverable amount of assets allocated to Current saving management determined based on the fair value which is derived from the DCF method. For the calculation of the pre-tax value in use according to the DCF method, the Company used forecasts regarding future income derived from the scope of managed assets as of June 30, 2020 based on its profits for the period ended June 30, 2020, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 11.5%. The goodwill allocated to the Current saving management unit, as of June 30, 2020, amounts to approximately NIS 449 million. The recoverable amount exceeds the carrying amount and therefore no provision for impairment is needed.

c. Insurance activity Yekev and Kariv

The Company tested impairment of goodwill in insurance activity in Yekev insurance agencies and in Kariv insurance agency cash-generating unit ("insurance activity") on September 30, 2020. The recoverable amount of assets allocated to the insurance activity unit is determined based on the value in use which is derived from the discounted cash flow method. For the calculation of the pre-tax value in use using the DCF method, the Company used forecasts regarding future income derived from the insurance activity profits for the period ended September 30, 2020, its expected future profits, evaluations of a future growth rate of 2% and a pre-tax discount rate of about 14%. The goodwill allocated to the insurance activity unit, as of September 30, 2020, amounts to approximately NIS 23 million. The recoverable amount exceeds the unit's carrying amount and, accordingly, no provision for impairment is required.

NOTE 4:- INTANGIBLE ASSETS (Cont.)

d. Brokerage

As of September 30, 2020, the assets and liabilities comprising the brokerage cash-generating unit have not changed materially since the last goodwill impairment test conducted by the Company as of September 30, 2019 according to which the recoverable amount of the brokerage cash-generating unit significantly exceeded its carrying amount and therefore the risk that the recoverable amount in the current period would be lower than the carrying amount was remote. Accordingly, the Company used the calculation from the test conducted as of September 30, 2019 according to which no impairment provision is needed. The test as of September 30, 2019 relied on the Company's revenue forecasts based on the profits generated by Dash Brokerage Ltd. in the period of nine months ended September 30, 2019, forecasted profits, future growth evaluation of 2% and pre-tax discount rate of about 17.6%. The goodwill allocated to the brokerage cash-generating unit as of September 30, 2020 amounts to NIS 10 million.

e. Non-bank credit – Peninsula Group

The recoverable amount of the assets attributable to the Peninsula Group was determined based on the value in use, derived from the DCF method. For the calculation of the pre-tax value in use according to the DCF method, the Company used forecasts regarding future income derived from Peninsula Group's profits for the period ended September 30, 2020, its expected future profits and evaluations of future growth. The recoverable amount exceeds the carrying amount and therefore no provision for impairment is needed.

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 4c 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.

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.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Nine months ended September 30, 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	225	241	109	57	65	-	697
Inter-segment revenues	-	-	-	-	2	(2)	-
Total revenues	225	241	109	57	67	(2)	697
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	3	-	3
Segment income	41	96	35	24	20	-	216
Expenses not allocated to segments							(40)
Gain from securities held for Nostro portfolio investments, net							8
Finance expenses, net							(21)
Other expenses, net							(37)
Income before taxes on income							126

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Nine months ended September 30, 2019						
	Long and medium term savings management	Current savings management	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	237	257	80	60	58	-	692
Inter-segment revenues	-	-	-	-	4	(4)	-
Total revenues	237	257	80	60	62	(4)	360
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	5	-	5
Segment income	38	91	28	31	23	-	211
Expenses not allocated to segments (1)							(41)
Gain from securities held for Nostro portfolio investments, net							10
Finance expenses, net							(25)
Other expenses, net							(33)
Income before taxes on income							122

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Long and medium-term savings management	Current savings management	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Three months ended September 30, 2020						
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	75	79	33	16	21	-	224
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	75	79	33	16	22	(1)	224
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	2	-	2
Segment income	14	31	10	5	9	-	69
Expenses not allocated to segments							(14)
Gain from securities held for Nostro portfolio investments, net							9
Finance expenses, net							(9)
Other expenses, net							(7)
Income before taxes on income							48

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

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

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 another 13.5% of Lotus' issued and outstanding share capital from a corporation controlled by Mr. David Green for a total of approximately € 2 million. On April 1, 2020, the Company completed the acquisition of another 0.675% of Lotus' issued and outstanding share capital for a total of approximately € 101 thousand. On June 29, 2020, the Company completed the acquisition of another 6.575% of Lotus' issued and outstanding share capital for a total of approximately € 746 thousand. As of the financial statement approval date, the Company holds about 65.75% 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. On June 10, 2020, the Company exercised share options of Peninsula into 775,900 shares of Peninsula. On October 5, 2020, the Company purchased 1,347,500 shares of Peninsula during trade on the TASE. As of the date of approval of the financial statements, the Company holds about 50.8% 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 securities series issued to classified investors which on the issue date amounted to NIS 125 million.

d. 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 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 4.08%. See details of the terms of the debentures (series D) in Note 16d to the annual consolidated financial statements.

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

e. 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. 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 was 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 optionees are entitled to receive and in view of the Company's request and the optionees' consent to convert the bonus to RSUs. The allocation consists of granting 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, a director in the Company and the father of Mr. Avner Stepak, which was approved by the general meeting 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 to them 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. After obtaining the TASE's approval for the listing of the shares and the approval of the general meeting, 759,433 RSUs were allocated in June 2020.

f. 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 claims 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.

On July 9, 2020, Meitav Dash Trade submitted its letter of defense to the Court. It also filed a claim with the Tel-Aviv District Court for collecting the customer's outstanding debt of approximately NIS 5.9 million. Meitav Dash Trade also requested the Court to execute a promissory note signed by the customer. On June 3, 2020, the Court ordered a temporary repossession of a real estate property owned by the customer at the request of Meitav Dash Trade.

On June 25, 2020, the Court ordered to consolidate the proceeding with the customer's claim against Meitav Dash Trade. On August 3, 2020, the customer submitted a response to the letter of defense submitted by Meitav Dash Trade. On August 6, 2020, a hearing was held in the consolidated cases and on October 26, 2020, the parties exchanged document disclosure statements.

In the opinion of the attorneys handling the case, due to the early stages of the proceedings, the chances of the collection and other proceedings cannot be assessed.

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

g. In April 2020, 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"). Meitav Dash Provident was informed of the claim on May 10, 2020. The claim was filed against nine other managing companies (collectively – "the defendants") regarding alleged illegal charges imposed by the Enforcement and Collection Authority by virtue of Regulation 4(a) to the Execution Regulations (Levies, Salaries and Expenses), 1968 (in this paragraph – "the Regulation") transferred to the respondents. The Regulation pertains to a third party's right to receive electronic payment from a repossession petitioner. In the claim it is argued that the defendants are legally required to charge a repossession petitioner only once for their entire financial instruments but in practice charge for each financial instrument individually. The claim seeks a remedy that will order the recovery of the entire alleged surcharges paid to the defendants in keeping with the Regulation and also obligate the defendants to receive payment for the electronic repossession process "based on the separate legal entity test", namely only once per petitioner for the entire financial instruments. The personal claim is estimated at approximately NIS 340. The amount of the class action motion for the entire group of plaintiffs was stated to be non-measurable.

On October 22, 2020, Meitav Dash Provident filed a motion for dismissal of the claim on the grounds of absence of rivalry and due to the fact that the claim does not meet any of the articles of the Second Addendum to the Class Action Law, as well as a petition for an alternative remedy of suspending the hearing of the claim until a decision is rendered in a corresponding claim that was filed by the petitioner against the Enforcement and Collection Authority. On November 2, 2020, the procedural arrangement reached by the parties was granted court verdict status which determined consolidated dates for submitting a response to the motion for dismissal and a counter response by the defendants, including Meitav Dash Provident. The procedural arrangement sets forth a directive according to which the responses to the class action certification motion will be submitted 45 days after a decision is rendered in the motion for dismissal, if applicable.

In the opinion of the attorneys handling the case, due to the early stages of the proceedings before a response to the motion has been submitted, the chances of the claim cannot be assessed.

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

h. On May 12, 2020 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. The claim was produced on May 14, 2020 and was filed against 14 managing companies, Meitav Dash Provident among them (collectively - "the defendants"). The group of plaintiffs who the petitioners seek to represent is defined as "the respondents' entire past and present customers whose advanced study funds and and/or were managed by the respondents and whose contributions were illegally classified as taxable and/or whose contributions were misrecognized (whether the tax in their respect had actually been deducted or not)". The claim also argues that the respondents acted illegally when depositing the contributions in the advanced study funds. At this stage, the petitioners estimate the lower end of the claim at hundreds of millions of NIS. On June 29, 2020, the Court rendered a decision which declared the petitioners' manner of filing the motion and managing the proceeding unreasonable and ordered the parties to submit their position. On July 24, 2020, the petitioners submitted their position.

On July 26, 2020, a decision was rendered according to which the respondents must submit their response to the class action certification motion within 90 days and express their position on the proceeding's management, namely by December 6, 2020. A pretrial hearing has been scheduled for December 23, 2020,

The Company's attorneys in charge of the claim believe that at this early stage before a response to the motion has been submitted, it is difficult to assess the chances of the motion and claim to be accepted.

i. 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. Through September 6, 2020 (the date of termination of the repurchase plan), the Company repurchased 1,336,787 shares in an aggregate of approximately NIS 12.7 million. After the date of the financial statements, in October 2020, the Company repurchased from institutional investors additional Company shares in a total of approximately NIS 8 million. As of the date of approval of the financial statements, the Company holds 4,982,031 Company shares that do not confer any voting or equity rights.

j. On June 9, 2020, Midroog reaffirmed the rating of the Company's debentures (series C and D) at A1.il/Stable.

k. On July 21, 2020, Peninsula issued a shelf offering report in which it offered to the public 90 million debentures (series C) of NIS 1 par value each ("the debentures"). The debentures bear fixed annual interest of 2.0% and are not linked (principal or interest) to any index. The total immediate (less issuance expenses) proceeds from the public offering amounted to NIS 85 million. The principal of the debentures is repayable in ten equal consecutive quarterly installments, each accounting for 10.0% of the overall principal of the debentures starting from January 3, 2022. The interest on the unsettled balance of the debentures is repayable in 15 quarterly installments starting from October 3, 2020.

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

l. On July 14, 2020, Peninsula reported that it has entered into an agreement with Mizrahi Tefahot Bank Ltd. ("Mizrahi Bank") according to which, concurrently with the completion of the acquisition of the entire issued and outstanding share capital of Union Bank of Israel Ltd. ("Union Bank") by Mizrahi Bank, Peninsula and Union Bank will sign an agreement in which Peninsula will acquire Union Bank's diamond dealer credit portfolio in return for an amount ranging between 55% and 70% of the total credit portfolio on the actual closing date.

On September 30, 2020 ("the acquisition date"), the transaction was completed and for that purpose Peninsula founded a wholly controlled subsidiary (The Diamond Valued Credit Company Ltd.) which entered into an agreement with the sellers.

The credit portfolio acquired by Peninsula in the transaction include the credit and loans provided by Union Bank to its customers in the operating segment, including obligations to provide credit facilities, all as of the completion date.

The credit facilities include the current loans utilized as of the acquisition date and all the rights and obligations of Union Bank in connection with the diamond credit operation, as well as all rights to collaterals relating to the diamond credit operation. The credit portfolio also consists of the entire rights, obligations and agreements relating to this operation and all the credit documents, collateral documents, and the entire rights, assets and intellectual property underlying the credit portfolio.

The portfolio acquired by Peninsula amounted to approximately NIS 192 million on the acquisition date. According to the acquisition agreement, Peninsula paid the sellers a cash consideration accounting for 40% of the borrowers' debts as recorded in Union Bank's books for which no allowance for doubtful accounts had been recorded and for 20% of the borrowers' outstanding debts for which a partial allowance for doubtful accounts had been recorded ("the classified credit"). According to the acquisition, fully written down debt balances in Union Bank's books totaling approximately NIS 666 million were also transferred to Peninsula. Peninsula estimates that the carrying amount of these debt balances is negligible. The total consideration paid amounted to approximately NIS 75.6 million.

In accordance with IFRS 3, the transaction was accounted for as the acquisition of a group of assets that does not constitute a business. The excess purchase cost was allocated to each identifiable asset. The credit portfolio was initially recognized based on the purchase price allocation with the addition of transaction costs. In subsequent periods, the loans and borrowings are measured at amortized cost and the difference between the allocated purchase price, less the transaction costs, and the redemption value is recognized in profit or loss over the loan period using the effective interest method.

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

m. On August 7, 2020, Liquidity Capital M.C. Ltd. ("Liquidity") entered into a transaction with MUFG Bank Ltd. ("MUFG Bank"), a member of one of the world's leading banking and financial groups, Mitsubishi UFJ Financial Group ("MUFG"). To the best of the Company's knowledge, MUFG is the world's largest Japanese financial corporation and one of the owners of Morgan Stanley, Union Bank and other banks around the world.

According to the transaction, Liquidity and MUFG Bank will establish a joint venture (50% owned by each party) that will be incorporated in Singapore and serve as the general partner ("the GP") for a private investment fund ("the Fund") that will also be incorporated in Singapore and will provide credit to companies in Asia. According to the transaction, MUFG Bank and Liquidity will each appoint two directors on the GP's board and two members on the GP's investment committee. It was also decided that Mr. Ron Daniel, Liquidity's CEO, will serve as the GP's CEO.

As per the agreement, MUFG Bank committed to invest in the Fund as a limited partner an initial investment of $ 80 million whereby the investment funds will be subject to a minimum 4-year lockup period. The redemption of the investment funds will be allowed by delivering an advance notice of at least 12 months. The agreement also sets forth a mechanism for increasing the initial investment amount.

It was also decided that during the Fund's first five years of operation, MUFG Bank will be the sole investor in the Fund and that additional investors in the Fund can only be added with the parties' mutual consent. Concurrently, Liquidity granted MUFG Bank exclusivity which prohibits Liquidity from setting up other funds or ventures with other Japanese institutional investors that provide credit to third parties and also prohibits Liquidity from setting up other funds or ventures with other financial entities that provide credit to companies in Asia and the Oceania as long as MUFG Bank is a limited partner in the Fund, based on the Fund's investment targets and provided that the Fund continues to make investments, all in keeping with the limitations determined in the agreement.

Liquidity will grant the GP management and underwriting services using a special technological platform developed by Liquidity which is based on a unique algorithm for predicting revenues and cash flows. In return for the management services, Liquidity will receive annual management fees of 1.2% of MUFG Bank's investment commitments and the GP will be entitled to carried interest of 25% on the Fund's return, provided that the Fund's hurdle rate is at least 8%.

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

n. In keeping with the matters discussed in Note 26c to the annual consolidated financial statements regarding withholding tax assessment orders delivered to the Company and to two subsidiaries, on August 9, 2020, the Court granted judgment status to the settlement agreement signed between the Company and the tax assessor which had been reached following the tax assessor's argument that the companies should have remitted withholding tax on payments made to service companies according to the Income Tax Regulations (Deduction from Salaries and Wages and Payment of Employer's Tax), 1993. The settlement agreement was signed for the 2011-2016 tax years. The settlement agreement is not expected to have a material impact on the Company's financial statements.

NOTE 7:- EVENTS AFTER THE REPORTING DATE

a. On October 14, 2020, a founders' and partnership agreement was signed between the Company and the shareholders of New Legend Entertainment Ltd. ("New Legend") according to which the Company invested $ 600 thousand in New Legend in return for 20% of the latter's shares. The Company also undertook to provide New Legend loans totaling $ 300 thousand according to which if certain conditions are met, the Company's investment commitment in New Legend will be updated and the above amount will be carried to the premium on New Legend's shares held by the Company. New Legend was founded in order to locate, develop, produce and distribute international (television, movie and internet) content. New Legend will also set up a loan fund and a private equity fund which will be 51% held by the Company as the general partner of these funds (New Legend Management by Meitav Dash Ltd.)

b. On October 21, 2020, Liquidity entered into an agreement with Spark Capital, a leading U.S. venture capital fund ("Spark"), and MUFG Innovation Partners No. 1 Investment Partnership of the Mitsubishi Group ("MUIP") to complete the following transactions:

1. Share transaction:

1.1 Spark and MUIP (collectively – "the investors") invested in Liquidity a cumulative amount of $ 20 million in return for the allocation of Preferred shares to Spark and Ordinary shares to MUIP, collectively accounting for about 20% of Liquidity's share capital (on a fully diluted and as converted basis).

The allocated Preferred shares confer upon the investors preference in receiving proceeds from any sale of Liquidity based on a predetermined mechanism. Moreover, any retained proceeds will be distributed pari passu among the other shareholders in Liquidity (non-participating Preferred shares). The Preferred shares are convertible into Ordinary shares in the event of an IPO on a 1:1 conversion basis.

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

1. Share transaction: (Cont.)

Also according to the transaction, the remaining investment of the convertible financing agreement investors including an amount of $ 1 million invested by the Company were converted into rights with identical economic rights to the allocated Preferred shares.

The investment funds are mostly earmarked for accelerating technological development in Liquidity and substantiating and developing its business ventures, including the funds managed by it, in other areas around the world and particularly in Asia and the United States.

Following said share allocation, the Company will no longer have control in Liquidity and will hold about 44.6% of Liquidity's share capital (about 38.6% on a fully diluted and as converted basis).

1.2. Secondary sale transaction:

Liquidity's shareholders (other than the Company) will sell to Spark Ordinary shares of Liquidity and grant Spark a call option to purchase additional shares from the same shareholders so that following the exercise of the call option, Spark will hold less than 20% of Liquidity's share capital (on a fully diluted and as converted basis).

As a result of the above transactions, from the date of their completion, the Company will no longer consolidate Liquidity's financial results in its consolidated financial statements and will derecognize the assets, liabilities and non-controlling interests in Liquidity. Moreover, the investment in Liquidity will be accounted for at equity as an investment in an associate. The difference between the derecognized carrying amount and the fair value of the investment in Liquidity will be carried to profit or loss under other income. In the fourth quarter of 2020, the Company expects to record a capital gain of approximately NIS 72 million from the deconsolidation.

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

Following are the identifiable assets and liabilities as of the deconsolidation date:

	NIS in millions
	Unaudited
Net assets	(4)
Non-controlling interests	2
Fair value of investment in associate	74
Capital gain from loss of control	72

c. In keeping with the matters discussed in Note 9 to the annual consolidated financial statements, on November 3, 2020, the Company entered into another investment agreement with Reigo Investments Ltd. ("Reigo") along with other investors, including the Company's CEO and the Company's VP of Alternative Investments. On that date, the second investment round was completed (including the conversion of the initial investment amount into shares). Consequently, in return for its additional investment of approximately $ 1.45 million, the Company holds 26.14% of Reigo's issued share capital.

Concurrently, the Company entered into another option agreement ("the second option agreement") which also amended the terms of the first option agreement. According to the second option agreement, once both option agreements are fully consummated by the Company, it will have control over Reigo. It should be noted that the exercise of the options according to both option agreements is subject to certain conditions and therefore there is currently no certainty that these conditions will be met.

On the date of signing the second option agreement, the shareholders' agreement signed between the parties became effective. The shareholders' agreement settles the parties' rights as shareholders in Reigo , including the Company's right to appoint the majority of directors in Reigo (including the chairman of Reigo's board of directors), insofar as the Company obtains control over Reigo, a right of first refusal, a tag-along right, a drag-along right, a preemptive right and certain decisions which require a special majority of the shareholders.

Reigo is currently engaged in purchasing collateralized U.S. property loans based on an innovative AI platform for analyzing big data and advanced algorithms which analyzes each loan by weighting hundreds of data parameters and reliance on hundreds of thousands of similar loans performed in the past in order to optimize the portfolio's risk/return ratio, reduce the insolvency likelihood, shorten the investment decision time and minimize the risk through extensive diversification.

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

It should also be noted that in the first investment agreement, the Company, the Company's CEO, the Company's VP of Alternative Investments and Reigo entered into a founders' agreement for establishing Meitav Dash Reigo Holdings Ltd. ("Reigo Holdings") which is 67.5% owned by the Company, 25% owned by Reigo and 7.5% by the Company's CEO and the Company's VP of Alternative Investments.

Reigo Holdings is the general partner of Reigo by Meitav Dash, L.P. ("Reigo Fund"). Reigo Fund purchases unquoted securities that are issued by U.S. companies that provide and/or purchase U.S. property-collateralized senior debt thereby allowing a wide diversification of hundreds of loans in Reigo Fund.

d. On November 22, 2020, following the approval of the Company's Remuneration Committee, the Company's Board approved the grant of 2,396,893 share options that are exercisable into Ordinary shares of Meitav Dash Trade, for no consideration, subject to adjustments. The Company's CEO, who also serves as the Chairman of the Board of Meitav Dash Trade, will be granted 1,452,663 of the above share options, accounting for 5% of Meitav Dash Trade's issued share capital on a full exercise basis, and Meitav Dash Trade's CEO will be granted 944,230 of the above share options, accounting for 3.25% of Meitav Dash Trade's issued share capital on a full exercise basis. The grant of the share options to the Company's CEO is subject to the approval of the Company's general assembly.

The granted share options are subject to a dividend adjustment mechanism. The share options vest in three equal portions on the third, fourth and fifth anniversaries of the date of approval by the Board. Each portion is exercisable for a period of two years from the vesting date. Options that are not exercised will expire. As for the number of shares deriving from the exercise of the share options, each optionee who exercises the share options will be effectively issued shares to reflect the amount of the benefit embedded in the share options.

e. On November 22, 2020, the Company declared a dividend of NIS 0.31 per share in a total of approximately NIS 20 million.

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