Clal Insurance Enterprises Holdings Ltd.

As of June 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.

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The Board of Directors' report on the state of the corporation's affairs for the period ending June 30 2021 (hereinafter: the "**Board of Directors' Report"**) reviews the principal changes that occurred in the operations of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Company**") during the first six months of 2021 (hereinafter: the "**Reporting Period**") and during the three months ending June 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 ending December 31, 2020 (hereinafter: the "**Periodic Report**" and/or the "**Annual Financial Statements**").

1. Description of the Company's Controlling Shareholders and Changes in Company 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 Reported Period

Comprehensive income after tax attributable to company shareholders during the reporting period amounted to a total of approximately NIS 760 million, compared to comprehensive loss of approximately NIS 345 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 as well as from increases in value of non-tradable financial investments, such that the financial margin in life insurance amounted to a total of approximately NIS 842 million, and investment income which was unallocated to segments amounted to a total of approximately NIS 477 million, compared to the financial margin in the amount of approximately NIS 257 million, and investment loss which was unallocated to segments in the amount of approximately NIS 52 million in the corresponding period last year, which was affected last year by the coronavirus crisis.

Additionally, during the reporting period the Company continued improving the business results in accordance with the strategic plan, so that, during the reporting period, the underwriting results improved in the insurance segments, as detailed in sections 2.1.1-2.1.3 below. Gross premiums earned, contributions and receipts with respect to investment contracts during the reporting period amounted to a total of approximately NIS 12,117 million, compared to a total of approximately NIS 9,656 million in the corresponding period last year, an increase of approximately 25%. The increase largely derives from receipts due to pure savings items in the life segment, from an increase in contribution fees in provident and pension and from an increase in general insurance premiums, while retaining a level of expenses similar to the corresponding period last year, despite the fact that the expenses in the reported period include an increase in remuneration that varies in light of the Company's results.

The above has led to a drop in the ratio between the total administrative and general expenses and commissions, marketing expenses and other purchasing expenses to the sum of the premiums earned on a gross basis, contribution fees and receipts for investment contracts, to a ratio of 12% in the reported period from a ratio of 14% in the corresponding period last year.

The increase in profits is also in spite of the fact that during the reported period the Company increased the insurance reserves for the low interest environment to the sum of NIS 78 million, compared to a decrease in the reserves to the amount of approximately NIS 66 million in the corresponding period last year as derailed in the following table.

Assets managed by the Company amounted to NIS 258 billion as of June 30 2021 compared to a total of NIS 237 million on December 31 2020, a 9% increase.

Return on equity in annual terms during the reporting period amounted to a negative rate of 24.1%, compared to a negative rate of 12.1% in the corresponding period last year, which was influenced by the capital market due to the Covid-19 crisis.

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

a. The Company's Results During the Reported Period (Continued)

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).

	1-6		4-6		For
	2021	2020	2021	2020	2020
In Millions of NIS		Unaudited			Audited
Life insurance -					
Profit (loss) with respect to change in the discount interest rate used in the calculation of the liability to supplement the annuity and paid pension reserves	**33**	19	**(14)**	63	144
Spread of annuity reserve (K factor)	**(35)**	(154)	**-**	(20)	(32)
Total impact of interest rate changes on the liability to supplement the annuity and paid pension reserves:	**(2)**	(135)	**(14)**	43	112
Change in other assumptions used in the calculation of liabilities to supplement annuity reserves	**-**	-	**-**	-	(9)
Total special effects - life insurance	**(2)**	(135)	**(14)**	43	103
Impact due to the implications of the Winograd and Kaminetz Committees and in consideration of the ruling given for the National Security Council [1]	**-**	(3)	**-**	(1)	45
Effect of the interest rate decrease on reserves in non-life insurance	**(46)**	-	**(19)**	-	(30)
Total special influences **- general insurance**	**(46)**	(3)	**(19)**	(1)	15
Long-term care insurance in the health segment - liability adequacy test (LAT)	**(30)**	204	**46**	(54)	292
Total Before Tax	**(78)**	66	**13**	(12)	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. The Company's Quarterly Results

Comprehensive income after tax attributable to the Company's shareholders in the reporting period amounted to a total of approximately NIS 357 million, compared to comprehensive income of approximately NIS 139 million in the corresponding period last year.

The increase in income during the current quarter period was mostly due to the Company's high returns in the capital markets as well as from increases in value of non-tradable financial investments, so that the financial margin in life insurance amounted to a total of approximately NIS 322 million, and investment income which was unallocated to segments amounted to a total of approximately NIS 267 million, compared to the financial margin in the amount of approximately NIS 189 million, and revenues from investments not allocated to segments of approximately NIS 136 million in the corresponding period last year.

Additionally, during the current quarter the Company's business results have shown continued improvement in accordance with the strategic plan. So that during the current quarter, the underwriting results improved in the insurance segments, as detailed in 2.1.1-2.1.3 below. Gross premiums earned, contributions and receipts with respect to investment contracts during the reporting period amounted to a total of approximately NIS 6,574 million, compared to a total of approximately NIS 4,448 million in the corresponding period last year, an increase of approximately 48%, with the increase mostly due to receipts with respect to pure savings in the life insurance segment, from an increase in contribution fees in provident and pension as well as from an increase in general insurance premiums, while maintaining a similar level of expenses as in the corresponding period last year. This is despite the fact that expenses in the current quarter include an increase in remunerations that varies in light of the Company's results.

The above has led to a drop in the ratio between the total administrative and general expenses and commissions, marketing expenses and other purchasing expenses to the sum of the premiums earned on a gross basis, contribution fees and receipts for investment contracts, to a ratio of 11% in the current quarter from a ratio of 15% in the corresponding period last year.

The increase in profits is also due to the fact that in the current quarter, the Company decreased its insurance reserves for the low interest environment to the sum of NIS 13 million NIS, compared to an increase in reserves to the amount of approximately NIS 12 million in the corresponding period last year as derailed in the above table.

Return on equity in annual terms in the current quarter amounted to a rate of 21.3%, compared to a rate of 10.7% in the corresponding period last year.

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

c. Events Subsequent to the Report Date

- Raising Debt at Clal Insurance Group

Subsequent to the report date, the Board of Directors of Clal Insurance issued an approval in principle to issue deferred letters of undertaking (Series L) the proceeds of which is intending to be recognized as Tier 2 capital. For further details, see Note 8(i) to the Interim Financial Statements.

- Michlol – Clal Holdings

For details on the publication of a prospectus for the first public offering of the shares of Michlol, see Note 8(j) to the Interim Financial Statements.

d. Additional primary details and additional primary effects, by segments

The following are details regarding the main components included in comprehensive income:

		1-6		4-6		For
		2021	2020	2021	2020	2020
In Millions of NIS	Section	Unaudited				Audited
Life insurance	2.1.1.1	**567**	(295)	**143**	(4)	366
Pension	2.1.1.4	**11**	4	**6**	9	6
Provident	2.1.1.3	**4**	1	**3**	4	(2)
Total long-term savings		**582**	(290)	**152**	8	370
General insurance	2.1.2	**87**	(138)	**77**	80	49
Health	2.1.3	**97**	40	**97**	29	175
Financing expenses	2.1.6	**86**	68	**48**	35	143
Other and items not included in the insurance branches	2.1.4	**463**	(74)	**259**	124	381
Total comprehensive income (loss) before tax		**1,143**	(530)	**538**	206	832
Taxes (tax benefit) on comprehensive income		**381**	(185)	**179**	66	226
Total comprehensive income (loss) for the period, net of tax		**762**	(345)	**359**	140	606
Attributable to Company Shareholders		**760**	(345)	**357**	139	602
Attributable to non-controlling interests		**3**	-	**1**	2	4
Return on equity in annual terms (in percent) *)		**24.1**	(12.1)	**21.3**	10.7	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 the Company's shareholders.

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

2.1.1 Long-Term Savings

2.1.1.1 Life Insurance Operations

Life insurance	1-6		4-6		
	2021	2020	2021	2020	Note
Gross premiums earned	**3,021**	2,851	**1,554**	1,360	The increase in premiums during the reporting period and during the quarter was mostly due to the return to the labor market, which ending its decreasing trend in premiums in managers' insurance products in life insurance, due to the Covid-19 crisis.
Comprehensive income (loss)	**567**	(295)	**143**	(4)	**The reported period** – the transition to income during the reporting period was mostly due to an increase in investments including an increase in financial margins in life insurance that amounted to a total of approximately NIS 842 million, compared to a financial margin of approximately NIS 257 million last year. Out of this amount, during the reporting period variable management fees were collected in the amount of approximately NIS 384 million, compared to no collection last year. Real gross returns on profit-sharing policies amounted to a rate of 7.47%, compared to a negative rate of 5.44% last year, due to the Covid-19 crisis. Additionally, during the reporting period, the reserves increased due to financial effects in the amount of approximately NIS 2 million, compared to an increase in the reserves in the amount of approximately NIS 135 million in the corresponding period last year. **Quarter** - The transition to profit in the current quarter was mostly due to an increase in investment revenues, including in the financial margin which amounted to a total of NIS 322 million in the current quarter compared to a total of NIS 189 last year, despite the decrease in the real yield from profit-sharing policies, which amounted to a rate of 2.54% in the current quarter compared to a rate of 5.96% in the corresponding period last year. Mainly due to the collection of variable management fees to the sum of 136 million NIS in the current quarter, compared to a lack of collection of variable management fees last year due to investment losses accumulated for policy holders, which were repaid over the course of 2020. On the other hand, the reserves for annuity reserves and paid pension increased due to the low interest environment to the amount of approximately NIS 14 million, compared to a decrease in reserves to the amount of approximately NIS 43 million in the corresponding period last year.
Redemption rates of life insurance policies from the average reserve, in annual terms	**1.5%**	1.6%	**1.5%**	1.7%	

Life Insurance	1-6		4-6	
	2021	2020	2021	2020
Investment income (loss) applied to policyholders in profit sharing policies - the following are details regarding the estimated total of investment income (loss) 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 (in millions of NIS):	**4,899**	(3,810)	**2,356**	3,239

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

2.1.1. Long-Term Savings (Continued)

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

	1-6		4-6		For
In Millions of NIS	2021	2020	2021	2020	2020
Variable management fees	**384**	-	**136**	-	305
Fixed management fees	**278**	236	**142**	117	485
Total management fees	**661**	236	**278**	117	790
Total financial margin and management fees	**842**	257	**322**	189	981
Current premiums	**2,521**	2,562	**1,260**	1,235	5,094
Non-recurring premiums	**499**	289	**293**	124	634
Total gross premiums earned	**3,021**	2,851	**1,554**	1,360	5,729
Current premiums	**19**	39	**10**	16	44
Non-recurring premiums	**2,384**	804	**1,488**	218	1,540
Total premiums with respect to pure savings	**2,404**	843	**1,498**	234	1,584

Details regarding the rates of return in profit-sharing policies

	Policies issued during the years 1992 to 2003 (J Fund)				
	1-6		4-6		For
In Millions of NIS	2021	*)2020	2021	2020	2020
Real return before payment of management fees	**7.47**	(5.44)	**2.54**	5.96	6.38
Real return after payment of management fees	**6.12**	(5.71)	**2.05**	5.80	4.92
Nominal return before payment of management fees	**8.87**	(6.09)	**3.87**	5.75	5.74
Nominal return after payment of management fees	**7.50**	(6.36)	**3.38**	5.59	4.29

	Policies issued beginning in 2004 (New J Fund)				
	1-6		4-6		For
In Millions of NIS	2021	*)2020	2021	2020	2020
Real return before payment of management fees	**6.95**	(5.35)	**2.33**	6.16	6.37
Real return after payment of management fees	**6.44**	(5.84)	**2.09**	5.88	5.29
Nominal return before payment of management fees	**8.34**	(6.00)	**3.66**	5.94	5.74
Nominal return after payment of management fees	**7.83**	(6.50)	**3.41**	5.67	4.66

*) The negative return last year was mostly due to the Covid-19 crisis.

2.1.1.3 ***Provident Activity***

	1-6		4-6		
	2021	2020	2021	2020	Note
Comprehensive Income	**4**	1	**3**	4	The increase in profits during the reported period were due to the increase in income from management fees, as a result of the increase of the managed portfolio, as well as from an increase in investment income in the nostro portfolio during the reporting period, compared to investment loss in the corresponding period last year.
Contribution Fees	**1,423**	1,064	**803**	455	The increase derives from an increase in current deposits and non-recurring deposits in accordance with Section 190.

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

2.1.1. Long-Term Savings (Continued)

2.1.1.4 Pension Activity

	1-6		4-6		
	2021	**2020**	**2021**	**2020**	**Note**
Comprehensive Income	**11**	4	**6**	9	**The reported period** – the increase in profits during the reported period was due to the increase in income from management fees, as a result of the increase of the managed portfolio, as well as from an increase in investment income in the nostro portfolio during the reporting period, compared to investment loss in the corresponding period last year. **Quarter –** the decrease in profits for the quarter derives from an increase in expenses relative to last year, mainly due to expenses saved last year due to the Covid-19 crisis.
Contribution Fees	**3,230**	3,054	**1,671**	1,485	

2.1.2 General insurance - the following is the breakdown of premiums and comprehensive income:

	1-6		4-6		
	2021	**2020**	**2021**	**2020**	**Note**
General Insurance					
Gross premiums	**1,602**	1,346	**806**	661	The increase in premiums in the reported period and in the current quarter is mostly due to individual business operations, compulsory motor and motor property, and from an increase in large business insurance.
Comprehensive income (loss)	**87**	(138)	**77**	80	**The reported period** – the transition to profit during the reporting period was mostly due to an increase in surplus investment income over the income required to cover the increase in insurance liabilities deriving from discount and linkage compared to the corresponding period last year, which was influenced by the Covid-19 crisis. There was also an improvement in underwriting, mostly in the property and liability branches. On the other hand, an increase was made in reserves due to the impact of the interest rate environment in the amount of approximately NIS 46 million compared to NIS 3 million in the corresponding period last year.
Auto Property					
Gross premiums	**416**	355	**182**	149	The increase in premiums in the reported period and in the current quarter largely derives from improvements in individual businesses.
Comprehensive income before tax	**24**	27	**9**	34	**The reported period** – the decrease in profits in the reported period derives from the fact that the corresponding period last year was characterized by a decrease in the frequency of claims due to the lockdown policy resulting from the Covid-19 crisis, with this effect partially offset by an increase in revenues from investments. **The quarter –** the decrease in profits largely derives from an increase in the frequency of the claims in the current quarter due to the return to routine activity relative to last year, as noted above.
Gross LR	**72%**	58%	**77%**	48%	
LR on retention	**64%**	51%	**69%**	41%	
Gross CR	**98%**	85%	**103%**	76%	
CR on retention	**96%**	85%	**100%**	77%	
Mandatory Auto					
Gross premiums	**311**	264	**147**	119	The increase in premiums in the reported period and in the quarter largely derives from individual businesses.
Comprehensive income (loss)	-	(64)	**17**	20	**Reported period** – the improvement in profits was mostly due to the increase in surplus investment income over the income required to cover the increase in insurance liabilities deriving from capitalization and linkage. On the other hand, an increase of reserves was performed due to the impact of the interest rate environment to the amount of approximately NIS 20 million.

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

2.1.2 General insurance - the following is the breakdown of premiums and comprehensive income: (Continued)

	1-6		4-6		
	2021	2020	2021	2020	Note
Property and Others Branches					
Gross premiums	**527**	465	**288**	249	The increase in premiums in the reported period and in the quarter largely derives from an increase in large businesses.
Comprehensive income	**41**	16	**25**	33	**Reported period** – the increase in profits was mostly due to underwriting improvement in property branches and from an increase in surplus investment income over the income required to cover the increase in insurance liabilities deriving from capitalization and linkage. On the other hand, an increase was performed in reserves due to the impact of the interest rate environment to the amount of approximately NIS 6 million. **The quarter –** the decrease in profits is largely from the increase of reserves due to the impact of the interest rate environment to the amount of approximately NIS 6 million.
Gross LR	**30%**	20%	**45%**	18%	
LR on retention	**32%**	31%	**39%**	18%	
Gross CR	**53%**	44%	**65%**	40%	
CR on retention	**70%**	74%	**69%**	51%	
Credit insurance					
Gross premiums	**61**	54	**32**	27	
Comprehensive income (loss)	**19**	(2)	**11**	13	**The reported period** – the move to profits largely derives from an increase in insurance reserves last year due to the Covid-19 crisis.
LR on retention	**24%**	66%	**20%**	9%	
CR on retention	**50%**	94%	**47%**	35%	
Liability segments					
Gross premiums	**287**	209	**157**	117	The increase in premiums in the reported period and in the quarter largely derives from an increase in large businesses.
Comprehensive income (loss)	**4**	(115)	**15**	(19)	**Reported period** – the move to profits was mostly due to the increase in surplus investment income over the income required to cover the increase in insurance liabilities deriving from capitalization and linkage. In addition, there was underwriting improvement in all of the liability branches. On the other hand, an increase of reserves was performed due to the impact of the interest rate environment to the amount of approximately NIS 19 million. **Reported period** – the move to profits was mostly due to underwriting improvements and an increase in surplus investment income over the income required to cover the increase in insurance liabilities deriving from capitalization and linkage. On the other hand, an increase of reserves was performed due to the impact of the interest rate environment to the amount of approximately NIS 9 million.

2.1.3. Health Insurance

	1-6		4-6		
	2021	2020	2021	2020	Note
Premiums Earned – Gross	**678**	652	**346**	316	**The reported period and in the quarter –** during the reported period and the quarter, an increase was listed in premiums in individual activity.
Comprehensive Income (Loss)	**97**	40	**97**	29	**The reported period** – the increase in profits in the reported period largely derives from the increase in surplus investment income over the income required to cover the increase in insurance liabilities, compared to the investment loss in the corresponding period last year, due to the coronavirus crisis. The increase in profits was offset from the increase of the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 30 million, compared to a decrease of the provision in the amount of approximately NIS 204 million last year. **Quarter –** the increase in profits in the current quarter derives from the decrease in the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 46 million, compared to an increase in the provision in the amount of approximately NIS 54 million in the corresponding quarter last year. The increase in profits was offset by a decrease in revenues from surplus investment over the income required to cover the increase in insurance liabilities in the current quarter, compared to investment revenues in the corresponding quarter last year.

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

2.1.3. Health Insurance (Continued)

	1-6		4-6		
	2021	2020	2021	2020	Note
Long-term care branch – comprehensive income (loss)					
Individual	**24**	91	**69**	(20)	**Reported period** - the decrease in profits is largely due to an increase in the provision with respect to the liability adequacy test (LAT) during the reporting period, in the amount of approximately NIS 32 million, compared to an increase in the provision in the amount of approximately NIS 200 million in the corresponding period last year. This effect was partly offset by investment revenues required to cover the increase in insurance liabilities, compared to investment losses in the corresponding period last year. **Quarter** - The transition to income in 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 48 million, compared to an increase of the provision in the amount of approximately NIS 54 million the corresponding quarter last year. This effect was partly offset by a decrease in the current quarter in revenues from investments required to cover the increase in insurance liabilities, compared to the corresponding period last year.
Collectives, including health funds	**33**	(72)	**9**	(5)	**Reported period** - the move to loss during the reporting period, relative to the corresponding period last year, was mostly due to the excess investment revenues over the income required to cover the increase in insurance liabilities, compared to the investment income in corresponding period last year, and in addition in the period last year a negative development was listed in collective claims for Maccabi and Leumit. **Quarter** - the move to loss in the current quarter, relative to the corresponding period last year, was largely due to a negative development last year in Maccabi and Leumit collective claims.
Illness and hospitalization branch - comprehensive income (loss)					
Long-term	**44**	21	**20**	53	**The reported period** – the increase in profits in the reported period largely derives from revenues from investments needed to cover the increase in insurance liabilities, compared to the corresponding period last year, which was partially offset in the reported period from a decrease in underwriting profits compared to the corresponding period last year. **Quarter –** the decrease in profits in the current quarter compared to the corresponding quarter last year derives from a decrease in revenues from investments needed to cover the increase in insurance liabilities compared to the corresponding quarter last year and in addition from a decrease in underwriting profits compared to the corresponding quarter last year.
Short-term	**(5)**	(1)	**(1)**	1	**Reporting period and quarter** - the increase in loss is mostly due to losses in investments needed to cover the increase in insurance liabilities relative to revenues from investments in the corresponding period and quarter last year.

Details regarding the investment income 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				
	1-6		4-6		For
In Millions of NIS	2021	2020	2021	2020	2020
Investment profit (loss) applied to policyholders	**87**	(66)	**39**	55	63

2. Board of Directors' Remarks on the State of the Corporation's Business (Continued)

2.1 Financial Information by Operating Segments (Continued)

2.1.4. Other and Items Not Included in the Insurance Branches

In Millions of NIS	1-6 2021	1-6 2020	4-6 2021	4-6 2020	Note
Total comprehensive income (loss) before tax	463	**(74)**	259	**124**	**Reporting period** - the decrease in loss and the transition to income during the reporting period was mostly due to investment income, including increases in value of non-tradable financial investments, to the sum of approximately NIS 477 million during the reporting period, compared to investment loss in the amount of approximately NIS 52 million in the corresponding period last year, mainly due to the Covid-19 crisis. **Quarter** - the increase in profits in the reporting period is due to investment income, including increases in value of non-tradable financial investments, to the sum of approximately NIS 267 million during the current quarter, compared to investment revenues in the amount of approximately NIS 136 million in the corresponding period last year.

2.1.5 Administrative and General Expenses

General and administrative expenses during the reporting period amounted to a total of approximately NIS 461 million, compared to a total of approximately NIS 436 million last year. And in the quarter, they amounted to a total of approximately NIS 235 million, compared to approximately NIS 214 million in the corresponding period last year.

The increase in expenses in the reported period and in the quarter, largely derives from variable salary costs alongside the monetary results in the current year as well as a decrease last year in administrative and general expenses due to the Covid-19 crisis.

2.1.6 Financing Expenses in Operations Not Assigned to Segments

Financing expenses in the reporting period amounted to a total of approximately NIS 86 million, compared to approximately NIS 68 million in the corresponding period last year. The increase during the reporting period was due to an increase of 1.4% in the known CPI, compared to a decrease of 0.7% last year.

Expenses during the quarter amounted to approximately NIS 48 million, compared to approximately NIS 35 million in the corresponding period last year.
The increase in financing expenses during the quarter was due to an increase of 1.3% in the Consumer Price Index, compared to a decrease of 0.7% in the corresponding period last year.

2.2 Principal Data from the Consolidated Statements of Financial Position

2.2.1. Assets

In Millions of NIS	As of June 30 2021	As of June 30 2020	As of December 31 2020	Rate of Change Since December %
Other financial investments	**34,332**	31,845	33,183	3
Assets managed for others (non-nostro) in the Group (in millions of NIS):				
For investment-linked insurance contracts and investment contracts	**86,452**	69,922	79,565	9
For provident fund members 1)	**41,307**	35,231	37,348	11
For pension fund members *)	**96,221**	76,601	86,859	11
Total assets managed for others	**223,980**	181,754	203,772	10
Total managed assets	**312,258**	213,599	236,955	9
*) Out of this amount, total assets managed by Atudot Havatika	**12,658**	11,387	12,014	5

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 on the State of the Corporation's Business (Continued)

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

2.2.2 Financial Liabilities

As of the report 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 (Continued)

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

The Group's insurance company come under the directives of the Solvency II-based economic solvency regime directives in accordance with the circular "Amendment to the consolidated circular regarding provisions for the implementation of a Solvency II-based economic solvency regime for insurance companies" published October 14 2020.

On March 14 2021 the Commissioner's Letter was published, which deferred the reporting and publication date of the economic solvency ratio report as of December 31 2020 to June 30 2021. It was also decided that the Company may not publish an economic solvency report for June 30 2021.

On June 29 2021, Clal Insurance approved and published the economic solvency ratio report as of December 31 2020, which is published on the Group's website at https://www.clalbit.co.il/aboutclalinsurance/financialstatementsandpressrelease/

Note 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 that apply to the Group's member companies, see Note 16(e) to the Financial Statements.

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 that Clal Insurance conducted as of December 31 2020 was audited[1] by the auditors.

Presented below is 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 In Millions of NIS	2020	2019
	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 (in Percentage Points)	**153%**	157%
Impact of material equity actions that took place during the period between the calculation date and the publication date of the Company's economic solvency ratio report		
Recruitment (redemption) of capital instruments	**(112)**	450
Equity for the purpose of the solvency capital requirement	**12,845**	12,532
Surplus	**4,396**	4,859
Economic Solvency Ratio (in Percentage Points)	**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 carried out in accordance with ISAE 3400 - Examination of Prospective Financial Information.

2. Explanations of the Board of Directors for the State of the Corporation's Affairs (Continued)

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

2.2.3. Capital and capital requirements (Continued)

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

2. *Minimum capital requirement (MCR)*

As of December 31	2020	2019
In Millions of NIS	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 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 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.

The following is data regarding the Company's economic solvency ratio, calculated without provisions for the deployment period and adjustment of a stock scenario.

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
In Millions of NIS	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 in Percentage Points	**92%**	97%
Impact of material equity actions that took place during the period between the calculation date and the publication date of the Company's economic solvency ratio report		
Raising (redeeming) capital instruments	**(112)**	450
Equity for the purpose of the solvency capital requirement	**9,585**	9,717
Surplus (deficit)	**(925)**	129
Economic Solvency Ratio in Percentage Points	**91%**	101%
The capital surplus with respect to 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 percentage points) ***)**	**-**	108%
Capital deficit relative to target	**-**	(638)

*) Capital targets were set for 2020 as detailed in b. below. No goals were set for a solvency ratio without implementation of the transitional provisions in the distribution period, as this ratio will be built for these goals by the end of 2032.

b. *The Company's Capital Goals*

Management's policy is to hold a stable base of capital with the goal of ensuring its solvency and its ability to uphold its obligations to the policy holders and other stakeholders, preserve the Company's ability to continue with its activity so that it may generate a yield for its shareholders and in order to support future business activity. The Company is subject to capital requirements set by the Commissioner.

In June 2021 the Company Board of Directors discussed a capital management policy and set capital management goals according to which the target range for Clal Insurance's economic solvency ratio would be between 150% and 170%. In addition, a minimum solvency ratio goal of 135% was set. These goals are for the solvency ratio taking into account the discount sum in the deployment period to the end of 2032 and subsequently. The capital management policy and the capital goals are dynamic and may be updated in the future in accordance with the Company's risk appetite and developments in its business environment.

As of December 31 2020, the latest calculation date, the Company has met the target set. It is hereby made clear that this does not guarantee that the Company will meet the goals set at any time. Note that the current policy is in lieu of the policy published in March 2020 and does not pertain to dividend distribution goals at this stage.

2. Explanations of the Board of Directors for the State of the Corporation's Affairs (Continued)

2.3 Sources of Finance

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 offerings.

2.3.1 Liquid resources and credit facilities *)

The following is data regarding the Company's principal liquid resources:

In Millions of NIS	Balance as of June 30 2021	Near the Report Publication Date
Liquid resources of the Company (solo)	156	156

*) As of the reporting period, the Company has no credit facilities.

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:	According to data from the Central Bureau of Statistics, the GDP dropped in the first quarter of 2021 (compared to the previous quarter) by a rate of 5.8% in yearly terms (less seasonal factors, third estimate from July 2021). The 2021 drop in GDP was directly impacted by the third lockdown (starting late December 2020). Note that some of the decrease comes from the drop in auto imports (following a change in taxation policy). According to the macroeconomic forecasts of the Research Division of the Bank of Israel from July 2021, the GDP will grow by 5.5% in 2021 and 6% in 2022. The government deficit is expected to amount to 7.1% GDP in 2021 and 3.8% in 2022. The ratio of debt to expected GDP is expected to amount to 74% in 2021 and 2022. According to the workforce survey of the Central Bureau of Statistics for June 2021: • Unemployment rate from the labor force among persons aged 15 or older – 5.4% (5.1% in May). • The extending unemployment rate is 9% (compared to 9.8% in May). The combined index for the state of the economic increased by 0.14% in June 2021, an increase that constitutes a moderate expansion rate. The index was positively influenced by increase in imports of consumer products and inputs in production and employee salaries. In addition, this increase was also expressed in the rate of vacant positions in June which remained at peak levels for the fourth month in a row, reflecting the continued desire by businesses (with the exception of foreign tourism) to expand activity after the economy is reopened. The primary factors whose decrease had a negative impact on the CPI: export of goods, redemption indices in services and in retail, industrial manufacturing, export of services and construction starts.
Inflation Data	The first half of 2021 was characterized by a gradual increase in the inflationary environment. Its yearly rate was positive once more, after one year of a negative rate and after the publication of the May 2021 CPI inflation returned to its target range. According to the Research Division of the Bank of Israel, over the next four quarters (ending in the fourth quarter of 2022), inflation will amount to 1% and in 2021 and 2022 it is expected to amount to 1.7% and 1.2%, respectively. The Consumer Price Index increased by 0.1% in June. From the beginning of the year the CPI increased by 1.6%, with the inflation rate in the past 12 months increasing to 1.7%.

3. Material Developments and Changes in the Macroeconomic Environment During the Reporting Period (Continued)

Exchange Rates

At the end of 2020 and the start of 2021 a sharp revaluation occurred in the NIS following the increased flow of foreign currency entering the Israeli economy.
In January 2021 the Monetary Committee announced that it was changing its policy in the Bank's activity in the foreign currency market in 2021, and declared a purchase plan in advance to the scope of $30 billion this year. From that date to the start of February the NIS dropped by 6% vs. the USD to NIS 3.3 per dollar. From then to the end of June the NIS remained stable both versus the effective nominal exchange rate and versus the USD and EUR. As a six-month summation, the Bank of Israel purchased $25 billion.

Development of Interest Rate and Yields

For details on the impact of the low interest rate environment, see Note 8(a) to the financial statements.

Over the course of the first half of 2021 and the start of the second half of 2021, the Israeli economy made a rapid recovery – as part of its exit from the third lockdown and the due to the effectiveness of the vaccination, which led to a sharp drop in infection rates and allowed extensive removal of restrictions on activity.

Over the course of the first half of 2021, interest rates remained unchanged at 0.1%. The Bank of Israel continues to operate some of the variety of tools declared in 2020 – purchase of government debentures, long-term monetary loans, and in a reduced format, resale transactions with institutional bodies. This policy was designed to provide macroeconomic support for exiting the economic crisis, helping the functionality of the credit market so that it would provide stable and low interest rate and an appropriate offering of credit, and support the achievement of policy goals. This, in addition to ensuring the continued proper operation of financial markets, increasing transmission from Bank of Israel interest rates to market interest rates and encouraging demand and inflation.

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

In Percentage Points	1-6		4-6		For 2020
Stock indices in Israel	**2021**	**2020**	**2021**	**2020**	
Tel Aviv 35	12.3	(20.3)	4.9	1.0	(10.9)
Tel Aviv 90	15.3	(14.9)	8.7	8.6	18.1
Tel Aviv 125	12.5	(18.0)	6.0	3.8	(3.0)
Tel Aviv Growth	14.1	(11.1)	8.4	15.9	29.4
Debenture indices in Israel					
General	1.3	(1.7)	0.9	3.4	0.8
Telbond linked	4.0	(6.5)	2.0	1.3	(0.6)
Telbond NIS	1.9	(6.4)	1.6	1.9	(0.1)
Government CPI-linked	1.5	0.9	1.2	4.0	1.2
Government NIS-linked	(1.5)	1.9	0.0	3.0	1.3
Global stock indices					
Dow Jones	13.2	(9.6)	4.0	14.7	7.0
NASDAQ	13.1	11.7	9.5	27.5	43.5
Nikkei Tokyo	4.9	(5.8)	(1.3)	17.8	16.0
CAC - Paris	17.3	(17.5)	7.3	13.3	(7.1)
FTSE - London	9.0	(18.1)	4.7	10.1	(14.3)
DAX - Frankfurt	13.2	(7.1)	3.4	24.7	3.5
MSCI WORLD	12.6	(7.5)	7.8	16.4	14.1

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

Global economic developments

The second quarter of 2021 was greatly affected by the spread of the coronavirus pandemic and the delivery of vaccinations, which mean the beginning of lessening lockdown restrictions in various parts of the world, while on the other hand, lockdowns continued in countries that had not yet vaccinated significant parts of the population. The governments and central banks continued implementing unprecedented fiscal and monetary incentivization programs to support their economies and markets.

United States – over the course of the second quarter the United States continued with its vaccination program, which helped lower infection rates in the United States and social restrictions were lifted. The lifting of restrictions helped with the recovery of the U.S economy, and growth projections for the second quarter amount to 8.5% (compared to the previous quarter, in yearly terms). The Fed kept interest rates at 0%-0.25%, while maintaining its unprecedented bond purchase program, at a rate of $120 billion per month, but more and more voices are being heard at the Fed and among economists on the need to start considering continued monetary expansion. Concurrently, the government presented fiscal support plan, which includes investment in infrastructure and in alternate energy. The labor market continued improving, and the unemployment rate fell to 5.9%, with an improvement in the number of new workplaces opening each month.

Europe – the EU countries increased the public vaccination rate over the course of the second quarter of 2021 and are approaching high vaccination rates, which allows the lifting of most of the restrictions. Lifting the restrictions increased the growth expectation of the EU to 1.4% in the second quarter of 2021 (compared to the previous quarter. The European Central Bank is continuing its asset purchase plans. The unemployment rate continued to drop and wase 8% as of the end of the second quarter.

China - The coronavirus is under relative control, with the exception of a handful of local outbreaks, and there are essentially no restrictions imposed in the country. The economy of China grew at a rate of 1.3% in the second quarter (compared to the previous quarter). During the second quarter of 2021, the central bank continued implementing monetary reduction measures both in terms of monetary supply, and in terms of reducing the loan provision rate. In terms of the international relationship with the United States, there has been no improvement in spite of the new U.S. government.

4. Restrictions and Supervision of the Corporation's Business

This chapter includes a review of a summary 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 Repeat Correction Draft of Insurance Attachment Circular

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

In June 2021 a draft amendment was published to the insurance attachment circular that includes, among other things, directives designed to adjust the insurance attachment process of senior citizens and people with disabilities, including a demand that the attachment to insurance of such populations will be carried out by service representatives trained for this purpose and that insurance candidates will be allowed to attach whoever they want to the conversation. It also proposes establishing that the sales process be carried out in stages in order to ensure that the insurance attachment of these populations be after they have decided to do so. The draft amendment includes a new demand to make an increased adjustment of needs, when cancelling the policy and moving to a different company, also in certain areas of general insurance, where the obligation in question until recently did not apply.
Clal Insurance estimates that the draft amendment to the insurance attachment circular, inasmuch as it is accepted as a binding test, adds to the existing complexity in the sales processes and in particular regarding senior citizens and people with disabilities, and impacts various insurance coverage retention and renewal processes. In addition, the proposed amendment regarding comparison and cancellation requirements of a policy in the general insurance branches can lead to a burden in policy cancellation processes during a period, as part of the sales process, and will involve 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 that 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 text of the amendment, if it is in fact published, and on the conduct of distributing entities, and on the choices of customers.

4.1.2 National Plan for Improving Regulation

Following the Arrangements Law ratified by the Government in August 2021, the draft Economic Streamlining Law Memorandum (Legislative Amendments for the Achievement of Budgetary Goals for the 2021 and 2022 Budget Years), 2021, the Arrangement Foundations, was published, which is expected to come on the agenda of the Special Ministerial Committee on the matter of the 2021 and 2022 economic plan.

In accordance with the draft memorandum, it was proposed to pass the Arrangements Foundations Law, which includes outlining the framework principles pertaining to the processes of formulating and setting regulation in Israel, establishing arrangements for realizing the goals of the law and establishing a ministerial committee for regulation.

It is proposed that the arrangement policy in Israel will be such that allows the achievement of the purposes at the basis of the arrangement and advancement of the arranging party's duties while reducing surplus regulatory burdens, taking into account the costs of compliance with the arrangements and its direct and indirect implications on the advancement of the economy and society, and that the arrangement would be published in a uniform prescription.

Furthermore, in accordance with the draft memorandum, the arrangement processes will be required to define these goals and examine these goals once per period defined regarding each legislative provision.

The draft memorandum details the duties and authorities of the arrangement authority that will be established, including its authorities regarding the regulators arranging specific markets and their supervision by the arrangement authority. In order to reduce the excess regulatory burden, it is proposed that the arrangement authority be certified to examine, or advise the arrangers to reexamine, existing arrangements. It is also proposed that public corporations and financial regulators not be subject to the control and methodology of the regulation authority and the end authorities of the Ministerial Committee for Arrangement. In lieu of this, public corporations and financial arrangement bodies will establish internal directives, regarding the assessments of the influence of the arrangement and will be required to establish an internal control mechanism that will ensure the quality of the arrangement influence assessment report, and will be required to publish it, except in exceptional cases.

In accordance with the formula, in the event that the draft memorandum passes and becomes a binding text, it may reduce the scope of regulation in Israel and remove barriers to activity, but the Group cannot assess the scope of the impact and its format.

The Company's estimate in connection with the possible implications of the draft memorandum regarding the foundations of arrangement constitutes forward looking information, which is based on the information that 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 text of the of the draft memorandum, which is in initial stages of legislation, if it is in fact published.

4. Restrictions and Supervision of the Corporation's Business (Continued)

4.1 General (Continued)

4.1.3 Partnership Taxation Law Memorandum

Pursuant to the 2021-2022 Economic Plan Law Memorandum (formerly: "The Arrangements Law"), it is proposed to update the taxation and reporting laws applying to partnerships in Israel in a manner similar to the reform carried out in connection with subsidiaries and family companies, while adopting the taxation model taking into account for the purpose of setting the tax for the partnership's activity the characteristics of its partners.

It is also proposed to arrange the taxation method applicable to partnerships and partners investing in financial assets through investment funds as well as arrange the tax benefits given on investments of foreign residents in a capital reserve fund, investing in R&D companies or the production of innovative and knowledge-intensive products or processes, while writing off Section 16a by virtue of which benefits were given within the framework of detailed approvals.

The Company is studying the provisions of the draft memorandum in connection with the reform in partnership taxation, which is in initial stages of legislation.

4.2 Long-Term Savings

4.2.1 Collective Loss of Work Ability Insurance

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

The provisions that were added in the draft regulations regarding collective loss of work ability insurance address, inter alia, the requirement to obtain the policyholder's advance consent as a condition for adding them to a collective loss of work ability 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 work ability 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 work ability insurance policies that 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 work ability insurance.

4.2.2 The Investment Regulations

Following 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 the amendments to the Investment Regulations were published, 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 t**he 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. *Restrictions and Supervision of the Corporation's Business (Continued)*

4.2 Long-Term Savings (Continued)

4.2.3 The Financial Services Supervision Regulations (Provident Funds) Direct Expenses due to Transactions) (Amendment), 2021

Following that stated in Section 10.5.5.2 in the Description of the Corporation's Business in the Company's 2020 Periodic Reports, on the validity of the Financial Services Supervision Regulations (Provident Funds) (Direct Expenses Due to Transactions), 2008 (hereinafter: "**the Expenses Regulations"**), in June 2021 the draft report of the consulting committee to the Commissioner on the examination of direct expenses (hereinafter: "**the Draft Report"**) was published. Within the framework of the Draft Report the Committee recommending, among other things, cancelling the collection of direct expenses separate from the management fees and charging one rate from the accumulation that is known in advance; encouraging the management of investments within the framework of passive investment routes, which will track a number of key indices in Israel and around the world; to allow institutional bodies to offer investment plans with performance-based management fees; to improve transparency for the Commissioner and the planholders in particular regarding the yields of non-tradable funds; as well as to improve the Commissioner's ability to supervise the investments of institutional bodies.

In July 2021 a temporary order was published that extends the validity of the Expenses Regulations to January 6 2022.

At this initial stage, before a final report has been issued and so long it is unclear which of the Committee's recommendations will be adopted and in what manner, the institutional bodies at the Group cannot assess the impact of the draft report, according to the estimates of the Group's institutional bodies, inasmuch as the temporary order that extends the Expenses Regulations, will not be extended past January 6 2022 and inasmuch as they are not replaced with an appropriate arrangement, this may have material implications vis-a-vis the Group.

The assessments of the Group's institutional entities in connection with the Draft Report and in connection with the temporary order that extends the Expenses Regulation 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 final text of the report, and on the manner and degree its recommendations are adopted.

4.2.4 Expanding Industry Provident Fund Activity

In June 2021 the Commissioner published a document "Policy for the Expansion of the Activity of Companies managing Industry Provident Funds Only", which primarily dealt with setting considerations the Commissioner would take into account in the matter of granting approval to a company managing industry provident funds, manage investment provident fund or extend the target audience that may join the products managed by the industry fund. The option of expanding the activity of the industry provident funds may lead to the entrance of industry provident funds into the field of investment provident funds and increase competition regarding the customers of the industries consolidated by the industry funds in question.

The assessments of the Group's institutional entities in connection with the policy in question 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 method of the actual implementation of the Commissioner's policy as well as the activity of the industry provident funds and customer tastes.

4.2.5 Default Funds

As part of the directives of the circular "**Provisions Regarding the Selection of Provident Funds**" (hereinafter: the "Default Fund Circular"), two select pension funds were selected which will serve as default funds, to which planholders who have not filled out a provident fund new member form, and whose employers have not chosen a default fund in a competitive process conducted by them would be added, starting November 2016 to October 2018. Further to the above, in October 2018 results were published for a process pursuant to which four competing pension funds were selected to serve as chosen default funds, for a period of three years, from November 2018.

Following that, in August 2021 an update was written to the Default Fund Circular and a "Select Fund Determination Process" document, dealing with the process of establishing pension funds that will constitute select funds for a period of three years, starting November 2021 (hereinafter, together: "**the Select Fund Selection Process**").

In accordance with the Select Fund Selection Process, two to five select default funds will be selected, with the sole criterion for their selection being the management fees offered them, with their maximum rate being no less than 0.5% and no more than 1% of the deposits and shall be no less than 0.15% of the accumulation (the management fees collected in the default funds operating today amounts to 1.49% of the deposits and 0.1% of the accumulation in two funds, at a rate of 2.49% of deposits and 0.05% of the accumulation in one fund and a rate of 1.68% of the deposits and 0.0905% of the accumulation in the fourth fund).

4. Restrictions and Supervision of the Corporation's Business (Continued)

4.2 Long-Term Savings (Continued)

4.2.5 Default Funds (Continued)

Additionally, in accordance with the select fund selection process, the management fees which will be collected by the managing company of the fund that will be chosen as a default fund, 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 (compared to a maximum rate of 0.5%, in accordance with the law), similar to the existing requirements regarding the select funds operating today. In addition, the maximum management fees for inactive planholders will amount to the management fees from accumulation set for active planholders, compared to the maximum management fee rates (6% of deposits and 0.5% of accumulation), today.

The process of selecting select funds includes provisions regarding the manner in which preference is given in selecting the default funds for pension funds whose market shares from the deposits (on dates set in the process) is smaller than 10% and an increased preference for funds whose market share from deposits is smaller than 5%, including elements that are not currently active on the pension fund market.

The directives for the Select Fund Selection Process includes an update on stipend provident funds or default education funds that will be selected via competitive processes that will be carried out by the employer. Regarding this process, which every management company may take part in, and in which the criteria are a service index, yields and management fees, it was decided that the employer may also take into account the risk index (Sharp Index) and that the weight given the proposed rate of management fees for recipient of old-age stipends who retire when the fund is selected, does not exceed 10% of the grade.

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 funds 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 as a result of 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 in case of adding members who have not filled out a provident fund new member form (addition by way of an "collective arrangement").

The Group's institutional bodies estimate that a lack of clarify exists regarding the influence of the process of selecting new select funds on the pension fund market, including in connection with the possible entrance of new bodies into the market, the continued influence on fierce competition in this market and on the average management fees that will be collected in the stipend provident funds and in the education funds. The benefit request for a discount on management fees to annuity recipients as well from the selected funds is also expected to increase competition between institutional entities, also with respect to members who are near retirement age.

Information pertaining to possible implications as detailed above is forward-looking information based on the Group's assessments and assumptions. Actual implementation may differ significantly from that forecast, which depends to a large degree on the following factors: the bodies that will be selected as part of the process and the steps taken by market players, including Group members, in the matter of dealing with increase competition in the market and changes in market segments and in management fee revenues; the relationships between the institutional bodies and the employers and distributing elements; 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 their operative elements; the implications of other regulatory changes in the area and their combined impact, together with the above provisions.

4. *Restrictions and Supervision of the Corporation's Business (Continued)*

4.2 Long-Term Savings (Continued)

4.2.6 Unified Structure Circular and Payment Deposit Method Circular

Following that stated in Section 1.2.6.d of the Description of the Corporation's Business in the Company's 2020 periodic reports on the matter of lifting operational barriers, in June 2021 revisions were published to the circular on depositing payments in provident funds, and the circular on a uniform structure for transferring information and data in the pension savings market that include, among other things, provisions in connection with (a) updating interfaces for carrying out employer payments for pension products for their workers (b) the manner of reporting by the employer and the obligation to provide feedback by the institutional bodies within the framework of the employer interface; (c) adding an events interfaces, which includes joining event reports and change as well as an interface between an agent and employer on splitting the workers' money between institutional bodies and interface between agent and institutional body for updating the manner in which the policy funds are split; (d) changes in the structure of reporting within the framework of the mobility interface; (e) shortening timetables for sending feedback and handling various issues by the institutional body; and (f) deferring the incidence of the provisions in the matter of the employer interface regarding employers with up to 10 workers by 2023 and employers with up to 4 workers in 2024.

The Group's institutional entities have prepared and are continuing to prepare, operationally, for implementing the above arrangements, including through improvements to the automation systems and to the work processes.

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

Following that stated in Section 10.8.1.1(b) of the Description of the Corporation's Business in the Company's 2020 Periodic Reports in the matter of enforcement steps not taken against banking corporations that carry out pension consultation digitally or over the telephone until the restrictions set in law due to Covid-19 are lifted, in July 2021 a notice was published that fixed the validity of the position in question to October 2021 taking into account the intent of the Ministry of Finance to advance an amendment to the Financial Services Supervision Law (Consultation, Marketing and Pension Clearance System, 2005 within the framework of the 2021-2022 Economic Plan.

4.2.8 Changing the Mechanism for Ensuring Stability in Pension Fund Yields

Pursuant to the Arrangements Law approved by the Government in August 2021, it was proposed to replace the existing mechanism for ensuring the stability of pension savings in pension funds using designated debentures, with a new mechanism for ensuring such stability by completing the yield. The key point of the proposal is that the funds deposited in the pension funds from January 1 2022 ("**the Start Date**") onward will be invested in the capital market. After 5 years, a comparison will be made of the five-year yield of the assets against the accumulated target yield (a yield of 27.6%, CPI-linked). Inasmuch as the yield of the assets on the capital market is lower than the target yield, the State stall transfer the yield difference to the pension fund. In the event that the yields of the properties on the capital market is higher than the accumulated target yield, the balance beyond the target yield shall be transferred to a designated fund, which will be used to complete the yield of the pension funds in the future. The arrangement in question shall apply to 30% of the assets of the pension funds (divided by ages in accordance with the distribution that currently exists in the Yield Attribution Regulations). The existing mechanism shall apply to assets of pension funds invested in designated debentures on the start date, until their redemption.

At this initial stage, Clal Insurance cannot yet estimate the full impact of the mechanism described above, which inasmuch as it is received may, on the one hand, benefit the planholders in light of the change in the guarantee yield rate, and on the other, alter the commonly used mechanism regarding the manner in which the yield is guaranteed. The proposed amendment, inasmuch as its text becomes binding, is expected to lead to the increase in the scope of assets managed by the companies managed on the open market, tradable and non-tradable, and therefore is expected to involve additional costs.

The Company's estimate in connection with the possible implications of the Arrangements Law Proposal on the Change in mechanism for guaranteeing stability in pension fund yields constitutes forward looking information, which is based on the information that 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 text of the of the directive, which is in initial stages of legislation, if it is in fact published, the preparations of the institutional bodies and market behavior.

4. *Restrictions and Supervision of the Corporation's Business (Continued)*

4.2 Long-Term Savings (Continued)

4.2.9 Amendment to Retirement Age Law

Following the Arrangements Law ratified by the Government on August 2021, the draft Economic Streamlining Law Memoranda (Legislative Amendments for the Achievement of Budgetary Goals for the 2021 and 2022 Budget Years), 2021, Reducing Gender-based Gaps in the Labor Market and Increasing the Female Retirement Age - Part A and Part B was passed, which is expected to come on the agenda of the special Ministerial Committee on the matter of the 2021 and 2022 economic plan.

The draft memoranda propose, among other things, to amend the Retirement Age law, by establishing a mechanism for increasing the retirement age at which a woman may retire from her work in the following manner by increasing the retirement age from 62 to 65, with the increase in retirement age spread out across a period of 11 years.

The 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 is expected to have an indirect effect on the Group's institutional bodies, *inter alia,* with respect to the period for deposits to provident fund, to the start date for receiving annuities and regarding the period for purchasing insurance coverage, in case of death or loss of work ability, which may be extended.

If the amendment passes and becomes a binding text, it is expected to lead to an increase in deposits to savings and an increase in premiums for insurance coverage in women's additional work years, and may lead to an increase in the payment of claims in the relevant ages.

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 final wording of the Retirement Age Law, which is in initial stages of legislation, insomuch as it will be amended, and the clarifications regarding its implementation in pension products, inasmuch as they are published.

4.3 Health Insurance

4.3.1 Strengthening the Public Health System while Grossing-Up the Influences of the Private System

Following the Arrangements Bill ratified by the Government on August 2021, the draft **Economic Streamlining Law Memorandum (Legislative Amendments for the Achievement of Budgetary Goals for the 2021 and 2022 Budget Years), 2021, Surcharge on Private Activities of Analyses and medical consultation ("the Draft Memorandum")** was published, which is expected to come on the agenda of the special Ministerial Committee on the matter of the 2021 and 2022 economic plan.

In accordance with the Draft Memorandum, it is proposed that a surcharge be placed on any payment to a medical institution as well as to the holder of a medical or paramedical professional ("**Service Provider**"), or on monetary reimbursement to a policy holder, for privately financed surgery that is covered by the Health Services Basket, or medical consultation provided via private financing ("**the Activity**"), on the basis of the following principles: a surcharge of 30% of the level of payment paid by an insurance company with the insurance covered by it, a surcharge of 10% of the level of payment paid by the health fund with the activity covered by a plan for providing additional medical services (**AMS**) and a surcharge of 30% of the payment a Service Provider received for activity not covered by an insurance company or AMS ("**the Surcharge**"). It is also proposed that the People's Health Ordinance be altered and that it be ruled that medical service providers can only receive payment from the medical institution. The proposal also includes a directive regarding the reporting obligation of the insurance companies and health funds to the Ministry of Health and it proposes that the Ministry of Health Accountant be given collection authorities.

The Company is studying the Draft Memorandum, which is in its initial legislative stages, including regarding the scope of the policies the surcharge will apply to, their sources of finance and implications on the insurance fees charged from policy holders. At this initial stage, the Company cannot estimate the full impact of the Draft Memorandum provision, inasmuch as it passes as a binding text, and which is expected to be material, including in all matters pertaining to the ability to sell and retain the insurance portfolio regarding which the surcharge payment obligation will apply.

The Company's estimates regarding the possible implications of the Draft Arrangements Law in connection with strengthening the public health system 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 final wording of the directive, which is in initial stages of legislation, insomuch as it is passed, among other things referring to the mechanism for collecting the surcharge and the types of policies the surcharge will be placed on.

4. Restrictions and Supervision of the Corporation’s Business (Continued)

4.4 General Insurance

4.4.1 Responsibility for Providing Medical Services

Following 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 intending 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 Subrogation mechanism with Social Security:

Following that stated in Section 7.1.1.1.d.(1) to the Company’s 2020 Yearly Report, in the matter of the accounting mechanism between the Social Security Institute and the insurance companies in the matter of the subrogation right of the Social Security Institute from the insurance companies in claims by virtue of a mandatory auto policy, in August 2021 the insurance companies and the Social Security Institute, in conjunction with the Ministry of Finance, reached an agreement according to which an agreement would be signed between the Social Security Institute and the insurance companies pursuant to which the insurance companies will provide an advance payment to the Social Security Institute for accounting for claims from 2014 to 2018, which the arrangement planned for the Economic Streamlining Law (Legislative Amendments for Achieving Budgetary Goals for the 2019 Budget Year), 2018 (hereinafter – **the 2019 Economic Streamlining Law**) will be amended by the Ministry of Finance in such a manner so as to cancel the obligation to pay a global payment for cases occurring in 2014 to 2018, and instead, it was determined that starting January 2023 onward, all of the insurers must provide the Institute of Social Security for traffic accidents the following percentages of the insurance fees charged each year: for traffic accidents in 2023-2024 – 10%; and for traffic accidents from 2025 onward – 10.95% (hereinafter: “**the Revised Subrogation Arrangement**”); therefore, the Revised Subrogation Arrangement will only apply to future events starting 2023, while regarding past periods, the parties will continue to operate in a manner similar to before the passing of the 2019 Economic Streamlining Law and resolve each subrogation suit separately, unless the parties reach some other detailed agreement in this regard.

Following the above, in August 2021 the Ministry of Finance financed a deciders’ proposal that is compatible with the agreement between the insurance companies and the Social Security Institute as detailed above, and the legislative amendment is expected to be arranged within the framework of the Economic Streamlining Law (Legislative Amendments for Achieving Budgetary Goals for the 2021 and 2022 budget years), 2021 (hereinafter: “**the Economic Streamlining Law for the 2021 and 2022 Budget Years**”).

According to the Company’s estimates, inasmuch as the Economic Streamlining Law for the 2021-2022 Budget Years will vest into binding legislation, the matter should not significantly affect the Company’s financial statements.

The information presented on all matters pertaining to the Economic Streamlining Law for the 2021 and 2022 Budget Years 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 development of the final version of the bill, the approval of the Capital Markets Authority for future insurance rates, and the insurance fees that 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, compared to the annual financial statements.

Linkage Bases Report as of June 30 2021

	Israeli currency		Foreign Currency				Other Items	Insurance Company	
In Thousands of NIS	Unlinked	CPI-Linked	USD	Euros	Pound Sterling	Other	Non-Monetary	in Israel	Total
Intangible assets	-	-	-	-	-	-	141,033	1,172,624	1,313,657
Deferred tax assets	-	-	-	-	-	-	10,932	2,864	13,796
Deferred acquisition costs	-	-	-	-	-	-	-	2,067,443	2,067,443
Fixed assets	-	-	-	-	-	-	10,860	184,329	195,189
Right-of-use asset	-	-	-	-	-	-	96,689	406,031	502,720
Investments in associates	-	-	-	-	-	-	36,920	106,425	143,345
Investment property for yield-dependent contracts	-	-	-	-	-	-	-	3,056,653	3,056,653
Other investment property	-	-	-	-	-	-	-	1,236,975	1,236,975
Reinsurance assets	-	-	-	-	-	-	-	4,241,099	4,241,099
Current tax assets	-	102	-	-	-	-	-	2,604	2,706
Accounts receivable and debit balances	9,011	13,889	250	-	-	-	1,222	868,287	892,659
Outstanding premiums	4,320	-	-	-	-	-	-	755,550	759,870
Financial investments for yield-dependent contracts	-	-	-	-	-	-	-	74,563,210	74,563,210
Other Financial Investments									
Tradable debt assets	24,790	18,109	5,460	-	-	-	-	6,131,229	6,179,588
Non-tradable debt assets	-	259	-	-	-	-	-	22,263,578	22,263,837
Stocks	-	-	-	-	-	-	32,977	1,956,697	1,989,674
Other	-	6,334	-	-	-	-	271	3,892,422	3,899,027
Cash and cash equivalents for investment-linked contracts	-	-	-	-	-	-	-	8,148,071	8,148,071
Other cash and cash equivalents	214,145	-	192	252	-	-	-	2,593,083	2,807,672
Total assets	252,266	38,693	5,902	252	-	-	330,904	133,649,174	134,277,191

5. *Exposure to and Management of Market Risks (Continued)*

Effect of market risks on business results (Continued)

Linkage Bases Report as of June 30 2021 (Continued)

	Israeli currency		Foreign Currency				Other Items	Insurance Company	
In Thousands of NIS	Unlinked	CPI-Linked	USD	Euros	Pound Sterling	Other	Non-Monetary	in Israel	Total
Liabilities									
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	-	-	-	-	-	-	-	32,215,154	32,215,154
Liabilities with respect to investment-linked insurance contracts and investment contracts	-	-	-	-	-	-	-	85,360,824	85,360,824
Deferred tax liability	-	-	-	-	-	-	7,158	699,988	707,146
Employee benefit liabilities, net	20,975	-	-	-	-	-	-	59,358	80,333
Lease liabilities	-	114,766	-	-	-	-	-	483,356	598,122
Accounts payable and credit balances	113,706	-	-	-	-	-	-	3,469,058	3,582,764
Current tax liabilities	-	1,851	-	-	-	-	-	72,795	74,646
Financial liabilities	-	-	-	-	-	-	-	4,532,614	4,532,614
Total liabilities	134,681	116,617	-	-	-	-	7,158	126,893,147	127,151,603
Total exposure	117,585	(77,924)	5,902	252	-	-	323,746	6,756,027	7,125,588

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. The 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 intending 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 that 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 intending 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. Within this framework, 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 and the Executive VP of Clal Insurance, and the Financial Division Manager have estimated, 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 assessment, the CEO and Executive VP of Clal Insurance and the Financial Division Manager have concluded that as of the end of this period, the controls and procedures regarding the disclosure of Clal Insurance are effective for the purpose of listing, processing, summarizing and reporting the information that Clal Insurance needs to disclose in the quarterly report in accordance with the law and the reporting directives set by the Commissioner and on the date set in these directives.

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

Executive statements 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 **Chairman of Board of Directors**	**Yoram Naveh** **Chief Executive Officer**

Tel Aviv, August 19 2021.

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Kost Forer Gabbay and Kasierer
144 Menachem Begin St.
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-Jaffa 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 June 30 2021, as well as the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for nine and three month periods then ending. 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 on the financial information for these interim periods, based on our review.

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. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to become certain that we have become aware of all material issues which may have been identified in an audit. Accordingly, we are not expressing an audit-level opinion.

Conclusion

Based on our review, we have not become aware of anything which would have caused us to believe that the financial information in question has not been 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, 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,
August 19 2021

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

Joint Auditors

Interim Consolidated Statements of Financial Position

		As of June 30		As of December 31
		2021	2020	2020
In Thousands of NIS	Note	Unaudited		Audited
Assets				
Intangible assets		**1,313,657**	1,264,516	1,255,264
Deferred tax assets		**13,796**	9,656	12,236
Deferred acquisition costs		**2,067,443**	2,028,737	1,996,644
Fixed assets		**195,189**	206,311	208,036
Right-of-use asset		**502,720**	520,156	502,043
Investments in investee companies accounted by the equity		**143,345**	204,344	136,104
Investment property for yield-dependent contracts		**3,056,653**	3,139,259	3,043,442
Other investment property		**1,236,975**	1,262,051	1,209,486
Reinsurance assets		**4,241,099**	3,590,294	3,629,329
Current tax assets		**2,706**	185,357	9,689
Accounts receivable and debit balances		**892,659**	1,045,140	627,677
Outstanding premiums		**759,870**	820,114	650,952
Financial investments for yield-dependent contracts	5	**74,563,210**	60,625,448	70,798,761
Other financial investments:	5			
Tradable debt assets		**6,179,588**	5,225,865	5,823,747
Non-tradable debt assets		**22,263,837**	22,230,178	22,092,629
Stocks		**1,989,674**	1,347,015	1,692,465
Others		**3,899,027**	3,042,409	3,574,299
Total other financial investments		**34,332,126**	31,845,467	33,183,140
Cash and cash equivalents for investment-linked contracts		**8,148,071**	5,294,621	5,273,150
Other cash and cash equivalents		**2,807,672**	2,372,082	1,948,922
Total assets		**134,277,191**	114,413,553	124,484,875
Total assets for investment-linked contracts	5	**86,451,837**	69,921,952	79,564,525

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Financial Position

		As of June 30		As of December 31
		2021	2020	2020
In Thousands of NIS	**Note**	**Unaudited**		**Audited**
Capital				
Share capital		**155,448**	155,448	155,448
Premium on shares		**1,640,140**	1,638,693	1,638,770
Capital reserves		**1,238,426**	635,248	969,936
Retained earnings		**4,032,295**	2,923,410	3,535,095
Total capital attributable to Company shareholders		**7,066,309**	5,352,799	6,299,249
Non-controlling interests		**59,279**	52,561	56,685
Total capital		**7,125,588**	5,405,360	6,355,934
Liabilities				
Liabilities with respect to non-investment-linked insurance contracts and investment contracts		**32,215,154**	31,142,997	31,078,895
Liabilities with respect to investment-linked insurance		**85,360,824**	69,409,940	77,291,364
Deferred taxes liabilities		**707,146**	430,338	540,825
Employee benefit liability, net		**80,333**	89,965	83,486
Lease liabilities		**598,122**	581,180	580,567
Accounts payable and credit balances		**3,582,764**	3,077,798	3,965,383
Current tax liability		**74,646**	1,276	64,647
Financial liabilities	5	**4,532,614**	4,274,699	4,523,774
Total liabilities		**127,151,603**	109,008,193	118,128,941
Total capital and liabilities		**134,277,191**	114,413,553	124,484,875

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

August 19 2021			
Approval Date of the Financial Statements	**Haim Samet** **Chairman of Board of Directors**	**Yoram Naveh** **Chief Executive Officer**	**Eran Cherninsky** **Executive VP** **Finance Division Manager**

Interim Consolidated Statements of Income

	For the Six-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2021	2020	2020
In Thousands of NIS	Unaudited				Audited
Gross premiums earned	**5,059,708**	4,693,775	**2,601,982**	2,274,290	9,494,300
Premiums earned by reinsurers	**800,094**	702,263	**407,504**	354,695	1,466,514
Premiums earned on retention	**4,259,614**	3,991,512	**2,194,478**	1,919,595	8,027,786
Investment income (loss), net, and financing income	**7,420,213**	(3,646,187)	**3,708,315**	3,941,619	5,050,742
Income from management fees	**905,448**	459,145	**406,724**	226,870	1,246,681
Income from commissions	**158,696**	148,247	**78,202**	71,041	311,268
Other income	**307**	347	**297**	222	645
Total Revenues	**12,744,278**	953,064	**6,388,016**	6,159,347	14,637,122
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**11,580,916**	162,892	**5,608,299**	5,681,754	11,989,849
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(1,115,200)**	(388,300)	**(378,412)**	(204,483)	(974,301)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**10,465,716**	(225,408)	**5,229,887**	5,477,271	11,015,548
Commissions, marketing expenses and other acquisition costs	**975,081**	927,939	**493,261**	440,145	1,931,289
Administrative and general expenses	**460,598**	435,732	**235,409**	213,982	933,903
Impairment of intangible assets	**-**	-	**-**	-	2,492
Other expenses	**3,656**	3,899	**2,186**	1,535	9,062
Financing expenses	**113,314**	62,915	**59,511**	42,648	154,699
Total Expenses	**12,018,365**	1,205,077	**6,020,254**	6,175,581	14,046,993
Share in the results of investees handled using the equity method, net	**3,476**	(7,221)	**2,416**	(4,783)	(4,192)
Profit (loss) before taxes on income	**729,389**	(259,234)	**370,178**	(21,017)	585,937
Taxes on income (tax benefit)	**239,384**	(92,510)	**120,790**	(13,010)	143,274
Profit (Loss) for the Period	**490,005**	(166,724)	**249,388**	(8,007)	442,663
Attributable to:					
Company shareholders	**487,814**	(166,912)	**248,141**	(9,192)	438,676
Non-controlling interests	**2,191**	188	**1,247**	1,185	3,987
Profit (Loss) for the Period	**490,005**	(166,724)	**249,388**	(8,007)	442,663
Earnings (loss) per share attributable to Company shareholders:					
Basic profit (loss) per share (in NIS)	**7.21**	(2.47)	**3.67**	(0.14)	6.48
Diluted earnings (loss) per share (in NIS)	**7.21**	(2.47)	**3.67**	(0.14)	6.48
Number of shares used to calculate earnings per share:					
Basic	**67,645**	67,645	**67,645**	67,645	67,645
Diluted	**67,647**	67,645	**67,663**	67,645	67,645

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Comprehensive Income

	For the Six-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2021	2020	2020
In Thousands of NIS	Unaudited				Audited
Profit (Loss) for the Period	**490,005**	(166,724)	**249,388**	(8,007)	442,663
Other comprehensive income:					
Other comprehensive income (loss) items that, after initial recognition in comprehensive income, were or will be transferred to gain/loss:					
Foreign currency translation differences on account of foreign activity charged to capital	**3,309**	(1,477)	**(4,738)**	(8,942)	(20,761)
Foreign currency translation differences charged to profit and loss	**-**	(650)	**-**	-	9,568
Net changes in fair value of financial assets available for sale charged to capital reserved	**791,788**	(287,504)	**324,916**	266,751	474,417
Net change in fair value of financial assets available for sale transferred to the Statement of	**(402,359)**	(84,752)	**(166,351)**	(44,924)	(344,942)
Loss from the impairment of financial assets available for sale transferred to the Statement of	**15,775**	97,358	**9,079**	21,571	112,395
Other comprehensive income (loss) for the period which has been or will be transferred to the	**408,513**	(277,025)	**162,906**	234,456	230,677
Tax (tax benefit) with respect to available-for-sale financial assets	**138,894**	(93,975)	**57,811**	83,216	80,817
Tax (tax benefit) with respect to other	**761**	(340)	**(1,090)**	(2,057)	(2,425)
Tax (tax benefit) with respect to components of other comprehensive income for the period	**139,655**	(94,315)	**56,721**	81,159	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	**268,858**	(182,710)	**106,185**	153,297	152,285
Components of other comprehensive income which will not be transferred to the statement of					
Actuarial gains (losses) from defined benefit plan	**4,845**	6,359	**4,845**	(7,066)	15,723
Tax (tax benefit) with respect to components of other comprehensive income which will not be	**1,612**	1,940	**1,612**	(2,044)	5,112
Other comprehensive income (loss) which will not be transferred to the statement of income, net of	**3,233**	4,419	**3,233**	(5,022)	10,611
Other comprehensive income (loss) for the period	**272,091**	(178,291)	**109,418**	148,275	162,896
Total comprehensive income (loss) for the period	**762,096**	(345,015)	**358,806**	140,268	605,559
Attributable to:					
Company shareholders	**759,502**	(344,707)	**357,358**	138,554	601,743
Non-controlling interests	**2,594**	(308)	**1,448**	1,714	3,816
Total comprehensive income (loss) for the	**762,096**	(345,015)	**358,806**	140,268	605,559

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Equity

	Attributable to Company Shareholders								Non-Controlling Interests	Total Equity
In Thousands of NIS	Share Capital	Premium on Shares	Translation Services	Capital Reserve due to Assets Available for Sale	Other Capital Reserves	Capital Reserve from Transactions with Minority Shareholders	Retained Earnings	Total		
For the Six-Month Period Ending June 30 2021										
Balance As of January 1 2021	155,448	1,638,770	(23,460)	852,376	180,329	(39,309)	3,535,095	6,299,249	56,685	6,355,934
Profit for the period	-	-	-	-	-	-	487,814	487,814	2,191	490,005
Components of other										
Foreign currency translation	-	-	3,309	-	-	-	-	3,309	-	3,309
Net changes in fair value of financial assets available for sale charged to capital reserved	-	-	-	791,076	-	-	-	791,076	712	791,788
Net change in fair value of financial assets available for sale transferred to the Statement of Income	-	-	-	(402,203)	-	-	-	(402,203)	(156)	(402,359)
Loss from the impairment of financial assets available for sale transferred	-	-	-	15,771	-	-	-	15,771	4	15,775
Actuarial gains from defined benefit	-	-	-	-	-	-	4,792	4,792	53	4,845
Tax due to components of	-	-	(761)	(138,702)	-	-	(1,594)	(141,057)	(210)	(141,267)
Other comprehensive income for	-	-	2,548	265,942	-	-	3,198	271,688	403	272,091
Total Comprehensive Income for the	-	-	2,548	265,942	-	-	491,012	759,502	2,594	762,096
Transactions with shareholders										
Expiration of options for senior	-	1,370	-	-	-	-	(1,370)	-	-	-
Share-based payments	-	-	-	-	-	-	7,558	7,558	-	7,558
Balance as of June 30 2021	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

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Equity (Continued)

In Thousands of NIS	Attributable to Company Shareholders: Share Capital	Premium on Shares	Translation Services	Capital Reserve due to Assets Available for Sale	Other Capital Reserves	Capital Reserve from Transactions with Minority Shareholders	Retained Earnings	Total	Non-Controlling Interests	Total Equity
For the Six-Month Period Ending June 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
Profit (Loss) for the Period	-	-	-	-	-	-	(166,912)	(166,912)	188	(166,724)
Components of other comprehensive income (loss):										
Foreign currency translation differences on account of foreign activity charged to capital reserve	-	-	(1,477)	-	-	-	-	(1,477)	-	(1,477)
Foreign currency translation differences charged to profit and loss	-	-	(650)	-	-	-	-	(650)	-	(650)
Net changes in fair value of financial assets available for sale charged to capital reserved	-	-	-	(286,635)	-	-	-	(286,635)	(869)	(287,504)
Net change in fair value of financial assets available for sale transferred to the Statement of Income	-	-	-	(84,775)	-	-	-	(84,775)	23	(84,752)
Loss from the impairment of financial assets available for sale transferred to the Statement of Income	-	-	-	97,333	-	-	-	97,333	25	97,358
Actuarial losses from defined benefit plan	-	-	-	-	-	-	6,293	6,293	66	6,359
Tax benefit (tax) with respect to components of comprehensive (loss) income	-	-	340	93,693	-	-	(1,917)	92,116	259	92,375
Other comprehensive income (loss) for the period, net of tax	-	-	(1,787)	(180,384)	-	-	4,376	(177,795)	(496)	(178,291)
Total comprehensive loss for the period	-	-	(1,787)	(180,384)	-	-	(162,536)	(344,707)	(308)	(345,015)
Transactions with shareholders applied directly to equity:										
Expiration of options for senior employees	-	2,215	-	-	-	-	(2,215)	-	-	-
Balance as of June 30 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

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Equity (Continued)

	Attributable to Company Shareholders								Non-Controlling Interests	Total Equity
In Thousands of NIS	Share Capital	Premium on Shares	Translation Services	Capital Reserve due to Assets Available for Sale	Other Capital Reserves	Capital Reserve from Transactions with Minority Shareholders	Retained Earnings	Total		
For the Three-Month Period Ending June 30 2021										
Balance as of April 1 2021 (Unaudited)	155,448	1,640,140	(17,264)	1,008,651	180,329	(39,309)	3,773,39	6,701,393	57,831	6,759,224
Profit for the period	-	-	-	-	-	-	248,141	248,141	1,247	249,388
Components of other comprehensive income										
Foreign currency translation differences on account of foreign activity charged to capital reserve	-	-	(4,738)	-	-	-	-	(4,738)	-	(4,738)
Net changes in fair value of financial assets available for sale charged to capital reserved	-	-	-	324,627	-	-	-	324,627	289	324,916
Net change in fair value of financial assets available for sale transferred to the Statement of Income	-	-	-	(166,314)	-	-	-	(166,314)	(37)	(166,351)
Loss from the impairment of financial assets available for sale transferred to the Statement of	-	-	-	9,077	-	-	-	9,077	2	9,079
Actuarial gains from defined benefit plan	-	-	-	-	-	-	4,792	4,792	53	4,845
Tax benefit (tax) with respect to components of	-	-	1,090	(57,723)	-	-	(1,594)	(58,227)	(106)	(58,333)
Other comprehensive income (loss) for the period,	-	-	(3,648)	109,667	-	-	3,198	109,217	201	109,418
Total comprehensive income (loss) for the period	-	-	(3,648)	109,667	-	-	251,339	357,358	1,448	358,806
Transactions with shareholders applied directly to										
Share-based payment (see Note 8(g))	-	-	-	-	-	-	7,558	7,558	-	7,558
Balance as of June 30 2021 (Unaudited)	155,448	1,640,140	(20,912)	1,118,318	180,329	(39,309)	4,032,29	7,066,309	59,279	7,125,588

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Equity (Continued)

In Thousands of NIS	Share Capital	Premium on Stocks	Translation Services	Capital Reserve due to Assets Available for Sale	Other Capital Reserves	Capital Reserve from Transactions with Minority Shareholders	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Attributable to Company Shareholders									
For the Three-Month Period Ending June 30 2020										
Balance as of April 1 2020 (Unaudited)	155,448	1,638,205	(9,594)	351,084	180,329	(39,309)	2,938,082	5,214,24	50,847	5,265,092
Profit (Loss) for the Period	-	-	-	-	-	-	(9,192)	(9,192)	1,185	(8,007)
Components of other comprehensive income (loss):										
Foreign currency translation differences charged to	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences on account	-	-	(8,942)	-	-	-	-	(8,942)	-	(8,942)
Net changes in fair value of financial assets available for sale charged to capital reserved	-	-	-	265,912	-	-	-	265,912	839	266,751
Net change in fair value of financial assets available for sale transferred to the Statement of Income	-	-	-	(44,925)	-	-	-	(44,925)	1	(44,924)
Loss from the impairment of financial assets available for sale transferred to the Statement of Income	-	-	-	21,565	-	-	-	21,565	6	21,571
Actuarial losses from defined benefit plan	-	-	-	-	-	-	(7,022)	(7,022)	(44)	(7,066)
Tax benefit (tax) with respect to components of	-	-	2,057	(82,929)	-	-	2,030	(78,842)	(273)	(79,115)
Other comprehensive income (loss) for the period,	-	-	(6,885)	159,623	-	-	(4,992)	147,746	529	148,275
Total comprehensive income (loss) for the period	-	-	(6,885)	159,623	-	-	(14,184)	138,554	1,714	140,268
Transactions with shareholders applied directly to										
Expiration of options for senior employees	-	488	-	-	-	-	(488)	-	-	-
Balance as of June 30 2020 (Unaudited)	155,448	1,638,693	(16,479)	510,707	180,329	(39,309)	2,923,410	5,352,79	52,561	5,405,360

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Equity (Continued)

	Attributable to Company Shareholders								Non-Controlling Interests	Total Equity
In Thousands of NIS	Share Capital	Premium on Shares	Translation Services	Capital Reserve due to Assets Available for Sale	Other Capital Reserves	Capital Reserve from Transactions with Minority Shareholders	Retained Earnings	Total		
For the Year Ending December 31 2020										
Balance as of January 1 2020 (Audited)	155,448	1,636,478	(14,692)	691,091	180,329	(39,309)	3,088,1	5,697,506	52,869	5,750,375
Profit for the period	-	-	-	-	-	-	438,67	438,676	3,987	442,663
Components of other comprehensive income (loss):										
Foreign currency translation differences on account of foreign activity charged to capital reserve	-	-	(20,761)	-	-	-	-	(20,761)	-	(20,761)
Foreign currency translation differences for foreign	-	-	9,568	-	-	-	-	9,568	-	9,568
Net changes in fair value of financial assets available for sale charged to capital reserved	-	-	-	474,679	-	-	-	474,679	(262)	474,417
Net change in fair value of financial assets available for sale transferred to the Statement of Income	-	-	-	(344,823)	-	-	-	(344,823)	(119)	(344,942)
Loss from the impairment of financial assets available for sale 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	-	-	2,425	(80,937)	-	-	(5,081)	(83,593)	89	(83,504)
Other comprehensive income (loss) for the period, net	-	-	(8,768)	161,285	-	-	10,550	163,067	(171)	162,896
Total Comprehensive Income for the Period	-	-	(8,768)	161,285	-	-	449,22	601,743	3,816	605,559
Transactions with shareholders applied directly to										
Expiration of options 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)	3,535,0	6,299,249	56,685	6,355,934

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Statements of Cash Flows

In Thousands of NIS	Appendix	For the Six-Month Period Ending June 30 2021	For the Six-Month Period Ending June 30 2020	For the Three-Month Period Ending June 30 2021	For the Three-Month Period Ending June 30 2020	For the Year Ending December 31 2020
		Unaudited				Audited
Cash flows from operating activities						
Before taxes on income	(A)	**4,244,657**	(1,273,694)	**2,429,531**	865,731	(1,295,034)
Income tax received (paid)		**(206,067)**	106,351	**(92,513)**	7,076	41,905
Net cash from operating activities		**4,038,590**	(1,167,343)	**2,337,018**	872,807	(1,253,129)
Cash flows from investment activities						
Consideration from disposal of property, plant and equipment		**4**	4	**4**	4	15
Consideration from disposal of investments in other investee companies		**13,671**	15,005	**13,671**	15,005	15,154
Consideration from disposal of investment in available for sale financial assets by companies which are not insurance and finance companies		**124,966**	-	**84,602**	-	19,298
Investment in available for sale financial assets by companies that are not insurance and finance companies		**(47,957)**	-	**(12,878)**	-	(152,163)
Investment in shares and loans in investee companies		**-**	(47,411)	**-**	(90)	(47,415)
Purchase of a newly consolidated company less cash purchased	(e)	**(66,063)**	-	**(66,063)**	-	-
Investment in property, plant and equipment		**(3,736)**	(4,835)	**(3,029)**	(1,341)	(22,970)
Investment in intangible assets		**(91,362)**	(82,739)	**(54,720)**	(43,041)	(191,541)
Net cash used in investment activities		**(70,477)**	(119,976)	**(38,413)**	(29,463)	(379,622)
Cash flows from financing activities						
Repayment of deferred liability notes		**(134,307)**	(22,172)	**(22,369)**	(22,172)	(22,168)
Repayment of lease liability		**(20,127)**	(25,023)	**(10,064)**	(8,800)	(44,049)
Paid interest on deferred liability notes		**(63,648)**	(65,569)	**(15,105)**	(16,118)	(128,091)
Net cash used in financing activities		**(218,082)**	(112,764)	**(47,538)**	(47,090)	(194,308)
Impact of exchange rate fluctuations on cash and cash equivalent balances		**(16,360)**	(46,576)	**(10,713)**	(16,918)	64,231
Net increase (decrease) in cash and cash equivalents		**3,733,671**	(1,446,659)	**2,240,354**	779,336	(1,891,290)
Cash and cash equivalents at the beginning of the period	(B)	**7,222,072**	9,113,362	**8,715,389**	6,887,367	9,113,362
Cash and cash equivalents at the end of the period	(C)	**10,955,743**	7,666,703	**10,955,743**	7,666,703	7,222,072

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Cash Flow Reports (Continued)

In Thousands of NIS	For the Six-Month Period Ending June 30 2021	For the Six-Month Period Ending June 30 2020	For the Three-Month Period Ending June 30 2021	For the Three-Month Period Ending June 30 2020	For the Year Ending December 31 2020
	Unaudited				Audited
(a) Cash Flow from Current Activities Before Taxes on Income [1] [2]					
Profit (loss) for the period	**490,005**	(166,724)	249,388	(8,007)	442,663
Items not involving cash flows:					
The Company's share in the income of investee companies accounted by the equity method	**(3,476)**	7,221	(2,416)	4,783	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	**1,136,259**	(301,913)	394,230	(8,930)	(366,015)
Change in liabilities with respect to investment-linked insurance contracts and investment contracts	**8,069,460**	(2,423,064)	4,264,362	4,198,448	5,458,360
Change in deferred acquisition costs	**(70,799)**	(7,533)	(32,598)	12,580	24,560
Change in reinsurance assets	**(611,770)**	(38,484)	(66,093)	(48,465)	(77,519)
Depreciation of property, plant and equipment and right-of-use asset	**43,701**	45,205	22,240	22,734	88,447
Amortization of intangible assets	**113,610**	115,850	57,497	59,075	231,412
Impairment of intangible assets	**-**	-	-	-	2,492
Loss (profit) from the realization of fixed assets	**15**	(4)	15	(4)	1
Profit from right-of-use asset	**(34)**	(18)	(18)	(17)	(19)
Interest and linkage differences accrued with respect to deferred liability notes and lease liabilities	**86,013**	68,267	48,250	35,574	143,345
Interest accrued and revaluation of liabilities to banking corporations and others	**145,910**	114,847	(240,587)	(556,257)	379,270
Change in fair value of investment property for investment-linked contracts	**(6,038)**	38,996	15,632	39,041	90,453
Change in fair value of other investment property	**868**	19,533	4,167	7,880	25,229
Share-based payment transactions	**7,558**	-	7,558	-	-
Net loss (profit) from financial investments for insurance contracts and investment contracts, from and investment-linked contracts	**(5,379,872)**	4,532,456	(2,119,112)	(2,911,797)	(2,274,816)
Taxes on income (tax benefit)	**239,384**	(92,510)	120,790	(13,010)	143,274
Net loss (profit) from other financial investments:					
Tradable debt assets	**(107,245)**	(36,825)	(66,930)	(4,243)	(22,223)
Non-tradable debt assets	**(277,106)**	115,443	(102,445)	187,406	102,122
Stocks	**(121,583)**	108,042	(26,369)	24,244	17,373
Others	**(147,031)**	83,766	(12,175)	30,347	(57,954)
Financial investments and investment property for investment-linked contracts:					
Acquisition of investment property	**(103,974)**	(80,885)	(40,388)	(7,734)	(120,998)
Proceeds from the sale of investment property	**96,801**	-	96,801	-	84,473
Acquisitions net of financial investments	**1,615,423**	(2,760,443)	620,058	(1,533,589)	(6,126,484)
Receipts (investments) from the sale of (investment in) available for sale financial assets and investment property in insurance business operations:					
Tradable debt assets	**(383,549)**	612,581	(368,678)	(312,786)	213,935
Non-tradable debt assets	**105,907**	124,236	(19,067)	435,245	275,355
Stocks	**18,983**	(210,498)	15,024	(122,640)	(256,063)
Others	**100,270**	(553,258)	(13,024)	32,419	(717,840)
Acquisition of other investment property	**(42,434)**	(32,782)	(15,830)	(3,159)	(44,228)
Consideration from the sale of other investment property	**16,312**	-	16,312	-	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 Appendix D.

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

Interim Consolidated Cash Flow Reports (Continued)

In Thousands of NIS	For the Six-Month Period Ending June 30 2021	For the Six-Month Period Ending June 30 2020	For the Three-Month Period Ending June 30 2021	For the Three-Month Period Ending June 30 2020	For the Year Ending December 31 2020
	Unaudited				Audited
(a) Cash flows from current activities before taxes on income (Continued)					
Changes in other items in the statement of financial position, net					
Securities held for trading by consolidated companies that are not insurance companies	**(26,587)**	25	**(24,741)**	3	(1,580)
Accounts receivable and debit balances	**(261,707)**	(246,354)	**(654,645)**	1,308,392	171,109
Premiums collectible	**(108,918)**	(119,966)	**(8,291)**	(55,701)	49,196
Accounts payable and credit balances	**(391,385)**	(189,177)	**309,378**	51,351	769,054
Employee benefit liabilities, net	**1,686**	55	**1,236**	2,548	2,940
Total cash flows from operating activities before taxes on income	**4,244,657**	(1,273,694)	**2,429,531**	865,731	(1,295,034)
(B) Cash and cash equivalents at beginning of the period:					
Cash and cash equivalents for investment-linked contracts	**5,273,150**	6,554,645	**5,910,555**	4,783,897	6,554,645
Other cash and cash equivalents	**1,948,922**	2,558,717	**2,804,834**	2,103,470	2,558,717
Balance of cash and cash equivalents at beginning of period	**7,222,072**	9,113,362	**8,715,389**	6,887,367	9,113,362
(C) Cash and cash equivalents at the end of the period:					
Cash and cash equivalents for investment-linked contracts	**8,148,071**	5,294,621	**8,148,071**	5,294,621	5,273,150
Other cash and cash equivalents	**2,807,672**	2,372,082	**2,807,672**	2,372,082	1,948,922
Balance of cash and cash equivalents at the end of the period	**10,955,743**	7,666,703	**10,955,743**	7,666,703	7,222,072
(D) Cash flows with respect to interest and dividends received, included under operating activities:					
Interest received	**950,400**	1,011,895	**631,604**	654,001	2,015,450
Dividend received	**497,831**	184,968	**164,693**	74,980	322,670
(E) First-time consolidation of purchased company:					
Intangible assets	**(78,638)**	-	**(78,638)**	-	-
Fixed assets	**(408)**	-	**(408)**	-	-
Right-of-use asset	**(1,547)**	-	**(1,547)**	-	-
Accounts receivable and debit balances	**(2,687)**	-	**(2,687)**	-	-
Employee benefit liability, net	**6**	-	**6**	-	-
Lease liability	**1,950**	-	**1,950**	-	-
Deferred taxes liabilities	**7,159**	-	**7,159**	-	-
Accounts payable and credit balances	**8,102**	-	**8,102**	-	-
Total investment in acquisition of companies consolidated for the first time	**(66,063)**	-	**(66,063)**		-
Yield transferred	**(74,152)**	-	**(74,152)**	-	-
Cash of purchased company	**8,089**	-	**8,089**	-	-
Total investment in acquisition of companies consolidated for the first time	**(66,063)**	-	**(66,063)**	-	-

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

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 trade on the Tel Aviv Stock Exchange.

The Consolidated Financial Statements as of June 30 2021 (hereinafter: the "**Financial Statements**") include those 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 (the "**Commissioner's Letter**"), in which the Commissioner announced, inter alia, that in light of the changes which occurred in the stake of 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 (the "**Insurance Law**"), and therefore, the Company is required to receive a permit from the Commissioner for the control of Clal Insurance Company ("**Clal Insurance**"). Following the above, on October 19, 2020 the Company received a letter from the Commissioner titled "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 (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 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 letters in question 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 Supervision 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 made clear, further to the reports dated May 6 and 10, 2020 (see section c(1) below), that the holding permit given to Mr. Arkin, with respect to the holding of up to 8% of the Company's shares, and the holding permit 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.

[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 (Continued)

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

Note that in accordance with the information the Commissioner provided the Company, on July 1 2021 the Supervisor granted Mr. Alfred Akirov, Mr. Giorgi Akirov and Mr. Sharon Akirov ("**the Permit Holders**") a permit for the holding of up to 15% of the means of control in the Company and in the institutional bodies controlled by it. Among the other terms of the permit, it was agreed that the permit holders would not carry out any arrangement or agreement with a third party pertaining to the holding of means of control of the permit holders in the company and in the institutional bodies controlled by it, except with the Commissioner's advance written approval. In addition, the permit holders undertook toward the Commissioner not to act alone or with others in a manner that grants them control of the Company, and undertook not to cooperate with some other older of means of control of the Company in the matter of voting to appoint a director or in the matter of the discontinuation of their service or any other matter that will be presented to the General Meeting for a ruling.

It is hereby made clear 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.

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.

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

2.1 Appointment of directors at 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 (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 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].

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.

Note 1: General (Continued)

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 at the Company and at Clal Insurance

2.1 Appointment of directors at Clal Insurance (Continued)

Under these circumstances, he considered it appropriate to determine, in the conditions of the permit for control of Clal Insurance, that without detracting 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 following the announcement of the Chairman of the Board of Directors on the conclusion of his service (see c(1) above), the Company Board of Directors contacted the Commissioner with a preliminary request for their position in connection with the decision by the Company Board of Directors to work to strengthening the Board of Directors of Clal Insurance by appointing additional directors from those serving at 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 letters from the Commissioner in connection with the outline for operating means of control at Clal Insurance that include, among other things, reference to the appointment method of directors at Clal Insurance and at the Company, as detailed 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 Supervision Law, as follows: Clal Insurance will be subject to the provisions regarding an "insurer with no controlling shareholder", including the provisions of sections 41(K) 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 an insurer without a control core [3].

3 On January 12, 2021, the Commissioner announced that the Minister of Finance had appointed the committee, in accordance with the provisions of section 41M of the Control Law, regarding the appointment of directors in Clal Insurance.
The committee's work format shall be determined in accordance with Section 41q of the Supervision Law. The committee members in the matter of Clal Insurance are: Committee chair - the Honorable Judge (Emeritus) Yosef (Sefi) Eilon; Prof. Efraim Tzedaka; Mr. Avraham Rinot; Dr. Rachel Adatto (independent director at Clal Insurance); Prof. Orli Sade Ben Ami (independent director in Clal Insurance).

Note 1: General (Continued)

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 at the Company and at Clal Insurance

2.1 Appointment of directors at Clal Insurance (Continued)

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.

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, and 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 recommending by the Search Committee, and the lack of affiliation, 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 made clear, with respect to directors whose appointment will be recommending 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 detract from the possibility of appointing a person serving as a director in the Company, as a director in Clal Insurance, subject to the Commissioner's discretion. It was further made clear, 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 recommending by the Search Committee will be less than a majority of directors, but a reasonable number, in light of the circumstances.

F. It was made clear 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 detracting from the provisions of the Board of Directors' Circular regarding institutional entities, or from the Commissioner's authorities in general.

G. The Chairman of the Board will be among the candidates recommending by the committee; however, the Board of Directors may elect a chairman who is not among the candidates recommending 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 the deciding vote.

4 Directors proposed by the Gadot Committee for service on the Clal Insurance Board of Directors, shall be seen by the Commissioner as directors proposed by the Search Committee.

Note 1: General (Continued)

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 at the Company and at Clal Insurance

2.1 Appointment of directors at Clal Insurance (Continued)

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 given to the Company, the Search Committee announced its work procedures on January 26, 2021. Following the Search Committee's work procedure, 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. The meeting will be convened on or around September 12, 2021. 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. The call for proposals 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 sent to the Clal Insurance Board of Directors, with the Search Committee recommending eight candidates for directors at Clal Issuance the General Meeting of Clal Insurance, including three directors who expressed their consent to serving as independent directors.

The talks 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.

Note 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.

On December 16, 2020, before the convention of the annual general meeting of Clal Insurance, the Commissioner notified the Company that, in consideration of the fact that the Search Committee's appointment processes had not yet concluded, and in light of the provisions of section 3 of the control outline, in light of the outline, and in light of the Search Committee's responsibilities regarding the appointment of directors in an insurer without a controlling shareholder, it is necessary to wait for the appointment of the Search Committee, before making changes to the Board of Directors of Clal Insurance. Accordingly, no changes were made in the composition of Clal Insurance's Board of Directors in the annual general meeting, and the directors currently holding office remained in their positions, in accordance with the meeting's decision on April 25, 2021, until the date of the annual meeting which is expected to take place in September 2021.

In addition, in light of the conclusion of 3 terms of office of Mr. Yossi Yagil as external director at the Company and at Clal Insurance, and in accordance with the approval of the Commissioner, on May 23 2021 the General Meeting of Calla Insurance decided to appoint Ms. Iris Levenstein, serving as independent director at Clal Pension and Provident, as external director at Clal Insurance.

Note 1: General (Continued)

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 at the Company and at Clal Insurance

2.2 Appointment of Directors at the Company

Taking into account the fact that the Company is a company without a control core, and the Commissioner's directives 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 recommending criteria for the appointment of directors in the Company, and will recommend additional suitable candidates for tenure on the Company's Board of Directors (the "**Company 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 (the "**Call For Proposals**").

The Company's Search Committee initiated meetings with certain shareholders holding at least 1% of the voting rights (according to information in its possession), and who 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.

On January 3, 2021, 3 directors who were recommending by the shareholders, 2 currently serving director, and one outside director who was recommending 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. ("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 ("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 serving outside director to serve as Chair of the Balance Sheet Committee until the end of the year, instead of the departed external directors, the Company Board of Directors believed that from time to time it would see fit to reject the decision to appoint an additional outside director by the end of the year and hold a renewed discussion of the subject, along with the appointment of the regular directors, within the framework of the yearly general meeting that will be held, and therefore the subject was removed from the meeting's agenda.

[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 (Continued)

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 the Company, 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 Company's influence over the actions of Clal Insurance, and over the appointment of officers therein, and in light of the uncertainty regarding the composition of the Board of Directors of Clal Insurance, which will change once the Search Committee's work has concluded. The uncertainty in question 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, 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. Note 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 ending 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 concise 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 made clear 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(b) 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 Six-Month Period Ending					
June 30 2021	**1.6**	**1.4**	**(1.8)**	**1.4**	**2.9**
June 30 2020	(0.8)	(0.7)	0.1	0.3	(6.7)
For the Three-Month Period Ending					
June 30 2021	**0.8**	**1.3**	**(1.0)**	**(2.2)**	**(1.5)**
June 30 2020	(0.7)	(0.2)	(0.4)	(2.8)	(3.3)
For the year ending 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 June 30 2021	**3.875**	**3.260**	**4.518**
As of June 30 2020	3.883	3.466	4.254
As of December 31 2020	3.944	3.215	4.392

Note 3: Principal Accounting Policies

The Group's accounting policy, as applied in the Interim Financial Statements, was unchanged relative to the accounting policy implemented in the annual reports.

a. First-time 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 IFRS 16 Insurance Contracts and Leases, Benchmark interest rate reform Stage 2 (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.	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 that will be affected by the uncertainty due to the reform, the amendment may have a significant impact.

Note 3: Principal Accounting Policies (Continued)

b. Disclosure for new 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 Policy. Changes in Account Estimates and Errors (hereinafter – the Amendment). Accounting Policies, Changes in Accounting Estimates and Errors (hereinafter: the "Amendment"). Accounting estimates are defined as "monetary sums in the Financial Statements subject to uncertainty in measurement. 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 implementation is possible.	Adoption of the amendment is not expected to significantly affect the Group's Financial Statements.
Revision to IAS 12 Taxes on Income	In May 2021 the **IASB** published an amendment to International Accounting Standard 12 Taxes on Income (hereinafter: "**IAS 12**" or "the Standards"), which reduces the incidence of the "initial recognition exclusion" of the deferred taxes presented in Sections 15 and 24 of **IAS 12** (hereinafter: "the Amendment"). Pursuant to the guidelines on recognizing deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax asset and liabilities for certain temporary differences deriving from initial recognition of assets and liabilities in certain transactions. This exclusion is called the "initial recognition exclusion". The Amendment reduces the incidence of the "initial recognition exclusion" and clarifies that it does not apply to recognition of deferred tax assets and liabilities deriving from a transaction that is not a business compilation and due to which temporary differences were created equal in terms of credit and debit even if they meet the remaining conditions of the exclusion.	The standard shall be applied to yearly periods starting January 1, 2023; early implementation is possible. Regarding lease agreements and recognition of liabilities due to disassembly and renovation – the Amendment will be implemented starting from the start of the earliest reporting period presented in the Financial Statements in which the amendment was implemented for the first time, while charging the cumulative impact of the first-time implementation to the surpluses opening balance (or some other capital component, as relevant) as of this date.	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 work ability, 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. General 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 that do not meet the quantitative thresholds for reporting, credit and financing operations, and insurance agencies.

5. Activity Not Allocated to Segments

This activity 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.

Note 4 – Segment-Based Reporting (Continued)

B. Seasonal Factors

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 – Segment-Based Reporting (Continued)

C. Report on Operating Segments

	Long-Term Savings											
	Provident			Pension			Life insurance [1]			Total		
	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
In Thousands of NIS	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	**-**	-	-	**-**	-	-	**3,020,785**	2,851,315	5,728,544	**3,020,785**	2,851,315	5,728,544
Premiums earned by reinsurers	**-**	-	-	**-**	-	-	**77,754**	70,919	146,775	**77,754**	70,919	146,775
Premiums earned on retention	**-**	-	-	**-**	-	-	**2,943,031**	2,780,396	5,581,769	**2,943,031**	2,780,396	5,581,769
Income (loss) from investments, net, and financing income	**99,583**	50,253	118,733	**828**	293	477	**6,667,835**	(3,581,206)	4,592,600	**6,768,246**	(3,530,660)	4,711,810
Income from management fees	**94,404**	86,108	175,360	**149,081**	136,940	280,185	**661,440**	235,666	790,192	**904,925**	458,714	1,245,737
Income from commissions	**-**	-	-	**-**	-	-	**13,118**	19,507	23,653	**13,118**	19,507	23,653
Other income	**255**	304	572	**2**	(3)	-	**-**	-	-	**257**	301	572
Total Revenues	**194,242**	136,665	294,665	**149,911**	137,230	280,662	**10,285,424**	(545,637)	10,988,214	**10,629,577**	(271,742)	11,563,541
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**96,384**	46,470	113,061	**-**	-	-	**9,432,670**	(739,233)	9,759,827	**9,529,054**	(692,763)	9,872,888
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**-**	-	-	**-**	-	-	**(62,678)**	(48,163)	(122,352)	**(62,678)**	(48,163)	(122,352)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**96,384**	46,470	113,061	**-**	-	-	**9,369,992**	(787,396)	9,637,475	**9,466,376**	(740,926)	9,750,536
Commissions, marketing expenses and other acquisition costs	**37,025**	31,265	66,304	**48,494**	46,249	96,644	**350,882**	339,724	674,861	**436,401**	417,238	837,809
Administrative and general expenses	**56,205**	55,253	113,480	**91,140**	81,422	174,362	**190,055**	181,823	394,616	**337,400**	318,498	682,458
Impairment of intangible assets	**-**	-	-	**-**	-	306	**-**	-	1,999	**-**	-	2,305
Other expenses	**1,605**	1,671	4,453	**1,936**	2,294	3,635	**-**	-	-	**3,541**	3,965	8,088
Financing expenses (income)	**(1)**	(5)	3	**87**	86	186	**15,155**	(8,461)	7,488	**15,241**	(8,380)	7,677
Total Expenses	**191,218**	134,654	297,301	**141,657**	130,051	275,133	**9,926,084**	(274,310)	10,716,439	**10,258,959**	(9,605)	11,288,873
Share in the results of investees handled using the equity method, net	**-**	-	-	**88**	(153)	(449)	**1,420**	(2,503)	(2,064)	**1,508**	(2,656)	(2,513)
Profit (loss) before taxes on income	**3,024**	2,011	(2,636)	**8,342**	7,026	5,080	**360,760**	(273,830)	269,711	**372,126**	(264,793)	272,155
Other comprehensive income (loss) before taxes on income	**1,381**	(1,380)	581	**2,648**	(2,992)	951	**205,873**	(20,771)	96,136	**209,902**	(25,143)	97,668
Total comprehensive income (loss) before taxes on income	**4,405**	631	(2,055)	**10,990**	4,034	6,031	**566,633**	(294,601)	365,847	**582,028**	(289,936)	369,823
	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	**2,388,437**	2,373,460	2,372,148	**-**	-	-	**19,776,016**	19,511,360	19,450,556	**22,164,453**	21,884,820	21,822,704
Liabilities with respect to investment-linked insurance contracts and investment contracts	**-**	-	-	**-**	-	-	**84,296,083**	68,388,215	76,314,394	**84,296,083**	68,388,215	76,314,394
1) Total premiums (including pure savings receipts (investment contracts) charged directly to reserve).							**5,424,429**	3,694,093	7,312,561	**5,424,429**	3,694,093	7,312,561

Note 4 – Segment-Based Reporting (Continued)

C. Report on Operating Segments (Continued)

	Health			General			Other		
	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020
In Thousands of NIS	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	**678,152**	652,354	1,296,408	**1,361,543**	1,191,225	2,471,385	**-**	-	-
Premiums earned by reinsurers	**34,794**	30,262	65,602	**687,546**	601,082	1,254,137	**-**	-	-
Premiums earned on retention	**643,358**	622,092	1,230,806	**673,997**	590,143	1,217,248	**-**	-	-
Income (loss) from investments, net, and financing income	**222,503**	(65,018)	128,032	**122,282**	(38,150)	8,882	**921**	2,430	3,284
Income from management fees	**-**	-	-	**-**	-	-	**-**	-	-
Income from commissions	**3,113**	3,093	5,134	**103,846**	95,340	217,740	**77,851**	72,567	145,011
Other income	**-**	-	-	**21**	16	39	**6**	6	17
Total Revenues	**868,974**	560,167	1,363,972	**900,146**	647,349	1,443,909	**78,778**	75,003	148,312
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**518,688**	162,237	619,989	**1,534,335**	694,429	1,500,422	**-**	-	-
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(34,262)**	(52,056)	(130,345)	**(1,018,260)**	(288,081)	(721,604)	**-**	-	-
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**484,426**	110,181	489,644	**516,075**	406,348	778,818	**-**	-	-
Commissions, marketing expenses and other acquisition costs	**256,570**	243,032	510,384	**267,714**	257,890	558,484	**53,625**	52,044	104,882
Administrative and general expenses	**41,996**	35,562	77,761	**40,494**	36,833	82,049	**8,838**	7,994	15,972
Other expenses	**-**	-	-	**-**	-	-	**656**	244	607
Financing expenses (income)	**9,019**	386	5,549	**2,444**	2,570	(2,163)	**399**	413	992
Total Expenses	**792,011**	389,161	1,083,338	**826,727**	703,641	1,417,188	**63,518**	60,695	122,453
Share in the results of investees handled using the equity method, net	**(3)**	(674)	(702)	**609**	(4,132)	(4,292)	**1,226**	299	167
Profit (loss) before taxes on income	**76,960**	170,332	279,932	**74,028**	(60,424)	22,429	**16,486**	14,607	26,026
Other comprehensive income (loss) before taxes on income	**20,132**	(130,766)	(104,511)	**13,376**	(77,271)	26,163	**466**	1,156	2,678
Total comprehensive income (loss) before taxes on income	**97,092**	39,566	175,421	**87,404**	(137,695)	48,592	**16,952**	15,763	28,704

	As of June 30		As of December 31	As of June 30		As of December 31	As of June 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	**2,745,114**	2,770,014	2,783,448	**7,306,882**	6,490,217	6,473,735	**-**	-	-
Liabilities with respect to investment-linked insurance contracts and investment contracts	**1,083,852**	1,038,833	995,436	**-**	-	-	**-**	-	-

Note 4 – Segment-Based Reporting (Continued)

C. Report on Operating Segments (Continued)

In Thousands of NIS	Not allocated to segments – For the Six-Month Period Ending June 30 – 2021 – Unaudited	Not allocated to segments – For the Six-Month Period Ending June 30 – 2020 – Unaudited	Not allocated to segments – For the Year Ending December 31 – 2020 – Audited	Adjustments and Offsets – For the Six-Month Period Ending June 30 – 2021 – Unaudited	Adjustments and Offsets – For the Six-Month Period Ending June 30 – 2020 – Unaudited	Adjustments and Offsets – For the Year Ending December 31 – 2020 – Audited	Total – For the Six-Month Period Ending June 30 – 2021 – Unaudited	Total – For the Six-Month Period Ending June 30 – 2020 – Unaudited	Total – For the Year Ending December 31 – 2020 – Audited
Gross premiums earned	**-**	-	-	**(772)**	(1,119)	(2,037)	**5,059,708**	4,693,775	9,494,300
Premiums earned by reinsurers	**-**	-	-	**-**	-	-	**800,094**	702,263	1,466,514
Premiums earned on retention	**-**	-	-	**(772)**	(1,119)	(2,037)	**4,259,614**	3,991,512	8,027,786
Income (loss) from investments, net, and financing income	**306,503**	(14,829)	198,993	**(242)**	40	(259)	**7,420,213**	(3,646,187)	5,050,742
Income from management fees	**-**	-	-	**523**	431	944	**905,448**	459,145	1,246,681
Income (expenses) from commissions	**-**	-	-	**(39,232)**	(42,260)	(80,270)	**158,696**	148,247	311,268
Other income	**18**	24	15	**5**	-	2	**307**	347	645
Total Revenues	**306,521**	(14,805)	199,008	**(39,718)**	(42,908)	(81,620)	**12,744,278**	953,064	14,637,122
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**-**	-	-	**(1,161)**	(1,011)	(3,450)	**11,580,916**	162,892	11,989,849
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**-**	-	-	**-**	-	-	**(1,115,200)**	(388,300)	(974,301)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**-**	-	-	**(1,161)**	(1,011)	(3,450)	**10,465,716**	(225,408)	11,015,548
Commissions, marketing expenses and other acquisition costs	**-**	-	-	**(39,229)**	(42,265)	(80,270)	**975,081**	927,939	1,931,289
Administrative and general expenses	**32,341**	36,669	74,846	**(471)**	176	817	**460,598**	435,732	933,903
Impairment of intangible assets	**-**	-	187	**-**	-	-	**-**	-	2,492
Other expenses (income)	**(541)**	(310)	367	**-**	-	-	**3,656**	3,899	9,062
Financing expenses	**86,169**	67,777	142,511	**42**	149	133	**113,314**	62,915	154,699
Total Expenses	**117,969**	104,136	217,911	**(40,819)**	(42,951)	(82,770)	**12,018,365**	1,205,077	14,046,993
Share in the results of investees handled using the equity method, net	**136**	(58)	3,148	**-**	-	-	**3,476**	(7,221)	(4,192)
Profit (loss) before taxes on income	**188,688**	(118,999)	(15,755)	**1,101**	43	1,150	**729,389**	(259,234)	585,937
Other comprehensive income (loss) before taxes on income	**168,992**	(39,570)	222,291	**490**	928	2,111	**413,358**	(270,666)	246,400
Total comprehensive income (loss) before taxes on income	**357,680**	(158,569)	206,536	**1,591**	971	3,261	**1,142,747**	(529,900)	832,337

	Not allocated – As of June 30 – 2021 – Unaudited	Not allocated – As of June 30 – 2020 – Unaudited	Not allocated – As of December 31 – 2020 – Audited	Adjustments – As of June 30 – 2021 – Unaudited	Adjustments – As of June 30 – 2020 – Unaudited	Adjustments – As of December 31 – 2020 – Audited	Total – As of June 30 – 2021 – Unaudited	Total – As of June 30 – 2020 – Unaudited	Total – As of December 31 – 2020 – Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	**-**	-	-	**(1,295)**	(2,054)	(992)	**32,215,154**	31,142,997	31,078,895
Liabilities with respect to investment-linked insurance contracts and investment contracts	**-**	-	-	**(19,111)**	(17,108)	(18,466)	**85,360,824**	69,409,940	77,291,364

Note 4 – Segment-Based Reporting (Continued)

C. Report on Operating Segments (Continued)

	Long-Term Savings							
	Provident		Pension		Life insurance 1)		Total	
	For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30	
	2021	2020	2021	2020	2021	2020	2021	2020
In Thousands of NIS	Unaudited							
Gross premiums earned	**-**	-	**-**	-	**1,553,545**	1,359,735	**1,553,545**	1,359,735
Premiums earned by reinsurers	**-**	-	**-**	-	**39,299**	32,787	**39,299**	32,787
Premiums earned on retention	**-**	-	**-**	-	**1,514,246**	1,326,948	**1,514,246**	1,326,948
Income from investments, net, and financing income	**65,911**	29,309	**523**	389	**3,283,759**	3,792,511	**3,350,193**	3,822,209
Income from management fees	**51,794**	42,442	**76,281**	67,176	**278,387**	117,036	**406,462**	226,654
Income from commissions	**-**	-	**-**	-	**3,867**	5,562	**3,867**	5,562
Other income (expenses)	**269**	186	**1**	(2)	**-**	-	**270**	184
Total Revenues	**117,974**	71,937	**76,805**	67,563	**5,080,259**	5,242,057	**5,275,038**	5,381,557
Payments and changes in liabilities with respect to insurance	**66,087**	27,268	**-**	-	**4,728,246**	5,056,602	**4,794,333**	5,083,870
Share of reinsurers in payments and change in liabilities with respect	**-**	-	**-**	-	**(36,083)**	(33,436)	**(36,083)**	(33,436)
Payments and changes in liabilities with respect to insurance	**66,087**	27,268	**-**	-	**4,692,163**	5,023,166	**4,758,250**	5,050,434
Commissions, marketing expenses and other acquisition costs	**19,538**	15,335	**24,932**	21,183	**181,851**	156,414	**226,321**	192,932
Administrative and general expenses	**29,039**	26,181	**46,041**	38,682	**97,193**	87,992	**172,273**	152,855
Other expenses	**779**	841	**927**	1,066	**-**	-	**1,706**	1,907
Financing expenses (income)	**-**	(4)	**52**	25	**8,713**	6,735	**8,765**	6,756
Total Expenses	**115,443**	69,621	**71,952**	60,956	**4,979,920**	5,274,307	**5,167,315**	5,404,884
Share in the results of investees handled using the equity method,	**-**	-	**173**	(219)	**1,230**	(182)	**1,403**	(401)
Profit (loss) before taxes on income	**2,531**	2,316	**5,026**	6,388	**101,569**	(32,432)	**109,126**	(23,728)
Other comprehensive income before taxes on income	**775**	1,253	**1,451**	2,428	**41,003**	28,067	**43,229**	31,748
Total comprehensive income (loss) before taxes on income	**3,306**	3,569	**6,477**	8,816	**142,572**	(4,365)	**152,355**	8,020
1) Total premiums (including pure savings premiums (investment contracts) which were applied directly to reserve)					**3,051,818**	1,594,266	**3,051,818**	1,594,266

Note 4 – Segment-Based Reporting (Continued)

C. Report on Operating Segments (Continued)

	Health		General		Other		Not allocated to segments		Adjustments and Offsets		Total	
	For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
In Thousands of NIS	Unaudited											
Gross premiums earned	**346,203**	316,171	**702,513**	599,065	**-**	-	**-**	-	**(279)**	(681)	**2,601,982**	2,274,290
Premiums earned by reinsurers	**17,924**	15,273	**350,281**	306,635	**-**	-	**-**	-	**-**	-	**407,504**	354,695
Premiums earned on retention	**328,279**	300,898	**352,232**	292,430	**-**	-	**-**	-	**(279)**	(681)	**2,194,478**	1,919,595
Income (loss) from investments, net, and financing income	**115,232**	76,615	**75,319**	14,390	**720**	6	**167,116**	28,360	**(265)**	39	**3,708,315**	3,941,619
Income from management fees	**-**	-	**-**	-	**-**	-	**-**	-	**262**	216	**406,724**	226,870
Income from commissions	**1,547**	1,425	**53,048**	47,881	**40,185**	36,666	**-**	-	**(20,445)**	(20,493)	**78,202**	71,041
Other income	**-**	-	**11**	10	**1**	-	**11**	27	**4**	1	**297**	222
Total Revenues	**445,058**	378,938	**480,610**	354,711	**40,906**	36,672	**167,127**	28,387	**(20,723)**	(20,918)	**6,388,016**	6,159,347
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**220,098**	263,101	**594,506**	337,271	**-**	-	**-**	-	**(638)**	(2,488)	**5,608,299**	5,681,754
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(20,767)**	(30,389)	**(321,562)**	(140,658)	**-**	-	**-**	-	**-**	-	**(378,412)**	(204,483)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**199,331**	232,712	**272,944**	196,613	**-**	-	**-**	-	**(638)**	(2,488)	**5,229,887**	5,477,271
Commissions, marketing expenses and other acquisition costs	**127,674**	115,904	**132,327**	126,579	**27,382**	25,230	**-**	-	**(20,443)**	(20,500)	**493,261**	440,145
Administrative and general expenses	**21,771**	18,054	**20,746**	17,444	**4,137**	3,866	**16,537**	23,895	**(55)**	(2,132)	**235,409**	213,982
Other expenses	**-**	-	**-**	-	**421**	118	**59**	(490)	**-**	-	**2,186**	1,535
Financing expenses (income)	**7,074**	1,068	**(4,581)**	(882)	**192**	185	**48,028**	35,395	**33**	126	**59,511**	42,648
Total Expenses	**355,850**	367,738	**421,436**	339,754	**32,132**	29,399	**64,624**	58,800	**(21,103)**	(24,994)	**6,020,254**	6,175,581
Share in the results of investees handled using the equity method, net	**1**	(430)	**559**	(2,882)	**384**	299	**69**	(1,369)	**-**	-	**2,416**	(4,783)
Profit (loss) before taxes on income	**89,209**	10,770	**59,733**	12,075	**9,158**	7,572	**102,572**	(31,782)	**380**	4,076	**370,178**	(21,017)
Other comprehensive income (loss) before taxes on income	**7,492**	18,529	**17,475**	68,093	**466**	(817)	**98,599**	112,334	**490**	(2,497)	**167,751**	227,390
Total comprehensive income before taxes on income	**96,701**	29,299	**77,208**	80,168	**9,624**	6,755	**201,171**	80,552	**870**	1,579	**537,929**	206,373

Note 4 – Segment-Based Reporting (Continued)

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

	Liability Segments					
	Mandatory Auto			Liabilities and Others Branches 1)		
	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2020	2021	2020	2020
In Thousands of NIS	Unaudited		Audited	Unaudited		Audited
Gross premiums	**310,590**	263,577	531,941	**287,415**	209,273	422,980
Reinsurance premiums	**129,692**	113,620	235,875	**171,443**	93,663	202,609
Premiums on retention	**180,898**	149,957	296,066	**115,972**	115,610	220,371
Change in unearned premium balance, on retention	**(23,992)**	(50,190)	(58,343)	**(10,787)**	(7,819)	(5,945)
Premiums earned on retention	**156,906**	99,767	237,723	**105,185**	107,791	214,426
Income (loss) from investments, net, and financing income	**48,178**	(15,587)	11,462	**49,470**	(15,848)	(1,874)
Income from commissions	**23,526**	25,723	51,183	**11,139**	6,166	14,643
Total Revenues	**228,610**	109,903	300,368	**165,794**	98,109	227,195
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**402,565**	209,258	473,195	**722,569**	158,070	310,703
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(219,490)**	(112,717)	(292,383)	**(609,996)**	(27,774)	(69,017)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**183,075**	96,541	180,812	**112,573**	130,296	241,686
Commissions, marketing expenses and other acquisition costs	**42,584**	35,624	79,450	**48,642**	47,341	99,735
Administrative and general expenses	**6,023**	6,431	15,365	**5,733**	4,151	9,074
Financing expenses (income)	**1,643**	1,963	(104)	**(401)**	3	101
Total Expenses	**233,325**	140,559	275,523	**166,547**	181,791	350,596
Share in the profits (losses) of associate companies, net	**292**	(1,984)	(2,060)	**195**	(1,321)	(1,373)
Profit (loss) before taxes on income	**(4,423)**	(32,640)	22,785	**(558)**	(85,003)	(124,774)
Other comprehensive income (loss) before taxes on income	**4,161**	(31,180)	10,951	**4,253**	(30,490)	10,618
Total comprehensive income (loss) before taxes on income	**(262)**	(63,820)	33,736	**3,695**	(115,493)	(114,156)

	As of June 30		As of December 31	As of June 30		As of December 31
	2021	2020	2020	2021	2020	2020
In Thousands of NIS	Unaudited		Audited	Unaudited		Audited
Liabilities due to Insurance Contracts						
Gross	**2,591,119**	2,336,356	2,433,094	**3,037,680**	2,596,685	2,556,333
Secondary	**1,158,163**	886,651	1,014,270	**1,547,228**	1,105,813	1,079,219
Retention	**1,432,956**	1,449,705	1,418,824	**1,490,452**	1,490,872	1,477,114

1. Other liability branches primarily consist of results of third party liability and employer and executive liability branches, activity in which, in the reporting period and in the year ending December 31, 2020, constituted approximately 78% of total premiums in those branches. The results of the third party liability, professional and employers' liability insurance branches, the activity in which, in the corresponding period last year, constituted approximately 74% of total premiums in those branches.

Note 4 – Segment-Based Reporting (Continued)

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

	Property Branches											
	Auto Property			Credit Insurance			Property and Others Branches [1]			Total		
	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31	For the Six-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
In Thousands of NIS	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums	**416,132**	354,990	686,131	**61,046**	53,960	115,303	**526,894**	464,665	836,014	**1,602,077**	1,346,465	2,592,369
Reinsurance premiums	**48,096**	92,363	178,191	**33,467**	26,964	60,379	**410,960**	354,822	632,139	**793,658**	681,432	1,309,193
Premiums on retention	**368,036**	262,627	507,940	**27,579**	26,996	54,924	**115,934**	109,843	203,875	**808,419**	665,033	1,283,176
Change in unearned premium balance, on retention	**(85,182)**	(9,277)	(1,034)	**(253)**	(487)	(2,293)	**(14,208)**	(7,117)	1,687	**(134,422)**	(74,890)	(65,928)
Premiums earned on retention	**282,854**	253,350	506,906	**27,326**	26,509	52,631	**101,726**	102,726	205,562	**673,997**	590,143	1,217,248
Income (loss) from investments, net, and financing income	**11,563**	(3,433)	1,212	**3,762**	(292)	(310)	**9,309**	(2,990)	(1,608)	**122,282**	(38,150)	8,882
Income from commissions	**3,006**	2,823	6,104	**9,197**	6,582	16,937	**56,978**	54,046	128,873	**103,846**	95,340	217,740
Other income	**-**	-	-	**21**	16	39	**-**	-	-	**21**	16	39
Total Revenues	**297,423**	252,740	514,222	**40,306**	32,815	69,297	**168,013**	153,782	332,827	**900,146**	647,349	1,443,909
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**256,084**	192,331	420,083	**21,612**	53,394	29,986	**131,505**	81,376	266,455	**1,534,335**	694,429	1,500,422
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(74,909)**	(61,914)	(145,265)	**(15,158)**	(35,859)	(18,692)	**(98,707)**	(49,817)	(196,247)	**(1,018,260)**	(288,081)	(721,604)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**181,175**	130,417	274,818	**6,454**	17,535	11,294	**32,798**	31,559	70,208	**516,075**	406,348	778,818
Commissions, marketing expenses and other acquisition costs	**85,308**	79,626	167,588	**6,019**	5,040	10,633	**85,161**	90,259	201,078	**267,714**	257,890	558,484
Administrative and general expenses	**7,867**	8,659	19,819	**10,434**	8,889	18,515	**10,437**	8,703	19,276	**40,494**	36,833	82,049
Financing expenses (income)	**460**	(21)	(390)	**724**	(5)	(1,421)	**18**	630	(349)	**2,444**	2,570	(2,163)
Total Expenses	**274,810**	218,681	461,835	**23,631**	31,459	39,021	**128,414**	131,151	290,213	**826,727**	703,641	1,417,188
Share in the profits (losses) of associate companies, net	**55**	(372)	(386)	**-**	-	-	**67**	(455)	(473)	**609**	(4,132)	(4,292)
Profit (loss) before taxes on income	**22,668**	33,687	52,001	**16,675**	1,356	30,276	**39,666**	22,176	42,141	**74,028**	(60,424)	22,429
Other comprehensive income (loss) before taxes on income	**1,298**	(6,415)	3,185	**2,586**	(3,407)	(1,565)	**1,078**	(5,779)	2,974	**13,376**	(77,271)	26,163
Total comprehensive income (loss) before taxes on income	**23,966**	27,272	55,186	**19,261**	(2,051)	28,711	**40,744**	16,397	45,115	**87,404**	(137,695)	48,592

	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31
	2021	2020	2020	2021	2020	2020	2021	2020	2020	2021	2020	2020
In Thousands of NIS	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities due to Insurance Contracts												
Gross	**561,502**	477,034	474,510	**62,786**	89,467	53,640	**1,053,795**	990,675	956,158	**7,306,882**	6,490,217	6,473,735
Secondary	**104,976**	115,085	124,808	**33,281**	51,162	26,528	**765,975**	693,155	677,081	**3,609,623**	2,851,866	2,921,906
Retention	**456,526**	361,949	349,702	**29,505**	38,305	27,112	**287,820**	297,520	279,077	**3,697,259**	3,638,351	3,551,829

1. Property and other branches primarily include the results of the business property, apartment and engineering insurance branches, the activity in which during the reporting period and in the corresponding period last year constitutes some 80% and in the year ending December 31 2020, constitutes approximately 78% of the total premiums in these branches.

Note 4 – Segment-Based Reporting (Continued)

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

	Liability Segments				Property Branches							
	Mandatory Auto		Liabilities and Others Branches [2]		Auto Property		Credit Insurance		Property and Others Branches [1]		Total	
	For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Three-Month Period Ending June 30	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
In Thousands of NIS	Unaudited											
Gross premiums	**146,744**	118,643	**157,072**	117,112	**182,183**	149,140	**31,606**	26,895	**288,100**	249,413	**805,705**	661,203
Reinsurance premiums	**62,710**	52,823	**101,047**	71,405	**20,548**	39,222	**17,225**	13,539	**236,252**	201,543	**437,782**	378,532
Premiums on retention	**84,034**	65,820	**56,025**	45,707	**161,635**	109,918	**14,381**	13,356	**51,848**	47,870	**367,923**	282,671
Change in unearned premium balance, on retention	**8**	(13,751)	**(2,674)**	7,147	**(12,977)**	10,964	**(261)**	78	**213**	5,321	**(15,691)**	9,759
Premiums earned on retention	**84,042**	52,069	**53,351**	52,854	**148,658**	120,882	**14,120**	13,434	**52,061**	53,191	**352,232**	292,430
Income (loss) from investments, net, and financing income	**29,865**	6,330	**30,700**	5,969	**7,418**	1,299	**1,496**	(702)	**5,840**	1,494	**75,319**	14,390
Income from commissions	**12,540**	12,017	**5,601**	3,318	**1,478**	1,554	**4,837**	3,383	**28,592**	27,609	**53,048**	47,881
Other income	**-**	-	**-**	-	**-**	-	**11**	10	**-**	-	**11**	10
Total Revenues	**126,447**	70,416	**89,652**	62,141	**157,554**	123,735	**20,464**	16,125	**86,493**	82,294	**480,610**	354,711
Payments and changes in liabilities with respect to insurance contracts and investment contracts, on a gross basis	**174,882**	105,871	**171,592**	107,994	**141,013**	77,994	**8,675**	8,498	**98,344**	36,914	**594,506**	337,271
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(83,590)**	(50,739)	**(115,334)**	(27,219)	**(38,807)**	(27,868)	**(5,785)**	(7,237)	**(78,046)**	(27,595)	**(321,562)**	(140,658)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**91,292**	55,132	**56,258**	80,775	**102,206**	50,126	**2,890**	1,261	**20,298**	9,319	**272,944**	196,613
Commissions, marketing expenses and other acquisition costs	**24,839**	17,543	**21,502**	23,891	**45,086**	41,185	**3,109**	2,511	**37,791**	41,449	**132,327**	126,579
Administrative and general expenses	**2,537**	3,077	**3,586**	2,082	**2,891**	3,894	**5,421**	4,307	**6,311**	4,084	**20,746**	17,444
Financing expenses (income)	**(2,167)**	56	**(438)**	(18)	**(62)**	(53)	**(426)**	(894)	**(1,488)**	27	**(4,581)**	(882)
Total Expenses	**116,501**	75,808	**80,908**	106,730	**150,121**	95,152	**10,994**	7,185	**62,912**	54,879	**421,436**	339,754
Share in the profits (losses) of associate companies, net	**269**	(1,384)	**179**	(922)	**50**	(259)	**-**	-	**61**	(317)	**559**	(2,882)
Profit (loss) before taxes on income	**10,215**	(6,776)	**8,923**	(45,511)	**7,483**	28,324	**9,470**	8,940	**23,642**	27,098	**59,733**	12,075
Other comprehensive income before taxes on income	**6,358**	26,752	**6,504**	26,769	**1,795**	5,336	**1,322**	3,732	**1,496**	5,504	**17,475**	68,093
Total comprehensive income (loss) before taxes on income	**16,573**	19,976	**15,427**	(18,742)	**9,278**	33,660	**10,792**	12,672	**25,138**	32,602	**77,208**	80,168

1. Property and other branches primarily consist of the results of the business property, apartment and engineering insurance branches which in the three-month period ending on the reporting date and in the corresponding period last year constitutes some 81%-82%, respectively of the total premiums in these branches.
2. Other liabilities branches largely consist of the results of third party liability branches and professional and executive liabilities, which in the three-month period ending on the report date and in the corresponding period last year constituted approximately 79% and 76%, respectively of total premiums in those branches.

Note 4 – Segment-Based Reporting (Continued)

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

Data For the Six-Month Period Ending June 30 2021 (Unaudited)

In Thousands of NIS	Life insurance policies that include a savings component (including riders) by policy issue date:				Life insurance policy without risk savings component sold as an individual policy		
			From 2004				
	Until 1990 [1]	By 2003	Not Yield-Dependent	Yield-Dependent	Individual	Collective	Total
Gross premiums:	**83,488**	**782,810**	**(543)**	**1,787,147**	**340,998**	**27,536**	**3,021,436**
Receipts with respect to investment contracts charged directly to insurance reserves	**-**	**-**	**-**	**2,403,644**	**-**	**-**	**2,403,644**
Financial margin including management fees [2]	**179,926**	**512,646**	**2,479**	**146,838**	**-**	**-**	**841,889**
Payments and change in liabilities with respect to insurance contracts, gross	**699,507**	**4,729,897**	**(5,029)**	**3,488,653**	**184,320**	**29,820**	**9,127,168**
Payments and change in liabilities with respect to investment contracts	**-**	**-**	**(2,377)**	**307,879**	**-**	**-**	**305,502**
Total comprehensive income (loss)	**183,396**	**459,090**	**6,928**	**(94,761)**	**7,718**	**4,262**	**566,633**

Data For the Six-Month Period Ending June 30 2020 (Unaudited)

In Thousands of NIS	Life insurance policies that include a savings component (including riders) by policy issue date:				Life insurance policy without risk savings component sold as an individual policy		
			From 2004				
	Until 1990 [1]	Until 2003	Non-Yield-Dependent	Yield-Dependent	Individual	Collective	Total
Gross premiums:	87,516	798,018	375	1,616,841	317,375	31,134	2,851,259
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	842,782	-	-	842,782
Financial margin including management fees [2]	23,787	109,747	(295)	124,047	-	-	257,286
Payments and change in liabilities with respect to insurance contracts, gross	237,158	(1,511,853)	1,459	475,061	189,906	15,915	(592,354)
Payments and change in liabilities with respect to investment contracts	-	-	8	(146,887)	-	-	(146,879)
Total comprehensive income (loss)	75,049	(248,627)	(7,002)	(55,820)	(57,089)	(1,112)	(294,601)

Note 4 – Segment-Based Reporting (Continued)

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

Data For the Six-Month Period Ending June 30 2021 (Unaudited)

	Life insurance policies that include a savings component (including riders) by policy issue date:				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
In Thousands of NIS	By 1990 [1)]	By 2003	Not Yield-Dependent	Yield-Dependent	Individual	Collective	Total
Gross premiums:	41,341	392,370	(747)	934,713	173,086	14,075	1,554,838
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	1,497,788	-	-	1,497,788
Financial margin including management fees [2)]	38,186	204,905	2,659	76,179	-	-	321,929
Payments and change in liabilities with respect to insurance contracts, gross	484,055	2,210,616	(5,888)	1,775,888	87,675	10,230	4,562,576
Payments and change in liabilities with respect to investment contracts	-	-	(2,402)	168,072	-	-	165,670
Total comprehensive income (loss)	11,112	169,668	7,564	(59,405)	8,424	5,209	142,572

Data for the Three-Month Period Ending June 30 2020 (Unaudited)

	Life insurance policies that include a savings component (including riders) by policy issue date:				Life insurance policy without risk savings component sold as an individual policy		
			From 2004				
In Thousands of NIS	By 1990 [1)]	By 2003	Not Yield-Dependent	Yield-Dependent	Individual	Collective	Total
Gross premiums:	40,280	384,153	256	764,635	159,144	10,755	1,359,223
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	234,535	-	-	234,535
Financial margin including management fees [2)]	73,374	53,709	(16)	61,817	-	-	188,884
Payments and change in liabilities with respect to insurance contracts, gross	175,294	2,639,463	1,337	1,971,845	111,683	3,746	4,903,368
Payments and change in liabilities with respect to investment contracts	-	-	17	153,217	-	-	153,234
Total comprehensive income (loss)	100,829	(57,131)	(3,878)	(33,951)	(14,108)	3,874	(4,365)

Data for the Year Ending December 31 2020 (Audited)

	Life insurance policies that include a savings component (including riders) by policy issue date:				Life insurance policy without risk savings component sold as an individual policy		
			From 2004				
In Thousands of NIS	By 1990 [1)]	By 2003	Not Yield-Dependent	Yield-Dependent	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 change 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 change 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) were primarily guaranteed-return, and are primarily backed by designated debentures.

(2) The financial margin including profits (losses) from investments charged to other comprehensive income, does not include other Company revenues charged as a share of the premium and calculated before the deduction of investment management expenses.
The financial margin in guaranteed-return policies is based on income from actual investments for the reported year, less a multiple of the guaranteed rate of return per year, times the average reserve for the year in the various insurance funds.
In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of decreasing the attribution to savings in the Company's systems.

Note 4 – Segment-Based Reporting (Continued)

F. Additional Details Regarding The Health Insurance Segment

Data For the Six-Month Period Ending June 30 2021 (Unaudited)

	Long-Term Care		Health – other **)		
In Thousands of NIS	Individual 1)	Collective	Long-term	Short-term	Total
Gross premiums	**131,124**	**19,246**	***) 515,582**	***)14,809**	**680,761**
Payments and changes in liabilities with respect to insurance contracts, gross	**232,243**	**24,091**	**254,212**	**8,142**	**518,688**
Other comprehensive income (loss)	**79**	**12**	**21,204**	**(1,163)**	**20,132**
Total comprehensive income (loss)	**24,452**	**33,417**	**44,122**	**(4,899)**	**97,092**

*) Of which, individual premiums in the amount of NIS 484,450,000 and collective premiums in the amount of NIS 45,941,000.
**) 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 Six-Month Period Ending June 30 2020 (Unaudited)

	Long-Term Care		Health – other **)		
In Thousands of NIS	Individual 1)	Collective	Long-term	Short-term	Total
Gross premiums	134,744	20,875	*)482,723	*)10,520	648,862
Payments and changes in liabilities with respect to insurance contracts, gross	(110,103)	62,406	202,896	7,038	162,237
Other comprehensive income (loss)	(48,492)	(49,712)	(31,648)	(914)	(130,766)
Total comprehensive income (loss)	91,255	(71,744)	21,553	(1,498)	39,566

*) Of which, individual premiums in the amount of NIS 440,853,000 and collective premiums in the amount of NIS 52,390,000.
**) 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 Three-Month Period Ending June 30 2021 (Unaudited)

	Long-Term Care		Health – other **)		
In Thousands of NIS	Individual 1)	Collective	Long-term	Short-term	Total
Gross premiums	**65,535**	**9,634**	***)261,215**	***)11,339**	**347,723**
Payments and changes in liabilities with respect to insurance contracts, gross	**59,404**	**22,264**	**133,086**	**5,344**	**220,098**
Other comprehensive income (loss)	**79**	**12**	**7,876**	**(475)**	**7,492**
Total comprehensive income (loss)	**68,869**	**9,049**	**20,067**	**(1,284)**	**96,701**

*) Of which, individual premiums in the amount of NIS 247,808,000 and collective premiums in the amount of NIS 24,746,000.
**) 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 Three-Month Period Ending June 30 2020 (Unaudited)

	Long-Term Care		Health – other **)		
In Thousands of NIS	Individual 1)	Collective	Long-term	Short-term	Total
Gross premiums	67,275	9,908	*)237,263	*)152	314,598
Payments and changes in liabilities with respect to insurance contracts, gross	132,277	38,446	92,310	68	263,101
Other comprehensive income (loss)	(1,975)	919	18,036	1,549	18,529
Total comprehensive income (loss)	(19,945)	(5,060)	54,234	70	29,299

*) Of which, individual premiums in the amount of NIS 216,660,000 and collective premiums in the amount of NIS 20,755,000.
**) 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 Ending December 31 2020 (Audited)

	Long-Term Care		Health – other **)		
In Thousands of NIS	Individual 1)	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)	186,697	(88,880)	78,655	(1,051)	175,421

*) Of which, individual premiums in the amount of NIS 788,547,000 and collective premiums in the amount of NIS 195,694,000.
**) 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).(1).(a) to the Financial Statements on the matter of interest.

Note 5: Financial Instruments

A. Assets for Yield-Dependent Contracts

1. Composition:

In Thousands of NIS	As of June 30 2021	As of June 30 2020	As of December 31 2020
	Unaudited	Unaudited	Audited
Investment property *)	**3,056,653**	3,139,259	3,043,442
Financial investments			
Tradable debt assets	**22,980,667**	24,831,488	24,263,517
Non-tradable debt assets	**7,692,543**	6,278,439	6,696,981
Stocks	**24,556,255**	14,337,197	19,770,339
Other financial investments	**19,333,745**	15,178,324	20,067,924
Total financial investments *)	**74,563,210**	60,625,448	70,798,761
Cash and cash equivalents	**8,148,071**	5,294,621	5,273,150
Other **)	**683,903**	862,624	449,172
Total assets for investment-linked contracts	**86,451,837**	69,921,952	79,564,525

*) Measured at fair value via gain/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 on Fair Value

a. Fair value of financial assets divided by levels:

In Thousands of NIS	As of June 30 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
Financial investments:				
Tradable debt assets	**19,704,909**	**3,275,758**	**-**	**22,980,667**
Non-tradable debt assets	**-**	**7,661,026**	**31,517**	**7,692,543**
Stocks	**22,894,011**	**-**	**1,662,244**	**24,556,255**
Other financial investments *)	**11,091,191**	**2,174,032**	**6,068,522**	**19,333,745**
Total financial investments	**53,690,111**	**13,110,816**	**7,762,283**	**74,563,210**
*) Of this, with respect to derivatives	**145,764**	**724,704**	**-**	**870,468**

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

In Thousands of NIS	As of June 30 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
Financial investments:				
Tradable debt assets	21,224,298	3,607,190	-	24,831,488
Non-tradable debt assets	-	6,236,017	42,422	6,278,439
Stocks	13,439,520	-	897,677	14,337,197
Other financial investments *)	9,629,707	1,310,914	4,237,703	15,178,324
Total financial investments	44,293,525	11,154,121	5,177,802	60,625,448
*) Of this, with respect to derivatives	13,483	490,944	-	504,427

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

In Thousands of NIS	As of December 31 2020			
	Level 1	Level 2	Level 3	Total
	Audited			
Financial investments:				
Tradable debt assets	21,244,064	3,019,453	-	24,263,517
Non-tradable 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 this, 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 (Continued)

A. Assets for Yield-Dependent Contracts (Continued)

2. Additional Information on Fair Value (Continued)

b. Financial Assets Measured at Fair Value at Level 3

In Thousands of NIS	Non-Tradable 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 profits recognized in profit and loss:	**6,597**	**297,479**	**798,707**	**1,102,783**
Acquisitions	**1,059**	**420,945**	**960,416**	**1,382,420**
Sales	**-**	**-**	**(320,462)**	**(320,462)**
Redemptions	**(4,927)**	**-**	**-**	**(4,927)**
Interest and dividend receipts	**(222)**	**(11,151)**	**(8)**	**(11,381)**
Reclassification between investment channels *)	**-**	**(85,711)**	**85,711**	**-**
Transfers from Level 3 **)	**(15,415)**	**(107,620)**	**-**	**(123,035)**
Balance as of June 30 2021	**31,517**	**1,662,244**	**6,068,522**	**7,762,283**
Total profits for the period included under profit and losses for financial assets held as of June 30 2021	**5,495**	**270,443**	**798,771**	**1,074,709**

In Thousands of NIS	Non-Tradable 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	(11,636)	34,003	(84,659)	(62,292)
Acquisitions	-	134,501	806,653	941,154
Sales	-	-	(192,615)	(192,615)
Redemptions	(10,915)	-	-	(10,915)
Interest and dividend receipts	(3,907)	(17,798)	(446)	(22,151)
Balance as of June 30 2020	42,422	897,677	4,237,703	5,177,802
Total profits (losses) for the period included under profit and losses for financial assets held as of June 30 2020	(11,968)	34,003	(79,148)	(57,113)

In Thousands of NIS	Non-Tradable Debt Assets	Stocks	Other Financial Investments	Total
	Unaudited			
Balance as of April 1 2021	**31,689**	**1,542,127**	**5,518,630**	**7,092,446**
Total income (loss) recognized in the statement of income	**3,865**	**(8,339)**	**180,579**	**176,105**
Acquisitions	**243**	**292,364**	**486,102**	**778,709**
Sales	**-**	**-**	**(202,500)**	**(202,500)**
Redemptions	**(4,105)**	**-**	**-**	**(4,105)**
Interest and dividend receipts	**(175)**	**(4,303)**	**-**	**(4,478)**
Reclassification between investment channels *)	**-**	**(85,711)**	**85,711**	**-**
Transfers from Level 3 **)	**-**	**(73,894)**	**-**	**(73,894)**
Balance as of June 30 2021	**31,517**	**1,662,244**	**6,068,522**	**7,762,283**
Total income (loss) for the period included under profit and loss with respect to financial assets held as of June 30 2021	**3,015**	**(9,368)**	**180,579**	**174,226**

*) During the reported period, non-material reclassification took place of a number of assets from shares to other financial investments.

**) For assets for which the start of the quote began and which were transferred from Level 3.

Note 5: Financial Instruments (Continued)

A. Assets for Yield-Dependent Contracts (Continued)

2. Additional Information on Fair Value (Continued)

b. Financial Instruments Measured at Fair Value at Level 3 (Continued)

In Thousands of NIS	Non-Tradable Debt Assets	Stocks	Other Financial Investments	Total
	Unaudited			
Balance as of April 1, 2020	54,970	866,160	4,252,430	5,173,560
Total income (loss) recognized in the statement of income	(3,522)	17,364	(239,429)	(225,587)
Acquisitions	-	27,301	322,649	349,950
Sales	-	-	(97,947)	(97,947)
Redemptions	(6,635)	-	-	(6,635)
Interest and dividend receipts	(2,391)	(13,148)	-	(15,539)
Balance as of June 30 2020	42,422	897,677	4,237,703	5,177,802
Total profits (losses) for the period included under profit and losses for financial assets held as of June 30 2020	(3,689)	17,364	(233,841)	(220,166)

In Thousands of NIS	Non-Tradable 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 profits (losses) for the period included under profit and losses for financial assets held as of December 31 2020	(7,127)	90,424	36,434	119,731

B. Other Financial Investments

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

In Thousands of NIS	As of June 30 2021 Book Value	As of June 30 2021 Fair value
	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	**16,139,565**	**26,196,585**
Other non-convertible debt assets	**5,109,967**	**5,908,643**
Deposits in banks	**1,014,305**	**1,130,788**
Total non-tradable debt assets	**22,263,837**	**33,236,016**
Impairments charged to Statement of Income (cumulative)	**53,353**	

In Thousands of NIS	As of June 30 2020 Book Value	As of June 30 2020 Fair value
	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	16,304,863	27,198,130
Other non-convertible debt assets	5,208,427	5,716,460
Deposits in banks	716,888	823,532
Total non-tradable debt assets	22,230,178	33,738,122
Impairments charged to Statement of Income (cumulative)	86,089	

Note 5: Financial Instruments (Continued)

B. Other Financial Investments

1. Non-tradable debt assets – composition and fair value): (Continued)*

	As of December 31 2020	
	Book Value	Fair value
In Thousands of NIS	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-tradable debt assets	22,092,629	33,386,713
Impairments charged to Statement of Income (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 projected repayment date.

2. Additional Information on Fair Value

a. Fair value of financial assets divided by levels

The table below presents an analysis of the financial assets measured at fair value, on a timing basis, using assessment methodology according to the various levels of the hierarchy. For details regarding the hierarchy levels, see Note 2(e)(3) to the Annual Financial Statements.

	As of June 30 2021			
	Level 1	Level 2	Level 3	Total
In Thousands of NIS	Unaudited			
Financial investments:				
Tradable debt assets	**6,037,332**	**142,256**	**-**	**6,179,588**
Non-tradable debt assets	**-**	**2,399**	**-**	**2,399**
Stocks	**1,155,211**	**-**	**834,463**	**1,989,674**
Other financial investments *)	**1,260,961**	**102,321**	**2,535,745**	**3,899,027**
Total financial investments	**8,453,504**	**246,976**	**3,370,208**	**12,070,688**
*) Of this, with respect to derivatives	**5,560**	**102,321**	**-**	**107,881**

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

	As of June 30 2020			
	Level 1	Level 2	Level 3	Total
In Thousands of NIS	Unaudited			
Financial investments:				
Tradable debt assets	5,137,543	88,322	-	5,225,865
Non-tradable debt assets	-	2,605	-	2,605
Stocks	991,099	-	355,916	1,347,015
Other financial investments *)	969,818	80,432	1,992,159	3,042,409
Total financial investments	7,098,460	171,359	2,348,075	9,617,894
*) Of which, with respect to derivatives	1,108	80,432	-	81,540

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
In Thousands of NIS	Audited			
Financial investments:				
Tradable debt assets	5,735,154	88,593	-	5,823,747
Non-tradable 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 this, 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 (Continued)

B. Other Financial Investments (Continued)

2. Additional Information on Fair Value (Continued)

b. Financial assets measured at fair value at Level 3:

In Thousands of NIS	Stocks	Other Financial Investments	Total
		Unaudited	
Balance as of January 1 2021	**546,540**	**2,151,421**	**2,697,961**
Total profit (loss) recognized:			
Under profit and loss	**(1,457)**	**91,560**	**90,103**
Under other comprehensive income	**165,141**	**176,662**	**341,803**
Acquisitions	**182,768**	**373,689**	**556,457**
Sales	**(3,313)**	**(289,284)**	**(292,597)**
Interest and dividend receipts	**(4,830)**	**(11)**	**(4,841)**
Reclassification between investment channels [1]	**(31,708)**	**31,708**	**-**
Transfers from Level 3 [2] [3]	**(18,678)**	**-**	**(18,678)**
Balance as of June 30 2021	**834,463**	**2,535,745**	**3,370,208**
Total income (loss) for the period included under profit and loss with respect to financial assets held as of June 30 2021	**(1,789)**	**85,498**	**83,709**

In Thousands of NIS	Stocks	Investments Financial Others	Total
		Unaudited	
Balance as of January 1 2020	318,978	1,805,874	2,124,852
Total profit (loss) recognized:			
Under profit and loss	(1,869)	(13,746)	(15,615)
Under other comprehensive income	16,445	11,657	28,102
Acquisitions	36,994	308,707	345,701
Sales	-	(120,224)	(120,224)
Interest and dividend receipts	(14,632)	(109)	(14,741)
Balance as of June 30 2020	355,916	1,992,159	2,348,075
Total losses for the period included under profit and loss with respect to financial assets held as of June 30 2020	(1,869)	(11,336)	(13,205)

In Thousands of NIS	Stocks	Investments Financial Others	Total
		Unaudited	
Balance as of April 1 2021	**714,858**	**2,278,371**	**2,993,229**
Total profit (loss) recognized:			
Under profit and loss	**(5,008)**	**18,334**	**13,326**
Under other comprehensive income	**57,831**	**62,206**	**120,037**
Acquisitions	**119,291**	**231,531**	**350,822**
Sales	**(3,313)**	**(86,405)**	**(89,718)**
Interest and dividend receipts	**(2,825)**	**-**	**(2,825)**
Reclassification between investment channels [1]	**(31,708)**	**31,708**	**-**
Transfers from Level 3 [3]	**(14,663)**	**-**	**(14,663)**
Balance as of June 30 2021	**834,463**	**2,535,745**	**3,370,208**
Total income (loss) for the period included under profit and loss with respect to financial assets held as of June 30 2021	**(3,045)**	**18,334**	**15,289**

1) During the reported period, non-material reclassification took place of a number of assets from shares to other financial investments.
2) For assets for which the start of the quote began and which were transferred from Level 3.
3) For an investment that became to be handled using the book value method

Note 5: Financial Instruments (Continued)

B. Other Financial Investments (Continued)

2. Additional Information on Fair Value (Continued)

b. Financial Instruments Measured at Fair Value at Level 3 (Continued)

In Thousands of NIS	Stocks	Other Financial Investments	Total
		Unaudited	
Balance as of April 1, 2020	346,169	1,921,430	2,267,599
Total profit (loss) recognized:			
Under profit and loss	225	4,717	4,942
Under other comprehensive income	6,400	(16,138)	(9,738)
Acquisitions	9,550	132,006	141,556
Sales	-	(49,770)	(49,770)
Interest and dividend receipts	(6,428)	(86)	(6,514)
Balance as of June 30 2020	355,916	1,992,159	2,348,075
Total profits for the period included under profit and losses for financial assets held as of June 30 2020	225	7,150	7,375

In Thousands of NIS	Stocks	Investments Financial Others	Total
		Audited	
Balance as of January 1 2020	318,978	1,805,874	2,124,852
Total profit (loss) 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 profits (losses) for the period included under profit and losses for financial assets held 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 further details, see Note 9(a) to the Annual Financial Statements.

C. Financial Liabilities

1. Fair value composition:

	As of June 30 2021		As of June 30 2020		As of December 31 2020	
In Thousands of NIS	Book Value	Fair Value	Book value	Fair Value	Book value	Fair Value
	Unaudited				Audited	
Financial liabilities presented at fair value via gain/loss:						
Liability with respect to derivative financial instruments, short sales, and repurchase obligations (REPO) *)	**591,715**	**591,715**	215,636	215,636	462,365	462,365
Loans from banking corporations [1]	**-**	**-**	111,938	117,501	111,938	113,169
Tradable deferred letters of undertaking	**3,973,133**	**4,235,636**	3,980,157	4,058,782	3,983,043	4,245,354
Total financial liabilities presented and at depreciated cost	**3,973,133**	**4,235,636**	4,092,095	4,176,283	4,094,981	4,358,523
Less interest payable for deferred letters of undertaking presented under payables and credit balances	**32,234**		33,032		33,572	
Total financial liabilities	**4,532,614**	**4,827,351**	4,274,699	4,391,919	4,523,774	4,820,888
*) Of this for yield-dependent liabilities	**164,328**	**164,328**	109,435	109,435	295,326	295,326

1. The loan was repaid in full via early redemption on March 16 2021, in accordance with the terms of the loan.

Note 5: Financial Instruments (Continued)

C. Financial Liabilities (Continued)

2. Fair Value of Financial Liabilities, Divided by Levels

The following table presents an analysis of the financial liabilities measured in fair value on a temporal basis, using an assessment system in accordance with the various hierarchical levels. For details on the hierarchal, levels, see Note 2(e)(3) to the Annual Financial Statements.

	As of June 30 2021			
	Level 1	Level 2	Level 3	Total
In Thousands of NIS	Unaudited			
Derivatives	**38,119**	**191,189**	**-**	**229,308**
Repurchase obligation (REPO)	**362,407**	**-**	**-**	**362,407**
Total financial liabilities	**400,526**	**191,189**	**-**	**591,715**

	As of June 30 2020			
	Level 1	Level 2	Level 3	Total
In Thousands of NIS	Unaudited			
Derivatives	7,786	207,850	-	215,636
Total financial liabilities	7,786	207,850	-	215,636

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

D. Assessment Techniques and Assessment Processes Implemented at the Company

Non-tradable debt assets *)

Fair value is calculated in accordance with a model based on the current value received from discounting tax flows, in accordance with a discountable interest rate. Fair value of debentures is calculated according to an actuary estimated life span and by capitalizing projected cash flows, based on the risk-free interest curve.

*)The discount rates for calculating the fair value of non-tradable debt assets, determined by discounting the estimated cash flows expected due to them, are primarily based on the yield of government debentures and the margins of corporate debentures as measured on the Tel Aviv Securities Exchange. The price quotes and the interest rates which were used for capitalization purposes are determined by the "Fair Margin" Group, a company that provides price quotes and interest rates for institutional entities for revaluating non-tradable debt assets. The Fair Margin model is based on dividing the tradable market by tenths in accordance with the yield for redemption of debt assets and determining the location of the non-tradable assets in those tenths, in accordance with the risk premium derived from the prices of transactions/offerings on the non-tradable market.

For further details, see Notes 3(f)(1) and 14(f)(3), (4) to the Annual Financial Statements.

Note 6: Capital Management and Requirements

a. *The Company's dividends and capital management and capital requirements:*

Following that stated in Note 16(c) and (d) to the Annual Statements, the distributable retained earnings as of the report date, in accordance with the Companies Law, totals NIS 4 billion. The dividend distribution option is also influenced by the capability of investees to distribute dividends subject to their capital requirements and liquidity needs.

b. *Solvency II based economic solvency regime applicable to Group insurance companies:*

The insurance companies in the Group are subject to the provisions of the Solvency II-based economic solvency regime in accordance with the Economic Solvency Regime Implementation Directives.

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.

On March 14 2021 the Commissioner's Letter was published, which deferred the reporting and publication date of the economic solvency ratio report as of December 31 2020 to June 30 2021. It was also decided that the companies may not publish an economic solvency report for June 30 2021.

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

In accordance with the economic solvency regime, according to the calculation carried out as of December 31 2020, the insurance companies are in compliance with the capital requirements, and even have a capital surplus beyond the capital requirement according to the provisions for the distribution period and the stock scenario adjustment.

The calculation that 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 occasionally based on assumptions regarding future events, on management's actions and on the future development pattern of the risk margin, which will not necessarily be realized or which will be realized in a manner different from the assumptions serving as the basis of 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.

The auditors' special report noted that they had not evaluated the adequacy of the amount of the discount 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 directed 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 further details, see Section 2.2.3 of the Board of Directors' Report.

Note 6: Capital Management and Requirements (Continued)

c. Setting the Capital Goal

Following that stated in Note 16(e)(7) to the Annual Financial Statements, in June 2021 the Board of Directors of the subsidiary, Clal Insurance Company Ltd. ("Clal Insurance") discussed the subject to the capital policy of Clal Insurance and decided that Clal Insurance's policy is to hold a stable base of capital with the goal of ensuring its solvency and its ability to uphold its obligations to the policy holders and preserve its ability to continue with its business activity so that it may generate a yield for its shareholders and in order to support future business activity.

Accordingly, the Board of Directors of Clal Insurance set capital management goals according to which the target rate for the economic redemption ability of Clal Insurance will be in the 150%-170% range. In addition, a minimum solvency ratio goal of 135% was set.

These goals are for the solvency ratio taking into account the discount sum in the deployment period to the end of 2032.
The solvency ratio of Clal Insurance, without taking the transition directives into account, will be built in accordance with these goals by the end of 2032.

The capital management policy and the capital goals are dynamic and may be updated in the future in accordance with Clal Insurance's risk appetite and developments in its business environment, and in any event no certainty exists regarding the repayment ability in practice, the results of which may differ.

Note that the current policy is in lieu of the policy published in March 2020 and does not pertain to dividend distribution goals at this stage

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 claims against the Group's member companies.

The following claim sums are presented at sums that are accurate as of their filing date, as noted by the plaintiffs, unless noted otherwise.

a. Class Actions

In recent years, as part of a general trend in the markets in which the Group is active, significant growth has been evident in the scope of motions to approve class actions filed against Group companies as well as the amount of suits against Group companies the courts accept as class actions. The trend in question, which derives, among other things, from the passing of the Class Actions Law, 2006 (hereinafter: "**the Law**"), from multiple claims and from the court's approach, significantly increases the Company's potential exposure to losses as a result of ruling against Group companies in class actions filed against them.

A class action as defined by law is a suit administered in the name of an anonymous group of human beings, who did not provide the representing plaintiff with power of attorney in advance, and which raise material issues regarding facts or law shared by all Group companies.

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 in a suit as detailed in law or in a matter a legal provision expressly establishes that a class action can be filed for. Note that since the start of 2006, the definition of a suit pursuant to which a motion can be filed to approve a class action against the Group companies, is a broad definition and includes any matter between a company and a customer, whether or not they have engaged in a transaction.

For a suit to be approved as a class action, the plaintiff must prove (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". Here, the Court examines whether the plaintiff has an alleged chance of winning their suit at the conclusion of the trial; (3) that the grounds of the suit raise material questions of fact or law that are shared by a certain group; (4) there is a reasonable possibility that the shared questions are ruled in the suit in favor of the Group; (5) the class action is the most effective and fair way of ruling on the dispute covered by the suit, under the circumstances; (6) the plaintiff's suitability to serving as the representative plaintiff and their legal counsel's suitability to represent them in the suit.

As a rule, the process of determining whether a suit can be a class action may include 4 stages: Stage A - filing 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.

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[6] Note that, as a rule, 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 (see chapter D in section 13(c) of the periodic report for 2020) for details regarding profit in accordance with 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 made clear that the gain/loss 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 in which a claim that 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. In addition, 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 (Continued)

a. Class Actions (Continued)

Note 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; to remedies which were approved and those 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 remark within the framework of the Insurance Companies' 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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
1.	3/2010 District - Center	Clal Insurance	The plaintiff claims that Clal Insurance unlawfully an improperly used the Financial Services Supervision Law (Provident Funds), 2008 ("the 3rd Amendment") which stated that they deposited in provident funds starting 2008 can be withdrawn as a stipend only and not as a capital withdrawal (withdrawal in a one-time sum). The plaintiff claims that upon converting the capital policies owned by a policy holder, prior to the 3trd Amendment, for policies not paying to a stipend, Clal Insurance needed to link to the policy the stipend coefficient that had been promised to the policy holder in the stipend policy in their possession, while in practice Clal Insurance chose to attach to the converted capital policy a new stipend coefficient, in accordance with the life span that existed in 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. Alternately, to compel Clal Insurance and the remaining members of the group to make a provision of the full pension savings funds, retroactively starting from when the 3rd Amendment came into effect (January 2008) and from a prospective basis, to the stipend policy with the excess stipend coefficient. 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, an annuity factor[7] 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 June 2011, the Commissioner's position was submitted, through the Attorney General of Israel, according to which an insurance company is not required to provide annuity factors which were determined in the past, or to transfer policyholders' funds to the fixed-payment policy which they had in the past. It was also noted regarding the question whether the sum from which the deposits were calculated can be changed to the level of the salary, it was decided that this dependent on each policy's specific terms and that the plaintiff's policy does not have a provision that compels Clal Insurance to change the sum of the deposits or the deposit rates. 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 approved for it by the Capital Market Authority, and that it would not be appropriate to retroactively replace the discretion exercised by the Authority on this matter.	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[8].

[7] 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.
[8] The specified amount refers to the plaintiff's estimate for just one year of damage. Note that the claim was filed in March 2010, with respect to a legislative amendment from 2008.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
2.	4/2010 District - Center	Clal Insurance and additional insurance companies	The plaintiffs claim that in the event of the discontinuation of the insurance over the course of the month, after the insurance premium for that month had been collected by the defendants in advance, the defendants avoid repaying the policy holders the excess relative portion of the insurance premium for that month, or alternately, they are repaying the insurance premium in nominal sums 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 ruled to reject the motion to approve against all of the defendants regarding most of the claims, including: (a) that a relative premium repayment must be carried out in the event of the insurance event; (b) that a relative premium repayment must be carried out in the event of the cancellation of the policy, when the text of the policy does not stipulate Section 10 of the Insurance Contract Law, 1981, as written, in the period relevant to the suit; (c) that the repaid insurance fees must be attached to a positive index only and not to a negative one; (d) that the insurance fees musty be repaid plus special interest; in addition, it rejected, against Clal Insurance only, the motion to approve regarding the claim of non-payment of relative insurance fees in insurance policies featuring a stipulation of Section 10 of the Insurance Contract Law and in which it was decided that the policy's cancellation will come into effect immediately, in the absence of evidentiary infrastructure (hereinafter: "**the Relative Repayment Claim**"). The motion to approve the suit as a class action was accepted against all of the defendants, regarding anyone who is or was covered by an insurance policy, with the exception of a property insurance policy, who had cancelled an insurance contract, or whose insurance policy was cancelled as a result of the insurance event, from April 2003 to March 14 2012, and from whom insurance fees were charged for the months after the cancellation month, and were repaid at their nominal value with no linkage and interest differences in accordance with the Insurance Contract Law (hereinafter: "**the Nominal Repayment Claim**"). In September 2016 a settlement agreement was submitted to the District Court ("the Settlement") according to which the plaintiffs undertake to donate sums overcharged by virtue of the relative repayment claim and additional sums by virtue of the nominal repayment claim to public causes, at partial rates set in the settlement agreement and in accordance with a ruling of an investigator appointed by the Court within the framework of the Settlement. In February 2017 and in March 2017 positions were received from the Consumer Council and the Attorney General, respectively, which do not object to the Settlement as a whole but rather propose revisions to the Settlement, among other things regarding the manner of the monetary repayment to the group and regarding the types of policies the Settlement will apply to. 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 sum claimed by all of the plaintiffs against all of the defendants in the class action is 225 million NIS, for 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 (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
3.	5/2013 District - Tel Aviv	Clal Insurance and additional insurance companies	The plaintiff contends that the defendants are in breach of 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. Alternately, linkage differences must be paid from the date of the insurance event at the payment date in practice and interest starting from 30 days from the delivery of the suit to the payment date of insurance proceeds in practice.	To compel the defendants to pay the Group members linkage differences and interest for the short payment made. 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 ruled that it would rule on the motion in its verdict.	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 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 August 2016, the defendants withdrew, with the approval of the Supreme Court, a motion for leave to appeal filed by them in October 2015, which primarily involved an objection to the ruling 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 that blocks the filing of the motion to approve, and does not afford protection to the defendants, with the parties reserving all of their claims with respect to the main proceedings.	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 (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
3. (Continued)						In February 2021 a partial ruling was made, in which the court ruled to accept the class action, and compelled the defendants to repay the class members for the interest difference, as detailed in the ruling (hereinafter: "**the Ruling**"). In accordance with the Ruling, it was decided that the "suit delivery date" from which the 30 day race begins, after which linked interest would be added to the insurance proceeds in accordance with Section 28(a) of the Insurance Contract Law, 1981 (hereinafter: "**the Insurance Contract Law**"), is the date on which a request was first received at the insurance company or at the insurance agent, whichever comes earlier, indicating the fact that the policy holder, third party or beneficiary (hereinafter: "**the Entitled Parties**") are interested in receiving the insurance proceeds, with no need to add any document. 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 ruled that the class's definition would include all of the Entitled Parties who, over the course of the period, starting three years prior to filing the claims (filed against Clal Insurance in May 2013), and ending on the date of the Ruling, received from the defendants, not in accordance with a ruling on their matter, insurance proceeds without having interest added in accordance with the law. 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 Mau 2021 the defendants appealed the verdict before the Supreme Court. In July 2021 the Supreme Court ruled to defer the proceedings at the District Court, including on the matter of appointing an expert to carry out the ruling, until the appellant process is concluded.	

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
4.	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 Supervision 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 submitted his position on the case, pursuant to which he accepted the position of the insurance companies. In July 2016 the court approved the suit as a class action. The class approved is anyone who entered into an insurance contract with the defendants or any of them and was charged for sub-annual payments for the following components: regarding the savings components in "mixed" life insurance saved by Clal Insurance in the past, regarding a "policy element" that is a fixed monthly sum added to the premium intending to cover expenses, and regarding health, disability, severe illness, loss of work ability and long-term care policies (hereinafter: "**the Collection Components**"). The Court's ruling weas made in spite of the position of the Insurance Commissioner given at the request of the Court, as noted above. The claim was not approved with respect to other types of policies (hereinafter, jointly: the "**Decision**"). 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 plaintiffs filed a motion to appeal the ruling to approve the class action before the Supreme Court (hereinafter: "**the Motion to Appeal**"), and in May 2018 the Supreme Court received the Motion to Appeal, discussed it as an appeal and issued a ruling accepting the appeal and rejecting the suit accordingly. In June 2018 the plaintiffs filed a motion for an additional hearing on the ruling, regarding some of the statements contained therein. In July 2019, a decision was given to approve holding an additional discussion on this matter, before an expanded 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 made in the ruling, based on the adoption of the Capital Market Authority's interpretive position. In July 2021 a ruling was made on the petition for an additional hearing, stating that the ruling that approved the suit as a class action would be restored, so that the request for approval would be accepted and the case returned to the District Court for a hearing on the class action.	In February 2010 the parties reached a settlement according to which the plaintiff's claims that Clal Insurance have overcharged a sub-annual rate in connection with insurance policies issued before 1992 would be stricken from the motion and the suit, and that Clal Insurance had charged a maximum sub-annual rate even when the number of payments was lower than twelve installments. Accordingly, the sum claimed from Clal Insurance was amended and set at NIS 398.2 million.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
5.	5/2011 District - Center	Clal Insurance and additional insurance companies	According to the plaintiff, in life insurance integrated with savings, the defendants collected from policyholders, without any basis in the policies and without consent, sums 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 sum equal to the Policy Factor sum that was collected from the class members in practice, with the addition of the returns which were withheld from them with respect to this amount due to the fact that the amount 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. In addition, the Court decided to approve, on a partial basis, the administration of the suit as a class action, only regarding life insurance policies involving savings prepared between 1982 and 2003 (regarding Clal Insurance, in "Adif", "Meitav" and "Profile" policies), with the savings accumulated in favor of the policy holders in these policies harmed due to the collection of a policy element, on the grounds of violating the insurance policy, due to the collection of the policy element, in such a manner to harm the savings accumulated for the policy holders, for the period starting seven years prior to filing the suit, 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 sum 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 to appeal, in accordance with the proposal of the Supreme Court, and therefore the process is in the claim management stage at the District Court. The parties are conducting mediation proceedings between them, and concurrently, evidentiary proceedings have begun before the District Court.	The plaintiff's suit is for the policy element charged from them in 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. Of this sum, a total of 662 million NIS is attributed to Clal Insurance, based on its claimed market share.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	*Date and Instance*	*Defendants*	*Main Arguments and Grounds of Action*	*Primary Remedies*	*Represented Class*	*Status/Additional Details*	*Sum of Claim*
6.	7/2014 District - Center	Clal Insurance	The plaintiff claims that Clal Insurance was overcharging insurance fees, in mandatory and/or third party and/or comprehensive policies of the "designated driver" type (hereinafter: "**the Policy**"), in cases in which the youngest driver expected to use the vehicle on a regular basis (hereinafter: "**the Driver**") would be reaching an age and/or driving seniority during the insurance period from which Clal charges reduced insurance fees (hereinafter, respectively: "**Crediting Age**" and "**Crediting Seniority**"). 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 establish that Clal Insurance needs to calculate the insurance fees for the policies as detailed in the motion: to compel Clal Insurance to initiate disclosure of various items of information as detailed in the motion; to prohibit Clal Insurance from collecting administrative fees or any other payments from the policy holder for the issue of a new mandatory insurance certificate, when the new issuing is required for no fault of the policy holder; to compel Clal Insurance to compensate the classes' members for damages caused them, plus linkage and interest differences as required by law from the overcharging date to the date of the compensation and/or repayment in practice; to compel Clal Insurance to repay to the class members all of the wealth Clal Insurance created on account of the class members. To order the issue of any other remedy in favor of the groups or public compensation, as the court sees fit under 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 the Court ruled to reject the plaintiff's arguments, except in the matter of the claim on the existence on a common practice on updating policies and repaying surplus insurance fees, regarding which the motion to approve the suit 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 summations, as part of handling the claim.	The total sum of the suit included in the class action was estimated by the plaintiff at a total of 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, for a period of 11 years.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
7.	11/2014 District - the Economic Department in Tel Aviv	Bank of Jerusalem Ltd. (hereinafter: "**Bank of Jerusalem**").	The plaintiff claims that Clal Finance Betucha Investments Management Ltd. ("Clal Betucha"), which had merged with and into the Bank of Jerusalem, in its role as portfolio management, had carried out transactions for its customers with securities of the IUDB Group, preferring its interests and that of various companies in the IDB Group to the interests of its customers, in violation of the law. The plaintiff contends that Clal Betucha 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.	Issue an order to Clal Betucha to provide details and data on the (alleged) damage caused to each of the group members as well as to compel the Bank of Jerusalem to compensate the class members for the full damage, or alternately, set a different remedy for the class members, in whole or in part.	Anyone who received investment management services from Clal Betucha, pursuant to which they purchased securities issued by companies included in the IDDB Corporation, without receiving their advance approval for any transaction, and as a result of the purchase in question, damage was caused them. 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 a court ruling was issued approving the management of the suit as a class action against Clal Betucha, and concurrently, it rejected the motion to approve the suit against defendants who had served as directors at Clal Finances Betucha, on the grounds that they had violated their prudence obligation towards the class members. The class members, as set in the ruling, are "Anyone who received investment management services from Clal Finances Betucha Investment Management Ltd. (cancelled due to merger) ("Betucha") and pursuant to the portfolio management Betucha (or their representative) purchased securities for them, as defined in the Investment Advising Occupation Arrangement law, Marketing Investments and Managing Investment Portfolios, 1995 (hereinafter: "**the Advice Law**"), issued by any of the corporations that belonged to the IDB Corporation (as defined below) at the time of the purchase, without receiving their advance approval for any such transaction, and damage was caused as a result of the purchase in question." 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: So as to remove all 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." The ruling also stated that the class would include anyone whose account featured purchases of securities as noted above in the period of up to 7 years prior to the filing of the request to approve to the date on which the merger agreement between Clal Betucha and the Bank of Jerusalem was completed. The grounds of the claim 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 Betucha to the Bank of Jerusalem, according to which the Company has an undertaking to indemnify, which may be activated if and when the Bank of Jerusalem is found legally liable in connection with the aforementioned claim, and subject to the terms of the agreement between the parties[9]. The parties are conducting mediation proceedings. The proceedings are currently in the claim management 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.

[9]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 (Continued)

a. Class Action Suites (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
8.	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, to 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 over collected, 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 claimed remedy is payment of insurance benefits to the class members. The claimed remedies are the repayment of surplus premiums sums charged by Clal Insurance, according to the plaintiffs, beyond the sums set in the policy, as well as 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 management 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 (Continued)

a. Class Action Suits (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
9.	9/2015 District - Center	Clal Insurance and three other insurance companies	According to the plaintiffs, when the defendants give scores for the "incontinence" action as part of the examination of a claim for insurance proceeds in a long-term care policy, they have adopted a policy according to which in order to recognize a policy holder's claim for "incontinence" it needs to be a result of urological or gastroenterological illnesses or problems only, instead of giving points for the action when the source of the poor medical and functional state of the policy holder due to which they are "incontinent" can be an illness, accident or medical problem that are not urological or gastrological in nature.	To compel the defendants to compensate the class members for the full amount of damage caused them due to their alleged violations of the agreement and carry out the agreement on a prospective basis and alternately, order the issue of any other remedy the court sees fit under the circumstances.	Anyone who had been insured with long-term care insurance sold by the defendants (or their heirs, as the case may be) and who suffered from poor health and functionality as a result of an illness or accident or health problem, as a result of which they had no control of their bodily functions and/or made regular use of a stoma or catheter for their bladder, or diapers or absorption pads of various sorts, and despite the above had not received from the defendants (as the case may be) points for the "incontinence" component in such a manner that would harm their 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 class approved is anyone who had been insured with long-term care insurance, and who had lost their ability to control their bowels or bladder, as a result of the combination of any problem with sphincter control that does not reach the level of organic incontinence with an inferior level of functionality, and despite the above did not receive points from the insurance company for the "incontinence" action within the framework of the examination of their claim for long-term care proceeds, in such a manner that harms their rights to insurance proceeds in the period between September 8 2012 and the date of the approval of the 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.	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 (Continued)

a. Class Action Suits (Continued)

a1. Material claims for which class action status was approved (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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 over collected 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 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 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 over collected from the class members. The proceedings are currently in the claim management 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 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 (Continued)

a. Class Action Suits (Continued)

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

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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", while active planholders 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 Court's request, in September 2017 the Commissioner submitted his position, which stated, among other things, in accordance with the law and the July 2014 circular, management fees could have been collected in the stipend receipt period at a rate lower than 0.5% and the defendants had no regulatory notice obligation on increase in management fees when the planholders 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 performed until now, amount to NIS 2,800 million. The sums in question are claimed with respect to all of the defendants.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	*Date and Instance*	*Defendants*	*Main Arguments and Grounds of Action*	*Primary Remedies*	*Represented Class*	*Status/Additional Details*	*Sum of Claim*
2.	11/2014 District - Center	Clal Insurance, Tmura Insurance Agency (1987) Ltd. (hereinafter: "**Tmura**") and against an additional insurance company and an additional insurance agency.	According to the plaintiffs, who hold credit cards from IsraCard and Israel Credit Cards ("CAL"), and who attempted to operate the credit cards' basic policy, granted for free, during the conversation they were sold a product that was not an expansion, addition or increase of the basic policies, but rather a regular policy sold at full price, so that the same person was insured twice, from the same shekel in all matters pertaining to the overlapping coverages in both 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 the IsraCard and CAL credit cards who were entitled to receive overseas travel insurance with no need for added payments, who had purchased in the past seven years overseas 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 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
3.	7/2015 District - Tel Aviv	Clal Insurance	he 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 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)(8) above, was approved (the "**Prior Proceedings**"). Due to the fact that a decision in the prior proceedings has implications for 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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
4.	9/2015 District - Tel Aviv	Clal Pension and Provident Funds Ltd. and four additional managing companies of pension funds	According to the plaintiffs, planholders in the pension funds managed by the defendants, the mechanism for repaying agents and middlemen with commissions, at a share of the management fees charged from the planholders, as was practiced by the defendants, constitutes violation of the fidelity obligation towards the planholders in the provident funds managed by the defendants, and leads to the collection of improperly high management fees by the defendants.	To order the defendants to change the mechanism for compensation of agents, and to repay to the members the management fees which were over collected from them.	Members of provident funds managed by the defendants, from whom management fees were collected while providing a commission to agents 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 damage to the class members as a whole at a sum of NIS 2 billion, reflecting damage of NIS 300 billion per year since 2008.
5.	10/2015 District - Center	Clal Insurance	The plaintiff raises arguments against the definition of "disability" in the accident disability policy, which he claims creates a lack of clarity, as well as against the terms of the policy demanding the receipt of "reasonable proof within one year of the accident date, and in this context it was claimed that despite the fact that the Company had received "reasonable proof" of the permanent disability of policy holders due to an accident which occurred beginning in June 2009, it paid them reduced insurance benefits or rejected their claim 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.	Anyone who had been insured by Clal Insurance in accident disability policies which despite the fact that Clal Insurance had received "reasonable proof" of their permanent disability as a result of an accident occurring starting June 2009, they paid them reduced insurance benefits due to their disability or rejected their claim for insurance benefits due to their disability on the grounds listed in the claim, in whole or in part.	In July 2016, following the announcement of the class action attorney who agreed to withdraw the claim in limine, the Court dismissed the suit in limine In September 2016, an appeal was filed before the Supreme Court on behalf of the class action plaintiff against the ruling dismissing the suit. 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 amending 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 amending 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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 over-collected 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 Alternately, 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 in Lod	Clal Pension and Provident Funds Ltd. and five 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 sum of the class action claim was not quantified in the statement of claim; however, in accordance with an actuarial opinion 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
8.	8/2016 District Court – Tel Aviv (1) 10/2016 District Labor Court - Jerusalem (2) 11/2016 Labor Court - Jerusalem (3) 12/2016 District Court – Tel Aviv (4) 7/2019 District Court – Tel Aviv (5)	Clal Pension and Provident Funds Clal Insurance "Atudot" – Pension Fund for Employees and the Self-Employed Ltd. (a subsidiary of Clal Insurance (50% stake) (hereinafter: "**Atudot**").	The interest of the five plaintiffs in the suit is that the defendants charge from planholders in the pension funds, in the Tamar provident funds, in the education fund under their management and in the executive insurance policies, in addition to management fees, also "investment management fees" (hereinafter: "**Direct Expenses**"), in the absence of a contractual directive allowing them to charge these expenses in violation of the fund's bylaws.	The plaintiffs in the five claims request to order the defendants to reimburse the direct expense amounts which were over collected 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 over collected 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.	The planholders in the pension funds, in the education fund, in the Clal Tamar provident funds managed by the defendants and executive insurance policy holders who have had investment management expenses charged from them in the seven years prior to the filing of the relevant suit.	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. Note 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 rulings the Attorney General position was attached to Proceedings 1-4. It also ordered a stay of all of these motions until the Supreme Court has reached a decision regarding the motion for leave to appeal. In June 2021 notice was filed on behalf of the Attorney General, in which an update was provided according to which an interim report was published for public remarks (defined as a draft report) from the Advisory Council to the Capital Markets Commissioner on the subject of examining direct expenses, and according to him, these matters have no implications on the decision in the legal proceedings and he asked to specify their position to the court, regarding that stated in the report, within 30 days.	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 Tamar provident fund, the amount of the class action was set, on an estimated 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 estimated 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
9.	9/2016 District - Tel Aviv	Clal Insurance and three other insurance companies	The plaintiffs claim 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 over collected, 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 sum 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 court received the position oof the Capital Markets, Insurance and Savings Authority, which as a rule supports 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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 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 precise data regarding the class's aggregate data, estimate the damage at tens of millions of NIS at the minimum, if not more.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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 at tens of thousands of NIS per plaintiff.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

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 policy holder and/or beneficiary and/or third party, of any type of insurance, who upon filing the insurance claim had not fixed the damage claimed for, and who had received from the insurance company insurance benefits and/or indemnification for the damage without the insurance benefits include the VAT component applicable to the correction.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. Note that a claim and a motion to approve it as a class action, on the same grounds, were filed in the past against the Company and three additional insurance companies, and were struck out on procedural grounds.	The plaintiff estimates the compensation owned the class members from Clal Insurance for each year at 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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
14.	3/2018 Regional Labor Court of 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.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. In October 2020, a decision was given which accepted the motion of the Israel Consumer Council to attach its position and to join the proceedings.	The statement of claim stated that the plaintiffs are unable to estimate, at this point, the rate of cumulative damages incurred by all of the class members.
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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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.
17.	6/2019 Regional Labor Court of Tel Aviv	Clal Insurance	The plaintiff contends that the defendant systematically reduces the benefits of loss of work ability insurance which it pays to its policyholders by virtue of loss of work ability 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 work ability 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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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 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 (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	*Date and Instance*	*Defendants*	*Main Arguments and Grounds of Action*	*Primary Remedies*	*Represented Class*	*Status/Additional Details*	*Sum of Claim*
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. Thus, the plaintiff argues, Clal Insurance is violating the provisions of the policy, as well as additional legislation, and is systematically misleading the policy holders. In addition, the plaintiff claims that the payment request for the sub-annual addition is a discriminatory condition in a uniform 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

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
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**"), at rates that 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.	120 million NIS
21.	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 over collected 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 that 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.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiff has not estimated, at this stage, the cumulative damage incurred by all class members.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	*Date and Instance*	*Defendants*	*Main Arguments and Grounds of Action*	*Primary Remedies*	*Represented Class*	*Status/Additional Details*	*Sum of Claim*
22.	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 preschool 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. Note that motions and claims 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
23.	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 regarding non-monetary remedies is all of the policy holders in provident funds or in insurance plans in which money is reposited by employers and/or employees for less of work ability insurance and/or insurance in the case of death or any other insurance risk. The represented class in the matter of the monetary remedies is: (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 at 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 sum of the class action is estimated, conservatively, according to the plaintiff, at no less than NIS 7 million per year. The plaintiff contends that no prescription of any kind whatsoever should 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
24.	4/2020 District Court Tel Aviv-Jaffa	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 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. Alternately, for 8 of the companies sued (which do not include Clal Insurance), the damage was claimed at NIS 720,000). The applicants note that the damage will continue to accumulate so long as collection is not halted.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
25.	4/2020 District Court Tel Aviv-Jaffa	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 over collected 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 comes first, in such a manner 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 involving an evaluation of 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)(24) above, and will remain regarding apartment insurance only.	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 (Continued)

a. Class Action Suits (Continued)

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	*Date and Instance*	*Defendants*	*Main Arguments and Grounds of Action*	*Primary Remedies*	*Represented Class*	*Status/Additional Details*	*Sum of Claim*
26.	4/2020 District Court Center	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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
27.	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 over collected 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 work ability, 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 noting 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.
28.	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 calculation 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 also exclude from entitlement to an annuity minors who were not diagnosed, in a documented medical diagnosis, before reaching 12 months of age, is invalid. Additionally, a 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 diagnosis in their first 12 months of 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.

Note 7: Contingent Liabilities and Claims (Continued)

a. *Class Action Suits (Continued)*

a2. *Pending motions to approve class action status for material claims (Continued):*

Serial Number	*Date and Instance*	*Defendants*	*Main Arguments and Grounds of Action*	*Primary Remedies*	*Represented Class*	*Status/Additional Details*	*Sum of Claim*
29.	9/2020 District Court Haifa	Clal Insurance	The plaintiff contends that Clal Insurance is not fulfilling its obligations, and is repaying to its policyholders amounts that 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 premiums, plus interest and linkage.	All holders of individual and collective health insurance policies of Clal Insurance, including health insurance and including extending 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, and who received a lower amount than the amount which was owed to them in accordance with 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 (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
30.	9/2020 District Court Center	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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
31	3/2021 District Court Haifa	Clal Insurance	The suit claims that Clal Insurance is violating 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.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The total damage claimed for all of the class members, in the plaintiff's estimate, amounts to a total of NIS 200 million.
32.	4/2021 District Court Tel Aviv-Jaffa	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 are claiming personal damage to the sum of 2,000 NIS for each of the members of the class and estimate the aggregate damage of all of the class members at sums reaching millions of NIS.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a2. Pending motions to approve class action status for material claims (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
33.	7/2021 District Court Tel Aviv-Jaffa	Clal Insurance and 6 additional companies	The suit deals with the issue that upon receiving an annuity from a policy participating in investment profits issued between 1991 and 2004 the defendants deduct from the monthly yield, accumulated for the balance of the redemption balance, yearly interest of 2.5% (or any other rate), without contractual anchoring in the terms of the policy and in violation of the law.	The primary remedies claimed pursuant to the suit are a declaratory order according to which deduction of interest from the monthly yield constitutes violation of the policies, and alternately, a declaratory remedy according to which this is a discriminatory term in a uniform contract and a motion to instruct that it be negated, to order the repayment of the sums deducted from the monthly annuity of the class members, plus linkage and interest differences, from seven years prior to the date the suit was filed and until the final ruling on as well as to order the defendant to cease deducting the interest from the monthly yield.	The defendants' policy holders, who purchased a life insurance policy from the defendants that includes savings accumulation participating in investment profits, issued between 1991 and 2004, from which interest was deducted and/or will be deducted at a rate not noted in the policy on the basis of the policy provision according to which the monthly annuity sum would change "on a monthly basis on the results of the investments less the interest according to which the sum of the monthly annuity was calculated and the provisions appropriate to this matter 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 are claiming personal damage to the sum of 1000 NIS for each of the representing plaintiffs and estimate the aggregate damage of all of the class members at sums exceeding (by a great deal) NIS 2.5 million.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until its signing[10].

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
1.	5/2015 District - Jerusalem	Clal Insurance and an additional insurance company	The plaintiff claims that after years in which his late mother was insured with a group life insurance policy, sold by Clal Insurance to the Netiv Pension Fund Pensioners Association – South and Center (hereinafter: "**the Association**" and "**the Policy**", respectively), and paid premiums as required, Clal Insurance unilaterally and unlawfully cancelled the policy, as it was losing money, and failed to repay the premiums it collected. 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 had held the policy for Clal Insurance, which was cancelled on March 2 2014, as well as all policy holders from who Clal Insurance charged a premium 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 remedy requested is payment of insurance benefits to the class members. In August 2021 a ruling was made (hereinafter: "**the Ruling**") in which the court accepted the suit, and stated that Clal Insurance and the Association had failed to alert the policy holders properly on the cancellation of the group insurance policy. Accordingly, Clal Insurance was required to pay the beneficiaries of the pensioners insured with the policy, who had passed away from the date the policy was cancelled (May 1 2014) to the end of the insurance period (April 30 2016), their insurance proceeds in accordance with the policy (at a sum of 11,500 NIS for each pensioner to pass), less the premiums the pensioner would have paid for the period from the cancellation of the policy to their death, plus interest and linkage differences as required by law after 30 days from the policy holder's death. In addition, remuneration and fees were ruled for the plaintiffs and their representatives. In the matter of a later claim was filed against Clal Insurance and against the Association in 2020, with respect to the same policy, see Note 7a(a3)(4) 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.

[10] 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 above 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.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until its signing:

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
2.	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 February 2020, the position of the Capital Market, Insurance and Savings Authority regarding the proceedings was received, which, in general, supported the position of Clal Insurance, and in which it was primarily stated that the returns which the insurance company is required to credit to policyholders are as agreed upon in the policy, and that there is no undertaking by the insurance company towards the state to credit minimum returns to policyholders. The Capital Market Authority's position also supported the Company's position regarding the date from which interest should be paid with respect to a delay in redemption. A court ruling was given in June 2021 rejecting the motion to approve the suit as a class action.	The suit 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 (Continued)

a. Class Action Suits (Continued)

a3. Material class actions, material claims and motions to approve class action status for material claims which concluded during the reporting period, until its signing (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
3.	4/2020 District Court Haifa	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 court ruling was given rejecting the motion to approve the suit 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 applicants note that the damage will continue to accumulate so long as collection is not halted.

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a3. Material class actions, material claims and motions to approve class action status for material claims which concluded during the reporting period, until its signing (Continued):

Serial Number	Date and Instance	Defendants	Main Arguments and Grounds of Action	Primary Remedies	Represented Class	Status/Additional Details	Sum of Claim
4.	8/2020 District Court Jerusalem	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.	Note, in connection with the policy, that a previous motion to approve a claim as a class action was filed against Clal Insurance, which was approved (on this matter, see section a(a3)(1) above (hereinafter: the "**Previous Claim**")). Accordingly, based on the Company's preliminary assessment, the requested remedies in the claim overlap, to a certain degree, with the remedies which were requested in the previous claim. In April 2021, Clal Insurance filed a motion to summarily dismiss the motion. In July 2021 the plaintiff filed a notice on their consent to demand the dismissal of the suit out of hand, and in August 2021 the court approved the motion to dismiss the suit out of hand and charged the applicant for expense at non-material sums.	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 (Continued)

a. Class Action Suits (Continued)

a4. Presented below are additional details regarding exposure to immaterial class actions 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 299 million[12]. (Compared to 17 suits to the sum of 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 note that as of the reporting date, negotiations are being conducted 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 suits at 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. The parties agreed to conduct mediation proceedings.

   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. This and more, in the areas in question, the policies will remain valid for tens of years, and therefore there is exposure to the fact that in those cases in which the customer's argument is accepted and new interpretation is made for that stated in the policy, that company's future profitability will also be influenced by the existing policy portfolio. This is in addition to compensation that may be given customers for past activities.

   According to the 2015 amendment to the Control of Financial Services (Insurance) Law, 1981, and supplementary arrangements, various provisions and restrictions were established regarding provisions that should or should not be included in insurance plans, and provisions pertaining to a reduction of the exclusions that may be included in the policies (hereinafter and jointly: "**Insurance Plan Reform**").

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

[12] The above 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 amount does in question 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 (Continued)

a. Class Action Suits (Continued)

a4. The following are additional details regarding exposure to immaterial class actions which have not yet been filed and to additional expenses (Continued):

2. (Continued)

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 derives, among other things, from the complexity of the products in question, which are characterized by a very long life span, and which are subject to material, complex and frequent changes, including changes in regulatory directives and in taxation. 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 that 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 that 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 (Continued)

a. Class Action Suits (Continued)

a4. The following are additional details regarding exposure to immaterial class actions which have not yet been filed and to additional expenses (Continued):

2. (Continued)

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. At the same time, 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), added operational difficulty to the association of the deposits to the various pension products of policyholders and planholders.

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 intending to guarantee that the recording of members' and policyholders' rights in the information systems is complete, accessible and retrievable, with reference to the gaps that 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 intending 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 engagements 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.

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

Note 7: Contingent Liabilities and Claims (Continued)

a. Class Action Suits (Continued)

a4. The following are additional details regarding exposure to immaterial class actions which have not yet been filed and to additional expenses (Continued):

2. (Continued)

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 made clear 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.

Note 7: Contingent Liabilities and Claims (Continued)

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. Note 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. Note that the above amount does not include claims for which the representative plaintiff has not stated an amount. Furthermore, it is hereby made clear 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.

Type of claim	Number of Claims	The Sum Claimed In Millions of NIS
	Unaudited	
A. Claims approved as class actions[14]		
1. Sum 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	-
4. Annual amount specified (and accordingly, the total amount is period-dependent)[16]	1	107
B. Pending motions to approve claims as class actions:		
1. Amount pertaining to the Company specified[17]	32	8,068
2. The claim was filed against a number of entities, with no specific amount attributed to the Company.[18]	4	5,968
3. Claim amount not specified/possible range specified[19]	14	-
4. Annual amount specified (and accordingly, the total amount is period-dependent)[20].	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 a total alleged sum of approximately NIS 29 million (compared to 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.

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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 sums relative to the period beginning from the date it was filed, if relevant.

14 Including a suit approved in the report year as a class action and for which a ruling was issued that accepted the suit, as well as a suit approved in the past and for which a ruling was given confirming the suit and which is in appeal.

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

16 The specified amount refers to the plaintiff's estimate for just one year of damage. Note that the claim was filed in March 2010, with respect to a legislative amendment from 2008.

17 Pursuant to these suits, there is one suit in which the applicants have estimated the damage claimed against Clal Insurance for the period from March 8 2020 to April 30 2020 at a sum of NIS 103 million and noted that the damage will continue to accumulate so long as collection is not halted.

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

19 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, another motion which was estimated at hundreds of 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 District Court's threshold of authority).

20 The motion was filed in March 2020. The plaintiff contends that no prescription of any kind whatsoever should 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 (Continued)

d. Exposure due to Regulatory Provisions, Audits and Position Papers

Additionally, and in general, in addition to the overall exposure to which the institutional entities 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 Insurance Commissioner's intention to impose on the above entities financial sanctions and/or directives issued by the Commissioner regarding correction and/or repayment and/or performance of certain actions with respect to a policyholder or a group of policyholders, and/or exposure with respect to industry-wide decisions, through which the Commissioner is also authorized to order the performance of a repayment to customers or 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. Additionally, from time to time, the institutional entities are involved in the hearing and/or discussion stages vis-à-vis the Control of Insurance Office concerning notices and/or determinations, and at times, enforcement authorities are implemented against them, including the imposition of financial sanctions.

The institutional entities 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.

The following 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 the financial statements of Atudot, 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 (Continued)

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 near 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). In this regard note that events occurring over the course of the legal proceedings may force the reassessment 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 statuses for the claims specified in section (a)(a2)(32) and (33).

The provision included in the Financial Statements as of June 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 189 million (compared to a total of approximately NIS 189 million as of December 31 2020).

These sums 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 Reported Period

A. Actuarial estimates

Following that stated in Note 38(e)(e1)(d)(1) to the annual financial statements, regarding the strengthening 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 38(e)(e2)(4)(a) regarding the main assumptions that 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 reported 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

Following 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 reported 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 June 30		*As of March 31*		*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 yield-dependent policies	**0.66%**	0.65%	**0.66%**	0.66%	0.68%

Note 8: Additional Events During and After the Reported Period

A. Actuarial estimates (Continued)

3. General (Non-Life) Insurance

Following that stated in Note 38(e)(e2)(4)(a) to the Annual Financial Statements, due to a drop in the risk-free interest curve, the Company updated the estimated capitalization interest for a period of six and three months ending June 30 2021, with the total impact of the change leading to an increase in insurance reserves in retention to the sum of NIS 46 million and a sum of NIS 19 million, respectively.

The impact on the financial results is specified below:

	For the Six-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the year ending December 31
	2021	2020	2021	2020	2020
In Millions of NIS	Unaudited				Audited
Life Insurance					
Profit (loss) with respect to change in the discount interest rate used in the calculation of the liability to supplement the annuity and paid pension reserves	**33**	19	**(14)**	63	144
Spread of annuity reserve (K factor), see a(2) above	**(35)**	(154)	**-**	(20)	(32)
Total effect of interest rate changes on the liability to supplement the annuity and paid pension reserves	**(2)**	(135)	**(14)**	43	112
Change in other assumptions used in the calculation of liabilities to supplement annuity reserves	**-**	-	**-**	-	(9)
Total special effects - life insurance	**(2)**	(135)	**(14)**	43	103
Impact due to the implications of the Winograd and Kaminetz Committees and in consideration of the ruling given for the National Security Council [1)]	**-**	(3)	**-**	(1)	45
Effect of the interest rate decrease on reserves in non-life insurance	**(46)**	-	**(19)**	-	(30)
Total special influences - **general insurance**	**(46)**	(3)	**(19)**	(1)	15
Long-term care insurance in the health segment - liability adequacy test (LAT)	**(30)**	204	**46**	(54)	292
Total Before Tax	**(78)**	66	**13**	(12)	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). This, in accordance with the conclusions of the Kaminetz committee (hereinafter: the "**Implications of the Winograd and Kaminetz Committees**").

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

B. Activities of Clal Holdings Agencies Ltd. (hereinafter: "Clal Agencies"), a Company Subsidiary

1. ***Acquisition of All of the Shares of Davidoff Pension Arrangements Life Insurance Agency (2006) Ltd. by Clal Agencies***

   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 preconditions for its completion are met. In return for the share purchase, Clal Agencies will pay a total of NIS 68.5 million, plus a total of NIS 5.6 million due to the cash balance and adjustments with respect to Davidoff's working capital.

   The transaction was financed through capital notes from the Company to Clal Agencies to the amount of approximately NIS 58 million, with the remainder from Clal Agencies' independent sources.

   The acquisition was treated as a business combination at Clal Agencies starting June 30 2021.

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

   On May 6 2021 Clal Agencies entered into an agreement to purchase 13.65% of Wobi's shares in return for a total of NIS 21 million.

   Wobi is a digital insurance agency that operates a website that allows the comparison of insurance prices and the purchase of insurance in auto, overseas travel and apartments fields.

   The transaction was financed from Clal Agencies' independent sources.

   The investment was treated as a financial investment.

C. Chairman of the Board of Directors

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 the proposed terms of tenure of Mr. Samet as the Acting Chairman in a 50% position, as specified below (the "**Proposed Terms Of Tenure**"). The proposed terms of tenure will enter into effect subject to the approval of general meeting which has been scheduled for June 17, 2021, retroactively, beginning from the commencement date of Mr. Samet's tenure as the Chairman of the Board[21], and will remain in effect so long as Mr. Samet continues serving as the Company's Chairman of the Board.

The proposed 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.

[21] Note 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 will be entitled to the compensation 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 will be deducted from the proposed terms of tenure.

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

C. Chairman of the Board of Directors (Continued)

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 (the "**Annual Consideration**")[22], plus duly calculated VAT.

In light of the above, as of the present date, the Chairman of the Board will be entitled to annual consideration in the total amount of approximately NIS 1.6 million. The sum in question will be 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 made clear, 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 will be 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.

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 proposed terms of tenure, does not exceed the annual consideration.

The yearly proceeds also include a payment to the Chairman of the Board of Directors for regular absences and absences for health reasons, as accepted at the Company.

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 shall also apply at the end of the service period, inasmuch as it was not renewed and/or extending. The Board of Directors may waive the Chairman's services during the advance notice period, in whole or in part.

In spite of all of the above, in the event that the work of the Chairman of the Board of Directors is discontinued under irregular circumstances (such as circumstances due to which an employee is denied the right to severance pay), the Company may conclude this agreement immediately, without paying the advance notice fees.
During the agreement period the Chairman of the Board of Directors may work both as an employee and as a service provider in other positions, subject to the scope of employment as note above dedicated to the Company and the Group, subject to restrictions on avoiding conflicts of interest and/or competition in the Company's and Group's business and/or the Commissioner's directives.

During the Chairman of the Board's period in office, Mr. Samet may be required to serve 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.

[22] The lowest remuneration at the Company for the purpose of Section 2(b) of the Executive remuneration Law, in the year prior to the approval of the terms of service offered the Chairman of the Board of Directors times 35 amounted to NIS 3.2 million (not including a provision to compensation and remuneration as required by law)(.

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

C. Chairman of the Board of Directors (Continued)

Mr. Samet will provide his services as an independent Chairman of the Board23, 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.

D. The Covid-19 Pandemic

Following that stated in Note 1 to the 2020 Financial Statements, on the subject of the impact of the Covid-19 crisis (hereinafter: "**the Crisis**"), in 2021 the world and Israel in particular began a vaccination program, within the framework of which over five million people were vaccinated in Israel, which, over the course of the first half of 2021, led to a significant drop in infection rates and in the spread of the virus and led to the cancellation of most of the restrictions in the economy.

In recent months, an opposite trend has been reported, in Israel and around the world, of an increase in infection rate as a result of a weakening of the impact of the vaccinations, the development of new variants of the virus around the world and their arrival in Israel. As a result of which the government expanded the restrictions, in order to encourage vaccination among populations that gave not yet been vaccinated and approved the issue of a third dose of the vaccination to most of the population.

As of the approval of the statements, the full impact of the renewed outbreak of Covid-19 on the scope of infection on the severity of the illness among the infected is not yet known, particularly in light of the fact that most of the population has been vaccinated, and in addition, the impact of giving the third dose of the vaccination and of the restrictions imposed is not yet known, along with the impact of the expected return of children to school, as most of them are not vaccinated.

As of the report date, the economy has not yet returned to full operation levels, which is affecting both the scope of contributions to long-term savings, and international travel insurance, marketed by Clal Insurance. In addition, an uncontrolled renewed outbreak of Covid-19, if one occurs, as a result of the development of a variant with no vaccination response, may impact the activity and profitability of the Group, among other things in all matters pertaining to the activity of the economy and the Company's customers, the presence of workers at the workplace and business continuity, the state of the markets, which impacts the Company's investments revenues and the value of assets managed by Group institutional bodies, for themselves and for planholders, for reducing economic activity, which impacts the scope of deposits to savings products and the realization of insurance risks that may derive from the crisis, including credit risks and an increase in mortality. For details regarding sensitivity and exposure to risk factors, including cyber risks and exposure to reinsurers, see also Note 38(c)(2) to the Yearly Statements.

E. Operation Guardian of the Walls

Due to the escalation of the security situation, including riots throughout the country and the firing of rockets 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, this 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 intending to compensate for such damages.

[23] Whether directly or indirectly through his wholly owned company.

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

F. Setting the capital goal at Clal Insurance – for details see Note 6(c) above.

G. Options

Following that stated in Note 40(a)(3) to the Annual Statements, in June 2021 the Company allocated 2,493,200 Type A options and 175,247 Type B options to executives and employees at the Company and/or at companies under its control.

The shares that will be derived from the exercise of these options constitute 1.87% of the Company's capital, with a maximum realization assumption.

During the reported period and in the second quarter of 2021, expenses to the sum of NIS 8 million were listed at the Group for the plan.

H. Rating

Following 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 Issuance.

1. In June 2021 Midroog Ltd. published a rating report retaining the existing financial strength rating **(IFS) (Aa1)** of Clal Insurance, and retained the existing rating (hyb) (Aa3) of the deferred letters of undertaking (Series C, I, J and K) issued by Clalbit Finance.

   The rating outlook was changed to Stable from Negative.

2. In addition. in July 2021 Ma'alot S&P published a rating report keeping Clal Insurance's rating at a level of AA+ and changed the rating forecast to Stable from Negative.

I. Raising Debt at Subsidiary Clal Insurance

On August 4 2021, the Board of Directors of subsidiary Clal Insurance approved, in principle, the examination of a public offering of a new series of deferred Company letters of undertaking (Series L) by virtue of the shelf prospectus published by Clalbit Finance Ltd. on August 29 2019, the proceeds of which are intended to be recognized as Tier 2 capital of Clal Insurance, subject to restrictions on the maximum rate of Tier 2 insurance, in accordance with the law.

On August 8 2021, Midroog announced that it was issuing a rating of Aa3.il (hyb) Stable outlook to the offering of deferred letters of undertaking to the sum of up to NIS 400 million that Clal Insurance, the Company's subsidiary, intends to raise through its subsidiary, Clalbit Finance Ltd., by offering a new series (Series L).

On August 12 2021, Ma'alot S&P announced that it was issuing a rating of ilAA Stable outlook to the offering of deferred letters of undertaking to the sum of up to NIS 400 million NV that Clal Insurance, the Company's subsidiary, intends to raise through its subsidiary, Clalbit Finance Ltd., by offering a new series (Series L).

Note that Clalbit does not undertake to offer the new series of debentures as detailed above, including its date or scope, and its issue is subject to Clalbit's full discretion and the receipt of the approvals required by law, accordingly, there is no certainty regarding the publication of such a shelf offering report and/or regarding the completion of the issue of the new series of debentures and/or its terms, date and scope.

J. Issue of Shares of Michlol

Following that stated in Section 9.2 of the Description of the Corporation's Business in the 2020 Financial Statements, on August 19 2021 Michlol Finance Ltd. (hereinafter: "**Michlol**") published a prospectus for an initial public offering of shares, which will take place in the form of a non-uniform offer to institutional investors (hereinafter: "**the Offering**"). Michlol's shares are held prior to the offering at a rate of 35% by Clal Finance Ltd., a fully-owned Company subsidiary. The issuing process has not yet been completed as of the publication of this report.

Appendix: 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 June 30		As of December 31
	2021	2020	2020
In Thousands of NIS	Unaudited		Audited
Investment property *)	**3,056,653**	3,139,259	3,043,442
Financial investments:			
Tradable debt assets	**22,980,667**	24,831,488	24,263,517
Non-tradable debt assets	**7,692,543**	6,278,439	6,696,981
Stocks	**24,556,255**	14,337,197	19,770,339
Other financial investments	**19,333,745**	15,178,324	20,067,924
Total financial investments *)	**74,563,210**	60,625,448	70,798,761
Cash and cash equivalents	**8,148,071**	5,294,621	5,273,150
Other **)	**683,903**	862,624	449,172
Total assets for investment-linked contracts	**86,451,837**	69,921,952	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 June 30 2021			
	Fair Value via Gain/Loss	Available for Sale	Loans and Receivables	Total
In Thousands of NIS	Unaudited			
Tradable debt assets (a)	**56,078**	**6,075,151**	**-**	**6,131,229**
Non-tradable debt assets (b)	**2,399**	**-**	**22,261,179**	**22,263,578**
Shares (c)	**-**	**1,956,697**	**-**	**1,956,697**
Others (d)	**314,652**	**3,577,770**	**-**	**3,892,422**
Total other financial investments	**373,129**	**11,609,618**	**22,261,179**	**34,243,926**

	As of June 30 2020			
	Fair Value via Gain/Loss	Available for Sale	Loans and Receivables	Total
In Thousands of NIS	Unaudited			
Tradable debt assets (a)	44,818	5,181,047	-	5,225,865
Non-tradable debt assets (b)	2,605	-	22,227,573	22,230,178
Shares (c)	-	1,346,939	-	1,346,939
Others (d)	331,480	2,710,911	-	3,042,391
Total other financial investments	378,903	9,238,897	22,227,573	31,845,373

	As of December 31 2020			
	Fair Value via Gain/Loss	Available for Sale	Loans and Receivables	Total
In Thousands of NIS	Audited			
Tradable debt assets (a)	47,339	5,652,340	-	5,699,679
Non-tradable debt assets (b)	2,283	-	22,090,096	22,092,379
Shares (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

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

2. Details of Other Financial Investments (Continued)

A. Marketable debt assets - composition

In Thousands of NIS	As of June 30 2021 Book Value	As of June 30 2021 Amortized cost [1]
	Unaudited	
Government bonds	**3,254,322**	**3,145,907**
Other debt assets		
Other non-convertible debt assets	**2,837,221**	**2,709,457**
Other convertible debt assets	**39,686**	**40,533**
	2,876,907	**2,749,990**
Total tradable debt assets	**6,131,229**	**5,895,897**
Impairments charged to Statement of Income (cumulative)	**158**	

In Thousands of NIS	As of June 30 2020 Book Value	As of June 30 2020 Amortized cost [1]
	Unaudited	
Government bonds	2,792,437	2,559,831
Other debt assets		
Other non-convertible debt assets	2,433,428	2,460,753
	2,433,428	2,460,753
Total tradable debt assets	5,225,865	5,020,584
Impairments charged to Statement of Income (cumulative)	167	

In Thousands of NIS	As of December 31 2020 Book Value	As of December 31 2020 Amortized cost [1]
	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 tradable debt assets	5,699,679	5,405,128
Impairments charged to Statement of Income (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.

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

2. Details of Other Financial Investments (Continued)

B. Non-marketable debt assets - composition *)

	As of June 30 2021	
	Book Value	Fair Value
In Thousands of NIS	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	**16,139,565**	**26,196,585**
Other non-convertible debt assets, excluding deposits in banks	**5,109,708**	**5,908,384**
Deposits in banks	**1,014,305**	**1,130,788**
Total non-tradable debt assets	**22,263,578**	**33,235,757**
Impairments charged to Statement of Income (cumulative)	**53,353**	

	As of June 30 2020	
	Book Value	Fair Value
In Thousands of NIS	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	16,304,863	27,198,130
Other non-convertible debt assets, excluding deposits in banks	5,208,427	5,716,460
Deposits in banks	716,888	823,532
Total non-tradable debt assets	22,230,178	33,738,122
Impairments charged to Statement of Income (cumulative)	86,089	

	As of December 31 2020	
	Book Value	Fair Value
In Thousands of NIS	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-tradable debt assets	22,092,379	33,386,463
Impairments charged to Statement of Income (cumulative)	89,503	

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

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

2. Details of Other Financial Investments (Continued)

C. Stocks

	As of June 30 2021	
	Book Value	Cost
In Thousands of NIS	Unaudited	
Negotiable shares	**1,143,610**	**983,243**
Non-negotiable shares	**813,087**	**671,297**
Total stocks	**1,956,697**	**1,654,540**
Impairments charged to Statement of Income (cumulative)	**172,275**	

	As of June 30 2020	
	Book Value	Cost
In Thousands of NIS	Unaudited	
Negotiable shares	991,023	1,069,637
Non-negotiable shares	355,916	385,781
Total stocks	1,346,939	1,455,418
Impairments charged to Statement of Income (cumulative)	199,218	

	As of December 31 2020	
	Book Value	Cost
In Thousands of NIS	Audited	
Negotiable shares	1,145,858	1,047,030
Non-negotiable shares	546,540	553,570
Total stocks	1,692,398	1,600,600
Impairments charged to Statement of Income (cumulative)	208,187	

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

2. Details of Other Financial Investments (Continued)

D. Other financial investments [1)]

	As of June 30 2021	
	Book Value	Cost
In Thousands of NIS	Unaudited	
Tradable financial investments	**1,252,709**	**1,089,569**
Non-tradable financial investments	**2,639,713**	**1,865,338**
Total other financial investments	**3,892,422**	**2,954,907**
Impairments charged to Statement of Income (cumulative)	**114,721**	

	As of June 30 2020	
	Book Value	Cost
In Thousands of NIS	Unaudited	
Tradable financial investments	968,106	990,727
Non-tradable financial investments	2,074,285	1,600,441
Total other financial investments	3,042,391	2,591,168
Impairments charged to Statement of Income (cumulative)	74,627	

	As of December 31 2020	
	Book Value	Cost
In Thousands of NIS	Audited	
Tradable financial investments	1,151,649	1,086,789
Non-tradable financial investments	2,406,984	1,657,795
Total other financial investments	3,558,633	2,744,584
Impairments charged to Statement of Income (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.

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Kost Forer Gabbay and Kasierer
144a Menachem Begin St.,
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-Jaffa 6100601
03 684 8000

To
Shareholders of Clal Insurance Enterprises Holdings Ltd.

Re: Special Report by the Independent Auditors on Separate Financial Information in Accordance with Regulation 9c To the Reports 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 June 30 2021, and for the periods of six and three months ending that date. 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.

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 interim financial information consists of inquiries, mainly with the people responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to become certain that we have become aware of all material issues which may have been identified in an audit. Accordingly, we are not expressing an audit-level opinion.

Conclusion

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

Tel Aviv,
August 19 2021

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Somekh Chaikin
Certified Public Accountants

Joint Auditors

Interim Financial Position Data

	As of June 30		As of December 31
	2021	2020	2020
In Thousands of NIS	Unaudited		Audited
Assets			
Investments in investee companies	**6,338,201**	4,717,441	5,619,578
Loans and balances of investee companies	**571,722**	-	489,542
Receivables and debit balances	**692**	177	141
Other financial investments:			
Marketable debt assets	**48,359**	-	124,067
Stocks	**11,600**	76	66
Others	**6,604**	19	15,666
Total other financial investments	**66,563**	95	139,799
Cash and cash equivalents	**95,689**	641,155	57,636
Total assets	**7,072,867**	5,358,868	6,306,696
Capital			
Share capital	**155,448**	155,448	155,448
Premium on shares	**1,640,140**	1,638,693	1,638,770
Capital reserves	**1,238,426**	635,248	969,936
Surpluses	**4,032,295**	2,923,410	3,535,095
Total capital	**7,066,309**	5,352,799	6,299,249
Liabilities			
Accounts payable and credit balances	**5,931**	6,019	7,447
Balances of investee companies	**627**	50	-
Total liabilities	**6,558**	6,069	7,447
Total capital and liabilities	**7,072,867**	5,358,868	6,306,696

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

August 19 2021			
Approval Date of the Financial Statements	**Haim Samet** **Chairman of Board of Directors**	**Yoram Naveh** **Chief Executive Officer**	**Eran Cherninsky** **Executive VP Finance Division Manager**

Interim Gain/Loss Data

	For the Six-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2021	2020	2020
In Thousands of NIS	Unaudited				Audited
Company's share in the income (loss) of investee companies, net of tax	**470,156**	(165,560)	**235,831**	(7,975)	440,711
Profits from net investments and financing revenues:					
From investee companies	**16,622**	-	**11,132**	-	4,027
Others	**6,596**	842	**4,157**	88	2,837
Total Revenues	**493,374**	(164,718)	**251,120**	(7,887)	447,575
Administrative and general expenses	**5,560**	2,034	**2,979**	1,198	8,899
Other expenses	**-**	160	**-**	107	-
Total Expenses	**5,560**	2,194	**2,979**	1,305	8,899
Profit (loss) before taxes on income	**487,814**	(166,912)	**248,141**	(9,192)	438,676
Taxes on income (tax benefit)	**-**	-	**-**	-	-
Profit (loss) for the period	**487,814**	(166,912)	**248,141**	(9,192)	438,676

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

Interim Comprehensive Income Data

In Thousands of NIS	For the Six-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
Profit (loss) for the period	**487,814**	(166,912)	**248,141**	(9,192)	438,676
Other comprehensive income:					
Other comprehensive income items that, after initial recognition in comprehensive income, were or will be transferred to gain/loss:					
Change, net, in the fair value of available-for-sale financial assets					
Available for sale charged to capital reserves	**3,444**	(42)	**1,665**	(3)	6,112
Change, net, in the fair value of available-for-sale financial assets					
Available for sale transferred to Statement of Income	**(4,873)**	-	**(3,289)**	-	(668)
Other comprehensive income (loss) with respect to investee companies which has been or will be transferred to the statement of income, net of tax	**269,919**	(182,129)	**107,643**	152,741	147,073
Other comprehensive income (loss) for the period which has been or will be transferred to the statement of income, before tax	**268,490**	(182,171)	**106,019**	152,738	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	**268,490**	(182,171)	**106,019**	152,738	152,517
Other comprehensive income items not transferred to profit and loss:					
Other comprehensive income with respect to investee companies which will not be transferred to the statement of income, net of tax	**3,198**	4,376	**3,198**	(4,992)	10,550
Other comprehensive income for the period which will not be transferred to profit and loss, net of tax	**3,198**	4,376	**3,198**	(4,992)	10,550
Other comprehensive income (loss) for the period	**271,688**	(177,795)	**109,217**	147,746	163,067
Total comprehensive income (loss) for the period	**759,502**	(344,707)	**357,358**	138,554	601,743

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

Interim Cash Flow Data

	For the Six-Month Period Ending June 30		For the Three-Month Period Ending June 30		For the Year Ending December 31
	2021	2020	2021	2020	2020
In Thousands of NIS	Unaudited				Audited
Cash flows from operating activities					
Profit (loss) for the period	**487,814**	(166,912)	**248,141**	(9,192)	438,676
Adjustments:					
Company's share in the income (loss) of	**(470,156)**	165,560	**(235,831)**	7,975	(440,711)
Dividends from investee companies	**24,650**	-	**24,650**	-	3,996
Interest accrued due to bank deposits	**(41)**	-	**(26)**	-	(1,010)
Accrued interest with respect to capital note to	**(16,622)**	-	**(11,133)**		(4,028)
Loss (profit) from other financial investments	**(5,202)**	22	**(3,358)**	1	(1,331)
Taxes on income	**-**	-	**-**	-	-
	(467,371)	165,582	**(225,698)**	7,976	(443,084)
Changes to other items in the data regarding					
Change in other accounts receivable	**(551)**	(60)	**(201)**	(13)	(24)
Change in other accounts payable	**(1,516)**	460	**(1,052)**	399	1,888
	(2,067)	400	**(1,253)**	386	1,864
Cash received during the period for:					
Net cash from operating activities with respect to transactions with investee companies	**627**	50	**627**	50	-
Interest received	**41**	-	**26**	-	1,010
Net cash from operating activities	**19,044**	(880)	**21,843**	(780)	(1,534)
Cash flows from investment activities					
Investment in capital notes of investee company	**(58,000)**	(35,500)	**(58,000)**	-	(485,500)
Investment in available for sale financial assets	**(47,957)**	-	**(12,877)**	-	(152,163)
Consideration from sale of available for sale	**124,966**	-	**84,602**	-	19,298
Net cash from (used in) investing activities	**19,009**	(35,500)	**13,724**	-	(618,365)
Increase (decrease) in cash and cash	**38,053**	(36,380)	**35,567**	(780)	(619,899)
Cash and cash equivalents at the beginning of	**57,636**	677,535	**60,122**	641,935	677,535
Cash and cash equivalents at the end of the period	**95,689**	641,155	**95,689**	641,155	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 ending December 31 2020, and with the condensed consolidated interim financial statements as of June 30 2021 (hereinafter: the "**Consolidated Interim Statements**").

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

Following that stated in Note 2.8 of the Company's December 31 2020 Financial Statements, on June 1 2021 the transaction was completed for the purchase of all of the shares of Davidoff Pension Arrangements Life Insurance Agency (2006) Ltd. (hereinafter: "**Davidoff**"), by Clal Holdings Agencies (1998) Ltd. (hereinafter: "**Clal Agencies**") of Psagot Investments in Insurance Agencies Ltd. (hereinafter: "**the Seller**").

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

The transaction was financed by the issue of capital notes to the sum of NIS 58 million by Clal Agencies to the Company and from Clal Agencies' own resources. The capital notes in question do no bear interest and/or linkage differences, and were issued for a minimum period of 5 years.

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 intending to provide a reasonable measure of assurance regarding the reliability f 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, among other things, controls and procedures designed to ensure that this information the corporation is required to disclose has been accumulated and passed on to the Corporation's management, including the CEO and the senior executive from the field of finance or whoever carries out these duties in practice, in order to allow decisions to be made in a timely manner, taking the disclosure requirements into account.

Because of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that a misstatement or omission of information will be prevented or detected.

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 ending March 31 2021 (hereinafter: the "**Last Quarterly Report Regarding Internal Control**"), internal control was found to be effective.
Until the date of this report, the Board of Directors and management have not become aware of any event or matter that could change the assessment of 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 Statement
CEO's Statement

I, Yoram Naveh, hereby declare that:

1. I have evaluated the quarterly report of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") for the second 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 intending 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 intending 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 above does not detract from my liability, or from the liability of any other person, in accordance with any law.

Yoram Naveh
Chief Executive Officer

August 19 2021

Executive Certification
Statement of the Most Senior Executive from the Field of Finance

I, Eran Cherninsky, hereby declare that

1. I have evaluated the financial statements and the other financial reports which is included in the interim reports of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") for the second 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 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 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 intending 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 intending 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 above does not detract from my liability, or from the liability of any other person, in accordance with any law.

Eran Cherninsky
Executive VP
Finance Division Manager

August 19 2021

Statements 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 declare that:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter: the "**Company**") for the quarter ending June 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 statement, 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 such controls and policies, or have caused the establishment of the aforementioned controls and policies under our supervision, which are intending 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 intending 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 above does not detract from my liability, or from the liability of any other person, in accordance with any law.

Yoram Naveh
Chief Executive Officer

August 19 2021

Clal Insurance Company Ltd.
Certification

I, Eran Cherninsky, hereby declare that

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter: the "**Company**") for the quarter Ending June 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 statement, 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 such controls and policies, or have caused the establishment of the aforementioned controls and policies under our supervision, which are intending 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 intending 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 above does not detract from my responsibility or from the responsibility of any other person in accordance with any applicable law.

Eran Cherninsky
Executive VP
Finance Division Manager

August 19 2021