Harel Insurance Investments and Financial Services Ltd.

Interim Report as at
September 30, 2022

Contents

Board of Directors Report

Harel Insurance Investments and Financial Services Ltd.

Board of Directors Report

for the nine months ended September 30, 2022

The Board of Directors Report for the nine months ended September 30, 2022 ("the Reporting Period"), reflects the principal changes in the business position of Harel Insurance Investments & Financial Services Ltd. ("Harel Investments" or “the Company") during this period, and it was prepared assuming that the reader is also in possession of the Group's full Periodic Report for 2021 which was published on March 28, 2022 ("the Periodic Report”).

The Board of Directors' Report also contains forward-looking information, as defined in the Securities Law, 1968. Forward-looking information is uncertain information concerning the future based on information in the company's possession at the time of publishing the report and which includes the company's assessments or intentions at the date of the report. Actual performance may differ substantially from the results estimated or inferred from this information. In certain instances, sections can be found that contain forward-looking information, where words such as: "the Company/the Group estimates", "the Company/the Group believes", "the Company/the Group anticipates", and the like appear, and such forward-looking information may also be worded differently.

1 Description of the Company

1.1 General

Harel Insurance Investments and Financial Services Ltd. is a public company whose shares have been traded on the Tel Aviv Stock Exchange since 1982. The Company, together with its subsidiaries, ("the Group") operates principally in the following areas:

א. In the various sectors of insurance, the Company operates through the following subsidiaries: Harel Insurance Company Ltd. (under full control) ("Harel Insurance"); Interasco Societe Anonyme General Insurance Company S.A.G.I (in which the Company holds 94%) (“Interasco” - which operates in non-life insurance in Greece; Turk Nippon Sigorta A.S. (fully controlled) (“Turk Nippon”), operating in Turkey; EMI - Ezer Mortgage Insurance Company Ltd. (fully controlled) ("EMI“); and ICIC - Israel Credit Insurance Company Ltd. (with a 50% holding) ("ICIC").

ב. In the long-term savings sector, the Company operates through the following subsidiaries that are provident fund and pension fund management companies: Harel Pension and Provident Ltd. (fully controlled) ("Harel Pension & Provident”), which manages pension and provident funds; Tzva Hakeva Savings Fund - Provident Funds Management Company Ltd. (under full control) (“Tzva Hakeva Saving Fund - Provident Funds Management Company Ltd. (fully controlled) (“Tzva Hakeva”) which manages an education fund for IDF career soldiers and pensioners; LeAtid Pension Funds Management Company Ltd. (in which the Company has a 79% stake), which manages an old pension fund ("LeAtid").

ג. In the financial services and capital market segment - the Company operates through the subsidiary Harel Finance Holdings Ltd. ("Harel Finance") (fully controlled by the Company) and its principal subsidiaries: Harel Mutual Funds Ltd. (“Harel Mutual Funds”) - a mutual fund management company; Harel Finance Investment Management Ltd. (“Harel Finance Investments”) - which is a licensed portfolio manager and manages investment portfolios; Harel Index Trade Ltd. - a company involved in market making for the ETFs managed by Harel Mutual Funds; Alfa Tech Investment Management Ltd., a licensed portfolio manager that manages investments for funds issued by Harel Mutual Funds using computerized models; Harel Finance Alternative Ltd., a company that serves as a general partner and investor in the partnerships Harel Alternative Real Estate and Harel Finance Alternative Hamagen, limited partnerships registered in the USA and Harel Finance Alternative Hamagen Europe, a limited partnership registered in Luxembourg; Harel Exchange Traded Deposit Ltd., a company that issued bonds backed by deposits.

ד. In the credit sector- through the subsidiary Hamazpen Shutaphim Laderech Ltd. (in which the Company holds 70%) (“Hamazpen”) that creates innovative financing solutions for quality entrepreneurs providing credit to small and medium businesses, including the provision of mezzanine loans; through a company fully owned by Harel Insurance, Harel 60+ Ltd. (“Harel 60+”), that provides mortgage loans, including “reverse mortgage” which is a loan provided to borrowers aged 60 or more in the form of a lien on their homes; within the framework of sale guarantee activity in Harel Insurance; as well as within the framework of providing finance guarantees and operating services for mortgage portfolios that are guaranteed by third parties through Harel Insurance and EMI.

At September 30, 2022, the credit sector does not form an operating segment in the financial statements. Accordingly, the assets, liabilities and results of credit-sector activity are included in the Company’s different operating segments, as applicable.

The Company's separate activity centers on the management, control and supervision of the subsidiaries, on-going planning of the Group's operations, and initiating activity and investments, both directly and through the Group's companies.

1.2 The Company’s shareholders

Yair Hamburger, Gideon Hamburger and Nurit Manor are the principal shareholders in the Company (in this section: “the Shareholders”), who, at the date of publication of this report hold 47.63% of the voting rights and the issued share capital of the Company.

The Shareholders hold the Company principally through G.Y.N. Investment Management & Economic Consulting 2017 Limited Partnership, a limited partnership fully owned and controlled by the Shareholders, which they hold, as limited partners, through private companies fully owned by them (“G.Y.N. Partnership”) and they also hold the general partner in G.Y.N. Partnership.

2 Financial position and results of operations, equity and cash flow

2.1 Material changes in the Group's business and events in the Reporting Period

2.1.1 Rating for the Company and Harel Insurance by Midroog

On the affirmation of a Midroog rating for the Company and Harel Insurance, see Note 6C to the Financial Statements.

2.1.2 Revision of the illiquidity premium

On a circular concerning a revision of the illiquidity premium that was applied by the Company in its financial statements at December 31, 2021, see Section 2.4.1.2.3 below.

2.1.3 Dividend distribution

On a decision from March 28, 2022, concerning a dividend distribution in the amount of NIS 300 million, that was paid on April 26, 2022, see Note 9(5) to the Financial Statements.

2.1.4 Special bonus for employees

In view of the Company's outstanding results in 2021, management decided to award all employees who have been with the Company for more than six months a bonus of NIS 10,000. This special bonus amounts to approximately NIS 50 million and is in addition to the regular bonuses that the Company pays its employees. This bonus was approved by the Company's Board of Directors on March 28, 2022.

2.1.5 Termination of office of the Chief Legal Counsel and appointment of a Chief Legal Counsel

At the end of May 2022, Ms. Nataly Mishan-Zakai, who had served as deputy CEO of Harel Insurance and Chief Legal Counsel of Harel Group and also Chair of the Board of Directors of the Group's pension and provident companies, stepped down from her positions in Harel Group after an eight-year term of office.

Adv. Gilad Shapiro was appointed as Deputy CEO of Harel Insurance and Chief Legal Counsel of Harel Group effective from June 1, 2022.

2.1.6 Circular concerning revised demographic assumptions in life assurance and for the pension funds

On the effect of a circular concerning revised demographic assumptions in life assurance and for the Company's pension funds ("the Circular"), see Note 9 to the Financial Statements.

For additional information, see an Immediate Report of the Company dated July 3, 2022, Ref. 2022-01-069369.

2.1.7 Full early redemption of bonds (Series 8) of Harel Finance & Issues

On the full early redemption of Series 8 bonds that were issued by Harel Finance & Issues, see Note 6C to the Financial Statements.

2.1.8 Partial redemption of Series 1 bonds of the Company

On the partial redemption of Series 1 bonds of the Company, see Note 6C to the Financial Statements.

2.1.9 Extension of validity for a shelf prospectus of the Company

On an extension of the validity of a shelf prospectus of the Company, see Note 9 to the Financial Statements.

2.1.10 Plan to repurchase shares

On August 29, 2022, the Company's Board of Directors approved a plan to repurchase shares of the Company in the amount of up to NIS 100 million. This plan will be implemented from time to time as will be determined by the Company's management which was authorized by the Board of Directors to purchase securities at its discretion and during the period prescribed for implementation of the plan. For additional information see Note 8 to the Financial Statements.

2.1.11 Annual and Special General Meeting of the Company

On September 5, 2022, an annual and special general meeting of the Company took place, with the following items on the agenda: (1) discussion of the Periodic Report for 2021; (2) reappointment of external auditors and appointing the Company's Board of Directors to determine their fee; (3) reappointment of the Company's incumbent directors, who are not external directors, for a further term of office (Yair Hamburger, Gideon Hamburger, Ben Hamburger, Yoav Manor, Doron Cohen, Josef Ciechanover and Eli Defes); (4) appointment of Ayelet Ben-Ezer as an external director in the Company. The general meeting approved all the items that were on the agenda.

2.2 Material changes in the Group's business and events after the Reporting Period

2.2.1 Termination of office of the CEO of Harel Finance and appointment of a CEO for Harel Finance

On the termination of office of the CEO of Harel Finance and appointment of a CEO for Harel Finance, see Note 10 to the Financial Statements.

2.2.2 Approval to enter into agreement in a D&O liability insurance policy

On approval to enter into agreement in a D&O liability insurance policy - see Note 10 to the Financial Statements

2.3 Developments in the macroeconomic environment of the Group

The Group's performance is significantly affected by the yields attained in the capital market and by the economic, political and security situation in Israel and worldwide. Following are the key factors in the macroeconomic environment that affect the Group's activity:

2.3.1 General

Economic activity worldwide continued to weaken in Q3 2022 as well due to the rapid monetary tightening, high inflation, the energy crisis in Europe, the ongoing war in Ukraine and the slowdown in China. Supply chain and production problems also continued to impede economic activity, despite some relief. International institutions therefore revised downwards their forecast for global growth in the current year and for next year.

Inflation continued to rise all over the world and in most countries it remains significantly higher than the targets set by the central banks. In view of the foregoing, most central banks have continued to raise the interest rate, some at the fastest rate for decades. Consequently and due to the future intentions of some of the central banks to continue to raise interest rates, yields on government bonds rose significantly.

2.3.2 Developments in the Israeli economy

According to initial estimates, Israel's GDP grew by an annual rate of 2.1% in Q3 2022, a more moderate rate than in Q2 2022. The labor market remains tight with almost full employment and for the first time in a decade, a budgetary surplus was recorded as a percentage of output.

2.3.3 Stock market

Share prices on the world's leading stock markets continued to fall in Q3 2022 and were extremely volatile. This against the backdrop of high inflation, rapidly rising interest rates, led by the US, the sharp increase in bond yields and economic uncertainty. At the end of Q3 2022, the MSCI World Index was 6% down and the corresponding MSCI Emerging Markets Index dropped by 11%. In Israel, the TA-125 Index was almost unchanged in the same period.

2.3.4 Bond market

The sharp increase in yields on government bonds the world over, continued in Q3 2022. This against the backdrop of rising inflation and further interest rate increases the world over by the leading central banks. At the end of Q3 2022, the general bond index was 2.2% down, where the government bond index was 2.4% down and the corporate bond index was 1.6% down.

2.3.5 Mutual funds

In Q3 2022, the mutual funds recorded net raisings of NIS 8.6 billion, mainly as a result of a NIS 11.5 billion net raised by the money-market funds.

2.3.6 ETFs

Q3 2022 closed with net raisings of NIS 1.5 billion, led by NIS 1.7 billion net raised by the ETFs specializing in shares.

2.3.7 Foreign exchange market

Q3 2022 closed with the shekel 3% stronger against the Bank of Israel's basket of currencies, amid extreme volatility. During the quarter, the shekel weakened 1% against the dollar (which strengthened worldwide) but it was 4% stronger against the Euro.

2.3.8 Inflation

According to the last known index published at the end of Q3 2022 (August index), the CPI rose by 1.2% in the quarter and by 4.6% in the last 12 months.

2.3.9 Bank of Israel interest

The Bank of Israel continued to raise the interest rate steadily in Q3 2022 reaching 2%, the highest level since 2011.

2.3.10 Events after the date of the report

In November 2022, the Bank of Israel raised the interest rate to 3.25%, the highest since

2011. Inflation in October 2022, which was published after the end of the third quarter, was 5.1%.

2.4 Summary of the legislative arrangements and provisions of law in the Group's operating segments

Following is a summary of the principal legislative arrangements and provisions of law published in the Reporting Period - up to the date of publication of this report:

2.4.1 General

2.4.1.1 Provisions of law

2.4.1.1.1 On August 18, 2022, a memorandum of the Contract (Insurance) Law (Amendment no. ___) (Insurer's obligation to pay insurance benefits and financial penalties) 2022, was published. The memorandum proposes amending the Contract (Insurance) Law, 1981, and the Supervision of Financial Services (Insurance) Law, 1981, and empowering the Commissioner to impose financial penalties on insurers if they fail to pay insurance benefits on the dates and in the amounts required by law or in the insurance contract, if he finds that such non-payment was not justified under the circumstances of the matter.

2.4.1.1.2 On June 22, 2022, the Contract (Insurance) Bill (Amendment no.12) (Prescription and Special Interest), 2022, was published and tabled for a first reading in the Knesset. The bill proposes that, as part of the investigation of a complaint, the Commissioner should also be allowed to obligate insurers to pay special interest should he find that insurance benefits which are not in dispute were not paid in good faith. Additionally, in those cases where a complaint is submitted for investigation by the Commissioner, it is proposed extending the prescription period for a claim for insurance benefits for up to one year from the date of submitting the complaint, but no more than four years from starting the count of the prescription period. Regarding life assurance, insurance for illness and hospitalization and long-term care insurance, up to no more than six years from starting the count of the prescription period.

2.4.1.2 Circulars

2.4.1.2.1 On September 19, 2022, a circular was published concerning an amendment to the Consolidated Circular regarding a chief actuary and appointed actuary. The circular stipulates that insurance companies shall appoint an actuary to head the company's actuarial system who will serve as a member of management and will be subordinate to the CEO. The circular also details the functions of the chief actuary and the appointed actuary regarding all aspects of implementation of the provisions IFRS 17 and the Solvency Directives, including with respect to reports that the chief actuary and appointed actuary must submit to the company's board of directors and CEO.

2.4.1.2.2 On April 13, 2022, a circular was published concerning an amendment to the provisions of the Consolidated Circular on the Management of Investment Assets (Designated Bonds), which, among other things, prescribed provisions relating to investment packages. These provisions include the following: a stipulation that in addition to investment tracks, investments performed as part of a yield-guaranteed track can also be managed in investment packages; an option is offered to transfer securities to a marketable package in certain cases; it was stipulated that an investment package for the management of investments risks in foreign currency will, under certain conditions, be considered a marketable package; an option is provided to manage money in the yield-guaranteed track through an investment package designated for such funds; it was determined that in any package, government bonds redeemable within one year may be held and used as collateral for the package assets; permission was granted to hold cash and cash equivalents in an index-tracking investment track at a rate of no more than 40% even in a bank operating outside Israel, and provided that the bank has a rating of at least AA-; it was determined that an investment by a financial institution or group of investors in a real-estate corporation, according to its definition in the Consolidated Circular, at a rate of between 20% and 49% of a particular category of means of control, will be permitted only in a real-estate corporation in which the means of control are not marketable.

2.4.1.2.3 On February 17, 2022, a circular was published concerning an amendment to the provisions of the Consolidated Circular on the Measurement of Liability - illiquidity premium which prescribed a revised method of estimating the illiquidity premium to be used in calculating the LAT. This method will be based, with certain changes, on the methodology for calculating the Volatility Adjustment component which is currently applied within the framework of the Solvency II Economic Solvency Regime and will replace the QIS5 method which has been used until now. The Company applied the provisions of the Circular in its financial statements as at December 31, 2021.

2.4.1.2.4 On January 5, 2022, a letter of principles and an amendment to the Consolidated Circular were published on the subject of implementing an Own Risk and Solvency Assessment (ORSA) by insurance companies, which determined that insurance companies must report to the Commissioner about ORSA once a year, in the month of January. The application will be gradual starting on January 1, 2023, with supplements on January 1, 2024.

2.4.1.2.5 On January 2, 2022, an amendment was published to a number of circulars on the investigation and settlement of claims and handling of complaints from the public; service to the customers of financial institutions; enrollment in insurance; and regulation of the way in which supervised entities must investigate complaints from the public, regulating how the financial institution or marketing entity, as applicable, shall provide the service to senior citizens (aged 67 and above). Furthermore, with respect to enrolment in the insurance, provisions were added for all candidates for insurance, including the addition of a comparison clause and cancellation of an original policy in the non-life insurance sectors, and amendment of an appendix listing those practices that must not be used at the time of enrollment in the insurance. On June 29, 2022, additional amendments were published to a circular concerning enrollment in insurance and a circular on service to the customers of financial institutions were published. These circulars made a number of clarifications and other amendments regarding the service to be provided to senior citizens. The circular on enrollment also sets out temporary orders for providing relief in the marketing of health insurance and non-life insurance plans that have a time limitation and are purchased without initiated marketing. On September 28, 2022, a further amendment was published to the circular on enrollment which includes additional related amendments.

2.4.1.3 Draft circulars

2.4.1.3.1 On October 22, 2022, a draft circular was published amending the provisions of the Consolidated Circular - Allocation of assets that are not at fair value when assessing insurance reserves in non-life insurance. The draft circular clarifies how the method of revaluing the assets should be taken into account when assessing the insurance reserves in non-life insurance.

2.4.1.3.2 In the Reporting Period, several regulatory provisions were published on the method of adopting International Financial Reporting Standard (IFRS) 17 in Israel (“the Standard” or “IFRS 17”), as detailed below:

On May 23, 2022 and September 19, 2022, updates were published to the draft Roadmap for the adoption of the Standard (“Updated Roadmap”). The Updated Roadmap leaves the initial date of application of IFRS 17 in Israel unchanged, which will apply on or after quarterly and annual periods commencing January 1, 2024 (accordingly, the transition date will be January 1, 2023). Nonetheless, the Revised Roadmap includes several updates relating to past publications, including a requirement to report within the framework of a designated note to the financial statements, principal reports, proforma reports, to be prepared in accordance with IFRS 17 and IFRS 9, as follows: the financial statements for Q2 2023 shall include disclosure of the proforma financial position as at January 1, 2023 (including disclosure of the amount of the contractual service margin for each of the operating segments separately and disclosure of the outstanding provision for credit losses in the various report items), whereas the annual financial statements for 2023 shall include a report on the proforma financial position as at December 31, 2023 and a statement of proforma comprehensive income for 2023 (including disclosure of the amount of the contractual service margin for each operating segment separately and disclosure of the outstanding provision for credit losses in the various report items, not including comparison figures). Additionally, as part of the aforesaid note, the companies will be required to provide supplementary quality disclosure that will address, among other things, the subjects listed in the Updated Roadmap.

Furthermore, on May 23, 2022 and January 5, 2022, several drafts on additional topics relating to application of the Standard were published:
A sixth draft updating the provisions of the Consolidated Circular on Measurement - Appendix of professional issues in application of the Standard and which proposes, among other things, updating the method of estimating and calculating a liquidity premium for the purpose of setting a discounting interest rate and also providing several clarifications on the following: inclusion of insurance contracts, allocation of insurance contracts into portfolios, adjusting the risk for non-financial

risk and classifying liabilities for insurance contracts in which payment of the claim involves the presence of two insurance risks; a draft updating the provisions of the Consolidated Circular on the subject of issuing reports to the public, and which proposes defining provisions with respect to the disclosure required in the quarterly financial statements of insurance companies from the date of application of the Standard; a third draft of questions and answers file for application of the Standard in Israel, which updates several non-binding Capital Market Authority positions and interpretations on issues arising from the application of IFRS 17 and IFRS 9; a second draft updating the provisions of the Consolidated Circular regarding a report to be submitted to the public which proposes defining provisions concerning the disclosure required in the annual financial statements of insurance companies from the date of application of the Standard; a draft revising the provisions of the Consolidated Circular concerning the management of investment assets for insurers applying the Standard which proposes defining instructions for defining the categories of liability and method of holding the investments to cover the aforesaid liabilities.

2.4.1.3.3 On September 18, a second draft of the amendment to the provisions of the Consolidated Circular on the management of investment assets was published which proposes amalgamating provisions set out in separate drafts with respect to the management of investment assets for insurers applying the Standard and instructions concerning investment rules for the assets of insurance companies held to cover liabilities that are not yield dependent. A proposal was also made to prescribe additional amendments for these instructions, including that insurance companies must hold assets to cover their liabilities of an amount that does not significantly deviate from the value of the liability and it also proposed updating the maximum rates of investment that insurance companies may invest in corporations, in other insurance companies and in related measures.

2.4.1.4 Instructions and clarifications

2.4.1.4.1 On October 2, 2022, a draft Commissioner's position was published concerning principles for the recognition of transactions that reduce the capital requirements under an economic solvency regime which set out guidelines clarifying the Commissioner's expectations for the recognition of risk mitigation measures.

2.4.1.4.2 On January 31, 2022, a Commissioner's position was published for public comment on formulation of the desired policy regarding a members investment committee: functions and duties of the committee, composition and appointments, which details the changes required in defining the goals, functions and activity of the members' investments fund, including focus of the committee's functions as a supervisory rather than an involved entity.

2.4.1.4.3 On January 9, 2022, a policy paper was published on investing in insuretech corporations and investment corporations focusing on innovative financial technology. The paper sets out guidelines and conditions for the Commissioner to grant approval to requests from financial institutions under Regulation 33(B) of the Supervision of Financial Services (Provident Funds) (Investment Rules applicable to Financial Institutions) Regulations, 2012, for investing in companies that invest in insuretech ventures and companies whose objective is to invest in innovative financial technologies.

2.4.2 Life assurance and long-term savings

2.4.2.1 Provisions of law

2.4.2.1.1 On October 30, 2022, Supervision of Financial Services (Provident Funds) (Direct Expenses for Performing Transactions) (Amendment) Regulations, 2022, were published. Among other things, the regulations determine that the present arrangement relating to the limitation placed on direct expenses, which is anchored in the temporary provision defined in Section 3A of those regulations, should be extended to December 31, 2022, replacing the temporary provision that expired on April 6, 2022. It was also determined that from January 1, 2023, the maximum rate of direct expenses that institutional investors may collect in any calendar year will be determined by the institutional investor for each investment track it manages, and the rate shall be published on its website. Additionally, it was determined that expenses known as “external management fees” and expenses from providing a mortgage will be added permanently (and not as a temporary provision) to the list of expenses defined as direct expenses under the regulations, and investment tracks were also defined on which the types of direct expenses that can be collected will be more limited. It was also determined that financial institutions shall inform those who wish to join a provident fund that in addition to the management fees, direct expenses will be collected, and information must also be provided about the rate of the direct expenses that were collected on the fund’s assets in the previous year and the expected overall cost to be paid by such person in the forthcoming year on account of management fees and direct expenses. The financial institutions shall include in the reports sent to members the rate of the direct expenses collected from the fund’s assets, the categories of expenses and the expected annual cost, all in the manner and under the conditions to be instructed by the Commissioner. Additionally, wherever a legal obligation applies to present the management fees to the member, he shall also be presented with the expected annual cost. On November 22, 2022, a draft was published with the purpose of setting out instructions for presenting the expected annual cost as detailed above. Furthermore, the regulations were published further to the recommendations of the Yaffe Committee from October 29, 2021, which was appointed by the Commissioner for the purpose of reviewing the direct expenses.

2.4.2.1.2 On May 24, 2022, regulations were published intended to adjust and amend the Supervision of Financial Services (Provident Funds) (Investment Rules applicable to Financial Institutions) Regulations, 2012, the Supervision of Financial Services (Provident Funds) (Recognition of a new comprehensive pension fund yield) Regulations, 2017, and the Supervision of Financial Services (Provident Funds) (Transfer of Money between Provident Funds), 2008, for the purpose of implementing the Economic Efficiency (Legislative Amendments to Achieve the Budget Targets for the 2021 and 2022 fiscal years), 2021, Chapter C: Guaranteeing Stability of the Pension Fund Yields, which was published on November 15, 2021.

Among other things, this law prescribes that the mechanism for designated bonds for the new and old pension funds will be replaced by a new mechanism to guarantee the yield supplement (“yield guaranteed investment track”). In light of the publication of the law, a number of other regulations and circulars were also amended to ensure that they conform with the newly determined mechanism. These include, among others, the publication on September 21, 2022 of a letter from the Capital Market Authority to the chief investment managers in financial institutions detailing the considerations to be applied by institutional investors when purchasing marketable securities for a yield-guaranteed investment track.

2.4.2.1.3 On April 6, 2022, Supervision of Financial Services (Insurance) (Group Work Disability Insurance) Provisions, 2022, were published. These provisions amended the Supervision of Financial Services (Insurance) (Group Work Disability Insurance) Regulations, 2006 and prescribed additional provisions relating to group work disability insurance plans. Among other things, an obligation was prescribed to obtain the insured’s consent for his enrollment in the group policy and for increasing the premium, and limitations were placed on the conditions of the follow-on policy proposed when the group policy ends, including the premium that may be collected on the policy.

2.4.2.1.4 On January 24, 2022, Supervision of Financial Services (Provident Funds) (Management Fees) (Amendment) Regulations, 2021, were published that prescribe setting an upper limit on management fees that will not exceed 0.3% per annum payable by annuity recipients in insurance policies to be sold after February 1, 2022, and by those receiving an annuity from a comprehensive or general pension fund, to be applicable from February 1, 2022.

2.4.2.2 Circulars

2.4.2.2.1 On September 28, 2022, a circular was published concerning the management of investment tracks in provident funds, which establishes rules regarding investment tracks that a financial institution may administer in provident funds and life assurance policies that are not insurance funds under its management. Among other things, a list of specialist investment tracks that can be managed in savings products was determined, including actively managed investment tracks and variable management fees and investment tracks managed in accordance with Jewish (religious) law or in the areas of environmental protection and sustainability. Additionally, financial institutions will be obligated to offer an integrated marketable securities investment track and a flexible index-tracking investment track, and the period of investment in a monetary investment track will be limited to up to two years, after which the funds will be transferred to another investment track or will remain in the money track, as chosen by the member. On November 22, 2022, a draft was published proposing to defer the entering into force of the provisions of the aforesaid circular to January 1, 2024, other than the instructions for the management of an integrated marketable securities investment track and index-tracking investment track, and excluding provisions allowing financial institutions to establish sustainability and environmental protection investment tracks, that will apply from January 1, 2023.

2.4.2.2.2 On September 28, 2022, a circular was published concerning investment provident funds for long-term savings for children. The circular stipulates that the default track to be chosen for children being enrolled in the provident fund from December 1, 2022 onwards, whose parents did not choose the track for their children, will be an investment track for savers who prefer higher risk (instead of the track for savers who prefer low risk).

2.4.2.2.3 On June 30, 2022, the Commissioner published a circular amending the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life assurance and for pension funds. The circular updates the default assumptions which form the basis for the insurance companies calculations of the conversion factors at the date of retirement in life assurance policies and the liabilities in respect of life policies, and according to which the pension funds and central provident funds for annuity will calculate the actuarial balance of the funds they manage for the purpose of determining the conversion factors covered in their articles of association.

2.4.2.2.4 On March 30, 2022, a circular was published concerning an amendment to the circular on the procedure for locating members and beneficiaries. The amended circular postpones by two years application of the obligation to report to the Guardian General the existence of the money of members which whom contact has been severed and of deceased members, so that the reporting will be moved to the beginning of the quarter following the quarter in which 11 years have passed since the date on which contact with the member was severed, provided that the member has reached the age of 70, or to the beginning of the quarter following the quarter in which 11 years have passed from the time that the financial institution was informed of the member’s death, and the termination condition, as defined in the circular and in the Supervision of Financial Services (Provident Funds) (Locating Members and Beneficiaries) Regulations, 2012, was not satisfied.

2.4.3 Health insurance

2.4.3.1 Circulars

Several provisions were published in the Reporting Period as part of a comprehensive reform of health insurance products, as follows:

2.4.3.1.1 On March 28, 2022, a circular was published amending the provisions of the Consolidated Circular - Section 6, Part 3, Chapters 1, 2, 3, 4 and 6 “Drawing up a health insurance plan”. The circular sets out provisions which include a new structure for health insurance the main points of which provide a definition of a standard basic health policy, where only after such a policy has been purchased, from the same company or another company, may additional health coverages and riders be purchased that were also defined in the circular. The circular also prescribes provisions concerning how a personal lines health policy should be marketed and how to present the premium to the candidate for insurance; the sale of double insurance in personal-lines indemnity policies is prohibited and a discount on the premiums may be offered to the insured at a fixed rate only and for a period of at least ten years. On September 20, 2022, an additional circular on the same subject was published clarifying and amending some of the prescribed provisions and postponing the onset date for application of the circular to February 1, 2023.

For the purpose of implementing these provisions, on October 3, 2022, draft provisions of the Supervision of Financial Services (Insurance) (Conditions in an Insurance Contract for a Basic Health Policy) Regulations, 2021, were published. The draft regulations prescribe standard conditions for the basic health policy which will consist of three standard policies: a policy for transplants and special treatment abroad, a policy for medications which are not in the health services basket, and a policy for surgery and non-surgical treatment abroad. The draft provisions also state that insurers may only change the wording of the proposed conditions with the Commissioner's approval.

On that same date, Supervision of Financial Services (Insurance) (Conditions of Insurance Contracts for Surgery and Non-surgical Treatment in Israel) (Amendment) Regulations, 2022, were published. Among other things, the regulations stipulate that insurance companies may issue a policy that includes an extension of a policy for surgery.

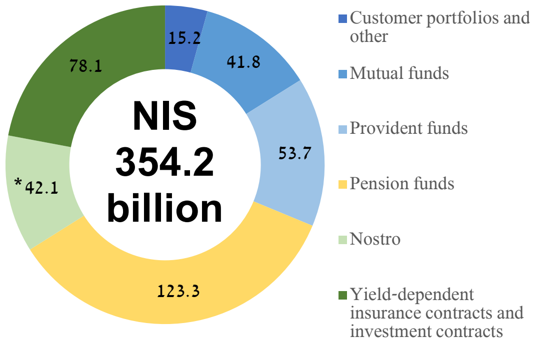
2.4.3.1.2 On September 20, 2022, a circular was published concerning revised tariffs in updated health policies. Among other things, the circular sets out conditions according to which insurance companies may update the premium in personal lines medical expenses insurance plans sold after the onset of the final circular without incurring an obligation to inform the Commissioner of the update in advance. Additionally, it was determined that insurance companies may offer insureds to reduce the amount of the premium increase by increasing the deductible or reducing the coverage, subject to the Commissioner's approval.

2.4.3.1.3 On September 20, 2022, an amendment to the circular on introducing service notes and how they may be marketed was published. Among other things, the amendment determines that the obligation according to which insurance companies are required to offer insureds a choice of service provider will also apply to personal accident insurance and insurance for illness and hospitalization. Additionally, an exclusion to this obligation was determined whereby insurance companies may market service notes via a single service provider, subject to the Commissioner's approval, and after presenting him with a position to the effect that the company is only able to enter into agreement with one service provider.

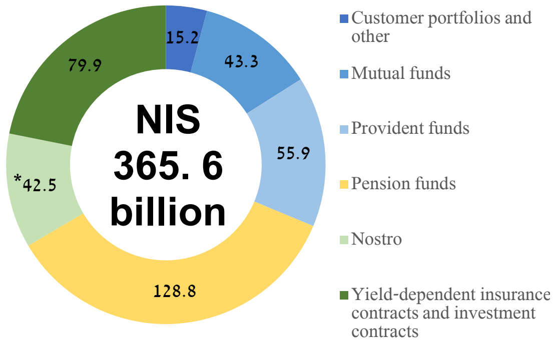
2.5 Condensed data from the consolidated financial statements of Harel Investments

The Group's AUM:

September 30, 2022:



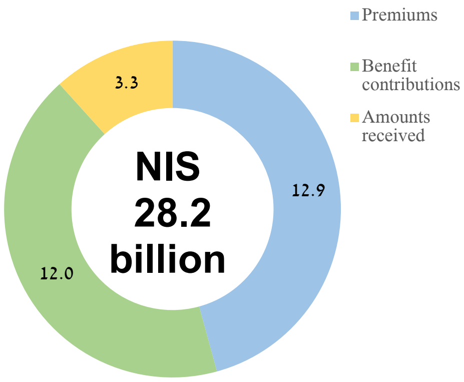
November 24, 2022



Assets managed by the provident funds, pension funds, mutual funds and in customers' portfolios are not included in the Company's consolidated financial statements.

* Including certificates of deposit issued by Harel Finance in the amount of NIS 5.4 billion (NIS 5.5 billion at November 24, 2022)

Data on earned premiums, gross, benefit contributions and amounts received for investment contracts:



Amounts received in respect of investment contracts are not included within premiums but are recognized directly in liabilities for insurance contracts and investment contracts. In the Reporting Period, the amounts received for investment contracts recognized directly in investment contract reserves amounted to NIS 3.3 billion, compared with NIS 2.5 billion in the corresponding period last year.

2.5.1 Comprehensive income (loss) by segment (NIS million):

	Notes	For the nine months ended September 30 2022	For the nine months ended September 30 2021	change in %	For the three months ended September 30 2022	For the three months ended September 30 2021	For the year ended December 31 2021
Life assurance and long-term savings							
Life assurance	A	(761)	431	-	(264)	98	750
Pension	B	45	63	(29)	14	26	91
Provident	B	32	48	(33)	12	14	68
Total life assurance and long-term savings segment		**(684)**	**542**	-	**(238)**	**138**	**909**
Non-life insurance	C						
Compulsory motor		(19)	(42)	(55)	(1)	(10)	(69)
Motor property		(210)	(24)	-	(66)	(28)	(61)
Property and other lines of business		74	83	(11)	33	33	119
Other liabilities lines of business		172	53	-	24	15	69
Mortgage insurance		17	36	(53)	7	11	53
Total non-life insurance segment		**34**	**106**	(68)	**(3)**	**21**	**111**
Health insurance	D	368	291	26	(23)	304	535
Insurance companies overseas	E	(25)	(15)	67	(1)	(10)	(68)
Financial services	F	48	54	(11)	18	19	78
Not attributed to segments of operation		(342)	356	-	(137)	81	598
Total before tax		**(601)**	**1,334**	-	**(384)**	**553**	**2,163**
Financing expenses (income)		(246)	392	-	(137)	173	642
Other comprehensive income (loss) after tax		**(355)**	**942**	-	**(247)**	**380**	**1,521**
Return on Equity in annual terms		(6%)	16%		(12%)	18%	18%

The Group’s activity and results are considerably affected by the capital markets, both through management of the Group’s Nostro investments and through the management fees collected on the management of members’ assets in profit-sharing policies, pension fund members and provident funds. In the Reporting Period, against the backdrop of rising inflation worldwide which has led to tighter monetary policy and higher interest rates, prices on the capital markets dropped, adversely affecting the results of the Company’s activity. Capital market yields in the Reporting Period were lower than the yields in the corresponding period last year

Additionally, the Group's results are also affected by changes in the risk-free interest rate curve, changes in the difference between the fair value and book value of the non-marketable assets, and by actuarial updates and studies. In the Reporting Period, there was a sharp increase in the risk-free interest rate curve, which led to a reduction of the insurance liabilities in personal lines long-term care, compulsory motor and liabilities lines of business. In the corresponding period last year the risk-free interest rate curve decreased, leading to an increase of the insurance liabilities in these lines of business.

For additional information in connection with special effects on comprehensive income, see Section 2.5.2.

א. Life assurance - results in the Reporting Period were mainly affected by capital market yields as described above, and by the non-collection of variable management fees due to real negative yields on the assets held to cover yield-dependent liabilities.

Income from management fees in the Reporting Period and third quarter amounted to NIS 388 million and NIS 129 million, respectively, as against NIS 626 million and NIS 153 million in the corresponding period and corresponding quarter last year, respectively. Most of the decrease in management fees is attributable to the non-collection of variable management fees in the Reporting Period and third quarter, as against the collection of variable management fees in the corresponding period and corresponding quarter last year in the amount of NIS 257 million and NIS 26 million, respectively.

Pursuant to the mechanism for collecting management fees as set out in the legislative arrangement, variable management fees will not be collected in respect of yield-dependent policies that were sold between 1991 and 2003, until investment profits are attained in respect of assets held to cover yield-dependent liabilities, which will cover the accrued investment losses. At September 30, 2022, the non-collection of management fees due to the negative yield until a cumulative positive yield is attained was estimated at NIS 433 million. Notably, immediately prior to the date of publication of the financial statements, following price increases in the capital markets, it is estimated that management fees in the amount of NIS 366 million will not be collected.

Additionally, results in the Reporting Period were affected by the application of a circular concerning revised demographic assumptions in life assurance and for the pension funds, and an update of the interest rate applied in calculating the reserves for annuity and work disability. The overall effect of the foregoing was to increase the insurance liabilities. For additional information, see Section 2.5.2 (A) and (B).

Likewise, results in the Reporting Period and third quarter in the critical illness sector were affected by an update of the rate of development of expenses in the actuarial model. The effect of the foregoing was to increase the insurance liabilities. For additional information, see Section 2.5.2 (D).

ב. Pension and provident - on September 30, 2021, the agreement between Harel Pension & Provident and Psagot was completed, according to which Harel Pension & Provident acquired from Psagot the activity of several provident funds and pension funds (“the Psagot Transaction”). Commencing October 1, 2021, these funds will be managed by Harel Pension & Provident.

The results were affected by capital market yields as described above and by growth of the asset portfolio, in part due to completion of the Psagot transaction and also to current amortization of retained cost created in the Psagot Transaction.

Additionally, profit in the provident sector decreased, affected mainly by higher commissions, other marketing and acquisition expenses, partly due to an increase in the management fees from AUM.

ג. Non-life insurance

1. Compulsory motor and liabilities sectors - the results were affected by capital market yields as described above.

   Results in the Reporting Period and third quarter were affected by a steep rise in the risk-free interest rate curve and by changes in the difference between the fair value and book value of the non-marketable assets which reduced the insurance liabilities.

   Furthermore, in light of the steep rise in the interest rate curve and the fact that as a consequence the Company has no LAT reserve in long-term care (see also Section D1 below), in the second quarter the Company revised the procedure for the allocation of the non-marketable assets. According to the revised procedure, the Company may make transfers from time to time, as necessary, between the assets attributed to the different segments so as to utilize to the maximum the retained value, subject to the asset limitation. As a result, in the Reporting Period a decrease was recorded in the insurance liabilities due to additional 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.

   Additionally, in the Reporting Period and as experience was gained in the application of the Best Practice model, the method of applying the model was revised so that the base reserves are measured on the basis of Best Practice, 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. These updates led to a decrease of the insurance liabilities.

   For additional information, see Section 2.5.2 (E).

   Results in the corresponding period and corresponding quarter last year were affected by a sharp decrease of the risk-free interest rate curve in the short term and by changes in the difference between the fair value and book value of the non-marketable assets which led to an increase of the insurance liabilities. For additional information, see Section 2.5.2 (E).

   Compulsory motor sector - results in the corresponding period last year were affected by a deterioration of underwriting due to a negative development in claims.

2. Motor property (CASCO), property and other sectors - the results were affected by capital market yields as described above.

   Motor property (CASCO) - results in the Reporting Period and third quarter were mainly affected by an increase in the frequency of claims and by an increase in the cost of the average claim which led to the recording of a premium deficiency.

   Results in the corresponding period and corresponding quarter last year were affected by a decrease of the average premium and increase in the number of claims that led to the recording of a premium deficiency.

ד. Health insurance - the results were affected by capital market yields as described above.

1. Personal lines long-term care - results are affected by changes in the LAT reserve. The change in the LAT reserve is attributable, among other things, to changes in the risk-

free interest rate curve, changes in the difference between the fair value and book value of the non-marketable assets, and other changes.

Results in the Reporting Period were affected by a steep rise in the risk-free interest rate curve that led to a reset of the LAT reserve in the first quarter (without the need to use the retained fair value of the non-marketable assets allocated to the personal lines long-term care sector) and to a reduction of the insurance liabilities.

Results in the corresponding period and corresponding quarter last year were affected by changes in the risk-free interest rate curve, by changes in the difference between the fair value and book value of the non-marketable assets, and by other changes that led to an increase of the insurance liabilities.

Additionally, results in the Reporting Period were affected by a revision of the interest rate applied in calculating the reserves for claims in payment. The foregoing led to a decrease of the insurance liabilities.

For additional information, see Section 2.5.2 (C).

2. Health insurance - results in the Reporting Period compared with the corresponding period last year, were affected by a worsening of group policies mainly due to an increase in the number of claims in the cover for medications and ambulatory care. The underwriting deterioration was partially offset by an improvement in premiums in the travel insurance and dental lines of business.

   Additionally, results in the Reporting Period were affected by the application of a circular concerning revised demographic assumptions in life assurance and for the pension funds. For additional information, see Section 2.5.2 (A).

   Results in the corresponding period and corresponding quarter last year were affected by completion of a study relating to the cost of claims in the personal lines health sector. This was partially offset by an increase in the number of claims in surgery cover.

Additionally, results in the Reporting Period and third quarter in the personal lines long-term care sector and personal lines health sector were affected by an update of the rate of development of expenses in the actuarial model. This led to a decrease of the insurance liabilities. For additional information, see Section 2.5.2 (D).

ה. Insurance companies overseas - the results were affected by capital market yields as described above.

Turk Nippon - in the Reporting Period and third quarter, inflation in Turkey continued to rise (reaching an annual rate of 83% in the Reporting Period) accompanied by further erosion of the Turkish lira exchange rate. These macroeconomic factors significantly affected the results. Results in the Reporting Period include adjustment of the financial statements for inflation as the Turkish economy became hyper-inflationary, as well as discounting of some of the insurance liabilities in light of rising inflation and interest in Turkey.

ו. Financial services segment - the results were affected by capital market yields as described above. Additionally, the value of the AUM decreased due to redemptions and impairment in the markets.

2.5.2 Special effects on comprehensive income (loss) in the Reporting Period (NIS million):

	Notes	For the nine months ended September 30 2022	For the nine months ended September 30 2021	Change	For the three months ended September 30 2022	For the three months ended September 30 2021	For the year ended December 31 2021
Comprehensive income (loss) for the period as published in the financial statement		(355)	942	(1,297)	(247)	380	1,521
Life assurance and long-term savings							
Application of a circular on a revision of the demographic assumptions	A	(279)	-	(279)	-	-	-
Update of the interest rate applied in calculating the reserves for annuity and work disability	B	227	-	227	-	-	-
Actuarial updates and studies	D	(23)	-	(23)	(23)	-	-
Health insurance							
LAT - personal lines long-term care	C	764	(216)	980	-	(118)	(157)
Update of the interest rate applied in calculating the reserve for claims in payment - personal lines long-term care	C	15	-	15	-	-	-
Actuarial updates and studies	D	178	300	(122)	178	300	300
Application of a circular on a revision of the demographic assumptions	A	(12)	-	(12)	-	-	-
Non-life insurance							
Effects of the interest rate	E	433	(165)	598	123	(71)	(202)
Actuarial updates	E	75	-	75	-	-	-
Total effects, before tax		1,378	(81)	1,459	278	111	(59)
Effect of tax		471	(28)	499	95	38	(19)
Total effects, after tax		907	(53)	960	183	73	(40)
Total comprehensive income (loss) after adjustment for special effects		(1,262)	995	(2,257)	(430)	307	1,561

א. Results in the Reporting Period were influenced by the implementation of an insurance circular on “Amendment of the Provisions of the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life assurance and pension funds” (“the Circular”). Following application of the circular, the insurance liabilities in the life assurance and long-term savings segment increased by NIS 279 million before tax (increase of NIS 80 million in the liabilities for policies that include a savings component up to 1990, increase of NIS 134 million in the liabilities for policies that include a savings component up to 2003, increase of NIS 20 million in the liabilities for policies that include a non-yield dependent savings component from 2004, and an increase of NIS 45 million in the liabilities for policies that include a yield dependent savings component from 2004), and the insurance liabilities in the health segment increased by NIS 12 million before tax (revised in Q2).

ב. In the Reporting Period the insurance liabilities decreased by NIS 222 million before tax due to an update of the interest rate applied in calculating the reserve for annuities in payment and the supplementary reserve for annuity (decrease of NIS 27 million in the liabilities for policies that include a savings component up to 1990, decrease of NIS 154 million in the liabilities for policies that include a savings component until 2003, and a decrease of NIS 41 million in the insurance liabilities for policies that include a non-yield dependent savings component from 2004) (revised in Q2).

Additionally, in the Reporting period, the insurance liabilities decreased by NIS 5 million before tax due to the revised interest rate applied in calculating the reserves for work disability claims in payment (revised in Q2).

ג. Health segment - personal lines long-term care - as described above, the results were affected by changes in the LAT reserve.

The change in the LAT reserve in the Reporting Period was affected by a steep rise of the risk-free interest rate curve that led to a reset of the reserve in the first quarter (without the need to use the retained fair value of the non-marketable assets allocated to the personal lines long-term care sector). In the corresponding period and corresponding quarter last year, in addition to the foregoing, the LAT reserve was also affected by changes in the difference between the fair value and book value of the non-marketable assets and by other changes.

Additionally, in the Reporting Period the insurance liabilities decreased by NIS 15 million before tax due to the revised interest rate applied in calculating the reserves for claims in payment.

The change in the LAT reserve in 2021 was affected, in part, by a sharp decrease of the risk-free interest rate curve and changes in the difference between the fair value and book value of the non-marketable assets. This effect was partially offset by the application of a circular on the updated formula for calculating the illiquidity premium added to the risk-free interest rate curve. For additional information, see Note 3C(1)(g)(5) to the 2021 annual financial statements.

See the information in the following table:

	For the nine months ended September 30		**For the three months ended September 30**		**For the year ended December 31**
	2022	**2021**	**2022**	**2021**	**2021**
Increase (decrease) in the LAT reserve and effects of interest	(779)	216	-	118	157
The change in the reserve also includes the following effects:					
Changes in the risk-free interest rate curve and changes in the difference between the fair value and book value of the non-marketable assets.	(764)	123	-	163	936
Update of the interest rate applied in calculating the reserve for claims in payment	(15)	-	-	-	-

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
Effect of the application of circulars	-	-	-	-	(863)

ד. In the Reporting Period and third quarter the rate of development of expenses in the actuarial model was revised. The effect of the foregoing led to a reduction of the insurance liabilities of NIS 155 million before tax (personal lines long-term care sector - NIS 120 million reduction of the insurance liabilities, persona lines health sector - NIS 58 million reduction of the insurance liabilities, critical illness sector - NIS 23 million increase of the insurance liabilities).

In the corresponding period and corresponding quarter last year, a study was completed relating to the cost of claims in the personal lines health sector. The effect of the foregoing led to a reduction of the insurance liabilities by NIS 300 million before tax.

ה. Non-life segment, compulsory motor sector and liabilities sectors - results in the Reporting Period and third quarter were affected by a steep rise in the risk-free interest rate curve and by changes in the difference between the fair value and book value of the non-marketable assets.

In the corresponding period and corresponding quarter last year, results were affected by changes in the risk-free interest rate curve and by changes in the difference between the fair value and book value of the non-marketable assets.

2021 was affected by a sharp decrease in the risk-free interest rate curve and by changes in the difference between the fair value and book value of the non-marketable assets. This effect was partially offset by the application of a circular on the updated formula for calculating the illiquidity premium added to the risk-free interest rate curve. For additional information, see Note 3C(1)(g)(5) to the 2021 annual financial statements.

Additionally, results in the Reporting period were affected by the steep rise in the interest rate curve and that as a consequence the Company has no LAT reserve in long-term care (see also Section 2.5.2 (C) above), in the second quarter the Company revised the procedure for the allocation of non-marketable assets. According to the revised procedure, the Company may make transfers from time to time, as necessary, between the assets attributed to the different segments so as to utilize to the maximum the retained value, subject to the asset limitation.

Additionally, results in the Reporting Period were influenced by the fact that tin the Reporting Period, and as experience was gained in the application of the Best Practice model, the method of applying the model was revised so that the base reserves are measured on the basis of Best Practice, 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. The foregoing led to a decrease of the insurance liabilities.

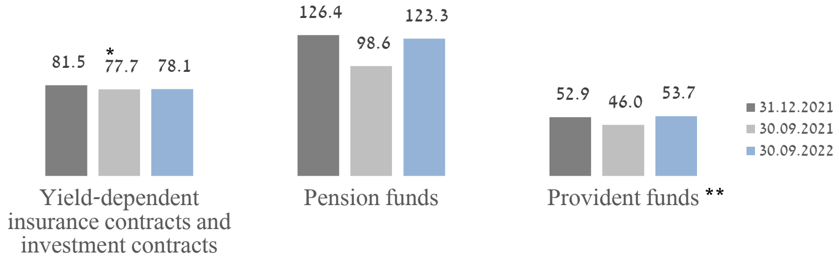
Following these updates, in the Reporting Period the insurance liabilities in the non-life sector were reduced by NIS 75 million before tax (NIS 7 million in the compulsory motor sector, NIS 13 million in the motor property sector, and NIS 55 million in the other liabilities sectors). Of this amount, 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 and are now allocated to the non-life insurance segment.

See the information in the following table, by line of business:

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	**2021**	**2022**	**2021**	**2021**
Increase (decrease) in the insurance liabilities	**(508)**	**165**	**(123)**	**71**	**202**
Effects of the interest rate:					
Changes in the risk-free interest rate curve and changes in the difference between the fair value and book value of the non-marketable assets:					
Compulsory motor	(183)	77	(65)	35	111
Labilities	(250)	88	(58)	36	151
Effect of the application of circulars:					
Compulsory motor	-	-		-	(21)
Labilities	-	-		-	(39)
Total effects of the interest rate	**(433)**	**165**	**(123)**	**71**	**202**
Actuarial updates:					
Compulsory motor	(7)	-		-	-
Labilities	(55)	-		-	-
Motor property	(13)	-		-	-
Total actuarial updates	**(75)**	**-**	**-**	**-**	**-**

2.6 Other key information and effects by segment

2.6.1 Assets managed for the Group's members and policyholders in the life assurance and long-term savings segment (NIS billion):



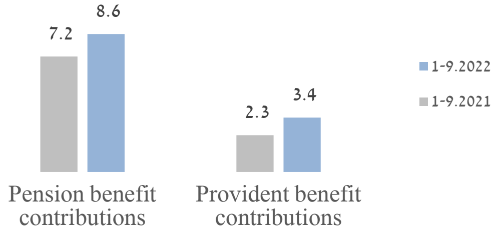
Assets managed by the provident funds and pension funds are not included in the Company's consolidated financial statements.

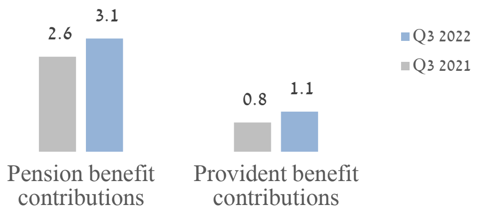
Commencing October 1, 2021, with the completion of the Psagot transaction, the assets managed by the pension and provident funds increased by NIS 26 billion.

* Reclassified

** Provident funds, education funds, central and personal severance pay funds, provident fund for sick pay, and a fund for non-contributory pension

2.6.2 Data on benefit contributions (NIS billion):





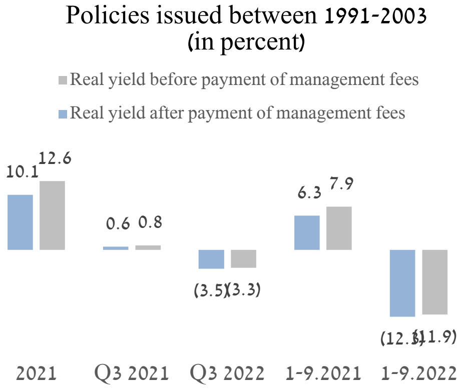
The benefit contributions in the provident funds and pension funds are not included in the Company's consolidated financial statements.

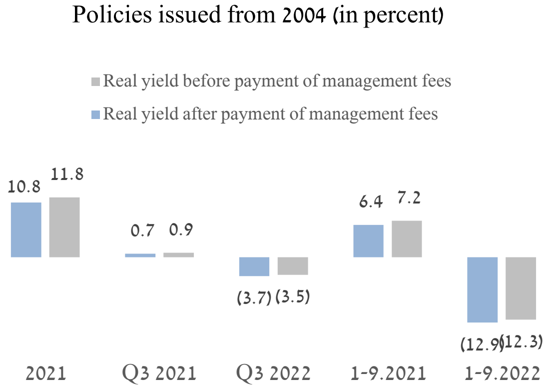
2.6.3 Life assurance:

Redemptions as a percentage of the average reserve amounted to 4.4% in the Reporting Period, compared with 4.2% in the corresponding period last year and 4.3% in 2021.

Redemptions as a percentage of the average reserve amounted to 4.3% in the third quarter, compared with 4.0% in the corresponding quarter last year.

Yield-dependent policies:





Following is the estimated amount of investment profit (loss) and management fees included in the consolidated income statement, that were credited to or debited from insureds in yield-dependent policies, and are calculated according to the Commissioner's instructions, on the basis of the quarterly yield and balances of the average insurance reserves (NIS million):

	For the nine months ended September 30		**For the three months ended September 30**		**For the year ended December 31**
	2022	**2021**	**2022**	**2021**	**2021**
Profit (loss) after management fees	(6,726)	5,175	(1,788)	927	7,860
Total management fees	388	626	129	153	916

2.6.4 Pension funds:

Income from management fees collected from the pension funds managed by the Group amounted to NIS 319 million in the Reporting Period, compared with NIS 263 million in the corresponding period last year.

Income from management fees collected from the pension funds managed by the Group amounted to NIS 108 million in the third quarter, compared with NIS 91 million in the corresponding quarter last year.

2.6.5 Provident funds:

Income from management fees collected from the provident funds managed by the Group amounted to NIS 212 million in the Reporting Period, compared with NIS 186 million in the corresponding period last year.

Income from management fees collected from the provident funds managed by the Group amounted to NIS 72 million in Q3, compared with NIS 63 million in the corresponding quarter last year.

2.6.6 Health insurance:

Harel Insurance is the insurer in the group LTC policy for members of Clalit Health Services. In addition to the group LTC policy for members of Clalit Health Services, Harel provides long-term care insurance for several other groups.

2.6.7 Non-life insurance:

For information about additional financial data relating to the non-life insurance segment, by sector, see Note 4B to the Financial Statements. For information about a change in the mechanism for the settlement of accounts between the National Insurance Institute ("NII") and the insurance companies regarding road accidents, see Note 3C(2)(j) to the 2021 annual financial statements.

Change in the quantity of policies in terms of exposure:

	For the nine months ended September 30		For the year ended December 31
	2022	2021	2021
Compulsory motor	3%	12%	14%
Motor property (CASCO)	(6%)	14%	13%
Property and other lines of business	8%	9%	10%
Other liabilities lines of business	9%	2%	5%

Number of policies in terms of exposure - non-life insurance activity typically involves policies for a period of up to a year. In view of the nature of the policies, quantity is a multiple of the number of policies within the policy period during the year. In other words, if underwriting is carried out for a policy with a period of less than a year, it is multiplied by the relative part of the period so that a policy for six months is half a unit.

2.6.7.1 Compulsory motor

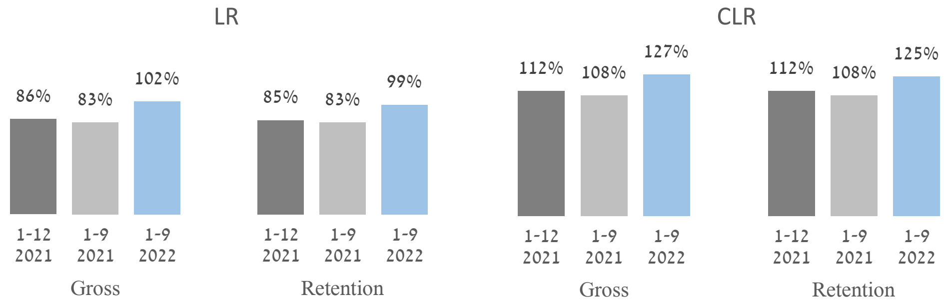
For additional information about the results of compulsory motor insurance, see Sections 2.5.1 and 2.5.2 above.

Given that car owners must insure their vehicles in accordance with the Motor Vehicle Insurance Ordinance, the owners of vehicles (usually motorcycles) who were rejected by the insurance companies may purchase insurance through the Pool (Israel pool for vehicle insurance), which operates as an insurance company to all intents and purposes. All the insurance companies which operate in the compulsory motor sector are partners in the Pool, and each company bears a share of the Pool's losses pro rata to its share of the compulsory motor insurance market for the previous year. A letter from the Pool's CEO set the temporary share of Harel Insurance in the net premiums for 2022 at 14.06% (compared with 14.35% which was the Company's final share for 2021).

2.6.7.2 Motor property

For information about results for the motor property sector, see Sections 2.5.1 and 2.5.2 above.

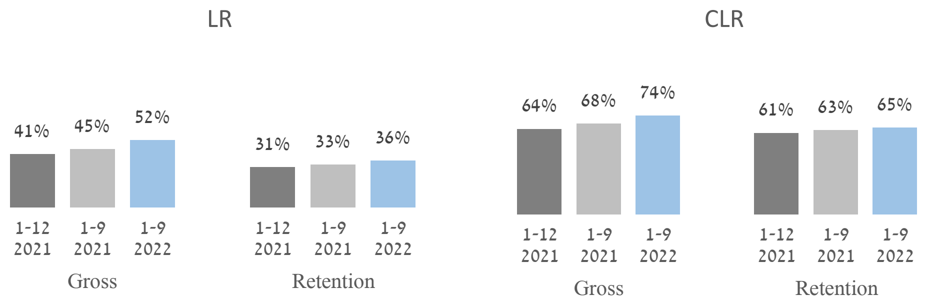
Loss ratio (LR) and combined loss ratio (CLR) in motor property insurance:



2.6.7.3 Property and other lines of business

For additional information about results for the motor property and other sector, see Section 2.5.1 above.

Loss Ratio and Combined Loss Ratio in property and other sectors:



2.6.7.4 Other liabilities lines of business

For information about the results for other liabilities sectors, see Sections 2.5.1 and 2.5.2 above.

2.6.7.5 Credit insurance for residential mortgages

The premiums earned in credit insurance for residential mortgages are not for new sales, but in respect of sales made in the past and for which the premiums are recognized as earned premiums based on the period of coverage. EMI has no reinsurance agreements in this sector.

2.6.8 Insurance companies overseas

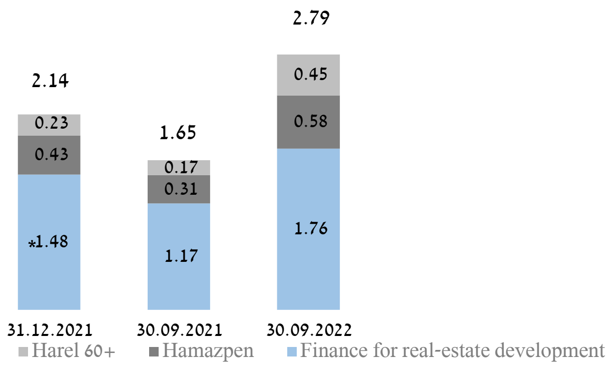
The Company is the controlling shareholder (with a 94% stake) in Interasco, an insurance company operating in Greece, and it also fully controls Turk Nippon - an insurance company which operates in Turkey ("insurance companies overseas"). The insurance companies overseas operate in the non-life insurance and health insurance sectors.

In September 2022, the Company injected an insignificant amount of NIS 9 million into Turk Nippon. Up to the end of 2022, an additional injection of capital into Turk Nippon is planned of the same amount.

On an injection of capital into Turk Nippon in March 2022, see Section 2.5.8 in Chapter 2 of the Periodic Report.

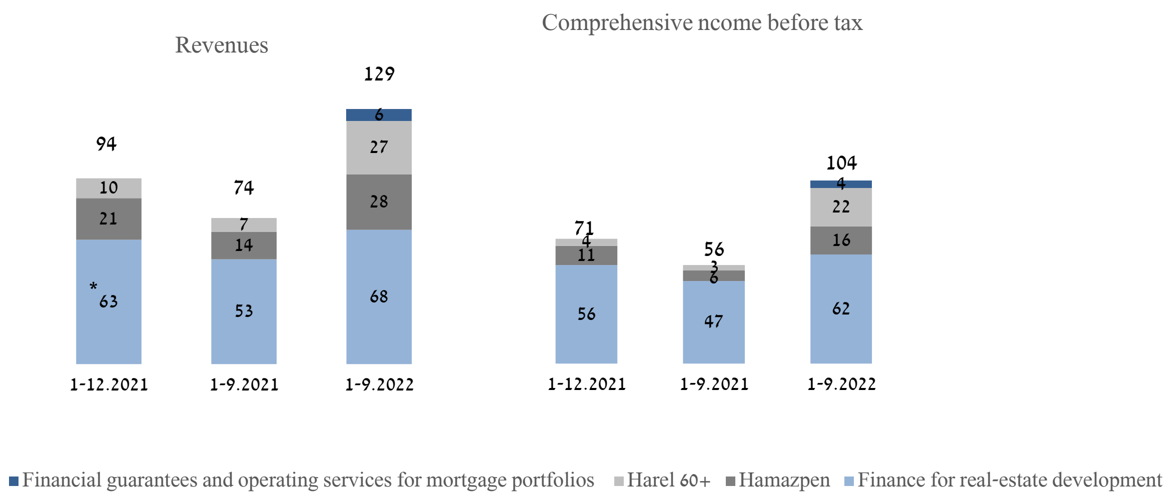
2.6.9 Credit sector

Size of the credit portfolio (NIS billion):



* Reclassified

Volume of revenues and profit for the period in the credit sector (NIS million):

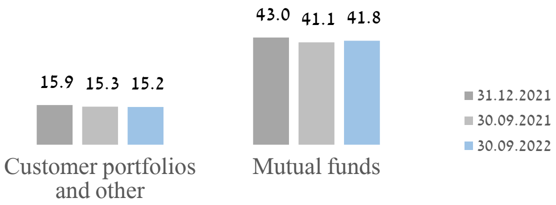


* Reclassified

At September 30, 2022, the credit sector does not constitute an operating segment in the financial statements. The assets, liabilities and results of credit-sector activity are included in the Company's different operating segments, as applicable.

2.6.10 Capital market and financial services

Assets managed for the Group's members and policyholders (NIS billion):



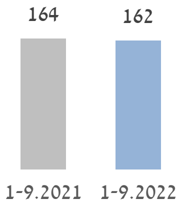
AUM in customer portfolios include financial assets that were issued by the Group and are managed in the portfolios.

Revenues in the capital market and financial services segment amounted to NIS 186 million in the Reporting Period, compared with NIS 183 million in the corresponding period last year.

AUM in the mutual funds and in customer portfolios are not included in the Company's consolidated financial statements.

Mutual fund assets include mutual funds, ETFs and certificates of deposit (CDs)

Management fees in the financial services segment (NIS million):



2.7 Liquidity and sources of financing

2.7.1 Cash flows

Net cash flows provided by operating activities amounted to NIS 654 million in the Reporting Period. Net cash flows used in investment activity amounted to NIS 362 million. Net cash flows used in financing activity were NIS 1,009 million. The effect of fluctuating exchange rates on the cash balances was a positive NIS 6 million. The outcome of all the above activity is a decrease of NIS 711 million in the cash balances.

2.7.2 Liquidity and financing of operations

The Company and its subsidiaries generally finance their ongoing operations from their own sources.

2.8 Dividend

For information about a dividend in the amount of NIS 300 million, that was paid in April 2022, see Note 9(5) to the Financial Statements.

3 Market risks - exposure and management

During the Reporting Period, there were no material changes in the Company's exposure to and management of market risks compared with the Periodic Report.

4 Corporate governance

On the replacement of the Chief Legal Counsel, see Section 2.1.5 2.1.5above.

Ayelet Ben-Ezer was appointed as an external director in the Company effective from September 5, 2022.

On the termination of office of the CEO of Harel Finance and appointment of a CEO for Harel Finance, see Section 2.2.1 above.

5 Disclosure concerning the economic solvency ratio

Provisions concerning application of an 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").

The provisions of the economic solvency regime include transitional provisions which allow the reserves to in respect of long-term insurance products that were sold in the past, to be increased gradually until 2032. Based on the transitional provisions, insurance companies may, after obtaining the Commissioner's approval, include in the calculation of the insurance reserves in the transitional period, a deduction from the insurance reserve ("the Deduction"). The Deduction is calculated in accordance with the instructions in the Deduction principles letter and it is gradually reduced from a rate of 100% on the calculation of the insurance reserves at December 31, 2019, to 0% on the calculation of the insurance reserves at December 31, 2032. On November 21, 2022, the Commissioner's approval was received for recalculating the Deduction, which is performed at least once in two years. The Deduction was recalculated at June 30, 2022, in light of the significant impact of the interest rate increase in the first half of 2022. Additionally, in the transitional period a reduced capital requirement will be calculated which will gradually increase until 2023, for certain categories of investments, and a higher maximum recognition limitation will apply to Tier-2 capital.

On November 28, 2022, Harel Insurance published on its website a report on its economic solvency ratio in respect of data at June 30, 2022: https://www.harel-group.co.il/about/harel-group/harel/investor-relations/Pages/repayment-ability.aspx .

Based on the transitional provisions, at June 30, 2022, Harel Insurance has a capital surplus of NIS 7,433 million and without taking the transitional provisions into account, the capital surplus is NIS 3,396 million. The calculation prepared by Harel Insurance at June 30, 2022 was not audited or reviewed by the external auditors

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.

Calculations of the present economic capital and required capital are based on forecasts and assumptions that rely principally on past experience, and they do not necessarily reflect future performance.

The Best Estimate was determined on the basis of forecasts, assessments and estimates of future events, the materialization of which is uncertain and that are beyond the Company's control, and they should be treated as "forward looking information", according to its definition in Section 32A of the Securities Law, 1968. It is possible that all or part of these forecasts, assessments and estimates will not materialize or they may materialize differently from the manner assumed in calculating the Solvency Report. Actual performance may therefore differ from the forecast.

Economic solvency ratio and MCR:

Following is information about the solvency ratio and minimum capital requirement (MCR) at June 30, 2022, in accordance with the provisions of the economic solvency regime. The economic solvency ratio is calculated in accordance with the transitional provisions which prescribe the transitional period.

א. Economic solvency ratio

	At June 30, 2022	At December 31, 2021
	(Unaudited)	(Audited)
	NIS million	
Equity for the purpose of SCR	**16,694**	17,873
Solvency capital requirement (SCR)	**9,261**	10,236
Surplus	**7,433**	7,637
Economic solvency ratio	**180%**	175%
Effect of material capital transactions that took place in the period between the date of the calculation and the publication date of the solvency ratio report:		
Redemption of capital	-	-
Equity for the purpose of SCR	**16,694**	17,873
Capital surplus	**7,433**	7,637
Economic solvency ratio	**180%**	175%

The capital position of Harel Insurance is influenced by its ongoing business development, changes in market variables, revised demographic and operating assumptions, continuous updates of models, updated regulatory instructions and capital transactions. For information about key changes that took place in the first half of 2022 in contrast with comparison figures, see Section 2 in the Economic Solvency Report.

This information concerning the solvency ratio, taking into account the capital activity, as specified above, does not include the effect of the business activity of Harel Insurance after June 30, 2022, changes in the mix and size of the insurance investments and liabilities, exogenous effects and regulatory changes which affect the business environment.

ב. Minimum Capital Requirement (MCR)

	At June 30, 2022	At December 31, 2021
	(Unaudited)	(Audited)
	NIS million	
MCR	**2,771**	2,735
Own funds for the purpose of MCR	**12,618**	13,302

ג. Limitations on the distribution of dividends

According to a letter published by the Commissioner in October 2017 (“the Letter”), insurance companies may distribute a dividend only if after the distribution is made, the company has a solvency ratio of at least 100% according to the economic solvency regime, which is calculated without taking the transitional provisions into account and subject to the solvency ratio target set by the Company's Board of Directors. This ratio will be calculated without providing any relief in respect of the original difference attributed to the purchase of provident fund activity and management companies.

It is the policy of Harel Insurance to hold a robust capital base so as to guarantee its solvency and ability to meet its liabilities to insureds, to maintain its ability to continue its business activity and so that it is able to produce a yield for its shareholders. Harel Insurance is subject to the capital requirements and defined regulations with respect to the distribution of dividends.

On November 30, 2020, 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 provisions into account, and a minimum solvency ratio without taking the transitional provisions into account, of 105%.

On February 28, 2021, the Company's Board of Directors approved a dividend distribution policy whereby the Company will distribute a dividend of at least 30% of comprehensive income according to its annual consolidated financial statements. Additionally, on February 28, 2021, the board of directors of Harel Insurance approved a dividend distribution policy in which the Company will distribute a dividend of at least 35% of comprehensive income according to the annual consolidated financial statements of Harel Insurance, and this as long as Harel Insurance is in compliance with the minimum targets for solvency based on Solvency II.

The threshold conditions are intended to allow Harel Insurance to cope with crises without significantly compromising its operations and its compliance with the applicable capital requirements. Nonetheless, the foregoing is not intended to ensure that Harel Insurance will remain in compliance with the threshold conditions determined at all times.

ד. Solvency ratio without application of the transitional provisions to the transitional period and without adjustment for equity risk

Information about the economic solvency ratio of Harel Insurance, calculated without the transitional provisions and based on the solvency target determined by the board of directors of Harel Insurance with reference to the solvency ratio calculated without taking the provisions in the transitional period into account and after adjustment for equity risk, as required in the letter. This ratio is in compliance with the solvency ratio required according to the letter.

	At June 30, 2022	At December 31, 2021
	(Unaudited)	(Audited)
	NIS million	
Equity for the purpose of SCR	**14,141**	14,336
Solvency capital requirement (SCR)	**10,745**	12,308
Capital surplus	**3,396**	2,028
Solvency ratio (in percent)	**132%**	116%

Effect of material capital transactions that took place in the period between the date of the calculation and the publication date of the solvency ratio report:		
Raising (redemption) of capital instruments	**-**	-
Equity for the purpose of SCR	**14,141**	14,336
Capital surplus	**3,396**	2,028
Solvency ratio (in percent)	**132%**	116%
Capital status after capital transactions in relation to the Board of Directors target:		
Economic solvency ratio target set by the Board of Directors	**105%**	105%
Capital surplus in relation to the target (NIS million)	**2,859**	1,412

ה. **Increase of the interest rate curve**

From the first half of 2022 and up to immediately prior to the date of publication of the report, the risk-free interest rate curve continued to rise steeply. Notably, the extent to which changes in the interest rate curve affect the capital surpluses and economic solvency ratio of Harel Insurance depend, among other things, on various parameters, including the nature of the insurance liabilities, the relevant average duration and relevant interest rate for each category of liability and the method of measuring them. Additionally, the economic solvency ratio is sensitive to a broad range of other effects, including the stock markets in Israel and worldwide, which have dropped significantly in this period, and the Consumer Price Index that rose in this period. These factors are expected to have a negative impact on the capital surpluses and economic solvency ratio of Harel Insurance.

On the results of sensitivity analyses of the economic solvency ratio to various risk factors, including sensitivity to interest, see Section 9 in the Economic Solvency Ratio Report of Harel Insurance as at December 31, 2021.

The Board of Directors wishes to express its thanks to the Group's employees and agents for its achievements

Yair Hamburger	Michel Siboni
Chairman of the Board of Directors	CEO

November 28, 2022

HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at September 30, 2022

Condensed Consolidated Interim Statements of Financial Position at

	30 September		December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Intangible assets	**2,344**	2,072	2,244
Deferred tax assets	**20**	12	18
Deferred Acquisition Costs	**2,872**	2,635	2,667
Fixed assets	**1,367**	1,383	1,380
Investments in equity accounted investees	**1,588**	1,353	1,385
Investment property for yield-dependent contracts	**2,017**	1,856	1,963
Other investment property	**2,373**	2,077	2,269
Reinsurance assets	**5,461**	4,609	5,242
Current tax assets	**238**	56	2
Trade and other receivables	**3,170**	1,337	1,251
Premium due	**1,609**	1,445	1,452
Financial investments for yield-dependent contracts	**68,549**	70,556	73,850
Other financial investments			
Marketable debt assets	**11,298**	12,728	13,579
Non-marketable debt assets	**19,051**	15,286	16,629
Shares	**2,071**	2,194	2,508
Other	**3,941**	3,476	3,595
Total other financial investments	**36,361**	33,684	36,311
Cash and cash equivalents for yield-dependent contracts	**5,137**	4,178	5,012
Other cash and cash equivalents	**1,789**	2,424	2,625
Total assets	**134,895**	129,677	137,671
Total assets for yield-dependent contracts	**78,061**	77,723*	81,548

* Reclassified

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

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

	30 September		December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Equity and liabilities			
Equity			
Share capital and share premium	**359**	359	359
Treasury stock	**(218)**	(140)	(163)
Capital reserves	**487**	1,213	1,373
Retained earnings	**7,537**	6,969	7,292
Total equity attributed to shareholders of the Company	**8,165**	8,401	8,861
Non-controlling interests	**49**	31	32
Total equity	**8,214**	8,432	8,893
Liabilities			
Liabilities for non yield-dependent insurance contracts and investment contracts	**31,554**	30,197*	31,127
Liabilities for yield-dependent insurance contracts and investment contracts	**75,565**	76,633*	80,516
Deferred tax liabilities	**986**	1,318	1,450
Liabilities for employee benefits, net	**277**	281	301
Current tax liabilities	**22**	28	46
Trade and other payables	**4,633**	3,884	4,893
Financial liabilities	**13,644**	8,904	10,445
Total liabilities	**126,681**	121,245	128,778
Total equity and liabilities	**134,895**	129,677	137,671

* Reclassified

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

Date of approval of the financial statements: November 28, 2022

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

Condensed Consolidated Interim Statements of Income

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	**12,872**	11,264	**4,282**	3,802	15,272
Premiums earned by reinsurers	**1,652**	1,348	**575**	476	1,858
Earned premiums in retention	**11,220**	9,916	**3,707**	3,326	13,414
Profit (loss) from investments, net, and financing income	**(5,535)**	8,041	**(1,353)**	1,699	11,912
Income from management fees	**1,090**	1,248	**366**	365	1,790
Income from commissions	**311**	254	**107**	88	347
Other income	**33**	3	**17**	3	11
Total income	**7,119**	19,462	**2,844**	5,481	27,474
Payments and changes in liabilities for insurance contracts and investment contracts, gross	**3,947**	16,355	**1,924**	4,359	23,127
Reinsurers' share of payments and change in liabilities for insurance contracts	**1,246**	1,114	**455**	339	1,507
Payments and changes in liabilities for insurance contracts and investment contracts in retention	**2,701**	15,241	**1,469**	4,020	21,620
Commissions, marketing expenses and other acquisition costs	**2,273**	2,026	**780**	692	2,731
General and administrative expenses	**1,090**	932	**370**	312	1,310
Other expenses	**31**	11	**12**	6	14
Financing expenses, net	**345**	235	**91**	83	281
Total expenses	**6,440**	18,445	**2,722**	5,113	25,956
Company's share of profits of equity accounted investees	**80**	92	**5**	30	180
Profit before income tax	**759**	1,109	**127**	398	1,698
Income tax	**232**	320	**40**	120	486
Profit for period	**527**	789	**87**	278	1,212
Attributed to:					
Shareholders of the Company	**522**	787	**85**	278	1,209
Non-controlling interests	**5**	2	**2**	-*	3
Profit for the period	**527**	789	**87**	278	1,212
Basic and diluted earnings per share (in NIS)	**2.45**	3.67	**0.40**	1.30	5.65

* Less than NIS 1 million.

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

Condensed Consolidated Interim Statements of Comprehensive Income

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**527**	789	**87**	278	1,212
Other items of comprehensive income (loss) 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	**(1,516)**	585	**(518)**	244	920
Net change in fair value of financial assets classified as available-for-sale transferred to income statement	**(84)**	(374)	**(24)**	(70)	(461)
Loss from impairment of available-for-sale financial assets transferred to income statement	**71**	12	**22**	2	51
Foreign currency translation differences for foreign activity	**114**	(28)	**-**	(22)	(77)
Tax benefit (income tax) attributable to available-for-sale financial assets	**521**	(71)	**179**	(59)	(166)
Tax benefit (income tax) for items of other comprehensive income that after initial recognition as part of comprehensive income were or will be transferred to profit or loss	**(29)**	7	**-**	6	19
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	**(923)**	131	**(341)**	101	286
Other items of comprehensive income (loss) that will not be transferred to profit or loss					
Revaluation reserve for fixed asset items	**21**	29	**1**	3	29
Re-measurement of a defined benefit plan	**34**	1	**8**	(2)	3
Income tax for items of other comprehensive income that will not be transferred to profit or loss	**(14)**	(8)	**(2)**	-	(9)
Other comprehensive income for the period that will not be transferred to profit or loss, net of tax	**41**	22	**7**	1	23
Total other comprehensive income (loss) for period	**(882)**	153	**(334)**	102	309
Total comprehensive income (loss) for period	**(355)**	942	**(247)**	380	1,521
Attributed to:					
Shareholders of the Company	**(359)**	940	**(249)**	380	1,518
Non-controlling interests	**4**	2	**2**	-*	3
Total comprehensive income (loss) for period	**(355)**	942	**(247)**	380	1,521

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 stock	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 nine months ended September 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	-	-	-	-	-	-	-	522	522	5	527
Other comprehensive income (loss) for the period	-	(1,007)	85	-	-	-	18	23	(881)	(1)	(882)
Total comprehensive income (loss) for period	-	(1,007)	85	-	-	-	18	545	(359)	4	(355)
Transactions with shareholders recognized directly in equity											
Dividend distributed	-	-	-	-	-	-	-	(300)	(300)	-	(300)
Share-based payment	-	-	-	18	-	-	-	-	18	-	18
Purchase of Treasury stock	-	-	-	-	(55)	-	-	-	(55)	-	(55)
Non-controlling interests for consolidated subsidiaries	-	-	-	-	-	-	-	-	-	13	13
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-*	-
Balance as at September 30, 2022	359	340	(167)	24	(218)	(49)	339	7,537	8,165	49	8,214

* 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 stock	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 September 30, 2022 (Unaudited)											
Balance as at July 1, 2022	359	681	(167)	19	(199)	(49)	338	7,446	8,428	34	8,462
Comprehensive income (loss) for period											
Profit for the period	-	-	-	-	-	-	-	85	85	2	87
Other comprehensive income (loss)	-	(341)	-	-	-	-	1	6	(334)	-*	(334)
Total comprehensive income (loss) for period	-	(341)	-	-	-	-	1	91	(249)	2	(247)
Transactions with shareholders recognized directly in equity											
Share-based payment	-	-	-	5	-	-	-	-	5	-	5
Purchase of Treasury stock	-	-	-	-	(19)	-	-	-	(19)	-	(19)
Non-controlling interests for a consolidated subsidiary	-	-	-	-	-	-	-	-	-	13	13
Balance as at September 30, 2022	359	340	(167)	24	(218)	(49)	339	7,537	8,165	49	8,214

* 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 stock	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 nine months ended September 30, 2021 (Unaudited)											
Balance as at January 1, 2021	359	1,003	(194)	1	(123)	(49)	300	6,438	7,735	19	7,754
Comprehensive income (loss) for the period											
Profit for the period	-	-	-	-	-	-	-	787	787	2	789
Other comprehensive income (loss) for the period	-	152	(21)	-	-	-	21	1	153	-*	153
Total comprehensive income (loss) for the period	-	152	(21)	-	-	-	21	788	940	2	942
Transactions with shareholders recognized directly in equity											
Dividend distributed	-	-	-	-	-	-	-	(257)	(257)	-	(257)
Purchase of Treasury stock	-	-	-	-	(17)	-	-	-	(17)	-	(17)
Non-controlling interests in a consolidated subsidiary	-	-	-	-	-	-	-	-	-	11	11
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance as at September 30, 2021	359	1,155	(215)	1	(140)	(49)	321	6,969	8,401	31	8,432

* 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 stock	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 September 30, 2021 (Unaudited)											
Balance as at July 1, 2021	359	1,038	(199)	1	(123)	(49)	319	6,692	8,038	31	8,069
Comprehensive income (loss) for the period											
Profit for the period	-	-	-	-	-	-	-	278	278	-*	278
Other comprehensive income (loss)	-	117	(16)	-	-	-	2	(1)	102	-*	102
Total comprehensive income (loss) for the period	-	117	(16)	-	-	-	2	277	380	-	380
Transactions with shareholders recognized directly in equity											
Purchase of Treasury stock	-	-	-	-	(17)	-	-	-	(17)	-	(17)
Balance as at September 30, 2021	359	1,155	(215)	1	(140)	(49)	321	6,969	8,401	31	8,432

* 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 stock	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, 2021 (Audited)											
Balance as at January 1, 2021	359	1,003	(194)	1	(123)	(49)	300	6,438	7,735	19	7,754
Comprehensive income (loss) for the year											
Profit for the year	-	-	-	-	-	-	-	1,209	1,209	3	1,212
Other comprehensive income (loss) for the year	-	344	(58)	-	-	-	21	2	309	-*	309
Total comprehensive income (loss) for the year	-	344	(58)	-	-	-	21	1,211	1,518	3	1,521
Transactions with shareholders recognized directly in equity											
Dividend distributed	-	-	-	-	-	-	-	(357)	(357)	-	(357)
Share-based payment	-	-	-	5	-	-	-	-	5	-	5
Purchase of Treasury stock	-	-	-	-	(40)	-	-	-	(40)	-	(40)
Non-controlling interests for a consolidated subsidiary	-	-	-	-	-	-	-	-	-	11	11
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance as at December 31, 2021	359	1,347	(252)	6	(163)	(49)	321	7,292	8,861	32	8,893

* 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 nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2022	2021	2022	2021	2021
		(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	**1,126**	1,087	**1,707**	952	1,655
Income tax paid		**(472)**	(399)	**(19)**	(10)	(464)
Net cash provided by operating activities		**654**	688	**1,688**	942	1,191
Cash flows from investment activity						
Acquisition of a subsidiary consolidated for the first time	B	**(35)**	-	**(21)**	-	(92)
Supplement of consideration for the acquisition of a subsidiary consolidated for the first time in 2021		**(9)**	-	**-**	-	-
Investment in investees		**(168)**	(82)	**(22)**	(14)	(104)
Proceeds from the sale of an investment in an equity accounted investee		**63**	42	**57**	5	44
Cash paid as part of the acquisition of provident fund and pension fund management rights from Psagot		**-**	(185)	**-**	(185)	(185)
Investment in fixed assets		**(33)**	(45)	**(6)**	(4)	(49)
Investment in intangible assets		**(262)**	(221)	**(87)**	(77)	(305)
Dividend and interest from an investee		**81**	21	**6**	10	55
Proceeds from sale of fixed assets and intangible assets		**1**	3	**-**	1	4
Net cash used for investment activity		**(362)**	(467)	**(73)**	(264)	(632)
Cash flows from financing activity						
Proceeds of issuance of liability notes, net		**-**	247	**-**	247	931
Repayment of liability notes		**(248)**	(437)	**-**	-	(468)
Purchase of Treasury stock		**(55)**	(17)	**(19)**	(17)	(40)
Short-term credit from banks, net		**(253)**	400	**(274)**	188	531
Loans received from banks		**-**	375	**-**	375	375
Repayment of loans from banks		**(27)**	(404)	**(14)**	(365)	(454)
Repayment of lease liabilities		**(26)**	(27)	**(7)**	(10)	(36)
Dividend paid to non-controlling interests		**-**	(1)	**-**	-	(1)
Dividend paid to the Company's shareholders		**(400)**	(257)	**-**	-	(257)
Net cash provided by (used for) financing activity		**(1,009)**	(121)	**(314)**	418	581
Effect of exchange rate fluctuations on cash balances and cash equivalents		**6**	129	**79**	9	124
Net increase (decrease) in cash and cash equivalents		**(711)**	229	**1,380**	1,105	1,264
Retained cash and cash equivalents at beginning of the period	C	**7,637**	6,373	**5,546**	5,497	6,373
Retained cash and cash equivalents at end of the period	D	**6,926**	6,602	**6,926**	6,602	7,637

* In the nine-month period ended September 30, 2022, Harel Insurance made a non-cash investment in an affiliate partnership (against outstanding non-marketable debt assets) in the amount of NIS 20 million.

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

Condensed Consolidated Interim Statements of Cash Flows (contd.)

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Audited) NIS million
Annex A - Cash flows from operating activities (1), (2), (3)					
Profit for the period	527	789	87	278	1,212
Items not involving cash flows:					
Company's share of profits of equity accounted investees	(80)	(92)	(5)	(30)	(180)
Net losses (profits) from financial investments for yield-dependent insurance contracts and investment contracts	8,094	(5,379)	2,153	(871)	(8,131)
Losses (profits) net, from other financial investments					
Marketable debt assets	(345)	(269)	(90)	(78)	(312)
Non-marketable debt assets	(409)	(221)	(100)	(57)	(216)
Shares	(114)	(256)	(13)	(46)	(299)
Other investments	413	(402)	9	(162)	(626)
Change in financial liabilities	2,150	397	971	32	(370)
Change in fair value of investment property for yield-dependent contracts	(44)	(20)	5	(23)	(125)
Change in fair value of other investment property	(94)	(6)	(25)	(1)	(189)
Depreciation and amortization					
Fixed assets	84	85	30	27	116
Intangible assets	199	144	65	49	206
Change in liabilities for non-yield-dependent insurance contracts and investment contracts	426	1,251	108	257	1,443
Change in liabilities for yield-dependent insurance contracts and investment contracts	(4,951)	6,956	(1,429)	1,623	10,683
Change in reinsurance assets	(232)	(287)	(37)	(43)	(349)
Change in DAC	(211)	(128)	(46)	(13)	(173)
Payroll expenses for share-based payment	18	-	5	-	5
Income tax expense	232	320	40	120	486
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	(10)	(34)	(3)	(23)	(36)
Purchases, net, of financial investments	(2,799)	(701)	891	29	(976)
Other financial investments and investment property					
Purchase of investment property	(15)	(11)	(6)	(4)	(16)
Proceeds from sale of investment property	5	-	3	-	-
Sale (purchase) , net, of financial investments	451	(786)	(9)	(207)	(1,012)
Premiums due	(170)	(117)	34	58	(72)
Trade and other receivables	(1,748)	(120)	(1,122)	(207)	(140)
Trade and other payables	(260)	(42)	187	244	682
Liabilities for employee benefits, net	9	16	4	-	44
Total adjustments required to present cash flows from operating activities	599	298	1,620	674	443
Total cash flows from operating activities	1,126	1,087	1,707	952	1,655

(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 1,135 million and NIS 350 million for the nine and three months ended September 30, 2022, respectively (for the nine and three months ended September 30, 2021, NIS 511 million and NIS 141 million, respectively, and for 2021 in its entirety NIS 824 million) and interest was paid in the amount of NIS 101 million and NIS 7 million for the nine and three months ended September 30, 2022 (for the nine and three months ended September 30, 2021, NIS 108 million and NIS 21 million, respectively, and for 2021 in its entirety NIS 180 million).

(3) As part of the operating activities, a dividend received from other financial investments was presented in the amount of NIS 481 million and NIS 185 million for the nine and three months ended September 30, 2022, respectively (for the nine and three months ended September 30, 2021, NIS 69 million and NIS 8 million, respectively, and for 2021 in its entirety, NIS 730 million).

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

Condensed Consolidated Interim Statements of Cash Flows (contd.)

	For the nine months ended September 30		For the three months ended September 30		For the year ended
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	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	-	-	-	-	(56)
Retained cost - intangible asset in respect of customer relations - created on acquisition	(37)	-	(20)	-	(69)
Retained cost – intangible asset for brand – created on acquisition	-	-	-	-	(15)
Other intangible assets	-	-	-	-	(10)
Deferred tax assets	-	-	-	-	(3)
Fixed assets	-	-	-	-	(3)
Other investment property	-	-	-	-	(5)
Reinsurance assets	-	-	-	-	(608)
Trade receivables	-	-	-	-	(55)
Premium due	-	-	-	-	(85)
Other financial investments	(5)	-	(5)	-	(595)
Liabilities for non-yield-dependent insurance contracts and investment contracts	-	-	-	-	1,098
Liabilities for employee benefits, net	1	-	-	-	-
Trade payables	2	-	-	-	305
Non-controlling interests	4	-	4	-	-
Cash to be deducted due to acquisition of a consolidated company consolidated for the first time	(35)	-	(21)	-	(101)
From which amount paid in February 2022, after the Reporting Period, for adjustment of the proceeds	-	-	-	-	9
Total cash deducted on acquisition of a consolidated company consolidated for the first time	(35)	-	(21)	-	(92)

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

Condensed Consolidated Interim Statements of Cash Flows (contd.)

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(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	**5,012**	3,452	**3,604**	3,447	3,452
Other cash and cash equivalents	**2,625**	2,921	**1,942**	2,050	2,921
Retained cash and cash equivalents at beginning of the period	**7,637**	6,373	**5,546**	5,497	6,373
Annex D - Cash and cash equivalents at end of period					
Cash and cash equivalents for yield-dependent contracts	**5,137**	4,178	**5,137**	4,178	5,012
Other cash and cash equivalents	**1,789**	2,424	**1,789**	2,424	2,625
Retained cash and cash equivalents at end of the period	**6,926**	6,602	**6,926**	6,602	7,637

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 September 30, 2022, 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 assets liabilities and results of the consolidated 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. Statement of compliance with International Financial Reporting Standards

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 - Financial Reporting for Interim Periods and in accordance with the requirements of the Pronouncements issued by the Commissioner of the Capital market, Insurance and Savings ("the Commissioner") and in accordance with the Supervision of Financial Services (Insurance) Law, 1981 ("the Supervision Law"), and they do not include all the information required in full annual financial statements. They should be read them together with the financial statements as at and for the year ended December 31, 2021 ("the Annual Financial Statements"). Moreover, 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, insofar as these regulations apply to a company that consolidates insurance companies.

The condensed consolidated interim financial statements were approved for publication by the Company's Board of Directors on November 28, 2022.

B. Use of estimates and discretion

Preparation of the condensed consolidated interim financial statements in accordance with IAS 34 and in accordance with 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") that affect application of the accounting policy, and the amounts of assets and liabilities, revenues 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.

In this context, see Note 9(1) relating to the revised interest rates applied in calculating the insurance reserves and in in relation to the effect of implementation of an insurance circular on “Amendment of the Provisions of the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life assurance and for pension funds”, Note 9(2) relating to the revised rate of development of the expenses in the actuarial model, and Note 9(3) relating to updates to the insurance liabilities in non-life insurance.

Note 2 - Basis of preparation (contd.)

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 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

The Group's accounting policies in these condensed consolidated interim financial statements are the policies applied in the annual financial statements.

A. New standards not yet adopted

IFRS 17 - Insurance Contracts ("IFRS 17" or "the Standard")

Pursuant to the information in Note 3S2 of the annual financial statements relating to the draft "Updated Roadmap for the Adoption of IFRS 17 (IFRS 17) - Insurance Contracts" published by the Capital Market, Insurance and Savings Authority on January 5, 2022 ("the Draft Roadmap"), on May 23, 2022, and September 19, 2022, the Capital Market, Insurance and Savings Authority ("the Authority") published updates to the aforementioned draft roadmap ("the Updated Roadmap"). The Updated Roadmap leaves the initial date of application of IFRS 17 in Israel unchanged, which will apply on or after quarterly and annual periods commencing January 1, 2024 (accordingly, the transition date will be January 1, 2023). However, the Roadmap includes a number of updates in relation to the Draft Roadmap.

According to the Updated Roadmap, in 2023, as part of the financial statements for the second quarter and the annual report for 2023, the companies will be required to report, in a designated note to the financial statements, principal proforma reports to be prepared in accordance with IFRS 17 and IFRS 9, (based on the disclosure format included in the Roadmap) as follows: in the financial statements for Q2 2023 disclosure shall be provided of the proforma financial position as at January 1, 2023 (including disclosure of the amount of the contractual service margin for each operating segment separately and disclosure of the outstanding provision for credit losses in the different report items), whereas in the annual financial statements for 2023 a report shall be included on the proforma financial position as at December 31, 2023 as well as a proforma statement of comprehensive income for 2023 (including disclosure of the amount of the contractual service margin for each operating segment separately and disclosure of the outstanding provision for credit losses in the different report items, not including comparison figures). Additionally, as part of the aforesaid note, the companies will be required to provide supplementary quality disclosure that will address, among other things, the subjects listed in the Revised Roadmap.

Additionally, the Updated Roadmap sets out the key deployment measures and updated time schedules that the Authority believes are necessary to ensure that Israel's insurance companies are prepared for the quality application of IFRS 17, including with respect to adapting their information systems, implementation and review of the adequacy of the controls, completion of formulating the accounting policy and deployment for the different reports required, performing a quantitative review to assess the repercussions of the Standard with respect to the transition provisions, deployment for calculating the risk adjustment for non-financial risk (RA) and deployment for the audit performed by the auditors.

The Company continues to assess the implications of adopting these standards on its financial statements and is preparing for their application within the said time frame.

Note 3 - Significant accounting policies (contd.)

B. Seasonality

1. Life assurance, health insurance and financial services

   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. Non-life insurance

   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 Operating Segments Note 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 the condensed consolidated interim financial statements. 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.

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 branches: 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 branches: this sector includes the Group's insurance activities in all property branches excluding motor property (e.g. liabilities, 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.

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.

Note 4 - Operating segments (contd.)

6. Not attributed to operating segments and other

Activities that are not attributed to operating segments include mainly activities of insurance agencies and of capital activities by the consolidated insurance companies.

Note 4 - Operating segments (contd.)

A. Information about reportable segments

	For the nine months ended September 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	5,039	4,401	3,118	317	-	-	(3)	12,872
Premiums earned by reinsurers	154	261	1,168	72	-	-	(3)	1,652
Earned premiums - retention	4,885	4,140	1,950	245	-	-	-	11,220
Profit (loss) from investments, net, and financing income	(5,842)	(229)	91	24	24	399*	(2)	(5,535)
Income from management fees	919	3	-	-	162	8	(2)	1,090
Income from commissions	46	13	208	14	-	89**	(59)	311
Other income	21	-	-	-	-	12	-	33
Total income	29	3,927	2,249	283	186	508	(63)	7,119
Payments and changes in liabilities for insurance contracts and investment contracts, gross	(985)	2,520	2,167	247	-	-	(2)	3,947
Reinsurers' share in payments and changes in liabilities for insurance contracts	94	408	717	29	-	-	(2)	1,246
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	(1,079)	2,112	1,450	218	-	-	-	2,701
Commissions, marketing expenses and other acquisition costs	869	752	631	73	-	7***	(59)	2,273
General and administrative expenses	535	258	44	17	129	111****	(4)	1,090
Other expenses	16	-	7	1	3	4	-	31
Financing expenses (income), net	18	67	70	(7)	6	191	-	345
Total expenses	359	3,189	2,202	302	138	313	(63)	6,440
Company's share of profits (losses) of equity accounted investees	(4)	2	24	-	-	58	-	80
Profit (loss) before income tax	(334)	740	71	(19)	48	253	-	759
Other comprehensive loss, before income tax	(350)	(372)	(37)	(6)	-	(595)	-	(1,360)
Total comprehensive income (loss) before income tax	(684)	368	34	(25)	48	(342)*****	-	(601)
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,427	7,690	10,932	510	-	-	(5)	31,554
Liabilities in respect of yield dependent insurance contracts and investment contracts	70,401	5,164	-	-	-	-	-	75,565

* 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 57 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 59 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 16 million.

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the three months ended September 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	1,543	1,538	1,078	124	-	-	(1)	4,282
Premiums earned by reinsurers	53	90	405	28	-	-	(1)	575
Earned premiums - retention	1,490	1,448	673	96	-	-	-	3,707
Profit (loss) from investments, net, and financing income	(1,531)	(46)	(22)	10	10	227*	(1)	(1,353)
Income from management fees	309	1	-	-	55	2	(1)	366
Income from commissions	17	4	69	6	-	30**	(19)	107
Other income	7	-	-	-	-	10	-	17
Total income	292	1,407	720	112	65	269	(21)	2,844
Payments and changes in liabilities for insurance contracts and investment contracts, gross	(38)	1,104	775	83	-	-	-	1,924
Reinsurers' share in payments and changes in liabilities for insurance contracts	36	158	251	10	-	-	-	455
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	(74)	946	524	73	-	-	-	1,469
Commissions, marketing expenses and other acquisition costs	285	258	219	35	-	2***	(19)	780
General and administrative expenses	179	86	11	10	43	43****	(2)	370
Other expenses	5	-	2	-	1	4	-	12
Financing expenses (income), net	4	20	10	(6)	3	60	-	91
Total expenses	399	1,310	766	112	47	109	(21)	2,722
Company's share of profits (losses) of equity accounted investees	(8)	(5)	4	-	-	14	-	5
Profit (loss) before income tax	(115)	92	(42)	-	18	174	-	127
Other comprehensive income (loss), before income tax	(123)	(115)	39	(1)	-	(311)	-	(511)
Total comprehensive income (loss) before income tax	(238)	(23)	(3)	(1)	18	(137)*****	-	(384)
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	12,460	7,690	10,932	510	-	-	(5)	31,587
Liabilities in respect of yield dependent insurance contracts and investment contracts	70,367	5,164	-	-	-	-	-	75,531

* 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 17 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 15 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 nine months ended September 30, 2021 (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	4,370	3,965	2,589	343	-	-	(3)	11,264
Premiums earned by reinsurers	137	225	925	64	-	-	(3)	1,348
Earned premiums - retention	4,233	3,740	1,664	279	-	-	-	9,916
Profit from investments, net, and financing income	6,420	751	372	41	18	441*	(2)	8,041
Income from management fees	1,075	3	-	-	164	7	(1)	1,248
Income from commissions	29	14	177	12	-	74**	(52)	254
Other income	2	-	-	-	1	-	-	3
Total income	11,759	4,508	2,213	332	183	522	(55)	19,462
Payments and changes in liabilities for insurance contracts and investment contracts, gross	10,118	3,677	2,289	273	-	-	(2)	16,355
Reinsurers' share in payments and changes in liabilities for insurance contracts	90	347	647	32	-	-	(2)	1,114
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	10,028	3,330	1,642	241	-	-	-	15,241
Commissions, marketing expenses and other acquisition costs	778	688	535	72	-	5***	(52)	2,026
General and administrative expenses	445	221	29	18	123	99****	(3)	932
Other expenses	1	-	-	2	3	5	-	11
Financing expenses , net	12	37	3	-	3	180	-	235
Total expenses	11,264	4,276	2,209	333	129	289	(55)	18,445
Company's share of profits of equity accounted investees	13	12	24	-	-	43	-	92
Profit (loss) before income tax	508	244	28	(1)	54	276	-	1,109
Other comprehensive income (loss), before income tax	34	47	78	(14)	-	80	-	225
Total comprehensive income (loss) before income tax	542	291	106	(15)	54	356*****	-	1,334
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	11,982	7,618 [1]	9,970	632	-	-	(5)	30,197
Liabilities in respect of yield dependent insurance contracts and investment contracts	71,014	5,619 [1]	-	-	-	-	-	76,633

1 Reclassified

* 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, about NIS 51 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 57 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 11 million.

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the three months ended September 30, 2021 (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	1,412	1,368	909	114	-	-	(1)	3,802
Premiums earned by reinsurers	49	81	326	21	-	-	(1)	476
Earned premiums - retention	1,363	1,287	583	93	-	-	-	3,326
Profit from investments, net, and financing income	1,267	177	144	16	5	91*	(1)	1,699
Income from management fees	307	1	-	-	57	1	(1)	365
Income from commissions	13	5	58	4	-	26**	(18)	88
Other income	2	-	-	-	1	-	-	3
Total income	2,952	1,470	785	113	63	118	(20)	5,481
Payments and changes in liabilities for insurance contracts and investment contracts, gross	2,477	998	787	98	-	-	(1)	4,359
Reinsurers' share in payments and changes in liabilities for insurance contracts	21	114	196	9	-	-	(1)	339
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	2,456	884	591	89	-	-	-	4,020
Commissions, marketing expenses and other acquisition costs	261	235	188	24	-	2***	(18)	692
General and administrative expenses	154	74	10	5	41	30****	(2)	312
Other expenses	-	-	-	1	2	3	-	6
Financing expenses (income), net	4	13	(4)	-	1	69	-	83
Total expenses	2,875	1,206	785	119	44	104	(20)	5,113
Company's share of profits of equity accounted investees	8	5	6	-	-	11	-	30
Profit (loss) before income tax	85	269	6	(6)	19	25	-	398
Other comprehensive income (loss), before income tax	53	35	15	(4)	-	56	-	155
Total comprehensive income (loss) before income tax	138	304	21	(10)	19	81*****	-	553
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	11,982	7,618 [1]	9,970	632	-	-	(5)	30,197
Liabilities in respect of yield dependent insurance contracts and investment contracts	71,014	5,619 [1]	-	-	-	-	-	76,633

1 Reclassified

* 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, about NIS 18 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 3 million.

Note 4 - Operating segments (contd.)

A. Information about reportable segments (contd.)

	For the year ended December 31, 2021 (Audited)							
	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	5,887	5,364	3,584	441	-	-	(4)	15,272
Premiums earned by reinsurers	187	307	1,285	82	-	-	(3)	1,858
Earned premiums - retention	5,700	5,057	2,299	359	-	-	(1)	13,414
Profit from investments, net, and financing income	9,611	1,097	519	58	25	604*	(2)	11,912
Income from management fees	1,548	4	-	-	228	11	(1)	1,790
Income from commissions	39	19	243	16	-	101**	(71)	347
Other income	10	-	-	-	1	-	-	11
Total income	16,908	6,177	3,061	433	254	716	(75)	27,474
Payments and changes in liabilities for insurance contracts and investment contracts, gross	14,549	4,966	3,216	398	-	-	(2)	23,127
Reinsurers' share in payments and changes in liabilities for insurance contracts	123	453	892	41	-	-	(2)	1,507
Payments and changes in liabilities for insurance contracts and investment contracts, in retention	14,426	4,513	2,324	357	-	-	-	21,620
Commissions, marketing expenses and other acquisition costs	1,035	917	750	93	-	7***	(71)	2,731
General and administrative expenses	608	292	39	22	167	185****	(3)	1,310
Other expenses	6	-	-	3	4	1	-	14
Financing expenses (income), net	16	45	(11)	1	5	225	-	281
Total expenses	16,091	5,767	3,102	476	176	418	(74)	25,956
Company's share of profits of equity accounted investees	20	21	40	-	-	99	-	180
Profit (loss) before income tax	837	431	(1)	(43)	78	397	(1)	1,698
Other comprehensive income (loss) before income tax	72	104	112	(25)	-	202	-	465
Total comprehensive income (loss) before income tax	909	535	111	(68)	78	599*****	(1)	2,163
Liabilities in respect of non-yield dependent insurance contracts and investment contracts	11,946	7,683	10,991	512	-	-	(5)	31,127
Liabilities in respect of yield dependent insurance contracts and investment contracts	74,730	5,786	-	-	-	-	-	80,516

* 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, about NIS 71 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 77 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 14 million.

Note 4 - Operating segments (contd.)

B. Additional information about the non-life insurance segment

	For the nine months ended September 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	613	939	1,021	842	(2)	3,413
Reinsurance premiums	91	47	785	321	-	1,244
Premiums in retention	522	892	236	521	(2)	2,169
Change in outstanding unearned premiums, in retention	30	92	37	65	(5)	219
Earned premiums - retention	492	800	199	456	3	1,950
Profits from investments, net, and financing income	27	7	15	34	8	91
Income from commissions	4	4	154	46	-	208
Total income	523	811	368	536	11	2,249
Payments and changes in liabilities for insurance contracts, gross	488	866	489	345	(21)	2,167
Reinsurers' share of payments and change in liabilities for insurance contracts	89	64	412	152	-	717
Payments and changes in liabilities for insurance contracts in retention	399	802	77	193	(21)	1,450
Commissions, marketing expenses and other acquisition costs	97	198	204	132	-	631
General and administrative expenses	14	13	11	3	3	44
Other expenses	3	3	1	-	-	7
Financing expenses, net	28	5	2	35	-	70
Total expenses (income)	541	1,021	295	363	(18)	2,202
Company's share of profits of equity accounted investees	10	2	1	11	-	24
Profit (loss) before income tax	(8)	(208)	74	184	29	71
Other comprehensive loss before income tax	(11)	(2)	-	(12)	(12)	(37)
Total comprehensive income (loss) before income tax	(19)	(210)	74	172	17	34
Liabilities for insurance contracts, gross, as at September 30, 2022	3,455	932	1,181	5,192	172	10,932
Liabilities for insurance contracts, in retention, as at September 30, 2022	2,891	873	233	3,215	172	7,384

* Property and other sectors include mainly results from the property loss and comprehensive homeowners sectors where the activity from these sectors accounts for 75% of all premiums in these lines of business.

** Other liabilities sectors include mainly results from the third-party and professional liability sectors 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 September 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	200	288	326	197	(1)	1,010
Reinsurance premiums	26	8	247	89	-	370
Premiums in retention	174	280	79	108	(1)	640
Change in outstanding unearned premiums, in retention	3	4	7	(45)	(2)	(33)
Earned premiums in retention	171	276	72	153	1	673
Profit (loss) from investments, net, and financing income	(13)	(2)	4	(13)	2	(22)
Income from commissions	2	1	51	15	-	69
Total income	160	275	127	155	3	720
Payments and changes in liabilities for insurance contracts, gross	185	287	149	163	(9)	775
Reinsurers' share of payments and change in liabilities for insurance contracts	47	16	126	62	-	251
Payments and changes in liabilities for insurance contracts in retention	138	271	23	101	(9)	524
Commissions, marketing expenses and other acquisition costs	33	68	70	48	-	219
General and administrative expenses	5	4	3	(1)	-	11
Other expenses	1	1	-	-	-	2
Financing income, net	4	1	-	5	-	10
Total expenses (income)	181	345	96	153	(9)	766
Company's share of profits of equity accounted investees	2	-	-	2	-	4
Profit (loss) before income tax	(19)	(70)	31	4	12	(42)
Other comprehensive loss before income tax	18	4	2	20	(5)	39
Total comprehensive income (loss) before income tax	(1)	(66)	33	24	7	(3)
Liabilities for insurance contracts, gross, as at September 30, 2022	3,455	932	1,181	5,192	172	10,932
Liabilities for insurance contracts, in retention, as at September 30, 2022	2,891	873	233	3,215	172	7,384

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners sectors, 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 sectors where the activity from these sectors accounts for 62% 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 nine months ended September 30, 2021 (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	496	775	842	786	(1)	2,898
Reinsurance premiums	5	13	658	305	-	981
Premiums in retention	491	762	184	481	(1)	1,917
Change in outstanding unearned premiums, in retention	82	95	17	63	(4)	253
Earned premiums - retention	409	667	167	418	3	1,664
Profits from investments, net, and financing income	134	26	19	181	12	372
Income from commissions	-	3	134	40	-	177
Total income	543	696	320	639	15	2,213
Payments and changes in liabilities for insurance contracts, gross	552	560	359	842	(24)	2,289
Reinsurers' share of payments and change in liabilities for insurance contracts	12	7	304	324	-	647
Payments and changes in liabilities for insurance contracts in retention	540	553	55	518	(24)	1,642
Commissions, marketing expenses and other acquisition costs	75	167	178	115	-	535
General and administrative expenses	7	8	7	4	3	29
Financing expenses, net	1	-	-	2	-	3
Total expenses (income)	623	728	240	639	(21)	2,209
Company's share of profits of equity accounted investees	9	2	1	12	-	24
Profit (loss) before income tax	(71)	(30)	81	12	36	28
Other comprehensive income before income tax	29	6	2	41	-	78
Total comprehensive income (loss) before income tax	(42)	(24)	83	53	36	106
Liabilities for insurance contracts, gross, as at September 30, 2021	2,655	681	1,006	5,420	208	9,970
Liabilities for insurance contracts, in retention, as at September 30, 2021	2,591	669	179	3,406	208	7,053

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners sectors, 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 sectors where the activity from these sectors accounts for 75% 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 September 30, 2021 (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	178	214	284	172	-	848
Reinsurance premiums	1	4	218	93	-	316
Premiums in retention	177	210	66	79	-	532
Change in outstanding unearned premiums, in retention	28	(23)	4	(59)	(1)	(51)
Earned premiums - retention	149	233	62	138	1	583
Profits from investments, net, and financing income	53	10	7	71	3	144
Income from commissions	-	1	43	14	-	58
Total income	202	244	112	223	4	785
Payments and changes in liabilities for insurance contracts, gross	194	215	107	280	(9)	787
Reinsurers' share of payments and change in liabilities for insurance contracts	1	4	90	101	-	196
Payments and changes in liabilities for insurance contracts in retention	193	211	17	179	(9)	591
Commissions, marketing expenses and other acquisition costs	25	61	60	42	-	188
General and administrative expenses	3	3	4	(2)	2	10
Financing income, net	(2)	(1)	-	(1)	-	(4)
Total expenses (income)	219	274	81	218	(7)	785
Company's share of profits of equity accounted investees	2	1	1	2	-	6
Profit (loss) before income tax	(15)	(29)	32	7	11	6
Other comprehensive income before income tax	5	1	1	8	-	15
Total comprehensive income (loss) before income tax	(10)	(28)	33	15	11	21
Liabilities for insurance contracts, gross, as at September 30, 2021	2,655	681	1,006	5,420	208	9,970
Liabilities for insurance contracts, in retention as at September 30, 2021	2,591	669	179	3,406	208	7,053

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners sectors, 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 sectors where the activity from these sectors accounts for 62% 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, 2021					
	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	620	953	1,119	1,001	(3)	3,690
Reinsurance premiums	19	19	881	412	-	1,331
Premiums in retention	601	934	238	589	(3)	2,359
Change in outstanding unearned premiums, in retention	32	11	8	17	(8)	60
Earned premiums in retention	569	923	230	572	5	2,299
Profit from investments, net, and financing income	192	34	28	249	16	519
Income from commissions	1	5	182	55	-	243
Total income	762	962	440	876	21	3,061
Payments and changes in liabilities for insurance contracts, gross	796	806	441	1,205	(32)	3,216
Reinsurers' share of payments and change in liabilities for insurance contracts	22	19	370	481	-	892
Payments and changes in liabilities for insurance contracts in retention	774	787	71	724	(32)	2,324
Commissions, marketing expenses and other acquisition costs	108	236	245	161	-	750
General and administrative expenses	10	11	9	6	3	39
Financing income, net	(4)	(1)	-	(6)	-	(11)
Total expenses (income)	888	1,033	325	885	(29)	3,102
Company's share of profits of equity accounted investees	15	3	1	21	-	40
Profit (loss) before income tax	(111)	(68)	116	12	50	(1)
Other comprehensive income before income tax	42	7	3	57	3	112
Total comprehensive income (loss) before income tax	(69)	(61)	119	69	53	111
Liabilities for insurance contracts, gross, as at December 31, 2021	3,499	760	1,028	5,507	197	10,991
Liabilities for insurance contracts, retention, as at December 31, 2021	2,952	706	188	3,426	197	7,469

* Property and other sectors consist mainly of results from the property loss insurance and comprehensive homeowners sectors, 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 sectors where the activity from these sectors accounts for 73% 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 nine months ended September 30, 2022 (Unaudited)				For the nine months ended September 30, 2021 (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	-	-	5,039	5,039	-	-	4,370	4,370
Premiums earned by reinsurers	-	-	154	154	-	-	137	137
Earned premiums - retention	-	-	4,885	4,885	-	-	4,233	4,233
Profit (loss) from investments, net, and financing income	1	3	(5,846)	(5,842)	1	2	6,417	6,420
Income from management fees	212	319	388	919	186	263	626	1,075
Income from commissions	-	-	46	46	-	-	29	29
Other income	-	-	21	21	-	-	2	2
Total income (expenses)	213	322	(506)	29	187	265	11,307	11,759
Payments and changes in liabilities for insurance contracts and investment contracts, gross	2	13	(1,000)	(985)	2	11	10,105	10,118
Reinsurers' share of payments and change in liabilities for insurance contracts	-	-	94	94	-	-	90	90
Payments and changes in liabilities for insurance contracts and investment contracts in retention	2	13	(1,094)	(1,079)	2	11	10,015	10,028
Commissions, marketing expenses and other acquisition costs	83	109	677	869	74	92	612	778
General and administrative expenses	86	133	316	535	63	99	283	445
Other expenses	5	11	-	16	-	1	-	1
Financing expenses, net	-	-	18	18	-	-	12	12
Total expenses (income)	176	266	(83)	359	139	203	10,922	11,264
Company's share of profits (losses) of equity accounted investees	-	-	(4)	(4)	-	-	13	13
Profit (loss) before income tax	37	56	(427)	(334)	48	62	398	508
Other comprehensive income (loss) before income tax	(5)	(11)	(334)	(350)	-	1	33	34
Total comprehensive income (loss) before income tax	32	45	(761)	(684)	48	63	431	542

Note 4 - Operating segments (contd.)

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

	For the three months ended September 30, 2022 (Unaudited)				For the three months ended September 30, 2021 (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	-	-	1,543	1,543	-	-	1,412	1,412
Premiums earned by reinsurers	-	-	53	53	-	-	49	49
Earned premiums - retention	-	-	1,490	1,490	-	-	1,363	1,363
Profit (loss) from investments, net, and financing income	-	1	(1,532)	(1,531)	-	1	1,266	1,267
Income from management fees	72	108	129	309	63	91	153	307
Income from commissions	-	-	17	17	-	-	13	13
Other income	-	-	7	7	-	-	2	2
Total income	72	109	111	292	63	92	2,797	2,952
Payments and changes in liabilities for insurance contracts and investment contracts, gross	1	5	(44)	(38)	1	4	2,472	2,477
Reinsurers' share of payments and change in liabilities for insurance contracts	-	-	36	36	-	-	21	21
Payments and changes in liabilities for insurance contracts and investment contracts in retention	1	5	(80)	(74)	1	4	2,451	2,456
Commissions, marketing expenses and other acquisition costs	29	39	217	285	25	31	205	261
General and administrative expenses	27	45	107	179	22	32	100	154
Other expenses	2	3	-	5	-	-	-	-
Financing expenses, net	-	-	4	4	-	-	4	4
Total expenses	59	92	248	399	48	67	2,760	2,875
Company's share of profits (losses) of equity accounted investees	-	-	(8)	(8)	-	-	8	8
Profit (loss) before income tax	13	17	(145)	(115)	15	25	45	85
Other comprehensive income before income tax	(1)	(3)	(119)	(123)	(1)	1	53	53
Total comprehensive income (loss) before income tax	12	14	(264)	(238)	14	26	98	138

Note 4 - Operating segments (contd.)

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

	For the year ended December 31,2021			
	Provident	Pension	Life assurance	Total
	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	-	-	5,887	5,887
Premiums earned by reinsurers	-	-	187	187
Earned premiums in retention	-	-	5,700	5,700
Profit from investments, net, and financing income	1	3	9,607	9,611
Income from management fees	260	372	916	1,548
Income from commissions	-	-	39	39
Other income	-	-	10	10
Total income	261	375	16,272	16,908
Payments and changes in liabilities for insurance contracts and investment contracts, gross	2	14	14,533	14,549
Reinsurers' share of payments and change in liabilities for insurance contracts	-	-	123	123
Payments and changes in liabilities for insurance contracts and investment contracts in retention	2	14	14,410	14,426
Commissions, marketing expenses and other acquisition costs	102	128	805	1,035
General and administrative expenses	87	139	382	608
Other expenses	2	4	-	6
Financing expenses, net	-	1	15	16
Total expenses	193	286	15,612	16,091
Company's share of profits of equity accounted investees	-	-	20	20
Profit before income tax	68	89	680	837
Other comprehensive income before income tax	-	2	70	72
Total comprehensive income before income tax	68	91	750	909

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 sold as a stand-alone policy		
	Until 1990 (1)	Up to 2003	Not yield-dependent	Yield dependent	Personal lines	Group	Total
For the nine months ended September 30, 2022 (Unaudited)	NIS million						
Gross premiums	56	650	-	3,169	1,091	81	5,047
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees	-	-	-	-	-	-	(8)
Total	-	-	-	-	-	-	5,039
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	3,294	-	-	3,294
Financial margin including management fees - in terms of comprehensive income (2)	(346)	111	(163)	276	-	-	(122)
Payments and changes in liabilities for insurance contracts, gross	754	(1,522)	48	715	603	81	679
Payments and change in liabilities for investment contracts	-	-	(2)	(1,677)	-	-	(1,679)
Total comprehensive loss from life assurance business	(411)	(31)	(150)	(41)	(105)	(23)	(761)
For the three months ended September 30, 2022 (Unaudited)							
Gross premiums	19	220	-	909	375	23	1,546
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(3)
Total							1,543
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	965	-	-	965
Financial margin including management fees - in terms of comprehensive income (2)	(118)	36	(52)	92	-	-	(42)
Payments and changes in liabilities for insurance contracts, gross	222	(312)	22	228	224	25	409
Payments and change in liabilities for investment contracts	-	-	(1)	(452)	-	-	(453)
Total comprehensive loss from life assurance business	(125)	(49)	(50)	(3)	(28)	(9)	(264)

(1) The products issued through 1990 (including increases in respect of these products) are mainly yield guaranteed and are partially backed by earmarked 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
For the nine months ended September 30, 2021 (Unaudited)	NIS million						
Gross premiums	59	641	-	2,614	958	104	4,376
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(6)
Total							4,370
Amounts received for investment contracts recognized directly in insurance reserves	-	-	14	2,482	-	-	2,496
Financial margin including management fees - in terms of comprehensive income (2)	48	355	38	268	-	-	709
Payments and changes in liabilities for insurance contracts, gross	540	3,108	42	4,761	484	88	9,023
Payments and change in liabilities for investment contracts	-	-	4	1,078	-	-	1,082
Total comprehensive income from life assurance business	18	247	36	27	92	11	431
For the three months ended September 30, 2021 (Unaudited)							
Gross premiums	19	213	-	820	329	33	1,414
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(2)
Total							1,412
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	980	-	-	980
Financial margin including management fees - in terms of comprehensive income (2)	22	62	21	90	-	-	195
Payments and changes in liabilities for insurance contracts, gross	189	659	14	1,183	149	19	2,213
Payments and change in liabilities for investment contracts	-	-	-	259	-	-	259
Total comprehensive income (loss) from life assurance business	6	(4)	24	14	46	12	98

(1) The products issued through 1990 (including increases in respect of these products) are mainly yield guaranteed and are partially backed by earmarked 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, 2021	Policies which include a savings component (incl. riders) by date of policy issue				Policies with no savings component - Risk sold as a stand-alone policy		
			from 2004				
	Until 1990 (1)	Up to 2003	Not yield-dependent	Yield dependent	Personal lines	Group	Total
	NIS million						
Gross premiums	78	857	-	3,524	1,296	140	5,895
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(8)
Total							5,887
Amounts received for investment contracts recognized directly in insurance reserves	-	-	14	3,925	-	-	3,939
Financial margin including management fees - in terms of comprehensive income (2)	117	542	76	370	-	-	1,105
Payments and changes in liabilities for insurance contracts, gross	680	4,490	47	6,752	684	108	12,761
Payments and change in liabilities for investment contracts	-	-	5	1,767	-	-	1,772
Total comprehensive income from life assurance business	74	407	75	48	119	27	750

(1) The products issued through 1990 (including increases in respect of these products) are mainly yield guaranteed and are partially backed by earmarked 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 nine months ended September 30, 2022 (Unaudited)	NIS million				
Gross premiums	586	1,291	2,118	412	4,407
Payments and changes in liabilities for insurance contracts, gross	(115)	917	1,470	248	2,520
Total comprehensive income (loss) from health insurance business	448	(98)	(28)	46	368

	Long-term care (LTC)		Other health *		
	Personal lines	Group	long-term **	short-term **	Total
	NIS million				
For the three months ended September 30, 2022 (Unaudited)					
Gross premiums	199	445	724	167	1,535
Payments and changes in liabilities for insurance contracts, gross	136	365	511	92	1,104
Total comprehensive income (loss) from health insurance business	(1)	(41)	(13)	32	(23)

* Of this, personal lines premiums in the amount of NIS 1,610 million and NIS 580 million for the nine and three months ended September 30, 2022, respectively, and group premiums in the amount of NIS 920 million and NIS 311 million for the nine and three months ended September 30, 2022, 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 nine months ended September 30, 2021 (Unaudited)	NIS million				
Gross premiums	571	1,161	1,961	275	3,968
Payments and changes in liabilities for insurance contracts, gross	858	1,629	995	195	3,677
Total comprehensive income (loss) from health insurance business	(114)	(78)	470	13	291

	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
	NIS million				
For the three months ended September 30, 2021 (Unaudited)					
Gross premiums	192	396	665	124	1,377
Payments and changes in liabilities for insurance contracts, gross	320	462	146	70	998
Total comprehensive income (loss) from health insurance business	(66)	(5)	360	15	304

* Of this, personal lines premiums in the amount of NIS 1,394 million and NIS 505 million for the nine and three months ended September 30, 2021, respectively, and group premiums in the amount of NIS 842 million and NIS 284 million for the nine and three months ended September 30, 2021, respectively.

** The most significant cover included in other long-term health is medical expenses, and in other short-term health is foreign workers.

Note 4 - Operating segments (contd.)

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

Notes to the Condensed consolidated interim financial statements

Results by policy category (contd.)

For the year ended December 31, 2021 (audited)	Long-term care (LTC)		Other health*		
	Personal lines	Group	long-term **	short-term **	Total
	NIS million				
Gross premiums	763	1,577	2,650	379	5,369
Payments and changes in liabilities for insurance contracts, gross	1,004	2,232	1,459	271	4,966
Total comprehensive income (loss) from health insurance business	50	(70)	544	11	535

* Of this, personal lines premiums in the amount of NIS 1,888 million and group premiums in the amount of NIS 1,141 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 September 30		As at December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Investment property	**2,017**	1,856	1,963
Financial investments			
Marketable debt assets	**19,883**	20,500	21,155
Non-marketable debt assets (*)	**15,175**	15,539	15,977
Shares	**15,022**	16,175	17,393
Other financial investments	**18,469**	18,342	19,325
Total financial investments	**68,549**	70,556	73,850
Cash and cash equivalents	**5,137**	4,178	5,012
Other	**2,358**	1,133***	723
Total assets for yield-dependent contracts *	**78,061**	77,723	81,548
Trade and other payables	**216**	790	582
Financial liabilities **	**1,894**	347	61
Financial liabilities for yield-dependent contracts	**2,110**	1,137	643
(*) Of which debt assets measured at adjusted cost	**410**	437	413
Fair value of debt assets measured at adjusted cost	**428**	506	485

* Including net assets in the amount of NIS 4,580 million, NIS 5,008 million, and NIS 5,153 million as at September 30, 2022 and 2021, and at December 31, 2021, 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.

*** Reclassified

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 September 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	**17,492**	**2,391**	**-**	**19,883**
Non-marketable debt assets	**-**	**13,789**	**976**	**14,765**
Shares	**12,031**	**120**	**2,871**	**15,022**
Other	**9,220**	**206**	**9,043**	**18,469**
Total	**38,743**	**16,506**	**12,890**	**68,139**

	As at September 30, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	17,929	2,571	-	20,500
Non-marketable debt assets	-	14,309	793	15,102
Shares	13,494	148	2,533	16,175
Other	11,116	235	6,991	18,342
Total	42,539	17,263	10,317	70,119

	As at December 31,2021			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	18,584	2,571	-	21,155
Non-marketable debt assets	-	14,640	924	15,564
Shares	14,688	145	2,560	17,393
Other	11,508	579	7,238	19,325
Total	44,780	17,935	10,722	73,437

Note 6 - Financial instruments (contd.)

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

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

For the nine and three months periods ended September 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 (*)	2	345	1,186	1,533
Interest and dividend receipts	(25)	(31)	(259)	(315)
Purchases	862	442	1,537	2,841
Sales	-	(445)	(637)	(1,082)
Redemptions	(624)	-	(22)	(646)
Transfers from Level 3 *	(163)	-	-	(163)
Balance as at September 30, 2022	976	2,871	9,043	12,890
(*) Of which total unrealized profits (losses) for the period in respect of financial assets held correct to September 30, 2022	(11)	330	1,214	1,533

* For securities whose rating changed

	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 July 1, 2022	773	3,139	9,137	13,049
Total profits (losses) that were recognized:				
In profit and loss (1)	(21)	34	(162)	(149)
Interest and dividend receipts	(5)	(2)	(81)	(88)
Purchases	358	114	523	995
Sales	-	(414)	(368)	(782)
Redemptions	(1)	-	(6)	(7)
Transfers from Level 3 *	(128)	-	-	(128)
Balance as at September 30, 2022	976	2,871	9,043	12,890
(*) Of which total unrealized profits for the period in respect of financial assets held correct to September 30, 2022	(23)	20	(132)	(135)

* 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 nine and three months periods ended September 30, 2021 (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, 2021	1,047	2,442	4,993	8,482
Total profits (losses) that were recognized:				
In profit and loss (*)	39	290	1,047	1,376
Interest and dividend receipts	(33)	(151)	(289)	(473)
Purchases	453	220	1,660	2,333
Sales	-	(57)	(390)	(447)
Redemptions	(697)	-	(30)	(727)
Transfers from Level 3 *	(16)	(211)	-	(227)
Balance as at September 30, 2021	793	2,533	6,991	10,317
(*) Of which total unrealized profits (losses) for the period in respect of financial assets held correct to September 30, 2021	13	179	1,032	1,224

	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 July 1, 2021	924	2,475	6,203	9,602
Total profits (losses) that were recognized:				
In profit and loss (*)	(4)	-	321	317
Interest and dividend receipts	(9)	(20)	(100)	(129)
Purchases	69	96	697	862
Sales	-	(18)	(120)	(138)
Redemptions	(187)	-	(10)	(197)
Balance as at September 30, 2021	793	2,533	6,991	10,317
(*) Of which total unrealized profits (losses) for the period in respect of financial assets held correct to September 30, 2021	(10)	1	321	312

* 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, 2021 (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, 2021	1,047	2,442	4,993	8,482
Total profits (losses) that were recognized:				
In profit and loss (*)	33	296	1,092	1,421
Interest and dividend receipts	(42)	(302)	(488)	(832)
Purchases	622	462	2,298	3,382
Sales	-	(89)	(619)	(708)
Redemptions	(720)	-	(38)	(758)
Transfers from Level 3 *	(16)	(249)	-	(265)
Balance as at December 31,2021	924	2,560	7,238	10,722
(*) Of which total unrealized profits for the period in respect of financial assets held correct to December 30, 2021	6	185	1,075	1,266

* 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 September 30		As at December 31	As at September 30		As at December 31
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	Book Value			Fair Value		
	2022	2021	2021	2022	2021	2021
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Loans and receivables:						
Earmarked bonds	**5,033**	4,800	4,779	**6,356**	6,951	7,023
Non-marketable, non-convertible debt assets, excluding bank deposits (*)	**8,266**	7,176	7,625	**8,482**	8,241	8,638
Bank deposits	**5,752**	3,310	4,225	**5,774**	3,364	4,279
Total non-marketable debt assets	**19,051**	15,286	16,629	**20,612**	18,556	19,940
Investments held to maturity:						
Marketable non-convertible debt assets	**15**	28	14	**15**	29	14
Total investments held to maturity	**15**	28	14	**15**	29	14
Total	**19,066**	15,314	16,643	**20,627**	18,585	19,954
Impairments recognized in profit and loss (in aggregate)	**29**	36	37			
(*) Of which debt assets measured at fair value	**4,621**	2,120*	3,152			

* Reclassified

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 September 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	10,784	499	-	11,283
Non-marketable debt assets	-	4,621	-	4,621
Shares	1,467	37	567	2,071
Other	549	278	3,114	3,941
Total	12,800	5,435	3,681	21,916

	As at September 30, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	12,076	624	-	12,700
Non-marketable debt assets	-	2,120*	-	2,120
Shares	1,750	92	352	2,194
Other	950	191	2,335	3,476
Total	14,776	3,027	2,687	20,490

	As at December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	12,874	691	-	13,565
Non-marketable debt assets	-	3,152	-	3,152
Shares	2,017	80	411	2,508
Other	885	294	2,416	3,595
Total	15,776	4,217	2,827	22,820

* Reclassified

Note 6 - Financial instruments (contd.)

B. Other financial investments (contd.)

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

For the nine and three-months ended September 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 (*)	(4)	73	69
In other comprehensive income	103	417	520
Interest and dividend receipts	-	(77)	(77)
Purchases	59	464	523
Sales	(2)	(174)	(176)
Redemptions	-	(5)	(5)
Balance as at June 30, 2022	567	3,114	3,681
(*) Of which total unrealized profits for the period for financial assets held at September 30, 2022	-	72	72

	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 July 1, 2022	558	3,067	3,625
Total profits (losses) that were recognized:			
In profit and loss (*)	(4)	14	10
In other comprehensive income	(1)	(51)	(52)
Interest and dividend receipts	-	(25)	(25)
Purchases	14	158	172
Sales	-	(49)	(49)
Balance as at September 30, 2022	567	3,114	3,681
(*) Of which total unrealized profits for the period for financial assets held at September 30, 2022	-	14	14

Note 6 - Financial instruments (contd.)

B. Other financial investments (contd.)

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

For the nine and three-months ended September 30, 2021 (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, 2021	292	1,779	2,071
Total profits (losses) that were recognized:			
In profit and loss (*)	48	123	171
In other comprehensive income	3	185	188
Interest and dividend receipts	(51)	(87)	(138)
Purchases	103	489	592
Sales	-	(143)	(143)
Redemptions	-	(11)	(11)
Transfers from Level 3*	(43)	-	(43)
Balance as at September 30, 2021	352	2,335	2,687
(*) Of which total unrealized profits for the period for financial assets held at September 30, 2021	43	93	136

	Fair-value measurement on reporting date Financial assets at fair value through profit or loss and available-for-sale assets		
	Shares	Shares	Other
	NIS million	NIS million	NIS million
Balance as at July 1, 2021	329	2,133	2,462
Total profits (losses) that were recognized:			
In profit and loss (*)	(2)	14	12
In other comprehensive income	(1)	68	67
Interest and dividend receipts	-	(32)	(32)
Purchases	26	190	216
Sales	-	(35)	(35)
Redemptions	-	(3)	(3)
Balance as at September 30, 2021	352	2,335	2,687
(*) Of which total unrealized profits for the period for financial assets held at September 30, 2021	(2)	24	22

* For securities whose rating changed

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, 2021 (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 1,2021	292	1,779	2,071
Total profits (losses) that were recognized:			
In profit and loss (*)	47	150	197
In other comprehensive income	20	168	188
Interest and dividend receipts	(51)	(154)	(205)
Purchases	146	701	847
Sales	-	(209)	(209)
Redemptions	-	(19)	(19)
Transfers from Level 3 *	(43)	-	(43)
Balance as at December 31, 2021	411	2,416	2,827
(*) Of which total unrealized profit for the period in respect of financial assets held at December 31, 2021	42	120	162

* For securities whose rating changed

Note 6 - Financial instruments (contd.)

C. Financial liabilities

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

	As at September 30		December 31	As at September 30		December 31
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	Book Value			Fair Value		
	2022	2021	2021	2022	2021	2021
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Loans from banks	**348**	424	375	**301**	412	376
Short-term credit from banks and others	**277**	401	531	**277**	401	531
Bonds *	**6,040**	5,500	6,158	**5,688**	5,954	6,615
Financial guarantee	**49**	-	-	**49**	-	-
Total financial liabilities presented at amortized cost	**6,714**	6,325	7,064	**6,315**	6,767	7,522
Subordinated liability notes issued for compliance with the capital requirements	**4,959**	4,480	5,137			

* Including subordinated liability notes

2. Interest rates used to determine the fair value

	As at September 30		As at December 31
	2022	2021	2021
Loans	**3.99%**	2.20%	1.89%
Bonds	**3.55%**	1.00%	1.02%

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. For a definition of the levels, see Note 6A(2).

	As at September 30, 2022 (Unaudited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	1,235	1,073	2,308
Short sales (2)	4,251	371	4,622
Total financial liabilities	5,486	1,444	6,930

	As at September 30, 2022 (Unaudited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	298	108	406
Short sales (2)	1,957	216	2,173
Total financial liabilities	2,255	324	2,579

	As at December 31, 2021 (Audited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	11	154	165
Short sales (2)	3,020	196	3,216
Total financial liabilities	3,031	350	3,381

(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 413 million, NIS 59 million, NIS 103 million as at September 30, 2022 and 2021 and at December 31, 2021, 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. Against 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 its derivative activity. Pursuant to the foregoing, the Group's financial institutions deposited NIS 1,996 million, NIS 670 million, and NIS 275 million at September 30, 2022 and 2021, and December 31, 2021, 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 1,200 million as part of this activity. The outstanding backing amounts as at September 30, 2022 are NIS 4,440 million.

Note 6 - Financial instruments (contd.)

C. Financial liabilities (contd.)

4. Additional information

1. Midroog Rating

(a) On February 1, 2022, Midroog announced affirmation of 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 6-8 bonds issued by Hare Finance & Issues, and ratings of 'Aa3.il(hyb)' for subordinated liability notes (tier-2 capital) that were issued by Hare Finance & Issues as part of Series 9 - 18 bonds, rating outlook stable.

(b) On March 2, 2022, Midroog announced affirmation of the Company's rating of 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 25 to the annual financial statements. At September 30, 2022, and at the date of publication of the report, the subsidiary is in compliance with the prescribed financial covenants.

3. Full early redemption of bonds (Series 8) of Harel Finance & Issues

On May 31, 2022, Harel Finance & Issues, a wholly owned subsidiary of Harel Insurance, made full, early redemption, of the Series 8 bonds it had issued.

4. Partial redemption of Series 1 bonds of the Company

On June 30, 2022, the Company made partial redemption of 8,925,000 Series 1 bonds of the Company, in accordance with the terms of these bonds

5. Bonds that were issued by a second-tier subsidiary of Harel Finance

On March 9, 2022, Harel Exchange Traded Deposit Ltd. (a second-tier subsidiary fully owned by Harel Finance), issued NIS 63 million par value Series 1 bonds to the public, by means of the shelf offering in accordance with a prospectus dated July 31, 2019. The proceeds of the bond issue were NIS 64 million.

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 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. The complexity of these arrangements embodies, *inter alia*, the potential for interpretive and other arguments, among others, due to information gaps between the Group's companies and other parties to the insurance contacts and the Group's other products, pertaining to the long series of commercial and regulatory conditions, including claims relating to the method of investing the funds of insureds and plan members. It is impossible to anticipate in advance the types of arguments that might be raised in this sector, and the exposure resulting from these and other allegations in connection with the Group's products which are raised as part of various legal proceedings, *inter alia*, through the procedural mechanism set out 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 demands 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 administered through complex automated systems, and in view of these changes they must be constantly adjusted. All these create considerable operational and automation 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 framework of activity that a financial institution must implement 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 was scheduled for completion on June 30, 2016. At that date, the Company 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 operations conducted as part of the project.

Additionally, there is 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. Decisions made by the Capital Market, Insurance and Savings Authority regarding these requests, 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 applicants 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 range of activities of the Group's financial institutions. As a result of these audits, the Capital Market, Insurance and Savings Authority 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 the 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 the subjects of pension and provident, life assurance, health insurance, long-term care insurance, non-life insurance, claims settlement, investments, information systems and computerized databases, customer service and public complaints.

Within the context of investments made by the Group companies in debt assets, the investing companies are signed on indemnity notes for 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.

Towards the end of 2021, a dispute emerged between Harel Insurance and a financial institution which Harel Insurance had provided with significant amounts as part of an investment in liability notes issued by this financial institution. The dispute concerns the right of the said financial institution to make early redemption of the liability notes, before the final date of redemption determined in the liability notes. Early redemption of the liability notes will cause Harel Insurance a loss, in part due to the anticipated loss of income and loss of the opportunity to be backed by alternative assets with a long duration which correspond with the liabilities against which the investment was made. In the opinion of Harel Insurance, which is based on the factual framework it formulated, the financial institution does not have the right to make early redemption of the liability notes. Nonetheless, in light of the fact that the spread between the interest quoted in the liability notes and the alternative interest rate is gradually decreasing as interest rates rise, and without derogating from the position of Harel Insurance as noted, Harel Insurance informed the financial institution that it will not oppose placing the deposits on immediate call in order to settle the dispute between the parties. As agreed by the parties, in June 2022 the liability notes were redeemed.

In connection with a merger of the insurance activity of Dikla into Harel Insurance, and as requested 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 applications to recognize claims as class actions filed against the Company and/or companies in the Group.

In motions to certify legal actions as class actions as detailed below, in which, in management’s opinion based *inter alia* on legal opinions that it received, it is more likely than not that the defense arguments of the Company (or subsidiary) will be dismissed 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 dismissed, 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 50, 55, 57, 58, 59, 60 and 61 below, at this early stage it is not possible 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 assurance 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 dated 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 to strengthen the weight that should be given to the regulator’s professional position in the interpretation of his instructions and that in his view, there should be no involvement 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 that another hearing on the judgment took place before 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..

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 its 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 impaired by 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 to conducting the class action. On September 23, 2022, a decision was handed down according to which the court’s position is that the lower limit for compromise purposes should be 40% and not less.

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 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 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 stayed 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 a motion 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 allegation that Dikla ostensibly pays insurance benefits to insureds in the group health insurance policy “Mushlam for Pensioners” run for pensioners of Clalit Health Services and their families (“the Policy”) based on the index known at the beginning of the month, and not according to the index known on the date of payment, in contravention of the provisions of the law (“primary cause”), and that Dikla has allegedly increased the premiums for insureds in the policy without any foundation and ostensibly in contravention of the provisions of the Policy and the law (“secondary cause”). The total loss claimed for all members of the group amounts to NIS 21.5 million (NIS 19 million for the primary cause and NIS 2.5 million for the secondary cause). In May 2021, the parties filed a motion in the court to approve a compromise settlement in which it was agreed that members of the class, as they are defined in the compromise settlement, will be paid index differences for health insurance benefits that were calculated in the relevant period based on the known index at the beginning of the month and not according to the known index on the date of payment. Validity of the compromise settlement is contingent on the court’s approval. To the extent that the compromise settlement is approved, a benefit will be paid to the class plaintiff and legal fees to its attorney, of insignificant amounts. In November 2021, the Attorney General submitted his position on the compromise settlement, according to which he does not oppose the compromise settlement, but he made comments on several matters, including, among others, that the appointment of a reviewer to examine the compromise settlement prior to its approval should be considered.

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

A. Contingent Liabilities (contd.)

5. In April 2014, 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 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 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 for permission to appeal the decision in the Supreme Court. 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 class regarding 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.
6. 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 on the grounds that 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 was held at 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.

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

A. Contingent Liabilities (contd.)

7. 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 cannot be compared with 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 therefore 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 of 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.
8. In September 2015, an action was filed in the Lod–Center District Court together with an application 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 resulted in non-payment or under payment of the long-term care benefits due to the failure to recognize the insureds as being eligible to points for the activity of control of bowel and bladder function. 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 the action was approved as a class action and who suffered from an inability to independently control bowel or bladder functions as a result of a combination of defective 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 the claim was approved as a class action (as applicable) points for the activity of "control of bowel and bladder function" as part of an assessment of their claim for receiving long-term care benefits, in a manner that led to an infringement of their 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.)

9. In August 2016, 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 Pension and Provident Ltd. (in its previous name: Harel Pension Funds Management Ltd.) ("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 & Provident 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.
10. 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 allegation that Harel Insurance ostensibly collects payment from the holders of the Harel savings policy "Harel Migvan Personal Investments" for a component relating to investment management expenses which may be collected by law, but there is no contractual agreement in the policy conditions allowing it to collect this component. According to the plaintiff, Harel Insurance is therefore fundamentally in breach of the policy provisions, in breach of the fiduciary obligation applicable to it and misleads its policyholders. The plaintiff estimates the overall loss caused to all members of the group it seeks to represent in the amount of NIS 27.8 million. In June 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 in person 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 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 of the advisory committee to the Commissioner of the Capital Market was published for public comment on the subject of a review of the direct expenses. In his 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 as to 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; the information in the report will not 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.

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

A. Contingent Liabilities (contd.)

11. In October 2016, 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 Company Ltd. 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 only way to fulfill the obligation is in writing. The mediation process conducted by the parties was unsuccessful and the hearing of the action returned to the court.
12. In October 2016, an action was filed in the Jerusalem District Labor Court together with an application for its certification as a class action against the second-tier subsidiary, Tzava Hakeva Saving Fund – Provident Funds Management Company Ltd. ("Tzava Hakeva") . The subject of the action is the allegation that Tzava 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 Tzava 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 caused to all members of the class it seeks to represent in the amount of 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.)

13. 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.
14. 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 class that it wishes to represent in the amount of NIS 127.1 million. In January 2018, it was decided to consolidate the hearing with other pending motions for certification of a class action relating to direct expenses in provident funds and education funds. In February 2018, the court ruled that the Commissioner's position should be accepted regarding the proceeding. In May 2018, the Commissioner's position supporting the Defendants was submitted to the court, in which financial institutions may collect direct expenses from members or insureds even if this is not explicitly noted in the financial institution's articles of association, provided that such action is taken in accordance with the provisions of 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.
15. 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 for 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 transfer of the motion for obtaining the Attorney General's position 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.
16. In January 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 a motion 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 argued for all members of the class that she wishes to represent against Harel Insurance in the amount of NIS 19 million for each year and the period for which she wishes to claim is from June 4, 2001, and alternatively from 7 years before the previous claim was filed 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 Lod−Center District Court dated February 20, 2017, in which the application 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.

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

A. Contingent Liabilities (contd.)

17. 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 total loss claimed by all members of the class it wishes to represent to be more than NIS 7 million. The parties are conducting a mediation process.
18. 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.
19. 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 that are pledged for the purpose of 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 while misleading the insureds. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent to be a nominal amount of NIS 280 million.
20. In February 2019, 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 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 in the court to abandon the application for certification of the action 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 matter 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.

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

A. Contingent Liabilities (contd.)

21. In June 2019, an action was filed in the Tel Aviv 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 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.
22. 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 application involve the same grounds as those in a previous action and application 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(5) 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 extend 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.
23. In July 2019, 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 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.
24. 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 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 only 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, t 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 the insurance companies are obligated to disclose information concerning the premiums payable 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.

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

A. Contingent Liabilities (contd.)

25. 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 consolidated subsidiary Harel Insurance and against *Kranot Hashotrim Be'Israel* Ltd. (Israel Police funds). The subject of the action is the allegation that Harel Insurance ostensibly failed to provide its insureds who hold group life assurance with 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. The plaintiffs have not quantified the financial loss claimed for all members of the classes they wish to represent, but the non-financial loss claimed for all the class members is estimated at NIS 400 million. 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 submitted 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 Beersheba District Court denied the motion to certify 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.
26. In January 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 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.
27. 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 is 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. 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 95 million, and against all the Defendants in the amount of NIS 886 million. 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 homeowners 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 court 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.

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

A. Contingent Liabilities (contd.)

28. 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 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 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 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.
29. 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 premiums that were ostensibly overpaid by the policyholders in view of the supposedly drastic reduction of the risk level to which the Defendants are exposed in light of the dramatic decrease in the number of claims filed with the Defendants due to the contraction of economic activity as a result of the outbreak of the COVID_19 pandemic and alleged subsequent reduced 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 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 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.

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

A. Contingent Liabilities (contd.)

30. 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 increased 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 about a 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.
31. 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 tax-liable provisions, despite the fact that they are not 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.
32. 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 consolidated subsidiary Harel Insurance and against the subsidiary Harel Pension and Provident Ltd. ("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 constituting, 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 submitted the motion to the Commissioner to obtain his position in relation to the dispute which is the subject of the motion for certification of the action as a class action.
33. In July 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 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 for whom exclusions on account of a pre-existing medical condition have been determined 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.

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

A. Contingent Liabilities (contd.)

34. 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.
35. 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.
36. 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 is 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 the agreement concerning the cancellation of service notes. The plaintiff estimates the total loss claimed by all members of the class that it wishes to represent in the amount of NIS 3 million.
37. 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 is 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. The plaintiffs estimate the overall loss claimed for all members of the group they wish to represent in the amount of NIS 21.2 million. 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.
38. 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 4, 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.

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

A. Contingent Liabilities (contd.)

39. 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.
40. 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.
41. 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. In May 2022, the parties informed the court of their agreement to enter into a mediation process.
42. 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.
43. 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.
44. 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 Finance and Issues Ltd. ("Harel Finance & Issues"). The subject of the action is the argument 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. The plaintiff estimates the overall loss caused to all members of the class he wishes to represent in the total amount of NIS 7.5 million.

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

A. Contingent Liabilities (contd.)

45. 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.
46. 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.
47. 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 total loss claimed for all members of the class they wish to represent against both defendants together in the amount of NIS 2.97 billion.
48. 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(5)) 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.
49. 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.
50. 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.

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

A. Contingent Liabilities (contd.)

51. 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.

Actions filed during the Reporting Period

52. 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 is 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. The plaintiff estimates the overall loss caused to all members of the class it wishes to represent in the amount of NIS 12 million.
53. 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.
54. 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.
55. In August 2022, an action was filed against the Company in the Tel Aviv District Court, together with an application for its certification as a class action. The subject of the action is the allegation that the 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.
56. 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 caused to all members of the class it wishes to represent in the amount of NIS 2.660 million.
57. 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 information is received.)
58. 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 he estimates it to be more than NIS 2.5 million.

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

A. Contingent Liabilities (contd.)

59. 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. 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.

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)(3) 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.
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 Shrbit 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 (D)(10) 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 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

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

B. Contingent Liabilities – Shirbit (contd.)

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.

4. 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 to certify an action as a class action 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 which belongs to 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.

5. 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 (A)(34) above). The subject of the action is 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. The plaintiffs estimate the total loss claimed for all members of the class they wish to represent against Shirbit in the amount of NIS 27 million, and against all the Defendants in the amount of NIS 886 million. In February 2021, the court ordered withdrawal 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 homeowners 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.

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

B. Contingent Liabilities – Shirbit (contd.)

6. 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)(35) 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.)

Summary table:

The following table summarizes the amounts claimed as part of the pending 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 as a class action:		
Amount pertaining to the Company and/ or consolidated subsidiaries is specified	7	1,267
Claim relates to several companies and no specific amount was attributed to the Company and/ or consolidated 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 consolidated subsidiaries is specified	28	5,163
Claim relates to several companies and no specific amount was attributed to the Company and/ or consolidated subsidiaries	4	3,869
Claim amount is not specified	22	

The total provision for claims filed against the Company and against Shirbit, as noted above at September 30, 2022, September 30, 2021, and December 31, 2021, amounts to NIS 147 million, NIS 92 million and NIS 101 million, respectively.

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

C. Claims that were settled in the Reporting Period

1. In September 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 was the allegation that Harel Insurance allegedly does not disclose to the holders of its personal accident insurance the exact scope of the insurance cover for surgery due to accidental orthopedic injury to the shoulder, ankle and knee and that it does not indemnify policyholders whose claims were approved only after intervention by a lawyer, for legal expenses that were incurred as a result of such intervention. On January 13, 2022, the Lod-Center District Court approved the plaintiff's application to abandon the motion for certification, and it ordered the dismissal of her personal claim and to strike out the motion for certification.
2. In September 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 and against twelve other insurance companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that in cases where the Defendants pay amounts that were ruled against them by the judicial authorities after the date set for their settlement, they do not add to them linkage differences, interest and linked interest as required under the provisions of Section 5(B) of the Adjudication of Interest and Linkage Law, 1961. The parties are conducting a mediation process In March 2021, the parties filed a motion in the court to certify a compromise settlement in which it was agreed, *inter alia*, that the Defendants will amend the wording of the settlement notes which they use, insofar as is necessary, so that date of payment will be 30 days from the date on which the payment conditions are satisfied, and they will accept settlement notes in accordance with a mechanism for serving a settlement note as defined in the compromise settlement. On February 6, 2022, the court certified as a judgement an amended compromise settlement in which it was agreed, inter alia, that the Defendants will amend the wording of the settlement notes which they use, insofar as is necessary, so that date of payment will be a period of no more than 30 days from the date on which the payment conditions are satisfied, and they will accept settlement notes in accordance with a mechanism for serving a settlement note as defined in the compromise settlement. As agreed in the compromise settlement, Harel Insurance will pay compensation to the class plaintiff and lawyers fees of insignificant amounts to its attorneys.
3. In November 2014, a motion was filed in the Lod-Center District Court to certify an action as a class action against the subsidiary Harel Insurance and Standard Insurance Ltd. and against an additional insurance company (hereinafter together: "the Defendants"). The subject of the action is the allegation that in cases where the holders of Isracard and CAL credit cards call the Defendant insurance companies' sales call center in order to activate a travel insurance policy which they are eligible to receive at no cost ("the Basic Policy), the Defendants allegedly sell them "riders" or "extensions" to the Basic Policy, while in practice the policy sold to them is a full off-the-shelf policy that provides cover from the first shekel and includes coverages that overlap the cover included in the Basic Policy. This at full cost and without deducting the value of the Basic Policy. The plaintiffs argue that the Defendants therefore allegedly mislead the insureds, violate the disclosure obligation, act in contravention of the statutory provisions and practice unjust enrichment, based on the action. In August 2018, the parties filed a motion in the court to certify a compromise settlement in which it was agreed that Harel Insurance will make available to the eligible class members, as they are defined in the compromise settlement, a defined quantity of days of travel insurance free of charge, that can be utilized in accordance with the provisions of the compromise settlement. In November 2019, the Attorney General submitted his position in relation to the compromise settlement, whereby the compromise settlement in its present format should not be approved and that it must be amended in conformity with his comments. In April 2020, the court gave a decision on the motion to approve the compromise settlement whereby, at this time, in view of the current uncertainty and travel ban between most countries in the world, it is impossible to say that this would be a fair ruling on the dispute, at this stage, from the perspective of the class members. This, without negating the arrangement of itself as being worthy, fair and reasonable from the perspective of the class members. On February 17, 2022, the court validated the compromise settlement as a judgment in which it was agreed, among other things, that Harel Insurance will make available to the eligible class members, as they are defined in the compromise settlement, a defined number of days of travel insurance free of charge, that can be utilized in accordance with the provisions of the compromise settlement. As agreed in the compromise settlement, Harel Insurance will pay a benefit to the class plaintiff and legal fees to its attorney of insignificant amounts.

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

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

4. In September 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 and against three other insurance companies (hereinafter together: "the Defendants"). The subject of the action was the allegation that the Defendants ostensibly collect high premiums from the insureds for health insurance policies that include cover that the insureds ostensibly do not need as they have supplementary health insurance from the HMOs to which they belong. The plaintiffs also argue that the Defendants neglect to disclose to the insureds that this cover is in fact redundant and/or that they condition one type of service on another since they do not allow the insureds to purchase a limited version of the policy which includes only coverage that is not included in the HMO supplementary health insurance, thus creating a situation of multiple insurance. The plaintiffs argue that the Defendants are therefore in breach of the duty of utmost good faith which applies to them, are in breach of a statutory obligation, in breach of the provisions of the law, in breach of an agreement, mislead their policyholders and practice unjust enrichment. In October 2020, the Tel Aviv District Court denied the application for certification of the action as a class action. In November 2020, Harel Insurance was served with an appeal on the judgment which the plaintiffs in the motion for certification filed in the Supreme Court. In December 2020, a counter appeal was filed by Harel Insurance regarding the failure to rule expenses in its favor in the judgment given by the District Court. At the hearing, which took place in the Supreme Court on March 28, 2022, the appeal was dismissed, after the appellants accepted the court's recommendation to withdraw it.
5. 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. The subject of the action was the allegation that Harel Insurance ostensibly refuses to indemnify insureds in health insurance policies that entitle the insureds to indemnity for expenses for tests during pregnancy more than once in each pregnancy. This, ostensibly, in contravention of the provisions of the insurance policy. On April 28, 2022, the Tel Aviv District Court approved the plaintiff's motion to abandon the motion for certification and the action, and it ordered the dismissal of the plaintiff's personal claim.
6. In August 2019, an action was filed in the Lod-Central District Court, together with an application 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 was the allegation that in property insurance policies for mechanical engineering equipment ("the Equipment"), the Defendants ostensibly determine the value of the Equipment for the purpose of calculating the insurance premium without considering the age of the Equipment, whereas in cases of total loss they ostensibly determine the amount of the insurance compensation according to the real value of the Equipment on the date of occurrence of the insured event, taking into account the age of the Equipment. The plaintiffs do not quantify the overall loss claimed for all members of the class they wish to represent, but they estimate it to be millions of shekels. On August 8, 2022, an agreed motion for the plaintiffs' abandonment of the motion for certification against Harel Insurance and against the Defendants was filed in the Lod Central District Court in which the court is asked to approve the plaintiffs' abandonment of the motion for certification and the action and to instruct that their personal claim be denied and that the motion for certification should be struck out. On August 11, 2022, the Lod-Center District Court approved the plaintiff's motion to abandon the motion for certification and the action, and it ordered the plaintiff's personal claim to be denied and that the motion for certification should be struck out.

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

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

7. In April 2010, an action was filed in the Petach Tikva Central District Court, together with a motion 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 if the insurance is discontinued in any month, after the premium for this month had been collected in advance by the Defendants, the Defendants are ostensibly precluded from refunding to the insureds the relative part, the retained amount, of the insurance premium for that month or alternatively, they ostensibly refund the insurance premium in nominal values only. The plaintiffs estimate the overall loss for all members of the class, claimed in aggregate from all the Defendants, in the amount of NIS 225 million for a 10-year period (the plaintiffs did not attribute a specific amount to each of the Defendants separately). The amount of the personal claim of the plaintiffs from Harel Insurance is NIS 80. In December 2011, the court instructed the striking out of the plaintiffs' claims regarding all aspects of Section 28A of the Insurance (Contract) Law and in relation to those insureds whose policy had partially or temporarily expired. In November 2014, the Commissioner's position was submitted to the court that the provisions of the policy are binding with respect to the method of collecting the premium after the insured's death or in the period following cancellation of the policy, and that the expert actuarial opinion filed in the court for the Defendants is not complete for the purpose of proving that the Defendants priced the premium in such a manner as confirms that they took into account the fact that insurance premiums will not be refunded to the insureds for the period after the insured's death or in the period following cancellation of the policy. On June 23, 2015, the Lod-Center District Court partially certified litigation of the claim as a class action. Against Harel Insurance the court approved litigation of the action as a class action, exclusively on the subject of inclusion of linkage and interest differences when refunding the premiums collected in the months following the month in which the insurance contract is cancelled or after the occurrence of the insured event. In September 2016, a compromise agreement was submitted for the court's approval in which it was agreed, among other things, that Harel Insurance will contribute 60% of its total refund with respect to the first cause, as defined in the compromise settlement, and in accordance with the report prepared by the reviewer to be appointed to review the compromise settlement, and 80% of its overall refund with respect to the second cause, according to its definition in the compromise settlement and as per the report of the reviewer to be appointed. The compromise agreement also set out provisions in relation to future conduct should policies that are the subject of the claim be cancelled. Validity of the compromise settlement is contingent on the court's approval. In March 2017, the Attorney General submitted his position on the compromise settlement. The opinion includes various comments including, among others, that a reviewer should be appointed to review the compromise settlement before it is approved, and he also requested submittal of an additional opinion after the professional opinion of the reviewer has been received and examined. In June 2017, the court ordered the appointment of a reviewer for the compromise agreement. In December 2019, the reviewer's opinion was submitted to the court in relation to Harel Insurance in which the compromise settlement is appropriate, fair and reasonable, when taking into account the affairs of the class members. In December 2020, the Attorney General submitted a preliminary position on the reviewer's report which includes several comments, including, among others, comments on the individual compensation mechanism and the issue of locating insureds, as well as a request to submit his final position after the reviewer's reports have been received in relation to all the respondents in the proceeding. In August 2021, the Attorney General submitted an additional position regarding the reviewer's reports relating to the Defendants in which he reiterated his comments from the first position he had submitted in December 2020, and he made several additional comments. On May 16, 2022, the court instructed the Attorney General to submit his position with respect to application of the judgment on the groups that are excluded from the compromise settlement, and it instructed the plaintiffs to state what action they expect the courts to take. On May 26, 2022, the plaintiffs asked the court to hand down a judgment and approve the compromise settlement. On July 28, an amended settlement arrangement was submitted for the court's approval. On August 14, 2022, the Lod-Center District Court validated the amended compromise settlement as a judgment.

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

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

8. In February 2016, a motion 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 and against four other pension management companies (“the Defendants”). The subject of the action is the claim that the Defendants start collecting management fees from the recipients of disability and survivors annuities when they begin to receive their annuities and can no longer move their money to another pension fund. These management fees are a the maximum rate permitted by law, and the members do not receive advance notice of this change. This, ostensibly in breach of the duty of voluntary disclosure which applies to them, of statutory obligations, and of the duty of care, agency duty and fiduciary obligations, while exploiting and making improper use of a contractual right, practicing unjust enrichment and operating as a cartel. In January 2018, the court instructed that the hearing should be transferred to the District Labor Court. On September 19, 2022, the District Labor Court denied the motion for certification of the action as a class action.

D. Claims that were settled after the Reporting Period

1. In October 2019, an action was filed in the Jerusalem Magistrates 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 rejects travel insurance claims relating to the cancellation or curtailing of overseas travel due to the death or hospitalization of a close relative, based on exclusions in the policy that allegedly do not comply with the provisions of the Contracts (Insurance) Law, 1981 and allegedly are not included in the policy schedule that Harel Insurance sends to insureds. On November 13, 2022, the Jerusalem Magistrates Court denied the motion for certification of the action as a class action.
2. 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 (“the Defendants”). The subject of the action was the argument that the Defendants were allegedly in breach of their fiduciary duties towards members of the provident funds that they manage in that they paid commissions to the insurance agents at a rate derived from the management fees which they collect from the members and thus compensated the agents by an amount that increases in line with the increase in the management fees. The plaintiffs further argue that the Defendants also practiced unjust enrichment by allegedly creating a mechanism with the purpose of increasing the management fees for the benefit of the agents and management companies. On November, 22, 2022, the Tel Aviv District Court denied the motion for certification of the action as a class action.
3. In August 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 Dikla Insurance Agency Ltd. (under its previous name Dikla Insurance Company Ltd.) (“Dikla”). The subject of the action is the allegation that when settling claims in long-term care insurance, for the purpose of assessing whether there is an insured event, Dikla ostensibly separates the activities of daily living into parts of the body, while making a meticulous quantitative assessment of the insured’s ability to perform each of the ADLs. This, in a manner that ostensibly renders the Commissioner’s circulars meaningless, in that according to the circulars it must perform a material assessment of this ability, while such conduct is contrary to the Commissioner’s position on this subject from January 2015. In its ruling dated January 21, 2021, the Tel Aviv District Court ordered the motion for certification as a class action to be struck out. In March 2021, an appeal was served to Dikla on the ruling, which the plaintiff had filed in the Supreme Court in the motion for certification. At the hearing, which took place in the Supreme Court on November 23, 2022, the appeal was dismissed, after the appellant accepted the recommendation of the Supreme Court to withdraw it.

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

E. Commitments

1. Termination of agreements between Harel Insurance and Dikla Insurance Agency Ltd. (“Dikla”).

   On January 15, 2022, Harel Insurance informed Dikla that during the course of 2022 Harel Insurance intends to terminate the various engagements with Dikla in relation to the insurance activity that Dikla carries out for Harel Insurance. Notice of the final date for termination of the agreements will be provided to Dikla at least 14 days in advance.

2. Agreement for the sale of Dikla to Clalit Health Services (“Clalit”)

   After the Reporting Period, in November 2022, an agreement was signed between the Company and Clalit for the sale of 51% of Dikla’s shares. Completion of the transaction is subject to the fulfillment of various suspensive conditions that had not been completed at the time of publication of the financial statements.

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 November 18, 2022, Harel Insurance published a report on the economic solvency ratio in respect of data at June 30, 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 at June 30, 2022 was not audited or reviewed by the external auditors.

The calculation prepared by Harel Insurance for data at December 31, 2021 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. 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 November 30, 2020, the Board of Directors of Harel Insurance approved a revised capital management plan and at this stage, threshold conditions were determined for a dividend distribution, which include a minimum economic solvency ratio, taking the transitional provisions into account, and a minimum solvency ratio without taking the transitional provisions into account.

On February 28, 2021, the Company’s Board of Directors approved a dividend distribution policy whereby the Company will distribute a dividend of at least 30% of comprehensive income according to its annual consolidated financial statements. Additionally, on February 28, 2021, the board of directors of Harel Insurance approved a dividend distribution policy in which the Company will distribute a dividend of at least 35% of comprehensive income according to the annual consolidated financial statements of Harel Insurance, and this as long as Harel Insurance is in compliance with the minimum targets for solvency based on Solvency II.

3. Own Risk and Solvency Assessment (ORSA)

On January 5, 2022, the Commissioner published an amendment to the provisions of the Consolidated Circular on reporting to the Commissioner of the Capital Market - 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, Harel Insurance 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. Harel Insurance is preparing to apply the provisions based on the Commissioner’s requirements.

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 September 30, 2022, the consolidated companies are in compliance with these requirements.

Note 8 - Capital requirements and management (contd.)

5. Plan to repurchase shares

   A. On June 30, 2021, the Company's Board of Directors approved a plan to repurchase shares of the Company in the amount of NIS 100 million. This plan will be implemented from time to time as will be determined by the Company's management which was authorized by the Board of Directors to purchase securities at its discretion during the period prescribed for implementation of the plan. For additional information, see an Immediate Report of the Company dated June 30, 2021 (Ref. 2021-01-109800). At September 30, 2022, the Company purchased 2,705,014 shares at a total cost of NIS 95 million. At the date of publication of the report, the Company has utilized the plan in full by purchasing 2,844,014 shares.

   B. On August 29, 2022, the Company's Board of Directors approved a plan to repurchase shares of the Company in the amount of up to NIS 100 million. This plan will be implemented from time to time as will be determined by the Company's management which was authorized by the Board of Directors to purchase securities at its discretion and during the period prescribed for implementation of the plan. For additional information, see an Immediate Report of the Company dated August 29, 2022 (Ref. 2022-01-088926). At September 30, 2022, no shares had been purchased. At the date of publication of the report, the Company has purchased 443,228 shares at a cost amounting to NIS 15 million.

6. Dividend received from Harel Insurance

   A. In January 2022, the Board of Directors of Harel Insurance approved a dividend distribution n the amount of NIS 250 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 on February 3, 2022.

   B. In June 2022, the Board of Directors of Harel Insurance approved a dividend distribution n the amount of NIS 420 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 on June 23, 2022. A total of NIS 380 million was paid in securities and NIS 40 million was paid in cash.

Note 9 - Material events in the Reporting Period

1. Effect of the interest rate and effects of the application of circulars on the insurance liabilities

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	Audited) NIS million
Life assurance – decrease (increase) in the insurance liabilities as a result of:					
The updated interest rate applied in calculating the reserves for annuity and work disability (A)	227	-	-	-	-
Effects of application of circulars (D)	(279)	-	-	-	-
Total life assurance	(52)	-	-	-	-
Health insurance – decrease (increase) in the insurance liabilities as a result of:					
LAT – personal lines LTC (C)	764	(123)	-	(163)	(936)
The updated interest rate applied in calculating reserve for claims in payment – personal lines LTC (B)	15	-	-	-	-
Effects of application of circulars (D)	(12)	-	-	-	863
Total health insurance	767	(123)	-	(163)	(73)
Non-life insurance – decrease (increase) in the insurance liabilities as a result of:					
Interest rate effects (C)	433	(165)	123	(71)	(262)
Effects of application of circulars (D)	-	-	-	-	60
Total non-life insurance	433	(165)	123	(71)	(202)
Total effects on profit and comprehensive income before tax	1,148	(288)	123	(234)	(275)
Total effects on profit and comprehensive income after tax	755	(190)	81	(154)	(181)

(a) Update of the interest rate applied in calculating the reserves for annuity and work disability:

In the Reporting Period (in the second quarter), the insurance liabilities in the life assurance and long-term savings segment decreased by NIS 222 million before tax due to an update of the interest rate applied in calculating the reserve for annuities in payment and the supplementary reserve for annuity (decrease of NIS 27 million before tax in the liabilities for policies that include a savings component up to 1990, decrease of NIS 154 million before tax in the liabilities for policies that include a savings component until 2003, and a decrease of NIS 41 million before tax in the insurance liabilities for policies that include a non-yield dependent savings component from 2004).

Additionally, in the Reporting period (in the second quarter), the insurance liabilities in the life assurance and long-term savings segment decreased by NIS 5 million before tax due to the revised interest rate applied in calculating the reserves for work disability claims in payment.

(b) Update of the interest rate applied in calculating the reserve for claims in payment:

The effects of the interest rate in the Reporting Period (in the second quarter) include a decrease of the insurance liabilities by NIS 15 million before tax due to the revised interest rate applied in calculating the reserves for claims in payment in health insurance - personal lines long-term care.

(c) Health insurance:

In Q1, due to a steep rise of the risk-free interest rate curve, the LAT reserve was reset (without the need to use the retained fair value of non-marketable assets allocated to the personal lines long-term care sector). As a consequence, the insurance liabilities in the personal lines long-term care sector were reduced by NIS 764 million before tax.

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

1. Effect of the interest rate and effects of the application of circulars on the insurance liabilities (contd.)

(c) Health insurance (contd.)

In the corresponding period and corresponding quarter last year, due to changes in the risk-free interest rate curve and changes in the difference between the fair value and book value of the non-marketable assets, the insurance liabilities in the personal lines long-term care sector increased by NIS 123 million before tax and NIS 163 million before tax, respectively.

Non-life insurance:

In the Reporting Period and third quarter, due to changes in the risk-free interest rate curve and changes in the difference between the fair value and book value of the non-marketable assets, the insurance liabilities in the non-life segment were reduced by NIS 433 million before tax and NIS 123 million before tax, respectively. The foregoing does not include the effects of the actuarial updates in non-life insurance set out in Note 9(3) below.

In the corresponding period and corresponding quarter last year, due to the decrease of the risk-free interest rate curve and changes in the difference between the fair value and book value of the non-marketable assets, the insurance liabilities in the non-life insurance segment increased by NIS 165 million before tax and NIS 71 million before tax, respectively.

(d) Effects of the application of circulars:

On June 30, 2022, the Capital Market, Insurance and Savings Authority published a circular on "Amendment of the Provisions of the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life assurance and pension funds" ("the Circular"). The Circular includes an update of the default assumptions applied in calculating the liabilities and coefficients in life assurance policies and pension funds, as well as revised assumptions for future mortality improvement rates.

Following application of the circular, in the Reporting Period the insurance liabilities in the life assurance and long-term savings segment increased by NIS 279 million before tax (increase of NIS 80 million before tax in the liabilities for policies that include a savings component up to 1990, increase of NIS 134 million before tax in the liabilities for policies that include a savings component up to 2003, increase of NIS 20 million before tax in the liabilities for policies that include a non-yield dependent savings component from 2004, and an increase of NIS 45 million before tax in the liabilities for policies that include a yield dependent savings component from 2004), and the insurance liabilities in the health segment increased by NIS 12 million before tax.

On the effects of circulars published in 2021, see Note 3C1g to the annual financial statements.

2. Revision of the rate of development of expenses in the actuarial model

In the Reporting Period and third quarter, the rate of development of expenses in the actuarial model was revised and the insurance liabilities were reduced by NIS 155 million before tax (personal lines long-term care sector - NIS 120 million reduction of the insurance liabilities, personal lines health sector - NIS 58 million reduction of the insurance liabilities, critical illness sector - NIS 23 million increase of the insurance liabilities).

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

3. Revised insurance liabilities in non-life insurance

   In June 2020, the Capital Market, Insurance and Savings Authority published a circular on "Update to the Consolidated Circular -Allocation of assets that are not at fair value when calculating the LAT". The Circular addresses the difference between the amortized cost and the fair value of assets that are not recorded in the statement of financial position at fair value ("Unrealized Gains & Losses" / "UGL"), for testing the LAT ("the Circular"). According to the Circular, insurance companies may allocate assets to various liabilities based on the following principles: (1) for assets for which there are external (regulatory) restrictions or internal (administrative) limitations, these limitations must be followed; (2) other assets for which there are no clear limitations may be allocated according to a documented procedure to be determined by the Company on this matter. The Circular stipulates that material changes may be made in the procedure, provided they are not made frequently, for example not more than once every two years. The Circular also states that it can be determined that the assets may be allocated as a function of the amount of the LAT (before the UGL), provided that the sum of the assets does not exceed the sum of the relevant liabilities (this allocation procedure may lead to maximum utilization of the retained value, subject to the asset limitation).

   In view of the foregoing, and in light of the steep rise of the risk-free interest rate curve and the fact that as a consequence Harel Insurance does not have an LAT reserve in long-term care, in Q2 Harel Insurance updated the procedure for the allocation of non-marketable assets. According to the revised procedure, Harel Insurance may make transfers from time to time, as necessary, between the assets attributed to the different segments so as to make maximum use of the retained value, subject to the asset limitation. According to the Circular, the updated procedure for the allocation of non-marketable assets is accounted for as a change of estimate in accordance with International Accounting Standard (IAS) no. 8.

   Additionally, in the Reporting Period and as experience was gained in the application of the Best Practice model, the method of applying the model was revised so that the base reserves are measured on the basis of Best Practice, 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.

   Following these updates, in the Reporting Period and in the second quarter, 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 and are now allocated to the non-life insurance segment.

4. Due to falling prices in the capital markets in the Reporting Period, real, negative yields were recorded in profit sharing policies sold between 1991 and 2003. Pursuant to the mechanism for collecting management fees as set out in the legislative arrangement, variable management fees will not be collected in respect of yield-dependent policies that were sold between 1991 and 2003, until investment profits are attained in respect of assets held to cover yield-dependent liabilities, which will cover the accrued investment losses. In accordance with the described mechanism, Harel Insurance did not record variable management fees from the beginning of 2022, but only fixed management fees. At September 30, 2022, the estimate for management fees that will not be collected due to the real negative yield until a cumulative positive yield is attained, is NIS 433 million. See also Note 10(1).

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

5. Dividend distributions

   A. On March 28, 2022, the Company's Board of Directors approved the distribution of a cash dividend in the amount of NIS 300 million (NIS 1.41 per share). The Board of Directors made its decision after taking into account the Company's results as at December 31, 2021. The Board of Directors was presented with information on the distributable profits, capital surpluses of the Company's subsidiaries and the Group's cash requirements, in various scenarios. The Board of Directors reviewed the Company's compliance with the profit test and solvency test prescribed in Section 203(a) of the Companies Law. Following this review, the Board of Directors confirmed that the Company was in compliance with the distribution test. The dividend was paid on April 26, 2022.

   B. On a plan to repurchase shares that was approved by the Company's Board of Directors on June 30, 2021 and the share repurchase that took place during and after the Reporting Period within the framework of the plan, see Note 8.

   C. On a plan for an additional repurchase of shares that was approved by the Company's Board of Directors on August 29, 2022 and share repurchases that took place after the Reporting Period within the framework of the plan, see Note 8.

6. Special bonus for employees

   In view of the Company's outstanding results in 2021, management decided to award all employees who have been with the Company for more than six months a bonus of NIS 10,000. This special bonus amounts to approximately NIS 50 million and is in addition to the regular bonuses that the Company pays its employees. This bonus was approved by the Company's Board of Directors on March 28, 2022.

7. Termination of office by the Chief Legal Counsel and appointment of a Chief Legal Counsel

   At the end of May 2022, Ms. Nataly Mishan-Zakai, who had served as deputy CEO of Harel Insurance and Chief Legal Counsel of Harel Group and also Chair of the Board of Directors of the Group's pension and provident companies, stepped down from her positions in Harel Group after an eight-year term of office.

   Adv. Gilad Shapira was appointed as Deputy CEO of Harel Insurance and Chief Legal Counsel of Harel Group effective from June 1, 2022

8. Allotment of employee stock options

   As part of the plan described in Note 39 to the annual financial statements, in the Reporting Period 1,317,000 stock options were allotted to 42 Harel Insurance employees. The weighted average of the exercise price for the options at the Grant Date is NIS 35.73. The fair value of the options at the Grant Date was NIS 11 million.

9. Credit facility provided to a subsidiary - Hamazpen Shutaphim Laderech Ltd. ("Hamazpen"

   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 and in November 2021, the Board of Directors of Harel Insurance approved an additional increase of the aforesaid credit facility by a further NIS 50 million. As collateral for 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 will not fall below 15% of the total balance sheet of Hamazpen. At September 30, 2022, the balance of the credit provided by Harel Insurance to Hamzpen was NIS 272 million. At the date of publication of the report, the balance of the credit provided by Harel Insurance to Hamazpen was NIS 232 million.

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

10. Transactions to provide financial guarantees and operating services for mortgage portfolios insured by third parties through Harel Insurance and EMI

    During the Reporting Period, Harel entered into transactions to provide financial guarantees and operating services for mortgage portfolios that were provided by a financial institutions and insureds by a foreign reinsurance company. Within the framework of these transactions, Harel Insurance will provide guarantees for the reinsurance companies of 50% of the cost of the claims, if they are filed, and it will be entitled to a fee of

    50% of the net premium received by the reinsurer. EMI will provide operating services in connection with the insured portfolios in a TPA (Third Party Administrator) format.

    The consideration received by EMI for the operating services is received from Harel Insurance based on a "cost plus 10% mechanism", where determining of the cost will include, among other things, weighting the complexity of the operation in relation to the new portfolios from the above transactions.

11. Investment and agreement with the CEO of the Company in Hamazpen - Shutaphim Laderech Ltd. ("Hamazpen")

    In July 2022, the Board of Directors of Hamazpen, a subsidiary of the Company, resolved to increase the equity of Hamazpen by NIS 30 million in order to satisfy the capital adequacy requirements in view of the anticipated credit portfolio of Hamazpen up to the end of 2022. Consequently, and based on the provisions of the Hamazpen Founders Agreement, the Company injected into Hamazpen its share of this amount which is NIS 21 million. Additionally, and under the provisions of the Founders Agreement, Harel Insurance provided the other shareholders of Hamazpen - Alon Partnership and Mr. Michel Siboni - with their relative share of the required amount for increasing the capital, as non-recourse loans in the amount of NIS 6 million and NIS 3 million, respectively. This, in accordance with the conditions set out in the Founders Agreement regarding these loans. According to an external economic opinion received by the Company, the value of the benefit factored into the loan received by Michel Siboni is in the range of between NIS (35,621) and NIS 170,812. The Company estimated the value of the benefit factored into the loan at NIS 85,000. Mr. Siboni bears the cost of this benefit such that its entire cost was subtracted from the overall cost of Michel Siboni's salary. It is stipulated that the loan to Mr. Michel Siboni, who is CEO of the Company and Chairman of Harel Insurance, was approved by the compensation committees, audit committees and boards of directors of the Company and Harel Insurance.

12. Extension of validity for a shelf prospectus of the Company

    In July 2022, the Securities Authority resolved to extend the validity of the shelf prospectus for the Company to July 22, 2023.

13. Annual and Special General Meeting of the Company

    On September 5, 2022, an annual and special general meeting of the Company took place, with the following items on the agenda: (1) discussion of the Periodic Report for 2021; (2) reappointment of external auditors and appointing the Company's Board of Directors to determine their fee; (3) reappointment of the Company's incumbent directors, who are not external directors, for a further term of office (Yair Hamburger, Gideon Hamburger, Ben Hamburger, Yoav Manor, Doron Cohen, Josef Ciechanover and Eli Defes); (4) appointment of Ayelet Ben-Ezer as an external director in the Company. The general meeting approved all the items that were on the agenda.

14. Economic Solvency Report of Harel Insurance

    At May 30, 2022, Harel Insurance published a report on its economic solvency ratio as at December 31, 2021. For additional information see Note 8.

Note 10 - Material events after the Reporting Period

1. Further to the information in Note 9(4), immediately prior to the date of publication of the financial statements, the estimate for management fees that will not be collected due to the real, negative yield until a cumulative positive yield is attained, amounts to NIS 366 million.

   Additionally, from the first half of 2022 and up to immediately prior to the date of publication of the report, the risk-free interest rate curve continued to rise steeply. Notably, the extent of the effect of the changes in the interest rate curve on the financial statements depends, among other things, on various parameters, including the nature of the insurance liabilities, the relevant average duration, and the relevant interest rate for each category of liability and method of measuring it.

2. Termination of office of the CEO of Harel Finance and appointment of a CEO for Harel Finance

   At the end of October 2022, Mr. Tal Kedem stepped down as CEO of the subsidiary Harel Finance Holdings Ltd. (“Harel Finance”) after serving in this position for five and a half years.

   On November 1, 2022, Ms. Hagit Chitayat-Levin began to serve as CEO of Harel Finance.

3. Report on the Economic Solvency of Harel Insurance

   On November 28, 2022, Harel Insurance published a report on its economic solvency ratio as at June 30, 2022. For additional information see Note 8.

4. Approval to enter into agreement in a D&O liability insurance policy

   The Directors and Officers (D&O) liability policy applies to incumbent officers and directors of the Company and its subsidiaries as well as those who may serve the Company and/or the subsidiaries from time to time (including senior officers of the Company and the subsidiaries who are considered controlling shareholders or their relatives).

   On November 20, 2022, and on November 28, 2022, the Company’s Compensation Committee and Board of Directors, respectively, approved an engagement between the Company and the subsidiary Harel Insurance commencing October 31, 2022, for one year, regarding a D&O liability insurance policy for directors and officers of the Company and other Harel Group companies, including individuals who may be considered controlling shareholders in the Company, such that the sum insured will be USD 200 million. The cost of the annual premium for this cover and the deductible are in accordance with market conditions and were determined on the basis of proposals that Harel Insurance received from reinsurers. The cost is not material for the Company.

5. On an agreement between the Company and Clalit for the sale of 51% of the shares of DIkla, see Note 7.

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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 September 30, 2022 (Unaudited)				
	Presented at fair value through profit or loss	Available for sale	Held to maturity	Loans and Receivables	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	**15**	**11,268**	**15**	**-**	**11,298**
Non-marketable debt assets (*)	**4,621**	**-**	**-**	**14,430**	**19,051**
Shares (A2)	**240**	**1,831**	**-**	**-**	**2,071**
Other (A3)	**404**	**3,537**	**-**	**-**	**3,941**
Total other financial investments	**5,280**	**16,636**	**15**	**14,430**	**36,361**

	As at September 30, 2021 (Unaudited)				
	Presented at fair value through profit or loss	Available for sale	Held to maturity	Loans and Receivables	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	40	12,660	28	-	12,728
Non-marketable debt assets (*)	2,120*	-	-	13,166*	15,286
Shares (A2)	510	1,684	-	-	2,194
Other (A3)	325	3,151	-	-	3,476
Total other financial investments	2,995	17,495	28	13,166	33,684

	As at December 31, 2021				
	Revalued at fair value through profit and loss	Available-for-sale	Held to redemption	Loans and receivables	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	10	13,555	14	-	13,579
Non-marketable debt assets (*)	3,152	-	-	13,477	16,629
Shares (A2)	628	1,880	-	-	2,508
Other (A3)	422	3,173	-	-	3,595
Total other financial investments	4,212	18,608	14	13,477	36,311

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

* Reclassified

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

A1. Marketable debt assets

	Book value			Amortized cost		
	As at September 30		As at December 31	As at September 30		As at December 31
	2022	2021	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Government bonds	**6,343**	7,761	8,088	**6,824**	7,405	7,586
Other debt assets:						
Other non-convertible debt assets	**4,955**	4,967	5,491	**5,297**	4,604	5,085
Total marketable debt assets	**11,298**	12,728	13,579	**12,121**	12,009	12,671
Impairments recognized in profit and loss (in aggregate)	**-**	-	-			

A2. Shares

	Book value			Cost		
	As at September 30		As at December 31	As at September 30		As at December 31
	2022	2021	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable shares	**1,504**	1,842	2,097	**1,283**	1,414	1,580
Non-marketable shares	**567**	352	411	**366**	271	314
Total shares	**2,071**	2,194	2,508	**1,649**	1,685	1,894
Impairments recognized in profit and loss (in aggregate)	**103**	43	62			

A3. Other financial investments

	Book value			Cost		
	As at September 30		As at December 31	As at September 30		As at December 31
	2022	2021	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable financial investments	**549**	950	885	**540**	932	854
Non-marketable financial investments	**3,392**	2,526	2,710	**2,202**	1,815	1,911
Total other financial investments	**3,941**	3,476	3,595	**2,742**	2,747	2,765
Impairments recognized in profit and loss (in aggregate)	**189**	128	173			
Derivative financial instruments presented in financial liabilities	**413**	59	103			

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

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SEPARATE FINANCIAL INFORMATION FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at September 30, 2022

Condensed Separate Interim Information on Financial Position at

	September 30		December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Intangible assets	**2**	-	2
Fixed assets	**21**	24	23
Investments in investees	**6,712**	7,240	7,724
Loans to investee companies	**877**	911	903
Investment property	**28**	26	26
Trade and other receivables	**45**	57	51
Assets for employee benefits	**25**	23	25
Other financial investments			
Marketable debt assets	**642**	326	317
Non-marketable debt assets	**14**	-	-
Shares	**186**	144	189
Other	**162**	268	220
Total other financial investments	**1,004**	738	726
Cash and cash equivalents	**147**	144	202
Total assets	**8,861**	9,163	9,682
Capital			
Share capital and premium on shares	**359**	359	359
Treasury stock	**(218)**	(140)	(163)
Capital reserves	**487**	1,213	1,373
Retained earnings	**7,537**	6,969	7,292
Total equity	**8,165**	8,401	8,861
Liabilities			
Deferred tax liabilities	**6**	11	20
Liabilities for employee benefits	**38**	37	37
Trade and other payables	**42**	39	139
Current tax liabilities	**7**	4	3
Financial liabilities	**603**	671	622
Total liabilities	**696**	762	821
Total liabilities and equity	**8,861**	9,163	9,682

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

Date of approval of the financial statements: November 28, 2022

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Profit and Loss

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profits from investments, net, and financing revenues	**29**	26	**16**	11	44
Income from management fees	**108**	96	**37**	32	130
Total income	**137**	122	**53**	43	174
General and administrative expenses	**34**	12	**11**	4	16
Financing expenses, net	**11**	29	**4**	21	34
Total expenses	**45**	41	**15**	25	50
Company's shares in profits of investee companies	**454**	725	**54**	264	1,116
Profit before taxes on income	**546**	806	**92**	282	1,240
Taxes on income	**24**	19	**7**	4	31
Profit for period attributed to the Company's shareholders	**522**	787	**85**	278	1,209

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Comprehensive Income

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**522**	787	**85**	278	1,209
Other items of comprehensive income (loss) which after initial recognition under comprehensive income were or will be transferred to profit or loss					
Net change in fair value of financial assets classified as available for sale	**(64)**	40	**(24)**	13	62
Net change in fair value of financial assets classified as available for sale that was transferred to income statement	**(7)**	-	**(4)**	-	(5)
Loss from impairment of financial assets classified as available for sale that was transferred to income statement	**9**	-	**5**	-	-
Foreign currency translation differences for foreign activity	**8**	(14)	**(5)**	(4)	(24)
Taxes on income attributable to other components of other comprehensive loss	**(2)**	-	**-**	-	-
Group's share of the comprehensive income (loss) of investees	**(861)**	*106	**(313)**	*92	259
Tax benefit (income tax) attributable to available-for-sale financial assets	**15**	(9)	**6**	(3)	(13)
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	**(902)**	123	**(335)**	98	279
Other items of comprehensive income that will not be transferred to profit or loss					
Revaluation reserve for fixed asset items in investees	**21**	*30	**1**	*4	29
Remeasurement of a defined benefit plan	**-**	-	**-**	-	2
Taxes on income for other items of comprehensive income that will not be transferred to profit or loss	**-**	-	**-**	-	(1)
Other comprehensive income for the period that will not be transferred to profit or loss, net of tax	**21**	30	**1**	4	30
Other comprehensive income (loss) for the period, net of tax	**(881)**	153	**(334)**	102	309
Total comprehensive income (loss) for the period attributed to the Company's shareholders	**(359)**	940	**(249)**	380	1,518

* Reclassified

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Changes in Equity

	Share capital and premium	Capital reserve for assets available for sale	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury stock	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the nine months ended September 30, 2022 (Unaudited)									
Balance as at January 1, 2022	359	1,347	(252)	6	(163)	(49)	321	7,292	8,861
Comprehensive income (loss) for the period									
Profit for the period	-	-	-	-	-	-	-	522	522
Other comprehensive income (loss)	-	(1,007)	85	-	-	-	18	23	(881)
Total comprehensive income (loss) for the period	-	(1,007)	85	-	-	-	18	545	(359)
Transactions with shareholders recognized directly in equity									
Dividends distributed	-	-	-	-	-	-	-	(300)	(300)
Share-based payment	-	-	-	18	-	-	-	-	18
Purchase of Treasury stock	-	-	-	-	(55)	-	-	-	(55)
Balance as at September 30, 2022	359	340	(167)	24	(218)	(49)	339	7,537	8,165

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Changes in Equity (contd.)

	Share capital and premium	Capital reserve for assets available for sale	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury stock	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three months ended September 30, 2022 (Unaudited)									
Balance as at July 1, 2022	359	681	(167)	19	(199)	(49)	338	7,446	8,428
Comprehensive income (loss)									
Profit for the period	-	-	-	-	-	-	-	85	85
Other comprehensive income (loss)	-	(341)	-	-	-	-	1	6	(334)
Total comprehensive income (loss) for the period	-	(341)	-	-	-	-	1	91	(249)
Transactions with shareholders recognized directly in equity									
Share-based payment	-	-	-	5	-	-	-	-	5
Purchase of Treasury stock	-	-	-	-	(19)	-	-	-	(19)
Balance as at September 30, 2022	359	340	(167)	24	(218)	(49)	339	7,537	8,165

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Changes in Equity (contd.)

	Share capital and premium	Capital reserve for assets available for sale	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury stock	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the nine months ended September 30, 2021 (Unaudited)									
Balance as at January 1, 2021 (Audited)	359	1,003	(194)	1	(123)	(49)	300	6,438	7,735
Comprehensive income (loss) for the period									
Profit for the period	-	-	-	-	-	-	-	787	787
Other comprehensive income (loss)	-	152	(21)	-	-	-	21	1	153
Total comprehensive income (loss) for the period	-	152	(21)	-	-	-	21	788	940
Transactions with shareholders recognized directly in equity									
Dividend distributed	-	-	-	-	-	-	-	(257)	(257)
Purchase of Treasury stock	-	-	-	-	(17)	-	-	-	(17)
Balance as at September 30, 2021	359	1,155	(215)	1	(140)	(49)	321	6,969	8,401

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Changes in Equity (contd.)

	Share capital and premium	Capital reserve for assets available for sale	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury stock	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three months ended September 30, 2021 (Unaudited)									
Balance as at July 1, 2021	359	1,038	(199)	1	(123)	(49)	319	6,692	8,038
Comprehensive income (loss) for the period									
Profit for the period	-	-	-	-	-	-	-	278	278
Other comprehensive income (loss)	-	117	(16)	-	-	-	2	(1)	102
Total comprehensive income (loss) for the period	-	117	(16)	-	-	-	2	277	380
Transactions with shareholders recognized directly in equity									
Purchase of Treasury stock	-	-	-	-	(17)	-	-	-	(17)
Balance as at September 30, 2021	359	1,155	(215)	1	(140)	(49)	321	6,969	8,401

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Changes in Equity (contd.)

	Share capital and premium	Capital reserve for assets available for sale	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury stock	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2021 (Audited)									
Balance as at January 1, 2021	359	1,003	(194)	1	(123)	(49)	300	6,438	7,735
Comprehensive income (loss) for the year									
Profit for the year	-	-	-	-	-	-	-	1,209	1,209
Other comprehensive income (loss)	-	344	(58)	-	-	-	21	2	309
Total comprehensive income (loss) for the year	-	344	(58)	-	-	-	21	1,211	1,518
Transactions with shareholders recognized directly in equity									
Dividend distributed	-	-	-	-	-	-	-	(357)	(357)
Share-based payment	-	-	-	5	-	-	-	-	5
Purchase of Treasury Stock	-	-	-	-	(40)	-	-	-	(40)
Balance as at December 31, 2021	359	1,347	(252)	6	(163)	(49)	321	7,292	8,861

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Cash Flows

	Annex	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2022	2021	2022	2021	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activities						
Before taxes on income	A	**100**	46	**33**	12	80
Taxes paid		**(19)**	(19)	**(7)**	(5)	(27)
Net cash provided by operating activities		**81**	27	**26**	7	53
Cash flows from investing activities						
Investment in investees		**(42)**	(79)	**(32)**	(1)	(79)
Investment in fixed assets		**(1)**	-	**(1)**	-	-
Proceeds from sale of fixed assets		**1**	1	**1**	-	1
Dividends from investees		***314**	17	**5**	10	70
Financial investments, net		**43**	186	**40**	20	229
Repayment (provision) of loans and capital notes provided to investees, net		**42**	(175)	**13**	(185)	(165)
Net cash provided by (used in) investment activity		**357**	(50)	**26**	(156)	56
Cash flows from financing activity						
Dividend to the Company's shareholders		**(400)**	(257)	**-**	-	(257)
Repayment of liability notes		**(9)**	-	**-**	-	-
Repayment of loans from banks and others		**(27)**	(404)	**(14)**	(365)	(454)
Loans received from banks and others		**-**	375	**-**	375	375
Repayment of lease liabilities		**(2)**	(2)	**-**	(1)	(3)
Repurchase of Company shares		**(55)**	(17)	**(19)**	(17)	(40)
Proceeds of issue of liability notes, net		**-**	247	**-**	247	247
Net cash provided by (used in) financing activity		**(493)**	(58)	**(33)**	239	(132)
Increase (decrease), net, in cash and cash equivalents		**(55)**	(81)	**19**	90	(23)
Cash and cash equivalents at beginning of the period		**202**	225	**128**	54	225
Cash and cash equivalents at end of the period		**147**	144	**147**	144	202

* Additionally, in the Reporting Period, the Company received a dividend on securities in the amount of NIS 380 million. For additional information, see Note 2.

The additional information accompanying the separate financial statements is an integral part thereof.

Condensed Separate Interim Information on Cash Flows (contd.)

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex A - Cash flows from operating activities					
Profit for the period attributed to the Company's shareholders	**522**	787	**85**	278	1,209
Items not involving cash flows					
Company's share of profits of equity accounted investees	**(454)**	(725)	**(54)**	(264)	(1,116)
Net losses (profits) from financial investments	**12**	(5)	**(4)**	(3)	(17)
Profit from sale of fixed assets	**-**	(1)	**-**	-	(1)
Change in fair value of investment property	**(2)**	(1)	**-**	-	(1)
Financing expenses, net	**(15)**	(10)	**(4)**	(3)	(12)
Taxes on income	**24**	19	**7**	4	31
Depreciation and amortization	**3**	1	**1**	-	2
Changes in other statement of financial position items					
Trade and other receivables	**6**	(26)	**3**	(3)	(20)
Trade and other payables	**3**	7	**(1)**	3	7
Liabilities for employee benefits, net	**1**	-	**-**	-	(2)
Total adjustments required to present cash flows from operating activities	**(422)**	(741)	**(52)**	(266)	(1,129)
Total cash flows provided by operating activities	**100**	46	**33**	12	80

The additional information accompanying the separate financial statements is an integral part thereof.

NOTE 1 - Method of preparing the separate financial information

A. General

The following is condensed separate interim financial information from the Group's Condensed Consolidated Interim Financial Statements as at September 30, 2022 ("Consolidated Statements") which are published as part of the Periodic Reports ("Condensed Separate Interim Financial Information"), which are presented in accordance with the provisions of Regulation 38D ("the Regulation") and the Tenth Schedule to the Securities (Periodic and Immediate Reports) Regulations, 1970 ("Schedule no. 10"), concerning the condensed separate, interim financial information of the Company. This condensed, separate interim financial information should be read in conjunction with the separate financial information as at December 31, 2021, and together with the Consolidated Financial Statements.

B. Definitions

The Company	-	Harel Insurance Investments & Financial Services Ltd.
Consolidated companies / subsidiaries	-	Companies, including partnerships, whose reports are fully consolidated, directly or indirectly, with the reports of the Company.
Investee companies	-	Consolidated companies and companies, including partnerships, in which the Company's investment therein is included, directly or indirectly, in the financial statements on the equity basis.
Date of the Report	-	The date of the Statement of Financial Position

C. Method of preparing the financial information

The separate financial information was prepared in accordance with the accounting policy detailed in Note 1 to the Company's separate annual financial statements.

NOTE 2 - Material relationships, commitments and transactions with investees

1. On the distribution of a dividend by Harel Insurance, see Note 8 to the Consolidated Financial Statements.
2. In the Reporting Period, Harel Mutual Funds Ltd., a subsidiary of Harel Finance, a company wholly owned by the Company, made partial repayment of a capital note in the amount of NIS 32 million. The repayment was made from the independent sources of Harel Mutual Funds Ltd.
3. In the Reporting Period, Harel Finance, a company wholly owned by the Company, made partial repayment of a capital note in the amount of NIS 13 million. The repayment was made from the independent sources of Harel Finance.
4. On June 14, 2022, and on July 7, 2022, the Board of Directors of Madanes Insurance Agency Ltd. approved the distribution of a dividend in the amount of NIS 1.2 million and NIS 2.5 million, respectively. The dividends were paid on June 14, 2022 and July 14, 2022, respectively.
5. On May 19, 2022, the Board of Directors of ICIC approved the distribution of a dividend in the amount of NIS 15 million. The dividend was paid on June 20, 2022.
6. On May 19, 2022, and on August 24, 2022, the Board of Directors of Harel UK approved the distribution of a dividend in the amount of USD 251,000 and USD 284,000, respectively. The dividend was paid on May 25, 2022 and September 22, 2022, respectively.

NOTE 3 – Material events in the Reporting Period

1. On March 28, 2022, the Company's Board of Directors approved the distribution of a cash dividend in the amount of NIS 300 million (NIS 1.41 per share). The Board of Directors made its decision after taking into account the Company's financial results as at December 31, 2021. The Board of Directors was presented with information on the distributable profits, capital surpluses of the Company's subsidiaries and the Group's cash requirements, in various scenarios. The Board of Directors reviewed the Company's compliance with the profit test and solvency test prescribed in Section 203(a) of the Companies Law. Following this review, the Board of Directors confirmed the Company’s compliance with the distribution test. The dividend was paid on April 26, 2022.
2. On the repurchase of shares performed as part of a share repurchase plan approved by the Company’s Board of Directors on June 30, 2021, see Note 8 to the Consolidated Financial Statements.
3. On a plan for an additional repurchase of shares that was approved by the Company’s Board of Directors on August 29, 2022, and share repurchases that were made after the Reporting Period within the framework of the plan, see Note 9 to the Consolidated Financial Statements.
4. On affirmation of a rating for the Company and Series 1 bonds issued by the Company, by Midroog, see Note 6 to the Consolidated Financial Statements.
5. On the termination of office by the Corporate Counsel and appointment of a Corporate Counsel, see Note 9 to the Consolidated financial statements.
6. On the partial redemption of Series 1 bonds of the Company, see Note 6 to the Consolidated Financial Statements.
7. On an investment and agreement with the CEO of the Company in Hamazpen - Shutaphim Laderech Ltd. (“Hamazpen”), see Note 9 to the Consolidated Financial Statements.
8. On an extension of the validity of a shelf prospectus of the Company, see Note 9 to the Consolidated Financial Statements.
9. On the convening of an Annual and Special General Meeting of the Company, see Note 9 to the Consolidated Financial Statements.

NOTE 4 – Material events after the Reporting Period

1. On approval of a D&O liability insurance policy, see Note 10 to the Consolidated Financial Statements.
2. On an agreement for the sale of Dikla to Clalit Health Services, see Note 10 to the Consolidated Financial Statements.

Harel Insurance Investments and Financial Services Ltd.

Report concerning the effectiveness of internal control over financial reporting and disclosure

Quarterly report concerning the effectiveness of the internal control over financial reporting and disclosure as per Regulation 38C(a)

Management, under the oversight of the Board of Directors of Harel Insurance Investments and Financial Services Ltd. ("the Company"), is responsible for defining and maintaining due internal control over the Company's financial reporting and disclosure.

In this instance, management consists of:

A. Mr. Michel Siboni - CEO of the Company, Chairman of the Board of Directors of Harel Insurance Company Ltd..

B. Mr. Arik Peretz - the Company's VP Finance, Deputy CEO and Head of the Finance and Resources Division of Harel Insurance Company Ltd,.

C. Mr. Gilad Shapiro - General Counsel to the Company and the Group's companies, deputy CEO of Harel Insurance Company Ltd.

D. Mr. Sami Babecov - VP of the Company and manager of the Group's investments, deputy CEO and manager of the investment division of Harel Insurance Company Ltd.

E. Ms. Osnat Manor Zisman - Internal Auditor of the Company and companies in the Group.

F. Mr. Nir Cohen – CEO of Harel Insurance Company Ltd.

G. Mr. Tal Kedem - CEO of Harel Finance Holdings Ltd.

H. Mr. Tomer Goldberg – Director of the Group's strategic and alternative investments.

Internal control over financial reporting and disclosure includes the Company's existing controls and procedures that were planned by the general manager and the most senior financial officer or are monitored by them or by the person who actually performs these duties, under the oversight of the Company's board of directors. The purpose of these controls and procedures is to provide a reasonable measure of assurance as to the reliability of financial reporting and the preparation of the financial statements pursuant to the provisions of the law, and to ensure that the information that the Company is required to disclose in its published reports in accordance with the provisions of the law, is collected, processed, summarized and reported on the dates and in the format prescribed by law.

Among other things, the internal control consists of controls and procedures designed to ensure that the information that the Company is required to disclose, as noted, is accumulated and submitted to the Company's management, including to the CEO and most senior financial officer, or to the person who actually performs these duties, so as to ensure that decisions are made at the appropriate time, with respect to the disclosure requirement.

Due to its inherent limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that a misstatement or omission of information in the report can be prevented or detected.

With respect to the assessment of the internal control over financial reporting, Harel Insurance Company Ltd. and the Company’s subsidiaries are financial institutions governed by the instructions of the Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance.

In relation to the internal control in the aforementioned subsidiaries, the Company applies the following instructions:

- Financial Institutions Circular 2010-9-7 from November 2010 - "Internal control over financial reporting – attestations, statements, and disclosures";
- Financial Institutions Circular 2010-9-6 from November 2010 – "Management's responsibility for the internal control over financial reporting - Amendment" (amendment to Financial Institutions Circular 2009-9-10);
- Financial Institutions Circular 2009-9-10, from June 2009 – "Management's responsibility for the internal control over financial reporting".

In the quarterly report concerning the effectiveness of the internal control over financial reporting and disclosure that was included in the periodic report for the period ended September 30, 2020 (hereinafter – the last quarterly report on internal control), the internal control was found to be effective.

Prior to the date of the report, the Board of Directors and management received no information regarding any event or matter that might change the assessment of the effectiveness of the internal control, as found in the last quarterly report on internal control;

At the date of the report, based on the information in the last quarterly report on internal control, and based on information submitted to management and the Board of Directors, as noted above, the internal control is effective.

Certification

I, Michel Siboni, hereby certify that:

1. I have reviewed the quarterly report of Harel Insurance Investments and Financial Services Ltd. (hereinafter - the Company) for Q3 2022 ("the Reports");
2. Based on my knowledge, the Reports contains no misstatement of a material fact nor do they omit any statement of a material fact necessary to ensure that the presentations that they contain, in light of the circumstances under which such presentations were included, shall not be misleading with respect to the period covered in the Reports;
3. Based on my knowledge, the financial statements and other financial information contained in the Reports reasonably reflect, in all material respects, the financial position, results of operations, and cash flows of the Company at the dates and periods covered in the Reports;
4. Based on my most recent assessment of the internal control over financial reporting and disclosure, I disclosed to the auditors, to the Board of Directors and the Audit Committee and Financial Reports Committee of the Company:
   - A. Any significant deficiencies and material weaknesses in the determination or application of the internal control over financial reporting and disclosure that might reasonably compromise the Insurance Company's ability to record, process, summarize and report financial information in a manner that may cast doubt on the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of the law; and –
   - B. Any fraud, whether material or immaterial, that involves the General Manager (CEO) or any person directly accountable to him or other employees who hold a significant role in the internal control over financial reporting and disclosure;
5. I, myself or together with others in the Company:
   - A. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of ensuring that material information relating to the Company, including its subsidiaries as they are defined in the Securities (Annual Financial Reports) Regulations, 2010, is brought to my attention by others in the Company and the subsidiaries, particularly during the preparation of the Report; and -
   - B. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of providing a reasonable measure of certainty as to the reliability of the financial reporting and to ensure that the financial reports are prepared in accordance with the provisions of the law, including in accordance with generally accepted accounting standards;
   - C. No event or matter which took place during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report was brought to my attention, that might alter the conclusion of the Board of Directors and Management in relation to the effectiveness of the Company's internal control over financial reporting and disclosure.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, under any law.

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November 28,2022

Michel Siboni

CEO

Certification

I, Arik Peretz, hereby certify that:

1. I have reviewed the interim financial statements and other financial information contained in the interim financial statements of Harel Insurance Investments and Financial Services Ltd. ("the Company") for Q3 2022 ("the Reports" or "the Interim Reports");

2. Based on my knowledge, the interim financial statements and other financial information contained in the Interim Reports contain no misstatement of a material fact nor do they omit any statement of a material fact necessary to ensure that the statements they contain, in light of the circumstances under which such statements were included, shall not be misleading with respect to the period covered in the Reports;

3. Based on my knowledge, the Interim Reports and other financial information contained in the Interim Reports reasonably reflect, in all material respects, the financial position, results of operations, and cash flows of the Company at the dates and for the periods covered in the Reports;

4. Based on my most recent assessment of the internal control over financial reporting and disclosure, I disclosed to the auditors, to the Board of Directors and the Audit Committee and Financial Reports Committee of the Company:

   A. Any significant deficiencies and material weaknesses in the determination or application of the internal control over financial reporting and disclosure to the extent that it relates to the interim financial statements and to any other information contained in the Interim Reports, that might reasonably compromise the Company's ability to record, process, summarize or report financial information in a manner that may cast doubt on the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of the law; and –

   B. Any fraud, whether material or immaterial, that involves the General Manager (CEO) or any person directly accountable to him or other employees who hold a significant role in the internal control over financial reporting and disclosure;

5. I, myself or together with others in the Company:

   A. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of ensuring that material information relating to the Company, including its subsidiaries as they are defined in the Securities (Annual Financial Reports) Regulations, 2010, is brought to my attention by others in the Company and the subsidiaries, particularly during the preparation of the Report; and -

   B. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of providing a reasonable measure of certainty as to the reliability of the financial reporting and to ensure that the financial reports are prepared in accordance with the provisions of the law, including in accordance with generally accepted accounting standards;

   C. No event or matter that took place during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, in relation to the interim financial statements and to any other financial information contained in the Interim Financial Reports, was brought to my attention, that might, in my opinion, alter the conclusion of the Board of Directors and Management in relation to the effectiveness of the Corporation's internal control over financial reporting and disclosure.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, under any law.

November 28, 2022

Arik Peretz

CFO