

The Phoenix Holdings Ltd
Consolidated Interim Financial Statements
As of September 30, 2019
Unaudited

This report is a translation of The Phoenix Holdings Ltd's Hebrew-language Consolidated Interim Financial Statements as of September 30, 2019. It is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version, and in any event of discrepancy, the Hebrew version shall prevail.

Consolidated Interim Statements of Financial Position

	As at		
	30.09.2019	30.09.2018	31.12.2018
	Unaudited		Audited
	NIS thousands		
Assets			
Intangible assets	1,735,022	1,577,602	1,630,248
Deferred tax assets	30,615	48,195	28,859
Deferred acquisition costs	1,743,655	1,666,635	1,691,166
Fixed assets	729,915	565,181	579,268
Investments in associates	658,819	634,813	761,260
Investment property for performance-based contracts	1,465,304	1,369,747	1,439,636
Other investment property	2,470,521	2,237,135	2,280,794
Reinsurance assets	2,254,499	2,030,525	2,036,939
Credit for acquisition of securities	334,000	271,000	317,000
Current tax assets	246,291	123,278	296,452
Other receivables	419,778	374,516	403,830
Premiums collectible	768,209	795,539	679,112
Financial investments for performance-based contracts	57,957,619	48,788,231	48,861,633
Assets for holders of debentures, exchange-traded funds , reverse certificates, complex certificates, certificates of deposit, and structured bonds	281,000	28,217,983	425,000
Other financial investments			
Marketable debt assets	7,778,997	7,284,065	7,190,437
Non-marketable debt assets	12,899,209	12,564,862	12,480,584
Shares	1,570,602	1,347,234	1,303,935
Others	1,944,378	1,648,533	1,762,860
Total other financial investments	24,193,186	22,844,694	22,737,816
Cash and cash equivalents for performance-based contracts	7,597,165	5,259,652	5,223,271
Other cash and cash equivalents	1,668,137	1,305,156	1,730,520
Total assets	104,553,735	118,109,882	91,122,804
Total assets for performance-based contracts	67,236,874	55,650,989	55,701,021

Consolidated Interim Statements of Financial Position

	As at		
	30.09.2019	30.09.2018	31.12.2018
	Unaudited		Audited
	NIS thousands		
Capital			
Share capital	309,917	309,824	309,892
Premium and capital reserves on shares	831,279	797,478	828,221
Treasury shares	-	(38,237)	-
Capital reserves	660,530	467,835	331,915
Retained earnings	4,614,649	4,744,038	4,841,658
Total equity attributed to Company shareholders	6,416,375	6,280,938	6,311,686
Non-controlling interests	100,138	44,765	114,467
Total shareholders' equity	6,516,513	6,325,703	6,426,153
Liabilities			
Liabilities for non-performance-based insurance contracts and investment contracts	22,832,761	21,602,215	21,479,765
Liabilities for performance-based insurance contracts and investment contracts	66,710,934	56,594,464	55,508,137
Liabilities for deferred taxes	661,347	591,467	499,587
Liabilities for employee benefits, net	51,411	42,234	50,676
Liabilities for current taxes	17,701	11,294	21,947
Other payables	1,888,448	1,677,624	1,796,961
Liabilities for debentures, ETFs, reverse certificates and complex certificates, certificates of deposit, and structured debentures	285,000	26,989,667	384,000
Financial liabilities	5,589,620	4,275,214	4,955,578
Total liabilities	98,037,222	111,784,179	84,696,651
Total shareholders' equity and liabilities	104,553,735	118,109,882	91,122,804

Eli Schwartz
CFO, VP

Eyal Ben-Simon
CEO

Benjamin Gabbay
Member of the BOD

Financial statements approved on November 27, 2019

Consolidated Interim Statement of Income

	<u>For the nine months ended September 30,</u>		<u>For the three months ended September 30,</u>		<u>For the year ended December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>				<u>Audited</u>
	<u>NIS thousands</u>				
Premiums earned, gross	8,531,438	7,414,440	2,820,299	2,541,214	10,104,187
Premiums earned by reinsurers	1,048,163	863,689	388,591	311,310	1,177,983
Premiums earned in retention	7,483,275	6,550,751	2,431,708	2,229,904	8,926,204
Investment income, net, and financing income	5,798,513	3,200,744	1,154,057	1,800,048	1,068,641
Management fees	1,019,305	744,282	359,522	317,369	826,670
Income from commissions	403,773	355,466	148,758	122,325	483,433
Income from other financial services	102,000	117,910	32,000	52,148	164,558
Other income	71,050	22,994	17,365	7,001	37,826
Total revenue	14,877,916	10,992,147	4,143,410	4,528,795	11,507,332
Payments and changes in liabilities for insurance contracts and investment contracts, gross	12,670,759	8,627,351	3,657,549	3,567,592	8,430,720
Share of reinsurers in payments and changes in liabilities for insurance contracts	668,756	779,163	212,924	244,023	939,957
Payments and changes in liabilities for insurance contracts and investment contracts in retention	12,002,003	7,848,188	3,444,625	3,323,569	7,490,763
Commissions, marketing expenses, and other acquisition costs	1,415,761	1,292,974	505,137	461,759	1,753,339
General and administrative expenses	989,587	892,671	337,819	291,676	1,210,657
Other expenses (income)	15,950	15,799	3,118	5,862	(5,036)
Finance expenses	111,882	135,385	21,999	39,868	179,526
Total expenses	14,535,183	10,185,017	4,312,698	4,122,734	10,629,249
Share in the profits of equity-accounted investees	46,976	27,497	13,991	(3,974)	70,600
Profit (loss) before taxes on income	389,709	834,627	(155,297)	402,087	948,683
Taxes on income (tax benefit)	114,639	243,152	(87,326)	143,484	251,833
Profit (loss) for the year	275,070	591,475	(67,971)	258,603	696,850
Attributable to:					
Company shareholders	251,856	581,661	(76,764)	254,781	679,033
Non-controlling interests	23,214	9,814	8,793	3,822	17,817
Profit (loss) for the year	275,070	591,475	(67,971)	258,603	696,850
Earnings (loss) per share attributed to shareholders (in NIS):					
Basic earnings (loss) per share					
Earnings (loss) per ordinary share of NIS 1 par value (NIS)	0.98	2.31	(0.30)	1.01	2.69
Diluted earnings (loss) per share					
Earnings (loss) per ordinary share of NIS 1 par value (NIS)	0.98	2.30	(0.30)	1.01	2.69

Consolidated Interim Statement of Comprehensive Income

	<u>For the nine months ended September 30,</u>		<u>For the three months ended September 30,</u>		<u>For the year ended December 31,</u>
	2019	2018	2019	2018	2018
	<u>Unaudited</u>		<u>Unaudited</u>		<u>Audited</u>
	NIS thousands				
Profit (loss) for the year	<u>275,070</u>	<u>591,475</u>	<u>(67,971)</u>	<u>258,603</u>	<u>696,850</u>
Other comprehensive income (loss)					
<u>Amounts classified or reclassified to profit or loss under specific conditions</u>					
Net change in the fair value of financial assets available for sale attributed to capital reserves	635,399	92,036	193,357	92,200	(109,525)
Net change in the fair value of financial assets available for sale transferred to the statement of income	(157,192)	(117,757)	(30,674)	(10,648)	(189,489)
Income from impairment to financial assets available for sale transferred to statement of income	42,691	30,034	5,104	(253)	60,661
Company's share in other comprehensive income (loss), net, of companies accounted for at equity	(15,562)	8,618	(8,093)	(485)	13,032
Tax effect	<u>(177,880)</u>	<u>(3,456)</u>	<u>(57,132)</u>	<u>(27,814)</u>	<u>79,329</u>
Total components of other comprehensive income (loss), net, that will subsequently be reclassified to profit or loss:	<u>327,456</u>	<u>9,475</u>	<u>102,562</u>	<u>53,000</u>	<u>(145,992)</u>
<u>Amounts not subsequently reclassified to profit or loss</u>					
Re-assessment of fixed assets	-	-	-	-	8,407
Actuarial loss for defined benefit plans	-	-	-	-	(394)
Company's share in other comprehensive loss, net, of companies accounted for at equity	-	-	-	-	(48)
Tax effect	-	-	-	-	<u>(1,714)</u>
Total components of comprehensive income, not subsequently reclassified to profit or loss:	-	-	-	-	<u>6,251</u>
Total other comprehensive income (loss), net	<u>327,456</u>	<u>9,475</u>	<u>102,562</u>	<u>53,000</u>	<u>(139,741)</u>
Total comprehensive income for the year	<u>602,526</u>	<u>600,950</u>	<u>34,591</u>	<u>311,603</u>	<u>557,109</u>
Attributable to:					
Company shareholders	<u>579,312</u>	<u>591,136</u>	<u>25,798</u>	<u>307,781</u>	<u>539,315</u>
Non-controlling interests	<u>23,214</u>	<u>9,814</u>	<u>8,793</u>	<u>3,822</u>	<u>17,794</u>
Total comprehensive income for the year	<u>602,526</u>	<u>600,950</u>	<u>34,591</u>	<u>311,603</u>	<u>557,109</u>

Consolidated Interim Statement of Changes in Equity

Attributed to Company shareholders												
Shareholders' equity	Premium and capital reserves on shares	Retained earnings	Capital reserve for transactions with noncontrolling interests	Capital reserve for a transaction with a controlling shareholder	Capital reserve for sharebased payment	Revaluation fund	Reserve from translation differences	Capital reserve for available for-sale financial assets	Total	Noncontrolling interests	Total Capital	
NIS thousands												
Balance as at January 1, 2019 (Audited)	309,892	828,221	4,841,658	(43,622)	11,000	36,931	97,441	(2,076)	232,241	6,311,686	114,467	6,426,153
Net profit	-	-	251,856	-	-	-	-	-	-	251,856	23,214	275,070
Other comprehensive income (loss)	-	-	-	-	-	-	(15,562)	343,018	327,456	-	-	327,456
Total comprehensive income (loss)	-	-	251,856	-	-	-	(15,562)	343,018	579,312	23,214	-	602,526
Share-based payments	-	3,012	-	-	2,653	-	-	-	5,665	-	-	5,665
Dividend paid to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	(37,729)	-	(37,729)
Entrance into consolidation	-	-	-	-	-	-	-	-	-	186	-	186
Exercise of employee options	25	46	-	-	(71)	-	-	-	-	-	-	-
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	1,423	-	-	(1,423)	-	-	-	-	-	-
Distribution of Mehadrin shares as a dividend in kind to the company's shareholders	-	-	(230,288)	-	-	-	-	-	(230,288)	-	-	(230,288)
Dividend	-	-	(250,000)	-	-	-	-	-	(250,000)	-	-	(250,000)
Balance as at September 30, 2019 (Unaudited)	309,917	831,279	4,614,649	(43,622)	11,000	39,513	96,018	(17,638)	575,259	6,416,375	100,138	6,516,513

Consolidated Interim Statement of Changes in Equity

	Attributed to Company shareholders											Noncontrolling interests	Total Capital
	Shareholders' equity	Premium and capital reserves on shares	Treasury shares	Retained earnings	Capital reserve for transactions with noncontrolling interests	Capital reserve for a transaction with a controlling shareholder	Capital reserve for sharebased payment	Revaluation fund	Reserve from translation differences	Capital reserve for available for-sale financial assets	Total		
	NIS thousands												
Balance as at January 1, 2018 (Audited)	304,574	689,753	(24,669)	4,280,060	(57,274)	11,000	37,065	92,740	(15,108)	391,265	5,709,406	35,573	5,744,979
Net profit	-	-	-	581,661	-	-	-	-	-	-	581,661	9,814	591,475
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	8,618	857	9,475	-	9,475
Total comprehensive income (loss)	-	-	-	581,661	-	-	-	-	8,618	857	591,136	9,814	600,950
Share-based payments	-	9,826	-	-	-	-	(3)	-	-	-	9,823	-	9,823
Issue of shares	5,250	98,101	-	-	-	-	-	-	-	-	103,351	-	103,351
Dividend paid to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(622)	(622)
Acquisition of treasury shares	-	-	(19,477)	-	-	-	-	-	-	-	(19,477)	-	(19,477)
Reissue of treasury shares	-	(202)	5,909	-	-	-	-	-	-	-	5,707	-	5,707
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	-	1,325	-	-	-	(1,325)	-	-	-	-	-
Effect of initial application of IFRS 15	-	-	-	992	-	-	-	-	-	-	992	-	992
Dividend	-	-	-	(120,000)	-	-	-	-	-	-	(120,000)	-	(120,000)
Balance as at September 30, 2018 (Unaudited)	309,824	797,478	(38,237)	4,744,038	(57,274)	11,000	37,062	91,415	(6,490)	392,122	6,280,938	44,765	6,325,703

Consolidated Interim Statement of Changes in Equity

	Attributed to Company shareholders											
	Shareholders' equity	Premium and capital reserves on shares	Retained earnings	Capital reserve for transactions with noncontrolling interests	Capital reserve for a transaction with a controlling shareholder	Capital reserve for sharebased payment	Revaluation fund	Reserve from translation differences	Capital reserve for available-for-sale financial assets	Total	Noncontrolling interests	Total Capital
	NIS thousands											
<u>Balance as at 1, July, 2019 (Unaudited)</u>	309,917	831,073	4,921,227	(43,622)	11,000	38,451	96,492	(9,545)	464,604	6,619,597	92,447	6,712,044
Net profit	-	-	(76,764)	-	-	-	-	-	-	(76,764)	8,793	(67,971)
Other comprehensive income (loss)	-	-	-	-	-	-	-	(8,093)	110,655	102,562	-	102,562
Total comprehensive income (loss)	-	-	(76,764)	-	-	-	-	(8,093)	110,655	25,798	8,793	34,591
Share-based payments	-	206	-	-	-	1,062	-	-	-	1,268	-	1,268
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,102)	(1,102)
Entrance into consolidation	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of Mehadrin shares as a dividend in kind to the company's shareholders	-	-	(230,288)	-	-	-	-	-	-	(230,288)	-	(230,288)
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	474	-	-	-	(474)	-	-	-	-	-
<u>Balance as at September 30, 2019 (Unaudited)</u>	<u>309,917</u>	<u>831,279</u>	<u>4,614,649</u>	<u>(43,622)</u>	<u>11,000</u>	<u>39,513</u>	<u>96,018</u>	<u>(17,638)</u>	<u>575,259</u>	<u>6,416,375</u>	<u>100,138</u>	<u>6,516,513</u>

Consolidated Interim Statement of Changes in Equity

	Attributed to Company shareholders												
	Shareholders' equity	Premium and capital reserves on shares	Treasury shares	Retained earnings	Capital reserve for transactions with noncontrolling interests	Capital reserve for a transaction with a controlling shareholder	Capital reserve for sharebased payment	Revaluation fund	Reserve from translation differences	Capital reserve for available-for-sale financial assets	Total	Noncontrolling interests	Total Capital
	NIS thousands												
<u>Balance as at July 1, 2018 (Unaudited)</u>	309,824	787,652	(26,649)	4,488,811	(57,274)	11,000	37,100	91,861	(6,005)	338,637	5,974,957	40,943	6,015,900
Net profit	-	-	-	254,781	-	-	-	-	-	-	254,781	3,822	258,603
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(485)	53,485	53,000	-	53,000
Total comprehensive income (loss)	-	-	-	254,781	-	-	-	-	(485)	53,485	307,781	3,822	311,603
Share-based payment	-	9,826	-	-	-	-	(38)	-	-	-	9,788	-	9,788
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(11,588)	-	-	-	-	-	-	-	(11,588)	-	(11,588)
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	-	446	-	-	-	(446)	-	-	-	-	-
<u>Balance as at September 30, 2018 (Unaudited)</u>	<u>309,824</u>	<u>797,478</u>	<u>(38,237)</u>	<u>4,744,038</u>	<u>(57,274)</u>	<u>11,000</u>	<u>37,062</u>	<u>91,415</u>	<u>(6,490)</u>	<u>392,122</u>	<u>6,280,938</u>	<u>44,765</u>	<u>6,325,703</u>

Consolidated Interim Statement of Changes in Equity

	Attributed to Company shareholders											Noncontrolling interests	Total Capital
	Shareholders' equity	Premium and capital reserves on shares	Treasury shares	Retained earnings	Capital reserve for transactions with noncontrolling interests	Capital reserve for a transaction with a controlling shareholder	Capital reserve for sharebased payment	Revaluation fund	Reserve from translation differences	Capital reserve for available-for-sale financial assets	Total		
NIS thousands													
<u>Balance as at January 1, 2018 (Audited)</u>	304,574	689,753	(24,669)	4,280,060	(57,274)	11,000	37,065	92,740	(15,108)	391,265	5,709,406	35,573	5,744,979
Net profit	-	-	-	679,033	-	-	-	-	-	-	679,033	17,817	696,850
Other comprehensive income (loss)	-	-	-	(199)	-	-	-	6,473	13,032	(159,024)	(139,718)	(23)	(139,741)
Total comprehensive income (loss)	-	-	-	678,834	-	-	-	6,473	13,032	(159,024)	539,315	17,794	557,109
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	-	1,772	-	-	-	(1,772)	-	-	-	-	-
Share-based payments	-	7,285	-	-	-	-	4	-	-	-	7,289	-	7,289
Share issue	5,250	98,101	-	-	-	-	-	-	-	-	103,351	-	103,351
Exercise of employee options	68	70	-	-	-	-	(138)	-	-	-	-	-	-
Dividend paid to holders of noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	(2,595)	(2,595)
Acquisition of treasury shares	-	-	(19,476)	-	-	-	-	-	-	-	(19,476)	-	(19,476)
Reissue of treasury shares	-	33,012	44,145	-	-	-	-	-	-	-	77,157	-	77,157
Expiration of a put option granted to holders of noncontrolling shareholders	-	-	-	-	13,652	-	-	-	-	-	13,652	63,695	77,347
Dividend	-	-	-	(120,000)	-	-	-	-	-	-	(120,000)	-	(120,000)
Effect of initial application of IFRS 15	-	-	-	992	-	-	-	-	-	-	992	-	992
<u>Balance as at December 31, 2018 (Audited)</u>	<u>309,892</u>	<u>828,221</u>	<u>-</u>	<u>4,841,658</u>	<u>(43,622)</u>	<u>11,000</u>	<u>36,931</u>	<u>97,441</u>	<u>(2,076)</u>	<u>232,241</u>	<u>6,311,686</u>	<u>114,467</u>	<u>6,426,153</u>

Consolidated Interim Statement of Cash Flows

	<u>For the nine months ended September 30,</u>		<u>For the three months ended September 30,</u>		<u>For the year ended December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>				<u>Audited</u>
<u>Note</u>	<u>NIS thousands</u>				
<u>Cash flows from operating activities</u>					
Profit for the year	275,070	591,475	(67,971)	258,603	696,850
Adjustments to reconcile to cash flows from (used in) operating activities:	(A) 2,102,427	(1,375,140)	(40,188)	617,564	(1,516,678)
Net cash from (used in) operating activities	<u>2,377,497</u>	<u>(783,665)</u>	<u>(108,159)</u>	<u>876,167</u>	<u>(819,828)</u>
<u>Cash flow from investment activities</u>					
Acquisition of fixed assets	(57,680)	(15,383)	(43,586)	(5,134)	(27,953)
Proceeds from disposal of fixed assets	-	13	-	-	95
Investment in associates	(119,893)	(402)	(20,900)	-	(86,218)
Dividend from associates	18,146	28,625	7,620	8,820	36,314
Loan to an associate	-	(1,655)	-	(1,856)	-
Repayment of a loan from an associate	(1,103)	-	-	-	(2,460)
Acquisition of subsidiaries consolidated for the first time	(B) (37,592)	-	(2,457)	-	-
Proceeds from disposal of an investment in an associate	2,379	10,434	-	-	10,434
Acquisition and capitalization of costs of intangible assets	<u>(164,126)</u>	<u>(124,458)</u>	<u>(61,413)</u>	<u>(41,783)</u>	<u>(180,892)</u>
Net cash used in investment activities	<u>(359,869)</u>	<u>(102,826)</u>	<u>(120,736)</u>	<u>(39,953)</u>	<u>(250,680)</u>
<u>Cash flows from financing activities</u>					
Dividends to shareholders	(250,000)	(120,000)	-	-	(120,000)
Issue of share capital	-	103,351	-	-	103,351
Acquisition of Company shares	-	(19,477)	-	(11,588)	(19,476)
Reissue of the Company's shares by consolidated companies	-	5,707	-	-	77,157
Financial liabilities received	11,974	5,698	(26)	14,698	-
Financial liabilities discharged	(91,298)	(209,066)	90,501	(71,393)	(197,266)
Financial lease liabilities discharged	(31,707)	-	(10,810)	-	-
Issue of debentures	692,643	269,753	296,604	-	766,853
Dividend paid to holders of non-controlling interests	(37,729)	(622)	(1,102)	-	(2,595)
Payment of contingent liability for a put option to holders of non-controlling interests	-	(21,570)	-	(8,050)	(21,250)
Net cash from (used in) financing activities	<u>293,883</u>	<u>13,774</u>	<u>375,167</u>	<u>(76,333)</u>	<u>586,774</u>
<u>Increase in cash and cash equivalents</u>	<u>2,311,511</u>	<u>(872,717)</u>	<u>146,272</u>	<u>759,881</u>	<u>(483,734)</u>
<u>Cash and cash equivalents at the beginning of the period:</u>	(C) <u>6,953,791</u>	<u>7,437,525</u>	<u>9,119,030</u>	<u>5,804,927</u>	<u>7,437,525</u>
<u>Balance of cash and cash equivalents at the end of the period</u>	(C) <u>9,265,302</u>	<u>6,564,808</u>	<u>9,265,302</u>	<u>6,564,808</u>	<u>6,953,791</u>

Consolidated Interim Statement of Cash Flows

	<u>For the nine months ended September 30,</u>		<u>For the three months ended September 30,</u>		<u>For the year ended December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>				<u>Audited</u>
<u>NIS thousands</u>					
(A) <u>Adjustments to reconcile cash flows from operating activities:</u>					
<u>Items not involving cash flows</u>					
Net (gains) from financial investments for performance-based insurance contracts and investment contracts	(4,836,116)	(2,321,928)	(925,770)	(1,499,429)	86,794
Change in the fair value of investment property for performancebased contracts	(875)	(1,251)	(875)	2	(55,600)
<u>Net loss (income) of other financial investments:</u>					
Marketable debt assets	(111,455)	136,684	113,290	38,888	257,536
Non-marketable debt assets	(437,414)	(242,676)	(248,022)	(62,535)	(317,732)
Shares	(19,925)	(76,751)	74,218	(87,387)	93,703
Others	(248,230)	20,344	(95,272)	(36,497)	73,768
Amortization and depreciation	220,537	193,846	78,003	59,458	251,975
Loss (profit) from disposal of property, plant and equipment	247	(33)	231	(36)	(47)
Change in fair value of investment property	(15,024)	(9,678)	-	407	(42,051)
Gain from the sale of real estate	(175)	(683)	(175)	-	(691)
Impairment loss of property, plant and equipment	5,434	-	-	-	-
Gain from sale of an associate	(29,000)	-	-	-	-
Change in financial liabilities	(106,959)	194,068	31,536	(38,288)	441,263
Income tax expenses	114,639	243,152	(87,326)	143,484	251,833
Company's share in earnings of associates, net	(46,976)	(27,497)	(13,991)	3,973	(70,600)
Salary expenses for share-based payments	2,653	(3)	1,062	(37)	4
<u>Changes in other balance sheet items, net:</u>					
Increase in liabilities for non-performance-based insurance contracts	1,352,996	865,705	540,265	240,871	743,255
Increase in liabilities in respect of yield-contingent contracts	11,202,797	4,701,145	2,054,285	2,335,488	3,614,818
Increase (decrease) in liabilities for debentures, ETFs	(99,000)	(629,270)	(21,000)	424,289	(27,279,937)
Increase (decrease) in financial investments for holders of ETFs and certificates of deposit	144,000	739,591	25,000	(294,687)	28,546,292
Increase in deferred acquisition costs	(52,489)	(48,256)	(1,450)	(20,641)	(72,787)
Decrease (increase) in reinsurance assets	(217,560)	(434,748)	(32,437)	(127,216)	(441,162)
Increase (decrease) in employee benefit liabilities, net	735	(5,086)	(13,487)	(12,835)	3,134
Decrease (increase) in receivables and debt balances	(105,045)	(83,541)	(29,294)	(58,663)	583
Increase (decrease) in payables and credit balances	71,507	17,496	(50,156)	21,682	130,111
Increase (decrease) in credit for acquisition of securities	(17,000)	(76,000)	(59,000)	(59,000)	(122,000)
<u>Financial investments and investment property for performancebased insurance contracts and investment contracts</u>					
Acquisition of property	(40,019)	(32,161)	(13,653)	(13,022)	(47,723)
Proceeds from sale of real estate	15,226	29,439	15,226	-	29,771
Dispositions (acquisitions) of financial investments, net	(4,259,870)	(3,039,869)	(985,459)	17,605	(5,521,993)

Consolidated Interim Statement of Cash Flows

	<u>For the nine months ended September 30.</u>		<u>For the three months ended September 30.</u>		<u>For the year ended December 31.</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>				<u>Audited</u>
	<u>NIS thousands</u>				
<u>Financial investments and other investment property</u>					
Dispositions (acquisitions) of financial investments, net	(116,573)	(1,251,490)	(201,153)	(234,365)	(1,656,952)
Disposition of property	(180,852)	(34,294)	(90,381)	(20,133)	(45,588)
Proceeds from sale of real estate	6,324	16,058	6,324	-	16,239
<u>Cash paid and received in the period for:</u>					
Taxes paid	(218,965)	(276,668)	(89,117)	(129,887)	(443,292)
Taxes received	124,854	59,215	(21,610)	26,075	60,398
Total adjustments to reconcile to cash flow from (used in) operating activities	<u>2,102,427</u>	<u>(1,375,140)</u>	<u>(40,188)</u>	<u>617,564</u>	<u>(1,516,678)</u>

Consolidated Interim Statement of Cash Flows

	<u>For the nine months ended September 30,</u>		<u>For the three months ended September 30,</u>		<u>For the year ended December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>				<u>Audited</u>
	<u>NIS thousands</u>				
(B) <u>Acquisition of initially consolidated subsidiaries</u>					
<u>The subsidiaries' assets and liabilities at date of acquisition:</u>					
Working capital (excluding cash and cash equivalents)	6,051	-	2,156	-	-
Credited to purchase of securities	(876)	-	-	-	-
Property, plant and equipment	(1,411)	-	(243)	-	-
Goodwill	(42,234)	-	-	-	-
Intangible assets	(50,639)	-	(4,479)	-	-
Deferred taxes	10,523	-	-	-	-
Non-controlling interests	186	-	-	-	-
Disposal of an subsidiary	32,000	-	-	-	-
Liability to purchase an subsidiary	8,699	-	-	-	-
	<u>(37,592)</u>	<u>-</u>	<u>(2,457)</u>	<u>-</u>	<u>-</u>
(C) <u>Cash and cash equivalents</u>					
<u>Cash and cash equivalents at the beginning of the period:</u>					
Cash and cash equivalents	1,730,520	1,317,703	1,855,247	1,365,985	1,317,703
Cash and cash equivalents for performance-based contracts	<u>5,223,271</u>	<u>6,119,822</u>	<u>7,263,783</u>	<u>4,438,942</u>	<u>6,119,822</u>
	<u>6,953,791</u>	<u>7,437,525</u>	<u>9,119,030</u>	<u>5,804,927</u>	<u>7,437,525</u>
<u>Cash and cash equivalents at the end of the period</u>					
Cash and cash equivalents	1,668,137	1,305,156	1,668,137	1,305,156	1,730,520
Cash and cash equivalents for performance-based contracts	<u>7,597,165</u>	<u>5,259,652</u>	<u>7,597,165</u>	<u>5,259,652</u>	<u>5,223,271</u>
	<u>9,265,302</u>	<u>6,564,808</u>	<u>9,265,302</u>	<u>6,564,808</u>	<u>6,953,791</u>
(D) <u>Amounts included in ordinary activities</u>					
Interest paid	(8,266)	7,281	(10,618)	5,247	10,818
Interest received	490,723	447,044	178,388	168,074	585,487
Dividends received	(30,608)	27,316	(47,635)	5,028	36,867
(E) <u>Significant non-cash transactions</u>					
Finance lease for purchase of property, plant and equipment	27,238	-	412	-	-
Finance lease liabilities	(27,238)	-	(412)	-	-
Dividend in kind	(230,288)	-	(230,288)	-	-
Increase (Decrease) in deferred taxes in respect of assets held for sale against capital reserve	177,880	3,456	57,132	27,814	(79,329)
Increase (Decrease) in assets held for sale against capital reserve	343,018	857	110,655	53,485	(159,024)

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS

The Company operates in the following operating segments:

1. Life insurance and long-term savings

The life insurance and long-term savings segment includes life insurance, related coverage and pension and provident funds management. The sector includes long-term savings (through various types of insurance policies, pension funds, and provident funds) and insurance coverage for various risks such as death, disability and work disability. According to the Commissioner's directives, the long-term savings segment is divided into life insurance, pension funds, and provident funds.

2. Healthcare insurance

The healthcare insurance segment concentrates all of the group's healthcare insurance business. The segment includes long-term care insurance, medical expense insurance, operations and transplants, dental insurance, overseas travel and foreign workers.

Starting from June 30, 2019 the assisted living activity of Ad 120 Company is reported in healthcare insurance segment.

3. General insurance

The general insurance segment includes the liability and property insurance businesses. According to the Commissioner of Insurance's directives, the general insurance segment in Israel is divided into compulsory motor vehicle insurance, motor vehicle property insurance, other property insurance, and other liability insurance:

- Compulsory motor vehicle insurance

The compulsory motor vehicle insurance branch focuses on coverage, the acquisition of which by the owner of the vehicle or the driver is compulsory by law, and which provides coverage for bodily injuries (to the driver of the vehicle, the passengers in the vehicle or to pedestrians) as a result of the use of the motor vehicle.

- Motor vehicle property insurance

The motor property insurance segment focuses on property damage coverage for the insured vehicle and property damages caused by the insured vehicle to third parties.

- Other liability insurance

Liability insurance is designed to cover the policyholder's liabilities for damage caused to any third party. These segments include third party liability, employers' liability, professional liability, and product warranties.

- Property and other branches

These are the remaining property sectors, other than motor vehicle and property vehicle insurance or liabilities, and include other insurance sectors.

4. Financial services

The financial services sector includes the results of Excellence. The segment includes investment management services, including mutual funds, ETNs, brokerage services, underwriting services, market-making in various securities, and other services.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)**5. Others**

This category includes operating sectors, the scope of which do not meet the quantitative criterion for a reporting segment (mainly operations of the arrangement agencies, other consolidated insurance agencies, assisted living activity (net of revaluation gains and with the addition of depreciation expenses for investment property) and the activity of other subsidiaries engaging in various matters. Starting from June 30, 2019 the assisted living operation of Ad 120 company are reported in healthcare insurance segment.

6. Goodwill not attributable to operating segments

This activity includes the part of the Group's headquarters that is not attributable to the operating segments, related activities of the Group's operations, and the holding of assets and liabilities against the Company's capital in accordance with the Capital Regulations.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments

For the nine months ended September 30, 2019

	Life insurance and longterm savings (A)	Healthcare insurance (B)	General insurance (C)	Finance services	Other	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited							
	NIS thousands							
Premiums earned, gross	3,965,171	2,421,929	2,144,338	-	-	-	-	8,531,438
Premiums earned by reinsurers	80,543	273,669	693,951	-	-	-	-	1,048,163
Premiums earned in retention	3,884,628	2,148,260	1,450,387	-	-	-	-	7,483,275
Investment income, net, and financing income	5,037,171	448,288	100,743	-	38,524	167,464	6,323	5,798,513
Management fees	849,295	-	-	169,000	32,690	2,361	(34,041)	1,019,305
Revenue from fees	25,890	20,760	167,116	-	267,616	-	(77,609)(1)	403,773
Revenue from financial services	-	-	-	102,000	-	-	-	102,000
Other revenue	-	5,253	-	34,000	32,029	386	(618)	71,050
Total revenue	9,796,984	2,622,561	1,718,246	305,000	370,859	170,211	(105,945)	14,877,916
Increase in insurance liabilities and payments for insurance contracts	9,160,687	2,298,825	1,211,247	-	-	-	-	12,670,759
Share of reinsurers in payments and changes in liabilities for insurance contracts	37,337	233,312	398,107	-	-	-	-	668,756
Payments and changes in liabilities for insurance contracts and investment contracts in retention	9,123,350	2,065,513	813,140	-	-	-	-	12,002,003
Commissions and other acquisition costs	489,861	494,127	462,805	27,000	2,173	10,050	(70,255)	1,415,761
General and administrative expenses	415,002	135,624	96,690	156,000	220,593	14,995	(49,317)	989,587
Other expenses	3,822	-	-	-	7,033	5,095	-	15,950
Finance expenses (income)	8,711	(4,004)	(9,074)	1,000	11,430	110,723	(6,904)	111,882
Total expenses	10,040,746	2,691,260	1,363,561	184,000	241,229	140,863	(126,476)	14,535,183
Company's share of the results, net, of investees	6,510	-	518	8,329	22,765	8,854	-	46,976
Profit (loss) before taxes on income	(237,252)	(68,699)	355,203	129,329	152,395	38,202	20,531	389,709
Other comprehensive income (loss) before taxes on income	79,228	41,929	168,916	-	(1,508)	216,771	-	505,336
Comprehensive income (loss) before taxes on income	(158,024)	(26,770)	524,119	129,329	150,887	254,973	20,531	895,045
	As at September 30 2019							
	Unaudited							
	NIS thousands							
Gross liabilities in respect of yield based insurance contracts and investment contracts	62,381,640	4,329,294	-	-	-	-	-	66,710,934
Gross liabilities in respect of insurance contracts and non-yield dependent investment contracts	13,244,389	3,397,906	6,190,466	-	-	-	-	22,832,761

(A) For additional information, see following clause B.

(B) For additional information, see following clause C.

(C) For additional information, see following clause D.

(1) Stemming from revenue from fees from agencies owned by the Group, mainly from operations in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments (CONTD.)

	For the nine months ended September 30, 2018							
	Life insurance and longterm savings (A)	Healthcare insurance (B)	General insurance (C)	Finance services	Other	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited							
	NIS thousands							
Premiums earned, gross	3,682,515	1,657,186	2,074,739	-	-	-	-	7,414,440
Premiums earned by reinsurers	49,402	206,069	608,218	-	-	-	-	863,689
Premiums earned in retention	3,633,113	1,451,117	1,466,521	-	-	-	-	6,550,751
Investment income, net, and financing income	2,851,387	80,000	122,774	2,000	37,242	102,757	4,584	3,200,744
Management fees	678,666	-	-	62,000	42,225	2,338	(40,947)	744,282
Revenue from fees	13,746	16,501	147,956	-	242,819	-	(65,556)(1)	355,466
Revenue from financial services	-	-	-	117,910	-	-	-	117,910
Other revenue	-	-	-	-	23,081	141	(228)	22,994
Total revenue	7,176,912	1,547,618	1,737,251	181,910	345,367	105,236	(102,147)	10,992,147
Increase in insurance liabilities and payments for insurance contracts	5,990,543	1,149,418	1,487,390	-	-	-	-	8,627,351
Share of reinsurers in payments and changes in liabilities for insurance contracts	32,892	221,176	525,095	-	-	-	-	779,163
Payments and changes in liabilities for insurance contracts and investment contracts in retention	5,957,651	928,242	962,295	-	-	-	-	7,848,188
Commissions and other acquisition costs	453,306	440,668	433,661	23,000	3,345	-	(61,006)	1,292,974
General and administrative expenses	393,207	85,480	106,640	121,000	221,923	21,172	(56,751)	892,671
Other expenses	9,415	-	-	-	6,384	-	-	15,799
Finance expenses	7,348	-	6,321	1,000	18,253	105,945	(3,482)	135,385
Total expenses	6,820,927	1,454,390	1,508,917	145,000	249,905	127,117	(121,239)	10,185,017
Company's share of the results, net, of investees	6,650	-	(883)	5,000	16,730	-	-	27,497
Profit (loss) before taxes on income	362,635	93,228	227,451	41,910	112,192	(21,881)	19,092	834,627
Other comprehensive income (loss) before taxes on income	39,431	15,719	(31,114)	-	(2,741)	(8,364)	-	12,931
Comprehensive income (loss) before taxes on income	402,066	108,947	196,337	41,910	109,451	(30,245)	19,092	847,558
	As at September 30 2018							
	Unaudited							
	NIS thousands							
Gross liabilities in respect of yield based insurance contracts and investment contracts	56,181,868	412,596	-	-	-	-	-	56,594,464
Gross liabilities in respect of insurance contracts and non-yield dependent investment contracts	12,649,462	2,694,726	6,258,027	-	-	-	-	21,602,215

(A) For additional information, see following clause B.

(B) For additional information, see following clause C.

(C) For additional information, see following clause D.

(1) Stemming from revenue from fees from agencies owned by the Group, mainly from operations in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments (CONTD.)

	For the three months ended September 30, 2019							
	Life insurance and longterm savings (A)	Healthcare insurance (B)	General insurance (C)	Finance services	Other	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited							
	NIS thousands							
Premiums earned, gross	1,240,983	860,212	719,104	-	-	-	-	2,820,299
Premiums earned by reinsurers	48,102	105,102	235,387	-	-	-	-	388,591
Premiums earned in retention	1,192,881	755,110	483,717	-	-	-	-	2,431,708
Investment income, net, and financing income	951,936	110,453	15,642	-	1,632	76,757	(2,363)	1,154,057
Management fees	294,179	-	-	65,000	9,003	782	(9,442)	359,522
Revenue from fees	18,055	7,302	54,679	-	90,246	-	(21,524)(1)	148,758
Revenue from financial services	-	-	-	32,000	-	-	-	32,000
Other revenue	-	5,253	-	4,000	7,934	386	(208)	17,365
Total revenue	2,457,051	878,118	554,038	101,000	108,815	77,925	(33,537)	4,143,410
Increase in insurance liabilities and payments for insurance contracts	2,377,757	846,470	433,322	-	-	-	-	3,657,549
Share of reinsurers in payments and changes in liabilities for insurance contracts	13,497	79,003	120,424	-	-	-	-	212,924
Payments and changes in liabilities for insurance contracts and investment contracts in retention	2,364,260	767,467	312,898	-	-	-	-	3,444,625
Commissions and other acquisition costs	164,892	187,972	152,115	10,000	0	10,050	(19,892)	505,137
General and administrative expenses	142,643	52,397	33,859	53,000	69,955	600	(14,635)	337,819
Other expenses (income)	254	-	-	-	2,864	-	-	3,118
Finance expenses (income)	1,665	(4,004)	(2,625)	1,000	364	27,249	(1,650)	21,999
Total expenses	2,673,714	1,003,832	496,247	64,000	73,183	37,899	(36,177)	4,312,698
Company's share of the results, net, of investees	131	-	(647)	3,403	8,412	2,692	-	13,991
Profit (loss) before taxes on income	(216,532)	(125,714)	57,144	40,403	44,044	42,718	2,640	(155,297)
Other comprehensive income (loss) before taxes on income	23,564	11,979	32,575	-	(88)	91,664	-	159,694
Comprehensive income (loss) before taxes on income	(192,968)	(113,735)	89,719	40,403	43,956	134,382	2,640	4,397
	As at September 30 2019							
	Unaudited							
	NIS thousands							
Gross liabilities in respect of yield based insurance contracts and investment contracts	62,381,640	4,329,294	-	-	-	-	-	66,710,934
Gross liabilities in respect of insurance contracts and non-yield dependent investment contracts	13,244,389	3,397,906	6,190,466	-	-	-	-	22,832,761

(A) For additional information, see following clause B.

(B) For additional information, see following clause C.

(C) For additional information, see following clause D.

(1) Stemming from revenue from fees from agencies owned by the Group, mainly from operations in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments (CONTD.)

	For the three months ended September 30, 2018							
	Life insurance and longterm savings (A)	Healthcare insurance (B)	General insurance (C)	Finance services	Other	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited							
	NIS thousands							
Premiums earned, gross	1,230,850	605,671	704,693	-	-	-	-	2,541,214
Premiums earned by reinsurers	16,348	81,424	213,538	-	-	-	-	311,310
Premiums earned in retention	1,214,502	524,247	491,155	-	-	-	-	2,229,904
Investment income, net, and financing income	1,690,738	38,346	29,770	1,000	13,733	30,336	(3,875)	1,800,048
Management fees	294,659	-	-	22,000	21,671	783	(21,744)	317,369
Revenue from fees	5,495	5,812	50,413	-	83,247	-	(22,642)(1)	122,325
Revenue from financial services	-	-	-	52,148	-	-	-	52,148
Other revenue	-	-	-	-	6,952	29	20	7,001
Total revenue	3,205,394	568,405	571,338	75,148	125,603	31,148	(48,241)	4,528,795
Increase in insurance liabilities and payments for insurance contracts	2,743,224	344,409	479,959	-	-	-	-	3,567,592
Share of reinsurers in payments and changes in liabilities for insurance contracts	10,563	63,523	169,937	-	-	-	-	244,023
Payments and changes in liabilities for insurance contracts and investment contracts in retention	2,732,661	280,886	310,022	-	-	-	-	3,323,569
Commissions and other acquisition costs	153,838	172,715	147,571	9,000	1,029	-	(22,394)	461,759
General and administrative expenses	125,852	27,303	37,011	42,000	80,614	6,629	(27,733)	291,676
Other expenses	4,112	-	-	-	1,750	-	-	5,862
Finance expenses (income)	3,658	-	(406)	-	5,659	33,454	(2,497)	39,868
Total expenses	3,020,121	480,904	494,198	51,000	89,052	40,083	(52,624)	4,122,734
Company's share of the results, net, of investees	1,831	-	788	2,000	(8,593)	-	-	(3,974)
Profit (loss) before taxes on income	187,104	87,501	77,928	26,148	27,958	(8,935)	4,383	402,087
Other comprehensive income (loss) before taxes on income	16,976	8,693	12,693	-	(136)	42,588	-	80,814
Comprehensive income before taxes on income	204,080	96,194	90,621	26,148	27,822	33,653	4,383	482,901
	As at September 30 2018							
	Unaudited							
	NIS thousands							
Gross liabilities in respect of yield based insurance contracts and investment contracts	56,181,868	412,596	-	-	-	-	-	56,594,464
Gross liabilities in respect of insurance contracts and non-yield dependent investment contracts	12,649,462	2,694,726	6,258,027	-	-	-	-	21,602,215

(A) For additional information, see following clause B.

(B) For additional information, see following clause C.

(C) For additional information, see following clause D.

(1) Stemming from revenue from fees from agencies owned by the Group, mainly from operations in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments (CONTD.)

	Year ended December 31, 2018							Total
	Life insurance and longterm savings (A)	Healthcare insurance (B)	General insurance (C)	Finance services	Other	Not attributed to operating segments	Adjustments and offsets	
	Audited							
	NIS thousands							
Premiums earned, gross	5,082,493	2,231,352	2,790,342	-	-	-	-	10,104,187
Premiums earned by reinsurers	65,533	279,750	832,700	-	-	-	-	1,177,983
Premiums earned in retention	5,016,960	1,951,602	1,957,642	-	-	-	-	8,926,204
Investment income, net, and financing income	660,386	77,947	155,218	3,300	50,015	112,793	8,982	1,068,641
Management fees	729,841	-	-	90,000	51,488	3,149	(47,808)	826,670
Revenue from fees	21,459	21,982	196,828	-	343,239	-	(100,075)(1)	483,433
Revenue from financial services	-	-	-	164,558	-	-	-	164,558
Other revenue	-	-	-	-	38,418	-	(592)	37,826
Total revenue	6,428,646	2,051,531	2,309,688	257,858	483,160	115,942	(139,493)	11,507,332
Increase in insurance liabilities and payments for insurance contracts	5,083,342	1,478,146	1,869,232	-	-	-	-	8,430,720
Share of reinsurers in payments and changes in liabilities for insurance contracts	44,092	227,550	668,315	-	-	-	-	939,957
Payments and changes in liabilities for insurance contracts and investment contracts in retention	5,039,250	1,250,596	1,200,917	-	-	-	-	7,490,763
Commissions and other acquisition costs	622,164	602,568	583,346	30,000	4,535	-	(89,274)	1,753,339
General and administrative expenses	525,127	116,421	138,135	173,000	301,848	25,185	(69,059)	1,210,657
Other expenses (income)	(13,766)	-	-	-	8,730	-	-	(5,036)
Finance expenses	6,963	-	11,113	1,300	24,637	139,117	(3,604)	179,526
Total expenses	6,179,738	1,969,585	1,933,511	204,300	339,750	164,302	(161,937)	10,629,249
Company's share of the results, net, of investees	23,002	-	1,948	6,000	39,650	-	-	70,600
Profit (loss) before taxes on income	271,910	81,946	378,125	59,558	183,060	(48,360)	22,444	948,683
Other comprehensive income (loss) before taxes on income	664	(3,391)	(109,382)	-	(756)	(104,491)	-	(217,356)
Comprehensive income (loss) before taxes on income	272,574	78,555	268,743	59,558	182,304	(152,851)	22,444	731,327
	As at December 31 2018							
	Audited							
	NIS thousands							
Gross liabilities in respect of yield based insurance contracts and investment contracts	55,123,353	384,784	-	-	-	-	-	55,508,137
Gross liabilities in respect of insurance contracts and non-yield dependent investment contracts	12,642,377	2,676,533	6,160,855	-	-	-	-	21,479,765

(A) For additional information, see following clause B.

(B) For additional information, see following clause C.

(C) For additional information, see following clause D.

(1) Stemming from revenue from fees from agencies owned by the Group, mainly from operations in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment

	For the nine months ended September 30, 2019			
	Life insurance	Provident	Pension	Total
	Unaudited			
	NIS thousands			
Premiums earned, gross	3,965,171	-	-	3,965,171
Premiums earned by reinsurers	80,543	-	-	80,543
Premiums earned in retention	3,884,628	-	-	3,884,628
Investment income, net, and financing income	5,027,236	2,181	7,754	5,037,171
Management fees	569,286	156,779	123,230	849,295
Revenue from commissions	25,890	-	-	25,890
Total revenue	9,507,040	158,960	130,984	9,796,984
Payments and changes in liabilities for insurance contracts and investment contracts, gross	9,160,687	-	-	9,160,687
Share of reinsurers in payments and changes in liabilities for insurance contracts	37,337	-	-	37,337
Payments and changes in liabilities for insurance contracts and investment contracts in retention	9,123,350	-	-	9,123,350
Commissions, marketing expenses, and other acquisition costs	386,355	48,086	55,420	489,861
General and administrative expenses	273,655	75,220	66,127	415,002
Other expenses	2,321	1,219	282	3,822
Finance expenses	8,131	539	41	8,711
Total expenses	9,793,812	125,064	121,870	10,040,746
Company's share of the results, net, of investees	6,510	-	-	6,510
income (loss) before taxes on income	(280,262)	33,896	9,114	(237,252)
Other comprehensive income before taxes on income	79,228	-	-	79,228
Total comprehensive income (loss) before taxes on income	(201,034)	33,896	9,114	(158,024)

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

	For the nine months ended September 30, 2018			
	Life	Provident	Pension	Total
	insurance			
	Unaudited			
NIS thousands				
Premiums earned, gross	3,682,515	-	-	3,682,515
Premiums earned by reinsurers	49,402	-	-	49,402
Premiums earned in retention	3,633,113	-	-	3,633,113
Investment income, net, and financing income	2,847,636	842	2,909	2,851,387
Management fees	413,583	144,597	120,486	678,666
Revenue from commissions	13,746	-	-	13,746
Total revenue	6,908,078	145,439	123,395	7,176,912
Payments and changes in liabilities for insurance contracts and investment contracts, gross	5,990,543	-	-	5,990,543
Share of reinsurers in payments and changes in liabilities for insurance contracts	32,892	-	-	32,892
Payments and changes in liabilities for insurance contracts and investment contracts in retention	5,957,651	-	-	5,957,651
Commissions, marketing expenses, and other acquisition costs	361,008	38,997	53,301	453,306
General and administrative expenses	267,604	79,771	45,832	393,207
Other expenses	8,371	762	282	9,415
Finance expenses	5,744	1,595	9	7,348
Total expenses	6,600,378	121,125	99,424	6,820,927
Company's share of the results, net, of investees	6,650	-	-	6,650
Income before taxes on income	314,350	24,314	23,971	362,635
Other comprehensive income before taxes on income	39,431	-	-	39,431
Total comprehensive income before taxes on income	353,781	24,314	23,971	402,066

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

	For the three months ended September 30, 2019			
	Life	Provident	Pension	Total
	insurance			
	Unaudited			
NIS thousands				
Premiums earned, gross	1,240,983	-	-	1,240,983
Premiums earned by reinsurers	48,102	-	-	48,102
Premiums earned in retention	1,192,881	-	-	1,192,881
Investment income, net, and financing income	949,812	171	1,953	951,936
Management fees	200,229	53,052	40,898	294,179
Revenue from commissions	18,055	-	-	18,055
Total revenue	2,360,977	53,223	42,851	2,457,051
Payments and changes in liabilities for insurance contracts and investment contracts, gross	2,377,757	-	-	2,377,757
Share of reinsurers in payments and changes in liabilities for insurance contracts	13,497	-	-	13,497
Payments and changes in liabilities for insurance contracts and investment contracts in retention	2,364,260	-	-	2,364,260
Commissions, marketing expenses, and other acquisition costs	129,945	16,778	18,169	164,892
General and administrative expenses	96,318	24,428	21,897	142,643
Other expenses (income)	(294)	454	94	254
Finance expenses	1,608	34	23	1,665
Total expenses	2,591,837	41,694	40,183	2,673,714
Company's share of the results, net, of investees	131	-	-	131
Income (loss) before taxes on income	(230,729)	11,529	2,668	(216,532)
Other comprehensive income before taxes on income	23,564	-	-	23,564
Total comprehensive income (loss) before taxes on income	(207,165)	11,529	2,668	(192,968)

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

	For the three months ended September 30, 2018			
	Life	Provident	Pension	Total
	insurance			
	Unaudited			
NIS thousands				
Premiums earned, gross	1,230,850	-	-	1,230,850
Premiums earned by reinsurers	16,348	-	-	16,348
Premiums earned in retention	1,214,502	-	-	1,214,502
Investment income, net, and financing income	1,688,130	637	1,971	1,690,738
Management fees	205,725	49,583	39,351	294,659
Revenue from commissions	5,495	-	-	5,495
Total revenue	3,113,852	50,220	41,322	3,205,394
Payments and changes in liabilities for insurance contracts and investment contracts, gross	2,743,224	-	-	2,743,224
Share of reinsurers in payments and changes in liabilities for insurance contracts	10,563	-	-	10,563
Payments and changes in liabilities for insurance contracts and investment contracts in retention	2,732,661	-	-	2,732,661
Commissions, marketing expenses, and other acquisition costs	121,801	12,517	19,520	153,838
General and administrative expenses	82,557	27,945	15,350	125,852
Other expenses	3,725	293	94	4,112
Finance expenses	3,214	378	66	3,658
Total expenses	2,943,958	41,133	35,030	3,020,121
Company's share of the results, net, of investees	1,831	-	-	1,831
Income before taxes on income	171,725	9,087	6,292	187,104
Other comprehensive income before taxes on income	16,976	-	-	16,976
Total comprehensive income before taxes on income	188,701	9,087	6,292	204,080

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

	Year ended December 31, 2018			
	Life insurance	Provident	Pension	Total
	Audited			
	NIS thousands			
Premiums earned, gross	5,082,493	-	-	5,082,493
Premiums earned by reinsurers	65,533	-	-	65,533
Premiums earned in retention	5,016,960	-	-	5,016,960
Investment income, net, and financing income	657,370	1,279	1,737	660,386
Management fees	377,890	189,064	162,887	729,841
Revenue from commissions	21,459	-	-	21,459
Total revenue	6,073,679	190,343	164,624	6,428,646
Payments and changes in liabilities for insurance contracts and investment contracts, gross	5,083,342	-	-	5,083,342
Share of reinsurers in payments and changes in liabilities for insurance contracts	44,092	-	-	44,092
Payments and changes in liabilities for insurance contracts and investment contracts in retention	5,039,250	-	-	5,039,250
Commissions, marketing expenses, and other acquisition costs	491,994	52,670	77,500	622,164
General and administrative expenses	357,462	108,878	58,787	525,127
Other expenses (income)	(14,187)	45	376	(13,766)
Finance expenses	3,849	3,105	9	6,963
Total expenses	5,878,368	164,698	136,672	6,179,738
Company's share of the results, net, of investees	23,002	-	-	23,002
Income before taxes on income	218,313	25,645	27,952	271,910
Other comprehensive income before taxes on income	664	-	-	664
Total comprehensive income before taxes on income	218,977	25,645	27,952	272,574

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

Results by type of policy

Information for the nine months ended September 30, 2019:

	Policies with a savings component (including appendices) by policy issue date			Policies without a savings component		Total
	Up to 1990 (1)	Up to 2003	From 2004	Risk sold as a single policy		
			Performance based	Individual	Collective	
	NIS thousands					
Gross premiums	<u>64,461 (2)</u>	<u>892,679</u>	<u>2,501,620</u>	<u>410,338</u>	<u>96,073</u>	<u>3,965,171</u>
Premiums for direct investment contracts for insurance reserves	<u>-</u>	<u>-</u>	<u>1,852,777</u>	<u>-</u>	<u>-</u>	<u>1,852,777</u>
Finance margin including management fees (3)	<u>181,850</u>	<u>388,524(4)</u>	<u>186,738</u>	<u>-</u>	<u>-</u>	<u>757,112</u>
Payments and change in liabilities for insurance contracts, gross	<u>868,882</u>	<u>3,478,995</u>	<u>4,037,779</u>	<u>95,407</u>	<u>166,347</u>	<u>8,647,410</u>
Investment contracts	<u>-</u>	<u>-</u>	<u>513,277</u>	<u>-</u>	<u>-</u>	<u>513,277</u>
Comprehensive income (loss) from life insurance operations	<u>(282,139)(5)</u>	<u>70,653(5)(6)</u>	<u>(78,879)</u>	<u>89,246</u>	<u>85</u>	<u>(201,034)</u>

- (1) The products issued up to 1990 (including the growth in respect thereof) were designed mainly to guarantee yield, and they are hedged mainly by designated debentures.
- (2) The increase in existing policies is not included in the annualized premium for new business, but in the operational results of the original policy.
- (3) The financial margin does not include the Company's further income collected as a percentage of the premiums but it is rather calculated before deducting investment management cost. The financial margin in policies with a guaranteed yield is based on the actual investment income during the reporting period net of the product of the guaranteed yield rate during the year, multiplied by the average reserve for the year in the various insurance funds. In this matter, investment income includes the change in fair value of available-for-sale financial assets recognized in the statement of comprehensive income. In performance-based contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the average yield and balance of the insurance reserves.
- (4) In 2018, the estimated management fees that were not collected due to the negative yield in profit sharing policies amounted to approximately NIS 62 million, this amount was set-off from the management fees for the nine months ended September 30, 2019.
- (5) Income (Loss) includes the effect of revisions to life expectancy rates and a change to the capitalization rate used to calculate the supplemental reserves for benefits, benefits in payment, and the LAT for the 9 months ended on September 30, 2019 in the amount of about NIS 583 million before tax.
- (6) Income includes a loss in respect of the change in the reserve for benefits, following a reduction in future income (Factor K) for the 9 months ended on September 30, 2019 in the amount of about NIS 51 million before tax.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

Results by type of policy (CONTD.)

Information for the nine months ended September 30, 2018:

	Policies with a savings component (including appendices) by policy issue date			Policies without a savings component		Total
	Up to 1990 (1)	Up to 2003	Performance based	Risk sold as a single policy		
				Individual	Collective	
	From 2004					
	NIS thousands					
Gross premiums	<u>72,470 (2)</u>	<u>910,200</u>	<u>2,213,934</u>	<u>396,002</u>	<u>89,909</u>	<u>3,682,515</u>
Premiums for direct investment contracts for insurance reserves	<u>-</u>	<u>-</u>	<u>1,305,116</u>	<u>-</u>	<u>-</u>	<u>1,305,116</u>
Finance margin including management fees (3)	<u>91,752</u>	<u>255,454</u>	<u>160,592</u>	<u>-</u>	<u>-</u>	<u>507,798</u>
Payments and change in liabilities for insurance contracts, gross	<u>370,050</u>	<u>2,170,422</u>	<u>2,820,493</u>	<u>186,380</u>	<u>78,946</u>	<u>5,626,291</u>
Investment contracts	<u>-</u>	<u>-</u>	<u>364,252</u>	<u>-</u>	<u>-</u>	<u>364,252</u>
Comprehensive income (loss) from life insurance operations	<u>188,039(4)</u>	<u>148,996(4)</u>	<u>(57,156)</u>	<u>66,139</u>	<u>7,763</u>	<u>353,781</u>

- (1) The products issued up to 1990 (including the growth in respect thereof) were designed mainly to guarantee yield, and they are hedged mainly by designated debentures.
- (2) The increase in existing policies is not included in the annualized premium for new business, but in the operational results of the original policy.
- (3) The financial margin does not include the Company's further income collected as a percentage of the premiums but it is rather calculated before deducting investment management cost. The financial margin in policies with a guaranteed yield is based on the actual investment income during the reporting period net of the product of the guaranteed yield rate during the year, multiplied by the average reserve for the year in the various insurance funds. In this matter, investment income includes the change in fair value of available-for-sale financial assets recognized in the statement of comprehensive income. In performance-based contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the average yield and balance of the insurance reserves.
- (4) Includes income in respect of the effects of a change in assumptions and a change in the capitalization rate used to calculate the supplemental reserve for benefits, benefits in payment, and the LAT reserve for the 9 months period ended September 30, 2019 in the amount of about NIS 126 million before tax.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

Results by type of policy (CONTD.)

Information for the three months ended September 30, 2019:

	Policies with a savings component (including appendices) by policy issue date			Policies without a savings component		Total
	Up to 1990 (1)	Up to 2003	From 2004	Risk sold as a single policy		
			Performance based	Individual	Collective	
NIS thousands						
Gross premiums	<u>20,622 (2)</u>	<u>299,543</u>	<u>752,345</u>	<u>138,195</u>	<u>30,278</u>	<u>1,240,983</u>
Premiums for direct investment contracts for insurance reserves	<u>-</u>	<u>-</u>	<u>738,264</u>	<u>-</u>	<u>-</u>	<u>738,264</u>
Finance margin including management fees (3)	<u>68,776</u>	<u>136,695</u>	<u>65,226</u>	<u>-</u>	<u>-</u>	<u>270,697</u>
Payments and change in liabilities for insurance contracts, gross	<u>326,789</u>	<u>821,057</u>	<u>1,064,713</u>	<u>(22,643)</u>	<u>95,377</u>	<u>2,285,293</u>
Investment contracts	<u>-</u>	<u>-</u>	<u>92,464</u>	<u>-</u>	<u>-</u>	<u>92,464</u>
Comprehensive income (loss) from life insurance operations	<u>(209,906)(4)</u>	<u>12,143(4)(5)</u>	<u>(31,587)</u>	<u>16,895</u>	<u>5,290</u>	<u>(207,165)</u>

- (1) The products issued up to 1990 (including the growth in respect thereof) were designed mainly to guarantee yield, and they are hedged mainly by designated debentures.
- (2) The increase in existing policies is not included in the annualized premium for new business, but in the operational results of the original policy.
- (3) The financial margin does not include the Company's further income collected as a percentage of the premiums but it is rather calculated before deducting investment management cost. The financial margin in policies with a guaranteed yield is based on the actual investment income during the reporting period net of the product of the guaranteed yield rate during the year, multiplied by the average reserve for the year in the various insurance funds. In this matter, investment income includes the change in fair value of available-for-sale financial assets recognized in the statement of comprehensive income. In performance-based contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the average yield and balance of the insurance reserves.
- (4) Income (Loss) includes the effect of a change to the capitalization rate used to calculate the supplemental reserves for benefits, benefits in payment, and the LAT for the 3 months ended on September 30, 2019 in the amount of about NIS 308 million before tax.
- (5) Income includes a loss in respect of the change in the reserve for benefits, following a reduction in future income (Factor K) for the 3 months ended on September 30, 2019 in the amount of about NIS 51 million before tax.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

B. Additional information about the life insurance and long-term savings segment (CONTD.)

Results by type of policy (CONTD.)

Information for the three months ended September 30, 2018:

	Policies with a savings component (including appendices) by policy issue date			Policies without a savings component		Total
	Up to 1990 (1)	Up to 2003	Performance based	Risk sold as a single policy		
				Individual	Collective	
	NIS thousands					
Gross premiums	<u>24,800 (2)</u>	<u>309,104</u>	<u>737,380</u>	<u>133,511</u>	<u>26,055</u>	<u>1,230,850</u>
Premiums for direct investment contracts for insurance reserves	<u>-</u>	<u>-</u>	<u>495,697</u>	<u>-</u>	<u>-</u>	<u>495,697</u>
Finance margin including management fees (3)	<u>72,654</u>	<u>153,232</u>	<u>53,626</u>	<u>-</u>	<u>-</u>	<u>279,512</u>
Payments and change in liabilities for insurance contracts, gross	<u>121,631</u>	<u>1,157,470</u>	<u>1,188,414</u>	<u>61,386</u>	<u>20,386</u>	<u>2,549,287</u>
Investment contracts	<u>-</u>	<u>-</u>	<u>193,937</u>	<u>-</u>	<u>-</u>	<u>193,937</u>
Comprehensive income (loss) from life insurance operations	<u>82,353(4)</u>	<u>101,380(4)</u>	<u>(29,794)</u>	<u>29,405</u>	<u>5,357</u>	<u>188,701</u>

- (1) The products issued up to 1990 (including the growth in respect thereof) were designed mainly to guarantee yield, and they are hedged mainly by designated debentures.
- (2) The increase in existing policies is not included in the annualized premium for new business, but in the operational results of the original policy.
- (3) The financial margin does not include the Company's further income collected as a percentage of the premiums but it is rather calculated before deducting investment management cost. The financial margin in policies with a guaranteed yield is based on the actual investment income during the reporting period net of the product of the guaranteed yield rate during the year, multiplied by the average reserve for the year in the various insurance funds. In this matter, investment income includes the change in fair value of available-for-sale financial assets recognized in the statement of comprehensive income. In performance-based contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the average yield and balance of the insurance reserves.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

C. Additional information about the healthcare insurance

	Information for the nine months ended September 30, 2019				
	Long-term care		Other (2)		Total
	Individual	Collective (3)	Long-term	Short-term	
	NIS thousands				
Gross premiums	190,284	802,215	1,153,900(1)	320,502(1)	2,466,901
Payments and change in liabilities for insurance contracts, gross	418,279	1,088,612	661,952	129,982	2,298,825
Comprehensive income (loss) from healthcare business	(178,372)(4)	28,279(5)	102,099	21,224	(26,770)

- (1) Of this amount, individual premiums of NIS 1,005,510 thousands and collective premiums of NIS 468,892 thousands.
- (2) The most significant coverage included in other long-term healthcare insurance is medical expenses, and short-term is overseas travel.
- (3) Further to that stated in the annual financial statements for 2018, commencing from January 1, 2019, the agreement for provision of collective long-term care insurance services for members of Maccabee Health Services entered into effect and, accordingly, the premiums and the changes in the liabilities for insurance contracts, gross, include the said activities.
- (4) The loss includes the change in the LAT reserves, in the amount of NIS 234 million.
- (5) The income includes an LAT reserve, in the amount of NIS 9 million.

	Information for the nine months ended September 30, 2018				
	Long-term care (*)		Other (2)		Total
	Individual	Collective	Long-term	Short-term	
	NIS thousands				
Gross premiums	177,625	198,397	1,060,308(1)	266,613(1)	1,702,943
Payments and change in liabilities for insurance contracts, gross	249,647	121,151	671,221	107,399	1,149,418
Comprehensive income (loss) from healthcare business	(61,268)	99,771	51,741	18,703	108,947

- (1) Of this amount, individual premiums of NIS 899,413 thousands and collective premiums of NIS 427,508 thousands.
- (2) The most significant coverage included in other long-term healthcare insurance is medical expenses, and short-term is overseas travel.

(*)During the period of the report, parties insured under the collective long-term care insurance exercised the option to join the private insurance coverages (the continuation option). As a result, the reserve for continuation, in the amount of about NIS 74 million, was reclassified from collective long-term care insurance to private long-term care insurance.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

C. Additional information about the healthcare insurance (CONTD.)

	Information for the three months ended September 30, 2019				
	Long-term care		Other (2)		Total
	Individual	Collective (3)	Long-term	Short-term	
	NIS thousands				
Gross premiums	64,761	270,467	381,209(1)	147,303(1)	863,740
Payments and change in liabilities for insurance contracts, gross	233,110	337,385	224,875	51,100	846,470
Comprehensive income (loss) from healthcare business	(155,518)(4)	(325)(5)	30,712	11,396	(113,735)

- (1) Of this amount, individual premiums of NIS 377,648 thousands and collective premiums of NIS 150,864 thousands.
- (2) The most significant coverage included in other long-term healthcare insurance is medical expenses, and short-term is overseas travel.
- (3) Further to that stated in the annual financial statements for 2018, commencing from January 1, 2019, the agreement for provision of collective long-term care insurance services for members of Maccabi Healthcare Services entered into effect and, accordingly, the premiums and the changes in the liabilities for insurance contracts, gross, include the said activities.
- (4) The loss includes the change in the LAT reserves, in the amount of NIS 156 million.
- (5) The income includes an LAT reserve, in the amount of NIS 9 million.

	Information for the three months ended September 30, 2018				
	Long-term care		Other (2)		Total
	Individual	Collective (*)	Long-term	Short-term	
	NIS thousands				
Gross premiums	60,938	64,096	359,476(1)	129,793(1)	614,303
Payments and change in liabilities for insurance contracts, gross	39,474	46,318	212,840	45,777	344,409
Comprehensive income (loss) from healthcare business	31,772(3)	21,647	30,095	12,680	96,194

- (1) Of this amount, individual premiums of NIS 346,392 thousands and collective premiums of NIS 142,877 thousands.
- (2) The most significant coverage included in other long-term healthcare insurance is medical expenses, and short-term is overseas travel.
- (3) Income includes income in respect of the change in LAT reserves resulting from a change in assumptions, in the amount of about NIS 19 million.

(*)During the period of the report, parties insured under the collective long-term care insurance exercised the option to join the private insurance coverages (the continuation option). As a result, the reserve for continuation, in the amount of about NIS 74 million, was reclassified from collective long-term care insurance to private long-term care insurance.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

C. Additional information about the healthcare insurance (CONTD.)

	Information for the year ended December 31, 2018				
	Long-term care (*)		Other (2)		Total
	Individual	Collective	Long-term	Short-term	
	NIS thousands				
Gross premiums	<u>238,680</u>	<u>251,771</u>	<u>1,402,831(1)</u>	<u>347,233(1)</u>	<u>2,240,515</u>
Payments and change in liabilities for insurance contracts, gross	<u>325,163</u>	<u>173,871</u>	<u>839,668</u>	<u>139,444</u>	<u>1,478,146</u>
Comprehensive income (loss) from healthcare business	<u>(106,940)</u>	<u>90,771</u>	<u>73,343</u>	<u>21,381</u>	<u>78,555</u>

(1) Of this amount, individual premiums of NIS 1,200,979 thousands and collective premiums of NIS 549,085 thousands.

(2) The most significant coverage included in other long-term healthcare insurance is medical expenses, and short-term is overseas travel.

(*)During the period of the report, parties insured under the collective long-term care insurance exercised the option to join the private insurance coverages (the continuation option). As a result, the reserve for continuation, in the amount of about NIS 74 million, was reclassified from collective long-term care insurance to private long-term care insurance.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

D. Additional information about the general insurance segment

	For the nine months ended September 30, 2019				
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	Total
	Unaudited				
	NIS thousands				
Gross premiums	451,349	823,659	607,510	333,374	2,215,892
Reinsurance premiums	253,524	157	391,960	83,996	729,637
Premiums in retention	197,825	823,502	215,550	249,378	1,486,255
Change in unearned premium balance, in retention	9,542	7,080	8,129	11,117	35,868
Premiums earned in retention	188,283	816,422	207,421	238,261	1,450,387
Investment income, net, and financing income	44,149	15,500	4,690	36,404	100,743
Revenue from commissions	66,535	-	88,432	12,149	167,116
Total revenue	298,967	831,922	300,543	286,814	1,718,246
Payments and change in liabilities for insurance contracts, gross	261,530	527,578	185,230	236,909	1,211,247
Share of reinsurers in payments and changes in liabilities for insurance contracts	207,464	-	134,725	55,918	398,107
Payments and change in liabilities for insurance contracts in retention	54,066	527,578	50,505	180,991	813,140
Commissions, marketing expenses, and other acquisition costs	47,222	202,168	143,021	70,394	462,805
General and administrative expenses	20,575	39,487	20,448	16,180	96,690
Finance income	(4,700)	-	(499)	(3,875)	(9,074)
Total expenses	117,163	769,233	213,475	263,690	1,363,561
Company's share of the results, net, of investees	230	73	25	190	518
Income before taxes on income	182,034	62,762	87,093	23,314	355,203
Other comprehensive income before taxes on income	75,136	23,841	7,983	61,956	168,916
Comprehensive income before taxes on income	257,170	86,603	95,076	85,270	524,119
Liabilities for insurance contracts, gross, as at September 30, 2019	2,632,010	751,372	719,813	2,087,271	6,190,466
Liabilities for insurance contracts in retention as at September 30, 2019	1,863,036	751,372	202,912	1,743,419	4,560,739

(*) Property insurance and others include mainly information from comprehensive homeowners' insurance, comprehensive business insurance, and property loss, the operations of which account for 78% of the premiums in these branches.

(**) Other liability branches include mainly information from third-party branches, employers and professional insurance, the operations in respect of which accounts for 83% of the premiums in these branches.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

D. Additional information about the general insurance segment (CONTD.)

	For the nine months ended September 30, 2018				
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	Total
	Unaudited				
	NIS thousands				
Gross premiums	443,639	863,829	541,670	327,483	2,176,621
Reinsurance premiums	244,209	67	331,567	65,471	641,314
Premiums in retention	199,430	863,762	210,103	262,012	1,535,307
Change in unearned premium balance, in retention	(4,494)	54,449	(6,588)	25,419	68,786
Premiums earned in retention	203,924	809,313	216,691	236,593	1,466,521
Investment income, net, and financing income	57,593	16,892	5,994	42,295	122,774
Revenue from commissions	56,364	-	85,811	5,781	147,956
Total revenue	317,881	826,205	308,496	284,669	1,737,251
Payments and change in liabilities for insurance contracts, gross	415,891	483,236	287,075	301,188	1,487,390
Share of reinsurers in payments and changes in liabilities for insurance contracts	221,567	29	213,829	89,670	525,095
Payments and change in liabilities for insurance contracts in retention	194,324	483,207	73,246	211,518	962,295
Commissions, marketing expenses, and other acquisition costs	42,004	189,273	137,841	64,543	433,661
General and administrative expenses	22,286	43,199	24,467	16,688	106,640
Finance expenses	3,438	-	358	2,525	6,321
Total expenses	262,052	715,679	235,912	295,274	1,508,917
Company's share of the results, net, of investees	(411)	(128)	(42)	(302)	(883)
Income (loss) before taxes on income	55,418	110,398	72,542	(10,907)	227,451
Other comprehensive loss before taxes on income	(14,469)	(4,513)	(1,506)	(10,626)	(31,114)
Comprehensive income (loss) before taxes on income	40,949	105,885	71,036	(21,533)	196,337
Liabilities for insurance contracts, gross, as at September 30, 2018	2,658,927	787,621	749,338	2,062,141	6,258,027
Liabilities for insurance contracts in retention as at September 30, 2018	2,135,164	787,621	219,492	1,712,971	4,855,248

(*) Property insurance and others include mainly information from comprehensive homeowners' insurance, comprehensive business insurance, and property loss, the operations of which account for 77% of the premiums in these branches.

(**) Other liability branches include mainly information from third-party branches, employers and professional insurance, the operations in respect of which accounts for 85% of the premiums in these branches.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

D. Additional information about the general insurance segment (CONTD.)

	For the three months ended September 30, 2019				
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	Total
	Unaudited				
	NIS thousands				
Gross premiums	141,682	273,279	173,300	98,978	687,239
Reinsurance premiums	79,869	52	107,059	24,019	210,999
Premiums in retention	61,813	273,227	66,241	74,959	476,240
Change in unearned premium balance, in retention	(803)	2,262	(2,235)	(6,701)	(7,477)
Premiums earned in retention	62,616	270,965	68,476	81,660	483,717
Investment income, net, and financing income	6,494	2,692	875	5,581	15,642
Revenue from commissions	22,342	-	28,737	3,600	54,679
Total revenue	91,452	273,657	98,088	90,841	554,038
Payments and change in liabilities for insurance contracts, gross	132,053	182,141	50,007	69,121	433,322
Share of reinsurers in payments and changes in liabilities for insurance contracts	79,314	-	29,696	11,414	120,424
Payments and change in liabilities for insurance contracts in retention	52,739	182,141	20,311	57,707	312,898
Commissions, marketing expenses, and other acquisition costs	11,648	62,382	52,036	26,049	152,115
General and administrative expenses	7,494	14,512	6,735	5,118	33,859
Finance income	(1,341)	-	(159)	(1,125)	(2,625)
Total expenses	70,540	259,035	78,923	87,749	496,247
Company's share of the results, net, of investees	(292)	(90)	(28)	(237)	(647)
Income before taxes on income	20,620	14,532	19,137	2,855	57,144
Other comprehensive income before taxes on income	14,057	4,766	1,794	11,958	32,575
Comprehensive income before taxes on income	34,677	19,298	20,931	14,813	89,719
Liabilities for insurance contracts, gross, as at September 30, 2019	2,632,010	751,372	719,813	2,087,271	6,190,466
Liabilities for insurance contracts in retention as at September 30, 2019	1,863,036	751,372	202,912	1,743,419	4,560,739

(*) Property insurance and others include mainly information from comprehensive homeowners' insurance, comprehensive business insurance, and property loss, the operations of which account for 78% of the premiums in these branches.

(**) Other liability branches include mainly information from third-party branches, employers and professional insurance, the operations in respect of which accounts for 82% of the premiums in these branches.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

D. Additional information about the general insurance segment (CONTD.)

	For the three months ended September 30, 2018				
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	Total
	Unaudited				
	NIS thousands				
Gross premiums	154,760	295,213	175,168	107,853	732,994
Reinsurance premiums	87,721	22	110,172	25,556	223,471
Premiums in retention	67,039	295,191	64,996	82,297	509,523
Change in unearned premium balance, in retention	4,304	20,268	(6,209)	5	18,368
Premiums earned in retention	62,735	274,923	71,205	82,292	491,155
Investment income, net, and financing income	13,323	4,862	1,541	10,044	29,770
Revenue from commissions	20,234	-	27,838	2,341	50,413
Total revenue	96,292	279,785	100,584	94,677	571,338
Payments and change in liabilities for insurance contracts, gross	149,475	154,293	82,853	93,338	479,959
Share of reinsurers in payments and changes in liabilities for insurance contracts	79,973	33	64,421	25,510	169,937
Payments and change in liabilities for insurance contracts in retention	69,502	154,260	18,432	67,828	310,022
Commissions, marketing expenses, and other acquisition costs	14,152	64,332	47,279	21,808	147,571
General and administrative expenses	7,990	15,324	8,171	5,526	37,011
Finance income	(240)	-	(12)	(154)	(406)
Total expenses	91,404	233,916	73,870	95,008	494,198
Company's share of the results, net, of investees	375	105	37	271	788
Income (loss) before taxes on income	5,263	45,974	26,751	(60)	77,928
Other comprehensive income before taxes on income	6,142	1,595	567	4,389	12,693
Comprehensive income before taxes on income	11,405	47,569	27,318	4,329	90,621
Liabilities for insurance contracts, gross, as at September 30, 2018	2,658,927	787,621	749,338	2,062,141	6,258,027
Liabilities for insurance contracts in retention as at September 30, 2018	2,135,164	787,621	219,492	1,712,971	4,855,248

(*) Property insurance and others include mainly information from comprehensive homeowners' insurance, comprehensive business insurance, and property loss, the operations of which account for 76% of the premiums in these branches.

(**) Other liability branches include mainly information from third-party branches, employers and professional insurance, the operations in respect of which accounts for 85% of the premiums in these branches.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

D. Additional information about the general insurance segment (CONTD.)

	Year ended December 31, 2018				Total
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	
	Audited				
NIS thousands					
Gross premiums	565,261	1,108,819	719,274	428,765	2,822,119
Reinsurance premiums	313,242	90	449,835	102,300	865,467
Premiums in retention	252,019	1,108,729	269,439	326,465	1,956,652
Change in unearned premium balance, in retention	(14,715)	19,847	(14,103)	7,981	(990)
Premiums earned in retention	266,734	1,088,882	283,542	318,484	1,957,642
Investment income, net, and financing income	72,842	20,615	7,914	53,847	155,218
Revenue from commissions	78,367	-	110,635	7,826	196,828
Total revenue	417,943	1,109,497	402,091	380,157	2,309,688
Payments and change in liabilities for insurance contracts, gross	494,799	658,627	379,779	336,027	1,869,232
Share of reinsurers in payments and changes in liabilities for insurance contracts	293,623	92	285,992	88,608	668,315
Payments and change in liabilities for insurance contracts in retention	201,176	658,535	93,787	247,419	1,200,917
Commissions, marketing expenses, and other acquisition costs	58,498	263,469	175,591	85,788	583,346
General and administrative expenses	28,875	56,431	30,753	22,076	138,135
Finance expenses	6,014	-	653	4,446	11,113
Total expenses	294,563	978,435	300,784	359,729	1,933,511
Company's share of the results, net, of investees	903	279	98	668	1,948
Income before taxes on income	124,283	131,341	101,405	21,096	378,125
Other comprehensive loss before taxes on income	(50,725)	(15,648)	(5,511)	(37,498)	(109,382)
Comprehensive income (loss) before taxes on income	73,558	115,693	95,894	(16,402)	268,743
Liabilities for insurance contracts, gross, as at December 31, 2018	2,638,189	739,574	747,248	2,035,844	6,160,855
Liabilities for insurance contracts in retention as at December 31, 2018	2,057,751	739,574	208,867	1,690,555	4,696,747

(*) Property insurance and others include mainly information from comprehensive homeowners' insurance, comprehensive business insurance, and property loss, the operations of which account for 77% of the premiums in these branches.

(**) Other liability branches include mainly information from third-party branches, employers and professional insurance, the operations in respect of which accounts for 86% of the premiums in these branches.

Notes to the Consolidate Financial statements
