Clal Insurance Enterprises Holdings Ltd.

As of September 30, 2022

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 regarding the state of the corporation's affairs for the period ended September 30, 2022 (hereinafter: the "**Board of Directors' Report"**) reviews the principal changes which occurred in the operations of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Company**") during the first nine months of 2022 (hereinafter: the "**Reporting Period**") and during the three months ended September 30, 2022 (hereinafter: the "**Quarter**").

The board of directors' report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. The board of directors' report with respect to insurance business operations was prepared in accordance with the Insurance Business Control Regulations (Particulars of Report), 1998, and in accordance with circulars issued by the Commissioner of the Capital Markets, Insurance and Savings (hereinafter: the "**Commissioner**"), and based on the assumption that the reader also has available the full periodic report for the year ended December 31, 2021 (hereinafter: the "**Periodic Report**" and/or the "**Annual Financial Statements**").

1. Description of the controlling shareholders and changes to the holding of the Company

In the Commissioner's letter dated December 8, 2019, it was stated 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 General

The Company's activity is subject to continuous regulation, and to regulatory changes and reforms. The Company's activities and results are also significantly affected by changes in the capital markets, including, inter alia, due to interest rate changes, which affect the Company's insurance liabilities and financial asset portfolios, and therefore also management fees and financial margin from investments.

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

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

		1-9		7-9		Year
		2022	2021	2022	2021	2021
NIS in millions	Item	Unaudited		Unaudited		Audited
Life insurance	2.2.1.1	**(183)**	694	**116**	127	1,107
Pension	2.2.1.4	**17**	22	**5**	11	28
Provident	2.2.1.3	**(1)**	8	**-**	3	8
Total long term savings division		**(168)**	723	**121**	141	1,143
Non-life insurance	2.2.2	**(130)**	90	**10**	3	112
Health	2.2.3	**315**	206	**42**	109	193
Financing expenses	2.2.6	**144**	129	**47**	43	186
Other and items not included in the insurance branches	2.2.4	**(263)**	621	**(66)**	160	808
Total comprehensive income (loss) before tax		**(390)**	1,512	**62**	369	2,068
Taxes (tax benefit) on comprehensive income		**(143)**	501	**21**	120	661
Total comprehensive income (loss) for the period, net of tax		**(247)**	1,011	**41**	249	1,407
Attributable to Company shareholders		**(248)**	1,007	**40**	248	1,402
Attributable to non-controlling interests		**2**	4	**1**	1	5
Return on equity in annual terms (in percent) *)		**(4.3)**	21.3	**2.0**	14.0	22.3

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

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

2.2 Financial information by operating segments (Cont.)

A. The Company's results during the reporting period

Comprehensive loss after tax attributable to company shareholders during the reporting period amounted to a total of approximately NIS 248 million, as compared with comprehensive income of approximately NIS 1,007 million in the corresponding period last year.

The results during the reporting period were affected by a provision in the amount of approximately NIS 627 million, due to a change in the assumptions used in the calculation of liabilities to supplement the annuity reserve, with no effect on the corresponding period last year. For additional details, see Note 8(a) to the financial statements.

Additionally, during the reporting period sharp declines were recorded in capital markets, which affected the Company's returns, such that a positive financial margin was recorded in life insurance in the amount of approximately NIS 260 million only, and additionally, a liability to policyholders was created with respect to the collection of variable management fees in the portfolio of profit-sharing policies in life insurance, in the amount of approximately NIS 753 million, and loss was recorded with respect to investments not allocated to segments in the amount of approximately NIS 243 million, as compared with the positive financial margin in life insurance in the amount of approximately NIS 1,107 million, and income with respect to investments not allocated to segments in the amount of approximately NIS 631 million in the corresponding period last year. Additionally, during the reporting period, an update to class actions was recorded in the amount of approximately NIS 55 million, mostly in the life insurance segment.

On the other hand, during the reporting period a decrease was recorded in insurance reserves due to the increase in the risk-free interest rate curve, in the amount of approximately NIS 674 million, as compared with the increase of the reserves in the amount of approximately NIS 29 million in the corresponding period last year, due to the decrease in the-risk free interest rate curve in the corresponding period last year, as specified in the following table.

During the reporting period, underwriting improvement was recorded in most operating segments, including in the property, liabilities and credit insurance branches, as well as an improvement of risk profits in risk of death and loss of working capacity products, while on the other hand, a change for the worse was recorded in underwriting in the motor branches and in the individual long-term care branch, as specified below in sections 2.2.2-2.2.3.

During the reporting period, gross premiums earned, contributions and receipts with respect to investment contracts amounted to a total of approximately NIS 20,979 million, as compared with a total of approximately NIS 18,940 million in the corresponding period last year, an increase of approximately 10.8%. The increase was mostly due to the increase in contributions in provident and pension funds and the increase in premiums in non-life insurance and in the health insurance segment, while maintaining a similar level of expenses as in the corresponding period last year. The increase occurred despite the decrease in investment contracts, in light of the market situation.

The foregoing resulted in a decrease in the ratio between general and administrative expenses and fees, marketing expenses and other acquisition expenses to total gross premiums earned, contributions and receipts in respect of investment contracts, to a ratio of approximately 11% during the reporting period, as compared with a ratio of approximately 11.5% in the corresponding period last year.

During the reporting period, the assets managed by Clal Pension and Provident Funds increased due to the improvement in incoming transfers. This increase was mostly offset by the negative impact of returns on assets during the reporting period. There was also a significant increase in management fee revenues, in both pension and provident funds, relative to the reporting period last year. For additional details, see sections 2.2.1.3 and 2.2.1.4 below.

Assets managed by the Company as of September 30, 2022, amounted to a total of approximately NIS 284 billion, as compared with a total of approximately NIS 286 billion as of December 31, 2021, a decrease of approximately 0.2%, due to the negative effect of returns on assets during the reporting period, which was mostly offset by the improvement in incoming transfers, as stated above.

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

2.2 Financial information by operating segments (Cont.)

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

Return on equity in annual terms during the reporting period amounted to a negative rate of 4.3%, as compared with a positive rate of 21.3% in the corresponding period last year.

Economic solvency ratio -

Clal Insurance published an economic solvency ratio report as of June 30, 2022, in which the ratio, without the distribution provisions, was 103% (105% after taking into account actions performed after that date), as compared with a ratio of 92% as of December 31, 2021.
In consideration of the distribution provisions, the ratio was 178% as of June 30, 2022 (179% after taking into account actions performed after that date), as compared with a ratio of 168% as of December 31, 2021. For additional details, see section 2.3.3 below, Note 6 to the financial statements, and the solvency ratio report which is attached as Annex to the report.

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.

	1-9		7-9		Year
	2022	2021	2022	2021	2021
NIS in millions		Unaudited			Audited
Life insurance -					
Change in the discount interest rate used to calculate pension reserves	**407**	87	**193**	55	83
K factor (change in pension reserves due to the decrease in the revenue forecast) [1]	**444**	(46)	**98**	(12)	28
Total financial effects on pension reserves	**851**	41	**291**	43	111
Change in assumptions used in the calculation of liabilities to supplement annuity reserves [2]	**(627)**	-	**-**	-	(28)
Change in estimated duration of loss of working capacity claims	**-**	-	**-**	-	(59)
Total special effects - life insurance	**224**	41	**291**	43	24
Financial effects on reserves in non-life insurance	**176**	(76)	**91**	(30)	(59)
Total special effects - non-life insurance	**176**	(76)	**91**	(30)	(59)
Change in actuarial assumptions in the liability adequacy test (LAT)	**-**	-	**-**	-	(76)
Financial impact in the liability adequacy test (LAT)	**274**	6	**14**	35	42
Long-term care in the health segment - Liability adequacy test (LAT) [3]	**274**	6	**14**	35	(34)
Total income (loss) before tax	**674**	(29)	**396**	48	(69)

Notes:
1. In 2021, including the impact in the amount of approximately NIS 58 million, in light of the update to the method used to adjust the interest rate according to the illiquid nature of the liability (see Note 38(E)(E1)(D)1(A) to the annual financial statements).
2. For additional details, see Note 8(a) to the financial statements.
3. The decrease of the provision in the health segment during the reporting period constituted most of the LAT provision in that segment.

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

2.2 Financial information by operating segments (Cont.)

B. The Company's results during the current quarter

Comprehensive income after tax attributable to company shareholders during the reporting period amounted to a total of approximately NIS 40 million, as compared with comprehensive income of approximately NIS 248 million in the corresponding period last year.

The decrease during the quarter was mostly due to capital markets declines which affected the Company's returns, such that a positive financial margin was recorded in life insurance in the amount of approximately NIS 100 million only, and loss was recorded from investments not allocated to segments in the amount of approximately NIS 54 million, as compared with the positive financial margin in life insurance in the amount of approximately NIS 266 million, and income from investments not allocated to segments in the amount of approximately NIS 155 million in the corresponding period last year. Additionally, during the quarter an update was recorded with respect to class actions in the amount of approximately NIS 56 million, mostly in the life insurance segment.

On the other hand, during the quarter a decrease was recorded in insurance reserves due to the increase in the risk-free interest rate curve, in the amount of approximately NIS 396 million, as compared with a total of approximately NIS 48 million in the corresponding period last year, as specified in the above table.

During the quarter, underwriting improvement was recorded in elementary insurance in the property and liabilities branches, and in the illness and hospitalization branch of health insurance, while on the other hand, a change for the worse in underwriting was recorded in the motor property and individual long-term care branches, as specified below in sections 2.2.3-2.2.2.

During the quarter, gross premiums earned, contributions and receipts with respect to investment contracts amounted to a total of approximately NIS 6,825 million, similarly to a total of approximately NIS 6,822 million in the corresponding period last year. On the one hand, there was an increase in contributions in provident and pension funds, and an increase in premiums in non-life insurance and in the health segment, while on the other hand, there was a decrease in receipts in respect of investment contracts.

The ratio between general and administrative expenses and fees, marketing expenses and other acquisition expenses to total gross premiums earned, contributions and receipts in respect of investment contracts, amounted to a ratio of approximately 11.8% during the quarter, as compared with a ratio of approximately 10.9% in the corresponding period last year. The increase occurred due to the decrease in receipts in respect of investment contracts, in light of the market situation, as stated above.

Return on equity in annual terms during the reporting period amounted to a positive rate of 2%, as compared with a positive rate of 14% in the corresponding period last year.

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

2.2 Financial information by operating segments (Cont.)

C. Engagement in transaction to acquire Max IT Finance Ltd. (MAX)

On August 12, 2022, the Company acquired the entire issued and paid-up capital of Warburg Pincus Financial Holdings (Israel) Ltd., a holding company which holds, inter alia, Max IT Finance Ltd. ("Max"). The net consideration in the transaction amounted to a total of approximately NIS 1.6 million, and is subject to regulatory approvals.

Max's activity is focused on two operating segments:

1. The issuance segment, which is focused on activities for two main types of customers:

   A. Solutions for financial institutions - joint issuance and processing of credit cards with banks, on behalf of their customers (B2B2C).

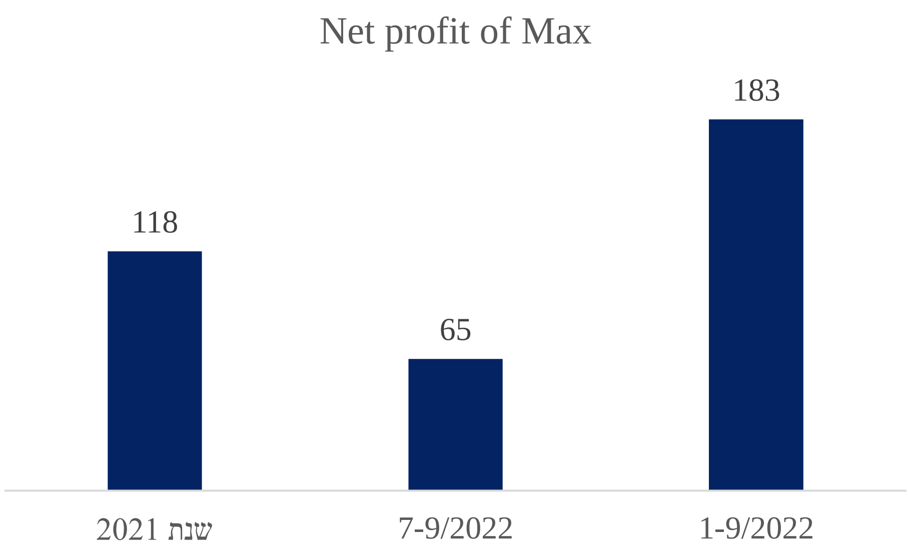
   B. Private customers - Sale and marketing of a total of credit cards, consumer credit and other products, directly to private customers, in other words, the consumers (B2C), including through joint clubs.

2. The clearing segment, which includes the following activities:
   A. Clearing services - Guaranteeing payment against transaction slips made using credit cards, in consideration of a fee which is collected from the business.
   B. Related services and supplementary products to clearing services.
   C. Financial solutions, products and services which are offered to the businesses, such as loans, voucher discounting, advance payments, and guarantees.

Max's net profit in 2021, according to its publications, amounted to a total of approximately NIS 118 million. In the first nine months of 2022, Max's profit amounted to a similar total of approximately NIS 183 million.

For additional details regarding the transaction, see Note 8(g) to the financial statements.

Presented below are data regarding the net profit of Max IT Finance Ltd., according to its publications:



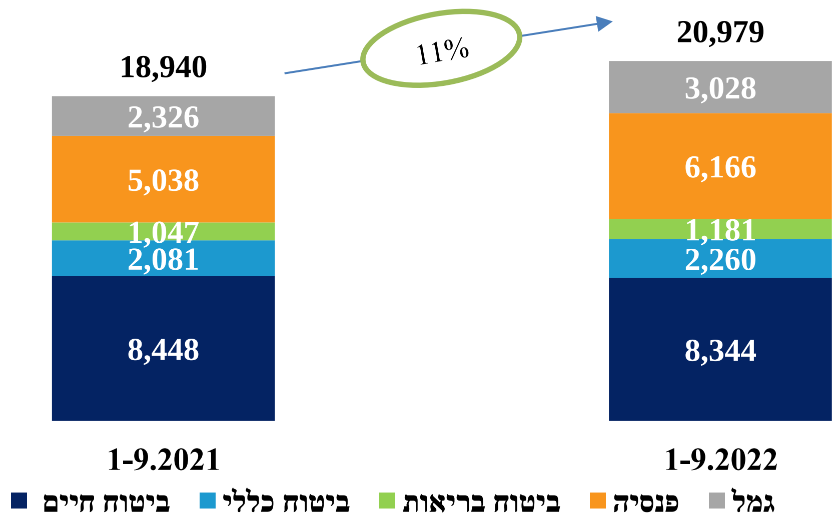
D. For details regarding the ratings which were given by Midroog and Maalot in July 2022, in which they ratified the ratings of Clal Insurance and of deferred liability notes which were issued by Clalbit Finance, see Note 8(E) to the financial statements.

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

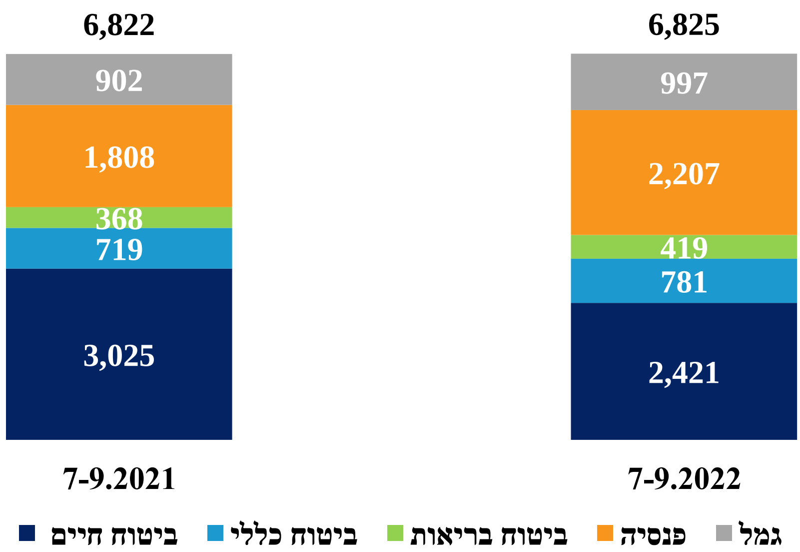
2.2 Financial information by operating segments (Cont.)

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

Gross premiums earned, contributions and receipts in respect of investment contracts:



Dark blue: life insurance | Light blue: non-life insurance | Green: Health insurance | Orange: Pension | Gray: Provident



Dark blue: life insurance | Light blue: non-life insurance | Green: Health insurance | Orange: Pension | Gray: Provident

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

2.2 Financial information by operating segments (Cont.)

F. Events after the balance sheet date

During the reporting period and in the third quarter, declines were recorded in markets for marketable capital, which led to loss in the nostro portfolio and to negative real returns in the profit sharing insurance policies which, until the loss has been recouped, will prevent the Company from collecting variable management fees in the amount of approximately NIS 753 million before tax.

During the period after the reporting date and until the approval date of the financial statements, there were price increases in capital markets which resulted in offsetting of this balance in the amount of approximately NIS 100 million, such that, proximate to the approval date of the report, the balance of variable management fees which the Company will refrain from collecting amounted to a total of approximately NIS 653 million, before tax.

At this stage, it is not possible to estimate the continued developments in the market and in the interest rate curve, or their effects on the results for 2022, and the foregoing does not constitute any estimate of the Company's projected financial results in 2022, or regarding the economic solvency ratio, due, inter alia, or regarding the economic solvency ratio, inter alia, with reference to continued developments in the aforementioned markets.

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

2.2 Financial information by operating segments (Cont.)

2.2.1. Long-term savings

2.2.1.1. Life insurance operations

Life insurance	1-9		7-9	
	2022	2021	2022	2021
Gross premiums earned	**5,177**	4,573	**1,704**	1,552
Comprehensive income (loss)	**(183)**	694	**116**	127

Reporting period - The transition to loss during the reporting period was mostly due to the increase in the reserve due to the Commissioner's update of the default assumptions regarding mortality, and improvements in mortality, which will serve as the basis for the insurance companies' calculation of liabilities with respect to life insurance policies, which allow receiving an annuity according to guaranteed conversion factors, in the amount of approximately NIS 627 million, with no effect in the corresponding period last year.

There was also a decrease in gross real returns in profit sharing to a negative rate of 11.14%, as compared with a positive rate of 8.34% last year, such that a positive financial margin was recorded in the amount of approximately NIS 260 million, and a liability to policyholders was also created with respect to the collection of variable management fees in the portfolio of profit-sharing policies in life insurance in the amount of approximately NIS 753 million, as compared with the positive financial margin of approximately NIS 1,107 million last year. Out of the foregoing amounts, no variable management fees were collected during the reporting period, as compared with the collection of variable management fees in the amount of approximately NIS 427 million last year.
Additionally, during the reporting period an update was recorded with respect to class actions in the amount of approximately NIS 55 million, with no significant impact in the corresponding period last year.

This effect was mostly offset by the decrease in reserves due to the increase of the risk-free interest rate and additional financial effects in the amount of approximately NIS 851 million during the reporting period, as compared with the decrease in reserves in the amount of approximately NIS 41 million last year, and the improvement in risk profit in risk of death and loss of working capacity products.

Quarter - The decrease in income during the quarter was due to the decrease in gross real returns in profit sharing policies to a negative rate of 3.05%, as compared with a positive rate of 0.90% in the corresponding quarter last year, such that a positive financial margin was recorded in the amount of approximately NIS 100 million, as compared with the positive financial margin in the amount of approximately NIS 266 million in the corresponding quarter last year. Out of these amounts, no variable management fees were collected during the reporting period, as compared with the collection of variable management fees in the amount of approximately NIS 44 million in the corresponding quarter last year.
Additionally, during the quarter an update was recorded with respect to class actions in the amount of approximately NIS 56 million, with no significant impact in the corresponding period last year.

These effects were mostly offset by the decrease in reserves due to the increase of the risk-free interest rate and other financial effects in the amount of approximately NIS 291 million during the quarter, as compared with the decrease in reserves in the amount of approximately NIS 43 million in the corresponding quarter last year, and the improvement in risk profit in risk of death and loss of working capacity products.

Redemption rates of life insurance policies from the average reserve, in annual terms				
	1.8%	1.4%	**1.7%**	1.4%

Investment income (loss) applied to policyholders in profit sharing policies - Presented below are details regarding the estimated total of investment income (loss) which was applied to policyholders in life insurance and profit sharing investment contracts, calculated based on the returns and balances of the insurance reserves in the Company's business reports (NIS in millions):

1-9		7-9	
2022	2021	2022	2021
(7,348)	5,809	**(1,847)**	911

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

2.2 Financial information by operating segments (Cont.)

2.2.1. Long-term savings (Cont.)

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

	1-9		Q3		Year
NIS in millions	2022	2021	2022	2021	2021
Variable management fees	-	427	-	44	689
Fixed management fees	**457**	425	**151**	147	573
Total management fees	**457**	852	**151**	191	1,261
Total financial margin and management fees	**260**	1,107	**100**	266	1,699
Current premiums	**4,014**	3,788	**1,355**	1,267	5,175
Non-recurring premiums	**1,164**	785	**349**	285	1,216
Total gross premiums earned	**5,177**	4,573	**1,704**	1,552	6,391
Current premiums	**35**	29	**15**	10	37
Non-recurring premiums	**3,132**	3,848	**702**	1,464	5,993
Total premiums with respect to pure savings	**3,167**	3,877	**717**	1,473	6,030

*) As of September 30, 2022, negative real returns were recorded in the profit sharing insurance policies which, until the loss has been recouped, will prevent the Company from collecting variable management fees in the amount of approximately NIS 753 million before tax. After the reporting date and until the publication date of the reports, this amount decreased to a total of approximately NIS 653 million. For additional details, see section 2.2(a) above.

Details regarding the rates of return in profit-sharing policies

	Policies issued during the years 1992 to 2003 (Fund J)				
	1-9		Q3		Year
NIS in millions	2022	2021	2022	2021	2021
Real return before payment of management fees	**(11.14)**	8.34	**(3.05)**	0.90	13.37
Real return after payment of management fees	**(11.52)**	6.71	**(3.19)**	0.65	10.84
Nominal return before payment of management fees	**(7.23)**	10.72	**(1.86)**	1.70	16.09
Nominal return after payment of management fees	**(7.63)**	9.06	**(2.00)**	1.45	13.50

	Policies issued beginning in 2004 (New Fund J)				
	1-9		Q3		Year
NIS in millions	2022	2021	2022	2021	2021
Real return before payment of management fees	**(11.94)**	7.12	**(3.19)**	0.27	11.64
Real return after payment of management fees	**(12.55)**	6.38	**(3.41)**	0.04	10.62
Nominal return before payment of management fees	**(8.07)**	9.48	**(2.00)**	1.06	14.32
Nominal return after payment of management fees	**(8.70)**	8.72	**(2.22)**	0.83	13.27

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

2.2 Financial information by operating segments (Cont.)

2.2.1. Long-term savings (Cont.)

2.2.1.3 Provident fund operations

	1-9		7-9		
	2022	**2021**	**2022**	**2021**	**Note**
Comprehensive income (loss)	**(1)**	8	**-**	3	During the reporting period and during the quarter, an increase was recorded in income from management fees, due to the growth of the managed portfolio. This income was offset by investment losses in the nostro portfolio during the reporting period, as compared with investment income in the corresponding periods last year.
Contributions	**3,028**	2,326	**997**	902	The increase was due to the increase in routine deposits and one-time deposits in accordance with section 190.

2.2.1.4 Pension operations

	1-9		7-9		
	2022	**2021**	**2022**	**2021**	**Note**
Comprehensive income	**17**	22	**5**	11	During the reporting period and during the quarter, an increase was recorded in income from management fees, due to the growth of the managed portfolio. This income was offset by the decrease in investment income in the nostro portfolio relative to last year.
Contributions	**6,166**	5,038	**2,207**	1,808	

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

2.2 Financial information by operating segments

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

	1-9		Q3		
	2022	2021	2022	2021	Note
Non-life insurance					
Gross premiums	**2,561**	2,329	**829**	727	Reporting period and quarter - The increase in premiums was due to individual business operations and commercial motor in compulsory motor and motor property, and the increase in large businesses.
Comprehensive income (loss)	**(130)**	90	**10**	3	**Reporting period** - The transition from income to loss was mostly due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities, and the change for the worse in underwriting, mostly in motor property. On the other hand, a decrease was recorded in reserves due to the increase of the risk-free interest rate curve in the amount of approximately NIS 176 million, as compared with an increase of the reserves in the amount of approximately NIS 76 million due to the impact of the interest rate environment last year, and the underwriting improvement in the liabilities branches and property branches relative to the corresponding period last year. **Quarter** - The increase in income was mostly due to the decrease in reserves due to the impact of the interest rate environment, in the amount of approximately NIS 91 million, as compared with an increase of the reserves in the amount of approximately NIS 30 million due to the impact of the interest rate environment in the corresponding quarter last year. On the other hand, there was a decrease in surplus investment income over the income required to cover the increase in insurance liabilities, in addition to the change for the worse in underwriting, mostly in motor property.
Motor property					
Gross premiums	**730**	617	**264**	200	Reporting period and quarter - The increase in premiums during the reporting period was mostly due to individual business operations and commercial motor and the increased in average premiums.
Comprehensive income (loss) before tax	**(150)**	11	**(40)**	(13)	**Reporting period and quarter** - The transition from income to loss during the reporting period was mostly due to the increase in average claim cost and in the prevalence rate relative to last year, and due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities.
Gross LR	**102%**	76%	**97%**	83%	
LR on retention	**97%**	70%	**92%**	79%	
Gross CR	**129%**	103%	**124%**	111%	
CR on retention	**126%**	102%	**121%**	112%	
Compulsory motor					
Gross premiums	**544**	479	**204**	168	**Reporting period and quarter** - The increase in premiums was mostly due to individual business operations and commercial motor, and the increase in average premiums.
Comprehensive income (loss)	**(52)**	(4)	**17**	(3)	Reporting period - The increase in loss was mostly due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities, as well as the decrease in underwriting profit. On the other hand, reserves were decreased due to the impact of the interest rate environment, in the amount of approximately NIS 73 million, as compared with an increase of the reserves in the amount of approximately NIS 32 million due to the impact of the interest rate environment in the corresponding period last year. Quarter - The improvement in results and the transition to income were mostly due to the decrease in reserves due to the impact of the interest rate environment, in the amount of approximately NIS 47 million, as compared with the increase of reserves in the amount of approximately NIS 12 million due to the impact of the interest rate environment in the corresponding quarter last year. On the other hand, there was a decrease in surplus investment income over the income required to cover the increase in insurance liabilities, in addition to the decrease in underwriting profit.

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

2.2 Financial information by operating segments (Cont.)

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

	1-9		Q3		
	2022	2021	2022	2021	Note
Property and others branches					
Gross premiums	**793**	737	**229**	210	Reporting period and quarter - The increase in premiums during the reporting period was mostly due to the growth of large businesses and the activity in the Sale Law Guarantee sub-branch.
Comprehensive income	**59**	66	**20**	26	Reporting period and quarter - Underwriting improvement was recorded, which was offset by the decrease in surplus investment income over the income required to cover the increase in insurance liabilities
Gross LR	**57%**	31%	**37%**	32%	
LR on retention	**24%**	27%	**19%**	18%	
Gross CR	**78%**	54%	**59%**	56%	
CR on retention	**57%**	67%	**57%**	62%	
Credit insurance					
Gross premiums	**99**	92	**33**	31	
Comprehensive income	**15**	29	**4**	10	Reporting period and quarter - The decrease in income was due to accrued loss in the investment portfolio in the current period, due to the declines in capital markets, as compared with the investment income which was recorded last year.
LR on retention	**24%**	27%	**31%**	33%	
CR on retention	**39%**	52%	**49%**	54%	
Liability branches					
Gross premiums	**395**	404	**99**	117	**Quarter** - The decrease in premiums was mostly due to timing differences.
Comprehensive income (loss)	**(3)**	(12)	**9**	(16)	**Reporting period** - The decrease in loss during the reporting period was mostly due to the decrease of reserves due to the impact of the interest rate environment in the amount of approximately NIS 97 million, as compared with an increase of the reserves in the amount of approximately NIS 36 million due to the impact of the interest rate environment in the corresponding period last year, and the underwriting improvement in the third party liabilities branch. On the other hand, there was a decrease in surplus investment income over the income required to cover the increase in insurance liabilities. Quarter - The transition to income was mostly due to the decrease in reserves due to the impact of the interest rate environment, in the amount of approximately NIS 42 million, as compared with an increase of the reserves in the amount of approximately NIS 17 million due to the impact of the interest rate environment in the corresponding quarter last year. On the other hand, there was a decrease in surplus investment income over the income required to cover the increase in insurance liabilities.

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

2.2 Financial information by operating segments (Cont.)

2.2.3. Health insurance

	1-9		7-9		
	2022	**2021**	**2022**	**2021**	**Note**
Gross premiums earned	**1,181**	1,047	**419**	368	**Reporting period and quarter** - during the reporting period and quarter an increase was recorded in premiums in the individual activity and in the international travel branch.
Comprehensive income	**315**	206	**42**	109	**Reporting period** - The increase to income during the reporting period was mostly due to the decrease of the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 274 million, as compared with the decrease of the provision in the amount of approximately NIS 6 in the corresponding period last year. The decrease of the provision during the reporting period constituted most of the LAT provision, such that, as of the reporting date, the balance of the provision is in an immaterial sum. This effect was partly offset by investment loss during the reporting period, which resulted in a decrease in surplus investment income over the income required to cover the increase in insurance liabilities, as compared with the profit from surplus investment income over the income required to cover the insurance liabilities in the corresponding period last year. **Quarter** - The decrease in income was mostly due to investment during the reporting period, which resulted in a decrease in surplus investment income over the income required to cover the increase in insurance liabilities, as compared with profit from surplus investment income over the income required to cover the increase in insurance liabilities in the corresponding period last year, and the decrease of the provision for the liability adequacy test (LAT) in the amount of approximately NIS 14 million, as compared with a decrease of the provision in the amount of NIS 35 million in the corresponding period last year.
Individual	**279**	90	**11**	66	**Reporting period** - The increase to income during the reporting period was mostly due to the decrease of the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 273 million, as compared with the decrease of the provision in the amount of approximately NIS 2 million in the corresponding period last year. This effect was partly offset by the decrease in surplus investment income over the income required to cover the increase in insurance liabilities during the reporting period, relative to the corresponding period last year, and the change for the worse in underwriting which occurred during the reporting period, relative to the corresponding period last year. **Quarter** - The decrease in income was mostly due to the decrease of the provision with respect to the liability adequacy test (LAT) in the amount of approximately NIS 14 million, as compared with the decrease of the provision in the amount of approximately NIS 34 million in the corresponding period last year, and was also due to the decrease in surplus investment income over the income required to cover the increase in insurance liabilities during the reporting period as compared with the corresponding period last year, and the change for the worse in underwriting relative to the corresponding period last year.

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

2.2 Financial information by operating segments (Cont.)

2.2.3. Health insurance (Cont.)

	1-9		7-9		
Long-term care branch - comprehensive income	2022	2021	2022	2021	Note
Collectives, including health funds	**46**	52	**5**	19	**Reporting period** - The decrease in income was due to the decrease in surplus investment income over the income required to cover the insurance liabilities during the reporting period and relative to the corresponding period last year. This effect was partly offset by the increase in underwriting profit due to the positive development of runoff claims in health fund collectives. **Quarter** - The decrease in income during the quarter was due to the decrease in surplus investment income over the income required to cover the insurance liabilities, relative to the corresponding quarter last year.
Illness and hospitalization branch - comprehensive income (loss)					
Long term	**(12)**	68	**15**	24	**Reporting period and quarter** - The transition to loss during the reporting period, and the decrease in income during the quarter, were mostly due to investment loss during the reporting period, which led to a decrease in surplus investment income over the income required to cover the increase in insurance liabilities, as compared with profit from surplus investment income over the income required to cover the insurance liabilities in the corresponding periods last year.
Short term	**2**	(5)	**10**	-	**Reporting period and quarter** - The transition to income during the reporting period and during the quarter was mostly due to the improvement of activity in the international travel branch.

Details regarding investment income which was applied to policyholders in health insurance policies of the profit sharing nursing type:

	Profit sharing long-term care policies of the individual and collective types				
	1-9		7-9		Year
NIS in millions	2022	2021	2022	2021	2021
Investment income (loss) applied to policyholders	**(82)**	105	**(20)**	18	808

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

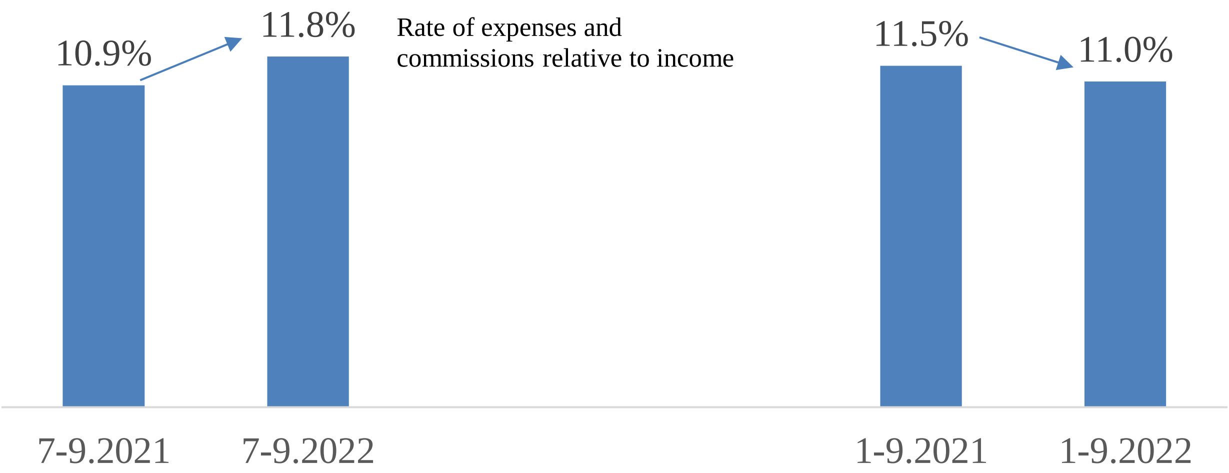
2.2 Financial information by operating segments (Cont.)

2.2.4. Other and items not included in the insurance branches

	1-9		7-9	
NIS in millions	**2022**	**2021**	**2022**	**2021**
Total comprehensive income (loss) before tax	**(263)**	621	**(66)**	160
	Reporting period - The decrease in income and the transition to loss during the reporting period was mostly due to investment losses in the amount of approximately NIS 243 million during the reporting period, as compared with investment income in the amount of approximately NIS 631 million in the corresponding period last year. For details regarding the sale of the Houston toll road asset, see Note 8(L) to the financial statements. **Quarter** - The decrease in income and the transition to loss during the reporting period was mostly due to investment losses in the amount of approximately NIS 54 million during the reporting period, as compared with investment income in the amount of approximately NIS 155 million in the corresponding period last year.			

2.2.5 General and administrative expenses

During the reporting period, the Group succeeded in relatively maintaining the expense level in accordance with the strategic plan, despite the inflationary effects and the increase in business activities, which amounted, during the reporting period, to a total of approximately NIS 691 million, as compared with a total of approximately NIS 683 million last year, and in the quarter amounted to a total of approximately NIS 236 million, as compared with a total of approximately NIS 223 million last year.



2.2.6 Financing expenses in operations which are not allocated to segments

Financing expenses in the reporting period amounted to a total of approximately NIS 144 million, as compared with approximately NIS 129 million in the corresponding period last year. The in the reporting period was due to the increase of 4.4% in the consumer price index, as compared with the increase of 2.2% last year.

in the quarter amounted to a total of approximately NIS 47 million, as compared with a total of approximately NIS 43 million in the corresponding period last year.
The increase in financing expenses during the quarter was due to the increase of 2.3% in the consumer price index, as compared with the increase of 0.8% in the corresponding period last year.

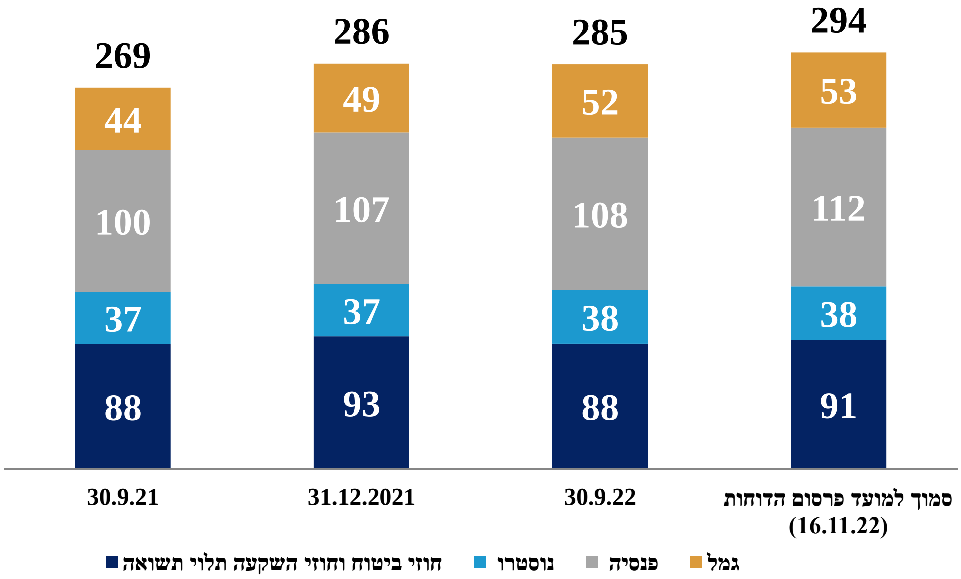
2. Board of Directors’ Remarks Regarding the Corporation’s Business Position (Cont.)

2.3 Principal data from the consolidated statements of financial position

2.3.1. Assets

NIS in millions	As of September 30 2022	As of September 30 2021	As of December 31 2021	Rate of change since December %
Managed assets - nostro	**37,610**	36,793	36,902	2
Assets managed for others (non-nostro) in the Group (NIS in millions):				
For investment-linked insurance contracts and investment contracts	**88,424**	88,143	93,439	(5)
For provident fund members [1)]	**51,594**	44,027	48,706	6
For pension fund members *)	**107,680**	99,819	106,808	1
Total assets managed for others	**247,698**	231,989	248,953	(1)
Total managed assets	**285,308**	268,782	285,855	-
*) Out of this amount, total assets managed by Atudot Havatika	**12,192**	12,955	13,573	(10)

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.



Proximate to the report publication date (16.11.22)

■ Insurance contracts and investment-linked investment contracts | ■ Nostro | ■ Pension | ■ Provident

2.3.2. Financial liabilities

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

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

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

2.3.3. Capital and capital requirements

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

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

On November 29, 2022, the Company approved and published the economic solvency ratio report as of June 30, 2022, which is attached as an annex to this report, and is available on the Group's website at https://www.clalbit.co.il/aboutclalinsurance/financialstatementsandpressrelease/

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

In accordance with the principles for calculating the deduction during the distribution period under the Solvency II-based economic solvency regime, and in accordance with the instructions for adopting the economic solvency regime, the deduction amount will be recalculated once every two years, or in case of a significant change in major exogenous variables, in the insurance company's risk profile or business structure, and in accordance with the Commissioner's requirements, if he believes that a change in circumstances has occurred since then. In light of the significant change in the risk-free interest rate curve and the update to the set of demographic assumptions in life insurance, the Company recalculated the deduction amount as of June 30, 2022, and received the Commissioner's approval for the recalculation and for the deduction amount, in the scope of NIS 5,617 million, as stated above.

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 June 30, 2022.

The solvency ratio as of June 30, 2022 does not include the impact of the Company's business activities during the period from June 30, 2022 until the publication date of this report. For details regarding additional events during and after the reporting period, see Note 8 above.

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

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

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

2.3.3. Capital and capital requirements (Cont.)

A. Capital requirements in accordance with the provisions for implementation of an economic solvency regime (see section 1 below) (Cont.)

1. **Economic solvency ratio**

NIS in millions	As of June 30, 2022 Unaudited and unreviewed	As of December 31, 2021 Audited
Equity for the purpose of the solvency capital requirement	77014,	15,520
Solvency capital requirement	3038,	9,261
Surplus	4676,	6,259
Economic solvency ratio (in percent)	178%	168%
Impact of significant equity transactions which took place during the period between the calculation date and the publication date of the Company's economic solvency ratio report		
Raising (repayment) of equity instruments	495	
Deviation from quantitative limits	(444)	-
Equity for the purpose of the solvency capital requirement	14,821	5,5201
Surplus	6,518	6,259
Economic solvency ratio (in percent)	179%	168%

For details regarding the solvency ratio without implementation of the transitional provisions in the distribution period, and without the stock scenario adjustment, 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 2.2(a)-(c) above.

2. Minimum capital requirement (MCR)

NIS in millions	As of June 30, 2022 Unaudited and unreviewed	As of December 31, 2021 Audited
MCR	2,076	2,315
Equity for the purpose of MCR	11,084	11,575

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

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

2.3.3. Capital and capital requirements (Cont.)

A. Capital requirements in accordance with the provisions for implementation of an economic solvency regime (see section 1 below) (Cont.)

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

In accordance with the letter which was published by the Authority in October 2017 (hereinafter: the "**Letter**"), an insurance company will be entitled to distribute dividends only if, after the performance of the distribution, the company has a minimum solvency ratio of 100% according to the economic solvency regime, calculated without the transitional provisions, and subject to the solvency ratio target which was determined by the insurance company's Board of Directors.

Presented below are data regarding the economic solvency ratio of Clal Insurance, calculated without the provisions with respect to the distribution period and the stock scenario adjustment.

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

NIS in millions	As of June 30, 2022 Unaudited and unreviewed	As of December 31, 2021 Audited
Equity for the purpose of the solvency capital requirement	**11,073**	**11,058**
Solvency capital requirement	**10,775**	**12,034**
Surplus (deficit)	**297**	**(976)**
Economic solvency ratio in percent	**103%**	**92%**
Impact of significant equity transactions which took place during the period between the calculation date and the publication date of the Company's economic solvency ratio report		
Raising of equity instruments	**495**	**-**
Deviation from quantitative limit	**(285)**	**-**
Equity for the purpose of the solvency capital requirement	**11,283**	**11,058**
Surplus (deficit)	**507**	**(976)**
Economic solvency ratio in percent	**105%**	**92%**
The capital surplus in light of the equity transactions which were executed during the period between the calculation date and the publication date of the economic solvency ratio report, relative to the Board of Directors' target (see section B below):		
Target economic solvency ratio of the Board of Directors (in percent) *)	-	-
Capital deficit relative to target	-	-

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

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

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

2.3.3. Capital and capital requirements (Cont.)

B. The Company's capital target

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

The Board of Directors of Clal Insurance established a capital policy, according to which the target range for the economic solvency ratio of Clal Insurance will be in the range of 150%-170%. It also determined a minimum solvency ratio target of 135%. These targets apply to the solvency ratio in consideration of the deduction amount during and after the distribution period. The solvency ratio of Clal Insurance, without taking into account the transitional provisions, will be created according to these targets by the end of 2032. The capital management policy and the capital targets are dynamic, and may be updated will update in accordance with the risk appetite of Clal Insurance, and developments in the business environment.
As of June 30, 2022, the last calculation date, the Company is slightly above the upper limit of the determined target. It is hereby clarified that the foregoing does not guarantee that the Company will meet the determined targets at all times. It is noted that the current policy is comes in place of the policy which was published in March 2020, and does not pertain, at this stage, to the dividend distribution targets.

C. Issuance of bonds (Series L)

On August 26, 2021, Clalbit Finance Ltd. issued to the public bonds (Series L) in the amount of NIS 400 million.
The bonds are recognized as Tier 2 capital in Clal Insurance. For additional details, see Note 25(b)(3) to the annual financial statements.

2.4. Financing sources

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

2.4.1. Liquid resources and credit facilities *)

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

NIS in millions	Balance as of September 30, 2022	Proximate to the publication date of the report **)
Liquid resources of the Company (standalone)	688	710

*) As of the reporting period, the Company has no credit facilities.
**) For details regarding the engagement for the acquisition of Max IT Finance Ltd. ("Max"), see Note 8(G) to the financial statements.

2.4.2. 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 (standalone), see the interim cash flow data attributed to the Company itself (standalone), which are included in the interim report.
D. For details regarding the Company's distributable earnings, which are adjusted to the Company's capital requirements, and regarding capital and capital requirements in the consolidated institutional entities and other companies in the Group, see Note 16 to the annual financial statements.

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

Parameter	Data for the period
Developments in the Israeli economy and employment rate	National accounting figures indicate that GDP is at a higher level than the pre-pandemic trend. A total of the first estimate for the third quarter, GDP grew by around 2.1% relative to the second quarter, and by around 5.8% in annual terms. The decreased rate was mostly due to the decrease of 1.7% in private consumption (third quarter relative to second quarter), after growth of 9.8% in the second quarter relative to the first quarter. The Bank of Israel revised upwards its GDP growth forecast for 2022 to growth of 6%, while in 2023, the Bank forecasts growth of around 3%. The forecasted decrease in growth is due to the forecasted decrease in the growth of global trade, and the beginning of a recession in some countries, as well as the increase of the real interest rate in Israel. During the last 12 months, a budgetary surplus of 0.9% of GDP (NIS 15.7 billion) accumulated. Most of the surplus was created during the first two quarters, thanks to government expenses below the budget. Since the beginning of 2022, the state's expenses amounted to NIS 355 billion, as compared with expenses of NIS 321 billion. In recent months a monthly surplus was not created, due to the decrease in tax collected from the leading sectors of hi-tech and real estate. Data regarding employment and available jobs in the labor market indicate a certain weakness in the hi-tech sector, and a slight increase was recorded in the unemployment rate, to 3.7% (as compared with 3.5% in August), although that rate is still low. The rate of available jobs in most sectors of the economy remained unchanged last quarter. The rate of available jobs in the data and telecommunication sector (hi-tech services) fell to 8.6%. This rate represents a decrease of 11% relative to the second quarter, and a decrease of 22% relative to the first quarter of 2022. The supplementary figure is increased demand for employees in the lodging and food service sectors (hotels and restaurants), and in the culture and recreation sectors. A full employment environment and a shortage of workers, with the record number of available jobs in September continuing to have effects towards salary increases, supporting inflationary pressure both on the sides of both cost and demand. So long as this trend continues, it is expected to support future interest rate increases by the Bank of Israel. Data recently published by National Insurance indicated that the average salary continued rising, such that, in summary, during the last year the average salary increased by 4.4%. The average salary in August 2022 was NIS 12,258. The increase of salaries in the last year was less than the increase of inflation, such that, in practice, real salaries decreased by 0.1%. This decrease, along with the significant increase in loan and mortgage payments, resulted in erosion of the public's disposable income.
Inflation data	Since the beginning of the year, the global economy has seen high inflation rates. This trend caused central banks to tighten their monetary policies and to continue the process of raising interest rates. On average, consensus experts predict inflation at a rate of approximately 5.3% in Israel at the end of 2022. Several driving factors are affecting the high rate of global inflation. These primarily include several factors which affected the supply side, including supply chain disruptions, high energy prices, including due to the Ukraine crisis, as well as the effect of the trade war. Moreover, the development of coronavirus cases in China and aggressive lockdowns which also affected global supply chains are increasing uncertainty. With respect to inflationary factors in Israel, forum experts believe that inflation in Israel is supported by increased importing costs, and the significant increase in salaries and in rent, as well as high transportation costs due to the increase in energy prices. Inflation in Israel has increase by 4.5% since the beginning of the year, and cumulatively increased during the third quarter by 1%.

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

Exchange rates

During the third quarter of the year, the NIS weakened vs. the USD by around 1.25%, and by 14.6% since the beginning of the year. Relative to the EUR, the NIS gained in the third quarter by around 4.15%, and by around 1% since the beginning of the year.
The Bank of Israel’s balances in foreign currency as of the end of the third quarter amounted to USD 181 billion. The Bank of Israel did not make any significant foreign currency purchases in recent months.

Development of the interest rate and yields

Since the beginning of the year, the Bank of Israel increased the interest rate in the economy from 0.1% to 2% as of the end of the third quarter, while during the third quarter it increased interest rates, from 0.5% to 2%. It is noted that after the balance sheet date as well, the interest rate was increased to 2.75%. Recently the Governor of the Bank of Israel stated that the Bank of Israel intends to rapidly raise the interest rate to around 3.5%. Factors supporting this move include the strong labor market, the low unemployment rate (albeit with a decrease in the participation rate), the increased number of unemployed in recent months, although in summary the levels are still as they were pre-pandemic, and no apparent decrease in available jobs, despite the decreased demand for employees in the technology sector.
Despite the special risk seen by the Bank of Israel in increasing commercial credit, particularly for real estate, the increase of the interest rate is not stopping this trend, and its growth trend continues rising, while the growth rate of consumer credit remains stable, and the mortgage acceptance rate is in sharp decline.

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

In percent	1-9		7-9		Year
Stock indices in Israel	2022	2021	2022	2021	2021
Tel Aviv 35	(7.1)	20.2	0.5	7.1	32.0
Tel Aviv 90	(11.2)	17.4	(1.7)	1.8	33.1
Tel Aviv 125	(8.4)	18.6	0.0	5.4	31.1
Tel Aviv Growth	(19.8)	5.7	(4.4)	(7.3)	9.7
Bond indices in Israel					
Non-life	(7.7)	2.6	(2.2)	1.3	4.0
Telbond CPI-linked	(7.3)	6.6	(2.1)	2.5	7.9
Telbond NIS-linked	(7.1)	2.1	(2.2)	0.3	3.0
Government CPI-linked	(9.1)	4.1	(2.5)	2.5	7.4
Government NIS-linked	(8.6)	(1.6)	(2.3)	(0.2)	(1.6)
Global stock indices					
Dow Jones	(20.3)	12.7	(5.2)	(0.4)	20.2
NASDAQ	(32.5)	13.5	(2.8)	0.3	23.4
Nikkei Tokyo	(8.2)	7.3	0.1	2.3	4.9
CAC - Paris	(21.4)	17.7	(4.6)	0.3	29.3
FTSE - London	(7.8)	9.7	(4.5)	0.7	14.8
DAX - Frankfurt	(25.1)	11.5	(6.8)	(1.5)	15.8
MSCI WORLD	(24.8)	12.8	(5.3)	0.1	20.8

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

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

Global economic developments	The third quarter of 2022 saw continued efforts by central banks to fight the high rates of inflation. Most central banks began the process of increasing interest rates while reducing money printing. The Russia-Ukraine war currently has no end in sight, and in response, Western countries have imposed severe economic sanctions on Russia. Along with this crisis, which led to a spike in energy and commodities prices, the world is currently in a period of recovery from the coronavirus crisis, with problems still felt in supply chains and in increased demand. This led central banks to begin implementing restrictive measures, including interest rate increases and balance sheet reduction. **USA** - During the third quarter, the trend of downturn in the economy continued, along with increasing inflation, and GDP during the quarter grew by 2.6% relative to the previous quarter, in which economic contraction was recorded (higher than the forecasted increase of around 2.4%). During the quarter the Fed continued raising the interest rate by 150 basis points to 3.75%-4%, in response to the spiraling inflation, which stands at 8.2% as of the end of the quarter (in annual terms). The market forecasts indicate continued interest rate increases in the coming months, and most estimates indicate an additional 1% by mid-2023. In addition to the interest rate increase, the Fed began implementing balance sheet reductions at a rate of approximately USD 60 billion per month. The labor market remains strong, while the unemployment rate remains low, at 3.6% (as of the end of the third quarter), and an ongoing increase in the number of new workplaces opened each month. In October, the inflation rate (in annual terms) was 7.7%, less than the forecast of 7.9%. **Europe** - The Euro Bloc economy grew during the second quarter at a rate of 0.2% relative to the third quarter. The ECB joined the trend of the world's central banks, and rapidly increased the interest rate to 2%, in response to increasing in response in the European Union (annual rate of 9.3% as of September 2022). The ECB began reducing its bond purchasing plans. The unemployment rate stabilized, and stands at 6.7% as of September. **China** - The Chinese economy is still affected by the zero covid tolerance policy, which was reflected in the imposition of lockdowns on extensive areas, and the obligation of self-isolation for people entering the country. The Chinese economy grew in the third quarter by 3.9% relative to the third quarter of 2021, and in quarterly terms as well, it grew by 3.9% relative to the second quarter of 2022. During the third quarter, the central bank continued implementing monetary expansion measures, both in the money supply and in reducing the reserve ratio.

4. Restrictions and supervision of the corporation’s business

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

4.1 General

4.1.1 Provision of financial information services

Further to that stated in section 10.2.9(B) of the chapter “description of the corporation’s business” for 2021, regarding the Financial Information Services Law and the draft circular entitled “instructions for financial service providers” -

In March 2022, a circular was published entitled “instructions for financial information service providers”, which established provisions regarding the method for receiving the Capital Market Authority’s approval for an institutional entity to operate as a financial information service provider, and provisions regarding the activity of an insurer as a financial information service provider.

In August 2022 an amendment to the circular regarding provisions for financial information service providers was published, in which provisions were added regarding the regulation of an insurer’s activity as a financial information service provider, regarding the receipt and use of digitally signed certificates, disclosure in contractual agreements with customers, provision of customer service and consideration received from other entities.

The Company believes that the adoption of the provisions of the Financial Information Services Law regarding “directives for financial information service providers” could involve operational consequences on the one hand, and business opportunities on the other, while increasing competition in the financial market. For details regarding the transfer of information in the pension savings and pension clearing house segment, see section 6.2.1(B) of the chapter “description of the corporation’s business” in the Company’s periodic reports for 2021.

The information presented on all matters associated with the legal provisions regarding the provision of financial information services constitutes forward looking information, which is based on the Company’s estimates and assumptions, and actual results may differ significantly from the forecast, inter alia, in light of way in which the directives will be implemented by the various regulators, and the conduct of various entities in the financial market, and the preferences of consumers.

4.1.2 Addition to insurance

Further to that stated in section 10.2.10(A) of the chapter “description of the corporation’s business” in the Company’s periodic reports for 2021, regarding the addition to insurance circular, in June 2022, an additional amendment to the aforementioned circular was published, which included, inter alia, several adjustments to the process of initiated marketing to policyholders who are senior citizens. Provisions were also established regarding the presentation of the various alternatives for the composition of coverage upon addition to insurance, by the same means that were used to make the addition. It was further decided to postpone the application date of most of the circular’s provisions to August 31, 2022, and the application date of certain provisions was postponed to December 1, 2022.

A transitional provision was also issued, which determined that the provisions of the addition circular will not apply to the marketing of insurance plans for health and non-life products which are time-restricted, and which are acquired without initiated marketing, from August 31, 2022 until December 31, 2023.

In September 2022 an amendment to the addition to insurance circular was published, in which it was determined, inter alia, that the provisions regarding the process of initiated marketing to policyholders who are senior citizens will not apply to addition performed during a physical meeting. It was further determined that a payment method may not be demanded of an insurance applicant as a condition for providing a product’s details or price.

4. Restrictions and supervision of the corporation's business

4.1 General (Cont.)

It was further decided to postpone the application date of the provisions regarding sending insurance coverage to senior citizens in health insurance as of February 1, 2023. Additional preparation time was also given for the purpose of technological preparation for adopting the provisions regarding the presentation of alternatives to the default option to insurance applicants, to December 1, 2022.

It is noted that the Association of Insurance Agents in Israel filed a petition with the Supreme Court against the circular's entry into effect.

The Company believes that the above amendments add to the already existing complexity in sale processes, and in particular with respect to senior citizens, affects the processes involved in retention and renewal of various insurance coverages, and will require operational and operational preparations on the part of the Company, including the associated complexity.

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

4.1.3 Customer service in institutional entities

Further to that stated in section 10.2.10(B) of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, with respect to the circular "customer service in institutional entities", in June 2022 an additional amendment to the aforementioned circular was published, in which clarifications were added with respect to the circumstances in which policyholders who are senior citizens may be actively contacted; It was further determined that senior citizens may not be actively contacted by phone except in case the policy is expected to canceled, under circumstances which are not at the policyholder's initiative (in order to avoid a situation in which a health or long-term care insurance policy has been canceled without the policyholder's knowledge).

4.1.4 Insurance Contract Bill - Prescription, Special Interest and Imposition of Financial Sanctions

Further to that stated in section 10.2.5 of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding a memorandum in amendment of the Insurance Contract Law (Prescription and Special Interest), in June 2022 a bill to amend the provisions of the Insurance Contract Law, with respect to prescription and special interest, was published. In the bill, it is proposed to determine that notwithstanding the provisions regarding prescription which are prescribed in the Insurance Contract Law the prescription period will not be counted for one year after the date when a complaint has been submitted to the Commissioner for the purpose of investigating it in accordance with his authority, but no more than four years after the occurrence of the insurance event, and with respect to life insurance, illness and hospitalization insurance, and long-term care insurance - no more than six years after the occurrence of the insurance event.

It is further proposed to expand the Court's authority to order an insurer to pay insurance benefits which were not disputed in good faith, plus special interest, such that the Commissioner will be given a similar authority to order the insurance companies to pay a special interest payment when the Commissioner worked to investigate a complaint in accordance with his authority, and found that benefits which were not disputed in good faith had not been paid.

The aforementioned amendment, insofar as it is accepted in its current version, is expected to result in an increase in the Company's insurance liabilities and claim settlement costs.
Additionally, in August 2022, a memorandum in amendment of the Insurance Contract Law was published, in which it was proposed to establish an explicit provision obligating insurers to pay insurance benefits to policyholders in accordance with the required dates and amounts, in accordance with the provisions of the law and the contract, and in parallel, it was proposed to amend the Control of Insurance Law and to authorize the Commissioner to impose financial sanctions on insurers who have not paid the insurance benefits in accordance with the provisions of the law, following the Commissioner's investigation of the policyholder's complaint, in accordance with his legal authority.
Insofar as the wording is accepted as binding, the regulator's authorities with respect to enforcement measures and with respect to the imposition of financial sanctions will be extended.

4. Restrictions and supervision of the corporation's business

4.1 General (Cont.)

4.1.5 Amendment to the provisions of the consolidated circular regarding the supervising actuary and chief actuary

In September 2022, an amendment to the provisions of the consolidated circular regarding the supervising actuary and chief actuary was published, which implemented the principles of Solvency II and IAIS in the applicable regulations in Israel regarding the actuarial staff, its functions, and its characteristics. The circular included, inter alia, the establishment of a new function of chief actuary, who will be responsible for leading the actuarial staff and overseeing the work of the supervising actuaries who are responsible for the various insurance branches, and who will be responsible for the professional aspects which require a general overview of the insurer's activity. As part of the foregoing, it was determined that the chief actuary will submit, once per year, an actuarial report reviewing the manner of implementation of the actuarial aspects in the solvency provisions, and to express his opinion regarding the underwriting policy and reinsurance arrangements. It was also determined that the chief actuary will be required to report to Company management and to the Board of Directors regarding the reliability and adequacy of the calculation of insurance liabilities. Additionally, in order to maintain independence in accordance with Solvency II, it was determined that the actuarial staff, and its leader, be subordinate directly to the insurer's general manager.
Most of the aforementioned provisions will enter into effect on January 1, 2023.

4.1.6 Circular regarding customer service for agents and advisors - amendment

In August 2022, an amendment was published to the circular regarding customer service for agents and advisors, which specified the instructions with which a license holder (insurance agent or insurance advisor) must comply when providing service to customers. The amendment includes, inter alia, provisions which are intended to clarify the license holder's duties with respect to customers when the engagement is done passively, from the customer's perspective, without their knowledge or involvement, inter alia, due to the acquisition of an insurance portfolio, or the appointment of the license holder by the institutional entity (hereinafter: "**Transferred Customers**"). According to the amendment, the license holder must initiate a service call to transferred customers, in which the license holder will inform the transferred customer of the aforementioned change, and will explain to them, inter alia, their option to cancel the appointment of the new license holder, or to sign a new power of attorney (hereinafter: "**Service Request for Transferred Customer**").

4.1.6 Circular regarding customer service for agents and advisors - amendment

In September 2022, a draft amendment to the circular regarding customer service for agents and advisors was published in which, inter alia, the time periods for service calls to transferred customers were extended, and clarification was added, as part of the explanatory remarks, that the provisions regarding service calls to transferred customers do not involve payments to the license holder, but rather only establish the rules with which the license holder must comply in cases where transferred customers are transferred to it.

The Company believes that the new license holder's obligation to inform transferred customers of their transfer, as stated above, could result in changes in the patterns of execution of market transactions involving the acquisition of insurance portfolios and the merger of agencies.

The information presented on all matters associated with the possible implications of the amendment to the circular regarding customer service for agents and advisors constitutes forward looking information, which is based on the Company's estimates and assumptions, and actual results may differ, inter alia, due to the conduct of insurance agents on the matter.

4. Restrictions and supervision of the corporation's business

4.1 General (Cont.)

4.1.7 The Concentration Law

Further to that stated in section 10.2.1 of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the provisions of the Law to Promote Competition and Reduce Concentration, in September 2022 a publication appeared in the economic media according to which, further to the request of Alrov Properties and Lodgings Ltd. for a permit for control of the Company, and further to the position of the Capital Market Authority, according to which Clalbit Finance Ltd. should be considered a **financial** corporation for the purpose of Chapter D of the Concentration Law, the committee for the reduction of concentration expressed its position, according to which Clalbit Finance Ltd. should be viewed as a **real** corporation, in a manner which rejects the Capital Market Authority's interpretation.

However, in September 2022 the Team for Evaluating Chapter D of the Concentration Law (hereinafter: the "**Concentration Evaluation Team**") published a report, in which the team expressed its position that it would be appropriate to define an insurer's issuance corporation as a financial entity, in a manner which accords with the Capital Market Authority's position, as presented above.

At this stage, before an official directive has been published which determines whether issuance companies owned by insurers should be classified as financial or real corporations, the Company is unable to assess the effects of these publications; However, the above classification could affect the development of the Group's activity and its holding structure, in a manner whereby, insofar as the scope of Clalbit Finance's liabilities exceed the threshold leading to its classification as a significant real entity, this could affect the Company's possibility of continuing to hold Clal Insurance and Clalbit Finance, and/or could require a merger between member companies in the Group. At this stage, in light of the balance of Clalbit Finance's liabilities (for details, see Note 5(C) to the Company's financial statements) and the recommendations of the concentration evaluation team, the Company is investigating the matter.

The Company is also evaluating the possible implications of the transaction to acquire Max IT Finance Ltd. ("Max"). See Note 8(G) to the Company's financial statements.

4.2 Long-term savings

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

Further to that stated in section 9.5.5.1(a) of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the Control of Financial Services Regulations (Provident Funds)(Direct Expenses Due to Execution of Transactions), 2008 (hereinafter: the "**Expense Regulations**"), and regarding a report of advisory committee to the Commissioner regarding the evaluation of direct expenses was published (hereinafter: the "**Direct Expenses Report**") -

In October 2022, The Control of Financial Services Regulations (Provident Funds) (Direct Expenses Due to Execution of Transactions) (Amendment), 2022, were published, which constitutes the first in a series of regulations which are expected to be published in light of the direct expenses report.
The amendment to the regulations included the establishment of a mechanism according to which the institutional entity will determine, for each track or provident fund under their management, the cap of external management fees for the relevant fiscal year, without specifying a numerical cap in percent, while the Commissioner will be entitled, in special circumstances, to permit deviations from the maximum rate of the cap on external management fees. It was further determined that the collection of permissible expenses with respect to several investment track which will be created after January 1, 2023 will be done as follows:

1) In specialized investment tracks with most investments in marketable assets, the collection of direct expenses will be possible only with respect to purchase and sale fees, retention fees, and maintenance fees, taxes and expenses in connection with claim management due to investment in a track, and an external management fee due to the investment in a marketable security in a fund or international fund or ETF which is not its related party.

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

4.2 Long-term savings (Cont.)

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

2) In a specialized investment track which mostly invests in index-tracking instruments, the collection of direct expenses will be possible with respect to the provisions of section (1), as well as external management fees due to investment in a marketable security in a fund or international fund or ETF which is not its related party, and at least 75% of the fund's assets are assets which were not issued in Israel, and are not traded or held in Israel.
3) In an investment track which includes a variable management fee component, wherein the institutional entity's compensation is also derived from the track's performance, the collection of direct expenses will be permitted with respect to taxes only.

It was further determined that the calculation of the upper limit of external management fees in pension tracks will be performed out of the total assets of the investment tracks; however, for the purpose of the actual use of the direct expenses, expenses collected for investments allocated to guaranteed return investment channels will not be taken into account.

Provisions were also established regarding the duty of disclosure and reporting for members and policyholders, with respect to their total expected cost in the pension product.

The aforementioned arrangement will apply beginning on January 1, 2023, and the current version of the regulations was extended retroactively, from April 6, 2022 to December 31, 2022.

Further to the directives regarding the disclosure and reporting duties towards members and policyholders, in November 2022 institutional entities draft circular 2022-316 was published, "manner of presentation of the expected annual cost for members or policyholders". The draft includes a proposal to establish provisions regarding the presentation of the total expected cost with respect to management fees and direct expenses for existing and new customers. It is further proposed that the arrangement will apply as from January 1, 2023.

For details regarding the consequences of the circular and draft circular regarding disclosure and reporting duties, see section 4.2.2 below.

4. Restrictions and supervision of the corporation's business

4.2 General (Cont.)

4.2.2 Investment tracks in provident funds

In September 2022, a circular was published regarding the management of investment tracks in provident funds, which included updates and significant expansion of the array of specialized investment tracks which an institutional entity is allowed to manage, in order to increase competition in the pension savings branch. The institutional entities were obligated, inter alia, to create an index-tracking investment track for annuity recipients, and to allow the offer of specialized tracks to annuity recipients as well.
The circular also includes provisions which allow the management of investment tracks, divided into five track types ("groups"):

1) Actively managed investment tracks – Specialized investment tracks featuring direct investments along with investments in index-tracking assets;
2) Actively managed investment tracks with variable management fees - specialized investment tracks, as stated in section A, for which variable management fees are collected by the institutional entity in accordance with the returns that were achieved. The institutional entity is manage such tracks provided that it manages a track under the same specialization in the group specified in section 1 above;
3) Investment tracks specialized in marketable assets (including an obligation to create at least one marketable hybrid investment track);
4) Index-tracking investment tracks (including an obligation to create at least one flexible index-tracking investment track):
5) Investment tracks specialized in investment management in accordance with religious laws, or perspectives regarding sustainability and the environment.

The circular also includes provisions with respect to the different models of management fees and direct expenses which will be collected in the various groups (e.g., non-collection of direct expenses in the group of index-tracking investment tracks and in actively managed investment tracks with variable management fees), further to the recommendations of reports of the Commissioner's advisory committee regarding the evaluation of direct expenses. For details regarding the committee's recommendations, see section 10.5.5.1(A) of the chapter "description of the corporation's business" in the Company's periodic reports for 2021.

In November 2022 a draft amendment to the circular was published, in which it was proposed to postpone the commencement date of most of the circular's provisions to January 1, 2024, except for provisions regarding the creation of a flexible index-tracking track, which will enter into effect on January 1, 2023.

The Company believes that the amendment to the Expense Regulations, along with the investment tracks circular, the draft amendment to that circular, and the draft provisions regarding disclosure and reporting obligations towards members and policyholders, may result in increased competition in the pension savings products market, due to making the investment expenses conditional on the type of track, the opening of new investment tracks, and the measurement of returns in the new tracks.

The Company's estimates regarding the consequences of the amendment to the Expense Regulations, the investment tracks circular, the draft amendment to that circular, and the draft provisions regarding disclosure and reporting obligations towards members and policyholders, constitute forward looking information, which is based on the Company's non-final estimates that are known as of the publication date of the report. The results of the above provisions may differ significantly from the forecast, inter alia, in light of the uncertainty regarding the final wording of the provisions regarding the disclosure and reporting obligations towards members and policyholders, supplementary provisions which may be published in the future, the implementation of the provisions by the Commissioner and the other market entities, including the types of track which will be created, and the amount of expenses which will be collected in practice.

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

4.2 Long-term savings (Cont.)

4.2.3 Update to the set of demographic assumptions in life insurance and for pension funds

In June 2022, a circular was published regarding an "amendment to the provisions of the consolidated circular regarding the measurement of liabilities" - update to the set of demographic assumptions in life insurance, and update to the mortality improvement model for insurance companies and pension funds", which includes an update to the default assumptions which will be used by the institutional entities to calculate their liabilities and factors for annuity recipients in pension savings products, and also includes recommendations regarding the prediction of the rates of future improvements in mortality.

For further details regarding the consequences of the aforementioned amendment, see Note 8(A)(1)(C) to the financial statements.

4.2.4 Supplementary provisions regarding the guaranteed return mechanism in pension funds

Further to that stated in section 10.5.5.1(G) of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the replacement of the guaranteed return mechanism in pension funds within the framework of the Economic Efficiency Law (Legislative Amendments to Achieve Budgetary Goals for Budget Years 2021 and 2022), 2021, and the supplementary provisions which were published on the subject, in July 2022 amendments were published to the circulars regarding instructions for the management of new funds, and regarding rules for increasing the rate of crediting of returns to annuity recipients in new pension funds, in order to adjust them to the provisions of the law and the Commissioner's directives as derived from the provisions of the law.

The aforementioned amendments included, inter alia, provisions which were intended to adjust the interest rate which is used for discounting and for returns in the calculation of liabilities to annuity recipients in new comprehensive funds, to the target return with respect to the mechanism's assets, such that, with respect to members who retire before January 1, 2023, the discount rate will be an effective annual interest rate of 4.26% (unchanged), or another rate to be determined by the Commissioner from time to time; and with respect to members who retire beginning on January 1, 2023, the discount rate will be an effective annual interest rate of 4.38%, in light of the change in the nominal interest rate which serves as the basis for the retirement conversion factor for those members, and the cost of the insurance coverages from that date onwards.

4.2.5 Proposed amendment to the Pension Advice Law

Further to that stated in section 10.8.8.1(B) of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the transitional provision regarding the non-application of enforcement measures against banking corporations who provide pension advice digitally or over the telephone, until the lifting of the restrictions which were imposed due to the coronavirus pandemic, and the Ministry of Finance's intention to promote an amendment to the Control of Financial Services Law (Pension Advice, Marketing and Clearing Systems), 2005 –

In June 2022, a proposed legislative amendment to the aforementioned law was published, in which it was proposed to allow pension advisors who are employed in the banks to provide pension advice to the bank's customers also via digital means, and to call customers when required as part of the process of providing pension advice. Additionally, in July 2022, the period of the transitional provisions was extended until the end of three months after the date of assembly of the 25th Knesset.

The Company believes that insofar as the bill is accepted and enters into effect, it will increase competition in the market of pension advice and marketing through banks, which could make the pension advice and marketing segment more concentrated, and could also cause the institutional entities to become exposed to the payment of fees at higher rates than the average rate which they currently pay in some of the products, and to the payment of fees also with respect to products, where most of the respective marketing fees have already been paid in the past.

The information presented on all matters associated with the possible implications of the draft legislation regarding the pension advice possibilities of banking corporations constitutes forward looking information, which is based on the Company's estimates and assessments, and actual results may differ significantly from the forecast, inter alia, according to the final wording of the amendment, insofar as it will be published, and in light of the fact that actual implementation may differ from the forecast, and depends, inter alia, on the conduct of banking corporations, and the types of products regarding which banking corporations will be allowed to give pension advice services.

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

4.2 Long-term savings (Cont.)

4.3 Health insurance

4.3.1 Addition of health insurance branch to agent license

In May 2022, a memorandum was published in amendment of the Control of Financial Services Law (Insurance) (Addition of Health Insurance Branch to Agent License), 2022 (the "**Memorandum**"), which is intended to unify a license for the health insurance branch, to include personal accidents insurance and illness and hospitalization insurance, such that the health insurance branch will be independent, and will not be part of the other branches, as compared with the current situation, whereby an agent license in the non-life insurance branch or in the pension insurance branch allows the insurance agent to sell and market also health insurance. In the memorandum, it was proposed to determine that insurance agents who are entitled to engage in agent activities with respect to a health insurance branch under their current license, may receive an agent license for the health insurance branch, with no need to specialize or pass tests with respect to the health insurance branch.

The Company believes that the concentration of insurance products under a unique branch for insurance agents who have received specific and focused training on that subject will result in the development of professionalism and expertise in the health insurance segment.

The Company's assessments in connection with the memorandum constitutes forward looking information, which is based on the estimates and assumptions as of the publication date of the report, and actual results may differ significantly from the forecast, depending, inter alia, on the final wording of the memorandum, and the way in which it is implemented.

4.3.2 Health insurance reform

Further to that stated in section 8.1.2.1 of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the reform in the health insurance segment, in September 2022 The Commissioner's publication of updates to the reform's provisions - The Control of Financial Services Directives (Insurance) (Terms of Insurance Contract for Surgeries and Alternative Treatments to Surgery in Israel) (Amendment), 2022; Amendment to the provisions of the consolidated circular - volume 6, part 3, chapters 1, 2, 3, 4 and 6 - preparation of health insurance plans; The Control of Financial Services Directives (Insurance) (Terms of Insurance Contract for Basic Health Insurance Policy), 2022 (the "Reform").
The updated provisions of the reform include a new structure for the health insurance market, which will include five layers:
(A) First layer - A basic health insurance policy, which is comprised of three standard insurance plans – implants and special treatments abroad, drugs not including in the health basket, and alternative treatments to surgery abroad. The policies cover cases which are generally not covered by the health basket. In the draft reform provisions, the Commissioner defined the foregoing covers uniformly in order to allow a comparison between the products, increase competition and focus it on the price of insurance, and on the service which is given by the insurance company.
(B) Second layer - Plan for surgeries and alternative treatments to surgery in Israel - supplementary coverage to the insurance coverage which is sold as part of the Additional Health Services with / without a deductible, and coverage from the first shekel onwards, without a deductible.
(C) Third layer - Insurers will be entitled to market extension policies for the coverages which are included in one or more of the insurance plans that were purchased under the first, second or fifth layer.

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

4.3 Health insurance (Cont.)

4.3.2 Health insurance reform (Cont.)

(D) Fourth layer - 6 specific ambulatory insurance plans which were specified in the reform provisions, for the purpose of increasing the variety of available insurance products, while preventing a situation of double coverage between the products, as well as any additional plan which may be approved by the Commissioner, in advance and in writing, and which he will declare permissible for marketing by all of the companies. The sale of products in the fourth layer will be allowed on the condition that the policyholder holds a basic health policy from any insurer.
(E) Fifth layer - A critical illness policy, the purchase of which does not depend on the purchase of another insurance plan.
The provisions of the reform also include a prohibition against the sale of individual health insurance policies to insurance applicants who have an individual health insurance policy of the reimbursement type, which provides them with similar insurance coverage, without canceling the existing policy (except for certain cases which were specified in the provisions of the reform), and a provision stipulating that discounts will be given, in a fixed rate, for a minimum period of ten years.
The provisions enter into effect on February 1, 2023, and will apply to individual health insurance policies which are signed from that date onwards, and to collective health insurance policies which are signed or renewed from that date onwards, except for a provision regarding discounts, which will also apply upon the provision of a renewed discount in existing policies.

The existence of a standard basic health policy at all of the insurance companies may increase competition, which will be focused on price, service and the claim settlement method, inter alia, in light of the uniformity of the policies, and in light of the structure of the policies, which will be comprised of several layers, that may be purchased by policyholders from different companies. The prohibition against offering policyholders to purchase insurance for surgeries and alternative treatments to surgery in Israel as part of the first layer may affect the product's sales volume.

At this preliminary stage, the Company is unable to estimate the complete effects of the reform.

4.3.3 Tariff update in updated health policies

Further to that stated in section 8.1.2.1 of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the draft circular regarding tariff updates in updated health policies, In September 2022, an amendment to the provisions of the consolidated circular - volume 6, part 3, chapter 1 – tariff updates in updated health policies, was published.
In accordance with the Commissioner's directives, individual health insurance policies (excluding loss of working capacity, long-term care, international travel, dental, and foreign workers and residents) which were sold beginning from February 2016, are renewed automatically, for all policyholders, once every two years. The tariff updates and the terms of these insurance policies are conditional on the Commissioner's approval, and on advance notice to the policyholders.
Further to the foregoing, in September 2022, a circular was published to update tariffs in updated health policies, which includes provisions which determine in which cases insurers may increase premiums in health insurance policies of the medical expenses type (individual) without the Commissioner's approval, and provisions which allow the insurance company to offer policyholders to reduce the rate of premium in case by increasing the deductible or reducing coverage, subject to the Commissioner's advance written approval.
The circular enters into effect on its date of publication, and will apply to individual medical expense insurance plans which are marketed or renewed beginning from the application date.
The possibility to increase premiums, or alternatively to price a part of the risk in the deductible or the scope of coverage, is expected to result in hedging of the insurance company's long term insurance risk, to create certainty, and as a result to reduce the conservatism factors in policy pricing. However, periodic updates to the policy terms, insofar as they are made in a manner which does not benefit the policyholders, may affect the ability to maintain policyholders, particularly among healthy policyholders. As of the present date, the Company has not yet implemented a policy update which would have required obtaining the consent of policyholders, as stated above.

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

4.3 Health insurance (Cont.)

4.3.4 Functional assessment providers in long term care insurance

Further to that stated in section 8.1.2.2 of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the amendment to the provisions of the consolidated circular regarding the settlement of long-term care insurance claims, which entered into effect gradually beginning in 2018, and which includes, inter alia, a provision stipulating that the insurer will be obligated to create a database of providers to conduct the functional assessments as part of the process of claim settlement in long-term care insurance, and the consequences of that amendment -

In September 2022, the Commissioner again postponed the entry into effect of the above provision, to December 31, 2023.

4.3.5 Service letters

Further to that stated in section 10.2.10(C) of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the service letters circular, and further to the update to the provisions of the health insurance reform in September 2022, as stated in section 4.3.2 above -

In September 2022, an amendment was published to the service letters circular, in which it was determined, inter alia, that service letters in health insurance will not provide service for coverage which is included under the insurance plans which constitute a part of the fourth layer of the health insurance reform, as specified in section 4.3.2 above (specific ambulatory insurance plans). It was further determined that service letters in the health segment which are marketed without the involvement of an insurance company will be sold separately from the sale of insurance plans, and after at least three business days have passed between the sale of the insurance plan, and the sale of the service letter.

The Company believes that the aforementioned amendment could reduce the scope of services which are sold through the service letters, which do not include the insurer's involvement; however, the Company believes that the amendment is not expected to significantly affect its business results.

The Company's assessments in connection with the amendment to the service letters circular constitutes forward looking information, which is based on the estimates and assumptions as of the publication date of the report, and actual results may differ significantly from the forecast, depending, inter alia, on the conduct of various entities in the insurance market, and the preferences of customers.

4.4. Non-life insurance

4.4.1 Home insurance policy

In May 2022, a draft was published of the Control of Insurance Business Regulations (Contract Terms of Home and Home Contents Insurance) (Amendment), 2022, in which it is proposed to amend the standard home insurance policy which is set forth in an addendum to the regulations (hereinafter: the "**Standard Policy**"). The proposed amendment is due to uncertainty regarding the insurance coverage in case of collapse of buildings due to causes other than earthquakes. In accordance with the draft, it is proposed to clarify that those cases will not be included as part of the policy's basic coverage, and it is further proposed to add the possibility of buying extension for coverage with respect to significant accidental damage caused to the home, for any reason (save for a limited number of specified exceptions), which is no less than 70% of the insurance amount.

At this preliminary stage, the Company is unable to estimate the draft's impact. Actual results may be affected, inter alia, by the final wording of the regulations, the willingness of reinsurers to insure the aforementioned coverage, the pricing method, the scope of coverage, and the conduct of customers, competitors, distributing entities and creditors financing mortgage loans in the market.

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

4.4. Non-life insurance (Cont.)

4.4.2 Life insurance and building insurance as part of housing loans

In May 2022, a draft was published in amendment of the circular regarding life insurance and building insurance through housing loans (hereinafter: the "**Draft Amendment to the Housing Loan Insurance Circular**"), in which it is proposed to allow insurance agencies which are owned by mortgage banks (hereinafter: the "**Bank Agencies**"), which are currently allowed to market home insurance policies which include coverage for the building, plus coverage for water damages only (without additional covers or extensions), to market coverage for third party damage, and an extension for building insurance - "any reason coverage for significant damage", according to the wording proposed in the draft amendment to the standard home insurance policy (for details, see section 4.4.1 above, regarding the Draft Control of Insurance Business Regulations ((Contract Terms of Home and Home Contents Insurance) (Amendment), 2022).

Insofar as the draft amendment to the housing loan insurance circular becomes binding, it is expected to increase the ability of bank agencies to compete, although there is uncertainty regarding the willingness of reinsurers to provide insurance coverage for third party damages and/or any reason coverage for significant damage, as part of building policies through mortgages.

The Company's assessments in connection with the draft amendment to the housing loan insurance circular constitutes forward looking information, which is based on the estimates and assumptions as of the publication date of the report, and actual results may differ significantly from the forecast, depending, inter alia, on the final wording of the amendment, and on the conduct of bank agencies, other agents, customers and competitors.

4.4.3 Proposed reform regarding arrangement garages and the loss adjusters arrangement

Further to that stated in section 7.1.1.2B.B3 of the chapter "description of the corporation's business" in the Company's periodic reports for 2021, regarding the proposed reform regarding arrangement garages and the loss adjusters arrangement, in August 2022 the Commissioner published a third draft circular entitled "**amendment to the provisions of the consolidated circular - provisions regarding the motor property branch**" (hereinafter: the "**Draft Circular Regarding Garages and Loss Adjusters**"), which regulates the insurance claim settlement method in the motor property branch, with respect to engagement with loss adjusters and garages, as well as various provisions regarding the process of policy marketing and claim settlement.

With respect to garages, the draft includes, inter alia, provisions providing the possibility for any garage which undertakes to fulfill the principles which will be determined the insurance company, and to sign a contractual agreement with it, to serve as an agreed-upon garage, and to provide service to its policyholders, or to third parties (hereinafter: "**Agreed-Upon Garage**"); The insurance company is required to conduct egalitarian negotiations between garages with similar characteristics, and once it has signed an agreement with an agreed-upon garage, any other garage, with similar characteristics, will be allowed to sign an agreement, in the same wording; The price per work hour will be as agreed between the agreed-upon garage and the insurance company; The cost of replacement parts will be in accordance with a discount which the agreed-upon garage will undertake to give to the insurance company, or the agreed-upon garage will undertake that the price of the replacement parts it supplies will not exceed the price of the replacement parts which were purchased by the insurance company, or which may be supplied by it, or will undertake to use the replacement parts which will be supplied by the insurance company, in accordance with an agreement between the insurance company and the garage; An agreed-upon garage may not commence the repair of a vehicle until approval has been received from the insurance company and from the vehicle owner; A prohibition against engaging in agreements which restrict the agreed-upon garage regarding the vehicle repair amount, or regarding the average cost of vehicle repair; The insurance company may terminate the engagement with the agreed-upon garage only after giving the garage an opportunity to stop the breach.

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

4.4. Non-life insurance (Cont.)

4.4.3 Proposed reform regarding arrangement garages and the loss adjusters arrangement (Cont.)

It is further proposed to determine that an insurance agent, garage or loss adjuster will not provide or receive any commission or benefit, within the framework of and as part of the process of selecting a garage and repairing the vehicle, and with respect to insurance agents, including through a claim management company or any other entity involved in the process, including with respect to various consulting services.
It was further clarified in the draft's explanatory remarks that in order to implement the proposed change to the arrangement garages mechanism, and to allow competitive prices in the field of replacement parts, a supplementary arrangement is required, which falls under the Ministry of Transport's authority, and which will bring the prices of the replacement parts specified in vehicle loss adjustment reports to the level of market prices (hereinafter: the "**Ministry of Transport's Supplementary Arrangement**").
With respect to loss adjusters, it is proposed to determine, inter alia, that when selecting a loss adjuster from the database of loss adjusters offered by the insurance company (a loss adjuster whose decision will be binding towards the insurance company, subject to a limited appeal process, as determined before a deciding loss adjuster), the insurance company will be required to use the database of loss adjusters, which will be open to all loss adjusters who meet the criteria specified in the draft (hereinafter: the "**Loss Adjusters Database**"); The insurance company will engage with loss adjusters who are interested in being included in the loss adjusters database, through a contractual agreement which will be the same as its contractual agreements with other loss adjusters who are included in the database of loss adjusters with similar characteristics as the interested loss adjuster, including as regards the formula which will be used to calculate the loss adjuster's fees. The draft circular regarding garages and loss adjusters also includes provisions with respect to the number of loss adjusters who will be included in the loss adjusters database, and the distribution thereof; and regarding the procedure which the insurance company will be required to implement in order to remove a loss adjuster from the loss adjusters database, according to objective parameters which were included in the contractual agreement.
It is further proposed to determine that the fees of loss adjusters in the database will be comprised of variable component and a variable component, whereby the variable component will be at a non-negligible rate, and will include taking into account service-related parameters, and parameters which are unique to loss adjusters, such as years of experience and specialization in particular vehicle types.
It is further proposed to determine that a remark towards a loss adjuster, stating the that repair of the vehicle in accordance with the repair proposal could adversely affect the car's safety, or a remark stating that an identical and obtainable replacement part is available, will not constitute a prohibited influence on the loss adjuster's judgment.
In accordance with the draft circular regarding garages and loss adjusters, the process of selecting a loss adjuster from the database will be performed by the policyholder out of a list of two loss adjusters, who will be chosen at random. The repair proposal and loss adjustment report of a loss adjuster who has been selected from the loss adjusters database, as stated above, will be the effective repair proposal and loss adjustment report, unless the insurance company has appealed before a deciding loss adjuster, in accordance with the limited mechanism specified in the circular.
It is proposed to determine that a loss adjustment report of a private loss adjuster which was selected by an injured party in a third party claim may be an "effective loss adjustment report" if the third party acted in accordance with the rules specified in the draft circular regarding garages and loss adjusters, while providing the possibility for the insurance company to appeal the loss adjustment report in accordance with the deciding loss adjuster mechanism.
It is further proposed to determine that the insurance company will be required to offer policyholders a plan, under which it will be possible to choose any garage (as opposed to an agreed-upon garage), with no effect on the deductible amount paid by the policyholder. It is further proposed to determine various provisions regarding disclosure, transparency and service level, including the publication of indicators of policyholder satisfaction with respect to agreed-upon garages and with respect to loss adjusters from the database, and extensive provisions regarding disclosure, both before the policy purchase date, and on the date of the claim. The draft also includes transitional provisions for the purpose of creating the mechanisms which are required under the circular.
Clal Insurance is studying the draft circular regarding garages and loss adjusters, and at this preliminary stage it is unable to predict its effects, insofar as it will be published, which could affect claim settlement costs in motor property insurance, in opposing directions, due to, inter alia, the multiplicity of proposed repairs and their possible implications, and in consideration of, inter alia, the publication the Ministry of Transport's supplementary arrangement, and the actions of companies, agents, garages, loss adjusters and customers.

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

4.4. Non-life insurance (Cont.)

4.4.4 Mechanism for settling accounts with the National Insurance Institute

Further to that stated in section 7.1.1.1(D)(1) of the chapter “description of the corporation’s business” in the Company’s periodic reports for 2021, regarding the change to the mechanism for settling accounts vis-à-vis National Insurance in subrogation claims between the National Insurance Institute and the insurance companies, in policies with commencement dates beginning from January 2023, in November 2022 the Capital Market Authority published an amendment to the provisions of the consolidated circular regarding the compulsory motor insurance branch, which increased the rate of fees (the amount which is collected to cover the insurance company’s administrative expenses, agent fees and profit), in the compulsory motor insurance branch, in a manner whereby, along with the reduction in net premiums (premiums without the medical expenses component, Karnit, and beginning in January 2023, subrogation claims), the status quo of the fee amount will be maintained as it was prior to the change in the mechanism for settling accounts (hereinafter: the “**Amendment to the Consolidated Circular Regarding the Fee Rate**”).

Additionally, in November 2022, an amendment was published to the provisions of the consolidated circular in the compulsory motor insurance branch (hereinafter: the “**Amendment**”), which reduced the net premiums in managing company of the Compulsory Motor Insurance Database (“Pool”) Ltd. (hereinafter: the “**Pool**”), in light of the fact that the component which is transferred to the National Insurance Institute will be collected by the Pool and the insurance companies as a separate component, that in order to maintain the current tariff for the Pool’s insurants (hereinafter: the “**Amendment to the Consolidated Circular Regarding the Pool Tariff**”). The new tariffs of the Pool will apply to compulsory motor insurance policies which enter into effect beginning on January 1, 2023.

The Company believes that the amendment to the consolidated circular regarding the fee rate, and the amendment to the consolidated circular regarding the Pool tariff, will not have a significant impact on the Company.

The Company’s assessments in connection with the foregoing directives constitute forward looking information, which is based on the estimates and assumptions as of the publication date of the report, and actual results may differ significantly from the forecast.

5. Exposure to and management of market risks

Effect of market risks on business results

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

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

Linkage bases report as of September 30, 2022

	Israeli currency		Foreign currency				Other non-monetary items	Insurance company in Israel	
NIS in thousands	Unlinked	CPI-linked	USD	EUR	GBP	Other			Total
Intangible assets	-	-	-	-	-	-	144,060	1,099,934	1,243,994
Deferred tax assets	-	-	-	-	-	-	10,738	5,021	15,759
Deferred acquisition costs	-	-	-	-	-	-	4,555	2,385,412	2,389,967
Property, plant and equipment	-	-	-	-	-	-	11,880	185,672	197,552
Right-of-use asset	-	-	-	-	-	-	89,233	396,570	485,803
Investments in associates	-	-	-	-	-	-	92,074	71,636	163,710
Investment property for investment-linked contracts	-	-	-	-	-	-	-	3,510,662	3,510,662
Other investment property	-	-	-	-	-	-	-	1,399,776	1,399,776
Reinsurance assets	-	-	-	-	-	-	-	4,565,123	4,565,123
Current tax assets	-	71	-	-	-	-	-	349,425	349,496
Other accounts receivable	10,607	19,997	250	-	-	-	1,113	2,584,637	2,616,604
Outstanding premiums	3,456	-	-	-	-	-	-	892,389	895,845
Financial investments for investment-linked contracts	-	-	-	-	-	-	-	76,836,332	76,836,332
Other financial investments									
Marketable debt assets	-	-	3,665	-	-	-	-	6,521,921	6,525,586
Non-marketable debt assets	-	286	-	-	-	-	-	22,952,945	22,953,231
Stocks	-	-	-	-	-	-	34,110	1,880,001	1,914,111
Other	-	-	-	-	-	-	166	4,331,465	4,331,631
Cash and cash equivalents for investment-linked contracts	-	-	-	-	-	-	-	9,952,161	9,952,161
Other cash and cash equivalents	760,508	-	2,570	226	-	-	-	3,197,620	3,960,924
Total assets	774,571	20,354	6,485	226	-	-	387,929	143,118,702	144,308,267

5. Exposure to and management of market risks (cont.)

Effect of market risks on business results (Cont.)

Linkage bases report as of September 30, 2022 (Cont.)

	Israeli currency		Foreign currency				Other non-monetary items	Insurance company in Israel	
NIS in thousands	**Unlinked**	**CPI-linked**	**USD**	**EUR**	**GBP**	**Other**			**Total**
Liabilities									
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	-	-	-	-	-	-	-	33,731,922	33,731,922
Liabilities with respect to investment-linked insurance contracts and investment contracts	-	-	-	-	-	-	-	88,768,748	88,768,748
Deferred tax liabilities	-	-	-	-	-	-	5,525	611,635	617,160
Liabilities with respect to employee benefits, net	17,509	-	-	-	-	-	-	49,511	67,020
Lease liabilities	-	106,728	-	-	-	-	-	476,925	583,653
Other accounts payable	103,520	-	-	-	-	-	-	3,023,843	3,127,363
Current tax liabilities	-	6,882	-	-	-	-	-	5,950	12,832
Financial liabilities	-	-	-	-	-	-	-	9,359,623	9,359,623
Total liabilities	121,029	113,610	-	-	-	-	5,525	136,028,157	136,268,321
Total exposure	653,542	(93,256)	6,485	226	-	-	382,404	7,090,545	8,039,946

6. Disclosure Regarding the Corporation's Financial Reporting

6.1. Report concerning critical accounting estimates

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

6.2. Contingent liabilities

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

6.3 Effectiveness of internal control over financial reporting and disclosure

6.3.1. Securities Regulations

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

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

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

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

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

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

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

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

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

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

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

During the quarter ended September 30, 2022, no change took place in the institutional entity's internal control over financial reporting which could have materially influenced, or which could have been reasonably expected to materially influence, the institutional entity's internal control over financial reporting.

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

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

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

Tel Aviv, November 29, 2022

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

Introduction

We have reviewed the enclosed financial information of Clal Insurance Enterprises Holdings Ltd. and its subsidiaries (hereinafter: the "**Group**"), which includes the interim condensed consolidated statement of financial position as of September 30, 2022, as well as the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine and three month periods then ended. The board of directors and management are responsible for preparing and presenting the financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements set by the Commissioner of Capital Markets, Insurance and Savings, pursuant to the Control of Financial Services (Insurance) Law, 1981, and are also responsible for compiling financial information for these interim periods in accordance with Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation which consolidates insurance companies. Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

We have not reviewed the interim condensed financial information of an investee which is presented according to the equity method, the investment in which amounted to a total of approximately NIS 72,943 thousand as of September 30, 2022, and where the Group's share in its profit amounted to a total of approximately NIS 3,753 and 1,510 thousand for the nine and three month periods then ended, respectively. The interim condensed financial information of that company was reviewed by other auditors, whose review report was furnished to us, and our conclusion, insofar as refers to the financial information with respect to that company, is based on the review report of the other auditors.

Scope of the Review

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

Conclusion

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

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

Bold paragraph regarding (reference)

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

Tel Aviv, November 29, 2022	Kost Forer Gabbay and Kasierer Certified Public Accountants	Somekh Chaikin Certified Public Accountants

Joint Auditors

Interim Consolidated Statements of Financial Position

NIS in thousands	Note	As of September 30 2022	As of September 30 2021	As of December 31 2021
		Unaudited		Audited
Assets				
Intangible assets		**1,243,994**	1,298,600	1,289,881
Deferred tax assets		**15,759**	14,930	14,738
Deferred acquisition costs		**2,389,967**	2,116,973	2,194,136
Property, plant and equipment		**197,552**	191,094	204,594
Right-of-use asset		**485,803**	497,345	487,688
Investments in investee companies accounted by the equity method		**163,710**	175,238	171,563
Investment property for investment-linked contracts		**3,510,662**	3,061,596	3,140,825
Other investment property		**1,399,776**	1,242,166	1,250,884
Reinsurance assets		**4,565,123**	4,315,621	4,418,206
Current tax assets		**349,496**	1,625	1,359
Other accounts receivable		**2,616,604**	1,068,948	529,356
Outstanding premiums		**895,845**	785,231	748,255
Financial investments for investment-linked contracts	5	**76,836,332**	75,395,376	81,745,557
Other financial investments:	5			
Marketable debt assets		**6,525,586**	6,403,254	6,469,715
Non-marketable debt assets		**22,953,231**	22,139,173	22,080,962
Stocks		**1,914,111**	1,857,939	2,073,677
Others		**4,331,631**	3,992,025	4,576,518
Total other financial investments		**35,724,559**	34,392,391	35,200,872
Cash and cash equivalents for investment-linked contracts		**9,952,161**	10,319,471	9,992,795
Other cash and cash equivalents		**3,960,924**	3,619,155	4,123,919
Total assets		**144,308,267**	138,495,760	145,514,628
Total assets for investment-linked contracts	5	**92,701,806**	89,680,697	95,456,521

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

Interim Consolidated Statements of Financial Position

NIS in thousands	Note	As of September 30 2022	As of September 30 2021	As of December 31 2021
		Unaudited		Audited
Capital	6			
Share capital		**161,864**	155,448	155,452
Premium on shares		**2,127,387**	1,640,641	1,641,507
Capital reserves		**948,471**	1,238,164	1,286,142
Retained earnings		**4,738,134**	4,286,596	4,641,888
Total capital attributable to Company shareholders		**7,975,856**	7,320,849	7,724,989
Non-controlling interests		**64,090**	60,578	62,184
Total capital		**8,039,946**	7,381,427	7,787,173
Liabilities				
Liabilities with respect to non-investment-linked insurance contracts and investment contracts		**33,731,922**	32,527,781	32,775,786
Liabilities with respect to investment-linked insurance contracts and investment contracts		**88,768,748**	87,968,370	93,453,683
Deferred tax liabilities		**617,160**	717,785	766,572
Liabilities with respect to employee benefits, net		**67,020**	81,288	80,007
Lease liabilities		**583,653**	593,832	585,193
Other accounts payable		**3,127,363**	4,073,110	4,238,811
Current tax liabilities		**12,832**	80,169	61,252
Financial liabilities	5	**9,359,623**	5,071,998	5,766,151
Total liabilities		**136,268,321**	131,114,333	137,727,455
Total capital and liabilities		**144,308,267**	138,495,760	145,514,628

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

November 29, 2022			
Approval date of the financial statements	Haim Samet Chairman of the Board	Yoram Naveh Chief Executive Officer	Eran Cherninsky Executive VP Finance Division Manager

Interim Consolidated Statements of Income

NIS in thousands	For the period of nine months ended September 30 2022	For the period of nine months ended September 30 2021	For the period of three months ended September 30 2022	For the period of three months ended September 30 2021	For the year ended December 31 2021
	Unaudited				Audited
Gross premiums earned	**8,616,717**	7,698,845	**2,903,178**	2,639,137	10,600,210
Premiums earned by reinsurers	**1,238,393**	1,204,530	**424,978**	404,436	1,587,711
Premiums earned on retention	**7,378,324**	6,494,315	**2,478,200**	2,234,701	9,012,499
Investment income (loss), net, and financing income	**(5,563,692)**	9,400,238	**(1,209,188)**	1,980,025	13,931,324
Income from management fees	**896,630**	1,227,984	**300,661**	322,536	1,775,486
Income from commissions	**275,369**	243,197	**90,732**	84,501	336,823
Other income	**900**	910	**564**	603	1,038
Total income	**2,987,531**	17,366,644	**1,660,969**	4,622,366	25,057,170
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**1,161,787**	15,416,064	**813,743**	3,835,148	22,139,990
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(792,696)**	(1,475,799)	**(225,328)**	(360,599)	(1,867,052)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**369,091**	13,940,265	**588,415**	3,474,549	20,272,938
Commissions, marketing expenses and other acquisition costs	**1,619,850**	1,492,497	**567,666**	517,416	2,008,347
General and administrative expenses	**690,710**	683,495	**236,369**	222,897	973,100
Impairment of intangible assets	**-**	-	**-**	-	8,762
Other expenses	**14,123**	7,045	**3,888**	3,389	10,562
Financing expenses	**177,180**	166,871	**53,089**	53,557	231,842
Total expenses	**2,870,954**	16,290,173	**1,449,427**	4,271,808	23,505,551
Share in the results of investee companies accounted by the equity method, net	**1,079**	21,842	**2,363**	18,366	29,231
Income before taxes on income	**117,656**	1,098,313	**213,905**	368,924	1,580,850
Taxes on income	**31,299**	359,090	**72,794**	119,706	494,385
Income for the period	**86,357**	739,223	**141,111**	249,218	1,086,465
Attributable to:					
Company shareholders	**81,954**	735,917	**139,925**	248,103	1,081,773
Non-controlling interests	**4,403**	3,306	**1,186**	1,115	4,692
Income for the period	**86,357**	739,223	**141,111**	249,218	1,086,465
Earnings per share attributable to Company shareholders:					
Basic earnings per share (in NIS)	**1.11**	10.88	**1.89**	3.67	15.99
Diluted earnings per share (in NIS)	**1.10**	10.88	**1.88**	3.66	15.97
Number of shares used to calculate earnings per share:					
Basic	**73,707**	67,645	**74,061**	67,645	67,645
Diluted	**74,397**	67,654	**74,299**	67,738	67,743

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

Interim Consolidated Statements of Comprehensive income

NIS in thousands	For the period of nine months ended September 30 2022	2021	For the period of three months ended September 30 2022	2021	For the year ended December 31 2021
	Unaudited				Audited
Income for the period	**86,357**	739,223	**141,111**	249,218	1,086,465
Other comprehensive income:					
Components of other comprehensive income (loss) which, following initial recognition in comprehensive income, have been or will be transferred to the statement of income:					
Foreign currency translation differences for foreign operations applied to capital reserves	**15,465**	(286)	**(520)**	(3,595)	(7,360)
Foreign currency translation differences applied to the statement of income	**(438)**	-	**(438)**	-	9,932
Change, net, in the fair value of available for sale financial assets applied to capital reserves	**(272,337)**	1,023,816	**(71,859)**	232,028	1,383,539
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	**(367,248)**	(642,385)	**(143,047)**	(240,026)	(938,758)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	**106,473**	27,718	**62,267**	11,943	34,250
Other comprehensive income (loss) for the period which has been or will be transferred to the statement of income, before tax	**(518,085)**	408,863	**(153,597)**	350	481,603
Tax (tax benefit) with respect to available-for-sale financial assets	**(181,351)**	140,149	**(51,849)**	1,255	164,035
Tax (tax benefit) with respect to other components	**3,456**	(66)	**(221)**	(827)	592
Tax (tax benefit) with respect to components of other comprehensive income for the period which have been or will be transferred to the statement of income	**(177,895)**	140,083	**(52,070)**	428	164,627
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	**(340,190)**	268,780	**(101,527)**	(78)	316,976
Components of other comprehensive income which will not be transferred to the statement of income:					
Actuarial gains from defined benefit plan	**10,674**	4,845	**1,572**	-	5,448
Tax with respect to components of other comprehensive income which will not be transferred to the statement of income	**3,383**	1,612	**499**	-	1,756
Other comprehensive income which will not be transferred to the statement of income, net of tax	**7,291**	3,233	**1,073**	-	3,692
Other comprehensive income (loss) for the period	**(332,899)**	272,013	**(100,454)**	(78)	320,668
Total comprehensive income (loss) for the period	**(246,542)**	1,011,236	**40,657**	249,140	1,407,133
Attributable to:					
Company shareholders	**(248,448)**	1,007,343	**40,141**	247,841	1,401,634
Non-controlling interests	**1,906**	3,893	**516**	1,299	5,499
Total comprehensive income (loss) for the period	**(246,542)**	1,011,236	**40,657**	249,140	1,407,133

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

Interim Consolidated Statements of Changes in Equity

NIS in thousands	Attributable to Company shareholders: Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total capital
For the period of nine months ended September 30, 2022 (unaudited)										
Balance as of January 1, 2022 (Audited)	155,452	1,641,507	(21,480)	1,166,602	180,329	(39,309)	4,641,888	7,724,989	62,184	7,787,173
Income for the period	-	-	-	-	-	-	81,954	81,954	4,403	86,357
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	15,465	-	-	-	-	15,465	-	15,465
Foreign currency translation differences applied to the statement of income	-	-	(438)	-	-	-	-	(438)	-	(438)
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	(268,520)	-	-	-	(268,520)	(3,817)	(272,337)
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(367,212)	-	-	-	(367,212)	(36)	(367,248)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	106,446	-	-	-	106,446	27	106,473
Actuarial gains from defined benefit plan	-	-	-	-	-	-	10,641	10,641	33	10,674
Tax benefit (tax) with respect to components of comprehensive (loss) income	-	-	(3,456)	180,044	-	-	(3,372)	173,216	1,296	174,512
Other comprehensive income (loss) for the period, net of tax	-	-	11,571	(349,242)	-	-	7,269	(330,402)	(2,497)	(332,899)
Total comprehensive income (loss) for the period	-	-	11,571	(349,242)	-	-	89,223	(248,448)	1,906	(246,542)
Transactions with shareholders which were applied directly to equity:										
Exercise and expiration of warrants for senior employees	1	182	-	-	-	-	(183)	-	-	-
Issuance of share capital (after deducting issuance costs)	6,411	485,698	-	-	-	-	-	492,109	-	492,109
Share-based payments	-	-	-	-	-	-	7,206	7,206	-	7,206
Balance as of September 30, 2022 (unaudited)	161,864	2,127,387	(9,909)	817,360	180,329	(39,309)	4,738,134	7,975,856	64,090	8,039,946

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

Interim Consolidated Statements of Changes in Equity (Cont.)

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

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

Interim Consolidated Statements of Changes in Equity (Cont.)

	Attributable to Company shareholders								Non-controlling interests	Total capital
NIS in thousands	Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total		
For the period of three months ended September 30, 2022 (unaudited)										
Balance as of July 1, 2022 (unaudited)	161,864	2,127,387	(9,172)	917,477	180,329	(39,309)	4,594,472	7,933,048	63,574	7,996,622
Income for the period	-	-	-	-	-	-	139,925	139,925	1,186	141,111
Components of other comprehensive income (loss):										
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(520)	-	-	-	-	(520)	-	(520)
Foreign currency translation differences applied to the statement of income	-	-	(438)	-	-	-	-	(438)	-	(438)
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	(70,781)	-	-	-	(70,781)	(1,078)	(71,859)
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(143,087)	-	-	-	(143,087)	40	(143,047)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	62,251	-	-	-	62,251	16	62,267
Actuarial gains from defined benefit plan	-	-	-	-	-	-	1,567	1,567	5	1,572
Tax benefit (tax) with respect to components of comprehensive (loss) income	-	-	221	51,500	-	-	(497)	51,224	347	51,571
Other comprehensive income (loss) for the period, net of tax	-	-	(737)	(100,117)	-	-	1,070	(99,784)	(670)	(100,454)
Total comprehensive income (loss) for the period	-	-	(737)	(100,117)	-	-	140,995	40,141	516	40,657
Transactions with shareholders which were applied directly to equity:										
Exercise and expiration of warrants for senior employees	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	2,667	2,667	-	2,667
Balance as of September 30, 2022 (unaudited)	161,864	2,127,387	(9,909)	817,360	180,329	(39,309)	4,738,134	7,975,856	64,090	8,039,946

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

Interim Consolidated Statements of Changes in Equity (Cont.)

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

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

Interim Consolidated Statements of Changes in Equity (Cont.)

NIS in thousands	Attributable to Company shareholders								Non-controlling interests	Total capital
	Share capital	Premium on shares	Translation reserve	Capital reserve with respect to available for sale assets	Other capital reserves	Capital reserve fron transactions with non-controlling interests	Retained earnings	Total		
For the year ended December 31, 2021 (Audited)										
Balance as of January 1, 2021 (Audited)	155,448	1,638,770	(23,460)	852,376	180,329	(39,309)	3,535,095	6,299,249	56,685	6,355,934
Income for the period	-	-	-	-	-	-	1,081,773	1,081,773	4,692	1,086,465
Components of other comprehensive income (loss):										
Foreign currency translation differences for foreign operations applied to capital reserves	-	-	(7,360)	-	-	-	-	(7,360)	-	(7,360)
Foreign currency translation differences for foreign operations applied to profit and loss	-	-	9,932	-	-	-	-	9,932	-	9,932
Change, net, in the fair value of available for sale financial assets applied to capital reserves	-	-	-	1,381,773	-	-	-	1,381,773	1,766	1,383,539
Change, net, in the fair value of available for sale financial assets transferred to the statement of income	-	-	-	(938,154)	-	-	-	(938,154)	(604)	(938,758)
Impairment loss with respect to available for sale financial assets transferred to the statement of income	-	-	-	34,242	-	-	-	34,242	8	34,250
Actuarial gains from defined benefit plan	-	-	-	-	-	-	5,393	5,393	55	5,448
Tax with respect to items of comprehensive loss	-	-	(592)	(163,635)	-	-	(1,738)	(165,965)	(418)	(166,383)
Other comprehensive income for the period, net of tax	-	-	1,980	314,226	-	-	3,655	319,861	807	320,668
Total comprehensive income for the period	-	-	1,980	314,226	-	-	1,085,428	1,401,634	5,499	1,407,133
Transactions with shareholders which were applied directly to equity:										
Exercise and expiration of warrants for senior employees	4	2,737	-	-	-	-	(2,741)	-	-	-
Share-based payments	-	-	-	-	-	-	24,106	24,106	-	24,106
Balance as of December 31, 2021 (audited)	155,452	1,641,507	(21,480)	1,166,602	180,329	(39,309)	4,641,888	7,724,989	62,184	7,787,173

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

Interim Consolidated Statements of Cash Flows

NIS in thousands	Annex	For the period of nine months ended September 30 2022	For the period of nine months ended September 30 2021	For the period of three months ended September 30 2022	For the period of three months ended September 30 2021	For the year ended December 31 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities						
Before taxes on income	(A)	**(606,834)**	7,154,161	**(680,345)**	2,909,504	7,531,448
Income tax received (paid)		**(403,777)**	(310,092)	**4,925**	(104,025)	(439,747)
Net cash from (used in) operating activities		**(1,010,611)**	6,844,069	**(675,420)**	2,805,479	7,091,701
Cash flows from investing activities						
Consideration from disposal of property, plant and equipment		**28**	197	**-**	193	197
Consideration from disposal of investments in other investee companies		**29,130**	13,843	**29,130**	172	23,568
Consideration from disposal of investment in available for sale financial assets by companies which are not insurance and finance companies		**7,227**	141,311	**-**	16,345	182,545
Investment in available for sale financial assets by companies that are not insurance and finance companies		**-**	(67,532)	**-**	(19,575)	(64,498)
Investment in shares and loans in investee companies		**(19,131)**	(14,923)	**(19,131)**	(14,923)	(14,923)
Acquisition of newly consolidated company, less received cash	(F)	**-**	(66,063)	**-**	-	(66,063)
Investment in property, plant and equipment		**(19,387)**	(8,289)	**(2,576)**	(4,553)	(30,967)
Investment in intangible assets		**(127,214)**	(130,174)	**(39,247)**	(38,812)	(191,889)
Net cash used in investing activities		**(129,347)**	(131,630)	**(31,824)**	(61,153)	(162,030)
Cash flows from financing activities						
Issuance of share capital (after deducting issuance costs), see Note (8)(J)		**492,109**	-	**-**	-	-
Consideration from issue of deferred liability notes		**495,183**	400,000	**495,183**	400,000	731,383
Costs of issue and exchange of deferred liability notes		**(6,630)**	(5,391)	**(6,630)**	(5,391)	(6,625)
Repayment of deferred liability notes		**-**	(218,095)	**-**	(83,788)	(529,838)
Repayment of lease liability		**(56,075)**	(38,176)	**(18,773)**	(18,049)	(56,854)
Paid interest on deferred liability notes		**(120,574)**	(110,970)	**(55,174)**	(47,322)	(122,047)
Net cash from financing activities		**804,013**	27,368	**414,606**	245,450	16,019
Impact of exchange rate fluctuations on cash and cash equivalent balances		**132,316**	(23,253)	**20,849**	(6,893)	(51,048)
Net increase (decrease) in cash and cash equivalents		**(203,629)**	6,716,554	**(271,789)**	2,982,883	6,894,642
Cash and cash equivalents at beginning of period	(B)	**14,116,714**	7,222,072	**14,184,874**	10,955,743	7,222,072
Cash and cash equivalents at end of period	(C)	**13,913,085**	13,938,626	**13,913,085**	13,938,626	14,116,714

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

Interim Consolidated Statements of Cash Flows (Cont.)

	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
NIS in thousands	Unaudited				Audited
(A) Cash flows from operating activities before taxes on income [1) 2)]					
Income for the period	**86,357**	739,223	**141,111**	249,218	1,086,465
Items not involving cash flows:					
The Company's share in the results of investee companies accounted by the equity method	**(1,079)**	(21,842)	**(2,363)**	(18,366)	(29,231)
Dividends received from investee companies accounted by the equity method	**212**	-	**-**	-	172
Changes in liabilities with respect to non-investment-linked insurance contracts and investment contracts	**956,136**	1,448,886	**(344,503)**	312,627	1,696,891
Change in liabilities with respect to investment-linked insurance contracts and investment contracts	**(4,684,935)**	10,677,006	**(893,378)**	2,607,546	16,162,319
Change in deferred acquisition costs	**(195,831)**	(120,329)	**(59,284)**	(49,530)	(197,492)
Change in reinsurance assets	**(146,917)**	(686,292)	**29,358**	(74,522)	(788,877)
Depreciation of property, plant and equipment and right-of-use asset	**68,311**	67,053	**22,825**	23,352	90,659
Amortization of intangible assets	**173,101**	173,196	**58,272**	59,586	233,527
Impairment of intangible assets	**-**	-	**-**	-	8,762
Loss (profit) from disposal of property, plant and equipment	**49**	(557)	**30**	(538)	(494)
Interest and linkage differences accrued with respect to deferred liability notes and lease liabilities	**144,102**	129,018	**46,788**	43,005	169,146
Interest accrued and revaluation of liabilities to banking corporations and others	**2,938,177**	374,277	**585,543**	228,367	1,076,639
Change in fair value of investment property for investment-linked contracts	**(89,990)**	2,267	**(32,192)**	8,305	(194,459)
Change in fair value of other investment property	**(35,896)**	(1,052)	**(25,164)**	(1,920)	(79,500)
Share-based payment transactions	**7,206**	14,257	**2,667**	6,699	24,106
Net loss (profit) from financial investments for insurance contracts and investment contracts, from and investment-linked contracts	**5,778,384**	(6,146,841)	**2,177,781**	(766,969)	(9,390,508)
Taxes on income	**31,299**	359,090	**72,794**	119,706	494,385
Net loss (profit) from other financial investments:					
Marketable debt assets	**(127,603)**	(145,463)	**(20,603)**	(38,218)	(174,727)
Non-marketable debt assets	**(1,121,295)**	(633,273)	**(479,252)**	(356,167)	(862,291)
Stocks	**(78,809)**	(217,854)	**(37,307)**	(96,271)	(298,654)
Others	**(92,342)**	(240,448)	**38,612**	(93,417)	(552,670)
Financial investments and investment property for investment-linked contracts:					
Acquisition of investment property	**(279,847)**	(117,222)	**(64,917)**	(13,248)	(137,136)
Consideration from the sale of investment property	**-**	96,801	**-**	-	234,212
Acquisitions net of financial investments	**(869,159)**	1,550,226	**(1,684,116)**	(65,197)	(1,556,288)
Receipts (investments) from the sale of (investment in) available for sale financial assets and investment property in insurance business operations:					
Marketable debt assets	**(597,644)**	(543,642)	**(92,007)**	(160,093)	(551,426)
Non-marketable debt assets	**249,046**	586,756	**(49,622)**	480,849	873,974
Stocks	**84,074**	217,214	**72,955**	198,231	167,345
Others	**622,670**	109,440	**112,940**	9,170	(250,291)
Acquisition of other investment property	**(100,046)**	(47,878)	**(28,424)**	(5,444)	(55,341)
Consideration from the sale of other investment property	**-**	16,312	**-**	-	96,481

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

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

Interim Consolidated Statements of Cash Flows (Cont.)

NIS in thousands	For the period of nine months ended September 30 2022	2021	For the period of three months ended September 30 2022	2021	For the year ended December 31 2021
	Unaudited				Audited
(A) Cash flows from operating activities before taxes on income (Cont.)					
Changes in other items in the statement of financial position, net					
Securities held for trading by consolidated companies which are not insurance companies	**(826)**	(23,962)	**(108)**	2,625	(25,664)
Other accounts receivable	**(2,087,248)**	(437,996)	**(111,690)**	(176,289)	101,596
Outstanding premiums	**(147,590)**	(134,279)	**30,719**	(25,361)	(97,303)
Other accounts payable	**(1,086,588)**	109,428	**(141,879)**	500,813	255,158
Liabilities with respect to employee benefits, net	**(2,313)**	2,641	**(5,931)**	955	1,963
Total cash flows from operating activities before taxes on income	**(606,834)**	7,154,161	**(680,345)**	2,909,504	7,531,448
(B) Cash and cash equivalents at beginning of period:					
Cash and cash equivalents for investment-linked contracts	**9,992,795**	5,273,150	**9,725,101**	8,148,071	5,273,150
Other cash and cash equivalents	**4,123,919**	1,948,922	**4,459,773**	2,807,672	1,948,922
Balance of cash and cash equivalents at beginning of period	**14,116,714**	7,222,072	**14,184,874**	10,955,743	7,222,072
(C) Cash and cash equivalents at end of period:					
Cash and cash equivalents for investment-linked contracts	**9,952,161**	10,319,471	**9,952,161**	10,319,471	9,992,795
Other cash and cash equivalents	**3,960,924**	3,619,155	**3,960,924**	3,619,155	4,123,919
Balance of cash and cash equivalents at end of period	**13,913,085**	13,938,626	**13,913,085**	13,938,626	14,116,714
(D) Cash flows with respect to interest and dividends received, included under operating activities:					
Interest received	**1,266,146**	1,307,954	**341,390**	357,554	1,529,735
Dividend received	**531,561**	636,834	**168,517**	139,003	802,984
(E) Operations which are not associated with cash flows					
Investment in assets against other accounts payable	**-**	-	**-**	-	6,379
(F) Initial consolidation of acquired company:					
Intangible assets	**-**	(78,638)	**-**	-	(78,638)
Property, plant and equipment	**-**	(408)	**-**	-	(408)
Right-of-use asset	**-**	(1,547)	**-**	-	(1,547)
Other accounts receivable	**-**	(2,687)	**-**	-	(2,687)
Liabilities with respect to employee benefits, net	**-**	6	**-**	-	6
Lease liability	**-**	1,950	**-**	-	1,950
Deferred tax liabilities	**-**	7,159	**-**	-	7,159
Other accounts payable	**-**	8,102	**-**	-	8,102
Total investment in acquisitions of newly consolidated companies	**-**	(66,063)	**-**	-	(66,063)

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

Note 1: General

A. Reporting entity

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

The consolidated financial statements as of September 30, 2022 (hereinafter: the "**Financial Statements**") include the statements of the Company and its subsidiaries (hereinafter, jointly: the "**Group**"), as well as the Group's interests in joint ventures and associates.

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

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

As the Company was informed, on September 22, 2022, the Company received a letter from the Commissioner (hereinafter: the "**Commissioner's Letter**"), which included, inter alia, reference to aspects of the Company's financial stability and its duties towards Clal Insurance, in light of the transaction involving the acquisition of Max IT Finance Ltd. For additional details, see Note 8 to the Company's financial statements.

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

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

In accordance with the provisions of the Control Law, the holding of more than five of a certain type of means of control of an institutional entity is conditional upon the receipt of a permit for the holding of means of control from the Commissioner, and the control of an institutional entity or insurance agency also requires a permit from the Commissioner.

As of the publication date of the report, to the best of the Company's knowledge, several entities have received a permit for holding means of control, including two institutional entities.

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

Note 1: General (Cont.)

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

On May 11 and 12, 2020, Clal Insurance received a copy of the Commissioner's letters to Mr. Moshe (Mori) Arkin and to Mr. Alfred Akirov (to each of them separately), in which he clarified, further to the reports dated May 6 and 10, 2020 (see section C(1) below), that the holding permit which was given to Mr. Arkin, with respect to the holding of up to 8% of the Company's shares, and the holding permit which was given to Mr. Akirov, for the holding of up to 10% of the Company's shares, dated April 5, 2020, does not allow them, or any other party on their behalf, to take action, either independently or together with others, in a manner which would result in their ability to direct the activity of Clal Insurance, inter alia, through involvement in decision making processes regarding the appointment of its directors and officers. It is noted that, to the best of the Company's knowledge, as of the present date Mr. Arkin does not hold any of the Company's shares, and Mr. Akirov holds 15% of the Company's shares.

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

To the best of the Company's knowledge, according to information which was made public but was not submitted to it, the permit holders contacted the Commissioner with a request for a permit for the control of the Company and of the institutional entities under its control.

In accordance with Alrov's immediate report dated March 15, 2022, discussions are being held between Alrov and the Commissioner, in which Alrov proposed several possible outlines for the issuance of a control permit to acquire an additional 15% of the Company's shares, in connection with its compliance with the Concentration Law. In accordance with Alrov's report, a response was received from the Commissioner in which he stated that he did not accept Alrov's interpretation, and Alrov reported that it was continuing negotiations with the Commissioner, including a discussion regarding other alternatives which it would like to consider.

In September 2022, a publication appeared in the economic media according to which, further to the request of Alrov Properties and Lodgings Ltd. to receive a permit for the control of Clal Insurance, and further to the position of the Capital Market Authority, according to which Clalbit Finance Ltd. should be viewed as a financial corporation for the purpose of Chapter D of the Concentration Law, the Committee on Reducing Concentration expressed its position that should be considered as a real corporation, in a manner which rejected the Capital Market Authority's interpretation, and therefore, the obligations of Clalbit Finance are considered the obligations of a real corporation.

It is noted that Alrov sent several letters to the Company, dated October 9, 17 and 19, 2022, in which Alrov clarified that it objects to the Max transaction (see Note 8(H)), for reasons which it specified, and that it would view the Company and its Board members as directly responsible for any damage which Alrov may incur, and will take all possible measure to exercise its rights. It was further stated in Alrov's additional letter that Alrov, as a shareholder of the Company, and its controlling shareholders, cannot be forced to obtain the permit from the Banking Supervision Department, and cause it to incur property damage.

Alrov also demanded the immediate suspension of Clal Insurance's Chairman of the Board from all of his responsibilities in the Group, including the convention of meetings on the matter, as required, according to its position, in accordance with the provisions of the Companies Law, and demanded to suspend any current or future resolution regarding his future tenure, at least until the issue of Mr. Sami Mouallem's letter (for details on the matter, see section 2.2. below) has been investigated and exhausted, and without derogating from its other assertions.

Note 1: General (Cont.)

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

On October 23, 2022, the Company responded to Alrov's letters dated October 9, 17 and 19, 2022 ("Alrov's Letters"), in which is restated its position, that it rejects outright the statements made in Alrov's letters. The Company further asserted that Alrov is presuming to intervene, unlawfully, in the board of directors' work, and to dictate to the Company's Board of Directors its decisions and activities, and is aggressively trying to influence the board of directors' resolutions, by unacceptable and inappropriate methods, including through a media campaign based on groundless claims, attempts to intervene in the board of directors' work, and to demand that it immediately suspend the current Chairman, despite the severe criticism which was previously referred to Alrov's conduct in the Danzinger Report. This conduct by Alrov and its board members, including through its "shower" of letters, is causing the Company and its shareholders to incur damages, constitutes a breach of duties of integrity and other duties, and is causing the Company to incur significant and unnecessary expenses. Essentially, Clal Insurance rejected Alrov's assertions, for reasons which have mostly been given in the past. With respect to Alrov's position regarding the regulatory requirement to receive a permit from the Banking Supervision Department, the Company responded that the necessity and responsibility for obtaining all of the permits which are required of it (and of the Company's other stakeholders), by law, for the purpose of Alrov's holdings in the Company, apply directly to Alrov and to its shareholders, and Alrov's attempts to shirk them, and try to indirectly thwart the Max transaction – create legal liability for it, towards the Company, towards its shareholders, and towards the shareholders of Alrov itself.

It is noted, in accordance with information which the Commissioner gave the Company, that on March 29, 2022, the Commissioner granted to Mr. Shalom Shai and Ms. Natala Shai a permit to hold up to 10% of the means of control of the Company and of the institutional entities which are under its control. As of the present date, the above hold, together with Dona Engineering & Construction Co. Ltd., around 5.41% of the shares of Clal Holdings.

Among the other conditions of the permit, it was determined that the permit holders may not enter into any arrangement or agreement with any third party which pertains to the holding of the permit holders' means of control of the Company and of the institutional entities which are under its control, without the Commissioner's advance written approval.

The permit holders also undertook towards the Commissioner not to act, independently or together with others, in a manner which would create for them control of the Company, and they also undertook not to collaborate with any other holder of the Company's means of control regarding voting to appoint directors, or regarding the discontinuation of a director's tenure, or on any other matter which may be presented to the general meeting for a vote.

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

Note 1: General (Cont.)

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

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

1.1 Appointment of directors in Clal Insurance

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

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

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

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

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:

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

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

Note 1: General (Cont.)

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

1. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance (Cont.)

1.1 Appointment of directors in Clal Insurance (Cont.)

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

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

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

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

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

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

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

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

Note 1: General (Cont.)

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

1. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance (Cont.)

1.1 Appointment of directors in Clal Insurance (Cont.)

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

In accordance with information which was given to the Company, the Search Committee published its work methods on January 26, 2021, and on April 12, 2021 the Search Committee published a call for proposals to submit to the committee candidates for tenure as directors in Clal Insurance. In the call for proposals, it was noted that in light of Clal Insurance's needs, the required number of directors is up to seven ordinary directors, and one independent director. On August 1, 2021, the committee's recommendations were submitted to the Board of Directors of Clal Insurance, in which the search committee recommended to the general meeting of Clal Insurance eight candidates for tenure as directors in Clal Insurance, including three directors who had consented to serve as independent directors.

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

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

On September 10, 2022, Mr. Roni Maliniak, who served as a director in Clal Insurance, passed away before his time. On September 29, 2022, Mr. Sami Mouallem, who had served as a director in Clal Insurance, resigned. For additional details regarding his resignation from the Company, see section 2.2 below. In total, the Company's Board of Directors currently has 9 members.

It is noted that in 2021 and until the end of the foregoing appointment process, two independent directors served in Clal Insurance, who also served at that time, in parallel, in another institutional entity of the Group, in order to maintain the composition of the Board of Directors, as required in accordance with the provisions of the law, until the search committee has completed its work.

Note 1: General (Cont.)

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

1. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance (Cont.)

1.2 Appointment of directors in the Company

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

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

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

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

In light of the 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 December 27, 2021, a special annual meeting of the Company was convened, whose agenda included the re-appointment of the currently serving directors, and the selection and appointment of one outside director from among two candidates for tenure as outside directors, who were offered from among the list of candidates who were identified by the Company's Search Committee before the previous annual meeting, and who are qualified to serve as outside directors, and who have accounting and financial expertise. Alrov also contacted the Company with a request to present the candidacy of another candidate for tenure as a director in the Company. The re-appointment of all of the currently serving directors, and of an outside director, was approved in the meeting.

On April 14, 2022, a special meeting of the Company was scheduled for May 23, 2022, at the request of Alrov, which holds 15% of the Company's shares, to select and appoint two additional directors which it had recommended.

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

Note 1: General (Cont.)

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

1. The Commissioner's directives regarding the appointment of directors in the Company and in Clal Insurance (Cont.)

1.2 Appointment of directors in the Company (Cont.)

In accordance with the Israel Securities Authority's request on May 22, 2022, the meeting was postponed to May 31, 2022, in order to complete an evaluation regarding the impact of the appointment of the two directors whose appointment is on the meeting's agenda, on the control of the Company. The Company was requested to submit to the Israel Securities Authority its written position on the subject, and was later requested by the Israel Securities Authority to publish its position, as stated in this convention report, and to contact Alrov and allow it to include in its report also its position on the matter. Accordingly, on May 29, 2022, the Company published, as part of the meeting convention report, its position which was sent to the Israel Securities Authority on May 26, 2022, including the annexes thereto, and Alrov's position, which was submitted to it on May 29, 2022, including the annexes thereto. At the request of the Israel Securities Authority, the meeting was scheduled for May 31, 2022. The appointment of one of the directors who were recommended by Alrov was approved in that meeting.

On September 19, 2022, the Company published preliminary notice regarding its intention to convene a shareholders' meeting in December 2022. Following the announcement, two shareholders contacted the Company and proposed candidates for tenure as directors in Clal Insurance, who will be proposed in the shareholders' meeting. On November 21, 2022 the meeting was announced, and it is scheduled to convene on December 27, 2022, with an agenda including the appointment of 6 directors from among 7 candidates (5 currently serving directors, and 2 additional candidates).

On September 10, 2022, Mr. Roni Maliniak, who served as a director in Clal Insurance, passed away before his time.

On September 29, 2022, Mr. Sami Mouallem, an outside director in the Company and in Clal Insurance, announced his resignation, after the Company's Board of Directors resolved, on September 22, 2022, not to propose Mr. Mouallem's candidacy for an additional term as an outside director on the Company's Board of Directors. On October 6, 2022, Mr. Mouallem sent to Clal Insurance a detailed letter, through his representative, in which he specified the circumstances which led to his resignation. Mr. Mouallem alleged that the reason for the non-renewal of his tenure by the Board of Directors was his objection to the Max transaction. He also alleged various defects in the corporate governance of Clal Insurance. Clal Insurance responded to Mr. Mouallem that it unequivocally rejects his assertions, and that Clal Insurance maintains high standards of corporate governance.

2. Implications

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

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

Note 2: Basis for Preparation of the Interim Reports

A. Statement of compliance with international financial reporting standards

The consolidated interim financial statements were prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements established by the Commissioner of Capital Markets, Insurance and Savings, pursuant to the Control of Financial Services (Insurance) Law, 1981, and do not include all of the information which is required in complete annual financial statements. It should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2021 (hereinafter: the "**Annual Financial Statements**"). Furthermore, these financial statements were compiled in accordance with the provisions of Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent to which these regulations apply to a corporation that consolidates insurance companies.

B. Use of estimates and judgment

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

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

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

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

	Index in lieu	Known index	Representative EUR exchange rate	Representative USD exchange rate	Representative GBP exchange rate
			%		
For the period of nine months ended					
September 30, 2022	**4.3**	**4.4**	**(1.0)**	**13.9**	**(5.7)**
September 30, 2021	2.5	2.2	(5.3)	0.4	(1.2)
For the period of three months ended					
September 30, 2022	**1.0**	**1.2**	**(4.1)**	**1.2**	**(6.5)**
September 30, 2021	0.9	0.8	(3.6)	(1.0)	(3.9)
For the year ended December 31, 2021	2.8	2.4	(10.8)	(3.3)	(4.3)

	Representative EUR exchange rate	Representative USD exchange rate	Representative GBP exchange rate
As of September 30, 2022	**3.486**	**3.543**	**3.962**
As of September 30, 2021	3.736	3.229	4.340
As of December 31, 2021	3.520	3.110	4.203

Note 3: Significant Accounting Policies

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

Disclosure for new IFRS during the period prior to their application:

Standard / Interpretation / Amendment	Topic	Application and Transitional Provisions	Main Expected Effects
International Financial Reporting Standard (IFRS) 17, Insurance Contracts	The standard establishes principles for recognition, measurement, presentation and disclosure in connection with insurance contracts (including reinsurance treaties), and replaces the current provisions on the subject. According to the new standard, the entity will recognize and measure groups of insurance contracts in accordance with the risk-adjusted present value of the future cash flows from the contracts, pertaining to all available information regarding the cash flows, consistently with observable market inputs; plus (in case of a liability) or less (in case of an asset) the amount representing the unrealized profit from the group of contracts (the contractual service margin). Revenue with respect to insurance contracts, for each reporting period, is derived from changes in the liability with respect to future coverage, which are attributed to the various components of the proceeds which the insurer is entitled to receive with respect to the contract, such as costs of acquiring insurance contracts, adjustment of risk, attribution of the contractual service margin to periods, expected claims, and expenses during the period. However, an entity may apply a simpler measurement model to certain particular (for example, contracts with insurance coverage of up to one year), according to which the amount attributed to services which have not yet provided will be measured by allocating the premium over the coverage period (the premium allocation approach).	Further to that stated in Note 3 to the Company's annual financial statements, regarding the draft "update to the road map for the adoption of IFRS 17 - Insurance Contracts", which was published by the Capital Market, Insurance and Savings Authority on January 5, 2022 (hereinafter: the "Draft Road Map"), on September 19, 2022,the Capital Market, Insurance and Savings Authority published a second update to the road map (hereinafter: the "Second Draft Update"). The second draft update left unchanged the initial adoption date of IFRS 17 in Israel, as specified in the draft road map which will apply beginning with the quarterly and annual periods beginning on January 1, 2024 (accordingly, the transition date will be on January 1, 2023). However, the second draft update includes a limited number of updates relative to the draft road map. In accordance with the second draft update, in 2023, as part of the financial statements for the second quarter, the Company will be required to report, the companies will be required to submit, as part of a dedicated note to the financial statements, a pro forma statement of financial position only as of January 1, 2023 (opening balance figures as of the date of the transition, without comparative figures), prepared in accordance with the provisions of IFRS 17 and IFRS 9. In the annual report for 2023 the companies will be required to submit the main pro forma reports (at least including the statement of financial position and the statement of comprehensive income, without comparative figures), as of December 31, 2023, prepared in accordance with the provisions of IFRS 17 and IFRS 9, according to the disclosure framework which was attached as an annex to the second draft update. The second draft update also specifies the preparation steps and main timetables which the Capital Market, Insurance and Savings Authority believes should be implemented in order to ensure that the insurance companies in Israel are prepared for the qualitative adoption of the standard, properly and reliably, inter alia, with respect to the adjustment of information systems, completing the formulation of the accounting policy, and preparing for the various required reports, conducting a quantitative evaluation of fair value before the transition date, preparing to calculate the risk adjustment (RA) with respect to non-financial risk, preparing for the audit by the auditors, supplementary information disclosure for the dedicated note in the reports for 2023, and the timetable pertaining to the adequacy tests of controls related to information systems and of associated processes.	The Company is continuing to evaluate the consequences of the adoption of these standards on its financial statements, and is preparing to adopt then within the above timetable.

Note 4: Segmental Reporting

A. General

The Group is engaged in the following operating segments:

1. Long term savings

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

2. **Health insurance**

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

3. **Non-life insurance**

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

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

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

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

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

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

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

4. Other

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

5. **Operations which were not allocated to segments**

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

Note 4: Segmental Reporting (Cont.)

B. Seasonality

1. Long-term savings segment

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

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

2. Non-life insurance segment

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

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

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments

	Long-term savings											
	Provident			Pension			Life insurance [1]			Total		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021	2022	2021	2021
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	**-**	-	-	**-**	-	-	**5,177,131**	4,572,817	6,390,838	**5,177,131**	4,572,817	6,390,838
Premiums earned by reinsurers	**-**	-	-	**-**	-	-	**123,799**	117,738	146,810	**123,799**	117,738	146,810
Premiums earned on retention	**-**	-	-	**-**	-	-	**5,053,332**	4,455,079	6,244,028	**5,053,332**	4,455,079	6,244,028
Income from investments, net, and financing income	**194,559**	152,611	190,871	**2,328**	2,034	2,272	**(6,130,481)**	8,282,443	12,490,005	**(5,933,594)**	8,437,088	12,683,148
Income from management fees	**186,273**	147,369	202,879	**252,022**	227,468	310,137	**457,341**	852,378	1,261,425	**895,636**	1,227,215	1,774,441
Income from commissions	**-**	-	-	**-**	-	-	**29,937**	19,061	22,144	**29,937**	19,061	22,144
Other income (expenses)	**321**	330	490	**(5)**	4	(1)	**-**	-	-	**316**	334	489
Total income	**381,153**	300,310	394,240	**254,345**	229,506	312,408	**(589,871)**	13,608,961	20,017,602	**45,627**	14,138,777	20,724,250
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**197,656**	148,276	183,961	**-**	-	-	**(1,067,743)**	12,382,552	18,130,944	**(870,087)**	12,530,828	18,314,905
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**-**	-	-	**-**	-	-	**(70,590)**	(88,331)	(161,570)	**(70,590)**	(88,331)	(161,570)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**197,656**	148,276	183,961	**-**	-	-	**(1,138,333)**	12,294,221	17,969,374	**(940,677)**	12,442,497	18,153,335
Commissions, marketing expenses and other acquisition costs	**82,835**	60,197	78,259	**79,720**	75,059	94,657	**557,815**	523,107	690,231	**720,370**	658,363	863,147
General and administrative expenses	**91,969**	83,399	123,141	**141,307**	133,034	191,942	**274,152**	282,852	386,907	**507,428**	499,285	701,990
Impairment of intangible assets	**-**	-	-	**-**	-	-	**-**	-	7,077	**-**	-	7,077
Other expenses	**4,468**	2,374	3,198	**5,784**	2,665	3,553	**-**	-	-	**10,252**	5,039	6,751
Financing expenses (income)	**(2)**	-	2	**125**	131	175	**(259)**	19,774	27,775	**(136)**	19,905	27,952
Total expenses	**376,926**	294,246	388,561	**226,936**	210,889	290,327	**(306,625)**	13,119,954	19,081,364	**297,237**	13,625,089	19,760,252
Share in the results of investee companies accounted by the equity method, net	**-**	-	-	**68**	2	101	**(2,641)**	1,295	3,850	**(2,573)**	1,297	3,951
Income (loss) before taxes on income	**4,227**	6,064	5,679	**27,477**	18,619	22,182	**(285,887)**	490,302	940,088	**(254,183)**	514,985	967,949
Other comprehensive income (loss) before taxes on income	**(5,599)**	1,470	2,747	**(10,474)**	2,995	5,427	**102,667**	203,616	166,706	**86,594**	208,081	174,880
Total comprehensive income (loss) before taxes on income	**(1,372)**	7,534	8,426	**17,003**	21,614	27,609	**(183,220)**	693,918	1,106,794	**(167,589)**	723,066	1,142,829

	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021	2022	2021	2021
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	**2,421,108**	2,388,951	2,399,403	**-**	-	-	**20,665,087**	19,930,228	20,036,358	**23,086,195**	22,319,179	22,435,761
Liabilities with respect to investment-linked insurance contracts and investment contracts	**-**	-	-	**-**	-	-	**87,707,310**	86,889,985	92,331,882	**87,707,310**	86,889,985	92,331,882
1) Total premiums (including pure savings premiums (investment contracts) which were applied directly to reserve).							**8,344,161**	8,449,582	12,420,844	**8,344,161**	8,449,582	12,420,844

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Health			General			Other		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	**1,180,974**	1,046,613	1,406,495	**2,259,703**	2,080,572	2,804,388	**-**	-	-
Premiums earned by reinsurers	**61,935**	53,399	72,332	**1,052,659**	1,033,393	1,368,569	**-**	-	-
Premiums earned on retention	**1,119,039**	993,214	1,334,163	**1,207,044**	1,047,179	1,435,819	**-**	-	-
Income from investments, net, and financing income	**109,614**	327,794	432,450	**157,680**	181,627	239,639	**524**	994	899
Income from commissions	**5,109**	4,515	6,054	**157,873**	156,122	220,998	**149,482**	124,061	172,236
Other income	**-**	-	-	**76**	29	28	**33**	335	337
Total income	**1,233,762**	1,325,523	1,772,667	**1,522,673**	1,384,957	1,896,484	**150,039**	125,390	173,472
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**468,531**	722,170	1,049,595	**1,563,931**	2,164,739	2,777,631	**-**	-	-
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(72,496)**	(56,468)	(79,119)	**(649,610)**	(1,331,000)	(1,626,363)	**-**	-	-
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**396,035**	665,702	970,476	**914,321**	833,739	1,151,268	**-**	-	-
Commissions, marketing expenses and other acquisition costs	**418,772**	389,549	522,781	**438,325**	417,312	587,153	**109,405**	87,826	119,875
General and administrative expenses	**62,177**	61,721	84,018	**60,194**	60,250	82,436	**8,785**	11,745	16,313
Other expenses	**-**	-	-	**-**	-	-	**3,936**	1,459	3,808
Financing expenses	**7,427**	14,059	16,720	**25,516**	2,934	228	**507**	584	800
Total expenses	**884,411**	1,131,031	1,593,995	**1,438,356**	1,314,235	1,821,085	**122,633**	101,614	140,796
Share in the results of investee companies accounted by the equity method, net	**(128)**	(2)	(2)	**(2,504)**	566	1,715	**3,753**	16,795	18,573
Income before taxes on income	**349,223**	194,490	178,670	**81,813**	71,288	77,114	**31,159**	40,571	51,249
Other comprehensive income (loss) before taxes on income	**(34,596)**	11,308	13,955	**(212,186)**	19,030	35,171	**2,163**	466	1,092
Total comprehensive income (loss) before taxes on income	**314,627**	205,798	192,625	**(130,373)**	90,318	112,285	**33,322**	41,037	52,341

	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	**2,583,146**	2,724,062	2,747,427	**8,063,622**	7,485,983	7,593,815	**-**	-	-
Liabilities with respect to investment-linked insurance contracts and investment contracts	**1,080,856**	1,097,862	1,141,172	**-**	-	-	**-**	-	-

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Not allocated to segments			Adjustments and offsets			Total		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums earned	-	-	-	(1,091)	(1,157)	(1,511)	8,616,717	7,698,845	10,600,210
Premiums earned by reinsurers	-	-	-	-	-	-	1,238,393	1,204,530	1,587,711
Premiums earned on retention	-	-	-	(1,091)	(1,157)	(1,511)	7,378,324	6,494,315	9,012,499
Income from investments, net, and financing income	101,865	452,982	575,542	219	(247)	(354)	(5,563,692)	9,400,238	13,931,324
Income from management fees	-	-	-	994	769	1,045	896,630	1,227,984	1,775,486
Income (expenses) from commissions	-	-	-	(67,032)	(60,562)	(84,609)	275,369	243,197	336,823
Other income (expenses)	483	205	182	(8)	7	2	900	910	1,038
Total income	102,348	453,187	575,724	(66,918)	(61,190)	(85,427)	2,987,531	17,366,644	25,057,170
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	-	-	-	(588)	(1,673)	(2,141)	1,161,787	15,416,064	22,139,990
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	-	-	-	-	-	-	(792,696)	(1,475,799)	(1,867,052)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	-	-	-	(588)	(1,673)	(2,141)	369,091	13,940,265	20,272,938
Commissions, marketing expenses and other acquisition costs	-	-	-	(67,022)	(60,553)	(84,609)	1,619,850	1,492,497	2,008,347
General and administrative expenses	51,152	51,503	89,922	974	(1,009)	(1,579)	690,710	683,495	973,100
Impairment of intangible assets	-	-	1,685	-	-	-	-	-	8,762
Other expenses (income)	(65)	547	3	-	-	-	14,123	7,045	10,562
Financing expenses	143,703	129,333	186,052	163	56	90	177,180	166,871	231,842
Total expenses	194,790	181,383	277,662	(66,473)	(63,179)	(88,239)	2,870,954	16,290,173	23,505,551
Share in the results of investee companies accounted by the equity method, net	2,531	3,186	4,994	-	-	-	1,079	21,842	29,231
Income (loss) before taxes on income	(89,911)	274,990	303,056	(445)	1,989	2,812	117,656	1,098,313	1,580,850
Other comprehensive income (loss) before taxes on income	(351,543)	174,333	261,768	2,157	490	185	(507,411)	413,708	487,051
Total comprehensive income (loss) before taxes on income	(441,454)	449,323	564,824	1,712	2,479	2,997	(389,755)	1,512,021	2,067,901

	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	-	-	-	(1,041)	(1,443)	(1,217)	33,731,922	32,527,781	32,775,786
Liabilities with respect to investment-linked insurance contracts and investment contracts	-	-	-	(19,418)	(19,477)	(19,371)	88,768,748	87,968,370	93,453,683

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Long-term savings							
	Provident		Pension		Life insurance [1]		Total	
	For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30	
	2022	2021	2022	2021	2022	2021	2022	2021
NIS in thousands	Unaudited							
Gross premiums earned	**-**	-	**-**	-	**1,703,637**	1,552,032	**1,703,637**	1,552,032
Premiums earned by reinsurers	**-**	-	**-**	-	**43,091**	39,984	**43,091**	39,984
Premiums earned on retention	**-**	-	**-**	-	**1,660,546**	1,512,048	**1,660,546**	1,512,048
Income from investments, net, and financing income	**60,733**	53,028	**(69)**	1,206	**(1,420,826)**	1,614,608	**(1,360,162)**	1,668,842
Income from management fees	**63,748**	52,965	**85,891**	78,387	**150,691**	190,938	**300,330**	322,290
Income from commissions	**-**	-	**-**	-	**7,890**	5,943	**7,890**	5,943
Other income (expenses)	**23**	75	**(4)**	2	**-**	-	**19**	77
Total income	**124,504**	106,068	**85,818**	79,595	**398,301**	3,323,537	**608,623**	3,509,200
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**60,385**	51,892	**-**	-	**33,762**	2,949,882	**94,147**	3,001,774
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**-**	-	**-**	-	**(22,783)**	(25,653)	**(22,783)**	(25,653)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**60,385**	51,892	**-**	-	**10,979**	2,924,229	**71,364**	2,976,121
Commissions, marketing expenses and other acquisition costs	**30,670**	23,172	**29,159**	26,565	**191,479**	172,225	**251,308**	221,962
General and administrative expenses	**31,333**	27,194	**48,573**	41,894	**93,159**	92,797	**173,065**	161,885
Other expenses	**1,442**	769	**1,144**	729	**-**	-	**2,586**	1,498
Financing expenses (income)	**(1)**	1	**60**	44	**458**	4,619	**517**	4,664
Total expenses	**123,829**	103,028	**78,936**	69,232	**296,075**	3,193,870	**498,840**	3,366,130
Share in the results of investee companies accounted by the equity method, net	**-**	-	**35**	(86)	**74**	(125)	**109**	(211)
Income before taxes on income	**675**	3,040	**6,917**	10,277	**102,300**	129,542	**109,892**	142,859
Other comprehensive income (loss) before taxes on income	**(921)**	89	**(1,757)**	347	**14,079**	(2,257)	**11,401**	(1,821)
Total comprehensive income (loss) before taxes on income	**(246)**	3,129	**5,160**	10,624	**116,379**	127,285	**121,293**	141,038
1) Total premiums (including pure savings premiums (investment contracts) which were applied directly to reserve).					**2,420,716**	3,025,153	**2,420,716**	3,025,153

Note 4: Segmental Reporting (Cont.)

C. Report on operating segments (Cont.)

	Health		General		Other		Not allocated to segments		Adjustments and offsets		Total	
	For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NIS in thousands	Unaudited											
Gross premiums earned	**419,272**	368,461	**780,633**	719,029	**-**	-	**-**	-	**(364)**	(385)	**2,903,178**	2,639,137
Premiums earned by reinsurers	**21,375**	18,605	**360,512**	345,847	**-**	-	**-**	-	**-**	-	**424,978**	404,436
Premiums earned on retention	**397,897**	349,856	**420,121**	373,182	**-**	-	**-**	-	**(364)**	(385)	**2,478,200**	2,234,701
Income from investments, net, and financing income	**27,833**	105,291	**71,725**	59,345	**88**	73	**51,203**	146,479	**125**	(5)	**(1,209,188)**	1,980,025
Income from management fees	**-**	-	**-**	-	**-**	-	**-**	-	**331**	246	**300,661**	322,536
Income from commissions	**1,616**	1,402	**53,979**	52,276	**49,600**	46,210	**-**	-	**(22,353)**	(21,330)	**90,732**	84,501
Other income (expenses)	**-**	-	**69**	8	**(2)**	329	**483**	187	**(5)**	2	**564**	603
Total income	**427,346**	456,549	**545,894**	484,811	**49,686**	46,612	**51,686**	146,666	**(22,266)**	(21,472)	**1,660,969**	4,622,366
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**249,007**	203,482	**471,117**	630,404	**-**	-	**-**	-	**(528)**	(512)	**813,743**	3,835,148
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(23,207)**	(22,206)	**(179,338)**	(312,740)	**-**	-	**-**	-	**-**	-	**(225,328)**	(360,599)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**225,800**	181,276	**291,779**	317,664	**-**	-	**-**	-	**(528)**	(512)	**588,415**	3,474,549
Commissions, marketing expenses and other acquisition costs	**140,285**	132,979	**158,361**	149,598	**40,059**	34,201	**-**	-	**(22,347)**	(21,324)	**567,666**	517,416
General and administrative expenses	**21,265**	19,725	**20,117**	19,756	**508**	2,907	**21,394**	19,162	**20**	(538)	**236,369**	222,897
Other expenses	**-**	-	**-**	-	**1,242**	803	**60**	1,088	**-**	-	**3,888**	3,389
Financing expenses	**2,301**	5,040	**3,357**	490	**144**	185	**46,681**	43,164	**89**	14	**53,089**	53,557
Total expenses	**389,651**	339,020	**473,614**	487,508	**41,953**	38,096	**68,135**	63,414	**(22,766)**	(22,360)	**1,449,427**	4,271,808
Share in the results of investee companies accounted by the equity method, net	**-**	1	**19**	(43)	**1,510**	15,569	**725**	3,050	**-**	-	**2,363**	18,366
Income (loss) before taxes on income	**37,695**	117,530	**72,299**	(2,740)	**9,243**	24,085	**(15,724)**	86,302	**500**	888	**213,905**	368,924
Other comprehensive income (loss) before taxes on income	**4,653**	(8,824)	**(62,577)**	5,654	**336**	-	**(106,070)**	5,341	**232**	-	**(152,025)**	350
Total comprehensive income (loss) before taxes on income	**42,348**	108,706	**9,722**	2,914	**9,579**	24,085	**(121,794)**	91,643	**732**	888	**61,880**	369,274

Note 4: Segmental Reporting (Cont.)

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

	Liability branches					
	Compulsory motor			Liabilities and others branches [1]		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2022	2021	2021	2022	2021	2021
NIS in thousands	Unaudited		Audited	Unaudited		Audited
Gross premiums	**543,554**	479,022	598,671	**395,287**	404,225	498,290
Reinsurance premiums	**215,796**	208,948	258,572	**219,638**	234,911	267,763
Premiums on retention	**327,758**	270,074	340,099	**175,649**	169,314	230,527
Change in unearned premium balance, on retention	**(57,257)**	(30,658)	(14,453)	**(4,584)**	(6,778)	(10,212)
Premiums earned on retention	**270,501**	239,416	325,646	**171,065**	162,536	220,315
Income from investments, net, and financing income	**60,931**	71,409	95,448	**57,971**	73,287	100,501
Income from commissions	**27,154**	34,108	45,381	**15,699**	17,269	22,730
Total income	**358,586**	344,933	466,475	**244,735**	253,092	343,546
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**372,555**	605,642	819,772	**118,122**	903,667	960,559
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(127,483)**	(329,021)	(428,654)	**(32,988)**	(711,499)	(766,149)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**245,072**	276,621	391,118	**85,134**	192,168	194,410
Commissions, marketing expenses and other acquisition costs	**69,259**	64,372	93,707	**72,639**	73,339	102,607
General and administrative expenses	**11,389**	11,153	15,182	**5,970**	6,549	8,902
Financing expenses (income)	**3,151**	2,426	3,270	**6,249**	(481)	(1,693)
Total expenses	**328,871**	354,572	503,277	**169,992**	271,575	304,226
Share in the profits (losses) of associate companies, net	**(1,203)**	272	823	**(801)**	181	549
Income (loss) before taxes on income	**28,512**	(9,367)	(35,979)	**73,942**	(18,302)	39,869
Other comprehensive income (loss) before taxes on income	**(80,509)**	5,822	11,713	**(77,205)**	5,932	11,996
Total comprehensive income (loss) before taxes on income	**(51,997)**	(3,545)	(24,266)	**(3,263)**	(12,370)	51,865

	As of September 30		As of December 31	As of September 30		As of December 31
	2022	2021	2021	2022	2021	2021
Liabilities with respect to insurance contracts	Unaudited		Audited	Unaudited		Audited
Gross	**2,877,492**	2,696,700	2,770,326	**3,003,216**	3,075,249	3,047,599
Reinsurance	**1,312,848**	1,246,118	1,288,616	**1,584,727**	1,556,544	1,566,997
Retention	**1,564,644**	1,450,582	1,481,710	**1,418,489**	1,518,705	1,480,602

1) Other liabilities branches mostly include the results of the third party liability, employers' liability and managers' liability insurance branches, the activity in which, in the reporting period, in the corresponding period last year and in the year ended December 31, 2021, constituted approximately 81%, approximately 80% and approximately 79%, respectively, of total premiums in those branches.

Note 4: Segmental Reporting (Cont.)

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

	Property branches											
	Motor property			Credit insurance			Property and others branches [1)]			Total		
	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31	For the period of nine months ended September 30		For the year ended December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021	2022	2021	2021
NIS in thousands	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums	729,617	616,611	790,255	99,288	92,325	123,039	793,154	737,284	931,504	2,560,900	2,329,467	2,941,759
Reinsurance premiums	88,784	69,816	88,974	53,872	50,640	67,429	614,634	569,042	711,872	1,192,724	1,133,357	1,394,610
Premiums on retention	640,833	546,795	701,281	45,416	41,685	55,610	178,520	168,242	219,632	1,368,176	1,196,110	1,547,149
Change in unearned premium balance, on retention	(89,092)	(99,453)	(79,840)	(634)	63	171	(9,565)	(12,105)	(6,996)	(161,132)	(148,931)	(111,330)
Premiums earned on retention	551,741	447,342	621,441	44,782	41,748	55,781	168,955	156,137	212,636	1,207,044	1,047,179	1,435,819
Income from investments, net, and financing income	16,077	17,548	19,804	10,682	5,131	5,994	12,019	14,252	17,892	157,680	181,627	239,639
Income from commissions	4,584	4,412	6,077	16,546	14,061	19,772	93,890	86,272	127,038	157,873	156,122	220,998
Other income	-	-	-	76	29	28	-	-	-	76	29	28
Total income	572,402	469,302	647,322	72,086	60,969	81,575	274,864	256,661	357,566	1,522,673	1,384,957	1,896,484
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	638,367	416,783	616,289	31,697	35,972	40,610	403,190	202,675	340,401	1,563,931	2,164,739	2,777,631
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	(105,388)	(105,463)	(138,165)	(21,150)	(24,750)	(27,566)	(362,601)	(160,267)	(265,829)	(649,610)	(1,331,000)	(1,626,363)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	532,979	311,320	478,124	10,547	11,222	13,044	40,589	42,408	74,572	914,321	833,739	1,151,268
Commissions, marketing expenses and other acquisition costs	151,235	134,269	187,014	8,785	9,055	12,579	136,407	136,277	191,246	438,325	417,312	587,153
General and administrative expenses	15,288	14,357	19,637	14,891	15,330	21,018	12,656	12,861	17,697	60,194	60,250	82,436
Financing expenses (income)	1,545	576	642	4,247	210	(749)	10,324	203	(1,242)	25,516	2,934	228
Total expenses	701,047	460,522	685,417	38,470	35,817	45,892	199,976	191,749	282,273	1,438,356	1,314,235	1,821,085
Share in the profits (losses) of associate companies, net	(225)	51	154	-	-	-	(275)	62	189	(2,504)	566	1,715
Income (loss) before taxes on income	(128,870)	8,831	(37,941)	33,616	25,152	35,683	74,613	64,974	75,482	81,813	71,288	77,114
Other comprehensive income (loss) before taxes on income	(20,762)	1,756	3,151	(18,273)	4,118	5,623	(15,437)	1,402	2,688	(212,186)	19,030	35,171
Total comprehensive income (loss) before taxes on income	(149,632)	10,587	(34,790)	15,343	29,270	41,306	59,176	66,376	78,170	(130,373)	90,318	112,285

	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31	As of September 30		As of December 31
	2022	2021	2021	2022	2021	2021	2022	2021	2021	2022	2021	2021
Liabilities with respect to insurance contracts	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross	773,761	583,788	592,839	99,000	73,840	89,327	1,310,153	1,056,406	1,093,724	8,063,622	7,485,983	7,593,815
Reinsurance	115,229	92,731	87,894	56,941	40,891	51,420	1,036,511	778,523	809,252	4,106,256	3,714,807	3,804,179
Retention	658,532	491,057	504,945	42,059	32,949	37,907	273,642	277,883	284,472	3,957,366	3,771,176	3,789,636

2) Property and other branches primarily include the results of the business, home and engineering property insurance branches, the activity in which during the reporting period and during the year ended December 31, 2021, constituted approximately 77%, and in the corresponding period last year, approximately 78%, of the total premiums in these branches.

Note 4: Segmental Reporting (Cont.)

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

	Liability branches				Property branches							
	Compulsory motor		Liabilities and others branches [2]		Motor property		Credit insurance		Property and others branches [1]		Total	
	For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30		For the period of three months ended September 30	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NIS in thousands	Unaudited											
Gross premiums	**204,406**	168,432	**98,592**	116,810	**264,093**	200,479	**33,011**	31,279	**229,063**	210,390	**829,165**	727,390
Reinsurance premiums	**85,313**	79,256	**44,510**	63,468	**32,690**	21,720	**17,903**	17,173	**170,167**	158,082	**350,583**	339,699
Premiums on retention	**119,093**	89,176	**54,082**	53,342	**231,403**	178,759	**15,108**	14,106	**58,896**	52,308	**478,582**	387,691
Change in unearned premium balance, on retention	**(24,815)**	(6,666)	**3,647**	4,009	**(37,477)**	(14,271)	**(136)**	316	**320**	2,103	**(58,461)**	(14,509)
Premiums earned on retention	**94,278**	82,510	**57,729**	57,351	**193,926**	164,488	**14,972**	14,422	**59,216**	54,411	**420,121**	373,182
Income from investments, net, and financing income	**29,092**	23,231	**27,318**	23,817	**7,506**	5,985	**1,960**	1,369	**5,849**	4,943	**71,725**	59,345
Income from commissions	**8,640**	10,582	**5,592**	6,130	**1,655**	1,406	**4,966**	4,864	**33,126**	29,294	**53,979**	52,276
Other income	**-**	-	**-**	-	**-**	-	**69**	8	**-**	-	**69**	8
Total income	**132,010**	116,323	**90,639**	87,298	**203,087**	171,879	21,967	20,663	98,191	88,648	**545,894**	484,811
Payments and changes in liabilities with respect to insurance contracts and investment contracts, gross	**100,590**	203,077	**51,218**	181,098	**215,221**	160,699	**13,097**	14,360	**90,991**	71,170	**471,117**	630,404
Share of reinsurers in payments and change in liabilities with respect to insurance contracts	**(29,101)**	(109,531)	**(24,592)**	(101,503)	**(37,616)**	(30,554)	**(8,464)**	(9,592)	**(79,565)**	(61,560)	**(179,338)**	(312,740)
Payments and changes in liabilities with respect to insurance contracts and investment contracts on retention	**71,489**	93,546	**26,626**	79,595	**177,605**	130,145	**4,633**	4,768	**11,426**	9,610	**291,779**	317,664
Commissions, marketing expenses and other acquisition costs	**24,989**	21,788	**25,262**	24,697	**54,280**	48,961	**2,831**	3,036	**50,999**	51,116	**158,361**	149,598
General and administrative expenses	**4,136**	5,130	**1,642**	816	**5,331**	6,490	**4,807**	4,896	**4,201**	2,424	**20,117**	19,756
Financing expenses (income)	**(9,496)**	783	**5,762**	(80)	**20**	116	**597**	(514)	**6,474**	185	**3,357**	490
Total expenses	**91,118**	121,247	**59,292**	105,028	**237,236**	185,712	**12,868**	12,186	**73,100**	63,335	**473,614**	487,508
Share in the profits (losses) of associate companies, net	**9**	(20)	**6**	(14)	**2**	(4)	**-**	-	**2**	(5)	**19**	(43)
Income (loss) before taxes on income	**40,901**	(4,944)	**31,353**	(17,744)	**(34,147)**	(13,837)	**9,099**	8,477	**25,093**	25,308	**72,299**	(2,740)
Other comprehensive income (loss) before taxes on income	**(24,360)**	1,661	**(22,398)**	1,679	**(5,952)**	458	**(4,863)**	1,532	**(5,004)**	324	**(62,577)**	5,654
Total comprehensive income (loss) before taxes on income	**16,541**	(3,283)	**8,955**	(16,065)	**(40,099)**	(13,379)	**4,236**	10,009	**20,089**	25,632	**9,722**	2,914

1) Property and others branches mostly include the results of the business, home and engineering property insurance branches, the activity in which, in the three month period ended on the reporting date and in the corresponding period last year, constituted approximately 74% and approximately 76%, respectively, of total premiums in those branches.

2) Other liabilities branches mostly include the results of the third party liability, professional liability, managers' and employers' liability insurance branches, the activity in which, in the three month period ended on the reporting date and in the corresponding period last year, constituted approximately 88% and approximately 85%, respectively, of total premiums in those branches.

Note 4: Segmental Reporting (Cont.)

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

Data for the period of nine months ended September 30, 2022 (unaudited)

NIS in thousands	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
	Until 1990 [1)]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	**115,933**	**1,203,874**	**80**	**3,223,854**	**581,536**	**51,760**	**5,177,037**
Receipts with respect to investment contracts charged directly to insurance reserves	**-**	**-**	**-**	**3,167,030**	**-**	**-**	**3,167,030**
Financial margin including management fees [2)]	**(196,595)**	**194,653**	**249**	**261,656**	**-**	**-**	**259,963**
Payments and changes in liabilities with respect to insurance contracts, gross	**1,308,966**	**(2,394,429)**	**89**	**636,336**	**256,474**	**45,724**	**(146,840)**
Payments and changes in liabilities with respect to investment contracts	**-**	**-**	**(242)**	**(920,661)**	**-**	**-**	**(920,903)**
Total comprehensive income (loss)	**(61,737)**	**(144,515)**	**320**	**32,453**	2,291	**(12,032)**	**(183,220)**

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

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

For the period of three months ended September 30, 2022 (unaudited)

NIS in thousands	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		
			From 2004				
	Until 1990 [1)]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	Total
Gross premiums:	**38,319**	**405,710**	**17**	**1,038,103**	**201,766**	**19,678**	**1,703,593**
Receipts with respect to investment contracts charged directly to insurance reserves	**-**	**-**	**-**	**717,079**	**-**	**-**	**717,079**
Financial margin including management fees [2)]	**(50,657)**	**63,561**	**4**	**86,812**	**-**	**-**	**99,720**
Payments and changes in liabilities with respect to insurance contracts, gross	**263,013**	**(504,648)**	**(195)**	**411,492**	**81,363**	**13,825**	**264,850**
Payments and changes in liabilities with respect to investment contracts	**-**	**-**	**-**	**(231,088)**	**-**	**-**	**(231,088)**
Total comprehensive income (loss)	**138,495**	**(5,390)**	**208**	**(18,144)**	2,671	**(1,461)**	**116,379**

Note 4: Segmental Reporting (Cont.)

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

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

Data for the year ended December 31, 2021 (Audited)

NIS in thousands	Life insurance policies which include a savings component (including riders) by policy issuance date				Life insurance policy without a risk savings component which is sold as a single policy		Total
			From 2004				
	Until 1990 [1)]	Until 2003	Non-investment-linked	Investment-linked	Individual	Collective	
Gross premiums:	166,538	1,607,173	(647)	3,852,734	699,893	61,375	6,387,066
Receipts with respect to investment contracts charged directly to insurance reserves	-	-	-	6,030,006	-	-	6,030,006
Financial margin including management fees [2)]	440,671	942,660	2,700	313,276	-	-	1,699,307
Payments and changes in liabilities with respect to insurance contracts, gross	1,329,516	8,708,602	(5,662)	6,904,765	423,975	64,711	17,425,907
Payments and changes in liabilities with respect to investment contracts	-	-	(2,371)	707,409	-	-	705,038
Total comprehensive income (loss)	447,672	810,102	7,529	(172,587)	66	14,012	1,106,794

Notes:

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

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

Note 4: Segmental Reporting (Cont.)

F. Additional details regarding the health insurance segments

Data for the period of nine months ended September 30, 2022 (unaudited)

NIS in thousands	Long-term care		Health other **)		
	Individual	Collective	Long term	Short term	Total
Gross premiums	**202,431**	**17,934**	**(*870,590**	**(*96,355**	**1,187,310**
Payments and changes in liabilities with respect to insurance contracts, gross	**(48,958)**	**24,632**	**436,315**	**56,542**	**468,531**
Other comprehensive income (loss)	**125**	**11**	**(30,500)**	**(4,232)**	**(34,596)**
Total comprehensive income (loss)	**278,875**	**46,148**	**(12,298)**	**1,902**	**314,627**

*) Of which, individual premiums in the amount of NIS 827,469 thousand and collective premiums in the amount of NIS 139,476 thousand.

**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

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

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

*) Of which, individual premiums in the amount of NIS 733,100 thousand, and collective premiums in the amount of NIS 87,487 thousand.

**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Data for the period of three month period ended September 30, 2022 (unaudited)

NIS in thousands	Long-term care		Health other **)		
	Individual	Collective	Long term	Short term	Total
Gross premiums	**68,414**	**6,003**	**(*296,890**	**(*49,561**	**420,868**
Payments and changes in liabilities with respect to insurance contracts, gross	**72,520**	**11,015**	**140,676**	**24,796**	**249,007**
Other comprehensive income (loss)	**19**	**2**	**4,847**	**(215)**	**4,653**
Total comprehensive income	**11,284**	**5,324**	**15,498**	**10,242**	**42,348**

*) Of which, individual premiums in the amount of NIS 284,503 thousand and collective premiums in the amount of NIS 61,948 thousand.

**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

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

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

*) Of which, individual premiums in the amount of NIS 248,650 thousand and collective premiums in the amount of NIS 41,546 thousand.

**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Note 4: Segmental Reporting (Cont.)

F. Additional details regarding the health insurance segments (Cont.)

Data for the year ended December 31, 2021 (audited)

	Long-term care		Health other **)		
NIS in thousands	Individual	Collective	Long term	Short term	Total
Gross premiums	264,477	34,909	(*1,061,510	(*46,896	1,407,792
Payments and changes in liabilities with respect to insurance contracts, gross	428,313	68,385	516,716	36,181	1,049,595
Other comprehensive income (loss)	85	11	14,892	(1,033)	13,955
Total comprehensive income (loss)	73,234	42,542	90,425	(13,576)	192,625

*) Of which, individual premiums in the amount of NIS 989,240 thousand and collective premiums in the amount of NIS 119,166 thousand.

**) The most material coverage included in other long term health insurance is medical expenses; with respect to short term, it is international travel.

Note 5: Financial Instruments

A. Assets for Investment-Linked Contracts

1. Composition:

	As of September 30		As of December 31
	2022	2021	2021
NIS in thousands	Unaudited		Audited
Investment property 1)	**3,510,662**	3,061,596	3,140,825
Financial investments			
Marketable debt assets	**23,651,713**	22,755,285	24,016,563
Non-marketable debt assets	**9,680,386**	8,230,049	8,676,233
Stocks	**21,437,548**	25,302,586	27,432,400
Other financial investments	**22,066,685**	19,107,456	21,620,361
Total financial investments 1)	**76,836,332**	75,395,376	81,745,557
Cash and cash equivalents	**9,952,161**	10,319,471	9,992,795
Other 2)	**2,402,651**	904,254	577,344
Total assets for investment-linked contracts	**92,701,806**	89,680,697	95,456,521

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

2. Additional information regarding fair value

A. Fair value of financial assets, classified by levels

	As of September 30, 2022			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Unaudited			
Financial investments:				
Marketable debt assets	**19,467,984**	**4,183,729**	**-**	**23,651,713**
Non-marketable debt assets	**-**	**9,615,844**	**64,542**	**9,680,386**
Stocks	**18,808,471**	**752,155**	**1,876,922**	**21,437,548**
Other financial investments 1)	**10,719,537**	**1,775,782**	**9,571,366**	**22,066,685**
Total financial investments	**48,995,992**	**16,327,510**	**11,512,830**	**76,836,332**
1) Of which, with respect to derivatives	**47,017**	**831,088**	**9,723**	**887,828**

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

Note 5: Financial Instruments (Cont.)

A. Assets for investment-linked contracts (Cont.)

	Balance as of September 30, 2021			
	Level 1 *)	Level 2 *)	Level 3	Total
NIS in thousands	Unaudited			
Financial investments:				
Marketable debt assets	19,242,173	3,513,112	-	22,755,285
Non-marketable debt assets	-	8,199,615	30,434	8,230,049
Stocks	22,704,365	660,074	1,938,147	25,302,586
Other financial investments 1)	10,325,156	2,018,796	6,763,504	19,107,456
Total financial investments	52,271,694	14,391,597	8,732,085	75,395,376
1) Of which, with respect to derivatives	143,935	528,427	-	672,362

*) Reclassified.

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

	Balance as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Audited			
Financial investments:				
Marketable debt assets	20,316,384	3,700,179	-	24,016,563
Non-marketable debt assets	-	8,645,859	30,374	8,676,233
Stocks	24,565,656	814,946	2,051,798	27,432,400
Other financial investments 1)	11,691,675	2,773,091	7,155,595	21,620,361
Total financial investments	56,573,715	15,934,075	9,237,767	81,745,557
1) Of which, with respect to derivatives	80,206	1,238,214	34,542	1,352,962

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

Note 5: Financial Instruments (Cont.)

A. Assets for investment-linked contracts (Cont.)

2. Additional information regarding fair value (Cont.)

B. Financial assets measured at fair value level 3

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Unaudited			
Balance as of January 1, 2022 (Audited)	**30,374**	**2,051,798**	**7,155,595**	**9,237,767**
Total income recognized in the statement of income	**4,793**	**216,785**	**1,334,602**	**1,556,180**
Acquisitions	**-**	**100,068**	**1,972,815**	**2,072,883**
Sales	**-**	**-**	**(876,048)**	**(876,048)**
Interest and dividend receipts	**-**	**(7,417)**	**(961)**	**(8,378)**
Transfers to level 3	**29,375**	**-**	**-**	**29,375**
Transfers from level 3 [2)]	**-**	**(484,312)**	**(14,637)**	**(498,949)**
Balance as of September 30, 2022 (unaudited)	**64,542**	**1,876,922**	**9,571,366**	**11,512,830**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2022	**4,793**	**216,785**	**1,350,265**	**1,571,843**

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

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Unaudited			
Balance as of July 1, 2022 (unaudited)	**64,168**	**1,831,719**	**9,388,208**	**11,284,095**
Total income recognized in the statement of income	**374**	**25,929**	**19,145**	**45,448**
Acquisitions	**-**	**22,404**	**525,436**	**547,840**
Sales	**-**	**-**	**(361,423)**	**(361,423)**
Interest and dividend receipts	**-**	**(3,130)**	**-**	**(3,130)**
Balance as of September 30, 2022 (unaudited)	**64,542**	**1,876,922**	**9,571,366**	**11,512,830**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2022	**374**	**25,929**	**14,105**	**40,408**

1) During the reporting period, an immaterial reclassification of several assets was performed, from stocks to other financial investments.
2) With respect to assets for which the use of quotes was begun, and which were transferred from level 3.

Note 5: Financial Instruments (Cont.)

A. Assets for investment-linked contracts (Cont.)

2. Additional information regarding fair value (Cont.)

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

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

NIS in thousands	Non-marketable debt assets	Stocks	Other financial investments	Total
	Audited			
Balance as of January 1, 2021 (Audited)	44,425	1,148,302	4,544,158	5,736,885
Total income recognized in the statement of income	5,473	499,851	1,343,925	1,849,249
Acquisitions	1,059	700,671	2,321,784	3,023,514
Sales	-	(92,337)	(1,115,943)	(1,208,280)
Redemptions	(4,927)	-	-	(4,927)
Interest and dividend receipts	(241)	(11,358)	(1,997)	(13,596)
Reclassification between investment channels [1)]	-	(85,711)	85,711	-
Transfers from level 3 [2)]	(15,415)	(107,620)	(22,043)	(145,078)
Balance as of December 31, 2021 (audited)	30,374	2,051,798	7,155,595	9,237,767
Total income for the period included under profit and loss with respect to held financial assets - as of December 31, 2021	4,350	452,178	1,357,850	1,814,378

1) During the reporting period, an immaterial reclassification of several assets was performed, from stocks to other financial investments.
2) With respect to assets for which the use of quotes was begun, and which were transferred from level 2.3)

Note 5: Financial Instruments (Cont.)

B. Other financial investments

1. Non-marketable debt assets - composition and fair value[1)]

	As of September 30, 2022	
	Book value	Fair value
NIS in thousands	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	**16,514,738**	**24,088,935**
Other non-convertible debt assets	**5,783,327**	**5,999,279**
Deposits in banks	**655,166**	**699,589**
Total non-marketable debt assets	**22,953,231**	**30,787,803**
Impairment applied to income statement (cumulative)	**47,466**	

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

	As of December 31, 2021	
	Book value	Fair value
NIS in thousands	Audited	
Government bonds		
HETZ bonds and treasury deposits	15,760,524	27,360,392
Other non-convertible debt assets	5,315,407	6,208,528
Deposits in banks	1,005,031	1,135,934
Total non-marketable debt assets	22,080,962	34,704,854
Impairment applied to income statement (cumulative)	53,334	

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

Note 5: Financial Instruments (Cont.)

B. Other financial investments (Cont.)

2. Additional information regarding fair value

A. Fair value of financial assets, classified by levels

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

	As of September 30, 2022			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Unaudited			
Financial investments:				
Marketable debt assets	**6,309,210**	**216,376**	**-**	**6,525,586**
Non-marketable debt assets	**-**	**1,562**	**-**	**1,562**
Stocks	**888,249**	**72,410**	**953,452**	**1,914,111**
Other financial investments [1)]	**688,647**	**131,632**	**3,511,352**	**4,331,631**
Total financial investments	**7,886,106**	**421,980**	**4,464,804**	**12,772,890**
1) Of which, with respect to derivatives	**16,480**	**131,930**	**6,119**	**154,529**

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

	As of September 30, 2021			
	Level 1 [*)]	Level 2 *)	Level 3	Total
NIS in thousands	Unaudited			
Financial investments:				
Marketable debt assets	6,217,747	185,507	-	6,403,254
Non-marketable debt assets	-	2,264	-	2,264
Stocks	943,318	52,537	862,084	1,857,939
Other financial investments [1)]	1,133,946	123,628	2,734,451	3,992,025
Total financial investments	8,295,011	363,936	3,596,535	12,255,482
1) Of which, with respect to derivatives	9,619	123,628	-	133,247

*) Reclassified.

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

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
NIS in thousands	Audited			
Financial investments:				
Marketable debt assets	6,344,020	125,695	-	6,469,715
Non-marketable debt assets	-	1,906	-	1,906
Stocks	1,091,416	47,350	934,911	2,073,677
Other financial investments [1)]	1,419,377	297,102	2,860,039	4,576,518
Total financial investments	8,854,813	472,053	3,794,950	13,121,816
1) Of which, with respect to derivatives	5,350	297,102	7,511	309,963

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

Note 5: Financial Instruments (Cont.)

B. Other financial investments (Cont.)

2. Additional information regarding fair value (Cont.)

B. Assets measured at fair value level 3

NIS in thousands	Stocks	Other financial investments	Total
		Unaudited	
Balance as of January 1, 2022 (Audited)	**934,911**	**2,860,039**	**3,794,950**
Total profit which was recognized:			
Under profit and loss	**40,165**	**108,370**	**148,535**
Under other comprehensive income	**142,734**	**308,993**	**451,727**
Acquisitions	**37,772**	**693,235**	**731,007**
Sales	**-**	**(452,461)**	**(452,461)**
Interest and dividend receipts	**(6,605)**	**(2,007)**	**(8,612)**
Transfers from level 3 [2)]	**(195,525)**	**(4,817)**	**(200,342)**
Balance as of September 30, 2022 (unaudited)	**953,452**	**3,511,352**	**4,464,804**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2022	**40,165**	**105,340**	**145,505**

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

NIS in thousands	Stocks	Other financial investments	Total
		Unaudited	
Balance as of July 1, 2022 (unaudited)	**830,744**	**3,508,607**	**4,339,351**
Total income (loss) which was recognized:			
Under profit and loss	**3,259**	**45,050**	**48,309**
Under other comprehensive income	**114,150**	**(23,011)**	**91,139**
Acquisitions	**8,041**	**185,981**	**194,022**
Sales	**-**	**(205,275)**	**(205,275)**
Interest and dividend receipts	**(2,742)**	**-**	**(2,742)**
As of September 30, 2022 (unaudited)	**953,452**	**3,511,352**	**4,464,804**
Total income for the period included under profit and loss with respect to held financial assets as of September 30, 2022	**3,259**	**36,567**	**39,826**

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

2) With respect to assets for which the use of quotes was begun, and which were transferred from level 3, and with respect to an investment which became subject to equity accounting.

Note 5: Financial Instruments (Cont.)

B. Other financial investments (Cont.)

2. Additional information regarding fair value (Cont.)

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

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

NIS in thousands	Stocks	Other financial investments	Total
		Audited	
Balance as of January 1, 2021 (Audited)	546,540	2,151,421	2,697,961
Total profit which was recognized:			
Under profit and loss	20,548	151,933	172,481
Under other comprehensive income	193,992	237,337	431,329
Acquisitions	272,228	882,035	1,154,263
Sales	(40,547)	(579,017)	(619,564)
Interest and dividend receipts	(7,464)	(11)	(7,475)
Reclassification between investment channels [1)]	(31,708)	31,708	-
Transfers from level 3 [2)]	(18,678)	(15,367)	(34,045)
Balance as of December 31, 2021 (audited)	934,911	2,860,039	3,794,950
Total income for the period included under profit and loss with respect to held financial assets - as of December 31, 2021	11,650	169,022	180,672

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

2) With respect to assets for which the use of quotes was begun, and which were transferred from level 3, and with respect to an investment which became subject to equity accounting.

Note 5: Financial Instruments (Cont.)

C. Financial liabilities

1. Composition of fair value:

	As of September 30 2022		As of September 30 2021		As of December 31 2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
NIS in thousands	Unaudited				Audited	
Financial liabilities presented at fair value through profit and loss:						
Liabilities with respect to derivative financial instruments, short sales and repo liabilities *)	**4,557,391**	**4,557,391**	813,187	813,187	1,486,400	1,486,400
Marketable deferred liability notes	**4,814,733**	**4,482,237**	4,274,861	4,523,884	4,317,113	4,551,516
Total financial liabilities presented at amortized cost	**4,814,733**	**4,482,237**	4,274,861	4,523,884	4,317,113	4,551,516
After deducting interest payable with respect to deferred liability notes, presented under the item for other accounts payable	**12,501**		16,050		37,362	
Total financial liabilities	**9,359,623**	**9,039,628**	5,071,998	5,337,071	5,766,151	6,037,916
*) Of which, with respect to investment-linked liabilities	**2,974,001**	**2,974,001**	196,240	196,240	271,911	271,911

Note 5: Financial Instruments (Cont.)

C. Financial liabilities (Cont.)

2. Fair value of financial liabilities, classified by levels

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

	As of September 30, 2022		
	Level 1	Level 2	Total
NIS in thousands	Unaudited		
Derivatives	**68,198**	**3,255,770**	**3,323,968**
Repo undertaking	**-**	**1,233,423**	**1,233,423**
Total financial liabilities	**68,198**	**4,489,193**	**4,557,391**

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

	As of December 31, 2021		
	Level 1	Level 2	Total
NIS in thousands	Audited		
Derivatives	15,980	213,275	229,255
Repo undertaking	-	1,257,145	1,257,145
Total financial liabilities	15,980	1,470,420	1,486,400

Note 6: Capital Management and Requirements

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

Further to that stated in Note 16(c) and (d) to the annual statements, the possibility of distributing dividends is also affected by the investee companies' ability to distribute dividends subject to their capital requirements and liquidity needs.

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

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

In accordance with the economic solvency regime, according to the calculation was performed by the Group's insurance companies as of June 30, 2022, they are complying with the capital requirements, and have a capital surplus beyond the capital requirement without taking into account the provisions for the distribution period and the stock scenario adjustment, and according to the calculation which they performed as of December 31, 2021, the Group's insurance companies are complying with the capital requirements, and have a capital surplus beyond the capital requirement according to the provisions for the distribution period and the stock scenario adjustment.

The calculation which was conducted by the Group's insurance companies as of June 30, 2022 has not been audited or reviewed by the auditors.

The calculation which the companies conducted as of December 31, 2021 was examined by the auditors in accordance with ISAE 3400 - The Examination of Prospective Financial Information.

The calculation is sometimes based on assumptions regarding future events and on the actions of management, which may not necessarily materialize, or may materialize differently from the assumptions which were used as the basis for the calculation. Additionally, actual results may differ significantly from the calculation, in light of the fact that the combined scenarios of events may materialize in a manner which is significantly different from the assumptions in the calculation.

For additional details, unaudited and unreviewed as of June 30, 2022, and audited as of December 31, 2021, see section 2.3.3 of the board of directors' report, and the economic solvency ratio report which is attached to this report.

Note 7: Contingent Liabilities and Claims

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

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

It is noted, as a general rule, that the exposure to monetary demands, whether specific or general, is subject to prescription. The prescription period in insurance products varies depending on the type of product and event regarding which prescription has been claimed. The exposure to prescription is particularly high in "long term claim" insurance branches and in long term insurance branches in the life insurance and health insurance segments, in which Clal Insurance is engaged. The period of time required to investigate the claim, which is sometimes long, particularly in class actions, extends the period during which the Company is required to make repayments, as part of the prescription period. In recent years there has been a trend of extending the prescription period in some insurance branches.

A. Class action claims

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

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

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

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

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

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

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

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

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

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 (Cont.)

A. Class action claims (Cont.)

A1. Material claims for which class action status was approved

Presented below are details regarding material claims which have been approved as class actions and which are in various stages of handling the case on the merits, including hearing the case on the merits before the first instance, or appeals after decisions have been made to approve or dismiss the claim, or after rulings have been given to approve or dismiss the claim.

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
1.	3/2010 District - Center	Clal Insurance	The plaintiff contends that Clal Insurance unlawfully and wrongfully took advantage of the Control of Financial Services (Provident Funds) Law, 2008 ("Amendment No. 3"), which determined that funds which are deposited in provident funds beginning from 2008, will be withdrawable as an annuity only, and not as a capital withdrawal (withdrawal in a one-time amount). The plaintiff contends that at the time of conversion of the capital policies which were owned by a policyholder, prior to Amendment No. 3, for non-annuity paying policies, Clal Insurance was required to attach to the policy the annuity factor which was guaranteed to the policyholder under the fixed-payment policy owned by him, while in practice, Clal Insurance chose to attach to the converted capital policy a new annuity factor, in accordance with the life expectancy as of 2009.	To order Clal Insurance to attach to the capital policies of its policyholders the same annuity factor which they had in the fixed-payment policy prior to Amendment No. 3. Alternatively, to order Clal Insurance and the other class members to deposit the entire amount of the pension savings funds, retroactively beginning after the date of the entry into effect of Amendment No. 3 (January 2008), and from now on, to the fixed-payment policy with the preferential annuity factor. Alternatively, to order Clal Insurance to compensate the plaintiff and the other class members in the amount of damage which was incurred.	Any person who owned, prior to the entry into effect of Amendment No. 3, both a capital policy and a fixed-payment policy of Clal Insurance (whether of Clal Insurance or of another insurance company), and to whom, following the aforementioned amendment to the law, a annuity factor[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 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. In July 2020, the Attorney General's position was filed with the Court, which supported the position of Clal Insurance, in which it was stated that Clal Insurance had acted in connection with the matters which form the subject of the claim in accordance with the outline which was approved for it by the Capital Market Authority, and that it would not be appropriate to retroactively replace the discretion which was exercised by the Authority on this matter. In August 2021, a ruling was given in which the claim was dismissed in its entirety (hereinafter: the "**Ruling**"). In January 2022, after the plaintiff decided not to appeal the ruling, an appeal against the ruling was filed with the Supreme Court by a social association.	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 estimated claim with respect to one damage year only. It is noted that the claim was filed in March 2010, with respect to a legislative amendment from 2008.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
2.	5/2013 District - Tel Aviv	Clal Insurance and additional insurance companies	The plaintiff contends that the defendants breach their obligation to attach linked interest and duly calculated linkage differentials, with respect to the insurance benefits which they pay. According to the claim, the date from which the interest and linkage differentials should be calculated is beginning on the date of the occurrence of the insurance event, until the actual payment date. Alternatively, linkage differentials should be paid from the date of the occurrence of the insurance event until the actual payment date, as well as interest starting 30 days after the filing date of the claim, until the actual payment date of the insurance benefits.	To order the defendants to pay to the class members linkage differentials and interest with respect to the underpayment which was performed. Additionally, and/or alternatively, the Court is requested to order the provision of compensation in favor of the public, in its discretion.	Any person who received, during the 7 years prior to the filing of the claim and/or who will receive, until a ruling has been given on the claim, insurance benefits from the defendants, to which duly calculated interest (the "**First Class**") and duly calculated linkage differentials (the "**Second Class**") were not added. In January 2019, the plaintiff petitioned for the expansion of the class of represented plaintiffs, as defined in the Court's decision to approve from August 2015, such that it will also include all policyholders of Clal who received and/or will receive insurance benefits to which duly calculated interest was not added, from the date of the claim's approval as a class action, until a final ruling has been given on the matter. The Court determined it would reach a determination regarding the motion as part of the ruling.	In August 2015, the District Court decided to dismiss the motion to approve against the defendants, regarding the claim of non-payment of linkage differentials, and to accept the motion to approve against the defendants with respect to the claim regarding the underpayment of interest on insurance benefits, and it was determined that the entitled class members include any policyholder, beneficiary or third party who, during the period from three years prior to the filing of the claim, until the date of the claim's approval as a class action, received from the defendants, and not through any ruling which was given between them, insurance benefits to which duly calculated interest was not added, within 30 days after the date of submission of the claim to the insurer (and not from the date of submission of the last document required by the insurer to evaluate the liability), until the actual payment date. In October 2016, the defendants withdrew, with the approval of the Supreme Court, a motion for leave to appeal which was filed by them in October 2015, which primarily involved an objection to the determination of the District Court, according to which a previous settlement arrangement into which the Company entered regarding a similar question does not constitute final judgment which blocks the filing of the motion to approve, and does not afford protection to the defendants, and the parties reserved all of their claims with respect to the main proceedings. In February 2021 a partial ruling was given, in which the Court determined that the class action was accepted, and ordered the defendants to repay to the class members the interest differences, as specified in the ruling (hereinafter: the "**Ruling**"). In accordance with the ruling, it was determined that the "claim delivery date", beginning from which the period of 30 days begins to be counted, and after which linked interest will be added to the insurance benefits in accordance with the provisions of section 28(a) of the Insurance Contract Law, 1981 (hereinafter: the "**Insurance Contract Law**"), is the date when the insurance company or insurance agent (whichever is earlier) was first contacted, indicating that the policyholder, third party or beneficiary (hereinafter: the "**Entitled Parties**") were interested in receiving the insurance benefits, with no requirement to attach any document whatsoever. It was further determined that in cases where the insurance benefits were calculated according to their value on a date after the occurrence of the insurance event, interest will be added to them from that date only, and in the case of reimbursement of funds which were paid to service providers through deferred payment, interest differences will be calculated beginning from the date of actual payment. Regarding the class members who in the past reached settlement arrangements with the defendants, it was determined that the member of that class will be entitled to the repayment of interest with respect to the period from the date when the claim was filed until the date of completion of the collection of the required documents for the investigation, as stated in the ruling. The Court determined that the definition of the class will include all entitled parties who, during the period, beginning three years before the filing of the claims (which were filed against Clal Insurance in May 2013), and ending on the date when the ruling was given, received from the defendants, not in accordance with a ruling regarding their affairs, insurance benefits which did not include duly calculated interest. It was further determined, for the purpose of implementing the ruling and calculating the amount of compensation to the class members in accordance with the principles specified in the partial ruling, that it is necessary to appoint an expert, and that the compensation to the class action plaintiffs, and their legal fees, will be determined in the final ruling. In May 2021, the defendants filed with the Supreme Court an appeal, or alternatively, a motion for leave to appeal, against the ruling. In June 2021, the Supreme Court gave a decision in which it ordered a stay of the proceedings in the District Court, including as regards the appointment of an expert for the purpose of executing the ruling, until a determination has been reached regarding the appeal process. In November 2022, the Supreme Court issued a decision in which it dismissed the motion for leave to appeal which was filed, as stated above, in the absence of grounds for judicial intervention, mostly because the partial ruling constitutes an "other decision", and the starting point in the appellate instance is that court will refrain from intervening in interim decisions of the court of first instance, except in extraordinary cases. Accordingly, it was determined that the defendants' assertions should be heard in an appeal against the final ruling regarding the claim, if filed. The Supreme Court clarified that it was not taking any position on the subject of the appeal which may be filed against the final ruling, if filed.	The plaintiff estimates the cumulative amount for the first class in the amount of NIS 518 million (if it is ruled that the interest should be calculated beginning from the date of the occurrence of the insurance event), and in the amount of NIS 210 million (if it is ruled that the interest should be calculated beginning from 30 days after the date of the claim's submission to the insurance company). The plaintiff estimates the cumulative amount for the second class, for which the motion to approve was dismissed, with respect to linkage differentials, in an additional amount of NIS 490 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

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

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
4.	5/2011 District - Center	Clal Insurance and additional insurance companies	According to the plaintiff, in life insurance combined with savings, the defendants collected from policyholders, without any basis in the policies and without consent, amounts which at times reach a significant part of the premiums paid by the policyholders, and which are known as the "policy factor" and/or "other management fees") (hereinafter: the "**Policy Factor**"), unlawfully and without any appropriate contractual provision, despite the fact that, in principle, the defendants were allowed, in accordance with the Commissioner's circulars, to collect a policy factor in life insurance policies.	Payment of the compensation / reimbursement amount equal to the policy factor amount which was actually collected from the class members, with the addition of the returns which were withheld from them with respect to this amount due to the fact that the amount which was deducted from the premium for the policy factor was not invested for them, and changing the method of action with respect to the collection of the policy factor.	Anyone who held a life insurance policy combined with a savings plan of one of the defendants, and from whom any amount was collected as a policy factor.	In June 2015, a motion to approve a settlement arrangement was filed with the Court, in which it was requested to order the defendants to pay a total of NIS 100 million with respect to the past (of which, the share of Clal Insurance is approximately NIS 26.5 million), and to provide a discount of 25% of the actual future collection of the policy factor. In November 2016, the Court decided to dismiss the motion to approve the settlement arrangement, since it believed that the foregoing does not constitute an adequate, reasonable and fair arrangement for the affairs of the class members. Additionally, the Court decided to partially approve the conducting of the claim as a class action, only with respect to life insurance policies combined with savings which were prepared between the years 1982 and 2003 (with respect to Clal Insurance, in policies of the "Adif", "Meitav" and "Profile" types), where the savings which accrued in favor of the policyholders in those policies were affected due to the collection of the policy factor, on the grounds of breach of the insurance policy, due to the collection of the policy factor, in a manner which harmed the savings which accrued in favor of the policyholders, with respect to the period beginning seven years before the filing date of the claim, in April 2011. The claim was not approved with respect to other types of policies (hereinafter, jointly: the "**Decision**"). The claimed remedies, as defined in the Court's decision, include curing the breach by implementing an update to the savings which accrued in favor of the policyholders, in the amount of the additional savings which would have accrued for them had a policy factor not been collected, or compensation of the policyholders in the aforementioned amount, and discontinuation of the collection of the policy factor from that point forward. Additionally, payment of professional fees was ruled for the plaintiff's representative, and for the objectors to the settlement arrangement and their representatives, in immaterial amounts. In accordance with the decision, in reliance on the examiner's assessment based on calculations which were conducted by staff of the Control of Insurance Office, the total potential claim, with respect to policies incorporating savings, ranges from NIS 1.85 to 2.1 billion with respect to four of the defendants who engaged in the settlement arrangement (including Clal Insurance). In May 2017, the defendants filed a motion for leave to appeal the Court's decision, both with respect to the non-approval of the settlement arrangement, and with respect to the partial approval of the claim as a class action. In February 2019, the defendants withdrew the motion for leave to appeal, in accordance with the Supreme Court's suggestion, and therefore, the proceedings are currently in the stage of handling the claim on the merits before the District Court. The parties are conducting mediation proceedings between them, and in parallel commenced evidence proceedings before the District Court. After a hearing which was held in September 2022 in connection with the possibility of promoting a settlement arrangement regarding the case, the court determined that the lower limit for a settlement should be 40%, and no less.	The plaintiffs' claim pertains to the policy factor which was collected from them from 2004. According to various estimates and assumptions which were performed by the plaintiffs with respect to the collection of the policy factor, during the seven years preceding the filing date of the claim, by the defendants, and the relevant annual returns, the amount claimed for the class members, against all of the defendants, was estimated by the plaintiffs, as of the filing date of the claim, as a nominal total of approximately NIS 2,325 million. Out of this amount, a total of approximately NIS 662 million is attributed to Clal Insurance, according to its alleged market share.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
5.	7/2014 District - Center	Clal Insurance	According to the plaintiff, Clal Insurance overcollects premiums in compulsory and/or third party and/or comprehensive policies (hereinafter: the "**Policy**"), in cases where the youngest driver who is expected to use the vehicle on a routine basis (hereinafter: the "**Driver**") is expected to reach, during the insurance period, an age and/or driving experience level at which Clal Insurance begins collecting reduced premiums (hereinafter, respectively: "**Eligible Age**" and "**Eligible Experience Level**"). The plaintiff contends that Clal Insurance should be required to calculate the premiums by other means, also in case of renewal of the policy after a previous insurance period, and that Clal Insurance should be required to initiate disclosure to the holders of motor policies, of any kind whatsoever, regarding various items of information.	To declare and determine that Clal Insurance is required to calculate the premiums with respect to the policies in the manner specified in the motion; To order Clal Insurance to initiate disclosure of various items of information, as specified in motion; To prohibit Clal Insurance from collecting administrative expenses or any other payment from the policyholder with respect to the issuance of new compulsory certificates of insurance, in cases where the new issuance is required for reasons not originating from the policyholder; To order Clal Insurance to compensate the class members with respect to the damages which they incurred, with the addition of duly calculated linkage differentials and interest from the date of overcollection until the date of compensation and/or actual reimbursement; To order Clal Insurance to reimburse to the class members the entire amount by which Clal Insurance was enriched at the expense of the class members. To order the provision of any other remedy in favor of the classes, or compensation to the public, as considered appropriate by the Court, in light of the circumstances.	Anyone who purchased and/or renewed and/or who will purchase and/or renew the policy from the defendant during the seven years which preceded the filing of the claim, until the date of issuance of a final ruling, and where, during the insurance period, the youngest driver who is expected to use the vehicle reached and/or will reach the age and/or driving experience level at which he is entitled to a reduction of the premiums, and who in practice did not receive the entire reduction to which he was entitled, as well as anyone who is included in the aforementioned class, and whose comprehensive and/or third party insurance is of the "all drivers" type.	In January 2017, a decision was given by the Court in which the plaintiff's claims were dismissed, except with respect to the claim regarding the existence of a conventional practice regarding the update to the policies and the reimbursement of excess premiums, regarding which the motion to conduct the claim as a class action was approved. The class members, as determined in the decision, include "the holders of the respondent's compulsory, comprehensive and third party motor insurance policies during the last seven years, who reached, during the insurance period, the age bracket and/or driving experience bracket which confers an entitlement to a reduction of insurance premiums, and regarding whom the respondent refrained from acting in accordance with the conventional practice, as a result of which, they did not receive the reduction." The parties filed their closing arguments as part of conducting the claim. In February 2022 a ruling was given, as part of the hearing of the claim on the merits, in which the entire claim was dismissed. In April 2022, the plaintiff filed an appeal against the ruling.	The total claim amount was estimated by the plaintiff as a total of approximately NIS 26 million. The estimate of damage, as stated in the class action plaintiff's affidavit of evidence in chief, amounted to a cumulative total of approximately NIS 100 million, with respect to a period of 11 years. In the appeal, the plaintiff claimed, inter alia, the amount which was estimated by the expert on his behalf, in the nominal sum of approximately NIS 100 million, plus linkage and interest, and the expansion of the class (and of the amount of damages, accordingly) until a ruling has been given regarding the appeal, or until this conduct has been changed.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
6.	11/2014 District - Economic Department of Tel Aviv	Bank of Jerusalem Ltd. (hereinafter: "**Bank of Jerusalem**")	The plaintiff contends that Clal Finance Batucha Investment Management Ltd. ("Clal Batucha"), which merged with and into Bank of Jerusalem, in its function as portfolio manager, performed, on behalf of its customers, transactions with securities of member companies in the IDB Group, in a manner which gave preference to its interests and to the interests of various member companies of the IDB Group over the interests of its customers, in violation of the law. The plaintiff contends that Clal Batucha breached its obligation to inform its customers regarding any conflict of interests which it has in the performance of the aforementioned actions, and to receive their consent.	To issue an order against Clal Batucha to provide details and information regarding the damages which were (allegedly) incurred by each of the class members, and to order Bank of Jerusalem to compensate the class members for the entire damages which they incurred, or alternatively, to determine another remedy in favor of all or some of the class members.	Any person who received from Clal Batucha investment management services, in which they acquired securities which were issued by member companies of the "IDB conglomerate", without giving their advance approval with respect to each transaction, and who incurred damages as a result of the said acquisition. On this matter, the plaintiff includes under the "IDB conglomerate" all corporations which were held (directly or indirectly) by IDB Holding and IDB Development.	In January 2017, the Court gave its decision, which approved the conducting of the claim as a class action against Clal Batucha, and in parallel, it dismissed the motion to approve the claim against defendants who had served as directors in Clal Finance Batucha, in which it was alleged that they had breached their duty of care towards the class members. The class members, as determined in the decision, include "anyone who received investment management services from Clal Finance Batucha Investment Management Ltd. (liquidated due to merger) ("**Batucha**"), on whose behalf, within the framework of the portfolio management activity, Batucha (or any other party on its behalf) acquired securities, as defined in the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, (hereinafter: the "**Advice Law**"), which were issued by any of the corporations which were included, at the time of the acquisition, in the IDB Conglomerate (as defined below), from whom advance approval was not received regarding each aforementioned transaction, and who incurred damages due to the aforementioned acquisition." In this regard, the IDB Conglomerate was defined as including "all corporations which were held or controlled, directly or indirectly (including through concatenation) by the companies or IDB Holding Corporation Ltd. (hereinafter: "**IDB Holding**") and IDB Development Corporation Ltd. (hereinafter: "**IDB Development**"), including IDB Holding and IDB Development. For the avoidance of doubt, this definition includes all of the subsidiaries, second tier subsidiaries, and third tier subsidiaries (and so on) of IDB Holding, as well as any other corporation held by them, directly or indirectly." It was further determined in the decision that the class will include anyone in whose account acquisitions of securities were performed, during a period of up to 7 years before the filing of the motion to approve, until the date of completion of the merger transaction of Clal Batucha into Bank of Jerusalem. The cause of action which was approved in the decision is breach of statutory duty by virtue of section 63 of the Civil Wrongs Ordinance, together with section 15(a) of the Advice Law. The Company is not party to the claim; however it received notice regarding the filing of the claim, and the demand for indemnification by Bank of Jerusalem, in accordance with the agreement for the sale of Clal Batucha to Bank of Jerusalem, according to which the Company has an undertaking to indemnify. The aforementioned undertaking to indemnify may be activated if and insofar as Bank of Jerusalem will be obligated, by law, in connection with the aforementioned claim, and subject to the terms of the agreement between the parties[9]. The parties are currently conducting negotiations regarding a settlement. The proceedings are currently in the claim handling stage.	The plaintiff's personal claim amount amounts to a total of approximately NIS 18,624. According to the statement of claim, the damage claimed for all class members cannot be estimated at this stage.

[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 (Cont.)

A. Class action claims (Cont.)

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

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

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
8.	7/2014	Clal Pension and Provident Funds Ltd. and against four additional managing companies of pension funds	According to the plaintiffs, two associations which claim that their purpose is to assist the senior population, the defendants increased the management fees which are charged from retirees of the pension funds which are managed by them, during the annuity receipt stage, to the maximum management fees permitted for collection by law (0.5% of the accrued balance), while abusing the fact that the retirees are a "hostage population", although active members pay, on average, significantly lower management fees. It was further claimed that the defendants do not disclose to their members that immediately when they become pensioners, the management fees which they pay to the defendants will be increased to the maximum management fees.	Reimbursement of the excess management fees which were unlawfully collected from the class members, with the addition of interest and linkage; To order the defendants to reduce the management fees which are charged from the pensioners, in a manner whereby the management fees which were collected prior to the commencement of the retirement of each one of them, will not increase; To prohibit the defendants from increasing the management fees for members proximate to their retirement.	Any person who is a member of a new comprehensive pension fund which is managed by one of the defendants, and who is entitled to receive an old age pension and/or who will be entitled to receive an old age pension in the future.	In September 2015, the plaintiffs filed a reply to the defendants' response to the motion to approve (the "Plaintiffs' Reply"), in which, inter alia, a new claim was raised, according to which the defendants did not send to their members advance notice regarding the increased management fees, as required in accordance with the provisions of the law. At the request of the Court, in September 2017, the Commissioner's position was filed, which determined, inter alia, that in accordance with the provisions of the law and the circular dated July 2014, it was possible to collect, during the annuity receipt period, management fees at a rate of less than 0.5%, and that there was no regulatory obligation for the defendants to announce the increase in management fees once the members reached retirement age. In March 2022 the District Court decided to accept the motion to approve against the defendants, regarding the question of whether the defendants were required to notify members in advance regarding the rate of management fees which would be collected during the pension period, and if so - the extent of damage that was incurred due to the failure to give notice. The approved class includes anyone who is a member of a new comprehensive pension fund, which is among the respondents, and who was entitled to receive an old age pension after retirement during the seven years preceding the filing of the motion to approve and/or who will be entitled to an old age pension in the future. It is noted that pension recipients who retired since mid-2018 were given notice in accordance with the standard regulations which were published by the regulator, and which entered into effect from that year onwards. The proceedings are currently in the stage of hearing the claim on the merits.	The plaintiffs estimate that the management fees which were unlawfully collected by the defendants from current pensioners amount to NIS 48 million, that the management fees which will be unlawfully collected in the future from current pensioners amount to NIS 152 million, and that the management fees which will be unlawfully collected in the future by the defendants from future pensioners, with respect to accrual which was performed until now, amount to NIS 2,800 million. The aforementioned amounts are claimed with respect to all of the defendants.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
9.	5/2015 District - Jerusalem	Clal Insurance and an additional insurance company	According to the plaintiff, after years during which his deceased mother was insured under a collective life insurance policy, which Clal Insurance sold to the association of pensioners under the "Netiv - Southern and Central Region" pension fund (hereinafter: the "**Association**" and the "**Policy**", respectively), and who paid premiums as required, Clal Insurance unilaterally and unlawfully canceled the policy, because the policy was a losing policy, and did not reimburse the premiums which it had charged. The plaintiff also contends that Clal Insurance illegally collected premiums from policyholders with respect to June 2014, after the date when the policy was canceled.	To order Clal Insurance to pay to each of the class members who did not receive the benefits of the policy, the entire premiums which were collected from them with respect to the policy over the years when they were insured, with the addition of duly calculated interest and linkage.	Anyone who was insured by Clal Insurance in a policy which was canceled on March 2, 2014, as well as all policyholders under the policy from whom Clal Insurance collected premiums in June 2014.	In May 2019, the Court dismissed the claim for reimbursement of all premiums which were paid with respect to the policy over the years. The Court approved the claim as a class action against Clal Insurance and against the association, on the grounds of breach of the provisions of the Insurance Contract Law, 1981, the Control of Insurance Business Regulations (Collective Life Insurance), 1999, the provisions of the policy and on grounds of negligence, and determined that Clal Insurance had not properly alerted the policyholders of the cancellation of the insurance contract, and that the association had breached, inter alia, the fiduciary duty and duty of care which applied to it as the "policyholder". The approved class includes the beneficiaries of the retirees who are covered under the collective insurance contract, who passed away since the cancellation date of the insurance contract until the termination date of the insurance period specified in the insurance contract (a two year period). The claimed remedy is payment of insurance benefits to the class members. In August 2021, a ruling was given (hereinafter: the "**Ruling**"), in which the Court accepted the claim, and determined that Clal Insurance and the association had not informed the policyholders as required regarding the cancellation of the collective life insurance policy. Accordingly, Clal Insurance was ordered to pay to the beneficiaries of the retirees covered in the policy, who passed away during the period from the policy cancellation date (May 1, 2014) until the insurance period end date (April 30, 2016) the insurance benefits in accordance with the policy (in the amount of NIS 11,500 per deceased retiree), less the premiums which the retiree was required to pay with respect to the period from the policy cancellation date until the date of their passing, plus duly calculated interest and linkage differentials beginning from 30 days after the date of the policyholder's passing. Compensation and professional fees for the plaintiffs and their representatives were also ordered. In October 2021, Clal Insurance filed with the Supreme Court an appeal against the ruling and a motion for a stay of execution. The motion for a stay of execution was accepted in part, such that the payment of the insurance benefits and sending of letters to the class members will be postponed until a decision has been reached regarding the appeal. The proceedings are currently in the stage of hearing the appeal.	The total damage claimed for all of the class members from Clal Insurance amounts, in the plaintiff's estimate, to a total of NIS 90 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
10.	9/2015 District - Center	Clal Insurance and three other insurance companies	The plaintiffs contend that the defendants, when giving points for the "continence" action, as part of the evaluation of insurance benefits in long-term care policies, adopted an interpretation according to which, in order to recognize a policyholder's claim with respect to "incontinence", the condition must result from a urological or gastroenterological illness or impairment only, instead of giving points also when the policyholder's medical condition and impaired functioning which have caused his "incontinence", may be due to an illness, accident or health impairment which are not urological or gastroenterological in nature.	To order the defendants to compensate the class members for all damages which they incurred due to their alleged beaches of the agreement, and to fulfill the agreement from this point forward, or alternatively, to order the provision of any other remedy considered appropriate by the Court, in light of the applicable circumstances.	Any person who held a long term care insurance policy which was sold by the defendants (or his inheritors, as applicable), and who suffered from a health condition and impaired functioning as a result of an illness or accident or health condition, which caused them to be incontinent and/or to require the permanent use of a stoma or catheter in the bladder, or diapers or absorbent pads of various kinds, and notwithstanding the foregoing, who did not receive from the defendants (as applicable) points with respect to the "continence" component, in a manner which injured his rights.	In April 2020, the Court partially approved the handling of the claim as a class action against Clal Insurance and three additional insurance companies. The approved class includes anyone who was a policyholder in long-term care insurance, and who lost the ability of independent continence (fecal or urinary), due to a combination of reduced continence ability which did not constitute organic loss of control, together with a low functional condition, and who, despite the foregoing, did not receive points from the insurance company for the "continence" activity, as part of the evaluation of their claim for long-term care insurance benefits, in a manner which prejudiced their rights to insurance benefits during the period between September 8, 2012 and the date when the claim was approved as a class action. The plaintiffs' motion to approve the claim as a class action, also with respect to the class of policyholders who are incontinent due to functional limitations or mobility deficiencies, which led to the event of incontinence, and with respect to the class of policyholders suffering from cognitive deficiencies, who were not recognized as "mentally frail", was dismissed. The causes of action for which the class action was approved include breach of the long-term care insurance contract resulting in the non-payment of long-term care insurance benefits, or in the underpayment of long-term care insurance benefits, due to non-recognition of policyholders as eligible for points with respect to the action of "incontinence". The claimed remedy is compensation of the class members who did not receive points with respect to the action of "incontinence". The proceedings are currently in the claim handling stage. The parties are conducting mediation proceedings between them.	The plaintiffs contend that the damage cannot be estimated at this stage, but estimate it at tens or even hundreds of millions of NIS. The personal damage claimed by the plaintiff from Clal Insurance, as alleged, amounts to a total of approximately NIS 32,500 (without linkage differentials and interest).

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
11.	10/2016 District - Center	Clal Insurance	The plaintiff contends that when engaging with a collective policyholder (health fund) in the sale of a collective long-term care insurance policy, Clal Insurance undertook to provide, to the holders of the collective policy who join the individual policy, a 20% discount on the premium, and that it failed to do so (the "Collective Policy").	Repayment of the amounts which were overcollected from the class members.	In accordance with the Court's decision - anyone who purchased, from October 30, 2009 to December 31, 2018, an individual long-term care insurance policy of Clal Insurance, in which the eligibility period was for lifetime compensation, when they held the collective policy, and to whom Clal Insurance did not provide, in the individual policy, a discount of at least 20% on the lowest premium practiced at Clal Insurance on the purchase date for individual policies corresponding to the plan which was chosen by the policyholder, with respect to policyholders of a similar age and with a similar health condition, provided that they do not exceed the tariff which was approved by the regulator.	In January 2021, the Court partially approved the motion. The class action plaintiff's motion to approve the claim as a class action, also with respect to the entire group of policyholders who hold individual long-term care policies in which the eligibility period for compensation is not for the policyholder's entire lifetime, was dismissed. The causes of action for which the claim was approved as a class action include breach of the collective policy's provision, unjust enrichment, and the claimed remedy is repayment of the amounts which were overcollected from the class members. The proceedings are currently in the claim handling stage. The parties are conducting mediation proceedings between them.	In the claim, the plaintiff estimated the damage claimed for all of the class members in the amount of NIS 52 million, with respect to damage which was allegedly caused before the date when the motion was filed, and NIS 126 million with respect to the damage which is expected to be caused to the class members over the next 10 years.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A2. Pending motions to approve class action status for material claims[10]

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
1.	7/2015 District - Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance calculates the rights for payment of stipends and/or for the discounting of stipends which are owed to policyholders who freeze the payment of premiums (in full or in part) temporarily for a certain period and/or who do not pay the premiums for a number of months, in breach of the provisions of the law, in breach of the provisions of the policy and the required formula for the calculation of the stipend, as included in the policy (hereinafter: the "**Required Formula**"), and also asserted that Clal Insurance refuses to deliver information to its policyholders.	To order Clal Insurance to reimburse the monthly stipend and/or the discounting of the stipend, in accordance with the provisions of the required formula, and to order Clal Insurance to pay to the class members who already incurred damages, the stipend differences or the stipend discounting differences which are owed to them, with the addition of duly calculated linkage differentials and interest. Alternatively, the plaintiff is petitioning for the issuance of a declaratory order stating that Clal Insurance is in breach of the policy provisions.	Regarding the non-monetary remedies - all policyholders of Clal Insurance who hold policies which are similar to the plaintiff's policies (the "**Policyholders**"), who, during a certain period or periods, did not pay, temporarily, the premiums under the policy. Regarding the monetary remedies: all of the policyholders who began receiving from Clal Insurance a monthly stipend which is lower than the monthly stipend which would have been paid in accordance with the required formula, as well as policyholders who chose discounting of the stipend, and where the calculation used to discount their stipend was lower than the discounting of their stipend which would have been paid in accordance with the required formula.	In June 2016, the motion of the parties to transfer the hearing to a board which is hearing an additional claim by the plaintiff, on the subject of the calculation of the rights in life insurance policies, where the policyholder does not pay the full premiums, as specified in section (a)(a1)(7) above, was approved (the "**Prior Proceedings**"). Due to the fact that the decision regarding the prior proceedings will affect the questions which are raised in these proceedings, the Court decided to stay the hearing of these proceedings until the evidence hearing stage in the prior proceedings has concluded.	The total damage claimed for all of the class members, in the plaintiff's estimate, to a total of no less than NIS 25 million.

[10] Including motions of the foregoing type which were dismissed, and where appeals were filed against the decision to dismiss them.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
2	12/2015 District - Tel Aviv	Clal Insurance and an additional insurance company	The plaintiffs contend that the defendants charged, from holders of life insurance policies which were issued beginning on August 1, 1982, in which the sub-annual installments component was reduced, where the premium is paid in installments during the year (hereinafter: "**Sub-Annual Installments**"), an effective interest rate which is higher than the maximum interest rate which the Insurance Commissioner allowed insurance companies to charge with respect to the sub-annual installments component. According to the plaintiffs, this collection is in breach of the law, policy and common practice in the finance segment, and ignores the monthly premium payment date, and the fact that the annual premiums gradually decrease during the year.	To order the defendants to change the method used to calculate the sub-annual installments component, in a manner whereby it will be calculated in consideration of the actual premium payment dates, and in consideration of the reduction of the annual premiums for each payment. To reimburse to the class members the amounts of the sub-annual installments component which were overcollected from them, beginning on the date when the sub-annual installments component was charged to the policyholders, until a ruling has been given on the claim, or alternatively, in the seven years prior to the plaintiff's claim, until a ruling has been given on the claim. Alternatively, the plaintiff is petitioning for the issuance of a declaratory ruling, according to which the method used by Clal Insurance to calculate the sub-annual installments component is illegal, or for the issuance of another declaratory ruling considered appropriate by the Court, in light of the circumstances.	Holders of life insurance policies which were issued beginning on August 1, 1982, and in which a sub-annual installments component was collected, where the premium is paid in installments throughout the year.	In May 2020, a ruling was given in which the District Court dismissed the motion to approve the claim as a class action. In September 2020, the plaintiffs appealed the ruling. The proceedings are currently in the stage of hearing the appeal.	The total damage claimed for all of the class members with respect to Clal Insurance, according to the plaintiffs' estimate, amounts to a total of no less than NIS 50 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
3.	8/2016 Regional Court - Tel Aviv (1) 10/2016 Regional Labor Court of Jerusalem (2) 11/2016 Regional Court of Jerusalem (3) 12/2016 Regional Court - Tel Aviv (4) 7/2019 Regional Court - Tel Aviv (5)	Clal Pension and Provident Funds Clal Insurance "Atudot" - Pension Fund for salaried Employees and Self-Employees Ltd. (a subsidiary of Clal Insurance (held 50%)) (hereinafter: "**Atudot**")	The five claims involve the assertion that the defendants collect from members in the pension funds, in the Tamar provident funds, and in the study funds which are managed by them, and in managers' insurance policies, in addition to the management fees, also "investment management expenses" (hereinafter: "**Direct Expenses**"), although there is no contractual provision which allows them to collect those expenses, and in breach of the fund regulations.	The plaintiffs in the five claims request to order the defendants to reimburse the direct expense amounts which were overcollected from them. Additionally, some of the plaintiffs request to order the defendants to pay the additional difference of returns which would have been generated by the amounts which were overcollected had they been invested in the pension fund, while some request to order the defendants to pay the duly calculated NIS interest difference, from the date of overcollection until the date of actual payment.	Members of the pension funds, the study fund, and the provident fund "Clal Tamar" which are managed by the defendants, and holders of managers' insurance policies, from whom investment management expenses were collected during the seven years preceding the filing of the relevant claim.	In May 2018, the position of the Capital Market, Insurance and Savings Authority was filed, within the framework of the proceedings which are being conducted before the Regional Labor Court of Jerusalem, which primarily stated that the managing companies are entitled to collect expenses even if it was not explicitly stated in the regulations. The proceedings are currently in the stage of hearing the motions to approve the claims as class actions. It is noted that in May 2019, the District Court of the Central District decided to approve a motion to approve a class action regarding the collection of direct expenses in individual life insurance policies (the "**Decision to Approve**"). In the decision to approve, it was determined that the absence of a clear provision in the policy regarding the collection of direct expenses constitutes a negative arrangement, and therefore, the defendants were not entitled to collect those expenses. In September 2019, a motion for leave to appeal the decision to approve was filed with the Supreme Court (hereinafter: the "**Motion For Leave To Appeal**"), and in August 2020, the Attorney General submitted his position, in which it was stated that the motion for leave to appeal and the appeal per se should be approved, such that the decision to approve should be canceled, for the reasons specified in the Attorney General's position (hereinafter: the "**Attorney General's Position**". The institutional entities in the Group are not parties to these proceedings. In October 2020, the petitioners were added to proceedings 5(1) and 5(4) in the motion for leave to appeal. In accordance with the court's decisions, the Attorney General's position was added to proceedings 1-4. The Court also ordered a stay of motions 1-4 until a decision has been reached by the Supreme Court regarding the motion for leave to appeal. In the months June 2021 and January 2022 notices were submitted on behalf of the Attorney General of Israel, further to the publication of the interim report and the final report of the advisory committee to the Commissioner of Capital Markets, regarding the evaluation of the direct expenses, whereby according to the Attorney General's position, the committee's recommendations and the findings included in the report would not change his legal opinion or affect the legal adjudication of the process. This was because, inter alia, of the fact that the report pertains to future legislation, for the reason that the report's findings do not contradict the Attorney General's position, and for the reason that the provisions of the report may even strengthen the Attorney General's position in various respects.	In claim 1, which refers to the pension funds, the amount of the class action was set as NIS 341 million, with respect to the years 2009-2015, plus the investment management expenses which were collected by the defendant from the class members in 2016, and plus the returns which would have been earned by the funds which were deducted as investment management expenses. In claim 2, which refers to the study fund, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 53 million. In claim 3, which refers to the Tamar provident fund, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 181 million. In claim 4, which refers to managers' insurance policies, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 404 million, plus the investment management expenses which the defendant charged to the class members in 2016, as well as interest and linkage. In claim 5, which refers to the pension fund which is managed by Atudot, the amount of the class action was set, on an estimation basis, as a total of approximately NIS 41 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
4.	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 health funds filed an appeal against the aforementioned decision, inter alia, in connection with the decision regarding the motion to summarily dismiss. The funds' appeal against the dismissal of their petition for summary dismissal was dismissed in November 2020. The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The plaintiffs have not quantified the damage for all of the class members, and have estimated the personal damage incurred by the plaintiffs as tens of thousands of NIS per plaintiff.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
5.	1/2018 District - Center	Clal Insurance and five additional insurance companies.	The plaintiff, Public Trust, a Public Benefit Company, contends that the defendants unlawfully avoid paying to their policyholders and/or to third parties the VAT component which applies to the cost of the damage, when the damage was not actually repaired.	To order the defendants to pay the VAT component, according to the rate which applies to the damage amount, to the class members; to determine and declare that the defendants' avoidance of payment of insurance benefits and/or indemnification with respect to the VAT component which applies to the amendment, in cases where the damage was not actually repaired, is done in violation of the law; to issue a mandamus order requiring the defendants, from this point forward, to include in the insurance benefits which they pay also the VAT which applies to the cost of the repair, including if the damage has not been actually repaired, and as a result, also in case the policyholder or a third party receives insurance benefits at "reimbursement value", and not at "reinstatement value", and to order the defendants to pay to them insurance benefits with respect to the full amount of damage, including VAT.	Any policyholder and/or beneficiary and/or third party, in any insurance type whatsoever, who, as of the filing date of the insurance claim, has not repaired the damage which he claimed, and who received from the insurance company insurance benefits and/or reimbursement with respect to the damage, and where the insurance benefits did not include the VAT component which applies to the repair.	In January 2022, a ruling was given which dismissed the motion to approve the claim as a class action. In April 2022, the plaintiff filed an appeal against the ruling.	The plaintiff estimates the damages owed to the class members by Clal Insurance, with respect to each year, at a total of NIS 17,732,580. The plaintiff is petitioning for the payment of damages with respect to the beginning on since June 4, 2001, or alternatively, for a period of 7 years since the filing date of the previous claim, or alternatively, for a period of 7 years since the filing date of the claim in question.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
6.	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.
7.	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. In March 2022 an objection was filed by the Attorney General against the motion to approve the settlement arrangement, which pertains, inter alia, to the amount of reimbursement to entitled parties, and to the mechanism for notification of entitlement, and regarding the mechanism for determining entitlement. In light of the above, the parties are conducting an additional evaluation of the settlement arrangement. The Court's decision on the matter has not yet been given. The agreement is subject to the Court's approval, which is uncertain to be received.	The plaintiffs estimate the damage incurred by the class members at approximately NIS 17 million. The personal damage claimed by the defendant amounts to NIS 1,044.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
8.	6/2019 Regional Labor Court of Tel Aviv	Clal Insurance	The plaintiff contends that the defendant systematically reduces the benefits of loss of working capacity insurance which it pays to its policyholders by virtue of loss of working capacity insurance policies of the profit sharing type, by unlawfully deducting management fees and nominal interest.	Repayment in kind of the funds which were unlawfully withheld, according to the plaintiff, from the class members, and crediting the savings in the policies with respect to the released premium funds. The plaintiff is also petitioning for a declaration announcing the non-validity of the provisions in the policies pertaining to the deduction of interest and management fees from the returns to which policyholder are entitled.	All holders, or former holders, of profit-sharing loss of working capacity policies which included a mechanism for linking the monthly compensation and/or premium release payments to the investment portfolio’s returns, beginning with the 25th payment, to whom Clal Insurance paid monthly compensation and/or release for a period exceeding 24 months, and deducted from the returns, beginning with the 25th payment, interest and/or management fees.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The total damage allegedly incurred by all of the class members was estimated by the plaintiff in the amount of NIS 2.4 billion.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
9.	10/2019 District-Center	Clal Insurance	The plaintiff contends that Clal Insurance collects, in life insurance policies, premiums which include an addition for "sub-annual installments", with respect to premium payments which are made in monthly installments, without clearly and explicitly agreeing upon and disclosing the matter in the policy. The plaintiff contends that Clal Insurance is thereby breaching the provisions of the policy and other legislative provisions, and systematically misleading policyholders. The plaintiff also contends that the demand for payment of the addition with respect to sub-annual installments constitutes a discriminatory condition in a standard contract.	To grant declaratory relief ordering Clal Insurance to cancel the charge with respect to "sub-annual installments", and to compensate the class members, according to the rate of damages which they incurred, including repaying to the class members the premiums with respect to "sub-annual installments" which they paid prior to the filing date of the claim. The plaintiff is also petitioning to order Clal Insurance to correct the annual reports to policyholders, and to send to them reports which include details regarding the addition of the "sub-annual installments" which are being collected from them, and which will be collected from them, until the policy conclusion date, and to allow them to choose between prepayment of the premiums each year, without the addition of "sub-annual installments", and payment of monthly premiums, which include the addition of "sub-annual installments".	Any policyholder of Clal Insurance who purchased from it a life insurance policy, in which they were obligated to pay premiums which include an addition with respect to "sub-annual installments", without having explicitly specified in the policy that the policy includes an addition with respect to "sub-annual installments", for payment of the premium in monthly installments.	In October 2020, the parties filed with the Court a settlement arrangement and a motion to approve it (hereinafter: the "**Settlement Arrangement**"), which was amended in May 2022, 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. In September 2022 an objection to the settlement arrangement was filed in which it was alleged, inter alia, that the significantly exceeds the bounds of reasonableness, including, inter alia, with respect to policyholders who will not change the collection in the future, and due to the repayment amount; alternatively, the court was requested to exclude from the settlement arrangement policies in which a monthly collection amount claimed was not specified and/or to exclude religious people. In November 2022, the Company filed its response to the objection.	NIS 1.8 billion

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
10.	11/2019 Regional Labor Court of Tel Aviv	Clal Insurance	The plaintiff contends that Clal Insurance collected management fees in life insurance policies combined with savings of the "profit sharing" type which were issued before January 12, 2004 (hereinafter: the "**Relevant Policies**"), in rates which deviate from what is permitted, without any legal and/or contractual basis.	A remedy of repaying the amount of management fees which were unlawfully collected from the class members, and a mandamus order instructing Clal Insurance to change its operating method with respect to the collection of management fees in the relevant policies from this point forward.	Anyone who was or is a holder of the relevant policies of Clal Insurance, and from whom Clal Insurance collected, during the 7 years preceding the filing date of the claim, and until the approval date of the claim as a class action, management fees which deviate from what is permitted in accordance with the Control of Financial Services Regulations (Insurance) (Terms of Insurance Contracts), 1981, according to their wording at the time, and/or in accordance with the provisions of the policy.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	NIS 120 million
11.	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 (hereinafter: the "**Policy**") to the policyholders and their families, and the non-publication of the policy, the policyholders do not exercise their right to compensation by virtue of the policy, and incur damages.	Ordering the defendants and the Commissioner of Insurance to disclose documents and information; Ordering the extension of the prescription period; ordering the appointment of a committee which will include independent entities, and which will be authorized to discuss and decide regarding all of the personal claims under the policy, for a period of three years, regarding all of the cases prior to October 25, 2016 (the "**Committee**"), and which will also be authorized to discuss the issue of policy submission; Ordering a procedure of shifting the burden of proof; Issuance of a mandamus order obligating the defendants to compensate the plaintiffs, in accordance with the committee's decision; Ruling special damages for the plaintiffs, and legal fees for its representatives.	The motion classifies the plaintiffs into two sub-groups, which are primarily defined as follows: Any school or kindergarten student in the State of Israel, who was covered by the defendants under a personal accidents insurance policy, and who did not receive a personal accidents insurance policy at their home, beginning with the school year which began in September 2006, and/or any student whose claim against the insurance company has been prescribed; The motion also includes the definition of two sub-groups with respect to students who were born after October 25, 1995, and who, between the ages of 3 and 19 (the period of their studies in Israel, from kindergarten until the end of high school in 12th or 13th grade), suffered an accident, which caused them to suffer physical injury, and who did not receive insurance benefits under the policy, divided into sub-groups, according to the heads of damage which were specified in the motion; Additionally, the sub-group of people born in the years 1974 to 1995 - whose members include people and/or parents and/or heirs who were born and/or studied in Israel between the years 1974 and 1995, and who were injured or killed after 1992, and who did not claim, because they were not aware of the policy, and its scope; and the sub-group of all policyholders - all students and their parents from September 1992 to September 18, 2016, distributed into sub-groups according to the heads of damage specified in the claim.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. It is noted that motions and claims which are similar to this motion and claim which were filed against Clal Insurance were struck out by the Court on procedural grounds in January 2020.	The plaintiffs estimate the alleged damage against Clal Insurance at a total of approximately NIS 1.4 billion, plus damages in the amount of approximately NIS 1.5 billion, which are attributed to the two defendants with respect to harm to autonomy.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
12.	3/2020 Regional Labor Court of Tel Aviv	Clal Insurance	According to the plaintiff, Clal Insurance systematically breaches the provisions of the law by unlawfully collecting premiums with respect to “temporary risk” insurance (payment for insurance coverage in situations where the routine deposits to a savings policy which includes insurance components are discontinued), through deductions from the accrued savings amount, in excessive amounts, while reducing the accrued savings amount, without informing the policyholders in advance regarding the preparation of “temporary risk” insurance, or the conditions and tariffs thereof, and while breaching the obligation to send to policyholders pages of updated insurance details, on time, or at all.	(1) Reimbursement of all of the funds which were collected from the accrual and/or by other means, with respect to the entire period after the discontinuation of work (except in cases where the policyholder requested, in writing, to acquire the insurance covers). Alternatively, reimbursement of all of the funds which were collected with respect to the period 3 or 5 months after the conclusion of their employment, in accordance with the relevant legislative arrangement (hereinafter: the “**Automatic Temporary Risk Period**”), and in cases involving increased premiums, reimbursement of the excess premiums also with respect to the automatic “temporary risk” period; (2) A prohibition against the preparation of “temporary risk” insurance for a period exceeding the automatic temporary risk period, except for policyholders who have requested it in writing; (3) Ordering Clal Insurance to reimburse the excess premiums to policyholders from whom double premiums were collected (with respect to the month when they returned to work); (4) Various provisions regarding future activity (including a prohibition against increasing the price of premiums, giving advance notice regarding the purchasing of temporary risk, and more).	The represented class for the purpose of the non-monetary remedies includes all of the policyholders in provident funds or insurance plans in which funds of employers and/or employees are deposited with respect to loss of working capacity insurance and/or insurance in case of death or any other insurance risk. The represented class for the purpose of the monetary remedies includes: (A) All policyholders from whom amounts were collected, from the accrual amounts or from any other source, with respect to amounts with respect to or insurance in case of death or any other insurance event, and who did not receive notice in advance; (B) Alternatively, policyholders from whom premiums were collected for periods exceeding the automatic temporary risk period, except if agreed in advance; (C) Policyholders from whom premiums were collected in an amount higher than the premiums which were collected from them when they were active policyholders and/or which were collected from them with respect to new insurance policies, which they did not have prior to the conclusion of their employment; (D) Policyholders from whom double premiums were collected.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action.	The amount of the class action is estimated, conservatively, according to the plaintiff, at no less than NIS 7 million per year. The plaintiff contends that prescription of any kind whatsoever should not be applied to the claim. Alternatively, the claim for monetary remedies applies beginning from 7 years before the filing of the claim, which was filed in 2020, until the approval of the claim as a class action.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
13.	4/2020 District Court Tel Aviv-Yafo	Clal Insurance and 12 additional insurance companies	According to the plaintiffs, the respondents should be ordered to compensate the class members, and to reimburse in full the damages they incurred with respect to excess premiums which have been paid and are still being paid with respect to motor insurance, due to the dramatic reduction of their use of vehicles during the period of COVID-19, and the significant reduction of the risk level.	Compensation of the class members, full reimbursement of the damages they incurred, issuance of a mandamus order instructing an adjustment of collection according to the risk which was actually applicable to the respondents during the effective period and/or issuance of a declaratory ruling determining that a significant reduction of the use of the vehicle in circumstances such as the events occurring during the effective period require an adjustment (reduction) of premiums.	Anyone who was a policyholder of one or more of the respondents in compulsory insurance and/or comprehensive insurance and/or third party insurance, during all or part of the period beginning on March 8, 2020 and ending on the date of the full and absolute lifting of the restrictions on movement which were imposed on the residents of Israel due to the coronavirus.	The proceedings are currently in the stage of hearing the motion to approve the claim as a class action. In February 2021, the Court ordered the unification of the motion to approve this class action, with respect to compulsory motor insurance, with a separate motion to approve a class action, which involves similar causes of action, in which Clal Insurance is not a respondent (the "**Additional Motion**"), which was filed in April 2021.	The plaintiffs estimate the alleged damage against Clal Insurance, with respect to the period from March 8, 2020 to April 30, 2020, at a total of NIS 103 million, and for all of the respondents together (except one), at a total of approximately NIS 1.2 billion. Alternatively, with respect to 8 of the sued companies (of which Clal Insurance is one), the claimed damage was set as approximately NIS 720,000. The petitioners noted that the damage continues accumulating so long as the collection has not been discontinued.
14.	4/2020 District Court Tel Aviv-Yafo	Clal Insurance and 12 additional insurance companies	According to the plaintiffs, the respondents should be ordered to reimburse to their policyholders some of the premiums which were paid to them with respect to the significant decrease in risk due to the coronavirus (COVID-19) pandemic, in compulsory motor policies, comprehensive or third party motor property policies, and theft of apartment contents policies.	Ordering each of the respondents to reimburse the premiums which were overcollected by them due to the decreased risk associated with the insurance policies which form the subject of the motion to approve and of the class action, and reimbursement of any additional amount which will be collected by them from the filing of the motion to approve until its approval by the Court and/or until the lifting of the restrictions on movement and activity, whichever is earlier, such that the risk level returns to its level prior to the change in circumstances which led to the decreased risk, as stated above.	Anyone who entered into a contract with Clal Insurance for compulsory motor insurance and/or comprehensive motor insurance and/or third party motor insurance and/or apartment contents insurance, and who, as of the effective date for the filing of the motion to approve and of the class action, i.e., as of March 19, 2020, held one or more of the aforementioned insurance policies, and who, in light of the decrease in risk associated with each of the aforementioned policies, did not receive from Clal Insurance actual reimbursement and/or did not receive notice of future reimbursement and/or crediting with respect to premiums which they overpaid, due to the decreased risk, as specified in the motion to approve.	The proceedings are currently in the stage 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 (13) above, and will remain regarding apartment insurance only. The plaintiffs filed with the Supreme Court an appeal against that decision. In May 2022, the appeal was struck out, at the Court's recommendation.	The plaintiffs estimate the alleged damage against Clal Insurance, with respect to a period of one month, beginning on March 19, 2020, at a total of approximately NIS 76 million, and for all of the respondents together, at a total of approximately NIS 886 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
15.	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.
16.	7/2020 District Court Center	Clal Insurance and 4 additional insurance companies	The plaintiffs contend that the defendants allegedly do not reduce the insurance premiums for policyholders for whom exclusions have been established due to a pre-existing medical condition, despite the fact that the exclusions allegedly reduce the insurance risk relative to the risk in insurance policies of policyholders for whom similar exclusions have not been established.	Compensation/reimbursement of all of the amounts which were allegedly overcollected from the policyholders who are included in the class, plus duly calculated linkage differentials and interest, as well as a mandamus order instructing the defendants to change their conduct.	Anyone who was insured during the period beginning 7 years prior to the filing date of this claim, and ending on the approval date of the claim as a class action, by one or more of the defendants, in insurance policies of the following types: disability, long-term care, life, loss of working capacity, personal accidents or health (including critical illness, surgeries in Israel or abroad, implants in Israel or abroad, drugs, ambulatory treatments, or any other medical coverage), in which the policy has an exclusion. For this purpose, "**exclusion**" means any stipulation in the policy which determines that an event / injury / illness or any risk which has materialized and/or is related to a pre-existing medical condition of the policyholder on the date the policy was purchased, is not covered under the policy.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the total damage for all of the class members, with respect to all of the defendants, at a total of NIS 1.9 billion, while stating that the share of each of the defendants is in accordance with the market segment of health and life insurance, according to the publications issued by the Commissioner of Capital Markets.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
17.	7/2020 District Court Center	Clal Insurance	the plaintiff contends that Clal Insurance unlawfully applies an exclusion in the policy which determines that, in case the policyholder had a medical defect which was diagnosed and documented during the first 12 months of their life, they will be denied long-term care insurance benefits (hereinafter: the "**Exclusion Clause**"). The plaintiffs contend that Clal Insurance rejects claims for long-term care insurance benefits also in cases where the defect had not been diagnosed or documented, and assert that it was wrong, from the outset, to include the exclusion clause in the policy.	Declaratory relief ordering the cancellation of the exclusion clause, or alternatively, declaratory relief determining that Clal Insurance's interpretation of the provisions of the exclusion clause, according to which it is permitted, by virtue of that clause, to exclude from entitlement to an annuity also minors who were not diagnosed, in a documented medical diagnosis, before reaching 12 months of age, is invalid. Additionally, remedy requiring monetary compensation with respect to all monetary and non-monetary damages, plus duly calculated interest and linkage.	All holders of long-term care insurance policies of Clal Insurance who meet the conditions for the receipt of a long-term care insurance annuity, who were rejected based on the exclusion clause due to a birth defect, or birth illness, or illness which was diagnosed in the first year of life; Including: Group A - anyone who underwent an insurance event, and whose claim was rejected based on the grounds that symptoms existed in their first year of life which could have led to a documented diagnosis in their first 12 months of life, and anyone who was entitled to receive the annuity, but in light of the aforementioned policy of Clal Insurance, did not submit a request to receive it; Group B - anyone who underwent an insurance event, and whose claim was rejected based on the existence of a documented medical diagnosis during the first 12 months of their life, and anyone who was entitled to receive the annuity, but in light of the existence of the aforementioned diagnosis, did not submit a request to receive it.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action. In May 2022, the Court ordered the Commissioner to declare, inter alia, whether he approves the exclusion clause.	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.
18	9/2020 District Court Haifa	Clal Insurance	The plaintiff contends that Clal Insurance does not fulfill its obligations, and repays to its policyholders amounts which are significantly lower than the amounts which it undertook to pay in accordance with the implementation of the "no claim bonus clause" in health policies which were sold by Clal Insurance in the past, which gives the policyholder the right to receive reimbursement of a part of the premiums which they paid, in case there are no claims during a period specified in the policy.	The remedy requested by the plaintiff includes, inter alia, ordering Clal Insurance to compensate each of the class members who are entitled to a no claim bonus for the proportional part of the insurance premiums, which was not reimbursed to them, plus interest and linkage.	All holders of individual and collective health insurance policies of Clal Insurance, including health insurance and including extended liability insurance and full liability insurance, and including different names of the policies over the years, which included a "no claim bonus" clause, and who did not claim and/or avoided claiming compensation for 3 years, or for any other period according to the policy, and who were entitled to reimbursement of 10% of the premiums which were paid, or a different reimbursement percentage in accordance with the policy terms, who received a lower amount than the amount which was owed to them according to the policy terms, during the period of the claim.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The damage claimed for all of the class members was estimated by the plaintiff in a total amount of NIS 33,575,080, during the seven years preceding the filing of the claim.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
19.	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 specifically 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 16.8 million.
20.	4/2021 District Court Tel Aviv-Yafo	Clal Insurance and 14 additional companies	The subject of the claim is the assertion that the defendants breach the provisions of the law by transferring their customers' private and confidential information, without the customer' consent, to third parties (and particularly to Google and to its advertising service), while prejudicing the customers' right to privacy, and breaching their legal obligations.	The main remedies requested by the plaintiffs include ordering the defendants to cease transferring information regarding their customers to third parties, to comply with the provisions of the law regarding protecting their customers' privacy; to disclose all of the documents which they have, and which could help investigate the truth, and to compensate for the monetary and non-monetary damages which the plaintiffs have incurred.	All customers of the defendants who made use of the digital services on the websites and apps which are operated by the defendants, during the seven years preceding the filing of the claim, and whose private and/or personal and/or confidential information was transferred to a third party	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the aggregate damage incurred by all of the class members at millions of NIS.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
21.	7/2021 District Court Tel Aviv-Yafo	Clal Insurance and 6 additional companies	The subject of the claim is the assertion that, when receiving a pension from profit sharing policies which were issued between the years 1991 and 2004, the defendants deduct from the monthly returns, which accrue with respect to the balance of the redemption value, annual interest at a rate of 2.5% (or any other rate), without any contractual basis for doing so in the policy terms, and in violation of the law.	The main remedies claimed by the defendants in the claim include a declarative order stating that the deduction of interest from the monthly returns constitute a breach of the policies, or alternatively, declaratory relief stating that the matter constitutes a discriminatory condition in a standard contract, and ordering the cancellation thereof, ordering the repayment of the amounts which were deducted from the monthly pensions of the class members, plus linkage differentials and interest, beginning from the seven years preceding the filing date of the claim, until a final decision has been reached therein, and ordering the defendants to discontinue their deduction of interest from the monthly returns.	The policyholders of the defendants who purchased from the defendants life insurance policies which include the accrual of savings in profit sharing policies which were issued between the years 1991 and 2004, and from which interest was deducted and/or will be deducted, at a rate which was not specified in the policy, based on the provision in the policy which states that the monthly pension amount will vary "monthly according to the results of the investments, less the interest rate which was used to calculate the monthly pension amount, and the corresponding provisions for this purpose in the insurance plan" and/or any other similar provision.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the aggregate damage incurred by all of the class members at an amount (significantly) exceeding NIS 2.5 million.
22.	10/2021 District Court Lod	Clal Insurance and another company	The subject of the claim is the assertion that the defendants unlawfully reject insurance claims of children with special needs, within the framework of long-term care insurance policies, despite the fact that they meet, according to the plaintiffs, the definition of the insurance event by virtue of "mental incapacity" in accordance with the policy terms, without evaluating whether or not their condition meets this definition.	The main remedies asserted in the claim include compensation of the class for all of the damages they incurred, and ordering the defendants to fulfill the insurance agreements.	All policyholders of the defendants up to age 21 (or their heirs) with special needs, who are covered by long-term care insurance which was sold by any of the defendants, and who suffer from "mental incapacity", and who did not receive from the defendants recognition with respect to their condition of "mental incapacity", or their rights under the policy, with respect to both the past and the future.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiffs estimate the total damage claimed for all of the class members, against both of the defendants together, in the total amount of approximately NIS 2.97 billion.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
23.	12/2021 Regional Labor Court Tel Aviv-Yafo	Clal Holdings Clal Insurance Clal Pension and Provident Funds “Atudot” - Pension Fund for salaried Employees and Self-Employees Ltd. (a subsidiary of Clal Insurance (held 50%)) (hereinafter: “**Atudot**”) Officers of the Company and investment committee members	The claim involves an assertion of claimed damages which were allegedly incurred by members of the provident funds, pension funds, life insurance and savings policies which are managed by the Group’s member companies, in light of the respondents’ decision to sell shares of Alrov Properties and Lodgings Ltd. (“**Alrov**”) which were held by the Group’s member companies, as part of the investment of policyholders and members’ funds, to Israel-Canada Company TR Ltd. (“**Israel Canada**”), due to a dispute of some of the respondents with Alrov’s controlling shareholder, and despite the fact that, on the signing date of the agreement, the Group’s member companies had an offer from Mr. Alfred Akirov to acquire Alrov shares at a price at least 33% higher than the price which Israel Canada paid for the Alrov shares.	The remedy claimed by the plaintiff is compensation for monetary damages, which allegedly reflects the damage that was incurred by the class members.	The class which the petitioner wishes to represent includes anyone who was a member of the provident funds, pension funds, life insurance and savings policies which are managed by the Group’s member companies, which held Alrov shares as of March 18, 2021.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiff estimated the aggregate damage incurred by all of the class members at a total of approximately NIS 134 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
24.	04/2022 District Court Tel Aviv-Yafo	Clal Insurance	The claim is an assertion that Clal Insurance continues collecting premium from policyholders even after they have announced the cancellation of the policy, since the cancellation only enters into effect on the 1st day of the calendar month after the date of Clal Insurance's receipt of the announcement, instead of the date when the cancellation enters into effect, within 3 days after the policyholder's submission of the cancellation notice, as required in accordance with the legislative arrangement. Also asserted was lack of due disclosure to the policyholder regarding the arrangement in case the policyholder cancels the policy before purchasing the policy.	The main claimed remedies include declaratory relief stating that the policyholder's notice of cancellation will enter into effect within 3 days after the date of its submission, and monetary relief of reimbursement of all of the repayment of premiums which were collected from policyholders with respect to the period beginning on the fourth date after the submission of the cancellation notice, and compensation at a rate of 50% of the average monthly premium for the members of the class who postponed their cancellation notice due to the policy provisions, plus linkage differentials and interest. Or alternatively, other declaratory / monetary reliefs.	The Group which the petitioner wishes to represent includes: (A) all policyholders who notified Clal Insurance of the cancellation of the policy, and Clal Insurance did not cancel their policy within 3 days after the submission of the cancellation notice; (B) all policyholders who notified Clal Insurance of the cancellation of the policy, and whose cancellation notice included some deficiency, and Clal Insurance did not notify the policyholders of the deficiency within 3 business days after the date of submitting the cancellation notice; (C) all policyholders who requested the cancellation of the policy on any date during a calendar month before 3 days before the end of the calendar month, and who postponed sending their cancellation notice due to the contractual arrangement stipulating that the cancellation would enter into effect beginning on the 1st of the calendar month subsequent to the date when Clal Insurance received the cancellation notice.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiff estimated the aggregate damage incurred by all of the class members at a total of many millions of NIS.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
25.	05/2022 District Court Center	Clal Insurance	The claim involves the allegation that, in surgery insurance policies in Israel which include reimbursement for surgeries performed without financing from Clal Insurance, that Clal Insurance avoids reimbursing policyholders for the cost of the implants and devices which were used to perform the surgery, and avoids reimbursing policyholders for the amounts they paid as deductibles.	The main remedies claimed include a ruling ordering Clal Insurance to henceforth include, in the calculation of the reimbursement which is owed to the class members, also the cost of the implant and/or device, and ordering it to reimburse the class members with respect to the deductible amounts which are paid by them in connection with the various surgeries, and to calculate the reimbursement accordingly, as well as a ruling ordering Clal Insurance to pay to each member of the sub-class regarding the monetary remedies, damages at a rate of 50% (or another rate) of the cost of the implant for Clal Insurance and/or the deductible amount which was paid by the class member with respect to a surgery they underwent, plus duly calculated linkage differentials and interest.	The class which the petitioner seeks to represent, with respect to a future arrangement, includes all policyholders of Clal Insurance who are entitled to reimbursement at a rate of half (or another amount) of the amount saved by Clal Insurance in case the surgery was performed without its financing, or reimbursement derived from the cost of the surgery for the health fund, in a private hospital. The class which the petitioner seeks to represent, with respect to the monetary remedies, includes all policyholders of Clal Insurance who are entitled to reimbursement at a rate of half (or another rate) of the amount saved by Clal Insurance in case the surgery was performed without its financing, or reimbursement derived from the cost of the surgery for the health fund, in a private hospital who submitted to Clal Insurance a claim for reimbursement, but the reimbursement was calculated without including the cost of the devices and/or without Clal Insurance reimbursing to the policyholder the deductible amount, during the 7 year period preceding the filing date of the claim, until a ruling has been given regarding the claim.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiff estimates the aggregate damage caused to the class members at over NIS 2.5 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
26.	07/2022 District Court Tel Aviv-Yafo	Clal Insurance	The subject of the claim is an allegation that Clal Insurance rejects claims from holders of private health insurance policies which were it marketed until February 2016, which include a basic insurance layer, alleging that it constitutes a "preventive surgery" which does not fulfill the definition of the term "surgery" in the policy (hereinafter: the "**Basic Layer Policies**"); and alleging that Clal Insurance marketed, against increased premiums, policies which allegedly extend the coverage relative to the basic layer policies, and include coverage for preventive surgeries, although that component is already covered in the basic layer.	The main remedies claimed include a declaration stating that, in accordance with the health insurance policies of Clal Insurance in which "surgery" is defined as an "insurance event", the definition should include surgeries which are supported by a medical necessity, including preventive surgeries - which are intended to prevent illness, defects or problems for the policyholder and/or the harmful effects of any of the above; a declaration stating that the rejection of policyholder claims for coverage with respect to preventive surgery by virtue of the health insurance policy in the basic layer constitutes a breach of the insurance contract; and ordering Clal Insurance to contact the holders of insurance policies in the basic layer, and to inform them that preventive surgeries are included in the insurance coverage under the policy.	The first class which the petitioner seeks to represent includes any person who entered into a health insurance contract with Clal, which includes insurance coverage for "surgeries", and whose claim for the performance of a surgery was rejected and/or will be rejected, on the grounds that it constitutes a "preventive surgery" which is not covered under the policy, until a final and non-appealable ruling has been given regarding the class action. The second class which the petitioner seeks to represent includes all past and present policyholders of Clal who purchased from it, and/or from any other party on its behalf, until February 1, 2016, private health insurance policies which extend the insurance coverage for preventive surgeries, and who paid excess premiums for them, beginning from the date of marketing of the extension policies until the date when collection is discontinued and/or until a final and non-appealable ruling has been given regarding the class action.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action.	The plaintiff estimates the aggregate damage caused to the class members at over NIS 2.5 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
27.	07/2022 District Court Tel Aviv-Yafo	Clal Insurance and one additional company	The claim involves the assertion that the defendants reject claims from holders of health insurance policies which include a drugs rider with respect to the costs of medical cannabis, on the grounds that medical cannabis does not meet the definition of a drug under the policies, although, according to the plaintiff's position, medical cannabis is included under the definition of drugs in the policies.	The main remedies claimed include ordering methods to prove the damages of the individual class members, to order personal damages for them, or damages for the public, and to order the defendants to contact all of its policyholders during the 7 years which preceded the filing date of the motion, and to invite them to claim the damages which are owed to them.	The class which the petitioners seek to represent includes all holders of the defendants' drugs insurance policies, who did not receive reimbursement for the cost of the drugs / expenses, in cases involving the purchase of medical cannabis by prescription, during the last 7 years.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action. It is noted that a claim regarding these assertions and similar causes of action was filed against Clal Insurance in later proceedings (section 28 below).	The plaintiffs estimate the aggregate damage caused to the class members at over NIS 3 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
28.	09/2022 District Court Tel Aviv-Yafo	Clal Insurance and two additional companies	The claim involves an assertion that the defendants refuse to finance policyholder expenses to purchase medical cannabis, allegedly, according to the plaintiffs, in breach of the provisions of the insurance to cover drugs which are not included in the health basket (hereinafter: the "Policies"), and the fact that medical cannabis is recognized for use with a medical prescription in Western countries.	The main requested remedies include, inter alia, declaratory relief ordering the defendants to repay the policyholders' expenses with respect to the purchase of medical cannabis; ordering the defendants to contact all of their eligible policyholders in recent years, and to actively invite them to demand the reimbursement which they are owed; and ordering the defendants to reimburse all of the class members for the economic damage which resulted from their wrongful actions, and due to the breach of the insurance contract.	The class which the petitioners wish to represent includes anyone who was a policyholder of the defendants, and who did not receive reimbursement of their expenses to purchase medical cannabis.	The proceedings are currently in the stage involving an evaluation of the motion to approve the claim as a class action. It is noted that a claim with similar assertions and causes of action was filed against Clal Insurance in a previous proceeding (section 27 above).	The plaintiffs estimate the total claim amount, for all of the class members, at a total of approximately NIS 30 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
29.	08/2022 District Court Tel Aviv-Yafo	Clal Insurance	The claim involves the assertion that Clal Insurance continues collecting, from holders of "Meitav" policies and/or any other policies which include a risk component (hereinafter: "Policy with Risk Component"), premiums with respect to the risk component after the end of the insurance period, without receiving approval from the policyholders, and without notifying the policyholders in advance regarding the amount of premiums which they intend to collect after the insurance conclusion date under the policy, and/or informed the policyholders regarding the amount of premiums, and extended the risk conclusion date in the policy, while causing real damage to the accumulated savings, and in the returns with respect to risk.	The main requested remedies include repayment of the overpaid premiums, compensation for the loss of interest and returns which the policyholders could have received had those funds been directed towards the savings component, and declaratory relief obligating Clal Insurance to contact the holders of any concluding policy and/or insurance coverage, in order to evaluate the extension of the insurance coverage, while presenting a full table of premiums with respect to the insurance coverage.	The class which the plaintiffs seek to represent includes any natural person and/or any other legal person who was the owner and/or holder of a policy with a risk component, and from whom, at the end of the insurance period m Clal Insurance continued collecting premiums, without receiving their approval, and without notifying them in advance regarding the amount of premiums which it intended to collect after the conclusion date of insurance under the policy and/or informed them of the premium amount and extended the risk conclusion date in the policy while causing real damage to the accumulated savings and to the returns with respect to the savings, during the 7 years preceding the filing of the claim, and until the date when the claim was filed.	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 aggregate damage caused to the class members at over NIS 2.5 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
30.	10/2022 District Court Lod	Clal Insurance	The claim involves the assertion that Clal Insurance adopts a policy of automatically renewing insurance policies, while raising the premiums from year to year, without receiving the policyholder's consent for this purpose.	The main requested remedies include, inter alia, issuing a declarative order stating that Clal Insurance acted unlawfully, ordering Clal to refrain from automatically renewing the policies and/or while worsening conditions, and to compensate the class members for their damages, plus interest and linkage.	The class which the petitioners wish to represent includes all of the respondent's customers whose home insurance policies were renewed by the respondent without obtaining their consent and/or all of the respondent's customers who were charged premiums with respect to a home insurance policy without obtaining their consent (including Clal customers whose premiums were raised without obtaining their consenting upon renewal of the policy), during the period from 7 years before the filing of the claim, until the present.	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 aggregate damage caused to the class members at over NIS 3 million.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until the signing of the report[11][12].

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
1.	4/2010 District - Center	Clal Insurance and additional insurance companies	The plaintiffs contend that in case of discontinuation of insurance during a certain month, after the insurance premium with respect to that month was collected by the defendants in advance, the defendants do not reimburse to policyholders the surplus relative share of the insurance premium with respect to that month, or alternatively, reimburse the insurance premium at nominal values only.	The reimbursement of the surplus premium amounts which were unlawfully collected from the class members and/or the reimbursement of unlawful revaluation differences, with the addition of duly calculated linkage differentials, as well as a mandamus order instructing the defendants to change their conduct.	Anyone who is and/or was a policyholder of one or more of the defendants, under any insurance policy, excluding a property insurance policy, or the inheritor of such a policyholder, where the insurance policy was discontinued for any reason, whether due to its cancellation by the policyholder, or due to the occurrence of the insurance event.	In June 2015, the Court issued a decision to dismiss the motion to approve against all of the defendants with respect to the primary claims, including: (A) proportional reimbursement of premiums should be performed in case of the occurrence of the insurance event; (B) proportional reimbursement of premiums should be performed in case of cancellation of the policy, where the wording of the policy does not stipulate section 10 of the Insurance Contract Law, 1981, as phrased, during the period relevant to the claim; (C) the reimbursed premiums should be linked only to a positive index, and not to a negative index; (D) the premiums should be reimbursed with the addition of special interest. Additionally, a dismissal was issued with respect to the motion to approve against Clal Insurance only, regarding a claim of non-payment of relative premiums in insurance policies which include a stipulation of section 10 of the Insurance Contract Law, in which it was determined that the cancellation of the policy will enter into effect immediately, in the absence of an evidential infrastructure (hereinafter: the "**Proportional Reimbursement Claim**"). The motion to approve the claim as a class action was accepted against all of the defendants, with respect to anyone who is or who was the holder of an insurance policy, except for a property insurance policy, who canceled an insurance contract, or whose insurance policy was canceled due to the occurrence of the insurance event, from April 2003 until March 14, 2012, and from whom premiums were collected with respect to the months following the cancellation month, which were reimbursed to him according to their nominal value, without linkage differentials and interest in accordance with the Insurance Contract Law (hereinafter: the "**Nominal Return Claim**"). In September 2016, a settlement arrangement was filed with the District Court (the "Settlement Arrangement"), according to which the defendants undertook to donate to public causes amounts which were overcollected, by virtue of the proportional reimbursement claim, and additional amounts by virtue of the nominal reimbursement claim, according to partial rates which were determined in the settlement agreement, and according to the determination of an examiner who will be appointed by the Court within the framework of the settlement agreement. In February 2017 and March 2017, the positions of the Israel Consumer Council and the Attorney General of Israel ("Additional Parties"), respectively, were received, who did not object to the settlement arrangement in its entirety, but rather proposed amendments to the settlement arrangement, inter alia, with respect to the method used to reimburse funds to the class, and with respect to the types of policies to which the settlement will apply. In June 2017, the Court appointed an examiner for the case to examine the settlement arrangement. In 2021 the examiner's position regarding Clal Insurance was filed with the Court, and the parties' positions, and the position of the Attorney General of Israel, were also filed. In July 2022, the parties filed with the Court an amended settlement arrangement, and in September 2022, the Court approved the amended settlement arrangement, and gave it force of ruling.	The amount claimed by all of the plaintiffs against all of the defendants in the claim is NIS 225 million, with respect to a period of ten years. The plaintiffs have not specified the amount claimed from Clal Insurance only, if the claim is approved as a class action.

11 This section includes a description of claims which concluded during the reporting year, and which were not reported in the financial statements for 2021, and also applies to claims in which a decision was made to strike out the claim, or in which a ruling was given, including a ruling to approve a settlement arrangement. The foregoing does not apply to follow-up regarding the implementation of the arrangements (including possible changes as part of the implementation of the arrangements and/or procedures involved in evaluating them) which were determined as part of the foregoing decisions, and which could continue over time, and the results of which cannot be fully estimated in advance.

12 Not including claims which concluded during the reporting year, but where notice of their conclusion was given in the financial statements for 2021.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until the signing of the report.

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
2.	9/2015 District - Tel Aviv	Clal Pension and Provident Funds Ltd. and four additional managing companies of pension funds	The plaintiffs, members of pension funds managed by the defendants, contend that the mechanism for the compensation, by commission, of agents and brokers, as a percentage of the management fees which are charged from members, as was practiced by the defendants, constitutes a breach of fiduciary duty towards the members of provident funds managed by the defendants, and results in the defendants' collection of management fees in amounts which are higher than appropriate.	To order the defendants to change the mechanism for compensation of agents, and to repay to the members the management fees which were overcollected from them.	Members of provident funds managed by the defendants, from whom management fees were collected while providing a commission to agents which was derived from the amount of management fees.	In November 2022, the District Court gave a ruling in which it dismissed the motion to approve.	The plaintiffs estimate the total damage incurred by all of the class members as approximately NIS 2 billion, reflecting damage at a rate of approximately NIS 300 million per year since 2008.

Serial number	Date and instance	Defendants	Main claims and causes of action	Main remedies	Represented class	Status / additional details	Claim amount
3.	2/2016 District - Center Lod	Clal Pension and Provident Funds Ltd. and four additional managing companies of pension funds	According to the plaintiff, an association which alleges that its purpose is to act on behalf of weak population groups and persons with special needs, the defendants charge, from recipients of disability and survivor annuities, management fees at the maximum rate permitted by law, while exploiting the fact that they are not permitted to transfer their monies to another fund.	To order the defendants to reimburse, to all recipients of disability and/or survivor annuities, all of the management fees which were unlawfully collected from them, with the addition of interest, or alternatively, to reimburse to the pension fund the management fees which were and/or which will be unlawfully collected from recipients of disability and/or survivor annuities, and to implement a just and fair distribution of the funds.	Any person who receives and/or who has the right to receive a disability annuity, as well as any person who receives and/or who has the right to receive a survivor annuity, and any person who is a member of a pension fund managed by the defendants, and who incurred damage as a result of the collection of management fees in connection with the disability and survivor annuities.	In September 2022, the Court gave a ruling in which it dismissed the motion to approve.	The amount of the class action claim was not quantified in the statement of claim; however, in accordance with an actuarial opinion which was attached to the motion, the damages caused to the class members was estimated, according to an initial estimate, as a total of approximately NIS 1 billion, against all of the defendants.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

A3. Material class actions and motions to approve class action status for material claims which concluded during the reporting period, until the signing of the report.

Serial number	*Date and instance*	*Defendants*	*Main claims and causes of action*	*Main remedies*	*Represented class*	*Status / additional details*	*Claim amount*
4.	4/2017 National Labor Court	Tmura Insurance Agency (1987) Ltd. (hereinafter: "**Tmura**"), a second-tier subsidiary of the Company, which is an insurance agency which manages pension arrangements, and against three additional insurance agencies.	According to the plaintiffs, the defendants provided services with respect to the regulation of social / pension provisions, for both employers and employees; however, they charged the consideration from the employees only, without their knowledge or consent, and in breach of the duties which apply to them by law.	To order the defendants to compensate the class members for the damages which they incurred (each defendant with respect to its relevant class members), or alternatively, to order any other remedy in favor of the Group.	Any person who is included among the group of customers of the defendants while the defendants provided, to their employers, pension arrangement management services, during a period beginning defendants before the filing date of the new motion, until the date when the employer began bearing, out of its own resources, the costs of operating the employee's pension arrangement.	In August 2020, the Regional Labor Court gave a ruling in which it dismissed the motion to approve the claim as a class action. In October 2020, the petitioners in the motion to approve filed an appeal against the foregoing ruling. In June 2021, the position of the Capital Market, Insurance and Savings Authority was filed with the Court, which supported, in general, the defendants' position. In September 2022, the Court gave a ruling in which it dismissed the appeal approve.	The amount claimed with respect to the damages incurred by all of the class members amounts to a total of approximately NIS 357 million against all of the defendants, of which, approximately NIS 88 million was attributed to Tmura.

Note 7: Contingent Liabilities and Claims (Cont.)

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

1. In addition to the material class actions which are described in Note 7(a)(a1), the pending motions for the approval of class action status for material claims, as described in Note 7(a)(a2), and the motions to approve class action status for material claims which were withdrawn during the reporting period, as described in Note 7(a)(a3), there are pending against the Company and/or its subsidiaries motions to approve class actions which, according to the Company's estimate, are immaterial[13], and regarding which a detailed description was therefore not included in the financial statements. As of the reporting date, 13 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 313 million[14]. (As compared with 14 claims, in the amount of approximately NIS 413 million, as of December 31, 2021.)

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, in consideration of the possibility which is available to the Commissioner, to order an insurer to stop implementing an insurance plan, or to order it to make changes to an insurance plan, including with reference to policies which have already been marketed by the insurer, 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.

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

   There is also exposure, which at this stage cannot be estimated or quantified, to errors in the methods used to operate products in the long-term savings and health segments. It is not possible to predict in advance all types of claims which may be brought in this context and/or the possible exposure due to them which may be brought up, inter alia, by means of the procedural mechanism for class actions and/or industry-wide decisions of the Commissioner.
   Such exposure is due, inter alia, to the complexity of the aforementioned products, which are characterized by a very lengthy lifetime, and are subject to frequent, complex and material changes, including changes in regulatory and taxation directives. The complexity of the changes, and the application thereof over a large number of years, creates increased operational exposure, also due to the multiplicity and limitations of the automation systems used in the Group's institutional entities, due to additions / changes to the basic product structure, and due to multiple, frequent changes implemented over the product's lifetime, including by regulatory authorities, customers (employees) and/or by employers and/or by other parties acting on their behalf, with respect to insurance coverages and/or with respect to savings deposits, including in connection with reporting to members, and the need to create direct contact with employers and operating entities.

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

[14] The foregoing number of claims includes one filed claim whose status as a class action has been approved in a claimed amount of NIS 10 million, one claim in which Clal Insurance is a formal defendant, and no remedies are requested against it. The aforementioned amount does not include one claim in which the plaintiff did not specify the claim amount, but estimated it at tens of millions of NIS. For additional information regarding all class actions, see Note 7(c) below.

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

2. (Cont.)

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

Additional complexity involved with employer deposits pertains to the mechanism which was prescribed in the Wage Protection Law, 1958, a total of which an amount which is owed by an employer to a provident fund, as defined in that law, with respect to the rights of the employee, or his replacement, towards the provident fund, is viewed as if it had been paid on time, unless the Regional Labor Court has decided that the arrears in the collection of the debt occurred for a reason which was not due to its negligence, or occurred under other justified circumstances, and subject to the right of indemnification which exists for the fund towards the employer, in accordance with the provisions of the law. Additionally, in accordance with the circular regarding the method for deposits to provident funds, the provident fund will receive, from an employer who has not transferred payments to the provident fund on time, interest in arrears. There are difficulties in the interpretation and implementation of the provisions of the law. The responsibility of the Group's institutional entities to collect employers' debts to such funds creates exposure in case of deficiencies in the collection process.

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

In this regard, it is noted that in December 2021 Clal Insurance received a letter regarding the implementation of regulatory restrictions regarding the collection of insurance coverage costs pursuant to the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964, which includes demands to reimburse amounts which were allegedly collected in breach of the restrictions which were specified in the letter. The Company is currently in negotiations vis-à-vis the Authority regarding the adoption of the provisions in the letter, and at this stage there is no certainty regarding the full amount which it may be required to reimburse due to the foregoing letter, and it is unable to estimate all of the consequences due to the manner of implementation.

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

Note 7: Contingent Liabilities and Claims (Cont.)

A. Class action claims (Cont.)

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

2. *(Cont.)*

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

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

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

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

Note 7: Contingent Liabilities and Claims (Cont.)

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

B.1. In January 2022, a motion to approve the filing of a derivative claim was filed with the District Court of Tel Aviv-Yafo, on behalf of the Company, against eight directors serving therein (hereinafter, respectively: the "**Officers**" and the "**Motion**"). The motion was filed by a shareholder in the Company (the "**Petitioner**") in connection with an issuance of Company shares which was performed in January 2022. As alleged in the motion, the aforementioned issuance of shares was done with great haste, while rejecting an offer of Alrov Properties and Lodgings Ltd. ("**Alrov**") which had been presented to the Board of Directors[15], for allegedly unrelated reasons which were associated with a dispute between Alrov's controlling shareholders and the desire to maintain the status of non-control of the Company. By so doing, the petitioner alleges that the officers breached (rashly and/or deliberately) their fiduciary duties and duties of care towards the Company, and caused the Company to incur monetary damage. If the filing of the aforementioned derivative claim is approved, the remedy requested therein is to order the officers to compensate the Company for the damage which it allegedly incurred, according to the petitioner, due to the rejection of Alrov's offer, in the amount of NIS 34 million.

B.2. In November 2022, a motion for the disclosure and review of documents was filed with the District Court of Tel Aviv-Yafo, before the filing of a derivative claim against the Company, its CEO, and five of its serving directors (out of seven serving directors), including the Chairman of the Board (hereinafter, respectively: the "**Officers**" and the "**Motion**"). The motion was filed by Alrov Properties and Lodgings Ltd., a shareholder of the Company (the "**Petitioner**"), which is petitioning to order the Company to disclose all of the documents, including minutes of the Company and documents which were exchanged with third parties, in connection with the Company's engagement in a transaction to acquire all of the shares of Warburg Pincus Financial Holdings (Israel) Ltd., which holds Max IT Finance Ltd. and other companies (hereinafter: the "**Max Transaction**") in August 2022, and all of the documents in connection with the petitioner's assertions regarding concrete events as specified in the motion. According to the motion, the requested information was intended to allow the petitioner to evaluate the possibility of filing a derivative claim, both in connection with the validity of the approval was given for the Max transaction, and consequently, its validity, and/or in connection with the damages and expenses which the Company incurred due to the promotion of the Max transaction, and in connection with the Company's obligation to work to terminate the tenure of those who breached their duties of care (including in a manner which constitutes recklessness) and fiduciary duties towards the Company, including on all matters associated with the fortification of the managers' control as a company without a control core and/or their failures towards through flawed corporate governance. In the motion, the petitioner requested that if it is found, in light of the requested disclosure of documents, that the board of directors is unable to benefit from the presumption of business judgment, and if complete/enhanced fairness involving the Max transaction is not proven, then the Company may have a tort claim in a significant amount against the officers.

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[15] On January 11, 2022, Alrov submitted to the Company, inter alia, an offer to suspend the possibility of evaluating a public issuance of shares which the Company reported on that date, and instead proposed to commence negotiations regarding an investment of Alrov in the Company. In accordance with Alrov's letter the investment in the Company will be made subject to Alrov's receipt of a permit for control of the Company, against a share issue and/or rights issue, with no discount on the closing price of the shares, and even at a premium (subject to the price to book ratio in the issuance), and without fees of advance undertaking, underwriters and marketers. Alrov subsequently sent another letter to the Company, in which it proposed another outline, as an alternative to the offer which was made in its first letter. According to the alternative outline, subject to the Commissioner's notification and approval, the Company and Alrov will formulate an outline for an immediate issue of shares / rights in the Company, whereby each acquisition of over 15% of the Company's share capital will be deposited with a trustee until the application for a control permit has been exhausted and concluded.
On January 12, 2022, the Company responded to Alrov stating, inter alia, that it does not intend to suspend the issuance process. The Company further stated that Alrov's was also evaluated, and was rejected, at this stage, inter alia, in light of the associated uncertainty, while it is unclear if, when and under what conditions it will become clear, in light of the associated regulatory and legal issues, and the damage which the Company could incur due to the suspension of the process at this stage, in accordance with Alrov's request. On January 13, 2022, Alrov withdrew its offer. The Company responded that no change had occurred in its response.

Note 7: Contingent Liabilities and Claims (Cont.)

C. Summary details regarding exposure to claims

Presented below are details concerning the total amount claimed in class action suits, both material and immaterial, which were approved for filing as class actions, in pending motions to approve claims as class actions, as specified by the plaintiffs in their claims (nominally) within the framework of the statements of claim which were filed against companies in the Group. It is noted that in most of the cases the amount claimed by the plaintiffs is an estimated amount only, and that the exact amount will be decided within the framework of the legal proceedings. It is noted that the above amount does not include claims for which the representative plaintiff has not stated an amount (section B(3) in the following table). Furthermore, it is hereby clarified that the claimed amount does not necessarily constitute quantification of the Company's actual exposure amount, which may eventually turn out to be lower or higher[16], 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	Amount claimed NIS in millions
			Unaudited	
A.	Claims approved as class actions[17]			
	1.	Amount pertaining to the Company specified	8	2,340
	2.	The claim was filed against a number of entities, with no specific amount attributed to the Company	1	48
	3.	Claim amount not specified[18]	2	-
	4.	Annual amount specified (and accordingly, the total amount is period-dependent)[19]	1	107
B.	Pending motions to approve claims as class actions			
	1.	Amount pertaining to the Company specified[20]	26	6,769
	2.	The claim was filed against a number of entities, with no specific amount attributed to the Company[21]	3	5,920
	3.	Claim amount not specified / possible range specified[22]	15	-
	4.	Annual amount specified (and accordingly, the total amount is period-dependent)[23].	1	7

In addition to the details provided in sections (a) and (b) above, the Company and/or the consolidated companies are also party to other legal proceedings, which are not in the ordinary course of business, are not class actions / derivative claims, and are not material claims, which were initiated by customers, former customers and various third parties, for an alleged total of approximately NIS 30 million (a total of approximately NIS 30 million as of December 31, 2021). The causes of action claimed against the Company and/or the consolidated companies in these proceedings are multiple and varied.

16 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, do not include a claim against Atudot as specified in section (a)(a2)(3), do not include taking into account the material claims as specified in section 7(b), and also do not include an increase in claim amounts relative to the period beginning from the date it was filed, if relevant.

17 Including a claim which was approved as a class action, and a ruling was given therein which accepted the claim, and including two claims which were approved as class actions, dismissed after being heard on the merits, and appeals were filed against their dismissal.

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

19 The specified amount refers to an estimation of the claim with respect to one damage year only. It is noted that the claim was filed in March 2010, with respect to a legislative amendment from 2008. For additional details regarding this claim, which was approved as a class action, dismissed in a hearing on the merits, and the appeal which was filed against the ruling which dismissed the claim, see section a(a1)(1) above.

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

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

22 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, one motion which was estimated at tens of millions of NIS, two motions in which the plaintiffs estimated the total damage at over NIS 3 million, and seven motions in which the plaintiffs did not quantify the total damage, but estimated that it exceeds / greatly exceeds a total of NIS 2.5 million (the limit of the District Court's subject-matter jurisdiction).

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

Note 7: Contingent Liabilities and Claims (Cont.)

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

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

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

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

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

2. In accordance with Atudot's financial statements, an investee held by Clal Insurance (50%), in 2017 an audit of the pension fund was conducted on behalf of the Commissioner, on the subject of members' rights. On August 7, 2019, Atudot received the draft audit report for its response. The draft audit report addressed 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. Atudot filed its response to the findings of the draft audit report, and held several discussions with the Commissioner's representatives. The Company was informed that on August 21, 2022, Atudot received the final audit report, which includes guidelines and recommendations to the board of directors on several matters, including, inter alia, a comprehensive evaluation of the issue of actuarial bubbles and of their consequences; including their application, the method for addressing them, greater correspondence between the average lifetime of the assets and the liabilities in each actuarial bubble, and more; and finding solutions for the issue of financing sources to manage the fund in the future, and given the fact that it is a closed fund; optimization of the method for payment to members, expansion of the data cleansing process, certain recommendations to amend the regulations and expand notes, and more. The Commissioner also recommended to consider the possibility of adopting the redemption values formula specified in the Income Tax Regulations, in order to encourage the fund's members to realize the funds as an annuity, and not as an equity withdrawal. Atudot informed the Company that it is studying the report, and intends to implement it. The Company was informed that as of the approval date of the financial statements, Atudot is unable to estimate the impact of the report on its financial statements.

3. For details regarding the Authority's Letter pertaining to the implementation of restrictions regarding the collection of insurance coverage costs, see section (a4)(2) above.

Note 7: Contingent Liabilities and Claims (Cont.)

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

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

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

At this preliminary stage, it is not possible to estimate the chances of the motions to approve class action status for the claims specified in sections (a)(a2)(24), (25), (26), (27), (28), (29) and (30), and the motion for disclosure and review of documents before the filing of a derivative claim, as specified in section b(b2).

The provision which is included in the financial statements as of September 30, 2022, 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 318 million (a total of approximately NIS 264 million as of December 31, 2021).

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

Note 8: Additional Events During and After the Reporting Period

A. Actuarial estimates

Further to that stated in Note 38(e)(e1)(d)(1) to the annual financial statements, regarding changes in insurance reserves in light of the 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 (LAT):

1. Life insurance

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

During the reporting period and during the three month period ended September 30, 2022, the risk-free interest rate curve increased, and the estimated rate of return in the portfolio of assets held against insurance liabilities increased. 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 (hereinafter: "**Pension Reserves**").

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

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

During the reporting period and during the three month period ended September 30, 2022, there was an increase in the projected profitability from the forecasted management fees and/or financial margin due to the increase in the risk-free interest rate curve, which was offset during the period by the consequences of the update to mortality tables (see section C below), and other financial effects. As a result, the Company updated the K factor as specified in the following table:

	As of September 30		As of June 30		As of December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
For guaranteed-return policies	**0.0%**	0.0%	**0.0%**	0.0%	0.0%
For investment-linked policies	**0.805%**	0.66%	**0.765%**	0.66%	0.66%

C. Change in provisions addressing life insurance plans combining savings which include "annuity factors representing a life expectancy guarantee"

In June 2022, the Commissioner published an "amendment to the provisions of the consolidated circular regarding the measurement of liabilities - update to the set of demographic assumptions in life insurance, and update to the mortality improvement model for insurance companies and for pension funds (hereinafter: the "Circular"). The circular includes an update to the default assumptions regarding mortality and mortality improvement, which will be used as the basis for the insurance companies' calculation of liabilities with respect to life insurance policies, which allow the receipt of annuities based on guaranteed conversion factors, based on updated demographic assumptions. Additionally, the managing companies of pension funds, which operate in a framework of mutual insurance, will use these assumptions to calculate the actuarial balance of the funds which they manage, and will determine accordingly the factors which are included in their regulations, beginning from future periods.

The circular addresses, inter alia, the changes in life expectancy, including future improvements, and the associated effects on the amount of reserves, and the methods used to create them. The circular includes expansion of the use of the new mortality table for retirees of insurance companies, which is based, inter alia, on the mortality experience of retirees of the insurance companies.

Further to that stated in Note 38(E)(E1)(A)3 to the annual financial statements, the undertakings to supplement annuity reserves and paid pension reserves are calculated according to the mortality tables which are included in the annuity reserves circular, and the Company therefore increased, in the financial statements as of June 30, 2022, its estimates regarding the liabilities with respect to insurance contracts in the amount of approximately NIS 627 million, of which a total of approximately NIS 149 million with respect to the paid pension liabilities and a total of approximately NIS 478 million with respect to liabilities for supplementation of the annuity reserve (see section B above), in light of the trends arising from the circular.

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

A. Actuarial estimates (Cont.)

2. *Non-life insurance*

Further to that stated in Note 38(e)(e2)(4)(a) to the annual financial statements, due to the increase in the risk-free interest rate curve, the Company updated the estimated discount rate for the nine and three months ended September 30, 2022. The total effect of the change resulted in a decrease of insurance reserves on retention in the amount of approximately NIS 176 million and NIS 91 million, respectively.

The impact on the financial results is specified below:

	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
NIS in millions	Unaudited				Audited
Life insurance -					
Change in the discount interest rate used to calculate pension reserves	**407**	87	**193**	55	83
K factor (change in pension reserves due to the decrease in the revenue forecast) [1]	**444**	(46)	**98**	(12)	28
Total financial effects on pension reserves	**851**	41	**291**	43	111
Change in assumptions used in the calculation of liabilities to supplement annuity reserves	**(627)**	-	**-**	-	(28)
Change in estimated duration of loss of working capacity claims	**-**	-	**-**	-	(59)
Total special effects - life insurance	**224**	41	**291**	43	24
Financial effects on reserves in non-life insurance	**176**	(76)	**91**	(30)	(59)
Total special effects - non-life insurance	**176**	(76)	**91**	(30)	(59)
Change in actuarial assumptions in the liability adequacy test (LAT)	**-**	-		-	(76)
Financial impact in the liability adequacy test (LAT)	**274**	6	**14**	35	42
Long-term care in the health segment - Liability adequacy test (LAT) [2]	**274**	6	**14**	35	(34)
Total income (loss) before tax	**674**	(29)	**396**	48	(69)

Notes:

1. In 2021, including the impact in the amount of approximately NIS 58 million, in light of the update to the method used to adjust the interest rate according to the illiquid nature of the liability (see Note 38(E)(E1)(D)1(A) to the annual financial statements).

2. The LAT provision is affected, inter alia, by changes in the risk-free interest rate curve. During the reporting period the risk-free interest rate increased, and as a result most of the LAT reserve from long-term care decreased (net of backing assets).

3. Further to the disclosure in Note 38(C) to the financial statements for 2021, in connection with the Company's sensitivity to interest rate changes, the aforementioned decrease in the LAT reserve is the main factor behind the decrease in sensitivity to interest rate increases, such that the effect of an increase of approximately 1% in the interest rate curve amounts to comprehensive income of approximately NIS 100 million (as of December 31, 2021, a total of approximately NIS 460 million) and the aforementioned update to the K factor. The increase in sensitivity to interest rate increases is due to the impact of the decrease of approximately 1% in the interest rate curve amounts to comprehensive loss in the amount of approximately NIS 340 million (as of December 31, 2021, a total of approximately NIS 215 million). It should also be noted that the sensitivities are not necessarily linear, such that very large or small changes with regard to above are not necessarily a simple extrapolation of the impact of those changes.

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

B. 2021 options plan

In accordance with the Company's compensation policy, on March 25, 2021, the Company's Board of Directors adopted a capital compensation plan conditional upon performance for 2021 (hereinafter: the "**2021 Plan**"), according to which the Company will be entitled to allocate warrants to employees and corporate officers. For details, see Note 40 to the annual financial statements.

On April 12, 2022, an allocation of up to 220,000 Class A options and up to 150,000 Class B options was approved, by virtue of the 2021 outline plan for Company employees and officers.

The shares which will result from the exercise of these options constitute approximately 0.25% of the Company's equity, assuming maximum exercise.

Assuming full allocation, the total benefit value of the Class A options amounts to approximately NIS 4.7 million, and the total benefit value of the Class B options amounts to approximately NIS 3.1 million. The benefit value is based on the estimated value of the options on the date of their allocation, with the fair value of each tranche distributed throughout the vesting period.

Specified below are the parameters which were used in estimating fair value, as stated above, using the binomial model:

Number of approved options	370,000
Weighted average share price (in NIS)	72.8
Weighted average of the exercise addition (in NIS)	75.05
Weighted average of expected volatility 1)	38.61%
Average warrant lifetime (in years) 2)	3.59
Weighted average of risk free interest rate 3)	1.72%
Maximum price	147.93

1) The expected volatility of the share price over the expected lifetime of the warrants was determined based on the historical volatility of the Company's share price, and is based on the assumption that the historical volatility of the share price constitutes a good indication of future trends.
2) The projected average lifetime of the warrants was determined based on past experience and general behavior of warrant holders, which does not necessarily represent the future pattern of exercising the warrants into shares. Accordingly, it was assumed that the warrants would be exercised on the expiration date.
3) The risk-free interest rates were determined by a company providing interest rate quotes for interest rates, where the interest rate periods corresponded to the expected lifetime of the warrants (based on the interest rate yield curve).

Out of the total allocation which was approved, 66,000 Class A options will be granted to Company officers. The benefit value with respect to these options amounts to a total of approximately NIS 1,397 thousand, to be distributed over a period of 3 years.

C. Coronavirus pandemic:

During the reporting period and until the publication date of the report, a significant decrease was recorded in deaths and severe illness from the coronavirus. In parallel, most of the restrictions which had been imposed in Israel and around the world were lifted, and as of the present date, routine economic activity has resumed.

It is noted that another uncontrolled wave of infections, if any, due to the development of variants which evade the protection of vaccines, could affect the Group's activity and profitability, including, inter alia, on all matters associated with economic activity in general, and the Company's customers in particular, the presence of employees at workplaces, the ability to maintain business continuity, the condition of markets, which affects the Company's investment income, and the value of assets managed by the Group's institutional entities, on their own behalf and on behalf of members, the reduction of economic activity, which affects the amounts deposited to savings products, and the materialization of insurance risks which could result from the crisis, including credit risks and increased mortality and morbidity.

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

D. Russia-Ukraine war:

During the reporting period and until the publication date of the report, the Russian military continued attacking Ukraine, and in parallel, many countries around the world imposed additional sanctions on Russia and on other countries which joined it.
Finland and Sweden announced their desire to join NATO. The volatility continued in capital markets and in the prices of oil, gas and other raw materials.

The Group is evaluating and monitoring the effects of the sanctions, the volatility in markets and the other expected effects on the global economy and the Israeli economy, in order to provide a response and support to policyholders who are exposed to this risk, and to reduce it as much as possible and ensure that it corresponds to the mix of investments, from time to time, and as needed. The Group is also monitoring the position of the reinsurers, their ratings, and the possible effects of economic developments on them.

The Company estimates that the war's impact on the Group's financial position is immaterial.

The Company's assessment, as described above, regarding the possible implications of the war on the business activities of the Company and its subsidiaries, in terms of the aspects described above, as well as other aspects of which it is not currently aware, and on its results, are uncertain, since the event is ongoing, and is not under the Company's control.

E. Shelf prospectus of the Company and of Clalbit Finance

In July 2022, the Company and Clalbit Finance published shelf prospectuses. The shelf prospectuses allow the companies, inter alia, to issue ordinary company shares, preferred shares, bonds (including by way of extension of the companies' existing bond series, if issued), bonds convertible into Company shares, warrants exercisable into Company shares, and warrants exercisable into bonds or into bonds exercisable into Company shares, marketable securities, and any other security which by law may be issued by virtue of the shelf prospectuses on the relevant date. The shelf prospectuses are in effect until July 2024.

F. Rating

Further to Note 25(D) to the annual financial statements, in connection with the ratings of the Company and of Clalbit Finance Ltd., a subsidiary of the Company:

Midroog

In July 2022, Midroog Ltd. announced a rating which maintained the current IFS (Aa1) of Clal Insurance Ltd., and maintained the current rating (Aa3) (hyb) of the deferred liability notes (Series I, J, K and L) which were issued by Clalbit Finance. The rating outlook remained stable.

Maalot

In July 2022, S&P Maalot ratified the rating of ilAA+ for Clal Insurance Company Ltd.
The rating outlook is stable. At the same time, S&P Maalot ratified the rating of ilAA- for the Tier 2 capital deferred liability notes which the Company issued through Clalbit Finance.

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

G. Engagement in transaction to acquire Max IT Finance Ltd. (MAX)

On August 12, 2022 (the "**Signing Date**"), the Company engaged with WP XII Financial Investment B.V. (the "**Main Seller**") in an agreement, in which the Company will acquire the entire issued and paid-up capital of Warburg Pincus Financial Holdings (Israel) LTD ("**WPI**", the "**Acquisition Agreement**" and the "**Transaction**").

WPI is a holding company which was incorporated in Israel, and which holds Max IT Finance Ltd. and additional companies which are controlled by the investment fund Warburg Pincus (through the main seller) (approximately 70%)[24]. The remaining shares of WPI are held by Menorah Mivtachim Group (around 9%), members of Clal Insurance Group (around 9%), Allied Holdings Ltd. (around 5%), and several individual shareholders who also include consultants and employees of Max IT Finance Ltd. (hereinafter, respectively: "**Max**" and the "**Additional Sellers**").

1. <u>Background</u>

1.1 On April 10, 2022, the Company signed a non-binding memorandum of understanding with the main seller, for the purchase of WPI's entire issued and paid-up capital. Beginning from the signing date of the memorandum of understanding, the Company's management and the board of directors conducted an orderly and thorough process of evaluating the transaction, along with complex negotiations between the Company and the main seller.

1.2 For the purpose of evaluating the transaction, the Company's management and Board of Directors hired external consultants for the purpose of conducting due diligence in connection with the transaction, including, inter alia, legal due diligence, accounting and tax due diligence, a review of the adequacy of WPI Group's insurance policies, due diligence in connection with cybersecurity risks, market surveys, and a survey of the credit market in particular. The findings of the aforementioned due diligence and of the surveys were presented by the external consultants to the Company's Board of Directors.

1.3 The Board of Directors also created a board committee, which was comprised of two outside directors, for the purpose of validating the value of the consideration in the transaction, and accompanying the valuation processes (the "**Designated Committee**"). As part of the above, the Board of Directors appointed, in accordance with the designated committee's recommendations, BDO Ziv Haft as an external independent consultant for the purpose of receiving the valuation in connection with the transaction. The Board of Directors also appointed Prof. Amir Barnea for the purpose of conducting a fairness review of the valuation which was performed in connection with the transaction. The valuation which was prepared by BDO Ziv Haft, and the fairness review which was conducted by Prof. Amir Barnea, were discussed extensively by the Board of Directors.

1.4 The Company's Board of Directors held around 16 meetings for the purpose of discussing the transaction, and 9 meetings of the designated committee, in which discussions were held regarding the engagement in the transaction, and the Board of Directors was presented with the foregoing professional surveys and the main terms of the transaction, in accordance with the stages of progress in the negotiations. The Board of Directors' discussions also included, inter alia, an evaluation of the transaction's feasibility, the characteristics of the market in question, capital needs due to the transaction, the financing alternatives and their implications for the Company's activity, the transaction's integration with the Company's other business activities and strategic plans, and more.

1.5 The signing date of the acquisition agreement, as determined in the memorandum of understanding, was postponed from time to time, in order to allow the parties to complete, in an orderly and appropriate fashion, the negotiation process and the process of evaluation of the transaction by the Company's Board of Directors.

1.6 Following that process, which took several months, on August 12, 2022 an agreement was signed between the Company and the main seller, as specified above and below.

[24] In terms of economic value

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

2. The transaction

2.1 General

On the transaction closing date, the Company will acquire 100% of WPI's issued and paid-up capital (except as decided otherwise with respect to any of the additional sellers, under certain circumstances).

2.2 The consideration

2.2.1 The transaction reflects a value of NIS 2.47 billion for WPI to the Group, from which will be deducted WPI's net financial debt (the syndicate's debt, as defined in section 2.2.2 below, less cash balances), which amounted, on the relevant date, to a total of approximately NIS 876 million, meaning that the (net) consideration in the transaction amounts to a total of approximately NIS 1.594 billion (the "**Basic Consideration**").

2.2.2 The transaction is subject to a locked box mechanism beginning on December 31, 2021. The following will be added to the basic consideration: (1) a monthly amount of NIS 16,500,000 (sixteen million and five hundred thousand New Israeli Shekels), with respect to the period from December 20, 2022 until the closing date; and (2) additional amounts which have been invested or will be invested in WPI, beginning on April 10, 2022. The following amounts will also be subtracted from the basic consideration: (1) interest payments with respect to loans which WPI took out from the syndicate's lenders in accordance with a financing agreement dated February 2019, and which were paid, or will be paid, after April 10, 2022 (the "**Syndicate Debt**"); (2) transaction expenses, as defined in the agreement; and (3) Other distributions or withdrawals which have been performed or will be performed by WPI beginning on December 31, 2021 (the basic consideration, together with the foregoing additions and deductions, shall hereinafter be referred to as: the "**Total Consideration**").

2.2.3 The total consideration will be paid by the buyer on the transaction closing date, after deducting a total of NIS 370,000,000 (three hundred and seventy million New Israeli Shekels), which will be paid on a date or dates which will be determined by the Company, and no later than April 30, 2024 (the "**Deferred Payment**"). The deferred payment will be adjusted according to WPI's rate of return in the period between the closing date and the payment date of the deferred payment, in accordance with arrangements which were determined between the parties.

2.2.4 The total consideration, after deducting the deferred payment, will be paid party in cash (the "**Cash Component**") and partly in an allocation of Company shares, according to a share value of NIS 76.8577 (the "**Shares Component**"). The shares component with respect to the main seller will be determined such that shares of the Company will be allocated to the main seller, which, after their allocation, will constitute no more than 4.99% of the Company's issued and paid-up capital, and no more than one third of its share in the total consideration (calculated according to the share price mentioned above). The other sellers will receive a cash component and a shares component, proportionately according to the rates which the main seller will receive, and subject to with respect to possible specific arrangements for Clal members due to regulatory requirements, and with respect to particular employees. In accordance with the data which are available as of the present date, the Company expects that the cash component will amount to approximately NIS 1,170 million (including the deferred payment in the amount of NIS 370 million), and the shares component will amount to an allocation of ordinary Company shares (which constitute approximately 6.4% of the Company's issued and paid-up capital after their allocation, not fully diluted).

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

2.3 <u>Representations and undertakings: Interim period</u>

2.3.1 The acquisition agreement includes representations, declarations and undertakings with respect to WPI, the subsidiaries of WPI, and the sellers, according to the standard practice for transactions of this kind. The acquisition agreement also includes undertakings with respect to the period from the signing date until the closing date (the "**Interim Period**"), according to the standard practice for agreements of this kind.

2.3.2 The acquisition agreement includes the establishment of indemnification arrangements and the acquisition of representation insurance policies by the Company (at the sellers' expense). In addition to the representation insurance, it was determined that the sellers will indemnify the Company with respect to certain exposures, in accordance with the terms and restrictions specified in the acquisition agreement.

2.3.4 The Company is currently in the process of acquiring a representation insurance policy for the transaction, and the completion thereof will constitute a condition for the transaction, as specified in section 2.4 below.

2.4 <u>Suspensory conditions</u>

2.4.1 In the acquisition agreement it was determined that during a period of 30 days after the signing date, the parties will work to conclude preliminary regulatory preliminary evaluations vis-à-vis the Commissioner of Capital Markets, to receive a binding offer sufficient for the representation insurance, and during this period WPI will work to sign the additional sellers on the acquisition agreement. Each of the parties will be entitled not to close the transaction in case the provisions of this section above are not fulfilled to their satisfaction.

2.4.2 The closing of the transaction is subject to the fulfillment of suspensory conditions as specified in the acquisition agreement, including approval from the Commissioner of Banks, approval from the Competition Commissioner, approval from Max's financing banks, additional third party approvals as specified in the agreement, and others.

2.5 <u>Non-competition</u>

The acquisition agreement included provisions regarding non-competition and non-enticement of the main seller for a period of two years after the closing date.

2.6 <u>Deadline for closing</u>

The acquisition agreement stipulated that the deadline for closing the transaction will be 6 months after the signing date, while each of the parties will have the option to extend the foregoing deadline by three periods, of one month each, subject to the determined provisions.

3. <u>Manner of financing the acquisition</u>

The Company intends to finance the transaction through cash, an allocation of Company shares, as stated above, and additional sources of financing which it will evaluate. The Company has liquid financial assets in the amount of approximately NIS 700 million. After the closing date of the transaction, insofar as it goes through, and taking into account the deferred payment period, the Company will work to complete the financing, including evaluating a raising of equity and/or debt and/or adding a partner to the minority holdings, according to a mix which will be determined.

<u>4. Sale by an entity affiliated with the Company</u>

The Company's shareholders include members of Clal Group. For details regarding the joining of the additional sellers, see sections 2.1, 2.2.4 and 2.4.1 above.

<u>5. The Company's plans with respect to the acquired corporation</u>

The Company intends to work towards realizing WPI's business plans.

<u>6. Personal interest in the transaction of interested parties in the Company</u>

To the best of the Company's knowledge, the Company's interested parties have no personal interest in the transaction.

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

7. Description of the acquired asset

7.1 As stated above, WPI holds the entire issued and paid-up capital of Max. WPI also holds the entire issued and paid-up capital of Milo Brom Holdings Ltd. ("**Milo**"), which is engaged in the field of contactless payment technologies (mostly portable terminals, e-commerce clearing, and digital invoices). Since WPI is a holding company, with no independent activities of its own, and since the main asset held by WPI is Max, specified below is Max's field of activity, to the best of the Company's knowledge.

7.2 Max is engaged in the issuance, clearing and operation of payment cards, and in the provision of payment solutions and financial products, including credit to private and business customers.

7.3 Max is defined as a "clearing entity" and holds a permanent clearing license, as required by law. Accordingly, Max's activity is subject to a set of laws, ordinances and regulations, and also to the directives and guidelines issued by the Commissioner of Banks, and to the conditions specified in the clearing license.

7.4 Max's activity is focused on two operating segments:

7.4.1. The issuance segment, focused on activities for two main types of customers:

A. Solutions for financial institutions - joint issuance and processing of credit cards with banks, on behalf of their customers (B2B2C).

B. Private customers - sale and marketing of extra-banking credit cards, consumer credit and other products, directly to private customers, i.e., the consumers (B2C), including through shared clubs.

In the issuance segment, Max issues payment cards to its customers, which serve as a payment method for transactions and for cash withdrawals from businesses in Israel and around the world which honor the brands issued by Max. Max also provides credit of various types to its private customers. Max's revenue from cardholders are from commissions which were collected from the cardholders, and from issuer commissions (cross-commissions) which are collected from the credit card companies (as clearing entities), and from international organizations (cleared abroad). Interest is also collected from Max's customers with respect to transactions and credit products which were given by Max. Max's fees which are collected from cardholders, as stated above, are subject to the banking rules (customer service) (commissions), and are overseen by the Banking Supervision Department. Max is entitled to update the commissions subject to notification or approval of the Banking Supervision Department, as applicable.

7.4.2 The clearing segment, which includes the following activities:

A. Clearing services - Guaranteeing payment against transaction slips made using credit cards, in consideration of a fee which is collected from the business.
B. Related services and supplementary products to clearing services.
C. Financial solutions, products and services which are offered to the businesses, such as loans, voucher discounting, advance payments, and guarantees.

7.5 Max is overseen mostly by the Banking Supervision Department, and is also subject to the Proper Conduct of Banking Business Directive, letters and circulars issued by the Banking Supervision Department, and the terms of the clearing entity license. Max's subsidiary, Max Insurance Agency (2020) Ltd., is also overseen by the Capital Market Authority.

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

7.6 Financial data of WPI and of Max

Presented below are main financial data (in NIS millions) pf WPI, which were submitted to the Company by WPI, with respect to the period from January 1, 2021 until proximate to the date of this report.

	Q2 2022	First six months of 2022	First six months of 2021	2021
Assets	15,287	15,287	15,274	13,185
Liabilities	14,073	14,073	14,148	12,057
Capital	1,214	1,214	1,126	1,128
Net profit	49	85	57	59
Revenues	460	868	693	1,474

Presented below are main financial data (in NIS millions) pf Max (standalone), which were submitted to the Company by Max, with respect to the period from January 1, 2021 until proximate to the date of this report.

	Q3 2022	First nine months of 2022	First nine months of 2021	2021
Assets	15,414	15,414	11,398	12,553
Liabilities	13,823	13,823	9,913	11,084
Capital	1,591	1,591	1,485	1,469
Net profit	65	183	135	118
Revenues	492	1,331	1,031	1,408

The companies' financial statements are prepared in accordance with generally accepted accounting principles in Israel for banks (Israeli GAAP), and in accordance with directives issued by the Banking Supervision Department.

8. Updates regarding the transaction to acquire Max IT Finance Ltd. (MAX)

8.1 Fulfillment of suspensory conditions and other agreements

The parties to the transaction extended the deadlines for completing the actions specified in section 2.4.1 above.

The parties also agreed to amend the provisions of the purchase agreement regarding the definition of the method for adding the additional sellers, including consent, in accordance with the Commissioner's requirements, that members of Clal Insurance Group will receive the entire consideration in cash, without the stock component, as specified in section 2.2.4 above.

The parties also agreed that a condition will be added to the transaction's suspensory conditions stipulating that no additional conditions by imposed by the Commissioner, which are not included who are not in the Commissioner's letter (as specified in section 8.3 below), which could have significantly adverse effects on the Company or WPI.

As of the date of this report, the various actions which were required in accordance with section 2.4.1 have been performed, including completing the process of obtaining approval from Menorah Mivtachim Group, members of Clal Insurance Group, and Allied Holdings Ltd., and their announcement of joining the transaction as sellers.

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

8.2 The Commissioner's letter in connection with the transaction

On September 22, 2022, the Company received a letter from the Commissioner (hereinafter: "**Commissioner's Letter**") which addressed the conditions which will apply insofar as the Company is requested to close the transaction, including, inter alia, reference to the following issues:

A. Regarding aspects involving the Company's financial stability, and its duties towards Clal Insurance, as derived from the purchase transaction –

1. a requirement that the Company commit to a mechanism for supplementing the equity of Clal Insurance, in accordance with the minimum threshold specified in the economic solvency regime (MCR), including through the performance of actions to increase the equity of Clal Insurance, while diluting the Company's holdings.
2. The ratio of equity to the Company's adjusted standalone total balance sheet after the purchase transaction will be no less than 50% at all times. The adjusted standalone balance sheet will include taking into account, under the liabilities (in their entirety), also financial guarantees which will be provided by the Company to other member corporations in the Group, excluding Clal Insurance.
3. The Company's standalone equity will be no less, at all times, than 50% of the solvency capital requirement (SCR) of Clal Insurance, in accordance with its financial statements for the second quarter of 2022, multiplied by the minimum holding rate required in order to hold control of that institutional entity (30%). The Authority reserves the right to evaluate and update this threshold once a certain period has passed, which will be no less than two years after the date of the initial determination.

It is noted that, as of the present date, the Company is fulfilling the ratios specified in subsections (2) and (3) above.

B. Establishment of rules to protect the interests of members of Clal Insurance, in their function as shareholders of WPI, including the decision making process regarding joining the purchase transaction, of the members' investment committee; and adding a "beneficial condition" to the consideration which will be paid to the members of Clal Insurance who sell their holdings in WPI. On all matters associated with the manner of sale of the members' investments, it was stated that this issue, in itself, is still being evaluated by the Authority.

C. The Authority's Letter also includes a provision requiring the Company to formulate a submit to the Authority an outline for discontinuing the activity of Max Insurance Agency Ltd., an insurance agency controlled by Max, and for canceling its license.

D. The Authority announced that it is still evaluating various issues, including the legal consequences due to the outline for exercising the means of control, insofar as the transaction goes through; and the need for conditions to separate between the business activities of Clal Insurance and of Max.

The Company has requested to hold discussions with the Commissioner on these matters.

8.3 There is no certainty regarding the Company's ability to close the transaction, or regarding when it will be closed. The Company's estimates in connection with the closing of the transaction, the fulfillment of the suspensory conditions, the financing of the transaction, the need for additional investments, and the Company's plans with respect to the acquired activity, constitute forward looking information, as defined in the Securities Law, 1968, and may not materialize, or may materialize partially or differently from that described above, due to factors which are not under the Company's control, including the risk factors which affect Max's activity. The data specified above were submitted to the Company by WPI, and are based on its financial statements.
For details in connection with Alrov's notice in connection with the transaction, and the Company's response, see Note 1(B).

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

H. Activities in Clal Agency Holdings Ltd. (hereinafter: "Clal Agencies"), a subsidiary of the Company which coordinates the Group's holdings in insurance agencies

Acquisition of 30% of the shares of Newcom Insurance Agency

In April, Clal Agencies engaged in an agreement to acquire 30% of the shares of Newcom Pension Insurance Agency (2004) Ltd. (hereinafter: "**Newcom**"), for a total consideration of approximately NIS 18.2 million.

Newcom is an insurance agency owned by the partners Azriel Shabtai and Yaron Tavor (hereinafter: the "Sellers"), which was formed in 2004, and which specializes in sales, through call centers, of health insurance, life insurance, pension savings and financial products.

In accordance with the agreement between the parties, Clal Agencies has the option to acquire up to 100% of the agency's shares, subject to the conditions and dates which were determined.

The sellers will continue managing the agency for at least five years, with an option for the Company to extend the employment agreement for another five years.

The suspensory conditions were fulfilled in September 2022, and accordingly, the transaction was closed.

I. Issuance of share capital in the Company

In January 2022 the Company performed an issuance of share capital, in which demand was received in an amount exceeding NIS 700 million, and in which the Company accepted offers of approximately NIS 500 million, at a share price of NIS 78.95.

The capital which was raised will allow the Company to evaluate business opportunities, inter alia, in accordance with the Company's goals and strategic plan, including, if and insofar as may be required, for the purpose of strengthening the Group's capital buffer and allowing flexibility in the management of its capital structure. After issuance costs, the net amount which the Company received amounted to approximately NIS 492 million. For additional details, see Note 42(e) to the annual financial statements.

J. Collective agreement

Further to that stated in section D.9 in Note 24 to the annual financial statements, regarding advanced negotiations with the committee towards formulating a new collective agreement in Clal Group, and the terms of the current agreement, on April 6, 2022, a collective agreement was signed between the Company's subsidiaries, Clal Insurance Company Ltd., Clal Pension and Provident Funds Ltd., Clal Credit Insurance Ltd., Calbit Systems Ltd. and Canaf - Clal Financial Management Ltd. (the "Companies"), and the Histadrut New General Federation of Labor - Histadrut HaMaof (the "Histadrut") and the Histadrut Worker's Committee in the Group (the "Agreement").

In general, the agreement includes the Company's previous collective agreements, subject to changes and additions, of which the main ones, and an assessment of their financial implications, are specified below:

1. The payment of salary raises to employees at a rate of 3% of the base salaries of the employees who are entitled to salary raises, each year, will remain unchanged. Similarly to the previous agreement, depending on the fulfillment of an agreed-upon average annual profit target for the Company, during the years 2021-2024 - in April 2025, an additional budget for salary raises will be allocated, at a maximum rate of 4% (raise of up to 1% per year). In general, half of the total salary additions budget will be paid as a uniform addition, and the other half will be paid as a differential addition in the managers' discretion.

2. It was further agreed to raise the minimum wage for monthly employees in 3 wages, up to a total salary of NIS 6,600 in September 2024; to raise the salary of veteran employees (who have been employed in the Company between 5 and 30 years, and more) to amounts between NIS 6,950 and NIS 9,450, beginning in September 2023; and to raise the hourly rate of call center employees in 3 stages, up to an hourly rate of NIS 34, beginning in September 2024.

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

3. Each year, depending on the fulfillment of the annual minimum profit condition, as defined in the agreement, in the amount of NIS 200 million, a special payment will be paid to employees, depending on actual profit, the total cost of which will be between NIS 11 million and NIS 55 million, insofar as the Company's annual profit exceeds NIS 1,200 million. Additionally, in case the Company's annual profit is in the range between NIS 300 million and NIS 600 million, at least, an additional payment will be paid to employees, the cost of which will be between NIS 4.25 million and NIS 17 million, in accordance with the results. The payment will be given to eligible employees by way of options, at an exercise price which will constitute the average closing price of the Company's shares during the 30 trading days preceding the date of the Company's Board of Directors' approval of the outline, and no less than the share price on the day before the resolution.

4. It was further agreed to change the rate of payment of convalescence pay, in accordance with the employee's length of employment and employment commencement date, to increase the participation and to improve the terms of the health insurance policies for the Company's employees, to increase the participation in payment for summer camps, to change the framework for participation in employee meals, to cancel the retention bonus which was established in the previous agreement, and instead to give the employees a retention bonus depending on the Company's profits. The total cost of the aforementioned changes, relative to the previous agreement, was immaterial.

5. In 2024, the companies will offer a voluntary retirement program to employees aged 60 or older, the acceptance of which will be subject to the Company's discretion.

6. The agreement will be in effect for a period of 3 years, from January 1, 2022 to December 31, 2024, and industrial peace will be kept during the entire period of the agreement. The agreement also exhausts the claims and assertions of all of the parties throughout the entire period of the agreement.

7. Additionally, in light of the Company's financial results for 2021, an agreement was reached to provide additional compensation, as specified in section D.9 in Note 24 to the annual financial statements.

K. Public issuance of deferred liability notes of Clalbit Finance Ltd.

In September 2022, Clalbit Finance Ltd. (hereinafter: "**Clalbit**") issued to the public deferred liability notes (Series L), as part of the extension of an existing series, in the amount of approximately NIS 495 million (approximately NIS 488 million after deducting issuance costs), the proceeds for which were recognized by the Commissioner of Capital Markets, Insurance and Savings at the Ministry of Finance (hereinafter: the "**Commissioner**") as additional Tier 2 capital of Clal Insurance Company, subject to restrictions specified in the Commissioner's directives.

L. Sale of Houston toll road

In 2015, Clal Insurance invested a total of approximately USD 9 million in the nostro portfolio, and a total of approximately USD 35 million in the members portfolio, in a capital expenditure in the company that won a tender of the Ministry of Transport in Texas, USA, for building a toll road in Houston, Texas (the "**Company**").

During the reporting period, Clal Insurance revalued its investment in the Company in accordance with the agreement for the sale of shares of the institutional entities in Clal, which was signed vis-à-vis ACS Infrastructure, such that as of September 30, 2022, the investment amounted to a total of approximately USD 51 million in the nostro portfolio (as compared with a total of approximately USD 19 million before the sale agreement). Following the revaluation, Clal Insurance recorded investment income in the third quarter of 2022 in the amount of approximately NIS 116 million.

The closing of the transaction is subject to regulatory approvals and to the fulfillment of additional suspensory conditions, according to the standard practice for agreements of this kind.

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

M. Market developments during and after the reporting period

During the reporting period and in the third quarter, declines were recorded in markets for marketable capital, which led to loss in the nostro portfolio and to negative real returns in the profit sharing insurance policies which, until the loss has been recouped, will prevent the Company from collecting variable management fees in the amount of approximately NIS 753 million before tax.

During the period after the reporting date and until the approval date of the financial statements, there were price increases in capital markets which resulted in offsetting of this balance in the amount of approximately NIS 100 million, such that, proximate to the approval date of the report, the balance of variable management fees which the Company will refrain from collecting amounted to a total of approximately NIS 653 million, before tax.

At this stage it is not possible to estimate the continued developments in the market and in the interest rate curve, or their effects on the results for 2022, and the foregoing does not constitute any estimate of the Company's projected financial results in 2022, or regarding the economic solvency ratio, due, inter alia, or regarding the economic solvency ratio, inter alia, with reference to continued developments in the aforementioned markets.

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

1. Assets for investment-linked contracts

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

	As of September 30		As of December 31
	2022	2021	2021
NIS in thousands	Unaudited		Audited
Investment property [1]	**3,510,662**	3,061,596	3,140,825
Financial investments:			
Marketable debt assets	**23,651,713**	22,755,285	24,016,563
Non-marketable debt assets	**9,680,386**	8,230,049	8,676,233
Stocks	**21,437,548**	25,302,586	27,432,400
Other financial investments	**22,066,685**	19,107,456	21,620,361
Total financial investments [1]	**76,836,332**	75,395,376	81,745,557
Cash and cash equivalents	**9,952,161**	10,319,471	9,992,795
Other [2]	**2,402,651**	904,254	577,344
Total assets for investment-linked contracts	**92,701,806**	89,680,697	95,456,521

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

2. Details of other financial investments

	As of September 30, 2022			
	Fair value through profit and loss	Available for sale	Loans and receivables	Total
NIS in thousands	Unaudited			
Marketable debt assets [(a)]	**101,898**	**6,420,023**	**-**	**6,521,921**
Non-marketable debt assets [(b)]	**1,562**	**-**	**22,951,383**	**22,952,945**
Stocks [(c)]	**-**	**1,880,001**	**-**	**1,880,001**
Others [(d)]	**353,591**	**3,977,874**	**-**	**4,331,465**
Total other financial investments	**457,051**	**12,277,898**	**22,951,383**	**35,686,332**

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

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

2. Details of other financial investments (Cont.)

	As of December 31, 2021			
	Fair value through profit and loss	Available for sale	Loans and receivables	Total
NIS in thousands	Audited			
Marketable debt assets [(a)]	49,013	6,411,421	-	6,460,434
Non-marketable debt assets [(b)]	1,906	-	22,078,790	22,080,696
Stocks [(c)]	-	2,037,280	-	2,037,280
Others [(d)]	658,084	3,918,360	-	4,576,444
Total other financial investments	709,003	12,367,061	22,078,790	35,154,854

A. Marketable debt assets - composition

	As of September 30, 2022	
	Book value	Amortized cost [1)]
NIS in thousands	Unaudited	
Government bonds	**3,958,272**	**4,125,082**
Other debt assets		
Other non-convertible debt assets	**2,534,890**	**2,685,059**
Other convertible debt assets	**28,759**	**31,466**
	2,563,649	**2,716,525**
Total marketable debt assets	**6,521,921**	**6,841,607**
Impairment applied to income statement (cumulative)	**981**	

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

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

2. Details of other financial investments (Cont.)

A. Marketable debt assets - composition (Cont.)

	As of December 31, 2021	
	Book value	Amortized cost [1]
NIS in thousands	Audited	
Government bonds	3,544,520	3,373,217
Other debt assets		
Other non-convertible debt assets	2,884,217	2,724,911
Other convertible debt assets	31,697	33,146
	2,915,914	2,758,057
Total marketable debt assets	6,460,434	6,131,274
Impairment applied to income statement (cumulative)	25	

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

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

2. Details of other financial investments (Cont.)

B. Non-marketable debt assets - composition *)

	As of September 30, 2022	
	Book value	Fair value
NIS in thousands	Unaudited	
Government bonds		
HETZ bonds and treasury deposits	**16,514,738**	**24,088,935**
Other non-convertible debt assets, excluding deposits in banks	**5,783,041**	**5,998,993**
Deposits in banks	**655,166**	**699,589**
Total non-marketable debt assets	**22,952,945**	**30,787,517**
Impairment applied to income statement (cumulative)	**47,466**	

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

	As of December 31, 2021	
	Book value	Fair value
NIS in thousands	Audited	
Government bonds		
HETZ bonds and treasury deposits	15,760,524	27,360,392
Other non-convertible debt assets, excluding deposits in banks	5,315,141	6,208,262
Deposits in banks	1,005,031	1,135,934
Total non-marketable debt assets	22,080,696	34,704,588
Impairment applied to income statement (cumulative)	53,334	

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

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

2. Details of other financial investments (Cont.)

C. Stocks

	As of September 30, 2022	
	Book value	Cost
NIS in thousands	Unaudited	
Marketable stocks	**947,711**	**936,984**
Non-marketable stocks	**932,290**	**741,514**
Total stocks	**1,880,001**	**1,678,498**
Impairment applied to income statement (cumulative)	**181,550**	

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

	As of December 31, 2021	
	Book value	Cost
NIS in thousands	Audited	
Marketable stocks	1,123,531	935,606
Non-marketable stocks	913,749	744,747
Total stocks	2,037,280	1,680,353
Impairment applied to income statement (cumulative)	179,252	

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

2. Details of other financial investments (Cont.)

D. Other financial investments [1)]

	As of September 30, 2022	
	Book value	Cost
NIS in thousands	Unaudited	
Marketable financial investments	**685,340**	**756,335**
Non-marketable financial investments	**3,646,125**	**2,474,631**
Total other financial investments	**4,331,465**	**3,230,966**
Impairment applied to income statement (cumulative)	**177,662**	

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

	As of December 31, 2021	
	Book value	Cost
NIS in thousands	Audited	
Marketable financial investments	1,416,506	1,385,827
Non-marketable financial investments	3,159,938	2,132,932
Total other financial investments	4,576,444	3,518,759
Impairment applied to income statement (cumulative)	118,776	

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.

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, and which were intended to provide a reasonable measure of assurance regarding the reliability of financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that the information which the corporation is required to disclose in the reports which it publishes in accordance with the provisions of the law was collected, processed, summarized and reported in accordance with the deadline and framework prescribed in law.

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

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

Clal Insurance Company Ltd. ("Clal Insurance"), a subsidiary of the corporation, is an institutional entity, which is subject to the directives of the Commissioner of the Capital Markets, Insurance and Savings Division in the Ministry of Finance, with respect to the evaluation regarding the effectiveness of internal control over financial reporting.
With respect to internal control in the aforementioned subsidiary, the corporation implements the following provisions: institutional entities circular 2009-9-10, regarding "responsibility of management for internal control over financial reporting", institutional entities circular 2010-9-6, regarding "responsibility of management for internal control over financial reporting - amendment", and institutional entities circular 2010-9-7, regarding "internal control over financial reporting - certifications, reports and disclosures".

In the quarterly report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the report for the period ended June 30, 2022 (hereinafter: the "Last Quarterly Report Regarding Internal Control"), internal control was found to be effective.

Until the reporting date, no event or matter was brought to the attention of the Board of Directors and management which could have changed the assessment regarding the effectiveness of internal control, as presented in the quarterly report regarding internal control.

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

Executive Certification
Certification of the CEO

I, Yoram Naveh, hereby certify the following:

1. I have evaluated the quarterly report of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") for the third quarter of 2022 (hereinafter: the "**Reports**").
2. To the best of my knowledge, the reports do not include any incorrect representation of any material fact, and do not lack any representation of any material fact which is required in order for the representations which are included therein to not be misleading with respect to the period of the reports;
3. To the best of my knowledge, the financial statements and the other financial information included in the reports adequately reflect, in all material respects, the corporation's financial position, results of operations and cash flows as of the dates and for the periods to which the reports refer;
4. I have disclosed to the corporation's auditor, to the Board of Directors and to the balance sheet committee of the Company's Board of Directors, based on my most current assessment regarding internal control over financial reporting and disclosure:
   A. All material deficiencies and material weaknesses in the establishment or implementation of internal control over financial reporting and disclosure, which may reasonably have an adverse effect on the corporation's ability to collect, process, summarize or report financial information in a manner which could cast doubt on the reliability of the preparation of financial reporting and the preparation of the financial reports in accordance with the provisions of the law; And:
   B. Any fraud, whether material or immaterial, in which the CEO or any of his direct subordinates are involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting;
5. I, alone or together with others in the corporation:
   A. I have established controls and policies, or have verified the establishment and implementation, under my supervision, of controls and policies which are intended to ensure that material information pertaining to the corporation, including its consolidated companies, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the corporation and in the consolidated companies, particularly during the preparation period of the reports; And:
   B. I have established controls and policies, or have verified the establishment and implementation, under my supervision, of controls and policies which are intended to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.
   C. I have not been made aware of any event or matter which occurred during the period between the date of the periodic report and the date of this report, which could change the conclusion reached by the Board of Directors and management with respect to the effectiveness of internal control over financial reporting and disclosure in the corporation.

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

Yoram Naveh
Chief Executive Officer

November 29, 2022

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

I, Eran Cherninsky, hereby certify the following:

1. I have evaluated the financial statements and the other financial information which is included in the interim reports of Clal Insurance Enterprises Holdings Ltd. (hereinafter: the "**Corporation**") for the third quarter of 2022 (hereinafter: the "**Reports**").
2. To the best of my knowledge, the interim financial statements and the other interim financial information which is included in the reports do not include any incorrect representation of any material fact, and do not lack any representation of any material fact which is required in order for the representations which are included therein to not be misleading with respect to the period of the reports;
3. To the best of my knowledge, the interim financial statements and the other financial information which is included in the interim reports adequately reflect, in all material respects, the Company's financial position, results of operations and cash flows as of the dates and for the periods to which the reports refer;
4. I have disclosed to the corporation's auditor, to the Board of Directors and to the Balance Sheet Committee of the Company's Board of Directors, based on my most current assessment regarding internal control over financial reporting and disclosure:
    A. All material deficiencies and material weaknesses in the establishment or implementation of internal control over financial reporting and disclosure insofar as it pertains to the interim financial statements and to the other financial information which is included in the interim reports, which may reasonably have an adverse affect on the corporation's ability to collect, process, summarize or report financial information in a manner which could cast doubt on the reliability of the preparation of the financial reports and the preparation of the financial reports in accordance with the provisions of the law; And:
    B. Any fraud, whether material or immaterial, in which the CEO or any of his direct subordinates are involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.
5. I, alone or together with others in the corporation-
    A. I have established controls and policies, or have verified the establishment and implementation, under my supervision, of controls and policies which are intended to ensure that material information pertaining to the corporation, including its consolidated companies, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the corporation and in the consolidated companies, particularly during the preparation period of the reports; And:
    B. I have established controls and policies, or have verified the establishment and implementation, under our supervision, of controls and policies which are intended to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.
    C. I have not been made aware of any event or matter which occurred during the period between the date of the periodic report and the date of this report, which pertains to the interim financial statements and to any other financial information which is included in the interim period, which could change, in my assessment, the conclusion of the Board of Directors and management with respect to the effectiveness of internal control over financial reporting and disclosure in the corporation.

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

Eran Cherninsky
Executive VP
Finance Division Manager

November 29, 2022

Certifications Regarding Controls and Policies with Respect to Disclosure in the Financial Statements of Clal Insurance Company Ltd.
Clal Insurance Company Ltd.
Certification

I, Yoram Naveh, hereby certify the following:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter: the "**Company**") for the quarter ended September 30, 2022 (hereinafter: the "**Report**").
2. Based on my knowledge, the report does not include any incorrect representation of any material fact, and does not lack any representation of any material fact which is required in order for the representations which are included therein, in light of the circumstances in which those representations were included, to not be misleading with respect to the period which is covered in the report.
3. Based on my knowledge, the quarterly financial statements and the other financial information which is included in the report adequately reflect, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows as of the dates and with respect to the periods covered in the report.
4. I, and others in the Company who are making this certification, are responsible for the establishment and implementation of controls and policies with respect to the disclosure and control over financial reporting in the Company; And:
   A. We have established the aforementioned controls and policies, or have caused the establishment of the aforementioned controls and policies under our supervision, which are intended to ensure that material information pertaining to the Company, including its consolidated companies, is brought to our attention by others in the Company and in those companies, and particularly during the preparation period of the report;
   B. We have established internal control over financial reporting, or have overseen the establishment of internal control over financial reporting, which is intended to provide a reasonable measure of assurance regarding the reliability of the financial reporting, and that the financial statements have been prepared in accordance with IFRS and the directives of the Commissioner of Capital Markets;
   C. We have evaluated the effectiveness of controls and policies with respect to the Company's disclosure, and we have presented our conclusions regarding the effectiveness of the controls and policies with respect to the disclosure, as of the end of the period covered in the report, based on our evaluation; And:
   D. We have disclosed in the report any change in the Company's internal control over financial reporting which occurred during this quarter, and materially influenced, or which could have been reasonably expected to materially influence, the Company's internal control over financial reporting; And:
5. I, and others in the Company who are making this certification, have disclosed to the auditor, to the Board of Directors and to the balance sheet committee of the Company's Board of Directors, based on our most current assessment regarding internal control over financial reporting:
   A. All material deficiencies and material weaknesses in the determination or implementation of internal control over financial reporting, which can reasonably be expected to harm the Company's ability to record, process, summarize and report financial information; And:
   B. Any fraud, whether material or immaterial, in which management is involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.

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

Yoram Naveh
Chief Executive Officer

November 29, 2022

Clal Insurance Company Ltd.
Certification

I, Eran Cherninsky, hereby certify the following:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter: the "**Company**") for the quarter ended September 30, 2022 (hereinafter: the "**Report**").
2. Based on my knowledge, the report does not include any incorrect representation of any material fact, and does not lack any representation of any material fact which is required in order for the representations which are included therein, in light of the circumstances in which those representations were included, to not be misleading with respect to the period which is covered in the report.
3. Based on my knowledge, the quarterly financial statements and the other financial information which is included in the report adequately reflect, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows as of the dates and with respect to the periods covered in the report.
4. I, and others in the Company who are making this certification, are responsible for the establishment and implementation of controls and policies with respect to the disclosure and control over financial reporting in the Company; And:
   A. We have established the aforementioned controls and policies, or have caused the establishment of the aforementioned controls and policies under our supervision, which are intended to ensure that material information pertaining to the Company, including its consolidated companies, is brought to our attention by others in the Company and in those companies, and particularly during the preparation period of the report;
   B. We have established internal control over financial reporting, or have overseen the establishment of internal control over financial reporting, which is intended to provide a reasonable measure of assurance regarding the reliability of the financial reporting, and that the financial statements have been prepared in accordance with IFRS and the directives of the Commissioner of Capital Markets;
   C. We have evaluated the effectiveness of controls and policies with respect to the Company's disclosure, and we have presented our conclusions regarding the effectiveness of the controls and policies with respect to the disclosure, as of the end of the period covered in the report, based on our evaluation; And:
   D. We have disclosed in the report any change in the Company's internal control over financial reporting which occurred during this quarter, and materially influenced, or which could have been reasonably expected to materially influence, the Company's internal control over financial reporting; And:
5. I, and others in the Company who are making this certification, have disclosed to the auditor, to the Board of Directors and to the balance sheet committee of the Company's Board of Directors, based on our most current assessment regarding internal control over financial reporting:
   A. All material deficiencies and material weaknesses in the determination or implementation of internal control over financial reporting, which can reasonably be expected to harm the Company's ability to record, process, summarize and report financial information; And:
   B. Any fraud, whether material or immaterial, in which management is involved, or in which are involved employees who have significant positions in the Company's financial reporting control over financial reporting.

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

Eran Cherninsky
Executive VP
Finance Division Manager

November 29, 2022

Economic Solvency Ratio Report of Clal Insurance Company Ltd.

As of June 30, 2022

Table of Contents -

1. Background and disclosure requirements

The information presented below was calculated in accordance with the provisions of circular 2020-1-15 of the Commissioner of Capital Markets, Insurance and Savings (hereinafter: the "Commissioner"), "amendment to the consolidated circular regarding provisions for the implementation of a Solvency II-based economic solvency regime for insurance companies", (hereinafter: the "**Provisions of the Economic Solvency Regime**"). The information has been prepared and presented in accordance with the provisions of chapter 1, part 4, volume 5 of the consolidated circular, as updated in circular no. 8-1-2022 (hereinafter: the "**Disclosure Provisions**").

1.1. Economic solvency regime

The provisions of the economic solvency regime are based on the provisions of Pillar 1 of the European directive Solvency II, following adjustments for the local market, and establish a standard model for the calculation of recognized equity and the solvency capital requirement, in order to ensure that the insurance company maintains a buffer to absorb losses which may result from the materialization of unexpected risks to which it is exposed at a given probability rate. This regulatory framework is based on the economic measurement of the Company's assets and liabilities, and does not necessarily correspond to presentation in accordance with generally accepted accounting principles by which the Company prepares its financial statements. **The solvency ratio is the ratio between recognized equity and the solvency capital requirement** (hereinafter: the "**Solvency Ratio**").

Recognized equity for the purpose of the economic solvency regime is comprised of Tier 1 capital and Tier 2 capital. Tier 1 capital includes equity which is calculated by estimating the values of an insurance company's assets and liabilities in accordance with the circular's provisions and additional Tier 1 capital. Additional Tier 1 capital and Tier 2 capital include equity instruments with loss absorption mechanisms, including Tier 2 subordinated, Tier 2 hybrid capital and Tier 3 capital instruments which were issued before the application date. The circular includes restrictions on the composition of equity for the purpose of the SCR (see below), such that the rate of the components which are included in Tier 2 capital will not exceed 40% of SCR (will not exceed 50% during the distribution period as specified below), while additional Tier 1 capital will not exceed 20% of Tier 1 capital.

Recognized current capital should be compared to required capital, whereby capital requirements apply on two levels:

- The capital required to maintain the insurance company's solvency (hereinafter: "SCR"). SCR is risk-sensitive, and is based on a forward looking calculations regarding the materialization of various scenarios, while taking into account the correlation level of the different risk factors, based on the guidelines specified in the provisions of the economic solvency regime.
- Minimum capital requirement (hereinafter: "MCR"). In accordance with the provisions of the economic solvency regime, the minimum capital requirement will be equal to the higher of either the total Tier 1 capital which is required of an insurance company pursuant to the Capital Regulations, or an amount derived from insurance reserves and premiums (as defined in the provisions of the economic solvency regime) within the range of 25% and 45% of SCR.

Recognized capital is calculated using data and models for the calculation of the economic solvency ratio which are based, inter alia, on forecasts and assumptions which are mostly based on past experience. The calculations which are made as part of the calculation of economic equity and capital requirements are highly complex.

<u>Forward looking information</u>

The data included in this economic solvency ratio report, including recognized equity and the solvency capital requirement, are based, inter alia, on estimates and approximations regarding future events which are uncertain to materialize, and which are not under the Company's control, and should be regarded as "forward looking information", as defined in section 32A of the Securities Law, 1968. Actual results may differ from the data presented in this economic solvency ratio report, due to the fact that all or some of these forecasts, estimates and approximations may not materialize, or may materialize differently from the forecast, including, inter alia, with reference to actuarial assumptions (including the release rate of the risk margin, mortality, morbidity and recovery rates, cancellations, expenses, annuity realization and the rate of underwriting profit), assumptions regarding future activities of management, assumptions regarding the future pattern of development in the capital requirement and the risk margin, risk-free interest rates, capital market returns, future revenues and damages in catastrophe scenarios.

1.2. Provisions regarding disclosure and reporting in connection with the economic solvency ratio report

The disclosure circular determined, inter alia, that the economic solvency ratio report as of December 31 and as of June 30 will be included in the periodic report published subsequent to the calculation date, and will be published on the Company's website on those dates. The economic solvency ratio report as of December 31 of each year will be audited by the Company's auditor, beginning with the report as of December 31, 2018. The circular also includes provisions in connection with the structure of the economic solvency ratio report, the approval thereof by the appropriate organs in the Company, the audit thereof by the Company's auditor, and the relevant disclosure requirements.

1.3. Provisions during the distribution period

The provisions of the economic solvency regime include, inter alia, transitional provisions for the distribution period, during which the following instructions will be implemented:

- The capital requirement with respect to the stock risk sub-component, as defined in the provisions, will be gradually increased over seven years, beginning with a rate of 22% and increasing to rates of 30%, 39% and 49%, with respect to the investment in type 1 and type 2 infrastructure stocks, respectively. The gradual increase will also apply to the counter-cyclical adjustment, as defined in the provisions.
- There is also a choice of one of the following alternatives:

  1. Gradual distribution of the capital requirement until 2024 (hereinafter: the "Distribution Period"), such that the capital requirement will increase gradually, by 5% each year, from 60% of SCR in 2017, up to the full SCR;

2. Increasing recognized capital by deducting from the insurance reserves the amount specified in section 3.3.2. The deduction will decrease gradually, until 2032 (hereinafter: the "Deduction During the Distribution Period"). The deduction amount may also be updated during the distribution period due to additional changes, in accordance with the provisions pertaining to the insurance company's conduct during the distribution period, as determined in the letter dated October 15, 2020, regarding "principles of calculation deduction during the distribution period for the Solvency II-based economic solvency regime" (the "**Principles Letter**").

The Company chose the second alternative, after receiving the Commissioner's approval for this purpose, as required.

Additionally, regarding the composition of recognized equity, it was determined that the maximum scope of Tier 2 capital during the distribution period will amount to 50% of the solvency capital requirement during the distribution period.

1.3.1. Update to the deduction amount in subsequent periods

In accordance with the principles for calculating the deduction during the distribution period under the Solvency II-based economic solvency regime, and in accordance with the instructions for adopting the economic solvency regime, the deduction amount will be recalculated once every two years, or as a minimum, in case of significant changes in exogenous variables, including the interest rate curve, the insurance company's risk profile or business structure, and in accordance with the Commissioner's requirements, if he believes that a change in circumstances has occurred since then. In light of the significant change in the risk-free interest rate curve and the update to the set of demographic assumptions in life insurance, the Company recalculated the deduction amount and received the Commissioner's approval for the deduction amount, in the scope of NIS 5,617 million (see section 3.1.2 below), which constitutes a reduction of NIS 1,163 million relative to the deduction amount as of December 31, 2021.

1.4. Definitions

Company -	Clal Insurance Company Ltd.
Commissioner -	The Commissioner of Capital Markets, Insurance and Savings
Provisions of the economic solvency regime -	Insurance circular 2020-1-15, "Amendment to the consolidated circular regarding provisions for the implementation of a Solvency II-based economic solvency regime for insurance companies", and related instructions given by the Commissioner regarding the implementation of the economic solvency regime, including the clarifications thereto.
Recognized equity / economic capital -	The total Tier 1 capital and Tier 2 capital of an insurance company, after deductions and subtractions in accordance with the provisions of the economic solvency regime.
Basic Tier 1 capital -	The excess of assets over liabilities, as calculated according to the provisions regarding the economic balance sheet, including the following components: issued and paid-up ordinary share capital, premium paid at the time of the share issuance, retained earnings, capital reserves less negative capital reserves and the change in the excess of assets over liabilities due to differences in the methods used to estimate assets and liabilities according to the directives (reconciliation reserve), after deducting unrecognized assets, self investment in ordinary shares and dividends announced after the reporting date.
Additional Tier 1 capital -	The total of all of the above, with their value estimated in accordance with the provisions of the economic solvency regime – perpetual capital notes, non-accruing preferred shares, additional Tier 1 capital instruments, Tier 1 hybrid capital instruments.
Tier 2 capital -	Tier 2 capital instruments, Tier 2 subordinated capital instruments, Tier 2 hybrid capital and Tier 3 hybrid capital - according to their value as estimated in accordance with the provisions of the economic solvency regime.
Solvency capital requirement (SCR) -	The total capital required in order for the insurance company to maintain solvency, calculated in accordance with the provisions of the economic solvency regime.
Basic solvency capital requirement (BSCR) -	The capital required in order for the insurance company to maintain solvency, calculated in accordance with the provisions of the economic solvency regime, without taking into account the required capital with respect to operational risk, the adjustment for loss absorption due to deferred tax, and the capital requirement with respect to managing companies.

Economic solvency ratio -	The ratio between recognized equity and the solvency capital requirement.
Best estimate -	The future cash flows which are expected to arise from the insurance contracts and investment contracts during their entire period of validity, without margins of conservatism, discounted by an adjusted risk-free interest rate.
Risk margin -	An additional amount, beyond the best estimate, reflecting the total cost of capital which another insurance company or reinsurer would be expected to require for the purpose of accepting the insurance company's insurance liabilities, calculated in accordance with the provisions of the economic solvency regime.
Deduction during the distribution period	An amount which is deducted from the insurance reserves during the distribution period, calculated in accordance with the provisions of section 4(C) of the provisions of the economic solvency regime. The deduction will gradually decrease until 2032.
Unrecognized asset -	An asset which is held against non-investment-linked liabilities in a manner which is not compliant with the Rules of Investment Regulations, or which is not compliant with the Commissioner's directives, after deducting the tax reserve which was created for it.
Minimum capital requirement (MCR) -	The minimum capital requirement of an insurance company, calculated in accordance with the economic solvency regime.
Expected profits included in future premiums (EPIFP) -	The expected future profit on retention, which is included in the insurance liabilities, with respect to premiums which have not yet been received as of the reporting date.
UFR -	Ultimate Forward Rate, the last future interest rate as derived from the long term expected real interest rate and the long term expectations regarding inflation, towards which the adjusted yield curve converges, in accordance with the provisions of the economic solvency regime.
Volatility adjustment (VA) -	A counter-cyclical component reflecting the margin represented in the portfolio of representative debt assets of insurance companies, which is added to the adjusted yield curve in accordance with the provisions of the economic solvency regime.
SLT health -	Health insurance which is managed similarly to life insurance.
NSLT health -	Health insurance which is managed similarly to non-life insurance.

Stock scenario adjustment -	A reduced capital requirement with respect to certain types of investment, which will gradually be increased until 2023, when the capital requirement with respect to such investments will reach its full rate.
Impact of the distribution between risk components -	The impact of the partial factor between different risks in the model, including their schemas; the impact of the distribution is the difference between a simple schema of the risk components, and a schema which takes into account the partial factor between them. The greater the distribution between the operating segments in the portfolio and between the risk components, the greater the impact of the distribution on reducing the total risk.
Authority -	Capital Market, Insurance and Savings Authority
Rules of Investment Regulations -	The Control of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities) - 2012.
Audited -	This term refers to an audit which has been conducted in accordance with ISAE 3400 - The Examination of Prospective Financial Information.

1.5. Calculation methodology

1.5.1. General

The provisions of the economic solvency regime specify guidelines for the economic calculation of recognized equity and the solvency capital requirement. Presented below are the main details of the provisions, and changes therein:

1.5.2. Economic balance sheet

In accordance with the provisions of the economic solvency regime, in general, the items of the economic balance sheet are estimated according to economic value, and particularly, insurance liabilities are calculated based on the best estimate of the entire future cash flows which are expected from existing business activities, without margins of conservatism. Plus a risk margin reflecting the total cost of capital which another insurance company or reinsurer would be expected to require for the purpose of accepting the insurance company's insurance liabilities in the economic balance sheet. In accordance with the provisions, the risk margin is calculated according to the cost of capital method, at a rate of 6% per year of the expected required capital, with respect to insurance risks, throughout the lifetime of existing business lines. As stated below, the economic balance sheet was prepared based on the Company's standalone financial statements, plus those of investee companies which are exclusively engaged in the holding of land rights, plus subsidiary insurance companies whose data are consolidated with the insurance company's data, and in accordance with the instructions does not include the economic value of the insurance company's provident and pension fund activity, and attributed a value of zero to intangible assets and deferred acquisition costs (excluding the investments in Insurtech, as defined in the provisions of the economic solvency regime, for which the Company received the Commissioner's approval, as required).

As stated above, the Company chose the alternative which is available under the transitional provisions, according to which economic equity may be increased by deducting from the insurance reserves with respect to the deduction amount, which will be deducted gradually until 2032 (hereinafter: the "**Deduction During the Distribution Period**"). In accordance with the principles letter, the deduction during the distribution period will be calculated based on a distribution into homogeneous risk groups, with respect to policies which were issued until December 31, 2016. The above deduction will be calculated as the difference between insurance reserves on retention in the economic balance sheet, including the risk margin attributed thereto, after deducting an adjustment for the fair value of designated bonds, and insurance reserves on retention according to the financial statements. This difference will be reduced on a linear basis until December 31, 2032. The remaining deduction on each reporting date (the "**Value of the Deduction During the Distribution Period**") will be re-calculated every two years, and if a significant change has occurred in the main exogenous variables, in the risk profile, or in the insurance company's business structure. The value of the deduction during the distribution period will also correspond to the expected growth rate of the solvency ratio, calculated without the expedients during the distribution period - see section 3.2.2 below.

1.5.3. Solvency capital requirement

The calculation of the solvency capital requirement is based on the estimated exposure of economic equity to the risk components which are specified in the provisions of the economic solvency regime, which include life insurance risks, health insurance risks, non-life insurance risks, market risks and counterparty risks. These risk components include risk sub-components, with reference to the specific risks to which the insurance company is exposed. The estimated exposure of economic equity to each risk sub-component is performed based on a defined scenario which has been determined in the provisions of the economic solvency regime. The determination of the solvency capital requirement is based on a schema of the capital requirements with respect to the risk components and risk sub-components, as stated above, in consideration of the partial factors which are attributed to them. The calculation of the solvency capital requirement also includes calculating components of required capital with respect to operational risk and the capital requirement for managing companies, after deducting a loss absorption adjustment with respect to deferred tax, as specified in the provisions of the economic solvency regime.

The loss absorption adjustment with respect to deferred tax assets, beyond the balance of the deferred tax reserve which is included in the economic balance sheet, is limited up to 5% of the basic solvency capital requirement (BSCR), upon the fulfillment of the following conditions:

- The insurance company is able to demonstrate to the Commissioner that future taxable profits are likely to be available, and that the tax assets will be usable against them.
- The future profits may arise from the non-life insurance or NSLT health insurance activity only.

It is emphasized that the results of the models which are used to calculate the recognized equity and the solvency capital requirement are highly sensitive to the forecasts and assumptions which are included therein, and to the manner of implementation of the provisions of the economic solvency regime. The economic solvency ratio is highly sensitive to market variables and other variables, and accordingly, it may be volatile.

The capital requirement with respect to each risk is calculated in accordance with the Company's exposure to that risk, and in consideration of the parameters which were determined in accordance with the provisions of the economic solvency regime. The amount of required capital represents, in accordance with the directives, the scope of equity which will allow the insurance company to absorb unexpected losses in the coming year, and to service its liabilities to policyholders and beneficiaries when they come due, with a confidence level of 99.5%.

1.5.3.1. Provisions regarding disclosure

On October 19, 2022, the Commissioner published update no. 3 to the questions and answers file regarding the implementation and disclosure of an insurance company's economic solvency regime (hereinafter: "**Q&A File**"). The Q&A File includes clarifications regarding the contractual limit in savings policies without a guaranteed conversion factor which were marketed after 2013. In the clarification, it was determined that the contractual limit is the date when annuity payments commence, since the insurance coverage enters into effect from that date onwards. The Company adopted these instructions in 2022.

<u>Amendment to the provisions of the consolidated circular regarding the measurement of liabilities - update to the set of demographic assumptions in life insurance and for pension funds</u>

In June 2022, the Commissioner published a circular entitled "amendment to the provisions of the consolidated circular regarding the measurement of liabilities - update to the set of demographic assumptions in life insurance and for pension funds". The circular specifies updated default assumptions which will be used as the basis for the insurance companies' calculation of liabilities with respect to life insurance policies, which allow the receipt of annuities based on guaranteed conversion factors, based on updated demographic assumptions. The circular addresses, inter alia, the changes in life expectancy, including future improvements, and the associated effects on the amount of reserves, and the methods used to create them. The circular also includes a new mortality table for retirees of insurance companies, which is based, inter alia, on the mortality experience of retirees of the insurance companies. The Company updated its estimates regarding annuity liabilities based on the new mortality table and future improvements in life expectancy which are included in the circular. As a result, the Company increased its annuity supplementation reserves in the amount of approximately NIS 475 million after tax.

The impact of the adoption of the circular's provisions on the Company's capital surplus and solvency ratio was negative. For additional details, see the immediate report dated July 3, 2022 (reference number 2022-01-082675).

On September 20, 2022, the Commissioner published an "amendment to the provisions of the consolidated circular - volume 6, part 3, chapter 1 – tariff updates in updated health policies" (insurance circular 2022-1-13). The amendment to the circular established conditions under which an insurance company may update the premiums in medical expense policies, without a requirement to receive the Commissioner's approval.

Following the circular's publication, in the calculation of the capital requirements as of June 30, 2022, the Company assumed future actions of management involving a tariff increase in accordance with the aforementioned circular, in light of the crossing of the LR limit as specified in the reform.

The actions of management had an immaterial positive impact on the Company's solvency ratio.

1.6. Notes and clarifications

1.6.1. General

The solvency ratio report includes, inter alia, forecasts which are based on assumptions and parameters in accordance with past experience, based on actuarial studies which are conducted from time to time, and on the Company's estimates regarding the future, insofar as the Company has relevant and concrete information which can be relied upon. The information and studies are the same as those which served as the basis for the Company's periodic financial report as of June 30, 2022. Information or studies which were formulated after the publication date of the Company's annual report as of June 30, 2022, if and insofar as any were made. were not taken into account.

This solvency ratio report was prepared based on the conditions and best estimates which were available to the Company as of June 30, 2022.

It is further emphasized that, inter alia, in light of the reforms in the capital, insurance and savings market, and the changes in the business and economic environment, historical data does not necessarily predict future results, and the Company is unable to reliably estimate these effects. The calculation is sometimes based on assumptions regarding future events and on the actions of management, which may not necessarily materialize, or may materialize differently from the assumptions which were used as the basis for the calculation. Additionally, actual results may differ significantly from the calculation, in light of the fact that the combined scenarios of events may materialize in a manner which is significantly different from the model's assumptions.

The model, in its current version, is extremely sensitive to changes in market and other variables, and particularly to changes in the interest rate curve, and therefore the solvency ratio reflected therein may be highly volatile.

1.6.2. Future effects of legislative actions and regulations which are known as of the publication date of the report and exposure to contingent liabilities

1.6.2.1. The insurance industry is subject to frequent changes in legislative arrangements, and to frequent regulatory directives. The legislation and regulatory directives affect the Company’s profitability and cash flows, and consequently, its economic solvency ratio as well.

1.6.2.2. The calculation of the solvency ratio does not include the entire possible effect of the aforementioned legislative actions and regulatory directives, as well as other developments which have not yet been practically reflected in actual data, since the Company is unable, at present, to estimate their entire effect on the business results and on the solvency ratio.

1.6.2.3. For details regarding the main regulatory changes whose future impact is uncertain, see, inter alia, sections 2.5.1.4, 2.5.2, 2.5.3, 2.5.4, 2.5.5, 2.5.6, 6.2, 7.1.1, 8.1.2.1, 8.1.2.2, 8.2 and 9.2 of the report regarding the description of the corporation’s business as of December 31, 2021, and section 4 in the Company’s board of directors’ report as of June 30, 2022.

1.6.2.4. In accordance with the provisions of the economic solvency regime, the value of contingent liabilities in the economic balance sheet is determined according to their value in the accounting balance sheet, in accordance with the provisions of International Accounting Standard (IAS) 37. This measurement does not reflect their economic value. See Note 7 to the financial statements as of June 30, 2022 for details regarding the exposure to contingent liabilities and the methods for the measurement thereof, and the immediate reports which were published from that date onwards. The extinguishment or settlement of those contingent liabilities could amount to sums which are significantly higher than the amounts which were included in the economic balance sheet. It is not possible to estimate the consequences of the uncertainty due to the exposure to the aforementioned contingent liabilities.

2. Economic solvency ratio and minimum capital requirement

2.1. Economic solvency ratio

	As of June 30, 2022	As of December 31, 2021
	Unaudited and unreviewed*	Audited**
	NIS in thousands	
Equity for the purpose of the solvency capital requirement - see section 4	14,770,208	15,520,405
Solvency capital requirement - see section 5	8,302,776	9,261,086
Surplus	6,467,432	6,259,319
Economic solvency ratio (in %)	**178%**	**168%**

Impact of significant equity transactions which took place during the period from the calculation date until the publication date of the economic solvency ratio report:		
Raising of equity instruments	495,182	-
Equity for the purpose of the solvency capital requirement	14,821,162	15,520,405
Surplus	6,518,386	6,259,319
Economic solvency ratio (in %)	**179%**	**168%**

* Any use of the term "unaudited and unreviewed" in this report refers to the fact that the balances as of June 30, 2022 have not been audited or reviewed by the Company's auditor.

** Any use of the term "audited" in this report refers to an audit conducted in accordance with ISAE 3400 - The Examination of Prospective Financial Information.

For details regarding the solvency ratio without implementation of the transitional provisions in the distribution period, and without the stock scenario adjustment, and regarding the target solvency ratio and restrictions which apply to the Company regarding dividend distributions, see section 8 below.

<u>Main changes in the capital surplus and in the economic solvency ratio relative to December 31, 2021:</u>

- A significant increase in the risk-free interest rate curve had a significant positive effect on the capital surplus and the economic solvency ratio, both due to the significant decrease in insurance liabilities and derived from the support in the capital buffer, and due to the decrease in the amount of required capital.
- The health insurance reform, which allows a green track involving the automatic adjustment of premiums if the LR crosses the limit specified in the reform, positively affected the Company's capital surplus
- The containment of risks due to insurance activities which were sold in the past (mostly life and long-term care insurance) led to an increase in economic equity and a decrease in capital requirements, and in total, had a positive effect on the capital surplus and the solvency ratio.
- The raising of Tier 2 capital in the amount of NIS 495 million after the balance sheet date positively affected equity and the solvency ratio.

- Following the update to the set of demographic assumptions in life insurance and for pension funds, mortality tables for retirees were updated, which negatively affected the Company's capital surplus.
- Declines in financial markets due to the high inflationary environment, and the contractionary monetary policies by implemented central banks around the world in response, negatively affected the Company's capital. On the other hand, capital requirements with respect to financial risks were reduced, mostly due to the symmetrical adjustment of stock risk; however, the total impact on the capital surplus was negative.
- The update to the deduction amount negatively affected the Company's capital surplus (see section 1.3.1).

2.2. Minimum capital requirement (MCR)

	As of June 30, 2022	As of December 31, 2021
	Unaudited and unreviewed	Audited
	NIS in thousands	
Minimum capital requirement (MCR) - see section 6.1	2,075,694	2,315,271
Equity for the purpose of MCR - see section 6.2	11,084,913	11,575,088

3. Economic balance sheet

		As of June 30, 2022		As of December 31, 2021	
		NIS in thousands			
		Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
		Unaudited	Unaudited and unreviewed	Audited	Audited
Assets:	**Explanatory section**				
Intangible assets	3	805,202	143,000	820,389	-
Deferred acquisition costs	4	1,908,858	-	1,839,909	-
Fixed assets	8	189,305	160,444	189,584	160,262
Investments in investee companies which are not insurance companies:					
Managing companies	5	740,724	303,059	737,965	337,368
Other investee companies	5	104,889	108,553	101,594	99,163
Total investments in investee companies which are not insurance companies		**845,613**	**411,612**	**839,559**	**436,531**
Investment property for investment-linked contracts		3,413,553	3,413,553	3,140,825	3,140,825
Other investment property		1,345,960	1,345,960	1,250,884	1,250,884
Reinsurance assets		4,594,481	3,473,629	4,418,206	3,241,846
Other accounts receivable	13	3,760,127	3,760,127	1,255,664	1,255,664
Financial investments for investment-linked contracts		77,329,997	77,329,997	81,745,557	81,745,557
Other financial investments:					
Marketable debt assets		6,527,006	6,527,006	6,324,448	6,324,448
Non-marketable debt assets, excluding designated bonds	6	6,115,171	6,607,209	6,127,097	7,117,249
Designated bonds	7	13,965,497	21,061,872	13,596,180	23,531,420
Stocks		1,883,996	1,883,996	2,037,280	2,037,280
Others		4,384,561	4,384,561	4,512,852	4,512,852
Total other financial investments		**32,876,231**	**40,464,644**	**32,597,857**	**43,523,249**
Cash and cash equivalents for investment-linked contracts		9,725,101	9,725,101	9,992,795	9,992,795
Other cash and cash equivalents		3,589,092	3,589,092	3,763,948	3,763,948
Other assets	14	338,664	663,006	333,559	680,075
Total assets		**140,722,184**	**144,480,164**	**142,188,736**	**149,191,636**
Total assets for investment-linked contracts		**92,804,683**	**92,492,254**	**95,449,889**	**95,134,192**

Economic balance sheet (Cont.)

		As of June 30, 2022		As of December 31, 2021	
		NIS in thousands			
		Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
		Unaudited and unreviewed	Unaudited and unreviewed	Audited	Audited
Capital:	**Explanatory section**				
Basic Tier 1 capital		6,537,271	10,242,321	6,860,168	10,647,023
Total capital		**6,537,271**	**10,242,321**	**6,860,168**	**10,647,023**
Liabilities:					
Liabilities with respect to non-investment-linked insurance contracts and investment contracts	10,1	31,677,847	33,226,216	30,376,383	35,857,786
Liabilities with respect to investment-linked insurance contracts and investment contracts	10,1	89,671,496	83,904,399	93,463,075	86,461,161
Risk margin (RM)	9	-	7,850,893	-	9,037,089
Deduction during the distribution period	2	-	(5,617,253)	-	(6,780,303)
Liabilities with respect to deferred taxes, net	11	597,723	2,749,346	744,718	2,922,746
Other accounts payable	13	7,054,234	6,946,794	5,603,595	5,505,416
Financial liabilities	12	4,779,437	4,575,844	4,741,021	4,923,300
Other liabilities	14	404,175	601,605	399,776	617,418
Total liabilities		**134,184,913**	**134,237,843**	**135,328,568**	**138,544,613**
Total capital and liabilities		**140,722,184**	**144,480,164**	**142,188,736**	**149,191,636**

Main changes relative to December 31, 2021:

In the economic balance sheet as of June 30, 2022, the Company initially recognized, in the economic balance sheet, intangible assets which was classified as “Insurtech”, as defined in provisions of the economic solvency regime, after the Commissioner’s approval was received, as required.

For additional details regarding changes to the deduction amount during the distribution period, see section 1.3.1 below.

For details regarding the main changes in Tier 1 capital, and the significant effects on components of the economic solvency ratio, see sections 2.1 and 3 below.

3.1. Information regarding the economic balance sheet

The fair values of the assets and liabilities in the economic balance sheet were calculated in accordance with the provisions specified in the chapter regarding the measurement of assets and liabilities for the purpose of the financial statements, in the consolidated circular (Chapter 1, Part 2, Volume 5) (hereinafter: the "Measurement Chapter in the Consolidated Circular"), excluding items for which other provisions were determined in Part A of the economic solvency regime, as follows:

3.1.1. Explanatory section 1 - Liabilities with respect to insurance contracts and investment contracts

The calculation of insurance liabilities was done on a best estimate basis, based on assumptions which are mostly the result of the implications of past experience regarding the future, within the Company's operating environment, and without conservative factors. The calculation of insurance liabilities was done in accordance with the provisions of the economic solvency regime, which, in general, with reference to life and SLT health insurance, was performed in accordance with the standard practice for calculating EV in Israel[1], and with reference to non-life insurance, was performed based on the part pertaining to BE in the measurement chapter of the consolidated circular.

The measurement of insurance liabilities in the economic balance sheet is based on discounting the future expected cash flows, including future profit, by the risk-free interest rate, plus VA, and in consideration of UFR, based on a best estimate which does not include margins of conservatism, where this risk was reflected in the RM component, which is a separate liability. This is different from the financial statements, in which the insurance liabilities are estimated with margins of conservatism, using methods and discount rates as described in Note 35 to the Company's annual statements for 2021.

Insurance liabilities with respect to life and long term health insurance were calculated by discounting the Company's estimated future cash flows, using a model based on data existing in the Company's operational systems, with respect to the insurance covers. The assumptions which are used in the model include, inter alia, assumptions with respect to cancellations, operating expenses, mortality and morbidity, and are determined based on past experience and other relevant studies.

The calculation of the liabilities does not include cash flows with respect to future sales, but does include an assumption regarding the continued receipt of premiums with respect to existing business (except with respect to policies without insurance risk, including insurance contracts). The calculation also assumes continued activity as a going concern, i.e., that the Company's structure will not change, and therefore, some of the fixed expenses in the future will not be attributed to the currently existing portfolio, but rather new business which is expected to be sold in the future.

The actual cash flows are likely to differ, to varying degrees, from the estimates which were made on a best estimate basis, even if no changes have occurred in the underlying parameters of the calculation. See also section 1.6 above.

[1] The calculation of embedded value (EV) in Israel is conducted in accordance with the rules and principles which have been determined by the Commissioner, who adopted the rules and principles which were established in the report released by the joint committee of the insurance companies, which worked with the accompaniment of consultants from Israel and abroad.

3.1.1.1. Limits and reservations regarding the calculation of the best estimate

3.1.1.1.1. In general, the models' underlying assumptions were primarily formulated based on studies and analyses which are based on the experience of the Company over recent years, which did not include extreme events. The possibility therefore exists of extreme scenarios, with a very low probability of occurrence, which the Company is unable to estimate, nor the extent of the impact that such events could have. Events of this kind were not taken into account when determining the model's underlying assumptions.

3.1.1.1.2. The determination of the best estimate is meant to be based on an estimate of the distribution of the estimate's possible results. In the absence of clear statistical data which are appropriate for evaluating the distribution of the best estimate for all demographic and operational factors in life and SLT health insurance, the Company used real assumptions for each individual parameter per se, according to the mean of each relevant factor, and without taking into account dependence or adjustment between the different assumptions , or between the assumptions and external economic parameters such as taxation , interest or employment rate in the economy.

3.1.1.1.3. In many cases, future cash flows are forecasted several decades in the future. The underlying assumptions of the cash flow forecast are based on studies, mostly in accordance with experience in recent years, and according to the best knowledge of management. There is a great deal of uncertainty regarding whether the assumptions underlying the forecast will indeed materialize.

3.1.1.1.4. In this regard, it should be emphasized that the extreme scenarios which are calculated within the framework of the solvency model (the standard model), and the model's underlying correlations with respect to the capital requirements, were defined by the Commissioner, and do not reflect the Company's actual experience.

3.1.1.2. Assumptions in the calculation of insurance liabilities

3.1.1.2.1. Method used in determining the assumptions

All of the underlying assumptions of the calculation were determined according to the Company's best estimates regarding the relevant demographic and operational factors, and reflect the Company's forecasts for the future with respect to those factors. The demographic assumptions included in the calculation were taken from internal studies conduced by the Company, insofar as these are available, and from conclusions resulting from professional judgment, which is based both on relevant experience and on a combination of information from external sources, such as information received from reinsurers and mortality tables which were published by the Commissioner.

The operational assumptions (general and administrative expenses) were calculated in accordance with the results of an internal pricing model which the Company prepared with respect to expenses associated with the relevant insurance liabilities, including the allocation of expenses to the various segments and to the various operations (production, routine management, investments, etc.) regarding their future manner of development (in accordance with the index, scope of premiums, scope of assets, etc.).

The main assumptions on which the Company relied in the calculations were as follows:

3.1.1.2.2. Economic assumptions

- Discount rate - adjusted risk-free solvency interest rate curve. This curve is based on the yield to maturity of Israeli government bonds ("risk-free interest rate") until the last liquidity point in the 10th year (hereinafter: "LLP"), with long term convergence to a fixed real rate of 2.6% (UFR), plus a margin (VA) which is calculated by the Authority, as determined by the Commissioner.
- The rate of return on backing assets of investment-linked life insurance products is identical to the discount rate.
- Designated bonds are estimated according to their fair value, which takes into account their stated interest rate and the best estimate regarding the Company's future eligibility to purchase them.
- The inflation rate was determined as the difference between the yield to maturity of NIS government bonds, and the yield to maturity curve of CPI-linked government bonds. It is noted that the inflation assumption is relevant to products with CPI-linked insurance amounts, premiums Sha'arei Ribit interest rates, and to expenses, claims and/or premiums which the Company believes will change in the CPI rate or in another rate which is CPI-linked.

3.1.1.2.3. Operational assumptions (with respect to life and health insurance)

- General and administrative expenses - The Company analyzed the expenses which are attributed to the relevant insurance segments in the financial report, and attributed them to different products and types of coverage, and to various actions such as routine operation of the coverages, investment management, claims handling, pension payments, etc. The expense study is updated periodically, and the various expense types are loaded onto the future cash flow with respect to the relevant variables such as number of covers, amount of premiums, reserves or number of claims. The determination of future expenses, and the method used to allocate them to future cash flows, include within them many estimates and judgments of the Company which affect the total amount of liabilities.

3.1.1.2.4. Demographic assumptions

- Cancellations (discontinuation of premium payment, policy removals, withdrawals)
- Mortality of retirees and active employees
- Morbidity (rate and length of claims) with respect to long-term care, loss of working capacity and health products
- Realization rates and annuity tracks

3.1.1.2.5. Assumptions in non-life insurance

Cost of claims with respect to future damages and unpaid damages - in accordance with the Company's past experience in the various branches in connection with claim rates, claim amounts and the pace of claim payment in long-tail branches.

3.1.2. Explanatory section 2 - Deduction during the distribution period

The deduction during the distribution period was recalculated as of June 30, 2022, as the sum of the positive differences between insurance reserves on retention in the economic balance sheet, including the risk margin after deducting an adjustment for the fair value of designated bonds), and insurance reserves on retention according to the financial statements as of that date. These differences were calculated on the level of product groups, in accordance with the provisions which are included in the principles letter, after receiving the Commissioner's approval, as required. Subsequently, the value of the deduction as of June 30, 2022 amounted to NIS 5,617 million, as compared with NIS 6,780 million as of the end of 2021, where most of the decrease in the deduction amount was due to the increase in the interest rate curve.

In accordance with the principles letter, the Company evaluated the need for decreasing the value of the subtracted deduction balance, relative to the expected growth rate of the solvency ratio, calculated without the deduction and the stock scenario adjustment.

Accordingly, the Company did not consider it necessary to decrease the value of the subtracted deduction balance as of June 30, 2022.

The amount of the deduction during the distribution period in the future will be subject to changes in the foregoing assumptions, the development of businesses, and periodic approval from the Commissioner.

3.1.3. Explanatory section 3 - Intangible assets

The insurance company will estimate intangible assets at zero value, except for investments in InsurTech, as defined in the solvency circular, which have received the Commissioner's approval for this purpose, as required.

3.1.4. Explanatory section 4 - Deferred acquisition costs

Estimated at zero value, consistently with the estimate of insurance liabilities, as specified in section (1) above.

3.1.5. Explanatory section 5 - Investments in investee companies which are not insurance companies

Investee companies which are not insurance companies are evaluated according to the adjusted equity method. In other words, the insurance company's proportional part in the investee company's excess of assets over liabilities, without taking into account intangible assets. In managing companies of provident and pension funds, 35% of the balance of goodwill which is created upon the acquisition is added to the economic value. The economic value of investee companies does not include the embedded profit in those companies.

3.1.6. Explanatory section 6 - Non-marketable debt assets which are not designated bonds

Presented in the economic balance sheet at fair value, in accordance with the principles in Note 14(F) to the Company's annual financial statements.

3.1.7. Explanatory section 7 - Designated bonds

Estimated according to their fair value, which takes into account their stated interest rate and the best estimate regarding the Company's future eligibility to purchase them, based on the assumptions which were used to calculate the BE of the insurance liabilities in respect of which is eligible for the designated bonds.

3.1.8. Explanatory section 8 - Fixed assets

Assets for which an active market exists are revalued at fair value. Assets for which, according to the Company's assessment, an active market does not exist, are revalued at zero value.

3.1.9. Explanatory section 9 - Risk margin

In addition to the insurance liabilities on a best estimate basis, the risk margin component is calculated, which reflects the total cost of capital which another insurance company or reinsurer would be expected to require for the purpose of accepting the insurance company's insurance liabilities, calculated on a best estimate basis, in their entirety. The risk margin is calculated in accordance with the Commissioner's directives, based on a cost of capital of 6%, and discounted by an adjusted risk-free interest rate, but without the VA component. The future capital requirement is calculated according to the "risk factors method", by changing the capital requirement components which were calculated as of the reporting date, in accordance with the projected development of the risk factors which were attributed thereto. These factors are intended to reflect the development of the risks of the standard model over time. The calculation does not take into account the capital requirement with respect to market risks[2].

3.1.10. Explanatory section 10 - Contingent liabilities

For details regarding the value of contingent liabilities in the economic balance sheet, see section 1.6.1 above.

3.1.11. Explanatory section 11 - Liability with respect to deferred taxes, net

The calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet, including with respect to the deduction amount, and the value attributed thereto for tax purposes in accordance with the provisions regarding recognition, measurement and presentation in International Accounting Standard (IAS) 12. Deferred tax assets can only be recognized if the Company fulfills the tests which are included in the directive, in addition to the tests which are included in the aforementioned accounting standard.

3.1.12. Explanatory section 12 - Financial liabilities

Revalued according to the risk-free interest rate, plus the margin on the issuance date, without the recognition of changes in the Company's credit risk.

2 In accordance with the directive, it should be assumed that the buying company will choose assets which will reduce the solvency capital requirement with respect to market risk.

3.1.13. Explanatory section 13 - Other payables and receivables with average lifetimes of less than one year

In accordance with the directive, the Company did not calculate fair value for components with average lifetimes of less than one year.

3.1.14. Explanatory section 14 - Other assets and other liabilities

Assets and liabilities which are accounted for in accordance with IFRS 16 are revalued at fair value.

3.2. Composition of liabilities with respect to insurance contracts and investment contracts

	As of June 30, 2022		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	NIS in thousands		
	Unaudited and unreviewed		
Liabilities with respect to non-investment-linked insurance contracts and investment contracts:			
Life insurance and SLT health insurance contracts	25,967,929	(218,547)	26,186,476
Non-life and NSLT health insurance contracts	7,258,286	3,692,380	3,565,905
Total liabilities with respect to non-investment-linked insurance contracts and investment contracts	**33,226,215**	**3,473,834**	**29,752,381**
Liabilities with respect to investment-linked insurance contracts and investment contracts - life insurance and SLT health insurance contracts	83,904,399	(205)	83,904,604
Total liabilities with respect to insurance contracts and investment contracts	**117,130,614**	**3,473,629**	**113,656,985**

	As of December 31, 2021		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	NIS in thousands		
	Audited		
Liabilities with respect to non-investment-linked insurance contracts and investment contracts:			
Life insurance and SLT health insurance contracts	28,801,322	(216,831)	29,018,153
Non-life and NSLT health insurance contracts	7,056,465	3,458,911	3,597,554
Total liabilities with respect to non-investment-linked insurance contracts and investment contracts	**35,857,786**	**3,242,080**	**32,615,707**
Liabilities with respect to investment-linked insurance contracts and investment contracts - life insurance and SLT health insurance contracts	86,461,161	(234)	86,461,394
Total liabilities with respect to insurance contracts and investment contracts	**122,318,947**	**3,241,846**	**119,077,101**

Main changes relative to December 31, 2021:

The significant increase in the risk-free interest rate curve affected the decrease in the Company's insurance liabilities. For additional explanations with respect to additional main changes, see section 2.1.

4. Equity for the purpose of the solvency capital requirement

	As of June 30, 2022			
	Unaudited and unreviewed			
	Tier 1 capital			
	Basic Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Total
Equity	10,242,321	475,410	4,100,434	14,818,165
Deductions from Tier 1 capital (A)	(47,957)	-		(47,957)
Subtractions (B)	-	-	-	-
Deviation from quantitative limits (C)	-	-	-	-
Equity for the purpose of the solvency capital requirement (D)	10,194,364	475,410	4,100,434	14,770,208
Of which - Total expected profits included in future premiums (EPIFP) after tax	7,060,888			7,060,888

	As of December 31, 2021			
	Audited			
	Tier 1 capital			
	Basic Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Total
Equity	10,647,023	514,930	4,408,371	15,570,324
Deductions from Tier 1 capital (A)	(49,919)	-		(49,919)
Subtractions (B)	-	-	-	-
Deviation from quantitative limits (C)	-	-	-	-
Equity for the purpose of the solvency capital requirement (D)	10,597,104	514,930	4,408,371	15,520,405
Of which - Total expected profits included in future premiums (EPIFP) after tax	7,440,630			7,440,630

<u>Main changes in total capital relative to December 31, 2021:</u>

<u>Factors which supported the creation of the capital buffer</u>

The significant increase in the risk-free interest rate curve positively affected the Company's Tier 1 capital.

The containment of the underwriting capital requirements for existing businesses positively affected the Company's Tier 1 capital.

<u>Factors which eroded the capital buffer</u>

Following the update to the set of demographic assumptions in life insurance and for pension funds, mortality tables for retirees were updated, which negatively affected the Company's capital surplus, as stated above.

The level of competition in the branch resulted in an increase in cancellations, and negatively affected the Company's capital.

The update to the deduction amount negatively affected the Company's Tier 1 capital.

(A) **Deductions from Tier 1 capital (A)** - in accordance with the definitions of "basic tier 1 capital" in the annex to Section B, Chapter 2, Part 2, Volume 5 of the consolidated circular - "economic solvency regime" (hereinafter: the "Annex to the Economic Solvency Regime"), these deductions include the amount of assets held against liabilities with respect to non-investment-linked insurance contracts and investment contracts, as opposed to the Rules of Investment Regulations, the amount of self investment in ordinary shares and the dividend amount which was announced after the reporting date and until the initial publication date of the report.

(B) **Subtractions** - In accordance with the provisions of Chapter 6 in Part B, "provisions regarding the equity of insurance companies" of the annex "economic solvency regime".

(C) **Deviation from quantitative limits** - In accordance with the provisions of Chapter 2 in Part B, "provisions regarding the equity of insurance companies" of the annex "economic solvency regime".

(D) **Composition of equity for the purpose of the solvency capital requirement –**

	As of June 30, 2022	As of December 31, 2021
	Unaudited and unreviewed	Audited
	NIS in thousands	
Tier 1 capital:		
Basic Tier 1 capital after deductions	**10,194,364**	**10,597,104**
Additional Tier 1 capital:		
Perpetual capital note and non-accruing preferred shares	-	-
Additional Tier 1 capital instruments	-	-
Tier 1 hybrid capital instruments	475,410	514,930
After deduction due to deviation from quantitative limit	-	-
Total additional Tier 1 capital	475,410	514,930
Total Tier 1 capital	**10,669,774**	**11,112,034**
Tier 2 capital:		
Additional Tier 1 capital which was not included in Tier 1	-	-
Tier 2 capital instruments	2,126,202	2,369,514
Tier 2 hybrid capital instruments	1,974,232	2,038,857
Tier 3 hybrid capital instruments	-	-
Tier 2 subordinated capital instruments	-	-
After deduction due to deviation from quantitative limit	-	-
Total Tier 2 capital	**4,100,434**	**4,408,371**
Total equity for the purpose of the solvency capital requirement	**14,770,208**	**15,520,405**

For an explanation of the main changes relative to December 31, 2021, see section 4 above.

4.1. Composition of recognized capital

The provisions of the economic solvency regime establish provisions regarding the composition of recognized equity on an economic basis, according to which recognized equity will be the total sum of Tier 1 capital and Tier 2 capital, as defined above:

The rate of components which are included in Tier 1 capital, after subtractions, will be no less than 60% of SCR and 80% of MCR, at all times.

The rate of components which are included in Tier 2 capital, after subtractions, will be no more than 40% of SCR, and 20% of MCR, at all times. However, according to the distribution provisions, during the period until December 31, 2032, the rate of Tier 2 capital will not exceed 50% of SCR.

5. Solvency capital requirement (SCR) -

	As of June 30, 2022	As of December 31, 2021
	Unaudited and unreviewed	Audited
	Capital requirement	
	NIS in thousands	
Basic solvency capital requirement (BSCR):		
Required capital with respect to the market risk component[3]	4,604,990	5,170,942
Required capital with respect to the counterparty risk component	333,940	351,314
Required capital with respect to the underwriting risk component in life insurance	4,552,464	5,009,072
Required capital with respect to the underwriting risk component in non-life insurance (SLT + NSLT)	5,381,026	6,035,096
Required capital with respect to the underwriting risk component in non-life insurance	915,605	944,594
Total	15,788,026	**17,511,016**
Impact of the distribution between risk components	(5,214,575)	(5,739,893)
Required capital with respect to the intangible assets risk component	71,500	-
Total basic solvency capital requirement (BSCR)	**10,644,950**	**11,771,123**
Required capital with respect to operational risk	417,453	427,391
Loss absorption adjustment with respect to deferred tax asset	(2,958,519)	(3,131,918)
Required capital with respect managing companies:		
Clal Pension and Provident Funds Ltd.	190,340	185,702
Atudot Pension Fund for salaried Employees and Self-Employees Ltd.	8,551	8,788
Total required capital with respect managing companies	**198,891**	**194,490**
Total solvency capital requirement (SCR)	**8,302,776**	**9,261,086**

[3] In the stock scenario adjustment.

Main changes in the solvency capital requirement relative to December 31, 2021:

- The decrease in required capital in life and health risk components was mostly due to the significant increase of the risk-free interest rate curve.
- The decrease in capital requirements with respect to market risks was mostly due to the symmetrical adjustment, the change in the mix of portfolios, and the decrease in exposure to some of the risk assets.
- The initial addition of required capital with respect to the intangible assets risk component was due to the initial recognition of Insurtech intangible assets in the economic balance sheet.

5.1. Principles underling the calculation of the solvency capital requirement

- The Company is operating as a going concern;
- Refers to risks due to existing assets and business, and from non-life insurance and NSLT health insurance activities which are expected to be signed during the 12 months after the reporting date;
- Regarding existing business, it will cover unexpected losses only;
- Reflects the scope of equity which will allow the insurance company to absorb unexpected losses and to service its liabilities to policyholders and beneficiaries when they come due, and constitutes the value-at-risk (VaR) of the Company's basic Tier 1 capital, with a confidence level of 99.5%, over a 12 month period;
- Covers the following risk components: life insurance, health insurance, non-life insurance, market, counterparty and operational risk, and controlled managing companies;
- Includes taking into account means and methods for mitigating risks, in accordance with the instructions;
- The calculation of scenarios is based on the estimated deviation from the estimated value of basic Tier 1 capital, based on the estimated deviations in the value of the assets and liabilities in the economic balance sheet, upon the materialization of the scenario. In particular, in the life and SLT health risk components, the estimated scenario results are based on the results of the models for obtaining best estimates, and are subject to the restrictions and limits specified above.

6. Minimum capital requirement (MCR)

6.1. Minimum capital requirement (MCR)

	As of June 30, 2022	As of December 31, 2021
	Unaudited and unreviewed	Audited
	NIS in thousands	
Minimum capital requirement in accordance with the MCR formula	**1,909,776**	**1,956,226**
Lower limit (25% of the solvency capital requirement during the distribution period)	2,075,694	2,315,271
Upper limit (45% of the solvency capital requirement during the distribution period).	3,736,249	4,167,489
Minimum capital requirement (MCR)[4]	**2,075,694**	**2,315,271**

4 If this amount is less than Tier 1 capital in accordance with Regulation 2 of the Capital Regulations, the minimum capital requirement will be the Tier 1 capital.

6.2. Equity for the purpose of MCR

	As of June 30, 2022		
	Unaudited and unreviewed		
	NIS in thousands		
	Tier 1 capital	Tier 2 capital	Total
Equity for the purpose of the solvency capital requirement in accordance with section 4	10,669,774	4,100,434	14,770,208
Deviation from quantitative limits regarding the minimum capital requirement *)		(3,685,295)	(3,685,295)
Equity for the purpose of MCR	**10,669,774**	**415,139**	**11,084,913**

	As of December 31, 2021		
	Audited		
	NIS in thousands		
	Tier 1 capital	Tier 2 capital	Total
Equity for the purpose of the solvency capital requirement in accordance with section 4	11,112,034	4,408,371	15,520,405
Deviation from quantitative limits regarding the minimum capital requirement *)	-	(3,945,316)	(3,945,316)
Equity for the purpose of MCR	**11,112,034**	**463,054**	**11,575,088**

*) In accordance with the provisions of Chapter 3 in Part B of the economic solvency regime annex, Tier 2 capital may not exceed 20% of MCR.

7. Impact of the implementation of the provisions during the distribution period

For a description of the transitional provisions which apply to the Company during the distribution period, see section 1.3, “provisions during the distribution period”, and section 3.1.2, “deduction during the distribution period”, above.

	As of June 30, 2022				
	Unaudited and unreviewed				
	NIS in thousands				
	Includes implementation of the transitional provisions in the distribution period and the stock scenario adjustment	Impact of including the deduction during the distribution period	Impact of the stock scenario adjustment	Impact of 50% Tier 2 capital during the distribution period	Without implementation of the transitional provisions in the distribution period and the stock scenario adjustment
Total insurance liabilities, including risk margin (RM)	119,364,255	(5,617,253)	-	-	124,981,507
Basic Tier 1 capital	10,194,364	3,696,714	-	-	6,497,650
Equity for the purpose of the solvency capital requirement	14,770,208	3,138,427	(221,036)	779,323	11,073,494
Solvency capital requirement	**8,302,776**	**(1,920,539)**	**(552,591)**	**-**	**10,775,906**

	As of December 31, 2021				
	Audited				
	NIS in thousands				
	Includes implementation of the transitional provisions in the distribution period and the stock scenario adjustment	Impact of including the deduction during the distribution period	Impact of the stock scenario adjustment	Impact of 50% Tier 2 capital during the distribution period	Without implementation of the transitional provisions in the distribution period and the stock scenario adjustment
Total insurance liabilities, including risk margin (RM)	124,575,733	(6,780,303)	-	-	131,356,036
Basic Tier 1 capital	10,597,104	4,462,117	-	-	6,134,987
Equity for the purpose of the solvency capital requirement	15,520,405	3,940,099	(181,918)	703,936	11,058,287
Solvency capital requirement	**9,261,086**	**(2,318,186)**	**(454,795)**	**-**	**12,034,067**

Main changes relative to December 31, 2021:

In light of the significant change in the risk-free interest rate curve and the update to the set of demographic assumptions in life insurance, the Company recalculated the deduction amount and received the Commissioner's approval for the deduction amount, in the scope of NIS 5,617 million, as stated above.

For additional explanations, see section 2.1 above.

8. Restriction on dividend distributions

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

8.1. Dividends

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

Presented below are data regarding the Company's economic solvency ratio, calculated without the transitional provisions and subject to the target solvency ratio which was determined by the Company's Board of Directors. This ratio is lower than the solvency ratio which is required according to the letter.

8.2. Capital management policy

The Board of Directors of Clal Insurance established a capital policy, according to which the target range for the economic solvency ratio of Clal Insurance will be in the range of 150%-170%. It also determined a minimum solvency ratio target of 135%. These targets apply to the solvency ratio in consideration of the deduction amount during and after the distribution period. The solvency ratio of Clal Insurance, without taking into account the transitional provisions, will be created according to these targets by the end of 2032.

The capital management policy and the capital targets are dynamic, and may be updated will update in accordance with the risk appetite of Clal Insurance, and developments in the business environment.

As of June 30, 2022, the last calculation date, the Company is slightly over the upper limit of the determined target. It is hereby clarified that the foregoing does not guarantee that the Company will meet the determined targets at all times. It is noted that the current policy is comes in place of the policy which was published

in March 2020, and does not pertain, at this stage, to the dividend distribution targets.

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

	As of June 30, 2022	As of December 31, 2021
	Unaudited and unreviewed	Audited
	NIS in thousands	
Equity for the purpose of the solvency capital requirement	11,073,494	11,058,287
Solvency capital requirement (SCR)	10,775,906	12,034,067
Surplus / (deficit)	297,588	(975,779)
Economic solvency ratio (in %)	**103%**	**92%**
Impact of significant equity transactions which took place during the period between the calculation date and the publication date of the economic solvency ratio report:		
Raising of equity instruments	495,182	-
Equity for the purpose of the solvency capital requirement	11,283,422	11,058,287
Surplus / (deficit)	507,517	(975,779)
Economic solvency ratio (in %)	**105%**	**92%**

The capital surplus after the equity transactions which were executed during the period between the calculation date and the publication date of the economic solvency ratio report, relative to the Board of Directors' target:

Target economic solvency ratio of the Board of Directors (in percent) *)	-	-
Capital deficit relative to target (NIS thousands) *	-	-

It is noted that targets were not determined with respect to the solvency ratio without adopting the transitional provisions for the distribution period, and this ratio will be created for those targets until the end of 2032, as specified above in section 10.2.

Main changes relative to December 31, 2021:

For details regarding the main changes see section 2.1, except for the impact of the deduction amount, which is irrelevant the calculation, without implementation of the transitional provisions in the distribution period, and without the stock scenario adjustment.

November 29, 2022	Haim Samet	Yoram Naveh	Avi Ben Nun
	Chairman of the Board	Chief Executive Officer	Chief Risk Officer