

The Phoenix Holdings Ltd
Consolidated Financial Statements
As of December 31, 2019

This report is a translation of specific information from The Phoenix Holdings Ltd's Hebrew-language Consolidated Financial Statements as of December 31, 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 Statements of Financial Position

	As at	
	31.12.2019	31.12.2018
	NIS thousands	
Assets		
Intangible assets	1,760,398	1,630,248
Deferred tax assets	31,523	28,859
Deferred acquisition costs	1,733,547	1,691,166
Fixed assets	769,665	579,268
Investments in associates	717,930	761,260
Investment property for performance-based contracts	1,554,065	1,439,636
Other investment property	2,547,356	2,280,794
Reinsurance assets	2,347,721	2,036,939
Credit for acquisition of securities	307,000	317,000
Current tax assets	356,105	296,452
Other receivables	475,248	403,830
Premiums collectible	721,577	679,112
Financial investments for performance-based contracts	64,304,915	48,861,633
Assets for holders of debentures, exchange-traded funds , reverse certificates, complex certificates, certificates of deposit, and structured bonds	284,000	425,000
Other financial investments		
Marketable debt assets	8,079,279	7,190,437
Non-marketable debt assets	12,975,710	12,480,584
Shares	1,583,954	1,303,935
Others	2,169,583	1,762,860
Total other financial investments	24,808,526	22,737,816
Cash and cash equivalents for performance-based contracts	5,612,435	5,223,271
Other cash and cash equivalents	1,731,709	1,730,520
Total assets	110,063,720	91,122,804
Total assets for performance-based contracts	71,662,076	55,701,021

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

Consolidated Statements of Financial Position

	As at	
	31.12.2019	31.12.2018
	<u>NIS thousands</u>	
Capital		
Share capital	309,951	309,892
Premium and capital reserves on shares	830,437	828,221
Capital reserves	726,936	331,915
Retained earnings	4,516,933	4,841,658
Total equity attributed to Company shareholders	6,384,257	6,311,686
Non-controlling interests	106,939	114,467
Total shareholders' equity	6,491,196	6,426,153
Liabilities		
Liabilities for non-performance-based insurance contracts and investment contracts	23,574,090	21,479,765
Liabilities for performance-based insurance contracts and investment contracts	71,090,877	55,508,137
Liabilities for deferred taxes	664,874	499,587
Liabilities for employee benefits, net	52,553	50,676
Liabilities for current taxes	23,861	21,947
Other payables	2,126,822	1,796,961
Liabilities for debentures, ETFs, reverse certificates and complex certificates, certificates of deposit, and structured debentures	282,000	384,000
Financial liabilities	5,757,447	4,955,578
Total liabilities	103,572,524	84,696,651
Total shareholders' equity and liabilities	110,063,720	91,122,804

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

Eli Schwartz
CFO, VP

Eyal Ben-Simon
CEO

Benjamin Gabbay
Temporary BOD chairman

Financial statements approved on March 30, 2020

Consolidated Statements of Income

	For the year ended December 31,		
	2019	2018	2017
	NIS thousands		
Premiums earned, gross	11,325,445	10,104,187	9,690,513
Premiums earned by reinsurers	1,402,156	1,177,983	889,113
Premiums earned in retention	9,923,289	8,926,204	8,801,400
Investment income, net, and financing income	9,109,695	1,068,641	4,879,921
Management fees	1,487,484	826,670	1,098,567
Income from commissions	541,639	483,433	409,296
Income from other financial services	143,000	164,558	210,644
Other income	86,096	37,826	49,860
Total revenue	21,291,203	11,507,332	15,449,688
Payments and changes in liabilities for insurance contracts and investment contracts, gross	18,745,224	8,430,720	12,218,385
Share of reinsurers in payments and changes in liabilities for insurance contracts	954,092	939,957	673,355
Payments and changes in liabilities for insurance contracts and investment contracts in retention	17,791,132	7,490,763	11,545,030
Commissions, marketing expenses, and other acquisition costs	1,918,439	1,753,339	1,581,447
General and administrative expenses	1,281,208	1,210,657	1,176,675
Other expenses (income)	16,052	(5,036)	25,002
Finance expenses	142,598	179,526	152,571
Total expenses	21,149,429	10,629,249	14,480,725
Share in the profits of equity-accounted investees	96,920	70,600	62,295
Profit before taxes on income	238,694	948,683	1,031,258
Taxes on income	47,165	251,833	310,865
Profit for the year	191,529	696,850	720,393
Attributable to:			
Company shareholders	154,719	679,033	709,910
Non-controlling interests	36,810	17,817	10,483
Profit for the year	191,529	696,850	720,393
<u>Earnings per share attributed to shareholders (in NIS):</u>			
<u>Basic earnings per share</u>			
Earnings per ordinary share of NIS 1 par value (NIS)	0.60	2.69	2.88
<u>Diluted earnings per share</u>			
Earnings per ordinary share of NIS 1 par value (NIS)	0.60	2.69	2.88

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Consolidated Statement of Comprehensive Income

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>NIS thousands</u>		
Profit for the year	191,529	696,850	720,393
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	840,123	(109,525)	434,302
Net change in the fair value of financial assets available for sale transferred to the statement of income	(258,243)	(189,489)	(210,757)
Income from impairment to financial assets available for sale transferred to statement of income	31,278	60,661	22,436
Company's share in other comprehensive income (loss), net, of companies accounted for at equity	(17,850)	13,032	(10,367)
Tax effect	(209,425)	79,329	(81,077)
Total components of other comprehensive income (loss), net, that will subsequently be reclassified to profit or loss:	385,883	(145,992)	154,537
<u>Amounts not subsequently reclassified to profit or loss</u>			
Re-assessment of fixed assets	10,188	8,407	5,551
Actuarial income (loss) for defined benefit plans	(1,508)	(394)	78
Company's share in other comprehensive loss, net, of companies accounted for at equity	-	(48)	(22)
Tax effect	(1,834)	(1,714)	(1,287)
Total components of comprehensive income, not subsequently reclassified to profit or loss:	6,846	6,251	4,320
Total other comprehensive income (loss), net	392,729	(139,741)	158,857
Total comprehensive income for the year	584,258	557,109	879,250
Attributable to:			
Company shareholders	547,468	539,315	868,782
Non-controlling interests	36,790	17,794	10,468
Total comprehensive income for the year	584,258	557,109	879,250

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Consolidated Statements of Changes in Equity

Attributed to Company shareholders												
Shareholders' equity	Premium and capital reserves on shares	Retained earnings	Capital reserve for transactions with non-controlling 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	Non-controlling interests	Total Capital	
NIS thousands												
<u>Balance as at January 1, 2019</u>	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	-	-	154,719	-	-	-	-	-	-	154,719	36,810	191,529
Other comprehensive income (loss)	-	-	(979)	-	-	-	7,845	(17,850)	403,733	392,749	(20)	392,729
Total comprehensive income (loss)	-	-	153,740	-	-	-	7,845	(17,850)	403,733	547,468	36,790	584,258
Share-based payments	-	2,122	-	-	-	3,269	-	-	-	5,391	-	5,391
Dividend paid to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(44,504)	(44,504)
Entrance into consolidation	-	-	-	-	-	-	-	-	-	-	186	186
Exercise of employee options	59	94	-	-	-	(153)	-	-	-	-	-	-
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	1,823	-	-	-	(1,823)	-	-	-	-	-
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)
<u>Balance as at December 31, 2019</u>	<u>309,951</u>	<u>830,437</u>	<u>4,516,933</u>	<u>(43,622)</u>	<u>11,000</u>	<u>40,047</u>	<u>103,463</u>	<u>(19,926)</u>	<u>635,974</u>	<u>6,384,257</u>	<u>106,939</u>	<u>6,491,196</u>

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Consolidated Statements of Changes in Equity

	Attributed to Company shareholders											Non-controlling interests	Total Capital
	Shareholders' equity	Premium and capital reserves on shares	Treasury shares	Retained earnings	Capital reserve for transactions with non-controlling 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</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 non-controlling 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</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>

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

Consolidated Statements of Changes in Equity

	Attributed to Company shareholders										Non-controlling interests	Total Capital	
	Shareholders' equity	Premium and capital reserves on shares	Treasury shares	Retained earnings	Capital reserve for transactions with non-controlling 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, 2017</u>	304,314	668,192	(34,631)	3,568,434	(64,274)	11,000	41,935	90,121	(4,741)	226,361	4,806,711	32,045	4,838,756
Net profit	-	-	-	709,910	-	-	-	-	-	-	709,910	10,483	720,393
Other comprehensive income (loss)	-	-	-	60	-	-	-	4,275	(10,367)	164,904	158,872	(15)	158,857
Total comprehensive income (loss)	-	-	-	709,970	-	-	-	4,275	(10,367)	164,904	868,782	10,468	879,250
Share-based payments	-	-	-	-	-	-	114	-	-	-	114	-	114
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,940)	(6,940)
Reissue of treasury shares	-	16,837	22,685	-	-	-	-	-	-	-	39,522	-	39,522
Acquisition of treasury shares	-	-	(12,723)	-	-	-	-	-	-	-	(12,723)	-	(12,723)
Exercise of employee options	260	4,724	-	-	-	-	(4,984)	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	7,000	-	-	-	-	-	7,000	(7,000)	-
Transfer from revaluation fund for revaluation of property, plant and equipment, in the amount of the depreciation	-	-	-	1,656	-	-	-	(1,656)	-	-	-	-	-
Issue of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	7,000	7,000
<u>Balance as at December 31, 2017</u>	<u>304,574</u>	<u>689,753</u>	<u>(24,669)</u>	<u>4,280,060</u>	<u>(57,274)</u>	<u>11,000</u>	<u>37,065</u>	<u>92,740</u>	<u>(15,108)</u>	<u>391,265</u>	<u>5,709,406</u>	<u>35,573</u>	<u>5,744,979</u>

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Consolidated Statements of Cash Flows

<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Note</u>	<u>NIS thousands</u>		
<u>Cash flows from operating activities</u>			
Profit for the year	191,529	696,850	720,393
Adjustments to reconcile to cash flows from (used in) operating activities:	(A) <u>375,004</u>	<u>(1,516,678)</u>	<u>(500,103)</u>
Net cash from (used in) operating activities	<u>566,533</u>	<u>(819,828)</u>	<u>220,290</u>
<u>Cash flow from investment activities</u>			
Acquisition of fixed assets	(100,301)	(27,953)	(55,360)
Proceeds from disposal of fixed assets	-	95	671
Investment in associates	(137,947)	(86,218)	(11,439)
Dividend from associates	29,896	36,314	48,958
Acquisition of subsidiaries consolidated for the first time	(B) (37,592)	-	-
Repayment of a loan from an associate	(5,431)	(2,460)	(500)
Proceeds from disposal of an investment in an associate	2,379	10,434	-
Acquisition and capitalization of costs of intangible assets	<u>(257,756)</u>	<u>(180,892)</u>	<u>(163,343)</u>
Net cash used in investment activities	<u>(506,752)</u>	<u>(250,680)</u>	<u>(181,013)</u>
<u>Cash flows from financing activities</u>			
Dividends to shareholders	(250,000)	(120,000)	-
Issue of share capital	-	103,351	-
Acquisition of Company shares	-	(19,476)	(12,723)
Issuance of shares to holders of non-controlling interests in a consolidated company	-	-	7,000
Reissue of the Company's shares by consolidated companies	-	77,157	41,612
Financial liabilities received	12,000	-	36,000
Financial liabilities discharged	(561,844)	(197,266)	(318,508)
Payment for acquisition of an associate	(35,159)	-	-
Issue of debentures	1,210,879	766,853	773,932
Dividend paid to holders of non-controlling interests	(44,504)	(2,595)	(6,940)
Payment of contingent liability for a put option to holders of non-controlling interests	<u>(800)</u>	<u>(21,250)</u>	<u>(600)</u>
Net cash from (used in) financing activities	<u>330,572</u>	<u>586,774</u>	<u>519,773</u>
<u>Increase in cash and cash equivalents</u>	<u>390,353</u>	<u>(483,734)</u>	<u>559,050</u>
<u>Cash and cash equivalents at the beginning of the period:</u>	<u>(C) 6,953,791</u>	<u>7,437,525</u>	<u>6,878,475</u>
<u>Balance of cash and cash equivalents at the end of the period</u>	<u>(C) 7,344,144</u>	<u>6,953,791</u>	<u>7,437,525</u>

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

Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2019	2018	2017
	NIS thousands		
(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	(7,546,336)	86,794	(3,639,552)
Change in the fair value of investment property for performancebased contracts	(77,591)	(55,600)	(19,913)
<u>Net loss (income) of other financial investments:</u>			
Marketable debt assets	(234,833)	257,536	(73,939)
Non-marketable debt assets	(603,916)	(317,732)	(212,518)
Shares	(135,658)	93,703	(137,953)
Others	(232,671)	73,768	(182,208)
Amortization and depreciation	301,449	251,975	256,497
Loss (profit) from disposal of property, plant and equipment	432	(47)	666
Change in fair value of investment property	(102,186)	(42,051)	(25,534)
Gain from the sale of real estate	(275)	(691)	(4,559)
Impairment loss of property, plant and equipment	5,109	-	-
Gain from sale of an associate	(29,000)	-	-
Change in financial liabilities	28,959	441,263	(18,959)
Income tax expenses	47,165	251,833	310,865
Company's share in earnings of associates, net	(96,920)	(70,600)	(62,295)
Salary expenses for share-based payments	3,269	4	114
<u>Changes in other balance sheet items, net:</u>			
Increase in liabilities for non-performance-based insurance contracts	2,094,325	743,255	967,010
Increase in liabilities in respect of yield-contingent contracts	15,582,740	3,614,818	6,951,882
Increase (decrease) in liabilities for debentures, ETFs	(102,000)	(27,279,937)	(109,129)
Increase (decrease) in financial investments for holders of ETFs and certificates of deposit	141,000	28,546,292	4,202
Increase in deferred acquisition costs	(42,381)	(72,787)	(79,494)
Decrease (increase) in reinsurance assets	(310,782)	(441,162)	(402,719)
Increase (decrease) in employee benefit liabilities, net	369	3,134	(1,393)
Decrease (increase) in receivables and debt balances	(151,561)	583	(109,425)
Increase (decrease) in payables and credit balances	298,898	130,111	331,339
Increase (decrease) in credit for acquisition of securities	10,000	(122,000)	27,000
Revaluation of loans - associates	(823)	-	(1,310)
<u>Financial investments and investment property for performancebased insurance contracts and investment contracts</u>			
Acquisition of property	(52,064)	(47,723)	(120,542)
Proceeds from sale of real estate	15,226	29,771	-
Dispositions (acquisitions) of financial investments, net	(7,896,946)	(5,521,993)	(2,812,624)
<u>Financial investments and other investment property</u>			
Dispositions (acquisitions) of financial investments, net	(249,598)	(1,656,952)	(811,850)
Acquisition of property	(170,525)	(45,588)	(64,719)
Proceeds from sale of real estate	6,424	16,239	36,709
<u>Cash paid and received in the period for:</u>			
Taxes paid	(292,895)	(443,292)	(499,397)
Taxes received	168,600	60,398	3,645
Total adjustments to reconcile to cash flow from (used in) operating activities	<u>375,004</u>	<u>(1,516,678)</u>	<u>(500,103)</u>

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

Consolidated Statements of Cash Flows

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>NIS thousands</u>		
(B) Acquisition of initially consolidated subsidiaries			
<u>The subsidiaries' assets and liabilities at date of acquisition:</u>			
Working capital (excluding cash and cash equivalents)	9,589	-	-
Credited to purchase of securities	(876)	-	-
Property, plant and equipment	(1,415)	-	-
Goodwill	(42,235)	-	-
Intangible assets	(54,204)	-	-
Deferred taxes	10,555	-	-
Non-controlling interests	186	-	-
Disposal of an subsidiary	32,000	-	-
Financial liabilities	109	-	-
Liability to purchase an subsidiary	8,699	-	-
	<u>(37,592)</u>	<u>-</u>	<u>-</u>
(C) <u>Cash and cash equivalents</u>			
Cash and cash equivalents at the beginning of the period:			
Cash and cash equivalents	1,730,520	1,317,703	1,039,753
Cash and cash equivalents for performance-based contracts	5,223,271	6,119,822	5,838,722
	<u>6,953,791</u>	<u>7,437,525</u>	<u>6,878,475</u>
Cash and cash equivalents at the end of the period			
Cash and cash equivalents	1,731,709	1,730,520	1,317,703
Cash and cash equivalents for performance-based contracts	5,612,435	5,223,271	6,119,822
	<u>7,344,144</u>	<u>6,953,791</u>	<u>7,437,525</u>
(D) <u>Amounts included in ordinary activities</u>			
Interest paid	5,457	10,818	3,234
Interest received	631,081	585,487	578,250
Dividends received	39,704	36,867	47,697
(E) <u>Significant non-cash transactions</u>			
Finance lease for purchase of property, plant and equipment	(30,620)	-	-
Finance lease liabilities	-	-	-
Dividend in kind	(230,288)		
Increase (Decrease) in deferred taxes in respect of assets held for sale against capital reserve	209,425	(79,329)	3,456
Increase (Decrease) in assets held for sale against capital reserve	403,733	(159,024)	857

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

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, and after changing the manner of reporting to the chief operation decision makers (CODM), the assisted living activity of Ad 120 Company is reported in healthcare insurance segment. For additional information see note 2 (29).

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, include in mutual funds, ETFs, brokerage services, underwriting services, market-making in various securities, and other services. In addition, the results of this segment include the company's investments funds operations.

Regarding mutual investments in trust low (amendment 28) see note 25.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)**5. Insurance agencies**

As of the fourth quarter of 2019, the company presents the activities of the settlement agencies and other insurance agencies as reportable segment. In the segment notes, the comparison numbers were updated according to accounting standards (restatement).

6. Others

This category includes operating sectors, the scope of which do not meet the quantitative criterion for a reporting segment, Mainly the assisted living operation of Ad 120 Company (excluding real estate revaluation and depreciation) and the activity of other subsidiaries engaging in various matters.

Starting from June 30, 2019, and after changing the manner of reporting to the chief operation decision makers (CODM), the assisted living activity of Ad 120 Company is reported in healthcare insurance segment. For additional information see note 2 (29).

7. Activity that is not attributable to operating segments

This activity includes the part of the Group's headoffice 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. Regarding AD 120 activity that reported under healthcare segment see note 2 (29).

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments

For the year ended December 31, 2019

	Life insurance and longterm savings	Healthcare insurance	General insurance	Finance services	Insurance agencies	Other	Not attributed to operating segments	Adjustments and offsets	Total
	NIS thousands								
Premiums earned, gross	5,209,366	3,257,486	2,858,593	-	-	-	-	-	11,325,445
Premiums earned by reinsurers	98,235	376,915	927,006	-	-	-	-	-	1,402,156
Premiums earned in retention	5,111,131	2,880,571	1,931,587	-	-	-	-	-	9,923,289
Investment income, net, and financing income	7,829,382	786,483	172,872	-	10,944	28,598	277,478	3,938	9,109,695
Management fees	1,259,191	-	-	224,000	968	46,787	3,141	(46,603)	1,487,484
Revenue from fees	28,919	34,477	219,547	-	366,827	-	-	(108,131)(1)	541,639
Revenue from financial services	-	-	-	143,000	-	-	-	-	143,000
Other revenue	-	12,922	-	38,000	27,508	11,152	(2,662)	(824)	86,096
Total revenue	14,228,623	3,714,453	2,324,006	405,000	406,247	86,537	277,957	(151,620)	21,291,203
Increase in insurance liabilities and payments for insurance contracts	13,480,068	3,602,386	1,662,770	-	-	-	-	-	18,745,224
Share of reinsurers in payments and changes in liabilities for insurance contracts	52,295	368,236	533,561	-	-	-	-	-	954,092
Payments and changes in liabilities for insurance contracts and investment contracts in retention	13,427,773	3,234,150	1,129,209	-	-	-	-	-	17,791,132
Commissions and other acquisition costs	695,285	669,196	612,688	36,000	-	2,169	-	(96,899)	1,918,439
General and administrative expenses	512,088	181,452	117,362	203,000	236,333	56,297	33,445	(58,769)	1,281,208
Other expenses (income)	(7,044)	-	-	9,000	9,010	-	5,086	-	16,052
Finance expenses (income)	11,278	(5,451)	(9,775)	1,000	2,423	9,687	142,292	(8,856)	142,598
Total expenses	14,639,380	4,079,347	1,849,484	249,000	247,766	68,153	180,823	(164,524)	21,149,429
Company's share of the results, net, of investees	35,694	-	3,406	11,477	12,289	16,273	17,781	-	96,920
Profit (loss) before taxes on income	(375,063)	(364,894)	477,928	167,477	170,770	34,657	114,915	12,904	238,694
Other comprehensive income (loss) before taxes on income	99,004	53,570	202,597	-	(120)	2,383	246,553	-	603,988
Comprehensive income (loss) before taxes on income	(276,059)	(311,324)	680,525	167,477	170,650	37,040	361,468	12,904	842,682

(1) Caused from group-owned insurance agencies commissions income, mainly from activities in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments (CONTD.)

For the year ended December 31, 2018

	Life insurance and longterm savings	Healthcare insurance	General insurance	Finance services	Insurance agencies	Other	Not attributed to operating segments	Adjustments and offsets	Total
	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	4,884	45,131	112,793	8,982	1,068,641
Management fees	729,841	-	-	90,000	1,314	50,174	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	-	-	-	-	15,291	23,127	-	(592)	37,826
Total revenue	6,428,646	2,051,531	2,309,688	257,858	364,728	118,432	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	216,526	85,322	25,185	(69,059)	1,210,657
Other expenses	(13,766)	-	-	-	8,730	-	-	-	(5,036)
Finance expenses	6,963	-	11,113	1,300	21,791	2,846	139,117	(3,604)	179,526
Total expenses	6,179,738	1,969,585	1,933,511	204,300	247,047	92,703	164,302	(161,937)	10,629,249
Company's share of the results, net, of investees	23,002	-	1,948	6,000	8,067	31,583	-	-	70,600
Profit (loss) before taxes on income	271,910	81,946	378,125	59,558	125,748	57,312	(48,360)	22,444	948,683
Other comprehensive income (loss) before taxes on income	664	(3,391)	(109,382)	-	(327)	(429)	(104,491)	-	(217,356)
Comprehensive income (loss) before taxes on income	272,574	78,555	268,743	59,558	125,421	56,883	(152,851)	22,444	731,327

(1) Caused from group-owned insurance agencies commissions income, mainly from activities in life insurance and long-term savings.

Notes to the Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

A. Reportable segments (CONTD.)

For the year ended December 31, 2017

	Life insurance and longterm savings	Healthcare insurance	General insurance	Finance services	Insurance agencies	Other	Not attributed to operating segments	Adjustments and offsets	Total
NIS thousands									
Premiums earned, gross	5,058,510	2,041,836	2,590,167	-	-	-	-	-	9,690,513
Premiums earned by reinsurers	68,657	241,969	578,487	-	-	-	-	-	889,113
Premiums earned in retention	4,989,853	1,799,867	2,011,680	-	-	-	-	-	8,801,400
Investment income, net, and financing income	4,303,105	120,893	190,811	2,000	12,713	48,385	199,848	2,166	4,879,921
Management fees	1,013,709	-	-	83,000	1,518	68,773	3,075	(71,508)	1,098,567
Revenue from fees	25,734	20,813	120,672	-	330,063	-	-	(87,986)(1)	409,296
Revenue from financial services	-	-	-	210,644	-	-	-	-	210,644
Other revenue	-	-	-	3,000	21,691	26,887	-	(1,718)	49,860
Total revenue	10,332,401	1,941,573	2,323,163	298,644	365,985	144,045	202,923	(159,046)	15,449,688
Increase in insurance liabilities and payments for insurance contracts	9,041,444	1,526,530	1,650,411	-	-	-	-	-	12,218,385
Share of reinsurers in payments and changes in liabilities for insurance contracts	27,932	279,565	365,858	-	-	-	-	-	673,355
Payments and changes in liabilities for insurance contracts and investment contracts in retention	9,013,512	1,246,965	1,284,553	-	-	-	-	-	11,545,030
Commissions and other acquisition costs	600,756	488,556	536,720	31,000	-	4,373	-	(79,958)	1,581,447
General and administrative expenses	532,483	110,903	133,757	178,000	206,595	72,059	35,648	(92,770)	1,176,675
Other expenses (income)	15,876	-	-	-	8,415	-	711	-	25,002
Finance expenses (income)	8,115	-	(10,080)	-	28,965	2,731	126,687	(3,847)	152,571
Total expenses	10,170,742	1,846,424	1,944,950	209,000	243,975	79,163	163,046	(176,575)	14,480,725
Company's share of the results, net, of investees	10,926	-	5,170	5,000	6,296	34,903	-	-	62,295
Profit (loss) before taxes on income	172,585	95,149	383,383	94,644	128,306	99,785	39,877	17,529	1,031,258
Other comprehensive income (loss) before taxes on income	72,005	29,803	51,786	-	50	1,821	85,756	-	241,221
Comprehensive income (loss) before taxes on income	244,590	124,952	435,169	94,644	128,356	101,606	125,633	17,529	1,272,479

(1) Caused from group-owned insurance agencies commissions income, mainly from activities in life insurance and long-term savings.

Notes to the Consolidated Financial statementsNOTE 3 – OPERATING SEGMENTS (CONTD.)B. Additional information about the life insurance and long-term savings segment

	For the year ended December 31, 2019			
	Life insurance	Provident	Pension	Total
	NIS thousands			
Premiums earned, gross	5,209,366	-	-	5,209,366
Premiums earned by reinsurers	98,235	-	-	98,235
Premiums earned in retention	5,111,131	-	-	5,111,131
Investment income, net, and financing income	7,771,515	47,875	9,992	7,829,382
Management fees	889,431	204,535	165,225	1,259,191
Revenue from commissions	28,919	-	-	28,919
Total revenue	13,800,996	252,410	175,217	14,228,623
Payments and changes in liabilities for insurance contracts and investment contracts, gross	13,437,689	42,379	-	13,480,068
Share of reinsurers in payments and changes in liabilities for insurance contracts	52,295	-	-	52,295
Payments and changes in liabilities for insurance contracts and investment contracts in retention	13,385,394	42,379	-	13,427,773
Commissions, marketing expenses, and other acquisition costs	521,283	89,257	84,745	695,285
General and administrative expenses	352,413	81,070	78,605	512,088
Other expenses	(7,464)	44	376	(7,044)
Finance expenses	11,135	88	55	11,278
Total expenses	14,262,761	212,838	163,781	14,639,380
Company's share of the results, net, of investees	35,694	-	-	35,694
income (loss) before taxes on income	(426,071)	39,572	11,436	(375,063)
Other comprehensive income before taxes on income	99,004	-	-	99,004
Total comprehensive income (loss) before taxes on income	(327,067)	39,572	11,436	(276,059)

Notes to the Consolidated Financial statementsNOTE 3 – OPERATING SEGMENTS (CONTD.)B. Additional information about the life insurance and long-term savings segment (CONTD.)

	For the year ended December 31, 2018			
	Life insurance	Provident	Pension	Total
	NIS thousands			
Premiums earned, gross	5,082,493	-	-	5,082,493
Premiums earned by reinsurers	<u>65,533</u>	-	-	<u>65,533</u>
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	<u>21,459</u>	-	-	<u>21,459</u>
Total revenue	<u>6,073,679</u>	<u>190,343</u>	<u>164,624</u>	<u>6,428,646</u>
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	<u>44,092</u>	-	-	<u>44,092</u>
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	(14,187)	45	376	(13,766)
Finance expenses	<u>3,849</u>	<u>3,105</u>	<u>9</u>	<u>6,963</u>
Total expenses	<u>5,878,368</u>	<u>164,698</u>	<u>136,672</u>	<u>6,179,738</u>
Company's share of the results, net, of investees	<u>23,002</u>	-	-	<u>23,002</u>
Income before taxes on income	218,313	25,645	27,952	271,910
Other comprehensive income before taxes on income	<u>664</u>	-	-	<u>664</u>
Total comprehensive income before taxes on income	<u>218,977</u>	<u>25,645</u>	<u>27,952</u>	<u>272,574</u>

Notes to the Consolidated Financial statementsNOTE 3 – OPERATING SEGMENTS (CONTD.)B. Additional information about the life insurance and long-term savings segment (CONTD.)

	For the year ended December 31, 2017			
	Life insurance	Provident	Pension	Total
	NIS thousands			
Premiums earned, gross	5,058,510	-	-	5,058,510
Premiums earned by reinsurers	68,657	-	-	68,657
Premiums earned in retention	4,989,853	-	-	4,989,853
Investment income, net, and financing income	4,294,334	3,382	5,389	4,303,105
Management fees	668,668	189,506	155,535	1,013,709
Revenue from commissions	25,734	-	-	25,734
Total revenue	9,978,589	192,888	160,924	10,332,401
Payments and changes in liabilities for insurance contracts and investment contracts, gross	9,041,444	-	-	9,041,444
Share of reinsurers in payments and changes in liabilities for insurance contracts	27,932	-	-	27,932
Payments and changes in liabilities for insurance contracts and investment contracts in retention	9,013,512	-	-	9,013,512
Commissions, marketing expenses, and other acquisition costs	465,109	47,977	87,670	600,756
General and administrative expenses	386,014	100,617	45,852	532,483
Other expenses (income)	8,315	7,185	376	15,876
Finance expenses	6,180	1,935	-	8,115
Total expenses	9,879,130	157,714	133,898	10,170,742
Company's share of the results, net, of investees	10,926	-	-	10,926
Income before taxes on income	110,385	35,174	27,026	172,585
Other comprehensive income before taxes on income	72,005	-	-	72,005
Total comprehensive income before taxes on income	182,390	35,174	27,026	244,590

Notes to the Consolidated Financial statementsNOTE 3 – OPERATING SEGMENTS (CONTD.)C. Additional information about the general insurance segment

	For the year ended December 31, 2019				Total
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	
	NIS thousands				
Gross premiums	571,163	1,055,924	758,410	429,509	2,815,006
Reinsurance premiums	320,773	210	485,953	114,228	921,164
Premiums in retention	250,390	1,055,714	272,457	315,281	1,893,842
Change in unearned premium balance, in retention	(1,753)	(30,723)	(1,345)	(3,924)	(37,745)
Premiums earned in retention	252,143	1,086,437	273,802	319,205	1,931,587
Investment income, net, and financing income	76,176	25,577	8,304	62,815	172,872
Revenue from commissions	89,086	-	114,222	16,239	219,547
Total revenue	417,405	1,112,014	396,328	398,259	2,324,006
Payments and change in liabilities for insurance contracts, gross	404,689	726,950	251,015	280,116	1,662,770
Share of reinsurers in payments and changes in liabilities for insurance contracts	298,747	2	179,911	54,901	533,561
Payments and change in liabilities for insurance contracts in retention	105,942	726,948	71,104	225,215	1,129,209
Commissions, marketing expenses, and other acquisition costs	63,279	268,914	188,075	92,420	612,688
General and administrative expenses	24,460	47,408	24,939	20,555	117,362
Finance income	(5,055)	-	(551)	(4,169)	(9,775)
Total expenses	188,626	1,043,270	283,567	334,021	1,849,484
Company's share of the results, net, of investees	1,515	476	165	1,250	3,406
Income before taxes on income	230,294	69,220	112,926	65,488	477,928
Other comprehensive income before taxes on income	90,103	28,371	9,822	74,301	202,597
Comprehensive income before taxes on income	320,397	97,591	122,748	139,789	680,525
Liabilities for insurance contracts, gross, as at December 31, 2019	2,672,967	731,498	677,935	2,066,230	6,148,630
Liabilities for insurance contracts in retention as at December 31, 2019	1,840,915	731,498	195,097	1,725,821	4,493,331

(*) 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 statementsNOTE 3 – OPERATING SEGMENTS (CONTD.)C. Additional information about the general insurance segment (CONTD.)

	For the year ended December 31, 2018				
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	Total
	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 (loss) 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 Consolidated Financial statements

NOTE 3 – OPERATING SEGMENTS (CONTD.)

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

	For the year ended December 31, 2017				Total
	Compulsory motor vehicle	Motor vehicle property	Property and others (*)	Other liability (**)	
	NIS thousands				
Gross premiums	527,187	1,053,610	741,410	403,940	2,726,147
Reinsurance premiums	242,188	180	442,625	89,192	774,185
Premiums in retention	284,999	1,053,430	298,785	314,748	1,951,962
Change in unearned premium balance, in retention	(79,274)	35,210	(17,052)	1,398	(59,718)
Premiums earned in retention	364,273	1,018,220	315,837	313,350	2,011,680
Investment income, net, and financing income	94,113	26,799	10,161	59,738	190,811
Revenue from commissions	35,774	-	79,898	5,000	120,672
Total revenue	494,160	1,045,019	405,896	378,088	2,323,163
Payments and change in liabilities for insurance contracts, gross	391,282	655,249	292,950	310,930	1,650,411
Share of reinsurers in payments and changes in liabilities for insurance contracts	155,903	563	176,053	33,339	365,858
Payments and change in liabilities for insurance contracts in retention	235,379	654,686	116,897	277,591	1,284,553
Commissions, marketing expenses, and other acquisition costs	53,217	238,109	161,907	83,487	536,720
General and administrative expenses	27,963	54,215	31,037	20,542	133,757
Finance expenses	(5,784)	-	(624)	(3,672)	(10,080)
Total expenses	310,775	947,010	309,217	377,948	1,944,950
Company's share of the results, net, of investees	2,571	690	278	1,631	5,170
Income before taxes on income	185,956	98,699	96,957	1,771	383,383
Other comprehensive income before taxes on income	25,752	6,908	2,780	16,346	51,786
Comprehensive income (loss) before taxes on income	211,708	105,607	99,737	18,117	435,169
Liabilities for insurance contracts, gross, as at December 31, 2017	2,469,327	717,342	699,014	1,882,796	5,768,479
Liabilities for insurance contracts in retention as at December 31, 2017	2,199,627	717,342	232,322	1,601,360	4,750,651

(*) 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.