Clal Insurance Enterprises Holdings Ltd.

As of September 30, 2021

This report is an unofficial translation from the Hebrew language and is intended for convenience purposes only.

The binding version of the report is in the Hebrew language only.

Table of Contents

The Board of Directors' report on the state of the corporation's affairs for the period ended September 30, 2021 (hereinafter: the "**Board of Directors' Report"**) reviews the principal changes which occurred in the operations of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Company**") during the first nine months of 2021 (hereinafter: the "**Reporting Period**") and during the three months ended September 30, 2021 (hereinafter: the "**Quarter**").

The Board of Directors' Report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. The Board of Directors' Report with respect to insurance business operations was prepared in accordance with the Insurance Business Control Regulations (Particulars of Report), 1998, and in accordance with circulars issued by the Commissioner of the Capital Markets, Insurance and Savings (hereinafter: the "**Commissioner**"), and based on the assumption that the reader also has available the full periodic report for the year ended December 31, 2020 (hereinafter: the "**Periodic Report**" and/or the "**Annual Financial Statements**").

1. Description of controlling shareholders and changes in the Company's holdings

In the Commissioner's letter dated December 8, 2019, it was determined that there is no entity which holds the Company's means of control, either directly or indirectly.

For additional details regarding the holdings in the Company during the reporting period, see Note 1 to the financial statements.

2. Board of Directors' Remarks Regarding the Corporation's Business Position

2.1 Financial information by operating segments (for details regarding operating segments, see Note 4 to the financial statements).

A. The Company's results during the reporting period

Comprehensive income after tax attributable to the Company's shareholders in the reporting period amounted to a total of approximately NIS 1,007 million, as compared with comprehensive loss of approximately NIS 80 million in the corresponding period last year.

The increase in income during the reporting period was mostly due to the Company's high returns in the capital markets, and the increased value of non-marketable financial investments, such that the financial margin in life insurance amounted to a total of approximately NIS 1,107 million, and investment income which was unallocated to segments amounted to a total of approximately NIS 631 million, as compared with the financial margin in the amount of approximately NIS 428 million, and investment income which was unallocated to segments in the amount of approximately NIS 34 million in the corresponding period last year, which was affected last year by the coronavirus crisis.

Additionally, during the reporting period, the Company's business results presented continued improvement in accordance with the strategic plan, such that, during the reporting period, underwriting results improved in the insurance segments, as specified below in sections 2.1.1-2.1.3. Gross premiums earned, contributions and receipts with respect to investment contracts during the reporting period amounted to a total of approximately NIS 18,946 million, as compared with a total of approximately NIS 14,452 million in the corresponding period last year, an increase of approximately 31%. The increase was mostly due to receipts with respect to pure savings products in the life insurance segment, the increase in contributions in provident funds, and the increase in premiums in non-life and life insurance, while maintaining a similar level of expenses as in the corresponding period last year, except for an increase in variable compensation expenses during the reporting period, in light of the Company's results.

The foregoing resulted in a decrease in the ratio between general and administrative expenses and fees, marketing expenses and other acquisition expenses to total gross premiums earned, contributions and receipts in respect of investment contracts, to a ratio of approximately 11% during the reporting period, from a ratio of approximately 14% in the corresponding period last year.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

A. The Company's results during the reporting period (Cont.)

During the reporting period, there was a significant increase in managed assets of pension and provident funds. The significant increase in managed assets, beyond the positive impact of the returns during the reporting period, was due to the significant improvement in the amount of inbound transfers, and the transition to net positive transfers. There was also a significant increase in management fee revenues, in both pension and provident funds, relative to the reporting period last year, as well as a significant increase in the segments' profitability, respectively, as compared with the corresponding period last year. For additional details, see sections 2.1.1.3 and 2.1.1.4 below.

These effects were partly offset due to the fact that, during the reporting period, the Company increased the insurance reserves with respect to the low interest rate environment in the amount of approximately NIS 29 million, as compared with a decrease of the reserves in the amount of approximately NIS 229 million in the corresponding period last year, as specified in the following table.

Assets managed by the Company as of September 30, 2021 amounted to a total of approximately NIS 268 billion, as compared with a total of approximately NIS 237 billion as of December 31, 2020, an increase of approximately 13%.

Return on equity in annual terms during the reporting period amounted to a rate of 21.3%, as compared with a negative rate of 1.9% in the corresponding period last year, which was affected by the capital market, due to the coronavirus crisis.

The results during the reporting period and during the quarter, and in the corresponding periods last year, respectively, as specified below, include (inter alia) the following effects (for details regarding additional effects on the operating segments' results, see section D below).

	1-9		7-9		Year
	2021	2020	2021	2020	2020
NIS in millions	Unaudited				Audited
Life insurance -					
Profit with respect to the change in the discount interest rate which was used to calculate the liability to supplement annuity and paid pension reserves	**87**	36	**55**	17	144
Profit (loss) with respect to change in pension reserves following the decreased forecast of future income (K factor)	**(46)**	(144)	**(12)**	10	(32)
Total effect of interest rate changes on the liability to supplement the annuity and paid pension reserves [1)]	**41**	(108)	**43**	27	112
Change in other assumptions used in the calculation of liabilities to supplement annuity reserves	**-**	-	**-**	-	(9)
Total special effects - life insurance 1)	**41**	(108)	**43**	27	103
Impact due to the implications of the Winograd and Kaminetz Committees and in consideration of the ruling which was given for the National Insurance Institute [2)]	**-**	45	**-**	48	45
Effect of the interest rate decrease on reserves in non-life insurance [1)]	**(76)**	-	**(30)**	-	(30)
Total special effects - **non-life insurance**	**(76)**	45	**(30)**	48	15
Long-term care insurance in the health segment - Liability adequacy test (LAT)	**6**	292	**35**	88	292
Total special effects before tax	**(29)**	229	**48**	163	410

Notes:

1. Changes in main estimates and assumptions which were used to calculate liabilities due to financial effects For additional details, see Note 38(e)(e1)(d) and Note 38(e)(e2)(4)a to the annual financial statements.
2. In September 2020 the Supreme Court gave a ruling in a case involving the National Insurance Institute, in which the Court determined that the National Insurance Institute is required to set the subrogation claim which it filed based on a discount rate of 3% (instead of a discount rate of 2%, which had been demanded by the National Insurance Institute). In accordance with the conclusions of the Kaminetz committee (hereinafter: the "**Implications of the Winograd and Kaminetz Committees**")

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

B. The Company's results during the quarter

Comprehensive income after tax attributable to company shareholders in the current quarter amounted to a total of approximately NIS 248 million, as compared with comprehensive income of approximately NIS 265 million in the corresponding period last year.

The decrease in income in the current quarter was mostly due to the Company's reduction of the insurance reserves with respect to the low interest rate environment in the amount of approximately NIS 48 million, as compared with the reduction of the reserves in the amount of approximately NIS 163 million in the corresponding period last year, as specified in the above table.

On the other hand, during the current quarter the Company achieved high returns in the capital markets and appreciation of non-marketable financial investments, such that the financial margin in life insurance amounted to a total of approximately NIS 266 million, and investment income which was unallocated to segments amounted to a total of approximately NIS 155 million, as compared with the financial margin in the amount of approximately NIS 171 million, and investment income which was unallocated to segments in the amount of approximately NIS 87 million in the corresponding period last year. Additionally, during the current quarter the Company's business results presented continued improvement in accordance with the strategic plan, such that, during the reporting period, underwriting results improved in the insurance, health and long-term care segments.

Gross premiums earned, contributions and receipts with respect to investment contracts during the reporting period amounted to a total of approximately NIS 6,828 million, as compared with a total of approximately NIS 4,797 million in the corresponding period last year, an increase of approximately 42%. The increase was mostly due to receipts with respect to pure savings products in the life insurance segment, the increase in contributions in provident funds, and the increase in premiums in life insurance and non-life insurance, while maintaining a similar level of expenses as in the corresponding period last year, except for an increase in variable compensation expenses during the reporting period, in light of the Company's results.

The foregoing resulted in a decrease in the ratio between general and administrative expenses and fees, marketing expenses and other acquisition expenses to total gross premiums earned, contributions and receipts in respect of investment contracts, to a ratio of approximately 11% in the current quarter, from a ratio of approximately 15% in the corresponding period last year.

Return on equity in annual terms during the current quarter amounted to a rate of 14.0%, as compared with a rate of 19.8% in the corresponding period last year.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

C. Market developments after the reporting date

During the period from the reporting date until proximate to the publication date of the report, the risk-free interest rate curve decreased. Further to that stated in Note 38(e)(e1) and (e2) to the financial statements, a decrease in the interest rate may lead to an increase in insurance liabilities.

On the other hand, an offsetting effect is expected due to the capital market increases which occurred during the period, which have a positive effect on the nostro and profit-sharing investment portfolios managed by the Company.

At this stage it is not possible to estimate the consequences of the foregoing during the period on the financial results for 2021, due, inter alia, to the uncertainty regarding the effects that the foregoing developments may have on the estimated insurance liabilities of Clal Insurance, with respect to the effect of the decrease in the interest rate curve on the fair value of debt assets, and with respect to continued developments in financial markets and the effect of the Company's other activities until the end of 2021, and therefore, the foregoing does not constitute an estimate of the Company's projected financial results in 2021.

D. Additional main details and additional main effects, by segments

Presented below are details regarding the main components included in comprehensive income:

		1-9		7-9		Year
		2021	2020	2021	2020	2020
NIS in millions	Item	Unaudited		Unaudited		Audited
Life insurance	2.1.1.1	**694**	(234)	**127**	61	366
Pension	2.1.1.4	**22**	9	**11**	5	6
Provident	2.1.1.3	**8**	1	**3**	-	(2)
Total long term savings division		**723**	(225)	**141**	65	370
Non-life insurance	2.1.2	**90**	-	**3**	138	49
Health	2.1.3	**206**	147	**109**	107	175
Financing expenses	2.1.6	**129**	106	**43**	38	143
Other and items not included in the insurance branches	2.1.4	**621**	1	**160**	76	381
Total comprehensive income (loss) before tax		**1,512**	(182)	**369**	348	832
Taxes (tax benefit) on comprehensive income		**501**	(104)	**120**	81	226
Total comprehensive income (loss) for the period, net of tax		**1,011**	(78)	**249**	267	606
Attributable to Company shareholders		**1,007**	(80)	**248**	265	602
Attributable to non-controlling interests		**4**	2	**1**	2	4
Return on equity in annual terms (in percent) *)		**21.3**	(1.9)	**14.0**	19.8	10.6

***)** Return on equity is calculated by dividing the profit for the period attributable to the company's shareholders, by the equity as of the beginning of the period attributable to shareholders in the company.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.1. Long-term savings

2.1.1.1 Life insurance operations

Life insurance	1-9		7-9		
	2021	2020	2021	2020	Note
Gross premiums earned	**4,573**	4,289	**1,552**	1,438	The increase in premiums during the reporting period and during the quarter was mostly due to the return to the workforce, which stopped the downward trend in premiums from managers' insurance products in life insurance, due to the coronavirus crisis.
Comprehensive income (loss)	**694**	(234)	**127**	61	**Reporting period** - The transition to income during the reporting period was mostly due to the increase in investment income, including the increased financial margin in life insurance, which amounted to a total of approximately NIS 1,107 million, as compared with the financial margin in the amount of approximately NIS 428 million last year. Out of this amount, during the reporting period variable management fees were collected in the amount of approximately NIS 427 million, as compared with no collection last year. Gross real returns in profit sharing policies amounted to a rate of 8.34%, as compared with a negative rate of 2.24% last year, due to the coronavirus crisis. Additionally, during the reporting period, due to the low interest rate environment, the reserves decreased due to financial effects in the amount of approximately NIS 41 million, as compared with an increase of the reserves in the amount of approximately NIS 108 million in the corresponding period last year. An increase in profit from risk was also recorded during the reporting period. **Quarter** - The increase in income during the current quarter was mostly due to the increase in investment income, including the financial margin, which amounted to a total of approximately NIS 266 million in the current quarter, as compared with a total of approximately NIS 171 million last year, despite the decrease in real returns in gross profit sharing policies, which amounted to a rate of 0.90% in the current quarter, as compared with a rate of 3.38% in the corresponding period last year, mostly due to the collection of variable management fees in the amount of approximately NIS 44 million in the current quarter, as compared with the non-collection last year of variable management fees with respect to investment losses which accrued for policyholders, and which were returned in 2020. Additionally, the annuity and paid pension reserves decreased due to the low interest rate environment in the amount of approximately NIS 43 million, as compared with a total of approximately NIS 27 million in the corresponding period last year.
Redemption rates of life insurance policies from the average reserve, in annual terms:	**1.4%**	1.6%	**1.4%**	1.8%	

Life insurance	1-9		7-9	
	2021	2020	2021	2020
Investment income (loss) applied to policyholders in profit sharing policies - Presented below are details regarding the estimated total of investment income (loss) which was applied to policyholders in life insurance and profit sharing investment contracts, calculated based on the returns and balances of the insurance reserves in the Company's business reports (NIS in millions):	**5,809**	(1,940)	**911**	1,870

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.1 Long-term savings (Cont.)

2.1.1.2 Data regarding premiums earned, management fees and financial margin in life insurance:

	1-9		7-9		Year
NIS in millions	2021	2020	2021	2020	2020
Variable management fees	**427**	-	**44**	-	305
Fixed management fees	**425**	358	**147**	122	485
Total management fees	**852**	358	**191**	122	790
Total financial margin and management fees	**1,107**	428	**266**	171	981
Current premiums	**3,788**	3,829	**1,267**	1,267	5,094
Non-recurring premiums	**785**	460	**285**	171	634
Total gross premiums earned	**4,573**	4,289	**1,552**	1,438	5,729
Current premiums	**29**	34	**10**	12	44
Non-recurring premiums	**3,848**	1,090	**1,464**	269	1,540
Total premiums with respect to pure savings	**3,877**	1,123	**1,473**	281	1,584

Details regarding the rates of return in profit-sharing policies

	Policies issued during the years 1992 to 2003 (Fund J)				
	1-9		7-9		Year
NIS in millions	2021	2020*)	2021	2020	2020
Real return before payment of management fees	**8.34**	(2.24)	**0.90**	3.38	6.38
Real return after payment of management fees	**6.71**	(2.66)	**0.65**	3.24	4.92
Nominal return before payment of management fees	**10.72**	(2.82)	**1.70**	3.49	5.74
Nominal return after payment of management fees	**9.06**	(3.24)	**1.45**	3.34	4.29

	Policies issued beginning in 2004 (New Fund J)				
	1-9		7-9		Year
NIS in millions	2021	2020*)	2021	2020	2020
Real return before payment of management fees	**7.12**	(2.17)	**0.27**	3.35	6.37
Real return after payment of management fees	**6.38**	(2.94)	**0.04**	3.09	5.29
Nominal return before payment of management fees	**9.48**	(2.76)	**1.06**	3.45	5.74
Nominal return after payment of management fees	**8.72**	(3.51)	**0.83**	3.19	4.66

*) The negative return last year was mostly due to the coronavirus crisis.

2.1.1.3 Provident fund operations

	1-9		7-9		
	2021	2020	2021	2020	Note
Comprehensive income	**8**	1	**3**	-	The increase in income during the reporting period and during the quarter was due to the increase in income from management fees, due to the growth of the managed portfolio, and investment income in the nostro portfolio relative to last year.
Contributions	**2,332**	1,549	**908**	484	The increase was due to the increase in routine deposits and one-time deposits in accordance with section 190.

2.1.1.4 Pension operations

	1-9		7-9		
	2021	2020	2021	2020	Note
Comprehensive income	**22**	9	**11**	5	The increase in income during the reporting period and during the quarter was due to the increase in income from management fees, due to the growth of the managed portfolio, and investment income in the nostro portfolio relative to last year.
Contributions	**5,038**	4,694	**1,808**	1,640	

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.2 Non-life insurance - Presented below is the distribution of premiums and comprehensive income:

	1-9		Q3		
	2021	2020	2021	2020	Note
Non-life insurance					
Gross premiums	**2,329**	2,029	**727**	682	**Reporting period and current quarter** - The increase in premiums was due to the increase in the number of policies in most sectors, mostly in individual business from compulsory motor and motor property. Premium increases in directors' liability and growth of large businesses.
Comprehensive income	**90**	-	**3**	138	**Reporting period** - The increase in income during the reporting period was mostly due to the increase in surplus investment income over the income required to cover the increase in insurance liabilities which are due to discounting and linkage, as compared with the corresponding period last year, which was affected by the coronavirus crisis. There was also underwriting improvement, mostly in the property and liabilities branches, while on the other hand there was a deterioration in underwriting in motor property, and reserves were increased due to the effect of the interest rate environment in the amount of approximately NIS 76 million, as compared with a decrease of the reserves with respect to the implications of the Winograd committee, in the amount of approximately NIS 45 million in the corresponding period last year. **Quarter** - The decrease in income was mostly due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities which are due to discounting and linkage, as compared with the corresponding period last year. There was also a deterioration in underwriting, mostly in the motor property branch. An increase of reserves was also performed due to the impact of interest rate environment, in the amount of approximately NIS 30 million, as compared with a reduction of the reserves due to the implications of the Winograd committee in the amount of approximately NIS 48 million in the corresponding quarter last year.
Motor property					
Gross premiums	**617**	530	**200**	175	The increase in premiums during the reporting period and during the current quarter was mostly due to individual business operations.
Comprehensive income (loss) before tax	**11**	43	**(13)**	16	**Reporting period** - The decrease in income during the reporting period was mostly due to the decrease in average premiums, and the fact that the corresponding period last year was characterized by a decline in the prevalence of claims, due to the lockdowns which were imposed because of the coronavirus crisis. This effect was partly offset by the increase in investment income. **Current quarter** - The transition to loss was mostly due to the decrease in average premiums, and the fact that the corresponding period last year included a decrease in the prevalence of claims, as a result of the lockdowns which were imposed because of the coronavirus crisis.
Gross LR	**76%**	61%	**83%**	66%	
LR on retention	**70%**	53%	**79%**	57%	
Gross CR	**103%**	88%	**111%**	94%	
CR on retention	**102%**	88%	**112%**	93%	
Compulsory motor					
Gross premiums	**479**	424	**168**	160	The increase in premiums during the reporting period and during the quarter was mostly due to the growth of individual business operations.
Comprehensive income (loss)	**(4)**	4	**(3)**	68	**Reporting period** - The transition to loss during the reporting period was mostly due to the increase of reserves due to the effect of the interest rate environment, in the amount of approximately NIS 32 million, as compared with the decrease of the reserves due to the implications of the Winograd committee, in the amount of approximately NIS 33 million, in the corresponding period last year. On the other hand, there was an increase in surplus investment income over the income required to cover the increase in insurance liabilities due to discounting and linkage, as compared with the corresponding period last year, which was affected by the coronavirus crisis. **Current quarter** - The transition to loss was mostly due to the fact that the reserves were increased due to the impact of the interest rate environment in the amount of approximately NIS 12 million, as compared with a decrease of the reserves due to the implications of the Winograd committee in the amount of approximately NIS 35 million in the corresponding quarter last year, and also due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities due to discounting and linkage, as compared with the corresponding period last year.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.2 Non-life insurance - presented below is the distribution of premiums and comprehensive income (Cont.)

	1-9		Q3		
	2021	2020	2021	2020	Note
Property and others branches					
Gross premiums	**737**	658	**210**	193	The increase in premiums during the reporting period and during the quarter was mostly due to the growth of large businesses.
Comprehensive income	**66**	38	**26**	22	**Reporting period** - The increase in income was mostly due to underwriting improvement and the increase in surplus investment income over the income required to cover the increase in insurance liabilities due to discounting and linkage. On the other hand, an increase of the reserves was performed due to the impact of the interest rate environment in the amount of approximately NIS 8 million.
Gross LR	**31%**	25%	**32%**	33%	
LR on retention	**27%**	30%	**18%**	28%	
Gross CR	**54%**	50%	**56%**	61%	
CR on retention	**67%**	73%	**62%**	71%	
Credit insurance					
Gross premiums	**92**	85	**31**	31	
Comprehensive income	**29**	13	**10**	15	**Reporting period** - The increase in income was mostly due to the increase of insurance reserves last year, due to the coronavirus crisis.
LR on retention	**27%**	33%	**33%**	(35%)	
CR on retention	**52%**	59%	**54%**	(10%)	
Liability branches					
Gross premiums	**404**	331	**117**	122	The increase in premiums during the reporting period was mostly due to the growth of large businesses.
Comprehensive income (loss)	**(12)**	(99)	**(16)**	17	**Reporting period** - The decrease in loss was mostly due to the increase in surplus investment income over the income required to cover the increase in insurance liabilities which are due to discounting and linkage. There was also underwriting improvement in all liability branches. On the other hand, an increase of the reserves was performed due to the impact of the interest rate environment in the amount of approximately NIS 36 million, as compared with a decrease of the reserves with respect to the implications of the Winograd committee, in the amount of approximately NIS 12 million. **Current quarter** - The transition to loss was mostly due to the fact that reserves were increased due to the impact of the interest rate environment in the amount of approximately NIS 17 million, as compared with a decrease of the reserves due to the implications of the Winograd committee in the amount of approximately NIS 13 million, and also due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities due to discounting and linkage.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.3. Health insurance

	1-9		7-9		
	2021	2020	2021	2020	Note
Gross premiums earned	**1,047**	971	**368**	318	**Reporting period and current quarter** - During the reporting period and during the current quarter, an increase was recorded, mostly in premiums from the individual activity.
Comprehensive income	**206**	147	**109**	107	**Reporting period** - The increase in income during the reporting period was mostly due to the increase in surplus investment income over the income required to cover the increase in insurance liabilities during the reporting period, as compared with the investment loss in the corresponding period last year, due to the coronavirus crisis. The increase in income was offset by the decrease of the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 5 million, as compared with a decrease of the provision in the amount of approximately NIS 292 million last year, while additionally, in the corresponding period last year, negative claims development was recorded in the Maccabi and Leumit collectives, relative to the reporting period. **Current quarter** - The increase in income in the current quarter was mostly due to the negative development of claims in the Maccabi and Leumit collectives in the corresponding quarter last year, and also due to the increase in underwriting profit in the illness and hospitalization branch relative to the corresponding quarter last year last year. This growth was offset due to the decrease of the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 34 million in the current quarter, as compared with a decrease of the provision in the amount of approximately NIS 89 million the corresponding quarter last year.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.3. Health insurance (Cont.)

	1-9		7-9		
	2021	2020	2021	2020	Note
Long-term care branch - comprehensive income (loss)					
Individual	**90**	204	**66**	113	**Reporting period** - The decrease in income was mostly due to the decrease of the provision with respect to the liability adequacy test (LAT) during the reporting period, in the amount of approximately NIS 2 million, as compared with the decrease of the provision in the amount of approximately NIS 288 million in the corresponding period last year. This effect was partly offset by investment income required to cover the increase in insurance liabilities during the reporting period, as compared with investment loss which was recorded in the corresponding period last year. **Quarter** - The decreased in income during the current quarter, relative to the corresponding period last year, was mostly due to the decrease of the provision with respect to the liability adequacy test (LAT), which affected comprehensive income in the current quarter in the amount of approximately NIS 34 million, as compared with a decrease of the provision in the amount of approximately NIS 89 million the corresponding quarter last year.
Collectives, including health funds	**52**	(96)	**19**	(24)	**Reporting period** - The transition from loss to income during the reporting period, as compared with the corresponding period last year, was mostly due to the increase in surplus investment income over the income required to cover the increase in insurance liabilities, while additionally, during the corresponding period last year a negative development was recorded in collective Maccabi and Leumit claims, as compared with the reporting period. **Current quarter** - The transition from loss to income in the current quarter, as compared with the corresponding period last year, was due to the negative claims development in the Maccabi and Leumit collectives in the corresponding quarter last year, relative to the current quarter.
Illness and hospitalization branch - comprehensive income					
Long term	**68**	40	**24**	18	**Reporting period** - The increase in income during the reporting period was mostly due to the investment income required to cover the increase in insurance liabilities, relative to the corresponding period last year, which was partly offset, during the reporting period, by the decrease in underwriting profit relative to the corresponding period last year. **Quarter** - The increase in profit in the current quarter, as compared with the corresponding quarter last year, was due to the increase in underwriting profit in the current quarter, relative to the corresponding period last year.
Short term	**(5)**	(1)	**-**	-	**Reporting period** - The increase in loss was mostly due to the loss in investments required to cover the increase in insurance liabilities, as compared with the investment income in the current period, relative to the corresponding period last year.

Details regarding the investment income (loss) which was applied to policyholders in health insurance policies of the profit sharing long-term care type:

	Profit sharing long-term care policies of the individual and collective types				
	1-9		7-9		For the year
NIS in millions	2021	2020	2021	2020	2020
Investment income (loss) applied to policyholders	**105**	(31)	**18**	35	63

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.1 Financial information by operating segments (Cont.)

2.1.4 Other and items not included in the insurance branches

NIS in millions	1-6 2021	1-6 2020	4-6 2021	4-6 2020	Note
Total comprehensive income (loss) before tax	621	**1**	160	**76**	**Reporting period** - The increase in income during the reporting period was mostly due to investment income in the amount of approximately NIS 631 million during the reporting period, as compared with investment income in the amount of approximately NIS 34 million in the corresponding period last year, mostly due to the coronavirus crisis. **Current quarter** - The increase in income during the reporting period was due to investment income in the amount of approximately NIS 155 million in the current quarter, as compared with investment income in the amount of approximately NIS 87 million in the corresponding period last year.

2.1.5 General and administrative expenses

General and administrative expenses during the reporting period amounted to a total of approximately NIS 683 million, as compared with a total of approximately NIS 656 million last year, and during the quarter amounted to a total of approximately NIS 223 million, as compared with a total of approximately NIS 220 million in the corresponding period last year.

The increase in expenses during the reporting period and during the quarter was mostly due to variable payroll costs, in light of the financial results in the current year, and due to the reduction of general and administrative expenses last year, due to the coronavirus crisis.

2.1.6 Financing expenses in operations which are not allocated to segments

Financing expenses in the reporting period amounted to a total of approximately NIS 129 million, as compared with approximately NIS 106 million in the corresponding period last year. The increase during the reporting period was due to the increase of 2.2% in the consumer price index, as compared with the decrease of 0.6% last year. The increase was also due to the issuance of bonds (Series L) in August 2021. For additional details regarding the issuance, see Note 8(i) to the financial statements.

Expenses during the quarter amounted to approximately NIS 43 million, as compared with approximately NIS 38 million in the corresponding period last year.
The increase in financing expenses during the quarter was due to the increase of 0.8% in the consumer price index, as compared with the increase of 0.1% in the corresponding period last year, and an issuance of bonds (Series L), as stated above.

2.2 Principal data from the consolidated statements of financial position

2.2.1. Assets

NIS in millions	As of September 30 2021	As of September 30 2020	As of December 31 2020	Rate of change since December %
Other financial investments	**34,392**	32,557	33,183	4
Assets managed for others (non-nostro) in the Group (NIS in millions):				
For investment-linked insurance contracts and investment contracts	**89,681**	72,445	79,565	13
For provident fund members [1]	**44,026**	35,606	37,348	18
For pension fund members *)	**99,827**	79,768	86,859	15
Total assets managed for others	**233,534**	187,819	203,772	15
Total managed assets	**267,926**	220,376	236,955	13
*) Out of this amount, total assets managed by Atudot Havatika	**12,966**	11,440	12,014	8

1. The consolidated financial statements do not include the assets managed in provident funds (except for provident funds regarding which Clal Insurance accepted upon itself an undertaking to deliver minimum guaranteed annual returns) and pension funds. For additional details, see Note 3(a)(2) to the annual financial statements.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.2 Principal data from the consolidated statements of financial position (Cont.)

2.2.2. Financial liabilities

As of the balance sheet date, the Group has deferred liability notes which were issued for capital purposes and balances which are used for operating activities. The Company has no balance of debt other than balances for operating activities.

2.2.3. Capital and capital requirements

A. Capital requirements in accordance with the provisions for implementation of an economic solvency regime 1)

The insurance companies in the Group are subject to the provisions of the Solvency II-based economic solvency regime in accordance with the provisions of the Commissioner's circular entitled "amendment to the consolidated circular regarding provisions for the implementation of a Solvency II-based economic solvency regime for insurance companies", which was published on October 14, 2020.

A letter of the Commissioner was published on March 14, 2021, in which the deadline for reporting and publishing the economic solvency ratio report as of December 31, 2020 was postponed to June 30, 2021. The letter also allows the Company not to publish an economic solvency ratio report as of June 30, 2021.

On June 30, 2021, Clal Insurance approved and published the economic solvency ratio report as of December 31, 2020, which is available on the Group's website at https://www.clalbit.co.il/aboutclalinsurance/financialstatementsandpressrelease/

In accordance with the Commissioner's letter dated March 14, 2020, Clal Insurance is entitled not to publish the economic solvency ratio as of June 30, 2021, and the deadline for the reporting and publication of the solvency ratio as of December 31, 2021 will be in June 2022.

In accordance with the provisions of the consolidated circular, Clal Insurance performed an unaudited and unreviewed internal calculation of the economic solvency ratio as of June 30, 2021, which was reported to the Commissioner, and estimates that it does not include any significant change with respect to the capital position of Clal Insurance, relative to the solvency ratio report as of December 31, 2020.

It is further noted that during the period from June 30, 2021 until proximate to the publication date of the financial statements for the period ended September 30, 2021, the risk-free interest rate curve decreased, which had a negative impact on the solvency ratio, while on the other hand, an offsetting effect is expected due to the capital market increases, which influence, inter alia, the amount of variable management fees that are collected by the Company, the collection of which, at year end, is expected to positively affect the solvency ratio.

At this stage, it is not possible to estimate the foregoing implications on the solvency ratio as of December 31, 2021, due, inter alia, to the uncertainty both regarding the effect of the foregoing developments, and regarding the continued developments in financial markets and other effects until the end of 2021, and therefore, the foregoing does not constitute any estimate regarding the Company's solvency ratio in 2021.

It is noted that the calculation of the economic solvency ratio is based on data and models which may differ from those used by the Company in the financial reports, and which are based, inter alia, on forecasts and assumptions which rely, for the most part, on past experience. In particular, and as specified in the economic solvency regime circular, the calculation of the economic solvency ratio is significantly based on the embedded value calculation model. For additional details regarding the capital requirements which apply to the Group's member companies, see Note 16(e) to the annual financial statements.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.2 Principal data from the consolidated statements of financial position (Cont.)

2.2.3. Capital and capital requirements (Cont.)

A. *Capital requirements in accordance with the provisions for implementation of an economic solvency regime [1)] (Cont.)*

For additional information, including a general description of the economic solvency regime, the general underlying principles of the regime, the methodology for calculation of the economic balance sheet and of the solvency capital requirement, provisions with respect to the distribution period, a general overview of directives issued by the Commissioner of Capital Markets in connection with the economic solvency ratio report, definitions of key concepts, remarks and clarifications, see also sections 1, 3.1, 4.1 and 5.1 of the economic solvency ratio report of Clal Insurance as of December 31, 2020.

The calculation which Clal Insurance conducted as of December 31, 2020 was audited[1] by the auditors.

Presented below are data regarding the solvency ratio and minimum capital requirement of Clal Insurance in accordance with the Solvency II regime.

1. Economic solvency ratio

As of December 31	2020	2019
NIS in millions	Audited	
Equity for the purpose of the solvency capital requirement	**12,957**	12,082
Solvency capital requirement	**8,449**	7,673
Surplus	**4,509**	4,409
Economic solvency ratio report (in percent)	**153%**	157%
Impact of significant equity transactions which took place during the period between the calculation date and the publication date of the Company's economic solvency ratio report		
Raising (repayment) of equity instruments	**(112)**	450
Equity for the purpose of the solvency capital requirement	**12,845**	12,532
Surplus	**4,396**	4,859
Economic solvency ratio report (in percent)	**152%**	163%

For details regarding the solvency ratio without implementation of the transitional provisions in the distribution period, and without adjustment of the stock scenario, and regarding the target solvency ratio and restrictions which apply to the Company regarding dividend distributions, see section 3 below.

For events during the reporting period and after the reporting date, and for their potential effects on the solvency ratio, see section 2.1(a)-(c) above.

[1] The audit was conducted in accordance with ISAE 3400 - The Examination of Prospective Financial Information.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.2 Principal data from the consolidated statements of financial position (Cont.)

2.2.3. Capital and capital requirements (Cont.)

A. *Capital requirements in accordance with the provisions for implementation of an economic solvency regime [1)] (Cont.)*

2. Minimum capital requirement (MCR)

As of December 31	2020	2019
NIS in millions	Audited	
MCR	**2,112**	1,918
Equity for the purpose of MCR	**9,165**	8,629

3. Solvency ratio without implementation of the transitional provisions in the distribution period, and without adjustment of the stock scenario

In accordance with the letter which was published by the Authority in October 2017 (hereinafter: the "**Letter**"), an insurance company will be entitled to distribute dividends only if, after the performance of the distribution, the company has a minimum solvency ratio of 100% according to the economic solvency regime, calculated without the transitional provisions, and subject to the solvency ratio target which was determined by the insurance company's board of directors. This ratio will be calculated without the expedient which was given with respect to the original difference attributed to the acquisition of the activities of provident funds and managing companies. The letter also included provisions regarding reporting to the Commissioner.

Presented below are data regarding the Company's economic solvency ratio, calculated without the provisions with respect to the distribution period and the stock scenario adjustment.

Solvency ratio without implementation of the transitional provisions in the distribution period, and without adjustment of the stock scenario

As of December 31	2020	2019
NIS in millions	Audited	
Equity for the purpose of the solvency capital requirement	**9,686**	9,267
Solvency capital requirement	**10,509**	9,588
Deficit	**(823)**	(321)
Economic solvency ratio report (in percent)	**92%**	97%
Impact of significant equity transactions which took place during the period between the calculation date and the publication date of the Company's economic solvency ratio report		
Raising (repayment) of equity instruments	**(112)**	450
Equity for the purpose of the solvency capital requirement	**9,585**	9,717
Surplus (deficit)	**(925)**	129
Economic solvency ratio report (in percent)	**91%**	101%
The capital surplus in light of the equity transactions which were executed during the period between the calculation date and the publication date of the economic solvency ratio report, relative to the Board of Directors' target (see section B below):		
Target economic solvency ratio of the Board of Directors (in percent) *)	-	108%
Capital deficit relative to target	-	(638)

*) With respect to 2020, capital targets were determined as specified in section B below. Targets were not determined with respect to the solvency ratio without adopting the transitional provisions for the distribution period, and this ratio will be created in accordance with those targets until the end of 2032.

2. Board of Directors' Remarks Regarding the Corporation's Business Position (Cont.)

2.2 Principal data from the consolidated statements of financial position (Cont.)

2.2.3. Capital and capital requirements (Cont.)

B. *The Company's capital target*

The policy of management is to maintain a stable capital basis in order to guarantee its solvency and its ability to fulfill its undertakings to policyholders and to other interested parties, to maintain the Company's ability to continue its activity in order to generate returns for its shareholders, and to support future business activity. The Company is subject to capital requirements which are determined by the Commissioner.

In June 2021, the Company's Board of Directors discussed the capital management policy and established capital management targets, according to which the target range for the economic solvency ratio of Clal Insurance will be in the range of 150%-170%. It also determined a minimum solvency ratio target of 135%. These targets apply to the solvency ratio in consideration of the discount amount during the distribution period, until the end of 2032 and thereafter. The capital management policy and the capital targets are dynamic, and may be updated will update in accordance with the Company's risk appetite, and developments in the business environment.

As of December 31, 2020, the Company is meeting the determined target. It is hereby clarified that the foregoing does not guarantee that the Company will meet the determined targets at all times. It is noted that the current policy is comes in place of the policy which was published in March 2020, and does not pertain, at this stage, to the dividend distribution targets.

C. Issuance of bonds (Series L)

On August 26, 2021, Clalbit Finance Ltd. issued to the public bonds (Series L) in the amount of NIS 400 million. The bonds are recognized as Tier 2 capital in Clal Insurance. For additional details, see Note 8(i) to the financial statements.

2.3. Financing sources

The Company considers it highly important to maintain and hold sufficient cash balances, in a manner that will allow it to repay its current liabilities, guarantees and letters of indemnity which it provided for the liabilities of wholly owned investee companies (see Note 38(d)(1) to the annual financial statements), and also to support, insofar as required, the capital needs of Clal Insurance and the liquidity needs with respect to the operations of other investee companies in the Group. Additional financing sources include, inter alia, dividend distributions from investee companies and the option to dispose investments in investee companies, debt raisings from the banking system and/or from the public, and capital raisings.

2.3.1. Liquid resources and credit facilities *)

The following are data regarding the principal liquid resources of the Company:

NIS in millions	Balance as of September 30, 2021	Proximate to the publication date of the report **)
Liquid resources of the Company (solo)	159	185

*) As of the reporting period, the Company has no credit facilities.
**) The increase after the reporting date was mostly due to the repayment of interest with respect to a Tier 1 capital note from Clal Insurance.

2.3.2. Financing characteristics

A. The Company, due to its status as a holding company, evaluates, within the context of financing and liquidity, the value of its assets against its liabilities, as well as the existence of liquid resources available to it, and also evaluates the reasonable accessibility of those resources, as required to continue its operations.

B. The Company's operations (investments, general and administrative expenses and dividend distributions) are generally financed by dividends received and capital raised from investee companies, by loans from banking corporations, and by considerations received from the sale of assets.

C. For details regarding the main financial movements in the Company (solo), see the interim cash flow data attributed to the Company itself (solo), which are included in the interim report.

D. For details regarding the Company's distributable earnings, which are adjusted to the Company's capital requirements, and regarding capital and capital requirements in the consolidated institutional entities and other companies in the Group, see Note 16 to the annual financial statements.

3. Material developments and changes in the macroeconomic environment during the reporting period

Parameter	Data for the period
Developments in the Israeli economy and employment rate	According to data from the Central Bureau of Statistics (third estimate), in the second quarter of 2021 GDP increased by 16.6%, in annual terms. The sharp increase was due to the lifting of most of the restrictions which had been imposed due to the coronavirus crisis, and the resumption of near-ordinary market activity during the quarter. There was also a significant increase in passenger vehicle imports (import taxes constitute a part of GDP), which intensified the increase in GDP relative to the first quarter of 2021. According to the macro-economic forecast of the Bank of Israel's Research Division, GDP is expected to grow at a rate of 7% and 5.5% in the years 2021 and 2022, respectively. The debt to GDP ratio is expected to amount to 7.5% and 7.3% in the years 2021 and 2022, respectively. According to the workforce survey of the Central Bureau of Statistics for September 2021: • Unemployment rate from the labor force among persons aged 15 or older: 5.3% (5.5% in August). • The extended unemployment rate is 7.9% (as compared with 8.1%). The composite state of the economy index for September 2021 remained stable (increased by 0.04%), as compared with the ongoing increases since January 2021, due to the re-opening of the economy beginning in February (after the third lockdown). The index was positively affected by the increases in the index of turnover in services (August), the index of turnover in retail commerce (August), consumer products imports (September), import of production inputs (September) and employee services (July). The available jobs rate in September also remained at record levels, reflecting the continued desire of most employers to expand activity after the opening of the economy. However, commodities exports (September) declined sharply. The industrial production index (August) and services exports (July) also declined and negatively affected the index. Finally, the end of range estimates, which are based on a survey of business trends that was conducted in September, also negatively affected the index.
Inflation data	The consumer price index increased in September and October at a rate of 0.2% and 0.1%, respectively. Significant price increases were recorded in the item for fresh vegetables, which rose by 9.5%. Significant price declines were seen in the hotel, leisure and travel items, which decreased by 15.4%, and in clothing, which decreased by 2.1%. During the last 12 months (September 2021 relative to September 2020), the consumer price index increased by 2.5%. According to the estimate of the Bank of Israel's Research Division, the inflation rate during the next four quarters (ending in the third quarter of 2022) is expected to be 1.7%, while at the end of 2022, it is expected to be 1.6%.

3. Material developments and changes in the macroeconomic environment during the reporting period (Cont.)

Parameter	Data for the period
Exchange rates	The sharp rise of the NIS continued in the third quarter as well. The NIS rose by 1.8% relative to the basket of currencies in September. In the third quarter, the NIS gained vs. the basket by 2.4%. In the third quarter, the NIS gained 1% vs. the USD, 3.6% vs. the GBP, and 4% vs. the GBP. The upwards pressure on the NIS is expected to continue, with the basic factors continuing to support the NIS (exports of hi-tech services, and significant investments in that sector). Following a 5.2% surplus in the current account this year, a moderate decline is expected in 2022, towards 4.8%. The Bank of Israel is operating several plans which are intended to address liquidity difficulties which harmed the financial system due to the coronavirus crisis, to guarantee the proper operation of financial markets, to ease credit terms in the economy, and to support economic activity and financial stability: out of its plan to purchase foreign currency at a scope of USD 30 billion, the Bank of Israel purchased approximately USD 27 billion. It is noted that the Bank of Israel's intervention is gradually decreasing, as it is continuing to intervene in the foreign currency market, but to a progressively lesser extent. Balances in foreign currency at the end of September 2021 amounted to approximately USD 204 billion, a decrease of approximately USD 2 billion relative to August. The balances constitute 46.3% of GDP.
Development of the interest rate and yields	For details the impact of the low interest rate environment, see Note 8(a) to the financial statements. During the second half of 2021, the Israeli economy continued recovering at a rapid pace, as part of the deconfinement following the third lockdown and the effectiveness of vaccines, which led to a sharp decline in infection rates, and allowed the extensive removal of restrictions on activity. During the second half of 2021 the interest rate was left unchanged, at a rate of 0.1%. According to the forecast of the Bank of Israel's Research Division, the monetary interest rate is expected to amount to 0.25%-0.1% in one year's time. The government deficit is expected to amount to 6.4% of GDP in 2021, and 4% of GDP in 2022. The bank's economists believe that the state budget for the years 2021-2022 (which was approved in early November) will anchor fiscal certainty during the forecast period. On the other hand, in recent months a continued increase has been observed in the inflationary environment around the world, which appears to be a temporary adjustment process. Since the scope of restrictions on economic activity in various countries varies frequently, supply difficulties could continue for longer than expected, which increases the uncertainty regarding inflation and monetary policy around the world.

Developments in the capital market in Israel and around the world (in terms of local currency)

In percent	1-9		7-9		Year
Stock indices in Israel	**2021**	**2020**	**2021**	**2020**	**2020**
Tel Aviv 35	20.2	(22.3)	7.1	(2.6)	(10.9)
Tel Aviv 90	17.4	(4.8)	1.8	11.8	18.1
Tel Aviv 125	18.6	(16.8)	5.4	1.5	(3.0)
Tel Aviv Growth	5.7	8.4	(7.3)	21.9	29.4
Bond indices in Israel					
General	2.6	(0.5)	1.3	1.2	0.8
Telbond CPI-linked	6.6	(3.8)	2.5	2.9	(0.6)
Telbond NIS-linked	2.1	(2.1)	0.3	4.6	(0.1)
Government CPI-linked	4.1	(0.5)	2.5	(1.4)	1.2
Government NIS-linked	(1.6)	1.5	(0.2)	(0.4)	1.3
Global stock indices					
Dow Jones	12.7	(1.8)	(0.4)	8.7	7.0
NASDAQ	13.5	25.6	0.3	12.5	43.5
Nikkei Tokyo	7.3	(2.0)	2.3	4.0	16.0
CAC - Paris	17.7	(19.2)	0.3	(2.1)	(7.1)
FTSE - London	9.7	(21.9)	0.7	(4.7)	(14.3)
DAX - Frankfurt	11.5	(3.2)	(1.5)	4.2	3.5
MSCI WORLD	12.8	0.3	0.1	8.4	14.1

For details regarding the effects on the financial results, see section 2 above and Note 5 to the financial statements.

3. Material developments and changes in the macroeconomic environment during the reporting period (Cont.)

Global economic developments	The third quarter of 2021 was greatly affected by the spread of the fourth wave of coronavirus infections and the administration of booster shots, which led to a resumption of full routine activity and the lifting of restrictions. The governments and central banks continued implementing unprecedented fiscal and monetary incentivization programs to support their economies and markets; however, some began communicating an intent to begin reducing their support. **United States** - During the third quarter of 2021, the USA continued its vaccination campaign, which helped to reduce infection rates and to facilitate the lifting of social restrictions. The lifting of restrictions contributed to a recovery of the American economy, and growth in the third quarter amounted to 2% (in annual terms). The Fed kept interest rates at around 0%-0.25%, while maintaining its unprecedented bond purchasing plan, at a rate of USD 120 billion per month, although the members of the Fed have already begun openly speaking about the need to reduce the purchase rate, particularly in light of the trend of rising inflation, which as of the end of the third quarter of 2021 had risen by 5.4% relative to last year. In parallel, the administration presented a fiscal support plan which includes investment in infrastructure and in alternative energy. The labor market continued improving, and the unemployment rate fell to 4.8%, along with an improvement in the number of new workplaces opening each month. **Europe** - EU countries continued the significant efforts to vaccinate their population during the third quarter of 2021, and achieved high vaccination rates, which allowed the lifting of most restrictions. The lifting of restrictions increased growth in the EU to 2.2% in the third quarter of 2021 (relative to the previous quarter). The European Central Bank is continuing its financial asset purchase plans. The unemployment rate continued declining, and amounted to 7.4% as of the end of the third quarter. **China** - The coronavirus is relatively under control, except for individual regional outbreaks, and there are essentially no comprehensive restrictions imposed in the country. The economy of China grew at a rate of 0.2% in the third quarter (relative to the corresponding quarter). During the third quarter of 2021, the central bank began implementing contractionary monetary measures both in terms of monetary supply, and in terms of reducing the loan provision rate. In terms of foreign relations with the United States no significant change occurred, except for several mid-level meetings between the countries.

4. Restrictions and supervision of the corporation's business

This chapter includes a review of highly significant laws, regulations, circulars, and position papers, or drafts of highly significant laws, regulations, circulars, and position papers, which apply to the activities of the Group's member companies and which are material to their activities, which were published by the Knesset, the Government, or the Commissioner of Capital Markets, Insurance and Savings, as applicable, after the date of publication of the annual financial statements.

4.1 General

4.1.1 Draft amendment to the addition to insurance circular

The addition to insurance circular regulates the conduct of insurance companies and insurance agents when adding an insurance applicant to an insurance plan, including, inter alia, provisions regarding the process of tailoring the insurance to the customer's specific needs.

In June 2021 a draft amendment to the addition to insurance circular was published, which includes, inter alia, provisions which are intended to adjust the process of addition to insurance for seniors and people with disabilities, including a requirement that addition to insurance for members of the aforementioned groups should be performed by service representatives who have been trained for this purpose, and that insurance applicants be allowed to include a representative on their behalf in the conversation. It was further proposed to determine that the sale process be performed in stages, in order to ensure that the addition to insurance for these groups is performed with clear intent on their part. The draft amendment includes a new requirement to conduct increased coordination of requirements when canceling a policy and transferring to another company, including in certain non-life insurance branches which were not subject to the foregoing obligation until now. According to the assessment of Clal Insurance, the draft amendment to the addition to insurance circular, insofar as it is accepted as binding, will add to the already existing complexity in the sale process, particularly with respect to seniors and people with disabilities, and will affect the processes of retention and renewal of various insurance covers. The proposed amendment with respect to the requirement of comparison and cancellation of policies in non-life insurance branches may also impose greater burdens non policy calculation processes during the period, when conducting the sale process, and will involve increased operating expenses.

The Company's estimate in connection with the possible implications of the draft amendment to the addition to insurance circular constitutes forward looking information, which is based on the information which is available to the Company as of the reporting date. Actual results may differ from the estimated results, and depend, inter alia, on the final wording of the amendment, insofar as it is published, the conduct of distributing entities, and on the choices of customers.

4.1.2 National regulatory improvement plan

In November 2021, the Knesset plenum passed the Regulatory Principles Law in the third reading, as part of passing the Economic Plan Law (Legislative Amendments to Achieve the Economic Policy for Budget Years 2021 and 2022), 2021, and the Economic Efficiency Law (Legislative Amendments to Achieve Budgetary Goals for budget years 2021 and 2022), 2021 (hereinafter, jointly: the "**Economic Arrangements Law**").

The Regulatory Principles Law includes the determination of a series of guiding principles which will be used by regulators when formulating and establishing regulations in Israel, and it was further determined that a regulatory authority will be created, which will work to implement the law's intent.

It was determined that regulatory policy in Israel will allow be formulated in a way that facilitates the realization of the fundamental purposes of regulation, and the promotion of the regulator's functions, while reducing excessive regulatory burdens, in consideration of the cost of complying with regulations, and its direct and indirect effects on promoting the economy, the environment and society, and that regulations will be published in a unified register. Pursuant to the law, regulatory processes will require the definition of targets, and the evaluation of those targets, at periodic intervals which will be defined with respect to each legislative provision.

4. Restrictions and supervision of the corporation's business (Cont.)

4.1 General (Cont.)

4.2.1 National regulatory improvement plan (Cont.)

The Regulatory Principles Law also specifies the responsibilities and authorities of the regulatory authority, including its authorities with respect to regulators who are responsible for regulating specific markets, and the regulatory authority's oversight thereof. In order to reduce the excessive regulatory burden, it was determined that the regulatory authority will have the authority to examine, or advise regulators to re-examine, existing regulations. It was further determined that public corporations will not be subject to the methodology of the regulatory authority and the government's authorities. Instead, public corporations will establish internal guidelines for assessing the effects of the regulation, and will be required to create an internal control mechanism to guarantee the quality of the assessment report on the effects of regulation, and will be required to publish it openly, save for exceptional cases. The provisions regarding public corporations will apply to the Capital Market, Insurance and Savings Authority for a period of six years, beginning on the application date, and thereafter will be subject to the provisions which apply to other regulators.

In accordance with its intent, the Regulatory Principles Law could result in reduced regulatory burden in Israel, and could lift activity barriers; however, the Group is unable to estimate the extent or format of such effects.

The Company's estimate in connection with the possible implications of the law constitutes forward looking information, which is based on the information which is available to the Company as of the reporting date. Actual results may differ from the estimated results, and depend, inter alia, on the manner in which the law is implemented.

4.1.3 The Partnership Taxation Bill

In August 2021, the Knesset plenum passed a proposed amendment to the Income Tax Ordinance regarding the taxation of partnerships and investment funds, as part of the proposed Economic Arrangements Law. In the proposed amendment, which was subsequently separated from the Economic Arrangements Law, it is proposed to update the rules of taxation and reporting which apply to partnerships in Israel, similarly to the reform which was implemented in connection with home companies and family companies, while adopting the taxation model which has been determined in the case law, which stipulates that the sale of interests in a partnership has the same legality as the sale of interests in a company.

It was further proposed to regulate the taxation method which applies to partnerships and partners which invest in financial assets through investment funds, and to regulate the tax benefits which are given for investments by foreign residents in venture capital funds which invest in R&D companies, or product manufacturing, or innovative, hi-tech processes, while canceling Section 16A, which formed the basis of most of the benefits that have been given until now, through specific approvals.

The Company is studying the provisions of the bill in connection with the partnership taxation reform, which is in the preliminary stages of the legislative process.

4.1.4 The Credit Data Bill

In October 2021 the Credit Data Bill (Various Amendments), 2021, was published, which on the one hand expanded the possibilities for the use of customers' credit data, while on the other, significantly expanded the examination and enforcement authorities of the Credit Data Commissioner.

It was stated in the bill, inter alia, that the credit indicator may also be given to guarantee the fulfillment of transaction terms, and not only for the purpose of engaging in new transactions, and that it will be expanded from a binary indicator of whether or not to give the customer credit, to an extensive indicator addressing an estimate of the chance that the customer will make their payments.

4. Restrictions and supervision of the corporation's business (Cont.)

4.1 General (Cont.)

4.1.4 The Credit Data Bill (Cont.)

The oversight authorities of Credit Data Sharing Commissioner were also expanded, and it was determined that they will be entitled to conduct examinations of the IT systems of the credit provider / information source in cases of concern regarding a violation of customer privacy or of information security, and rules were determined regarding the entity which is permitted to conduct the examinations, their training, and their authorities. It was further determined that the Credit Data Sharing Commissioner will be entitled to inform an information source or credit provider, as defined in the law, of the identification of flaws in their activity which are in breach of the provisions of the law, and to demand the correction of those flaws, subject to the provision of detailed notice regarding the flaws, with the potential sanctions including, inter alia, discontinuation of the use of the database. The list of violations for which financial sanctions may be imposed was also expanded. The institutional entities in the Group report to the Credit Data Sharing Commissioner various data which indicate that a debtor is not making their payments, in accordance with the rules prescribed in the Credit Data Law, and in regulations which have been enacted by virtue thereof.

The Company is studying the provisions of the draft bill in connection with the amendment to the Credit Data Law, which is in the preliminary stages of the legislative process. For details regarding the overall exposure to institutional entities in the Company's group, including with respect to enforcement authorities and/or alerts regarding the Commissioner's intention to impose financial sanctions on those entities, inter alia, in connection with decisions and/or position papers which are published by oversight bodies, see Note 7.D to the Company's financial statements.

4.1.5 Provision of financial information services

In November 2021, the Knesset plenum passed the Financial Information Services Bill in the third reading, as part of the Economic Arrangements Law.

Under the Financial Information Services Law, various financial entities which hold information regarding customers (hereinafter: "**Information Sources**"), including the institutional entities, were required to allow license holders, or supervised entities who were exempt from the licensing requirement (banks, institutional entities, credit card companies, and deposit and credit associations) (hereinafter: "**Financial Information Service Providers**") to receive, with the customer's consent, online access to the customer's financial information. Financial information service providers which received a license from the Israel Securities Authority will be subject to its oversight, while financial information service providers which are overseen by specific regulators will also be subject to its oversight for the purpose of this law, including as regards the imposition of financial sanctions in case of violations. The financial information which the institutional entities are required to submit includes information regarding credit, with respect to both individuals and corporations, beginning from November 14, 2023 for individuals, and beginning from May 15, 2024 for corporations. However, the provisions of the Financial Information Services Law will not apply to the transfer of information to the pension clearing house, or to the transfer of financial information to the credit database in accordance with the Credit Data Law.

4. Restrictions and supervision of the corporation's business (Cont.)

4.1 General (Cont.)

4.1.5 Provision of financial information services (Cont.)

Based on the financial information which will be received, financial information service providers will be able to offer services such as concentrating all information in a single location, comparing costs between various financial entities, transferring information to financial entities in order to receive value offers for the customer (i.e., competing price quotes), as well as financial advice, all through digital and advanced means. The Financial Information Services Law imposes on providers of financial information services obligations concerning trust, caution and confidentiality, and determines that service providers which are also information sources will not be entitled to give customers offers on their behalf regarding a product or service which is not included as part of the information which it is required to provide by law, or any similar product / service.

The Company is studying the possible implications of the Financial Information Services Law, including the operational implications associated with its adoption, and at this stage is unable to estimate its effects.

4.1.6 Draft principles for the implementation of the own risk and solvency assessment by insurance companies

In September 2021, draft principles for the implementation of the own risk and solvency assessment by insurance companies (ORSA) were published, as well as a draft amendment to the consolidated circular - Chapter 3, Part 4, Volume 5, "Reporting to the Commissioner of Capital Markets".
The ORSA process constitutes a part of the second layer, which pertains to internal control processes, risk management and corporate governance, and it addresses the insurance company's conducting of an internal assessment regarding the various risks to which it is exposed, as well as the adequacy of the cushions provided against them. In accordance with the draft, the Company is required to conduct an assessment at least once per year, and to submit to the Commissioner an annual report detailing the reciprocal relationship between the general strategy and the annual work plan, and the Company's risk profile, risk management policy, overall exposure level, and adequacy of cushions, in accordance with various assumptions and scenarios. This process must include evaluating and taking into account the capital management policy, the capital targets, and the various risk management tools which are applied in the Company.
The draft principles document includes principles of risk management in insurance companies, and specifically addresses various types of risks, including the establishment of a policy for the management of significant risks, the establishment of an internal reporting framework, the evaluation of risk factors in addition to or as differing from the assumptions used in the calculation of the solvency ratio, and more.
The draft also includes guidelines pertaining to capital management and the proper management of an insurance company, based on a quantitative and qualitative evaluation of the exposure to risk factors, through sensitivity analyses and financial, demographic and operational scenarios, in a time horizon of 3 to 5 years, with reference to the Company's risk profile and the time horizon of its liabilities.

The Company is studying the effects of the draft principles document.

The assessments of the Group's institutional entities in connection with the draft principles document regarding ORSA constitute forward looking information, which is based on the assumptions and estimates of the Group's institutional entities as of the publication date of the draft, and actual results may differ significantly from the forecast, depending, inter alia, on the method of its actual implementation.

4. Restrictions and supervision of the corporation's business (Cont.)

4.1 General (Cont.)

4.1.7 The Insurance Contract Law

In November 2021 the Ministry of Justice published a bill in amendment of the Insurance Contract Law (Prescription and Special Interest), in which it was proposed to determine that, despite the provisions regarding prescription which are set forth in the Insurance Contract Law, the prescription period will not be counted for one year after the date of submission of a complaint to the Commissioner, for the purpose of investigation in accordance with his authority, but no more than four years after the date of the insurance event, and with respect to life insurance, illness and hospitalization insurance, and long-term care insurance – no more than six years after the date of the insurance event.
The bill also includes a provision stipulating that the Court's authority to order an insurer to pay undisputed insurance benefits in good faith, plus special interest, will be expanded such that the Commissioner will be given a similar authority to order the insurance companies to pay special interest when the Commissioner has investigated a complaint in accordance with his authority, and has found that undisputed insurance benefits in good faith were not paid.

The aforementioned amendment, insofar as it is passed in its current version, is expected to result in an increase in the Company's insurance liabilities, and in claim settlement costs.

The Company's estimates regarding the implications of the bill regarding the extension of the prescription period in insurance and the determination of special interest constitute forward looking information, which is based on the Company's non-final estimates which are known as of the publication date of the report. The results of the aforementioned amendment may differ significantly from the forecast, inter alia, in light of the uncertainty regarding its final wording, insofar as it will be published, and regarding the manner in which the amendment implemented by the Commissioner.

4.2 Long-term savings

4.2.1 Collective loss of working capacity insurance

In May 2021, the Draft Control of Financial Services Regulations (Insurance) (Collective Loss of Working Capacity Insurance), 2021 (hereinafter: the "**Draft Regulations Regarding Collective Loss of Working Capacity Insurance**") were published, which includes a proposal to establish additional provisions regarding collective loss of working capacity insurance policies, which are intended to increase transparency towards the policyholder regarding their rights within the framework of the policy or changes thereto.

The provisions which were added in the draft regulations regarding collective loss of working capacity insurance address, inter alia, the requirement to obtain the policyholder's advance consent as a condition for adding them to a collective loss of working capacity policy, for raising the premiums, and for changing the scope of insurance coverage; The insurer's obligation to send notices when making changes to the policy terms, and when ending the insurance coverage thereunder; and regarding the required scope of insurance coverage in individual loss of working capacity insurance policies which are offered at the end of the collective policy, and restrictions on the amount of premiums which may be collected with respect thereto.

The Draft Regulations, insofar as they are accepted, will enter into effect on the date of their publication. The provisions will apply to collective loss of working capacity insurance policies which are formalized beginning from the commencement date, and to the renewal of collective policies from that same date, even if they were formalized before then.

Clal Insurance is studying the draft regulations regarding collective loss of working capacity insurance.

4. Restrictions and supervision of the corporation's business (Cont.)

4.2.2 Investment Regulations

Further to that stated in section 10.5.4.1 of the chapter "description of the corporation's business" in the Company's periodic reports for 2020, regarding the Investment Regulations, the consolidated circular and the investment rules, in June 2021 amendments to the Investment Regulations were announced, including, inter alia: (A) the restriction stipulating that an institutional investor may not hold over 20% of an ETF's units will only apply to ETF's which are related parties of the institutional entity; (B) Providing the possibility for an institutional investor to purchase in an issuance, through members' funds only, means of control at a scope of over 20% and up to an additional 15% or 29% (depending on the corporation's equity) of the means of control of certain corporations in the infrastructure segment in Israel, whereby the cumulative scope of investments of this kind will be limited to up to 4% of the revalued value of the institutional investor's assets; (C) Providing the possibility for institutional investors to invest in hybrid bonds in Israel, subject to the fulfillment of several conditions.

The amendments also include expedients regarding the types of investments which are permitted for old funds. In this regard, it is noted that Atudot Havatika is an old pension fund.

According to the assessment of the Group's institutional entities, at this stage, these amendments will not have a significant effect on the institutional entities, or on the rules regarding the investment of members' funds.

The assessments of the Group's institutional entities in connection with the amendment to the Investment Regulations constitutes forward looking information, which is based on the assumptions and estimates of the Group's institutional entities as of the publication date of the report, and actual results may differ significantly from the forecast, depending, inter alia, on the method of its actual implementation.

4.2.3 The Draft Control of Finance Services Regulations (Provident Funds) (Direct Expenses Due to Execution of Transactions) (Transitional Provision), 2021

Further to that stated in section 10.5.5.2 of the chapter "description of the corporation's business" in the Company's periodic reports for 2020, regarding the validity of the Control of Financial Services Regulations (Provident Funds)(Direct Expenses Due to Execution of Transactions), 2008 (hereinafter: the "**Expense Regulations**"), in November 2021 a report of advisory committee to the Commissioner regarding the evaluation of direct expenses was published (hereinafter: the "**Direct Expenses Report**"). In the direct expenses report, the committee recommended, inter alia, to cancel the collection of direct expenses separately from management fees, and to collect, where possible, a single, predetermined rate of the accrual; To encourage investment management as part of passive investment tracks, which will track several major indices in Israel and around the world; To allow the institutional entities to offer investment tracks with performance-based management fees; To improve the transparency to the Commissioner and to members, particularly with respect to the returns of non-marketable funds; To improve the decision-making processes of the investment committees on all matters associated with investment in non-marketable funds, and to improve the Commissioner's oversight capabilities in general, and particularly with respect to the investments of institutional entities.

In July 2021, a draft transitional provision was published which extended the validity of the Expense Regulations by three months, beginning from the date of assembly of the 24th Knesset (July 6, 2021), until January 6, 2022.

At this preliminary stage, before it is known which of the committee's recommendations will be adopted, and in what manner, the Group's institutional entities are unable to estimate the effect of the direct expenses report.

The Group's institutional entities estimate that the foregoing extension of the transitional provision will have a significant effect.

4. Restrictions and supervision of the corporation's business (Cont.)

4.2 Long-term savings (Cont.)

4.2.3 The Draft Control of Finance Services Regulations (Provident Funds) (Direct Expenses Due to Execution of Transactions) (Transitional Provision), 2021 (Cont.)

The assessments of the Group's institutional entities in connection with the direct expenses report and in connection with the transitional provision which extended the application of the Expense Regulations constituted forward looking information, which is based on the assumptions and estimates of the Group's institutional entities as of the publication date of the report, and actual results may differ significantly from the forecast, depending, inter alia, on the final wording of the report, and the manner and extent of the adoption of its recommendations.

4.2.4 Expansion of activity of branch-specific provident funds

In June 2021 the Commissioner published a "policy document regarding expansion of activity of companies managing only branch-specific provident funds", which primarily includes the specification of considerations which the Commissioner will take into account when granting approval to a company managing branch-specific provident funds, to manage a provident fund for investment or to expand the target group which is entitled to join the products which are managed by the branch-specific fund. The possibility to expand the activity of the branch-specific provident funds may result in the entry of new branch-specific provident funds into the segment of provident funds for investment, and in increased competition over the customers of those branches covered by the foregoing branch-specific funds.

The assessments of the Group's institutional entities in connection with the foregoing policy constitute forward looking information, which is based on the assumptions and estimates of the Group's institutional entities as of the publication date of the report, and actual results may differ significantly from the forecast, depending, inter alia, on the manner of actual implementation of the Commissioner's policy, the actions of provident funds in the branch, and customer preferences.

4.2.5 Default funds

As part of the provisions of the circular "**provisions regarding the selection of provident funds**", which addresses the selection of chosen pension funds, which are the default funds to which were added members who did not fill out a provident fund new member form, and whose employer did not choose a default fund in the competitive process they conducted, in September 2021, results were published of a process which involved the selection of four competing pension funds, including two new pension funds, to serve as chosen default funds for a period of three years, with management fees amounting to 1% of the deposits and 0.22% of the accrual, beginning in November 2021. The chosen funds were selected in a process which included giving preference to pension funds whose market share from deposits (as of the dates which were determined in the process) was less than 10%, and greater preference to funds whose market share from deposits was less than 5%, including entities which are not currently active in the pension fund market.

In accordance with the process for selecting the chosen funds, the management fees which will be collected by the chosen funds from annuity recipients who retire during the winning period (even if they joined through methods other than the default), will not exceed a rate of 0.3% per year for the entire annuity receipt period (as compared with a maximum rate of 0.5% in accordance with the law), similarly to the current requirement with respect to the currently active chosen funds.

In parallel, the provisions of the process for the selection of chosen funds includes an update regarding default annuity paying provident funds or study funds, which will be chosen through a competitive process to be conducted by the employer. With respect to that process, in which each managing company is entitled to participate, and the criteria for which include the service level indicator, returns and management fees, it was determined that the employer may also take into account a risk index (Sharpe index), and that the weight which will be given to the rate of management fees offered to old age annuity recipients who retire during the period when that fund is a chosen fund, will not exceed 10% of the grade.

4. Restrictions and supervision of the corporation's business (Cont.)

4.2 Long-term savings (Cont.)

4.2.5 Default funds (Cont.)

The creation of the default funds, and the competitive advantages which are available to them, have a significant sector-wide impact on the pension fund market. The provisions of the default fund circular, including the provisions in connection with the determination of management fees as a primary criterion, resulted in a decrease of the average management fees which are collected in annuity-paying provident funds and in study funds, in cancellation of new members of the pension fund of Clal Pension and Provident Funds through collective addition, in increased transfers from the pension fund of Clal Pension and Provident Funds (including due to the entry of default funds for employers, against which Clal Pension and Provident Funds competes), in changes to the business model of the managing companies, and accordingly, also in changes to the market shares of the current competitors, including Clal Pension and Provident Funds.

The undertaking to provide a discount on management fees to annuity recipients increased the competition between institutional entities, with respect to members who are near retirement age.

The aforementioned effect was intensified due to the combined impact of the aforementioned provisions, together with the **clarification regarding the "pension marketing process"**, which determines that an insurance agent, when performing a transaction (including addition) involving a pension product, must perform a pension marketing process as a condition for receiving a distribution commission with respect to the aforementioned product, and is not entitled to a distribution commission when adding members who have not filled out a provident fund new member form (addition by way of an "collective arrangement").

The Group's institutional entities believe that there is uncertainty regarding the effects that the process for the selection of new chosen funds could have on the continued intense competition in this market, and on the average rate of management fees which will be collected in annuity-paying provident funds and in study funds, inter alia, due to the entry of new players on the one hand, mergers which were performed in the pension fund market during the past year, and the rate of management fees which will be collected by the chosen funds, and their impact on the other market players. The demand for a benefit in the form of a discount on management fees also with respect to annuity recipients from the funds which will be chosen is also expected to increase competition between the institutional entities, including with respect to members who are close to retirement age.

The information presented on all matters associated with the possible implications of the provisions which are included in the default funds and in the process of selecting new chosen funds constitutes forward looking information, which is based on assumptions and estimates made by the Group as of the publication date of the report. Actual implementation may differ significantly from the forecast, and is significantly dependent on the following factors: the steps which will be taken by market players, including the Group's member companies, as regards dealing with the increasing competition in the market, and changes in the market shares and income from management fees; The relationships of the institutional entities with employers and distributing entities; the conduct of the competing institutional entities; the preferences of members and policyholders and their conduct with respect to their products; the conduct of employers and operating entities on their behalf; The implications of other regulatory changes in the segment, and their combined impact, together with the aforementioned provisions.

4. Restrictions and supervision of the corporation's business (Cont.)

4.2 Long-term savings (Cont.)

4.2.6 Standard structure circular and circular regarding the payment deposit method

Further to that stated in section 6.2.1.D of the chapter "description of the corporation's business" for 2020, regarding the removal of operational barriers, in June 2021 updates were published to the circular regarding the payment deposit method in provident funds, and to the standard structure circular for the transfer of information and data in the pension savings market, including, inter alia, provisions in connection with (A) An update to the interfaces which allow the execution of employer payments to pension products on behalf of their employees; (B) The method for submitting employer reports, and the obligation for the institutional entity to provide feedback as part of the employers interface; (C) The addition of an event creation interface, including reports regarding addition and change events, as well as an interface between the agent and the employer regarding the method for splitting the employee's funds between institutional entities, and the interface between the agent and the institutional entity for updating the method of splitting the funds into policies; (D) Changes to the reporting structure within the framework of the mobility interface; (E) Shortening the timetable for the institutional entity's submission of feedback and handling on various matters; and (F) Deferral of he entry into effect of the provisions regarding the employers interface, with respect to employers of up to 10 employees, until 2023, and for employers of up to 4 employees, until 2024.

The Group's institutional entities have worked, and are continuing to work, on operational preparations to implement the foregoing arrangements, including through improvements to the automation systems and to the work processes.

4.2.7 Non-enforcement position - pension advice by a banking corporation outside of the bank's branches to existing customers in the pension advice segment

Further to that stated in section 10.8.1.1(B) of the chapter "description of the corporation's business" in the Company's periodic reports for 2020, regarding the non-enforcement of enforcement measures against banking corporations which provide pension advice by digital means, or by telephone, until the lifting of the restrictions which were imposed in the law due to the coronavirus pandemic, in October 2021 an announcement was published which extended the validity of the position until January 2022, in consideration of the Ministry of Finance's intention to promote an amendment to the Control of Financial Services Law (Pension Advice, Marketing and Clearing Systems), 2005, as part of the economic plan for the years 2021-2022.

4.2.8 Change to the mechanism for ensuring the stability of pension fund returns

In November 2021, the Knesset plenum passed an amendment to the Control of Financial Services (Provident Funds) Law, 2005 in the third reading, as part of the passing of the Economic Arrangements Law, which includes provisions regarding a change to the mechanism for ensuring the stability of pension funds.

Within the framework of the legislative amendment, the current mechanism for ensuring the stability of pension savings in pension funds, through designated bonds (which provide an annual rate of return of 4.86%, index-linked), will be replaced by a new mechanism to secure the aforementioned stability by completing returns to an annual rate of 5.15%, index-linked.

4. Restrictions and supervision of the corporation's business (Cont.)

4.2 Long-term savings (Cont.)

4.2.8 Change to the mechanism for ensuring the stability of pension fund returns (Cont.)

The main change to the mechanism is that amounts which will be deposited in the pension funds beginning from July 1, 2022 (the "**Application Date**") and thereafter will be invested in the capital market. After 5 years, the assets' returns during the five year period will be compared to the cumulative target returns (returns of 28.54%, CPI-linked). Insofar as the returns of the assets in the capital market are lower than the target returns, the state will transfer the difference in returns to the pension fund.

If the returns of the assets in the capital market are higher than the cumulative returns target, the amount beyond the target returns will be transferred to a dedicated fund, which will be used to supplement the pension funds' returns in the future. The foregoing arrangement will apply to 30% of the pension fund's assets (distributed among ages according to the current distribution specified in the Crediting of Returns Regulations). The assets of pension funds which have been invested in designated bonds until the application date will be subject to the current mechanism, until the redemption date. It was further determined that regulatory change to regulate the details of operation of the foregoing mechanism in the legislative amendment will enter into effect before the application date.

The foregoing mechanism will apply to the comprehensive pension funds which are managed by Clal Pension and Provident Funds. At this preliminary stage, Clal Pension and Provident Funds is unable to estimate the full effects of the foregoing mechanism, which could, on the one hand, benefit members to a certain degree, in light of the change to the guaranteed rate of return, while on the other hand, it could change the mechanism applied to the method for guaranteeing returns. The amendment is expected to result in an increase of the scope of assets managed by the managing companies in the free market, both marketable and non-marketable, and is therefore expected to involve additional costs.

The Company's estimate in connection with the possible implications of the Economic Arrangements Law regarding the change to the mechanism for ensuring stability in pension fund returns constitutes forward looking information, which is based on the preliminary information which is available to the Company as of the reporting date. Actual results may differ from the estimated results, and depend, inter alia, on the manner in which the mechanism is implemented, and on the additional arrangements which will be determined in the regulations, the preparations of institutional entities, and market activity.

4.2.9 Amendment to the Retirement Age Law

In November 2021 the Knesset plenum passed an amendment to the Retirement Age Law, 2004, in the third reading, as part of the Economic Arrangements Law.

As part of the amendment to the Retirement Age Law, a mechanism was established by which the retirement age at which women may retire will be gradually increased, over a period of 11 years, from age 62 to age 65.

The proposed amendment includes increasing the retirement age for women broadly, across the entire economy (and not within the specific context of insurance and pension laws); however, it may have an indirect effect on the Group's institutional entities, inter alia, with respect to the period for deposits to provident funds, the annuity payments commencement date, and with respect to the period for purchasing insurance cover in case of death and loss of working capacity, which may be extended.

The amendment regarding retirement age for women is expected to result in an increase in deposits and an increase in premiums with respect to insurance covers during the additional employment years of women, and may also lead to increased claim payments in the relevant age groups.

4. Restrictions and supervision of the corporation's business (Cont.)

4.2 Long-term savings (Cont.)

4.2.9 Amendment to the Retirement Age Law (Cont.)

The Company's estimates regarding the implications of raising the retirement age constitutes forward looking information, which is based on the Company's non-final estimates which are known as of the publication date of the report, and which are expected to change according to the provisions regarding its implementation in pension products, insofar as it will be published.

4.2.10 Extension of the temporary risk period due to the coronavirus crisis

Further to that stated in section 6.2.2.G of the chapter "description of the corporation's business" in the Company's periodic reports for 2020, regarding the extension of the temporary risk period (automatic insurance coverage given to holders of managers' insurance policies and to members, and in pension funds upon discontinuation of deposits), due to the coronavirus pandemic, in September 2021 a draft amendment to the regulations was published, which extended the validity of the transitional provision until December 31, 2021.

4.2.11 Prohibition on money laundering

In October 2021, the Draft Prohibition on Money Laundering Order (Identification, Reporting and Record Keeping Obligations of Financial Service Providers to Prevent Money Laundering and Terrorism Financing), 2021 (hereinafter: the "**Draft Prohibition on Money Laundering Order**"), was published, which mostly included the publication of a Prohibition on Money Laundering Order which will apply to all financial entities, and which will replace the currently existing specific orders, including the Prohibition on Money Laundering Order (Identification, Reporting and Record Keeping Obligations of Insurers, Insurance Agents and Managing Companies to Prevent Money Laundering and Terrorism Financing), 2017, which applies to the Group's institutional entities, and which will include the determination of identical and standard provisions in principle, for all financial entities that report to the Israel Prohibition of Money Laundering and Financing of Terrorism Authority. As part of the draft order, it is proposed to authorize the financial regulators to establish detailed supplementary arrangements, through circulars and guidelines, including arrangements which will address the unique characteristics of certain financial entities.

The draft order includes changes regarding the conduct which is required of the Group's institutional entities, relative to the current order, of which the main ones include changes to "know your customer", identification and authentication processes; specific provisions in connection with digital transfers and virtual asset transfers; and expansion of the ordinary and extraordinary obligations regarding reporting to the Prohibition of Money Laundering and Financing of Terrorism Authority.

The Company estimates that the Draft Prohibition on Money Laundering Order could have certain effects on the sale process of insurance products and provident funds, both through direct sale channels, and through agents.

The information presented on all matters associated with the foregoing provisions in connection with the prohibition on money laundering constitutes forward looking information, which is based on assumptions and estimates made by the Group as of the publication date of the report. Actual implementation may differ significantly from the forecast, and depends, inter alia, on the final wording of the Draft Prohibition on Money Laundering Order, insofar as it will be published, on the operational preparations for implementing the foregoing provisions, on the interpretation which will be given for the provisions which apply thereunder in the future by the competent entities, and on the actions of customers, insurance agents and competing companies.

4.3 Health insurance

4.3.1 Strengthening of the public health system while integrating the effects of the private system

In August 2021 **the Economic Efficiency Bill (Legislative Amendments to Achieve Budgetary Goals for Budget Years 2021 and 2022), 2021, was published, which involved a fee with respect to private surgery activity and medical advice** (the "**Health Insurance Fees Bill**").

In accordance with the Health Insurance Fees Bill, it is proposed to impose a fee on any payment to a medical institution, and to any provider of medical or para-medical services ("**Service Provider**"), or on monetary reimbursement to customers, with respect to privately funded surgeries for which entitlement is available under the health services basket, or medical advice given through private funding (the "**Activity**"), based on the following principles: a fee at a rate of 30% of the amount paid by the insurance company when it covers such activity, a fee at a rate of 10% of the amount paid by the health fund when the activity is covered under an additional health services plan, and a fee at a rate of 30% of the amount received by a service provider with respect to activity which is not covered by an insurance company or an additional health services plan (the "**Fee**"). It was further proposed to amend the Public Heath Ordinance, and to determine that medical service providers may receive payment from the medical institution only. The proposal also includes a provision regarding the obligation of insurance companies and health funds to report to the Ministry of Health, and it was also proposed to confer collection authorities upon the Comptroller of the Ministry of Health.

The Health Insurance Fees Bill was not included in the final version of the Economic Arrangements Bill.

The Company is studying the provisions of the Health Insurance Fees Bill, which is in the preliminary stages of the legislation process, including as regards the scope of policies which will be subject to the fee, its sources of financing, and its implications for the premiums which will be collected from policyholders. At this preliminary stage the Company is unable to estimate the full effects of the provisions of Health Insurance Fees Bill, insofar as it is passed, which are expected to be significant, including on all matters associated with sale and retention capabilities with respect to the insurance portfolio which will be subject to the payment of the fee.

The Company's estimate in connection with the possible implications of the Health Insurance Fees Bill constitutes forward looking information, which is based on the Company's non-final estimates which are known as of the publication date of the report, and which are expected to change in accordance with the final wording of the provision, which is preliminary stages of legislation, insofar as it will be enacted, including, inter alia, with respect to the fee collection mechanism, and the types of policies on which it will be imposed.

4.3.2 Incentives for insurance agents in the health insurance segment

In July 2021 the Competition Authority published a study regarding private health insurance which focused on the incentives for insurance agents in that market, which included, inter alia, an evaluation of the sale patterns of agents in the health insurance segment, and the effects of the structure of economic incentives which are given by insurance companies to agents, with respect to sales patterns. In the report it was found, inter alia, that in general, economic incentives which are paid by the Company to agents affect the agents' sales, and that agents who work with many companies sell the more prevalent policies in the market at lower prices than agents who work with few insurance companies. The researchers therefore concluded that the insurance agents are not optimally fulfilling the objective of selecting the best private health insurance policy for the customer. The Competition Authority also raised possible alternatives regarding changes to the agent compensation model, including by way of a prohibition against payments from an insurance company to an agent, and permitting payment to an agent from the policyholders only; compensation which is not entirely derived from the premiums with respect to the policy (such as compensation which is derived from the reimbursement of claims which the insurance company has paid to the policyholder), or a prohibition against the provision of compensation in the form of bonuses, awards and benefits, thereby restricting it to monetary reimbursement only.

4. Restrictions and supervision of the corporation's business (Cont.)

4.3 Health insurance (Cont.)

4.3.2 Incentives for insurance agents in the health insurance segment (Cont.)

The Competition Authority also recommended measures to increase the power of policyholders vis-à-vis agents, both by improving their ability to compare policies (due to the simplification of some of insurance product), and by improving their ability to make informed decisions regarding the agent with whom they wish to engage (will by providing information regarding incentives which the agent receives from the insurance company).

At this preliminary stage, and before it is known which of the study's recommendations will be adopted or implemented, and how, it is not possible to estimate its effects.

4.3.3 Health insurance reform

In October 2021 the Commissioner published three provisions - the Draft Control of Financial Services Regulations (Insurance) (Terms of Insurance Contract for Surgery and Alternative Treatments to Surgery in Israel) (Amendment), 2021, the Draft Control of Financial Services Regulations (Insurance) (Terms of Insurance Contract for Basic Health Insurance Policy), 2021, and an amendment to the provisions of the consolidated circular - Volume 6, Part 3, Chapters 1, 2, 3, 4 and 6 - preparation of health insurance plan (hereinafter, jointly: the ""**Draft Reform Provisions**"), which together signify a reform in the health insurance segment. The draft reform provisions include a new structure for the health insurance market, which will include four layers:
(A) First layer - A basic health insurance policy, which will be comprised of three standard insurance plans: implants and special treatments abroad, drugs not including in the health basket, and alternative treatments to surgery abroad - which cover cases which are generally not covered by the health basket. In the draft reform provisions, the Commissioner defined the foregoing covers uniformly in order to allow a comparison between the products, increase competition and focus it on the price of insurance and service which is given by the insurance company. The reform allows policyholders to expand the basic policy, plus a plan of surgeries and alternative treatments to surgery in Israel, on a layer which supplements the additional health services plan, with a high deductible.

(B) Second layer - Insurers will be entitled to market extension policies which will include extension for covers which are included in one or more of the insurance plans which were purchased in the basic health policy.

(C) Third layer - An additional health insurance policy, which will include one or more of the following plans only: (1) a plan of surgeries and alternative treatments to surgery in Israel, providing supplementary coverage to the insurance coverage which is sold as part of the additional health services plan; (2) An ambulatory policy which allows nine specific types of insurance plans which were determined, as specified in the draft reform provisions, for the purpose of increasing the variety of available insurance policies, while preventing a situation of double coverage between the products, as well as any additional plan which may be approved by the Commissioner. The sale of products in the third layer will be allowed on the condition that the policyholder holds a basic health policy from any insurer.

(D) Fourth layer - A critical illness policy, the purchase of which does not depend on the purchase of another insurance plan.
The draft reform provisions also include a prohibition against the sale of individual health insurance policies to insurance applicants who have an individual health insurance policy of the reimbursement type, which provides them with similar insurance coverage, without canceling the existing policy (except for certain cases which were specified in the draft), an d a provision stipulating that discounts will be given, in a fixed rate, for a minimum period of ten years.

4. Restrictions and supervision of the corporation's business (Cont.)

4.3 Health insurance (Cont.)

4.3.3 Health insurance reform (Cont.)

In accordance with the draft reform provisions, the reform's provisions will enter into effect at the end of four months after the date of their publication, and will apply to policies for implants and special treatments abroad, drugs outside of the health basket, and surgeries and alternative treatments to surgery abroad, which are signed or renewed beginning from the application date.

The existence of a standard basic health policy at all of the insurance companies may increase competition, which will be focused on price, service and the claim settlement method, inter alia, in light of the uniformity of the policies, and in light of the structure of the policies, which will be comprised of several layers, that may be purchased by policyholders from different companies.

The pricing of the new policies, in light of the scope of coverage which is given thereunder, may affect the possibility of retaining policyholders in individual health policies which were sold in the past. The prohibition against offering policyholders to purchase insurance for surgeries and alternative treatments to surgery in Israel as part of the first layer may affect the product's sales volume.

At this preliminary stage, the Company's estimate in connection with the draft reform provisions constitutes forward looking information, which is based on the information which is available to the Company as of the reporting date. Actual results may differ from the estimated results, and depend, inter alia, on the final wording of the provisions of the reform, once published, on the policy pricing method, and on the conduct of competing entities and distributing entities, and the choices of customers.

4.4. Non-life insurance

4.4.1 Responsibility for the provision of medical services due to road accidents

Further to that stated in section 7.1.1.1(b)(3) of the chapter "description of the corporation's business" in the Company's periodic reports for 2020, regarding the special arrangement in compulsory insurance regarding responsibility for the provision of medical services, in May 2021, the Ministry of Finance published, for public comments, a draft announcement regarding the cost of the provision of the services pursuant to the Road Accident Victims Compensation Law, 1975 and the Draft Ordinance Regarding Damages for Road Accident Victims (Financing Cost of Service Provision), 2021, in which it is proposed to update the rate which is collected by insurance companies from policyholders (which is intended to finance the cost of providing the services to road accident victims by the health funds), to a rate of 12.66% of the premiums, beginning on January 1, 2022, instead of the rate of 9.4%, as currently collected.

4.4.2 Mechanism for subrogation vis-à-vis National Insurance

Further to that stated in section 7.1.1.1D(1) of the Company's annual report for 2020, regarding the mechanism for settling of accounts between the National Insurance Institute and the insurance companies with respect to the subrogation right of the National Insurance Institute from the insurance companies in claims by virtue of compulsory motor policies, in August 2021 the insurance companies and the National Insurance Institute, in coordination with the Ministry of Finance, agreed that an agreement will be signed between the National Insurance Institute and the insurance companies, which determines that the insurance companies will provide an advance payment to the National Insurance Institute for the settling of accounts with respect to claims from the years 2014 to 2018 (hereinafter: the "**National Insurance Advance Payment Agreement**"),

4. Restrictions and supervision of the corporation's business (Cont.)

4.4 Non-life insurance (Cont.)

4.4.2 Mechanism for subrogation vis-à-vis National Insurance (Cont.)

while the arrangement which was planned in the Economic Efficiency Law (Legislative Amendments to Achieve Budgetary Goals for Budget Year 2019), 2018 (hereinafter: the "**2019 Economic Efficiency Law**") will be amended by the Ministry of Finance by canceling the obligation to pay a global amount for cases which occurred during the years 2014 to 2018, and instead it will be determined, with respect to the period from January 2023 onwards, that all insurers are required to transfer to the National Insurance Institute, with respect to road accidents, the following percentages of the premiums which will be collected each year: with respect to road accidents during the years 2024-2023 - 10%; and with respect to road accidents during the years 2025 and thereafter - 10.95% (hereinafter: the "**Amended Subrogation Arrangement**"). The amended subrogation arrangement will therefore only apply to future events beginning from 2023, while with respect to the past period, the parties will continue taking action similarly to the situation prior to the enactment of the 2019 Economic Efficiency Law, and to settle each subrogation claim separately, unless the parties have reached a different understanding on the matter, on a case by case basis (hereinafter: jointly: the "**Understandings**").

Further to the foregoing, in November 2021 a legislative amendment was approved, within the framework of the Economic Arrangements Law, which formalized the aforementioned understandings between the insurance companies, the National Insurance Institute and the Ministry of Finance.

The Company estimates that the understandings and the aforementioned amendment regarding the formalization of the mechanism for settling accounts with respect to road accidents between the National Insurance Institute and the insurance companies will not have a significant effect on the Company's financial statements.

The information presented on all matters associated with the establishment of the mechanism for settling of accounts with respect to road accident claims between the National Insurance Institute and the insurance companies constitutes forward looking information, which is based on the information which is available to the Company as of the reporting date. Actual results may differ from the estimated results, and depend, inter alia, on the Capital Market Authority's future approval of insurance tariffs, and on the insurance premiums which will be collected in the future.

5. *Exposure to and management of market risks*

Effect of market risks on business results

According to the Securities Regulations (Immediate And Periodic Reports), 1970, reports regarding the exposure to and management of market risks refer to the exposures of the Company and its consolidated companies, excluding insurers in Israel.

No material changes took place in the Company's exposure to market risks or in the methods for the management of those risks during the reporting period, as compared with the annual financial statements.

Linkage bases report as of September 30, 2021

	Israeli currency		Foreign currency						
NIS in thousands	Unlinked	CPI-linked	USD	EUR	GBP	Other	Other non-monetary items	Insurance company in Israel	Total
Intangible assets	-	-	-	-	-	-	148,296	1,150,304	1,298,600
Deferred tax assets	-	-	-	-	-	-	11,939	2,991	14,930
Deferred acquisition costs	-	-	-	-	-	-	-	2,116,973	2,116,973
Property, plant and equipment	-	-	-	-	-	-	12,116	178,978	191,094
Right-of-use asset	-	-	-	-	-	-	94,008	403,337	497,345
Investments in associates	9,727	-	-	-	-	-	57,685	107,826	175,238
Investment property for investment-linked contracts	-	-	-	-	-	-	-	3,061,596	3,061,596
Other investment property	-	-	-	-	-	-	-	1,242,166	1,242,166
Reinsurance assets	-	-	-	-	-	-	-	4,315,621	4,315,621
Current tax assets	-	19	-	-	-	-	-	1,606	1,625
Other accounts receivable	7,735	19,256	250	-	-	-	812	1,040,895	1,068,948
Outstanding premiums	3,322	-	-	-	-	-	-	781,909	785,231
Financial investments for investment-linked contracts	-	-	-	-	-	-	-	75,395,376	75,395,376
Other financial investments									
Marketable debt assets	23,269	18,402	5,570	-	-	-	-	6,356,013	6,403,254
Non-marketable debt assets	16	261	-	-	-	-	-	22,138,896	22,139,173
Stocks	-	-	-	-	-	-	34,733	1,823,206	1,857,939
Other	-	6,499	-	-	-	-	175	3,985,351	3,992,025
Cash and cash equivalents for investment-linked contracts	-	-	-	-	-	-	-	10,319,471	10,319,471
Other cash and cash equivalents	199,368	-	190	242	-	-	-	3,419,355	3,619,155
Total assets	243,437	44,437	6,010	242	-	-	359,764	137,841,870	138,495,760

5. *Exposure to and management of market risks (Cont.)*

Effect of market risks on business results (Cont.)

Linkage bases report as of September 30, 2021 (Cont.)

	Israeli currency		Foreign currency				Other non-monetary		
NIS in thousands	Unlinked	CPI-linked	USD	EUR	GBP	Other	items	Insurance company in Israel	Total
Liabilities									
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	-	-	-	-	-	-	-	32,527,781	32,527,781
Liabilities with respect to investment-linked insurance contracts and investment contracts	-	-	-	-	-	-	-	87,968,370	87,968,370
Deferred tax liabilities	-	-	-	-	-	-	7,038	710,747	717,785
Liabilities with respect to employee benefits, net	21,350	-	-	-	-	-	-	59,938	81,288
Lease liabilities	-	111,917	-	-	-	-	-	481,915	593,832
Other accounts payable	113,953	-	-	-	-	-	-	3,959,157	4,073,110
Current tax liabilities	-	7,278	-	-	-	-	-	72,891	80,169
Financial liabilities	-	-	-	-	-	-	-	5,071,998	5,071,998
Total liabilities	135,303	119,195	-	-	-	-	7,038	130,852,797	131,114,333
Total exposure	108,134	(74,758)	6,010	242	-	-	352,726	6,989,073	7,381,427

6. Disclosure Regarding the Corporation's Financial Reporting

6.1. Report concerning critical accounting estimates

For details regarding the use of estimates and judgment in the preparation of the financial statements, see Note 2(b) to the financial statements.

6.2. Contingent liabilities

The auditors' report to the Company's shareholders includes reference to that stated in Note 7 to the financial statements, regarding the exposure to contingent liabilities.

6.3 Effectiveness of internal control over financial reporting and disclosure

6.3.1. Securities Regulations

In December 2009, **The Securities Regulations (Periodic and Immediate Reports) (Amendment No. 3), 2009**, were published, which deal with the system of internal controls over financial reporting and disclosure in a corporation, which are intended to improve the quality of financial reporting and disclosure in reporting corporations.

In an amendment dated July 7, 2011, it was stipulated that a corporation which consolidates, or proportionately consolidates, a banking corporation or institutional entity, may choose to apply, with respect to the internal control over that banking corporation or institutional entity only, the framework for the evaluation of the effectiveness of internal control as set forth in the other legal provisions which apply to them in this regard, insofar as a framework of this kind exists for the quarterly report.
Accordingly, in addition to the executive certifications and the report regarding the effectiveness of internal control, which are provided as part of this quarterly report, executive disclosures and certifications are attached, which refer to the internal control in the consolidated institutional entities, which are subject to the Commissioner's directives.

6.3.2 The Commissioner's directives regarding internal control over financial reporting and disclosure

The Commissioner published, in recent years, several circulars (hereinafter: the "**Commissioner's Circulars**") which are intended to implement the provisions of Section 302 and Section 404 of the SOX Act in insurance companies, in managing companies of pension funds and provident funds, in pension funds, and in provident funds (hereinafter: the "**Institutional Entities**").

Accordingly, Clal Insurance and the consolidated institutional entities included the information subject to the provisions of the law, in reports filed by the dates set forth in the aforementioned provisions.

6.3.3. Section 302 and section 404 of the SOX Act - Management's responsibility for internal control over financial reporting and disclosure

In accordance with the circulars published by the Commissioner, which are based on section 302 and section 404 of the SOX Act, and as described in the previous Board of Directors' reports of Clal Insurance, Clal Insurance acted and routinely acts to implement the process required in accordance with the foregoing provisions, including an evaluation of the work processes and internal controls which are implemented, in accordance with the stages and dates set forth in the circulars. In accordance with foregoing, Clal Insurance adopted the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which constitutes a defined and recognized framework for the evaluation of internal control.

The management of Clal Insurance (the institutional entity), in collaboration with the CEO, the Executive VP, and the Financial Division Manager of Clal Insurance, have evaluated, as of the end of the period covered in this report, the effectiveness of the controls and procedures regarding disclosure of Clal Insurance. Based on this evaluation, the CEO, Executive VP and Financial Division Manager of Clal Insurance have concluded that, as of the end of the aforementioned period, the controls and procedures involving the disclosures made by Clal Insurance are effective for the purpose of recording, processing, summarizing and reporting the information which Clal Insurance is required to disclose in the quarterly report, in accordance with the provisions of the law, and the reporting directives which were issued by the Commissioner, and by the date specified in those directives.

6. *Disclosure Regarding the Corporation's Financial Reporting (Cont.)*

6.3 *Effectiveness of internal control over financial reporting and disclosure (Cont.)*

6.3.3. *Section 302 and section 404 of the SOX Act - Management's responsibility for internal control over financial reporting and disclosure (Cont.)*

During the quarter ended September 30, 2021, no change took place in the institutional entity's internal control over financial reporting which could have materially influenced, or which could have been reasonably expected to materially influence, the institutional entity's internal control over financial reporting.

Executive certifications regarding the effectiveness of internal control over financial reporting and disclosure, with reference to the relevant processes, in accordance with the Commissioner's circulars, are attached to the report.

The Board of Directors would like to express its appreciation to the employees, managers and agents of the Group's member companies for their contribution to the Group's achievements.

Haim Samet	**Yoram Naveh**
Chairman of the Board	**Chief Executive Officer**

Tel Aviv, November 28, 2021

Table of Contents

Kost Forer Gabbay and Kasierer
144 Menachem Begin Rd.
Tel Aviv 6492102
Tel: +972 3 623 2525
Fax: +972 3 562 2555
ey.com

Somekh Chaikin
KPMG Millennium Tower
17 Ha'Arbaa St., P.O. Box 609
Tel Aviv 6100601
03 684 8000

Auditors' Review Report to the Shareholders of Clal Insurance Enterprises Holdings Ltd.

Introduction

We have reviewed the enclosed financial information of Clal Insurance Enterprises Holdings Ltd. and its subsidiaries (hereinafter: the "**Group**"), which includes the interim condensed consolidated statement of financial position as of September 30, 2021, as well as the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine and three month periods then ended. The Board of Directors and management are responsible for preparing and presenting the financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements set by the Commissioner of Capital Markets, Insurance and Savings, pursuant to the Control of Financial Services (Insurance) Law, 1981, and are also responsible for compiling financial information for these interim periods in accordance with Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation which consolidates insurance companies. Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

We have not reviewed the interim condensed financial information of an investee which is presented according to the equity method, the investment in which amounted to a total of approximately NIS 67,412 thousand as of September 30, 2021, and where the Group's share in its profit amounted to a total of approximately NIS 21,991 and 20,765 thousand for the nine and three month periods then ended, respectively. The interim condensed financial information of that company was reviewed by other auditors, whose review report was furnished to us, and our conclusion, insofar as refers to the financial information with respect to that company, is based on the review report of the other auditors.

Scope of the Review

We have conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of financial information for interim periods consists of inquiries, mainly with the people responsible for financial and accounting matters, and of the application of analytical and other review procedures. This review is significantly limited in scope compared to an audit prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to achieve certainty that we have become aware of all material issues that may have be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, and on the review report of other auditors, we have not become aware of anything which would have caused us to believe that the aforementioned financial information has not been not prepared, in all material aspects, in accordance with IAS 34, and in accordance with the disclosure requirements set forth by the Commissioner of Capital Markets, Insurance and Savings, pursuant to the Control of Financial Services (Insurance) Law, 1981.

In addition to that stated in the previous paragraph, based on our review, and on the review report of other auditors, we have not become aware of any information which would cause us to believe that the aforementioned financial information is not compliant, in all material respects, with the disclosure provisions of Chapter IV of the Securities Law Regulations (Periodic and Immediate Statements), 1970, to the extent to which these regulations apply to a corporation which consolidates insurance companies.

Bold paragraph regarding (reference)

Without qualifying our aforementioned conclusion, we would like to draw attention to that stated in Note 7 to the interim consolidated financial statements, concerning the exposure to contingent liabilities.

Tel Aviv,
November 28, 2021

Kost Forer Gabbay and Kasierer
Certified Public Accountants

Somekh Chaikin
Certified Public Accountants

Joint Auditors

Interim Consolidated Statements of Financial Position

		As of September 30		As of December 31
		2021	2020	2020
NIS in thousands	**Note**	**Unaudited**		**Audited**
Assets				
Intangible assets		**1,298,600**	1,251,609	1,255,264
Deferred tax assets		**14,930**	12,456	12,236
Deferred acquisition costs		**2,116,973**	2,022,426	1,996,644
Property, plant and equipment		**191,094**	199,220	208,036
Right-of-use asset		**497,345**	512,961	502,043
Investments in investee companies accounted by the equity method		**175,238**	205,719	136,104
Investment property for investment-linked contracts		**3,061,596**	3,059,239	3,043,442
Other investment property		**1,242,166**	1,218,412	1,209,486
Reinsurance assets		**4,315,621**	3,590,684	3,629,329
Current tax assets		**1,625**	81,657	9,689
Other accounts receivable		**1,068,948**	978,821	627,677
Outstanding premiums		**785,231**	754,072	650,952
Financial investments for investment-linked contracts	5	**75,395,376**	64,008,783	70,798,761
Other financial investments:	5			
Marketable debt assets		**6,403,254**	5,798,624	5,823,747
Non-marketable debt assets		**22,139,173**	22,272,905	22,092,629
Stocks		**1,857,939**	1,362,917	1,692,465
Others		**3,992,025**	3,122,955	3,574,299
Total other financial investments		**34,392,391**	32,557,401	33,183,140
Cash and cash equivalents for investment-linked contracts		**10,319,471**	4,616,125	5,273,150
Other cash and cash equivalents		**3,619,155**	1,715,992	1,948,922
Total assets		**138,495,760**	116,785,577	124,484,875
Total assets for investment-linked contracts	5	**89,680,697**	72,444,806	79,564,525

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Financial Position

NIS in thousands	Note	As of September 30 2021	As of September 30 2020	As of December 31 2020
		Unaudited		Audited
Capital				
Share capital		**155,448**	155,448	155,448
Premium on shares		**1,640,641**	1,638,693	1,638,770
Capital reserves		**1,238,164**	728,055	969,936
Retained earnings		**4,286,596**	3,095,293	3,535,095
Total capital attributable to Company shareholders		**7,320,849**	5,617,489	6,299,249
Non-controlling interests		**60,578**	54,596	56,685
Total capital		**7,381,427**	5,672,085	6,355,934
Liabilities				
Liabilities with respect to non-investment-linked insurance contracts and investment contracts		**32,527,781**	31,014,201	31,078,895
Liabilities with respect to investment-linked insurance contracts and investment contracts		**87,968,370**	71,889,398	77,291,364
Deferred tax liabilities		**717,785**	397,880	540,825
Liabilities with respect to employee benefits, net		**81,288**	92,657	83,486
Lease liabilities		**593,832**	582,737	580,567
Other accounts payable		**4,073,110**	2,800,601	3,965,383
Current tax liabilities		**80,169**	1,083	64,647
Financial liabilities	5	**5,071,998**	4,334,935	4,523,774
Total liabilities		**131,114,333**	111,113,492	118,128,941
Total capital and liabilities		**138,495,760**	116,785,577	124,484,875

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

November 28, 2021			
Approval date of the financial statements	Haim Samet Chairman of the Board	Yoram Naveh Chief Executive Officer	Eran Cherninsky Executive VP Finance Division Manager

Interim Consolidated Statements of Income

NIS in thousands	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
Gross premiums earned	**7,698,845**	7,084,687	**2,639,137**	2,390,912	9,494,300
Premiums earned by reinsurers	**1,204,530**	1,080,777	**404,436**	378,514	1,466,514
Premiums earned on retention	**6,494,315**	6,003,910	**2,234,701**	2,012,398	8,027,786
Investment income (loss), net, and financing income	**9,400,238**	(1,101,823)	**1,980,025**	2,544,364	5,050,742
Income from management fees	**1,227,984**	697,520	**322,536**	238,375	1,246,681
Income from commissions	**243,197**	228,658	**84,501**	80,411	311,268
Other income	**910**	402	**603**	55	645
Total income	**17,366,644**	5,828,667	**4,622,366**	4,875,603	14,637,122
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**15,416,064**	4,333,459	**3,835,148**	4,170,567	11,989,849
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(1,475,799)**	(648,871)	**(360,599)**	(260,571)	(974,301)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**13,940,265**	3,684,588	**3,474,549**	3,909,996	11,015,548
Commissions, marketing expenses and other acquisition costs	**1,492,497**	1,418,752	**517,416**	490,813	1,931,289
General and administrative expenses	**683,495**	655,640	**222,897**	219,908	933,903
Impairment of intangible assets	**-**	-	**-**	-	2,492
Other expenses	**7,045**	6,404	**3,389**	2,505	9,062
Financing expenses	**166,871**	109,158	**53,557**	46,243	154,699
Total expenses	**16,290,173**	5,874,542	**4,271,808**	4,669,465	14,046,993
Share in the results of investee companies accounted by the equity method, net	**21,842**	(5,069)	**18,366**	2,152	(4,192)
Income (loss) before taxes on income	**1,098,313**	(50,944)	**368,924**	208,290	585,937
Taxes on income (tax benefit)	**359,090**	(58,165)	**119,706**	34,345	143,274
Income for the period	**739,223**	7,221	**249,218**	173,945	442,663
Attributable to:					
Company shareholders	**735,917**	4,971	**248,103**	171,883	438,676
Non-controlling interests	**3,306**	2,250	**1,115**	2,062	3,987
Income for the period	**739,223**	7,221	**249,218**	173,945	442,663
Earnings per share attributable to Company shareholders:					
Basic earnings per share (in NIS)	**10.88**	0.07	**3.67**	2.54	6.48
Diluted earnings per share (in NIS)	**10.88**	0.07	**3.66**	2.54	6.48
Number of shares used to calculate earnings per share:					
Basic	**67,645**	67,645	**67,645**	67,645	67,645
Diluted	**67,654**	67,645	**67,738**	67,645	67,645

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Comprehensive income

NIS in thousands	For the period of nine months ended September 30 2021	For the period of nine months ended September 30 2020	For the period of three months ended September 30 2021	For the period of three months ended September 30 2020	For the year ended December 31 2020
	Unaudited				Audited
Income for the period	**739,223**	7,221	**249,218**	173,945	442,663
Other comprehensive income (loss):					
Components of other comprehensive income (loss) which, following initial recognition in comprehensive income, have been or will be transferred to the statement of income:					
Foreign currency translation differences for foreign operations applied to capital reserves	**(286)**	(2,674)	**(3,595)**	(1,197)	(20,761)
Foreign currency translation differences applied to the statement of income	**-**	3,587	**-**	4,237	9,568
Change, net, in the fair value of available for sale financial assets applied to capital reserves	**1,023,816**	(27,851)	**232,028**	259,653	474,417
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	**(642,385)**	(211,297)	**(240,026)**	(126,545)	(344,942)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	**27,718**	101,102	**11,943**	3,744	112,395
Other comprehensive income (loss) for the period which has been or will be transferred to the statement of income, before tax	**408,863**	(137,133)	**350**	139,892	230,677
Tax (tax benefit) with respect to available-for-sale financial assets	**140,149**	(47,562)	**1,255**	46,413	80,817
Tax (tax benefit) with respect to other components	**(66)**	359	**(827)**	699	(2,425)
Tax (tax benefit) with respect to components of other comprehensive income for the period which have been or will be transferred to the statement of income	**140,083**	(47,203)	**428**	47,112	78,392
Other comprehensive income (loss) which, following initial recognition under comprehensive income, have been or will be transferred to the statement of income, net of tax	**268,780**	(89,930)	**(78)**	92,780	152,285
Components of other comprehensive income which will not be transferred to the statement of income:					
Actuarial gains from defined benefit plan	**4,845**	6,359	**-**	-	15,723
Tax with respect to components of other comprehensive income which will not be transferred to the statement of income	**1,612**	1,940	**-**	-	5,112
Other comprehensive income which will not be transferred to the statement of income, net of tax	**3,233**	4,419	**-**	-	10,611
Other comprehensive income (loss) for the period	**272,013**	(85,511)	**(78)**	92,780	162,896
Total comprehensive income (loss) for the period	**1,011,236**	(78,290)	**249,140**	266,725	605,559
Attributable to:					
Company shareholders	**1,007,343**	(80,017)	**247,841**	264,690	601,743
Non-controlling interests	**3,893**	1,727	**1,299**	2,035	3,816
Total comprehensive income (loss) for the period	**1,011,236**	(78,290)	**249,140**	266,725	605,559

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Changes in Equity

NIS in thousands	Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total capital
	Attributable to Company shareholders									
For the period of nine months ended September 30, 2021										
Balance as of January 1, 2021 (Audited)	155,448	1,638,770	(23,460)	852,376	180,329	(39,309)	3,535,095	6,299,249	56,685	6,355,934
Income for the period	-	-	-	-	-	-	735,917	735,917	3,306	739,223
Components of other comprehensive income (loss):										
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(286)	-	-	-	-	(286)	-	(286)
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	1,022,743	-	-	-	1,022,743	1,073	1,023,816
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(642,171)	-	-	-	(642,171)	(214)	(642,385)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	27,712	-	-	-	27,712	6	27,718
Actuarial gains from defined benefit plan	-	-	-	-	-	-	4,792	4,792	53	4,845
Tax benefit (tax) with respect to components of comprehensive income (loss)	-	-	66	(139,836)	-	-	(1,594)	(141,364)	(331)	(141,695)
Other comprehensive income (loss) for the period, net of tax	-	-	(220)	268,448	-	-	3,198	271,426	587	272,013
Total comprehensive income (loss) for the period	-	-	(220)	268,448	-	-	739,115	1,007,343	3,893	1,011,236
Transactions with shareholders which were applied directly to equity:										
Expiration of warrants for senior employees	-	1,871	-	-	-	-	(1,871)	-	-	-
Share-based payments	-	-	-	-	-	-	14,257	14,257	-	14,257
Balance as of September 30, 2021 (unaudited)	155,448	1,640,641	(23,680)	1,120,824	180,329	(39,309)	4,286,596	7,320,849	60,578	7,381,427

Interim Consolidated Statements of Changes in Equity (Cont.)

	Attributable to Company shareholders								Non-controlling interests	Total capital
NIS in thousands	Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total		
For the period of nine months ended September 30, 2020										
Balance as of January 1, 2020 (Audited)	155,448	1,636,478	(14,692)	691,091	180,329	(39,309)	3,088,161	5,697,506	52,869	5,750,375
Income for the period	-	-	-	-	-	-	4,971	4,971	2,250	7,221
Components of other comprehensive income (loss):										
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(2,674)	-	-	-	-	(2,674)	-	(2,674)
Foreign currency translation differences applied to the statement of income	-	-	3,587	-	-	-	-	3,587	-	3,587
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	(27,053)	-	-	-	(27,053)	(798)	(27,851)
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(211,208)	-	-	-	(211,208)	(89)	(211,297)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	101,076	-	-	-	101,076	26	101,102
Actuarial gains from defined benefit plan	-	-	-	-	-	-	6,293	6,293	66	6,359
Tax benefit (tax) with respect to components of comprehensive income (loss)	-	-	(359)	47,267	-	-	(1,917)	44,991	272	45,263
Other comprehensive income (loss) for the period, net of tax	-	-	554	(89,918)	-	-	4,376	(84,988)	(523)	(85,511)
Total comprehensive income (loss) for the period	-	-	554	(89,918)	-	-	9,347	(80,017)	1,727	(78,290)
Transactions with shareholders which were applied directly to equity:										
Expiration of warrants for senior employees	-	2,215	-	-	-	-	(2,215)	-	-	-
Balance as of September 30, 2020 (unaudited)	155,448	1,638,693	(14,138)	601,173	180,329	(39,309)	3,095,293	5,617,489	54,596	5,672,085

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Changes in Equity (Cont.)

NIS in thousands	Attributable to Company shareholders								Non-controlling interests	Total capital
	Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total		
For the period of three months ended September 30, 2021										
Balance as of July 1, 2021 (unaudited)	155,448	1,640,140	(20,912)	1,118,318	180,329	(39,309)	4,032,295	7,066,309	59,279	7,125,588
Income for the period	-	-	-	-	-	-	248,103	248,103	1,115	249,218
Components of other comprehensive income (loss):										
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(3,595)	-	-	-	-	(3,595)	-	(3,595)
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	231,667	-	-	-	231,667	361	232,028
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(239,968)	-	-	-	(239,968)	(58)	(240,026)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	11,941	-	-	-	11,941	2	11,943
Tax benefit (tax) with respect to components of comprehensive income (loss)	-	-	827	(1,134)	-	-	-	(307)	(121)	(428)
Other comprehensive income (loss) for the period, net of tax	-	-	(2,768)	2,506	-	-	-	(262)	184	(78)
Total comprehensive income (loss) for the period	-	-	(2,768)	2,506	-	-	248,103	247,841	1,299	249,140
Transactions with shareholders which were applied directly to equity:										
Expiration of warrants for senior employees	-	501	-	-	-	-	(501)	-	-	-
Share-based payments	-	-	-	-	-	-	6,699	6,699	-	6,699
Balance as of September 30, 2021 (unaudited)	155,448	1,640,641	(23,680)	1,120,824	180,329	(39,309)	4,286,596	7,320,849	60,578	7,381,427

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Changes in Equity (Cont.)

NIS in thousands	Attributable to Company shareholders: Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total capital
For the period of three months ended September 30, 2020										
Balance as of July 1, 2020 (unaudited)	155,448	1,638,693	(16,479)	510,707	180,329	(39,309)	2,923,410	5,352,799	52,561	5,405,360
Income for the period	-	-	-	-	-	-	171,883	171,883	2,062	173,945
Components of other comprehensive income (loss):										
Foreign currency translation differences applied to the statement of income	-	-	4,237	-	-	-	-	4,237	-	4,237
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(1,197)	-	-	-	-	(1,197)	-	(1,197)
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	259,582	-	-	-	259,582	71	259,653
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(126,433)	-	-	-	(126,433)	(112)	(126,545)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	3,743	-	-	-	3,743	1	3,744
Tax benefit (tax) with respect to components of comprehensive income (loss)	-	-	(699)	(46,426)	-	-	-	(47,125)	13	(47,112)
Other comprehensive income (loss) for the period, net of tax	-	-	2,341	90,466	-	-	-	92,807	(27)	92,780
Total comprehensive income for the period	-	-	2,341	90,466	-	-	171,883	264,690	2,035	266,725
Balance as of September 30, 2020 (unaudited)	155,448	1,638,693	(14,138)	601,173	180,329	(39,309)	3,095,293	5,617,489	54,596	5,672,085

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Changes in Equity (Cont.)

	Attributable to Company shareholders								Non-controlling interests	Total capital
NIS in thousands	Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total		
For the year ended December 31, 2020										
Balance as of January 1, 2020 (Audited)	155,448	1,636,478	(14,692)	691,091	180,329	(39,309)	3,088,161	5,697,506	52,869	5,750,375
Income for the period	-	-	-	-	-	-	438,676	438,676	3,987	442,663
Components of other comprehensive income (loss):										
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(20,761)	-	-	-	-	(20,761)	-	(20,761)
Foreign currency translation differences for foreign operations applied to profit and loss	-	-	9,568	-	-	-	-	9,568	-	9,568
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	474,679	-	-	-	474,679	(262)	474,417
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(344,823)	-	-	-	(344,823)	(119)	(344,942)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	112,366	-	-	-	112,366	29	112,395
Actuarial gains from defined benefit plan	-	-	-	-	-	-	15,631	15,631	92	15,723
Tax benefit (tax) with respect to components of comprehensive income (loss)	-	-	2,425	(80,937)	-	-	(5,081)	(83,593)	89	(83,504)
Other comprehensive income (loss) for the period, net of tax	-	-	(8,768)	161,285	-	-	10,550	163,067	(171)	162,896
Total comprehensive income (loss) for the period	-	-	(8,768)	161,285	-	-	449,226	601,743	3,816	605,559
Transactions with shareholders which were applied directly to equity:										
Expiration of warrants for senior employees	-	2,292	-	-	-	-	(2,292)	-	-	-
Balance as of December 31, 2020 (audited)	155,448	1,638,770	(23,460)	852,376	180,329	(39,309)	3,535,095	6,299,249	56,685	6,355,934

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Cash Flows

		For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
		2021	2020	2021	2020	2020
NIS in thousands	Annex	Unaudited				Audited
Cash flows from operating activities						
Before taxes on income	(A)	**7,154,161**	(2,392,318)	**2,909,504**	(1,118,624)	(1,295,034)
Income tax received (paid)		**(310,092)**	93,207	**(104,025)**	(13,144)	41,905
Net cash from operating activities		**6,844,069**	(2,299,111)	**2,805,479**	(1,131,768)	(1,253,129)
Cash flows from investing activities						
Consideration from disposal of property, plant and equipment		**197**	10	**193**	6	15
Consideration from disposal of investments in other investee companies		**13,843**	15,155	**172**	150	15,154
Consideration from disposal of investment in available for sale financial assets by companies which are not insurance and finance companies		**141,311**	7,426	**16,345**	7,426	19,298
Investment in available for sale financial assets by companies that are not insurance and finance companies		**(67,532)**	(103,324)	**(19,575)**	(103,324)	(152,163)
Investment in shares and loans in investee companies		**(14,923)**	(47,411)	**(14,923)**	-	(47,415)
Acquisition of newly consolidated company, less received cash	(E)	**(66,063)**	-	**-**	-	-
Investment in property, plant and equipment		**(8,289)**	(5,967)	**(4,553)**	(1,132)	(22,970)
Investment in intangible assets		**(130,174)**	(129,171)	**(38,812)**	(46,432)	(191,541)
Net cash used in investing activities		**(131,630)**	(263,282)	**(61,153)**	(143,306)	(379,622)
Cash flows from financing activities						
Consideration from issue of deferred liability notes		**400,000**	-	**400,000**	-	-
Costs of issue and exchange of deferred liability notes		**(5,391)**	-	**(5,391)**	-	-
Repayment of deferred liability notes		**(218,095)**	(22,172)	**(83,788)**	-	(22,168)
Repayment of lease liability		**(38,176)**	(34,492)	**(18,049)**	(9,469)	(44,049)
Paid interest on deferred liability notes		**(110,970)**	(114,138)	**(47,322)**	(48,569)	(128,091)
Net cash used in financing activities		**27,368**	(170,802)	**245,450**	(58,038)	(194,308)
Impact of exchange rate fluctuations on cash and cash equivalent balances		**(23,253)**	(48,050)	**(6,893)**	(1,474)	(64,231)
Net increase (decrease) in cash and cash equivalents		**6,716,554**	(2,781,245)	**2,982,883**	(1,334,586)	(1,891,290)
Cash and cash equivalents at beginning of period	(B)	**7,222,072**	9,113,362	**10,955,743**	7,666,703	9,113,362
Cash and cash equivalents at end of period	(C)	**13,938,626**	6,332,117	**13,938,626**	6,332,117	7,222,072

The notes attached to the interim consolidated financial statements constitute an integral part thereof

Interim Consolidated Statements of Cash Flows (Cont.)

NIS in thousands	For the period of nine months ended September 30 2021	For the period of nine months ended September 30 2020	For the period of three months ended September 30 2021	For the period of three months ended September 30 2020	For the year ended December 31 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(A) Cash flows from operating activities before taxes on income [1) 2)]					
Income for the period	**739,223**	7,221	**249,218**	173,945	442,663
Items not involving cash flows:					
The Company's share in the income (loss) of investee companies accounted by the equity method	**(21,842)**	5,069	**(18,366)**	(2,152)	4,192
Dividends received from investee companies accounted by the equity method	**-**	221	**-**	-	766
Changes in liabilities with respect to non-investment-linked insurance contracts and investment contracts	**1,448,886**	(430,709)	**312,627**	(128,796)	(366,015)
Change in liabilities with respect to investment-linked insurance contracts and investment contracts	**10,677,006**	56,394	**2,607,546**	2,479,458	5,458,360
Change in deferred acquisition costs	**(120,329)**	(1,222)	**(49,530)**	6,311	24,560
Change in reinsurance assets	**(686,292)**	(38,874)	**(74,522)**	(390)	(77,519)
Depreciation of property, plant and equipment and right-of-use asset	**67,053**	66,811	**23,352**	21,606	88,447
Amortization of intangible assets	**173,196**	175,189	**59,586**	59,339	231,412
Impairment of intangible assets	**-**	-	**-**	-	2,492
Loss (profit) from disposal of property, plant and equipment	**(178)**	(7)	**(193)**	(3)	1
Profit from right-of-use asset	**(379)**	(27)	**(345)**	(9)	(19)
Interest and linkage differences accrued with respect to deferred liability notes and lease liabilities	**129,018**	106,210	**43,005**	37,943	143,345
Interest accrued and revaluation of liabilities to banking corporations and others	**374,277**	174,981	**228,367**	60,134	379,270
Change in fair value of investment property for investment-linked contracts	**2,267**	44,450	**8,305**	5,454	90,453
Change in fair value of other investment property	**(1,052)**	20,238	**(1,920)**	705	25,229
Share-based payment transactions	**14,257**	-	**6,699**	-	-
Net loss (profit) from financial investments for insurance contracts and investment contracts, from and investment-linked contracts	**(6,146,841)**	2,733,894	**(766,969)**	(1,798,562)	(2,274,816)
Taxes on income (tax benefit)	**359,090**	(58,165)	**119,706**	34,345	143,274
Net loss (profit) from other financial investments:					
Marketable debt assets	**(145,463)**	(83,245)	**(38,218)**	(46,420)	(22,223)
Non-marketable debt assets	**(633,273)**	(7,513)	**(356,167)**	(122,956)	102,122
Stocks	**(217,854)**	72,916	**(96,271)**	(35,126)	17,373
Others	**(240,448)**	71,386	**(93,417)**	(12,380)	(57,954)
Financial investments and investment property for investment-linked contracts:					
Acquisition of investment property	**(117,222)**	(90,792)	**(13,248)**	(9,907)	(120,998)
Consideration from the sale of investment property	**96,801**	84,473	**-**	84,473	84,473
Acquisitions net of financial investments	**1,550,226**	(4,345,216)	**(65,197)**	(1,584,773)	(6,126,484)
Receipts (investments) from the sale of (investment in) available for sale financial assets and investment property in insurance business operations:					
Marketable debt assets	**(543,642)**	178,042	**(160,093)**	(434,539)	213,935
Non-marketable debt assets	**586,756**	204,465	**480,849**	80,229	275,355
Stocks	**217,214**	(139,435)	**198,231**	71,063	(256,063)
Others	**109,440**	(531,895)	**9,170**	21,363	(717,840)
Acquisition of other investment property	**(47,878)**	(36,773)	**(5,444)**	(3,991)	(44,228)
Consideration from the sale of other investment property	**16,312**	50,684	**-**	50,684	50,684

1) Cash flows from operating activities include cash flows with respect to acquisitions and net sales of financial investments and investment property derived from activities with respect to insurance contracts and investment contracts.
2) Cash flows from operating activities include cash flows with respect to received dividends and interest, as specified in Annex E.

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Interim Consolidated Statements of Cash Flows (Cont.)

NIS in thousands	For the period of nine months ended September 30 2021	2020	For the period of three months ended September 30 2021	2020	For the year ended December 31 2020
	Unaudited				Audited
(A) Cash flows from operating activities before taxes on income (Cont.)					
Changes in other items in the statement of financial position, net					
Securities held for trading by consolidated companies which are not insurance companies	**(23,962)**	(547)	**2,625**	(572)	(1,580)
Other accounts receivable	**(437,996)**	(180,035)	**(176,289)**	66,319	171,109
Outstanding premiums	**(134,279)**	(53,924)	**(25,361)**	66,042	49,196
Other accounts payable	**109,428**	(449,330)	**500,813**	(260,153)	769,054
Liabilities with respect to employee benefits, net	**2,641**	2,747	**955**	2,692	2,940
Total cash flows from operating activities before taxes on income	**7,154,161**	(2,392,318)	**2,909,504**	(1,118,624)	(1,295,034)
(B) Cash and cash equivalents at beginning of period:					
Cash and cash equivalents for investment-linked contracts	**5,273,150**	6,554,645	**8,148,071**	5,294,621	6,554,645
Other cash and cash equivalents	**1,948,922**	2,558,717	**2,807,672**	2,372,082	2,558,717
Balance of cash and cash equivalents at beginning of period	**7,222,072**	9,113,362	**10,955,743**	7,666,703	9,113,362
(C) Cash and cash equivalents at end of period:					
Cash and cash equivalents for investment-linked contracts	**10,319,471**	4,616,125	**10,319,471**	4,616,125	5,273,150
Other cash and cash equivalents	**3,619,155**	1,715,992	**3,619,155**	1,715,992	1,948,922
Balance of cash and cash equivalents at end of period	**13,938,626**	6,332,117	**13,938,626**	6,332,117	7,222,072
(D) Cash flows with respect to interest and dividends received, included under operating activities:					
Interest received	**1,307,954**	1,451,889	**357,554**	439,994	2,015,450
Dividend received	**636,834**	236,140	**139,003**	51,172	322,670
(E) Initial consolidation of acquired company:					
Intangible assets	**(78,638)**	-	-	-	-
Property, plant and equipment	**(408)**	-	-	-	-
Right-of-use asset	**(1,547)**	-	-	-	-
Other accounts receivable	**(2,687)**	-	-	-	-
Liabilities with respect to employee benefits, net	**6**	-	-	-	-
Lease liability	**1,950**	-	-	-	-
Deferred tax liabilities	**7,159**	-	-	-	-
Other accounts payable	**8,102**	-	-	-	-
Total investment in acquisitions of newly consolidated companies	**(66,063)**	-	-	-	-

The notes attached to the interim consolidated financial statements constitute an integral part thereof.

Note 1: General

A. Reporting entity

Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Company**") is a company registered in Israel, and incorporated in Israel, whose official address is 36 Raul Wallenberg Rd., Tel Aviv-Yafo. The Company's securities are listed for trading on the Tel Aviv Stock Exchange Ltd.

The consolidated financial statements as of September 30, 2021 (hereinafter: the "**Financial Statements**") include the statements of the Company and its subsidiaries (hereinafter, jointly: the "**Group**"), as well as the Group's interests in joint ventures and associates.

As of the publication date of the report, the Company is a company without a control core.

On December 8, 2019, the Company received a letter from the Commissioner (hereinafter: the "**Commissioner's Letter**"), in which the Commissioner announced, inter alia, that in light of the changes which occurred in the stake held by IDB Development Corporation Ltd. ("IDB Development")[1] in the Company, the Commissioner evaluated the issue of the control of the Company. In accordance with the Commissioner's letter, as part of the aforementioned evaluation, the positions of the Ministry of Justice, the Israel Securities Authority and the Competition Authority were received as well. The findings of the aforementioned evaluation, which, according to the Commissioner's position, are based on the Company's representations, indicated that, as of the date of the letter, there is no entity which holds, directly or indirectly, the Company's means of control, in a manner which would create an obligation to obtain a permit for the control of the Company in accordance with section 32(b) of the Control of Financial Services (Insurance) Law, 1981 (hereinafter: the "**Control Law**"), and therefore, the Company is required to receive a permit from the Commissioner for the control of Clal Insurance Company Ltd. (hereinafter: "**Clal Insurance**"). Further to the foregoing, on October 19, 2020 the Company received a letter from the Commissioner entitled "update regarding the outline for exercising the means of control of Clal Insurance" (which replaced the Commissioner's letter on the subject dated July 21, 2020), specifying, inter alia, the Commissioner's reference to the arrangements which will apply to exercising the Company's means of control in Clal Insurance, the appointment of directors in Clal Insurance and in the Company, and participation in the general meeting of Clal Insurance (hereinafter: the "**Outline for Exercising the Means of Control**"). On November 30, 2020, a clarification letter was received from the Commissioner, in connection with the outline for exercising the means of control For additional details regarding the control outline, including regarding the appointment of directors in the Company and in Clal Insurance, see section c(2) below.

The discussions being held between the Company and the Commissioner regarding the aforementioned letters have not yet been exhausted.

B. Developments during the reporting period with respect to the control and holding of the Company

In accordance with the provisions of the Control Law, the holding of more than five of a certain type of means of control of an institutional entity is conditional upon the receipt of a permit for the holding of means of control from the Commissioner, and the control of an institutional entity or insurance agency also requires a permit from the Commissioner.
As of the publication date of the report, to the best of the Company's knowledge, several entities have received a permit for holding means of control, including two institutional entities.

On May 11 and 12, 2020, Clal Insurance received a copy of the Commissioner's letters to Mr. Moshe (Mori) Arkin and to Mr. Alfred Akirov (to each of them separately), in which he clarified, further to the reports dated May 6 and 10, 2020, that the holding permit which was given to Mr. Arkin, with respect to the holding of up to 8% of the Company's shares, and the holding permit which was given to Mr. Akirov, for the holding of up to 10% of the Company's shares, dated April 5, 2020, does not allow them, or any other party on their behalf, to take action, either independently or together with others, in a manner which would result in their ability to direct the activity of Clal Insurance, inter alia, through involvement in decision making processes regarding the appointment of its directors and officers. It is noted that, to the best of the Company's knowledge, as of the present date Mr. Arkin does not hold over 5% of the Company's shares.

[1] In accordance with the Commissioner's directives, during the period from 2017 to January 2021, all of the Company's shares which were held by IDB Development were sold, directly and through the trustee for the Company's control shares, including some through swap transactions, which, as of the reporting date, have all concluded.

Note 1: General (Cont.)

B. Developments during the reporting period with respect to the control and holding of the Company (Cont.)

It is noted that, in accordance with information which the Commissioner gave the Company, on July 1, 2021 the Commissioner granted to Mr. Alfred Akirov, Mr. Georgi Akirov and Ms. Sharon Akirov (hereinafter: the "**Permit Holders**") a permit to hold up to 15% of the means of control of the Company and of the institutional entities which are under its control. Among the other conditions of the permit, it was determined that the permit holders may not enter into any arrangement or agreement with any third party which pertains to the holding of the permit holders' means of control of the Company and of the institutional entities which are under its control, without the Commissioner's advance written approval. The permit holders also undertook towards the Commissioner not to act, independently or together with others, in a manner which would create for them control of the Company, and they also undertook not to collaborate with any other holder of the Company's means of control regarding voting to appoint directors, or regarding the discontinuation of a director's tenure, or on any other matter which may be presented to the general meeting for a vote.

It is hereby clarified that, as of the publication date of the report, the obligation to report to the Company regarding the stakes of shareholders in the Company applies only to interested parties, as defined in the Securities Law, 1968, and that the Company has no information regarding the status of the holding permits, or any changes which have made thereto, beyond the above.

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

1. Appointment of Chairman of the Board

On August 20, 2020, Mr. Danny Naveh ceased serving as the Chairman of the Board and as a director in the Company and in Clal Insurance.

From that date onwards, Ms. Mali Margaliot served as the Company's Temporary Chairwoman of the Board until February 4, 2021.

It is noted that on February 4, 2021, Mr. Haim Samet was appointed as the Company's Chairman of the Board. A temporary or permanent chairman has not been appointed in Clal Insurance in accordance with the Commissioner's instructions, until new directors have been appointed in Clal Insurance (see section C(2.1) below). On November 2, 2021, Mr. Haim Samet was appointed as the Chairman of the Board of Clal Insurance. The appointment is subject to the Commissioner's approval, which has not yet been received as of the publication date of the report.

2. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance

2.1 Appointment of directors in Clal Insurance

During the period of service of the trustee for the Company's control shares, various directives of the Commissioner were received, pertaining to the appointment of directors in the Group, including through the committee for the appointment of directors in Clal Insurance and in the Company, led by the Honorable Judge (Emeritus) Sarah Gadot, who was appointed by the Commissioner in 2015 to recommend to the trustee suitable candidates for tenure as directors (hereinafter: the "**Gadot Committee**"). In accordance with the recommendations of the Gadot committee, directors and outside directors of the Company and of Clal Insurance were appointed, from time to time, in accordance with the appointed committee's recommendations.

Note 1: General (Cont.)

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

2. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance

2.1 Appointment of directors in Clal Insurance (Cont.)

In the Commissioner's letter dated December 8, 2019, in which it was determined that there is no entity which holds, directly or indirectly, the Company's means of control, the Commissioner determined, in consideration of the presumption which is prescribed in the definition of an "insurer", in accordance with section 31(A) of the Control Law, that the provisions of the Control Law regarding arrangements for the appointment of directors in an insurer with no controlling shareholder, apply both to the Company and to Clal Insurance[2]. In these circumstances, he considered it appropriate to determine, in the conditions of the permit for control of Clal Insurance, that without derogating from the provisions of any applicable law, the method for appointing directors in the Company and in Clal Insurance will be similar to the mechanisms currently prescribed in the Control Law regarding the appointment of directors in an insurer with no controlling shareholder, without prejudice to the right of another shareholder to propose candidates by law, insofar as any such right is available.

On July 2, 2020, and further to the notice of the Chairman of the Board in connection with the conclusion of his tenure (see section c(1) above), the Company's Board of Directors sent a preliminary inquiry to the Commissioner, in order to receive his position in connection with the resolution of the Company's Board of Directors to take action to strengthen the Board of Directors of Clal Insurance, by appointing additional directors among the directors holding office in the Company (who are not outside directors), to the Board of Directors of Clal Insurance. On July 2, 2020 the Company received the Commissioner's response, stating that a director search and appointment committee (the "**Search Committee**") had not yet been appointed in Clal Insurance, and that exercising the means of control with respect to the composition of the Board of Directors of Clal Insurance, and particularly, the appointment of directors in Clal Insurance by the Company's Board of Directors, in its role as the Company's representative as the shareholder in Clal Insurance, before a control permit has been given, will be considered as action which is not in compliance with the Commissioner's instructions. The Commissioner also announced that reasonable grounds exist to object, by virtue of section 41 of the Control Law, to the appointment of directors holding office in the Company as directors in Clal Insurance, due to the real concern, in light of the current state of affairs, regarding the existence of a conflict of interest in accordance with section 41(i)(a) of the Control Law.

On July 21, 2020, October 19, 2020 and November 30, 2020, the Company received from the Commissioner letters in connection with an outline for exercising the means of control of Clal Insurance, which included, inter alia, reference to the method for appointing directors in Clal Insurance and in the Company, as specified below.

The Commissioner's position, as reflected in his aforementioned last letter, regarding which clarifications were sent by the Commissioner on November 30, 2020, is that in light of the Group's corporate structure, according to which Clal Insurance is a private company controlled by the Company, which is a public company, and which has no ultimate controlling shareholder, and with the aim of realizing the intent of the Control Law regarding an insurer with no controlling shareholder, and to establish a comprehensive and appropriate arrangement regarding the holding structure of Clal Insurance at this time, it is necessary to create an outline to ensure the realization of the relevant purposes, in accordance with certain principles, of which the main ones are specified below. In accordance with the outline for exercising the means of control, these principles will be set forth, inter alia, in the control permit which will be given to the Company, by virtue of the Commissioner's authority pursuant to section 32(b) of the Control Law, as follows: Clal Insurance will be subject to the provisions regarding an "insurer with no controlling shareholder", including the provisions of sections 41K and L of the Control Law, and the provisions of the Board of Directors Circular regarding an insurer with no controlling shareholder, subject to the adjustments specified below. An external committee will be formed, which will recommend the appointment of directors in Clal Insurance in accordance with the provisions of the Supervision Law regarding a insurer without a control core (the "Committee")[3].

---

[2] In accordance with the Commissioner's letter, according to the definitions presented in section 31A of the Control Law, both the Company and Clal Insurance are considered "insurers" for the purpose of evaluating the control of Clal Insurance.

[3] On January 12, 2021, the Commissioner announced that the Minister of Finance had appointed the committee, in accordance

Note 1: General (Cont.)

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

2. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance

2.1 Appointment of directors in Clal Insurance (Cont.)

In light of the above, the Commissioner established an outline for the selection of directors, as specified in his letter, which primarily stated the following:

A. All of the directors in Clal Insurance (excluding outside directors and independent directors) will be presented to the general meeting for appointment once per year.

B. The Company's Board of Directors will be entitled to propose candidates for the Board of Directors of Clal Insurance (notwithstanding the provisions of the law regarding an insurer with no controlling shareholder - the Board of Directors may propose more than one candidate);

C. The Board of Directors of Clal Insurance will be entitled to propose candidates on its behalf. However, it will not be entitled to appoint directors in Clal Insurance;

D. The Search Committee will also propose candidates to the Board of Directors of Clal Insurance. The Search Committee will propose candidate for tenure, according to the maximum number of directors whose appointment will be discussed in the meeting. In case of the appointment of directors in any framework other than the annual general meeting, the Search Committee will recommend at least twice as many candidates as the number of available positions.

E. For the sake of guaranteeing the independence of the Board of Directors of Clal Insurance, as part of the Commissioner's authority to appoint officers, the Commissioner will take into account, inter alia, the verification that most of the board members who were appointed to the Board of Directors of Clal Insurance were recommended by the Search Committee, and the verification of an "absence of ties", as defined in section 240(b) of the Companies Law, 1999, *mutatis mutandis*, between candidates for tenure as directors, and Clal Holdings. It was further clarified, with respect to directors whose appointment will be recommended by the Search Committee to the general meeting of Clal Insurance, that tenure as a director in the Company will not constitute, *per se,* from the Commissioner's perspective, grounds for refusing tenure as a director[4], and that the foregoing will not derogate from the possibility of appointing a person who serves as a director in the Company, as a director in Clal Insurance, subject to the Commissioner's discretion. It was further clarified, as part of the Commissioner's considerations, that the Commissioner may also approve a composition of the Board of Directors in which the number of directors who were appointed from among the candidates recommended by the Search Committee will be less than a majority of directors, but a reasonable number, in light of the circumstances.

F. It was clarified that the number of directors serving on the Board of Directors of Clal Insurance may be determined by the general meeting of Clal Insurance, without derogating from the provisions of the Board of Directors circular regarding institutional entities, or from the Commissioner's authorities in general.

---

with the provisions of section 41M of the Control Law, regarding the appointment of directors in Clal Insurance.
The committee's work arrangements will be determined in accordance with section 41Q of the Control Law. The members of the committee regarding Clal Insurance include: Committee chairman - the Honorable Judge (Emeritus) Yosef (Sefi) Eilon; Prof. Efraim Tzedaka; Mr. Avraham Rinot; Dr. Rachel Adatto (independent director in Clal Insurance); Prof. Orli Sade Ben Ami (independent director in Clal Insurance).

4 Directors who have been proposed by the Gadot committee for tenure on the board of directors of Clal Insurance will be considered by the Commissioner as directors who have been proposed by the search committee.

Note 1: General (Cont.)

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

2. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance

2.1 Appointment of directors in Clal Insurance (Cont.)

G. The chairman of the board will be among the candidates recommended by the committee; however, the Board of Directors may elect a chairman who is not among the candidates recommended by the committee, though in the foregoing case, it will be required to justify its decision, and will be required to attach it in case of a tie vote, in which the chairman will have a casting vote.

In accordance with the outline, no instructions of the Commissioner were established regarding the appointment of directors in the Company; however, it was determined that anyone who was proposed the appointment of one third of the directors holding office in the Company, and whose proposal has been accepted, will be considered as its controlling shareholder, and accordingly, may be required to obtain a control permit from the Commissioner.

In accordance with information which was given to the Company, the search committee announced its work procedures on January 26, 2021. In accordance with the search committee's work policy, which set a deadline of 180 days for its work, the Board of Directors of Clal Insurance contacted the search committee in accordance with section 14 of the work policy, and notified it that it had decided to convene a shareholders' meeting, whose agenda will include, inter alia, the appointment of directors. On April 12, 2021, the Search Committee published a call for proposals to submit to the committee candidacies for tenure as directors in Clal Insurance. In the call for proposals, it was noted that in light of Clal Insurance's needs, the required number of directors is up to seven ordinary directors, and one independent director. On August 1, 2021, the committee's recommendations were submitted to the Board of Directors of Clal Insurance, in which the search committee recommended to the general meeting of Clal Insurance eight candidates for tenure as directors in Clal Insurance, including three directors who had consented to serve as independent directors.

Accordingly, on September 12 and 30, 2021, general meetings of Clal Insurance were convened, in which it was resolved to appoint directors in Clal Insurance, in consideration of the committee's recommendations regarding candidates for tenure on the Board of Directors of Clal Insurance, and in consideration of additional candidates who were proposed by the Company's Board of Directors, in accordance with the outline of discussions which the Company held with the Commissioner.

Note 1: General (Cont.)

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

2. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance

2.1 Appointment of directors in Clal Insurance (Cont.)

In the meetings, 8 directors were appointed in Clal Insurance (one independent director), including one director who served in Clal Insurance, and who continued his tenure, and 5 directors who serve as directors in Clal Holdings, in addition to 3 independent directors who currently serve on the Board of Directors of Clal Insurance, and whose tenure continued. In total, 11 members were appointed to the Board of Directors of Clal Insurance. On October 13, 2021, the appointments were approved by the Commissioner.

The between the Company and the Commissioner in connection with his letters regarding exercising the means of control, as stated above, have not yet been completed.

It is noted that in February and May 2020, the general meeting of Clal Insurance approved an extension of the tenure of independent directors in Clal Insurance, in accordance with the recommendation of an internal Search Committee which is comprised of directors (mostly outside directors) that was created in accordance with the Board of Directors Circular.

2.2 Appointment of directors in the Company

In consideration of the fact that the Company is a company without a control core, and of the Commissioner's directives which are published from time to time, and as part of the Company's Board of Directors preparation for the annual general meeting, in September 2020 the Board of Directors appointed a special board committee, which will serve, inter alia, as a committee passing recommendations to the Board of Directors in connection with the formulation of a list of recommended criteria for the appointment of directors in the Company, and will recommend additional suitable candidates for tenure on the Company's Board of Directors (hereinafter: the "**Company's Search Committee**").

The Company's Search Committee held 13 meetings, and its activity included receiving assistance from external legal advisors and an external executive headhunter company. As part of the activity of the Company's Search Committee, the Company published a call for suitable candidates to present their candidacy to the Company's Search Committee, and to the principal shareholders other than institutional entities, which hold at least 1% of the voting rights in the Company, to propose candidates on their behalf for tenure on the Company's Board of Directors, subject to restrictions in accordance with the law and regulations (including Antitrust Laws)[5], by the dates which it specified and announced (hereinafter: the "**Call For Proposals**").

The Company's Search Committee initiated meetings with certain shareholders which hold at least 1% of the voting rights (according to information in its possession), and which are not institutional entities, and held meetings with several such shareholders who had requesting them, in order to hear their positions regarding the process of appointing directors in the Company, and regarding the proposal of candidates they consider suitable for tenure on the Company's Board of Directors.

[5] For details regarding the Commissioner's position in connection with the involvement of institutional entities in the process of proposing directors in the Company, see the Company's immediate report dated October 4, 2020, referenced below.

Note 1: General (Cont.)

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

2. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance

2.2 Appointment of directors in the Company (Cont.)

On January 3, 2021, three of the directors who were recommended by shareholders, two currently serving directors, and one outside director who was recommended by the Board of Directors, were appointed in the meeting.

On May 6, 2021, Prof. Yossi Yagil concluded his third (and last, in accordance with the law) term an outside director of the Company. In order to maintain the current composition of the Board of Directors, which includes three outside directors, on April 21, 2021 Clal Holdings published an immediate report regarding the convention of a special general meeting, the agenda of which will include the selection and appointment of one outside directors from among the two candidates for tenure as an outside director. In light of the complex process which was performed in 2020 before the annual meeting, as stated above, and the short period of time which has passed since its performance, the Company's Board of Directors found that it was not necessary to again perform a full process of identifying suitable candidates for selection as an outside director, and therefore chose the method of identifying candidates from among the list of candidates which were identified by Clal Holdings' Search Committee in January 2021, who are qualified to serve as outside directors, and who have accounting and financial expertise.

On May 4, 2021, the Company contacted Alrov Properties and Lodgings Ltd. (hereinafter: "**Alrov**"), which is a material shareholder of the Company, with a request to present the candidacy of another candidate as an outside director in the Company (hereinafter: "**Hiak**"), in addition to the candidates which were proposed by the Board of Directors. The Company's Board of Directors discussed the aforementioned request, and found it to be among the types of issues which are suited for discussion in the Company's general meeting, without an evaluation of their candidacy by the Board of Directors. On June 15, 2021, the Company announced that in light of the willingness of a currently serving outside director to serve as the Balance Sheet Committee Chairman until the end of the year, instead of the outside director whose tenure concluded, the Company's Board of Directors believes that, for now, it would be appropriate to postpone the resolution regarding the appointment of an additional outside director until the end of the year, and to hold a new discussion on the subject, together with the appointment of the ordinary directors, in the annual meeting which will be held, and the issue was therefore removed from the meeting's agenda.

On November 15, 2021, the Company announced an annual meeting which is scheduled for convention on December 27, 2021, the agenda of which will include the re-appointment of the currently serving directors, and the selection and appointment of one outside director from among two candidates for tenure as outside directors, who were offered from among the list of candidates who were identified by the Company's Search Committee before the previous annual meeting, and who are qualified to serve as outside directors, and who have accounting and financial expertise. Alrov also contacted the Company and requested to propose another candidate for tenure as a director in the Company.

Note 1: General (Cont.)

C. Developments during the reporting period regarding the appointment of directors in the Company and in Clal Insurance

3. Implications

As of the reporting date, the Company is unable to assess the full impact of the results of the aforementioned events on it, inter alia, due to the fact that it is holding discussions with the Commissioner regarding the outline of the control permit, whose provisions, as currently phrased, significantly restrict the influence of the Company over the actions of Clal Insurance, and over the appointment of officers therein. The aforementioned uncertainty also applies in light of additional changes which may occur in the future, due to its holding structure, due to the fact that it is a company without a control core with a material shareholder, and due to the fact that the provisions of the Control Law with respect to an insurer with no controlling shareholder do not apply to it, due to the different corporate structure of the large insurance companies in Israel, relative to the standard structure in banks, according to which the insurance companies, including Clal Insurance, are private companies which are controlled by a holding company, including the Company, which is a public company without a control core.

Additionally, the entire set of changes and events specified above may affect, inter alia, the reputation of the Company and the Group's member companies. It is noted that a future transfer of the control of the Company to a third party may affect clauses in certain agreements of member companies in the Group with third parties (including reinsurers), which may require, upon the fulfillment of circumstances involving the above change in control, negotiations with these third parties in order to keep the agreements in force.

Note 2: Basis for Preparation of the Interim Reports

A. Statement of compliance with international financial reporting standards

The consolidated interim financial statements were prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements established by the Commissioner of Capital Markets, Insurance and Savings, pursuant to the Control of Financial Services (Insurance) Law, 1981, and do not include all of the information which is required in complete annual financial statements. These should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2020 (hereinafter: the "**Annual Financial Statements**"). Furthermore, these financial statements were compiled in accordance with the provisions of Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent to which these regulations apply to a corporation that consolidates insurance companies.

B. Use of estimates and judgment

In preparing the condensed interim financial statements in accordance with IFRS and in accordance with the Control Law and regulations enacted by virtue thereof, the directives of the Commissioner and the provisions of Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as they are relevant, company management is required to exercise judgment in making estimates, approximations and assumptions which affect the implementation of the accounting policy and the amounts of assets and liabilities, revenues and expenses. It is hereby clarified that actual results may differ from these estimates.

The discretion exercised by management in applying the Group's accounting policy and the main assumptions used for estimates involving uncertainty, are consistent with those used in the annual financial statements.

In this context, see Note 8(a) below for details regarding the updates to actuarial estimates, inter alia, due to the low interest environment and its impact on the discount rate used in the calculation of reserves in life and long term care life insurance.

C. Details of changes in the Consumer Price Index and in the representative EUR, USD and GBP exchange rates:

	Index in lieu	Known index	Representative EUR exchange rate	Representative USD exchange rate	Representative GBP exchange rate
			%		
For the period of nine months ended					
September 30, 2021	**2.5**	**2.2**	**(5.3)**	**0.4**	**(1.2)**
September 30, 2020	(0.7)	(0.6)	3.8	(0.4)	(3.3)
For the period of three months ended					
September 30, 2021	**0.9**	**0.8**	**(3.6)**	**(1.0)**	**(3.9)**
September 30, 2020	0.1	0.1	3.7	(0.7)	3.7
For the year ended December 31, 2020	(0.7)	(0.6)	1.7	(7.0)	(3.7)

	Representative EUR exchange rate	Representative USD exchange rate	Representative GBP exchange rate
As of September 30, 2021	**3.736**	**3.229**	**4.340**
As of September 30, 2020	4.026	3.441	4.411
As of December 31, 2020	3.944	3.215	4.392

Note 3: Significant Accounting Policies

The Group's accounting policy, as applied in the interim financial statements, was unchanged relative to the accounting policy which was implemented in the annual reports.

A. Initial adoption of amendments to existing accounting standards:

Standard / Interpretation / Amendment	Topic	Application and Transitional Provisions	Main effects
Amendments to IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, IFRS 16, Leases, and stage 2 of the benchmark interest rates reform (the "Amendments")	The amendments include practical expedients regarding the accounting treatment with respect to changes in contract terms which are due to the benchmark interest rate reform (a reform which will lead to the cancellation of interest rates such as the LIBOR and EURIBOR). For example: • When changing certain conditions which are due to the reform, of financial assets or financial liabilities, the entity will update the financial instrument's effective interest rate, instead of recognizing profit or loss. • Changes to certain lease terms which are due to the reform will be accounted for as updates to lease fees which are linked to an index or an exchange rate. • Certain changes to the conditions of the hedging instrument or hedged item which are due to the reform will not lead to the discontinuation of the use of hedge accounting.	The amendments were adopted retrospectively beginning on January 1, 2021, by amending the opening balance of capital of the annual reporting period in which the amendment was adopted, without restatement of comparative figures.	The adoption of the amendments had no significant effect on the Group's financial statements. However, insofar as the Group chooses in the future to apply hedge accounting which will be affected by the uncertainty due to the reform, the amendment may have a significant impact.

Note 3: Significant Accounting Policies (Cont.)

B. Disclosure for new IFRS and amendments to existing IFRS in the period prior to their adoption:

Standard / Interpretation / Amendment	*Topic*	*Application and Transitional Provisions*	*Main Expected Effects*
Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors	In February 2021, the IASB published an amendment to International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors (hereinafter: the "**Amendment**"). The purpose of the amendment is to provide a new definition of the term "accounting estimates". Accounting estimates are defined as "monetary amounts in the financial statements which are subject to measurement uncertainty". The amendment clarifies what constitutes changes to accounting estimates, and how they differ from changes in the accounting policy and from corrections of errors.	The amendment will be adopted prospectively with respect to annual periods beginning on January 1, 2023, and applies to changes in the accounting policy and in accounting estimates which take place on or after the commencement of that period. Early adoption is permitted.	The adoption of the amendment is not expected to significantly affect the Group's financial statements.
Amendment to IAS 12, Taxes on Income	In May 2021 the **IASB** published an amendment to IAS 12, Income Taxes (hereinafter: "**IAS 12**" or the "**Standard**"), which reduced the application of the "initial recognition exemption" with respect to deferred taxes, as presented in sections 15 and 24 of IAS 12 (hereinafter: the "**Amendment**"). As part of the guidelines for the recognition of deferred tax assets and liabilities, **IAS 12** exempts the recognition of deferred tax assets and liabilities with respect to certain temporary differences which are due to the initial recognition of assets and liabilities in certain transactions. This exemption is called the "initial recognition exemption". The amendment reduces the application of the initial recognition exemption, and clarifies that it does not apply to the recognition of deferred tax assets and liabilities which are due to a non-business combination transaction, and in respect of which equal temporary differences are created on both the credit and debit sides, even if they meet the other conditions of the exemption.	The amendment will be adopted with respect to annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. Regarding lease transactions and the recognition of liabilities with respect to rehabilitation and restoration - the amendment will be applied beginning from the earliest reporting period which is presented in the financial statements in which the amendment is first applied, while carrying the cumulative effect of the initial adoption to the opening balance of retained earnings (or another component of equity, if relevant) as of that date.	The adoption of the amendment is not expected to significantly affect the Group's financial statements.

Note 4: Segmental Reporting

A. General

The Group is engaged in the following operating segments:

1. Long-term savings

The long-term savings segment includes life insurance, accompanying coverages (riders) and management of pension funds and provident funds. The segment includes long-term savings (within the framework of the various types of insurance policies, pension funds and provident funds, including study funds), as well as insurance coverage for various risks, including death, disability, loss of working capacity, health insurance policies sold as riders to life insurance policies, and others. According to the Commissioner's directives, the long-term savings segment includes the following branches: provident funds, pension funds, and life insurance.

2. Health insurance

The health insurance segment includes the Group's operations in the health insurance branches. The segment includes long-term care insurance, medical expenses insurance, surgeries, transplants, personal accidents (long term health branch), international travel, dental insurance, foreign workers, and more.

3. Non-life insurance

The non-life insurance segment in Israel includes the liability and property insurance, credit insurance, personal accidents and other insurance branches.

According to the Commissioner's directives, the non-life insurance segment in Israel is divided into the following branches: compulsory motor, motor property, property and others branches, and other liability branches, as specified below:

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

- **Motor property branch**
  The motor property insurance branch focuses on coverage for damages caused to the policyholder's vehicle, and on property damages caused to a third party by the policyholder's vehicle.

- **Property and others branches**
  The remaining property branches other than motor, liability and other insurance branches, such as guarantees and personal accident insurance (short term health branch).

- **Credit insurance through a consolidated company**
  Credit insurance branches and foreign trade risks.

- **Other liability branches**
  The liability branches cover the liabilities of policyholders with respect to damages caused to third parties. These branches include third party liability, employers' liability, professional liability, and product liability.

4. Other

Including operating segments which do not meet the quantitative thresholds for reporting, credit and financing operations, and insurance agencies.

Note 4: Segmental Reporting (Cont.)

5. Operations which were not allocated to segments

This operation includes the Group's headquarters, which primarily includes capital, liabilities that are not a part of insurance operations, and assets held against them in Clal Insurance, as well as the Company's separate balances and results.

B. Seasonality

1. Long-term savings segment

In general, income from premiums in life insurance, and income from management fees in pension funds and provident funds, are not characterized by seasonality, and therefore, seasonality is not a factor with respect to claims.

However, due to the timing of the end of the tax year, a certain degree of seasonality exists with respect to deposits from premiums/benefits contributions to pension savings products in December, since substantial amounts are deposited during that month by employees and self-employed persons who initiate deposits that are not in the framework of their wages, with the intention of making full use of the tax benefits, as well as by employers completing obligations with respect to the tax year or making one-time deposits, usually with respect to a severance pay tenure debt. There are also certain months, which vary from year to year, in which the scope of premiums/contributions could be higher, this being mainly due to one-time payments made by employers to workers, with respect to which contributions are provided.

2. Non-life insurance segment

In general, revenue from premiums in non-life insurance in Israel is not characterized by clear seasonality. However, premiums in the first quarter of the year are higher than premiums in other quarters, mainly due to renewals of insurance contracts by business policyholders, and to renewals of large vehicle fleets at the start of the calendar year, which have a certain degree of seasonality. The effect of this seasonality on reported income is neutralized by the unearned premium reserve.

There is no clear seasonality in the other expense components, such as claims, and in other income components, such as income from investments. However, it should be noted that in the winter seasons an increase in claims is sometimes seen in the first or fourth quarters of the year, or in both of them, mainly in the property branches, and as a result reported income for the period decreases.

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments

	Long term savings											
	Provident			Pension			Life insurance [1)]			Total		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	**-**	-	-	**-**	-	-	**4,572,817**	4,288,861	5,728,544	**4,572,817**	4,288,861	5,728,544
Premiums earned by reinsurers	**-**	-	-	**-**	-	-	**117,738**	107,209	146,775	**117,738**	107,209	146,775
Premiums earned on retention	**-**	-	-	**-**	-	-	**4,455,079**	4,181,652	5,581,769	**4,455,079**	4,181,652	5,581,769
Income (loss) from investments, net, and financing income	**152,611**	84,752	118,733	**2,034**	382	477	**8,282,443**	(1,215,512)	4,592,600	**8,437,088**	(1,130,378)	4,711,810
Income from management fees	**147,369**	130,843	175,360	**227,468**	207,814	280,185	**852,378**	358,180	790,192	**1,227,215**	696,837	1,245,737
Income from commissions	**-**	-	-	**-**	-	-	**19,061**	25,204	23,653	**19,061**	25,204	23,653
Other income	**330**	333	572	**4**	(3)	-	**-**	-	-	**334**	330	572
Total income	**300,310**	215,928	294,665	**229,506**	208,193	280,662	**13,608,961**	3,349,524	10,988,214	**14,138,777**	3,773,645	11,563,541
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**148,276**	81,336	113,061	**-**	-	-	**12,382,552**	2,896,870	9,759,827	**12,530,828**	2,978,206	9,872,888
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**-**	-	-	**-**	-	-	**(88,331)**	(76,472)	(122,352)	**(88,331)**	(76,472)	(122,352)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**148,276**	81,336	113,061	**-**	-	-	**12,294,221**	2,820,398	9,637,475	**12,442,497**	2,901,734	9,750,536
Commissions, marketing expenses and other acquisition costs	**60,197**	49,220	66,304	**75,059**	69,433	96,644	**523,107**	508,608	674,861	**658,363**	627,261	837,809
General and administrative expenses	**83,399**	81,016	113,480	**133,034**	123,695	174,362	**282,852**	276,176	394,616	**499,285**	480,887	682,458
Impairment of intangible assets	**-**	-	-	**-**	-	306	**-**	-	1,999	**-**	-	2,305
Other expenses	**2,374**	2,503	4,453	**2,665**	3,568	3,635	**-**	(1)	-	**5,039**	6,070	8,088
Financing expenses (income)	**-**	-	3	**131**	152	186	**19,774**	(3,489)	7,488	**19,905**	(3,337)	7,677
Total expenses	**294,246**	214,075	297,301	**210,889**	196,848	275,133	**13,119,954**	3,601,692	10,716,439	**13,625,089**	4,012,615	11,288,873
Share in the results of investee companies accounted by the equity method, net	**-**	-	-	**2**	(112)	(449)	**1,295**	(2,167)	(2,064)	**1,297**	(2,279)	(2,513)
Income (loss) before taxes on income	**6,064**	1,853	(2,636)	**18,619**	11,233	5,080	**490,302**	(254,335)	269,711	**514,985**	(241,249)	272,155
Other comprehensive income (loss) before taxes on income	**1,470**	(1,215)	581	**2,995**	(2,584)	951	**203,616**	20,505	96,136	**208,081**	16,706	97,668
Total comprehensive income (loss) before taxes on income	**7,534**	638	(2,055)	**21,614**	8,649	6,031	**693,918**	(233,830)	365,847	**723,066**	(224,543)	369,823
	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	**2,388,951**	2,376,277	2,372,148	**-**	-	-	**19,930,228**	19,539,107	19,450,556	**22,319,179**	21,915,384	21,822,704
Liabilities with respect to investment-linked insurance contracts and investment contracts	**-**	-	-	**-**	-	-	**86,889,985**	70,829,498	76,314,394	**86,889,985**	70,829,498	76,314,394
1) Total premiums (including pure savings premiums (investment contracts) which were applied directly to reserve).							**8,449,582**	5,412,325	7,312,561	**8,449,582**	5,412,325	7,312,561

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Health			General			Other		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	**1,046,613**	970,734	1,296,408	**2,080,572**	1,826,639	2,471,385	**-**	-	-
Premiums earned by reinsurers	**53,399**	46,412	65,602	**1,033,393**	927,156	1,254,137	**-**	-	-
Premiums earned on retention	**993,214**	924,322	1,230,806	**1,047,179**	899,483	1,217,248	**-**	-	-
Income (loss) from investments, net, and financing income	**327,794**	2,147	128,032	**181,627**	(15,931)	8,882	**994**	2,529	3,284
Income from commissions	**4,515**	4,029	5,134	**156,122**	154,287	217,740	**124,061**	105,463	145,011
Other income	**-**	-	-	**29**	28	39	**335**	10	17
Total income	**1,325,523**	930,498	1,363,972	**1,384,957**	1,037,867	1,443,909	**125,390**	108,002	148,312
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**722,170**	352,766	619,989	**2,164,739**	1,004,010	1,500,422	**-**	-	-
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(56,468)**	(123,831)	(130,345)	**(1,331,000)**	(448,568)	(721,604)	**-**	-	-
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**665,702**	228,935	489,644	**833,739**	555,442	778,818	**-**	-	-
Commissions, marketing expenses and other acquisition costs	**389,549**	373,567	510,384	**417,312**	400,318	558,484	**87,826**	77,915	104,882
General and administrative expenses	**61,721**	53,704	77,761	**60,250**	57,100	82,049	**11,745**	12,449	15,972
Other expenses	**-**	-	-	**-**	-	-	**1,459**	402	607
Financing expenses (income)	**14,059**	3,167	5,549	**2,934**	2,628	(2,163)	**584**	641	992
Total expenses	**1,131,031**	659,373	1,083,338	**1,314,235**	1,015,488	1,417,188	**101,614**	91,407	122,453
Share in the results of investee companies accounted by the equity method, net	**(2)**	(627)	(702)	**566**	(3,961)	(4,292)	**16,795**	1,064	167
Income (loss) before taxes on income	**194,490**	270,498	279,932	**71,288**	18,418	22,429	**40,571**	17,659	26,026
Other comprehensive income (loss) before taxes on income	**11,308**	(123,450)	(104,511)	**19,030**	(18,207)	26,163	**466**	1,156	2,678
Total comprehensive income before taxes on income	**205,798**	147,048	175,421	**90,318**	211	48,592	**41,037**	18,815	28,704
	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	**2,724,062**	2,682,943	2,783,448	**7,485,983**	6,418,069	6,473,735	**-**	-	-
Liabilities with respect to investment-linked insurance contracts and investment contracts	**1,097,862**	1,077,385	995,436	**-**	-	-	**-**	-	-

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Not allocated to segments			Adjustments and offsets			Total		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	-	-	-	(1,157)	(1,547)	(2,037)	7,698,845	7,084,687	9,494,300
Premiums earned by reinsurers	-	-	-	-	-	-	1,204,530	1,080,777	1,466,514
Premiums earned on retention	-	-	-	(1,157)	(1,547)	(2,037)	6,494,315	6,003,910	8,027,786
Income from investments, net, and financing income	452,982	39,484	198,993	(247)	326	(259)	9,400,238	(1,101,823)	5,050,742
Income from management fees	-	-	-	769	683	944	1,227,984	697,520	1,246,681
Income (expenses) from commissions	-	-	-	(60,562)	(60,325)	(80,270)	243,197	228,658	311,268
Other income	205	33	15	7	1	2	910	402	645
Total income	453,187	39,517	199,008	(61,190)	(60,862)	(81,620)	17,366,644	5,828,667	14,637,122
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	-	-	-	(1,673)	(1,523)	(3,450)	15,416,064	4,333,459	11,989,849
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	-	-	-	-	-	-	(1,475,799)	(648,871)	(974,301)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	-	-	-	(1,673)	(1,523)	(3,450)	13,940,265	3,684,588	11,015,548
Commissions, marketing expenses and other acquisition costs	-	-	-	(60,553)	(60,309)	(80,270)	1,492,497	1,418,752	1,931,289
General and administrative expenses	51,503	52,077	74,846	(1,009)	(577)	817	683,495	655,640	933,903
Impairment of intangible assets	-	-	187	-	-	-	-	-	2,492
Other expenses (income)	547	(68)	367	-	-	-	7,045	6,404	9,062
Financing expenses	129,333	105,574	142,511	56	485	133	166,871	109,158	154,699
Total expenses	181,383	157,583	217,911	(63,179)	(61,924)	(82,770)	16,290,173	5,874,542	14,046,993
Share in the results of investee companies accounted by the equity method, net	3,186	734	3,148	-	-	-	21,842	(5,069)	(4,192)
Income (loss) before taxes on income	274,990	(117,332)	(15,755)	1,989	1,062	1,150	1,098,313	(50,944)	585,937
Other comprehensive income (loss) before taxes on income	174,333	(7,905)	222,291	490	926	2,111	413,708	(130,774)	246,400
Total comprehensive income (loss) before taxes on income	449,323	(125,237)	206,536	2,479	1,988	3,261	1,512,021	(181,718)	832,337

	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	-	-	-	(1,443)	(2,195)	(992)	32,527,781	31,014,201	31,078,895
Liabilities with respect to investment-linked insurance contracts and investment contracts	-	-	-	(19,477)	(17,485)	(18,466)	87,968,370	71,889,398	77,291,364

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Long term savings							
	Provident		Pension		Life insurance 1)		Total	
	For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30	
	2021	2020	2021	2020	2021	2020	2021	2020
NIS in thousands	Unaudited							
Gross premiums earned	**-**	-	**-**	-	**1,552,032**	1,437,546	**1,552,032**	1,437,546
Premiums earned by reinsurers	**-**	-	**-**	-	**39,984**	36,290	**39,984**	36,290
Premiums earned on retention	**-**	-	**-**	-	**1,512,048**	1,401,256	**1,512,048**	1,401,256
Income from investments, net, and financing income	**53,028**	34,499	**1,206**	89	**1,614,608**	2,365,694	**1,668,842**	2,400,282
Income from management fees	**52,965**	44,735	**78,387**	70,874	**190,938**	122,514	**322,290**	238,123
Income from commissions	**-**	-	**-**	-	**5,943**	5,697	**5,943**	5,697
Other income	**75**	29	**2**	-	**-**	-	**77**	29
Total income	**106,068**	79,263	**79,595**	70,963	**3,323,537**	3,895,161	**3,509,200**	4,045,387
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**51,892**	34,866	**-**	-	**2,949,882**	3,636,103	**3,001,774**	3,670,969
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**-**	-	**-**	-	**(25,653)**	(28,309)	**(25,653)**	(28,309)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**51,892**	34,866	**-**	-	**2,924,229**	3,607,794	**2,976,121**	3,642,660
Commissions, marketing expenses and other acquisition costs	**23,172**	17,955	**26,565**	23,184	**172,225**	168,884	**221,962**	210,023
General and administrative expenses	**27,194**	25,763	**41,894**	42,273	**92,797**	94,353	**161,885**	162,389
Other expenses	**769**	832	**729**	1,274	**-**	(1)	**1,498**	2,105
Financing expenses	**1**	5	**44**	66	**4,619**	4,972	**4,664**	5,043
Total expenses	**103,028**	79,421	**69,232**	66,797	**3,193,870**	3,876,002	**3,366,130**	4,022,220
Share in the results of investee companies accounted by the equity method, net	**-**	-	**(86)**	41	**(125)**	336	**(211)**	377
Income (loss) before taxes on income	**3,040**	(158)	**10,277**	4,207	**129,542**	19,495	**142,859**	23,544
Other comprehensive income (loss) before taxes on income	**89**	165	**347**	408	**(2,257)**	41,276	**(1,821)**	41,849
Total comprehensive income before taxes on income	**3,129**	7	**10,624**	4,615	**127,285**	60,771	**141,038**	65,393
1) Total premiums (including pure savings premiums (investment contracts) which were applied directly to reserve)					3,025,153	1,718,232	3,025,153	1,718,232

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Health		General		Other		Not allocated to segments		Adjustments and offsets		Total	
	For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
NIS in thousands	Unaudited											
Gross premiums earned	**368,461**	318,380	**719,029**	635,414	**-**	-	**-**	-	**(385)**	(428)	**2,639,137**	2,390,912
Premiums earned by reinsurers	**18,605**	16,150	**345,847**	326,074	**-**	-	**-**	-	**-**	-	**404,436**	378,514
Premiums earned on retention	**349,856**	302,230	**373,182**	309,340	**-**	-	**-**	-	**(385)**	(428)	**2,234,701**	2,012,398
Income (loss) from investments, net, and financing income	**105,291**	67,165	**59,345**	22,219	**73**	99	**146,479**	54,313	**(5)**	286	**1,980,025**	2,544,364
Income from management fees	**-**	-	**-**	-	**-**	-	**-**	-	**246**	252	**322,536**	238,375
Income from commissions	**1,402**	936	**52,276**	58,947	**46,210**	32,896	**-**	-	**(21,330)**	(18,065)	**84,501**	80,411
Other income	**-**	-	**8**	12	**329**	4	**187**	9	**2**	1	**603**	55
Total income	**456,549**	370,331	**484,811**	390,518	**46,612**	32,999	**146,666**	54,322	**(21,472)**	(17,954)	**4,622,366**	4,875,603
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**203,482**	190,529	**630,404**	309,581	**-**	-	**-**	-	**(512)**	(512)	**3,835,148**	4,170,567
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(22,206)**	(71,775)	**(312,740)**	(160,487)	**-**	-	**-**	-	**-**	-	**(360,599)**	(260,571)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**181,276**	118,754	**317,664**	149,094	**-**	-	**-**	-	**(512)**	(512)	**3,474,549**	3,909,996
Commissions, marketing expenses and other acquisition costs	**132,979**	130,535	**149,598**	142,428	**34,201**	25,871	**-**	-	**(21,324)**	(18,044)	**517,416**	490,813
General and administrative expenses	**19,725**	18,142	**19,756**	20,267	**2,907**	4,455	**19,162**	15,408	**(538)**	(753)	**222,897**	219,908
Other expenses	**-**	-	**-**	-	**803**	158	**1,088**	242	**-**	-	**3,389**	2,505
Financing expenses	**5,040**	2,781	**490**	58	**185**	228	**43,164**	37,797	**14**	336	**53,557**	46,243
Total expenses	**339,020**	270,212	**487,508**	311,847	**38,096**	30,712	**63,414**	53,447	**(22,360)**	(18,973)	**4,271,808**	4,669,465
Share in the results of investee companies accounted by the equity method, net	**1**	47	**(43)**	171	**15,569**	765	**3,050**	792	**-**	-	**18,366**	2,152
Income (loss) before taxes on income	**117,530**	100,166	**(2,740)**	78,842	**24,085**	3,052	**86,302**	1,667	**888**	1,019	**368,924**	208,290
Other comprehensive income (loss) before taxes on income	**(8,824)**	7,316	**5,654**	59,064	**-**	-	**5,341**	31,665	**-**	(2)	**350**	139,892
Total comprehensive income (loss) before taxes on income	**108,706**	107,482	**2,914**	137,906	**24,085**	3,052	**91,643**	33,332	**888**	1,017	**369,274**	348,182

Note 4: Segmental Reporting (Cont.)

D. Additional information regarding the main insurance branches included in the non-life insurance segment

	Liability branches					
	Compulsory motor			Liabilities and others branches [1]		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2021	2020	2020	2021	2020	2020
NIS in thousands	Unaudited		Audited	Unaudited		Audited
Gross premiums	**479,022**	423,690	531,941	**404,225**	331,424	422,980
Reinsurance premiums	**208,948**	191,291	235,875	**234,911**	162,577	202,609
Premiums on retention	**270,074**	232,399	296,066	**169,314**	168,847	220,371
Change in unearned premium balance, on retention	**(30,658)**	(67,429)	(58,343)	**(6,778)**	(7,143)	(5,945)
Premiums earned on retention	**239,416**	164,970	237,723	**162,536**	161,704	214,426
Income (loss) from investments, net, and financing income	**71,409**	(6,754)	11,462	**73,287**	(7,100)	(1,874)
Income from commissions	**34,108**	38,968	51,183	**17,269**	10,052	14,643
Total income	**344,933**	197,184	300,368	**253,092**	164,656	227,195
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**605,642**	280,153	473,195	**903,667**	231,274	310,703
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(329,021)**	(164,157)	(292,383)	**(711,499)**	(52,878)	(69,017)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**276,621**	115,996	180,812	**192,168**	178,396	241,686
Commissions, marketing expenses and other acquisition costs	**64,372**	56,863	79,450	**73,339**	70,575	99,735
General and administrative expenses	**11,153**	9,604	15,365	**6,549**	7,184	9,074
Financing expenses (income)	**2,426**	2,331	(104)	**(481)**	(83)	101
Total expenses	**354,572**	184,794	275,523	**271,575**	256,072	350,596
Share in the profits (losses) of associate companies, net	**272**	(1,902)	(2,060)	**181**	(1,267)	(1,373)
Income (loss) before taxes on income	**(9,367)**	10,488	22,785	**(18,302)**	(92,683)	(124,774)
Other comprehensive income (loss) before taxes on income	**5,822**	(6,307)	10,951	**5,932**	(6,120)	10,618
Total comprehensive income (loss) before taxes on income	**(3,545)**	4,181	33,736	**(12,370)**	(98,803)	(114,156)
	As of September 30		As of December 31	As of September 30		As of December 31
	2021	2020	2020	2021	2020	2020
Liabilities with Respect to Insurance Contracts	Unaudited		Audited	Unaudited		Audited
Gross	**2,696,700**	2,346,208	2,433,094	**3,075,249**	2,572,619	2,556,333
Reinsurance	**1,246,118**	927,591	1,014,270	**1,556,544**	1,095,134	1,079,219
Retention	**1,450,582**	1,418,617	1,418,824	**1,518,705**	1,477,485	1,477,114

1. Liabilities and others branches primarily include the results of the third party liability and employers' and managers' liability insurance branches, the activity in which, during the reporting period, constituted approximately 80%, and in the corresponding period last year and in the year ended December 31, 2020, constituted approximately 78% of total premiums in those branches.

Note 4: Segmental Reporting (Cont.)

D. Additional information concerning the main insurance branches included in the non-life insurance segment (Cont.)

	Property branches									Total		
	Motor property			Credit insurance			Property and others branches [1]					
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums	**616,611**	530,393	686,131	**92,325**	85,442	115,303	**737,284**	657,759	836,014	**2,329,467**	2,028,708	2,592,369
Reinsurance premiums	**69,816**	138,248	178,191	**50,640**	44,283	60,379	**569,042**	497,466	632,139	**1,133,357**	1,033,865	1,309,193
Premiums on retention	**546,795**	392,145	507,940	**41,685**	41,159	54,924	**168,242**	160,293	203,875	**1,196,110**	994,843	1,283,176
Change in unearned premium balance, on retention	**(99,453)**	(13,322)	(1,034)	**63**	(1,465)	(2,293)	**(12,105)**	(6,001)	1,687	**(148,931)**	(95,360)	(65,928)
Premiums earned on retention	**447,342**	378,823	506,906	**41,748**	39,694	52,631	**156,137**	154,292	205,562	**1,047,179**	899,483	1,217,248
Income (loss) from investments, net, and financing income	**17,548**	(1,544)	1,212	**5,131**	751	(310)	**14,252**	(1,284)	(1,608)	**181,627**	(15,931)	8,882
Income from commissions	**4,412**	4,450	6,104	**14,061**	10,367	16,937	**86,272**	90,450	128,873	**156,122**	154,287	217,740
Other income	**-**	-	-	**29**	28	39	**-**	-	-	**29**	28	39
Total income	**469,302**	381,729	514,222	**60,969**	50,840	69,297	**256,661**	243,458	332,827	**1,384,957**	1,037,867	1,443,909
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**416,783**	304,759	420,083	**35,972**	36,892	29,986	**202,675**	150,932	266,455	**2,164,739**	1,004,010	1,500,422
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(105,463)**	(102,549)	(145,265)	**(24,750)**	(23,930)	(18,692)	**(160,267)**	(105,054)	(196,247)	**(1,331,000)**	(448,568)	(721,604)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**311,320**	202,210	274,818	**11,222**	12,962	11,294	**42,408**	45,878	70,208	**833,739**	555,442	778,818
Commissions, marketing expenses and other acquisition costs	**134,269**	122,705	167,588	**9,055**	7,335	10,633	**136,277**	142,840	201,078	**417,312**	400,318	558,484
General and administrative expenses	**14,357**	12,021	19,819	**15,330**	13,573	18,515	**12,861**	14,718	19,276	**60,250**	57,100	82,049
Financing expenses (income)	**576**	(128)	(390)	**210**	(116)	(1,421)	**203**	624	(349)	**2,934**	2,628	(2,163)
Total expenses	**460,522**	336,808	461,835	**35,817**	33,754	39,021	**191,749**	204,060	290,213	**1,314,235**	1,015,488	1,417,188
Share in the profits (losses) of associate companies, net	**51**	(356)	(386)	**-**	-	-	**62**	(436)	(473)	**566**	(3,961)	(4,292)
Profit before taxes on income	**8,831**	44,565	52,001	**25,152**	17,086	30,276	**64,974**	38,962	42,141	**71,288**	18,418	22,429
Other comprehensive income (loss) before taxes on income	**1,756**	(1,068)	3,185	**4,118**	(3,806)	(1,565)	**1,402**	(906)	2,974	**19,030**	(18,207)	26,163
Total comprehensive income (loss) before taxes on income	**10,587**	43,497	55,186	**29,270**	13,280	28,711	**66,376**	38,056	45,115	**90,318**	211	48,592

	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
Liabilities with respect to insurance contracts	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross	**583,788**	486,439	474,510	**73,840**	60,931	53,640	**1,056,406**	951,872	956,158	**7,485,983**	6,418,069	6,473,735
Reinsurance	**92,731**	123,225	124,808	**40,891**	31,373	26,528	**778,523**	667,009	677,081	**3,714,807**	2,844,332	2,921,906
Retention	**491,057**	363,214	349,702	**32,949**	29,558	27,112	**277,883**	284,863	279,077	**3,771,176**	3,573,737	3,551,829

1. Property and other branches primarily include the results of the business property insurance and apartment and engineering insurance branches, the activity in which during the reporting period, in the corresponding period last year and in the year ended December 31, 2020, constituted approximately 78% of the total premiums in these branches.

Note 4: Segmental Reporting (Cont.)

D. Additional information concerning the main insurance branches included in the non-life insurance segment (Cont.)

	Liability branches				Property branches							
	Compulsory motor		Liabilities and others branches [2]		Motor property		Credit insurance		Property and others branches [1]		Total	
	For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
NIS in thousands	Unaudited											
Gross premiums	**168,432**	160,113	**116,810**	122,151	**200,479**	175,403	**31,279**	31,482	**210,390**	193,094	**727,390**	682,243
Reinsurance premiums	**79,256**	77,671	**63,468**	68,914	**21,720**	45,885	**17,173**	17,319	**158,082**	142,644	**339,699**	352,433
Premiums on retention	**89,176**	82,442	**53,342**	53,237	**178,759**	129,518	**14,106**	14,163	**52,308**	50,450	**387,691**	329,810
Change in unearned premium balance, on retention	**(6,666)**	(17,239)	**4,009**	676	**(14,271)**	(4,045)	**316**	(978)	**2,103**	1,116	**(14,509)**	(20,470)
Premiums earned on retention	**82,510**	65,203	**57,351**	53,913	**164,488**	125,473	**14,422**	13,185	**54,411**	51,566	**373,182**	309,340
Income from investments, net, and financing income	**23,231**	8,833	**23,817**	8,747	**5,985**	1,890	**1,369**	1,043	**4,943**	1,706	**59,345**	22,219
Income from commissions	**10,582**	13,245	**6,130**	3,886	**1,406**	1,627	**4,864**	3,785	**29,294**	36,404	**52,276**	58,947
Other income	**-**	-	**-**	-	**-**	-	**8**	12	**-**	-	**8**	12
Total income	**116,323**	87,281	**87,298**	66,546	**171,879**	128,990	20,663	18,025	88,648	89,676	**484,811**	390,518
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**203,077**	70,895	**181,098**	73,204	**160,699**	112,428	**14,360**	(16,502)	**71,170**	69,556	**630,404**	309,581
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(109,531)**	(51,440)	**(101,503)**	(25,104)	**(30,554)**	(40,635)	**(9,592)**	11,929	**(61,560)**	(55,237)	**(312,740)**	(160,487)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**93,546**	19,455	**79,595**	48,100	**130,145**	71,793	**4,768**	(4,573)	**9,610**	14,319	**317,664**	149,094
Commissions, marketing expenses and other acquisition costs	**21,788**	21,239	**24,697**	23,234	**48,961**	43,079	**3,036**	2,295	**51,116**	52,581	**149,598**	142,428
General and administrative expenses	**5,130**	3,173	**816**	3,033	**6,490**	3,362	**4,896**	4,684	**2,424**	6,015	**19,756**	20,267
Financing expenses (income)	**783**	368	**(80)**	(86)	**116**	(107)	**(514)**	(111)	**185**	(6)	**490**	58
Total expenses	**121,247**	44,235	**105,028**	74,281	**185,712**	118,127	**12,186**	2,295	**63,335**	72,909	**487,508**	311,847
Share in the profits (losses) of associate companies, net	**(20)**	82	**(14)**	55	**(4)**	15	**-**	-	**(5)**	19	**(43)**	171
Income (loss) before taxes on income	**(4,944)**	43,128	**(17,744)**	(7,680)	**(13,837)**	10,878	**8,477**	15,730	**25,308**	16,786	**(2,740)**	78,842
Other comprehensive income (loss) before taxes on income	**1,661**	24,873	**1,679**	24,370	**458**	5,347	**1,532**	(399)	**324**	4,873	**5,654**	59,064
Total comprehensive income (loss) before taxes on income	**(3,283)**	68,001	**(16,065)**	16,690	**(13,379)**	16,225	**10,009**	15,331	**25,632**	21,659	**2,914**	137,906

1. Property and other branches primarily include the results of the business property insurance and apartment and engineering insurance branches, the activity in which during the three month period ended on the reporting date, and during the corresponding period last year, constitutes approximately 76% and approximately 75%, respectively, of the total premiums in these branches.
2. Other liabilities branches primarily include the results of the third party liability and employers' and managers' liability insurance branches, which, during the three month period ended on the reporting date, and in the corresponding period last year, constituted approximately 85% and approximately 87%, respectively, of total premiums in those branches.

Note 4: Segmental Reporting (Cont.)

E. Additional information regarding the life insurance and long-term savings segment

Data for the period of nine months ended September 30, 2021 (unaudited)

NIS in thousands	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
	Until 1990 [1)]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	124,575	1,170,948	(641)	2,713,783	517,558	42,755	4,568,978
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	3,876,765	-	-	3,876,765
Financial margin including management fees [2)]	254,331	622,533	2,557	227,984	-	-	1,107,405
Payments and changes in liabilities with respect to insurance contracts, gross	1,061,069	5,915,095	(5,561)	4,713,566	276,316	44,970	12,005,455
Payments and changes in liabilities with respect to investment contracts	-	-	(2,373)	379,470	-	-	377,097
Total comprehensive income (loss)	262,485	532,589	7,298	(126,769)	9,595	8,720	693,918

Data for the period of nine months ended September 30, 2020 (unaudited)

NIS in thousands	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
	Until 1990 [1)]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	131,566	1,179,705	581	2,448,051	479,475	50,864	4,290,242
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	1,123,464	-	-	1,123,464
Financial margin including management fees [2)]	72,848	166,011	(408)	189,355	-	-	427,806
Payments and changes in liabilities with respect to insurance contracts, gross	480,941	256,362	1,682	1,925,853	262,190	35,334	2,962,362
Payments and changes in liabilities with respect to investment contracts	-	-	33	(65,525)	-	-	(65,492)
Total comprehensive income (loss)	127,390	(214,174)	(9,682)	(73,414)	(60,689)	(3,261)	(233,830)

For the period of three months ended September 30, 2021 (unaudited)

NIS in thousands	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
	Until 1990 [1)]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	41,087	388,138	(98)	926,636	176,560	15,219	1,547,542
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	1,473,121	-	-	1,473,121
Financial margin including management fees [2)]	74,405	109,887	78	81,146	-	-	265,516
Payments and changes in liabilities with respect to insurance contracts, gross	361,562	1,185,198	(532)	1,224,913	91,996	15,150	2,878,287
Payments and changes in liabilities with respect to investment contracts	-	-	4	71,591	-	-	71,595
Total comprehensive income (loss)	79,089	73,499	370	(32,008)	1,877	4,458	127,285

Note 4: Segmental Reporting (Cont.)

E. Additional information regarding the life insurance and long-term savings segment (Cont.)

Data for the period of three months ended September 30, 2020 (unaudited)

	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
NIS in thousands	Until 1990 [1]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	44,050	381,687	206	831,210	162,100	19,730	1,438,983
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	280,682	-	-	280,682
Financial margin including management fees [2]	49,061	56,264	(113)	65,308	-	-	170,520
Payments and changes in liabilities with respect to insurance contracts, gross	243,783	1,768,215	223	1,450,792	72,284	19,419	3,554,716
Payments and changes in liabilities with respect to investment contracts	-	-	25	81,362	-	-	81,387
Total comprehensive income (loss)	52,341	34,453	(2,680)	(17,594)	(3,600)	(2,149)	60,771

Data for the year ended December 31, 2020 (Audited)

	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a savings component Sold as a single policy		
			From 2004				
NIS in thousands	Until 1990 [1]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	175,026	1,579,943	347	3,262,135	644,906	68,793	5,731,150
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	1,584,017	-	-	1,584,017
Financial margin including management fees [2]	199,511	524,728	(343)	257,155	-	-	981,051
Payments and changes in liabilities with respect to insurance contracts, gross	596,833	4,231,139	348	4,355,948	363,848	53,736	9,601,852
Payments and changes in liabilities with respect to investment contracts	-	-	55	157,919	-	-	157,974
Total comprehensive income (loss)	389,495	192,726	(207)	(168,354)	(43,960)	(3,853)	365,847

Notes:

(1) Products issued by 1990 (including enlargements in respect thereof) are primarily guaranteed-return, and are primarily backed by designated bonds.

(2) The financial margin includes profit (loss) from investments charged to other comprehensive income, and does not include the Company's additional income charged as a percentage of the premium, and is calculated before deduction of investment management expenses.
The financial margin in guaranteed-return policies is based on income from actual investments for the reporting year, less a multiple of the guaranteed rate of return per year, times the average reserve for the year in the various insurance funds.
The financial margin in investment-linked contracts is the total of fixed and variable management fees, calculated based on a reduction in the credit to savings in the Company's systems.

Note 4: Segmental Reporting (Cont.)

F. Additional details regarding the health insurance segments

Data for the period of nine months ended September 30, 2021 (unaudited)

	Long term care		Health other **)		
NIS in thousands	Individual	Collective	Long term	Short term	Total
Gross premiums	**197,194**	**30,639**	**786,212*)**	**34,375*)**	**1,048,420**
Payments and changes in liabilities with respect to insurance contracts, gross	**284,120**	**37,062**	**378,970**	**22,018**	**722,170**
Other comprehensive income (loss)	**78**	**12**	**12,197**	**(979)**	**11,308**
Total comprehensive income (loss)	**90,268**	**52,102**	**68,295**	**(4,867)**	**205,798**

*) Of which, individual premiums in the amount of NIS 733,100 thousand and collective premiums in the amount of NIS 87,487 thousand.
**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Data for the period of nine months ended September 30, 2020 (unaudited)

	Long term care		Health other **)		
NIS in thousands	Individual	Collective	Long term	Short term	Total
Gross premiums	201,180	30,556	723,263*)	12,119*)	967,118
Payments and changes in liabilities with respect to insurance contracts, gross	(126,627)	163,645	310,389	5,359	352,766
Other comprehensive loss	(49,103)	(49,350)	(23,443)	(1,554)	(123,450)
Total comprehensive income (loss) 1)	204,384	(95,804)	39,782	(1,314)	147,048

*) Of which, individual premiums in the amount of NIS 662,561 thousand and collective premiums in the amount of NIS 72,821 thousand.
**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Data for the period of three months ended September 30, 2021 (unaudited)

	Long term care		Health other **)		
NIS in thousands	Individual	Collective	Long term	Short term	Total
Gross premiums	**66,070**	**11,393**	**270,630*)**	**19,566*)**	**367,659**
Payments and changes in liabilities with respect to insurance contracts, gross	**51,877**	**12,971**	**124,758**	**13,876**	**203,482**
Other comprehensive income (loss)	**(1)**	**-**	**(9,007)**	**184**	**(8,824)**
Total comprehensive income	**65,816**	**18,685**	**24,173**	**32**	**108,706**

*) Of which, individual premiums in the amount of NIS 248,651 thousand and collective premiums in the amount of NIS 41,545 thousand.
**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Data for the period of three months ended September 30, 2020 (unaudited)

	Long term care		Health other **)		
NIS in thousands	Individual	Collective	Long term	Short term	Total
Gross premiums	66,436	9,681	240,540*)	1,599*)	318,256
Payments and changes in liabilities with respect to insurance contracts, gross	(16,524)	101,239	107,493	(1,679)	190,529
Other comprehensive income (loss)	(611)	362	8,205	(640)	7,316
Total comprehensive income (loss) 1)	113,129	(24,060)	18,229	184	107,482

*) Of which, individual premiums in the amount of NIS 221,708 thousand and collective premiums in the amount of NIS 20,431 thousand.
**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Data for the year ended December 31, 2020 (audited)

	Long term care		Health other **)		
NIS in thousands	Individual	Collective	Long term	Short term	Total
Gross premiums	267,251	40,522	969,472*)	15,497*)	1,292,742
Payments and changes in liabilities with respect to insurance contracts, gross	41,490	166,853	407,063	4,583	619,989
Other comprehensive income (loss)	(51,794)	(48,414)	(5,035)	732	(104,511)
Total comprehensive income (loss) 1)	186,697	(88,880)	78,655	(1,051)	175,421

*) Of which, individual premiums in the amount of NIS 788,547 thousand and collective premiums in the amount of NIS 195,694 thousand.
**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.
1) See Note 8(a) to the financial statements regarding interest.

Note 5: Financial Instruments

A. Assets for investment-linked contracts

1. Composition:

NIS in thousands	As of September 30 2021	As of September 30 2020	As of December 31 2020
	Unaudited		Audited
Investment property *)	**3,061,596**	3,059,239	3,043,442
Financial investments			
Marketable debt assets	**22,755,285**	25,714,789	24,263,517
Non-marketable debt assets	**8,230,049**	6,415,136	6,696,981
Stocks	**25,302,586**	16,104,038	19,770,339
Other financial investments	**19,107,456**	15,774,820	20,067,924
Total financial investments *)	**75,395,376**	64,008,783	70,798,761
Cash and cash equivalents	**10,319,471**	4,616,125	5,273,150
Other **)	**904,254**	760,659	449,172
Total assets for investment-linked contracts	**89,680,697**	72,444,806	79,564,525

*) Measured at fair value through profit and loss.
**) The balance primarily includes outstanding premiums, reinsurer balances, collateral with respect to activities with futures contracts, and transactions with securities which have not yet been settled as of the date of the financial statements.

2. Additional information regarding fair value

A. Fair value of financial assets, classified by levels

NIS in thousands	As of September 30, 2021 Level 1	Level 2	Level 3	Total
	Unaudited			
Financial investments:				
Marketable debt assets	**19,607,086**	**3,148,199**	**-**	**22,755,285**
Non-marketable debt assets	**-**	**8,199,615**	**30,434**	**8,230,049**
Stocks	**23,364,439**	**-**	**1,938,147**	**25,302,586**
Other financial investments *)	**10,325,156**	**2,018,796**	**6,763,504**	**19,107,456**
Total financial investments	**53,296,681**	**13,366,610**	**8,732,085**	**75,395,376**
*) Of which, with respect to derivatives	**143,935**	**528,427**	**-**	**672,362**

During the period, there were no significant transfers between level 1 and level 2.

NIS in thousands	As of September 30, 2020 Level 1	Level 2	Level 3	Total
	Unaudited			
Financial investments:				
Marketable debt assets	22,283,776	3,431,013	-	25,714,789
Non-marketable debt assets	-	6,376,513	38,623	6,415,136
Stocks	15,041,566	-	1,062,472	16,104,038
Other financial investments *)	9,947,930	1,405,568	4,421,322	15,774,820
Total financial investments	47,273,272	11,213,094	5,522,417	64,008,783
*) Of which, with respect to derivatives	11,504	483,327	-	494,831

During the period, there were no significant transfers between level 1 and level 2.

NIS in thousands	As of December 31, 2020 Level 1	Level 2	Level 3	Total
	Audited			
Financial investments:				
Marketable debt assets	21,244,064	3,019,453	-	24,263,517
Non-marketable debt assets	-	6,652,556	44,425	6,696,981
Stocks	18,622,037	-	1,148,302	19,770,339
Other financial investments *)	12,806,001	2,717,765	4,544,158	20,067,924
Total financial investments	52,672,102	12,389,774	5,736,885	70,798,761
*) Of which, with respect to derivatives	85,644	1,611,094	-	1,696,738

During the period, there were no significant transfers between level 1 and level 2.

Note 5: Financial Instruments (Cont.)

A. Assets for investment-linked contracts

2. Additional information regarding fair value (Cont.)

B. Financial assets measured at fair value level 3

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Unaudited			
Balance as of January 1, 2021	**44,425**	**1,148,302**	**4,544,158**	**5,736,885**
Total income recognized in the statement of income	**5,514**	**468,189**	**1,197,801**	**1,671,504**
Acquisitions	**1,059**	**581,008**	**1,543,140**	**2,125,207**
Sales	**-**	**(54,766)**	**(607,010)**	**(661,776)**
Redemptions	**(4,927)**	**-**	**-**	**(4,927)**
Interest and dividend receipts	**(222)**	**(11,255)**	**(296)**	**(11,773)**
Reclassification between investment channels *)	**-**	**(85,711)**	**85,711**	**-**
Transfers from level 3 **)	**(15,415)**	**(107,620)**	**-**	**(123,035)**
Balance as of September 30, 2021	**30,434**	**1,938,147**	**6,763,504**	**8,732,085**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2021	**4,412**	**420,516**	**1,197,801**	**1,622,729**

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Unaudited			
Balance as of January 1, 2020	68,880	746,971	3,708,770	4,524,621
Total income (loss) recognized in the statement of income	(12,707)	58,444	6,545	52,282
Acquisitions	-	277,473	995,820	1,273,293
Sales	-	-	(289,367)	(289,367)
Redemptions	(12,855)	-	-	(12,855)
Interest and dividend receipts	(4,695)	(20,416)	(446)	(25,557)
Balance as of September 30, 2020	38,623	1,062,472	4,421,322	5,522,417
Total income (loss) for the period included under profit and loss with respect to held financial assets as of September 30, 2020	(13,266)	58,444	12,056	57,234

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Unaudited			
Balance as of July 1, 2021	**31,517**	**1,662,244**	**6,068,522**	**7,762,283**
Total income (loss) recognized in the statement of income	**(1,083)**	**170,710**	**399,094**	**568,721**
Acquisitions	**-**	**160,063**	**582,724**	**742,787**
Sales	**-**	**(54,766)**	**(286,548)**	**(341,314)**
Interest and dividend receipts	**-**	**(104)**	**(288)**	**(392)**
Balance as of September 30, 2021	**30,434**	**1,938,147**	**6,763,504**	**8,732,085**
Total income (loss) for the period included under profit and loss with respect to held financial assets as of September 30, 2021	**(1,083)**	**150,073**	**399,030**	**548,020**

*) During the reporting period an immaterial reclassification of several assets was performed, from stocks to other financial investments.

**) With respect to assets for which the use of quotes was begun, and which were transferred from level 3.

Note 5: Financial Instruments (Cont.)

A. Assets for investment-linked contracts

2. Additional information regarding fair value (Cont.)

B. Assets measured at fair value level 3 (Cont.)

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Unaudited			
Balance as of July 1, 2020	42,422	897,677	4,237,703	5,177,802
Total income (loss) recognized in the statement of income	(1,071)	24,441	91,204	114,574
Acquisitions	-	142,972	189,167	332,139
Sales	-	-	(96,752)	(96,752)
Redemptions	(1,940)	-	-	(1,940)
Interest and dividend receipts	(788)	(2,618)	-	(3,406)
Balance as of September 30, 2020	38,623	1,062,472	4,421,322	5,522,417
Total income (loss) for the period included under profit and loss with respect to held financial assets as of September 30, 2020	(1,298)	24,441	91,204	114,347

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Audited			
Balance as of January 1, 2020	68,880	746,971	3,708,770	4,524,621
Total income (loss) recognized in the statement of income	(3,853)	90,424	30,923	117,494
Acquisitions	-	345,269	1,323,342	1,668,611
Sales	-	-	(516,819)	(516,819)
Redemptions	(15,371)	-	-	(15,371)
Interest and dividend receipts	(5,231)	(34,362)	(2,058)	(41,651)
Balance as of December 31, 2020	44,425	1,148,302	4,544,158	5,736,885
Total income (loss) for the period included under profit and loss with respect to held financial assets - as of December 31, 2020	(7,127)	90,424	36,434	119,731

B. Other financial investments

1. Non-marketable debt assets - composition and fair value: *)

NIS in thousands	As of September 30, 2021 Book value	As of September 30, 2021 Fair value
	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	**15,850,867**	**26,286,742**
Other non-convertible debt assets	**5,277,411**	**6,127,412**
Deposits in banks	**1,010,895**	**1,137,991**
Total non-marketable debt assets	**22,139,173**	**33,552,145**
Impairment applied to income statement (cumulative)	**53,967**	

NIS in thousands	As of September 30, 2020 Book value	As of September 30, 2020 Fair value
	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	16,464,667	26,933,739
Other non-convertible debt assets	5,108,146	5,738,995
Deposits in banks	700,092	801,479
Total non-marketable debt assets	22,272,905	33,474,213
Impairment applied to income statement (cumulative)	89,023	

Note 5: Financial Instruments (Cont.)

B. Other financial investments

*1. Non-marketable debt assets - composition and fair value *): (Cont.)*

	As of December 31, 2020	
	Book value	Fair value
NIS in thousands	Audited	
Government bonds		
HETZ bonds and treasury deposits	16,278,710	26,706,571
Other non-convertible debt assets	5,160,996	5,913,552
Deposits in banks	652,923	766,590
Total non-marketable debt assets	22,092,629	33,386,713
Impairment applied to income statement (cumulative)	89,503	

*) The fair value of designated bonds was calculated according to the repayment dates of guaranteed-return liabilities.
The fair value of treasury deposits was calculated according to the contractual repayment date.

2. Additional information regarding fair value

A. Fair value of financial assets, classified by levels

The table below presents an analysis of assets measured at fair value on a periodic basis, using an assessment method based on the various levels of the hierarchy. For details regarding the levels of the hierarchy, see Note 2(e)(3) to the annual financial statements.

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Unaudited			
Financial investments:				
Marketable debt assets	**6,269,749**	**133,505**	**-**	**6,403,254**
Non-marketable debt assets	**-**	**2,264**	**-**	**2,264**
Stocks	**995,855**	**-**	**862,084**	**1,857,939**
Other financial investments *)	**1,133,946**	**123,628**	**2,734,451**	**3,992,025**
Total financial investments	**8,399,550**	**259,397**	**3,596,535**	**12,255,482**
*) Of which, with respect to derivatives	**9,619**	**123,628**	**-**	**133,247**

During the period, there were no significant transfers between level 1 and level 2.

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Unaudited			
Financial investments:				
Marketable debt assets	5,759,448	39,176	-	5,798,624
Non-marketable debt assets	-	2,591	-	2,591
Stocks	944,037	-	418,880	1,362,917
Other financial investments *)	1,065,921	28,506	2,028,528	3,122,955
Total financial investments	7,769,406	70,273	2,447,408	10,287,087
*) Of which, with respect to derivatives	4,937	28,506	-	33,443

During the period, there were no significant transfers between level 1 and level 2.

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Audited			
Financial investments:				
Marketable debt assets	5,735,154	88,593	-	5,823,747
Non-marketable debt assets	-	2,283	-	2,283
Stocks	1,145,925	-	546,540	1,692,465
Other financial investments *)	1,169,270	253,608	2,151,421	3,574,299
Total financial investments	8,050,349	344,484	2,697,961	11,092,794
*) Of which, with respect to derivatives	3,326	253,608	-	256,934

During the period, there were no significant transfers between level 1 and level 2.

Note 5: Financial Instruments (Cont.)

B. Other financial investments (Cont.)

2. Additional information regarding fair value (Cont.)

B. Assets measured at fair value level 3

NIS in thousands	Stocks	Other financial investments	Total
		Unaudited	
Balance as of January 1, 2021	**546,540**	**2,151,421**	**2,697,961**
Total profit which was recognized:			
Under profit and loss	**15,487**	**120,010**	**135,497**
Under other comprehensive income	**137,827**	**237,725**	**375,552**
Acquisitions	**244,970**	**601,761**	**846,731**
Sales	**(26,538)**	**(408,163)**	**(434,701)**
Interest and dividend receipts	**(5,816)**	**(11)**	**(5,827)**
Reclassification between investment channels [1)]	**(31,708)**	**31,708**	**-**
Transfers from level [2)]	**(18,678)**	**-**	**(18,678)**
Balance as of September 30, 2021	**862,084**	**2,734,451**	**3,596,535**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2021	**6,589**	**116,391**	**122,980**

NIS in thousands	Stocks	Other financial investments	Total
		Unaudited	
Balance as of January 1, 2020	318,978	1,805,874	2,124,852
Total profit (loss) which was recognized:			
Under profit and loss	(4,367)	27,754	23,387
Under other comprehensive income	26,227	41,679	67,906
Acquisitions	93,911	389,046	482,957
Sales	-	(235,716)	(235,716)
Interest and dividend receipts	(15,869)	(109)	(15,978)
Balance as of September 30, 2020	418,880	2,028,528	2,447,408
Total income (loss) for the period included under profit and loss with respect to held financial assets as of September 30, 2020	(4,367)	31,630	27,263

NIS in thousands	Stocks	Other financial investments	Total
		Unaudited	
Balance as of July 1, 2021	**834,463**	**2,535,745**	**3,370,208**
Total profit (loss) which was recognized:			
Under profit and loss	**16,944**	**28,450**	**45,394**
Under other comprehensive income	**(27,314)**	**61,063**	**33,749**
Acquisitions	**62,202**	**228,072**	**290,274**
Sales	**(23,225)**	**(118,879)**	**(142,104)**
Interest and dividend receipts	**(986)**	**-**	**(986)**
Balance as of September 30, 2021	**862,084**	**2,734,451**	**3,596,535**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2021	**8,164**	**30,893**	**39,057**

1) During the reporting period, an immaterial reclassification of several assets was performed, from stocks to other financial investments.

2) With respect to assets for which the use of quotes was begun, and which were transferred from level 3, and with respect to an investment which began being accounted for at equity.

Note 5: Financial Instruments (Cont.)

B. Other financial investments (Cont.)

2. Additional information regarding fair value (Cont.)

B. Assets measured at fair value level 3 (Cont.)

NIS in thousands	Stocks	Other financial investments	Total
		Unaudited	
Balance as of July 1, 2020	355,916	1,992,159	2,348,075
Total profit (loss) which was recognized:			
Under profit and loss	(2,498)	41,500	39,002
Under other comprehensive income	9,782	30,022	39,804
Acquisitions	56,917	80,339	137,256
Sales	-	(115,492)	(115,492)
Interest and dividend receipts	(1,237)	-	(1,237)
Balance as of September 30, 2020	418,880	2,028,528	2,447,408
Total income (loss) for the period included under profit and loss with respect to held financial assets as of September 30, 2020	(2,498)	42,966	40,468

NIS in thousands	Stocks	Other financial investments	Total
		Audited	
Balance as of January 1, 2020	318,978	1,805,874	2,124,852
Total profit (loss) which was recognized:			
Under profit and loss	(21,157)	43,734	22,577
Under other comprehensive income	51,854	136,731	188,585
Acquisitions	151,184	506,571	657,755
Sales	(28,000)	(341,380)	(369,380)
Interest and dividend receipts	(23,918)	(109)	(24,027)
Transfers to level 3 *)	97,599	-	97,599
Balance as of December 31, 2020	546,540	2,151,421	2,697,961
Total income (loss) for the period included under profit and loss with respect to held financial assets - as of December 31, 2020	(21,157)	47,666	26,509

*) The investment in IDE Technologies, which in the past was accounted for at equity, is accounted for as a financial investment. For additional details, see Note 9(a) to the annual financial statements.

C. Financial liabilities

1. Composition of fair value:

NIS in thousands	As of September 30 2021 Book value	As of September 30 2021 Fair value	As of September 30 2020 Book value	As of September 30 2020 Fair value	As of December 31 2020 Book value	As of December 31 2020 Fair value
	Unaudited				Audited	
Financial liabilities resented at fair value through profit and loss:						
Liabilities with respect to derivative financial instruments, short sales and repo liabilities *)	**813,187**	**813,187**	274,300	274,300	462,365	462,365
Loans from banking corporations [1)]	**-**	**-**	111,938	116,908	111,938	113,169
Marketable deferred liability notes	**4,274,861**	**4,523,884**	3,964,685	4,193,920	3,983,043	4,245,354
Total financial liabilities presented at amortized cost	**4,274,861**	**4,523,884**	4,076,623	4,310,828	4,094,981	4,358,523
After deducting interest payable with respect to deferred liability notes, presented under the item for other accounts payable	**16,050**		15,988		33,572	
Total financial liabilities	**5,071,998**	**5,337,071**	4,334,935	4,585,128	4,523,774	4,820,888
*) Of which, with respect to investment-linked liabilities	**196,240**	**196,240**	166,990	166,990	295,326	295,326

1) The loan was repaid in full, through prepayment, on March 16, 2021, in accordance with the terms of the loan.

Note 5: Financial Instruments (Cont.)

C. Financial liabilities (Cont.)

2. Fair value of financial liabilities, classified by levels

The table below presents an analysis of assets measured at fair value on a periodic basis, using an assessment method based on the various levels of the hierarchy. For details regarding the levels of the hierarchy, see Note 2(e)(3) to the annual financial statements.

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Unaudited			
Derivatives	**40,661**	**173,872**	**-**	**214,533**
Repo undertaking	**-**	**598,654**	**-**	**598,654**
Total financial liabilities	**40,661**	**772,526**	**-**	**813,187**

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Unaudited			
Derivatives	6,348	267,952	-	274,300
Total financial liabilities	6,348	267,952	-	274,300

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Audited			
Derivatives	22,223	415,719	-	437,942
Short sales	24,423	-	-	24,423
Total financial liabilities	46,646	415,719	-	462,365

D. Valuation techniques and valuation processes implemented in the Company

Non-marketable debt assets *)

Fair value is calculated according to a model which is based on the present value obtained by discounting the cash flows, according to the discount interest rate. The fair value of HETZ bonds is calculated according to the actuarial average lifetime, and according to the forecasted discounted cash flow, based on the risk-free interest curve.

*) The discount rates used to calculate the fair value of non-marketable debt assets, which is determined by discounting the estimated expected cash flows with respect to them, are based principally on the yields of government bonds and the margins of corporate bonds, as measured on the Tel Aviv Stock Exchange. The price quotes and interest rates which were used for discounting are determined by the Mirvach Hogen group, a company which provides price quotes and interest rates to institutional entities for the revaluation of non-marketable debt assets. The model of Mirvach Hogen is based on the distribution of the trading market into deciles, according to the yield to maturity of the debt assets, and the determination of the location of the non-marketable asset in those deciles, according to the risk premium which is derived from prices of transactions / issuances on the non-trading market.

For additional details, see Notes 3(f)(1) and 14(f)(3) and (4) to the annual financial statements.

Note 6: Capital Management and Requirements

A. Dividends and management of the Company's capital requirements

Further to that stated in Note 16(c) and (d) to the annual statements, the balance of distributable earnings as of the reporting date, amounted to a total of approximately NIS 4 billion. The possibility of distributing dividends is also affected by the investee companies' ability to distribute dividends subject to their capital requirements and liquidity needs.

B. The Solvency II-based economic solvency regime which applies to the Group's insurance companies

The Group's insurance companies are subject to a Solvency II-based economic solvency regime in accordance with the provisions for implementation of the economic solvency regime.

On October 14, 2020, insurance circular 2020-1-15 was published, entitled "amendment to the consolidated circular regarding provisions for the implementation of a Solvency II-based economic solvency regime for insurance companies", as well as additional directives of the Commissioner regarding the implementation of the economic solvency regime.

A letter of the Commissioner was published on March 14, 2021, in which the deadline for reporting and publishing the economic solvency ratio report as of December 31, 2020 was postponed to June 30, 2021. The letter also allows the companies not to publish an economic solvency ratio report as of June 30, 2021.

The economic solvency ratio report as of December 31, 2020 was published on June 30, 2021.

In accordance with the economic solvency regime, according to the calculation which they performed, as of December 31, 2020 the insurance companies in the Group are complying with the capital requirements, and have a capital surplus beyond the capital requirement according to the provisions for the distribution period and the stock scenario adjustment.
The calculation which the Company conducted as of December 31, 2020 was examined by the auditors in accordance with ISAE 3400 - The Examination of Prospective Financial Information. This standard is relevant to audits of the solvency calculations, and does not constitute a part of the audit standards which apply to financial statements. It is emphasized that the forecasts and assumptions which constituted the basis for the preparation of the economic solvency ratio report are mostly based on past experience, as indicated in actuarial studies which are conducted from time to time. In light of the reforms taking place in the capital, insurance and savings market, and the changes in the economic environment, historical data does not necessarily predict future results. The calculation is sometimes based on assumptions regarding future events, on the actions of management, and on the future pattern of development of the risk margin, which may not necessarily materialize, or may materialize differently from the assumptions which were used as the basis for the calculation. Additionally, actual results may differ significantly from the calculation, in light of the fact that the combined scenarios of events may materialize in a manner which is significantly different from the assumptions in the calculation.

In the auditors' special report it was noted that they had not evaluated the adequacy of the discount amount during the distribution period as of December 31, 2020, except for evaluating that the discount amount does not exceed the expected discount amount of the risk margin and the solvency capital requirement with respect to life and health insurance risks, with respect to existing business operations during the distribution period, in accordance with the future pattern of development of required capital, which affects both the calculation of the release of expected capital, and the release of the expected risk margin, as specified in the provisions regarding the calculation of the risk margin.

Attention is also called to that stated in the solvency ratio report regarding the uncertainty which due to regulatory changes and the exposure to contingent liabilities, whose effect on the solvency ratio cannot be estimated.

For additional details, see section 2.2.3 of the Board of Directors' Report.

Note 6: Capital Management and Requirements (Cont.)

C. Determination of capital target

Further to that stated in Note 16(e)(7) to the annual financial statements, in June 2021 the Board of Directors of a subsidiary, Clal Insurance Company Ltd. (hereinafter: "**Clal Insurance**") discussed the subject of Clal Insurance's capital policy, and determined that the policy of Clal Insurance is to maintain a solid capital basis in order to ensure its solvency and its ability to fulfill its undertakings to policyholders, and to maintain its ability to continue its business activities in order for generate return for its shareholders, and in order to support future business activity.

Accordingly, the Board of Directors of Clal Insurance established capital management targets, according to which the target range for Clal Insurance's economic solvency ratio will be in the range of 150%- 170%. It also determined a minimum solvency ratio target for stability purposes of 135%.

These targets apply to the solvency ratio in consideration of the discount amount during the distribution period, until the end of 2032 and thereafter.
The solvency ratio of Clal Insurance, without taking into account the transitional provisions, will be created according to these targets by the end of 2032.

As of December 31, 2020, Clal Insurance is meeting the determined target.

The capital management policy and capital targets are dynamic and may be updated in the future in accordance with the risk appetite of Clal Insurance and developments in the business environment, and in any case there is no certainty regarding the actual solvency ratio, the results of which may vary.

It is noted that the current policy is comes in place of the policy which was published in March 2020, and does not pertain, at this stage, to the dividend distribution targets.

Note 7: Contingent Liabilities and Claims

Presented below are details regarding claims which are not in the ordinary course of business, as follows: material claims[6] whose filing as class actions was approved; Pending motions to approve class action status for material claims; Material and immaterial class actions which concluded during the reporting period, until its signing date and other material claim against the Group's member companies.

The following claim amounts are presented at amounts that are correct as of the date of their filing, and as specified by the plaintiffs, unless noted otherwise.

A. Class action claims

In recent years, as part of a general trend in the markets in which the Group operates, a significant increase has occurred in the number of motions filed for the approval of class action status for claims against the Group's member companies, and also in the number of claims filed against the Group's member companies which have been recognized by the Court as class actions. The trend described above, which is due, inter alia, to the enactment of the Class Action Law, 2006 (hereinafter: the "**Law**"), the multiplicity of claims, and the approach of the Courts, significantly increases the Company's potential exposure to losses with respect to rulings issued against the Group's member companies in class actions which are filed against them.

A class action lawsuit, as defined in the Law, is a lawsuit which is managed on behalf of an anonymous class of people who did not grant power of attorney in advance to the class action plaintiff, and which raises material questions regarding facts or law that apply to all class members.

The procedure begins with a written motion submitted by the single plaintiff to the Court with which the plaintiff's personal claim has been filed, in which he requests approval of class action status for his claim. Only in the event that the motion to approve the claim as a class action is accepted does the claim's definition change to a "class action", with the plaintiff becoming a "class action plaintiff".

A class action can only be filed for claims which meet the conditions set forth in law, or on a matter regarding which a legal provision specifically states that a class action may be filed. It should be noted that, from 2006 onwards, the definition of a claim due to which a motion for approval as a class action may be filed against the Group's member companies is a broad definition, and includes any matter which may arise between a company and a customer, whether or not they have engaged in a transaction.

In order for a claim to be approved as a class action, the plaintiff must prove the following, inter alia: (1) the existence of a "personal cause of action" for the specific plaintiff; (2) That the cause of action is sufficiently well-established as to constitute a "prima facie cause of action". At this point, the Court evaluates whether the plaintiff has a prima facie chance of eventually wining the claim in court; (3) That the cause of action gives rise to significant questions of fact or law which are shared by a certain group; (4) That there is a reasonable possibility that the common questions in the claim will be determined in favor of the Group; (5) That the class action is the most efficient and fair method of resolving the dispute which is the subject of the claim, in light of the circumstances; (6) The suitability of the plaintiff to serve as the class action plaintiff, and of his attorney to representative him in the claim.

In general, the process of evaluating a claim as a class action may include 4 stages: Stage A - Filing of the motion to recognize the claim as a class action in the first instance; Stage B - Appeal in the Authority to a higher instance regarding the decision reached by the first instance; Stage C - Hearing the claim on the merits before the first instance (generally before the same judge who heard the motion in the first instance); Stage D - Appeal to a higher instance regarding the decision on the merits.

It should be noted that the scope and content of the hearing of a class action on its own merits is affected by the ruling regarding the approval of the claim as a class action. A decision approving class action status for a claim generally refers to the causes of action which were approved, and those which were not approved; The remedies which were approved and which were not approved; etc.

The law provides a set procedure and restrictions for all matters relating to settlement arrangements in class actions, which causes difficulty in instating settlement arrangements regarding class actions. The law also provides a requirement involving due disclosure to the Court with regard to all material details involved in the settlement arrangement, as well as a right available to the Attorney General and to additional entities listed in the Law to file an objection to the proposed settlement arrangement, and a requirement that an examiner be nominated with respect to the settlement arrangement. In January 2021, the Ministry of Justice published a "request for public comments regarding amendments to the Class Action Law, 2006", in which the public was requested to address the required amendments to the law. Clal Insurance sent its comments through the Israel Insurance Association.

The motions to approve class action status for the claims specified below are in various stages of the procedural hearing; some have been approved, while others are in appeal proceedings.

---

6 It is noted that, in general, in this note, a claim will be considered material, and will be described in accordance with the estimate which is performed by the Company on the date when the claim is received, insofar as the actual exposure amount, net of tax, assuming the claim is found to be justified, and without addressing the claim's chances, or the amount specified therein, per se, exceeds the Group's significance threshold with respect to income, according to the calculation of forecasted comprehensive loss, divided by the average annual comprehensive income or comprehensive loss in the last three years, calculated based on the last 12 quarters for which audited or reviewed financial statements were published; It is hereby clarified that the income/loss which is attributed to the event, and the income/loss in each quarter, are calculated according to their absolute values. This classification is correct as of the filing date of the claim. However, in light of the continuation of the legal proceedings, sometimes over a period of several years, and the development thereof, cases are possible where a claim which was not considered material on the date it was filed, may become subsequently material, and in that case, disclosure will be given for such claims at a later date. A claim may also be considered material for the purpose of such disclosure when the Company is unable to estimate the total exposure.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
1.	4/2010 District - Center	Clal Insurance and additional insurance companies	The plaintiffs contend that in case of discontinuation of insurance during a certain month, after the insurance premium with respect to that month was collected by the defendants in advance, the defendants do not reimburse to policyholders the surplus relative share of the insurance premium with respect to that month, or alternatively, reimburse the insurance premium at nominal values only.	The reimbursement of the surplus premium amounts which were unlawfully collected from the class members and/or the reimbursement of unlawful revaluation differences, with the addition of duly calculated linkage differentials, as well as a mandamus order instructing the defendants to change their conduct.	Anyone who is and/or was a policyholder of one or more of the defendants, under any insurance policy, excluding a property insurance policy, or the inheritor of such a policyholder, where the insurance policy was discontinued for any reason, whether due to its cancellation by the policyholder, or due to the occurrence of the insurance event.	In June 2015, the Court issued a decision to dismiss the motion to approve against all of the defendants with respect to the primary claims, including: (A) proportional reimbursement of premiums should be performed in case of the occurrence of the insurance event; (B) proportional reimbursement of premiums should be performed in case of cancellation of the policy, where the wording of the policy does not stipulate section 10 of the Insurance Contract Law, 1981, as phrased, during the period relevant to the claim; (C) the reimbursed premiums should be linked only to a positive index, and not to a negative index; (D) the premiums should be reimbursed with the addition of special interest. Additionally, a dismissal was issued with respect to the motion to approve against Clal Insurance only, regarding a claim of non-payment of relative premiums in insurance policies which include a stipulation of section 10 of the Insurance Contract Law, in which it was determined that the cancellation of the policy will enter into effect immediately, in the absence of an evidential infrastructure (hereinafter: the "**Proportional Reimbursement Claim**"). The motion to approve the claim as a class action was accepted against all of the defendants, with respect to anyone who is or who was the holder of an insurance policy, except for a property insurance policy, who canceled an insurance contract, or whose insurance policy was canceled due to the occurrence of the insurance event, from April 2003 until March 14, 2012, and from whom premiums were collected with respect to the months following the cancellation month, which were reimbursed to him according to their nominal value, without linkage differentials and interest in accordance with the Insurance Contract Law (hereinafter: the "**Nominal Return Claim**"). In September 2016, a settlement arrangement was filed with the District Court (the "Settlement Arrangement"), according to which the defendants undertook to donate to public causes amounts which were overcollected, by virtue of the proportional reimbursement claim, and additional amounts by virtue of the nominal reimbursement claim, according to partial rates which were determined in the settlement agreement, and according to the determination of an examiner who will be appointed by the Court within the framework of the settlement agreement. In February 2017 and March 2017, the positions of the Israel Consumer Council and the Attorney General of Israel, respectively, were received, who did not object to the settlement arrangement in its entirety, but rather proposed amendments to the settlement arrangement, inter alia, with respect to the method used to reimburse funds to the class, and with respect to the types of policies to which the settlement will apply. In June 2017, the Court appointed an examiner for the case to examine the settlement arrangement. The settlement agreement is subject to the approval of the Court, the provision of which is uncertain.	The amount claimed by all of the plaintiffs against all of the defendants in the claim is NIS 225 million, with respect to a period of ten years. The plaintiffs have not specified the amount claimed from Clal Insurance only, if the claim is approved as a class action.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
2.	5/2013 District - Tel Aviv	Clal Insurance and additional insurance companies	The plaintiff contends that the defendants breach their obligation to attach linked interest and duly calculated linkage differentials, with respect to the insurance benefits which they pay. According to the claim, the date from which the interest and linkage differentials should be calculated is beginning on the date of the occurrence of the insurance event, until the actual payment date. Alternatively, linkage differentials should be paid from the date of the occurrence of the insurance event until the actual payment date, as well as interest starting 30 days after the filing date of the claim, until the actual payment date of the insurance benefits.	To order the defendants to pay to the class members linkage differentials and interest with respect to the underpayment which was performed. Additionally, and/or alternatively, the Court is requested to order the provision of compensation in favor of the public, in its discretion.	Any person who received, during the 7 years prior to the filing of the claim and/or who will receive, until a ruling has been given on the claim, insurance benefits from the defendants, to which duly calculated interest (the "**First Class**") and duly calculated linkage differentials (the "**Second Class**") were not added. In January 2019, the plaintiff petitioned for the expansion of the class of represented plaintiffs, as defined in the Court's decision to approve from August 2015, such that it will also include all policyholders of Clal who received and/or will receive insurance benefits to which duly calculated interest was not added, from the date of the claim's approval as a class action, until a final ruling has been given on the matter. The Court determined it would reach a determination regarding the motion as part of the ruling.	In August 2015, the District Court decided to dismiss the motion to approve against the defendants, regarding the claim of non-payment of linkage differentials, and to accept the motion to approve against the defendants with respect to the claim regarding the underpayment of interest on insurance benefits, and it was determined that the entitled class members include any policyholder, beneficiary or third party who, during the period from three years prior to the filing of the claim, until the date of the claim's approval as a class action, received from the defendants, and not through any ruling which was given between them, insurance benefits to which duly calculated interest was not added, within 30 days after the date of submission of the claim to the insurer (and not from the date of submission of the last document required by the insurer to evaluate the liability), until the actual payment date. In October 2016, the defendants withdrew, with the approval of the Supreme Court, a motion for leave to appeal which was filed by them in October 2015, which primarily involved an objection to the determination of the District Court, according to which a previous settlement arrangement into which the Company entered regarding a similar question does not constitute final judgment which blocks the filing of the motion to approve, and does not afford protection to the defendants, and the parties reserved all of their claims with respect to the main proceedings. In February 2021 a partial ruling was given, in which the Court determined that the class action was accepted, and ordered the defendants to repay to the class members the interest differences, as specified in the ruling (hereinafter: the "**Ruling**"). In accordance with the ruling, it was determined that the "claim delivery date", beginning from which the period of 30 days begins to be counted, and after which linked interest will be added to the insurance benefits in accordance with the provisions of section 28(a) of the Insurance Contract Law, 1981 (hereinafter: the "**Insurance Contract Law**"), is the date when the insurance company or insurance agent (whichever is earlier) was first contacted, indicating that the policyholder, third party or beneficiary (hereinafter: the "**Entitled Parties**") were interested in receiving the insurance benefits, with no requirement to attach any document whatsoever. It was further determined that in cases where the insurance benefits were calculated according to their value on a date after the occurrence of the insurance event, interest differences will be added to them from that date only, and in the case of reimbursement of funds which were paid to service providers through deferred payment, interest differences will be calculated beginning from the date of actual payment. Regarding the class members who in the past reached settlement arrangements with the defendants, it was determined that the member of that class will be entitled to the repayment of interest with respect to the period from the date when the claim was filed until the date of completion of the collection of the required documents for the investigation, as stated in the ruling. The Court determined that the definition of the class will include all entitled parties who, during the period, beginning three years before the filing of the claims (which were filed against Clal Insurance in May 2013), and ending on the date when the ruling was given, received from the defendants, not in accordance with a ruling regarding their affairs, insurance benefits which did not include duly calculated interest. It was further determined, for the purpose of implementing the ruling and calculating the amount of compensation to the class members in accordance with the principles specified in the partial ruling, that it is necessary to appoint an expert, and that the compensation to the class action plaintiffs, and their legal fees, will be determined in the final ruling. In May 2021, the defendants filed with the Supreme Court an appeal against the ruling. In June 2021, the Supreme Court gave a decision in which it ordered a stay of the proceedings in the District Court, including as regards the appointment of an expert for the purpose of executing the ruling, until a determination has been reached regarding the appeal process.	The plaintiff estimates the cumulative amount for the first class in the amount of NIS 518 million (if it is ruled that the interest should be calculated beginning from the date of the occurrence of the insurance event), and in the amount of NIS 210 million (if it is ruled that the interest should be calculated beginning from 30 days after the date of the claim's submission to the insurance company). The plaintiff estimates the cumulative amount for the second class, for which the motion to approve was dismissed, with respect to linkage differentials, in an additional amount of NIS 490 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
3.	1/2008 District - Tel Aviv	Clal Insurance and additional insurance companies	According to the plaintiff, the defendants charge sub-annual installments, a payment which is collected in life insurance policies wherein the insurance tariff is determined as an annual amount, though the payment is executed in several installments (hereinafter: "**Sub-Annual Installments**"), in excess of the permitted amount, with such charges being implemented, allegedly, in a number of ways: collection of sub-annual installments with regard to the "policy factor", collection of Sub-Annual Installments at a rate higher than that permitted according to the Control of Insurance circulars, collection of sub-annual installments with respect to the savings component in life insurance policies, and collection of sub-annual installments with regard to non-life insurance policies.	Repayment of all amounts unlawfully collected by the defendants, and a mandamus order requiring the defendants to change their ways of action with regard to the matters listed in the claim.	Any person who engaged in an insurance contract with any of the defendants, and from whom payment was collected with respect to the sub-annual installments component, in circumstances or in an amount which deviated from what is permitted.	The Commissioner filed his position on the case, in which he accepted the position of the insurance companies. In July 2016, the Court approved the claim as a class action. The Group which was approved includes anyone who engaged with the defendants, or with any one of them, in an insurance contract, and from whom sub-annual installments were collected with respect to the following components: with respect to the savings component in life insurance of the "hybrid" type, which were sold by Clal Insurance in the past, with respect to the "policy factor", which is a fixed monthly amount that is added to the premium, and which is intended to cover expenses, and with respect to health, disability, critical illness, loss of working capacity and long-term care policies (hereinafter: the "**Collection Components**"). The Court's decision was given despite the position of the Commissioner of Insurance which was submitted at the request of the Court, as stated above. The cause of action for which the claim was approved as a class action is unlawful collection of sub-annual installments with respect to the collection components. The requested remedy is the reimbursement of the amounts which were unlawfully collected during the seven years preceding the filing of the claim and thereafter, i.e., from January 2001, and a mandamus order ordering the defendants to rectify their conduct. In December 2016, the defendants filed with the Supreme Court a motion for leave to appeal against the decision to approve the claim as a class action (hereinafter: the "**Motion for Leave to Appeal**"), and in May 2018, the Supreme Court accepted Motion for Leave to Appeal, heard it as an appeal, and gave a ruling in which the appeal was accepted, and the claim accordingly dismissed. In June 2018, the plaintiffs filed a motion to hold an additional hearing regarding the ruling, with respect to some of the determinations specified therein. In July 2019, a decision was given to approve holding an additional discussion on this matter, before an extended panel of 7 judges. In February 2020, the position of the Attorney General of Israel was filed with the Supreme Court, within the framework of the additional hearing, in which it was stated that the Attorney General of Israel believes that it would be inappropriate to intervene in the determination which was made in the ruling, based on the adoption of the Capital Market Authority's interpretive position. In July 2021 a ruling was given regarding the petition for an additional hearing, in which it was determined that the decision to approve the claim as a class action would again be valid, such that the motion to approve will be accepted, and the case will be returned to the District Court, in order for it to hear the class action.	In February 2010, the parties reached a procedural arrangement according to which the following would be erased from the Motion and the claim: the plaintiff's claims stating that Clal Insurance had collected a rate of sub-annual installments higher than that permitted for policies issued before 1992, and the claim that Clal Insurance had collected the maximum rate of sub-annual installments, even when the number of installments was lower than twelve. Accordingly, the amount claimed from Clal Insurance was changed and set at approximately NIS 398.2 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
4.	5/2011 District - Center	Clal Insurance and additional insurance companies	According to the plaintiff, in life insurance combined with savings, the defendants collected from policyholders, without any basis in the policies and without consent, amounts which at times reach a significant part of the premiums paid by the policyholders, and which are known as the "policy factor" and/or "other management fees") (hereinafter: the "**Policy Factor**"), unlawfully and without any appropriate contractual provision, despite the fact that, in principle, the defendants were allowed, in accordance with the Commissioner's circulars, to collect a policy factor in life insurance policies.	Payment of the compensation / reimbursement amount equal to the policy factor amount which was actually collected from the class members, with the addition of the returns which were withheld from them with respect to this amount due to the fact that the amount which was deducted from the premium for the policy factor was not invested for them, and changing the method of action with respect to the collection of the policy factor.	Anyone who held a life insurance policy combined with a savings plan of one of the defendants, and from whom any amount was collected as a policy factor.	In June 2015, a settlement arrangement and a motion to approve it were filed with the Court, in which it was requested to order the defendants to pay a total of NIS 100 million with respect to the past (of which, the share of Clal Insurance is approximately NIS 26.5 million), and to provide a discount of 25% of the actual future collection of the policy factor. In November 2016, the Court decided to dismiss the motion to approve the settlement arrangement, since it believed that the foregoing does not constitute an adequate, reasonable and fair arrangement for the affairs of the class members. Additionally, the Court decided to partially approve the conducting of the claim as a class action, only with respect to life insurance policies combined with savings which were prepared between the years 1982 and 2003 (with respect to Clal Insurance, in policies of the "Adif", "Meitav" and "Profile" types), where the savings which accrued in favor of the policyholders in those policies were affected due to the collection of the policy factor, on the grounds of breach of the insurance policy, due to the collection of the policy factor, in a manner which harmed the savings which accrued in favor of the policyholders, with respect to the period beginning seven years before the filing date of the claim, in April 2011. The claim was not approved with respect to other types of policies (hereinafter, jointly: the "**Decision**"). The claimed remedies, as defined in the Court's decision, include curing the breach by implementing an update to the savings which accrued in favor of the policyholders, in the amount of the additional savings which would have accrued for them had a policy factor not been collected, or compensation of the policyholders in the aforementioned amount, and discontinuation of the collection of the policy factor from that point forward. Additionally, payment of professional fees was ruled for the plaintiff's representative, and for the objectors to the settlement arrangement and their representatives, in immaterial amounts. Insofar as the claim will be approved on the merits, the total potential of the claim, with respect to the savings component in the relevant policies is estimated in the amount of approximately NIS 700 million, for four of the defendants who engaged in the settlement arrangement (including Clal Insurance), with respect to the period from 2004 to 2012 (inclusive), based on an estimate which is based on the assessment of the Court which was given based on the opinion of the examiner who was appointed on its behalf. This amount does not include the period until the date of the decision, and the collection amounts with respect to the policy factor, which were received from 2012 onwards, and are supposed to be received in the future. In May 2017, the defendants filed a motion for leave to appeal the Court's decision, both with respect to the non-approval of the settlement arrangement, and with respect to the partial approval of the claim as a class action. In February 2019, the defendants withdrew the motion for leave to appeal, in accordance with the Supreme Court's suggestion, and therefore, the proceedings are currently in the stage of handling the claim before the District Court. The parties are conducting mediation proceedings between them, and in parallel began evidence proceedings before the District Court.	The plaintiffs' claim pertains to the policy factor which was collected from them from 2004. According to various estimates and assumptions which were performed by the plaintiffs with respect to the collection of the policy factor, during the seven years preceding the filing date of the claim, by the defendants, and the relevant annual returns, the amount claimed for the class members, against all of the defendants, was estimated by the plaintiffs, as of the filing date of the claim, as a nominal total of approximately NIS 2,325 million. Out of this amount, a total of approximately NIS 662 million is attributed to Clal Insurance, according to its alleged market share.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
5.	7/2014 District - Center	Clal Insurance	According to the plaintiff, Clal Insurance overcollects premiums in compulsory and/or third party and/or policies of the "Specified Driver" type (hereinafter: the "**Policy**"), in cases where the youngest driver who is expected to use the vehicle on a routine basis (hereinafter: the "**Driver**") is expected to reach, during the insurance period, an age and/or driving experience level at which Clal Insurance begins collecting reduced premiums (hereinafter, respectively: "**Eligible Age**" and "**Eligible Experience Level**"). The plaintiff contends that Clal Insurance should be required to calculate the premiums by other means, also in case of renewal of the policy after a previous insurance period, and that Clal Insurance should be required to initiate disclosure to the holders of motor policies, of any kind whatsoever, regarding various items of information.	To declare and determine that Clal Insurance is required to calculate the premiums with respect to the policies in the manner specified in the motion; To order Clal Insurance to initiate disclosure of various items of information, as specified in motion; To prohibit Clal Insurance from collecting administrative expenses or any other payment from the policyholder with respect to the issuance of new compulsory certificates of insurance, in cases where the new issuance is required for reasons not originating from the policyholder; To order Clal Insurance to compensate the class members with respect to the damages which they incurred, with the addition of duly calculated linkage differentials and interest from the date of overcollection until the date of compensation and/or actual reimbursement; To order Clal Insurance to reimburse to the class members the entire amount by which Clal Insurance was enriched at the expense of the class members. To order the provision of any other remedy in favor of the classes, or compensation to the public, as considered appropriate by the Court, in light of the circumstances.	Anyone who purchased and/or renewed and/or who will purchase and/or renew the policy from the defendant during the seven years which preceded the filing of the claim, until the date of issuance of a final ruling, and where, during the insurance period, the youngest driver who is expected to use the vehicle reached and/or will reach the age and/or driving experience level at which he is entitled to a reduction of the premiums, and who in practice did not receive the entire reduction to which he was entitled, as well as anyone who is included in the aforementioned class, and whose comprehensive and/or third party insurance is of the "all drivers" type.	In January 2017, a decision was given by the Court in which the plaintiff's claims were dismissed, except with respect to the claim regarding the existence of a conventional practice regarding the update to the policies and the reimbursement of excess premiums, regarding which the motion to conduct the claim as a class action was approved. The class members, as determined in the decision, include "the holders of the respondent's compulsory, comprehensive and third party motor insurance policies during the last seven years, who reached, during the insurance period, the age bracket and/or driving experience bracket which confers an entitlement to a reduction of insurance premiums, and regarding whom the respondent refrained from acting in accordance with the conventional practice, as a result of which, they did not receive the reduction." The parties filed their closing arguments as part of conducting the claim.	The total claim amount was estimated by the plaintiff as a total of approximately NIS 26 million. The estimate of damage, as stated in the class action plaintiff's affidavit of evidence in chief, amounted to a cumulative total of approximately NIS 100 million, with respect to a period of 11 years.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
6.	11/2014 District - Economic Department of Tel Aviv	Bank of Jerusalem Ltd. (hereinafter: "**Bank of Jerusalem**")	The plaintiff contends that Clal Finance Batucha Investment Management Ltd. ("Clal Batucha"), which merged with and into Bank of Jerusalem, in its function as portfolio manager, performed, on behalf of its customers, transactions with securities of member companies in the IDB Group, in a manner which gave preference to its interests and to the interests of various member companies of the IDB Group over the interests of its customers, in violation of the law. The plaintiff contends that Clal Batucha breached its obligation to inform its customers regarding any conflict of interests which it has in the performance of the aforementioned actions, and to receive their consent.	To issue an order against Clal Batucha to provide details and information regarding the damages which were (allegedly) incurred by each of the class members, and to order Bank of Jerusalem to compensate the class members for the entire damages which they incurred, or alternatively, to determine another remedy in favor of all or some of the class members.	Any person who received from Clal Batucha investment management services, in which they acquired securities which were issued by member companies of the "IDB conglomerate", without giving their advance approval with respect to each transaction, and who incurred damages as a result of the said acquisition. On this matter, the plaintiff includes under the "IDB conglomerate" all corporations which were held (directly or indirectly) by IDB Holding and IDB Development.	In January 2017, the Court gave its decision, which approved the conducting of the claim as a class action against Clal Batucha, and in parallel, it dismissed the motion to approve the claim against defendants who had served as directors in Clal Finance Batucha, in which it was alleged that they had breached their duty of care towards the class members. The class members, as determined in the decision, include "anyone who received investment management services from Clal Finance Batucha Investment Management Ltd. (liquidated due to merger) ("**Batucha**"), on whose behalf, within the framework of the portfolio management activity, Batucha (or any other party on its behalf) acquired securities, as defined in the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, (hereinafter: the "**Advice Law**"), which were issued by any of the corporations which were included, at the time of the acquisition, in the IDB Conglomerate (as defined below), from whom advance approval was not received regarding each aforementioned transaction, and who incurred damages due to the aforementioned acquisition." In this regard, the IDB Conglomerate was defined as including "all corporations which were held or controlled, directly or indirectly (including through concatenation) by the companies or IDB Holding Corporation Ltd. (hereinafter: "**IDB Holding**") and IDB Development Corporation Ltd. (hereinafter: "**IDB Development**"), including IDB Holding and IDB Development. For the avoidance of doubt, this definition includes all of the subsidiaries, second tier subsidiaries, and third tier subsidiaries (and so on) of IDB Holding, as well as any other corporation held by them, directly or indirectly." It was further determined in the decision that the class will include anyone in whose account acquisitions of securities were performed, during a period of up to 7 years before the filing of the motion to approve, until the date of completion of the merger transaction of Clal Batucha into Bank of Jerusalem. The cause of action which was approved in the decision is breach of statutory duty by virtue of section 63 of the Civil Wrongs Ordinance, together with section 15(a) of the Advice Law. The Company is not party to the claim; however it received notice regarding the filing of the claim, and the demand for indemnification by Bank of Jerusalem, in accordance with the agreement for the sale of Clal Batucha to Bank of Jerusalem, according to which the Company has an undertaking to indemnify. The aforementioned undertaking to indemnify may be activated if and insofar as Bank of Jerusalem will be obligated, by law, in connection with the aforementioned claim, and subject to the terms of the agreement between the parties[7]. The proceedings are currently in the claim handling stage.	The plaintiff's personal claim amount amounts to a total of approximately NIS 18,624. According to the statement of claim, the damage claimed for all class members cannot be estimated at this stage.

[7] The Company reported the claim to the insurers of the professional liability insurance policies under which it is covered. The Company is unable, at this stage, to estimate the amount of damages and the scope of insurance coverage.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
7.	2/2014 District - Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance abuses the fact that the policyholder does not pay, for a certain period, the savings component in a life insurance policy which includes a savings component and a risk component, and fundamentally and grossly violates the policy terms by implementing unilateral changes to the policy (shortening the policy period, changing the insurance commencement date and increasing the policyholder's age at the start of insurance coverage), which leads to an unlawful increase in the real premium cost, although the premium for the risk component in the policy has been paid in full. According to the plaintiff, Clal Insurance thereby causes policyholders to incur damages in significant amounts.	To order Clal Insurance to pay the excess premium amounts which it collected by first moving the insurance commencement date until the date when the claim was approved as a class action, with the addition of the maximum linkage differentials and interest permitted by law. To receive an order prohibiting Clal Insurance from continuing its collection of premiums at rates higher than the rate specified in the policy. Alternatively, to order Clal Insurance to pay an appropriate and adequate amount in favor of the entire public, in an amount equal to the collection fees which were collected and not reimbursed to the payer, with the addition of duly calculated linkage differentials and interest.	Any person who obtained and/or who was insured by a life insurance policy, and who did not pay the savings component in this policy in its entirety, from the policy preparation date until the date of entitlement for a monthly annuity according to the policy, and from whom premiums were unlawfully overcollected, due to the change in the insurance commencement date.	In December 2017, the Court approved the claim as a class action. The class which was approved includes anyone who engaged in, and/or who was covered by, a life insurance policy which includes a savings component and a risk component, and who did not pay one of the policy components in full, from the policy preparation date until the date of eligibility for a monthly stipend under the policy, or until the settlement or expiration of the policy, whose insurance start date was "moved forward" by the respondent. The claim was approved with the causes of action of breach of contract, deception and unjust enrichment. The claimed remedies include reimbursement of the excess premium amounts which were collected by Clal Insurance, as alleged by the plaintiffs, beyond the amounts specified in the policy, and an order prohibiting Clal Insurance from continuing its collection of premiums at rates higher than the rate specified in the policy. The proceedings are currently in the claim handling stage.	The total damage claimed for all of the class members against Clal Insurance amounts, in the plaintiff's estimate, to a total of approximately NIS 20 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
8.	5/2015 District - Jerusalem	Clal Insurance and an additional insurance company	According to the plaintiff, after years during which his deceased mother was insured under a collective life insurance policy, which Clal Insurance sold to the association of pensioners under the "Netiv - Southern and Central Region" pension fund (hereinafter: the "**Association**" and the "**Policy**", respectively), and who paid premiums as required, Clal Insurance unilaterally and unlawfully canceled the policy, because the policy was a losing policy, and did not reimburse the premiums which it had charged. The plaintiff also contends that Clal Insurance illegally collected premiums from policyholders with respect to June 2014, after the date when the policy was canceled.	To order Clal Insurance to pay to each of the class members who did not receive the benefits of the policy, the entire premiums which were collected from them with respect to the policy over the years when they were insured, with the addition of duly calculated interest and linkage.	Anyone who was insured by Clal Insurance in a policy which was canceled on March 2, 2014, as well as all policyholders under the policy from whom Clal Insurance collected premiums in June 2014.	In May 2019, the Court dismissed the claim for reimbursement of all premiums which were paid with respect to the policy over the years. The Court approved the claim as a class action against Clal Insurance and against the association, on the grounds of breach of the provisions of the Insurance Contract Law, 1981, the Control of Insurance Business Regulations (Collective Life Insurance), 1999, the provisions of the policy and on grounds of negligence, and determined that Clal Insurance had not properly alerted the policyholders of the cancellation of the insurance contract, and that the association had breached, inter alia, the fiduciary duty and duty of care which applied to it as the "policyholder". The approved class includes the beneficiaries of the retirees who are covered under the collective insurance contract, who passed away since the cancellation date of the insurance contract until the termination date of the insurance period specified in the insurance contract (a two year period). The claimed remedy is payment of insurance benefits to the class members. In August 2021 a ruling was given (hereinafter: the "**Ruling**"), in which the Court accepted the claim, and determined that Clal Insurance and the association had not informed the policyholders as required regarding the cancellation of the collective life insurance policy. Accordingly, Clal Insurance was ordered to pay to the beneficiaries of the retirees covered in the policy, who passed away during the period from the policy cancellation date (May 1, 2014) until the insurance period end date (April 30, 2016) the insurance benefits in accordance with the policy (in the amount of NIS 11,500 per deceased retiree), less the premiums which the retiree was required to pay with respect to the period from the policy cancellation date until the date of their passing, plus duly calculated interest and linkage differentials beginning from 30 days after the date of the policyholder's passing. Compensation and professional fees for the plaintiffs and their representatives were also ordered. In October 2021, Clal Insurance filed with the Supreme Court an appeal against the ruling and a motion for a stay of execution. The motion for a stay of execution was accepted in part, such that the payment of the insurance benefits will be postponed until a decision has been reached regarding the appeal. For details regarding subsequent claim which was filed against Clal Insurance and against the association in 2020, and which concluded, with respect to the same policy, see Note 7a(a3)(5) below.	The total damage claimed for all of the class members from Clal Insurance amounts, in the plaintiff's estimate, to a total of NIS 90 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
9.	9/2015 District - Center	Clal Insurance and three other insurance companies	The plaintiffs contend that the defendants, when giving points for the “continence” action, as part of the evaluation of insurance benefits in long term care policies, adopted an interpretation according to which, in order to recognize a policyholder’s claim with respect to “incontinence”, the condition must result from a urological or gastroenterological illness or impairment only, instead of giving points also when the policyholder’s medical condition and impaired functioning which have caused his “incontinence”, may be due to an illness, accident or health impairment which are not urological or gastroenterological in nature.	To order the defendants to compensate the class members for all damages which they incurred due to their alleged beaches of the agreement, and to fulfill the agreement from this point forward, or alternatively, to order the provision of any other remedy considered appropriate by the Court, in light of the applicable circumstances.	Any person who held a long term care insurance policy which was sold by the defendants (or his inheritors, as applicable), and who suffered from a health condition and impaired functioning as a result of an illness or accident or health condition, which caused them to be incontinent and/or to require the permanent use of a stoma or catheter in the bladder, or diapers or absorbent pads of various kinds, and notwithstanding the foregoing, who did not receive from the defendants (as applicable) points with respect to the “continence” component, in a manner which injured his rights.	In April 2020, the Court partially approved the handling of the claim as a class action against Clal Insurance and three additional insurance companies. The approved class includes anyone who was a policyholder in long-term care insurance, and who lost the ability of independent continence (fecal or urinary), due to a combination of reduced continence ability which did not constitute organic loss of control, together with a low functional condition, and who, despite the foregoing, did not receive points from the insurance company for the “continence” activity, as part of the evaluation of their claim for long-term care insurance benefits, in a manner which prejudiced their rights to insurance benefits during the period between September 8, 2012 and the date when the claim was approved as a class action. The plaintiffs’ motion to approve the claim as a class action, also with respect to the class of policyholders who are incontinent due to functional limitations or mobility deficiencies, which led to the event of incontinence, and with respect to the class of policyholders suffering from cognitive deficiencies, who were not recognized as “mentally frail”, was dismissed. The causes of action for which the class action was approved include breach of the long-term care insurance contract resulting in the non-payment of long-term care insurance benefits, or in the underpayment of long-term care insurance benefits, due to non-recognition of policyholders as eligible for points with respect to the action of “incontinence”. The claimed remedy is compensation of the class members who did not receive points with respect to the action of “incontinence”. The proceedings are currently in the claim handling stage. The parties are conducting mediation proceedings between them.	The plaintiffs contend that the damage cannot be estimated at this stage, but estimate it at tens or even hundreds of millions of NIS. The personal damage claimed by the plaintiff from Clal Insurance, as alleged, amounts to a total of approximately NIS 32,500 (without linkage differentials and interest).

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
10.	10/2016 District - Center	Clal Insurance	The plaintiff contends that when engaging with a collective policyholder (health fund) in the sale of a collective long-term care insurance policy, Clal Insurance undertook to provide, to the holders of the collective policy who join the individual policy, a 20% discount on the premium, and that it failed to do so (the “Collective Policy”).	Repayment of the amounts which were overcollected from the class members.	In accordance with the Court’s decision - anyone who purchased, from October 30, 2009 to December 31, 2018, an individual long-term care insurance policy of Clal Insurance, in which the eligibility period was for lifetime compensation, when they held the collective policy, and to whom Clal Insurance did not provide, in the individual policy, a discount of at least 20% on the lowest premium practiced at Clal Insurance on the purchase date for individual policies corresponding to the plan which was chosen by the policyholder, with respect to policyholders of a similar age and with a similar health condition, provided that they do not exceed the tariff which was approved by the regulator.	In January 2021, the Court partially approved the motion. The class action plaintiff’s motion to approve the claim as a class action, also with respect to the entire group of policyholders who hold individual long-term care policies in which the eligibility period for compensation is not for the policyholder’s entire lifetime, was dismissed. The causes of action for which the claim was approved as a class action include breach of the collective policy’s provision, unjust enrichment, and the claimed remedy is repayment of the amounts which were overcollected from the class members. The proceedings are currently in the claim handling stage.	In the claim, the plaintiff estimated the damage claimed for all of the class members in the amount of NIS 52 million, with respect to damage which was allegedly caused before the date when the motion was filed, and NIS 126 million with respect to the damage which is expected to be caused to the class members over the next 10 years.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
1.	7/2014	Clal Pension and Provident Funds Ltd. and against four additional managing companies of pension funds	According to the plaintiffs, two associations which claim that their purpose is to assist the senior population, the defendants increased the management fees which are charged from retirees of the pension funds which are managed by them, during the annuity receipt stage, to the maximum management fees permitted for collection by law (0.5% of the accrued balance), while abusing the fact that the retirees are a "hostage population", although active members pay, on average, significantly lower management fees. It was further claimed that the defendants do not disclose to their members that immediately when they become pensioners, the management fees which they pay to the defendants will be increased to the maximum management fees.	Reimbursement of the excess management fees which were unlawfully collected from the class members, with the addition of interest and linkage; To order the defendants to reduce the management fees which are charged from the pensioners, in a manner whereby the management fees which were collected prior to the commencement of the retirement of each one of them, will not increase; To prohibit the defendants from increasing the management fees for members proximate to their retirement.	Any person who is a member of a new comprehensive pension fund which is managed by one of the defendants, and who is entitled to receive an old age pension and/or who will be entitled to receive an old age pension in the future.	In September 2015, the plaintiffs filed a reply to the defendants' response to the motion to approve (the "Plaintiffs' Reply"), in which, inter alia, a new claim was raised, according to which the defendants did not send to their members advance notice regarding the increased management fees, as required in accordance with the provisions of the law. At the request of the Court, in September 2017, the Commissioner's position was filed, which determined, inter alia, that in accordance with the provisions of the law and the circular dated July 2014, it was possible to collect, during the annuity receipt period, management fees at a rate of less than 0.5%, and that there was no regulatory obligation for the defendants to announce the increase in management fees once the members reached retirement age. The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiffs estimate that the management fees which were unlawfully collected by the defendants from current pensioners amount to NIS 48 million, that the management fees which will be unlawfully collected in the future from current pensioners amount to NIS 152 million, and that the management fees which will be unlawfully collected in the future by the defendants from future pensioners, with respect to accrual which was performed until now, amount to NIS 2,800 million. The aforementioned amounts are claimed with respect to all of the defendants.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
2.	11/2014 District - Center	Clal Insurance, Tmura Insurance Agency (1987) Ltd. (hereinafter: "**Tmura**"), an additional insurance company and an additional insurance agency.	According to the plaintiffs, the holders of credit cards from Isracard and Israel Credit Cards Ltd. ("CAL"), who called in order to activate the basic policy of the credit cards, which is provided free of charge, they were sold, during the call, a product which is not an extension, addition or increase of the basic policy, but rather an ordinary policy, sold at full price, in a manner whereby that person was insured twice, from the first Shekel, on all matters pertaining to the overlapping coverages in the two policies.	To order the defendants to repay to the class members the excess premiums which were paid by the class members during the seven years which preceded the filing of the claim; To order the defendants to take into account, as part of the sale of the policies, the economic value of the basic policies, and to collect premiums which will take into account that value; To provide full and adequate disclosure to those calling the call center; To allow the holders of Isracard and CAL credit cards to activate the basic policy by means other than the call center; Alternatively, to order any other remedy in favor of the class, including the issuance of instructions regarding supervision, and execution of the ruling.	The holders of Isracard and CAL credit cards who were entitled to receive international travel insurance, at no extra charge, and who purchased, in the last seven years, international travel insurance from the defendants through the call centers operated by the defendants.	In April 2019, the parties filed with the Court a motion to approve a settlement arrangement. In accordance with the settlement arrangement, Clal Insurance will provide to the class members, as defined in the settlement agreement, a database of international travel insurance days free of charge, which may be used in accordance with the provisions of the settlement agreement. In November 2019, the Attorney General of Israel filed an objection to the settlement arrangement which was filed with respect to the additional insurance company, and in December, he announced that the grounds of his objection applied to the settlement arrangement with Clal Insurance as well. In April 2020, the Court gave a decision regarding the motion to approve the settlement agreement, according to which, at this time, in light of the airspace closure affecting a significant number of countries around the world, including Israel, due to the global coronavirus pandemic, it cannot be said that compensation in the form of providing international travel insurance days is the fair way to resolve the dispute, at this stage, from the perspective of the class members, without denying that the arrangement, in itself, is reasonable and fair. The parties were therefore requested to negotiate between them, and to notify the Court of their positions in the future.	The total damage claimed for all of the class members from Clal Insurance amounts, in the plaintiff's estimate, to a total of approximately NIS 70 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
3.	7/2015 District - Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance calculates the rights for payment of stipends and/or for the discounting of stipends which are owed to policyholders who freeze the payment of premiums (in full or in part) temporarily for a certain period and/or who do not pay the premiums for a number of months, in breach of the provisions of the law, in breach of the provisions of the policy and the required formula for the calculation of the stipend, as included in the policy (hereinafter: the "**Required Formula**"), and also asserted that Clal Insurance refuses to deliver information to its policyholders.	To order Clal Insurance to reimburse the monthly stipend and/or the discounting of the stipend, in accordance with the provisions of the required formula, and to order Clal Insurance to pay to the class members who already incurred damages, the stipend differences or the stipend discounting differences which are owed to them, with the addition of duly calculated linkage differentials and interest. Alternatively, the plaintiff is petitioning for the issuance of a declaratory order stating that Clal Insurance is in breach of the policy provisions.	Regarding the non-monetary remedies - all policyholders of Clal Insurance who hold policies which are similar to the plaintiff's policies (the "**Policyholders**"), who, during a certain period or periods, did not pay, temporarily, the premiums under the policy. Regarding the monetary remedies: all of the policyholders who began receiving from Clal Insurance a monthly stipend which is lower than the monthly stipend which would have been paid in accordance with the required formula, as well as policyholders who chose discounting of the stipend, and where the calculation used to discount their stipend was lower than the discounting of their stipend which would have been paid in accordance with the required formula.	In June 2016, the motion of the parties to transfer the hearing to a board which is hearing an additional claim by the plaintiff, on the subject of the calculation of the rights in life insurance policies, where the policyholder does not pay the full premiums, as specified in section (a)(a1)(7) above, was approved (the "**Prior Proceedings**"). Due to the fact that the decision regarding the prior proceedings will affect the questions which are raised in these proceedings, the Court decided to stay the hearing of these proceedings until the evidence hearing stage in the prior proceedings has concluded.	The total damage claimed for all of the class members, in the plaintiff's estimate, to a total of no less than NIS 25 million.
4.	9/2015 District - Tel Aviv	Clal Pension and Provident Funds Ltd. and four additional managing companies of pension funds	The plaintiffs, members of pension funds managed by the defendants, contend that the mechanism for the compensation, by commission, of agents and brokers, as a percentage of the management fees which are charged from members, as was practiced by the defendants, constitutes a breach of fiduciary duty towards the members of provident funds managed by the defendants, and results in the defendants' collection of management fees in amounts which	To order the defendants to change the mechanism for compensation of agents, and to repay to the members the management fees which were overcollected from them.	Members of provident funds managed by the defendants, from whom management fees were collected while providing a commission to agents which was derived from the amount of management fees.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiffs estimate the total damage incurred by all of the class members as approximately NIS 2 billion, reflecting damage at a rate of approximately NIS 300 million per year since 2008.

are higher than appropriate.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
5.	10/2015 District - Center	Clal Insurance	The plaintiff brings claims against the definition of "disability" in accidental disability policies, which allegedly create uncertainty, and against the policy terms, which require the receipt of reasonable proof within one year after the date of the accident. In this regard, it was claimed that despite the fact that the Company received "reasonable proof" regarding the permanent disability of policyholders as a result accidents which occurred since June 2009, it paid to them reduced insurance benefits, or rejected their claims for insurance benefits due to disability. The claim also includes assertions regarding the calculation of disability rates in the payment of insurance benefits in the event that the policyholder has more than one disability, as well as assertions regarding the revaluation of insurance benefits with respect to linkage differentials and interest.	To order Clal Insurance to pay to the class members insurance benefits with respect to permanent disability as a result of an accident, in accordance with the terms of the policy, and to order it to cease its unlawful conduct.	Any person who was insured by Clal Insurance in accidental disability policies, where, despite the fact that Clal Insurance received "reasonable proof" of the permanent disability due to an accident which occurred beginning in June 2009, paid reduced insurance benefits with respect to his disability, or rejected his claim for insurance benefits due to his disability, for the reasons specified in the claim (in whole or in part).	In July 2016, following the announcement of the class action plaintiff, who agreed to the summary dismissal of the claim, and withdrew his claim, the Court summarily dismissed the claim. In September 2016, an appeal was filed with the Supreme Court on behalf of the class action plaintiff against the ruling, in which the claim was summarily dismissed. In November 2017, the Supreme Court revoked the ruling, insofar as it pertains to the summary dismissal of the claim, and ordered the plaintiff to file a clarification notice with the District Court, regarding the question of based on which causes of action the claim is requested to be conducted, and which of the plaintiff's assertions meets the requirement of personal cause of action, and the plaintiff filed the foregoing clarification notice, and in April 2018, the District Court instructed the plaintiff to file an amended motion for approval of the claim as a class action, according to the specific causes of action which it specified. After the dismissal of the aforementioned motion for leave to appeal, which the plaintiff had filed with the Supreme Court, the plaintiff filed with the Court an amended motion to approve, which pertained to the specific causes of action which were determined by the Court, as stated above. The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The petitioner estimates the damage incurred by the class at a total of NIS 90 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
6.	12/2015 District - Tel Aviv	Clal Insurance and an additional insurance company	The plaintiffs contend that the defendants charged, from holders of life insurance policies which were issued beginning on August 1, 1982, in which the sub-annual installments component was reduced, where the premium is paid in installments during the year (hereinafter: "**Sub-Annual Installments**"), an effective interest rate which is higher than the maximum interest rate which the Insurance Commissioner allowed insurance companies to charge with respect to the sub-annual installments component. According to the plaintiffs, this collection is in breach of the law, policy and common practice in the finance segment, and ignores the monthly premium payment date, and the fact that the annual premiums gradually decrease during the year.	To order the defendants to change the method used to calculate the sub-annual installments component, in a manner whereby it will be calculated in consideration of the actual premium payment dates, and in consideration of the reduction of the annual premiums for each payment. To reimburse to the class members the amounts of the sub-annual installments component which were overcollected from them, beginning on the date when the sub-annual installments component was charged to the policyholders, until a ruling has been given on the claim, or alternatively, in the seven years prior to the plaintiff's claim, until a ruling has been given on the claim. Alternatively, the plaintiff is petitioning for the issuance of a declaratory ruling, according to which the method used by Clal Insurance to calculate the sub-annual installments component is illegal, or for the issuance of another declaratory ruling considered appropriate by the Court, in light of the circumstances.	Holders of life insurance policies which were issued beginning on August 1, 1982, and in which a sub-annual installments component was collected, where the premium is paid in installments throughout the year.	In May 2020, a ruling was given in which the District Court dismissed the motion to approve the claim as a class action. In September 2020, the plaintiffs appealed the ruling.	The total damage claimed for all of the class members, in the plaintiffs' estimate, amounts to a total of no less than NIS 50 million.
7.	2/2016 District - Center Lod	Clal Pension and Provident Funds Ltd. and four additional managing companies of pension funds	According to the plaintiff, an association which alleges that its purpose is to act on behalf of weak population groups and persons with special needs, the defendants charge, from recipients of disability and survivor annuities, management fees at the maximum rate permitted by law, while exploiting the fact that they are not permitted to transfer their monies to another fund.	To order the defendants to reimburse, to all recipients of disability and/or survivor annuities, all of the management fees which were unlawfully collected from them, with the addition of interest, or alternatively, to reimburse to the pension fund the management fees which were and/or which will be unlawfully collected from recipients of disability and/or survivor annuities, and to implement a just and fair distribution of the funds.	Any person who receives and/or who has the right to receive a disability annuity, as well as any person who receives and/or who has the right to receive a survivor annuity, and any person who is a member of a pension fund managed by the defendants, and who incurred damage as a result of the collection of management fees in connection with the disability and survivor annuities.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The amount of the class action claim was not quantified in the statement of claim; however, in accordance with an actuarial opinion which was attached to the motion, the damages caused to the class members was estimated, according to an initial estimate, as a total of approximately NIS 1 billion, against all of the defendants.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
8.	8/2016 - Regional Court of Tel Aviv (1) 10/2016 Regional Labor Court of Jerusalem (2) 11/2016 Regional Court of Jerusalem (3) 12/2016 Regional Court of Tel Aviv (4) 7/2019 Regional Court of Tel Aviv (5)	Clal Pension and Provident Funds Clal Insurance "Atudot" - Pension Fund for salaried Employees and Self-Employees Ltd. (a subsidiary of Clal Insurance (held 50%)) (hereinafter: "**Atudot**")	The five claims involve the assertion that the defendants collect from members in the pension funds, in the Tamar provident funds, and in the study funds which are managed by them, and in managers' insurance policies, in addition to the management fees, also "investment management expenses" (hereinafter: "**Direct Expenses**"), although there is no contractual provision which allows them to collect those expenses, and in breach of the fund regulations.	The plaintiffs in the five claims request to order the defendants to reimburse the direct expense amounts which were overcollected from them. Additionally, some of the plaintiffs request to order the defendants to pay the additional difference of returns which would have been generated by the amounts which were overcollected had they been invested in the pension fund, while some request to order the defendant to pay the duly calculated NIS interest difference, from the date of overcollection until the date of actual payment.	Members of the pension funds, the study fund, and the provident fund "Clal Tamar" which are managed by the defendants, and holders of managers' insurance policies, from whom investment management expenses were collected during the seven years preceding the filing of the relevant claim.	In May 2018, the position of the Capital Market, Insurance and Savings Authority was filed, within the framework of the proceedings which are being conducted before the Regional Labor Court of Jerusalem, which primarily stated that the managing companies are entitled to collect expenses even if it was not explicitly stated in the regulations. In June 2018, the Authority's responses to the questions which had been addressed to it were filed, within the framework of the proceedings 8(1) and 8(4). The proceedings are currently in the stage of hearing the motions to approve the claims as class actions. It is noted that in May 2019, the District Court of the Central District decided to approve a motion to approve a class action regarding the collection of direct expenses in individual life insurance policies (the "**Decision to Approve**"). In the decision to approve, it was determined that the absence of a clear provision in the policy regarding the collection of direct expenses constitutes a negative arrangement, and therefore, the defendants were not entitled to collect those expenses. In September 2019, a motion for leave to appeal the decision to approve was filed with the Supreme Court (hereinafter: the "**Motion For Leave To Appeal**"), and in August 2020, the Attorney General submitted his position, in which it was stated that the motion for leave to appeal and the appeal per se should be approved, such that the decision to approve should be canceled, for the reasons specified in the Attorney General's position (hereinafter: the "**Attorney General's Position**". The institutional entities in the Group are not parties to these proceedings. In October 2020, the petitioners in proceedings 8(1) and 8(4) were added to the motion for leave to appeal. In accordance with the court's decisions, the Attorney General's position was added to proceedings 1-4. These motions were also stayed until the Supreme Court has reached a decision regarding the motion for leave to appeal. In June 2021, notice on behalf of the Attorney General of Israel was filed, in which it an update was given stating that an interim report (as defined in the draft report) had been published for public comments by the advisory committee of the Commissioner of Capital Markets, regarding the subject of evaluation of the direct expenses, whereby according to his approach, it appears that the matter should not affect the legal proceedings, and he requested to specify his position to the court, with respect to the provisions of the report. The Court determined that the Attorney General's position would be filed 30 days after the publication of the advisory committee's final report to the regulator regarding the direct expenses, which as of the present date has not yet been published.	In claim 1, which refers to the pension funds, the amount of the class action was set as NIS 341 million, with respect to the years 2009-2015, plus the investment management expenses which were collected by the defendant from the class members in 2016, and plus the returns which would have been earned by the funds which were deducted as investment management expenses. In claim 2, which refers to the study fund, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 53 million. In claim 3, which refers to the Tamar provident fund, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 181 million. In claim 4, which refers to managers' insurance policies, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 404 million, plus the investment management expenses which the defendant charged to the class members in 2016, as well as interest and linkage. In claim 5, which refers to the pension fund which is managed by Atudot, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 41 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
9.	9/2016 District - Tel Aviv	Clal Insurance and three other insurance companies	The plaintiffs assert that the defendants allegedly collected and continues to collect from the holders of health insurance policies premiums with respect to unnecessary coverages which the policyholders do not need, and that the respondents allegedly sold to the policyholders, knowingly and deliberately, health insurance policies which include coverages for which the policyholders had no need, since they have supplementary health insurance from the health fund to which they belong, and that they also made one service conditional upon another, with no possibility to acquire a limited policy, which includes only coverages which are not included in the supplementary health insurance policies of the health funds, thereby creating "double insurance".	Reimbursement of the excess premium amounts which were allegedly unlawfully overcollected, issuance of a mandamus order instructing the defendants to change their method of action, as described in the claim, as well as any other additional remedy which may be considered appropriate by the Court, in light of the circumstances.	Anyone who is insured, or was insured, by any or all of the defendants in any of the health insurance policies which include coverages which overlap, either fully or partially, with the coverages which are included in the supplementary health insurance policies of the health funds.	In October 2020, a ruling was given in which the District Court dismissed the motion to approve the claim as a class action. In November the plaintiffs filed with the Supreme Court an appeal against the foregoing ruling, and the defendants filed an appeal against the decision not to order the plaintiffs to pay expenses.	The amount of the class action against the defendants was set as a total nominal amount of NIS 4.45 billion, where the share of Clal Insurance out of that total, as calculated by the plaintiffs, was set as NIS 995 million.
10.	4/2017 National Labor Court	Tmura Insurance Agency (1987) Ltd. (hereinafter: "**Tmura**"), a second-tier subsidiary of the Company, which is an insurance agency which manages pension arrangements, and against three additional insurance agencies.	According to the plaintiffs, the defendants provided services with respect to the regulation of social / pension provisions, for both employers and employees; however, they charged the consideration from the employees only, without their knowledge or consent, and in breach of the duties which apply to them by law.	To order the defendants to compensate the class members for the damages which they incurred (each defendant with respect to its relevant class members), or alternatively, to order any other remedy in favor of the Group.	Any person who is included among the group of customers of the defendants while the defendants provided, to their employers, pension arrangement management services, during a period beginning defendants before the filing date of the new motion, until the date when the employer began bearing, out of its own resources, the costs of operating the employee's pension arrangement.	In August 2020, the Regional Labor Court gave a ruling in which it dismissed the motion to approve the claim as a class action. In October 2020, the petitioners in the motion to approve filed an appeal against the foregoing ruling. In June 2021, the position of the Capital Market, Insurance and Savings Authority was filed with the Court, which supported, in general, the defendants' position.	The amount claimed with respect to the damages incurred by all of the class members amounts to a total of approximately NIS 357 million against all of the defendants, of which, approximately NIS 88 million was attributed to Tmura.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
11.	9/2017 District - Jerusalem	Clal Insurance and additional insurance companies	The plaintiffs contend that the defendants do not duly apply section 5(b) of the Adjudication of Interest and Linkage Law, 1961 (hereinafter: the "**Adjudication of Interest and Linkage Law**"), and do not pay, as a matter of policy, the required interest and linkage pursuant to that law, with respect to any debt which was ruled against them by a judicial authority, and which was not paid by them on the date set for its payment.	Declaratory relief with respect to the breach of the provisions of the law, compensation to the class members with respect to the alleged damages which they incurred, and ordering the defendants to correct the policy from this point forward.	Anyone to whom amounts were paid by the defendants which were ruled in their favor by a judicial authority, without the addition of linkage differentials and/or interest and/or linked interest to the ruled amount.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. In March 2021, the parties petitioned the Court to approve a settlement arrangement, in which it was agreed, inter alia, that the defendants would amend the wording of the certificates of settlement which they use, insofar as may be necessary, such that the required date for the payment of insurance benefits will be 30 days after the date of the fulfillment of the conditions for payment, and the defendants will honor the receipt of certificates of settlement in accordance with the mechanism for submitting certificates of settlement which was determined in the settlement agreement. The settlement arrangement's entry into effect is conditional upon the receipt of court approval, the provision of which is uncertain.	The amount of personal damages alleged by the plaintiff against Clal Insurance amounted to NIS 56.47. The plaintiffs, in the absence of accurate data regarding the aggregate damage incurred by the class, estimate the damage as a minimum of tens of millions of NIS, if not more.
12.	12/2017 District - Jerusalem	Clal Insurance, two additional insurance companies, Clalit Health Services and Maccabi Health Services.	The plaintiffs contend that the defendants refuse, allegedly, to cover with long-term care insurance people who are on the autistic spectrum, or set impossible and unreasonable conditions for them, without providing any explanation or justification for their actions.	Issuance of a declarative order stating that the defendants have breached, by their conduct, Part H of the Equal Rights for Persons with Disabilities Law, 1998, the Equal Rights for Persons with Disabilities Regulations (Notice of Insurer Regarding Provision of Different Treatment for a Person or Regarding Refusal to Insure a Person), 2016 (the "**Equality Law**"), and additional legislation; the issuance of a mandamus order requiring the defendants to stop discriminating against the class members, and to establish clear work policies regarding individual and equal treatment, without prejudice, of persons with disabilities; the issuance of a mandamus order requiring the defendants to retroactively insure the class members, who will be found qualified to receive long-term care insurance, following an egalitarian underwriting process, in accordance with the aforementioned policies.	People with disabilities on the autistic spectrum who request to be covered under long-term care insurance at any of the defendants, and who unlawfully received from the defendants different and discriminatory treatment, due to the fact that they are people with disabilities, whereby the decision was not based on reliable and relevant statistical, actuarial and medical data regarding the specific insurance risk, and/or for which no reason was given, as required in accordance with the Equal Rights Law and other provisions of the law, during the seven years preceding the filing of the motion to approve.	In January 2020, the Attorney General of Israel announced that he did not wish to appear in the proceedings, and that this announcement did not change the position which he filed regarding another similar case, in which he expressed the position that the insurance company's reliance on the reinsurers' underwriting policies complies with the provisions of the Equal Rights Law. In March 2020, the motion to summarily dismiss which had been filed by the health funds was dismissed. The parties filed an appeal against the aforementioned decision, inter alia, in connection with the decision regarding the motion to summarily dismiss. The funds' appeal against the dismissal of their petition for summary dismissal was dismissed in November 2020. The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiffs have not quantified the damage for all of the class members, and have estimated the personal damage incurred by the plaintiffs as tens of thousands of NIS per plaintiff.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
13.	1/2018 District - Center	Clal Insurance and five additional insurance companies.	The plaintiff, Public Trust, a Public Benefit Company, contends that the defendants unlawfully avoid paying to their policyholders and/or to third parties the VAT component which applies to the cost of the damage, when the damage was not actually repaired.	To order the defendants to pay the VAT component, according to the rate which applies to the damage amount, to the class members; to determine and declare that the defendants' avoidance of payment of insurance benefits and/or indemnification with respect to the VAT component which applies to the amendment, in cases where the damage was not actually repaired, is done in violation of the law; to issue a mandamus order requiring the defendants, from this point forward, to include in the insurance benefits which they pay also the VAT which applies to the cost of the repair, including if the damage has not been actually repaired, and as a result, also in case the policyholder or a third party receives insurance benefits at "reimbursement value", and not at "reinstatement value", and to order the defendants to pay to them insurance benefits with respect to the full amount of damage, including VAT.	Any policyholder and/or beneficiary and/or third party, in any insurance type whatsoever, who, as of the filing date of the insurance claim, has not repaired the damage which he claimed, and who received from the insurance company insurance benefits and/or reimbursement with respect to the damage, and where the insurance benefits did not include the VAT component which applies to the repair.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. It is noted that a claim and a motion to approve it as a class action, based on the same cause of action, were filed in the past against the Company and three additional insurance companies, and were struck out on procedural grounds.	The plaintiff estimates the damages owed to the class members by Clal Insurance, with respect to each year, at a total of NIS 17,732,580. The plaintiff is petitioning for the payment of damages with respect to the beginning on since June 4, 2001, or alternatively, for a period of 7 years since the filing date of the previous claim, or alternatively, for a period of 7 years since the filing date of the claim in question.
14.	8/2018 Regional Labor Court of Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance paid, to holders of guaranteed-return insurance policies which were issued between the years 1962 and 1990 ("**Guaranteed-Return Policies**"), interest according to rates which were lower than the rates which it was required to pay in accordance with the publication issued by the Authority of Capital Markets, Insurance and Savings (hereinafter: the "**Capital Market Authority**"), and as a result, that it performed unjust enrichment at the expense of policyholders. It was further asserted that Clal Insurance did not pay interest in arrears to policyholders in cases involving arrears in the redemption of funds from guaranteed-return policies.	The payment of the difference between the interest rate which Clal Insurance actually paid to holders of guaranteed-return policies, and the interest rate which it would have been required to pay in accordance with the publication of the Capital Market Authority, and the update to unredeemed guaranteed-return policies, in accordance with the interest rate which were published by the Capital Market Authority. The plaintiff is also petitioning for payment of duly calculated linkage and interest in arrears in case of arrears in the redemption of funds by virtue of guaranteed-return policies.	Holders of guaranteed-return policies to whom interest was not paid with respect to these policies, according to the rates which were published by the Capital Market Authority, and holders of guaranteed-return policies to whom duly calculated interest in arrears was not paid with respect to the delay in the redemption of the policy funds.	In June 2021, a ruling was given which dismissed the motion to approve the claim as a class action. In August 2021, the plaintiff filed with the Supreme Court an appeal against the ruling.	The plaintiff did not specify the cumulative damage incurred by all class members (however, it was asserted that the damage exceeds NIS 2.5 million). The plaintiff's personal damage was estimated at a total of NIS 133,657.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
15.	11/2018 District - Center	Clal Insurance	The plaintiffs contend that Clal Insurance breaches its contractual obligation under the policy, and allegedly refuses to pay, to holders of comprehensive motor insurance policies for vehicles weighing over 3.5 tons, compensation with respect to the vehicle's loss of value as a result of the insurance event, although the policy covers the "damage" caused to the vehicle, while affecting the assessments which are prepared by the arrangement loss adjusters.	Declaratory relief; Ordering Clal Insurance to indemnify all of its policyholders who were covered under the policy, and whose vehicles suffered and/or will suffer loss value as a result of the insurance event, as well as any other remedy considered by the Court to be appropriate and just, in light of the circumstances.	All policyholders of Clal Insurance who acquired and/or will acquire from Clal Insurance comprehensive motor insurance for vehicles weighing up to 3.5 tons, and whose vehicles, as a result of the insurance event, as defined in the policy, suffered and/or will suffer damage in the form of loss of value.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiff estimates the amount of damages incurred by the class members at approximately NIS 75 million. The plaintiff's personal damage was estimated at a total of NIS 21,605.
16.	3/2019 District - Jerusalem	Clal Insurance	The plaintiffs contend that the defendant issues personal accident policies to its policyholders upon their purchase of international travel insurance, without their consent, and in a misleading manner.	An order to reimburse the funds which were collected by the defendant to each of the class members, with respect to the payment of a personal accidents insurance policy during the last seven years	Any policyholder who, when purchasing an international travel insurance policy, was also added at that time, without their consent, to personal accidents insurance, and who was unlawfully charged monthly premium payments up to 7 years before the filing date of the claim.	In December 2020, the parties filed with the Court a motion to approve a settlement arrangement. In accordance with the settlement arrangement, certain policyholders who have claims regarding the insurance sale process will contact Clal Insurance, and their sale process will be evaluated, and insofar as any defects are found, in accordance with the criteria specified in the settlement agreement, they will be entitled to compensation according to the rate specified in the settlement agreement. An agreement was also reached regarding the payment of compensation to the plaintiff and to its representative, in immaterial amounts. The agreement is subject to the Court's approval, which is uncertain to be received. The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiffs estimate the damage incurred by the class members at approximately NIS 17 million. The personal damage claimed by the defendant amounts to NIS 1,044.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
17.	6/2019 Regional Labor Court of Tel Aviv	Clal Insurance	The plaintiff contends that the defendant systematically reduces the benefits of loss of working capacity insurance which it pays to its policyholders by virtue of loss of working capacity insurance policies of the profit sharing type, by unlawfully deducting management fees and nominal interest.	Repayment in kind of the funds which were unlawfully withheld, according to the plaintiff, from the class members, and crediting the savings in the policies with respect to the released premium funds. The plaintiff is also petitioning for a declaration announcing the non-validity of the provisions in the policies pertaining to the deduction of interest and management fees from the returns to which policyholder are entitled.	All holders, or former holders, of profit-sharing loss of working capacity policies which included a mechanism for linking the monthly compensation and/or premium release payments to the investment portfolio's returns, beginning with the 25th payment, to whom Clal Insurance paid monthly compensation and/or release for a period exceeding 24 months, and deducted from the returns, beginning with the 25th payment, interest and/or management fees.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The total damage allegedly incurred by all of the class members was estimated by the plaintiff in the amount of NIS 2,402,836,000.
18.	10/2019 District - Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance unlawfully collects linkage differentials and interest with respect to premiums in motor property policies, which are paid on the dates listed in the policy schedule. Alternatively, it was asserted that if the Court determines that Clal Insurance is entitled to collect linkage differentials and interest, as stated above, then its calculation of linkage differentials is performed unlawfully, and the linkage differentials should be calculated according to the difference between the index which was published either 30 days after the commencement date of the insurance period or after the date of submission of the account for the premiums (whichever is later), and the index on the date of actual payment (hereinafter: the "**Alleged Calculation**").	To repay to the class members the amounts with respect to the overcharges, plus linkage differentials and interest from the date they were charged until the date of their repayment	Anyone who purchased from the defendant an individual motor insurance policy, where it was determined, in the policy schedule, that the premiums will be paid according to the determined amounts and dates, and who paid on those dates, but were still charged linkage differentials and interest by Clal Insurance, during the seven years preceding the filing of the motion. Alternatively, insofar as the Court has determined that Clal Insurance was entitled to add linkage differentials and interest with respect to the premium payments, the plaintiff requests to define the class which it wishes to represent as including anyone who purchased from the defendant an individual motor insurance policy, where it was determined, in the policy schedule, that the premiums will be paid according to the determined amounts and dates, and from whom linkage differentials were charged, which were not calculated according to the alleged calculation.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	Estimated at a total of no less than NIS 5,000,000

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
19.	10/2019 District - Center	Clal Insurance	The plaintiff contends that Clal Insurance collects, in life insurance policies, premiums which include an addition for "sub-annual installments", with respect to premium payments which are made in monthly installments, without clearly and explicitly agreeing upon and disclosing the matter in the policy. The plaintiff contends that Clal Insurance is thereby breaching the provisions of the policy and other legislative provisions, and systematically misleading policyholders. The plaintiff also contends that the demand for payment of the addition with respect to sub-annual installments constitutes a discriminatory condition in a standard contract.	To grant declaratory relief ordering Clal Insurance to cancel the charge with respect to "sub-annual installments", and to compensate the class members, according to the rate of damages which they incurred, including repaying to the class members the premiums with respect to "sub-annual installments" which they paid prior to the filing date of the claim. The plaintiff is also petitioning to order Clal Insurance to correct the annual reports to policyholders, and to send to them reports which include details regarding the addition of the "sub-annual installments" which are being collected from them, and which will be collected from them, until the policy conclusion date, and to allow them to choose between prepayment of the premiums each year, without the addition of "sub-annual installments", and payment of monthly premiums, which include the addition of "sub-annual installments".	Any policyholder of Clal Insurance who purchased from it a life insurance policy, in which they were obligated to pay premiums which include an addition with respect to "sub-annual installments", without having explicitly specified in the policy that the policy includes an addition with respect to "sub-annual installments", for payment of the premium in monthly installments.	In October 2020, the parties filed with the Court a settlement arrangement and a motion to approve it (hereinafter: the "**Settlement Arrangement**"), in which the primary request is for Clal Insurance to send to certain class members, as defined in the settlement agreement, a letter informing them of the collection of the addition of "sub-annual installments", and their option to change the framework for payment of future premiums, to an annual payment framework. It was further agreed, as part of the settlement arrangement, that Clal Insurance will pay to the plaintiffs and their representatives compensation and professional fees. The settlement arrangement's entry into effect is conditional upon the receipt of court approval, the provision of which is uncertain.	NIS 1.8 billion
20.	11/2019 Regional Labor Court of Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance collected management fees in life insurance policies combined with savings of the "profit sharing" type which were issued before January 12, 2004 (hereinafter: the "**Relevant Policies**"), in rates which deviate from what is permitted, without any legal and/or contractual basis.	A remedy of repaying the amount of management fees which were unlawfully collected from the class members, and a mandamus order instructing Clal Insurance to change its operating method with respect to the collection of management fees in the relevant policies from this point forward.	Anyone who was or is a holder of the relevant policies of Clal Insurance, and from whom Clal Insurance collected, during the 7 years preceding the filing date of the claim, and until the approval date of the claim as a class action, management fees which deviate from what is permitted in accordance with the Control of Financial Services Regulations (Insurance) (Terms of Insurance Contracts), 1981, according to their wording at the time, and/or in accordance with the provisions of the policy.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	NIS 120 million

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
21.	2/2020 District - Center	Clal Insurance and an additional insurance company	According to the plaintiffs, due to "lack of knowledge" because of the non-provision and publication of a students personal accidents insurance policy (the "**Policy**") to the policyholders and their families, and the non-publication of the policy, the policyholders do not exercise their right to compensation by virtue of the policy, and incur damages.	Ordering the defendants and the Commissioner of Insurance to disclose documents and information; Ordering the extension of the prescription period; Ordering the appointment of a committee which will include independent entities, and which will be authorized to discuss and decide regarding all of the personal claims under the policy, for a period of three years, regarding all of the cases prior to October 25, 2016 (the "**Committee**"), and which will also be authorized to discuss the issue of policy submission; Ordering a procedure of shifting the burden of proof; Issuance of a mandamus order obligating the defendants to compensate the plaintiffs, in accordance with the committee's decision; Ruling special damages for the plaintiffs, and legal fees for its representatives.	The motion classifies the plaintiffs into two sub-groups, which are primarily defined as follows: Any school or kindergarten student in the State of Israel, who was covered by the defendants under a personal accidents insurance policy, and who did not receive a personal accidents insurance policy at their home, beginning with the school year which began in September 2006, and/or any student whose claim against the insurance company has been prescribed; The motion also includes the definition of two sub-groups with respect to students who were born after October 25, 1995, and who, between the ages of 3 and 19 (the period of their studies in Israel, from kindergarten until the end of high school in 12th or 13th grade), suffered an accident, which caused them to suffer physical injury, and who did not receive insurance benefits under the policy, divided into sub-groups, according to the heads of damage which were specified in the motion; Additionally, the sub-group of people born in the years 1974 to 1995 - whose members include people and/or parents and/or heirs who were born and/or studied in Israel between the years 1974 and 1995, and who were injured or killed after 1992, and who did not claim, because they were not aware of the policy, and its scope; and the sub-group of all policyholders - all students and their parents from September 1992 to September 18, 2016, distributed into sub-groups according to the heads of damage specified in the claim.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. It is noted that motions and claims which are similar to this motion and claim which were filed against Clal Insurance were struck out by the Court on procedural grounds in January 2020.	The plaintiffs estimate the alleged damage against Clal Insurance at a total of approximately NIS 1.4 billion, plus damages in the amount of approximately NIS 1.5 billion, which are attributed to the two defendants with respect to harm to autonomy.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
22.	3/2020 Regional Labor Court of Tel Aviv	Clal Insurance	According to the plaintiff, Clal Insurance systematically breaches the provisions of the law by unlawfully collecting premiums with respect to "temporary risk" insurance (payment for insurance coverage in situations where the routine deposits to a savings policy which includes insurance components are discontinued), through deductions from the accrued savings amount, in excessive amounts, while reducing the accrued savings amount, without informing the policyholders in advance regarding the preparation of "temporary risk" insurance, or the conditions and tariffs thereof, and while breaching the obligation to send to policyholders pages of updated insurance details, on time, or at all.	(1) Reimbursement of all of the funds which were collected from the accrual and/or by other means, with respect to the entire period after the discontinuation of work (except in cases where the policyholder requested, in writing, to acquire the insurance covers). Alternatively, reimbursement of all of the funds which were collected with respect to the period 3 or 5 months after the conclusion of their employment, in accordance with the relevant legislative arrangement (hereinafter: the "Automatic Temporary Risk Period"), and in cases involving increased premiums, reimbursement of the excess premiums also with respect to the automatic "temporary risk" period; (2) A prohibition against the preparation of "temporary risk" insurance for a period exceeding the automatic temporary risk period, except for policyholders who have requested it in writing; (3) Ordering Clal Insurance to reimburse the excess premiums to policyholders from whom double premiums were collected (with respect to the month when they returned to work); (4) Various provisions regarding future activity (including a prohibition against increasing the price of premiums, giving advance notice regarding the purchasing of temporary risk, and more).	The represented class for the purpose of the non-monetary remedies includes all of the policyholders in provident funds or insurance plans in which funds of employers and/or employees are deposited with respect to loss of working capacity insurance and/or insurance in case of death or any other insurance risk. The represented class for the purpose of the monetary remedies includes: (A) All policyholders from whom amounts were collected, from the accrual amounts or from any other source, with respect to amounts with respect to or insurance in case of death or any other insurance event, and who did not receive notice in advance; (B) Alternatively, policyholders from whom premiums were collected for periods exceeding the automatic temporary risk period, except if agreed in advance; (C) Policyholders from whom premiums were collected in an amount higher than the premiums which were collected from them when they were active policyholders and/or which were collected from them with respect to new insurance policies, which they did not have prior to the conclusion of their employment; (D) Policyholders from whom double premiums were collected.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The amount of the class action is estimated, conservatively, according to the plaintiff, at no less than NIS 7 million per year. The plaintiff contends that prescription of any kind whatsoever should not be applied to the claim. Alternatively, the claim for monetary remedies applies beginning from 7 years before the filing of the claim, which was filed in 2020, until the approval of the claim as a class action.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
23.	4/2020 District Court of Tel Aviv-Yafo	Clal Insurance and 12 additional insurance companies	According to the plaintiffs, the respondents should be ordered to compensate the class members, and to reimburse in full the damages they incurred with respect to excess premiums which have been paid and are still being paid with respect to motor insurance, due to the dramatic reduction of their use of vehicles during the period of COVID-19, and the significant reduction of the risk level.	Compensation of the class members, full reimbursement of the damages they incurred, issuance of a mandamus order instructing an adjustment of collection according to the risk which was actually applicable to the respondents during the effective period and/or issuance of a declaratory ruling determining that a significant reduction of the use of the vehicle in circumstances such as the events occurring during the effective period require an adjustment (reduction) of premiums.	Anyone who was a policyholder of one or more of the respondents in compulsory insurance and/or comprehensive insurance and/or third party insurance, during all or part of the period beginning on March 8, 2020 and ending on the date of the full and absolute lifting of the restrictions on movement which were imposed on the residents of Israel due to the coronavirus.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. In February 2021, the Court ordered the unification of the motion to approve this class action, with respect to compulsory motor insurance, with a separate motion to approve a class action, which involves similar causes of action, in which Clal Insurance is not a respondent, which was filed in April 2021.	The plaintiffs estimate the alleged damage against Clal Insurance, with respect to the period from March 8, 2020 to April 30, 2020, at a total of NIS 103 million, and for all of the respondents together (except one), at a total of approximately NIS 1.2 billion. Alternatively, with respect to 8 of the sued companies (of which Clal Insurance is one), the claimed damage was set as approximately NIS 720,000. The petitioners noted that the damage continues accumulating so long as the collection has not been discontinued.
24.	4/2020 District Court of Tel Aviv-Yafo	Clal Insurance and 12 additional insurance companies	According to the plaintiffs, the respondents should be ordered to reimburse to their policyholders some of the premiums which were paid to them with respect to the significant decrease in risk due to the coronavirus (COVID-19) pandemic, in compulsory motor policies, comprehensive or third party motor property policies, and theft of apartment contents policies.	Ordering each of the respondents to reimburse the premiums which were overcollected by them due to the decreased risk associated with the insurance policies which form the subject of the motion to approve and of the class action, and reimbursement of any additional amount which will be collected by them from the filing of the motion to approve until its approval by the Court and/or until the lifting of the restrictions on movement and activity, whichever is earlier, such that the risk level returns to its level prior to the change in circumstances which led to the decreased risk, as stated above.	Anyone who entered into a contract with Clal Insurance for compulsory motor insurance and/or comprehensive motor insurance and/or third party motor insurance and/or apartment contents insurance, and who, as of the effective date for the filing of the motion to approve and of the class action, i.e., as of March 19, 2020, held one or more of the aforementioned insurance policies, and who, in light of the decrease in risk associated with each of the aforementioned policies, did not receive from Clal Insurance actual reimbursement and/or did not receive notice of future reimbursement and/or crediting with respect to premiums which they overpaid, due to the decreased risk, as specified in the motion to approve.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. In February 2021, the Court decided, with respect to Clal Insurance and the other defendants (except for one), to strike out the claim and the associated motion regarding motor insurance, which will be heard within the framework of the motion described in section a(a2)(23) above, and will remain regarding apartment insurance only. The plaintiffs filed with the Supreme Court an appeal against that decision. The appeal has not yet been decided upon.	The plaintiffs estimate the alleged damage against Clal Insurance, with respect to a period of one month, beginning on March 19, 2020, at a total of approximately NIS 76 million, and for all of the respondents together, at a total of approximately NIS 886 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
25.	4/2020 Central District Court	Clal Insurance and 4 additional insurance companies	The plaintiffs contend that the defendants allegedly provide their customers with alternative windshields, which are not original, and not standard-compliant, in breach of their undertakings towards their customers according to their agreements with them.	Monetary compensation for all clients in whose vehicles an alternative windshield has been installed, which will allow them to replace the windshield that was installed in their vehicle, with an original windshield; Monetary compensation in the amount of NIS 500 for each of these customers, with respect to the hassle involved in making the replacement; Reimbursement, to the entire class of customers who held in the past or currently hold a policy which includes coverage for windshield breakage, the value of the savings which the respondents saved in their engagement with windshield installers, who were allowed to install alternative windshields which were not standard-compliant, and not original.	Any customer of the defendants who held or currently holds a letter or coverage which includes an undertaking by any of them to provide the customer with an alternative standard-compliant windshield, or original windshield, as well as any customer of the defendants who held or currently holds a letter or coverage which includes an undertaking by any of them to provide the customer with an alternative standard-compliant windshield, or original windshield, who received a windshield which was neither standard-compliant nor original.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs have not quantified the total damage claimed for all of the class members which they wish to represent; however, they estimate that it significantly exceeds a total of NIS 2.5 million.
26.	7/2020 District Court Center	Clal Insurance and 4 additional insurance companies	The plaintiffs contend that the defendants allegedly do not reduce the insurance premiums for policyholders for whom exclusions have been established due to a pre-existing medical condition, despite the fact that the exclusions allegedly reduce the insurance risk relative to the risk in insurance policies of policyholders for whom similar exclusions have not been established.	Compensation/reimbursement of all of the amounts which were allegedly overcollected from the policyholders who are included in the class, plus duly calculated linkage differentials and interest, as well as a mandamus order instructing the defendants to change their conduct.	Anyone who was insured during the period beginning 7 years prior to the filing date of this claim, and ending on the approval date of the claim as a class action, by one or more of the defendants, in insurance policies of the following types: disability, long-term care, life, loss of working capacity, personal accidents or health (including critical illness, surgeries in Israel or abroad, implants in Israel or abroad, drugs, ambulatory treatments, or any other medical coverage), in which the policy has an exclusion. For this purpose, "**exclusion**" means any stipulation in the policy which determines that an event / injury / illness or any risk which has materialized and/or is related to a pre-existing medical condition of the policyholder on the date the policy was purchased, is not covered under the policy.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the total damage for all of the class members, with respect to all of the defendants, at a total of NIS 1.9 billion, while stating that the share of each of the defendants is in accordance with the market segment of health and life insurance, according to the publications issued by the Commissioner of Capital Markets.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
27.	7/2020 District Court Center	Clal Insurance	The plaintiff contends that Clal Insurance unlawfully applies an exclusion in the policy which determines that, in case the policyholder had a medical defect which was diagnosed and documented during the first 12 months of their life, they will be denied long-term care insurance benefits (hereinafter: the "**Exclusion Clause**"). The plaintiffs contend that Clal Insurance rejects claims for long-term care insurance benefits also in cases where the defect had not been diagnosed or documented, and assert that it was wrong, from the outset, to include the exclusion clause in the policy.	Declaratory relief ordering the cancellation of the exclusion clause, or alternatively, declaratory relief determining that Clal Insurance's interpretation of the provisions of the exclusion clause, according to which it is permitted, by virtue of that clause, to exclude from entitlement to an annuity also minors who were not diagnosed, in a documented medical diagnosis, before reaching 12 months of age, is invalid. Additionally, remedy requiring monetary compensation with respect to all monetary and non-monetary damages, plus duly calculated interest and linkage.	All holders of long-term care insurance policies of Clal Insurance who meet the conditions for the receipt of a long-term care insurance annuity, who were rejected based on the exclusion clause due to a birth defect, or birth illness, or illness which was diagnosed in the first year of life; Including: Group A - anyone who underwent an insurance event, and whose claim was rejected based on the grounds that symptoms existed in their first year of life which could have led to a documented diagnosis in their first 12 months of life, and anyone who was entitled to receive the annuity, but in light of the aforementioned policy of Clal Insurance, did not submit a request to receive it; Group B - anyone who underwent an insurance event, and whose claim was rejected based on the existence of a documented medical diagnosis during the first 12 months of their life, and anyone who was entitled to receive the annuity, but in light of the existence of the aforementioned diagnosis, did not submit a request to receive it.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs have not specified a total sum of damages for all of the class members, but estimate it at a total exceeding NIS 2.5 million.
28.	9/2020 Haifa District Court	Clal Insurance	The plaintiff contends that Clal Insurance does not fulfill its obligations, and repays to its policyholders amounts which are significantly lower than the amounts which it undertook to pay in accordance with the implementation of the "no claim bonus clause" in health policies which were sold by Clal Insurance in the past, which gives the policyholder the right to receive reimbursement of a part of the premiums which they paid, in case there are no claims during a period specified in the policy.	The remedy requested by the plaintiff includes, inter alia, ordering Clal Insurance to compensate each of the class members who are entitled to a no claim bonus for the proportional part of the insurance premiums, which was not reimbursed to them, plus interest and linkage.	All holders of individual and collective health insurance policies of Clal Insurance, including health insurance and including extended liability insurance and full liability insurance, and including different names of the policies over the years, which included a "no claim bonus" clause, and who did not claim and/or avoided claiming compensation for 3 years, or for any other period according to the policy, and who were entitled to reimbursement of 10% of the premiums which were paid, or a different reimbursement percentage in accordance with the policy terms, who received a lower amount than the amount which was owed to them according to the policy terms, during the period of the claim.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The damage claimed for all of the class members was estimated by the plaintiff in a total amount of NIS 33,575,080, during the seven years preceding the filing of the claim.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
29.	9/2020 Central District Court	Clal Insurance and an additional insurance company	The claim involves an assertion that the defendants acted in breach of the provisions of critical illness policies, and did not act in accordance with the policy terms, which determine that, after the occurrence of the first insurance event, and if the policyholder remains covered by the insurance policy, the insurance amount and the monthly premium will be reduced by 50%.	The remedy requested by the plaintiffs is compensation to the class members for past damages, as well as declaratory relief and a mandamus order instructing the defendants to change their operating methods.	All customers / policyholders of the respondents who held critical illness insurance and/or insurance for critical illness and severe medical cases and/or another similar insurance, defined by another name, who suffered a first insurance event, after which a higher premium was charged from them than had been agreed, in breach of the terms of the insurance policy, during the 7 years preceding the filing date of the motion.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the total damage for all of the class members, with respect to Clal Insurance, at a total of NIS 16,800,000.
30.	4/2021 District Court of Tel Aviv-Yafo	Clal Insurance and 14 additional companies	The subject of the claim is the assertion that the defendants breach the provisions of the law by transferring their customers' private and confidential information, without the customer' consent, to third parties (and particularly to Google and to its advertising service), while prejudicing the customers' right to privacy, and breaching their legal obligations.	The main remedies requested by the plaintiffs include ordering the defendants to cease transferring information regarding their customers to third parties, to comply with the provisions of the law regarding protecting their customers' privacy; to disclose all of the documents which they have, and which could help investigate the truth, and to compensate for the monetary and non-monetary damages which the plaintiffs have incurred.	All customers of the defendants who made use of the digital services on the websites and apps which are operated by the defendants, during the seven years preceding the filing of the claim, and whose private and/or personal and/or confidential information was transferred to a third party	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs allege personal damage in the amount of NIS 2,000 for each of the class members, and estimate the aggregate damage incurred by all of the class members at millions of NIS.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
31.	7/2021 District Court of Tel Aviv-Yafo	Clal Insurance and 6 additional companies	The subject of the claim is the assertion that, when receiving a pension from profit sharing policies which were issued between the years 1991 and 2004, the defendants deduct from the monthly returns, which accrue with respect to the balance of the redemption value, annual interest at a rate of 2.5% (or any other rate), without any contractual basis for doing so in the policy terms, and in violation of the law.	The main remedies claimed by the defendants in the claim include a declarative order stating that the deduction of interest from the monthly returns constitute a breach of the policies, or alternatively, declaratory relief stating that the matter constitutes a discriminatory condition in a standard contract, and ordering the cancellation thereof, ordering the repayment of the amounts which were deducted from the monthly pensions of the class members, plus linkage differentials and interest, beginning from the seven years preceding the filing date of the claim, until a final decision has been reached therein, and ordering the defendants to discontinue their deduction of interest from the monthly returns.	The policyholders of the defendants who purchased from the defendants life insurance policies which include the accrual of savings in profit sharing policies which were issued between the years 1991 and 2004, and from which interest was deducted and/or will be deducted, at a rate which was not specified in the policy, based on the provision in the policy which states that the monthly pension amount will vary "monthly according to the results of the investments, less the interest rate which was used to calculate the monthly pension amount, and the corresponding provisions for this purpose in the insurance plan" and/or any other similar provision.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs claim personal damage in the amount of NIS 1000 for each of the class plaintiffs, and estimate the aggregate damage incurred by all of the class members at an amount (greatly) exceeding NIS 2.5 million.
32.	10/2021 Lod District Court	Clal Insurance and an additional company	The subject of the claim is the assertion that the defendants unlawfully reject insurance claims of children with special needs, within the framework of long-term care insurance policies, despite the fact that they meet, according to the plaintiffs, the definition of the insurance event by virtue of "mental incapacity" in accordance with the policy terms, without evaluating whether or not their condition meets this definition.	The main remedies asserted in the claim include compensation of the class for all of the damages they incurred, and ordering the defendants to fulfill the insurance agreements.	All policyholders of the defendants up to age 21 (or their heirs) with special needs, who are covered by long-term care insurance which was sold by any of the defendants, and who suffer from "mental incapacity", and who did not receive from the defendants recognition with respect to their condition of "mental incapacity", or their rights under the policy, with respect to both the past and the future.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the total damage claimed for all of the class members, against both of the defendants together, in the total amount of approximately NIS 2.97 billion.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until its signing[8] (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
1.	3/2010 District - Center	Clal Insurance	The plaintiff contends that Clal Insurance unlawfully and wrongfully took advantage of the Control of Financial Services (Provident Funds) Law, 2008 (“Amendment No. 3”), which determined that funds which are deposited in provident funds beginning from 2008, will be withdrawable as an annuity only, and not as a capital withdrawal (withdrawal in a one-time amount). The plaintiff contends that at the time of conversion of the capital policies which were owned by a policyholder, prior to Amendment No. 3, for non-annuity paying policies, Clal Insurance was required to attach to the policy the annuity factor which was guaranteed to the policyholder under the fixed-payment policy owned by him, while in practice, Clal Insurance chose to attach to the converted capital policy a new annuity factor, in accordance with the life expectancy as of 2009.	To order Clal Insurance to attach to the capital policies of its policyholders the same annuity factor which they had in the fixed-payment policy prior to Amendment No. 3. Alternatively, to order Clal Insurance and the other class members to provide the entire amount of the pension savings funds, retroactively beginning after the date of the entry into effect of Amendment No. 3 (January 2008), and from now on, to the fixed-payment policy with the preferential annuity factor. Alternatively, to order Clal Insurance to compensate the plaintiff and the other class members in the amount of damage which was incurred.	Any person who owned, prior to the entry into effect of Amendment No. 3, both a capital policy and a fixed-payment policy of Clal Insurance (whether of Clal Insurance or of another insurance company), and to whom, following the aforementioned amendment to the law, a annuity factor[9] was not guaranteed in the capital policy, or to whom an annuity factor was guaranteed in the capital policy which was worse than the annuity factor specified in his fixed-payment policy.	In September 2015, the District Court decided to accept the motion to approve against Clal Insurance, in which it was determined that the entitled class members include any policyholder who owned, prior to Amendment No. 3, both a capital policy and a fixed-payment policy (whether of Clal Insurance or of another insurance company), and who, following the aforementioned amendment, did not receive an annuity factor in the capital policy, or who received an annuity factor which was worse than the factor in his fixed-payment policy, provided that the capital policy was managed by Clal Insurance. As part of the proceedings, an examiner was appointed regarding the case, who filed his opinion in July 2017. The parties filed pleadings, conducted investigations as part of handling the claim, and filed their closing arguments. In July 2020 the Attorney General’s position was filed with the Court, which supported the position of Clal Insurance, in which it was stated that Clal Insurance had acted in connection with the matters which form the subject of the claim in accordance with the outline which was approved for it by the Capital Market Authority, and that it would not be appropriate to retroactively replace the discretion which was exercised by the Authority on this matter. In August 2021, a ruling was given in which the claim was dismissed in its entirety.	The plaintiff estimates the number of the class members as 37,752 members, and accordingly, the monetary compensation to all of the class members is estimated at NIS 107 million, in each year.[10]

8 This section includes a description of claims which concluded during the reporting year, and which were not reported in the financial statements for 2020, and also applies to claims in which a decision was made to strike out the claim, or in which a ruling was given, including a ruling to approve a settlement arrangement. The foregoing does not apply to follow up regarding the implementation of the arrangements (including possible changes as part of the implementation of the arrangements and/or procedures involved in evaluating them) which were determined as part of the foregoing decisions, and which could continue over time, and the results of which cannot be fully estimated in advance.

9 The annuity factor is the factor representing life expectancy which is used by the insurer, at retirement age, to convert the savings amount accrued by the policyholder into a monthly annuity.

10 The specified amount refers to the estimated claim with respect to one damage year only. It is noted that the claim was filed in March 2010, with respect to a legislative amendment from 2008.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until its signing. (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
2.	3/2018 Regional Labor Court – Tel Aviv	Clal Pension and Provident Funds Ltd. and five additional managing companies of pension funds.	According to the plaintiffs, members of pension funds which are managed by the defendants, the defendants collect survivor premiums from members who join the pension funds which are managed by them, who have no survivors, without actively attempting to disclose and explain to such members that they should avoid purchasing and paying for survivors insurance coverage, and without clarifying to members who have chosen to waive survivors insurance coverage, shortly before the end of the waiver period, that the waiver is about to expire.	Issuance of a mandamus order instructing the defendants to credit, to the savings fund of the class members, all of the funds which were paid by them and applied to survivor premiums, plus the returns which those funds would have received had they been credited to the savings funds on the date of their payment to the pension fund. Issuance of a mandamus order instructing the defendants to duly disclose, clarify and explain to anyone who joins or is added to the fund, that if they do not have survivors, they would benefit from waiving the purchase of survivors insurance.	Anyone who does not have survivors, who joined or was added to a pension fund which is managed by any of the defendants, and from whom the fund collected survivors insurance premiums, despite the fact that they have no survivors, as this term is defined in the directives of the Authority of Capital Markets, Insurance and Savings.	In September 2021 a ruling was given which dismissed the motion to approve the claim as a class action.	In the statement of claim, it was stated that the plaintiffs are unable to estimate, at this point, the rate of cumulative damages incurred by all of the class members.
3.	2/2020 District - Center	Clal Insurance	The plaintiff contends that Clal Insurance used old or outdated mortality tables to calculate the premiums in life insurance policies, in a manner which allowed it to collect from policyholders higher premiums than it should have collected, had it used current mortality tables, in breach of the Commissioner's directives, and in violation of the law.	Repayment of the premiums which were overcollected from the class members, plus duly calculated linkage differentials and interest; and to order Clal Insurance to update the mortality tables immediately, in accordance with the instructions and guidelines which were issued the Commissioner.	All policyholders or insured individuals who held life insurance policies with death (risk) coverage of Clal Insurance, and who paid, according to the plaintiff, higher insurance premiums than the premiums which Clal should have collected from them, due to the use of old or outdated mortality tables to calculate the premiums, beginning 7 years after the filing date of the claim, until the approval of the claim as a class action.	In November 2021 the Court approved a consensus motion to withdraw the class action, and gave it the force of ruling.	The plaintiff has not estimated, at this stage, the cumulative damage incurred by all class members.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until its signing. (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
4.	4/2020 Haifa District Court	Clal Insurance and 6 additional insurance companies	The plaintiffs contend that the respondents should be ordered to compensate the class members, and to reimburse all of their damages in the form of excess premiums which were paid and are still being paid with respect to comprehensive insurance for businesses (including stores, offices, workshops, plants, shopping malls, hotels, restaurants, cinemas, sports facilities, etc.), due to the dramatic decrease in the activity of those businesses due to the government's decisions to reduce activity in light of the coronavirus (COVID-19) pandemic, and the correspondingly significant decrease in the risk level to which the respondents are exposed.	Compensation of the class members, full reimbursement of the damages they incurred, issuance of a mandamus order instructing an adjustment of collection according to the risk which was actually applicable to the respondents during the effective period and/or issuance of a declaratory ruling stating that the significant decrease in the activity of the businesses, in circumstances such as the events during the effective period, requires an adjustment (reduction) of premiums.	Anyone who was a policyholder of one or more of the respondents, in business insurance which includes employers' liability insurance and/or third party insurance, during the period from March 15, 2020 until the full and absolute lifting of the restrictions which were imposed on the residents of Israel due to the coronavirus pandemic.	A ruling was given which dismissed the motion to approve the claim as a class action.	The plaintiffs estimate the alleged damage against Clal Insurance, with respect to the period from March 15, 2020 to April 30, 2020, at a total of NIS 12.14 million, and for all of the respondents together, at a total of approximately NIS 81.37 billion. The petitioners noted that the damage continues accumulating so long as the collection has not been discontinued.
5.	8/2020 Jerusalem District Court	Clal Insurance and the Netiv Pension Fund Retiree Association - Southern and Central Regions (hereinafter: the "**Association**").	The plaintiffs contend that Clal Insurance unilaterally and immorally canceled the collective life insurance policy which it had sold to the association (hereinafter: the "**Policy**"), without notifying the policyholders of the desire to cancel and/or extend the policy, in breach of its legal obligation.	The remedy requested by the plaintiff is, inter alia, to order Clal Insurance to pay to restore the policy, or alternatively, to pay to the beneficiaries of the class members the entire amount of premiums which were collected from them with respect to the policy over the years when they were insured, plus duly calculated interest and linkage. To order Clal Insurance to pay all of the policyholders compensation with respect to the harm to their consumer autonomy.	Anyone who was insured by Clal Insurance in a policy which was canceled on May 1, 2014.	It is noted, in connection with the policy, that a previous motion to approve a claim as a class action was filed against Clal Insurance, and was approved (on this matter, see section a(a1)(8) above (hereinafter: the "**Previous Claim**"). In April 2021, Clal Insurance filed a motion to summarily dismiss the motion to approve the claim as a class action. In July 2021 the plaintiff filed notice of his consent to the motion to summarily dismiss the claim, and in August 2021 the Court approved the motion to summarily dismiss the claim, and ordered the petitioner to pay expenses in an immaterial sum.	The total damage claimed for all of the class members against Clal Insurance amounts, in the plaintiff's estimate, to a total of approximately NIS 33 million, of which a total of NIS 3 million is with respect to non-monetary damages.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until its signing. (Cont.)

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
6	3/2021 Haifa District Court	Clal Insurance	The claim involves the assertion that Clal Insurance violates the provisions of the law by making misrepresentations and misleading customers when marketing insurance policies which are not "provident funds" (as this term is defined in law), while ascribing a benefit to the product which does not actually exist. According to the petitioner's assertion, as a result, the National Insurance Institute offsets, from the annuities which are paid to policyholders by National Insurance, amounts which are paid from the policy. According to the petitioner, had the policy been defined as a "provident fund", the National Insurance Institute would not have offset these amounts.	The main remedies petitioned for by the plaintiff include: (1) a declarative order stating that Clal Insurance violated the provisions of the law; (2) A mandamus order requiring Clal Insurance to sell and market its products in accordance with the provisions of the law; (3) Repayment of the amounts which were paid for the policy in which the misleading representation was made; (4) Non-monetary damages due to harm to autonomy.	All customers of Clal Insurance who purchased, during the last seven years, the policy address in the claim, and any other policy of Clal Insurance, in which it made a similar misrepresentation and/or who became aware, during the last seven years, of the fraud alleged in the claim.	In November 2021 the Court approved a motion to withdraw the motion to approve the claim as a class action, and gave it the force of ruling.	The total damage claimed for all of the class members, in the plaintiff's estimate, amounts to a total of NIS 200 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A4. Presented below are additional details regarding exposure to class actions which are immaterial or which have not yet been filed and to additional expenses

1. In addition to the material class actions which are described in Note 7(a)(a1), the pending motions for the approval of class action status for material claims, as described in Note 7(a)(a2), and the motions to approve class action status for material claims which were withdrawn during the reporting period, as described in Note 7(a)(a3), there are pending against the Company and/or its subsidiaries motions to approve class actions which, according to the Company's estimate, are immaterial[11], and regarding which a detailed description was therefore not included in the financial statements. As of the reporting date, 16 claims of this kind are being conducted against the Company and/or its subsidiaries, where the total amount specified by the plaintiffs in the aforementioned claims amounts to approximately NIS 421 million[12]. (As compared with 17 claims, in the amount of approximately NIS 294 million, as of December 31, 2020.)

2. In addition to the aforementioned legal proceedings, from time to time, potential exposures exist which, at this stage, cannot be estimated or quantified, with respect to commercial disputes or alerts regarding the intention to file claims, including class actions and derivative claims, on certain matters, or legal proceedings and specific petitions which may in the future develop into claims, including class actions or third party notices, against the Group's member companies, and potential exposure also exists, which at this stage cannot be estimated or quantified, to the possibility that additional class actions will be filed against the Group's member companies due to the complexity of the companies' insurance products, along with the complexity of the regulations that apply to the member companies' activities, which may result in disputes regarding the interpretation of the provisions of the law or of an agreement, or regarding the manner of implementation of the provisions of the law or an agreement, or the method by which claims are settled in accordance with an agreement, as these apply to and affect the relationship between the Group's member companies and the customer and/or the relationship between the Company and third parties, including reinsurers. In this regard, it is noted that as of the reporting date, negotiations are being conducted, including as part of a mediation process which was unsuccessful, with a reinsurer in connection with the completion of deposits in respect of previous years in the amount of approximately NIS 190 million (this amount does not include the development of claims in an immaterial sum with respect to the current year). The Company believes, based on the position of its legal counsel, that insofar as the matter reaches litigation, the Company's chances of success in such litigation are higher, and a provision was therefore not recorded in the financial statements.

   This exposure is particularly increased in the long-term savings and long term health insurance branches, in which Clal Insurance is engaged, inter alia, due to the fact that, in those areas, some of the policies were issued decades ago, whereas today, due to significant regulatory changes, and due to the development in case law and in the Commissioner's position, the aforementioned policies may retroactively be interpreted differently, and may be subject to different interpretations than those which were in practice at the time when they were written. Moreover, the policies in the aforementioned segments have been in effect for decades, meaning that exposure exists to the possibility that in cases where the customer's claim is accepted and a new interpretation is provided for the terms of the policy, the future profitability of the Company in question will be affected by the existing policy portfolio. This is in addition to compensation that may be provided to customers with respect to past activity.

---

[11] See note 6 above regarding the significance threshold.

[12] The foregoing number of claims includes one filed claim whose status as a class action has been approved, one claim in which Clal Insurance is a formal defendant, and no remedies are requested against it. The aforementioned amount does not include two claims in which the plaintiff did not specify the claim amount, but estimated it at tens of millions of NIS, and one claim in which the plaintiffs did not specify the claim amount, but estimated it as millions of NIS. For additional information regarding all class actions, see Note 7(c) below.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A4. Presented below are additional details regarding exposure to class actions which are immaterial or which have not yet been filed and to additional expenses (Cont.)

2. (Cont.)

The 2015 amendment to the Control of Financial Services (Insurance) Law, 1981, and supplementary arrangements, include various provisions and restrictions regarding provisions which should or should not be included in insurance plans, and provisions pertaining to a reduction of the exclusions which may be included in the policies (hereinafter, jointly: "**Insurance Plan Reform**"). The insurance plan reform allows the sale of insurance products after they have been submitted in advance to the Commissioner, with no need for explicit approval, and also allows the Commissioner, under certain conditions, to order an insurer to discontinue its provision of insurance plans or to order an insurer to implement a change in an insurance plan, including with respect to policies which have already been marketed by the insurer. It is not possible to predict in advance and to what degree the insurers are exposed to claims with respect to the policy's provisions, to the manner of application of the Commissioner's authorities in accordance with the insurance plan reform, nor its implications, which may be raised, inter alia, through the procedural mechanism set forth in the Class Action Law.

There is also exposure, which at this stage cannot be estimated or quantified, to errors in the methods used to operate products in the long-term savings and health segments. It is not possible to predict in advance all types of claims which may be brought in this context and/or the possible exposure due to them which may be brought up, inter alia, by means of the procedural mechanism for class actions and/or industry-wide decisions of the Commissioner.

Such exposure is due, inter alia, to the complexity of the aforementioned products, which are characterized by a very lengthy lifetime, and are subject to frequent, complex and material changes, including changes in regulatory and taxation directives. The complexity of the changes, and the application thereof over a large number of years, creates increased operational exposure, also due to the multiplicity and limitations of the automation systems used in the Group's institutional entities, due to additions / changes to the basic product structure, and due to multiple, frequent changes implemented over the product's lifetime, including by regulatory authorities, customers (employees) and/or by employers and/or by other parties acting on their behalf, with respect to insurance coverages and/or with respect to savings deposits, including in connection with reporting to members, and the need to create direct contact with employers and operating entities.

The above complexity and changes affect, inter alia, the volume and amounts of deposits, the various components of the product, the manner in which funds are associated with employees (including due to inconsistencies between the employer's reports and the policy data), products and components, their charging dates, the identification of arrears in deposits and the handling of such cases, and the employment, personal and underwriting status of customers, and affects, inter alia, the information which is given to them. The aforementioned complexity is increased in light of the large number of parties acting vis-a-vis the companies in the Group regarding the management and operation of the products, including, inter alia, distributing entities, employers, customers and reinsurers, including as regards the ongoing interface with them, and contradictory instructions which may be received from them, or from their representatives. The member institutional entities in the Group routinely investigate, identify and handle issues which may arise due to the aforementioned complexities, both with respect to individual cases, and with respect to customer types and/or product types.

The entry into effect of the Control of Financial Services Regulations (Provident Funds) (Payments to Provident Funds), 2014, which were replaced by the circular regarding the method for depositing of payments in provident funds (the "Payment Regulations"), intensified and increased, in the short term, the aforementioned complexity, and even resulted in delays in the process of funds intake and distribution. The institutional entities are implementing ongoing processes to address the issue in their systems, in a manner which, over time, resulted in improvements to the process of intake of pension amounts which were received by the Company from employers.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A4. Presented below are additional details regarding exposure to class actions which are immaterial or which have not yet been filed and to additional expenses (Cont.)

2. (Cont.)

Institutional entities in the Group are continuing to perform processes for the implementation and handling of issues which arise as part of the adoption of the circular regarding the payment deposit method, as well as other provisions which are updated from time to time regarding uniform records which are used to transfer information and to perform activities between the institutional entities, license holders, and other consumers of information in the pension savings segment. The Group's institutional entities are working to reduce the existing gaps, including through improvements to the automation systems and to the work processes. However, it is noted that the entry into effect of the directive regarding the reporting requirement on the level of the policyholder, as part of the employers interface (as opposed to reporting on the level of each pension product), is expected to add operational difficulty to the association of the deposits to the various pension products of policyholders and members.

The Group's institutional entities also routinely perform a process of data cleansing on the IT systems in the long-term savings segment, which is intended to guarantee that the recording of members' and policyholders' rights in the information systems is complete, accessible and retrievable, with reference to the gaps which are found, from time to time, including as regards automating the classification of the saved amounts, in accordance with the layers of regulatory directives which have been given over the years, which are in various stages of handling. The institutional entities in the Group are unable to estimate the scope, cost, and full implications of the aforementioned activities, or the scope of the future gaps in data cleansing, which may result from regulatory changes, due, inter alia, to the complexity of the products, the fact that they are long term products, due to the multiplicity of automation systems in the segment, and their limitations. The Group's institutional entities update their insurance liabilities from time to time, as required.

There is also exposure, which at this stage cannot be estimated or quantified, to changes and to significant regulatory intervention in the various insurance and savings segments, including, inter alia, those which are intended for the direct or indirect reduction of premiums and management fees, the intervention in sale processes, including different use of various regulatory tools, which may affect the process of engagement, the structure of engagement and the reciprocal relationships between institutional entities, agents, employers and customers, in a manner which could affect loads, operating expenses and profitability, on the retention of current products, including with respect to the business model of the branch and the current portfolio of products.

The exposure to unfiled claims of member companies in the Group is brought to the Company's attention in several ways. This is performed, inter alia, through requests from customers, employees, providers or other parties on their behalf to entities in the companies, and particularly to the ombudsman in member companies in the Group, through customer complaints to the public appeals unit in the Office of the Commissioner, through (non-class action) claims which are filed with the Court, and through position papers issued by the Commissioner.

It is noted that insofar as the customer's complaint is submitted to the public appeals unit in the Office of the Commissioner, in addition to the risk that the customer will choose to bring its claims also within the framework of a class action, the member companies in the Group are also exposed to the risk than the Commissioner will reach a determination regarding the complaint by way of a sector-wide determination, which will apply to a broad group of customers. In recent years, an increase has occurred in the exposure to the aforementioned risk, due to the Commissioner's increasing through audits, handling of customer complaints which are received by the Authority, including in light of the fact that, from time to time, the Commissioner tends to determine positions in principle by way of industry-wide determinations, position papers and draft position papers which are published by him, and in operative directives which are given as part of audit reports.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A4. Presented below are additional details regarding exposure to class actions which are immaterial or which have not yet been filed and to additional expenses (Cont.)

2. (Cont.)

For additional details regarding industry-wide determinations and position papers, see section D below.

Additionally, in accordance with the regulatory directives as part of the circular regarding the investigation and settlement of claims and the handling of public appeals, according to which, in cases where the public inquiry indicates a systemic and significant deficiency, which may be repeated, in the conduct of an institutional entity, the institutional entity must work to identify similar cases in which a similar deficiency took place, and insofar as similar cases are identified - it must conduct a lesson learning process, and to rectify the defects within a reasonable period of time. This amendment may expand the Group's exposure to the broad implications with respect to such deficiencies.

The member companies in the Group are unable to predict in advance whether a customer claim which has been brought to the companies' attention will eventually lead to the filing of a class action, or will lead to an industry-wide determination, or will have industry-wide implications, even in cases where the customer threatens to do so, and additionally, the member companies in the Group are unable to estimate the potential exposure that may be created due to the aforementioned claims, insofar as these may be heard and found justified by a competent authority.

B. Pending material claims which are not in the ordinary course of business

Clal Insurance engaged, from January 2004 to June 2013, with Hadassah Medical Organization (hereinafter: "**Hadassah**"), in a renewing annual agreement with respect to second layer professional liability insurance, providing insurance coverage for claims in an amount exceeding the self insurance amount, which was given by Hadassah (hereinafter: the "**First Layer**"). The liability limit which was given by Clal Insurance in the second layer was changed over the insurance years, where the insurance liability in the last insurance period, which began in January 2012 and concluded in June 2013, was with respect to a claim whose amount was over approximately NIS 8.8 million, and up to a total of approximately NIS 18 million per event and approximately NIS 36 million for all policyholders with respect to that insurance period (the aforementioned amounts are linked to the consumer price index from January 1, 2012). In February 2014, Hadassah filed with the District Court of Jerusalem a motion to issue a stay of proceedings and for the appointment of a trustee for the purpose of formulating a recovery plan and creditors' settlement in accordance with sections 350b(d)(1) and 350(d) of the Companies Law (hereinafter: the "**Motion**"). As part of the proceedings which were conducted within the framework of the motion, claims were heard alleging that the insurance companies which provided professional liability insurance to Hadassah, including Clal Insurance, should bear the monetary costs which may be imposed in the first layer, beyond the amount of the designated deposit which Hadassah deposited for this purpose, in case Hadassah does not pay the claims itself. Clal Insurance clarified to the trustee that its position is different, and that it is responsible for the second layer only. To the best of the Company's knowledge, on May 22, 2014, the recovery plan was approved by the Court, and the stay of proceedings was lifted.

C. Summary details regarding exposure to claims

Presented below are details concerning the total amount claimed in class action suits, both material and immaterial, which were approved for filing as class actions, in pending motions to approve claims as class actions, as specified by the plaintiffs in their claims (nominally) within the framework of the statements of claim which were filed against companies in the Group. It is noted that in most of the cases the amount claimed by the plaintiffs is an estimated amount only, and that the exact amount will be decided within the framework of the legal proceedings. It is noted that the above amount does not include claims for which the representative plaintiff has not stated an amount. Furthermore, it is hereby clarified that the claimed amount does not necessarily constitute quantification of the Company's actual exposure amount, which may eventually turn out to be lower or higher[13], and that the claimed amount generally pertains to the period before the filing of the claim, and does not include the subsequent period.

---

[13] It is further noted that the specified amounts do not include amounts demanded by the plaintiffs with respect to compensation to the class action plaintiff, and legal fees for his representative, and do not include a claim against Atudot, as specified in section (a)(a2)(8), and also do not include an increase in claim amounts relative to the period beginning from the date it was filed, if relevant.

Note 7: Contingent Liabilities and Claims (Cont.)

C. Summary details regarding exposure to claims (Cont.)

Type of claim			Number of claims	Amount claimed in millions of NIS
			Unaudited	
A.	Claims approved as class actions[14]			
	1.	Amount pertaining to the Company specified	8	2,266
	2.	The claim was filed against a number of entities, with no specific amount attributed to the Company	1	225
	3.	Claim amount not specified[15]	2	-
B.	Pending motions to approve claims as class actions			
	1.	Amount pertaining to the Company specified[16]	32	7,990
	2.	The claim was filed against a number of entities, with no specific amount attributed to the Company[17]	5	8,938
	3.	Claim amount not specified / possible range specified[18]	12	-
	4.	Annual amount specified (and accordingly, the total amount is period-dependent)[19].	1	7

In addition to the details provided in sections (a) and (b) above, the Company and/or the consolidated companies are also party to other legal proceedings, which are not in the ordinary course of business, are not class actions / derivative claims, and are not material claims, which were initiated by customers, former customers and various third parties, for an alleged total of approximately NIS 30 million (as compared with a total of approximately NIS 31 million as of December 31, 2020). The causes of action claimed against the Company and/or the consolidated companies in these proceedings are multiple and varied.

[14] Including a claim which was approved during the reporting year as a class action, and a ruling was given therein which accepted the claim.

[15] These claims include one claim which was estimated at hundreds of millions of NIS.

[16] These claims include one claim in which the petitioners estimated the alleged damage against Clal Insurance, with respect to the period from March 8, 2020 until April 30, 2020, at a total of NIS 103 million, and stated that the damage continues accumulating so long as the collection has not been discontinued.

[17] Includes one claim in which a total of approximately NIS 1,413 million was attributed to the Company, and an additional total of approximately NIS 1,507 million was not attributed to the Company.

[18] These motions include one motion for inclusion as a formal defendant, two motions in which the plaintiff did not specify the claim amount, but estimated it as many millions of NIS, three motions which were estimated at tens of millions of NIS, and four motions in which the plaintiffs did not quantify the total damage, but estimated that it exceeds / greatly exceeds a total of NIS 2.5 million (the limit of the District Court's subject-matter jurisdiction).

[19] The motion was filed in March 2020. The plaintiff contends that prescription of any kind whatsoever should not be applied to the claim. Alternatively, the claim for monetary remedies applies beginning from 7 years before the filing of the claim, until the approval of the claim as a class action.

Note 7: Contingent Liabilities and Claims (Cont.)

D. Exposure due to regulatory provisions, audits and position papers

Additionally, and in general, in addition to the overall exposure to which the member companies in the Company's group are exposed, with respect to future claims, as specified in section (a)(a4)(2) above, from time to time, including due to complaints by policyholders, audits and requests for information, there is also exposure to alerts concerning the intention of a regulatory authority, including the Commissioner, to impose on the above entities financial sanctions and/or directives regarding correction and/or repayment and/or performance of certain actions, including, inter alia, with respect to a policyholder or a group of policyholders, and/or exposure with respect to industry-wide decisions, under which orders be issued to perform repayment to customers, or to provide other remedies with respect to the deficiencies which are referenced in the alerts or determinations and/or position papers published by supervisory entities, and whose status and degree of impact are uncertain. The Group's member companies are also involved, from time to time, in hearing and/or discussion proceedings vis-à-vis oversight authorities concerning alerts and/or decisions, and enforcement authorities are sometimes used against them, including the imposition of financial sanctions.

The companies in the Group are evaluating the need to perform provisions in the financial statements, in connection with the aforementioned proceedings, based on the opinion of their legal counsel and/or are currently evaluating the significance of the aforementioned proceedings, as required and as appropriate.

Presented below are details regarding the Commissioner's positions or draft positions, or determinations in principle which have or may have an impact on the class, as follows:

1. The Company held discussions with the Commissioner in the past, in connection with the draft determination regarding it, with respect to one-time deposits of policyholders in guaranteed return policies (hereinafter: the "**Policies**"). In accordance with the draft, the Company is obligated to take certain actions with respect to policyholders whose actual rate of deposits, which bore the returns of the portfolio of investment-linked insurance contracts, was equal to or greater than the returns guaranteed in the policies, and certain actions with respect to policyholders whose actual one-time deposit returns were lower than the guaranteed returns. Therefore, at this stage, in light of the fact that the final wording of the draft is not known, if and insofar as it will be received, the Company is unable to assess its implications and the degree of its impact on the Company, if and insofar as it will be published.

2. In accordance with Atudot's financial statements, an investee held by Clal Insurance (50%), in 2017 an audit of the pension fund was conducted on behalf of the Commissioner, on the subject of members' rights. On August 7, 2019, Atudot received the draft audit report for the Company's response. The draft audit report pertains to major issues associated with the pension fund's activity, including the issue of groups, the fund regulations, management fees and management expenses, data cleansing, actuarial reporting, and withdrawal of monies from the fund. In accordance with Atudot's reports, Atudot filed its response to the findings of the draft audit report by the specified deadline. Additionally, on August 7, 2019, the Company received a letter from the Commissioner which included, in light of the draft audit report which was sent, an immediate directive regarding a change to the method used to pay members upon the withdrawal of funds. In accordance with the Commissioner's demand, Atudot responded separately on this matter, though even after Atudot's response, the Commissioner's position did not change. Atudot contacted the Commissioner again, and presented to him additional data supporting its position, and is awaiting his response. The Company was informed that as of the approval date of the financial statements, until all of the discussion processes vis-à-vis the Capital Market Authority have been concluded, and until the official report has been received, Atudot is unable to estimate the impact of the draft report.

Note 7: Contingent Liabilities and Claims (Cont.)

E. With respect to the costs that may arise due to the claims and exposures described in sections (a), (b), (c) and (d) above, provisions are made in the financial statements of the relevant consolidated companies, only if it is **more likely than not** (i.e., probability of over 50%) that a payment liability due to past events will materialize, and that the liability amount will be quantifiable or estimable within a reasonable range. The executed provision amounts are based on an estimate of the risk level in each of the claims as of a date proximate to the publication date of this report (excluding the claims which were filed during the last two quarters, regarding which, due to their preliminary stages, it is not possible to estimate their chances of success). On this matter, it is noted that events which take place during the litigation process may require a re-evaluation of this risk. Insofar as the Company has a right of indemnification from a third party, the Company recognizes such right if it is **virtually certain** that the indemnification will be received in the event that the Company settles the obligation.

The assessments of the Company and of the consolidated companies concerning the estimated risk in the claims which are being conducted are based on the opinions of their legal counsel and/or on the estimates of the relevant companies, including concerning the amounts of the settlement arrangements, which the managements of the Company and of the consolidated companies expect are more likely than not to be paid by them.

It is hereby emphasized that, in the attorneys' opinion, concerning the majority of motions to approve class action status with respect to which no provision was made, the attorney's evaluation refers to the chances of the motion to approve class action status, and does not refer to the chances of the claim on the merits, in the event that it is approved as a class action. This is due, inter alia, to the fact that the scope and content of hearing of the actual claim, once granted class action status, would be affected by the Court's decision with respect to the granting of class action status, which usually refers to the causes of action that were approved or not approved, to reliefs that were approved or not approved, etc.

At this preliminary stage, it is not possible to estimate the chances of the motions to approve class action status for the claims specified in sections (a)(a2)(30), (31) and (32).

The provision which is included in the financial statements as of September 30, 2021, with respect to all of the legal claims and exposures specified in sections (a), (b), (c) and (d) above, amounted to a total of approximately NIS 196 million, as compared with a total of approximately NIS 187 million as of December 31, 2020.

These amounts include provisions which were made with respect to past liabilities, in accordance with the attorneys' assessment, and do not include the effect of estimates on the estimated future cash flows which are included, when necessary, in the liability adequacy test.

Note 8: Additional Events During and After the Reporting Period

A. Actuarial estimates

Further to that stated in Note 38(e)(e1)(d)(1) to the annual financial statements, regarding the updating of insurance reserves in light of the low interest rate environment, and its impact on the discount rates in life and long-term care insurance and the Commissioner's directives regarding the liability adequacy test, and Note 38(e)(e2)4(a) regarding the main assumptions which were used for the purpose of the actuarial estimate in non-life insurance:

1. Discount rate used to calculate the liabilities to supplement the annuity and paid pension reserves

During the reporting period, changes occurred in the risk-free interest rate curve and in the estimated rate of return in the portfolio of assets held against insurance liabilities. In light of the foregoing, the actuary of Clal Insurance updated the interest rates on free assets which are used to discount the reserves to supplement annuity reserves and paid pension reserves.

2. Gradual provision to supplement the annuity reserve using the K factor

Further to that stated in Note 38(e)e1(a)3(b) to the annual statements, the Company evaluates, on a quarterly basis, whether the K factor results in adequate distribution of the annuity payment reserve, based on an analysis which is based on conservative financial and actuarial assumptions, indicating that the management fees and/or financial margin which are investments held against the reserve with respect to the policy and the premium payments for the policy, may generate future income beyond the basic K, which suffice to cover all of the expenses, and insofar as a gap exists, the reserves for supplementation of the annuity reserve are updated by updating the K factor. The greater the K factor, the lower the liability for supplementation of the annuity reserve which will be recognized in the financial statements, and the greater the amount which will be deferred and recorded in the future.

During the reporting period, due to the decrease of the risk-free interest rate curve, which was offset by the increase in the scope of assets managed for those policies, the forecast of management fees / financial margin decreased. As a result, the Company updated the K factor as specified in the following table:

	As of September 30		As of June 30		As of December 31
	2021	2020	2021	2020	2020
		Unaudited			Audited
For guaranteed-return policies	**0.0%**	0.0%	0.0%	0.0%	0.0%
For investment-linked policies	**0.66%**	0.65%	0.66%	0.65%	0.68%

3. Non-life insurance

Further to that stated in Note 38(e)(e2)(4)(a) to the annual financial statements, due to a decrease in the risk-free interest rate curve the Company updated the estimated discount rate for the nine and three month periods ended September 30, 2021. The total effect of the change resulted in an increase of insurance reserves on retention in the amount of approximately NIS 76 million and in the amount of approximately NIS 30 million, respectively.

Note 8: Additional Events During and After the Reporting Period (Cont.)

3. Non-life insurance (Cont.)

The impact on the financial results is specified below:

	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
NIS in millions	Unaudited				Audited
Life insurance					
Profit (loss) with respect to change in the discount interest rate which was used to calculate the liability to supplement the annuity and paid pension reserves	**87**	36	**55**	17	144
Distribution of pension reserve (K factor), see section A(2) above	**(46)**	(144)	**(12)**	10	(32)
Total effect of interest rate changes on the liability to supplement the annuity and paid pension reserves	**41**	(108)	**43**	27	112
Change in other assumptions used in the calculation of liabilities to supplement annuity reserves	**-**	-	**-**	-	(9)
Total special effects - life insurance	**41**	(108)	**43**	27	103
Impact due to the implications of the Winograd and Kaminetz Committees and in consideration of the ruling which was given for the National Insurance Institute [1)]	**-**	45	**-**	48	45
Effect of the interest rate decrease on reserves in non-life insurance	**(76)**	-	**(30)**	-	(30)
Total special effects - non-life insurance	**(76)**	45	**(30)**	48	15
Long-term care insurance in the health segment - Liability adequacy test (LAT)	**6**	292	**35**	88	292
Total before tax	**(29)**	229	**48**	163	410

Notes:

1. In September 2020 the Supreme Court gave a ruling in a case involving the National Insurance Institute, in which the Court determined that the National Insurance Institute is required to set the subrogation claim which it filed based on a discount rate of 3% (instead of a discount rate of 2%, which had been demanded by the National Insurance Institute). In accordance with the conclusions of the Kaminetz committee (hereinafter: the "**Implications of the Winograd and Kaminetz Committees**")

B. Activities in Clal Agency Holdings Ltd. (hereinafter: "Clal Agencies"), a subsidiary of the Company

1. Acquisition of all shares of Davidoff Pension Arrangements Life Insurance Agency (2006) Ltd. by Clal Agencies Ltd.

On February 18, 2021, Clal Agencies engaged in an agreement for the acquisition of all (100%) of the shares of Davidoff Pension Arrangements Life Insurance Agency (2006) Ltd. (hereinafter: "**Davidoff**") from Psagot Investments in Insurance Agencies Ltd.

Davidoff is a pension arrangement agency which has been engaged in the branch for 15 years, and is specialized in the provision of operating and marketing services for insurance, pension and finance products. Davidoff has agreements with most of the insurance companies and investment houses in Israel, and serves hundreds of employers and thousands of customers.

In June 2021, after the suspensory conditions for its completion were fulfilled, in consideration of the share purchase, Clal Agencies paid to the seller a total of approximately NIS 68.5 million, plus a total of approximately NIS 5.6 million for the cash balance and adjustments with respect to Davidoff's working capital.

The financing of the transaction was provided through capital notes from the Company to Clal Agencies in the amount of approximately NIS 58 million, and the remainder out of Clal Agencies' independent sources.

The acquisition was treated as a business combination in Clal Agencies, beginning on June 30, 2021.

Note 8: Additional Events During and After the Reporting Period (Cont.)

B. Activities in Clal Agency Holdings Ltd. (hereinafter: "Clal Agencies"), a subsidiary of the Company (Cont.)

2. ***Purchase of shares of Wobi Insurance Agency Ltd. (****hereinafter****: "Wobi")***

   On May 6, 2021, Clal Agencies engaged in an agreement for the acquisition of approximately 13.65% of the shares of Wobi, for a total consideration of approximately NIS 21 million.

   Wobi is a digital insurance agency which operates a website that allows the comparison of insurance prices and the purchase of motor, international travel and home insurance.

   The transaction was financed using Clal Agencies' independent sources.

   The investment was treated in the financial statements as a financial investment.

C. Chairman of the Board

On February 3, 2021, the Company's Board of Directors approved the appointment of Mr. Haim Samet ("**Mr. Samet**" or the "**Chairman of the Board**") as the Company's Chairman of the Board. On April 11, 13 and 20, 2021, the Company's Compensation Committee and Board of Directors, respectively, approved Mr. Samet's terms of tenure as the Acting Chairman in a 50% position, as specified below (the "**Terms Of Tenure**"). The terms of tenure were approved by the general meeting on June 17, 2021, retroactively, beginning from the commencement date of Mr. Samet's tenure as the Chairman of the Board[20], and will remain in effect so long as Mr. Samet continues serving as the Company's Chairman of the Board.

The terms of tenure comply with the provisions of the Executive Compensation Law, and in accordance with the Company's compensation policy, which was determined, inter alia, in consideration of the provisions of institutional entities circular 2019-9-6 (amendment to the provisions of the consolidated circular, Part 1, Volume 5, Chapter 5, entitled "compensation", dated July 11, 2019 (hereinafter: the "**Compensation Circular**"), as specified below.

The annual consideration with respect to the Chairman's tenure will amount to a total of 50% of the cap specified in section 2(B) of the Executive Compensation Law, plus duly payable VAT, i.e., an amount equal to 50% of the lowest employment cost of an employee in the Company (including contract workers hired directly by the Company, or hired by service providers which are hired by the Company), times 35 (hereinafter: the "**Annual Consideration**")[21], plus duly calculated VAT.

In light of the foregoing, as of the present date, the Chairman of the Board is entitled to annual consideration in the total amount of approximately NIS 1.6 million. The foregoing amount is linked to the rate of increase in the lowest compensation paid in the Company, in accordance with the Executive Compensation Law, and will be updated in case it is found that additional components are not included in the compensation cap which was determined in the Executive Compensation Law (including compensation for overtime). Once per year, an update will be given to the compensation committee and to the Board of Directors regarding the updating of the annual consideration, as stated above (if any). It is hereby clarified, in any case, that the annual consideration will be no less than NIS 1.6 million, and no more than a total cost in the amount of approximately NIS 1.75 million (including due to the update to the annual consideration, as stated above).

In accordance with the Company's compensation policy, which was determined, inter alia, in consideration of the provisions of the compensation circular, the Chairman of the Board will not be entitled to any variable component whatsoever (whether cash or equity).

The Chairman of the Board is entitled to reimbursement of expenses in connection with the fulfillment of his duties, in accordance with the Company's standard practice, and in accordance with the Company's policies.

---

[20] It is noted that Mr. Samet has served as a director in the Company since January 3, 2021. During his period of tenure until his appointment as Chairman, Mr. Samet was entitled to the compensation which is paid to directors in the Company. It is further noted that the directors' compensation which was paid to Mr. Samet beginning from the commencement date was deducted from the terms of tenure.

[21] The lowest compensation in the Company for the purpose of section 2(B) of the Executive Compensation Law, during the year preceding the approval date of the Chairman of the Board's terms of tenure, times 35, amounted to approximately NIS 3.2 million (not including the legally required provision for severance pay and compensation).

Note 8: Additional Events During and After the Reporting Period (Cont.)

C. Chairman of the Board of Directors (Cont.)

The Chairman will be entitled to request that the Company provide him with an appropriate vehicle, which will be entirely maintained by the Company, or reimbursement of expenses with respect to the use of the Chairman's private vehicle, and/or a cellphone which will be provided to him, and/or benefits, reimbursement of expenses and additional conditions, in consideration of his position as the Chairman of the Board, and in accordance with the Company's standard practice, provided that the total annual cost for the Company, with respect to the terms of tenure, does not exceed the annual consideration.

The annual consideration also includes payment to the Chairman of the Board with respect to ordinary absence days and absence due to a health condition, in accordance with the Company's standard practice.

The engagement with the Chairman of the Board is not time-limited, and each of the parties is entitled to announce the termination of the engagement at any time, and for any reason whatsoever, subject to written notice 6 months in advance (the "**Advance Notice Period**"). The advance notice period will also apply at the end of the tenure period, insofar as it has not been renewed and/or extended. The Board of Directors will be entitled to waive all or part of the Chairman's services during the advance notice period.

Notwithstanding all of the foregoing, in case the employment of the Chairman of the Board has been terminated in extraordinary circumstances (e.g., in circumstances involving the revocation of the employee's entitlement to severance pay), the Company will be entitled to terminate this agreement immediately, without providing advance notice compensation.
During the period of the agreement, the Chairman of the Board will be entitled to work, either as an employee or as a service provider, in other position/s, subject to the aforementioned scope of employment which will be dedicated to the Company and to the Group, subject to restrictions regarding avoidance of conflicts of interest and/or competition with the business of the Company and the Group and/or the Commissioner's directives.

During the Chairman of the Board's period of tenure, Mr. Samet may be required to served as a director in additional member companies of the Group, and he will do so without any additional consideration whatsoever. Insofar as Mr. Samet is required to serve as the Chairman of the Board of additional companies of the Group, as stated above, Mr. Samet may be entitled to the payment of additional consideration, subject to the legally required approvals, if any.

Mr. Samet provides his services as an independent Chairman of the Board[22], and accordingly, it was agreed that there will be no employer - employee relationship between the Company and Mr. Samet. Mr. Samet will bear all tax payments and mandatory payments as required by law, with respect to any payment or benefit which he receives with respect to his terms of tenure.
The Chairman of the Board will between subject to the arrangements regarding insurance, release and indemnification which apply to the Company's directors and corporate officers.

On October 13, 2021, Mr. Samet was appointed as a director in Clal Insurance. On November 2, 2021, the Board of Directors of Clal Insurance approved Mr. Samet's appointment as the Chairman of the Board of Clal Insurance. His appointment as the Chairman of the Board is pending the Commissioner's approval.

On November 4 and 11, 2021, the Compensation Committees and Boards of Directors of the Company and of Clal Insurance, respectively, approved Mr. Samet's terms of tenure as the Acting Chairman in a 80% position, beginning from the commencement date of Mr. Samet's tenure as the Chairman of the Board of Clal Insurance, which will remain in effect so long as Mr. Samet continues serving as the Chairman of the Board of those companies, as specified below (the "**Proposed Terms Of Tenure**").

The annual consideration with respect to the Chairman's tenure will amount to a total of 80% of the cap specified in section 2(B) of the Executive Compensation Law, plus duly payable VAT, i.e., an amount equal to 80% of the lowest employment cost of an employee in the Company (including contract workers hired directly by the Company, or hired by service providers which are hired by the Company), times 35 (the "**Annual Consideration**")[23], plus duly calculated VAT.

---

22 Whether directly or indirectly through his wholly owned company.

23 The lowest compensation in the Company for the purpose of section 2(B) of the Executive Compensation Law, during the year preceding the approval date of the Chairman of the Board's terms of tenure, times 35, amounted to approximately NIS 3.2 million (not including the legally required provision for severance pay and compensation).

Note 8: Additional Events During and After the Reporting Period (Cont.)

C. Chairman of the Board of Directors (Cont.)

In light of the foregoing, as of the present date, the Chairman of the Board will be entitled to annual consideration in the total amount of approximately NIS 2.56 million. The foregoing amount will be linked to the rate of increase in the lowest compensation paid in the Company, in accordance with the Executive Compensation Law, and in case it is found that additional components are not included in the compensation cap which was determined in the Executive Compensation Law (including compensation for overtime). Once per year, an update will be given to the compensation committee and to the Board of Directors regarding the updating of the annual consideration, as stated above (if any). It is hereby clarified, in any case, that the annual consideration will be no less than NIS 2.56 million, and no more than a total cost in the amount of approximately NIS 2.8 million (including due to the update to the annual consideration, as stated above).

It is hereby clarified that no further changes will be made to Mr. Samet's employment terms, as specified above.

The proposed terms of tenure will enter into effect retroactively, beginning from the commencement date of Mr. Samet's tenure as the Chairman of the Board of Clal Insurance (i.e., from the date when the Commissioner approved his tenure as the Chairman of the Board of Clal Insurance), and will remain in effect so long as Mr. Samet continues serving as the Chairman of the Board of the Company and of Clal Insurance. It is hereby clarified that the foregoing does not derogate from the decision of the Company's meeting regarding Mr. Samet's employment terms as the Company's Chairman of the Board; in other words, if he serves as the Chairman of the Company only, he will continue serving in a 50% position, and will be entitled to a salary of NIS 1.6 million, and no more than NIS 1.75 million.

The proposed terms of tenure include additional immaterial cost with respect to "excess expense costs" pursuant to the Executive Compensation Law[24], due to the fact that the multiple of the aforementioned expense will not be tax deductible for the Company.

The proposed terms of tenure are subject to the approval of the general meetings of the Company and of Clal Insurance.

D. Coronavirus pandemic

Further to that stated in Note 1 to the financial statements for 2020, regarding the effects of the coronavirus crisis (hereinafter: the "**Crisis**"), in 2021 a vaccination campaign began around the world and in Israel, in which millions of people received two doses of a vaccine which was also approved by the US Food and Drug Administration (FDA). These vaccines resulted in a significant decrease in infections and in the spread of the virus in the first half of 2021, and led to the cancellation of the most economic restrictions.

Later in the year, due to the weakened effect of the first two doses of the administered vaccines, the development of new variants of the virus around the world, and their arrival to Israel, an opposite trend was observed in Israel and around the world, and a fourth wave of infections occurred, with a renewed increase in infections and in the number of severely ill patients. Additionally, an increase in deaths recorded during the reporting year may result due to the effects of the coronavirus crisis.

Further to the above, in order to encourage vaccination among the unvaccinated population, the government published a renewed green badge, and approved the administration of a third (booster) dose of the vaccine to vaccinated individuals who received their second dose over half a year before then, and also to at-risk population groups. In parallel, the administration of vaccines to children aged 5-12, and the "green classroom" outline at schools, were also initiated. These actions contained the aforementioned increase in covid infections, and even led to a decrease in infections.
Proximate to the publication of the report, it was reported that the **omicron** variant, which originated in South Africa, had been detected in Israel, which is suspected to be very highly transmissible, and the extent of protection afforded against it by the vaccines is still unknown. Health authorities in Israel and around the world, as well as the companies which produced the vaccines, are evaluating the omicron variant. Several restrictions on arrival to Israel were also imposed. At this stage, the Company is unable to estimate the full consequences of the foregoing.

[24] Expenses paid by a financial corporation in an amount exceeding the payment limit will not be tax deductible for the corporation.

Note 8: Additional Events During and After the Reporting Period (Cont.)

D. Coronavirus pandemic (Cont.)

As of the reporting date the economy has not yet returned to a state of full employment, which is affecting both the scope of contributions to long-term savings, and international travel insurance policies marketed by Clal Insurance. Additionally, another uncontrolled wave of infections, if any, due to the development of variants which evade the protection of vaccines, could affect the Group's activity and profitability, including, inter alia, on all matters associated with economic activity and the Company's customers, the presence of employees at workplaces, and business continuity, the condition of markets, which affects the Company's investment income, and the value of assets managed by the Group's institutional entities, on their own behalf and on behalf of members, the reduction of economic activity, which affects the amounts deposited to savings products, and the materialization of insurance risks which could result from the crisis, including credit risks and increased mortality. For details regarding the sensitivity and exposure to risk factors, including cybersecurity risks and exposure to reinsurers, see also Notes 1(d) and 38(c)(2) to the annual statements.

E. Operation Guardian of the Walls

Due to the escalation of the security situation, including riots throughout the country and the firing of rockers from Gaza to the Southern region, on May 10, 2021 the IDF began Operation Guardian of the Walls. During the period of the operation, thousands of rockets were fired from the Gaza Strip into Israel, and riots took place throughout the country, which caused both personal injury and property damage. A ceasefire was announced on May 21.

As of the approval date of the financial statements, the foregoing did not have a significant effect on the Group's results on retention, including in consideration of the Property Tax and Compensation Fund Law, 1961, the Compensation for Victims of Hostile Actions Law, 1970, and announcements published by the Tax Authority, stating that property tax is intended to compensate for such damages.

F. Determination of capital target in Clal Insurance - For details, see Note 6(c) above.

G. Options

Further to that stated in Note 40(A)(3) to the annual statements, in June 2021 the Company allocated 2,493,200 Class A options and 175,247 Class B options to officers and employees of the Company and/or of companies under its control.

The shares which will result from the exercise of these options constitute approximately 1.87% of the Company's equity, assuming maximum exercise.

During the reporting period, the Group recorded expenses in the amount of approximately NIS 14 million with respect to the plan.

H. Rating

Further to Note 25(d) to the annual financial statements, in connection with the rating of Clal Insurance Ltd., a subsidiary of the Company, and Clalbit Finance Ltd., a subsidiary of Clal Insurance,

1. in June 2021 Midroog Ltd. published a rating report which kept the insurer financial strength rating (IFS) of Clal Insurance at Aa1, and also kept the current rating (Aa3) (hyb) of the deferred liability notes (Series C, I, J and K) which were issued by Clalbit Finance.
   The rating outlook was changed to stable, from negative.

2. Additionally, in July 2021 S&P Maalot published a rating report which kept the rating of Clal Insurance at (AA+), and changed the rating outlook to stable, from negative.

Note 8: Additional Events During and After the Reporting Period (Cont.)

I. Debt raising in subsidiary of Clal Insurance

On August 4, 2021 the Board of Directors of the subsidiary Clal Insurance pre-approved the evaluation of a public offering of a new series of the Company's deferred liability notes (Series L), by virtue of the shelf prospectus which was published by Clalbit Finance Ltd. on August 29, 2019, the consideration for which is intended for recognition as Tier 2 capital of Clal Insurance, subject to restrictions on the maximum rate of Tier 2 capital, in accordance with the provisions of the law.

On August 8, 2021, Midroog announced the provision of a rating of Aa3.il(hyb), stable outlook, for the raising of deferred liability notes in the amount of up to NIS 400 million par value which Clal Insurance, the Company's subsidiary, intends to raise through its subsidiary, Clalbit Finance Ltd., through the issuance of a new series (Series L).

On August 12, 2021, S&P Maalot announced the provision of a rating of ilAA-, stable outlook, for the raising of deferred liability notes in the amount of up to NIS 400 million par value which Clal Insurance, the Company's subsidiary, intends to raise through the subsidiary, Clalbit Finance Ltd., through the issuance of a new series (Series L).

On August 26, 2021, Clalbit Finance Ltd. issued to the public bonds (Series L) in the amount of NIS 400 million. The principal will be repaid in a single payment on March 31, 2035, unless Clalbit Finance exercises its right to redeem the bonds early. The principal and interest are not index-linked. The interest on the bonds (Series L) is paid each year, in two semi-annual payments, beginning on March 31, 2022, on March 31 and September 30 of each calendar year between the years 2022 and 2034, and on March 31, 2035. The stated annual interest rate is 2.50%, and the effective annual interest rate is 2.66%, assuming redemption on the effective date for additional interest.

The issuance costs amounted to a total of approximately NIS 5,391 thousand.

The total consideration (gross) which was received by Clalbit Finance following the issuance of the new bonds within the framework of the foregoing issuance was deposited with Clal Insurance in a deferred deposit, with the same redemption and interest terms as the terms of the bonds. The bonds are recognized as Tier 2 capital in Clal Insurance, and have an equal status and equal repayment priority status as the subordinated bonds which were issued by Clalbit Finance and/or Clal Insurance of the types subordinated Tier 2 capital, Tier 2 hybrid capital and Tier 3 hybrid capital, and as the bonds which were issued and/or will be issued by Clalbit Finance and/or Clal Insurance of the Tier 2 capital instrument type, and are subordinated to the other liabilities of Clal Insurance, except for creditor's rights in accordance with Tier 1 capital.

J. Market developments after the reporting date

During the period from the reporting date until proximate to the publication date of the report, the risk-free interest rate curve decreased. Further to that stated in Note 38(e)(e1) and (e2) to the financial statements, a decrease in the interest rate may lead to an increase in insurance liabilities.

On the other hand, an offsetting effect is expected due to the capital market increases which occurred during the period, which have a positive effect on the nostro and profit-sharing investment portfolios managed by the Company.

At this stage it is not possible to estimate the consequences of the foregoing during the period on the financial results for 2021, due, inter alia, to the uncertainty regarding the effects that the foregoing developments may have on the estimated insurance liabilities of Clal Insurance, with respect to the effect of the decrease in the interest rate curve on the fair value of debt assets, and with respect to continued developments in financial markets and the effect of the Company's other activities until the end of 2021, and therefore, the foregoing does not constitute an estimate of the Company's projected financial results in 2021.

Annex: Details of Assets for Investment-Linked Contracts and Other Financial Investments of Consolidated Insurance Companies Registered in Israel

1. *Assets for investment-linked contracts*

Below are details of assets held against investment-linked insurance contracts and investment contracts:

	As of September 30		As of December 31
	2021	2020	2020
NIS in thousands	Unaudited		Audited
Investment property *)	**3,061,596**	3,059,239	3,043,442
Financial investments:			
Marketable debt assets	**22,755,285**	25,714,789	24,263,517
Non-marketable debt assets	**8,230,049**	6,415,136	6,696,981
Stocks	**25,302,586**	16,104,038	19,770,339
Other financial investments	**19,107,456**	15,774,820	20,067,924
Total financial investments *)	**75,395,376**	64,008,783	70,798,761
Cash and cash equivalents	**10,319,471**	4,616,125	5,273,150
Other **)	**904,254**	760,659	449,172
Total assets for investment-linked contracts	**89,680,697**	72,444,806	79,564,525

*) Presented at fair value through profit and loss.
**) The balance primarily includes outstanding premiums, reinsurer balances, collateral with respect to activities with futures contracts, and transactions with securities which have not yet been settled as of the date of the financial statements.

2. *Details of other financial investments*

	As of September 30, 2021			
	Fair value through profit and loss	Available for sale	Loans and receivables	Total
NIS in thousands	Unaudited			
Marketable debt assets [(a)]	**55,879**	**6,300,134**	**-**	**6,356,013**
Non-marketable debt assets [(b)]	**2,264**	**-**	**22,136,632**	**22,138,896**
Stocks [(c)]	**-**	**1,823,206**	**-**	**1,823,206**
Others [(d)]	**450,633**	**3,534,718**	**-**	**3,985,351**
Total other financial investments	**508,776**	**11,658,058**	**22,136,632**	**34,303,466**

	As of September 30, 2020			
	Fair value through profit and loss	Available for sale	Loans and receivables	Total
NIS in thousands	Unaudited			
Marketable debt assets [(a)]	40,173	5,675,559	-	5,715,732
Non-marketable debt assets [(b)]	2,591	-	22,270,314	22,272,905
Stocks [(c)]	-	1,362,858	-	1,362,858
Others [(d)]	366,736	2,741,498	-	3,108,234
Total other financial investments	409,500	9,779,915	22,270,314	32,459,729

	As of December 31, 2020			
	Fair value through profit and loss	Available for sale	Loans and receivables	Total
NIS in thousands	Audited			
Marketable debt assets [(a)]	47,339	5,652,340	-	5,699,679
Non-marketable debt assets [(b)]	2,283	-	22,090,096	22,092,379
Stocks [(c)]	-	1,692,398	-	1,692,398
Others [(d)]	543,433	3,015,200	-	3,558,633
Total other financial investments	593,055	10,359,938	22,090,096	33,043,089

Annex: Details of Assets for Investment-Linked Contracts and Other Financial Investments of Consolidated Insurance Companies Registered in Israel (Cont.)

2. Details of other financial investments (Cont.)

A. Marketable debt assets - composition

	As of September 30, 2021	
	Book value	Amortized cost 1)
NIS in thousands	Unaudited	
Government bonds	**3,639,431**	**3,513,523**
Other debt assets		
Other non-convertible debt assets	**2,676,996**	**2,540,224**
Other convertible debt assets	**39,586**	**40,464**
	2,716,582	**2,580,688**
Total marketable debt assets	**6,356,013**	**6,094,211**
Impairment applied to income statement (cumulative)	**147**	

	As of September 30, 2020	
	Book value	Amortized cost 1)
NIS in thousands	Unaudited	
Government bonds	2,974,070	2,793,637
Other debt assets		
Other non-convertible debt assets	2,722,272	2,689,694
Other convertible debt assets	19,390	19,868
	2,741,662	2,709,562
Total marketable debt assets	5,715,732	5,503,199
Impairment applied to income statement (cumulative)	183	

	As of December 31, 2020	
	Book value	Amortized cost 1)
NIS in thousands	Audited	
Government bonds	3,009,397	2,814,773
Other debt assets		
Other non-convertible debt assets	2,664,409	2,564,260
Other convertible debt assets	25,873	26,095
	2,690,282	2,590,355
Total marketable debt assets	5,699,679	5,405,128
Impairment applied to income statement (cumulative)	176	

1) Amortized cost - Cost less principal payments plus (less) cumulative amortization using the effective interest method of any difference between the cost and the repayment amount, and less any amortization with respect to impairment applied to profit and loss.

Annex: Details of Assets for Investment-Linked Contracts and Other Financial Investments of Consolidated Insurance Companies Registered in Israel (Cont.)

2. Details of other financial investments (Cont.)

*B. Non-marketable debt assets - composition *)*

	As of September 30, 2021	
	Book value	Fair value
NIS in thousands	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	**15,850,867**	**26,286,742**
Other non-convertible debt assets, excluding deposits in banks	**5,277,134**	**6,127,135**
Deposits in banks	**1,010,895**	**1,137,991**
Total non-marketable debt assets	**22,138,896**	**33,551,868**
Impairment applied to income statement (cumulative)	**53,967**	

	As of September 30, 2020	
	Book value	Fair value
NIS in thousands	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	16,464,667	26,933,739
Other non-convertible debt assets, excluding deposits in banks	5,108,146	5,738,995
Deposits in banks	700,092	801,479
Total non-marketable debt assets	22,272,905	33,474,213
Impairment applied to income statement (cumulative)	89,023	

	As of December 31, 2020	
	Book value	Fair value
NIS in thousands	Audited	
Government bonds		
HETZ bonds and treasury deposits	16,278,710	26,706,571
Other non-convertible debt assets, excluding deposits in banks	5,160,746	5,913,302
Deposits in banks	652,923	766,590
Total non-marketable debt assets	22,092,379	33,386,463
Impairment applied to income statement (cumulative)	89,503	

*) The fair value of designated bonds was calculated according to the repayment dates of guaranteed-return liabilities.
The fair value of treasury deposits was calculated according to the contractual repayment date.

Annex: Details of Assets for Investment-Linked Contracts and Other Financial Investments of Consolidated Insurance Companies Registered in Israel (Cont.)

2. Details of other financial investments (Cont.)

C. Stocks

	As of September 30, 2021	
	Book value	Cost
NIS in thousands	Unaudited	
Marketable stocks	**982,284**	**816,076**
Non-marketable stocks	**840,922**	**717,370**
Total stocks	**1,823,206**	**1,533,446**
Impairment applied to income statement (cumulative)	**164,180**	

	As of September 30, 2020	
	Book value	Cost
NIS in thousands	Unaudited	
Marketable stocks	943,978	970,691
Non-marketable stocks	418,880	442,783
Total stocks	1,362,858	1,413,474
Impairment applied to income statement (cumulative)	193,177	

	As of December 31, 2020	
	Book value	Cost
NIS in thousands	Audited	
Marketable stocks	1,145,858	1,047,030
Non-marketable stocks	546,540	553,570
Total stocks	1,692,398	1,600,600
Impairment applied to income statement (cumulative)	208,187	

Annex: Details of Assets for Investment-Linked Contracts and Other Financial Investments of Consolidated Insurance Companies Registered in Israel (Cont.)

2. Details of other financial investments (Cont.)

D. Other financial investments [1)]

	As of September 30, 2021	
	Book value	Cost
NIS in thousands	Unaudited	
Marketable financial investments	**1,125,717**	**1,016,915**
Non-marketable financial investments	**2,859,634**	**2,003,851**
Total other financial investments	**3,985,351**	**3,020,766**
Impairment applied to income statement (cumulative)	**108,135**	

	As of September 30, 2020	
	Book value	Cost
NIS in thousands	Unaudited	
Marketable financial investments	1,049,801	1,028,985
Non-marketable financial investments	2,058,433	1,616,907
Total other financial investments	3,108,234	2,645,892
Impairment applied to income statement (cumulative)	82,920	

	As of December 31, 2020	
	Book value	Cost
NIS in thousands	Audited	
Marketable financial investments	1,151,649	1,086,789
Non-marketable financial investments	2,406,984	1,657,795
Total other financial investments	3,558,633	2,744,584
Impairment applied to income statement (cumulative)	95,733	

1. Other financial investments primarily include investments in ETF's, participation certificates in mutual funds, investment funds, financial derivatives, futures contracts, options and structured products.

Table of Contents

Building a better working world
Kost Forer Gabbay and Kasierer
144 Menachem Begin Rd.
Tel Aviv 6492102
Tel: +972 3 623 2525
Fax: +972 3 562 2555
ey.com

Somekh Chaikin
KPMG Millennium Tower
17 Ha'Arbaa St., P.O. Box 609
Tel Aviv 6100601
03 6848000

Re: Auditors' Special Report Regarding the Separate Financial Information in Accordance with Regulation 9C In Accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

Introduction

We have reviewed the separate interim financial information presented pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 for Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "Company") as of September 30, 2021, and for the periods of nine and three months then ended. The Company's Board of Directors and Management are responsible for the separate interim financial information. Our responsibility is to express a conclusion with respect to the separate financial information for these interim periods, based on our review.

We have not reviewed the interim condensed financial information of an investee which is presented according to the equity method, the investment in which amounted to a total of approximately NIS 67,412 thousand as of September 30, 2021, and where the Company's share in its profit amounted to a total of approximately NIS 21,991 and 20,765 thousand for the nine and three month periods then ended, respectively. The interim condensed financial information of that company was reviewed by other auditors, whose review report was furnished to us, and our conclusion, insofar as refers to the financial information with respect to that company, is based on the review report of the other auditors.

Scope of the Review

We have conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of financial information for interim periods consists of inquiries, mainly with the people responsible for financial and accounting matters, and of the application of analytical and other review procedures. This review is significantly limited in scope compared to an audit prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to achieve certainty that we have become aware of all material issues that may have be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, and on the review report of other auditors, we have not become aware of any matter which would have caused us to believe that the above separate interim financial information has not been presented, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
November 28, 2021

Kost Forer Gabbay and Kasierer	Somekh Chaikin
Certified Public Accountants	Certified Public Accountants

Joint Auditors

Interim Data Regarding the Financial Position

	As of September 30		As of December 31
	2021	2020	2020
NIS in thousands	Unaudited		Audited
Assets			
Investments in investee companies	**6,587,607**	4,978,352	5,619,578
Loans and balances of investee companies	**580,422**	-	489,542
Other accounts receivable	**399**	292	141
Other financial investments:			
Marketable debt assets	**47,240**	82,892	124,067
Non-marketable debt assets	**16**	-	-
Stocks	**13,570**	59	66
Others	**6,674**	14,721	15,666
Total other financial investments	**67,500**	97,672	139,799
Cash and cash equivalents	**97,740**	548,432	57,636
Total assets	**7,333,668**	5,624,748	6,306,696
Capital			
Share capital	**155,448**	155,448	155,448
Premium on shares	**1,640,641**	1,638,693	1,638,770
Capital reserves	**1,238,164**	728,055	969,936
Retained earnings	**4,286,596**	3,095,293	3,535,095
Total capital	**7,320,849**	5,617,489	6,299,249
Liabilities			
Other accounts payable	**7,077**	7,259	7,447
Balances of investee companies	**627**	-	-
Current tax liabilities	**5,115**	-	-
Total liabilities	**12,819**	7,259	7,447
Total capital and liabilities	**7,333,668**	5,624,748	6,306,696

The attached supplementary information constitutes an inseparable part of the Company's separate interim financial data.

November 28, 2021			
Approval date of the financial statements	Haim Samet Chairman of the Board	Yoram Naveh Chief Executive Officer	Eran Cherninsky Executive VP Finance Division Manager

Interim Data Regarding Income

	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
NIS in thousands	Unaudited				Audited
Company's share in the income (loss) of investee companies, net of tax	**718,795**	7,648	**248,639**	173,208	440,711
Income (loss) from investments, net, and financing income					
From investee companies	**25,595**	-	**8,973**	-	4,027
Others	**4,695**	1,247	**(1,901)**	405	2,837
Total income	**749,085**	8,895	**255,711**	173,613	447,575
General and administrative expenses	**8,053**	3,230	**2,493**	1,196	8,899
Other expenses	**-**	694	**-**	534	-
Total expenses	**8,053**	3,924	**2,493**	1,730	8,899
Income (loss) before taxes on income	**741,032**	4,971	**253,218**	171,883	438,676
Taxes on income (tax benefit)	**5,115**	-	**5,115**	-	-
Income (loss) for the period	**735,917**	4,971	**248,103**	171,883	438,676

The attached supplementary information constitutes an inseparable part of the Company's separate interim financial data.

Interim Data Regarding Comprehensive Income

NIS in thousands	For the period of nine months ended September 30 2021	For the period of nine months ended September 30 2020	For the period of three months ended September 30 2021	For the period of three months ended September 30 2020	For the year ended December 31 2020
	Unaudited				Audited
Income (loss) for the period	**735,917**	4,971	**248,103**	171,883	438,676
Other comprehensive income: Components of other comprehensive income which, following initial recognition in comprehensive income, have been or will be transferred to the statement of income:					
Change, net, in the fair value of available-for-sale financial assets applied to capital reserves	**1,066**	1,110	**(2,378)**	1,152	6,112
Change, net, in the fair value of available-for-sale financial assets transferred to profit and loss	**(4,863)**	(44)	**10**	(44)	(668)
Impairment loss of financial assets classified as available-for-sale and transferred to profit and loss	**2,488**	-	**2,488**	-	-
Other comprehensive income (loss) with respect to investee companies which has been or will be transferred to the statement of income, net of tax	**269,537**	(90,430)	**(382)**	91,699	147,073
Other comprehensive income (loss) for the period which has been or will be transferred to the statement of income, before tax	**268,228**	(89,364)	**(262)**	92,807	152,517
Taxes (tax benefit) with respect to other components of comprehensive income (loss)	**-**	-	**-**	-	-
Other comprehensive income (loss) for the period which following initial recognition in comprehensive income has been or will be transferred to the statement of income, net of tax	**268,228**	(89,364)	**(262)**	92,807	152,517
Components of other comprehensive income which will not be transferred to the statement of income:					
Other comprehensive income with respect to investee companies which will not be transferred to profit and loss, net of tax	**3,198**	4,376	**-**	-	10,550
Other comprehensive income for the period which will not be transferred to profit and loss, net of tax	**3,198**	4,376	**-**	-	10,550
Other comprehensive income (loss) for the period	**3,198**	4,376	**-**	-	10,550
Total comprehensive income for the period	**1,007,343**	(80,017)	**247,841**	264,690	601,743

The attached supplementary information constitutes an inseparable part of the Company's separate interim financial data.

Interim Data Regarding Cash Flows

NIS in thousands	For the period of nine months ended September 30 2021	For the period of nine months ended September 30 2020	For the period of three months ended September 30 2021	For the period of three months ended September 30 2020	For the year ended December 31 2020
	Unaudited				Audited
Cash flows from operating activities					
Income (loss) for the period	**735,917**	4,971	**248,103**	171,883	438,676
Adjustments:					
Company's share in the income (loss) of investee companies	**(718,795)**	(7,648)	**(248,639)**	(173,208)	(440,711)
Dividends from investee companies	**38,424**	3,996	**13,774**	3,996	3,996
Accrued interest with respect to bank deposits	**(63)**	(970)	**(22)**	(970)	(1,010)
Accrued interest and linkage differentials with respect to capital note to investee company	**(25,581)**	-	**(8,959)**	-	(4,028)
Loss (profit) from other financial investments	**(2,789)**	(549)	**2,413**	(571)	(1,331)
Taxes on income	**5,115**	-	**5,115**	-	-
	(703,689)	(5,171)	**(236,318)**	(170,753)	(443,084)
Changes to other items in the data regarding financial position, net:					
Change in other accounts receivable	**(258)**	(175)	**293**	(115)	(24)
Change in other accounts payable	**(370)**	1,700	**1,146**	1,240	1,888
	(628)	1,525	**1,439**	1,125	1,864
Cash received during the period for:					
Net cash from operating activities with respect to transactions with investee companies	**7,585**	-	**6,958**	(50)	-
Interest received	**63**	970	**22**	970	1,010
Net cash from operating activities	**39,247**	2,295	**20,203**	3,175	(1,534)
Cash flows from investing activities					
Investment in capital notes of investee company	**(58,000)**	(35,500)	**-**	-	(485,500)
Investments in investee companies	**(14,923)**	**-**	**(14,923)**	**-**	**-**
Investment in available for sale financial assets	**(67,532)**	(103,324)	**(19,575)**	(103,324)	(152,163)
Consideration from sale of available for sale financial assets	**141,311**	7,426	**16,345**	7,426	19,298
Net cash from (used in) investing activities	**856**	(131,398)	**(18,153)**	(95,898)	(618,365)
Increase (decrease) in cash and cash equivalents	**40,104**	(129,103)	**2,051**	(92,723)	(619,899)
Cash and cash equivalents at beginning of period	**57,636**	677,535	**95,689**	641,155	677,535
Cash and cash equivalents at end of period	**97,740**	548,432	**97,740**	548,432	57,636

Additional information

1. ***General***

The separate interim financial information is presented pursuant to Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970, and does not contain all of the information which is required according to Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970, regarding a corporation's separate financial information. The separate interim financial information should be read in conjunction with the separate financial information as of and for the year ended December 31, 2020, and with the condensed consolidated interim financial statements as of September 30, 2021 (hereinafter: the "**Consolidated Interim Statements**").

2. ***Acquisition of all shares of Davidoff Pension Arrangements Life Insurance Agency (2006) Ltd. by a subsidiary of the Company, Clal Agencies Ltd.***

Further to that stated in Note 2.8 to the Company's financial statements as of December 31, 2020, on June 1, 2021, a transaction was closed which involved the acquisition of all of the shares of Davidoff Pension Arrangements Life Insurance Agency (2006) Ltd. (hereinafter: **"Davidoff"**) by Clal Agency Holdings (1998) Ltd. (hereinafter: "**Clal Agencies**") from Psagot Investments in Insurance Agencies Ltd. (hereinafter: the "**Seller**").

In consideration of the share purchase, Clal Agencies paid to the seller a total of NIS 68.5 million, plus a total of approximately NIS 5.6 million for the cash balance and adjustments with respect to Davidoff's working capital.

The transaction was financed out of an issuance of capital notes in the amount of approximately NIS 58 million by Clal Agencies to the Company, and out of Clal Agencies' independent resources. The foregoing capital notes do not bear interest and/or linkage differentials, and were issued for a minimum period of 5 years.

3. ***Issuance in Michlol***

Further to that stated in Note 42(f) to the consolidated financial statements as of December 31, 2020, Michlol Finance Ltd., ("**Michlol**"), an investee held by the Group, completed its initial public offering on August 22, 2021.

Following the dilution due to the issuance, and the Company's acquisition in the issuance, the Group holds (directly and indirectly) a stake of 24.9%, as compared with a stake of 35% prior to the issuance.

Additionally, an option without consideration for 2,546,585 shares of Michlol was given to Clal Finance, in accordance with the determined conditions.

Following the issuance and the receipt of the aforementioned option, the Group recorded profit in an immaterial sum.

Quarterly report regarding the effectiveness of internal control over financial reporting and disclosure in accordance with Regulation 38c(a)

Management, under the supervision of the Board of Directors of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") is responsible for establishing and implementing adequate internal control over financial reporting and disclosure in the corporation.

For this purpose, the members of management include:

1. Yoram Naveh, CEO of the Company and of Clal Insurance, and CEO of Clal Finance Ltd.;
2. Eran Cherninsky - Financial Division Manager (Officer in Clal Insurance and in Clal Holdings);
3. Hadar Brin Weiss - Legal Counsel (Officer in Clal Insurance and in Clal Holdings)
4. Eran Shahaf - Internal Auditor (Officer in Clal Insurance and in Clal Holdings);
5. Yossi Dori - Investment Division Manager (Officer in Clal Insurance and in Clal Holdings)
6. Avi Ben Nun - Chief Risk Officer (Officer in Clal Insurance and Clal Holdings);

Internal control over financial reporting and disclosure includes controls and policies which are currently established in the corporation, which were planned by the CEO and the most senior corporate officer in the finance department, or under their supervision, or by the individuals who effectively perform the aforementioned positions, under the supervision of the corporation's Board of Directors, which were intended to provide a reasonable measure of assurance regarding the reliability of financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that the information which the corporation is required to disclose in the reports which it publishes in accordance with the provisions of the law was collected, processed, summarized and reported in accordance with the deadline and framework prescribed in law.

Internal control includes, inter alia, controls and policies which are intended to ensure that the information which the corporation is required to disclose, as stated above, is accumulated and transferred to the management of the corporation, including to the CEO and to the most senior corporate officer in the finance department, or to the person who effectively performs the aforementioned positions, in order to allow the reaching of decisions on the appropriate date, with respect to the disclosure requirement.

Due to its inherent restrictions, internal control over financial reporting and disclosure is not intended to provide absolute assurance that the presentation is incorrect, or that the omission of information in the reports will be prevented or discovered.

Clal Insurance Company Ltd. ("Clal Insurance"), a subsidiary of the corporation, is an institutional entity, which is subject to the directives of the Commissioner of the Capital Markets, Insurance and Savings Division in the Ministry of Finance, with respect to the evaluation regarding the effectiveness of internal control over financial reporting.

With respect to internal control in the aforementioned subsidiary, the corporation implements the following provisions: institutional entities circular 2009-9-10, regarding "responsibility of management for internal control over financial reporting", institutional entities circular 2010-9-6, regarding "responsibility of management for internal control over financial reporting - amendment", and institutional entities circular 2010-9-7, regarding "internal control over financial reporting - certifications, reports and disclosures".

In the quarterly report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the report for the period ended June 30, 2021 (hereinafter: the "Last Quarterly Report Regarding Internal Control"), internal control was found to be effective.

Until the reporting date, no event or matter was brought to the attention of the board of directors and management which could have changed the assessment regarding the effectiveness of internal control, as found in the last quarterly report regarding internal control;

As of the reporting date, based on that stated in the last quarterly report regarding internal control, and based on the information which was brought to the attention of management and Board of Directors, as stated above: internal control is effective.

Executive Certification
Certification of the CEO

I, Yoram Naveh, hereby certify the following:

1. I have evaluated the quarterly report of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") for the third quarter of 2021 (hereinafter: the "**Reports**").
2. To the best of my knowledge, the reports do not include any incorrect representation of any material fact, and do not lack any representation of any material fact which is required in order for the representations which are included therein to not be misleading with respect to the period of the reports;
3. To the best of my knowledge, the financial statements and the other financial information included in the reports adequately reflect, in all material respects, the corporation's financial position, results of operations and cash flows as of the dates and for the periods to which the reports refer;
4. I have disclosed to the corporation's auditor, to the Board of Directors and to the Balance Sheet Committee of the Company's Board of Directors, based on my most current assessment regarding internal control over financial reporting and disclosure:
   A. All material deficiencies and material weaknesses in the establishment or implementation of internal control over financial reporting and disclosure, which may reasonably have an adverse effect on the corporation's ability to collect, process, summarize or report financial information in a manner which could cast doubt on the reliability of the preparation of financial reporting and the preparation of the financial reports in accordance with the provisions of the law; And:
   B. Any fraud, whether material or immaterial, in which the CEO or any of his direct subordinates are involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.
5. I, alone or together with others in the corporation:
   A. I have established controls and policies, or have verified the establishment and implementation, under my supervision, of controls and policies which are intended to ensure that material information pertaining to the corporation, including its consolidated companies, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the corporation and in the consolidated companies, particularly during the preparation period of the reports; And:
   B. I have established controls and policies, or have verified the establishment and implementation, under my supervision, of controls and policies which are intended to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.
   C. I have not been made aware of any event or matter which occurred during the period between the date of the quarterly report and the date of this report, which could change the conclusion reached by the Board of Directors and management with respect to the effectiveness of internal control over financial reporting and disclosure in the corporation.

The foregoing does not derogate from my liability, or from the liability of any other person, in accordance with any applicable law.

Yoram Naveh
Chief Executive Officer

November 28, 2021

Executive Certification
Certification of the Most Senior Position Holder in the Finance Department

I, Eran Cherninsky, hereby certify the following:

1. I have evaluated the financial statements and the other financial information which is included in the interim reports of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") for the third quarter of 2021 (hereinafter: the "**Reports**").
2. To the best of my knowledge, the interim financial statements and the other interim financial information which is included in the reports do not include any incorrect representation of any material fact, and do not lack any representation of any material fact which is required in order for the representations which are included therein to not be misleading with respect to the period of the reports;
3. To the best of my knowledge, the interim financial statements and the other financial information which is included in the interim reports adequately reflect, in all material respects, the Company's financial position, results of operations and cash flows as of the dates and for the periods to which the reports refer;
4. I have disclosed to the corporation's auditor, to the Board of Directors and to the Balance Sheet Committee of the Company's Board of Directors, based on my most current assessment regarding internal control over financial reporting and disclosure:
   A. All material deficiencies and material weaknesses in the establishment or implementation of internal control over financial reporting and disclosure insofar as it pertains to the interim financial statements and to the other financial information which is included in the interim reports, which may reasonably have an adverse affect on the corporation's ability to collect, process, summarize or report financial information in a manner which could cast doubt on the reliability of the preparation of the financial reports and the preparation of the financial reports in accordance with the provisions of the law; And:
   B. Any fraud, whether material or immaterial, in which the CEO or any of his direct subordinates are involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.
5. I, alone or together with others in the corporation:
   A. I have established controls and policies, or have verified the establishment and implementation, under our supervision, of controls and policies which are intended to ensure that material information pertaining to the corporation, including its consolidated companies, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the corporation and in the consolidated companies, particularly during the preparation period of the reports; And:
   B. I have established controls and policies, or have verified the establishment and implementation, under our supervision, of controls and policies which are intended to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.
   C. I have not been made aware of any event or matter which occurred during the period between the date of the quarterly report and the date of this report, which pertains to the interim financial statements and to any other financial information which is included in the interim period, which could change, in my assessment, the conclusion of the Board of Directors and management with respect to the effectiveness of internal control over financial reporting and disclosure in the corporation.

The foregoing does not derogate from my liability, or from the liability of any other person, in accordance with any applicable law.

Eran Cherninsky
Executive VP
Finance Division Manager

November 28, 2021

Certifications regarding controls and policies with respect to disclosure in the financial statements of Clal Insurance Company Ltd.
Clal Insurance Company Ltd.
Certification

I, Yoram Naveh, hereby certify the following:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter: the "**Company**") for the quarter ended September 30, 2021 (hereinafter: the "**Report**").
2. Based on my knowledge, the report does not include any incorrect representation of any material fact, and does not lack any representation of any material fact which is required in order for the representations which are included therein, in light of the circumstances in which those representations were included, to not be misleading with respect to the period which is covered in the report.
3. Based on my knowledge, the quarterly financial statements and the other financial information which is included in the report adequately reflect, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows as of the dates and with respect to the periods covered in the report.
4. I, and others in the Company who are making this certification, are responsible for the establishment and implementation of controls and policies with respect to the disclosure and control over financial reporting in the Company; And:
   A. We have established the aforementioned controls and policies, or have caused the establishment of the aforementioned controls and policies under our supervision, which are intended to ensure that material information pertaining to the Company, including its consolidated companies, is brought to our attention by others in the Company and in those companies, and particularly during the preparation period of the report;
   B. We have established internal control over financial reporting, or have overseen the establishment of internal control over financial reporting, which is intended to provide a reasonable measure of assurance regarding the reliability of the financial reporting, and that the financial statements have been prepared in accordance with IFRS and the directives of the Commissioner of Capital Markets;
   C. We have evaluated the effectiveness of controls and policies with respect to the Company's disclosure, and we have presented our conclusions regarding the effectiveness of the controls and policies with respect to the disclosure, as of the end of the period covered in the report, based on our evaluation; And:
   D. We have disclosed in the report any change in the Company's internal control over financial reporting which occurred during this quarter, and materially influenced, or which could have been reasonably expected to materially influence, the Company's internal control over financial reporting; And:
5. I, and others in the Company who are making this certification, have disclosed to the auditor, to the Board of Directors and to the Balance Sheet Committee of the Company's Board of Directors, based on our most current assessment regarding internal control over financial reporting:
   A. All material deficiencies and material weaknesses in the determination or implementation of internal control over financial reporting, which can reasonably be expected to harm the Company's ability to record, process, summarize and report financial information; And:
   B. Any fraud, whether material or immaterial, in which management is involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.

The foregoing does not derogate from my liability, or from the liability of any other person, in accordance with any applicable law.

Yoram Naveh
Chief Executive Officer

November 28, 2021

Clal Insurance Company Ltd.

Certification

I, Eran Cherninsky, hereby certify the following:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter: the "**Company**") for the quarter ended September 30, 2021 (hereinafter: the "**Report**").
2. Based on my knowledge, the report does not include any incorrect representation of any material fact, and does not lack any representation of any material fact which is required in order for the representations which are included therein, in light of the circumstances in which those representations were included, to not be misleading with respect to the period which is covered in the report.
3. Based on my knowledge, the quarterly financial statements and the other financial information which is included in the report adequately reflect, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows as of the dates and with respect to the periods covered in the report.
4. I, and others in the Company who are making this certification, are responsible for the establishment and implementation of controls and policies with respect to the disclosure and control over financial reporting in the Company; And:
   A. We have established the aforementioned controls and policies, or have caused the establishment of the aforementioned controls and policies under our supervision, which are intended to ensure that material information pertaining to the Company, including its consolidated companies, is brought to our attention by others in the Company and in those companies, and particularly during the preparation period of the report;
   B. We have established internal control over financial reporting, or have overseen the establishment of internal control over financial reporting, which is intended to provide a reasonable measure of assurance regarding the reliability of the financial reporting, and that the financial statements have been prepared in accordance with IFRS and the directives of the Commissioner of Capital Markets;
   C. We have evaluated the effectiveness of controls and policies with respect to the Company's disclosure, and we have presented our conclusions regarding the effectiveness of the controls and policies with respect to the disclosure, as of the end of the period covered in the report, based on our evaluation; And:
   D. We have disclosed in the report any change in the Company's internal control over financial reporting which occurred during this quarter, and materially influenced, or which could have been reasonably expected to materially influence, the Company's internal control over financial reporting; And:
5. I, and others in the Company who are making this certification, have disclosed to the auditor, to the Board of Directors and to the Balance Sheet Committee of the Company's Board of Directors, based on our most current assessment regarding internal control over financial reporting:
   A. All material deficiencies and material weaknesses in the determination or implementation of internal control over financial reporting, which can reasonably be expected to harm the Company's ability to record, process, summarize and report financial information; And:
   B. Any fraud, whether material or immaterial, in which management is involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.

The foregoing does not derogate from my responsibility or from the responsibility of any other person in accordance with any applicable law.

Eran Cherninsky
Executive VP
Finance Division Manager

November 28, 2021