HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at June 30, 2023

Condensed Consolidated Interim Statements of Financial Position at

	30 June		December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Intangible assets	**2,374**	2,302	2,346
Deferred tax assets	**19**	24	21
Deferred Acquisition Costs	**3,070**	2,829	2,916
Fixed assets	**1,407**	1,386	1,345
Investments in equity accounted investees	**1,551**	1,660	1,556
Investment property for yield-dependent contracts	**1,901**	2,019	2,060
Other investment property	**2,462**	2,345	2,408
Reinsurance assets	**5,403**	5,430	5,101
Current tax assets	**159**	244	100
Trade and other receivables	**2,144**	1,994	3,133
Premium due	**1,676**	1,649	1,532
Financial investments for yield-dependent contracts	**70,276**	71,582	67,420
Other financial investments			
Marketable debt assets	**9,654**	11,996	11,142
Non-marketable debt assets	**22,687**	18,205	19,999
Shares	**2,043**	2,404	1,814
Other	**4,330**	3,911	3,999
Total other financial investments	**38,714**	36,516	36,954
Cash and cash equivalents for yield-dependent contracts	**6,878**	3,604	6,450
Other cash and cash equivalents	**4,512**	1,942	1,929
Total assets	**142,546**	135,526	135,271
Total assets for yield-dependent contracts	**80,315**	78,539	77,848

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Financial Position at (contd.)

	30 June		December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Equity and liabilities			
Equity			
Share capital and share premium	**359**	359	359
Treasury shares	**(267)**	(199)	(237)
Capital reserves	**640**	822	389
Retained earnings	**7,712**	7,446	7,824
Total equity attributed to the Company's owners	**8,444**	8,428	8,335
Non-controlling interests	**55**	34	52
Total equity	**8,499**	8,462	8,387
Liabilities			
Liabilities for non-yield-dependent insurance contracts and investment contracts	**32,162**	31,408	31,234
Liabilities for yield-dependent insurance contracts and investment contracts	**79,081**	76,994	76,250
Deferred tax liabilities	**959**	1,165	924
Liabilities for employee benefits, net	**270**	281	264
Current tax liabilities	**20**	17	23
Trade and other payables	**5,120**	4,459	4,998
Financial liabilities	**16,435**	12,740	13,191
Total liabilities	**134,047**	127,064	126,884
Total equity and liabilities	**142,546**	135,526	135,271

Yair Hamburger	Michel Siboni	Arik Peretz
Chairman of the Board of Directors	CEO	CFO

Date of approval of the financial statements: August 30, 2023

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Income

	For the six months ended June 30		For the three months ended June 30		For the year ended
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	**8,896**	8,590	**4,679**	4,079	17,121
Premiums earned by reinsurers	**1,181**	1,077	**572**	553	2,250
Premiums earned on retention	**7,715**	7,513	**4,107**	3,526	14,871
Profit (loss) from investments, net, and financing income	**4,783**	(4,182)	**3,254**	(3,749)	(4,052)
Income from management fees	**739**	724	**376**	367	1,466
Income from commissions	**236**	204	**111**	109	417
Other income	**43**	16	**22**	9	53
Total income	**13,516**	4,275	**7,870**	262	12,755
Payments and changes in liabilities for insurance contracts and investment contracts, gross	**11,884**	2,023	**6,976**	(355)	8,149
Reinsurers' share of payments and change in liabilities for insurance contracts	**1,026**	791	**464**	353	1,623
Payments and changes in liabilities for insurance contracts and investment contracts in retention	**10,858**	1,232	**6,512**	(708)	6,526
Commissions, marketing expenses and other acquisition costs	**1,655**	1,493	**841**	754	3,063
General and administrative expenses	**788**	720	**364**	342	1,461
Other expenses	**33**	19	**16**	11	45
Financing expenses, net	**251**	254	**122**	160	427
Total expenses	**13,585**	3,718	**7,855**	559	11,522
Company's share of profits of equity accounted investees	**(88)**	75	**(104)**	17	78
Profit (loss) before income tax	**(157)**	632	**(89)**	(280)	1,311
Income tax (tax benefit)	**(66)**	192	**(43)**	(99)	398
Profit (loss) for the period	**(91)**	440	**(46)**	(181)	913
Attributed to:					
Owners of the Company	**(97)**	437	**(49)**	(183)	906
Non-controlling interests	**6**	3	**3**	2	7
Profit (loss) for the period	**(91)**	440	**(46)**	(181)	913
Basic and diluted earnings (loss) per share (NIS)	**(0.46)**	**2.05**	**(0.23)**	(0.86)	4.27

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Comprehensive Income

	For the six months ended June 30		For the three months ended June 30		For the year ended
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit (loss) for the period	**(91)**	440	**(46)**	(181)	913
Other comprehensive income (loss) items that after initial recognition as part of comprehensive income were or will be transferred to profit or loss					
Net change in the fair value of financial assets classified as available-for-sale	**15**	(998)	**130**	(539)	(1,657)
Net change in fair value of financial assets classified as available-for-sale transferred to income statement	**152**	(60)	**41**	8	(132)
Loss from impairment of available-for-sale financial assets transferred to income statement	**50**	49	**21**	30	85
Foreign currency translation differences for foreign activity	**63**	114	**22**	92	134
Tax benefit (income tax) attributable to available-for-sale financial assets	**(77)**	342	**(66)**	169	579
Income tax for other comprehensive income items that after initial recognition as part of comprehensive income were or will be transferred to profit or loss	**(20)**	(29)	**(9)**	(24)	(36)
Total other comprehensive income (loss) for the period that after initial recognition as part of comprehensive income was or will be transferred to profit or loss, net of tax	**183**	(582)	**139**	(264)	(1,027)
Other comprehensive income (loss) items of that will not be transferred to profit or loss					
Revaluation of owner-used property in investee companies	**52**	20	**-**	1	21
Re-measurement of a defined benefit plan	**5**	26	**3**	14	39
Income tax for other comprehensive income items that will not be transferred to profit or loss	**(17)**	(12)	**-**	(5)	(16)
Other comprehensive income for the period that will not be transferred to profit or loss, net of tax	**40**	34	**3**	10	44
Total other comprehensive income (loss) for the period	**223**	(548)	**142**	(254)	(983)
Total comprehensive income (loss) for the period	**132**	(108)	**96**	(435)	(70)
Attributed to:					
Owners of the Company	**126**	(110)	**93**	(436)	(77)
Non-controlling interests	**6**	2	**3**	1	7
Total comprehensive income for year	**132**	(108)	**96**	(435)	(70)

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available-for-sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six months ended June 30, 2023 (Unaudited)											
Balance as at January 1, 2023	359	222	(154)	31	(237)	(49)	339	7,824	8,335	52	8,387
Effect of the initial application of IFRS 9**	-	18	-	-	-	-	-	(18)	-	-	-
Balance as at January 1, 2023 after the initial application of IFRS 9	359	240	(154)	31	(237)	(49)	339	7,806	8,335	52	8,387
Comprehensive income (loss) for period											
Profit (loss) for the period	-	-	-	-	-	-	-	(97)	(97)	6	(91)
Other comprehensive income	-	140	43	-	-	-	37	3	223	-*	223
Total comprehensive income (loss) for period	-	140	43	-	-	-	37	(94)	126	6	132
Transactions with owners recognized directly in equity											
Share-based payment	-	-	-	13	-	-	-	-	13	-	13
Purchase of Treasury shares	-	-	-	-	(30)	-	-	-	(30)	-	(30)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(3)	(3)
Balance as at June 30, 2023	359	380	(111)	44	(267)	(49)	376	7,712	8,444	55	8,499

* Less than NIS 1 million

** See Note 3A on the initial application of IFRS 9, *Financial Instruments*, regarding some of the financial instruments that do not relate to subsidiaries that meet the definition of an insurer. In accordanc with the elected method of transition, comparative figures were not restated

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (Contd.)

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available-for-sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three months ended June 30, 2023 (Unaudited)											
Balance as at April 1, 2023	359	254	(124)	37	(237)	(49)	375	7,759	8,374	54	8,428
Comprehensive income (loss) for period											
Profit (loss) for the period	-	-	-	-	-	-	-	(49)	(49)	3	(46)
Other comprehensive income	-	126	13	-	-	-	1	2	142	-*	142
Total comprehensive income (loss) for period	-	126	13	-	-	-	1	(47)	93	3	96
Transactions with owners recognized directly in equity											
Share-based payment	-	-	-	7	-	-	-	-	7	-	7
Purchase of Treasury shares	-	-	-	-	(30)	-	-	-	(30)	-	(30)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(2)	(2)
Balance as at June 30, 2023	359	380	(111)	44	(267)	(49)	376	7,712	8,444	55	8,499

* Less than NIS 1 million

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (Contd.)

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available-for-sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six months ended June 30, 2022 (Unaudited)											
Balance as at January 1, 2022	359	1,347	(252)	6	(163)	(49)	321	7,292	8,861	32	8,893
Comprehensive income (loss) for period											
Profit for the period	-	-	-	-	-	-	-	437	437	3	440
Other comprehensive income (loss)	-	(666)	85	-	-	-	17	17	(547)	(1)	(548)
Total comprehensive income (loss) for period	-	(666)	85	-	-	-	17	454	(110)	2	(108)
Transactions with owners recognized directly in equity											
Dividend distributed	-	-	-	-	-	-	-	(300)	(300)	-	(300)
Share-based payment	-	-	-	13	-	-	-	-	13	-	13
Purchase of Treasury shares	-	-	-	-	(36)	-	-	-	(36)	-	(36)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-*	-
Balance as at June 30, 2022	359	681	(167)	19	(199)	(49)	338	7,446	8,428	34	8,462

* Less than NIS 1 million

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (Contd.)

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available-for-sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three months ended June 30, 2022 (Unaudited)											
Balance as at April 1, 2022	359	1,012	(235)	12	(175)	(49)	337	7,620	8,881	33	8,914
Comprehensive income (loss) for period											
Profit (loss) for the period	-	-	-	-	-	-	-	(183)	(183)	2	(181)
Other comprehensive income (loss)	-	(331)	68	-	-	-	1	9	(253)	(1)	(254)
Total comprehensive income (loss) for period	-	(331)	68	-	-	-	1	(174)	(436)	1	(435)
Transactions with owners recognized directly in equity											
Share-based payment	-	-	-	7	-	-	-	-	7	-	7
Purchase of Treasury shares	-	-	-	-	(24)	-	-	-	(24)	-	(24)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-*	-
Balance as at June 30, 2022	359	681	(167)	19	(199)	(49)	338	7,446	8,428	34	8,462

* Less than NIS 1 million

The notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (Contd.)

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available-for-sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2022 (Audited)											
Balance as at January 1, 2022	359	1,347	(252)	6	(163)	(49)	321	7,292	8,861	32	8,893
Comprehensive income (loss) for year											
Profit for year	-	-	-	-	-	-	-	906	906	7	913
Other comprehensive income (loss)	-	(1,125)	98	-	-	-	18	26	(983)	-*	(983)
Total comprehensive income (loss) for year	-	(1,125)	98	-	-	-	18	932	(77)	7	(70)
Transactions with owners recognized directly in equity											
Dividends declared	-	-	-	-	-	-	-	(400)	(400)	-	(400)
Share-based payment	-	-	-	25	-	-	-	-	25	-	25
Purchase of Treasury shares	-	-	-	-	(74)	-	-	-	(74)	-	(74)
Non-controlling interests in respect of consolidated subsidiary	-	-	-	-	-	-	-	-	-	13	13
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-*	-
Balance as at December 31, 2022	359	222	(154)	31	(237)	(49)	339	7,824	8,335	52	8,387

* Less than NIS 1 million

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flows

	Annex	For the six months ended June 30		For the three months ended June 30		For the year ended
		2023	2022	2023	2022	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activity						
Before taxes on income	A	2,438	(581)	2,469	327	2,703
Taxes paid		(67)	(453)	(7)	(214)	(518)
Net cash provided by (used for) operating activities		2,371	(1,034)	2,462	113	2,185
Cash flows from investment activity						
Acquisition of a subsidiary consolidated for the first time	B	-	(14)	-	(14)	(35)
Supplement of consideration for the acquisition of a subsidiary consolidated for the first time in 2021		-	(9)	-	-	(9)
Investment in investees		(46)	(146)*	(28)	56)*	(187)
Proceeds from the sale of an investment in an equity accounted investee		3	6	2	-	97
Investment in fixed assets		(58)	(27)	(20)	(20)	(35)
Investment in intangible assets		(195)	(175)	(90)	(99)	(337)
Dividend and interest from an investee		13	75	9	74	134
Proceeds from sale of fixed assets and intangible assets		1	1	1	-	1
Net cash used for investment activity		(282)	(289)	(126)	(115)	(371)
Cash flows from financing activity						
Proceeds of issuance of liability notes, net		1,288	-	793	-	-
Repayment of liability notes		(328)	(248)	(328)	(248)	(248)
Purchase of Treasury shares		(30)	(36)	(30)	(24)	(74)
Short-term credit from banks, net		(3)	21	58	(20)	(228)
Loans received from banks		300	-	300	-	-
Repayment of loans from banks and others		(13)	(13)	-	-	(27)
Repayment of lease liabilities		(19)	(19)	(11)	(10)	(34)
Dividend to non-controlling interests		(3)	-	(2)	-	-
Dividend for the owners of the company		(100)	(400)*	-	(300)*	(400)
Net cash provided by (used for) financing activity		1,092	(695)	780	(602)	(1,011)
Effect of exchange rate fluctuations on cash balances and cash equivalents		(170)	(73)	(80)	(123)	(61)
Net increase (decrease) in cash and cash equivalents		3,011	(2,091)	3,036	(727)	742
Retained cash and cash equivalents at beginning of the period	C	8,379	7,637	8,354	6,273	7,637
Retained cash and cash equivalents at end of the period	D	11,390	5,546	11,390	5,546	8,379

* Reclassified

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flows (contd.)

	For the six months ended June 30		For the three months ended June 30		For the year ended
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex A - Cash flows from operating activities (1), (2), (3)					
Profit (loss) for the period	**(91)**	440	**(46)**	(181)	913
Items not involving cash flows:					
Company's share of losses (profits) of equity accounted investees	**88**	(75)	**104**	(17)	(78)
Net losses (profits) from financial investments for yield-dependent insurance contracts and investment contracts	**(2,903)**	5,941	**(2,215)**	4,467	7,440
Losses (profits) net, from other financial investments					
Marketable debt assets	**(121)**	(255)	**(117)**	(109)	(406)
Non-marketable debt assets	**(439)**	(309)	**(303)**	(169)	(512)
Shares	**55**	(101)	**11**	(14)	(153)
Other investments	**211**	404	**96**	427	458
Change in financial liabilities	**(112)**	1,179	**1,506**	1,569	2,759
Change in fair value of investment property for yield-dependent contracts	**(16)**	(49)	**(14)**	(20)	(83)
Change in fair value of other investment property	**(47)**	(69)	**(22)**	(15)	(123)
Depreciation and amortization					
Fixed assets	**61**	54	**33**	26	113
Intangible assets	**167**	134	78	71	272
Change in liabilities for non-yield-dependent insurance contracts and investment contracts	**1,007**	318	**537**	265	129
Change in liabilities for yield-dependent insurance contracts and investment contracts	**2,831**	(3,522)	**2,507**	(3,665)	(4,266)
Change in reinsurance assets	**(329)**	(195)	**(101)**	24	130
Change in DAC	**(168)**	(165)	**(53)**	(62)	(256)
Payroll expenses for share-based payment	**13**	13	**7**	7	25
Income tax (tax benefit)	**(66)**	192	**(43)**	(99)	398
Changes in other statement of financial position items:					
Financial investments and investment property for yield-dependent insurance contracts and investment contracts					
Purchase of investment property	**(4)**	(7)	**(2)**	(4)	(14)
Proceeds from sale of investment property	**179**	-	**-**	-	-
Net purchase of financial investments	**419**	(3,690)*	**322**	(1,509)*	(1,445)
Other financial investments and investment property					
Purchase of investment property	**(7)**	(9)	**(5)**	(1)	(21)
Proceeds from sale of investment property	**-**	2	**-**	2	5
Net purchase of financial investments	**488**	460*	**715**	842*	(327)
Premiums due	**(164)**	(204)	**88**	91	(93)
Trade and other receivables	**940**	(626)	**(308)**	(744)	(1,721)
Trade and other payables	**435**	(447)*	**(314)**	(860)*	(442)
Liabilities for employee benefits, net	**11**	5	**8**	5	1
Total adjustments required to present cash flows from operating activity	**2,529**	(1,021)	**2,515**	508	1,790
Total cash flows from (used for) operating activity	**2,438**	(581)	**2,469**	327	2,703

* Reclassified

(1) Cash flows from operating activities include the purchase and sale, net, of financial investments and investment property attributable to activity for insurance contracts and investment contracts

(2) As part of the operating activities, interest received was presented at NIS 590 million and NIS 228 million for the six and three months ended June 30, 2023, respectively (for the six and three months ended June 30, 2022, NIS 785 million and NIS 541 million, respectively, and for 2022 as a whole NIS 1,501 million) and interest was paid in the amount of NIS 222 million and NIS 217 million for the six and three months ended June 30, 2023 (for the six and three months ended June 30, 2022, NIS 94 million and NIS 89 million, respectively, and for 2022 as a whole NIS 119 million)

(3) As part of the operating activities, a dividend received from other financial investments was presented in the amount of NIS 234 million and NIS 160 million for the six and three months ended June 30, 2023, respectively (for the six and three months ended June 30, 2022, NIS 296 million and NIS 205 million, respectively, and for 2022 as a whole, NIS 626 million)

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

	For the six months ended June 30		For the three months ended June 30		For the year ended
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex B – Acquisition of a subsidiary consolidated for the first time					
Assets and liabilities of the consolidated subsidiary at the acquisition date					
Goodwill created on acquisition	-	-	-	-	(2)
Retained cost – intangible asset for customer relations – created on acquisition	-	(17)	-	(17)	(35)
Other financial investments	-	-	-	-	(5)
Liabilities for employee benefits, net	-	1	-	1	1
Trade payables	-	2	-	2	2
Non-controlling interests	-	-	-	-	4
Total cash deducted on acquisition of a consolidated company consolidated for the first time	-	(14)	-	(14)	(35)

	For the six months ended June 30		For the three months ended June 30		For the year ended
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex C - Cash and cash equivalents at beginning of period					
Cash and cash equivalents for yield-dependent contracts	**6,450**	5,012	**6,379**	4,430	5,012
Other cash and cash equivalents	**1,929**	2,625	**1,975**	1,843	2,625
Retained cash and cash equivalents at beginning of the period	**8,379**	7,637	**8,354**	6,273	7,637
Annex D - Cash and cash equivalents at end of period					
Cash and cash equivalents for yield-dependent contracts	**6,878**	3,604	**6,878**	3,604	6,450
Other cash and cash equivalents	**4,512**	1,942	**4,512**	1,942	1,929
Retained cash and cash equivalents at end of the period	**11,390**	5,546	**11,390**	5,546	8,379

The Notes accompanying the condensed consolidated interim financial statements are an integral part thereof.

Note 1 - General

A. The reporting entity

Harel Insurance Investments and Financial Services Ltd. ("the Company") is an Israeli resident company, which was incorporated in Israel, and whose shares are traded on the Tel Aviv Stock Exchange. The Company's official address is 3 Abba Hillel Silver Street, Ramat Gan.

The Company is a holding company whose main holdings are in subsidiaries comprising insurance and finance companies. The condensed consolidated interim financial statements, as at June 30, 2023, include those of the Company and its consolidated subsidiaries ("the Group"), the Company's rights in jointly controlled entities and the Group's rights in affiliated companies.

The condensed consolidated interim financial statements mainly reflect the assets, liabilities and results of the subsidiary insurance companies and they were therefore prepared in a format similar to that of the interim financial statements of insurance companies.

Note 2 - Basis of preparation

A. Financial Reporting Framework

Until December 31, 2022, the Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), including with respect to data relating to consolidated subsidiaries that meet the definition of an insurer, as this term is defined in the Supervision of Financial Services (Insurance) Law, 1981 ("the Supervision Law").

Pursuant to the information in Note 3S2 of the Annual Financial Statements pertaining to the "Roadmap for the Adoption of IFRS 17 - Insurance Contracts - Second Update", published by the Capital Market, Insurance and Savings Authority on December 14, 2022 ("the Roadmap"), on June 1, 2023, the Capital Market, Insurance and Savings Authority published a document on "Roadmap for the Adoption of IFRS 17 - Insurance Contracts - Third Update" ("the Updated Roadmap").

According to the Updated Roadmap, the initial date of application of IFRS 17 and IFRS 9, for insurance companies in Israel (where their mandatory date of application by these companies under IFRS should have been January 1, 2023) was revised and will become applicable on or after quarterly and annual periods commencing January 1, 2025. Accordingly, the transition date will be January 1, 2024. At this stage, the Updated Roadmap stipulates that there is no intention of permitting early adoption of the Standard in Israel.

Accordingly, from January 1, 2023 until the initial date of application of IFRS 17 and IFRS 9 by Israel's insurance companies, as noted above, insurance companies in Israel will continue to apply IFRS 4 - *Insurance Contracts* and IAS 39 - *Financial Instruments: Recognition and Measurement*, that they have applied until now, and that were replaced by IFRS 17 and IFRS 9, respectively. Any other International Financial Reporting Standards are applied by Israel's insurance companies in accordance with the dates prescribed therein.

Consequently, and pursuant to the provisions of the Securities (Preparation of Annual Financial Statements) Regulations, 2010 ("Preparation of Financial Statements Regulations"), together with the instructions in Staff Accounting Position 99-10: "Applicative Issues in the Application of IFRS 17" published by the Israel Securities Authority ("ISA") staff ("Staff Position 99-10"), as of January 1, 2023, the Company's consolidated financial statements are not in full conformity with IFRS standards, so that the data in the Company's condensed consolidated interim financial statements with respect to subsidiaries that were consolidated and meet the definition of an insurer, as this term is defined in the Supervision Law, are prepared in accordance with the instructions prescribed by the Commissioner of the Capital Market, Insurance and Savings ("the Commissioner") under the Supervision Law, whereas the data in the Company's condensed consolidated interim financial statements that do not relate to the aforesaid subsidiaries continue to be prepared in accordance with IFRS and IAS 34, Financial Reporting for Interim Periods.

The data presented within comparative figures in the condensed consolidated interim financial statements are the data actually published by the Company for those periods.

Note 2 - Basis of preparation

A. Financial Reporting Framework (contd.)

The condensed consolidated interim financial statements do not contain all the information required in the full Annual Financial Statements. They should be read together with the Company's consolidated financial statements at the date and year ended December 31, 2022 ("the Annual Financial Statements"). Additionally, the condensed consolidated interim financial statements were prepared in accordance with the provisions of Chapter D of the Securities (Periodic and Immediate Reports) Regulations, 1970, to the extent that these regulations apply to a corporation that consolidates insurance companies.

The condensed consolidated interim financial statements were approved for publication by the Company's Board of Directors on August 30, 2023.

B. Use of estimates and discretion

Preparation of the condensed consolidated interim financial statements in accordance with IAS 34 and/or in accordance with the requirements of the Commissioner pursuant to the Supervision Law and subsequent regulations requires the Group's management to use its discretion in evaluations, estimates and assumptions, including actuarial assumptions and estimates ("Estimates") which affect application of the accounting policy, and the amounts of assets and liabilities, income and expenses. It is stipulated that the actual results could differ from these Estimates, in part due to regulatory changes published or expected to be published in the insurance, pension and provident sectors and regarding which there is uncertainty as to their consistency and repercussions. The main Estimates included in the financial statements are based on actuarial assessments and external evaluations.

When formulating the accounting estimates used in the preparation of the Group's financial statements, the Company's management is required to make assumptions regarding circumstances and events which involve considerable uncertainty. In applying its discretion in determining the estimates, the Company's management bases itself on past experience, various facts, external factors, and reasonable assumptions, including future expectations, to the extent that they can be assessed, based on the appropriate circumstances for each estimate.

The assessments and discretion that management uses to apply the accounting policy in preparing the condensed consolidated interim financial statements are mainly consistent with those used in the preparation of the annual financial statements.

C. Functional and presentation currency

The condensed interim consolidated financial statements are presented in New Israel Shekels (NIS), which is the Company's functional currency. The financial information is presented in NIS million and is rounded to the nearest million.

D. Reclassification

In some sections of the financial statements and in some of the Notes, reclassifications of insignificant amounts of comparative figures were made. These reclassifications did not have any effect on the Company's equity and/or on profit or loss and/or comprehensive income.

Note 3 - Significant accounting policies

Other than as specified below, the Group's accounting policy in these condensed consolidated interim financial statements is the accounting policy applied in the Annual Financial Statements. Following is a description of the main changes in accounting policy in these condensed consolidated interim financial statements:

A. Initial application of IFRS 9 - *Financial Instruments,* for financial instruments that do not refer to subsidiaries that meet the definition of an insurer

Commencing January 1, 2023 ("the Initial Date of Application"), the Group applies IFRS 9 - *Financial Instruments* ("IFRS 9" or "the Standard"), instead of the provisions of International Accounting Standard 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), with respect to data that do not refer to subsidiaries that meet the definition of an insurer, as this term is defined in the Supervision Law ("hereinafter: "Financial Assets or Financial Liabilities within the Scope of IFRS 9"). For data that refer to subsidiaries that meet the definition of an insurer as noted above, which as mentioned above in Note 2(A) are prepared in accordance with the Commissioner's instructions under the Supervision Law, the Group continues to apply the provisions of IAS 39.

The Group elected to apply IFRS 9 as noted above, from the initial date of application without altering comparison figures and with adjustment of the outstanding retained earnings and other components of equity at the initial date of application. As will be detailed below, the effects of the transition to IFRS 9 on the opening balances of the retained earnings and other components of equity are classification of an outstanding capital reserve for available-for-sale financial assets at January 1, 2023 in the amount of NIS 24 million before tax (NIS 18 million after tax) to the outstanding retained earnings.

The following presents the principle changes in the Group's accounting policy as well as the key effects of the aforesaid accounting policy change.

Classification and measurement of financial assets and financial liabilities in accordance with IFRS 9

IFRS 9 comprises three classification groups for financial assets: amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI). Classification of financial assets under IFRS 9 is generally based on the entity's business model for the management of financial assets and on the nature of the contractual cash flows of the financial assets. IFRS 9 eliminates the previous classification groups that were included in IAS 39: held to maturity investments, loans and receivables and available for sale financial assets. Under IFRS 9, embedded derivatives in contracts in which the host contract is a financial asset within the scope of the Standard, will no longer be separated. Instead, classification of the mixed instrument in its entirety is assessed in accordance with the provisions of the Standard. IFRS 9 does not significantly change the provisions of IAS 39 with respect to the classification and measurement of financial liabilities.

The following table presents the original measurement groups according to IAS 39 and the new measurement groups according to IFRS 9 for each of the financial assets within the scope of IFRS 9, as at January 1, 2023:

Note 3 - Significant accounting policies (contd.)

A. Initial application of IFRS 9 - *Financial Instruments*, for financial instruments that do not refer to subsidiaries that meet the definition of an insurer (contd.)

Classification and measurement of financial assets and financial liabilities in accordance with IFRS 9 (contd.)

	Original classification	New classification	Book value	
	Under IAS 39	Under IFRS 9	Under IAS 39	Under IFRS 9
			NIS million	NIS million
Financial assets				
Cash and cash equivalents (3)	Loans and receivables	Amortized cost	474	474
Other receivables (3)	Loans and receivables	Amortized cost	16	16
Marketable debt assets (1)	Fair value through profit or loss (FVTPL)	Fair value through profit or loss (FVTPL)	6	6
Marketable debt assets (1)	Available-for-sale	Fair value through profit or loss (FVTPL)	919	919
Non-marketable debt assets (5)	Fair value through profit or loss (designation)	Fair value through profit or loss (FVTPL)	4,631	4,631
Non-marketable debt assets (1) (3)	Loans and receivables	Amortized cost	2,043	2,043
Investment in shares (2)	Available-for-sale	Fair value through profit or loss (FVTPL)	187	187
Investments in shares (2)	Fair value through profit or loss (FVTPL)	Fair value through profit or loss (FVTPL)	93	93
Other investments (2)	Available-for-sale	Fair value through profit or loss (FVTPL)	158	158
Other investments (2)	Fair value through profit or loss (FVTPL)	Fair value through profit or loss (FVTPL)	70	70
Total financial assets			**8,597**	**8,597**

For financial liabilities within the scope of IFRS 9, there is no change of classification in the transition to IFRS 9 and they continue to be classified at amortized cost.

Following is a summary of the key accounting policy changes in light of the application of IFRS 9 for financial assets within the scope of IFRS 9:

(1) Under IFRS 9, financial assets that are debt assets are classified based on the Group’s business model for the management of financial assets and on the nature of the contractual cash flows of the financial asset. As a consequence:

   (a) Debt assets held within a business model whose objective is to hold assets to collect contractual cash flows and include solely payments of principal and interest, are measured according to IFRS 9 at amortized cost.

   (b) Debt assets whose contractual cash flow characteristics do not include solely payments of principal and interest are measured according to IFRS 9 at fair value through profit or loss.

Note 3 - Significant accounting policies (contd.)

A. Initial application of IFRS 9 - *Financial Instruments*, for financial instruments that do not refer to subsidiaries that meet the definition of an insurer (contd.)

Classification and measurement of financial assets and financial liabilities in accordance with IFRS 9 (contd.)

(c) Debt assets whose contractual cash flow characteristics include solely payments of principal and interest, but are held within a business model whose objective is both the sale and collection of contractual cash flows, are measured according to IFRS 9 at fair value through other comprehensive income (FVTOCI).

(d) Debt assets whose contractual cash flow characteristics include solely payments of principal and interest, but are financial assets held for trading or are managed assets and whose performance is assessed on the basis of fair value, are measured at fair value through profit or loss.

The Group assesses the objective of the business model in which the financial asset is held at portfolio level, since this best reflects the way in which the business is managed and information is provided to management. In determining the Group's business model, the following considerations were taken into account:

- The declared policy and objectives of the portfolio and actual implementation of the policy, including whether management's strategy centers on receiving contractual interest, maintaining a specific interest profile, matching the duration of the financial assets to the duration of any liabilities associated with them or expected cash flows, or disposing of cash flows through sale of the assets;
- How performance of the business model and the financial assets held in this model are assessed and reported to key personnel in the entity's management;
- The risks affecting the business model's performance (and the financial assets held in that business model) and how those risks are managed;
- How the business managers are compensated (for example, whether the compensation is based on the fair value of the managed assets or on the collected contractual cash flows); and also
- The frequency, value and timing of sales of financial assets in prior periods, the reasons for the sales and expectations for future sale activity.

To assess whether the cash flows include solely principal and interest, "principal" is the fair value of the financial asset at initial recognition. "Interest" is the compensation for the time value of money, the credit risk associated with the unsettled principal for a specific period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether contractual cash flows are cash flows of solely principal and interest, the Group tests the instrument's contractual conditions, and in this framework it estimates whether the financial asset includes a contractual condition that might change the timing or amount of the contractual cash flows so that it no longer satisfies this condition.

(2) Under IFRS 9, investments in capital instruments are measured at fair value through profit or loss, other than investments not held for trading that the Group may choose to designate to fair value through other comprehensive income for which the amounts to be recognized in equity will not be classified to profit or loss, even if the investment is sold (except in the event of a distribution of dividends that are not a return on the investment). The Group did not choose this designation. Consequently, investments in capital instruments classified as available for sale are measured under IFRS 9 at fair value through profit or loss.

(3) Including a new model for the recognition of credit losses, that replaces the impairment model of IAS 39 with the expected credit loss model. The model applies, *inter alia*, to financial assets measured at amortized cost and investments in debt assets measured at fair value through other comprehensive income, and it does not apply to investments in capital instruments.

The Group elected to measure the provision for expected credit losses in respect of customers, contract assets and receivables for leasing as an amount equal to the contractual credit losses throughout the life of the instrument.

For other debt assets, the Groups measures the provision for expected credit losses at the amount equal to the instrument's full lifetime expected credit losses, other than for the following provisions that are measured at an amount equal to the 12-month expected credit losses resulting from default events:

Note 3 - Significant accounting policies (contd.)

A. Initial application of IFRS 9 - *Financial Instruments*, for financial instruments that do not refer to subsidiaries that meet the definition of an insurer (contd.)

Classification and measurement of financial assets and financial liabilities in accordance with IFRS 9 (contd.)

- Debt instruments that are determined as being low risk on the reporting date; and
- Other debt instruments and deposits, for which the credit risk has not increased significantly since the initial date of recognition.

When assessing whether the credit risk of a financial asset has significantly increased from its initial recognition and the assessment of expected credit losses, the Group considers reasonable and substantive information that is relevant and can be obtained without any excessive cost or effort. Such information includes quantitative and qualitative information as well as analysis, based on the Group's past experience and an assessment of the reported credit, and it includes forward looking information.

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured at the present value of the difference between the cash flows to which the Group is entitled according to the contract and the cash flows that the Group expects to receive. The expected credit losses are discounted at the effective interest rate of the financial asset.

The amount of the provision for impairment according to this model, at January 1, 2023 and June 30, 2023, was immaterial.

(4) At each reporting date, the Group assesses whether the financial assets measured at amortized cost and the debt instruments measured at fair value through other comprehensive income, if there are any, have been impaired due to credit risk. A financial asset is impaired as a result of credit risk when one or more of the events that negatively affects the future cash flows estimated for this financial asset occurs. For financial assets impaired due to credit risk - the interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset (for non-impaired assets, the effective interest rate is applied to the financial asset's gross value).

(5) At the initial date of recognition, the Group might designate financial assets to fair value through profit or loss when such designation eliminates or significantly reduces an accounting mismatch.

Following the initial application of IFRS 9, as noted above, some of the Group's financial assets that were classified under IAS 39 as financial assets available for sale, are now classified as financial assets at fair value through profit or loss. Accordingly, an outstanding capital reserve for available-for-sale financial assets at January 1, 2023 in the amount of NIS 24 million before tax (NIS 18 million after tax) was reclassified to retained earnings at that date. From this date, these assets continue to be measured at fair value where net profits and losses, including interest or dividend, are recognized in profit and loss.

Note 3 - Significant accounting policies (contd.)

B. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority

IFRS 17, *Insurance Contracts* ("IFRS 17" or "the Standard") and IFRS 9, Financial Instruments (IFRS 9)

As noted in Note 2A above, pursuant to the information in Note 3S2 to the Annual Financial Statements pertaining to the "Roadmap for the Adoption of IFRS 17 - Insurance Contracts - Second Update", published by the Capital Market, Insurance and Savings Authority on December 14, 2022 ("the Roadmap"), on June 1, 2023, the Capital Market, Insurance and Savings Authority published a document on "Roadmap for the Adoption of IFRS 17 - *Insurance Contracts* - Third Update" ("the Updated Roadmap").

According to the Updated Roadmap, the initial date of application of IFRS 17 and IFRS 9, for insurance companies in Israel (where their mandatory date of application by these companies according to IFRS should have been January 1, 2023) was revised and will become applicable on or after quarterly and annual periods commencing January 1, 2025. Accordingly, the transition date will be January 1, 2024. At this stage, the Updated Roadmap stipulates that there is no intention of permitting early adoption of the Standard in Israel.

In addition to the foregoing, the Updated Roadmap sets out the disclosure to be provided to the public about the effects of the adoption of IFRS 17 and IFRS 9 in the annual and interim financial statements for 2024. Additionally, the Updated Roadmap sets out the revised key preparatory measures and time schedules which, in the opinion of the Capital Market, Insurance and Savings Authority, are required to ensure quality deployment by Israel's insurance companies for the proper application of IFRS 17, including with respect to adapting their information systems, completion of formulating the accounting policy and deployment for the different reports required, performing tests to assess the quantitative repercussions of the application of IFRS 17 and IFRS 9, deployment for calculating the risk adjustment for non-financial risk (RA) and deployment for the audit of the auditors.

The Group continues to assess the implications of adopting these standards on its consolidated financial statements and is preparing to apply them within the said time frame.

C. Seasonality

1. <u>Life assurance, health insurance and financial services</u>

   The revenues from life and health insurance premiums are not characterized by seasonality. Nevertheless, due to the fact that the deposits for life assurance enjoy tax benefits, a considerable part of new sales takes place mainly at the end of the year. The revenues from the finance services segment are not characterized by seasonality.

2. <u>Non-life insurance</u>

   The turnover of revenues from premiums gross in non-life insurance is characterized by seasonality, stemming mainly from motor insurance of various groups of employees and vehicle fleets of businesses, where the date of renewal is generally in January, and from various policies of businesses where the renewal dates are generally in January or in April. The effect of this seasonality on reported profit is neutralized through the provision for unearned premiums.

   The components of other expenses such as claims, and the components of other revenues such as revenues from investments do not have a distinct seasonality and there is therefore no distinct seasonality in profit.

Note 4 - Operating segments

The Note on Operating Segments includes several segments that constitute strategic business units of the Group. The strategic business units include different products and services and the allocation of resources and evaluation of performance are managed separately. The basic products in each segment are similar in principal with respect to their significance, the way they are distributed, the mix of customers, nature of the regulatory environment and also long-term demographic and economic features that are derived from exposure with features similar to insurance risks. Likewise, the results of the portfolio of investments held against insurance liabilities may significantly affect profitability.

Segment performance is measured based on the profits of the segments before taxes on income. The results of inter-company transactions are eliminated in the framework of the adjustments for preparation of thee condensed consolidated interim financial statements. Notably, there is no outstanding debit-credit balance from the transfer of financial assets between the different segments, insofar as such transfers are made.

The Group operates in the following segments:

1. Life assurance and long-term savings

This segment includes the Group's insurance activities in the life assurance branches and the Group's operations in managing pension and provident funds.

2. Health insurance

This segment includes the Group’s insurance activities in the illness and hospitalization branches, personal accident, long-term care, foreign workers, travel and dental insurance branches. The policies sold in the framework of these insurance branches cover the range of losses incurred by the insured as a result of illness and/or accidents, including long-term care and dental treatment. Health insurance policies are offered to individuals and to groups. Additionally, the results of the activity of Harel 60+ are included within this segment.

3. Non-life insurance

This segment comprises five sub-segments:

Motor property (Casco): includes the Group's activities in the sale of insurance policies in the motor vehicle insurance branch ("motor property"), which covers loss sustained by a vehicle owner due to an accident, and/or theft and/or liability of the vehicle owner or the driver for property damage caused to a third party in an accident.

Compulsory motor: includes the Group's activities in the insurance sector pursuant to the requirements of the Motorized Vehicle Insurance Ordinance (New Version) - 1970 ("compulsory motor"), which covers corporal damage resulting from the use of a motor vehicle under the Compensation for Road Accident Victims Law, 1975.

Other liabilities lines of business: includes the Group's activities in the sale of policies covering the insured’s liability to a third party (excluding cover for liabilities in the compulsory motor sector, as described above). This includes, inter alia, the following insurance branches: employers’ liability, third-party liability, professional liability, directors' and officers' liability (D&O), and insurance against liability for defective products.

Property and other lines of business: this sector includes the Group's insurance activities in all property branches excluding motor property (e.g. providing Sale Law guarantees, homeowners, etc.).

Mortgage insurance business: this sector includes the Group's insurance activities in the residential mortgage credit branch (monoline branch). The purpose of this insurance is to provide indemnity for loss caused as a result of non-payment of loans (default) given against a first mortgage on a single real estate property for residential purposes only, and after disposing of the property that serves as collateral for the loans.

4. Insurance companies overseas

The overseas segment consists of the activity of Interasco and Turk Nippon, insurance companies abroad that are wholly owned by the Company.

Note 4 - Operating segments (contd.)

5. Financial services

The Group's activities in the capital and financial services market take place through Harel Finance Holdings Ltd. ("Harel Finance"). Harel Finance is engaged through companies controlled by it, in the following activities:

- Management of mutual funds.
- Management of securities for private customers, corporations, and institutional customers in the capital markets in Israel and abroad.

6. Not attributed to operating segments and other

Activities that are not attributed to operating segments include mainly activities of insurance agencies, various activities in the credit sector, including development property finance, as well as the capital activities of the consolidated insurance companies.

Note 4 - Operating segments (contd.)

A. Information about reportable segments

	For the six months ended June 30, 2023 (Unaudited)							
	Life Assurance and Long-Term Savings	Health Insurance	Non-life insurance	Insurance companies overseas	Financial Services	Not allocated to operating segments and other	Adjustments and Offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	3,371	3,140	2,138	249	-	-	(2)	8,896
Premiums earned by reinsurers	149	186	791	57	-	-	(2)	1,181
Premiums earned on retention	3,222	2,954	1,347	192	-	-	-	7,715
Profit (loss) from investments, net, and financing income	4,074	444	181	28	45	12*	(1)	4,783
Income from management fees	623	2	-	-	112	4	(2)	739
Income from commissions	41	9	152	10	-	51**	(27)	236
Other income	14	-	-	-	-	29	-	43
Total income	7,974	3,409	1,680	230	157	96	(30)	13,516
Payments and changes in liabilities for insurance contracts and investment contracts, gross	6,989	3,005	1,641	251	-	-	(2)	11,884
Reinsurers' share in payments and changes in liabilities for insurance contracts	77	321	518	112	-	-	(2)	1,026
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	6,912	2,684	1,123	139	-	-	-	10,858
Commissions, marketing expenses and other acquisition costs	636	527	441	73	-	5***	(27)	1,655
General and administrative expenses	379	170	31	14	88	109****	(3)	788
Other expenses	10	-	8	1	1	13	-	33
Financing expenses, net	12	47	32	2	31	127	-	251
Total expenses	7,949	3,428	1,635	229	120	254	(30)	13,585
Company's share of profits of equity accounted investees	(19)	(29)	(56)	-	-	16	-	(88)
Profit (loss) before income tax	6	(48)	(11)	1	37	(142)	-	(157)
Other comprehensive income (loss) before income tax	28	29	112	(6)	-	174	-	337
Total comprehensive income (loss) before income tax	34	(19)	101	(5)	37	32*****	-	180
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,627	8,054	10,954	533	-	-	(6)	32,162
Liabilities in respect of yield dependent insurance contracts and investment contracts	73,732	5,349	-	-	-	-	-	79,081

* Total investment profits are for assets held to cover the equity of the Group's financial institutions

** Income from commissions includes commissions paid to insurance agencies owned by the Group. Of these commissions, NIS 27 million are commissions paid to these agencies by the Group's financial institutions

*** For the activity of the insurance agencies that are fully owned by the Group

**** Of the total general and administrative expenses, NIS 38 million is for expenses of the activity of the Group's insurance agencies

***** Total comprehensive income before income tax for the activity of the Group's insurance agencies was NIS 7 million

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the three months ended June 30, 2023 (Unaudited)							
	Life Assurance and Long-Term Savings	Health Insurance	Non-life insurance	Insurance companies overseas	Financial Services	Not allocated to operating segments and other	Adjustments and Offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	1,851	1,601	1,099	129	-	-	(1)	4,679
Premiums earned by reinsurers	75	93	377	28	-	-	(1)	572
Premiums earned on retention	1,776	1,508	722	101	-	-	-	4,107
Profit from investments, net, and financing income	2,771	266	119	21	26	51*	-	3,254
Income from management fees	316	1	-	-	59	1	(1)	376
Income from commissions	18	5	72	5	-	27**	(16)	111
Other income	7	-	-	-	-	15	-	22
Total income	4,888	1,780	913	127	85	94	(17)	7,870
Payments and changes in liabilities for insurance contracts and investment contracts, gross	4,382	1,544	932	119	-	-	(1)	6,976
Reinsurers' share in payments and changes in liabilities for insurance contracts	41	157	227	40	-	-	(1)	464
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	4,341	1,387	705	79	-	-	-	6,512
Commissions, marketing expenses and other acquisition costs	315	266	235	38	-	3***	(16)	841
General and administrative expenses	179	80	16	5	44	41****	(1)	364
Other expenses	5	-	4	1	-	6	-	16
Financing expenses (income), net	8	25	15	(8)	18	64	-	122
Total expenses	4,848	1,758	975	115	62	114	(17)	7,855
Company's share of profits (losses) of equity accounted investees	(20)	(31)	(61)	-	-	8	-	(104)
Profit (loss) before income tax	20	(9)	(123)	12	23	(12)	-	(89)
Other comprehensive income (loss) before income tax	32	44	63	(8)	-	86	-	217
Total comprehensive income (loss) before income tax	52	35	(60)	4	23	74*****	-	128
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,627	8,054	10,954	533	-	-	(6)	32,162
Liabilities in respect of yield dependent insurance contracts and investment contracts	73,732	5,349	-	-	-	-	-	79,081

* Total investment profits are for assets held to cover the equity of the Group's financial institutions

** Income from commissions includes commissions paid to insurance agencies owned by the Group. Of these commissions, NIS 16 million are commissions paid to these agencies by the Group's financial institutions

*** For the activity of the insurance agencies that are fully owned by the Group

**** Of the total general and administrative expenses, NIS 20 million is for expenses of the activity of the Group's insurance agencies

***** Total comprehensive income before income tax for the activity of the Group's insurance agencies was NIS 5 million

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the six months ended June 30, 2022 (Unaudited)							
	Life Assurance and Long-Term Savings	Health Insurance	Non-life insurance	Insurance companies overseas	Financial Services	Not allocated to operating segments and other	Adjustments and Offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	3,496	2,863	2,040	193	-	-	(2)	8,590
Premiums earned by reinsurers	101	171	763	44	-	-	(2)	1,077
Premiums earned on retention	3,395	2,692	1,277	149	-	-	-	7,513
Profit from investments, net, and financing income	(4,311)	(183)	113	14	14	172*	(1)	(4,182)
Income from management fees	610	2	-	-	107	6	(1)	724
Income from commissions	29	9	139	8	-	59**	(40)	204
Other income	14	-	-	-	-	2	-	16
Total income (expenses)	(263)	2,520	1,529	171	121	239	(42)	4,275
Payments and changes in liabilities for insurance contracts and investment contracts, gross	(947)	1,416	1,392	164	-	-	(2)	2,023
Reinsurers' share in payments and changes in liabilities for insurance contracts	58	250	466	19	-	-	(2)	791
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	(1,005)	1,166	926	145	-	-	-	1,232
Commissions, marketing expenses and other acquisition costs	584	494	412	38	-	5***	(40)	1,493
General and administrative expenses	356	172	33	7	86	68****	(2)	720
Other expenses	11	-	5	1	2	-	-	19
Financing expenses (income) , net	14	47	60	(1)	3	131	-	254
Total expenses (income)	(40)	1,879	1,436	190	91	204	(42)	3,718
Company's share of profits of equity accounted investees	4	7	20	-	-	44	-	75
Profit (loss) before income tax	(219)	648	113	(19)	30	79	-	632
Other comprehensive loss before income tax	(227)	(257)	(76)	(5)	-	(284)	-	(849)
Total comprehensive income (loss) before income tax	(446)	391	37	(24)	30	(205)*****	-	(217)
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,307	7,517	11,037	552	-	-	(5)	31,408
Liabilities in respect of yield dependent insurance contracts and investment contracts	71,674	5,320	-	-	-	-	-	76,994

* Total investment losses are in respect of the assets held to cover the equity of the Group's financial institutions

** Income from commissions includes commissions paid to insurance agencies owned by the Group. Of these commissions, about NIS 40 million are commissions paid to these agencies by the Group's financial institutions

*** For the activity of the insurance agencies that are fully owned by the Group

**** Of the total general and administrative expenses, NIS 44 million is for expenses of the activity of the Group's insurance agencies

***** Total comprehensive income before income tax for the activity of the Group's insurance agencies was approximately NIS11 million

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the three months ended June 30, 2022 (Unaudited)							
	Life Assurance and Long-Term Savings	Health Insurance	Non-life insurance	Insurance companies overseas	Financial Services	Not allocated to operating segments and other	Adjustments and Offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	1,496	1,456	1,026	102	-	-	(1)	4,079
Premiums earned by reinsurers	55	90	385	24	-	-	(1)	553
Premiums earned on retention	1,441	1,366	641	78	-	-	-	3,526
Profit (loss) from investments, net, and financing income	(3,528)	(253)	(28)	7	7	46*	-	(3,749)
Income from management fees	305	1	-	-	56	5	-	367
Income from commissions	18	4	72	4	-	31**	(20)	109
Other income	7	-	-	-	-	2	-	9
Total income (expenses)	(1,757)	1,118	685	89	63	84	(20)	262
Payments and changes in liabilities for insurance contracts and investment contracts, gross	(2,017)	986	607	70	-	-	(1)	(355)
Reinsurers' share in payments and changes in liabilities for insurance contracts	26	116	203	9	-	-	(1)	353
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	(2,043)	870	404	61	-	-	-	(708)
Commissions, marketing expenses and other acquisition costs	285	252	217	17	-	3***	(20)	754
General and administrative expenses	167	84	17	1	42	31****	-	342
Other expenses	6	-	3	1	1	-	-	11
Financing expenses (income), net	7	28	52	(1)	2	72	-	160
Total expenses (income)	(1,578)	1,234	693	79	45	106	(20)	559
Company's share of profits of equity accounted investees	2	3	7	-	-	5	-	17
Profit (loss) before income tax	(177)	(113)	(1)	10	18	(17)	-	(280)
Other comprehensive loss before income tax	(76)	(88)	(16)	(4)	-	(210)	-	(394)
Total comprehensive income (loss) before income tax	(253)	(201)	(17)	6	18	(227)*****	-	(674)
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,307	7,517	11,037	552	-	-	(5)	31,408
Liabilities in respect of yield dependent insurance contracts and investment contracts	71,674	5,320	-	-	-	-	-	76,994

* Total investment profits are in respect of the assets held to cover the equity of the Group's financial institutions

** Income from commissions includes commissions paid to insurance agencies owned by the Group. Of these commissions, about NIS 20 million are commissions paid to these agencies by the Group's financial institutions

*** For the activity of the insurance agencies that are fully owned by the Group

**** Of the total general and administrative expenses, NIS 22 million is for expenses of the activity of the Group's insurance agencies

***** Total comprehensive income before income tax for the activity of the Group's insurance agencies was approximately NIS 8 million

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the year ended December 31, 2022							
	Life Assurance and Long-Term Savings	Health Insurance	Non-life insurance	Insurance companies overseas	Financial Services	Not allocated to operating segments and other	Adjustments and Offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	6,504	5,928	4,245	448	-	-	(4)	17,121
Premiums earned by reinsurers	213	352	1,588	101	-	-	(4)	2,250
Premiums earned on retention	6,291	5,576	2,657	347	-	-	-	14,871
Profit (loss) from investments, net, and financing income	(4,705)	(46)	192	26	38	445*	(2)	(4,052)
Income from management fees	1,226	4	-	-	226	13	(3)	1,466
Income from commissions	56	19	281	19	-	121**	(79)	417
Other income	29	-	-	-	-	24	-	53
Total income	2,897	5,553	3,130	392	264	603	(84)	12,755
Payments and changes in liabilities for insurance contracts and investment contracts, gross	1,402	3,440	2,964	346	-	-	(3)	8,149
Reinsurers' share in payments and changes in liabilities for insurance contracts	136	526	915	49	-	-	(3)	1,623
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	1,266	2,914	2,049	297	-	-	-	6,526
Commissions, marketing expenses and other acquisition costs	1,164	1,000	862	107	-	9***	(79)	3,063
General and administrative expenses	710	335	62	24	174	161****	(5)	1,461
Other expenses	21	-	10	2	4	8	-	45
Financing expenses (income), net	23	82	70	(8)	13	247	-	427
Total expenses	3,184	4,331	3,053	422	191	425	(84)	11,522
Company's share of profits (losses) of equity accounted investees	(5)	(1)	15	-	-	69	-	78
Profit (loss) before income tax	(292)	1,221	92	(30)	73	247	-	1,311
Other comprehensive income (loss) before income tax	(398)	(423)	(61)	5	-	(633)	-	(1,510)
Total comprehensive income (loss) before income tax	(690)	798	31	(25)	73	(386)*****	-	(199)
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,476	7,467	10,752	544	-	-	(5)	31,234
Liabilities in respect of yield dependent insurance contracts and investment contracts	71,058	5,192	-	-	-	-	-	76,250

* Total investment profits are in respect of the assets held to cover the equity of the Group's financial institutions

** Income from commissions includes commissions paid to insurance agencies owned by the Group. Of these commissions, about NIS 77 million are commissions paid to these agencies by the Group's financial institutions

*** For the activity of the insurance agencies that are fully owned by the Group

**** Of the total general and administrative expenses, approximately NIS 80 million is for expenses of the activity of the Group's insurance agencies

***** Total comprehensive income before income tax for the activity of the Group's insurance agencies was approximately NIS 20 million

Note 4 - Operating segments (contd.)

B. Additional information about the non-life insurance segment

	For the six months ended June 30, 2023 (Unaudited)					
	Compulsory Motor	Motor Property	Property and Other sectors*	Other Liability sectors**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	381	688	729	611	(1)	2,408
Reinsurance premiums	3	13	566	234	-	816
Premiums on retention	378	675	163	377	(1)	1,592
Change in outstanding unearned premiums, in retention	34	118	17	79	(3)	245
Premiums earned on retention	344	557	146	298	2	1,347
Profit from investments, net, and financing income	66	18	14	80	3	181
Income from commissions	4	3	115	30	-	152
Total income	414	578	275	408	5	1,680
Payments and changes in liabilities for insurance contracts, gross	396	504	334	419	(12)	1,641
Reinsurers' share of payments and change in liabilities for insurance contracts	40	20	267	191	-	518
Payments and changes in liabilities for insurance contracts in retention	356	484	67	228	(12)	1,123
Commissions, marketing expenses and other acquisition costs	78	131	142	90	-	441
General and administrative expenses	8	9	8	4	2	31
Other expenses	4	3	1	-	-	8
Financing expenses, net	13	3	1	15	-	32
Total expenses (income)	459	630	219	337	(10)	1,635
Company's share of losses of equity accounted investees	(22)	(5)	(2)	(27)	-	(56)
Profit (loss) before income tax	(67)	(57)	54	44	15	(11)
Other comprehensive income before income tax	43	11	4	53	1	112
Total comprehensive income (loss) before income tax	(24)	(46)	58	97	16	101
Liabilities for insurance contracts, gross, as at June 30, 2023	3,436	971	1,256	5,144	147	10,954
Liabilities for insurance contracts, retention, as at June 30, 2023	2,928	947	252	3,436	147	7,710

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners branches, where the activity from these sectors accounts for 76% of all premiums in these lines of business

** Other liabilities sectors consist mainly of third-party insurance and professional liability branches where the activity from these sectors accounts for 73% of all premiums in these lines of business

Note 4 - Operating segments (contd.)

B. Additional information about the non-life insurance segment (contd.)

	For the three months ended June 30, 2023 (Unaudited)					
	Compulsory Motor	Motor Property	Property and Other sectors*	Other Liability sectors**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	160	315	336	218	(1)	1,028
Reinsurance premiums	1	5	268	95	-	369
Premiums on retention	159	310	68	123	(1)	659
Change in outstanding unearned premiums, in retention	(46)	17	(4)	(28)	(2)	(63)
Premiums earned on retention	205	293	72	151	1	722
Profit from investments, net, and financing income	44	12	8	53	2	119
Income from commissions	-	2	55	15	-	72
Total income	249	307	135	219	3	913
Payments and changes in liabilities for insurance contracts, gross	253	252	152	280	(5)	932
Reinsurers' share of payments and change in liabilities for insurance contracts	3	6	122	96	-	227
Payments and changes in liabilities for insurance contracts in retention	250	246	30	184	(5)	705
Commissions, marketing expenses and other acquisition costs	42	71	71	51	-	235
General and administrative expenses	4	6	4	2	-	16
Other expenses	2	2	-	-	-	4
Financing expenses, net	6	1	1	7	-	15
Total expenses (income)	304	326	106	244	(5)	975
Company's share of profits of equity accounted investees	(24)	(6)	(2)	(29)	-	(61)
Profit (loss) before income tax	(79)	(25)	27	(54)	8	(123)
Other comprehensive income before income tax	24	6	3	29	1	63
Total comprehensive income (loss) before income tax	(55)	(19)	30	(25)	9	(60)
Liabilities for insurance contracts, gross, as at June 30, 2023	3,436	971	1,256	5,144	147	10,954
Liabilities for insurance contracts, retention, as at June 30, 2023	2,928	947	252	3,436	147	7,710

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners branches, where the activity from these sectors accounts for 78% of all premiums in these lines of business

** Other liabilities sectors consist mainly of third-party insurance and professional liability branches where the activity from these sectors accounts for 67% of all premiums in these lines of business

Note 4 - Operating segments (contd.)

B. Additional information about the non-life insurance segment (contd.)

	For the six months ended June 30, 2022 (Unaudited)					
	Compulsory Motor	Motor Property	Property and Other sectors*	Other Liability sectors**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	413	651	695	645	(1)	2,403
Reinsurance premiums	65	39	538	232	-	874
Premiums on retention	348	612	157	413	(1)	1,529
Change in outstanding unearned premiums, in retention	27	88	30	110	(3)	252
Premiums earned on retention	321	524	127	303	2	1,277
Profits from investments, net, and financing income	40	9	11	47	6	113
Income from commissions	2	3	103	31	-	139
Total income	363	536	241	381	8	1,529
Payments and changes in liabilities for insurance contracts, gross	303	579	340	182	(12)	1,392
Reinsurers' share of payments and change in liabilities for insurance contracts	42	48	286	90	-	466
Payments and changes in liabilities for insurance contracts in retention	261	531	54	92	(12)	926
Commissions, marketing expenses and other acquisition costs	64	130	134	84	-	412
General and administrative expenses	9	9	8	4	3	33
Other expenses	2	2	1	-	-	5
Financing expenses, net	24	4	2	30	-	60
Total expenses (income)	360	676	199	210	(9)	1,436
Company's share of profits of equity accounted investees	8	2	1	9	-	20
Profit (loss) before income tax	11	(138)	43	180	17	113
Other comprehensive loss before income tax	(29)	(6)	(2)	(32)	(7)	(76)
Total comprehensive income (loss) before income tax	(18)	(144)	41	148	10	37
Liabilities for insurance contracts, gross, as at June 30, 2022	3,456	896	1,189	5,315	181	11,037
Liabilities for insurance contracts, retention, as at June 30, 2022	2,911	829	228	3,304	181	7,453

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners' branches, where the activity from these sectors accounts for 75% of all premiums in these lines of business

** Other liabilities sectors consist mainly of third-party insurance and professional liability branches where the activity from these sectors accounts for 76% of all premiums in these lines of business.

Note 4 - Operating segments (contd.)

B. Additional information about the non-life insurance segment (contd.)

	For the three months ended June 30, 2022 (Unaudited)					
	Compulsory Motor	Motor Property	Property and Other sectors*	Other Liability sectors**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	167	268	310	176	-	921
Reinsurance premiums	24	14	245	78	-	361
Premiums on retention	143	254	65	98	-	560
Change in outstanding unearned premiums, in retention	(17)	(13)	1	(51)	(1)	(81)
Premiums earned on retention	160	267	64	149	1	641
Profit (loss) from investments, net, and financing income	(14)	(3)	3	(15)	1	(28)
Income from commissions	2	1	53	16	-	72
Total income	148	265	120	150	2	685
Payments and changes in liabilities for insurance contracts, gross	127	280	169	36	(5)	607
Reinsurers' share of payments and change in liabilities for insurance contracts	17	18	140	28	-	203
Payments and changes in liabilities for insurance contracts in retention	110	262	29	8	(5)	404
Commissions, marketing expenses and other acquisition costs	33	68	69	47	-	217
General and administrative expenses	4	5	5	2	1	17
Other expenses	1	1	1	-	-	3
Financing expenses, net	21	3	2	26	-	52
Total expenses (income)	169	339	106	83	(4)	693
Company's share of profits of equity accounted investees	3	1	1	2	-	7
Profit (loss) before income tax	(18)	(73)	15	69	6	(1)
Other comprehensive income before income tax	(5)	(1)	-	(6)	(4)	(16)
Total comprehensive income (loss) before income tax	(23)	(74)	15	63	2	(17)
Liabilities for insurance contracts, gross, as at June 30, 2022	3,456	896	1,189	5,315	181	11,037
Liabilities for insurance contracts, retention, as at June 30, 2022	2,911	829	228	3,304	181	7,453

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners' branches, where the activity from these sectors accounts for 75% of all premiums in these lines of business

** Other liabilities sectors consist mainly of third-party insurance and professional liability branches where the activity from these sectors accounts for 65% of all premiums in these lines of business

Note 4 - Operating segments (contd.)

B. Additional information about the non-life insurance segment (contd.)

	For the year ended December 31, 2022					
	Compulsory Motor	Motor Property	Property and Other sectors*	Other Liability sectors**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	843	1,189	1,310	1,063	(2)	4,403
Reinsurance premiums	115	55	1,011	435	-	1,616
Premiums on retention	728	1,134	299	628	(2)	2,787
Change in outstanding unearned premiums, in retention	62	38	21	14	(5)	130
Premiums earned on retention	666	1,096	278	614	3	2,657
Profit from investments, net, and financing income	66	15	21	79	11	192
Income from commissions	7	6	205	63	-	281
Total income	739	1,117	504	756	14	3,130
Payments and changes in liabilities for insurance contracts, gross	673	1,140	587	592	(28)	2,964
Reinsurers' share of payments and change in liabilities for insurance contracts	108	71	486	250	-	915
Payments and changes in liabilities for insurance contracts in retention	565	1,069	101	342	(28)	2,049
Commissions, marketing expenses and other acquisition costs	132	272	279	179	-	862
General and administrative expenses	19	18	16	8	1	62
Other expenses	5	3	2	-	-	10
Financing expenses, net	28	5	2	35	-	70
Total expenses (income)	749	1,367	400	564	(27)	3,053
Company's share of profits of equity accounted investees	6	1	-	7	1	15
Profit (loss) before income tax	(4)	(249)	104	199	42	92
Other comprehensive loss before income tax	(19)	(4)	(1)	(23)	(14)	(61)
Total comprehensive income (loss) before income tax	(23)	(253)	103	176	28	31
Liabilities for insurance contracts, gross, as at December 31, 2022	3,450	878	1,115	5,147	162	10,752
Liabilities for insurance contracts, retention, as at December 31, 2022	2,905	836	216	3,497	162	7,616

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners' branches, where the activity from these sectors accounts for 71% of all premiums in these lines of business

** Other liabilities sectors consist mainly of third-party insurance and professional liability branches where the activity from these sectors accounts for 71% of all premiums in these lines of business

Note 4 - Operating segments (contd.)

C. Additional information about the life assurance and long-term savings segment

	For the six months ended June 30, 2023 (Unaudited)				For the six months ended June 30, 2022 (Unaudited)			
	Provident	Pension	Life assurance	Total	Provident	Pension	Life assurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	-	-	3,371	3,371	-	-	3,496	3,496
Premiums earned by reinsurers	-	-	149	149	-	-	101	101
Premiums earned on retention	-	-	3,222	3,222	-	-	3,395	3,395
Profit (loss) from investments, net, and financing income	2	3	4,069	4,074	1	2	(4,314)	(4,311)
Income from management fees	149	224	250	623	140	211	259	610
Income from commissions	-	-	41	41	-	-	29	29
Other income	-	-	14	14	-	-	14	14
Total income	151	227	7,596	7,974	141	213	(617)	(263)
Payments and changes in liabilities for insurance contracts and investment contracts, gross	1	9	6,979	6,989	1	8	(956)	(947)
Reinsurers' share of payments and change in liabilities for insurance contracts	-	-	77	77	-	-	58	58
Payments and changes in liabilities for insurance contracts and investment contracts in retention	1	9	6,902	6,912	1	8	(1,014)	(1,005)
Commissions, marketing expenses and other acquisition costs	67	80	489	636	54	70	460	584
General and administrative expenses	62	93	224	379	59	88	209	356
Other expenses	3	7	-	10	3	8	-	11
Financing expenses, net	1	1	10	12	-	-	14	14
Total expenses (income)	134	190	7,625	7,949	117	174	(331)	(40)
Company's share of profits (losses) of equity accounted investees	-	-	(19)	(19)	-	-	4	4
Profit (loss) before income tax	17	37	(48)	6	24	39	(282)	(219)
Other comprehensive income (loss) before income tax	1	1	26	28	(4)	(8)	(215)	(227)
Total comprehensive income (loss) before income tax	18	38	(22)	34	20	31	(497)	(446)

Note 4 - Operating segments (contd.)

C. Additional information about the life assurance and long-term savings segment (contd.)

	For the three months ended June 30, 2023 (Unaudited)				For the three months ended June 30, 2022 (Unaudited)			
	Provident	Pension	Life assurance	Total	Provident	Pension	Life assurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	-	-	1,851	1,851	-	-	1,496	1,496
Premiums earned by reinsurers	-	-	75	75	-	-	55	55
Premiums earned on retention	-	-	1,776	1,776	-	-	1,441	1,441
Profit (loss) from investments, net, and financing income	1	2	2,768	2,771	-	1	(3,529)	(3,528)
Income from management fees	76	114	126	316	69	108	128	305
Income from commissions	-	-	18	18	-	-	18	18
Other income	-	-	7	7	-	-	7	7
Total income (expenses)	77	116	4,695	4,888	69	109	(1,935)	(1,757)
Payments and changes in liabilities for insurance contracts and investment contracts, gross	-	5	4,377	4,382	-	4	(2,021)	(2,017)
Reinsurers' share of payments and change in liabilities for insurance contracts	-	-	41	41	-	-	26	26
Payments and changes in liabilities for insurance contracts and investment contracts in retention	-	5	4,336	4,341	-	4	(2,047)	(2,043)
Commissions, marketing expenses and other acquisition costs	34	39	242	315	27	37	221	285
General and administrative expenses	30	44	105	179	29	44	94	167
Other expenses	2	3	-	5	2	4	-	6
Financing expenses (income), net	1	1	6	8	-	(1)	8	7
Total expenses (income)	67	92	4,689	4,848	58	88	(1,724)	(1,578)
Company's share of profits (losses) of equity accounted investees	-	-	(20)	(20)	-	-	2	2
Profit (loss) before income tax	10	24	(14)	20	11	21	(209)	(177)
Other comprehensive income (loss) before income tax	-	-	32	32	(1)	(5)	(70)	(76)
Total comprehensive income (loss) before income tax	10	24	18	52	10	16	(279)	(253)

Note 4 - Operating segments (contd.)

C. Additional information about the life assurance and long-term savings segment (contd.)

	For the year ended December 31,2022			
	Provident	Pension	Life assurance	Total
	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	-	-	6,504	6,504
Premiums earned by reinsurers	-	-	213	213
Premiums earned on retention	-	-	6,291	6,291
Profit (loss) from investments, net, and financing income	2	4	(4,711)	(4,705)
Income from management fees	283	430	513	1,226
Income from commissions	-	-	56	56
Other income	-	-	29	29
Total income	285	434	2,178	2,897
Payments and changes in liabilities for insurance contracts and investment contracts, gross	3	17	1,382	1,402
Reinsurers' share of payments and change in liabilities for insurance contracts	-	-	136	136
Payments and changes in liabilities for insurance contracts and investment contracts in retention	3	17	1,246	1,266
Commissions, marketing expenses and other acquisition costs	114	147	903	1,164
General and administrative expenses	110	186	414	710
Other expenses	6	15	-	21
Financing expenses, net	-	-	23	23
Total expenses	233	365	2,586	3,184
Company's share of losses of equity accounted investees	-	-	(5)	(5)
Profit (loss) before income tax	52	69	(413)	(292)
Other comprehensive loss before income tax	(6)	(12)	(380)	(398)
Total comprehensive income (loss) before income tax	46	57	(793)	(690)

Note 4 - Operating segments (contd.)

C. Additional information about the life assurance and long-term savings segment (contd.)

Results by policy category

	Policies which include a savings component (incl. riders) by date of policy issue				Policies with no savings component		
			from 2004		Risk that was sold as a stand-alone policy		
	Until 1990 (1)	Up to 2003	Not yield-dependent	Yield dependent	Personal lines	Group	Total
				NIS million			
For the six months ended June 30, 2023 (Unaudited)							
Gross premiums	34	425	-	2,050	807	59	3,375
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(4)
Total							3,371
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	1,350	-	-	1,350
Financial margin including management fees - in terms of comprehensive income (2)	(134)	79	(12)	171	-	-	104
Payments and changes in liabilities for insurance contracts, gross	442	1,803	39	3,484	316	36	6,120
Payments and change in liabilities for investment contracts	-	-	2	857	-	-	859
Total comprehensive income (loss) from life assurance business	(123)	(3)	(12)	6	95	15	(22)
For the three months ended June 30, 2023 (Unaudited)							
Gross premiums	17	213	-	1,180	410	33	1,853
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(2)
Total							1,851
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	694	-	-	694
Financial margin including management fees - in terms of comprehensive income (2)	(76)	40	-	86	-	-	50
Payments and changes in liabilities for insurance contracts, gross	242	1,177	21	2,089	149	20	3,698
Payments and change in liabilities for investment contracts	-	-	1	678	-	-	679
Total comprehensive income (loss) from life assurance business	(76)	6	1	7	70	10	18

(1) The products issued through 1990 (including increases in respect of these products) are mainly yield guaranteed and are partially backed by designated bonds

(2) The financial margin does not include the Company's other revenues which are collected as a percentage of the premium and it is calculated before deducting expenses for management of the investments. The financial margin in policies with a guaranteed yield is based on actual revenues from investments in the reporting year, net of a factor of the guaranteed yield rate for the year, multiplied by the average reserve for the year. On this, income from investments also includes the change in the fair value of available-for-sale financial assets which is recognized in the statement of comprehensive income. In yield-dependent policies, the financial margin is the fixed and variable management fees which are calculated based on the yield and the average balance of the insurance reserves

Note 4 - Operating segments (contd.)

C. Additional information about the life assurance and long-term savings segment (contd.)

Results by policy category (contd.)

	Policies which include a savings component (incl. riders) by date of policy issue				Policies with no savings component		
			from 2004		Risk that was sold as a stand-alone policy		
	Until 1990 (1)	Up to 2003	Not yield-dependent	Yield dependent	Personal lines	Group	Total
				NIS million			
For the six months ended June 30, 2022 (Unaudited)							
Gross premiums	37	430	-	2,260	716	58	3,501
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(5)
Total							3,496
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	2,329	-	-	2,329
Financial margin including management fees - in terms of comprehensive income (2)	(228)	75	(111)	184	-	-	(80)
Payments and changes in liabilities for insurance contracts, gross	532	(1,210)	26	487	379	56	270
Payments and change in liabilities for investment contracts	-	-	(1)	(1,225)	-	-	(1,226)
Total comprehensive income (loss) from life assurance business	(286)	18	(100)	(38)	(77)	(14)	(497)
For the three months ended June 30, 2022 (Unaudited)							
Gross premiums	19	215	-	872	367	26	1,499
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(3)
Total							1,496
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	946	-	-	946
Financial margin including management fees - in terms of comprehensive income (2)	(138)	37	(43)	91	-	-	(53)
Payments and changes in liabilities for insurance contracts, gross	323	(1,158)	5	(487)	184	25	(1,108)
Payments and change in liabilities for investment contracts	-	-	(2)	(911)	-	-	(913)
Total comprehensive income (loss) from life assurance business	(191)	35	(28)	(61)	(26)	(8)	(279)

(1) The products issued through 1990 (including increases in respect of these products) are mainly yield guaranteed and are partially backed by designated bonds

(2) The financial margin does not include the Company's other revenues which are collected as a percentage of the premium and it is calculated before deducting expenses for management of the investments. The financial margin in policies with a guaranteed yield is based on actual revenues from investments in the reporting year, net of a factor of the guaranteed yield rate for the year, multiplied by the average reserve for the year. On this, income from investments also includes the change in the fair value of available-for-sale financial assets which is recognized in the statement of comprehensive income. In yield-dependent policies, the financial margin is the fixed and variable management fees which are calculated based on the yield and the average balance of the insurance reserves

Note 4 - Operating segments (contd.)

C. Additional information about the life assurance and long-term savings segment (contd.)

Results by policy category (contd.)

Data For the year ended December 31, 2022	Policies which include a savings component (incl. riders) by date of policy issue				Policies with no savings component		
			from 2004		Risk that was sold as a stand-alone policy		
	Until 1990 (1)	Up to 2003	Not yield-dependent	Yield dependent	Personal lines	Group	Total
				NIS million			
Gross premiums	73	866	-	3,991	1,476	108	6,514
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(10)
Total							6,504
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	3,936	-	-	3,936
Financial margin including management fees - in terms of comprehensive income (2)	(393)	147	(190)	365	-	-	(71)
Payments and changes in liabilities for insurance contracts, gross	933	(887)	74	1,837	787	82	2,826
Payments and change in liabilities for investment contracts	-	-	(2)	(1,442)	-	-	(1,444)
Total comprehensive income (loss) from life assurance business	(447)	(78)	(188)	(11)	(72)	3	(793)

(1) The products issued through 1990 (including increases in respect of these products) are mainly yield guaranteed and are partially backed by designated bonds

(2) The financial margin does not include the Company's other revenues which are collected as a percentage of the premium and it is calculated before deducting expenses for management of the investments. The financial margin in policies with a guaranteed yield is based on actual revenues from investments in the reporting year, net of a factor of the guaranteed yield rate for the year, multiplied by the average reserve for the year. On this, income from investments also includes the change in the fair value of available-for-sale financial assets which is recognized in the statement of comprehensive income. In yield-dependent policies, the financial margin is the fixed and variable management fees which are calculated based on the yield and the average balance of the insurance reserves

Note 4 - Operating segments (contd.)

D. Additional information about the health insurance segment

Results by policy category

	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
For the six months ended June 30, 2023 (Unaudited)	NIS million				
Gross premiums	408	963	1,512	265	3,148
Payments and changes in liabilities for insurance contracts, gross	607	1,241	988	169	3,005
Total comprehensive income (loss) from health insurance business	(83)	(41)	91	14	(19)

	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
	NIS million				
For the three months ended June 30, 2023 (Unaudited)					
Gross premiums	205	493	766	132	1,596
Payments and changes in liabilities for insurance contracts, gross	344	648	468	84	1,544
Total comprehensive income (loss) from health insurance business	(54)	(16)	92	13	35

* Of this, personal lines premiums in the amount of NIS 1,118 million and NIS 564 million for the six and three months ended June 30, 2023, respectively, and group premiums in the amount of NIS 659 million and NIS 334 million for the six and three months ended June 30, 2023, respectively

** The most significant cover included in other long-term health is medical expenses, and in other short-term health is travel insurance

Note 4 - Operating segments (contd.)

D. Additional information about the health insurance segment (contd.)

Results by policy category (contd.)

	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
For the six months ended June 30, 2022 (Unaudited)	NIS million				
Gross premiums	387	846	1,394	245	2,872
Payments and changes in liabilities for insurance contracts, gross	(251)	552	959	156	1,416
Total comprehensive income (loss) from health insurance business	449	(57)	(15)	14	391

	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
	NIS million				
For the three months ended June 30, 2022 (Unaudited)					
Gross premiums	194	427	697	142	1,460
Payments and changes in liabilities for insurance contracts, gross	269	181	461	75	986
Total comprehensive income (loss) from health insurance business	(190)	(32)	(1)	22	(201)

* Of this, personal lines premiums in the amount of NIS 1,030 million and NIS 535 million for the six and three months ended June 30, 2022, respectively, and group premiums in the amount of NIS 609 million and NIS 304 million for the six and three months ended June 30, 2021, respectively

** The most significant cover included in other long-term health is medical expenses, and in other short-term health is travel insurance

Note 4 - Operating segments (contd.)

D. Additional information about the health insurance segment (contd.)

Results by policy category (contd.)

Data For the year ended December 31, 2022 (Audited)	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
	NIS million				
Gross premiums	786	1,756	2,846	534	5,922
Payments and changes in liabilities for insurance contracts, gross	(318)	1,510	1,905	343	3,440
Total comprehensive income (loss) from health insurance business	808	(122)	59	53	798

* Of this, personal lines premiums in the amount of NIS 2,142 million and group premiums in the amount of NIS 1,238 million

** The most significant cover included in other long-term health is medical expenses and in other short-term health is travel insurance

Note 5 - Taxes on income

The tax rates applicable to the income of the Group companies

Current taxes for the reported period are calculated in accordance with the following tax rates.

The statutory tax rates applicable to financial institutions, including the Company's subsidiaries which are financial institutions, from 2018 and thereafter, are as follows: corporate tax at a rate of 23%, profit tax at a rate of 17%, namely a weighted tax rate of 34.19%.

Note 6 - Financial instruments

A. Assets for Yield-dependent contracts

1. Information about assets held to cover insurance contracts and investment contracts, presented at fair value through profit and loss:

	As at June 30		As at December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Investment property	**1,901**	2,019	2,060
Financial investments			
Marketable debt assets	**21,545**	20,710	19,962
Non-marketable debt assets (*)	**13,276**	15,610	14,475
Shares	**12,538**	15,777	13,283
Other financial investments	**22,917**	19,485	19,700
Total financial investments	**70,276**	71,582	67,420
Cash and cash equivalents	**6,878**	3,604	6,450
Other	**1,260**	1,334	1,918
Total assets for yield-dependent contracts*	**80,315**	78,539	77,848
Trade and other payables	**263**	204	184
Financial liabilities**	**570**	927	1,113
Financial liabilities for yield-dependent contracts	**833**	1,131	1,297
(*) Of which assets measured at adjusted cost	**401**	413	407
Fair value of debt assets measured at adjusted cost	**409**	445	421

* Including net assets (assets net of financial liabilities) in the amount of NIS 4,748 million, NIS 4,747 million, and NIS 4,615 million as at June 30, 2023, June 30, 2022, and at December 31, 2022, respectively, for a liability attributable to a group long-term care portfolio in which most of the investment risks are not imposed on the insurer

** Mainly derivatives and futures contracts

Note 6 - Financial instruments (contd.)

A. Assets for Yield-dependent contracts (contd.)

2. Fair value hierarchy of financial assets

The following table presents an analysis of the assets held against insurance contracts and investment contracts that are presented at fair value through profit or loss. The different levels are defined as follows:

Level 1 – fair value measured by use of quoted prices (not adjusted) on an active market for identical instruments.
Level 2 – fair value measured by using observed data, direct and indirect, which are not included in Level 1 above.
Level 3 – fair value measured by using data which are not based on observed market data.

	As at June 30, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	19,073	2,472	-	21,545
Non-marketable debt assets	-	11,730	1,145	12,875
Shares	9,524	77	2,937	12,538
Other	12,363	84	10,470	22,917
Total	40,960	14,363	14,552	69,875

	As at June 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	18,162	2,548	-	20,710
Non-marketable debt assets	-	14,424	773	15,197
Shares	12,506	132	3,139	15,777
Other	10,205	143	9,137	19,485
Total	40,873	17,247	13,049	71,169

	As at December 31,2022			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	17,678	2,284	-	19,962
Non-marketable debt assets	-	13,289	779	14,068
Shares	10,484	45	2,754	13,283
Other	10,107	30	9,563	19,700
Total	38,269	15,648	13,096	67,013

Note 6 - Financial instruments (contd.)

A. Assets for Yield-dependent contracts (contd.)

3. Financial assets measured at level-3 fair value hierarchy

For the six and three months periods ended June 30, 2023 (Unaudited)

	Fair-value measurement on report date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at January 1, 2023	779	2,754	9,563	13,096
Total profits (losses) that were recognized:				
In profit and loss (*)	57	114	574	745
Interest and dividend receipts	(35)	(32)	(194)	(261)
Purchases	389	130	737	1,256
Sales	-	(29)	(199)	(228)
Redemptions	(45)	-	(11)	(56)
Balance as at June 30, 2023	1,145	2,937	10,470	14,552
(*) Of which total unrealized profits in respect of financial assets held correct to June 30, 2023	56	115	573	744

	Fair-value measurement on report date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at April 1, 2023	979	2,936	9,953	13,868
Total profits (losses) that were recognized:				
In profit and loss (*)	54	9	332	395
Interest and dividend receipts	(21)	(25)	(105)	(151)
Purchases	149	34	377	560
Sales	-	(17)	(80)	(97)
Redemptions	(16)	-	(7)	(23)
Balance as at June 30, 2023	1,145	2,937	10,470	14,552
(*) Of which total unrealized profits in respect of financial assets held correct to June 30, 2023	53	9	333	395

Note 6 - Financial instruments (contd.)

A. Assets for Yield-dependent contracts (contd.)

3. Financial assets measured at level-3 fair value hierarchy (contd.)

For the six and three months periods ended June 30, 2022 (Unaudited)

	Fair-value measurement on report date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at January 1, 2022	924	2,560	7,238	10,722
Total profits (losses) that were recognized:				
In profit and loss (*)	23	311	1,348	1,682
Interest and dividend receipts	(20)	(29)	(178)	(227)
Purchases	504	328	1,014	1,846
Sales	-	(31)	(269)	(300)
Redemptions	(623)	-	(16)	(639)
Transfers from Level 3 *	(35)	-	-	(35)
Balance as at June 30, 2022	773	3,139	9,137	13,049
(*) Of which total unrealized profits in respect of financial assets held correct to June 30, 2022	12	310	1,346	1,668

	Fair-value measurement on report date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at April 1, 2022	699	2,761	8,122	11,582
Total profits (losses) that were recognized:				
In profit and loss (*)	15	233	821	1,069
Interest and dividend receipts	(9)	(10)	(99)	(118)
Purchases	391	159	429	979
Sales	-	(4)	(128)	(132)
Redemptions	(323)	-	(8)	(331)
Balance as at June 30, 2022	773	3,139	9,137	13,049
(*) Of which total unrealized profits) in respect of financial assets held correct to June 30, 2022	15	233	821	1,069

* For securities whose rating changed

Note 6 - Financial instruments (contd.)

A. Assets for Yield-dependent contracts (contd.)

3. Financial assets measured at level-3 fair value hierarchy (contd.)

For the year ended December 31, 2022 (Audited)

	Fair-value measurement on report date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at January 1, 2022	924	2,560	7,238	10,722
Total profits (losses) that were recognized:				
In profit and loss (*)	95	277	1,351	1,723
Interest and dividend receipts	(39)	(92)	(346)	(477)
Purchases	1,144	552	2,112	3,808
Sales	-	(543)	(765)	(1,308)
Redemptions	(1,285)	-	(27)	(1,312)
Transfers from Level 3 *	(60)	-	-	(60)
Balance as at December 31,2022	779	2,754	9,563	13,096
(*) Of which total unrealized profits in respect of financial assets held correct to December 31, 2022	55	254	1,379	1,688

* For securities whose rating changed

Note 6 - Financial instruments (contd.)

B. Other financial investments

1. Non-marketable debt assets and held-to-maturity investments – book value against fair value

	As at June 30		December 31	As at June 30		December 31
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	Book Value			Fair Value		
	2023	2022	2022	2023	2022	2022
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Loans and receivables						
Designated bonds	**5,148**	4,913	5,031	**6,197**	6,458	6,217
Non-marketable, non-convertible debt assets, excluding bank deposits (*)	**8,941**	7,688	8,758	**9,012**	8,070	8,881
Bank deposits	**8,598**	5,604	6,210	**8,612**	5,637	6,229
Total non-marketable debt assets	**22,687**	18,205	19,999	**23,821**	20,165	21,327
Investments held to maturity:						
Marketable non-convertible debt assets	**-**	14	-	**-**	15	-
Total investments held to maturity	**-**	14	-	**-**	15	-
Total	**22,687**	18,219	19,999	**23,821**	20,180	21,327
Impairments recognized in profit and loss (in aggregate)	**49**	34	30			
(*) Of which debt assets measured at fair value	**6,058**	4,479	4,631			

Note 6 - Financial instruments (contd.)

B. Other financial investments (contd.)

2. Fair value hierarchy of financial assets

The following table presents an analysis of financial instruments measured at fair value on a periodic basis, using a valuation method based on the fair value hierarchy. See Note 6A(2) for a definition of the different levels.

	As at June 30, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	9,221	433	-	9,654
Non-marketable debt assets	-	6,058	-	6,058
Shares	1,397	18	628	2,043
Other	439	288	3,603	4,330
Total	11,057	6,797	4,231	22,085

	As at June 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	11,455	527	-	11,982
Non-marketable debt assets	-	4,479	-	4,479
Shares	1,806	40	558	2,404
Other	556	288	3,067	3,911
Total	13,817	5,334	3,625	22,776

	As at December 31, 20222 (Audited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	10,623	519	-	11,142
Non-marketable debt assets	-	4,631	-	4,631
Shares	1,232	5	577	1,814
Other	460	246	3,293	3,999
Total	12,315	5,401	3,870	21,586

Note 6 - Financial instruments (contd.)

B. Other financial investments (contd.)

3. Financial assets measured at level-3 fair value hierarchy

For the six and three-months ended June 30, 2023 (Unaudited)

	Fair-value measurement on reporting date Financial assets at fair value through profit or loss and available-for-sale assets		
	Shares	Other	Total
	NIS million	NIS million	NIS million
Balance as at January 1, 2023	577	3,293	3,870
Total profits (losses) that were recognized:			
In profit and loss (*)	4	52	56
In other comprehensive income	29	103	132
Interest and dividend receipts	(4)	(51)	(55)
Purchases	25	269	294
Sales	(3)	(59)	(62)
Redemptions	-	(4)	(4)
Balance as at June 30, 2023	628	3,603	4,231
(*) Of which total unrealized profit for the period in respect of financial assets held correct to June 30, 2023	4	59	63

	Fair-value measurement on reporting date Financial assets at fair value through profit or loss and available-for-sale assets		
	Shares	Other	Total
	NIS million	NIS million	NIS million
Balance as at April 1, 2023	596	3,422	4,018
Total profits (losses) that were recognized:			
In profit and loss (*)	3	24	27
In other comprehensive income	14	61	75
Interest and dividend receipts	(3)	(23)	(26)
Purchases	18	142	160
Sales	-	(19)	(19)
Redemptions	-	(4)	(4)
Balance as at June 30, 2023	628	3,603	4,231
(*) Of which total unrealized profits (losses) in respect of financial assets held correct to June 30, 2023	3	23	26

Note 6 - Financial instruments (contd.)

B. Other financial investments (contd.)

3. Financial assets measured at level-3 fair value hierarchy (contd.)

For the six and three-months ended June 30, 2022 (Unaudited)

	Fair-value measurement on reporting date Financial assets at fair value through profit or loss and available-for-sale assets		
	Shares	**Other**	**Total**
	NIS million	**NIS million**	**NIS million**
Balance as at January 1,2022	411	2,416	2,827
Total profits (losses) that were recognized:			
In profit and loss (*)	-	59	59
In other comprehensive income	104	468	572
Interest and dividend receipts	-	(52)	(52)
Purchases	45	306	351
Sales	(2)	(125)	(127)
Redemptions	-	(5)	(5)
Balance as at June 30, 2022	558	3,067	3,625
(*) Of which total unrealized profit in respect of financial assets held correct to June 30, 2022	-	58	58

	Fair-value measurement on reporting date Financial assets at fair value through profit or loss and available-for-sale assets		
	Shares	**Shares**	**Shares**
	NIS million	**NIS million**	**NIS million**
Balance as at January 1,2022	449	2,778	3,227
Total profits (losses) that were recognized:			
In profit and loss (*)	-	36	36
In other comprehensive income	67	194	261
Interest and dividend receipts	-	(26)	(26)
Purchases	42	137	179
Sales	-	(49)	(49)
Redemptions	-	(3)	(3)
Balance as at June 30, 2022	558	3,067	3,625
(*) Of which total unrealized profit in respect of financial assets held correct to June 30, 2022	-	35	35

Note 6 - Financial instruments (contd.)

B. Other financial investments (contd.)

3. Financial assets measured at level-3 fair value hierarchy (contd.)

For the year ended December 31, 2022 (Audited)

	Fair-value measurement on report date Financial assets at fair value through profit or loss and available-for-sale assets		
	Shares	Other	Total
	NIS million	NIS million	NIS million
Balance as at January 1,2022	411	2,416	2,827
Total profits (losses) that were recognized:			
In profit and loss (*)	(2)	116	114
In other comprehensive income	103	458	561
Interest and dividend receipts	-	(131)	(131)
Purchases	68	664	732
Sales	(3)	(222)	(225)
Redemptions	-	(8)	(8)
Balance as at December 31, 2022	577	3,293	3,870
(*) Of which total unrealized profits (losses) in respect of financial assets held correct to December 31, 2022	(2)	116	114

Note 6 - Financial instruments (contd.)

C. Financial liabilities

1. Financial liabilities presented at amortized cost – book value against fair value

	As at June 30		As at December 31	As at June 30		As at December 31
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	Book Value			Fair Value		
	2023	2022	2022	2023	2022	2022
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Loans from banks	**635**	362	348	**286**	327	300
Loans from related parties	**8**	-	-	**8**	-	-
Short-term credit from banks and others	**339**	552	313	**339**	551	313
Bonds *	**8,327**	6,020	6,476	**7,914**	5,963	6,111
Financial guarantee	**32**	25	76	**29**	25	72
Total financial liabilities presented at amortized cost	**9,341**	6,959	7,213	**8,576**	6,866	6,796
* Including subordinated liability notes issued for compliance with the capital requirements	**5,223**	4,942	4,969			

2. Interest rates used to determine the fair value

	As at June 30		As at December 31
	2023	2022	2022
Loans	**5.71%**	2.75%	4.63%
Bonds	**4.99%**	2.41%	3.80%

Note 6 - Financial instruments (contd.)

C. Financial liabilities (contd.)

3. Financial liabilities measured at fair value hierarchy

The following table presents an analysis of financial liabilities presented at fair value. See Note 6A(2) for a definition of the levels.

	As at June 30, 2023 (Unaudited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	19	807	826
Short sales (2)	5,430	838	6,268
Total financial liabilities	5,449	1,645	7,094

	As at June 30, 2022 (Unaudited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	43	1,208	1,251
Short sales (2)	4,137	393	4,530
Total financial liabilities	4,180	1,601	5,781

	As at December 31, 2022 (Audited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	476	963	1,439
Short sales (2)	4,081	458	4,539
Total financial liabilities	4,557	1,421	5,978

(1) Derivative financial instruments held to cover the insurance liabilities as part of the Group's policy for asset and liability management ("ALM"). Of the above, NIS 256 million, NIS 324 million and NIS 325 million as at June 30, 2023, June 30, 2022 and at December 31, 2022, respectively, are included in the non-yield-dependent liabilities, and the balance is included in the Group's yield-dependent liabilities. Most of the amount is attributable to management of exposure by means of derivatives to foreign currency and to the CPI. To cover these liabilities, the financial institutions deposited collateral in accordance with the conditions prescribed in the contract. The Group's financial institutions have approved credit facilities for their derivative activity. Pursuant to the foregoing, the Group's financial institutions deposited NIS 964 million, NIS 992 million, and NIS 1,650 million as at June 30, 2023, June 30, 2022 and December 31, 2022, respectively, as collateral to cover their liabilities arising from this activity (these collaterals are presented within trade payables)

(2) Harel Finance, a subsidiary of the Company, operates through subsidiaries involved in the short sale of government bonds (Israeli and foreign) and places the proceeds of the sales in deposit until the bond maturity date. In the Reporting Period, these companies posted short sales of NIS 1.3 billion as part of this activity. The outstanding backing amounts as at June 30, 2023, are NIS 6 billion

Note 6 - Financial instruments (contd.)

C. Financial liabilities (contd.)

4. Additional information

1. Midroog rating

   (a) On January 30, 2023, Midroog announced a financial strength rating for Harel Insurance of 'Aa1.il', rating outlook stable, and ratings of 'Aa2.il(hyb)' for subordinated liability notes (hybrid Tier-3 capital), Series 6-7 bonds issued by Hare Finance & Issues, and ratings of 'Aa3.il(hyb)' for subordinated liability notes (Tier-2 capital) that were issued by Harel Finance & Issues as part of Series 9-18 bonds, rating outlook stable.

   (b) On March 6, 2023, Midroog announced affirmation of the Company's Aa2.il rating, outlook stable, as well as affirmation of the Aa2.il rating for Series 1 bonds issued by the Company.

2. Financial covenants

   For information relating to financial covenants for a bank loan taken by the Company, in respect of short-term loans taken by a Company subsidiary and in respect of Series 1 bonds issued by the Company, see Note 24 to the annual financial statements. At June 30, 2023, and at the date of publication of the report, the Company and the subsidiary are in compliance with the prescribed financial covenants. Regarding additional financial covenants in respect of bank debt taken by the subsidiary Harel Pension and Provident Ltd., see Section 5 below.

3. Issue of Series 19 bonds of Harel Finance & Issues

   In January 2023, Harel Finance & Issues, raised NIS 500 million as part of a public placement of a new series of bonds (Series 19) in accordance with a shelf offering report of Harel Finance & Issues dated December 18, 2023, which was published according to a shelf prospectus of Harel Finance & Issues bearing the date February 25, 2020, as extended on February 21, 2022 ("the Shelf Offering Report" and "Shelf Prospectus", respectively). Under the conditions set out in the Shelf Prospectus and Shelf Offering Report, the amount raised was deposited with Harel Insurance, to be used at its discretion and for which it is responsible, and Harel Insurance has an undertaking towards the trustee for the bonds to comply with the payment conditions of the bonds. Additionally, the issued bonds were recognized by the Commissioner of the Capital Market, Insurance and Savings Authority as a Tier-2 capital instrument held by Harel Insurance, all as detailed in the Shelf Prospectus and in the Shelf Offering Report. For the purpose of this issue, S&P Maalot announced a rating of 'ilAA-' for the Series 19 bonds.

4. Shelf prospectus of Harel Finance & Issues

   On February 27, 2023, Harel Finance & Issues published a shelf prospectus bearing the date February 28, 2023. By virtue of this shelf prospectus, Harel Finance & Issues will be able to place different categories of securities, in accordance with the statutory provisions. This shelf prospectus replaced a previous shelf prospectus of Harel Finance & Issues from February 2020, which was in force until February 2023.

5. Bank credit taken by a subsidiary, Harel Pension and Provident Ltd ("Harel Pension & Provident Ltd.")

   On May 4, 2023, Harel Pension & Provident, a wholly owned subsidiary of the Company, repaid a loan from the Company in the amount of NIS 193 million (including interest and index linkage).

   On May 3, 2023, Harel Pension & Provident took a loan in the amount of NIS 300 million from a banking corporation. The loan bears variable interest which is paid every six months. The loan is due for repayment on January 1, 2026. As noted, the balance of the loan as at June 30, 2023, is NIS 303 million.

<u>Compliance with financial covenants</u>

To secure repayment of the loan, Harel Pension & Provident undertook to maintain certain financial ratios. Among other things, Harel Pension & Provident undertook that the ratio of its financial debt to EBITDA during the four consecutive quarters preceding the end of the quarter will not exceed 3 and that the value of the assets managed by the funds that it manages will not fall below NIS 150 billion. At June 30, 2023, Harel Pension & Provident is in compliance with the prescribed financial covenants.

Note 6 - Financial instruments (contd.)

C. Financial liabilities (contd.)

6. Full early redemption of bonds (Series 6) of Harel Finance & Issues

On May 10, 2023, the board of directors of Harel Finance & Issues, a wholly owned subsidiary of Harel Insurance, resolved to make full, early redemption, at the initiative of Harel Finance & Issues, of the Series 6 bonds it had issued, which was implemented on May 31, 2023.

7. Expansion of bonds (Series 3) of Harel Exchange Traded Deposit Ltd.

On May 23, 2023, Harel Exchange Traded Deposit Ltd., a subsidiary of Harel Finance, a company fully owned by the Company, expanded the Series 3 bonds by NIS 809 million par value by means of a shelf offering report in accordance with a prospectus dated August 17, 2022. The proceeds received from the bond issue were NIS 825 million.

8. Issue of Series 1 bonds of the Company by way of a series expansion

In the Reporting Period, the Company published a shelf offering report according to a shelf prospectus dated July 23, 2020.

As part of the shelf offering report, the Company issued NIS 953,516,000 par value Series 1 bonds by way of an expansion of an existing series of bonds for the total consideration (gross) of NIS 800 million. The bonds were offered to the public in a uniform offering, by way of a tender on the price per unit which, for the purpose of the tender was set at NIS 839. The Series 1 bonds were offered to the public in units, each comprising NIS 1,000 par value bonds (Series 1) (“the Units”). The Series 1 bond offering was not secured by underwriting. Qualified investors made a preliminary undertaking to submit applications to purchase 953,516 units, in the quantities and at rates of interest specified in the shelf offering report. As part of the tender, a total of 115 bids were received to purchase 1,190,344 units (of which 40 were bids to purchase 236,828 units from the public and 75 were bids for the purchase of 953,516 units from qualified investors), in the total amount of NIS 998.7 million.

Based on the information in the shelf offering report and in view of the fact that according to the results of the tender the total applications received, as noted above, reflected a par value of Series 1 bonds of the Company exceeding 953,516,000 par value Series 1 bonds, the Company therefore elected to issue, as part of the issue according to the offering report, a total of 953,516,000 par value Series 1 bonds. The surplus amount is therefore 146,484,000 par value Series 1 bonds and the allotment to the bidders who responded to the aforementioned tender was made at a ratio (pro rata) of the quantity issued to the public to the bids actually received for the Series 1 bonds, so that each bidder whose application would have been accepted according to the results of the tender conducted according to the shelf offering was allotted 86.68% of the scope of the allotment (based on the following calculation: 953,516,000/1,100,000,000).

The discount rate in the present expansion of the Series 1 bonds is 16.77413% and the weighted discount rate is 12.50740%.

Within the context of the deed of trust for the Company’s Series 1 bonds, the Company undertook that as long as the Series 1 bonds have not been fully paid up, it will not create a floating charge on all its assets, unless it received, in advance, the consent of the bond holders or, alternatively, at that date the Company creates such a lien for the Series 1 bond holders as well, of the same ranking. Additionally, with respect to the Series 1 bonds, the Company undertook limitations pertaining to the distribution of a dividend, expansion of the Series 1 bond series and it also undertook to meet financial covenants in which the Company’s equity, according to its financial statements, will not fall below NIS 3 billion and that the Company’s net debt to asset ratio according to its separate financial statements will not be more than 50%. For additional information see the shelf offering report. At the date of publication of the report, the Company is in compliance with the prescribed financial covenants.

For the purpose of this issuance, on May 30, 2023, Midroog announced a rating of Aa2.il, stable outlook, for the expansion of the Series 1 bonds in the amount of NIS 600 million par value (“issue rating”) and on May 31, 2023, Midroog published an update to the issue rating so that the rating was given for an amount of up to NIS 1,000 million par value.

Note 6 - Financial instruments (contd.)

C. Financial liabilities (contd.)

9. Agreement to take bank credit as part of the Company's deployment to finance the Isracard transaction

   On May 29, 2023, the Company's Board of Directors approved an agreement to take bank credit as part of the Company's deployment to finance the Isracard transaction. The Company and a consortium of banks are negotiating in connection with the credit and its terms.

10. Partial redemption of Series 1 bonds of the Company

    On June 30, 2023, the Company made partial redemption of 45,582,895 Series 1 bonds of the Company, in accordance with the terms of these bonds.

11. Publication of a shelf prospectus by the Company

    On July 26, 2023, after the Reporting Period, the Company published a shelf prospectus dated July 27, 2023. By virtue of this shelf prospectus, the Company will be able to issue different categories of securities, in accordance with the statutory provisions.

D. Information about level 2 and level 3 fair-value measurement

The interest rates used to determine the fair value of non-marketable debt assets

The fair value of non-marketable debt assets measured at fair value by way of profit or loss and of non-marketable debt assets, where information about the fair value is given for disclosure purposes only, is determined by discounting the estimated cash flows they are expected to produce. The discounting rates are based on an allocation of the negotiable market into deciles consistent with the yield to maturity of the debt asset, and determining the position of the non-marketable asset on those deciles, and this in accordance with the risk premium stemming from the prices of transactions/issues on the non-negotiable market. The price quotes and interest rates used for the discounting are determined by Mirvah Hogen, a company that provides price quotes and interest rates for financial institutions for the revaluation of non-marketable debt assets.

Note 7 - Contingent liabilities, guarantees and commitments

A. Contingent Liabilities

There is a general exposure which cannot be evaluated and/or quantified resulting, *inter alia*, from the complexity of the services provided by the Group to its insured and its customers. Among other things, the complexity of these arrangements incorporates the potential for interpretive and other arguments, in part due to information gaps between the Group's companies and other parties to the insurance contacts and the Group's other products, pertaining to a long series of commercial and regulatory conditions, including arguments regarding the way in which the moneys of insureds and members are invested. It is impossible to anticipate in advance the types of arguments that might be raised in this area, and the exposure resulting from these and other allegations in connection with the Group's products which are raised as part of the various legal proceedings, *inter alia*, through a mechanism of hearings set forth in the Class Actions Law.

New interpretations of the information in insurance policies and long-term term pension products may, in some instances, affect the Group's future profits in respect of the existing portfolio, in addition to the exposure inherent in requirements to compensate customers for past activity. Likewise, there is an element of exposure due to regulatory changes and instructions issued by the Commissioner, in circulars that are in force and in draft circulars that are still under discussion, as well as in the Commissioner's Position Papers and Decisions in Principle on various topics, some of which have far-reaching legal and operational ramifications. This exposure is particularly strong in pension savings and long-term insurance, including health insurance. In these sectors, agreements with the policyholders, members and customers are over a period of many years during which there may be policy changes, regulatory changes and changes in the law, including in case law. These rights are managed through complex automated systems, and in view of these changes they must be constantly adjusted. All these create considerable operational and mechanization exposure in these areas of activity. The Group's financial institutions have an enforcement plan according to which they review compliance with the regulatory provisions and take action to correct any deficiencies found.

Among these regulatory changes, in 2011, the Commissioner published a circular concerning data optimization of the rights of members of financial institutions. The circular details the activity framework that a financial institution must carry out to ensure that members' rights are reliably, and fully recorded in the information systems, and that they are available and retrievable. The circular prescribes stages for implementation of the optimization project, which is scheduled for completion on June 30, 2016. At this date, the Company has completed the optimization activity for most of the issues that were included in the work plan. Nevertheless, several issues remain that will continue to be dealt with even after the date scheduled for completion of the project. Furthermore, in accordance with the requirements of the circular, the Company also performs ongoing optimization and preserves the optimization activity conducted as part of the project.

Additionally, there is a general exposure due to complaints submitted from time to time to the Capital Markets, Insurance and Savings Authority against the Group's financial institutions, regarding the rights of insureds relating to the insurance policies and/or the law. These complaints are handled on a current basis by the public complaints division within the Company. The decisions of the Capital Market, Insurance and Savings Authority on these complaints, if and to the extent that any decision is made, might be given across the board and apply to large groups of insureds. Additionally, sometimes, the complaining entities even threaten to take action regarding their complaints in the form of class actions. At this time, it is impossible to estimate whether there is any exposure for such complaints and it is not possible to estimate whether the Capital Market, Insurance and Savings Authority will issue an across-the-board decision on these complaints and/or if class actions will be filed as a result of such processes, and it is impossible to estimate the potential exposure to such complaints. Therefore, no provision for this exposure has been included. Furthermore, as part of the policy applied by the Capital Market, Insurance and Savings Authority to enhance the controls and audits of financial institutions, from time to time the Authority conducts in-depth audits of a variety of activities of the Group's financial institutions. As a result of these audits, the Ministry of Finance may impose fines and/or financial penalties and it may also order that changes should be made with respect to various operations, both in the past and in the future. Regarding instructions with respect to past activity, the Capital Market, Insurance and Savings Authority might request the restitution of money or a change in conditions vis-à-vis policyholders and/or fund members which may impose financial liabilities on the Company's subsidiaries and/or increase the exposure of the subsidiaries that are insurers to a broader range of insurance events to be covered on account of these instructions, in policies that were issued.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

As part of audits conducted by various regulatory authorities, including the Capital Market, Insurance and Savings Authority, during the Reporting Period a number of in-depth audits were and are being conducted on pension and provident, health insurance, non-life insurance, claims settlement, in the life assurance and long-term care sectors, information systems and computerized databases, customer service and public complaints and also on the collection of statistical information (claims).

Within the context of investments made by the Group companies in debt assets, the investing companies are signed on indemnity notes of unlimited amounts vis-a-vis the trustees of the debt assets. In these indemnity notes, the Group companies (as well as the other investors in those debt assets), undertook towards the trustees to indemnify the trustees for any expense that may be imposed on them during the handling of the debt arrangements, insofar as they handle such arrangements and insofar as the said expense is not paid by the company which owns the assets. The Group companies hold several debt assets that are in an arrangement process. The exposure relating to the indemnity notes that were given in respect of these debt assets is insignificant.

In connection with a merger of the insurance activity of Dikla into Harel Insurance, and based on a request by Clalit Health Services which is Dikla's main customer and where, as part of the agreement with Clalit Dikla provides operating and management services for the Supplementary Health Services Plan and the Long-term Care plan for Clalit's members, Harel Insurance signed an indemnity note in which it undertook to indemnify Clalit Health Services for losses sustained by Clalit if and insofar as any losses are sustained, as a result of a spin-off of operations, under the conditions set out in the indemnity note.

On December 1, 2021, Harel Insurance acquired the insurance activity of Shirbit, including the rights and obligations incorporated therein.

Following is information about the exposure to class actions and motions to recognize claims as class actions filed against the Company and/or companies in the Group.

For motions to approve legal actions as class actions as detailed below, which are, in management's opinion based inter alia on legal opinions that it received, where it is more likely than not that the defense arguments of the Company (or subsidiary) and certification of the action as a class action will be accepted, or where there is a 50% or more chance that in the final outcome the Company's (or subsidiaries) arguments will be accepted, where it is reasonable that a proposed compromise settlement, that does not include a significant undertaking for monetary payment will be accepted, no provision has been included in the financial statements. Regarding applications to approve a legal action, fully or partly, as class action with respect to a claim, where it is more reasonable than not that the Company's defense arguments are likely to be rejected, the financial statements include provision to cover the exposure estimated by the Company's management and/or the managements of subsidiaries. In the opinion of the Company's management, based, inter alia, on legal opinions it received, the financial statements include adequate provision, where such provision is necessary, to cover the estimated exposure by the Company and/or subsidiaries.

Regarding motions to approve an action as a class action under Sections 42, 48. 52, 55, 56 and 57 below, it is not possible at this early stage to estimate the chances that the applications will be approved as a class action and therefore no provision was included in the financial statements for these claims.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

1. In January 2008, an action was filed in the Tel Aviv District Court against the subsidiary Harel Insurance and against four additional insurance companies (hereinafter together: “the Defendants”) together with an application for its certification as a class action. The subject of the action is a claim that the respondents unlawfully collected "sub-annual factor payments" (a fee that insurance companies are allowed to collect when the amount of the annual premium is paid in several installments). The plaintiffs claim damages in the amount of NIS 1,683.54 for each year of insurance. The plaintiffs estimate that the total claim for the entire class that they wish to represent against all defendants is about NSI 2.3 billion, of which about NIS 307 million is against Harel Insurance. On February 1, 2010, the court approved a request for a procedural arrangement between the parties, whereby the plaintiff will strike out from the motion and the action the claim that Harel Insurance collected a sub-annual factor fee exceeding the rate permitted in policies that were issued before 1992 as well. As instructed by the court, the plaintiff submitted an amended claim and request for its certification as a class action. On December 29, 2013 the Commissioner submitted a position that supports the position of the Defendants that there is no impediment to collecting sub-annual policy factors, on the savings component of life insurance combined savings and other term policies, including long-term care, work disability and accidental disability. On July 19, 2016, the Tel Aviv District Court approved the claim as a class action in connection with the collection of a sub-annual factor on the premium component which is known as the policy factor and on the savings component in combined savings and life assurance policies, and in connection with the collection of a sub-annual policy factor in health, disability, critical illness, work disability and long-term care policies. In December 2016, an application was filed for permission to appeal the decision of Tel Aviv District Court. Following a decision of the Supreme Court from January 2017, the respondents responded to the motion for permission to appeal the decision to certify the action as a class action and it was heard by a panel of judges. In April 2017, the Supreme Court accepted the request for a stay of implementation that was filed by the Defendants and it determined that the hearing would be stayed until a decision has been made on the application for permission to appeal and on the appeal. On May 31, 2018, the Supreme Court accepted the motion for permission to appeal, heard it as an appeal and accepted it, reversing the ruling of the District Court and dismissing the motion for certification of the action as a class action. On June 26, 2018, a motion was served to Harel Insurance to hold a further hearing on the judgment that the plaintiffs filed in the Supreme Court. In its decision from July 2, 2019, the Supreme Court instructed that another hearing on the judgment should take place before a panel of seven judges. In November 2019, the Attorney General announced that he would appear at the proceeding in person and in February 2020 he submitted his position supporting the judgment and the trend it reflects for strengthening the weight that should be given to the regulator’s professional position in the interpretation of his instructions and that in his view, there is no room to intervene in the decision made in the judgment which is the subject of the proceeding with respect to adopting the interpretive position of the Capital Market Authority. In July 2020, a further hearing on the ruling was head in the presence of a panel of seven judges and on July 4, 2021, a ruling was handed down in the additional hearing whereby the decision of the District Court, which determined that the motion for certification was accepted, it will remain unchanged and the case will be returned to the District Court for a hearing on the class action. The parties are conducting a mediation process.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

2. In May 2011, an action was filed in the Central Region District Court against the subsidiary Harel Insurance and three other insurance companies (hereinafter together: “the Defendants”), together with an application for certification as a class action. The subject of the action is an allegation that the Defendants allegedly unlawfully collect a payment called a "policy factor" and/or "other management fees" at a considerable rate of the premium paid without their consent or knowledge and without compliance with a condition that enables such collection in the policy instructions. The plaintiffs argue that according to instructions issued by the Commissioner, companies may charge a policy factor under certain conditions; however they also claim that in addition to the Commissioner's authorization, the Defendants must stipulate collection of the policy factor in a contractual agreement with the policyholder. According to the plaintiffs, the total loss claimed for all members of the group against all the Defendants is NIS 2,325 million, and against Harel Insurance, based on its share of the market, is NIS 386 million. On June 10, 2015, the parties filed an application in the court to approve a compromise settlement. The court appointed a reviewer for the compromise settlement. Under the proposed compromise settlement, the Defendants undertook to reimburse the class members with a total amount of one hundred million shekels for the collection of a policy factor in the past. Harel Insurance’s share of this amount is NIS 14 million. Additionally, each of the Defendants undertook to reduce the future collection for the policy factor from these class members at a rate of 25% relative to the amount actually collected. The Defendants also agreed to bear the compensation to the class plaintiff and cover the cost of his lawyer’s fees, by an amount to be decided upon by the court. In its decision from November 21, 2016, the court dismissed the compromise settlement and approved litigation of part of the claim as a class action on the grounds of a breach of the insurance policy on account of collection of the policy factor fee with no legal basis, in a manner that compromises the insured’s accrued savings, starting from seven years prior to the date of filing the claim. The relief to be claimed as part of the class action will be to remedy the breach by way of revising the insured’s accrued savings by the additional amount of savings that would have been accrued if the policy factor had not been collected or by compensating the insured by the aforesaid amount. In addition, from now on, the policy factor will no longer be collected. The class in whose name the class action is litigated comprises insureds of the Defendants who have combined life assurance and savings policies that were drawn up between 1992-2003, where the savings accrued by the insured were compromised due to the collection of the policy factor. In May 2017, the Defendants filed a motion in the Supreme Court for permission to appeal this decision, in which context the compromise settlement was dismissed and the motion to certify the claim as a class action was partially approved. In September 2018, the Attorney General’s response was filed to the motion for permission to appeal, according to which his position is that the Central District Court was correct in its decision not to approve the compromise settlement and to partially approve the motion to certify the action as a class action. In February 2019, the motion for permission to appeal was struck out, after the Defendants accepted the Supreme Court’s recommendation to withdraw the motion for permission to appeal, while maintaining all their arguments and rights. The parties are conducting a mediation process in parallel with litigation of the class action. On September 23, 2022, a decision was handed down according to which the court’s position is that the lower threshold for compromise purposes should be 40% and not less. On June 20, 2023, the class plaintiffs and Harel Insurance together with five additional insurance companies filed a motion in the court to certify a compromise settlement (“the Compromise Settlement”). As part of the Compromise Settlement, the following were agreed: (a) Harel Insurance will reimburse the class members (as they are defined in the Compromise Settlement) for the past (the period commencing from seven years before the motion for certification was filed) and up to the commencement of the future collection (as specified in section B below - a lump sum at a rate of 42% of the total collection of the policy factor, which it is argued should have been transferred to saving. (b) Harel Insurance will subtract the future collection of the policy factor from the relevant class members, by way of reducing the policy factor to be collected by 50%, as noted in the Compromise Settlement.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

3. In May 2013, an action was filed in the Tel Aviv District Court together with an application for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly refrains from paying insurance benefits to its policyholders together with linkage differences and interest, from the date of occurrence of the insured event up to the payment date of the insurance benefits. The total loss claimed for all members of the group amounts to sums varying from NIS 168 million to NIS 807 million. The mediation process conducted by the parties was unsuccessful and litigation of the action was returned to the court. On August 30, 2015, the Tel Aviv District Court partially accepted the motion for certification, such that conducting of the claim as a class action was approved with respect to the argument concerning non-payment of interest as required under Section 28(A) of the Insurance Contract Law ("the Law"), and the motion was dismissed insofar as it relates to the argument that Harel Insurance does not link the insurance benefits in accordance with the provisions of Section 28(A) of the Law. The plaintiffs estimate that the overall loss claimed for all members of the group in relation to the Company according to the amended statement of claim amounts to NIS 120 million. In October 2015, an application was filed for permission to appeal the decision to certify the application as a class action. In accordance with the court's recommendation, in August 2016 the Defendants withdrew the application for permission to appeal. On February 28, 2021, a partial ruling was given on the action (the "Partial Ruling") adopting the ruling in the certification decision according to which the class action was accepted. According to the Partial Ruling, the group is defined as any eligible person (insured, beneficiary or third party) who in the period commencing three years prior to filing the action and its termination on the day of giving the Partial Ruling, received from Harel Insurance, not in accordance with a ruling on his affairs, insurance compensation without the inclusion of interest by law. Furthermore, the court stipulated that for the purpose of exercising the ruling, an expert will be appointed to determine the method of refunding the group members and calculating the amount of the refund, and it also determined that expenses will be paid to the representative plaintiffs and legal costs to their attorneys. In May 2021, Harel Insurance filed an appeal on the partial ruling in the Supreme Court. In June 2021, the Supreme Court accepted the Defendants' motion to stay implementation of the partial ruling in the sense that the proceeding to appoint an expert for implementation of the partial ruling will be delayed until a decision is made on the appeal proceeding. On November 9, 2022, the Supreme Court denied the appeal on the partial ruling, in the absence of grounds for judicial intervention in the interim decision. It was also stipulated that the appropriate place to investigate the appeal arguments is in the form of an appeal on the final judgment.

4. In April 2014, an action was filed in the Tel Aviv District Court, together with an application for its certification as a class action, against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance pays the holders of Hiyunit profit-sharing policies for work disability and long-term care insurance ("the Policy") monthly compensation (which consists of monthly compensation and the outstanding bonus), which is ostensibly calculated in contravention of the Policy provisions, and that Harel Insurance, allegedly, does not pay the policyholders the bonus they have accrued up to the date of payment of the first monthly compensation according to the Policy. The total loss claimed for all members of the Group that the plaintiff wishes to represent amounts to NIS 381 million. In March 2019, the Tel Aviv District Court certified litigation of the claim as a class action ("the Decision"). The class in whose name the class action is to be litigated is all insureds in profit-sharing life-assurance policies managed by Harel Insurance, in which the insurance benefits are paid based on an Rm formula. On July 17, 2019, Harel Insurance filed an application in the Supreme Court for permission to appeal the decision. On July 22, 2019, Harel Insurance was served with an appeal in the Supreme Court which was filed by the plaintiff in the motion for certification, on that part of the decision in which the District Court ruled not to certify litigation of the claim as a class action on the grounds of deception and that the definition of the class in the class action did not also include past insureds, including beneficiaries and heirs of insureds in the insurance policies in respect of which the claim had been certified as a class action. At the hearing, which took place in the Supreme Court on September 13, 2021, it was agreed that the group for which the class action was approved would be reduced and it was stipulated that it also includes past insureds and that the prescription period in respect of the insurance benefits is 3 years. Subject to this, with the consent of the parties, the motion for permission to appeal and the appeal were dismissed.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

5. In June 2014, an action was filed in the Tel Aviv District Court, together with an application for its certification as a class action, against the subsidiary Dikla Insurance Agency Ltd. (in its previous name Dikla Insurance Company Ltd. ("Dikla")) The subject of the action is the argument that under the provisions of the group long-term care insurance policy for members of Clalit Health Services Supplementary Long-term Care Plus ("the Policy"), Dikla fails to pay insureds who require long-term care insurance benefits for the days in which they were hospitalized in a general or rehabilitation hospital, and that these days are not included in the number of days for calculating the waiting period determined in the policy, and this ostensibly in contravention of the Commissioner' instructions and the provisions of the law. The plaintiff estimates the total loss claimed for all members of the Group that it wishes to represent at NIS 35 million. The court passed the motion to accept the Commissioner's position regarding the disputes that are the subject of the motion for certification of the action as a class action. In January 2016, the Commissioner's position was submitted which stated that the policy definition of the insured event does not violate the instructions of the Capital Market, Insurance and Savings Authority and that the policy which is the subject of the claim was approved separately by the Capital Market, Insurance and Savings Authority. In December 2018, the court dismissed the motion to certify the claim as a class action on the grounds that non-payment of the insurance benefits in respect of the hospitalization period is contrary to the Commissioner's instructions, but it approved the conducting of the action as a class action on the grounds of a breach of an insurance circular on the subject of fair disclosure to insureds when they are enrolled in a health insurance policy. The class in whose name the class action is to be conducted is all Dikla policyholders who purchased long-term care insurance after October 1, 2001, who were entitled to claim insurance benefits in the period between May 29, 2011 and May 29, 2014, and where the proper disclosure form attached to the purchased policy does not mention or refer to the section that states that the date of occurrence of the insured event is the date on which the insured first becomes eligible, or the date on which the insured was discharged from a general or rehabilitation hospital, whichever is later. In May 2019, Dikla filed a motion in the Supreme Court for permission to appeal the decision. In June 2019, the plaintiff in the motion for certification filed an appeal in the Supreme Court against the District Court's ruling not to certify litigation of the claim as a class action according to which non-payment of the insurance benefits for the hospitalization period contravenes the Commissioner's instructions and also that, as argued by the plaintiff, the court did not rule on the additional argument of breach of contract. At the hearing, which took place in the Supreme Court on May 10, 2021, the motion for permission to appeal and the appeal were dismissed, after the parties accepted the Supreme Court's recommendation to withdraw them, while preserving all their arguments. In January 2022, the parties informed the court of their agreement to enter into a mediation process. The parties are conducting a mediation process. The mediation process conducted by the parties was unsuccessful and the hearing of the action returned to the court.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

6. In July 2014, a motion for certification of a claim as a class action was filed in the Lod-Center District Court against the subsidiary Harel Pension & Provident and against four other pension fund management companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants raise the management fees paid by pension fund members from the cumulative savings (accrued balance) to the maximum rate permitted by law on the date on which the members become pensioners, receive their old-age pension and they are no longer able to move their pension savings. In this way, the Defendants ostensibly apply the contractual right to which they are entitled under the provisions of the pension fund articles, in an unacceptable manner, in bad faith and contrary to the provisions of the law. According to the plaintiffs, the total loss claimed for all members of the group that the plaintiffs wish to represent, amounts to NIS 48 million against all the Defendants. The court passed the application to the Commissioner for his opinion on the questions arising from the motion for certification. In September 2017, the Commissioner's position was submitted supporting the Defendants' position whereby the rate of the management fees collected from members during the savings period is not equal to the rate of the management fees collected from post-retirement annuity recipients, given that they relate to two different periods and have different characteristics. The post-retirement management fees are reset at the time of retirement and unrelated to the rate prior to retirement. This is therefore not considered an increase in the management fees but rather setting the rate of the management fees for the period of retirement. The "Management Fees Circular" which relates to the management companies' obligation to notify their members does not apply to the setting of management fees for pensioners; and the obligation to give notice of a change in the management fees by virtue of the circular does not apply to the management companies with respect to annuity recipients. The mediation process conducted by the parties was unsuccessful and the hearing on the action was returned to the court. On March 18, 2022, the Lod-Center District Court certified litigation of the claim as a class action. The class in whose name the class action is to be litigated is anyone who is a member of a comprehensive pension fund which is listed as one of the Defendants, and who is eligible to receive an old-age pension and/or may in future be eligible to receive an old-age pension.
7. In September 2015, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiaries Harel Insurance and Dikla Insurance Agency Ltd. (in its previous name Dikla Insurance Company Ltd. ("Dikla")) and against three other insurance companies (henceforth together: "the Defendants"). The subject of the action is the allegation that the Defendants allegedly adopted an interpretive approach whereby in order to recognize an insured in the investigation of a claim for long-term care as one who suffers from incontinence, this condition must be the outcome of a urological or gastroenterological illness or ailment only. This, ostensibly, in contravention of the provisions of the insurance policy. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, but they estimate it to be hundreds of millions of shekels. The mediation proves conducted by the parties was unsuccessful and the hearing on the action was returned for litigation in the court. In April 2020, the Central District Court approved litigation of the claim as a class action against Harel Insurance, Dikla and against two other insurance companies, on the grounds of breach of the long-term care insurance contract that led to non-payment or underpayment of the long-term care benefits, due to non-recognition of the insureds as being eligible to points for incontinence ("control of bowel and bladder functions"). The group in whose name the class action is being conducted is anyone who had long-term care insurance that was sold by one of the Defendants against whom conducting the action as a class action was approved, and who suffered from the loss of ability to independently control bowel or bladder functions as a result of a combination of impaired control of these functions that has not developed to organic loss of control with deteriorated functional condition, and nevertheless did not receive from the Defendants against whom conducting the claim as a class action was approved (as applicable) points for incontinence in the framework of the assessment of his claim to receive long-term care benefits, in a manner that led to an infringement of his rights to insurance compensation in the period between September 8, 2012 and the date of approval of the action as a class action. The parties are conducting a mediation process.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

8. In September 2015, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against the subsidiary Harel Pension & Provident and against four other companies (“hereinafter together: “the Defendants”). The subject of the action is the allegation that the Defendants were ostensibly in breach of their fiduciary duties towards the members of the provident funds they manage by paying commissions to the insurance agents at a rate derived from the management fees they collect from the members, thereby compensating the agents by an amount that increases in line with the increase in the management fees. Their argument is that the Defendants ostensibly practiced unjust enrichment by creating a mechanism aimed at increasing the management fees in favor of the agents and management companies. The plaintiffs estimate the loss for all members of the group they wish to represent in the amount of NIS 300 million per annum since 2008 and in total by approximately NIS 2 billion. On November 22, 2022, the Tel Aviv District Court denied the motion for certification of the action as a class action. On January 19, 2023, the subsidiary Harel Pension & Provident was served with an appeal on the judgment which the plaintiffs in the motion for certification filed in the Supreme Court.
9. In August 2016, an action was filed in the Lod-Center District Court, together with a motion for its certification as a class action, against the subsidiary Harel Pension & Provident. The subject of the action is the allegation that in addition to management fees, Harel Pension & Provident ostensibly collects payment from its members for a component relating to investment management expenses (a component of direct expenses for performing transactions), which is permissible by law, although in this case Harel neglected to include provision in the contract allowing it do so. The plaintiff argues that Harel Pension is therefore in breach of the provisions of the pension fund articles and the onerous fiduciary obligations and duty of disclosure that apply to it, it negotiates in bad faith and gives its customers a misleading description. The plaintiff estimates the total loss claimed for all members of the group that it wishes to represent amounts to approximately NIS 132 million. In April 2017, the court ordered the transfer of the hearing of the motion to the Tel Aviv District Labor Court. In February 2018, the court instructed the Commissioner to submit his position in relation to the proceeding. In June 2018, the position of the Capital Market Authority was submitted supporting the position of Harel Pension & Provident. In September 2020, the court instructed a stay of proceedings in the case until a ruling is given on the motion for permission to appeal in the matter of direct expenses in Migvan Personal Investments savings policies, in which context the district court approved litigation of the action as a class action against Harel Insurance.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

10. In October 2016, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that until the annual report for 2015, Harel Insurance ostensibly neglected to disclose to its policyholders, who purchased long-term care insurance with a variable premium, what premium they will be charged from the age of 65, despite the fact that, according to the plaintiff, the premium on this policy increases by hundreds of percent at the age of 65. The plaintiff argues that Harel Insurance is therefore in breach of a statutory obligation and in breach of the obligation to provide disclosure, in breach of agreement, acts in bad faith, practices unjust enrichment and acts negligently. The plaintiff further argues that charging insureds for future premiums based on tariffs that are unknown to them is a discriminatory condition in a standard contract. The plaintiff has not quantified the total loss claimed for all members of the group that she wishes to represent against Harel Insurance, although she estimates it to be millions of shekels. In July 2017, the court approved the plaintiff's application to amend the motion for certification so that it also addresses the claim whereby Harel Insurance ostensibly neglected to present to its policyholders before the date of enrolment in the policy, the premium they would pay from the age of 65, despite the fact that it is obligated to do so according to the Commissioner's circular. In August 2017, an amended motion was filed for certification of the action as a class action. The subject of the amended motion is the allegation that Harel Insurance ostensibly neglected to present to its policyholders who have long-term care insurance with a variable premium, in the enrolment form and/or in the general conditions of the policy, the premium they would pay from the age of 65 onwards, before they enrolled in the insurance. In March 2019, the court ordered the transfer of the application for obtaining the Commissioner's position with respect to the dispute which is the object of the motion for certification. In November 2019, the Commissioner's position was received according to which the provisions of Circular 2001/9 "Fair Disclosure for Insureds Enrolling in Health Insurance Policies" ("the Circular") issued by the Authority as well as the statutory provisions, obligate insurers to inform candidates for insurance at the time of purchasing the insurance of the way in which premiums may change, but the text of the Circular does not address the question of how this obligation must be fulfilled prior to enrollment and whether the obligation must be fulfilled in writing. The mediation process conducted by the parties was unsuccessful and the hearing of the action returned to the court. On February 2023, the parties informed the court that they had managed to reach agreements in principle.

11. In October 2016, an action was filed in the Jerusalem District Labor Court together with a motion for its certification as a class action against the second-tier subsidiary Tzva Hakeva Saving Fund – Provident Fund Management Company Ltd. ("Tzva Hakeva"). The subject of the action is the allegation that Tzva Hakeva ostensibly collects investment management expenses from fund members which is permissible by law, but without contractual agreement in the policy conditions allowing it to collect these expenses. The plaintiff argues that Tzva Hakeva therefore acts in contravention of the provisions of law and the special fiduciary obligation that applies to it. The plaintiff estimates the overall loss claimed for all members of the group it wishes to represent at NIS 30.1 million. In January 2018, it was decided to consolidate the hearing together with additional motions to certify pending class actions on the subject of direct expenses in provident funds and education funds. In February 2018, the court ruled that the Commissioner's opinion on the proceeding should be obtained. In May 2018, the Commissioner's opinion was submitted supporting the position of the Defendants in which financial institutions are permitted to collect direct expenses from the members or insureds, even if this is not explicitly mentioned in the institution's articles, and provided that this is done in accordance with the Supervision of Financial Services (Provident Funds) (Direct Expenses for Performing Transactions) Regulations, 2008 ("the Regulations"). In his position, the Commissioner noted that it is also relevant, with the necessary changes, for insurance companies that manage yield-dependent insurance.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

12. In January 2017, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance does not disclose (itself or through its insurance agents) to its motor insurance insureds, who are on the verge of crossing an age or driving seniority bracket in the policy period that they are able to update the driver's age or driving seniority and receive a premium refund, and that as a result these insureds overpay the premium due to not having updated the premium in the policy period as a result of changing the age or seniority bracket. The plaintiffs estimate the loss caused to members of the class they wish to represent in the amount of at least NIS 12.25 million. On February 16, 2022, a judgment was handed down by the Central District Court in which a class action which had been filed against another insurance company on a similar matter ("the Corresponding Claim") was dismissed. In March 2022, the District Court ordered a stay of proceedings until a ruling is given on an appeal to be filed in the Corresponding Claim.

13. In March 2017, an action was filed in the Jerusalem District Labor Court, together with a motion for its certification as a class action, against the subsidiary Harel Pension & Provident. The subject of the action is the allegation that until the end of 2015, Harel Pension & Provident ostensibly collected from the members of Harel Otzma Taoz Provident Fund investment management expenses, which is permissible by law, but without contractual agreement in the provident fund articles allowing such expenses to be collected. The plaintiff estimates the loss caused to all members of the group it wishes to represent at NIS 127.1 million. In January 2018, it was decided to consolidate the hearing with additional motions to certify pending class actions on the subject of direct expenses in provident funds and education funds. In February 2018, the court ruled that the Commissioner's opinion on the proceeding should be obtained. In May 2018, the Commissioner's opinion was submitted supporting the position of the Defendants in which financial institutions are permitted to collect direct expenses from the members or insureds, even if this is not explicitly mentioned in the institution's articles, and provided that this is done in accordance with the Supervision of Financial Services (Provident Funds) (Direct Expenses for Performing Transactions) Regulations, 2008. In his position, the Commissioner noted that it is also relevant, with the necessary changes, for insurance companies that manage yield-dependent insurance.

14. In December 2017, an action was filed in the Jerusalem District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance, against two other insurance companies, against Clalit Health Services ("Clalit") and against Maccabi Healthcare Services ("Maccabi") (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants ostensibly refuse to provide long-term care insurance for people on the autism spectrum or they set out unreasonable conditions for accepting them to the insurance, without their decisions being based on any statistical actuarial or medical data that is relevant to the insured risk and without providing a reason for their decision, as required by law. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, however they estimate it to be tens or hundreds of millions of shekels. In June 2019, the court ordered the application to be submitted for obtaining the position of the Attorney General on questions arising from the motion for certification. In January 2020, the Attorney General announced that his position was the same as the position he had submitted in a parallel case and which supports the arguments of Harel Insurance. On February 6, 2023, the Jerusalem District Court denied the motion for certification of the action as a class action. On April 17, 2023, Harel Insurance was served with an appeal on the judgment which the plaintiffs in the motion for certification filed in the Supreme Court.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

15. In January 2018, an action was filed in the Lod-Center District Court against the subsidiary Harel Insurance and against five other insurance companies (hereinafter together: “the Defendants”), together with an application for its certification as a class action. The subject of the action is the allegation that the Defendants ostensibly unlawfully refrain unlawfully from paying insurance benefits to insureds, to third parties and beneficiaries for the VAT component that applies to the cost of damages in those instances where the damage was not actually repaired. The plaintiff estimates the overall loss claimed for all members of the class that she wishes to represent against Harel Insurance at NIS 19 million for each year and the period that she wishes to sue for is from June 4, 2001, and alternatively from 7 years prior to the period of filing the previous claim and/or 7 years before the date of filing this motion. The grounds of the action and motion for certification are the same as those for which a previous action and motion for its certification were filed against the Defendants. On January 3, 2018 the Supreme Court dismissed an appeal on a ruling of the Central-Lod District Court dated February 20, 2017, in which the motion was struck out. On January 4, 2022, the Lod-Center District Court denied the motion for certification of the action as a class action. On April 11, 2022, the plaintiff filed an appeal in the Supreme Court against the decision of the District Court.
16. In April 2018 an action was filed in the Lod-Center District Court, together with an application for its certification as a class action, against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly pays insureds who have policies for surgery that do not provide compensation at a rate of half the expenses saved if the surgery is performed by the HMOs, but they receive an undertaking for payment of this compensation for amounts that are actually less than half of the expenses subsequently saved by the company, and it is therefore ostensibly in breach of its undertaking towards them. The plaintiff estimates the overall loss claimed for all members of the class it wishes to represent at NIS 7 million. The parties are conducting a mediation process. On January 16, 2023, the parties filed a motion in the Lod-Center District Court to approve a compromise in which context it was agreed that the Group members, as they are defined in the compromise settlement, will receive a supplement to the compensation paid to them based on the cost of the components of each operation.
17. In June 2018, a claim was filed in the Jerusalem District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance and against another insurance company (hereinafter together: “the Defendants’). The subject of the action is the allegation that the Defendants refuse to recognize surgery performed for which there is a medical need as an insured event under the conditions of their health insurance policies, on the grounds that it is preventive surgery. The plaintiff has not estimated the total loss claimed by all members of the class that he wishes to represent. In September 2020, the court instructed that the Commissioner’s position on the issues arising from the motion for certification should be accepted. In February 2021, the Commissioner’s position was accepted that based on the proper and appropriate interpretation of the definition of the term “surgery” according to Insurance Circular 2004/20 concerning the definition of medical procedures in health insurance (“the Surgery Circular”), which was issued by the Commissioner of Insurance, a private health insurance policy provides the insured with a safety net against the illnesses listed in the policy, which also includes cover for surgery which will prevent these illnesses from developing or occurring. In January 2022, the Jerusalem District Court certified litigation of the action as a class action. The group in whose name the class action is to be conducted is any person who entered into a health insurance contract with the Defendants, which includes insurance cover for surgery, and whose claim for performing surgery was dismissed on the grounds that the surgery is preventive and is not covered in the policy (even if the reason was presented differently in the letter of dismissal). On May 24, 2022, the subsidiary Harel Insurance filed a motion for permission to appeal the decision in the Supreme Court. The parties are conducting a mediation process.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

18. In December 2018, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance, against two other insurance companies (hereinafter together "the Defendant Insurance Companies") and against four banks (hereinafter together "the Defendant Banks"). The subject of the action is the allegation that the Defendant Insurance Companies ostensibly issue structural insurance policies to the owners of buildings against which there is a lien due to a mortgage guarantee, despite the fact that when the policies are issued a policy guaranteeing the same building with respect to the same period already exists, whether through the same insurance company or through another insurance company. This, ostensibly, in breach of the explicit statutory provisions and misleading the insureds. The plaintiffs estimate the overall loss claimed for all members of the class they wish to represent to be a nominal amount of NIS 280 million. On April 30, 2023, the parties filed a motion in the Tel Aviv District Court to certify a compromise settlement in which it was agreed, among other things, that if insureds are found who insured a property for structural insurance with more than one policy for the same period, Harel Insurance will be awarded the cheaper of the premiums that were paid in that period.
19. In February 2019, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance asked insureds in a group policy for the employees of Israel Electric, who received insurance benefits from which tax was not withheld at source, to return the amounts it had paid for these tax payments. The plaintiff does not quantify the total loss caused to all members of the class it seeks to represent but it estimates the loss at more than NIS 3 million. In July 2020, Harel Insurance filed a motion for summary abandonment of the motion for certification of the claim as a class action. In September 2020, the court accepted the motion filed by Harel Insurance for summary abandonment of the motion for certification of the action as a class action, and it instructed that the motion for certification should be summarily dismissed. On November 8, 2020, Harel Insurance was served with an appeal on the judgment which the plaintiff filed in the Supreme Court. Following a hearing that was held before the Supreme Court in February 2022, the court instructed the Attorney General to submit his position on a subject of principle arising from the appeal. On September 18, 2022, the Attorney General submitted her position according to which approval should not be given to conduct a class defense by way of judicial legislation, but only by way of primary legislation. Nonetheless, in appropriate cases, a class action may be conducted for declarative relief. On January 30, 2023, the Supreme Court accepted the appeal and returned the hearing to the Central District Court for it to hear the motion for certification of the action as a class action from outset.
20. In June 2019, an action was filed in the Tel Aviv Labor Court, together with an application for its certification as a class action, against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly collects payment from insureds in life assurance policies that include insurance in the event of death and a savings component (managers insurance), for a component relating to "investment management expenses", the collection of which is permissible by law, but without contractual agreement in the policy conditions allowing it to collect this component. The plaintiff estimates the overall loss caused to all members of the class it seeks to represent in the amount of NIS 365.3 million.
21. In June 2019, an action was filed in the Tel Aviv-Jaffa District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against three other insurance companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants ostensibly refrain from paying interest on insurance benefits to their insureds, from 30 days after the claim is filed. This action and motion address the same grounds as those in a previous action and motion for certification as a class action ("the First Claim") which was partially certified as a class action on August 30, 2015 ("the Certification Decision") by the Tel Aviv District Court and is currently being heard in its own right (see Section (A) (6) above), but they refer to a different period from the one for which the First Claim was certified and it was filed by the plaintiffs for reasons of caution and in parallel with their request to broaden the group represented in the First Claim also to the period from the issuing of the Certification Decision until the judgment is actually given. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against Harel Insurance at about NIS 90 million, and against all the Defendants in the amount of NIS 264.4 million. In July 2020, the Tel Aviv District Court ordered a stay of proceedings until a verdict is issued on the first claim.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

22. In July 2019, an action was filed in the Jerusalem District Labor Court, together with an application for its certification as a class action, against the subsidiary Harel Pension & Provident. The subject of the action is the allegation that in addition to management fees, Harel Pension & Provident ostensibly collects payment from the members of Harel Education Fund for a component relating to investment management expenses, which is permissible by law, but is not supported in the agreement in the education fund articles. The plaintiff estimates the overall loss caused to all members of the class it seeks to represent in the amount of NIS 56.8 million.
23. In December 2019, an action was filed in the Tel Aviv District Court together with a motion for its certification as a class action against the consolidated subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly only disclosed to its policyholders who purchased Magen 1 life assurance policies with a variable premium and/or Harel LeAtid work disability policies, at the time of the purchase, the premium to be paid for a few years and not for the entire policy period. The plaintiff does not quantify the total loss caused to all members of the class it wishes to represent but he estimates the loss at hundreds of millions of shekels. In October 2020, the parties informed the court of their agreement to enter into a mediation process. The mediation process conducted by the parties was unsuccessful and the hearing of the action was returned to the court. In September 2021, the court submitted the motion to the Commissioner to obtain his position in relation to the disputes which are subject of the motion for certification of the action as a class action. In April 2022, the Commissioner's position was submitted stipulating that an obligation applies to the insurance companies to disclose the information concerning the premiums to be paid by the insured throughout the policy period. The parties renewed the mediation process. In October 2022, the parties filed a motion in the court to approve a compromise settlement in which it was agreed, *inter alia*, that Harel Insurance will pay the class members a lump-sum amount of compensation based on the mechanism set out in the compromise settlement.
24. In January 2020, an action was filed in the Central District Court, together with application motion for its certification as a class action, against the subsidiary Harel Insurance and against two other insurance companies and a roadside assistance / breakdown service company (hereinafter together: "the Defendants"). The action alleges that the Defendants ostensibly provide their customers with substitute windshields that are not original and are not standard certified, and this ostensibly in contravention of their undertakings towards their customers in the agreements with them. The plaintiffs do not quantify the overall loss claimed for all members of the classes they wish to represent, but they estimate that it is substantially more than NIS 2.5 million.
25. In April 2020, an action was filed in the Haifa District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against eleven other insurance companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants do not refund the holders of their compulsory motor, comprehensive and third-party insurance policies for premiums that were ostensibly overpaid by the policyholders in view of the seeming substantial reduction of the risk level to which the Defendants are exposed from March 2020 in view of the contraction of economic activity due to the outbreak of the COVID-19 pandemic and subsequent reduced volume of traffic. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against Harel Insurance in the amount of NIS 130 million, and against all the Defendants in the amount of NIS 1.2 billion. In June 2020, the court instructed that hearing of the motion should be transferred to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in the proceeding before it and this until after the ruling on the proceeding regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of COVID-19 and the restrictions on economic activity, in which context the Haifa District Court denied the motion to certify the action as a class action against Harel Insurance and other insurance companies, becomes absolute or insofar as an appeal is filed on the ruling in the Supreme Court - until a ruling is given on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the judgement in the additional proceeding had become absolute.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

26. In April 2020, an action was filed in the Central District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance, against six other insurance companies and against the company that manages the pool for compulsory motor insurance ("the Pool) (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants do not refund the holders of their compulsory motor, comprehensive and third-party insurance policies for premiums that were ostensibly overpaid by the policyholders in view of the seeming drastic reduction of the risk level to which the Defendants are exposed in view of the dramatic decrease in the number of claims submitted to the Defendants due to the contraction of economic activity as a result of the outbreak of the COVID-19 pandemic and alleged subsequent reduction in the volume of traffic on the roads and percentage of road accidents in Israel. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against Harel Insurance in the amount of NIS 110 million, and against all the Defendants in the amount of NIS 720 million. In June 2020, the court instructed that the hearing should be transferred to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in the proceeding being heard by the court and this until after the ruling on the proceeding regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of COVID-19 and the restrictions on economic activity, in which context the Haifa District Court dismissed the motion to certify the action as a class action against Harel Insurance and other insurance companies, becomes absolute or insofar as an appeal is filed on the ruling in the Supreme Court - until a ruling is given on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the judgement in the additional proceeding had become absolute.
27. In April 2020, an action was filed in the Tel Aviv District Labor Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against an additional insurance company (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants ostensibly refuse to extend the validity of the insurance cover for insureds in work disability insurance (P.H.I.) that was purchased before 2017 and in which the policy period terminates at age 65, and to pay them insurance benefits up to the age of retirement which in 2004 rose to 67 for salaried employees and 70 for the self-employed. The plaintiff estimates the overall loss caused to all members of the class it wishes to represent against the Defendants at approximately NIS 540 million. On April 18, 2022, the Tel Aviv District Labor Court denied the motion for certification of the action as a class action. On May 31, 2022, Harel Insurance was served with an appeal on the judgment which was filed by the applicant in the motion for certification filed in the National Labor Court. On February 12, 2023, the National Labor Court denied the appeal. On May 29, 2023, a petition was filed in the Supreme Court sitting as the High Court of Justice (HCJ) to grant a decree nisi, in which context HCJ was asked to issue an order revoking the judgment on the appeal and instruct investigation of the petitioner's case and the class he wishes to represent. Alternatively, HCJ is asked to cancel the costs that were imposed on the petitioner in the two lower courts.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

28. In May 2020, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Pension & Provident and against thirteen other management companies ("the Defendants"). The subject of the action is the allegation that the Defendants ostensibly classify part of the provisions for their customers to the education funds that they manage as taxable provisions, despite the fact that they are not considered as such. The plaintiffs have not quantified the loss claimed for all members of the class they wish to represent, but they estimate it, on the low side, in the amount of hundreds of millions of shekels. In April 2021, a motion was filed for permission to file a third-party notice against the Tax Authority. In August 2021, the Tax Authority responded to the motion and argued, inter alia, that according its position, the motion for certification should have been filed in an appropriate proceeding against the Tax Authority and not against the defendants and that there is no place to approve the motion in the manner in which it was filed. Furthermore, the court asked to instruct that the Tax Authority should be included as a respondent to the proceeding and to instruct it to submit its position on the arguments set out in the motion for certification. In February 2022, the court instructed that the Tax Authority should be included as a respondent in the proceeding. The Tax Authority submitted its response in August 2022, and, among other things, argued that the proceeding is inconsistent with investigation as a class proceeding and that the respondents operate in these contexts as a "conduit" to transfer money. The Authority rejected the applicants' position whereby the calculation should be annual, stated that the statutory calculation should be monthly, and explained that in its circulars, over the years, it allowed the calculation to be made on an aggregate monthly basis. In February 2023, the parties informed the court of their agreement to enter into a mediation process.
29. In June 2020, an action was filed in the Central Region District Court together with a motion for its certification as a class action against the subsidiaries Harel Insurance and Harel Pension & Provident (hereinafter together "the Defendants"). The subject of the action is the allegation that as part of loan agreements between the Defendants and their customers, in loans that are linked to the Consumer Price Index ("the CPI"), it was allegedly determined that if the CPI decreases, principal and interest payments will not fall below their value as specified in the loan repayment schedule. This, ostensibly, in contravention of the law and which constitutes, as argued by the plaintiff, a discriminatory condition in a standard contract. The plaintiff does not quantify the total loss caused to all members of the class it seeks to represent but it estimates the loss at more than NIS 3 million. The mediation process conducted by the parties was unsuccessful. In October 2022, the court instructed the Commissioner to state his position with respect to the issues in dispute. On March 13, 2023, the Commissioner's position was submitted in which, if it is determined that the linkage mechanism failed to meet the statutory provision, and restitution of the excess payment is required, this money may be refunded from the provident fund monies or from the insureds monies. In accordance with the court's decision, on April 23, 2023, the hearing was transferred to the Tel Aviv District Labor Court.
30. In July 2020, an action was filed in the Lod-Center District Court, together with an application for its certification as a class action, against the subsidiary Harel Insurance and against four other insurance companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants ostensibly do not reduce the insurance premiums for insureds determined with exclusions on account of a pre-existing medical condition despite the fact that the exclusions allegedly reduce the insurance risk relative to the risk in policies for insureds for whom similar exclusions were not determined. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against Harel Insurance in the amount of NIS 760 million, and against all the Defendants in the amount of NIS 1.9 billion.
31. In August 2020, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly conditions the investigation of claims for disability in personal accident policies on the submittal of a medical opinion for the insureds and that it refuses to reimburse the insureds for the cost of the professional opinion and this, ostensibly in contravention of the policy provisions and also the allegation that Harel Insurance assesses each of the claim components separately, in contravention of the statutory provisions. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, but they estimate that it is more than NIS 3 million. The parties are conducting a mediation process.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

32. In September 2020, an action was filed against the subsidiary Harel Insurance in the Tel Aviv District Court, together with a motion for its certification as a class action. The subject of the action is the allegation that Harel Insurance allegedly does not disclose to its travel insurance policyholders that the limitation relating to baggage insurance with respect to the maximum amount of compensation for loss or theft of an item also applies to the loss or theft of a valuable item. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent in the amount of NIS 447 million. In December 2021, the court submitted the motion to the Commissioner to obtain his position in relation to the dispute which is subject of the motion for certification of the action as a class action. In March 2022, the Commissioner's position was submitted according to which Harel's interpretation is inconsistent with the simple wording of the policy.
33. In December 2020, an action was filed in the Tel Aviv Jaffa District Court, together with a motion for its certification as a class action, against the subsidiary Harel Pension & Provident. The subject of the action is the allegation that Harel Pension & Provident does not, ostensibly, comply with the statutory provisions relating to the location of members with whom contact has been lost and relating to the location and notification of beneficiaries and heirs of deceased members. It is further alleged that Harel Pension & Provident ostensibly collected excess management fees in a manner contrary to the statutory provisions. The plaintiffs have not quantified the loss claimed for all members of the class they wish to represent, but they estimate it to be tens and even hundreds of millions of shekels. On September 2022, the Tel Aviv District Court partially certified litigation of the claim as a class action. The class in whose name the class action will be litigated is all the lawful beneficiaries and/or heirs of deceased members, as well as all members with whom contact has been severed and that Harel Pension & Provident collected from their accounts management fees at a rate in excess of the rate permitted by law, and this, from 2006 and up to the date of filing the motion for certification. The parties are conducting a mediation process.
34. In March 2021, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly unlawfully rejects claims by insureds in personal accident policies for payment of compensation for hospitalization days in a medical center which is not a general hospital, on the grounds that the policy defines a "hospital" as a general hospital only, and that the policy is ostensibly worded in a misleading manner and in contravention of the law, while violating Circular 2001/9 of the Commissioner of Insurance on the subject of "proper disclosure for insureds when enrolling in a health insurance policy". The plaintiff does not quantify the total loss caused to all members of the class it seeks to represent but it estimates the loss at more than NIS 2.5 million. In March 2023, the parties informed the court of their agreement to enter into a mediation process.
35. In March 2021, an action was filed against the subsidiary Harel Insurance in the Tel Aviv District Court, together with a motion for its certification as a class action. The subject of the action is the allegation that Harel Insurance ostensibly unlawfully rejects claims for insurance benefits in respect of cover for a medical device by insureds in a group health insurance policy for members of the Israel Teachers Union, arguing that the maximum cover in the policy has been utilized and this, ostensibly, based on a clause in the policy which the plaintiff argues did not exist in the original policy and was applied retroactively. The plaintiff does not quantify the total loss caused to all members of the class it seeks to represent but it estimates the loss at more than NIS 2.5 million. On January 3, 2023, the parties filed a motion in the Tel Aviv District Court to certify a compromise settlement according to which it was agreed, *inter alia*, that additional insurance benefits for the purchase of medical equipment would be paid to the class members, as they are defined in the compromise settlement, had the insurance limit not been applied.
36. In March 2021, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance and against two other insurance companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants ostensibly reject claims by health insurance policyholders, which include cover for medications that are not included in the health services basket, in respect of the costs of medical cannabis, despite the fact that it is argued that medical cannabis ostensibly meets the definition of "medication" in the policies. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against all the Defendants in the amount of NIS 79 million. The parties are conducting a mediation process.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

37. In April 2021, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against the Company and against 14 different financial institutions - banks, insurance companies, investment houses, credit companies and credit card companies (hereinafter together: “the Defendants”). The subject of the action is the allegation that personal information about the Defendants’ customers who utilize the digital services on the Defendants websites and apps is ostensibly passed on to third parties, particularly to Google and its advertising services, without the customers’ explicit consent. The plaintiffs have not quantified the loss claimed for all members of the class they wish to represent, but they estimate it to be millions of shekels. The parties are conducting a mediation process.
38. In April 2021, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly marketed personal accident policies in an unacceptable and misleading manner and in contravention of the provisions of circulars issued by the Commissioner of the Capital Market, which regulate the process of enrolling insureds in the insurance. The plaintiff has not quantified the total loss claimed for all members of the class that it wishes to represent but it estimates the amount at millions of shekels.
39. In July 2021, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against six other insurance companies (hereinafter together: “the Defendants”). The subject of the action is the argument that when calculating the monthly benefit paid to insureds in life assurance policies which include profit sharing from the investment portfolio, the Defendants allegedly deduct interest from the monthly return accrued to the insureds, without any appropriate stipulation to this effect in the policy conditions and without the rate of interest being specified in the policies. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, but they estimate that it is more than NIS 2.5 million.
40. In September 2021, an action was filed in the Jerusalem District Court together with a motion for its certification as a class action against the subsidiaries Harel Pension & Provident and Harel Insurance (hereinafter together: “the Defendants”). The subject of the action is the allegation that the Defendants allegedly send advertisements by SMS and email and this, ostensibly, without obtaining the recipient’s consent to receive such advertisements, without specifying that it is advertising, without including a message concerning the right to refuse to receive advertisements and without providing an option to refuse. This ostensibly in contravention of the Communications (Telecommunications and Broadcasts) Law, 1982. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent in the amount of NIS 10 million. In August 2022, the parties informed the court of their agreement to enter into a mediation process.
41. In October 2021, an action was filed in the Lod-Center District Court, together with an application for its certification as a class action, against the subsidiary Harel Insurance and against an additional insurance company (hereinafter together: “the Defendants”). The subject of the action is the allegation that the Defendants ostensibly and unlawfully dismiss insurance claims for special-needs children, in the context of a long-term care policy, despite the fact that, according to the plaintiffs, they meet the definition of “cognitively impaired” according to the policy, and this without conducting any examination as to whether their condition corresponds with this definition. The plaintiffs estimate the overall loss claimed for all members of the class they wish to represent against both defendants together in the amount of NIS 2.97 billion.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

42. In October 2021, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance. The subject of the action is the allegation, in part, that Harel Insurance ostensibly does not pay insureds in profit-sharing life assurance policies, according to which the insurance benefits are paid on the basis of an Rm formula, the full payment for the investment profits according to the policy instructions and that it ostensibly fails to calculate the yield rate in accordance with the policy instructions. This action addresses grounds which correspond partially with those addressed in a previous action and motion for certification as a class action - the Ben Ezra case ("the First Claim"), which was partially certified for litigation as a class action on March 27, 2019, by the Tel Aviv District Court ("the Certification Decision") and the application of which was limited by the Supreme Court to a number of specific policies only (see Section (A)(4) above). As a result, this action and motion for its certification as a class action was filed in relation to the other policies which are no longer included in the First Claim. The plaintiff estimates the overall loss caused to all members of the class it wishes to represent in the amount of NIS 1.4 billion.
43. In November 2021, an action was filed in the Tel Aviv District Labor Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance The subject of the action is the allegation that Harel Insurance ostensibly refuses to provide insurance cover for partial work disability for its insureds in group medical insurance, and this ostensibly in contravention of the policy instructions. The plaintiff has not estimated the total loss claimed by all members of the class that it wishes to represent.
44. In December 2021, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance allegedly increases the premiums collected from its insureds in home structural insurance policies when they are renewed without obtaining their express agreement in advance to raise the premiums. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, but they estimate that it is more than NIS 2.5 million. The parties conducted a mediation process that was not successful and hearing of the action returned to the court.
45. In December 2021, an action was filed in the Haifa District Labor Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance The subject of the action is the allegation that Harel Insurance allegedly collects amounts for a "withdrawal fine" from its insureds in life assurance policies when the savings in the policy is withdrawn or moved, and this ostensibly in contravention of the provisions of the law and the policy and without giving any warning to this effect prior to moving the money. The plaintiff estimates the overall loss caused to all members of the class it wishes to represent in the amount of NIS 3.55 million. On August 9, 2023, an agreed motion was filed in the Haifa District Labor Court for the plaintiff's abandonment of the motion for certification against Harel Insurance in which the court is asked to approve the plaintiff's abandonment of the motion for certification and to instruct that his personal claim be denied. As part of the motion for abandonment, Harel Insurance agreed to provide, *ex gratia*, disclosure whereby the outstanding accrued savings might differ from the redemption value received upon withdrawal or redemption. Additionally, Harel Insurance agreed to pay the plaintiff and his attorney compensation and lawyers' fees of insignificant amounts.
46. In March 2022, an action was filed against the subsidiary Harel Insurance, together with a motion for its certification as a class action, in the Tel Aviv District Court. The subject of the action is the allegation that Harel Insurance allegedly unlawfully collected and collects from the insureds a premium for insurance cover for preventive surgery. The plaintiff does not quantify the total loss claimed for all members of the class it wishes to represent but it estimates the loss to be substantially more than NIS 2.5 million.
47. In April 2022, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance is in breach of its lawful obligation to pay linkage differences in respect of insurance benefits paid in the non-life insurance sectors for the period between the date on which the insured event occurs and the date of payment of the insurance benefits. The plaintiff does not quantify the loss claimed for all members of the class it wishes to represent. On January 12, 2023, a hearing took place in which the parties informed the court that they had decided to enter into a mediation process.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

48. In August 2022, with an application for its certification as a class action. The subject of the action is the allegation that the Company’s website is not accessible for people with disabilities, in contravention of the provisions of the law. The plaintiff does not quantify the loss claimed for all members of the class it wishes to represent.
49. In August 2022, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly misleads its insureds by stating, in a misleading manner, that a campaign conducted by it is for a short time only, and that ostensibly, it markets a campaign that does not provide the product presented in the advertisement. The plaintiff estimates the overall loss claimed for all members of the class it wishes to represent in the amount of NIS 2.660 million. The parties are negotiating to reach a compromise. On June 6, 2023, the parties filed a motion in the Tel Aviv District Court to certify a compromise settlement in which it was agreed, *inter alia*, that Harel Insurance will credit any class member who purchased insurance as part of the “two months gift” bonus for a period of one year and more and that was in force throughout the policy period, at a cost of one month, based on the policy he purchased.
50. In August 2022, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly saves and sends personal information about its customers, in contravention of the statutory provisions and in an infringement of their privacy. The amount of the action is estimated at more than NIS 500 million (estimate only until additional data is received).
51. In September 2022, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and four other insurance companies. The subject of the action is the allegation that the Defendants only indemnify women insureds for expenses for prenatal tests and examinations for newborns, thus ostensibly discriminating against male insureds in their health policies. The plaintiff does not estimate the overall loss caused to all members of the class it wishes to represent but estimates it to be more than NIS 2.5 million.
52. In September 2022, an action was filed against the subsidiary Harel Insurance in the Tel Aviv District Court, together with a motion for its certification as a class action. The subject of the action is the allegation that Harel Insurance ostensibly neglects to pay policyholders with the Preferred Bonus health policy (“the Policy”) the full cumulative premiums, in contravention of the policy instructions, and that Harel Insurance ostensibly collected excess premiums from the insureds in this policy. The plaintiff does not estimate the overall loss caused to all members of the class it wishes to represent.

Actions filed in the Reporting Period

53. In February 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance allegedly does not pay its insureds who have motor insurance and third parties, the full fee for the assessor who prepares the loss assessment for the vehicle, in contravention of the provisions of the policy and the law. The plaintiff does not quantify the total loss claimed for all members of the class it wishes to represent.
54. In March 2023, an action was filed in the Haifa District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that the Defendants collected from their insureds who have work disability insurance, monthly premiums for the last few months corresponding with the last possible waiting period defined in each insurance contract for work disability, a period in which, according to the insurance contracts, the Defendants are not liable to pay any insurance compensation. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, but they estimated that the claim amounts are more than NIS 2.5 million against each of the Defendants.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

A. Contingent Liabilities (Contd.)

55. In May 2023, an action was filed against the subsidiary Harel Insurance in the Tel Aviv District Court, together with a motion for its certification as a class action. The subject of the action is the allegation that Harel Insurance ostensibly marketed a health insurance policy stipulating that the fourth child onwards will receive free insurance cover and that nonetheless it charged payment for a health policy for the fourth child onwards born after 2016. The plaintiffs have not quantified the overall loss claimed for all members of the group they wish to represent, but they estimate that it is more than NIS 2.5 million.

56. In June 2023, an action was filed in the Tel Aviv District Court together with a motion for its certification as a class action against the subsidiaries Harel Insurance Company, Harel Pension & Provident, against two additional insurance companies and against two additional management companies ("the Defendants") on the grounds that the Defendants allegedly withheld tax from the "recognized annuity" component that was tax exempt, thus ostensibly reducing the amount of the annuity received by the class members, in contravention of the law. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent at NIS 297 million.

Actions filed after the Reporting Period

57. In July 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly transfers money to its insureds by check rather than by bank transfer or a credit card credit, and this ostensibly in contravention of the provisions of the law. The plaintiff quantifies the total loss claimed by all members of the class that it wishes to represent at more than three million shekels.

B. Contingent Liabilities – Shirbit

Information about the exposure for class actions and motions for recognition of actions as class actions that were filed against Shirbit Insurance Company Ltd. ("Shirbit"), whose insurance activity was acquired by Harel Insurance on December 1, 2021.

1. In September 2015, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against Shirbit and against another insurance company. The subject of the action is the allegation that Shirbit allegedly refrains from paying insurance benefits to its insureds, together with interest and linkage differences, for the period from the occurrence of the insured event until the time of payment of the insurance payments, and alternatively, for the period commencing from 30 days after the insurance claim is filed and up to the actual date of payment of the insurance benefits. The total loss claimed for members of the class against Shirbit is NIS 10 million. On May 26, 2021, the Tel Aviv District Court accepted the motion for certification. According to the ruling, the group is defined as any eligible person (insured, beneficiary or third party) who in the period commencing three years prior to filing the action and its termination on the day of certification of the action as a class action, received insurance benefits from Shirbit, not in accordance with a judgement given on his case, without the inclusion of interest by law. In September 2021, Shirbit, together with other insurance companies who were sued in a number of motions for certification on the same grounds ("the Defendants"), filed a motion for a stay of proceedings on the action, until a ruling is given on an appeal filed in the Supreme Court as part of another class action that was approved on an identical matter against other insurance companies, including Harel Insurance (see Section (A)(4) above). In October 2021, the court denied the motion for a stay of proceedings. In January 2022, the Defendants filed another motion for a stay of proceedings. In March 2022, the District Court ordered a stay of proceedings until a ruling is given on an appeal filed in the Supreme Court on a corresponding claim and it instructed that the action should be litigated jointly following the ruling on the appeal. In November 2022, the Supreme Court denied the appeal on the partial ruling in the corresponding claim, in the absence of grounds for judicial intervention in an interim decision. It was also stipulated that the appropriate place to investigate the appeal arguments is in the form of an appeal on the final judgment. In May 2023, the court revoked its decision concerning a joint proceeding for the action with a corresponding claim and it instructed that the claims should be heard separately.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

B. Contingent Liabilities – Shirbit (contd.)

2. In January 2017, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the Shirbit. The subject of the action is the allegation that Shirbit does not disclose to its motor insurance insureds, who are on the verge of crossing an age or driving seniority bracket that it applies in the policy period, that they are able to update the driver's age or driving seniority, and receive a surplus premium, and that as a result these insureds overpay the premium due to not having updated the premium in the policy period as a result of changing the age or seniority bracket. The plaintiffs estimate the loss caused to members of the class they wish to represent in the amount of NIS 43.31 million. On February 16, 2022, a judgment was handed down by the Central District Court in which a class action which had been filed against another insurance company on a similar matter ("the corresponding claim") was dismissed. In March 2022, the District Court ordered a stay of proceedings until a decision is given on an appeal to be filed in the corresponding claim.
3. In January 2018, an action was filed in the Lod-Central District Court, together with a motion for its certification as a class action, against Shirbit and against five other insurance companies (hereinafter together: "the Defendants"), including Harel Insurance (see Section (A)(16) above). The subject of the action was the allegation that the Defendants ostensibly unlawfully refrain from paying insurance benefits to insureds, to third parties and beneficiaries for the VAT component that applies to the cost of damages in those instances where the damage was not actually repaired. The plaintiff estimates the overall loss claimed for all members of the class that she wishes to represent against Shirbit at NIS 4,117,591 million for each year and the period that she wishes to sue for is from June 4, 2001, and alternatively from 7 years prior to the date of filing the previous claim and/or 7 years before the date of filing this motion. The grounds of the action and motion for certification are the same as those for which a previous action and motion for its certification were filed against the Defendants. On January 3, 2018 the Supreme Court dismissed an appeal on a ruling of the Central-Lod District Court dated February 20, 2017, in which the motion was struck out. On January 4, 2022, the Lod-Center District Court denied the motion for certification of the action as a class action. On April 12, 2022, the plaintiff filed an appeal in the Supreme Court against the decision of the District Court.
4. In April 2020, an action was filed in the Haifa District Court, together with a motion for its certification as a class action, against Shirbit and against eleven other insurance companies (hereinafter together: "the Defendants"), including Harel Insurance (see Section (A)(26) above). The subject of the action is the allegation that the Defendants do not refund the holders of their compulsory motor, comprehensive and third-party insurance policies premiums that were ostensibly overpaid by the policyholders in view of the supposedly substantial reduction of the risk level to which the Defendants are exposed from March 2020 in view of the contraction of economic activity due to the outbreak of the COVID-19 pandemic and subsequent reduced volume of traffic. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against Shirbit in the amount of NIS 38 million, and against all the Defendants in the amount of NIS 1.2 billion. In June 2020, the court instructed that hearing of the motion should be transferred to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in a proceeding being heard by the court and this until after a ruling on a proceeding to which Shirbit is not a party regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of COVID-19 and the restrictions on economic activity, in which context the Haifa District Court denied the motion to certify an action as a class action that had been filed against other insurance companies, becomes absolute ("Judgement in the Additional Proceeding") or insofar as an appeal on the ruling in the Judgement in the Additional Proceeding is filed in the Supreme Court - until a ruling is given on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the judgement in the additional proceeding had become absolute.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

B. Contingent Liabilities – Shirbit (contd.)

5. In December 2020, four motions to certify actions as class actions were filed against Shirbit (three motions to certify actions as class actions were filed in the Lod-Center District Court and one motion was filed in the Tel Aviv District Court), on similar grounds of a data security failure against the backdrop of a cyber security attack on Shirbit's servers by hackers and the publication of personal information about Shirbit's customers. In June 2021, the plaintiffs in the four motions to certify actions as class actions, filed a consolidated motion for certification. The subject of the consolidated action is the allegation that alleged security omissions in Shirbit caused the leak of information and data in Shirbit's possession. The plaintiffs have not quantified the loss claimed for all members of the group they wish to represent, but they estimate that it is more than NIS 2.5 million. In January 2022, the parties informed the court of their agreement to enter a mediation process. On June 29, 2023, the parties filed a motion in the Lod-Center District Court to approve a compromise settlement in which it was agreed, *inter alia*, that the subsidiary Harel Insurance Company Ltd. will pay financial compensation to the class members, as they are defined in the compromise settlement, regarding whom "sensitive information" and/or "non-sensitive information", according to their definition in the compromise settlement, was published.

Summary table:

The following table summarizes the amounts claimed as part of the contingent applications for the approval of class actions, actions that were approved as a class action, and other significant claims against the Company and/or subsidiaries, as specified by the claimants in the suits they filed. It should be clarified that the amount claimed does not necessarily constitute the amount of exposure estimated by the Company, given that these are the claimants' estimates and they will be investigated during the litigation process.

Type	Number of claims	Amount claimed NIS million
Actions certified a class action:		
Amount pertaining to the Company and/ or subsidiaries is specified	6	1,239
Claim relates to several companies and no specific amount was attributed to the Company and/ or subsidiaries	1	48
Claim amount is not specified	3	
Pending requests for certification of actions as class actions:		
Amount pertaining to the Company and/ or subsidiaries is specified	21	4,579
Claim relates to several companies and no specific amount was attributed to the Company and/ or subsidiaries	6	6,166
Claim amount is not specified	25	

The total provision for claims filed against the Company and against Shirbit, as noted above, as at June 30, 2023, June 30, 2022, and December 31, 2022, is NIS 160 million, NIS 112 million, and NIS 156 million, respectively.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

C. Claims settled in the Reporting Period

1. In November 2020, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action was the allegation that Harel Insurance ostensibly does not allow service notes in a policy to be cancelled separately from the other components of the insurance plan, and that ostensibly it does not provide proper disclosure prior to entering into the agreement concerning the cancellation of service notes. On December 22, 2022, the applicant filed an agreed motion for abandonment of the motion for certification against Harel Insurance in the Central District Court in which the court was asked to approve the applicant's abandonment of the motion for certification and to instruct that the applicant's personal claim be dismissed. As part of the motion for abandonment, Harel Insurance agreed to provide disclosure about the option to cancel the service note only at any time. On January 9, 2023, the District Court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiff's personal claim.
2. In April 2020, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against twelve other insurance companies (hereinafter together: "the Defendants"). The subject of the action was the allegation that the Defendants must refund to holders of their motor insurance and homeowners insurance policies part of the premiums which they ostensibly overpaid, in view of the alleged significant reduction of the risk that the Defendants undertook when they determined the premiums in these policies. This following the outbreak of the Covid-19 pandemic and the subsequent restrictions on movement and activity that were imposed and which allegedly led to a much lower volume of traffic and travel and consequently a significant decrease in bodily injury and damage to property. In February 2021, the court ordered dismissal of the motion concerning the motor insurance with respect to Harel Insurance and the other respondents (except for one insurance company) and that the motion will continue to be heard on the homeowner's insurance policies. The court instructed that the plaintiffs should consider their next steps regarding the method of litigating the motion for certification, in view of the decision. In April 2021, the plaintiffs filed an appeal in the Supreme Court against the decision of the District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in the proceeding being heard by the court and this until after the ruling on the proceeding regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of Covid-19 and the restrictions on economic activity, in which context the Haifa District Court denied the motion to certify the action as a class action against Harel Insurance and other insurance companies, becomes absolute ("Judgement in the Additional Proceeding") or insofar as an appeal on the ruling in the Judgement in the Additional Proceeding is filed in the Supreme Court - until a ruling is given on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the judgement in the additional proceeding had become absolute. On February 22, 2023, an agreed motion for abandonment of the motion for certification against the Defendants by the plaintiffs was filed in the Tel Aviv District Court, in which the court was asked to approve the plaintiffs' abandonment of the motion for certification and to order the dismissal of their personal claim. On February 27, 2023, the Tel Aviv District Court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiffs' personal claim.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

C. Claims settled in the Reporting Period (contd.)

3. In December 2020, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action was the allegation that Harel Insurance ostensibly links the premiums and insurance benefits for insureds in the group long-term care policy for members of Clalit Health Services - Supplementary Plus LTC, to an erroneous index and this, ostensibly, in contravention of the Supervision of Financial Services (Insurance) (Group Long-term care insurance for HMO members) Law, 2015. In March 2022, the court instructed that issues in dispute should be submitted to the Commissioner for his position. In August 2022, the Commissioner's position was submitted in which regarding the issue of linkage of the insurance benefits, insofar as the court finds that payment was in fact deficient, these amounts must be returned to the eligible insureds. On February 22, 2022, an agreed motion for the plaintiffs' abandonment of the motion for certification against Harel Insurance was filed in the Lod-Center District Court in which the court is asked to approve the plaintiffs' abandonment of the motion for certification and to instruct that their personal claim be denied and that the motion for certification should be struck out. As part of the motion for abandonment, Harel Insurance agreed to present the premium tariffs after their linkage to the relevant index and to refund the insurance benefits that had been underpaid. On March 2, 2023, the Central District Court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiffs' personal claim.
4. In July 2021, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action. against the second-tier subsidiary Harel Financing and Issuing Ltd. ("Harel Finance & Issues"). The subject of the action was the allegation that Harel Finance & Issues allegedly does not make its reports accessible on the internet-based information systems operated by the Israel Securities Authority and the Tel Aviv Stock Exchange (the Magna and Maya systems, respectively), thus ostensibly preventing or limiting the possibility of people with disabilities from receiving information from these reports. This, ostensibly in contravention of the Equal Rights for Persons with Disabilities Law, 1998 and the Equal Rights for Persons with Disabilities (Service Accessibility Adjustments) Regulations, 2013. On March 5, 2023, the Tel Aviv District Court denied the motion for certification of the action as a class action.
5. In February 2022. , an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action was the allegation that Harel Insurance allegedly pays insureds in group health policies for members of the Teachers Union a partial refund of the difference between the full amount paid for a specialist consultation and the amount of participation by the HMOs of which the insureds are members. At the hearing which took place on May 1, 2023, the Central District Court accepted the applicant's request to abandon the action and motion for its certification as a class action, and accordingly it instructed that the motion for certification be struck out and that the applicant's personal claim should be denied.
6. In January 2020, an action was filed in the Beersheba District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against Kranot Hashotrim Be'Israel Ltd. (Israel Police funds). The subject of the action was the allegation that Harel Insurance ostensibly failed to provide its insureds who hold group life assurance with a copy of the insurance policy and that it ostensibly neglected to disclose to them changes that were made in the policy incidental to renewal of the policy. In December 2020, the motion for certification with respect to Israel Police Funds was dismissed outright and the action and the motion are now being litigated exclusively against Harel Insurance. In September 2021, the court sent the motion to the Commissioner to obtain his position on questions arising from the motion for certification. In January 2022, the Commissioner's position was submitted supporting the position of the Defendants to the effect that insofar as the Israel Police Funds transferred the policies and the policy schedule by electronic mail and by regular mail, as chosen by the insured and as arises from the pleadings, then the Israel Police Funds and Harel Insurance have in fact complied with the Authority's requirements regarding the method of informing the insureds of the entering into force of a new insurance policy. On May 30, 2022, the Beer-Sheva District Court denied the motion for certification of the action as a class action. On July 28, 2022, Harel Insurance was served with an appeal on the judgment which the plaintiffs in the motion for certification filed in the Supreme Court. On June 8, 2023, the Supreme Court denied the appeal.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

C. Claims settled in the Reporting Period (contd.)

7. In September 2016, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the claim that Harel Insurance allegedly collects payment from holders of Harel Migvan Personal Investments savings policies for a component relating to “investment management expenses”, the collection of which is permissible by law, but for which there is no contractual agreement in the policy conditions allowing it to collect this component. According to the plaintiff, Harel Insurance is therefore in fundamental breach of the policy provisions, in breach of its fiduciary obligation and misleads its insureds. The plaintiff estimates the overall loss claimed for all members of the class it wishes to represent at NIS 27.8 million. In May 2019, the Tel Aviv District Court approved litigation of the claim as a class action on the grounds of a breach of the insurance policy due to the unlawful collection of investment management expenses. The class in whose name the class action is to be litigated is all holders of the Migvan Personal Investment policy of Harel Insurance at the present time and in the seven years preceding the date of filing the motion. In September 2019, Harel Insurance filed a motion for permission to appeal the decision in the Supreme Court. In November 2019, the Supreme Court ruled that a response must be submitted to the motion for permission to appeal and it instructed the Attorney General to submit his position on the motion in writing. In August 2020, the Attorney General announced that he would appear at the motion for permission to appeal and he submitted his position on the motion for permission to appeal to the effect that the plaintiffs should be granted permission to appeal, the motion for permission to appeal and the actual appeal should be accepted, the decision approving litigation of the claim as a class action should be nullified and the motion for certification should be dismissed. In June 2021, notice was filed on behalf of the Attorney General, in which an update was provided whereby on June 28, 2021, a draft report on the subject of a review of the direct expenses prepared by the advisory committee to the Commissioner of the Capital Market was published for public comment. In this notice, the Attorney General made it clear that in his opinion, the contents of the report will not have any repercussions on the decision in the legal proceeding nor will they change his legal position, and he asked to submit a statement setting out his position with respect to the contents of the report. In July 2021, the Supreme Court accepted the Attorney General’s request. On January 2, 2022, the Attorney General submitted his comments regarding the repercussions of the report on the legal proceeding, according to which the information in the report will not change his position as submitted in the proceeding, whereby the motion to appeal and the actual appeal should be accepted, and the motions to certify litigation of the actions as class actions should be denied; nothing in the information in the report will influence the judicial decision in the proceeding; nor does it in any way contradict his position as submitted in the proceeding and the information therein even reinforces his position from certain perspectives. In its judgment from June 22, 2023, the Supreme Court accepted the motion for permission to appeal, revoked the decision and instructed denial of the motion for certification.

Note 7 - Contingent liabilities, guarantees and commitments (Contd.)

D. Claims settled in the Reporting Period - Shirbit

1. In April 2020, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against Shirbit and against twelve other insurance companies (hereinafter together: “the Defendants”), including Harel Insurance (see Section (C)(3) above). The subject of the action was the allegation that the Defendants must refund to holders of their motor insurance and homeowners insurance policies part of the premiums which they ostensibly overpaid, in view of the alleged significant reduction of the risk that the Defendants undertook when they determined the premiums in these policies. This following the outbreak of the Covid-19 pandemic and the subsequent restrictions on movement and activity that were imposed and which allegedly led to a much lower volume of traffic and travel and consequently a significant decrease in bodily injury and damage to property. In February 2021, the court ordered abandonment of the motion concerning the motor insurance with respect to Shirbit and the other respondents (except for one insurance company) and that the motion will continue to be heard on the homeowner's insurance policies. The court instructed that the plaintiffs should consider their next steps regarding the method of litigating the motion for certification, in view of the decision. In April 2021, the plaintiffs filed an appeal in the Supreme Court against the decision of the District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in a proceeding being heard by the court and this until after a ruling on a proceeding to which Shirbit is not a party regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of Covid-19 and the restrictions on economic activity, in which context the Haifa District Court denied the motion to certify the action as a class action against other insurance companies, becomes absolute (“Judgement in the Additional Proceeding”) or insofar as an appeal on the ruling in the Judgement in the Additional Proceeding is filed in the Supreme Court - until a ruling is given on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the judgement in the additional proceeding had become absolute. On February 22, 2023, an agreed motion for abandonment of the motion for certification against the Defendants by the plaintiffs was filed in the Tel Aviv District Court, in which the court was asked to approve the plaintiffs’ abandonment of the motion for certification and to order the dismissal of their personal claim. On February 27, 2023, the Tel Aviv District Court approved the plaintiff’s motion to abandon the motion for certification, and it ordered the dismissal of the plaintiffs’ personal claim.

Note 8 - Capital requirements and management

1. Solvency II based economic solvency regime

An economic solvency regime based on Solvency II applies to Harel Insurance, and this pursuant to the implementation provisions published in June 2017 and revised in October 2020 ("Provisions of the Economic Solvency Regime").

Economic solvency ratio:

An economic solvency ratio is calculated as the ratio between the recognized economic equity of Harel Insurance and the solvency capital requirement (SCR).

The recognized economic equity is defined as the sum of the equity arising from the economic balance and debt instruments which include loss-absorbing mechanisms (additional tier-1 capital, tier-2 capital instruments, subordinate tier-2 capital, hybrid tier-2 and tier-3 capital).

The economic balance items are calculated according to economic value, where the insurance liabilities are calculated on the basis of a best estimate of all the anticipated future flows from current business, excluding margins for conservatism and plus a risk margin.

The purpose of the solvency capital requirement (SCR) is to estimate the exposure of the economic shareholders equity to a series of scenarios set out in the economic solvency regime provisions which reflect insurance risks, market and credit risks as well as operational risks.

Among other things, the economic solvency regime includes transitional provisions relating to compliance with the capital requirements, which allow the economic capital to be increased by deducting from the insurance reserves the amount calculated in accordance with the provisions of the economic solvency regime ("the Deduction"). The Deduction will gradually decrease until 2032 ("the Transitional Period"), this in addition to a reduced capital requirement, which will gradually increase until 2023, for certain categories of investment, with a different maximum recognition limitation for tier-2 capital.

According to the consolidated circular, the economic solvency ratio report for data as at December 31 and June 30 each year will be included in the periodic report subsequent to the period of the calculation.

On May 29, 2023, Harel Insurance published a report on the economic solvency ratio in respect of data at December 31, 2022, on its website: https://www.harel-group.co.il/about/harel-group/harel/investor-relations/Pages/repayment-ability.aspx. According to the report, Harel Insurance has a capital surplus even without taking the transitional provisions into account.

The calculation prepared by Harel Insurance for data at December 31, 2022 was reviewed in accordance with ISAE 3400 - Review of Future Financial Information. This standard is relevant for audits of the solvency calculation and it is not part of the auditing standards applicable to financial reports. A special report prepared by the external auditors emphasized that the forecasts and assumptions are based, in principle, on past experience, as it emerges from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and changes in the economic environment, past data do not necessarily reflect future performance. In some cases, the information is based on assumptions about future events and management activity that do not necessarily materialize or that may materialize differently from the assumptions that formed the basis for the information. Moreover, actual performance could differ significantly from the information, given that the combination of scenarios of events could materialize in a significantly different manner from the assumptions in the information.

Note 8 - Capital requirements and management (contd.)

1. Solvency II based economic solvency regime (contd.)

A special report prepared by the external auditors noted that they did not examine the reasonability of the Deduction amount in the transitional period as at December 31, 2021, other than to check that the Deduction does not exceed the projected discounted amount of the risk margin and the solvency capital requirement in respect of life and health risks for existing business in the transitional period, based on the pattern of future development of the required capital that affects calculation of the expected release of equity, as well as the release of the projected risk margin, as specified in the provisions concerning calculation of the risk margin. Furthermore, attention is drawn to the information in the Solvency Report concerning the uncertainty arising from regulatory changes and exposure to contingencies, the effect of which on the solvency ratio cannot be estimated.

Notably, the model in its current format is extremely sensitive to changes in market and other variables, such as changes in the interest rate, changes in investment profits, revised actuarial assumptions and changes relating to the activity of Harel Insurance.

2. Own Risk and Solvency Assessment (ORSA)

On January 5, 2022, the Commissioner published an amendment to the provisions of the Consolidated Circular "Reporting to the Capital Market Commissioner" - Own Risk and Solvency Assessment (ORSA) of insurance companies ("the Amendment"). The Amendment stipulates that insurance companies shall report their Own Risk and Solvency Assessment (ORSA) to the Commissioner once a year, in January. According to the Amendment, the Company will provide a report to the Commissioner that will include a summary of the results, business position and interrelationships, exposure to risk, assessment of solvency and capital requirements, forward-looking assessments and sensitivity analyses and scenarios. The Circular takes effect on January 1, 2023. In January 2023, Harel Insurance submitted its first ORSA report for insurance companies to the Commissioner in accordance with the requirements of the Amendment.

3. Capital management policy of Harel Insurance

It is Harel Insurance's policy to hold a robust capital base to guarantee its solvency and its ability to meet its commitments towards its insureds, to ensure that Harel Insurance is capable of continuing its business activity and so that it can provide a return for its shareholders. Harel Insurance is subject to the capital requirements and defined regulations with respect to the distribution of dividends.

On May 29, 2023, the Board of Directors of Harel Insurance approved the revised capital management plan and at this stage, threshold conditions were determined for the distribution of a dividend, which include a minimum economic solvency ratio of 135%, taking the transitional measures into account, and a minimum solvency ratio without taking the transitional measures into account, of 110%.

For information about a dividend distribution policy approved by the Company's Board of Directors and Board of Directors of Harel Insurance on February 28, 2021, see Note 15D to the Annual Financial Statements.

4. Consolidated companies that manage mutual funds and investment portfolios are obligated to hold minimum capital in accordance with the directives of the Israel Securities Authority. The companies take regular action to ensure that they are in compliance with this requirement. As at June 30, 2023, the consolidated companies are in compliance with these requirements.

5. Plan for the repurchase of shares

Pursuant to the information in Note 15B to the Annual Financial Statements, at June 30, 2023, and at the date of publication of the report, the Company has purchased 1,441,028 shares at a total cost of NIS 45 million.

Note 8 - Capital requirements and management (contd.)

6. Dividend received from Mortgage Holdings Ltd.

   In June 2023, the Board of Directors of Mortgage Holdings Ltd. approved the distribution of a dividend in the amount of NIS 60 million. The dividend was paid in cash on July 2, 2023.

7. Dividend received from Harel Insurance

   On June 8, 2023, the Board of Directors of Harel Insurance approved a dividend distribution in the amount of NIS 450 million. The Board of Directors made its decision after taking into account the financial results of Harel Insurance, the distributable retained earnings of Harel Insurance and after assessing the capital surplus and compliance with the solvency directives. Additionally, the Board of Directors of Harel Insurance examined its compliance with the profit test and solvency test prescribed in Section 203(a) of the Companies Law and following this review, the Board of Directors of Harel Insurance approved its compliance with the distribution test. The dividend was paid in cash on July 3, 2023.

Note 9 - Material events in the Reporting Period

1. Effects of changes in the interest rate, in the illiquidity premium and the difference between the fair value and book value of the non-marketable assets on the insurance liabilities are set out below:

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Life assurance - decrease in insurance liabilities as a result of:					
Revised interest rate used for calculating the reserves for annuity and work disability	-	227	-	227	227
Total life assurance	-	227	-	227	227
Health insurance – decrease (increase) in the insurance liabilities as a result of:					
Liability Adequacy Test (LAT) – personal lines long-term care	(54)	764	(54)	-	764
Update of the interest rate applied in calculating the active reserve and reserve for claims in payment – personal lines long-term care	-	15	-	15	778
Total health insurance	(54)	779	(54)	15	1,542
Non-life insurance – decrease (increase) in the insurance liabilities as a result of:					
Effects if interest and actuarial updates	136*	385**	(50)	218**	599**
Total non-life-insurance	136	385	(50)	218	599
Total effects on profit and comprehensive income before tax	82	1,391	(104)	460	2,368
Total effects on profit and comprehensive income after tax	54	915	(68)	303	1,558

* Pursuant to the information in Note 36E4(e) to the Annual Financial Statements, in Q2 2022 Harel Insurance updated the procedure for allocation of the non-marketable assets. Accordingly, Harel Insurance may make transfers from time to time, as necessary, between the assets attributed to the different segments so as to take maximum advantage of the retained value, subject to the asset limitation. In Q1 2023 a decrease of NIS 105 million before tax was recorded in the insurance liabilities in the non-life insurance segment resulting from the addition of retained fair value of non-marketable assets that in the past were allocated to the health insurance segment and are now allocated to the non-life insurance segment. Notably, the outstanding reserves in non-life insurance after offsetting the retained fair value of the non-marketable assets does not fall below the Best Estimate of the reserves.

** In addition to the foregoing, in the second quarter last year, and as experience was gained in the application of the Best Practice model, Harel Insurance revised the method of applying the model so that the baseline reserves are measured on a Best Practice basis, and the assumptions in the actuarial model were updated, including in connection with taking into account the absence of full correlation between the different sectors, as permitted in the Commissioner's position on Best Practice ("Full Best Practice"). Following these updates, in the corresponding period and corresponding quarter last year, the insurance liabilities in the non-life sector were reduced by NIS 75 million before tax (NIS 7 million before tax in the compulsory motor sector, NIS 13 million before tax in the motor property sector, and NIS 55 million before tax in the other liabilities sectors). Of this amount, NIS 84 million before tax is attributable to additional retained fair value of non-marketable assets that in the past were allocated to the health insurance segment.

Note 9 - Material events in the Reporting Period (contd.)

2. In the Reporting Period, real positive yields were recorded on profit sharing policies that were sold between 1991 and 2003. Nonetheless, due to a real aggregate negative yield on these policies, Harel Insurance did not record variable management fees from the beginning of 2022, but only fixed management fees. Pursuant to the mechanism set out in the legislative arrangement for the collection of management fees, insurance companies will not collect variable management fees in respect of profit-sharing policies that were sold between 1991 and 2003, until sufficient investment profits are attained in respect of assets held to cover yield-dependent liabilities, to cover the accrued investment losses. At June 30, 2023, the estimate for management fees that will not be collected due to the real aggregate negative yield until a cumulative positive yield is attained, is NIS 327 million. See also Note 10(1).

3. In the Reporting Period and in Q2 2023, Harel Insurance recognized provision for impairment in the amount of NIS 111 million in the Nostro in respect of several real estate assets abroad (mainly in the USA) for which clear indications of impairment were formulated in Q2 2023.

4. Repurchase of shares

   On a repurchase of shares which took place in the Reporting Period, see Note 8.

5. Agreement for the acquisition of Isracard Ltd. (“Isracard”)

   On February 12, 2023, the Company entered into a binding agreement with Isracard and a fully owned special purpose subsidiary of the Company (“the Target Company”) by virtue of which the Company will acquire all (100%) of the fully diluted issued share capital of Isracard. The total consideration for the transaction expected to be paid by the Company to the shareholders of Isracard will be NIS 2.934 billion (“the Total Consideration”) plus interest and linkage (“the Transaction” or “the Agreement”).

   On March 19, 2023, the Company informed Isracard that it would increase the cash consideration per share, so that the total consideration will be the higher of:

   A. NIS 3.164 billion, where this amount might change due to linkage of the cash consideration per share plus interest.

   B. Approximately NIS 3.304 billion

   On March 27, 2023, Isracard reported that its general meeting had approved the transaction, thus fulfilling one of the suspensive conditions for completion of the transaction.

   On July 3, 2023, the Company received a letter from the Commissioner of the Capital Market, Insurance and Savings Authority (“the Authority”) detailing the Authority’s position with respect to issues arising, at this stage, from a review of the Transaction which is the subject of the merger agreement and, among other things, addresses the following issues: (a) setting restrictions to apply to Isracard Insurance Agency (2020) Ltd; (b) maintaining the Company’s financial stability; (c) restrictions relating to loans that were provided by Harel Group’s financial institutions to Warburg Pincus Financial Holdings (Israel) Ltd.; (d) interfaces between Harel Group’s financial institutions and Isracard. The Company finds all the conditions and instructions set out in the Commissioner’s letter acceptable and it will work with the Authority to complete the procedures required for including the conditions in the relevant permits.

   On August 10, 2023, the Company informed Isracard, as per the provisions of the Agreement, that it had extended the final date for satisfying the suspensive conditions in the Agreement until November 12, 2023, thus extending the last date for fulfillment of the suspensive conditions to the aforementioned date. The Company was also informed that Isracard had obtained all the approvals of the parties to the material agreements of Isracard (as they were defined in the merger agreement).

   Completion of the transaction is still subject to the fulfillment of suspensive conditions by the completion date, including the following: (a) obtaining any regulatory approvals that may be required - the Commissioner of Competition, Supervisor of Banks and the Commissioner of the Capital Market, Insurance and Savings Authority; (b) at the completion date, there will be no material change for the worse in Isracard.

Note 9 - Material events in the Reporting Period (contd.)

6. Share-based payment

   A. On February 16, 2023, 180,000 option warrants were allotted to 5 Harel Insurance employees as part of the plan described in Note 39 to the Annual Financial Statements. The exercise price for each option at the Grant Date is NIS 34.04. The fair value of the options at the Grant Date was NIS 1.6 million.

   B. On April 27, 2023, 460,000 option warrants were allotted to 22 Harel Insurance employees and to an external consultant as part of the plan described in Note 39 to the Annual Financial Statements. The exercise price for each option at the Grant Date is NIS 31.5. The fair value of the options at the Grant Date was NIS 3.9 million.

7. Credit facility provided to a subsidiary - Hamazpen Shutaphim Laderech Ltd.

   In December 2019, Hamazpen entered into agreement with Harel Insurance to receive a credit facility in the amount of NIS 150 million for the purpose of providing credit to its customers. In September 2020 the credit facility was increased by a further NIS 100 million, in November 2021 the credit facility was increased by an additional NIS 50 million and in December 2022 it was increased by a further NIS 50 million. As collateral or providing this credit facility, the Company signed a letter of undertaking to invest the required amounts in Hamazpen’s capital from time to time so as to ensure that, at all times, Hamazpen’s equity does not fall below 15% of the total balance sheet of Hamazpen, up to a maximum investment of NIS 100 million. At June 30, 2023, and at the date of publication of the report, the balance of the credit provided by Harel Insurance to Hamazpen was NIS 320 million and NIS 325 million, respectively.

8. Revised employment conditions for Idan Tamir, relative of a controlling shareholder

   On May 22, 2023, May 29, 2023, and July 5, 2023, the compensation committees and boards of directors of the Company and Harel Insurance and the general meeting of the Company, respectively, approved the revised employment conditions for Idan Tamir, a relative of Mr. Yair Hamburger, one of the Company’s controlling shareholders.

Note 10 – Material Events after the Reporting Period

1. Further to the information in Note 9(2), immediately prior to the date of approval of the Condensed Consolidated Interim Financial Statements, the estimate for management fees that will not be collected due to the real, aggregate negative yield until a cumulative positive yield is attained, amounts to NIS 308 million.
2. On August 1, 2023, a transaction was completed in which context the Company purchased 10% of the shares of Tidhar Group Ltd. in consideration of NIS 389 million.
3. On the publication of a shelf prospectus by the Company, see Note 6.

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ANNEXES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Annex A - Information about assets for other financial investments in the Group

A. Information about other financial investments

	As at June 30, 2023 (Unaudited)			
	Revalued at fair value through profit and loss	Available for sale	Non-marketable assets measured at amortized cost	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	458	9,196	-	9,654
Non-marketable debt assets (*)	6,058	-	16,629	22,687
Shares (A2)	384	1,659	-	2,043
Other (A3)	513	3,817	-	4,330
Total other financial investments	7,413	14,672	16,629	38,714

	As at June 30, 2022 (Unaudited)				
	Revalued at fair value through profit and loss	Available for sale	Held to maturity	Non-marketable assets measured at amortized cost	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	22	11,960	14	-	11,996
Non-marketable debt assets (*)	4,479	-	-	13,726	18,205
Shares (A2)	490	1,914	-	-	2,404
Other (A3)	400	3,511	-	-	3,911
Total other financial investments	5,391	17,385	14	13,726	36,516

	As at December 31, 2022			
	Revalued at fair value through profit and loss	Available-for-sale	Non-marketable assets measured at amortized cost	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	6	11,136	-	11,142
Non-marketable debt assets (*)	4,631	-	15,368	19,999
Shares (A2)	93	1,721	-	1,814
Other (A3)	347	3,652	-	3,999
Total other financial investments	5,077	16,509	15,368	36,954

(*) For information about the composition of non-marketable debt assets at the level of the Company’s consolidated financial statements, see Note 6 – Financial Instruments

Annex A - Information about assets for other financial investments in the Group (contd.)

A1. Marketable debt assets

	Book value			Amortized cost		
	As at June 30		As at December 31	As at June 30		As at December 31
	2023	2022	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Government bonds	**5,740**	6,797	6,333	**6,254**	7,021	6,873
Other debt assets:						
Other non-convertible debt assets	**3,914**	5,199	4,809	**4,216**	5,360	5,194
Total marketable debt assets	**9,654**	11,996	11,142	**10,470**	12,381	12,067
Impairments recognized in profit and loss (in aggregate)	**4**	-	-			

A2. Shares

	Book value			Amortized cost		
	As at June 30		As at December 31	As at June 30		As at December 31
	2023	2022	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Presented at fair value through profit or loss	**293**	490	93	**293**	490	93
Available for sale	**1,122**	1,356	1,144	**1,012**	1,115	1,030
Marketable shares	**1,415**	1,846	1,237	**1,305**	1,605	1,123
Non-marketable shares at fair value through profit or loss	**91**	-	-	**76**	-	-
Non-marketable shares available for sale	**537**	558	577	**323**	357	377
Total shares	**2,043**	2,404	1,814	**1,704**	1,962	1,500
Impairments recognized in profit and loss (in aggregate)	**162**	86	137			

A3. Other financial investments

	Book value			Amortized cost		
	As at June 30		As at December 31	As at June 30		As at December 31
	2023	2022	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable financial investments	**439**	555	461	**397**	542	449
Non-marketable financial investments	**3,891**	3,356	3,538	**2,586**	2,127	2,356
Total other financial investments	**4,330**	3,911	3,999	**2,983**	2,669	2,805
Impairments recognized in profit and loss (in aggregate)	**197**	178	196			
Derivative financial instruments presented within financial liabilities	**256**	324	325			

Other financial investments include mainly investments in ETFs, notes participating in mutual funds, investment funds, financial derivatives, forward contracts, options and structured products