Harel Insurance Investments and Financial Services Ltd.

Interim Report as at

September 30, 2024

Contents

Board of Directors Report

Harel Insurance Investments and Financial Services Ltd.

Board of Directors Report

for the nine months ended September 30, 2024

The Board of Directors Report for the nine months ended September 30, 2024 ("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 2023 which was published on March 31, 2024 ("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:

A. 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").

B. 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").

C. 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; Harel Finance Alternative Ltd., a company that serves as a general partner and investor in the partnerships Harel Finance Alternative Hamagen (a limited partnership 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, and Harel Alternative Investment Funds Ltd., a company that is a general partner in limited partnerships that are private equity funds operating in joint investments with Harel Insurance.

D. In the credit segment - through the subsidiary Hamazpen Shutaphim Laderech Ltd. (with a 70% holding) (“Hamazpen”) that creates innovative financing solutions for quality entrepreneurs providing business management and credit to medium businesses, including the provision of mezzanine loans; through a subsidiary fully owned by Harel Insurance, Harel 60+ Ltd. (“Harel 60+”) that provides ordinary mortgage loans, as well as “reverse mortgage” loans to borrowers aged 60 or more in the form of a lien on their homes; within the framework of development property finance activity carried out by Harel Insurance; and the provision of financial guarantees and entrepreneurial and operating services for mortgage portfolios guaranteed by third parties through Harel Insurance and EMI.

   These operations were previously presented within the Company's different operating segments. From the annual financial statements for 2023, the Group presents credit sector activity in a new operating segment - the credit segment.

   For information about a transaction to acquire all the shares of Gamla Harel Residential Real Estate (a publicly traded company that provides finance for developers in the residential real estate sector) in a reverse triangular merger, see Note 9 to the Financial Statements.

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 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”), holding 49.1% 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 Swords of Iron War ("the War")

Further to the description in Section 2.2 of the Board of Directors Report in the Company's Periodic Report at December 31, 2023, concerning the repercussions of the War on Israel's economic activity in general and specifically on the Group's business activity and results, the following details the effect of the War on the extent of the exposure to the Group's insurance risks, in the Reporting Period and in Q3 2024.

Life insurance and long-term savings: Most of the exposure as a result of the War is attributable to insurance for risk of death (simple life insurance), to the extent that claims develop in this sector. The increase in the cost of claims in the Reporting Period and Q3 2024 is estimated at NIS 42 million before tax and NIS 3 million before tax, respectively (NIS 28 million after tax and NIS 2 million after tax, respectively). Likewise, there is no evidence of material change in the volume of withdrawals and redemptions as a result of the War.

Health insurance, including long-term care: The volume of exposure resulting from the War in the Reporting Period is insignificant and is estimated at approximately NIS 4 million before tax (NIS 3 million after tax).

Non-life insurance: Property losses arising from war events are generally not covered by property policies. Harel Insurance therefore believes that the scope of the exposure resulting from the War at this stage is insignificant.

Additionally, at the time of publication of the Financial Statements the War has had no material effect on the continuing growth of the Group's AUM.

It is emphasized that the Group's assessments concerning the possible ramifications of the War on its activity are uncertain and are beyond the Group's control. These assessments are based on the best knowledge of the Group's management at this stage. All or part of these estimates might not materialize or may materialize differently and even significantly differently, than expected.

At this stage it is impossible to predict the duration and scope of the War. Consequently, this is an evolving situation and at this stage it is impossible to estimate the full extent of the impact of the War on the Group and its results.

2.1.2 Termination of the term of office of the Company's CEO and appointment of a new CEO

Mr. Michel Siboni, who served as CEO of the Company and Chairman of the Board of Directors of Harel Insurance, stepped down from his position, as noted, on January 31, 2024, after more than 30 years with Harel Group. Mr. Siboni continues to serve as a director in Harel Insurance and Chairman of the Board of Hamazpen, and he was also appointed as a director in the Company commencing February 5, 2024. Further to Mr. Siboni stepping down from his position, Mr. Nir Cohen, who is currently the CEO of Harel Insurance, was also appointed as CEO of Harel Investments effective from February 1, 2024.

2.1.3 Plan to repurchase shares

On January 30, 2024, the Company's Board of Directors approved a plan to repurchase shares of the Company in the amount of up to NIS 100 million. For additional information, see an Immediate Report of the Company dated January 30, 2024 (Ref. 2024-01-011496). At the date of publication of the report, the Company has completed all the share repurchases in line with the aforesaid plan.

2.1.4 Cancellation of the agreement for the acquisition of Isracard

For information about the Company entering into agreement to acquire Isracard and also on the developments that occurred in this agreement until its cancellation due to the inability to fulfill one of the suspensive conditions, see Note 9 to the Financial Statements.

2.1.5 Special General Meeting

On February 5, 2024, a special general meeting of the Company took place with the following topics on the agenda: appointment of Mr. Michel Siboni as a director in the Company; approval of the conditions for termination of the employment of the outgoing CEO, Mr. Michel Siboni; approval of the employment conditions of the incoming CEO, Mr. Nir Cohen. The meeting approved all the items listed on the agenda.

In August 2024, the Compensation Committee and Board of Directors approved the employment conditions of the incoming CEO, Mr. Nir Cohen, such that the arrangement according to which Mr. Nir Cohen undertook not to serve as CEO of another insurance company in the two-year period from the termination of his employment in Harel Insurance in return for a bonus of NIS 5,000,000 will be subject to the approval of the Company's relevant organs at the time of termination of his employment as CEO.

2.1.6 Affirmation of a Midroog rating for Harel Insurance

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

2.1.7 Affirmation of a Midroog rating for Harel Investments

On the affirmation of a rating for Harel Investments by Midroog, see Note 6 to the Financial Statements.

2.1.8 Dividend distributions

On dividend distributions to the Company's shareholders in the total amount of NIS 550 million, see Note 9 to the Financial Statements.

2.1.9 Employee stock options plan

On a stock options plan for employees, see Note 9 to the Financial Statements.

2.1.10 Annual and Special General Meeting

On May 30, 2024, 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 2023; (2) reappointment of the 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, Michel Siboni, Doron Cohen, the late Josef Ciechanover and Eli Defes); (4) appointment of Yochi Dvir as an external director in the Company. The meeting approved all the items listed on the agenda.

2.1.11 Full early redemption of (Series 7) bonds of the second tier subsidiary, Harel Finance & Issues

On the full early redemption of Series 7 bonds issued by Harel Finance & Issues, see Note 6 to the Financial Statements.

2.1.12 Issue of bonds (Series 20) by means of the second-tier subsidiary - Harel Finance & Issues

On an issue of bonds (Series 20) by means of the second-tier subsidiary - Harel Finance & Issues and a rating of Series 20 bonds by Maalot S&P, see Note 6 to the Financial Statements.

2.1.13 Engagement with Michman Finance Ltd. (“Michman”)

On an engagement with Michman, see Note 9 to the Financial Statements.

2.1.14 Transaction for the acquisition of all the shares of Gamla Harel Residential Real Estate Ltd. (“Gamla”)

On the entering into a transaction to acquire all the shares of Gamla, see Note 9 to the Financial Statements.

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

2.2.1 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.

2.2.2 Plan to repurchase shares

On November 27, 2024, together with the approval of the Financial Statements, the Company’s Board of Directors approved a plan to repurchase shares of the Company in the amount of up to NIS 100 million, to be implemented from time to time as will be determined by the Company’s management. For additional information see Note 8 to the Financial Statements.

2.3 Developments in the macroeconomic environment of the Group

The results of the Group’s operations are 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

In Q3 2024, global economic activity continued to expand. World trade was stable although the industrial sector remained sluggish. Initial indicators point to varying rates of growth among the major economies, with the US economy growing more rapidly than the economies of Europe and China.

Inflation worldwide continued to moderate and in many of the developed economies inflation trends indicate continuing convergence toward the central bank targets. Consequently, during the quarter there were further interest rate cuts the world over, while the US Federal Reserve lowered the interest rate for the first time by 0.5%.

2.3.2 Developments in the Israeli economy

According to initial indicators, the rate of growth in the third quarter was 3.8% at an annual rate, faster than in the previous quarter. The labor market remained tight, partly due to supply limitations, and the unemployment rate was just 2.7% at the end of the quarter.

S&P downgraded Israel's credit rating by one notch to A, principally due to the ongoing War and the expectation of a further deficit increase in forthcoming years. Moody's downgraded Israel's credit rating even more to Baa1.

2.3.3 Stock market

In Q3 2024 the MSCI World Index rose by 6%, led by a 6% increase in the American S&P index. The corresponding Emerging Markets Index rose by 9%, driven by China's stock markets. Israel's leading indices recorded a positive yield in the quarter, with the TA 125 Index up 8% and the TA 90 Index up 13%.

2.3.4 Bond market

In Q3 2024, the general bond index rose by 2.4% with a similar increase in the government and corporate bond indices.

2.3.5 Mutual funds

In Q3 2024, the mutual funds raised a net NIS 19 billion. The strongest performers were the money-market funds which raised NIS 16 billion and the funds specializing in foreign bonds which raised NIS 4 billion.

2.3.6 ETFs

In Q3 2024, the ETFs raised a net NIS 1.6 billion, led by NIS 2.4 billion raised by the funds specializing in foreign shares, that compensated for net redemptions in the ETFs specializing in shares and bonds in Israel.

2.3.7 Foreign exchange market

In Q3 2024, the shekel weakened 1% against the Bank of Israel's basket of currencies, with depreciation of 3% against the Euro, 2% against the Pound Sterling and 11% against the Japanese yen, while the shekel strengthened by 1% against the US dollar.

2.3.8 Inflation

According to the last known index published at the end of Q3 2024 (August index), the CPI increased by an aggregate of 1.6% in the third quarter and by 3.6% in the last 12 months (to August).

2.3.9 Bank of Israel interest

Since the Bank of Israel reduced the interest rate the beginning of 2024, the interest rate has remained unchanged at 4.5%.

2.3.10 Events after the date of the report

At the beginning of Q4 2024, the Bank of Israel left the interest rate unchanged at 4.5%. According to its updated forecasts, the Bank expects growth of just 0.5% this year and 3.8% in 2025. Inflation in September (published in mid-October) dropped slightly to 3.5%.

2.4 Expected material effects of IFRS 17 and IFRS 9 ("the New Standards") at the date of transition on capital and on the Contractual Service Margin (CSM) and Risk Adjustment balance for non-financial risk

As part of the preparation by Harel Insurance to implement the New Standards in 2025 (for additional information about implementation of the New Standards, see Note 3 to the Financial Statements), and in accordance with data that have not been reviewed and audited by the External Auditors, that were formulated by Harel Insurance, at the date of publication of the report, regarding all aspects of the insurance assets and liabilities to be accounted for under IFRS 17 and the effects of the initial application of IFRS 9 with respect to financial instruments; at this stage, and on a preliminary basis, Harel Insurance believes that the material effects on the opening balances of the financial statements at January 1, 2024 (the transition date determined by the Capital Market Authority), with respect to the equity and CSM and RA balance for non-financial risk, will be as follows:

The total equity of Harel Insurance and the Company at the date of the transition is expected to increase by NIS 300 million to NIS 4.3 billion and NIS 9.2 billion, respectively.

Furthermore, Harel Insurance is expected to recognize a CSM balance (net of reinsurance) in the amount of NIS 16 billion before tax (NIS 10.4 billion after tax) and a RA balance for non-financial risk (net of reinsurance) in the amount of NIS 3 billion before tax (NIS 2 billion after tax).

Notably, Harel Insurance has not yet completed all the controls and reviews relating to this data, and some changes may be made in the aforesaid data prior to the actual date of application.

The said information is included in the data sent to the Capital Market Authority, in accordance with the Roadmap published by the Authority for the adoption of IFRS 17 and in the quantitative impact studies (QIS) designed to help Harel Insurance and the Capital Market Authority to evaluate the extent to which Harel Insurance and the Authority are prepared for application of the new standards, while providing assistance in the decision making process. Consequently, adjustments may be made to the data, in part based on the Authority's instructions or as a result of further deployment by Harel Insurance for application of the Standard, including as an outcome of discussions with the external auditors.

Application of the Standard may also be subject to changes or adjustments following clarifications or updates in the international financial reporting standards, changes in current practice abroad and the practice being formulated in Israel, regulatory changes, tax changes or changes and adjustments in various estimates prepared by Harel Insurance based on professional discretion. The above data should therefore not be treated as binding data or results. The information contained above is therefore forward-looking information, according its definition in the Securities Law, 1968.

It is stipulated that the above data neither address nor affirm the full impact of the new standards, including to the extent there are any, on the relevant tax regime and on the Solvency II based economic solvency ratio of Harel Insurance (with and without transitional provisions).

These matters have yet to be fully arranged, they are beyond the full control of Harel Insurance and are under review at the date of publication of the report.

2.5 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:

2.5.1 General

2.5.1.1 Provisions of law

2.5.1.1.1 On September 23, 2024, the Knesset Constitution, Law and Justice Committee approved the Draft Adjudication of Interest and Linkage (Deferment of the Onset of the Adjudication of Interest and Linkage Law, (Amendment no. 9 - 2023) Order, 2024. Accordingly, the entering into force of the provisions of the Amendment to the Adjudication of Interest and Linkage Law, were postponed by three months (from October 1, 2024 to January 1, 2025) to allow for completion of the operational deployment for the reform.

2.5.1.1.2 On September 19, 2024, Supervision of Financial Services (Provident Funds) (Investment Rules applicable to Financial Institutions) Regulations, 2024, were published. Accordingly, clauses addressing categories of an insurer's liabilities and limitations on an insurer's investments, as well as provisions relating to different categories of liabilities, were removed, and limitations applicable to the investments of management companies in various related parties, or performing transactions with them, were revised. It was also determined that management companies may not invest or perform transactions with any person that controls them or with a person who holds more than 20% of a certain category of means of control in the management company.

2.5.1.1.3 On August 14, 2024, an amendment to the Protection of Privacy Law (Amendment no. 13), 2024, was published, amending the Protection of Privacy Law, 1981. Among other things, the amendment broadened the definition of "Personal Data" to include any information that enables a person to be identified with reasonable effort, directly or indirectly, and it also broadened the definition of "sensitive data" to include information about political leanings, ethnic origin, sexual orientation, biometric information, etc. Furthermore, the obligation to register databases was modified. The Amendment prescribes powers that significantly enhance the ability of the Protection of Privacy Authority to oversee, enforce and punish, including the ability to impose compensation without the need to prove loss, it establishes powers to uphold administrative enforcement activity and conduct criminal investigations, and also to impose financial sanctions in respect of various breaches.

2.5.1.1.4 On July 22, 2024, a draft Class Action Bill (Amendment 16), 2024, was published, which prescribes the following: A list of considerations was set out that the court will be required to consider when certifying a class action against an insurer or management company, the grounds of which are breach of a long-term contract, the addition of grounds for a claim under the Protection of Privacy Law, in which a motion to certify a class action may be filed; update of the method of filing motions to certify a class action so that they will be filed without specifying the total amount of the claim.

The draft bill also includes a number of individual arrangements the purpose of which is to address the problem of vexatious legal proceedings, including: establishing a list of cases to be covered by an obligation to submit a preliminary request as a precondition for filing a class action motion; limiting the number of motions to certify class actions that a plaintiff may file in a calendar year; not to allow motions to grant aid for compensation in a motion to certify a class action under the Spam Law; invalidating a reward and lawyer's fees for class applicants or plaintiffs where the motion for certification of the class action ends in a compromise settlement without compensation; allowing the possibility of imposing costs on a class applicant or plaintiff in cases where the court believes that the proceeding was not conducted in good faith.

2.5.1.2 Draft provisions and position papers on the adoption of International Financial Reporting Standard (IFRS) 17 in Israel ("the Standard" or "IFRS 17")

2.5.1.2.1 On August 12, 2024, a draft was published on professional issues pertaining to the application of IFRS 17 in Israel - Tenth Draft ("the Draft"). The draft, as well as the two previous versions published in April and June 2024 addresses key issues that form part of the core of the Standard, such as measurement on the transition date and the method of applying the fair value approach on the transition date, and it includes significant changes and instructions in relation to the previous drafts published by the Commissioner.

2.5.1.2.2 On August 12, 2024, a paper was published concerning a Roadmap for the Adoption of International Financial Reporting Standard 17 (IFRS 17) - fourth update - Insurance Contracts, among other things updating the timetables and guidelines for submitting a QIS 2 (Quantitative Impact Studies) report in accordance with the Standard to the Capital Market, Insurance and Savings Authority.

2.5.1.3 Swords of Iron War

In the Reporting Period and up to the date of the report, a number of regulatory provisions were published with the purpose of adjusting the work of the financial institutions to the security situation due to the Swords of Iron War and the special situation on the home front. These include:

2.5.1.3.1 On July 25, 2024, a law amending the Income Tax Ordinance, 2024 ("the Amendment") was published, with the purpose of assisting self-employed reserve soldiers and their spouses in view of the security situation. Among other things, the Amendment stipulates that for tax benefit purposes, self-employed persons on active reserve duty for any period, from October 7, 2023 until the end of the 2023 tax year, will be entitled to ask financial institutions to treat money deposited in a study fund or provident fund during the course of 2024 as money that was deposited in 2023. Such action may also be taken for the spouse of a self-employed person serving in the reserves.

2.5.1.3.2 On February 7, 2024, draft Supervision of Financial Services (Provident Funds) (Insurance cover in provident Funds) (Temporary Order - Swords of Iron War) Regulations, 2024, were published. The draft regulations prescribe as a temporary order an arrangement aimed at meeting the needs of a large number of employees who were placed on unpaid leave or their employment was terminated, and as a result deposits on their behalf for insurance cover were discontinued. Among other things, the draft regulations propose that management companies will continue to deduct the cost of the insurance cover for 12 months from the month in which the deposit period ended, unless the member has issued other instructions.

2.5.1.3.3 On January 25, 2024, the Prescription Law (Amendment no. 8 - Swords of Iron), 2024, was published, prescribing as a temporary order arrangements aimed at providing a response to the difficulties facing civilians in dealing with claims, in light of the emergency situation. The amendment stipulates that the prescription period for grounds of a claim will be "suspended" for six months, from October 7, 2023 through April 6, 2024 (in this section: "the Effective Period"), and this period will not be taken into account for calculating the Prescription Period. For real-estate (land) claims, it was determined that this arrangement will only apply if the claim was supposed to be prescribed during the Effective Period, due to the relatively long prescription periods in these claims. For claims that had already reached their limit during the Effective Period, an automatic "reinstatement" arrangement was determined, in which the Effective Period will not be counted as part of the Prescription Period, unless the court determines that the arrangement does not apply for special reasons to be listed.

2.5.2 Life insurance and long-term savings

2.5.2.1 Circulars

2.5.2.1.1 On October 14, 2024, Draft Supervision of Financial Services (Provident Funds) (Allocation of the yield in a new comprehensive pension fund) (Amendment) Regulations, 2024 were published together with Draft Supervision of Financial Services (Provident Funds) (Transfer of plan members in default tracks to an age-adjusted track), 2024. The drafts propose changing the method for allocation of the guaranteed yield in the new comprehensive pension funds so that from January 2026 the guaranteed yield will be allocated as follows: (1) 60% of the guaranteed yield will be allocated to annuity recipients; (2) 30% of the guaranteed yield will be allocated to members aged 50 or more in age dependent tracks and in the general track; (3) the balance of the guaranteed yield will be allocated to members aged 50 or less on the age-dependent track and the general track and to the other members (unrelated to their age) in the specialist tracks. It is also proposed that members should not be allowed to choose an age-dependent investment track that does not correspond with their age. It is further proposed that in such cases where the plan member's money is not managed in a track that corresponds with his age, the management company will initiate transfer of the money to an investment track corresponding with the member's age, and this subject to informing the member of the expected transfer and offering the member an option to choose an alternative track.

2.5.2.1.2 Pursuant to the publication of the Supervision of Financial Services (Provident Funds) (Investment Rules applicable to Financial Institutions) Regulations, 2024, on September 22, 2024, an insurance circular was published on an "Amendment to the Provisions of the Consolidated Circular on the Management of Investment Assets - Rules for the investment of insurance company assets" amalgamating the draft insurance circular "Rules for the investment of insurance company assets held to cover non-yield-dependent liabilities" and "Appendix 5.2.4.1.14 - Management investment assets for insurers applying IFRS 17". The circular updates the definitions of the categories of insurance, among other things making a distinction between "Long-term insurance" and "Short-term insurance" and updating the coverages included in each category, and also abolishing the provisions relating to an "unrecognized asset" and "equity regulations". It was also determined that insurance companies must hold assets to cover their liabilities in a manner that does not significantly deviate from the value of the liability and the maximum rates of investment that insurance companies may invest in corporations, in other insurance companies and in related measures were also revised.

Additionally, it was determined that the provisions concerning the management of investment assets for insurers applying IFRS 17, will enter into force from the date of application of the Standard, i.e. from January 1, 2025.

2.5.2.1.3 On July 24, 2024, a circular was published updating the set of demographic assumptions in life insurance and pension funds, in which context the default assumptions applied in calculating the liabilities and conversion factors in life insurance policies and pension funds were updated. According to the circular, the ever increasing life expectancy is expected to affect both the funds and policies: in the pension funds, liabilities towards pensioners and survivors are expected to increase, the annuity conversion factors in old-age pension will rise, and the costs of cover for risk of death will be reduced. In life insurance, this trend is expected to enhance the insurance reserves in respect of old life insurance policies and result in an increase of the annuity conversion factor in life insurance policies that do not incorporate a guaranteed conversion factor.

2.5.2.1.4 On April 17, 2024, an amendment to the list of investment tracts was published, which amended the investment tracks that financial institutions may administer and adding bond investment tracks with limited exposure to shares - up to a ceiling of 25% of the track's assets. The list also eliminated the flexible specialist track and added an investment track for existing annuity recipients. Additionally the articles of association in the credit and bond track were updated, adding, among other things, a clarification that an investment in funds specializing in debt (bonds) will only be permitted for funds whose investment policy stipulates an exposure to debt of at least 75%. The list also revised the articles of association of index tracking tracks, such that, in part, the track's assets will track at least three dissimilar indices, and each of the indices will account for no less than 10% and no more than 50% of the track's assets, so as to create diverse exposure to the investment indices.

2.5.3 Non-life insurance

2.5.3.1 Circulars

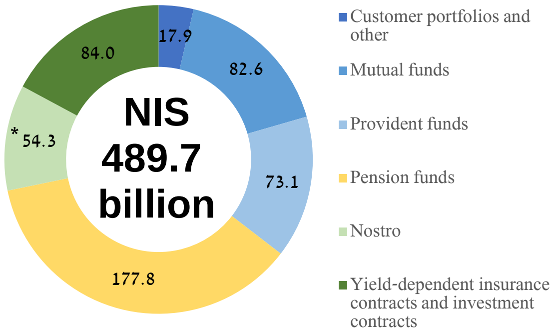
2.5.3.1.1 On November 7, 2024, insurance circular "Amendment of the Provisions of the Consolidated Circular in the Compulsory Motor Insurance Sector" was published. The circular updates the variables and conversion factors relating to determination of the net premiums in residual insurance, to ensure that the net premiums in the Pool correspond with the insured risk, based on the recommendations published in the final report for assessment of the cost of the pure risk in the compulsory motor sector for 2022. Based on the recommendations, the net premiums for private and commercial vehicles weighing up to 3.5 tons owned by private individuals and companies and the net premiums in the Pool for motorbikes owned by individuals and companies, were revised.

2.5.3.1.2 On May 15, 2024, a circular was published with instructions for the motor property (CASCO) sector. The circular amends the provisions of the Consolidated Circular on this subject and prescribes new arrangements regarding the work of insurance companies vis-a-vis assessors (loss adjusters), agents and garages, the key points of which are: the number of garages with which the insurance companies enter into agreements will be gradually increased so that those garages that meet the criteria will be able to be included in the list of agreement garages; a random mechanism is to be established for choosing an assessor; refusing to work with a garage which has characteristics similar to another garage with which the company has an agreement or discrimination based on considerations such as scope of activity and physical size will be prohibited; provisions will be prescribed regarding entering into agreements with agreement garages, the insured's rights in choosing a garage and prohibiting undue influence on garages and assessors; an obligation will be added to market policies that allow insureds to choose any garage without any difference in the deductible; an obligation will be added to provide insureds with disclosure before drawing up the insurance contract about the implications arising from repairing a vehicle through an agreement garage or other garage.

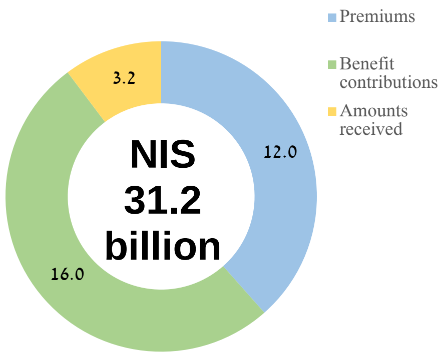
2.5.3.1.3 On the same date, an additional circular was published on submitting insurance plans in the motor property sector. Among other things, the draft circular proposes provisions pertaining to reducing loss in situations where the insured repaired his car in a non-arrangement garage, according to which insurance companies will determine rules and obtain approval from the Capital Market Authority for reducing the insurance benefits in case of a reduction of the loss, which will be updated in the text of the disclosure to the insured in the insurance plan. Insurance companies will also stipulate in the insurance plan that they may withhold a deductible from the insurance benefits as if the insured repaired his vehicle in an arrangement garage, if the insured: had informed the insurance company of the insured event prior to repairing the vehicle; took reasonable steps as instructed by the insurance company; the garage agreed to accept the terms of the insurance company's arrangement prior to repairing the vehicle. The circular also stipulates that insurance companies shall not include an option for compensation for constructive total loss in the insurance plan, other than in certain cases in which the insurance company has submitted an application to the Capital Market Authority to introduce the insurance plan and the Authority had not expressed any objection to them.

2.6 Condensed data from the consolidated financial statements of Harel Investments

The Group's AUM:



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



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 14.2 billion, NIS 8.3 billion and NIS 9.4 billion at September 30, 2024, September 30, 2023 and December 31, 2023, respectively.

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 the reserves for investment contracts amounted to NIS 3.2 billion, compared with NIS 2.2 billion in the corresponding period last year.

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

		For the nine months ended September 30			For the three months ended September 30		For the year ended December 31
	Notes	2024	2023	change in %	2024	2023	2023
Life insurance and long-term savings							
Life insurance	A	107	109	(2)	327	131	124
Pension	B	62	56	11	25	18	73
Provident	B	39	29	34	10	11	40
Total life insurance and long-term savings segment		**208**	**194**	7	**362**	**160**	**237**
Non-life insurance	C						
Compulsory motor		(55)	-	-	24	*30	(48)
Motor property		97	*(42)	-	29	*6	(2)
Property and other lines of business		117	94	24	38	36	154
Other liabilities lines of business		197	*131	50	79	*39	142
Mortgage insurance		22	23	(4)	9	7	33
Total non-life insurance segment		**378**	**206**	83	**179**	**118**	**279**
Health insurance	D	287	*56	-	192	*83	129
Insurance companies overseas	E	(30)	(12)	-	(14)	(7)	(5)
Credit segment	F	91	*76	20	32	*28	103
Financial services	G	72	58	24	26	21	80
Not attributed to segments of operation		(26)	*(16)	63	41	*(21)	(2)
Total before tax		**980**	**562**	74	**818**	**382**	**821**
Tax expenses		299	156	92	269	108	210
Other comprehensive income after tax		**681**	**406**	68	**549**	**274**	**611**
Attributed to:							
Shareholders of the Company		**672**	**397**	69	**547**	**271**	**600**
Non-controlling interests		**9**	**9**	-	**2**	**3**	**11**
Return on Equity in annual terms		10%	6%		25%	13%	7%

*Restated as a result of first-time presentation of the credit segment, see also Section 1.1 D above

The results of the Group's activity are considerably affected by changes in the capital markets that affect the Group's asset portfolios and as a consequence also affect the financial margin and management fees collected for the management of members' assets in profit-sharing policies, members of pension funds and provident funds. Additionally, the Group's results are also partly affected by changes in the interest rate, regulatory reforms and changes and by actuarial studies and updates.

Results in the Reporting Period and third quarter were affected by improved real proprietary (Nostro) yields in the capital market (positive yields in the Reporting Period and third quarter) compared with real Nostro yields in the corresponding period last year (zero yield in the corresponding period and corresponding quarter last year). For additional information, see Section 2.6.2 below.

Results in the Reporting Period and third quarter last year and in the corresponding period and corresponding quarter last year, were affected by the rising interest rate curve applied in calculating the insurance liabilities (increase of the risk-free interest curve and decrease of the illiquidity premium) and by changes in the difference between the fair value and book value of the non-marketable assets. Additionally, results in the Reporting Period were also affected by an update of the interest rate applied in calculating the reserves for annuities in payment which reduced the insurance liabilities (revised in Q2).

In the corresponding quarter last year, the interest rate applied in calculating the reserves for annuity and work disability in life insurance, and the reserves for claims in payment in the long-term care sector was revised, which led to a reduction of the said insurance liabilities.

For additional information about special effects on comprehensive income, see Section 2.6.2.

A. Life insurance - results in the Reporting Period and in the corresponding period last year were mainly affected by capital market yields as described above, and by the non-collection of variable management fees in accordance with the mechanism for the collection of fixed management fees in the legislative arrangement, as detailed below.

   Income from management fees in the Reporting Period and third quarter amounted to NIS 392 million and NIS 133 million, respectively, compared with NIS 378 million and NIS 128 million in the corresponding period and corresponding quarter last year, respectively.

   In the Reporting Period and corresponding period last year, due to a real aggregate negative yield on profit sharing policies that were sold between 1991-2003, Harel Insurance did not record variable management fees in the Reporting Period, but only fixed management fees. Pursuant to the mechanism for collecting management fees set out in the legislative arrangement, insurance companies will not collect variable management fees in respect of profit-sharing policies that were sold between 1991 and 2003, until sufficient investment profits are attained in respect of assets held to cover yield-dependent liabilities, to cover the accrued investment losses. At September 30, 2024, the non-collection of management fees due to the real aggregate negative yield until a cumulative positive yield is attained was estimated at NIS 101 million. Notably, immediately prior to the date of publication of the financial statements, the estimate for the non-collection of management fees is NIS 42 million.

   In the third quarter, the Company revised the actuarial assumptions to reflect the Company's experience regarding the possibility of taking an annuity in line with different annuity tracks. The foregoing led to a reduction of the supplementary reserve for annuity. For additional information, see Section 2.6.2 (C).

   Additionally, results in the Reporting Period were influenced by the implementation of a circular on "Amendment of the Provisions of the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life insurance and pension funds" ("the Circular"). The Circular includes an update of the default assumptions applied in calculating the liabilities and conversion factors in life insurance policies and pension funds. The effect of the foregoing led to a reduction of the insurance liabilities for annuities in payment and an increase of the insurance liabilities for the supplementary reserve for annuity (in the second quarter). For additional information, see Section 2.6.2 (B).

Results in the Reporting Period and third quarter were affected by an increase in the number of claims in the risk of death sector as a result of the Swords of Iron War. The effect of the War in the Reporting Period and third quarter amounted to NIS 42 million and NIS 3 million, respectively (personal lines and group). For additional information, see Section 2.1.1.

Additionally, results in the Reporting Period were affected by an increase in the number of claims in P.H.I. (work disability) cover and increase of the IBNR reserve in cover for risk of death due to the growth of activity and sums insured. This increase was offset by improved underwriting due to continuing growth of risk product activity.

B. Pension and provident - the results were affected by capital market yields as described above.

Additionally, results in the Reporting Period were mainly affected by an increase of the management fees resulting from the growth of the managed assets portfolio that was partially offset by an increase in marketing and other acquisition costs.

C. Non-life insurance

1. Compulsory motor and liabilities sectors - the results were affected by capital market yields and by changes in the interest rate curve applied in calculating the insurance liabilities, as described above.

   Compulsory motor sector - in the Reporting Period underwriting deteriorated compared with the corresponding period last year due to a negative development in respect of prior years, mainly for groups with which the agreements were terminated correct to February 2024. This effect was partially offset by the continuing decrease in the average cost of claim.

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

   Motor property (CASCO) - in the Reporting Period, underwriting improved compared with the corresponding period last year, mainly due to an increase in the average premium and a decrease in the average cost of claim.

   Property and other sectors - in the Reporting Period underwriting improved compared with the corresponding period last year, mainly due to the continuing growth of activity in the property loss sector.

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

1. Personal lines and group long-term care - results in the Reporting Period compared with the corresponding period last year were affected by a reduction of the insurance liabilities (decrease in the IBNR reserve) in light of reducing the interval between the occurrence of the insured event and date of filing the claim.

Additionally, results in group long-term care reflect termination of the agreement with Clalit HMO members based on the old system and application of the new outline in which the reserve fund bears the full insurance risk. In view of the foregoing, results in the Reporting Period reflect the Company's net operating income for the new outline. For additional information about the Commissioner's permit for an agreed outline regarding this policy for a 12-month period (from January 1, 2024, through December 31, 2024) see Section 2.8.6.

Results in the corresponding quarter last year were affected by the rising interest rate curve applied in calculating the insurance liabilities (increase of the risk-free interest rate curve and decrease of the illiquidity premium) that led to a reset of the LAT reserve in the amount of NIS 54 million before tax recorded in the second quarter last year, without the need to use the retained fair value of the non-marketable assets allocated to the personal lines long-term care sector. For additional information, see Section 2.6.2.

2. Health sector - in the Reporting Period, underwriting improved in the cover for transplants, ambulatory care and personal accidents due to a decrease in the number of claims and the claim amounts paid out. Furthermore, the effect of the War in the Reporting Period amounted to NIS 4 million. For additional information, see Section 2.1.1.

   Additionally, results in the Reporting Period were influenced by the implementation of a circular on Revised demographic assumptions in life insurance and pension funds that increased the insurance liabilities (in Q2). For additional information, see Section 2.6.2 (B).

   Results in the corresponding period last year were affected by improved underwriting improved in group policies as well as improved underwriting in the cover for medications as additional medications were included in the health services basket. This was offset by an increase in the number of claims in ambulatory cover.

E. Insurance companies overseas segment

   Turk Nippon - results in the Reporting Period were affected by underwriting deterioration that is mainly attributable to a significant increase in reinsurance tariffs in Turkey and an increase in IBNR claims. The underwriting deterioration was partially offset by an increase in investment income due to an increase in the interest rate paid on deposits in Turkey. Likewise, the results were significantly affected by the continuing rise of inflation n Turkey which reached an annual rate of 49.38% in the Reporting Period and by further erosion of the Turkish lira exchange rate. These macroeconomic factors significantly affected the results.

F. Credit segment - the increased profitability in the Reporting Period is partially attributable to the continued growth of activity in the managed credit portfolio.

G. Financial services segment - the results were affected by capital market yields as described above. Additionally, the results were affected by the amounts raised by the money market funds and improved profitability in this sector.

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

The Company treats special effects as profit or loss that is not part of the normal course of the Company's business, including actuarial changes resulting from studies and changes in the actuarial models, extraordinary effects resulting from the amortization of retained costs created in the course of business combinations and extraordinary expenses due to implementation of the multi-year strategic plan "Harel 2030" that focuses on three key layers of the Group's activity: (1) accuracy of the performance of the core operating segment components; (2) relationship with the customer - enhancing and strengthening the distribution engines in the operating segments; and (3) diversification of the Group's sources of income.

		For the nine months ended September 30			For the three months ended September 30		For the year ended December 31
	Notes	**2024**	**2023**	**Change**	**2024**	**2023**	**2023**
Comprehensive income for the period as published in the financial statements, before tax		980	562	418	818	382	821
Life insurance and long-term savings							
Update of the interest rate applied in calculating the reserves for annuity and work disability	A	128	176	(48)	-	176	176
Amendment to the provisions of a circular on revised demographic assumptions	B	(106)	-	(106)	-	-	-
Revised actuarial assumptions	C	305	-	305	305	-	-
Revised assumptions resulting from studies - critical illness		-	-	-	-	-	90
Health insurance				-			
LAT - personal lines long-term care		-	-	-	-	54	-
Update of the interest rate applied in calculating the reserve for claims in payment - personal lines and group long-term care		-	42	(42)	-	42	42
Revised assumptions resulting from studies - long-term care		-	-	-	-	-	(50)
Revised assumptions resulting from studies - personal lines health		-	-	-			(24)
Revised VAT rate in calculation of the reserves	D	(9)	-	(9)	-	-	-
Amendment to the provisions of a circular on revised demographic assumptions	B	(5)	-	(5)	-	-	-
Non-life insurance							
Effects of the interest rate	E	99	176	(77)	6	40	83
Extraordinary expenses due to the amortization of surplus costs created in the acquisition of operations and/or companies and implementation of the multiyear strategic plan "Harel 2030"		(57)	(77)	20	(20)	(13)	(98)
Total effects, before tax		355	317	38	291	299	219
Total comprehensive income before tax, after adjustment for special effects		625	245	380	527	83	602

A. Results in the Reporting Period were affected by a reduction of the insurance liabilities by NIS 128 million before tax due to the revised interest rate applied in calculating the reserve for annuities in payment (a NIS 63 million decrease of the liabilities for policies that include a savings component up to 1990, and a NIS 65 million decrease of the liabilities for policies that include a non yield-dependent savings component from 2004) (updated in Q2).

B. Results in the Reporting Period were influenced by the implementation of a circular on "Amendment of the Provisions of the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life insurance and pension funds" ("the Circular"). The Circular includes an update of the default assumptions applied in calculating the liabilities and conversion factors in life insurance policies and pension funds. Following application of the amendment to the provisions of the circular, the reserve for supplementary annuity in the life insurance and long-term savings segment increased by NIS 108 million before tax and the reserve for annuities in payment decreased by NIS 2 million before tax (decrease of NIS 16 million in the liabilities for policies that include a savings component up to 1990, increase of NIS 71 million in the liabilities for policies that include a savings component up to 2003, increase of NIS 11 million in the liabilities for policies that include a non-yield dependent savings component from 2004, and an increase of NIS 40 million in the liabilities for policies that include a yield dependent savings component from 2004). Additionally, following application of the circular, the insurance liabilities in the health segment increased by NIS 5 million before tax (updated in Q2).

C. Results in the Reporting Period and third quarter, were affected by a revision of the actuarial assumptions to reflect the Company's experience regarding the possibility of taking an annuity based on different annuity tracks. The aforementioned effect led to a reduction of the supplementary reserve for annuity in the amount of NIS 305 million before tax (decrease of NIS 124 million in the liabilities for policies that include a savings component until 1990, and a decrease of NIS 181 million in the liabilities for policies that include a savings component until 2003).

D. Results in the Reporting Period were affected by the Value Added Tax Order (Tax Rate Applicable to Non-profit Organizations and Financial Institutions) (Amendment), 2024 ("the Order") which was approved by the Knesset in March 2024 and published in Reshumot on April 14, 2024. The Order stipulates that from January 1, 2025, the rate for payroll tax and profit tax payable by financial institutions on activity in Israel will be 18%, instead of the present rate of 17%. The effect of the foregoing led to an increase in insurance liabilities of NIS 9 million before tax (revised in Q1).

E. Non-life, compulsory motor and liabilities segment - results in the Reporting Period and corresponding period last year were affected by changes in the risk-free interest curve applied in calculating the insurance liabilities and changes in the difference between the fair value and book value of the non-marketable assets.

Details of the effect by segmentation according to sector:

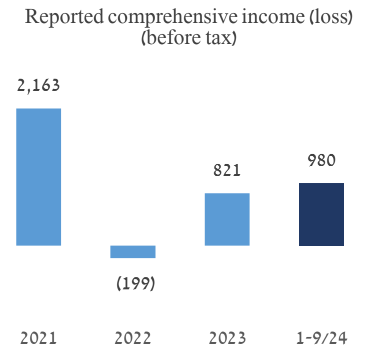
	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	**2023**	**2024**	**2023**	**2023**
Changes in the interest rate curve and the difference between the fair value and book value of the non-marketable assets, including actuarial updates:					
Compulsory motor	28	59	4	26	13
Motor property	(1)	15	-	2	(1)
Labilities	72	102	2	12	71
Total effects on profit (loss), before tax	**99**	**176**	**6**	**40**	**83**

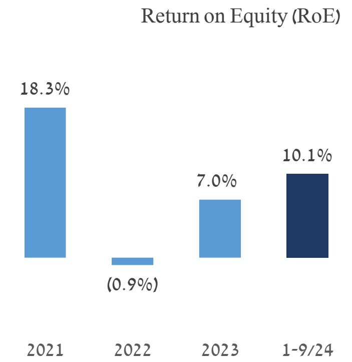
2.7 Implementation of the strategic plan

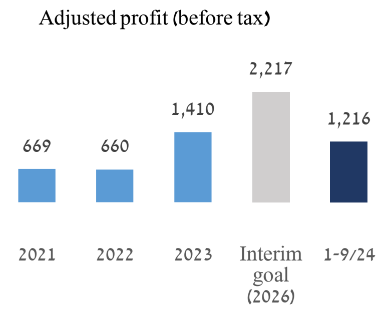
2.7.1 Further to the description in Section 2.10 in the Board of Directors Report in the Company's Periodic Report at December 31, 2023, on April 2, 2024 the Company presented the main points of its Harel 2030 strategic plan and the Group's goals for 2026. The Harel 2030 strategy focuses on three key layers in the Group's activity: (1) accuracy of the performance of the core operating segments; (2) relationship with the customer - enhancing and strengthening the distribution engines in the operating segments; and (3) diversification of the Group's sources of income.

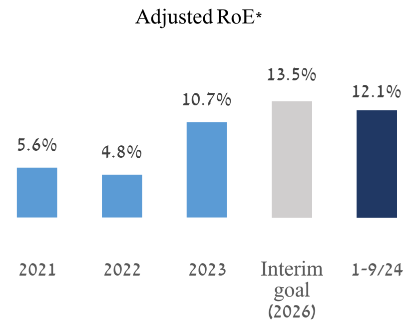
Measurement of the progress made in implementation of the strategic plan is based on the following principles: (a) an assumed real Nostro yield of 3%; and (b) special effects that are not part of the Company's normal course of business were not included, including interest effects, actuarial changes resulting from studies and changes in the actuarial models, extraordinary effects resulting from the amortization of surplus costs created in the process of business combinations and extraordinary expenses due to implementation of the strategic plan ("Special Effects").

The following diagrams present the strategic plan targets and data on comprehensive income (loss) (in NIS million) and the return on the Company's equity as reported in the financial statements, as well as data on comprehensive income (in NIS million) and the return on equity, all as calculated in line with the principles of the strategic plan ("adjusted profit" and "adjusted RoE", respectively):









* Adjusted RoE is calculated on the basis of adjusted profit for the period (assuming a real Nostro yield of 3% and excluding special effects), and divided by the average adjusted equity for the period

2.7.2 To measure progress in implementation of the strategic plan, the adjusted profit data presented in this chapter are in accordance with the principles of the strategic plan, as set out below:

- <u>Profit from insurance business</u>:

  Including profit from the life, health and non-life segments (including insurance companies overseas) and presented in accordance with the principles detailed above, i.e. - an assumed real yield of 3% and excluding special effects ("underwriting profit").

  Profit in the life insurance segment includes a financial margin in yield-guaranteed policies which includes an assumed real yield of 3% on the free portion of the portfolio, and income from variable management fees in the profit-sharing portfolio between 1992 and 2003, based on the aforesaid assumed real yield. Furthermore, profit includes fixed management fees as recorded in the reported period. Profit in the life insurance segment does not include the results of investment contract activity which is presented within asset management activity.

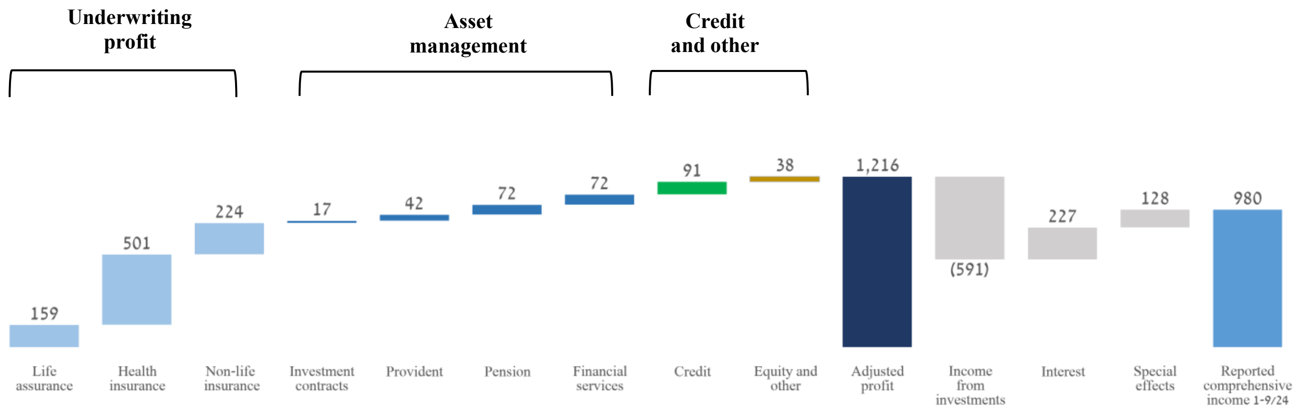
- <u>Additional sources of income</u>:
  - <u>Asset management</u> - the profit is in based on actual reported results for provident and pension activity, financial services and investment contracts, excluding special effects (extraordinary expenses that are not part of the normal course of business

and after subtracting retained costs created in the course of business combinations);

- <u>Credit</u> - profit is based on actual reported results for activity included within the credit segment (for additional information, see Section 1.1);
- <u>Equity and other</u> - profit includes income from capital activity investments based on an assumed real yield of 3%, as well as the results of the activity of the Group's insurance agencies, as actually recorded in the reporting period. This profit does not include special effects (amortization of surplus costs created in the process of business combinations, and extraordinary expenses resulting from implementation of the strategic plan);

- <u>General comments</u>:
  - <u>Income from investments</u> - the difference between the assumed real yield as described above and the yield actually attained. Income from investments also includes adjustment of the variable management fees as they were calculated on the basis of the assumed real yield, against the variable management fees actually collected in the Reporting Period (in the Reporting Period and in 2023 and 2022 variable management fees were not collected. In 2021, variable management fees were collected over and above the variable management fees calculated according to the aforesaid assumed real yield);
  - <u>Interest</u> - for information about the effects of the interest rate, see Section 2.6.2.
  - <u>Special effects (other than interest effects)</u> - for information about the effects of the interest rate, see Section 2.6.2.
  - The data presented below are before tax.

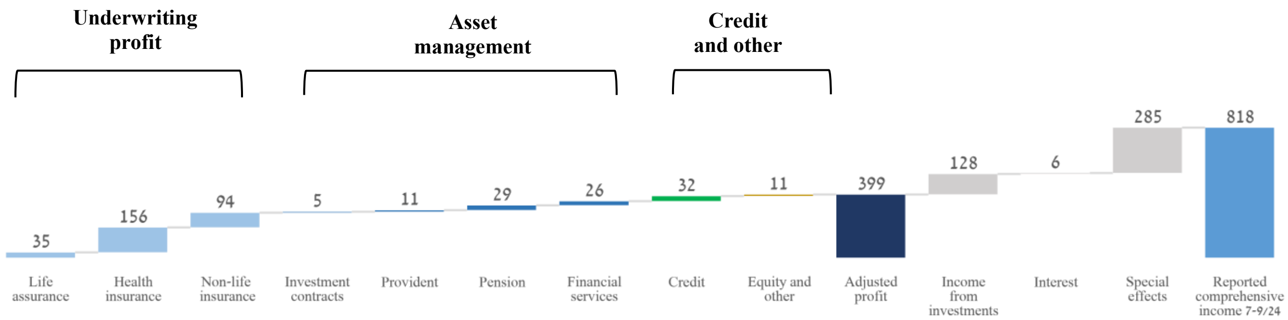
2.7.3 Information about the Company's adjusted sources of income in the Reporting Period and in the corresponding periods in 2023 and 2022, and correlation between it and the Company's reported comprehensive income:



1-9/24	159	501	224	17	42	72	72	91	38	1,216	(591)	227	128	980
1-9/23	315	219	148	16	32	68	58	76	89	1,021	(776)	394	(77)	562
Change	(156)	282	76	1	10	4	14	15	(51)	195	185	(167)	205	418

1-9/22	3	52	(4)	20	37	57	48	44	139	396	(2,351)	1,439	(85)	(601)
Change	312	167	152	(4)	(5)	11	10	32	(50)	625	1,575	(1,045)	8	1,163

Information about the Company's adjusted sources of income in the third quarter and in the corresponding quarters in 2023 and 2022, and correlation between it and the Company's reported comprehensive income:

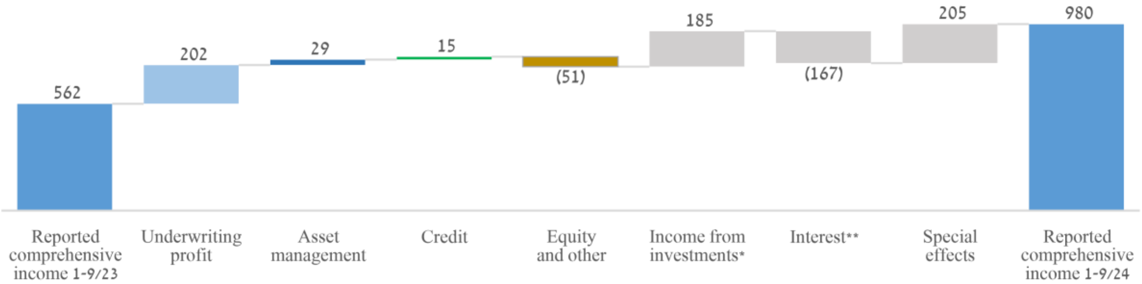


7-9/24	35	156	94	5	11	29	26	32	11	399	128	6	285	818
7-9/23	93	86	91	5	12	22	21	28	(11)	347	(264)	312	(13)	382
Change	(58)	70	3	0	(1)	7	5	4	22	52	392	(306)	298	436

7-9/22	(11)	(6)	14	7	14	18	18	20	36	110	(764)	123	147	(384)
Change	104	92	77	(2)	(2)	4	3	8	(47)	237	500	189	(160)	766

2.7.4 Following is an analysis of the change in the Company's reported comprehensive income in the Reporting Period compared with the corresponding period last year:

	1-9/24	1-9/23	Difference
Life insurance	159	315	(156)
Health insurance	501	219	282
Non-life insurance	224	148	76
Underwriting profit	**884**	**682**	**202**

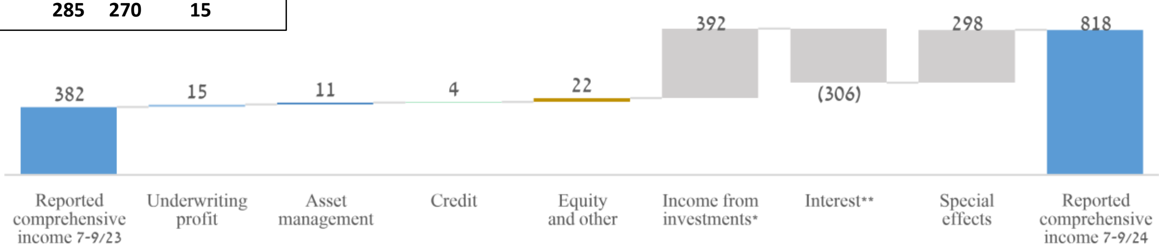


(*) In the Reporting Period, a real positive proprietary (Nostro) yield was recorded in the capital market, compared with a real zero Nostro yield in the corresponding period last year.

(**) The effects of interest in the Reporting Period are low compared with the interest effects in the corresponding period last year

Following is an analysis of the change in the Company's reported comprehensive income in the third quarter, compared with the corresponding period last year:

	7-9/24	7-9/23	Difference
Life insurance	35	93	(58)
Health insurance	156	86	70
Non-life insurance	94	91	3
Underwriting profit	**285**	**270**	**15**

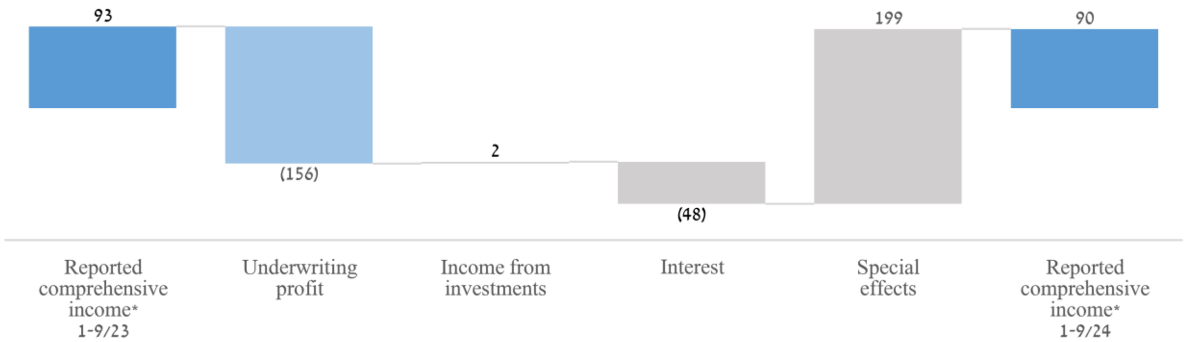


(*) In the third quarter, a real positive proprietary (Nostro) yield was recorded in the capital market, compared with a zero Nostro yield in the corresponding quarter last year.

(**) The effect of the interest rate in the third quarter was less than in the corresponding quarter last year

2.7.5 Life insurance:

2.6.5.1 Following is an analysis of the change in the Company's reported comprehensive income in the Reporting Period compared with the corresponding period last year, in life insurance:



1-9/24	159	(396)	128	199	90
1-9/23	315	(398)	176	0	93
Change	(156)	2	(48)	199	(3)

1-9/22	3	(709)	227	(302)	(781)
Change	312	311	(51)	302	874

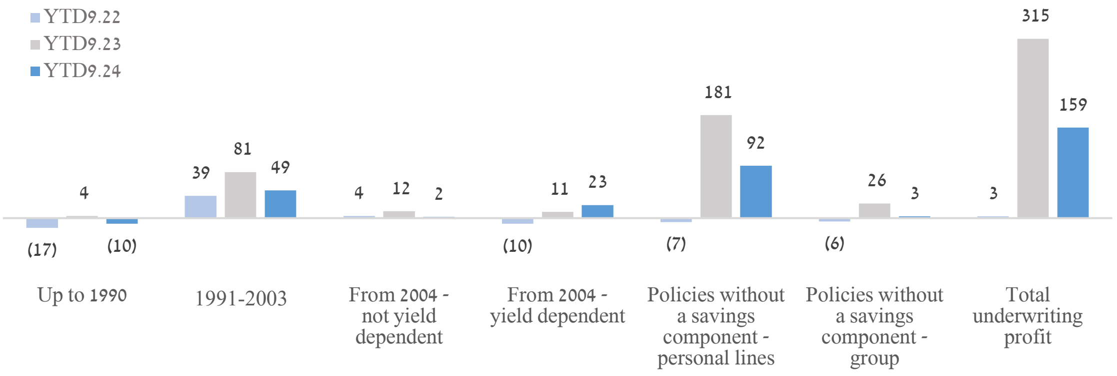
(*) Not including profitability from investment contract activity

Results in the Reporting Period and third quarter, were affected by a revision of the actuarial assumptions to reflect the Company's experience regarding the possibility of taking an annuity in line with different annuity tracks. The aforementioned effect led to a reduction of supplementary reserve for annuity in the amount of NIS 305 million before tax (decrease of NIS 124 million in the liabilities for policies that include a savings component until 1990, and a decrease of NIS 181 million in the liabilities for policies that include a savings component until 2003). For additional information, see Section 2.6.2 (C).

Additionally, results in the Reporting Period were influenced by the implementation of a circular on "Amendment of the Provisions of the Consolidated Circular on the Measurement of Liability - Revised demographic assumptions in life insurance and pension funds" ("the Circular"). The Circular includes an update of the default assumptions applied in calculating the liabilities and conversion factors in life insurance policies and pension funds. The effect of the foregoing led to an increase in insurance liabilities of NIS 106 million before tax (increase of the supplementary reserve for annuity of NIS 108 million and reduction of the reserve for annuities in payment in the amount of NIS 2 million) (updated in Q2). For additional information, see Section 2.6.2(B).

Furthermore, in the Reporting Period, the interest rate applied in calculating the reserves for annuities in payment was revised. The overall effect of the foregoing led to a reduction of the insurance liabilities by NIS 128 million before tax (updated in Q2). For additional information, see Section 2.6.2 (A).

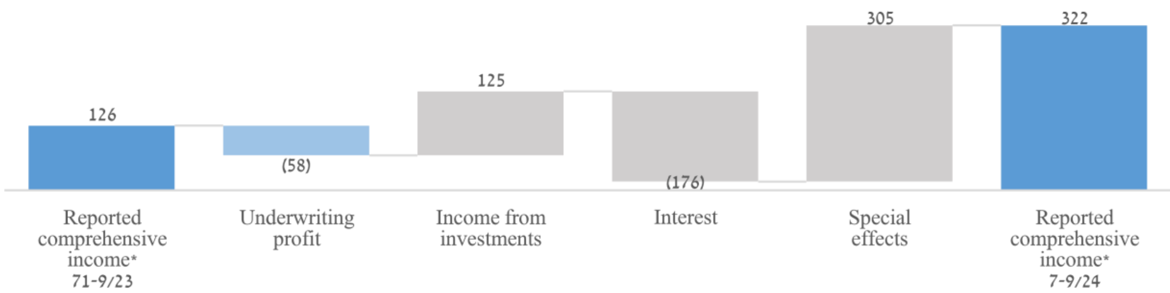
Breakdown of underwriting profit in life insurance in the Reporting Period and in the corresponding periods in 2023 and 2022, by sector:



Results in the Reporting Period and third quarter were affected by an increase in the cost of claims in the risk of death sector as a result of the Swords of Iron War. The effect of the War in the Reporting Period and third quarter amounted to NIS 42 million and NIS 3 million, respectively (personal lines and group). For additional information, see Section 2.1.1.

Additionally, results in the Reporting Period were affected by an increase in the number of claims in P.H.I. (work disability) cover and increase of the IBNR reserve in cover for risk of death due to growth of activity and sums insured. This increase was offset by improved underwriting due to continuing growth of risk product activity. For additional information, see Section 2.6.2.

2.6.5.2 Following is an analysis of the change in the Company's reported comprehensive income in the third quarter, compared with the corresponding period last year, in life insurance:

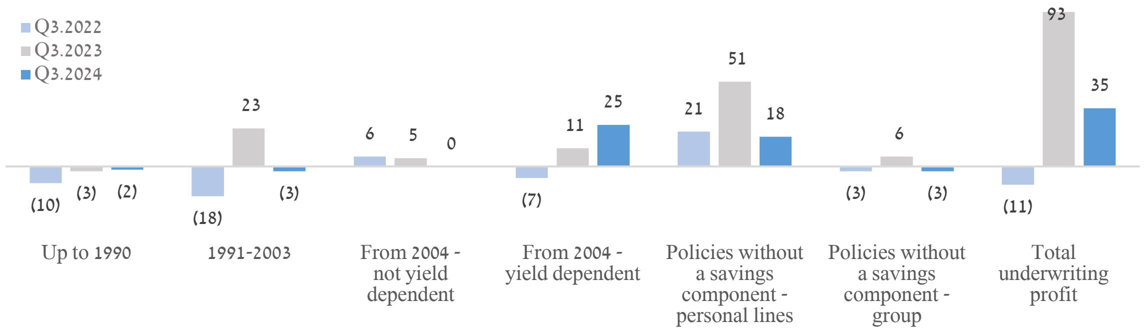


7-9/24	35	(18)	0	305	322
7-9/23	93	(143)	176	0	126
Change	(58)	125	(176)	305	196

7-9/22	(11)	(237)	0	(23)	(271)
Change	104	94	176	23	397

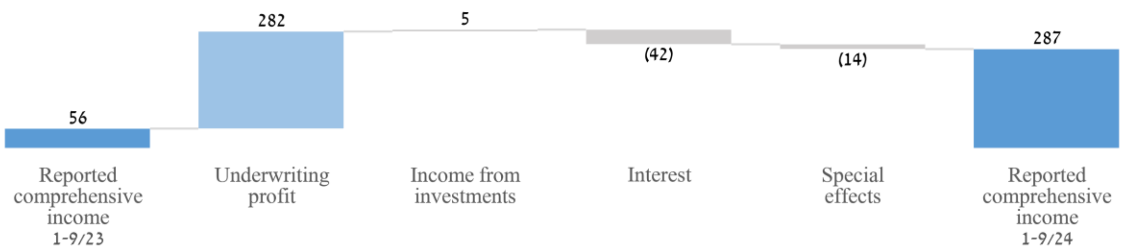
(*) Not including profitability from investment contract activity

Breakdown of underwriting profit in life insurance in the third quarter and in the corresponding quarters in 2023 and 2022, by sector:



2.7.6 Health insurance:

2.7.6.1 Following is an analysis of the change in the Company's reported comprehensive income in the Reporting Period compared with the corresponding period last year, in health insurance:



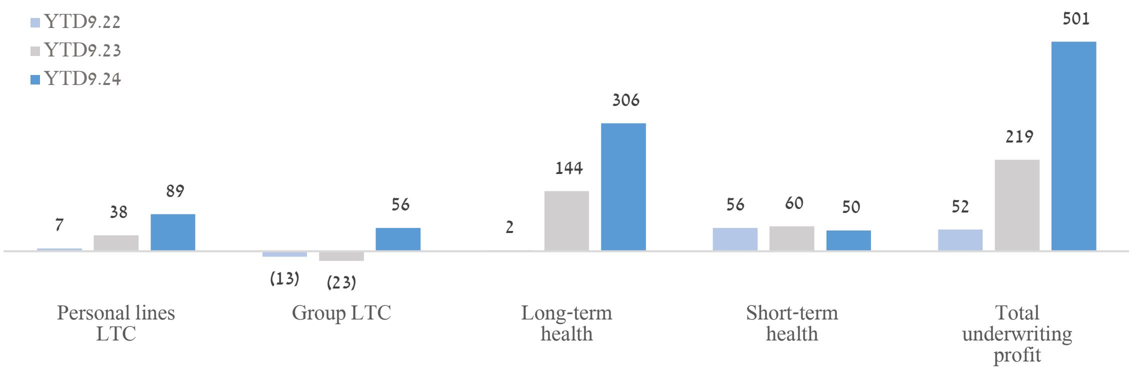
1-9/24	501	(200)	0	(14)	287
1-9/23	219	(205)	42	0	56
Change	282	5	(42)	(14)	231

1-9/22	52	(637)	779	166	360
Change	167	432	(737)	(166)	(304)

Results in the corresponding period and corresponding quarter last year were affected by a reduction of the insurance liabilities by NIS 42 million before tax due to the revised interest rate applied in calculating reserves for claims in payment in the personal lines and group long-term care sector. For additional information, see Section 2.6.2.

Additionally, results in the Reporting Period were influenced by the implementation of a circular on Revised demographic assumptions in life insurance and pension funds that increased the insurance liabilities by NIS 5 million before tax (updated in Q2). For additional information, see Section 2.6.2.

Breakdown of underwriting profit in health insurance in the Reporting Period and in the corresponding periods in 2023 and 2022, by sector:



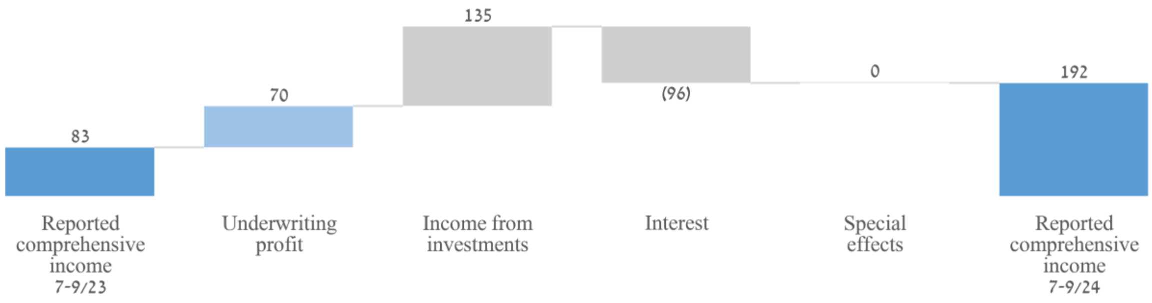
Personal lines and group long-term care - results in the Reporting Period compared with the corresponding period last year were affected by a reduction of the insurance liabilities (decrease in the IBNR reserve) in light of reducing the interval between the occurrence of the insured event and date of filing the claim.

Additionally, results in group long-term care reflect termination of the agreement with Clalit HMO members based on the old system and application of the new outline in which the reserve fund bears the full insurance risk. In view of the foregoing, results in the Reporting Period reflect the Company's net operating income for the new outline. For additional information about the Commissioner's permit for an agreed outline regarding this policy for a 12-month period (from January 1, 2024, through December 31, 2024), see Section 2.8.6.

Long-term health - in the Reporting Period, underwriting improved in the cover for transplants, ambulatory care and personal accidents due to a decrease in the number of claims and the claim amounts paid out. Results in the Reporting Period were affected by an increase in the number of claims in cover for accidents as a result of the Swords of Iron War. The effect of the War in the Reporting Period amounted to NIS 4 million. For additional information, see Section 2.1.1.

Results in the corresponding period last year were affected by improved underwriting improved in group policies as well as improved underwriting in the cover for medications as additional medications were included in the health services basket. This was offset by an increase in the number of claims in ambulatory cover.

2.7.6.2 Following is an analysis of the change in the Company's reported comprehensive income in the third quarter, compared with the corresponding period last year, in health insurance:

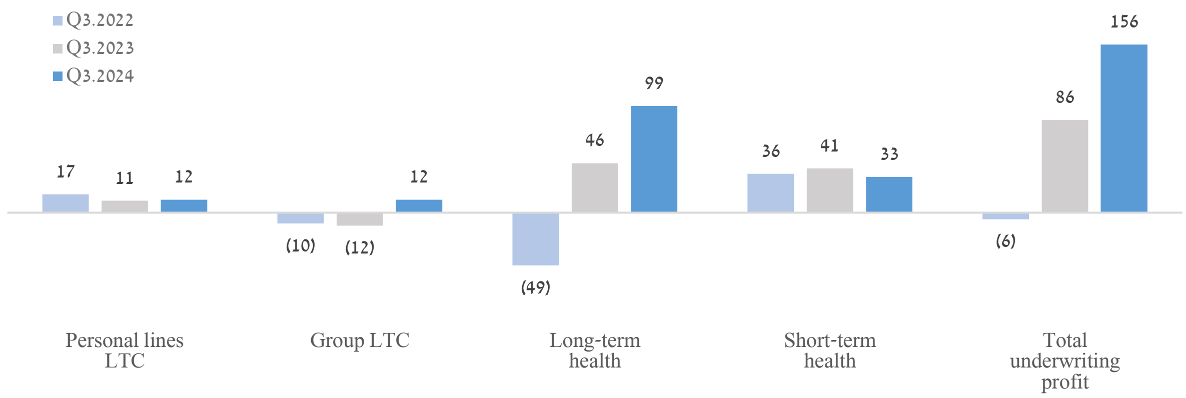


7-9/24	156	36	0	0	192
7-9/23	86	(99)	96	0	83
Change	70	135	(96)	0	109

7-9/22	(6)	(200)	0	178	(28)
Change	92	101	96	(178)	111

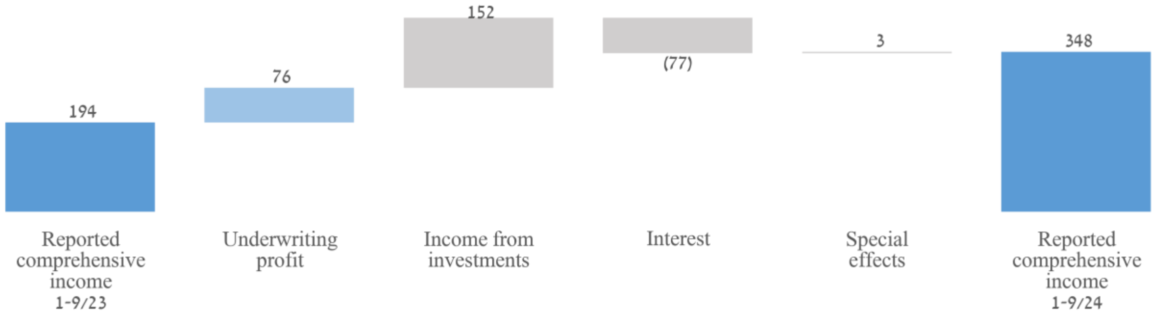
Results in the corresponding quarter last year were affected by the rising interest curve applied in calculating the insurance liabilities (increase of the risk-free interest rate curve and decrease of the illiquidity premium) that led to a reset of the LAT reserve in the amount of NIS 54 million before tax recorded in the second quarter last year, without the need to use the retained fair value of the non-marketable assets allocated to the personal lines long-term care sector. For additional information, see Section 2.6.2.

Breakdown of underwriting profit in health insurance in the third quarter and in the corresponding quarters in 2023 and 2022, by sector:



2.7.7 Non-life insurance:

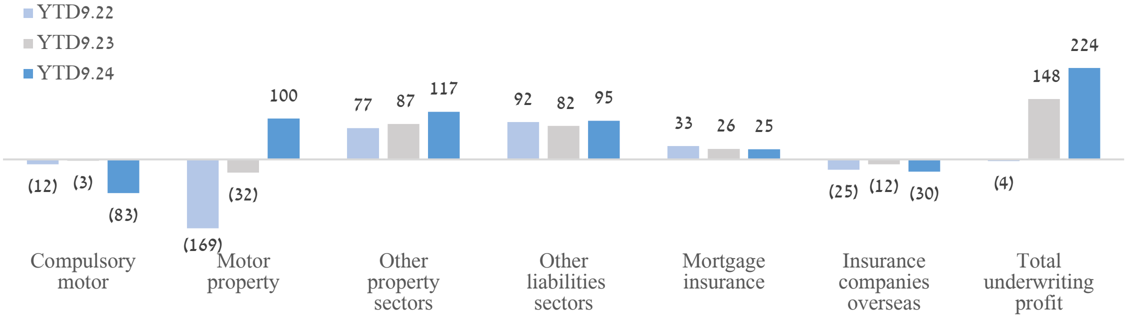
2.7.7.1 Following is an analysis of the change in the Company's reported comprehensive income in the Reporting Period compared with the corresponding period last year, in non-life insurance:



1-9/24	224	34	99	(9)	348
1-9/23	148	(118)	176	(12)	194
Change	76	152	(77)	3	154

1-9/22	(4)	(505)	433	68	(8)
Change	152	387	(257)	(80)	202

Breakdown of underwriting profit in non-life insurance in the Reporting Period and in the corresponding periods in 2023 and 2022, by sector:

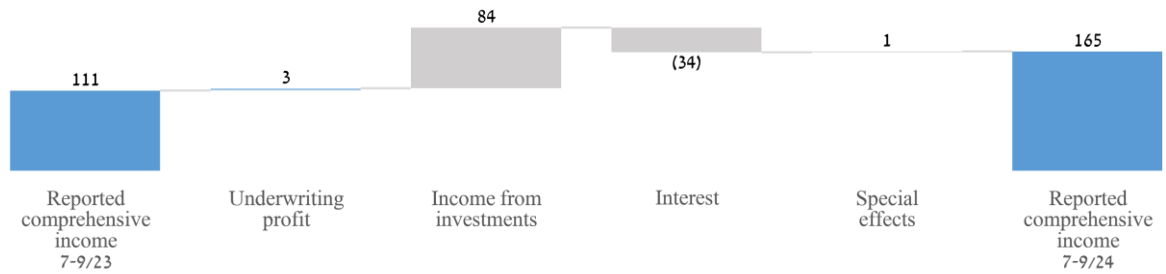


Compulsory motor - in the Reporting Period underwriting deteriorated compared with the corresponding period last year due to a negative development in respect of prior years, mainly for groups with which the agreements were terminated correct to February 2024. This effect was partially offset by the continuing decrease in the average cost of claim.

Motor property (CASCO) - in the Reporting Period, underwriting improved compared with the corresponding period last year, mainly due to an increase in the average premium and a decrease in the average cost of claim.

Property and other sectors - in the Reporting Period underwriting improved compared with the corresponding period last year, mainly due to the continuing growth of activity in the property loss sector.

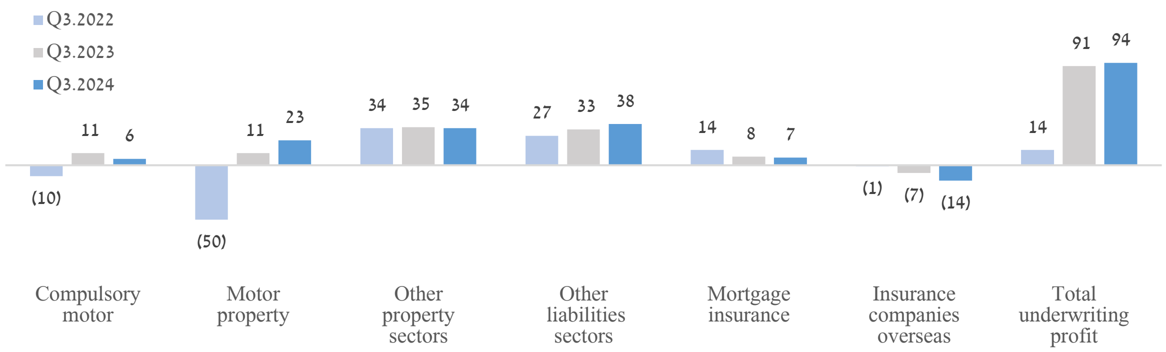
2.7.7.2 Following is an analysis of the change in the Company's reported comprehensive income in the third quarter, compared with the corresponding period last year, in non-life insurance:



7-9/24	94	68	6	(3)	165
7-9/23	91	(16)	40	(4)	111
Change	3	84	(34)	1	54

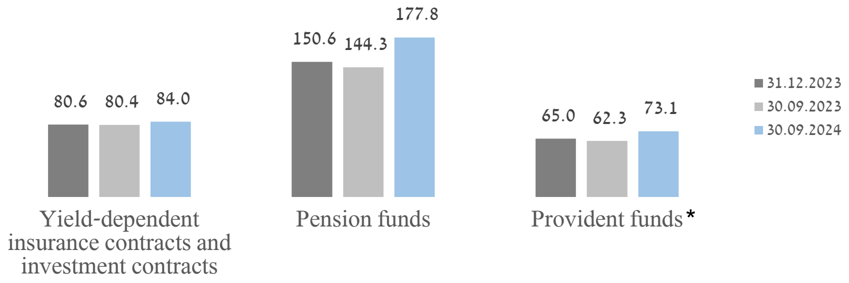
7-9/22	14	(144)	123	(2)	(9)
Change	77	128	(83)	(2)	120

Breakdown of underwriting profit in non-life insurance in the third quarter and in the corresponding quarters in 2023 and 2022, by sector:



2.8 Additional key information and effects by segment

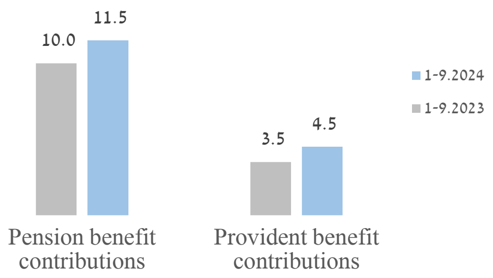
2.8.1 Assets managed for the Group's members and policyholders in the life insurance and long-term savings segment (NIS billion):

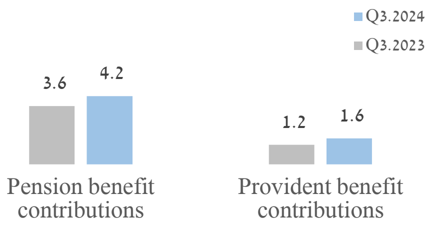


Assets managed by the provident funds and pension funds are not included in the Company's consolidated financial statements.

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

2.8.2 Data on benefit contributions (NIS billion):





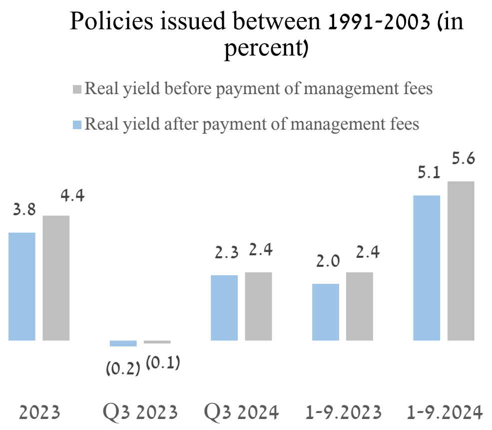
The benefit contributions in the provident funds and pension funds are not included in the Company's consolidated financial statements.

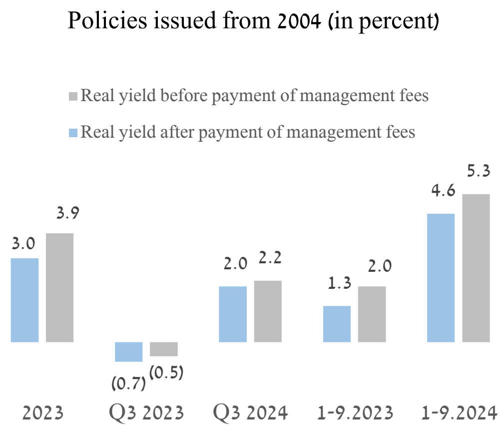
2.8.3 Life insurance:

Redemptions as a percentage of the average reserve in the Reporting Period amounted to 7.02%, compared with 5.7% in the corresponding period last year and 5.6% in 2023.

Redemptions as a percentage of the average reserve amounted to 6.96% in the third quarter, compared with 6.3% in the corresponding quarter last year.

Yield-dependent policies:





Following is information about the estimated amount of investment profit credited to insureds in life insurance and profit-sharing investment contracts and the management fees calculated in accordance with the Commissioner's instructions, on the basis of the quarterly yield and balances of the insurance reserves in the Company's business reports (NIS million):

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	**2023**	**2024**	**2023**	**2023**
Profit after management fees	6,301	3,418	2,887	(66)	4,818
Total management fees	392	378	133	128	502

On May 30, 2021, Harel Insurance entered into an agreement with a large employer according to which a supplement will be paid for the annuity of the large employer's employees through personal lines profit-sharing annuity policies to be issued by Harel Insurance. Deposits in the policies will be made as lump-sum amounts and their purpose is to pay the retiree (and after his death, his survivors), a supplement to the monthly annuity. In the Reporting Period and third quarter, deposits in the amount of NIS 477 million and NIS 22 million, respectively, were received in respect of the aforesaid agreement (in the corresponding period and corresponding quarter last year deposits in the amount of NIS 480 million and NIS 24 million, respectively, were received in respect of the aforementioned agreement).

During the course of the agreement period, which will end in 2037, deposits amounting to a total of NIS 3 billion are expected to be received. At September 30, 2024, deposits in the aggregate amount of approximately NIS 1.6 billion were received (at September 30, 2023, deposits in the aggregate amount of NIS 1.1 billion were received).

2.8.4 Pension funds:

Income from management fees collected from the pension funds managed by the Group amounted to NIS 376 million in the Reporting Period, compared with NIS 343 million in the corresponding period last year.

Income from management fees collected from the pension funds managed by the Group amounted to NIS 133 million in the third quarter, compared with NIS 119 million in the corresponding quarter last year.

2.8.5 Provident funds:

Income from management fees collected from the provident funds managed by the Group amounted to NIS 258 million in the Reporting Period, compared with NIS 228 million in the corresponding period last year.

Income from management fees collected from the provident funds managed by the Group amounted to NIS 89 million in the third quarter, compared with NIS 79 million in the corresponding quarter last year.

2.8.6 Health insurance:

Commissioner's permit for the agreed outline regarding the group long-term care policy for members of Clalit Health Services:

On November 5, 2023, Clalit Health Services ("Clalit") petitioned the High Court of Justice against the Minister of Finance, Minister of Health, Director General of the Ministry of Health, the Commissioner and against Harel Insurance and two additional HMOs with a motion to issue orders nisi, with the purpose of instructing the parties to urgently formulate an outline that would allow the group long-term care policy for Clalit members through Harel Insurance, that terminated at the end of 2023, to continue. On December 13, 2023, permission was received from the Commissioner to operate the group long-term care policy for members of Clalit Health Services, in accordance with the agreed outline reached by Harel Insurance and Clalit Health Services ("the Permit" and "the Agreed Outline").

According to the aforementioned permit, the long-term care policy under the Agreed Outline is for a 12-month period (from January 1, 2024, through December 31, 2024).

For additional information about the Agreed Outline, see an Immediate Report of the Company dated December 14, 2023 (Ref. 2023-01-135924).

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

Following is the estimated amount of investment profit credited to insureds in long-term care profit-sharing policies (NIS million):

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	**2023**	**2024**	**2023**	**2023**
Investment profits credited to insureds	251	253	109	-*	348

* Less than NIS 1 million

2.8.7 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 36 to the 2023 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
	2024	**2023**	**2023**
Compulsory motor	5%	(7%)	(6%)
Motor property (CASCO)	4%	(5%)	(5%)
Property and other lines of business	7%	4%	4%
Other liabilities lines of business	(1%)	7%	7%

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.

2.8.7.1 Compulsory motor

For additional information about the results of compulsory motor insurance, see Sections 2.6.1 and 2.6.2 above.

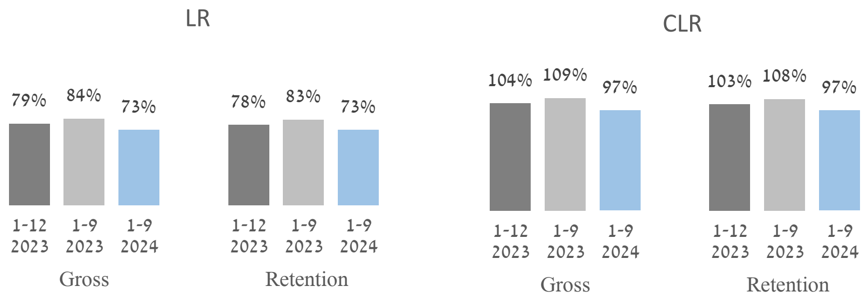
Given that car owners must insure their vehicles in accordance with the Motor Vehicle Insurance Ordinance, the owners of vehicles (usually motorcycles) who were rejected by the insurance companies may purchase insurance through the Pool (Israel pool for vehicle insurance), which operates as an insurance company to all intents and purposes. All the insurance companies operating in the compulsory motor sector are required to be part of 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

2024 at 13.32% (compared with 12.41% which was the Company's final share for 2023).

2.8.7.2 Motor property

For additional information about results for the motor property sector, see Sections 2.6.1 and 2.6.2 above.

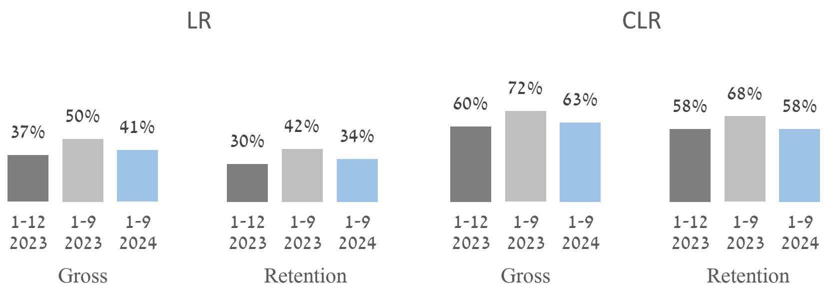
Loss ratio (LR) and combined loss ratio (CLR) in motor property insurance:



2.8.7.3 Property and other lines of business

For additional information about results for the motor property and other sector, see Section 2.6.1 above.

Loss Ratio and Combined Loss Ratio in property and other lines of business:



2.8.7.4 Other liabilities lines of business

For information about the results for other liabilities sectors, see Sections 2.6.1 and 2.6.2 above.

2.8.7.5 Credit insurance for residential mortgages (EMI)

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.

In February 2024, EMI received a draft updated insurer's license ("the Draft") from the Capital Market, Insurance and Savings Authority ("the Authority"). In the Draft, the current requirements in EMI's insurer's license for calculation of the insurance liabilities were cancelled. At the date of the report, the Draft has not yet passed all the internal procedures within the Authority and final approval has yet to be received. EMI and the Authority have reached understandings that EMI will continue to apply the current requirements in the insurer's license for calculation of the insurance liabilities until IFRS 17 enters into force on January 1, 2025.

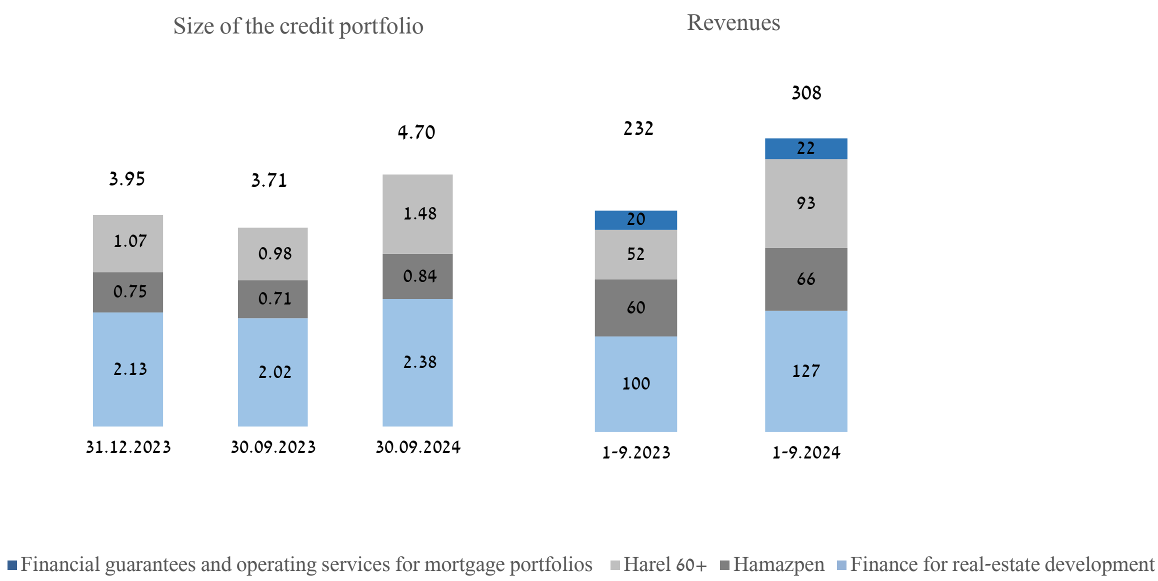
2.8.8 Insurance companies overseas

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.

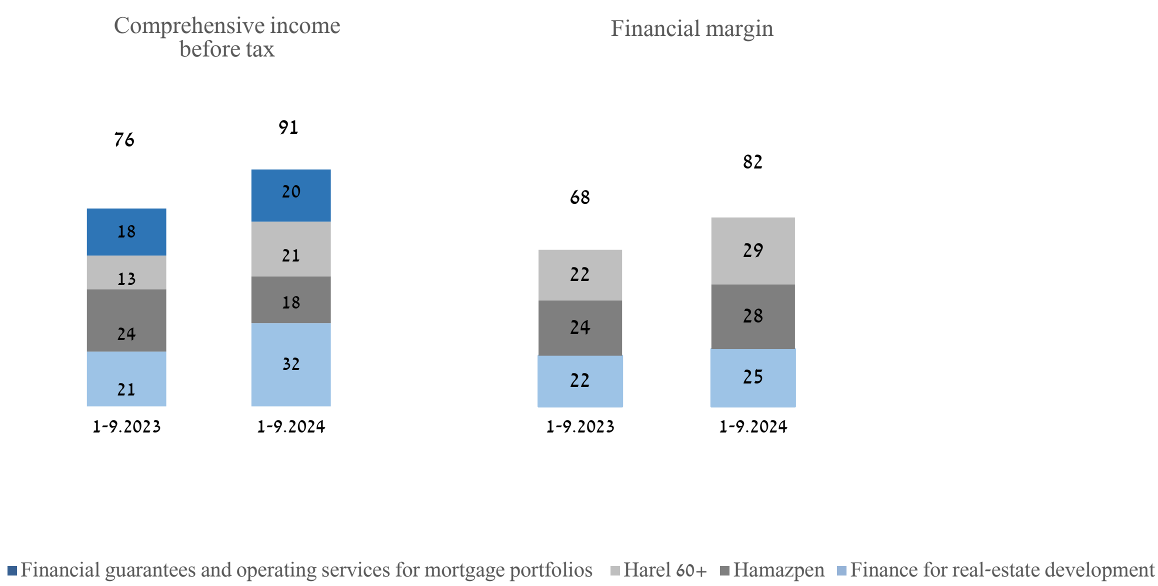
2.8.9 Credit segment

From the financial statements for 2023, the Company presents the results of credit activity in a separate segment - credit segment. Comparison figures were restated. See also Section 1.1 above and Note 4A to the Financial Statements.

Size of the credit portfolio (NIS billion) and volume of revenues (NIS million):

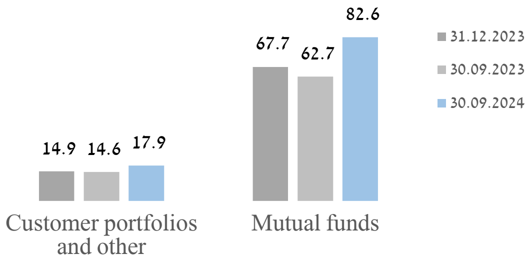


Financial margin and profit for the period in the credit segment (NIS million):



2.8.10 Capital market and financial services

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



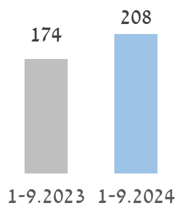
AUM in customer portfolios include financial assets that were issued by the Group and are managed in the portfolios.

Revenues in the capital market and financial services segment amounted to NIS 377 million in the Reporting Period, compared with NIS 253 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):



2.9 Liquidity and sources of financing

2.9.1 Cash flows

Net cash flows used in operating activity were NIS 2,694 million in the Reporting Period. Net cash flows used in investment activity amounted to NIS 347 million. Net cash flows used in financing activity were NIS 539 million. The fluctuating exchange rates affected the cash balances by a positive NIS 103 million. The outcome of all the above activity reduced the cash balances by NIS 3,477 million.

2.9.2 Liquidity and financing of operations

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

3 Special disclosure for holders of the Company's bonds

A. Data on bonds

Series / date of issue	**Series 1 bonds**
Date of issue	July 2021 (expanded in June 2023)
Nominal value on date of issue (NIS)	250,000,000 (An additional 953,516,000 were issued as part of the expansion in June 2023)
Book value as at September 30, 2024 (NIS M)*	914
Market value as at September 30, 2024 (NIS M)	871
Type of interest	Fixed
Nominal interest rate	1.95%
Listed for trade on the Stock Exchange	Yes
Dates of principal payment	The principal will be repaid in 28 semi-annual installments, where the payments will be consecutive and will be paid on June 30 and December 31 in each of the years 2022 - 2035 (where the first payment was made on June 30, 2022 and the last payment will be made on December 31, 2035) and such that each of the first 27 payments is 3.57% of the nominal value of the principal and the 28th and final payment will be 3.61% of the nominal value of the principal.
Dates of interest payments	The interest on the unsettled balance of the bond principal will be paid in semi-annual installments, where the payments will be consecutive and will be made on June 30 and December 31 in each of the years 2021 - 2035 (where the first payment was made on December 31, 2021 and the last payment will be made on December 31, 2035).
Interest due as at September 30, 2024	5.11
Are the liability notes convertible	No
Linkage base and terms	The principal and interest are not index linked
Pledged assets	None
Company's right to make early redemption or forced conversion	The Company has the right to early redemption, from 60 days after the date on which the Series 1 bonds are listed for trade (i.e. July 27, 2021), and the redemption may be full or partial, in accordance with the conditions set out in Section 7.2 of the Deed of Trust.
Materiality of the Series	The Series is material according to the definition of this term in Regulation 10(B)(13)(a) of the Securities Regulations (Periodic and Immediate Reports), 1970

Is there is a cross default stipulation	Yes. In the conditions listed in Section 8.1.14 of the Deed of Trust, including: calling for immediate repayment of another series listed for trade on the stock exchange or another financial debt taken from banks or financial institutions, other than non-recourse loans, the scope of which is more than 10% of the Company's total, gross financial debt, or more than NIS 125 million, whichever is higher. Other than in the event of calling for the immediate repayment of traded series, the Company shall provide a 30-day grace period.

* Including interest due

B. Information about rating

	Series 1 bonds
Name of rating company	Midroog
Rating on date of issue	Aa2.il
Present rating	Aa2.il

C. Disclosure concerning the trustee

The trustee for the Series 1 bonds is Hermetic Trust (1975) Ltd., 30 Sheshet Hayamim Way, Bnei Brak.

D. Contractual limitations and financial covenants

For information about contractual limitations and financial covenants, see Note 6C.(4)(2) to the Financial Statements.

4 Market risks - exposure and management

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

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 measures which allow the reserves in respect of long-term insurance products that were sold in the past, to be increased gradually until 2032. Based on the transitional measures, 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 October 29, 2024, 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, 2024, due to the significant impact of the rising interest rate in the first half of 2024 on the Deduction amount. Additionally, a linear subtraction was made from the Deduction amount, consistent with the transitional period. On November 27, 2024, the Board of Directors of Harel Insurance approved the recalculated deduction amount, further to notice from the Commissioner that he has no comments on the recalculation of the Deduction at June 30, 2024. Additionally, there is a higher maximum recognition limitation for Tier-2 capital in the transitional period

On November 27, 2024, together with the approval of the financial statements, Harel Insurance approved the economic solvency report in respect of data at June 30, 2024. The report was published on the Company's website:
https://www.harel-group.co.il/about/harel-group/harel/investor-relations/Pages/repayment-ability.aspx

Based on the transitional measures, at June 30, 2024, Harel Insurance has a capital surplus of NIS 7,607 million and without taking the transitional measures into account, the capital surplus is NIS 6,040 million.

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 and also concerning the uncertainty inherent in the actuarial and financial assumptions and forecasts used in the preparation of the report.

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.

<u>Economic solvency ratio and MCR</u>:

Following is information about the solvency ratio and minimum capital requirement (MCR) at June 30, 2024, in accordance with the provisions of the economic solvency regime. The economic solvency ratio is calculated in accordance with the transitional measures which prescribe the transitional period.

A. Economic solvency ratio

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
	NIS million	
Equity for the purpose of SCR	**16,566**	15,841
Solvency capital requirement (SCR)	**8,959**	9,428
Surplus	**7,607**	6,413
Economic solvency ratio	**185%**	168%
Effect of material capital transactions that took place in the period between the date of the calculation and date of publication of the Economic Solvency Ratio Report:		
Capital raising (redemption)	**-**	(182)
Equity for the purpose of SCR	**16,566**	15,659
Capital surplus	**7,607**	6,231
Economic solvency ratio	**185%**	166%

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 2024 in contrast with comparison figures, see Section 2 in the Economic Solvency Report.

These data concerning the solvency ratio, taking into account the capital activity, as specified above, do not include the effect of the business activity of Harel Insurance after June 30, 2024, changes in the mix and size of the insurance investments and liabilities, revised actuarial assumptions, exogenous effects and regulatory changes which affect the business environment. For information about key changes that took place after the date of the calculation, see Section 2 in the Economic Solvency Report.

On the results of tests of sensitivity of the economic solvency ratio to various risk factors, including sensitivity to the interest rate, see Section 9 in the Economic Solvency Ratio Report of Harel Insurance as at December 31, 2023.

B. Minimum Capital Requirement (MCR)

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
	NIS million	
MCR	**3,039**	2,984
Own funds for the purpose of MCR	**12,694**	11,723

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

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 does not guarantee that Harel Insurance will be in conformity with the defined threshold conditions at all times.

D. Solvency ratio without application of the transitional measures on the transitional period (TMTP) and without adjustment for equity risk

Information about the economic solvency ratio of Harel Insurance, calculated without the transitional measures 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.

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
	NIS million	
Equity for the purpose of SCR	**14,999**	13,884
Solvency capital requirement (SCR)	**8,959**	10,030
Retained capital	**6,040**	3,854
Solvency ratio (in percent)	**167%**	138%
Effect of material capital transactions that took place in the period between the date of the calculation and date of publication of the Economic Solvency Ratio Report:		
Capital raising (redemption)	**-**	-
Equity for the purpose of SCR	**14,999**	13,884
Capital surplus	**6,040**	3,854
Solvency ratio (in percent)	**167%**	138%
Capital status after capital transactions in relation to the Board of Directors target:		
Economic solvency ratio target set by the Board of Directors	**110%**	110%
Capital surplus relative to the target (NIS million)	**5,144**	2,850

E. Own Risk and Solvency Assessment (ORSA) for insurance companies

On January 5, 2022, the Commissioner published an amendment to the provisions of the Consolidated Circular concerning reports to be submitted to the Commissioner of the Capital Market - Own Risk and Solvency Assessment of Insurance Companies ("ORSA - the Amendment"). The Amendment stipulates that insurance companies shall report their Own Risk and Solvency Assessment of Insurance Companies (ORSA) to the Commissioner once a year, in January. In accordance with the Amendment, Harel Insurance will submit a report to the Commissioner that includes a summary of the results, business position and reciprocal relationships, exposure to risk, assessment of solvency and capital requirements, a forward-looking assessment and sensitivity analyses and scenarios. The Circular will be applied gradually, commencing January 1, 2023.

In the wake of the Swords of Iron War, on October 23, 2023, a circular for financial institutions was published on "Emergency Instructions of the Commissioner of the Capital Market, Insurance and Saving - October 2023" ("Commissioner's Emergency Instructions "), extending by 60 days to March 31, 2024, the date for submittal of the ORSA report. Harel Insurance submitted the required report to the Commissioner in March 2024.

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

Yair Hamburger	Nir Cohen
Chairman of the Board of Directors	CEO

November 27, 2024

HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

September 30, 2024

Condensed Consolidated Interim Statements of Financial Position

	September 30		December 31
	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Intangible assets	**2,612**	2,425	2,452
Deferred tax assets	**30**	21	20
Deferred acquisition costs	**3,358**	3,132	3,114
Fixed assets	**1,404**	1,411	1,391
Investments in equity accounted investees	**1,601**	1,571	1,516
Investment property for yield-dependent contracts	**1,808**	1,896	1,898
Other investment property	**2,497**	2,562	2,548
Reinsurance assets	**5,400**	5,503	5,605
Current tax assets	**30**	127	76
Trade and other receivables	**2,004**	2,984	1,793
Premium due	**1,495**	1,898	1,699
Financial investments for yield-dependent contracts	**74,834**	70,555	71,117
Other financial investments			
Marketable debt assets	**8,950**	8,771	8,520
Non-marketable debt assets	**28,983**	22,471	23,873
Shares	**2,563**	2,260	2,131
Other	**7,096**	4,495	4,587
Total other financial investments	**47,592**	37,997	39,111
Cash and cash equivalents for yield-dependent contracts	**6,416**	5,974	6,733
Other cash and cash equivalents	**2,573**	5,123	5,733
Total assets	**153,654**	143,179	144,806
Total assets for yield-dependent contracts	**83,974**	80,388	80,608

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

Condensed Consolidated Interim Statements of Financial Position (contd.)

	September 30		December 31
	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Equity and liabilities			
Equity			
Share capital and share premium	**363**	359	359
Treasury shares	**(419)**	(277)	(304)
Capital reserves	**475**	616	540
Retained earnings	**8,494**	8,014	8,298
Total equity attributed to the Company's owners	**8,913**	8,712	8,893
Noncontrolling interests	**84**	58	60
Total equity	**8,997**	8,770	8,953
Liabilities			
Liabilities for non-yield dependent insurance contracts and investment contracts	**32,483**	32,215	32,206
Liabilities for yield-dependent insurance contracts and investment contracts	**82,983**	78,577	79,657
Deferred tax liabilities	**931**	995	947
Liabilities for employee benefits, net	**145**	273	263
Current tax liabilities	**117**	27	31
Trade and other payables	**5,861**	5,350	5,703
Financial liabilities	**22,137**	16,972	17,046
Total liabilities	**144,657**	134,409	135,853
Total equity and liabilities	**153,654**	143,179	144,806

Yair Hamburger Chairman of the Board of Directors	Nir Cohen CEO	Arik Peretz CFO

Date of approval of the financial statements: November 27, 2024

The Notes attached to 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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	**11,964**	13,394	**3,942**	4,498	17,772
Premiums earned by reinsurers	**1,648**	1,790	**565**	609	2,377
Premiums earned in retention	**10,316**	11,604	**3,377**	3,889	15,395
Profit from investments, net, and financing income	**8,812**	5,275	**3,933**	492	7,416
Income from management fees	**1,306**	1,133	**458**	394	1,529
Income from commissions	**360**	353	**119**	117	442
Other income	**78**	66	**29**	23	92
Total income	**20,872**	18,431	**7,916**	4,915	24,874
Payments and changes in liabilities for insurance contracts and investment contracts, gross	**16,465**	15,490	**6,195**	3,606	20,674
Reinsurers' share in payments and change in liabilities for insurance contracts	**992**	1,543	**376**	517	2,042
Payments and changes in liabilities for insurance contracts and investment contracts in retention	**15,473**	13,947	**5,819**	3,089	18,632
Commissions, marketing expenses and other acquisition costs	**2,620**	2,504	**929**	849	3,359
General and administrative expenses	**1,219**	1,185	**421**	397	1,592
Other expenses	**52**	47	**19**	14	66
Financing expenses, net	**488**	394	**181**	143	475
Total expenses	**19,852**	18,077	**7,369**	4,492	24,124
Company's share in profits (losses) of equity accounted investees	**49**	(77)	**11**	11	(108)
Profit before income tax	**1,069**	277	**558**	434	642
Income tax	**333**	64	**179**	130	146
Profit for the period	**736**	213	**379**	304	496
Attributed to:					
Owners of the Company	**727**	204	**377**	301	485
Noncontrolling interests	**9**	9	**2**	3	11
Profit for the period	**736**	213	**379**	304	496
Basic earnings per share (NIS)	**3.51**	0.97	**1.82**	1.43	2.31
Diluted earnings per share (NIS)	**3.50**	0.97	**1.81**	1.43	2.31

The Notes attached to 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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**736**	213	**379**	304	496
Other comprehensive income (loss) items that after initial recognition as part of comprehensive income were or will be transferred to profit or loss					
Net change in fair value of financial assets classified as available-for-sale	**(217)**	(114)	**249**	(129)	(195)
Net change in fair value of financial assets classified as available-for-sale transferred to the statement of income	**(6)**	180	**-**	28	189
Loss from impairment of available-for-sale financial assets transferred to the statement of income	**51**	66	**8**	16	84
Foreign currency translation differences for foreign activity	**29**	93	**2**	30	38
Tax benefit (income tax) attributable to available-for-sale financial assets	**57**	(46)	**(90)**	31	(31)
Income tax for other comprehensive income items that after initial recognition as part of comprehensive income were or will be transferred to profit or loss	**(9)**	(28)	**(1)**	(8)	(14)
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	**(95)**	151	168	(32)	71
Other comprehensive income (loss) items that will not be transferred to profit or loss					
Revaluation of owner owned fixed assets	**32**	53	**1**	1	53
Remeasurement of a defined benefit plan	**22**	7	**-**	2	10
Tax benefit (income tax) for other comprehensive income items that will not be transferred to profit or loss	**(14)**	(18)	**1**	(1)	(19)
Other comprehensive income for the period, that will not be transferred to profit or loss, net of tax	**40**	42	**2**	2	44
Total other comprehensive income (loss) for the period	**(55)**	193	170	(30)	115
Total comprehensive income for the period	**681**	406	549	274	611
Attributed to:					
Owners of the Company	**672**	397	**547**	271	600
Noncontrolling interests	**9**	9	**2**	3	11
Total comprehensive income for the period	**681**	406	**549**	274	611

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

Condensed Consolidated Interim Statements of Changes in Equity

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with noncontrolling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Noncontrolling 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, 2024 (unaudited)											
Balance as at January 1, 2024	**359**	**287**	**(130)**	**56**	**(304)**	**(49)**	**376**	**8,298**	**8,893**	**60**	**8,953**
Comprehensive income (loss) for the period											
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**727**	**727**	**9**	**736**
Other comprehensive income (loss) for the period	**-**	**(115)**	**20**	**-**	**-**	**-**	**21**	**19**	**(55)**	**-***	**(55)**
Total comprehensive income (loss) for the period	**-**	**(115)**	**20**	**-**	**-**	**-**	**21**	**746**	**672**	**9**	**681**
Transactions with owners recognized directly in equity											
Dividends distributed	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(550)**	**(550)**	**-**	**(550)**
Share-based payment	**-**	**-**	**-**	**13**	**-**	**-**	**-**	**-**	**13**	**-**	**13**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**(115)**	**-**	**-**	**-**	**(115)**	**-**	**(115)**
Exercise of options	**4**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend to noncontrolling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Noncontrolling interests for consolidated companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20**	**20**
Balance as at September 30, 2024	**363**	**172**	**(110)**	**65**	**(419)**	**(49)**	**397**	**8,494**	**8,913**	**84**	**8,997**

* Less than NIS 1 million

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

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

	Attributed to shareholders of the Company										
	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with noncontrolling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total	Noncontrolling 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, 2024 (unaudited)											
Balance as at July 1, 2024	361	5	(111)	62	(377)	(49)	397	8,315	8,603	82	8,685
Comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	377	377	2	379
Other comprehensive income for the period	-	167	1	-	-	-	-	2	170	-*	170
Total comprehensive income for the period	-	167	1	-	-	-	-	379	547	2	549
Transactions with owners recognized directly in equity											
Dividends distributed	-	-	-	-	-	-	-	(200)	(200)	-	(200)
Share-based payment	-	-	-	5	-	-	-	-	5	-	5
Purchase of treasury shares	-	-	-	-	(42)	-	-	-	(42)	-	(42)
Exercise of options	2	-	-	(2)	-	-	-	-	-	-	-
Balance as at September 30, 2024	363	172	(110)	65	(419)	(49)	397	8,494	8,913	84	8,997

* Less than NIS 1 million

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

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

	Attributed to shareholders of the Company										
	Share capital and premium	**Capital reserve for available for sale assets**	**Translation reserve for foreign activity**	**Capital reserve for share-based payment**	**Treasury shares**	**Capital reserve for transactions with noncontrolling interests**	**Capital reserve for revaluation of fixed assets**	**Retained earnings**	**Total**	**Noncontrolling 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, 2023 (unaudited)											
Balance as at January 1, 2023	359	222	(154)	31	(237)	(49)	339	7,824	8,335	52	8,387
Effect of initial application of IFRS 9**	-	18	-	-	-	-	-	(18)	-	-	-
Balance as at January 1, 2023 subsequent to initial application of IFRS 9	359	240	(154)	31	(237)	(49)	339	7,806	8,335	52	8,387
Comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	204	204	9	213
Other comprehensive income for the period	-	86	65	-	-	-	38	4	193	-*	193
Total comprehensive income for the period	-	86	65	-	-	-	38	208	397	9	406
Transactions with owners recognized directly in equity											
Share-based payment	-	-	-	20	-	-	-	-	20	-	20
Purchase of treasury shares	-	-	-	-	(40)	-	-	-	(40)	-	(40)
Dividend to noncontrolling interests	-	-	-	-	-	-	-	-	-	(3)	(3)
Balance as at September 30, 2023	359	326	(89)	51	(277)	(49)	377	8,014	8,712	58	8,770

* Less than NIS 1 million

** See Note 2H to the annual financial statements for information about initial application of IFRS 9, Financial Instruments, for some financial instruments that do not refer to subsidiaries that meet the definition of an insurer

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

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

	Attributed to shareholders of the Company										
	Share capital and premium	**Capital reserve for available for sale assets**	**Translation reserve for foreign activity**	**Capital reserve for share-based payment**	**Treasury shares**	**Capital reserve for transactions with noncontrolling interests**	**Capital reserve for revaluation of fixed assets**	**Retained earnings**	**Total**	**Noncontrolling 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, 2023 (unaudited)											
Balance as at July 1, 2023	359	380	(111)	44	(267)	(49)	376	7,712	8,444	55	8,499
Comprehensive income (loss) for the period											
Profit for the period	-	-	-	-	-	-	-	301	301	3	304
Other comprehensive income (loss)for the period	-	(54)	22	-	-	-	1	1	(30)	-*	(30)
Total comprehensive income (loss) for the period	-	(54)	22	-	-	-	1	302	271	3	274
Transactions with owners recognized directly in equity											
Share-based payment	-	-	-	7	-	-	-	-	7	-	7
Purchase of treasury shares	-	-	-	-	(10)	-	-	-	(10)	-	(10)
Balance as at September 30, 2023	359	326	(89)	51	(277)	(49)	377	8,014	8,712	58	8,770

* Less than NIS 1 million

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

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

	Attributed to shareholders of the Company										
	Share capital and premium	**Capital reserve for available for sale assets**	**Translation reserve for foreign activity**	**Capital reserve for share-based payment**	**Treasury shares**	**Capital reserve for transactions with noncontrolling interests**	**Capital reserve for revaluation of fixed assets**	**Retained earnings**	**Total**	**Noncontrolling 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, 2023 (audited)											
Balance as at January 1, 2023	359	222	(154)	31	(237)	(49)	339	7,824	8,335	52	8,387
Effect of initial application of IFRS 9**	-	18	-	-	-	-	-	(18)	-	-	-
Balance as at January 1, 2023 subsequent to initial application of IFRS 9	359	240	(154)	31	(237)	(49)	339	7,806	8,335	52	8,387
Comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	485	485	11	496
Other comprehensive income for the year	-	47	24	-	-	-	37	7	115	-*	115
Total comprehensive income for the year	-	47	24	-	-	-	37	492	600	11	611
Transactions with owners recognized directly in equity											
Share-based payment	-	-	-	25	-	-	-	-	25	-	25
Purchase of treasury shares	-	-	-	-	(67)	-	-	-	(67)	-	(67)
Dividend to noncontrolling interests	-	-	-	-	-	-	-	-	-	(3)	(3)
Balance as at December 31, 2023	359	287	(130)	56	(304)	(49)	376	8,298	8,893	60	8,953

* Less than NIS 1 million

** See Note 2H to the annual financial statements for information about initial application of IFRS 9, Financial Instruments, for some financial instruments that do not refer to subsidiaries that meet the definition of an insurer

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

Condensed Consolidated Interim Statements of Cash Flows

		For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2024	2023	2024	2023	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Annex	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activity						
Before income tax	A	**(2,491)**	*1,778	**170**	*(320)	3,602
Taxes paid		**(203)**	(98)	**(46)**	(31)	(130)
Net cash provided by (used in) operating activities		**(2,694)**	1,680	**124**	(351)	3,472
Cash flows from investment activity						
Acquisition of a subsidiary consolidated for the first time	B	**-**	(39)	**-**	(39)	(51)
Cash derecognized due to deconsolidation	C	**(5)**	-	**(5)**	-	-
Investment in investees		**(58)**	(57)	**(24)**	(11)	(87)
Proceeds from the sale of an investment in an equity accounted investee		**35**	27	**19**	*23	36
Investment in fixed assets		**(38)**	(73)	**(3)**	(15)	(81)
Investment in intangible assets		**(320)**	(286)	**(113)**	(91)	(370)
Dividend and interest from investees		**23**	17	**14**	4	30
Proceeds from sale of fixed assets and intangible assets		**16**	2	**-**	1	12
Net cash used in investment activity		**(347)**	(409)	**(112)**	(128)	(511)
Cash flows from financing activity						
Proceeds of issuance of liability notes, net		**494**	1,288	**-**	-	1,288
Repayment of liability notes		**(339)**	(328)	**-**	-	(374)
Purchase of treasury shares		**(115)**	(40)	**(42)**	(10)	(67)
Short-term credit from banks, net		**44**	124	**6**	127	27
Receipt of bank loans		**-**	300	**-**	-	300
Repayment of loans from banks and others		**(27)**	(27)	**(14)**	(14)	(27)
Repayment of lease liabilities		**(29)**	(24)	**(10)**	(5)	(37)
Loans provided to related parties		**(12)**	-	**-**	-	-
Dividend paid to noncontrolling interests		**(5)**	(3)	**-**	-	(3)
Dividend to Company shareholders		**(550)**	(100)	**(200)**	-	(100)
Net cash provided by (used in) financing activity		**(539)**	1,190	**(260)**	98	1,007
Effect of exchange rate fluctuations on cash balances and cash equivalents		**103**	*257	**6**	*88	119
Net increase (decrease) in cash and cash equivalents		**(3,477)**	2,718	**(242)**	(293)	4,087
Retained cash and cash equivalents at the beginning of the period	D	**12,466**	8,379	**9,231**	11,390	8,379
Retained cash and cash equivalents at the end of the period	E	**8,989**	11,097	**8,989**	11,097	12,466

* Reclassified

The Notes attached to 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 Dec 31
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex A - Cash flows from operating activity (1) (2) (3)					
Profit for the period	**736**	213	**379**	304	496
Items not involving cash flows:					
Company's share in losses (profits) of equity-accounted investees	**(49)**	77	**(11)**	(11)	108
Net losses (profits) from financial investments for yield-dependent insurance contracts and investment contracts	**(5,734)**	*(2,771)	**(2,756)**	*484	(4,034)
Losses (profit), net, from other financial investments					
Marketable debt assets	**(175)**	(106)	**(62)**	15	(82)
Non-marketable debt assets	**(400)**	*(408)	**(76)**	*45	(455)
Shares	**17**	70	**(67)**	15	86
Other investments	**(113)**	*312	**(103)**	*121	98
Change in financial liabilities	**3,816**	681	**3,605**	793	883
Change in fair value of investment property for yield-dependent contracts	**(19)**	(9)	**(3)**	7	(8)
Change in fair value of other investment property	**(25)**	(138)	**(1)**	(91)	(118)
Depreciation and amortization					
Fixed assets	**87**	93	**29**	32	125
Intangible assets	**231**	245	**76**	78	303
Change in liabilities for non yield-dependent insurance contracts and investment contracts	**242**	*948	**(137)**	*99	1,112
Change in liabilities for yield-dependent insurance contracts and investment contracts	**3,806**	2,327	**1,382**	(504)	3,407
Change in reinsurance assets	**198**	(423)	**14**	(94)	(515)
Change in DAC	**(249)**	(230)	**(55)**	(62)	(220)
Payroll expenses for share-based payment	**13**	20	**5**	7	25
Income tax expenses	**333**	64	**179**	130	146
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	**(12)**	(6)	**(2)**	(2)	(9)
Proceeds from sale of investment property	**121**	179	**-**	-	179
Net purchase (sales) of financial investments	**1,237**	(572)	**598**	(991)	506
Change in cash and cash equivalents (4)	**(23)**	-	**-**	-	-
Other financial investments and investment property					
Purchase of investment property	**(42)**	(16)	**(6)**	(9)	(22)
Proceeds from sale of investment property	**118**	-	**-**	-	-
Net purchase (sales) of financial investments	**(6,526)**	678	**(3,172)**	190	(455)
Premiums due	**192**	(387)	**(12)**	(223)	(204)
Trade and other receivables	**(200)**	*239	**63**	*(699)	1,067
Trade and other payables	**27**	*682	**299**	*41	1,173
Liabilities for employee benefits, net	**(98)**	16	**4**	5	10
Total adjustments required to present cash flows from operating activity	**(3,227)**	1,565	**(209)**	(624)	3,106
Total cash flows from (used in) operating activity	**(2,491)**	1,778	**170**	(320)	3,602

(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 1,296 million and NIS 355 million for the nine and three months ended September 30, 2024, respectively (for the nine and three months ended September 30, 2023, NIS 1,297 million and NIS 707 million, respectively, and for 2023 as a whole, NIS 1,826 million) and interest was paid in the amount of NIS 149 million and NIS 5 million for the nine and three months ended September 30, 2024 respectively (for the nine and three months ended September 30, 2023, NIS 226 million and NIS 4 million, respectively, and for 2023 as a whole, NIS 365 million)

(3) As part of the operating activities, a dividend received from other financial investments was presented in the amount of NIS 406 million and NIS 140 million for the nine and three months ended September 30, 2024, respectively (for the nine and three months ended September 30, 2023, NIS 381 million and NIS 147 million, respectively, and for 2023 as a whole, NIS 457 million)

(4) Due to the termination of the old outline in the long-term care agreement with the members of Clalit Health Services and the implementation of the new outline, according to which the fund bears the full insurance risk. See also Note 39G1 to the Financial Statements

* Reclassified

The Notes attached to 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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex B: Acquisition of subsidiaries consolidated for the first time					
Assets and liabilities of the consolidated subsidiaries at the acquisition date					
Goodwill created on acquisition	-	(38)	-	(38)	(45)
Intangible assets	**(74)**	-	-	-	-
Retained cost – intangible asset for customer relations – created on acquisition	-	-	-	-	(5)
Unattributed retained cost	**(15)**	-	**10**	-	-
Fixed assets	-	(1)	-	(1)	(1)
Trade and other receivables	**(4)**	-	-	-	-
Non-marketable debt assets	**16**	-	-	-	-
Financial liabilities	**64**	-	-	-	-
Deferred tax liabilities	**2**	-	-	-	-
Trade and other payables	**3**	-	**(10)**	-	-
Noncontrolling interests	**8**	-	-	-	-
Cash derecognized due to acquisition of subsidiaries consolidated for the first time	**-**	(39)	**-**	(39)	(51)

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex C – Cash derecognized due to deconsolidation (see Note 9(23))					
Deferred tax assets	**1**	-	**1**	-	-
Current tax assets	**6**	-	**6**	-	-
Trade and other receivables	**1**	-	**1**	-	-
Liabilities for employee benefits, net	**2**	-	**2**	-	-
Current tax liabilities	**(5)**	-	**(5)**	-	-
Trade and other payables	**(9)**	-	**(9)**	-	-
Assets net of liabilities derecognized from the Company's consolidated balance sheet due to deconsolidation	**(4)**	-	**(4)**	-	-
Investment in an equity accounted investee arising upon the sale due to a decrease in the holding rate	**(4)**	-	**(4)**	-	-
Capital gains from the sale	**3**	-	**3**	-	-
Cash derecognized due to deconsolidation	**(5)**	-	**(5)**	-	-

The Notes attached to 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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Annex D - Cash and cash equivalents at the beginning of the period					
Cash and cash equivalents for yield-dependent contracts	**6,733**	6,450	**6,372**	6,878	6,450
Other cash and cash equivalents	**5,733**	1,929	**2,859**	4,512	1,929
Retained cash and cash equivalents at the beginning of the period	**12,466**	8,379	**9,231**	11,390	8,379
Annex E - Cash and cash equivalents at the end of the period					
Cash and cash equivalents for yield-dependent contracts	**6,416**	5,974	**6,416**	5,974	6,733
Other cash and cash equivalents	**2,573**	5,123	**2,573**	5,123	5,733
Retained cash and cash equivalents at the end of the period	**8,989**	11,097	**8,989**	11,097	12,466

NOTE 1 - General

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, 2024 and for the 6 months and 3 months then ended ("the Condensed Consolidated Interim Financial Statements") include those of the Company and its consolidated subsidiaries ("the Group"), and the Company's rights in associates and joint arrangements.

The Condensed Consolidated Interim Financial Statements mainly reflect the assets, liabilities and results of the consolidated insurance companies and were therefore prepared in a format similar to the format used for preparing interim financial statements of insurance companies.

Swords of Iron war

Further to Note 1B to the Company's consolidated financial statements as at December 31, 2023 and the year then ended ("the Annual Statements") regarding the outbreak of the Swords of Iron War ("the War") in October 2023, below is a description of the effect of the War on the degree of exposure to the Group's insurance risks in the reporting period and in the third quarter of 2024:

Life insurance and long-term savings: Most of the exposure resulting from the War is attributable to term insurance, to the extent that claims arise in these segments. The increase in the cost of claims in the reporting period and in the third quarter of 2024, is estimated at NIS 42 million before tax and NIS 3 million before tax, respectively (NIS 28 million after tax and NIS 2 million after tax, respectively). Additionally, no substantial change was found in the amount of withdrawals and redemptions due to the War.

Health insurance, including long-term care: The exposure due to the War in the reporting period is not significant and amounts to NIS 4 million before tax (NIS 3 million after tax).

Non-life insurance: As a rule, property losses arising from war events are not covered by property policies, therefore Harel Insurance believes that the scope of the exposure due to the War is not significant at this stage.

Additionally, shortly before the publication date of the financial statements, the War has had no material impact on the continuation of growth in the total assets managed by the Group.

It is emphasized that the assessments of the Group's management concerning the possible ramifications of the War on its activity are uncertain and are beyond the Group's control. These assessments are based on the Group's best knowledge at this stage. All or part of these estimates might not materialize or may materialize differently and even significantly differently, than expected.

At this stage, it is not possible to predict the duration and scope of the War. Consequently, this is an evolving situation and at this stage it is impossible to estimate the full extent of the impact of the War on the Group and its results.

NOTE 2 - Basis of Preparation

A. Financial reporting framework

Further to Note 3R to the Company's consolidated financial statements as at December 31, 2023 and the year then ended ("the Annual Statements") and regarding the document referring to the "Roadmap for Adoption of IFRS 17 - Insurance Contracts - Fourth Update" ("the Updated Roadmap") published on August 12, 2024 by the Capital Market, Insurance and Savings Authority, according to which:

The initial date of application of IFRS 17 and IFRS 9 ("the New Standards") for insurance companies in Israel (where their mandatory date of application by these companies under IFRS should have been January 1, 2023) will apply on or after quarterly and annual periods commencing January 1, 2025. Accordingly, the transition date will be January 1, 2024. According to the Updated Roadmap, there is no early adoption of IFRS 17 in Israel

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

Consequently, and pursuant to the provisions of the Securities Regulations (Preparation of Annual Financial Statements), 2010, together with the instructions in Staff Accounting Position 99-10: "Applicative Issues in the Application of IFRS 17" published by the Israel Securities Authority ("ISA") staff, as of January 1, 2023, the Group's consolidated financial statements are not in full conformity with IFRS standards, but are prepared in accordance with the Israel Securities Regulations (Periodic and Immediate Reports), 1970, for holding companies of insurers, so that the data in the Company's condensed consolidated interim financial statements regarding subsidiaries that were consolidated and meet the definition of an insurer, according to its definition in the Supervision of Financial Services (Insurance) Law, 1981 and its amendments ("the Supervision Law"), are prepared in accordance with the instructions prescribed by the Commissioner of the Capital Market, Insurance and Savings ("the Commissioner") under the Supervision Law, whereas the data in the Company's condensed consolidated interim financial statements that do not relate to the aforesaid subsidiaries continue to be prepared in accordance with IFRS and IAS 34, Financial Reporting for Interim Periods.

The condensed consolidated interim financial statements do not contain all the information required in the full Annual Financial Statements. They should be read together with the Annual Financial Statements.

The condensed consolidated interim financial statements were approved for publication by the Company's Board of Directors on November 27, 2024.

NOTE 2 - Basis of Preparation (contd.)

Use of estimates and judgments

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

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 judgment 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. On the effects of implementing the Circular - Revised Demographic Assumptions in Life Insurance and Pension Funds dated July 24, 2024, and the amendment to the actuarial model that allows a distinction between different annuity tracks, see Note 9(2) and Note 9(3), respectively.

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 rounded to the nearest million.

NOTE 3 – Significant Accounting Policies

The Group’s principal significant accounting policy in these condensed consolidated interim financial statements is the accounting policy applied in the Annual Financial Statements.

A. New standards not yet adopted by the Group’s Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments (“IFRS 9”) (jointly below: “the New Standards”)

As set out in Note 2A above and further to the information in Note 3R to the Annual Statements, in accordance with the Updated Roadmap, the date of initial application of the new standards, for insurance companies in Israel will apply as from quarterly and annual periods starting on January 1, 2025. Accordingly, the transition date will be January 1, 2024.

Nonetheless, already in 2024, insurance companies will be required to include a special note in the financial statements, key proforma reports prepared in accordance with the new standards, according to the disclosure format attached in the appendix to the Updated Roadmap, as follows: In the financial statements for the third quarter of 2024, insurance companies may provide disclosure for the proforma statement of financial position as at January 1, 2024 (the transition date for application of the Standard), including disclosure of the amount of the contractual service margin and the amount of the risk adjustment for each of the operating segments separately. In addition, in the annual financial statements for 2024, insurance companies are required to provide disclosure for the proforma statement of financial position as at the transition date for application of the Standard, and to provide disclosure for certain sections of the proforma comprehensive statement of income for the six-month period ending on June 30, 2024 (without comparative figures). Moreover, under the Note, insurance companies will be required to provide supplementary qualitative disclosure that will refer, among other things, to the issues set out in the Updated Roadmap.

Additionally, the Updated Roadmap sets out the revised key preparatory measures and time schedules which, in the opinion of the Capital Market, Insurance and Savings Authority, are required to ensure quality deployment by Israel’s insurance companies for the proper application of the Standard, including regarding adapting their information systems and their operation, implementation and review of the adequacy of controls, project management and documentation, completion of formulating the accounting policy and deployment for the different reports required, performing quantitative tests, deployment for calculating the risk adjustment for non-financial risk (RA), and deployment for the audit of the auditors.

The Commissioner published several drafts on Professional Issues Relating to Implementation of IFRS 17 in Israel to allow insurance companies in Israel to prepare for adoption of IFRS 17, ("the Drafts"). The Drafts published by the Commissioner in April and June 2024 refer to key issues that are a core part of the Standard, including measurement at the transition date and application of the fair value approach at the transition date, and include significant guidelines and changes compared with earlier drafts published by the Commissioner. On August 12, 2024, the Commissioner published another update to the Drafts, which included reference to clarifications regarding the calculation of a weighted illiquidity premium, setting the reliable profit rate in the RA calculation, and guidelines for calculating the fair value of Hetz earmarked bonds. The significant accounting policies described below are based, among other things, on the Drafts.

<u>The Company’s preparation for implementation of the New Standards</u>:

For several years, the Company has been in the process of applying and assimilating computerized information systems, which are necessary for implementation of the provisions of the New Standards. The Company is also in the process of mapping, designing, and implementing the new controls and processes arising from implementation of the New Standards, including everything related to the flow of data from the operational systems to the financial reporting (end to end). In January 2024, the Company submitted to the Authority a list of key controls, which were implemented by the end of 2023, and the Company's work plan for the remaining controls that are expected to be implemented in the first half of 2024.

NOTE 3 – Significant Accounting Policies (contd.)

A. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments ("IFRS 9") (jointly below: "the New Standards") (contd.)

The Company's preparation for implementation of the New Standards: (contd.)

As part of the preparation for implementation of the New Standards, and in accordance with the Authority's guidelines, in December 2023, the Company submitted to the Authority an update of its methodology document for the RA calculation. In addition, in March 2024, the Company submitted to the Authority an updated draft of the principals of its significant accounting policy related to the New Standards. At the beginning of July 2024, the Company submitted to the Authority a draft calculation of the opening balances as at the transition date of the Standard (January 1, 2024) for some insurance contracts, and in September 2024, the Company reported to the Authority the results of the second quantitative impact study ("QIS-2") to assess the effect of initial application of the New Standards on the sections of the statement of financial position as at January 1, 2024 and March 31, 2024, and on the sections of the statement of comprehensive income for the three months ended March 31, 2024, as set out in the Updated Roadmap. The Company is making preparations to report the results of the third quantitative impact survey ("QIS-3") to assess the effect of initial application of the New Standards on the sections of the statement of financial position as at January 1, 2024 and June 30, 2024, and on the sections of the statement of comprehensive income for the six months ended June 30, 2024, which will be submitted to the Authority by December 31. 2024, in accordance with the time frames set out in the Updated Roadmap.

The Group continues to assess the implications of adopting the New Standards on its consolidated financial statements and is preparing to apply them within the time frames set out in the Updated Roadmap.

Below is a breakdown of the significant accounting policy selected by the Group for a number of key topics in the New Standards. It should be emphasized that everything specified below in connection with the significant accounting policy is correct as of the publication date of this report and it may change:

1. Allocation of insurance contracts to portfolios:

   Under the Standard, insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together.

   Below are the insurance portfolios identified by the Group. These portfolios were determined in accordance with the provisions of the Standard and in conformity with the Commissioner's position set out in the professional drafts published for professional issues relating to application of the Standard in Israel:

- Life insurance portfolios: policies that include a non-yield dependent savings component; policies that include a yield-dependent savings component with variable management fees; policies that include a yield-dependent savings component with fixed management fees only; insurance in the event of death; work disability insurance; annuity policies;
- Health insurance portfolios: personal long-term care; group long-term care; personal medical and disability expenses; group medical and disability expenses, including dental; critical illness; short-term foreign workers, overseas travel, and personal accident; long-term foreign workers, overseas travel, and personal accident;
- Non-life insurance portfolios: business; apartments; compulsory motor including policies sold through the Pool, motor property; professional liability; contractors; Sale Law guarantees.

   It should be noted that the Group is considering whether to implement IFRS 17 or IFRS 9 for the mortgage insurance contracts issued for EMI, which also meet the definition of "financial guarantee contracts", therefore, under the provisions of the New Standards, the Company may choose whether to apply IFRS 17 or IFRS 9.

   Each identified portfolio is segregated into three profitable groups: (1) contracts that are onerous at initial recognition; (2) contracts that at initial recognition have no significant possibility of becoming onerous – at this stage, the Group has not identified any contracts that are associated with this group; and (3) the remaining contracts in the portfolio. In addition, insurance contracts issued more than one year apart in the same group cannot be included.

NOTE 3 – Significant Accounting Policies (contd.)

A. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments ("IFRS 9") (contd.)

2. Measurement model that the Company plans to apply for each of the insurance portfolios identified by the Group:

   The Standard includes three models for measuring the liability for insurance contracts:

- General Measurement Model (GMM)

  In accordance with this model, which is the default model of the standard, liabilities for groups of insurance should be measured on initial recognition, as the present value of the estimated cash flows from the insurance contracts discounted at the present interest rate plus explicit risk adjustment for non-financial risk (RA). The estimated profit factored into insurance contracts, arising from the calculations, will be recognized as a liability – contractual service margin (CSM), which will be recognized in profit or loss over the coverage period of the group of insurance contracts. If a predicted loss occurs, it will be recognized immediately in profit or loss. The liability components are classified into two types of liabilities: Liability for remaining coverage (LRC) and liability for incurred claims (LIC). In subsequent periods, the CSM will be adjusted for changes in non-financial assumptions related to future service. If the CSM is reduced to zero due to these changes, any future change is recognized immediately in profit or loss. On the other hand, changes arising from the time value of money and financial changes will be recognized immediately in profit or loss under financing expenses for insurance contracts.

  In reinsurance contracts held, the CSM may be an asset or a liability and it represents the net contractual cost or the net contractual profit, respectively. If the reinsurance contract exists when recognizing the loss component for a group of insurance contracts covered by the reinsurer, the Company will recognize an immediate profit for the reinsurance contract (loss recovery component) against adjustment of the contractual service margin.

  The Company plans to apply the GMM in the following insurance portfolios (by segment):

  Issued insurance contracts:

  - Life insurance: policies that include a non-yield dependent savings component; insurance in the event of death; work disability insurance;
  - Health insurance: personal lines long-term care; personal lines medical and disability; group medical expenses, including dental; critical illness; foreign workers; overseas travel, and long-term personal accidents,

  Reinsurance contracts held:

  - Life insurance: All reinsurance;
  - Health insurance: All reinsurances, other than travel reinsurance contracts, which will be measured in accordance with the Premium Allocation Approach (see below).

NOTE 3 – Significant Accounting Policies (contd.)

A. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments ("IFRS 9") (contd.)

2. Measurement model that the Company plans to apply for each of the insurance portfolios identified by the Group: (contd.)

- Variable Fee Approach (VFA)

This model constitutes adjustment to the GMM and applies to contracts with direct participation features. Direct participating contracts are insurance contracts that meet the criteria established in the Standard, and include the Company's promise of an investment return based on underlying items. In other words, the contract includes substantial service referring to investments.

In accordance with the VFA model, the cash flows for maintaining the contract consist of the obligation to pay the insured an amount equal to the fair value of the underlying items minus the variable fee for the service. Any change in the obligation to pay the insured an amount equal to the fair value of the underlying items is recognized directly in financing expenses for insurance contracts. The contractual service margin is adjusted for changes in non-financial assumptions, similar to the GMM, as well as financial changes that affect the variable fee (unlike the GMM).

The Company plans to apply this measurement model in the following insurance portfolios (by segment):

Issued insurance contracts:

- Life insurance: Policies that include a yield-dependent savings component and variable management fees; policies that include a yield-dependent savings component and include only fixed management fees; annuity policies;
- Health insurance: group long-term care

- Premium Allocation Approach (PAA)

In accordance with this model, the liability for remaining coverage is determined as the total the premiums received minus any insurance acquisition cash flows and minus the premium amounts and insurance acquisition cash flows recognized in profit or loss for the previous coverage period. Premiums received and cash flows for insurance acquisition are recognized in profit or loss over the coverage period on the basis of the passage of time.

If facts and circumstances indicate that a group of insurance contracts is onerous, the Company measures the present value of the future cash flows plus the risk adjustment for non-financial risks similar to the principles of the general model. If this amount exceeds the carrying amount of the liability for the remaining coverage, the Company will increase the liability for the remaining coverage against recognition of an immediate loss in the statement of income.

If the reinsurance contract exists when recognizing the loss component for a group of insurance contracts covered by the reinsurer, the Company will recognize an immediate profit for the reinsurance contracts (loss recovery component) against adjustment of the carrying amount of the asset for the remaining coverage.

The Company may first apply the PAA if, and only if, on creation of the group: (a) the coverage period of each group contract is one year or less; or (b) the Company reasonably anticipates that such simplification will produce a measurement of the obligation for the remaining coverage period for the group, which will not be materially different from that measured under the general model. The Company may apply the PPA for groups of reinsurance contracts held, with adjustments reflecting the features of the reinsurance contracts held that differ from issued insurance contracts.

NOTE 3 – Significant Accounting Policies (contd.)

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

IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments (“IFRS 9”) (contd.)

2. Measurement model that the Company plans to apply for each of the insurance portfolios identified by the Group: (contd.)

- Premium allocation approach (PAA) (contd.)

The Company plans to apply this measurement model in the following insurance portfolios (by segment):

Issued insurance contracts:

- Health insurance: foreign workers, overseas travel, and short-term personal accidents
- Non-life insurance: all portfolios

Reinsurance contracts held:

- Health insurance: travel reinsurance
- Non-life insurance: all reinsurance

3. Separating components from insurance and reinsurance contracts, unbundling contracts, and combining insurance contracts

The Company did not identify embedded derivatives, goods, and services or distinct investment components that require accounting that is separate from the insurance contract or the relevant reinsurance.

In most cases, the Company will account for the legal contract and its components as a single insurance contract. Accordingly, the Company will not separate components from typical insurance policies such as: a policy that includes a savings component together with add-on provisions and riders, a medical expenses policy marketed before or after February 2016, and service notes attached to health and property policies. A health policy sold as a package to a number of family members in a single legal contract will be accounted for as a single insurance contract.

However, the Company plans to account for following policies and coverages separately even if they are sold together to the insured: a policy that includes medical expenses insurance alongside long-term care insurance; a policy that includes compulsory motor insurance together with comprehensive motor insurance; a critical illness component sold as additional cover in health insurance.

- Business policies in non-life insurance, which usually include property cover alongside liability cover, which are sold to the same party as separate legal policies, which are issued with an overall view, including for pricing and customer benefit, within a reasonable time gap between the issuance dates, and sometimes also with a contractual relationship between them, will be combined and accounted for as a single insurance contract.

4. Discount interest rates for the Standard:

The Group determines the interest curves for all groups of insurance contracts in accordance with the bottom-up approach, which is the default under the drafts published by the Commissioner. With reference to the illiquidity premium rate, the Group applies the weights established by the Commissioner to accounting portfolios under the drafts he published in April-August 2024.

NOTE 3 – Significant Accounting Policies (contd.)

A. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments ("IFRS 9") (contd.)

5. Risk adjustment for non-financial risk (RA):

The RA reflects the compensation the Company requires for bearing non-financial risk arising from the uncertain amount and timing of the cash flows, including insurance risk and other non-financial risks such as cancellation risk and expense risk. The Company adjusts the estimated present value of the future cash flows for this amount, which is reflected separately in the total amount of the Company's liabilities.

The Standard does not specify the techniques used to determine the risk adjustment for non-financial risk.

The Group selected the VAR method for calculation of the RA. The selected confidence interval is 75%, other than the personal lines long-term portfolio, in which, due to the significant underlying risk characteristics and in accordance with the Commissioner's draft from August 2024, a confidence interval of 90% was set, with strict application of the example in the draft.

The RA calculation will be based on solvency principles: in life and health products as a function of SCR; in non-life insurance products in accordance with best practice principles; the reinsurance risk will be adjusted as a function of reinsurance SCR and will only apply to reinsurance coverage.

6. Contract boundaries:

For insurance contracts, cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the insured to pay the premiums or in which the entity has a substantive obligation to provide the insured with services. A substantive obligation ends when the entity has the practical ability to reassess the risks of the insured (individual insured) or of the portfolio of insurance contracts At this point, the entity has the practical ability to set a new price or change the terms of the benefits that fully reflect the risks, provided that the pricing of the premium does not include the cost of the future risk. The practical ability of the entity to set a price at a future date, which fully reflects the risks in the contract from that date, exists when there are no restrictions that prevent the entity from repricing the contract in the same way as the entity would price a new contract with the same characteristics.

In determining the contract boundary of insurance contracts, the Group assesses each separate contract and considers the entire substantive rights and obligations, whether they arise from a contract, law, or regulation, and disregarding terms that have no commercial substance.

For reinsurance contracts held, cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity is required to pay sums to the reinsurer or it has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to it, and can set a new price or change the terms of the benefits to fully reflect those risks, or alternatively, when the reinsurer has a substantive right to end coverage.

Under the Standard, the Group will not include cash flows in the contract boundary that are not directly attributable to the portfolio of an insurance contract, including training costs, research and development, branding, and sponsorships.

The Group includes investment management costs in the contract boundary, for profit-sharing contracts or contracts for which investments are made that benefit the insured.

NOTE 3 – Significant Accounting Policies (contd.)

A. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments ("IFRS 9") (contd.)

7. Coverage units and release from the contractual service margin (CSM):

CSM represents the liability for the unrealized profit relating to future services. In accordance with the Standard, CSM will be recognized in profit or loss over the coverage period to reflect the insurance service provided by the Company under the contracts included in the group of insurance contracts. This is determined on the basis of the coverage units provided in the period and the coverage units expected to be provided in the future for the group of insurance contracts. The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering, for each contract, the quantity of the benefits provided under a contract and its expected coverage duration.

The Group determines default coverage units according to insurance amount in products that include an insurance amount in the contract. Regarding products that include an investment management service, the Company's position is that the scope of the service changes depending on the size of the savings.

The coverage units for reinsurance contracts held are consistent with the coverage units for the underlying contracts, with adjustments for differences in services provided.

IFRS 17 does not determine whether the time value of money should be taken into account when allocating CMS to the coverage units to reflect the expected timing of the coverage units to be provided.

8. Transitional provisions:

The Standard is to be applied retrospectively ("Full Retrospective Application") unless impracticable. In Full Retrospective Application, the Company identifies, recognizes, and measures each group of insurance contracts and any assets for insurance acquisition cash flows as at the transition date, as if the Standard had always applied. In addition, the Company will derecognize any existing balances that would not exist if the Standard had not always applied. Any resulting differences are recognized in equity.

The transition date is January 1, 2024, such that at the date of initial application, the Company will restate comparative information for 2024.

If Full Retrospective Application for a group of insurance contracts and/or an asset for insurance acquisition cash flows is impractical, the Company will apply one of the following approaches:

- Modified Retrospective Approach (MRA): to achieve the closest possible result for Full Retrospective Application using reasonable and supportable information, which can be achieved without undue cost or effort; or
- Fair Value Approach (FVA): To apply this approach, the Company will determine the contractual service margin or loss component of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

The Group expects to implement the transition approaches for the insurance portfolios as follows:

Full Retrospective Application:

- For non-life insurance portfolios;
- For short-term health insurance portfolios measured in accordance with the PAA model;
- For reinsurance contracts measured in accordance with the PAA, consistently to address the gross contracts underlying the reinsurance contracts.

NOTE 3 – Significant Accounting Policies (contd.)

A. New standards not yet adopted by the Group's Israeli insurance companies in accordance with the instructions of the Capital Market, Insurance and Savings Authority (contd.)
IFRS 17, Insurance Contracts ("the Standard" or "IFRS 17") and IFRS 9, Financial Instruments ("IFRS 9") (jointly below: "the New Standards") (contd.)

8. Transitional provisions: (contd.)

Modified Retrospective Approach (MRA):

- For insurance coverage in the event of death – 2019-2023 underwriting years
- For personal lines medical and disability insurance – 2019-2023 underwriting years
- For critical illness – 2019-2023 underwriting years

Fair Value Approach (FVA):

Other life and health insurance portfolios will be measured in accordance with the fair value approach (FVA) at the transition date.

9. Application of IFRS 9 for measurement of investments in financial assets:

IFRS 9 eliminates the previous classification groups of financial assets in IAS 39 and stipulates that at initial recognition, financial assets will be classified to one of the following measurement categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Classification of financial assets under IFRS 9 is generally based on the entity's business model for the management of financial assets and on the nature of the contractual cash flows of the financial assets. IFRS 9 does not significantly change the current provisions of IAS 39 regarding the classification and measurement of financial liabilities.

IFRS 9 includes a new model for the recognition of credit losses, that replaces the current impairment model of IAS 39 with the expected credit loss model. The model applies to financial assets measured at amortized cost and investments in debt assets measured at fair value through other comprehensive income, and it does not apply to investments in capital instruments.

On adoption of the new standards, the great majority of the financial assets of the insurance companies in the Group will be measured at fair value through profit or loss. Accordingly, they are not expected to include a material provision for expected credit loss.

New standards not yet adopted by the Company
IFRS 18, Presentation and Disclosure in Insurance Contracts ("the Standard" or "IFRS 18")

The Standard replaces IAS 1, Presentation of Financial Statements. The Standard promotes improved structure and content for the financial statements, in particular the statement of income. The Standard includes new requirements for disclosure and presentation as well as requirements retained from IAS 1, with limited wording changes. As part of the new disclosure requirements, companies are required to present two subtotals in the statement of income: operating profit and profit before financing and taxes. In addition, for most companies, the results in the statement of income will be classified into three categories: operating, investing, and financing. For changes in the structure of the statements of income, the Standard also includes a requirement for separate disclosure in the financial statements regarding the use of management-defined performance measures (Non-GAAP measures).

Additionally, under the Standard, specific provisions were added for the aggregation and disaggregation of line items in the financial statements and the notes. The Standard will encourage companies to avoid classification of items as 'other' (for example, other expenses), and such classification will entail further disclosure requirements.

The Standard will apply for annual periods beginning on or after January 1, 2027, with an option for early application. On August 4, 2024, the Israel Securities Authority issued a decision according to which early application of the Standard will only be possible from January 1, 2025. The Group is examining the effects of the Standard on the financial statements with no plans for early adoption.

NOTE 3 – Significant Accounting Policies (contd.)

B. New standards not yet adopted by the Company (contd.)
Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures: Amendments to Classification and Measurement of Financial Instruments

The Amendments refer to the following topics:

- Clarifications are added for the recognition and derecognition date of financial instruments, and an exception is added for the derecognition date of financial liabilities settled by electronic cash transfers;
- Classification of financial assets:
  - Updating the application guidance for assessing whether the contractual cash flows of a financial asset are solely payments of principal and interest (SPPI), when the contractual terms of the asset include contingent characteristics (for example, linking to ESG parameters), and adding examples on the subject;
  - Clarification for when financial instruments are contractually linked and when they are non-recourse financial assets for determining whether they include SPPI;
- Updating disclosure requirements for financial instruments with contingent characteristics that are not directly related to a change in the underlying risks/costs of the instrument; and
- Updating disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income (FVOCI).

The Amendments will be applied starting from annual reporting periods beginning on January 1, 2026. Early application is permitted. Early application can be elected for all the amendments or only the amendments related to classification of financial assets (including the Amendment to IFRS 7, which includes the related disclosure requirements). The Amendment to IFRS 9 will be applied retrospectively without the requirement for restatement of comparative figures. When applying the Amendment to IFRS 7, disclosure for periods prior to the initial application date of the Amendments is not required.

As set out in section A above, the Group's insurance companies have not yet applied the provisions of IFRS 9 as a whole. The Group is examining the effects of the amendments on the financial statements with no plans for early adoption.

Seasonality

1. Life insurance, 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 insurance 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 note on Operating Segments includes several segments that constitute strategic business units of the Group. The strategic business units include different products and services and the allocation of resources and evaluation of performance are managed separately. The basic products in each segment are similar in principal regarding 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 income tax. The results of inter-company transactions are eliminated in the framework of the adjustments for preparation of the condensed consolidated interim financial statements. Notably, there is no outstanding debit-credit balance from the transfer of financial assets between the different segments, insofar as such transfers are made.

The Group operates in the following segments:

1. Life insurance and long-term savings

This segment includes the Group's insurance activities in the life insurance 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 insurance and dental insurance. 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 segment 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 liability: 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 segment, as described above). This includes 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 segment includes the Group's insurance activities in all property branches excluding motor property (for example, the provision of Sale Law guarantees, and homeowners).

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

4. Insurance companies overseas

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

NOTE 4 – Operating Segments (contd.)

5. Financial services

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

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

6. Credit

As from the financial statements for 2023, the Group presents a new operating segment – the credit segment. This segment includes the following operations:

- Business and credit support for medium businesses - through a subsidiary in which the Company holds 70%, Hamazpen Shutaphim Laderech Ltd., which creates innovative financing solutions for high-quality entrepreneurs providing credit to small and medium businesses, including the provision of mezzanine loans
- Mortgage and reverse mortgage loans - through a wholly owned subsidiary of Harel Insurance, Harel 60+ Ltd. ("Harel 60+"), which provides mortgage loans, including reverse mortgage loans provided to borrowers aged 60 or more, with a lien on their home
- Development property finance support - carried out by Harel Insurance under the development property finance division, which focuses on construction projects for residences, offices, and trade in Israel. As part of this activity, Harel Insurance provides a full financing package for developers, including financial credit and a guarantee policy under the Sales (Housing) (Assurance of Investments of Persons Acquiring Apartments) Law, 1974 ("the Sales Law"). It should be noted that the results of the activity for providing a guarantee policy under the Sales Law are included in the non-life insurance segment.
- Providing financial guarantees and development and operating services for mortgage portfolios - through Harel Insurance and EMI. For additional information, see Note 3C2m12 to the Financial Statements.

These operations were previously presented within the Company's different operating segments. Comparative figures in the Note have been restated accordingly.

Segment results include, on the one hand, the contribution of investments of debt assets as part of Harel 60+ and development property finance activity, and on the other, since these investments were financed by the health insurance and non-life insurance segments, respectively, the segment results included financing expenses that reflect the theoretical costs for raising credit for these activities (and in parallel, theoretical finance income was included for placing the debt assets in favor of these activities in the health insurance segment and the non-life insurance segment, respectively). Similarly, for theoretical inter-segment financing, segment liabilities include theoretical inter-segment financial liabilities with the health insurance segment and the non-life insurance segment, and on the other hand, health insurance assets and non-life insurance assets include corresponding theoretical financial debt assets.

7. Not attributed to operating segments and others

Activities that are not attributed to operating segments include mainly activities of insurance agencies, as well as the capital activities of the consolidated insurance companies.

NOTE 4 – Operating Segments (contd.)

A. Information about reportable segments

	For the nine months ended September 30, 2024 (unaudited)								
	Life insurance and long-term savings	Health insurance	Non-life insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments and others	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	4,296	3,645	3,587	439	-	-	-	(3)	11,964
Premiums earned by reinsurers	229	122	1,200	100	-	-	-	(3)	1,648
Premiums earned in retention	4,067	3,523	2,387	339	-	-	-	-	10,316
Profit from investments, net, and financing income	7,254	567	434	53	168	287	*219	(170)	8,812
Income from management fees	1,026	71	-	-	208	-	5	(4)	1,306
Income from commissions	49	13	236	16	-	-	**103	(57)	360
Other income	21	-	-	-	1	21	35	-	78
Total income	12,417	4,174	3,057	408	377	308	362	(231)	20,872
Payments and changes in liabilities for insurance contracts and investment contracts, gross	10,656	2,819	2,685	308	-	-	-	(3)	16,465
Reinsurers' share in payments and change in liabilities for insurance contracts	180	77	728	10	-	-	-	(3)	992
Payments and changes in liabilities for insurance contracts and investment contracts in retention	10,476	2,742	1,957	298	-	-	-	-	15,473
Commissions, marketing expenses and other acquisition costs	1,022	803	726	114	-	-	***12	(57)	2,620
General and administrative expenses	590	205	39	30	162	31	****166	(4)	1,219
Other expenses	13	-	9	2	1	1	26	-	52
Financing expenses (income), net	29	80	27	(8)	142	185	203	(170)	488
Total expenses	12,130	3,830	2,758	436	305	217	407	(231)	19,852
Share in profits (losses) of equity accounted investees	(8)	2	25	-	-	-	30	-	49
Profit (loss) before income tax	279	346	324	(28)	72	91	(15)	-	1,069
Other comprehensive income (loss) before income tax	(71)	(59)	54	(2)	-	-	(11)	-	(89)
Total comprehensive income (loss) before income tax	208	287	378	(30)	72	91	*****(26)	-	980
Liabilities for non-yield dependent insurance contracts and investment contracts	12,501	8,502	10,912	575	-	-	-	(7)	32,483
Liabilities for yield-dependent insurance contracts and investment contracts	79,011	3,972	-	-	-	-	-	-	82,983

* 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. NIS 55 million of this amount 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 74 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.)

A. Information about reportable segments (contd.)

	For the three months ended September 30, 2024 (unaudited)								
	Life insurance and long-term savings	Health insurance	Non-life insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments and others	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	1,280	1,276	1,224	163	-	-	-	(1)	3,942
Premiums earned by reinsurers	79	44	406	37	-	-	-	(1)	565
Premiums earned in retention	1,201	1,232	818	126	-	-	-	-	3,377
Profit from investments, net, and financing income	3,257	251	182	21	69	108	*111	(66)	3,933
Income from management fees	355	26	-	-	75	-	3	(1)	458
Income from commissions	18	4	75	6	-	-	**33	(17)	119
Other income	7	-	-	-	1	7	14	-	29
Total income	4,838	1,513	1,075	153	145	115	161	(84)	7,916
Payments and changes in liabilities for insurance contracts and investment contracts, gross	4,066	1,064	935	131	-	-	-	(1)	6,195
Reinsurers' share in payments and change in liabilities for insurance contracts	71	51	245	10	-	-	-	(1)	376
Payments and changes in liabilities for insurance contracts and investment contracts in retention	3,995	1,013	690	121	-	-	-	-	5,819
Commissions, marketing expenses and other acquisition costs	355	283	258	42	-	-	***8	(17)	929
General and administrative expenses	206	69	13	11	59	11	****53	(1)	421
Other expenses	5	-	3	1	-	1	9	-	19
Financing expenses (income), net	11	35	1	(7)	60	71	76	(66)	181
Total expenses	4,572	1,400	965	168	119	83	146	(84)	7,369
Share in profits (losses) of equity accounted investees	(11)	(3)	12	-	-	-	13	-	11
Profit (loss) before income tax	255	110	122	(15)	26	32	28	-	558
Other comprehensive income before income tax	107	82	57	1	-	-	13	-	260
Total comprehensive income (loss) before income tax	362	192	179	(14)	26	32	*****41	-	818
Liabilities for non-yield dependent insurance contracts and investment contracts	12,501	8,502	10,912	575	-	-	-	(7)	32,483
Liabilities for yield-dependent insurance contracts and investment contracts	79,011	3,972	-	-	-	-	-	-	82,983

* 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. NIS 16 million of this amount 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 21 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 nine months ended September 30, 2023 (unaudited)								
	Life insurance and long-term savings	**Health insurance**	**Non-life insurance**	**Insurance companies overseas**	**Financial services**	**Credit[1]**	**Not attributed to operating segments and others**	**Adjustments and offsets**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Premiums earned, gross	4,894	4,815	3,285	403	-	-	-	(3)	13,394
Premiums earned by reinsurers	224	279	1,203	87	-	-	-	(3)	1,790
Premiums earned in retention	4,670	4,536	2,082	316	-	-	-	-	11,604
Profit from investments, net, and financing income	4,281	[1] 509	[1] 232	50	79	212	[1] *37	[1] (125)	5,275
Income from management fees	949	3	-	-	174	-	9	(2)	1,133
Income from commissions	65	13	229	15	-	-	**74	(43)	353
Other income	21	-	-	-	-	20	[1] 25	-	66
Total income	9,986	5,061	2,543	381	253	232	145	(170)	18,431
Payments and changes in liabilities for insurance contracts and investment contracts, gross	8,329	4,297	2,406	461	-	-	-	(3)	15,490
Reinsurers' share in payments and change in liabilities for insurance contracts	121	456	750	219	-	-	-	(3)	1,543
Payments and changes in liabilities for insurance contracts and investment contracts in retention	8,208	3,841	1,656	242	-	-	-	-	13,947
Commissions, marketing expenses and other acquisition costs	945	793	684	118	-	-	***7	(43)	2,504
General and administrative expenses	570	[1] 252	46	22	136	20	[1]****143	(4)	1,185
Other expenses	14	-	12	1	2	-	18	-	47
Financing expenses, net	20	65	50	4	57	136	[1] 185	[1] (123)	394
Total expenses	9,757	4,951	2,448	387	195	156	353	(170)	18,077
Share in profits (losses) of equity accounted investees	(17)	(27)	(54)	-	-	-	21	-	(77)
Profit (loss) before income tax	212	83	41	(6)	58	76	(187)	-	277
Other comprehensive income (loss) before income tax	(18)	(27)	165	(6)	-	-	171	-	285
Total comprehensive income (loss) before income tax	194	56	206	(12)	58	76	*****(16)	-	562
Liabilities for non-yield dependent insurance contracts and investment contracts	12,520	8,158	10,920	623	-	-	-	(6)	32,215
Liabilities for yield-dependent insurance contracts and investment contracts	73,265	5,312	-	-	-	-	-	-	78,577

[1] Restated due to initial presentation of the credit segment, see also Note 4(6)

* 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 42 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 10 million

NOTE 4 – Operating Segments (contd.)

A. Information about reportable segments (contd.)

	For the three months ended September 30, 2023 (unaudited)								
	Life insurance and long-term savings	**Health insurance**	**Non-life insurance**	**Insurance companies overseas**	**Financial services**	**Credit[1]**	**Not attributed to operating segments and others**	**Adjustments and offsets**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Premiums earned, gross	1,523	1,675	1,147	154	-	-	-	(1)	4,498
Premiums earned by reinsurers	75	93	412	30	-	-	-	(1)	609
Premiums earned in retention	1,448	1,582	735	124	-	-	-	-	3,889
Profit from investments, net, and financing income	207	[1]78	[1] 64	22	34	77	[1]*54	[1] (44)	492
Income from management fees	326	1	-	-	62	-	5	-	394
Income from commissions	24	4	77	5	-	-	**23	(16)	117
Other income	7	-	-	-	-	7	[1] 9	-	23
Total income	2,012	1,665	876	151	96	84	91	(60)	4,915
Payments and changes in liabilities for insurance contracts and investment contracts, gross	1,340	1,292	765	210	-	-	-	(1)	3,606
Reinsurers' share in payments and change in liabilities for insurance contracts	44	135	232	107	-	-	-	(1)	517
Payments and changes in liabilities for insurance contracts and investment contracts in retention	1,296	1,157	533	103	-	-	-	-	3,089
Commissions, marketing expenses and other acquisition costs	309	266	243	45	-	-	***2	(16)	849
General and administrative expenses	191	[1]87	15	8	48	8	[1]****41	(1)	397
Other expenses	4	-	4	-	1	-	5	-	14
Financing expenses, net	8	18	18	2	26	48	[1] 66	[1] (43)	143
Total expenses	1,808	1,528	813	158	75	56	114	(60)	4,492
Share in profits of equity accounted investees	2	2	2	-	-	-	5	-	11
Profit (loss) before income tax	206	139	65	(7)	21	28	(18)	-	434
Other comprehensive income (loss) before income tax	(46)	(56)	53	-	-	-	(3)	-	(52)
Total comprehensive income (loss) before income tax	160	83	118	(7)	21	28	*****(21)	-	382
Liabilities for non-yield dependent insurance contracts and investment contracts	12,520	8,158	10,920	623	-	-	-	(6)	32,215
Liabilities for yield-dependent insurance contracts and investment contracts	73,265	5,312	-	-	-	-	-	-	78,577

[1] Restated due to initial presentation of the credit segment, see also Note 4(6)

* 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. NIS 15 million of this amount 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 19 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, 2023 (audited)								
	Life insurance and long-term savings	Health insurance	Non-life insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments and others	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	6,286	6,468	4,474	548	-	-	-	(4)	17,772
Premiums earned by reinsurers	283	377	1,606	115	-	-	-	(4)	2,377
Premiums earned in retention	6,003	6,091	2,868	433	-	-	-	-	15,395
Profit from investments, net, and financing income	5,929	692	339	69	122	289	*140	(164)	7,416
Income from management fees	1,273	5	-	-	242	-	12	(3)	1,529
Income from commissions	60	17	303	20	-	-	**104	(62)	442
Other income	29	-	-	-	1	28	34	-	92
Total income	13,294	6,805	3,510	522	365	317	290	(229)	24,874
Payments and changes in liabilities for insurance contracts and investment contracts, gross	11,127	5,812	3,193	545	-	-	-	(3)	20,674
Reinsurers' share in payments and change in liabilities for insurance contracts	196	675	949	225	-	-	-	(3)	2,042
Payments and changes in liabilities for insurance contracts and investment contracts in retention	10,931	5,137	2,244	320	-	-	-	-	18,632
Commissions, marketing expenses and other acquisition costs	1,264	1,046	942	161	-	-	***8	(62)	3,359
General and administrative expenses	760	325	59	39	189	32	****193	(5)	1,592
Other expenses	19	-	17	2	2	-	26	-	66
Financing expenses (income), net	26	72	22	(3)	94	182	244	(162)	475
Total expenses	13,000	6,580	3,284	519	285	214	471	(229)	24,124
Share in profits (losses) of equity accounted investees	(28)	(42)	(66)	-	-	-	28	-	(108)
Profit (loss) before income tax	266	183	160	3	80	103	(153)	-	642
Other comprehensive income (loss) before income tax	(29)	(54)	119	(8)	-	-	151	-	179
Total comprehensive income (loss) before income tax	237	129	279	(5)	80	103	*****(2)	-	821
Liabilities for non-yield dependent insurance contracts and investment contracts	12,414	8,389	10,834	575	-	-	-	(6)	32,206
Liabilities for yield-dependent insurance contracts and investment contracts	74,290	5,367	-	-	-	-	-	-	79,657

* 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. NIS 60 million of this amount is 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 total general and administrative expenses, NIS 76 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.)

B Additional information about the non-life insurance segment

	For the nine months ended September 30, 2024 (unaudited)					
	Compulsory motor	**Motor property**	**Property and other branches***	**Other liability branches****	**Mortgage insurance**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Gross premiums	622	1,239	1,139	870	(1)	3,869
Reinsurance premiums	6	17	869	341	-	1,233
Premiums in retention	616	1,222	270	529	(1)	2,636
Change in unearned premium, in retention	49	114	30	59	(3)	249
Premiums earned in retention	567	1,108	240	470	2	2,387
Profit from investments, net, and financing income	162	54	15	198	5	434
Income from commissions	-	4	183	49	-	236
Total income	729	1,166	438	717	7	3,057
Payments and changes in liabilities for insurance contracts, gross	748	816	438	698	(15)	2,685
Reinsurers' share in payments and change in liabilities for insurance contracts	52	10	357	309	-	728
Payments and changes in liabilities for insurance contracts in retention	696	806	81	389	(15)	1,957
Commissions, marketing expenses and other acquisition costs	90	256	231	149	-	726
General and administrative expenses	10	11	10	7	1	39
Other expenses	4	3	1	1	-	9
Financing expenses, net	14	3	1	9	-	27
Total expenses (income)	814	1,079	324	555	(14)	2,758
Share in profits of equity accounted investees	10	3	1	11	-	25
Profit (loss) before income tax	(75)	90	115	173	21	324
Other comprehensive income before income tax	20	7	2	24	1	54
Total comprehensive income (loss) before income tax	(55)	97	117	197	22	378
Liabilities for insurance contracts, gross, as at September 30, 2024	3,176	1,140	1,238	5,244	114	10,912
Liabilities for insurance contracts, in retention, as at September 30, 2024	2,768	1,124	271	3,370	114	7,647

* Property and other branches include mainly results from property loss and comprehensive homeowners insurance branches, which account for 79% of total premiums in these branches

** Other liability branches include mainly results from third-party insurance and professional liability branches, which account for 70% of total premiums in these branches

NOTE 4 – Operating Segments (contd.)

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

	For the three months ended September 30, 2024 (unaudited)					
	Compulsory motor	Motor property	Property and other branches*	Other liability branches**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	194	420	387	252	-	1,253
Reinsurance premiums	3	6	298	108	-	415
Premiums in retention	191	414	89	144	-	838
Change in unearned premium, in retention	3	30	4	(17)	-	20
Premiums earned in retention	188	384	85	161	-	818
Profit from investments, net, and financing income	63	24	7	85	3	182
Income from commissions	-	1	56	18	-	75
Total income	251	409	148	264	3	1,075
Payments and changes in liabilities for insurance contracts, gross	209	300	151	280	(5)	935
Reinsurers' share in payments and change in liabilities for insurance contracts	3	5	122	115	-	245
Payments and changes in liabilities for insurance contracts in retention	206	295	29	165	(5)	690
Commissions, marketing expenses and other acquisition costs	38	89	80	51	-	258
General and administrative expenses	4	3	4	1	1	13
Other expenses	1	1	-	1	-	3
Financing expenses (income), net	4	-	-	(3)	-	1
Total expenses (income)	253	388	113	215	(4)	965
Share in profits of equity accounted investees	5	1	1	5	-	12
Profit before income tax	3	22	36	54	7	122
Other comprehensive income before income tax	21	7	2	25	2	57
Total comprehensive income before income tax	24	29	38	79	9	179
Liabilities for insurance contracts, gross, as at September 30, 2024	3,176	1,140	1,238	5,244	114	10,912
Liabilities for insurance contracts, in retention, as at September 30, 2024	2,768	1,124	271	3,370	114	7,647

* Property and other branches include mainly results from property loss and comprehensive homeowners insurance branches, which account for 81% of total premiums in these branches

** Other liability branches include mainly results from third-party insurance and professional liability branches, which account for 65% of total premiums in these branches

NOTE 4 – Operating Segments (contd.)

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

	For the nine months ended September 30, 2023 (unaudited)					
	Compulsory motor	Motor property	Property and other branches*	Other liability branches**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	571	1,082	1,098	857	(1)	3,607
Reinsurance premiums	5	20	852	353	-	1,230
Premiums in retention	566	1,062	246	504	(1)	2,377
Change in unearned premium, in retention	32	189	23	54	(3)	295
Premiums earned in retention	534	873	223	450	2	2,082
Profit from investments, net, and financing income	***84	***22	20	***102	4	232
Income from commissions	4	5	172	48	-	229
Total income	622	900	415	600	6	2,543
Payments and changes in liabilities for insurance contracts, gross	554	751	508	611	(18)	2,406
Reinsurers' share in payments and change in liabilities for insurance contracts	48	28	415	259	-	750
Payments and changes in liabilities for insurance contracts in retention	506	723	93	352	(18)	1,656
Commissions, marketing expenses and other acquisition costs	120	207	217	140	-	684
General and administrative expenses	14	14	10	6	2	46
Other expenses	5	4	2	1	-	12
Financing expenses, net	20	5	2	23	-	50
Total expenses (income)	665	953	324	522	(16)	2,448
Share in losses of equity accounted investees	(21)	(6)	(2)	(25)	-	(54)
Profit (loss) before income tax	(64)	(59)	89	53	22	41
Other comprehensive income before income tax	64	17	5	78	1	165
Total comprehensive income (loss) before income tax	-	(42)	94	131	23	206
Liabilities for insurance contracts, gross, as at September 30, 2023	3,378	1,027	1,272	5,103	140	10,920
Liabilities for insurance contracts, in retention, as at September 30, 2023	2,905	1,003	258	3,392	140	7,698

* Property and other branches include mainly results from property loss and comprehensive homeowners insurance branches, which account for 77% of total premiums in these branches

** Other liability branches include mainly results from third-party insurance and professional liability branches, which account for 70% of total premiums in these branches

*** Restated due to initial presentation of the credit segment, see also Note 4(6)

NOTE 4 – Operating Segments (contd.)

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

	For the three months ended September 30, 2023 (unaudited)					
	Compulsory motor	Motor property	Property and other branches*	Other liability branches**	Mortgage insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums	190	394	369	246	-	1,199
Reinsurance premiums	2	7	286	119	-	414
Premiums in retention	188	387	83	127	-	785
Change in unearned premium, in retention	(2)	71	6	(25)	-	50
Premiums earned in retention	190	316	77	152	-	735
Profit from investments, net, and financing income	***24	***6	6	***27	1	64
Income from commissions	-	2	57	18	-	77
Total income	214	324	140	197	1	876
Payments and changes in liabilities for insurance contracts, gross	158	247	174	192	(6)	765
Reinsurers' share in payments and change in liabilities for insurance contracts	8	8	148	68	-	232
Payments and changes in liabilities for insurance contracts in retention	150	239	26	124	(6)	533
Commissions, marketing expenses and other acquisition costs	42	76	75	50	-	243
General and administrative expenses	6	5	2	2	-	15
Other expenses	1	1	1	1	-	4
Financing expenses, net	7	2	1	8	-	18
Total expenses (income)	206	323	105	185	(6)	813
Share in profits (losses) of equity accounted investees	1	(1)	-	2	-	2
Profit before income tax	9	-	35	14	7	65
Other comprehensive income before income tax	21	6	1	25	-	53
Total comprehensive income before income tax	30	6	36	39	7	118
Liabilities for insurance contracts, gross, as at September 30, 2023	3,378	1,027	1,272	5,103	140	10,920
Liabilities for insurance contracts, in retention, as at September 30, 2023	2,905	1,003	258	3,392	140	7,698

* Property and other branches include mainly results from property loss and comprehensive homeowners insurance branches, which account for 78% of total premiums in these branches

** Other liability branches include mainly results from third-party insurance and professional liability branches, which account for 63% of total premiums in these branches

*** Restated due to initial presentation of the credit segment, see also Note 4(6)

NOTE 4 – Operating Segments (contd.)

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

	For the year ended December 31, 2023 (audited)					
	Compulsory motor	**Motor property**	**Property and other branches***	**Other liability branches****	**Mortgage insurance**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Gross premiums	723	1,402	1,437	1,087	(1)	4,648
Reinsurance premiums	6	25	1,123	460	-	1,614
Premiums in retention	717	1,377	314	627	(1)	3,034
Change in unearned premium, in retention	(16)	166	9	11	(4)	166
Premiums earned in retention	733	1,211	305	616	3	2,868
Profit from investments, net, and financing income	127	34	24	149	5	339
Income from commissions	5	5	232	61	-	303
Total income	865	1,250	561	826	8	3,510
Payments and changes in liabilities for insurance contracts, gross	808	980	518	911	(24)	3,193
Reinsurers' share in payments and change in liabilities for insurance contracts	72	37	427	413	-	949
Payments and changes in liabilities for insurance contracts in retention	736	943	91	498	(24)	2,244
Commissions, marketing expenses and other acquisition costs	160	291	300	191	-	942
General and administrative expenses	18	16	14	9	2	59
Other expenses	8	5	3	1	-	17
Financing expenses, net	9	2	1	10	-	22
Total expenses (income)	931	1,257	409	709	(22)	3,284
Share in losses of equity accounted investees	(27)	(7)	(2)	(30)	-	(66)
Profit (loss) before income tax	(93)	(14)	150	87	30	160
Other comprehensive income before income tax	45	12	4	55	3	119
Total comprehensive income (loss) before income tax	(48)	(2)	154	142	33	279
Liabilities for insurance contracts, gross, as at December 31, 2023	3,425	973	1,148	5,155	133	10,834
Liabilities for insurance contracts, in retention, as at December 31, 2023	2,956	953	227	3,356	133	7,625

* Property and other branches include mainly results from property loss and comprehensive homeowners insurance branches, which account for 78% of total premiums in these branches

** Other liability branches include mainly results from third-party insurance and professional liability branches, which account for 69% of total premiums in these branches

NOTE 4 – Operating Segments (contd.)

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

	For the nine months ended September 30, 2024 (unaudited)				For the nine months ended September 30, 2023 (unaudited)			
	Provident	Pension	Life insurance	Total	Provident	Pension	Life insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	**-**	**-**	**4,296**	**4,296**	-	-	4,894	4,894
Premiums earned by reinsurers	**-**	**-**	**229**	**229**	-	-	224	224
Premiums earned in retention	**-**	**-**	**4,067**	**4,067**	-	-	4,670	4,670
Profit from investments, net, and financing income	**3**	**7**	**7,244**	**7,254**	2	4	4,275	4,281
Income from management fees	**258**	**376**	**392**	**1,026**	228	343	378	949
Income from commissions	**-**	**-**	**49**	**49**	-	-	65	65
Other income	**-**	**-**	**21**	**21**	-	-	21	21
Total income	**261**	**383**	**11,773**	**12,417**	230	347	9,409	9,986
Payments and changes in liabilities for insurance contracts and investment contracts, gross	**2**	**14**	**10,640**	**10,656**	2	13	8,314	8,329
Reinsurers' share in payments and change in liabilities for insurance contracts	**-**	**-**	**180**	**180**	-	-	121	121
Payments and changes in liabilities for insurance contracts and investment contracts in retention	**2**	**14**	**10,460**	**10,476**	2	13	8,193	8,208
Commissions, marketing expenses and other acquisition costs	**122**	**134**	**766**	**1,022**	103	122	720	945
General and administrative expenses	**91**	**153**	**346**	**590**	90	142	338	570
Other expenses	**3**	**10**	**-**	**13**	4	10	-	14
Financing expenses, net	**4**	**10**	**15**	**29**	2	5	13	20
Total expenses	**222**	**321**	**11,587**	**12,130**	201	292	9,264	9,757
Share in losses of equity accounted investees	**-**	**-**	**(8)**	**(8)**	-	-	(17)	(17)
Profit before income tax	**39**	**62**	**178**	**279**	29	55	128	212
Other comprehensive income (loss) before income tax	**-**	**-**	**(71)**	**(71)**	-	1	(19)	(18)
Total comprehensive income before income tax	**39**	**62**	**107**	**208**	29	56	109	194

NOTE 4 – Operating Segments (contd.)

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

	For the three months ended September 30, 2024 (unaudited)				For the three months ended September 30, 2023 (unaudited)			
	Provident	Pension	Life insurance	Total	Provident	Pension	Life insurance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Premiums earned, gross	**-**	**-**	**1,280**	**1,280**	-	-	1,523	1,523
Premiums earned by reinsurers	**-**	**-**	**79**	**79**	-	-	75	75
Premiums earned in retention	**-**	**-**	**1,201**	**1,201**	-	-	1,448	1,448
Profit from investments, net, and financing income	**2**	**4**	**3,251**	**3,257**	-	1	206	207
Income from management fees	**89**	**133**	**133**	**355**	79	119	128	326
Income from commissions	**-**	**-**	**18**	**18**	-	-	24	24
Other income	**-**	**-**	**7**	**7**	-	-	7	7
Total income	**91**	**137**	**4,610**	**4,838**	79	120	1,813	2,012
Payments and changes in liabilities for insurance contracts and investment contracts, gross	**1**	**5**	**4,060**	**4,066**	1	4	1,335	1,340
Reinsurers' share in payments and change in liabilities for insurance contracts	**-**	**-**	**71**	**71**	-	-	44	44
Payments and changes in liabilities for insurance contracts and investment contracts in retention	**1**	**5**	**3,989**	**3,995**	1	4	1,291	1,296
Commissions, marketing expenses and other acquisition costs	**43**	**48**	**264**	**355**	36	42	231	309
General and administrative expenses	**34**	**54**	**118**	**206**	28	49	114	191
Other expenses	**1**	**4**	**-**	**5**	1	3	-	4
Financing expenses, net	**2**	**2**	**7**	**11**	1	4	3	8
Total expenses	**81**	**113**	**4,378**	**4,572**	67	102	1,639	1,808
Share in profits (losses) of equity accounted investees	**-**	**-**	**(11)**	**(11)**	-	-	2	2
Profit before income tax	**10**	**24**	**221**	**255**	12	18	176	206
Other comprehensive income (loss) before income tax	**-**	**1**	**106**	**107**	(1)	-	(45)	(46)
Total comprehensive income before income tax	**10**	**25**	**327**	**362**	11	18	131	160

NOTE 4 – Operating Segments (contd.)

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

	For the year ended December 31, 2023 (audited)			
	Provident	**Pension**	**Life insurance**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**
Premiums earned, gross	-	-	6,286	6,286
Premiums earned by reinsurers	-	-	283	283
Premiums earned in retention	-	-	6,003	6,003
Profit from investments, net, and financing income	3	7	5,919	5,929
Income from management fees	308	463	502	1,273
Income from commissions	-	-	60	60
Other income	-	-	29	29
Total income	311	470	12,513	13,294
Payments and changes in liabilities for insurance contracts and investment contracts, gross	3	17	11,107	11,127
Reinsurers' share in payments and change in liabilities for insurance contracts	-	-	196	196
Payments and changes in liabilities for insurance contracts and investment contracts in retention	3	17	10,911	10,931
Commissions, marketing expenses and other acquisition costs	140	166	958	1,264
General and administrative expenses	121	193	446	760
Other expenses	5	14	-	19
Financing expenses, net	3	9	14	26
Total expenses	272	399	12,329	13,000
Share in losses of equity accounted investees	-	-	(28)	(28)
Profit before income tax	39	71	156	266
Other comprehensive income (loss) before income tax	1	2	(32)	(29)
Total comprehensive income before income tax	40	73	124	237

NOTE 4 – Operating Segments (contd.)

C. Additional information about the life insurance 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		
	Up to 1990 (1)	Up to 2003	Non-yield-dependent	Yield dependent	Personal lines	Group	Total
For the nine months ended September 30, 2024 (unaudited)				NIS million			
Gross premiums	46	609	-	2,197	1,365	82	4,299
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(3)
Total							4,296
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	3,213	-	-	3,213
Financial margin including management fees - in terms of comprehensive income (2)	(186)	125	(48)	267	-	-	158
Payments and changes in liabilities for insurance contracts, gross	479	2,964	10	4,593	739	74	8,859
Payments and changes in liabilities for investment contracts	-	-	(2)	1,783	-	-	1,781
Total comprehensive income (loss) from life insurance business	10	67	(2)	(6)	41	(3)	107
For the three months ended September 30, 2024 (unaudited)							
Gross premiums	15	202	-	567	470	27	1,281
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(1)
Total							1,280
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	1,040	-	-	1,040
Financial margin including management fees - in terms of comprehensive income (2)	1	42	20	92	-	-	155
Payments and changes in liabilities for insurance contracts, gross	144	1,172	27	1,654	294	29	3,320
Payments and changes in liabilities for investment contracts	-	-	(2)	742	-	-	740
Total comprehensive income (loss) from life insurance business	125	147	17	28	14	(4)	327

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

(2) The financial margin does not include the Company's other revenues which are collected as a percentage of the premium and it is calculated before deducting expenses for management of 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. 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 total fixed and variable management fees which are calculated based on the yield and the average retained amount of the insurance reserves

NOTE 4 – Operating Segments (contd.)

C. Additional information about the life insurance 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		
	Up to 1990 (1)	Up to 2003	Non-yield-dependent	Yield dependent	Personal lines	Group	Total
For the nine months ended September 30, 2023 (unaudited)	NIS million						
Gross premiums	51	636	-	2,901	1,227	85	4,900
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(6)
Total							4,894
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	2,151	-	-	2,151
Financial margin including management fees - in terms of comprehensive income (2)	(182)	119	(57)	259	-	-	139
Payments and changes in liabilities for insurance contracts, gross	535	2,096	(18)	4,188	516	54	7,371
Payments and changes in liabilities for investment contracts	-	-	(1)	944	-	-	943
Total comprehensive income (loss) from life insurance business	(82)	(9)	19	24	137	20	109
For the three months ended September 30, 2023 (unaudited)							
Gross premiums	17	211	-	851	420	26	1,525
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(2)
Total							1,523
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	801	-	-	801
Financial margin including management fees - in terms of comprehensive income (2)	(48)	40	(45)	88	-	-	35
Payments and changes in liabilities for insurance contracts, gross	93	293	(57)	704	200	18	1,251
Payments and changes in liabilities for investment contracts	-	-	(3)	87	-	-	84
Total comprehensive income (loss) from life insurance business	41	(6)	31	18	42	5	131

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

(2) The financial margin does not include the Company's other revenues which are collected as a percentage of the premium and it is calculated before deducting expenses for management of 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. 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 total fixed and variable management fees which are calculated based on the yield and the average retained amount of the insurance reserves

NOTE 4 – Operating Segments (contd.)

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

Results by policy category (contd.)

For the year ended December 31, 2023 (audited)	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		
	Up to 1990 (1)	Up to 2003	Non-yield-dependent	Yield dependent	Personal lines	Group	Total
	NIS million						
Gross premiums	67	843	-	3,614	1,657	113	6,294
Premiums for amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees							(8)
Total							6,286
Amounts received for investment contracts recognized directly in insurance reserves	-	-	-	2,865	-	-	2,865
Financial margin including management fees - in terms of comprehensive income (2)	(208)	159	(58)	343	-	-	236
Payments and changes in liabilities for insurance contracts, gross	656	2,889	(12)	5,536	708	100	9,877
Payments and changes in liabilities for investment contracts	-	-	(1)	1,231	-	-	1,230
Total comprehensive income (loss) from life insurance business	(109)	(4)	21	11	208	(3)	124

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

(2) The financial margin does not include the Company's other revenues which are collected as a percentage of the premium and it is calculated before deducting expenses for management of 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. 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 total fixed and variable management fees which are calculated based on the yield and the average retained amount of the insurance reserves

NOTE 4 – Operating Segments (contd.)

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, 2024 (unaudited)	NIS million				
Gross premiums	617	180	2,480	382	3,659
Payments and changes in liabilities for insurance contracts, gross	802	264	1,515	238	2,819
Total comprehensive income (loss) from health insurance	(73)	5	311	44	287

	Long-term care (LTC)		Other health *		
	Personal lines	Group	Long term **	Short term **	Total
	NIS million				
For the three months ended September 30, 2024 (unaudited)					
Gross premiums	207	70	843	158	1,278
Payments and changes in liabilities for insurance contracts, gross	317	141	521	85	1,064
Total comprehensive income from health insurance	32	14	118	28	192

[1] The results in the group long-term care segment reflect the termination of the old outline in the agreement with the members of Clalit Health Services and the implementation of the new outline, according to which the fund bears the full insurance risk. Accordingly, the results in the Reporting Period reflect the Company's net operating income for the new outline. For further information about the Commissioner’s permit for an agreed outline regarding this policy for a 12-month period (from January 1, 2024, through December 31, 2024) see Note 39G1 to the Annual Statements.

* Of this, personal lines premiums in the amount of NIS 1,800 million and NIS 642 million for the nine and three months ended September 30, 2024, respectively, and group premiums in the amount of NIS 1,062 million and NIS 359 million for the nine and three months ended September 30, 2024, 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, 2023 (unaudited)	NIS million				
Gross premiums	613	1,479	2,298	430	4,820
Payments and changes in liabilities for insurance contracts, gross	752	1,776	1,510	259	4,297
Total comprehensive income (loss) from health insurance	***(80)	(59)	142	53	56

	Long-term care (LTC)		Other health *		
	Personal lines	Group	Long term **	Short term **	Total
	NIS million				
For the three months ended September 30, 2023 (unaudited)					
Gross premiums	205	516	786	165	1,672
Payments and changes in liabilities for insurance contracts, gross	145	535	522	90	1,292
Total comprehensive income (loss) from health insurance	***11	(18)	51	39	83

* Of this, personal lines premiums in the amount of NIS 1,724 million and NIS 606 million for the nine and three months ended September 30, 2023, respectively, and group premiums in the amount of NIS 1,004 million and NIS 345 million for the nine and three months ended September 30, 2023, respectively

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

*** Restated due to initial presentation of the credit segment, see also Note 4(6)

NOTE 4 – Operating Segments (contd.)

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

Results by policy category (contd.)

For the year ended December 31, 2023 (audited)	Long-term care (LTC)		Other health *		
	Personal lines	Group	Long term **	Short term **	Total
	NIS million				
Gross premiums	818	2,023	3,098	522	6,461
Payments and changes in liabilities for insurance contracts, gross	1,065	2,420	1,990	337	5,812
Total comprehensive income (loss) from health insurance	(95)	(64)	237	51	129

* Of this, personal lines premiums in the amount of NIS 2,268 million and group premiums in the amount of NIS 1,352 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

Tax rates applicable to the income of the Group companies

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

Further to the approval of the Knesset in March 2024, on April 14, 2024, the Value Added Tax Order (Tax Rate on NPOs and Financial Institutions) (Amendment), 2024, was published in the Official Gazette. Under the Order, from January 1, 2025, the rate of salary tax and capital gains tax due on activities of a financial institution in Israel will be 18% of the salary it paid and the gains it generated, instead of the current rate of 17%. Following the change in the VAT rate, in the reporting period, an increase in deferred tax expenses of NIS 7 million was recorded.

Statutory tax rates applicable to financial institutions, including the Company's subsidiaries that are financial institutions:

Year	Rate of companies tax	Rate of capital gains tax	Rate of tax in financial institutions
2018-2024	23%	17%	34.19%
2025 onwards	23%	18%	34.75%

NOTE 6 - Financial Instruments

A. Assets for yield-dependent contracts

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

	As at September 30		As at December 31
	2024	**2023**	**2023**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Investment property	**1,808**	1,896	1,898
Financial investments			
Marketable debt assets	**23,848**	22,121	23,014
Non-marketable debt assets (*)	**10,530**	12,035	11,332
Shares	**12,508**	12,412	12,069
Other financial investments	**27,948**	23,987	24,702
Total financial investments	**74,834**	70,555	71,117
Cash and cash equivalents	**6,416**	5,974	6,733
Other	**916**	1,963	860
Total assets for yield-dependent contracts*	**83,974**	80,388	80,608
Trade and other payables	**396**	230	560
Financial liabilities **	**220**	1,031	232
Financial liabilities for yield-dependent contracts	**616**	1,261	792
(*) Of which debt assets measured at amortized cost	**308**	401	384
Fair value of debt assets measured at amortized cost	**303**	399	383

* Including net assets (assets net of financial liabilities) in the amount of NIS 3,403 million, NIS 4,700 million, and NIS 4,750 million as at September 30, 2024, September 30, 2023, and December 31, 2023 respectively, for a liability attributable to a group long-term care portfolio in which most of the investment risks are not imposed on the insurer

** Mainly derivatives and futures contracts

NOTE 6 – Financial Instruments (contd.)

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

2. Fair value hierarchy of financial assets

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

Level 1 – quoted prices (unadjusted) in active markets for identical instruments
Level 2 – inputs other than those included within Level 1 that are observable, either directly or indirectly
Level 3 – inputs that are not based on observable market data (unobservable inputs)

	As at September 30, 2024 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	**20,847**	**3,001**	**-**	**23,848**
Non-marketable debt assets	**-**	**9,111**	**1,111**	**10,222**
Shares	**9,984**	**27**	**2,497**	**12,508**
Other	**16,205**	**145**	**11,598**	**27,948**
Total	**47,036**	**12,284**	**15,206**	**74,526**

	As at September 30, 2023 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	19,441	2,680	-	22,121
Non-marketable debt assets	-	10,765	869	11,634
Shares	9,533	109	2,770	12,412
Other	12,884	149	10,954	23,987
Total	41,858	13,703	14,593	70,154

	As at December 31, 2023 (audited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	20,366	2,648	-	23,014
Non-marketable debt assets	-	10,068	880	10,948
Shares	9,626	35	2,408	12,069
Other	13,759	299	10,644	24,702
Total	43,751	13,050	13,932	70,733

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 ended September 30, 2024 (unaudited)

	Fair value measurement as at the reporting 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, 2024	**880**	**2,408**	**10,644**	**13,932**
Total profits (losses) that were recognized:				
In profit or loss (*)	**51**	**72**	**754**	**877**
Interest and dividend receipts	**(45)**	**(35)**	**(323)**	**(403)**
Purchases	**465**	**86**	**1,279**	**1,830**
Sales	**-**	**(34)**	**(756)**	**(790)**
Redemptions	**(234)**	**-**	**-**	**(234)**
Transfers to Level 3*	**3**	**-**	**-**	**3**
Transfers from Level 3*	**(9)**	**-**	**-**	**(9)**
Balance as at September 30, 2024	**1,111**	**2,497**	**11,598**	**15,206**
(*) Of which, total unrealized profits for financial assets held as at September 30, 2024	**18**	**85**	**753**	**856**

	Fair value measurement as at the reporting 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, 2024	**892**	**2,489**	**11,404**	**14,785**
Total profits (losses) that were recognized:				
In profit or loss (*)	**(9)**	**(6)**	**122**	**107**
Interest and dividend receipts	**(10)**	**(4)**	**(151)**	**(165)**
Purchases	**307**	**26**	**635**	**968**
Sales	**-**	**(8)**	**(412)**	**(420)**
Redemptions	**(69)**	**-**	**-**	**(69)**
Balance as at September 30, 2024	**1,111**	**2,497**	**11,598**	**15,206**
(*) Of which, total unrealized profits (losses) for financial assets held as at September 30, 2024	**(29)**	**2**	**123**	**96**

* 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 ended September 30, 2023 (unaudited)

	Fair value measurement as at the reporting date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at January 1, 2023	779	2,754	9,563	13,096
Total profits (losses) that were recognized:				
In profit or loss (*)	80	1	921	1,002
Interest and dividend receipts	(46)	(59)	(299)	(404)
Purchases	472	193	1,106	1,771
Sales	-	(119)	(323)	(442)
Redemptions	(416)	-	(14)	(430)
Balance as at September 30, 2023	869	2,770	10,954	14,593
(*) Of which, total unrealized profits for financial assets held as at September 30, 2023	70	-	919	989

	Fair value measurement as at the reporting 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, 2023	1,145	2,937	10,470	14,552
Total profits (losses) that were recognized:				
In profit or loss (*)	23	(113)	347	257
Interest and dividend receipts	(11)	(27)	(105)	(143)
Purchases	83	63	369	515
Sales	-	(90)	(124)	(214)
Redemptions	(371)	-	(3)	(374)
Balance as at September 30, 2023	869	2,770	10,954	14,593
(*) Of which, total unrealized profits (losses) for financial assets held as at September 30, 2023	14	(115)	346	245

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, 2023 (audited)

	Fair value measurement as at the reporting date			
	Financial assets at fair value through profit or loss			
	Non-marketable debt assets	Shares	Other	Total
	NIS million	NIS million	NIS million	NIS million
Balance as at January 1, 2023	779	2,754	9,563	13,096
Total profits (losses) that were recognized:				
In profit or loss (*)	83	(292)	551	342
Interest and dividend receipts	(65)	(87)	(427)	(579)
Purchases	634	400	1,486	2,520
Sales	-	(367)	(514)	(881)
Redemptions	(551)	-	(15)	(566)
Balance as at December 31, 2023	880	2,408	10,644	13,932
(*) Of which, total unrealized profits (losses) in respect of financial assets held as at December 31, 2023	82	(297)	548	333

NOTE 6 – Financial Instruments (contd.)

B. Other financial investments

1. Non-marketable debt assets – carrying amount compared with fair value

	As at September 30		As at December 31	As at September 30		As at December 31
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	Carrying amount			Fair value		
	2024	2023	2023	2024	2023	2023
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Loans and receivables:						
Designated bonds	**5,352**	5,246	5,232	**6,305**	6,409	6,405
Non-marketable, non-convertible debt assets, excluding bank deposits	**9,121**	8,826	8,906	**9,144**	8,863	8,885
Bank deposits (*)	**14,510**	8,399	9,735	**14,519**	8,410	9,749
Total non-marketable debt assets	**28,983**	22,471	23,873	**29,968**	23,682	25,039
Impairment recognized in profit or loss (in aggregate)	**88**	81	82			
(*) Of which debt assets measured at fair value	**7,415**	5,899	5,853			

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 timely basis, using a valuation method based on the fair value hierarchy. For a definition of the levels, see Note 6A(2).

	As at September 30, 2024 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	**8,578**	**372**	**-**	**8,950**
Non-marketable debt assets	**-**	**7,415**	**-**	**7,415**
Shares	**1,641**	**3**	**919**	**2,563**
Other	**2,564**	**266**	**4,266**	**7,096**
Total	**12,783**	**8,056**	**5,185**	**26,024**

	As at September 30, 2023 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	8,319	452	-	8,771
Non-marketable debt assets	-	5,899	-	5,899
Shares	1,560	17	683	2,260
Other	407	307	3,781	4,495
Total	10,286	6,675	4,464	21,425

	As at December 31, 2023 (audited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets	8,050	470	-	8,520
Non-marketable debt assets	-	5,853	-	5,853
Shares	1,447	9	675	2,131
Other	394	336	3,857	4,587
Total	9,891	6,668	4,532	21,091

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, 2024 (unaudited)

	Fair value measurement as at the 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, 2024	675	3,857	4,532
Total profits (losses) that were recognized:			
In profit or loss (*)	(10)	99	89
In other comprehensive income	24	101	125
Interest and dividend receipts	(9)	(96)	(105)
Purchases	251	473	724
Sales	(12)	(168)	(180)
Balance as at September 30, 2024	919	4,266	5,185
(*) Of which, total unrealized profits (losses) in respect of financial assets held as at September 30, 2024	(14)	141	127

	Fair value measurement as at the 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, 2024	902	4,170	5,072
Total profits (losses) that were recognized:			
In profit or loss (*)	(10)	38	28
In other comprehensive income	27	(9)	18
Interest and dividend receipts	-	(43)	(43)
Purchases	-	176	176
Sales	-	(66)	(66)
Balance as at September 30, 2024	919	4,266	5,185
(*) Of which, total unrealized profits (losses) for financial assets held as at September 30, 2024	(9)	46	37

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, 2023 (unaudited)

	Fair value measurement as at the reporting date Financial assets at fair value through profit or loss and available for sale assets		
	Shares	Other	Total
	NIS million	NIS million	NIS million
Balance as at January 1, 2023	577	3,293	3,870
Total profits (losses) that were recognized:			
In profit or loss (*)	8	92	100
In other comprehensive income	34	181	215
Interest and dividend receipts	(8)	(90)	(98)
Purchases	90	405	495
Sales	(18)	(96)	(114)
Redemptions	-	(4)	(4)
Balance as at September 30, 2023	683	3,781	4,464
(*) Of which, total unrealized profits for financial assets held as at September 30, 2023	8	100	108

	Fair value measurement as at the 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, 2023	628	3,603	4,231
Total profits (losses) that were recognized:			
In profit or loss (*)	4	40	44
In other comprehensive income	5	78	83
Interest and dividend receipts	(4)	(39)	(43)
Purchases	65	136	201
Sales	(15)	(37)	(52)
Balance as at September 30, 2023	683	3,781	4,464
(*) Of which, total unrealized profits for financial assets held as at September 30, 2023	4	41	45

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, 2023 (audited)

	Fair value measurement as at the reporting date		
	Financial assets at fair value through profit or loss and available for sale assets		
	Shares	Other	Total
	NIS million	NIS million	NIS million
Balance as at January 1, 2023	577	3,293	3,870
Total profits (losses) that were recognized:			
In profit or loss (*)	4	141	145
In other comprehensive income	5	46	51
Interest and dividend receipts	(8)	(146)	(154)
Purchases	115	652	767
Sales	(18)	(124)	(142)
Redemptions	-	(5)	(5)
Balance as at December 31, 2023	675	3,857	4,532
(*) Of which, total unrealized profits for financial assets held as at December 31, 2023	4	143	147

NOTE 6 – Financial Instruments (contd.)

C. Financial liabilities

1. Financial liabilities presented at amortized cost – carrying amount compared with fair value

	As at September 30		As at December 31	As at September 30		As at December 31
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	Carrying amount			Fair value		
	2024	2023	2023	2024	2023	2023
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Bank loans	**595**	621	621	**549**	569	578
Loans from related parties	**141**	50	67	**141**	50	66
Short-term credit from banks and others	**454**	468	446	**454**	468	446
Bonds*	**13,120**	8,331	9,705	**12,663**	7,890	9,370
Financial guarantee	**39**	39	39	**33**	35	37
Total financial liabilities presented at amortized cost	**14,349**	9,509	10,878	**13,840**	9,012	10,497
Subordinated liability notes issued for compliance with the capital requirements	**5,473**	5,232	5,236			

* Including subordinated liability notes

2. Interest rates used to determine the fair value

	As at September 30		As at December 31
	2024	2023	2023
Percentage			
Loans	**5.95**	5.97*	5.76
Bonds	**4.83**	5.17	4.89
Financial guarantee	**3.25**	2.45*	1.47

* Restated

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, 2024 (unaudited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	**2**	**349**	**351**
Short sales (2)	**5,017**	**2,420**	**7,437**
Total financial liabilities	**5,019**	**2,769**	**7,788**

	As at September 30, 2023 (unaudited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	397	1,001	1,398
Short sales (2)	5,092	973	6,065
Total financial liabilities	5,489	1,974	7,463

	As at December 31, 2023 (audited)		
	Level 1	Level 2	Total
	NIS million	NIS million	NIS million
Derivatives (1)	76	254	330
Short sales (2)	4,895	943	5,838
Total financial liabilities	4,971	1,197	6,168

(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 132 million, NIS 367 million, and NIS 97 million as at September 30, 2024, September 30, 2023 and December 31, 2023, 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 the management of exposure through derivatives to foreign currency and the CPI. To cover these liabilities, the financial institutions deposited collaterals in accordance with the conditions set out in the contract. The Group's financial institutions have approved credit facilities for their derivative activity. Accordingly, the Group's financial institutions deposited NIS 525 million, NIS 1,651 million, and NIS 287 million as at September 30, 2024, September 2023, and December 31, 2023, respectively, as collateral to cover their liabilities attributable to this activity (these collaterals are presented under receivables).

(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, there was an increase in liabilities of short sales in the amount of NIS 1.3 billion. The balance of the backing amounts as at September 30, 2024, is NIS 7.3 billion.

NOTE 6 – Financial Instruments (contd.)

C. Financial liabilities (contd.)

4. Additional information

1. Midroog rating

   A. On February 8, 2024, Midroog reaffirmed a financial strength rating for Harel Insurance of Aa1.il, with stable outlook, and ratings of Aa2.il(hyb) for subordinated liability notes (hybrid Tier-3 capital) Series 7 bonds issued by Harel Finance & Issues, and ratings of Aa3.il(hyb) for subordinated liability notes (secondary capital and Tier-2 capital) that were issued by Harel Finance & Issues as part of Series 9 - 18 bonds, with stable outlook.

   B. On March 13, 2024, Midroog reaffirmed the Company's rating of Aa2.il with stable outlook and reaffirmed 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, for a loan taken out by Harel Finance and Provident, for a credit facility of Harel Finance with a bank, and for Series 1 bonds issued by the Company, see Note 24 to the Annual Financial Statements. At September 30, 2024 and at the date of publication of the report, the Company and the subsidiaries are in compliance with the prescribed financial covenants.

3. Partial repayment of a loan to the Company from Bank Hapoalim

   On March 5, 2024 and September 5, 2024, the Company made partial redemption in the total amount of NIS 27 million of a loan from Bank Hapoalim, in accordance with the loan schedule.

4. Full early redemption of bonds (Series 7) of Harel Finance & Issues

   On May 8, 2024, the board of directors of Harel Finance & Issues, a wholly owned subsidiary of Harel Insurance, resolved to make full, early redemption, at the initiative of Harel Finance & Issues, of the Series 7 bonds it had issued, which was implemented on May 31, 2024.

5. Issue of Series 20 bonds of Harel Finance & Issues

   In June 2024, Harel Finance & Issues raised NIS 500 million as part of a public offering of a new series of bonds (Series 20) in accordance with a shelf offering report of Harel Finance & Issues dated June 26, 2024, which was published according to a shelf prospectus of Harel Finance & Issues bearing the date February 27, 2023 ("the Shelf Offering Report" and "Shelf Prospectus", respectively). Under the conditions set out in the Shelf Prospectus and Shelf Offering Report, the amount raised was deposited with Harel Insurance, to be used at its discretion and for which it is responsible, and Harel Insurance has an undertaking towards the trustee for the bonds to comply with the payment conditions of the bonds. Additionally, the issued bonds were recognized by the Commissioner of the Capital Market, Insurance and Savings Authority as a Tier-2 capital instrument held by Harel Insurance, all as detailed in the Shelf Prospectus and in the Shelf Offering Report. For the purpose of this issue, S&P Maalot announced a rating of 'ilAA-' for the Series 20 bonds.

6. Partial redemption of Series 1 bonds of the Company

   On June 30, 2024, the Company made partial redemption of 45,582,895 Series 1 bonds of the Company, in accordance with the terms of these bonds.

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

   On June 26, 2024, Harel Exchange Traded Deposit Ltd., a subsidiary of Harel Finance, a company fully owned by the Company, expanded the Series 3 bonds by NIS 163 million par value by means of a shelf offering report in accordance with a prospectus dated August 17, 2022. The proceeds received from the bond issue were NIS 175 million.

NOTE 6 – Financial Instruments (contd.)

C. Financial liabilities (contd.)

4. Additional information (contd.)

8. Expansion of bonds (Series 4) by Harel Exchange Traded Deposit Ltd.

   On July 21, 2024, Harel Exchange Traded Deposit Ltd., a subsidiary of Harel Finance, a company fully owned by the Company, issued NIS 1,300 million par value bonds (Series 4) to the public by means of a shelf offering report in accordance with a prospectus dated August 17, 2022. The proceeds received from the bond issue were NIS 1,300 million.

9. Repayment of bonds (Series 1) of Harel Exchange Traded Deposit Ltd.

   On August 5, 2024, the bonds (Series 1) of Harel Exchange Traded Deposit Ltd, a subsidiary of Harel Finance, a wholly owned subsidiary of the Company, were repaid in full.

10. Expansion of bonds (Series 1) of Harel Exchange Traded Deposit Ltd. (a subsidiary of Harel Finance, a wholly owned subsidiary of the Company).

    A. On August 15, 2024, Harel Exchange Traded Deposit Ltd. expanded the Series 3 bonds by NIS 1,670 million par value by means of a shelf offering report in accordance with a prospectus dated August 17, 2022. The proceeds received from the bond issue amounted to NIS 1,674 million.

    B. On September 11, 2024, Harel Exchange Traded Deposit Ltd. expanded the Series 4 bonds by NIS 705 million par value by means of a shelf offering report in accordance with a prospectus dated August 17, 2022. The proceeds received from the bond issue amounted to NIS 708 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-marketable market. The price quotes and interest rates used for the discounting are determined by Mirvah Hogen, a company that provides price quotes and interest rates for financial institutions for the revaluation of non-marketable debt assets.

NOTE 7 - Contingent Liabilities, Guarantees, and Commitments

A. Contingent liabilities

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

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

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

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

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

On March 17, 2024, Harel Insurance received a demand for a refund according to which Harel Insurance and Shirbit Insurance Ltd. (whose insurance activity is merged into Harel Insurance) are required to refund amounts of premiums in cases where the companies produced more than one compulsory motor insurance policy for the same vehicle. The refund demand is the result of an audit by the Capital Market, Insurance and Savings Authority at several insurance companies. A preliminary review shows that the recovery amounts are not expected to be substantial.

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

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

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

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

For motions to certify legal actions as class actions as detailed below, which are, in management’s opinion based among other things on legal opinions that it received, where it is more likely than not that the defense arguments of the Company (or subsidiary) and certification of the action as a class action will be accepted, or where there is a 50% or more chance that in the final outcome the Company’s (or subsidiaries) arguments will be accepted, where it is reasonable that a proposed compromise settlement, that does not include a significant undertaking for monetary payment will be accepted, no provision has been included in the financial statements. Regarding applications to approve a legal action, fully or partly, as class action regarding a claim, where it is more reasonable than not that the Company’s defense arguments are likely to be rejected, the financial statements include provision to cover the exposure estimated by the Company's management and/or the managements of subsidiaries. In the opinion of the Company's management, based, among other things, 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 certify an action as a class action under sections 28, 34, 36, 37, 38, 40, 42, 43, 44, 45, 46, and 47 below, it is not possible at this early stage to estimate the chances that the applications will be approved as a class action and therefore no provision was included in the financial statements for these claims.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

1. In January 2008, an action was filed in the Tel Aviv District Court against the subsidiary Harel Insurance and against four additional insurance companies (hereinafter together: “the Defendants”) together with a motion 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 seek to represent against all defendants is NIS 2.3 billion, of which 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 motion for its certification as a class action. In December 29, 2013 the Commissioner submitted a position that supports the position of the Defendants that there is no impediment to collecting sub-annual policy factors, on the savings component of life insurance combined savings and other term policies, including long-term care, work disability and accident 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 insurance 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 received the motion for leave to appeal, heard it as an appeal and accepted it, reversing the judgment of the District Court and dismissing the motion for certification of the action as a class action. In June 2018, a motion was served to Harel Insurance to hold a further hearing on the judgment that the plaintiffs filed in the Supreme Court. In its decision from July 2, 2019, the Supreme Court instructed that another hearing on the judgment should take place before a panel of seven judges. In November 2019, the Attorney General announced that he would appear at the proceeding in person and in February 2020 he submitted his position supporting the judgment and the trend it reflects for strengthening the weight that should be given to the regulator’s professional position in the interpretation of his instructions and that in his view, there is no room to intervene in the decision made in the judgment which is the subject of the proceeding regarding adopting the interpretive position of the Capital Market Authority. In July 2020, a further hearing on the judgment was held in the presence of a panel of seven judges and on July 4, 2021, a ruling was handed down in the additional hearing whereby the decision of the District Court, which determined that the motion for certification was accepted, it will remain unchanged and the case will be returned to the District Court for a hearing on the class action. The parties are in the process of mediation.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

2. 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, 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 all members of the class amounts to sums varying from NIS 168 million to NIS 807 million. The mediation between 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 regarding 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 class 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 motion as a class action. In accordance with the court's recommendation, in August 2016, the Defendants withdrew the motion 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 class 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 the Partial Ruling was handed down, received from Harel Insurance, not in accordance with a judgment handed down in the case, 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 class members and calculating the amount of the refund, and it also determined that expenses will be paid to the representative plaintiffs and legal costs to their attorneys. In May 2021, Harel Insurance filed an appeal on the partial ruling in the Supreme Court. In June 2021, the Supreme Court accepted the Defendants' motion to stay implementation of the partial ruling in the sense that the proceeding to appoint an expert for implementation of the partial ruling will be delayed until a decision is made on the appeal proceeding. In November 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.

3. 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 class that the plaintiff seeks to represent amounts to NIS 381 million. In March 2019, the Tel Aviv District Court certified litigation of the action as a class action ("the Decision"). The class in whose name the class action is to be litigated is all insureds in profit-sharing life-insurance policies managed by Harel Insurance, in which the insurance benefits are paid based on an Rm formula. In July 2019, Harel Insurance filed a motion in the Supreme Court for permission to appeal the decision. In July, 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.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

3. (contd.)

At the hearing, which took place in the Supreme Court on September 13, 2021, it was agreed that the class for which the class action was approved would be reduced and it was stipulated that it also includes past insureds and that the prescription period in respect of the insurance benefits is 3 years. Subject to this, with the consent of the parties, the motion for permission to appeal and the appeal were dismissed.

4. In June 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. 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 class that the plaintiff seeks to represent at NIS 35 million. The court passed the motion to the Commissioner for position regarding the disputes underlying the motion for certification of the action as a class action. In January 2016, the Commissioner's position was submitted which stated that the policy definition of the insured event does not violate the instructions of the Capital Market, Insurance and Savings Authority and that the policy which is the subject of the claim was approved separately by the Capital Market, Insurance and Savings Authority. In December 2018, the court dismissed the motion to certify the claim as a class action on the grounds that non-payment of the insurance benefits in respect of the hospitalization period is contrary to the Commissioner's instructions, but it approved the conducting of the action as a class action on the grounds of a breach of an insurance circular on the subject of fair disclosure to insureds when they are enrolled in a health insurance policy. The class in whose name the class action is to be conducted is all Dikla policyholders who purchased long-term care insurance after October 1, 2001, who were entitled to claim insurance benefits in the period between May 29, 2011 and May 29, 2014, and where the proper disclosure form attached to the purchased policy does not mention or refer to the section that states that the date of occurrence of the insured event is the date on which the insured first becomes eligible, or the date on which the insured was discharged from a general or rehabilitation hospital, whichever is later. In May 2019, Dikla filed a motion in the Supreme Court for permission to appeal the decision. In June 2019, the plaintiff in the motion for certification filed an appeal in the Supreme Court against the District Court's ruling not to certify litigation of the claim as a class action according to which non-payment of the insurance benefits for the hospitalization period contravenes the Commissioner's instructions and also that, as argued by the plaintiff, the court did not rule on the additional argument of breach of contract. At the hearing, which took place 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 mediation between the parties was unsuccessful and litigation of the action was returned to the court. On June 26, 2024, the parties filed a motion for certification of a settlement agreement at the Tel Aviv District Court, in which it was agreed that the eligible class members, as defined in the settlement agreement, will be paid a financial remedy of completing insurance benefits as set out in the settlement agreement.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

5. In July 2014, a motion was filed in the Lod-Center District Court for certification of a claim 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 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 retirement benefit 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 class they seek 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 in the savings period is not equal to the rate of 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 are 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 addresses the obligation of the management companies to notify their members does not apply to the setting of management fees for pensioners; and the obligation to give notice of a change in the management fees by virtue of the circular does not apply to the management companies regarding annuity recipients. The mediation between the parties was unsuccessful and litigation of the action was returned to the court. In March 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. The parties are in the process of mediation.

6. In September 2015, an action was filed in the Lod-Center District Court, together with a motion for its certification as a class action, against the subsidiaries Harel Insurance and Dikla Insurance Agency Ltd. (in its previous name Dikla Insurance Company Ltd.) ("Dikla") and against three other insurance companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants allegedly adopted an interpretive approach whereby 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 class they seek to represent, but they estimate it to be hundreds of millions of shekels. The mediation between the parties was unsuccessful and litigation of the action was returned to the court. In April 2020, the Central District Court approved litigation of the claim as a class action against Harel Insurance, Dikla and against two other insurance companies, on the grounds of breach of the long-term care insurance contract that led to non-payment or underpayment of the long-term care benefits due to non-recognition of the insureds as being eligible to points for incontinence (control of bowel and bladder functions). The class 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 certified as a class action and who suffered from the loss of ability to independently control bowel or bladder functions as a result of a combination of impaired control of these functions that has not developed to organic loss of control with deteriorated functional condition, and nevertheless did not receive from the Defendants against whom the claim was certified as a class action (as applicable) points for incontinence in the assessment of their claim to receive 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 in the process of mediation.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

7. In September 2015, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Pension & Provident and against four other companies (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants were ostensibly in breach of their fiduciary duties towards the members of the provident funds they manage by paying commissions to the insurance agents at a rate derived from the management fees they collect from the members, thereby compensating the agents by an amount that increases in line with the increase in the management fees. Their argument is that the Defendants ostensibly practiced unjust enrichment by creating a mechanism aimed at increasing the management fees in favor of the agents and management companies. The plaintiffs estimate the loss for all members of the class they seek to represent in the amount of NIS 300 million per annum since 2008 and in total NIS 2 billion. On November 22, 2022, the Tel Aviv District Court denied the motion for certification of the action as a class action. In January 2023, the subsidiary Harel Pension & Provident was served with an appeal on the judgment which the plaintiffs in the motion for certification filed in the Supreme Court.

8. In September 2015, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action, against Shirbit[1] 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 class is defined as any eligible person (insured, beneficiary or third party) who, in the period commencing three years prior to filing the action and ending on the date the action was certified as a class action, received from Shirbit, not in accordance with the judgment that was handed down, insurance benefits without the addition of interest as required 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)(2) 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 the corresponding claim and it instructed that the action should be litigated jointly following the ruling on the appeal. In November 2022, the Supreme Court denied the appeal on the partial ruling in the corresponding claim, in the absence of grounds for judicial intervention in an interim decision. It was also stipulated that the appropriate place to investigate the appeal arguments is in the form of an appeal on the final judgment. In May 2023, the court revoked its decision concerning a joint proceeding for the action with a corresponding claim and it instructed that the claims should be heard separately.

9. In October 2016, an action was filed in the Tel Aviv District Court, together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that until the annual report for 2015, Harel Insurance ostensibly neglected to disclose to its insureds, 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.

[1] The insurance activity of Shirbit Insurance Company Ltd. ("Shirbit") was acquired by Harel Insurance on December 1, 2021

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

9. (contd.)

The plaintiff has not quantified the total loss claimed for all members of the class that it seeks to represent against Harel Insurance, although it estimates it to be millions of shekels. In July 2017, the court approved the plaintiff's motion to amend the motion for certification so that it also addresses the claim whereby Harel Insurance ostensibly neglected to present to its insureds before they join 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 insureds who have long-term care insurance with a variable premium, in the enrollment 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 regarding the dispute underlying the motion for certification. In November 2019, the Commissioner's position was received according to which the provisions of Circular 2001/9 "Fair Disclosure for Insureds Enrolling in Health Insurance Policies" ("the Circular") issued by the Authority as well as the statutory provisions, obligate insurers to inform candidates for insurance at the time of purchasing the insurance of the way in which premiums may change, but the text of the Circular does not address the question of how this obligation must be fulfilled prior to enrollment and whether the obligation must be fulfilled in writing. The mediation between the parties was unsuccessful and litigation of the action was returned to the court. In February 2023, the parties informed the court that they had managed to reach agreements in principle. On July 1, 2024, the parties filed a motion in the Tel Aviv District Court to certify a settlement agreement in which it was agreed, among other things, that Harel Insurance will pay the class members a lump-sum amount of compensation based on the mechanism set out in the settlement agreement.

10. 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 it seeks 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 class 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). In May 2022, the subsidiary Harel Insurance filed a motion for permission to appeal the decision in the Supreme Court. On January 7, 2024, the Supreme Court dismissed the motion for leave to appeal and the motion for leave to appeal filed by the additional defendant, on the grounds that it is reasonably possible that the issues arising in the motion for approval will be ruled in favor of the Group and allowed its management as a class action. The mediation conducted by the parties was unsuccessful.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

11. In February 2019, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance asked insureds in a group policy for the employees of Israel Electric, who received insurance benefits from which tax was not withheld at source, to return the amounts it had paid for these tax payments. The plaintiff does not quantify the total loss caused to all members of the class it seeks to represent but it estimates the loss at more than NIS 3 million. In July 2020, Harel Insurance filed a motion for summary abandonment of the motion for certification of the claim as a class action. In September 2020, the court accepted the motion filed by Harel Insurance for summary abandonment of the motion for certification of the action as a class action, and it instructed that the motion for certification should be summarily dismissed. In November 2020, a motion was served to Harel Insurance to hold a further hearing on the judgment that the plaintiffs filed in the Supreme Court. Following a hearing that was held before the Supreme Court in February 2022, the court instructed the Attorney General to submit his position on a subject of principle arising from the appeal. In September 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. In January 2023, the Supreme Court accepted the appeal and returned the hearing to the Central District Court for it to hear the motion for certification of the action as a class action from outset.
12. In June 2019, 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 collects payment from insureds in life insurance 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.
13. In June 2019, an action was filed in the Tel Aviv-Jaffa District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against three other insurance companies (hereinafter together: “the Defendants”). The subject of the action is the allegation that the Defendants ostensibly refrain from paying interest on insurance benefits to their insureds, from 30 days after the claim is filed. This action and motion address the same grounds as those in a previous action and motion for certification as a class action (“the First Claim”) which was partially certified as a class action on August 30, 2015 (“the Certification Decision”) by the Tel Aviv District Court and is currently being heard in its own right (see Section (A)(2) above), but they refer to a different period from the one for which the First Claim was certified and it was filed by the plaintiffs for reasons of caution and in parallel with their request to broaden the class 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 seek to represent against Harel Insurance in the amount of NIS 90 million, and against all the Defendants in the amount of NIS 264.4 million. In July 2020, the District Court ordered a stay of proceedings until a ruling is handed down in the first action.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

14. In April 2020, an action was filed in the Haifa District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance and against eleven other insurance companies (hereinafter together: “the Defendants”). The subject of the action is the allegation that the Defendants do not refund the holders of their compulsory motor, comprehensive and third-party insurance policies for premiums that were ostensibly overpaid by the policyholders in view of the alleged 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 seek 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 the hearing should be transferred to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in the proceeding before it and this until after the ruling on the proceeding regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of Covid-19 and the restrictions on economic activity, in which context the Haifa District Court denied the motion to certify the action as a class action against Harel Insurance and other insurance companies, becomes absolute (“the Judgment in the Additional Proceeding”) or insofar as an appeal on the ruling is filed in the Supreme Court – until a judgment is handed down on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the Judgment in the Additional Proceeding had become absolute.

15. 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 alleged drastic reduction of the risk level to which the Defendants are exposed in view 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 reduction in the volume of traffic on the roads and percentage of road accidents in Israel. The plaintiffs estimate the total loss claimed for all members of the class they seek to represent against Harel Insurance in the amount of NIS 110 million, and against all the Defendants in the amount of NIS 720 million. In June 2020, the court instructed that the hearing should be transferred to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in the proceeding before it and this until after the ruling on the proceeding regarding a refund of premiums to insureds in policies for insuring business premises, employers liability insurance and third-party insurance on account of an alleged reduction of the risk to which the Defendants are exposed following the outbreak of Covid-19 and the restrictions on economic activity, in which context the Haifa District Court denied the motion to certify the action as a class action against Harel Insurance and other insurance companies, becomes absolute (“the Judgment in the Additional Proceeding”) or insofar as an appeal on the ruling is filed in the Supreme Court – until a judgment is handed down on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the Judgment in the Additional Proceeding had become absolute.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

16. 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 (see footnote 1 above) and against eleven other insurance companies (jointly: "the Defendants") including Harel Insurance (see section (A)(14) 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 for premiums that were ostensibly overpaid by the policyholders in view of the alleged 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 seek 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 the hearing should be transferred to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered a stay of proceedings in 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 dismissed the motion to certify an action as a class action that had been filed against other insurance companies, becomes absolute (“the Judgment in the Additional Proceeding”) or insofar as an appeal is filed on the ruling in the Judgment in the Additional Proceeding in the Supreme Court – until a judgment is handed down on the appeal. In December 2021, the District Court ordered the stay of proceedings to be lifted, after the Judgment in the Additional Proceeding had become absolute.

17. 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 (hereinafter together: “the Defendants”). The subject of the action is the allegation that the Defendants ostensibly classify part of the provisions for their customers to the education funds that they manage as taxable provisions, despite the fact that they are not considered as such. The plaintiffs have not quantified the loss claimed for all members of the class they seek 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, among other things, that according to 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 certify 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. The parties are in the process of mediation.

18. In July 2020, an action was filed in the Lod-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 the Defendants ostensibly do not reduce the insurance premiums for insureds determined with exclusions on account of a pre-existing medical condition despite the fact that the exclusions allegedly reduce the insurance risk relative to the risk in policies for insureds for whom similar exclusions were not determined. The plaintiffs estimate the total loss claimed for all members of the class they seek 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.)

19. 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 seek 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 underlying 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. On April 7, 2024, the Tel Aviv District Court certified litigation of the claim as a class action. The class in whose name the class action will be litigated is anyone who purchased and/or was insured with a travel insurance policy with Harel Insurance in the three years preceding the filing of the motion for certification, and who had an insured incident of loss or theft of baggage defined as "valuable" with a value of more than USD 300, and was not compensated for the full amount, up to a total of USD 500, by Harel Insurance.

20. 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 seek to represent, but they estimate it to be tens and even hundreds of millions of shekels. In September 2022, the Tel Aviv District Court partially certified litigation of the claim as a class action. The class in whose name the class action will be litigated is all the lawful beneficiaries and/or heirs of deceased members, as well as all members with whom contact has been severed and that Harel Pension & Provident collected from their accounts management fees at a rate in excess of the rate permitted by law, and this, from 2006 and up to the date of filing the motion for certification. The parties are in the process of mediation.

21. In December 2020, four motions to certify actions as class actions were filed against Shirbit (see footnote 1 above) (three motions to certify actions as class actions were filed in the Lod-Center District Court and one motion was filed in the Tel Aviv District Court), on similar grounds of a data security failure against the backdrop of a cyber security attack on Shirbit's servers by hackers and the publication of personal information about Shirbit's customers. In June 2021, the plaintiffs in the four motions to certify actions as class actions, filed a consolidated motion for certification. The subject of the consolidated action is the allegation that alleged security omissions in Shirbit caused the leak of information and data in Shirbit's possession. The plaintiffs have not quantified the loss claimed for all members of the class they seek to represent, but they estimate that it is more than NIS 2.5 million. The parties conducted a mediation process. In June 2023, the parties filed a motion in the Lod-Center District Court to approve a settlement agreement in which it was agreed, among other things, that the subsidiary Harel Insurance Company Ltd. will pay financial compensation to the class members, as they are defined in the settlement agreement, for whom "sensitive information" and/or "non-sensitive information", according to their definition in the settlement agreement, was published.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

22. 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. The parties are in the process of mediation.

23. 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 seek to represent against all the Defendants in the amount of NIS 79 million. The parties are in the process of mediation.

24. 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 seek to represent, but they estimate it to be millions of shekels. The mediation between the parties was unsuccessful and litigation of the action was returned to the court.

25. 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 insurance 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 class they seek to represent, but they estimate that it is more than NIS 2.5 million. In October 2024, the plaintiffs and six of the seven defendants, including Harel Insurance, informed the court of their consent to mediation.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

26. 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 seek to represent in the amount of NIS 10 million. The parties conducted a mediation process. On March 31, 2024, the parties filed a motion for certification of a settlement agreement with the District Court, in which it was agreed, among other things, that the defendants would compensate the eligible class members, as defined in the settlement agreement, by providing a defined number of days of travel insurance free of charge, which can be utilized by the eligible class members as set out in the settlement agreement.
27. In October 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 and against an additional insurance company (hereinafter together: "the Defendants"). The subject of the action is the allegation that the Defendants ostensibly and unlawfully dismiss insurance claims for special-needs children, in the context of a long-term care policy, despite the fact that, according to the plaintiffs, they meet the definition of "cognitively impaired" according to the policy, and this without conducting any examination as to whether their condition corresponds with this definition. The plaintiffs estimate the overall loss claimed for all members of the class they seek to represent against both defendants together in the amount of NIS 2.97 billion.
28. 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 insurance 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 in March 2019, by the Tel Aviv District Court and the application of which was limited by the Supreme Court to a number of specific policies only (see Section (A)(3) 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 Action. The plaintiff estimates the overall loss caused to all members of the class it seeks to represent in the amount of NIS 1.4 billion.
29. 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 class they seek to represent, but they estimate that it is more than NIS 2.5 million. The parties conducted a mediation process that was unsuccessful and the hearing of the action returned to the court.
30. 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 seeks to represent but it estimates the loss to be substantially more than NIS 2.5 million.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

31. 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 segments 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 seeks to represent. In January 2023, a hearing took place in which the parties informed the court that they had decided to enter into a mediation process. On August 18, 2024, the parties filed a motion for certification of a settlement agreement with the Central District Court, in which it was agreed, among other things, that Harel Insurance would pay compensation to the class members as defined in the settlement agreement, for linkage differences that were not paid by law upon payment of the insurance benefits.
32. 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 seeks to represent but estimates it to be more than NIS 2.5 million.
33. In September 2022, an action was filed against the subsidiary Harel Insurance in the Tel Aviv District Court, together with a motion for its certification as a class action. The subject of the action is the allegation that Harel Insurance ostensibly neglects to pay policyholders with the Preferred Bonus health policy (“the Policy”) the full cumulative premiums, in contravention of the policy instructions, and that Harel Insurance ostensibly collected excess premiums from the insureds in this policy. The plaintiff does not estimate the overall loss caused to all members of the class it seeks to represent.
34. In May 2023, 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 marketed a health insurance policy stipulating that the fourth child onwards will receive free insurance cover, and that nonetheless it still charged payment for a health policy for the fourth child onwards born after 2016. The plaintiffs have not quantified the overall loss claimed for all members of the class they seek to represent, but they estimate that it is more than NIS 2.5 million.
35. In June 2023, an action was filed in the Tel Aviv District Court together with a motion for its certification as a class action against the subsidiaries, Harel Insurance Company, Harel Pension & Provident, against two additional insurance companies, and against two additional management companies ("the Defendants"), on the grounds that the Defendants allegedly withheld tax from the “recognized annuity” component that was tax exempt, thus ostensibly reducing the amount of the annuity received by the class members, in contravention of the law. The plaintiffs estimate the total loss claimed for all members of the class they seek to represent in the amount of NIS 297 million.
36. In July 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance ostensibly transfers money to its insureds by check rather than by bank transfer or a credit card credit, and this ostensibly in contravention of the provisions of the law. The plaintiff quantifies the total loss claimed by all members of the class that it seeks to represent at more than NIS 3 million.
37. In September 2023, 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 Clalit Health Services “the Defendants”). The subject of the action is the allegation that the Defendants collect payment from parents for long-term care insurance for their children who have reached the age of 19, and this ostensibly without express permission or consent prior to starting the charge and without notifying, warning and/or informing as required by law. The plaintiffs do not quantify the loss claimed for all members of the class they seek to represent.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

38. In September 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action is the allegation that Harel Insurance rejects, ostensibly unlawfully, claims for the cover of expenses for treatment with injections under fluoroscopy (contrast media injections) for insureds in health insurance policies, alleging that the treatment is an injection not included in the definition of surgery according to the policies and this, ostensibly, in a misleading manner and in contravention of the law. 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. The parties are in the process of mediation.

39. In September 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the Company and against Marpet Ltd., in which the Company is the controlling shareholder (jointly: “the Defendants”). The subject of the action is the allegation that the Defendants ostensibly market medical services for pets in a misleading manner and in contravention of the law. The plaintiff does not quantify the total loss caused to all members of the class it seeks to represent but it estimates the loss at more than NIS 2.5 million. In its ruling of June 30, 2024, the court referred the motion to the Commissioner of Insurance in the Capital Market, Insurance and Savings Authority for his position regarding the disputes underlying the motion for certification of the class action.

40. In September 2023, 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 seven other insurance companies (jointly: “the Defendants”). The subject of the action is the allegation that the Defendants ostensibly refuse to provide towing services for insureds with policies that include a service note for the provision of vehicle towing services, and this ostensibly without disclosing this in the text of the service notes. The plaintiffs estimate the total loss claimed for all members of the class they seek to represent in the amount of NIS 80 million.

41. In November 2023, 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 seven other insurance companies (jointly: “the Defendants”). The subject of the action is the allegation that in extreme scenarios such as the Swords of Iron War, the risk is expected to drop sharply and a large, unplanned profit might be created in future for the insurance companies, this without appropriate relief that includes a significant cut in premiums for insureds in policies in which the risk components were reduced significantly and in some cases do not exist at all if premiums continue to be collected without any change. The plaintiffs estimate the total loss claimed for all members of the class against all the Defendants in the amount of NIS 10.02 million.

Actions filed in the Reporting Period

42. In April 2024, 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 sent, ostensibly, advertising material to the applicants and a wide group of recipients, without the express prior consent of the recipient and without noting the legal name of Harel Insurance, which is ostensibly contrary to the Telecommunications Law (Telecommunications and Broadcasts), 1982. The plaintiffs quantify the alleged damage at NIS 5 million, but state that at this stage, it is not possible to accurately estimate the amount.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

Actions filed in the Reporting Period (contd.)

43. In April 2024, 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 four other insurance companies/agencies (jointly: “the Defendants”). The subject of the action is the allegation that the defendants or anyone on their behalf, ostensibly violate the provisions of the Supervision of Financial Services (Insurance) Law, 1981 and the directives of the Commissioner of Insurance, by selling, ostensibly, comprehensive motor insurance policies that include service documents for related services as an integral part of the policies, without setting out the prices of the service documents and without giving the customers the option to choose between at least two service providers. The plaintiff estimates the overall loss incurred by all the members of the class it seeks to represent at more than NIS 2.5 million, but notes that the amount cannot be accurately estimated.

44. In May 2024, 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, three other insurance companies, and insurance agencies (jointly: “the Defendants”). The subject of the action is the allegation that the defendants do not provide coverage for mental illnesses in travel insurance and therefore discriminate against people with mental disabilities who require hospitalization abroad. The plaintiff estimates the amount of the personal claim and for all members of the class he seeks to represent at a total of NIS 250,000 and also requests punitive damages in the amount of NIS 26 billion. Harel Insurance believes that the requested remedy for punitive damages has no basis.

45. In May 2024, 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 four other insurance companies (jointly: “the Defendants”). The subject of the action is the allegation that the windshield installers acting on behalf of the defendants, as part of a service document for windshield insurance, do not calibrate the safety systems installed on the car windshields when dismantling of a broken windshield and installing a new one, and this is contrary to the instructions of the Ministry of Transportation and the instructions of the car manufacturers, and that the defendants allegedly violate the principle of indemnification and the restoration of the situation to the way it was before, and act, allegedly, in violation of the provisions of the Financial Services (Insurance) Supervision Law, 1981 and the provisions of the Commissioner of Insurance, in that, under the exercise of “windshield insurance” for cars, they refrain, ostensibly, from instructing windshield installers to calibrate the safety systems installed on the windshield of the car, when dismantling a broken windshield and installing a new (replacement) windshield and refrain, ostensibly, from mentioning this fact when marketing the service document or after delivering the car to the insured. The plaintiffs estimate the overall loss incurred by all the members of the class they seek to represent at more than NIS 2.5 million, but note that the amount cannot be accurately estimated at this stage.

46. In June 2024, 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 indemnifies, ostensibly, only the insured/the mother, for expenses for service at the postnatal recovery home, and does not indemnify the accompanying insured/guest in the recovery home, and this, ostensibly, is contrary to the provisions of the policy and in contravention of the law. The plaintiff does not quantify the overall loss caused to all members of the class it seeks to represent but estimates it to be more than NIS 2.5 million.

47. In July 2024, an action was filed in the Haifa Regional Labor 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 that in disability insurance, the defendants change, unilaterally, the insurance terms and determine, ostensibly, the end of the insurance period, according to the "insurance age" of the insured, which is different from their calendar age, and calculated, ostensibly, by the defendants when the policy is purchased the policy, contrary to the provisions of the policy and the law, and without disclosing this to the insured. The plaintiffs estimate the total loss claimed for all members of the class they seek to represent in the amount of NIS 2.5 million.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

A. Contingent liabilities (contd.)

Summary table:

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

Type	Number of claims	Amount claimed in NIS million
Actions certified as a class action:		
Amount pertaining to the Company and/ or consolidated subsidiaries is specified	6	1,300
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 motions for certification of actions as class actions:		
Amount pertaining to the Company and/ or consolidated subsidiaries is specified	8	2,903
Claim relates to several companies and no specific amount was attributed to the Company and/ or consolidated subsidiaries	7	31,436
Claim amount is not specified	22	

The total provision for the claims filed against the Group companies as set out above, as at September 30, 2024, September 30, 2023, and December 31, 2023, amounts to NIS 185 million, NIS 157 million, and NIS 158 million, respectively.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

Actions settled in the Reporting Period

1. In March 2023, an action was filed in the Haifa District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance and against an additional insurance company (jointly below: "the Defendants"). The subject of the action was the allegation that the Defendants collected from their insureds who have work disability insurance, monthly premiums for the last few months corresponding with the last possible waiting period defined in each insurance contract for work disability, a period in which, according to the insurance contracts, the Defendants are not liable to pay any insurance compensation. In January 2024, the Haifa District Court approved the application to abandon the motion for certification, and it ordered the dismissal of the personal claim and to strike out the motion for certification.
2. 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, at the time of the purchase, Harel Insurance ostensibly only disclosed to its policyholders who purchased Magen 1 life insurance policies with a variable premium and/or Harel LeAtid work disability policies, the premium to be paid only for a few years and not for the entire policy period. In October 2020, the parties informed the court of their agreement to enter into a mediation process. The mediation between the parties was unsuccessful and litigation of the action was returned to the court. In September 2021, the court submitted the motion to the Commissioner to obtain his position in relation to the disputes underlying 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 the 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 settlement agreement in which it was agreed, among other things, that Harel Insurance will pay the class members a lump-sum amount of compensation based on the mechanism set out in the settlement agreement. In January 2024, the Tel Aviv District Court in Tel Aviv gave validity to a judgment for the settlement agreement, in which context it was agreed, among other things, that Harel Insurance will pay members of the class compensation according to the mechanism set out in the settlement agreement.
3. In April 2018, 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 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 parties conducted a mediation process. In January 2023, the parties filed a motion in the Lod-Center District Court to approve a settlement agreement, in which context it was agreed that the class members, as they are defined in the settlement agreement , will receive a supplement to the compensation paid to them based on the cost of the components of each operation. In February 2024, the Lod Center District court gave validity to a judgment for the settlement agreement as a judgment.
4. 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 was 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 retrospectively. In January 2023, the parties filed a motion in the Tel Aviv District Court to certify a settlement agreement according to which it was agreed, among other things, that additional insurance benefits for the purchase of medical equipment would be paid to the class members, as they are defined in the settlement agreement, had the insurance limit not been applied. In March 2024, the Lod Center District court gave validity to a judgement for the settlement agreement.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

5. In October 2016, an action was filed in the Jerusalem District Labor Court, together with a motion for its certification as a class action, against the second-tier subsidiary Tzva Hakeva. The subject of the action is the allegation that Tzva Hakeva ostensibly collects investment management expenses from the fund's members, which is permissible by law, but for which there is no contractual agreement in the fund's articles of association allowing it to collect these expenses. According to the plaintiff, Tzva Hakeva therefore operated in contravention of the provisions of law and the special fiduciary obligation applicable to it. In January 2018, it was decided to consolidate the hearing with additional motions to certify pending class actions on the subject of direct expenses in provident funds and education funds. In February 2018, the court ruled that the Commissioner's opinion on the proceeding should be obtained. In May 2018, the Commissioner's opinion was submitted supporting the position of the Defendants in which financial institutions are permitted to collect direct expenses from the members or insureds, even if this is not explicitly mentioned in the institution's articles, and provided that this is done in accordance with the Supervision of Financial Services (Provident Funds) (Direct Expenses for Performing Transactions) Regulations, 2008 ("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. On September 18, 2023, the court handed down a ruling whereby the parties are required to submit completion of arguments on the consequences of the motions for certification of the Supreme Court judgment, which accepted the motion for leave to appeal in the matter of direct expenses in Migvan Personal Investment savings policies. The parties submitted completions of arguments. In March 2024, an agreed motion was filed with the court for the plaintiffs' abandonment of the motion for certification and the other consolidated motions, in which the court is asked to approve the plaintiffs' abandonment of the motion for certification and to instruct that their personal claim is denied. In March 2024, the court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiffs' personal claim.

6. 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 for which there is no contractual agreement in the provident fund's articles of association, allowing it to collect these expenses. In January 2018, it was decided to consolidate the hearing with additional motions to certify pending class actions on the subject of direct expenses in provident funds and education funds. In February 2018, the court ruled that the Commissioner's opinion on the proceeding should be obtained. In May 2018, the Commissioner's opinion was submitted supporting the position of the Defendants in which financial institutions are permitted to collect direct expenses from the members or insureds, even if this is not explicitly mentioned in the institution's articles, and provided that this is done in accordance with the Supervision of Financial Services (Provident Funds) (Direct Expenses for Performing Transactions) Regulations, 2008 ("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. In March 2024, an agreed motion was filed with the court for the plaintiffs' abandonment of the motion for certification and the other consolidated motions, in which the court is asked to approve the plaintiffs' abandonment of the motion for certification and to instruct that their personal claim is denied. On March 27, 2024, the court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiffs' personal claim.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

7. In August 2016, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against the subsidiary Harel Pension & Provident. The subject of the action was the allegation that in addition to management fees, Harel Pension & Provident ostensibly collects from its members payment for a component relating to investment management expenses (direct expenses component for performing transactions), which is permissible by law, but for which there is no contractual provision allowing it to do so. The plaintiff argues that Harel Pension & Provident is therefore in breach of the provisions of the pension fund's Articles of Association and the heightened fiduciary and disclosure obligations applicable to it, that it negotiates in bad faith and provides its customers with a misleading description. In April 2017, the court instructed that the hearing of the motion should be transferred to the Tel Aviv District Labor Court. In February 2018, the court instructed the Commissioner to submit his position on the proceeding. In June 2018, the position of the Capital Market Authority supporting the position of Harel Pension and Provident was submitted. 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. In its judgment from June 2023, the Supreme Court accepted the motion for leave to appeal, in the matter of direct expenses in Migvan Personal Investments savings policies, and consequently, dismissed the motion for certification underlying the appeal. In July 2023, the plaintiffs filed a motion to order the continuation of the hearing in the procedure and completion of arguments in writing following the Supreme Court judgment. On July 25, 2023, the court accepted the motion of the plaintiffs, and ordered the submission of completion of arguments. The parties submitted completions of arguments. In January 2024, the court handed down a ruling ordering the case to be transferred for a ruling/judgment. In April 2024, an agreed motion was filed with the court for the plaintiff's abandonment of the motion for certification and the other consolidated motions, in which the court is asked to approve the plaintiffs' abandonment of the motion for certification and to instruct that their personal claim is denied. In April 2024, the court approved the plaintiff's motion to abandon the motion for certification and the other motions in which the hearing was consolidated, and it ordered the dismissal of the plaintiffs' personal claim.

8. In December 2023, 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 Clalit Health Services (jointly: "the Defendants"). The subject of the action was the allegation that the defendants allegedly mislead members of Clalit Health Services by publishing on the website of Clalit Health Services that the prescription period for a claim for payment of long-term care insurance benefits is three years from the occurrence of the insurance event and not five years, which is in contravention of the provisions of the law. In January 2024, the plaintiff filed a motion with the Tel Aviv District Labor Court to strike out the class action and petitioned the court to order the claim and the motion for certification as a class action against the Defendants to be struck out and to close the case without an order for costs. In April 2024, the court approved the plaintiff's motion to abandon the motion for certification and the class action.

9. In August 2022, an action was filed against the Company in the Tel Aviv District Court, together with a motion for its certification as a class action. The subject of the action was the allegation that the Company's website is not accessible for people with disabilities, in contravention of the provisions of the law. In December 2023, the parties filed a motion with the Tel Aviv District Court to approve the settlement agreement, in which context it was agreed that the Company would apply several measures to increase accessibility for people with disabilities, including a donation to the association as set out in the agreement. In May 2024, the Tel Aviv District Court gave validity to a judgment for the settlement agreement and for the amendment of the settlement agreement in accordance with the notice of the parties to the court from March 2024, in which it was agreed, among other things, that the Company will act in several ways for the purpose of promoting accessibility for those with disabilities, including a contribution to the fund which was established by virtue of the Law on Class Actions ("the Fund"). The Court reduced the amount of the compensation for the representative plaintiff and the fees for his attorney, as agreed in the settlement, stating that the reduced amount will be credited to the class and added to the amount to be transferred to the fund.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

10. 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 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. In July 2024, the Central District Court dismissed the motion for certification of the class action as well as the individual claim of the applicants, and ordered them to bear the costs in favor of the defendants.

11. 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, the hearing of which was consolidated with similar motions filed against 9 other companies (together below: “the Defendants”) was the allegation that the Defendants do not disclose (themselves or through their insurance agents) to their 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. In February 2022, a judgment was handed down by the Central District Court dismissing a class action which had been filed against another insurance company ("the Corresponding Claim"). 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. In March 2024, the Supreme Court dismissed an appeal filed in the Corresponding Claim. In July 2024, motions were filed at the Central District Court for the applicants withdrawal from the motion for certification, the hearing of which was consolidated, in which the Court was petitioned to approve the applicant’s withdrawal from the motion for certification and to dismiss their personal claim. In July 2024, the court accepted the motions to withdraw, ordered the striking out of the motions for certification and the dismissal of the applicants’ personal claim against the defendants and ordered them to bear the costs in favor of the defendants.

12. In January 2017, an action was filed in the Lod-Center District Court together with a motion for its certification as a class action against Shirbit (see footnote 1 above). The subject of the action, the hearing of which was consolidated with similar motions filed against 9 other companies (together below: “the Defendants”), is the allegation that the Defendants do not disclose to their motor insurance insureds, who are on the verge of crossing an age or driving seniority bracket that they apply 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. In February 2022, a judgment was handed down by the Central District Court dismissing a class action which had been filed against another insurance company ("the Corresponding Claim"). 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. In March 2024, the Supreme Court dismissed an appeal filed in the Corresponding Claim. In July 2024, motions were filed at the Central District Court for the applicants’ withdrawal from the motion for certification, the hearing of which was consolidated, in which the Court was petitioned to approve the applicant’s withdrawal from the motion for certification and to dismiss their personal claim. In July 2024, the court accepted the motions to withdraw, ordered the striking out of the motions for certification and the dismissal of the applicants’ personal claim against the defendants and ordered them to bear the costs in favor of the defendants.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

13. 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 was 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 parties conducted a mediation process. In November 2023, the parties filed a motion in the Lod-Center District Court to approve a settlement agreement in which context it was agreed that part of the cost of the expert opinion submitted by the class members, as they are defined in the settlement agreement, will be paid to the class members. In July 2024, the court gave validity to a judgment for the settlement agreement, after an amended version of the settlement agreement was filed at the court. Under the settlement agreement, it was agreed that the class members, as defined in the settlement agreement, will be paid part of the cost of the opinion filed on behalf of the class members.

14. In December 2017, an action was filed in the Jerusalem District Court, together with a motion for its certification as a class action, against the subsidiary Harel Insurance, against two other insurance companies, against Clalit Health Services and against Maccabi Healthcare Services (hereinafter together: "the Defendants"). The subject of the action was the allegation that the Defendants allegedly refuse to provide long-term care insurance for people on the autism spectrum or they set out unreasonable conditions for accepting them to the insurance, without their decisions being based on any statistical actuarial or medical data that is relevant to the insured risk and without providing a reason for their decision, as required by law. In June 2019, the court ordered the application to be submitted for obtaining the position of the Attorney General on questions arising from the motion for certification. In January 2020, the Attorney General announced that his position was the same as the position he had submitted in a parallel case and which supports the arguments of Harel Insurance. In February 2023, the Jerusalem District Court denied the motion for certification of the action as a class action. In April 2023, Harel Insurance was served with an appeal on the judgment which the plaintiffs in the motion for certification filed in the Supreme Court. In July 2024, the Supreme Court dismissed the appeal and ordered the appellants to bear the costs in favor of the defendants.

15. In September 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance and against an additional insurance company "the Defendants"). The subject of the action was the allegation that when purchasing travel insurance, the Defendants allegedly collect a dollar-linked payment at an exchange rate that is not the representative dollar rate as agreed in the policy conditions. On July 30, 2024, an agreed motion was filed at the court for the withdrawal of the applicant from the motion for certification and dismissal of his personal claim. As part of the motion for withdrawal, Harel Insurance agreed to clarify the relevant USD billing rate on the insurance details page. Additionally, Harel Insurance agreed to pay the plaintiff and his attorney compensation and lawyers' fees of insignificant amounts. In August 2024, the court accepted the motion for withdrawal from the motion for certification against Harel Insurance and ordered the striking out of the motion for certification and the dismissal of the applicant's personal claim against Harel Insurance.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

16. In June 2020, an action was filed in the Central Region District Court together with a motion for its certification as a class action against the subsidiaries Harel Insurance and Harel Pension & Provident (hereinafter together “the Defendants”). The subject of the action is the allegation that as part of loan agreements between the Defendants and their customers, in loans that are linked to the Consumer Price Index (“the CPI”), it was allegedly determined that if the CPI decreases, principal and interest payments will not fall below their value as specified in the loan repayment schedule. This, ostensibly, in contravention of the law and which constitutes, as argued by the plaintiff, a discriminatory condition in a standard contract. . The mediation conducted by the parties was unsuccessful. In October 2022, the court instructed the Commissioner to state his position regarding the issues in dispute. In March 2023, the Commissioner’s position was submitted in which, if it is determined that the linkage mechanism failed to meet the statutory provision, and restitution of the excess payment is required, this money may be refunded from the provident fund monies or from the insureds monies. In August 2024, a motion was filed at the Bat Yam Labor Court, where the hearing of the claim was transferred in April 2023 under a court ruling, for the applicant to withdraw from the motion for certification against the defendants, in which the court is petitioned to approve the applicant's withdrawal from the motion for certification against the defendants, and to order the dismissal of his personal claim. As part of the motion for withdrawal, the defendants agreed that the loan agreements of all the respondents' customers who request CPI-linked loans, will be amended to include a two-way linking mechanism, according to which, an increase or decrease in the CPI compared with the base index will affect the amount of the loan repayment based on the change in the CPI. Additionally, the defendants agreed to pay the plaintiff and his attorney compensation and lawyers’ fees of insignificant amounts. In August 2024, the court approved the plaintiff’s motion to abandon the motion for certification against the defendants.

17. In May 2011, an action was filed in the Central Region District Court, together with a motion for certification as a class action, against the subsidiary Harel Insurance and three other insurance companies (hereinafter together: “the Defendants”). The subject of the action was 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 argued 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 insured. In June 2015, the parties filed a motion in the court to approve a settlement. The court appointed a reviewer for the settlement. Under the proposed 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 in 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 was litigated comprised insureds of the Defendants who have combined life insurance and savings policies that were drawn up between 1992-2003, where the savings accrued by the insured were compromised due to the collection of the policy factor. In May 2017, the Defendants filed a motion in the Supreme Court for permission to appeal this decision, in which context the settlement was dismissed and the motion to certify the claim as a class action was partially approved.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

17. (contd.)

In September 2018, the Attorney General’s response was filed to the motion for permission to appeal, according to which his position is that the Central District Court was correct in its decision not to approve the compromise settlement and to partially approve the motion to certify the action as a class action. In February 2019, the motion for permission to appeal was struck out, after the Defendants accepted the Supreme Court’s recommendation to withdraw the motion for permission to appeal, while maintaining all their arguments and rights. The parties are conducting a mediation process in parallel with litigation of the class action. In September 2022, a decision was handed down according to which the court’s position is that the lower threshold for compromise purposes should be 40% and not less. In June 2023, the class plaintiffs and Harel Insurance together with five additional insurance companies filed a motion in the court to certify a settlement agreement (“the Settlement Agreement”). The Settlement Agreement included the following: (a) Harel Insurance will reimburse the class members (as they are defined in the Settlement Agreement) for the past (the period commencing from seven years before the motion for certification was filed) and up to the commencement of the future collection (as specified in section B below - a lump sum at a rate of 42% of the total collection of the policy factor, which it is argued should have been transferred to saving. (b) Harel Insurance will subtract the future collection of the policy factor from the relevant class members, by way of reducing the policy factor to be collected by 50%, as noted in the Settlement Agreement. In May 2024, the Attorney General submitted her position on the Settlement Agreement, according to which she does not object to the rate of compensation for the past, provided that subject to the fact that restitution including actual returns from 2013 and onward ceases, and she also leaves open the question of future regulation and the continued (reduced) collection of the policy factor component to the discretion of the court. In addition, the Attorney General refers to a number of other issues in the settlement agreement, including the referral of the reduction in the cost of collecting the policy factor in the future to increase the savings component of the policy and the method of calculating the fee rate and the mechanism of its distribution among the defendants. In August 2024, the court gave validity to the judgment for the settlement agreement (“the Judgment), after an amended version of the settlement agreement was filed at the court. As part of the Judgment, the court approved, among other things, the parties' agreements regarding the amount of the refund for the past period at the rate of 42%. For the period from the beginning of 2013 until the date of the future amortization of the policy factor, the court ordered, in accordance with the power conferred on it by the parties, that 90% of the yields will be added to the amount of the refund. The court also approved future amortization of 50%. In addition, the court ruled that Harel Insurance will bear the attorney's fees of the representative plaintiff and remuneration for the representative plaintiff, which will be allocated from the attorney's fees.

18. In February 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action was the allegation that Harel Insurance allegedly does not pay its insureds who have motor insurance and third parties, the full fee for the assessor who prepares the loss assessment for the vehicle, in contravention of the provisions of the policy and the law. In August 2024, the plaintiff filed a motion for abandonment of the motion for certification in the Central District Court in which the court was petitioned to approve the plaintiff’s abandonment of the motion for certification and to instruct that the plaintiff’s personal claim be dismissed. As part of the motion for withdrawal, Harel Insurance agreed to increase awareness for the payment of a reasonable appraiser's fee, among other things by adding a clarification on its website. Additionally, Harel Insurance agreed to pay the plaintiff and his attorney compensation and lawyers’ fees of insignificant amounts. In August 2024, the court approved the plaintiff’s motion to abandon the motion for certification, and it ordered the dismissal of the plaintiff’s personal claim.

NOTE 7 – Contingent Liabilities, Guarantees, and Commitments (contd.)

B. Actions settled in the Reporting Period (contd.)

19. 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 was 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. In September 2024, the plaintiff filed a motion for abandonment of the motion for certification in the Tel Aviv District Court in which the court was petitioned to approve the plaintiff's abandonment of the motion for certification and to instruct that the plaintiff's personal claim be dismissed. In September 2024, the court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiff's personal claim. As part of the motion to abandon, Harel Insurance agreed to pay the plaintiff and his attorney compensation and lawyers' fees of insignificant amounts.

C. Actions settled after the Reporting Period

1. 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 was 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. In November 2024, the Tel Aviv District Labor Court dismissed the motion for certification and ordered the plaintiff to bear expenses in favor of Harel Insurance.
2. In September 2023, an action was filed in the Central District Court together with a motion for its certification as a class action against the subsidiary Harel Insurance. The subject of the action was the allegation that Harel Insurance ostensibly approves claims filed by insureds who have become long-term care patients from the submittal date of the claim and not from the earlier date, on which they became long-term care patients, thus ostensibly avoiding the payment of insurance benefits for which it is liable and it collects premiums to which it is not entitled, in contravention of the provisions of the policy and the law. In November 2024, the plaintiffs filed a motion for abandonment of the motion for certification in the Central District Court in which the court was petitioned to approve the plaintiffs' abandonment of the motion for certification and to instruct that the plaintiffs personal claim be dismissed. In November 2024, the court approved the plaintiff's motion to abandon the motion for certification, and it ordered the dismissal of the plaintiffs' personal claim.

NOTE 8 - Capital Requirements and Management

1. Solvency II based economic solvency regime

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

Economic solvency ratio

The economic solvency ratio is calculated as the ratio between the eligible economic own funds of Harel Insurance and the solvency capital requirement (SCR).

The eligible economic own funds are 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, subordinated 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 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, an economic solvency regime includes transitional measures 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”). There is also 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 27, 2024, together with the approval of the financial statements, Harel Insurance approved the economic solvency ratio report for June 30, 2024. The report is published on its website in Hebrew: https://www.harel-group.co.il/about/harel-group/harel/investor-relations/Pages/repayment-ability.aspx.

According to the report, Harel Insurance has a capital surplus even without taking the transitional provisions into account.

The calculation prepared by Harel Insurance for data as at June 30, 2024, was reviewed in accordance with the principles of International Standard ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. (“the Standard") published by IAASB and in accordance with the Commissioner’s guidelines, as included in the consolidated circular in Chapter 7, Section 5, Part 1 regarding the “external auditor”, which sets out instructions for reviewing a quarterly economic solvency ratio report. The Standard is relevant for a review of the Solvency Report of Harel Insurance and it is not part of the auditing standards applicable to financial reports. 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 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, management activity as well as the future development of the risk margin pattern that will 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.)

   Economic solvency ratio (contd.)

   A review prepared by the external auditors noted that they did not examine the reasonability of the Deduction amount in the transitional period as at June 30, 2024, 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 and regarding the uncertainty inherent in the actuarial and financial assumptions and forecasts used in the preparation of the report.

2. Own Risk and Solvency Assessment (ORSA) for insurance companies

   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, the Company will submit a report to the Commissioner that includes a summary of the results, business position and interrelationships, exposure to risk, assessment of solvency ratio and capital requirements, forward-looking assessment and scenarios and sensitivity analyses.

   In the wake of the Swords of Iron War, on October 23, 2023, a circular for financial institutions was published on "Emergency Instructions of the Commissioner of the Capital Market, Insurance and Saving - October 2023" ("Commissioner's Emergency Instructions"), extending the date for submission of the Own Risk and Solvency Assessment (ORSA) report by 60 days to March 31, 2024.

   Harel Insurance submitted the required report to the Commissioner in March 2024.

3. Capital management policy of Harel Insurance

   It is Harel Insurance's policy to hold a robust capital base to guarantee its solvency and its ability to meet its commitments towards its insureds, to ensure that it 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 regulations stipulated regarding the distribution of a dividend.

   On May 29, 2023, 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, at a rate of 135% and a minimum solvency ratio without taking the transitional provisions into account, at a rate of 110%.

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

NOTE 8 - Capital Requirements and Management (contd.)

4. Equity requirements in management companies

   A. 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, 2024, the consolidated companies are in compliance with these requirements.

   B. Consolidated companies that manage pension funds and provident funds are subject to equity requirements set by the Commissioner. As at September 30, 2024, the consolidated companies are in compliance with these requirements.

5. Plans to repurchase shares

   A. Pursuant to the information in Note 15B2(a) to the Annual Financial Statements, in the Reporting Period, the Company purchased 591,775 shares at a cost of NIS 18 million. As at September 30, 2024, the Company has utilized the full plan by the purchase of 3,408,006 shares.

   B. Pursuant to the information in Note 15B2(b) to the Annual Financial Statements, in the Reporting Period, the Company purchased 2,941,855 shares at a cost of NIS 97.5 million. As at the publication date of the financial statements, the Company had utilized the full plan by purchasing 3,009,955 shares at a cost of NIS 99.95 million.

   C. On November 27, 2024, together with the publication of the financial statements, 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 during the period prescribed for implementation of the plan.

6. Dividend received from Harel Insurance

   On August 29, 2024, the Board of Directors of Harel Insurance approved the distribution of a dividend in the amount of NIS 200 million (NIS 1.92 per share). The Board of Directors made its decision after taking into account the financial results of Harel Insurance, the amount of distributable surpluses by Harel Insurance and review of the retained capital and compliance with the solvency provisions. Additionally, the Board of Directors of Harel Insurance examined its compliance with the profit test and solvency test prescribed in Section 203(a) of the Companies Law and following this review, the Board of Directors of Harel Insurance approved its compliance with the distribution test. The dividend was paid in cash on September 26, 2024.

7. Dividend received from Mortgage Holdings Ltd.

   In August 2024, the Board of Directors of Mortgage Holdings Ltd. approved the distribution of a dividend in the amount of NIS 50 million. The dividend was paid in cash on September 1, 2024.

NOTE 9 – Material Events in the Reporting Period

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

	For the nine months ended September 30		**For the three months ended September 30**		**For the year ended December 31**
	2024	**2023**	**2024**	**2023**	**2023**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Life insurance – decrease in insurance liabilities as a result of:					
Revised interest rate applied in calculating the reserves for annuity and work disability	**128**	176	**-**	176	176
Total life insurance	**128**	176	**-**	176	176
Health insurance – decrease in the insurance liabilities following:					
LAT - personal lines long-term care	**-**	-	**-**	54	-
Update of the interest rate applied in calculating the reserve for claims in payment - personal lines and group long-term care	**-**	42	**-**	42	42
Total health insurance	**-**	42	**-**	96	42
Non-life insurance – increase (decrease) of insurance liabilities due to:					
Interest rate effects (2)	**99**	176	**6**	40	83
Total non-life insurance	**99**	176	**6**	40	83
Total effects on profit and comprehensive income before tax	**227**	394	**6**	312	301
Total effects on profit and comprehensive income after tax	**149**	259	**4**	205	198

Life insurance:

(1) In the Reporting Period (in the second quarter of 2024), the interest rate applied in calculating the reserves for annuity was updated. Following the revision, a decrease of NIS 128 million before tax was recorded in the insurance liabilities in the life insurance sector (a decrease of NIS 63 million in the liabilities for policies that include a savings component up to 1990 and a decrease of NIS 65 million in the liabilities for policies that include a non yield-dependent savings component from 2004).

Non-life insurance:

(2) In the Reporting Period and in the third quarter of 2024, due to an increase in the interest curve applied in calculating the insurance liabilities (an increase in the risk-free interest curve and a decrease in the illiquidity premium), and changes in the difference between the fair value of the non-marketable assets and their carrying amount, insurance liabilities in the non-life segment were reduced by NIS 99 million before tax and NIS 6 million, respectively.

NOTE 9 – Material Events in the Reporting Period (contd.)

2. Application of a circular concerning revised demographic assumptions in life insurance and for the pension funds

   On July 24, 2024, 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 insurance and pension funds" ("the Circular). The circular includes an update of the default assumptions used to calculate the liabilities and coefficients in life insurance policies and pension funds.

   Following the implementation of the Circular, in the reporting period and the second quarter of 2024, the life insurance sector recorded an increase of NIS 108 million before tax in the supplementary reserve for annuity and a decrease of NIS 2 million before tax in the reserve for annuities in payment (decrease of NIS 16 million in liabilities for policies that include a savings component up to 1990, increase of NIS 71 million in liabilities for policies that include a savings component until 2003, increase of NIS 11 million in liabilities for policies that include a non-yield dependent savings component from 2004, and increase of NIS 40 million in liabilities for policies that include a yield-dependent savings component from 2024). In addition, there was an increase in insurance liabilities in the health insurance sector amounting to NIS 5 million before tax.

3. In the third quarter of 2024, the Company updated the actuarial assumptions to reflect the Company's experience regarding the option for annuity, in accordance with different annuity tracks. Following the update, in the Reporting Period and the third quarter of 2024, the life insurance sector recorded a decrease in the supplementary reserve for annuity in the amount of NIS 305 million before tax (a decrease in the amount of NIS 124 million in liabilities for policies that include a savings component up to 1990, and a decrease in the amount of NIS 181 million in liabilities for policies that include a savings component up to 2003).

4. In the Reporting Period, real positive yields were recorded in profit sharing policies that were sold between 1991 and 2003. Nonetheless, due to a real aggregate negative yield on these policies, Harel Insurance did not record variable management fees in the Reporting Period, but only fixed management fees. 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. As at September 30, 2024, the estimate for management fees that will not be collected due to the accrued real negative yield until a cumulative positive yield is attained, is NIS 101 million. See also Note 10(1).

5. Repurchase of shares

   On repurchases of shares that took place in the Reporting Period, see Note 8.

6. Cancellation of the agreement for the acquisition of Isracard Ltd. ("Isracard")

   On February 12, 2023, the Company entered into a binding agreement with Isracard and a fully owned special purpose subsidiary of the Company ("the Target Company") according to which the Company will acquire all (100%) of the fully diluted issued share capital of Isracard, for a total consideration of NIS 3.3 billion ("the Agreement").

   As stipulated in the Agreement between the parties, completion of the transaction was subject to the fulfillment of a number of preconditions, including obtaining regulatory approvals from the Commissioner of Competition, the Supervisor of Banks and the Commissioner of the Capital Market, Insurance and Savings.

   The Company received two out of the three required regulatory approvals by the deadline set for completion of the transaction (approval from the Supervisor of Banks and approval from the Commissioner of the Capital Market, Insurance and Savings. On January 31, 2024, formal notice was received from the Commissioner of Competition stating that he opposed the merger between the Company and Isracard. Accordingly, the Company informed Isracard that the Agreement is cancelled.

NOTE 9 – Material Events in the Reporting Period (contd.)

7. 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 an additional NIS 100 million; in November 2021, the credit facility was increased by an additional NIS 50 million; and in December 2022, the credit facility was increased by an additional 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 up to a maximum investment amount of NIS 100 million. As at September 30, 2024, the outstanding credit provided by Harel Insurance to Hamazpen was NIS 350 million.

8. Special general meeting

   On February 5, 2024, a special general meeting of the Company was convened, the agenda of which included the following topics: Appointment of Michel Siboni as a director of the Company; approval of the conditions for termination of employment of the CEO Michel Siboni; approval of the employment conditions of the incoming CEO Nir Cohen. The general meeting approved all the items that were listed on the agenda. See also Note 9(13) below.

   On August 22, 2024, the compensation committee and the Board of Directors approved the employment terms of the incoming CEO, Nir Cohen, according to which Nir Cohen undertook not to serve as CEO of another insurance company for two years from the end of his employment with Harel Insurance in exchange for a grant of NIS 5,000,000, subject to the approval of the relevant entities of the Company shortly before the termination of the CEO's employment.

9. Completion of a transaction for the purchase of the shares of Se-Fi Insurance Agency Ltd. ("Se-Fi")

   On January 1, 2024, a transaction was completed for the purchase of 70% of the shares of Se-Fi after fulfilling all of the preconditions set out in the agreement, including obtaining approval from the Competition Commissioner and a control permit from the Commissioner of the Capital Market. The purchase price, after adjusting the consideration based on Se-Fi's fixed profit for 2023, and based on the net financial gap as at the completion date, as defined in the purchase agreement, amounted to NIS 41 million.

10. Dividend distribution

    A. On March 28, 2024, the Company's Board of Directors approved the distribution of a cash dividend in the amount of NIS 350 million (NIS 1.69 per share). The Board of Directors made its decision about the distribution of the dividend, after taking into account the Company's results in accordance with the financial statements. 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 16, 2024.

    B. On August 29, 2024, the Company's Board of Directors approved the distribution of a cash dividend in the amount of NIS 200 million (NIS 0.97 per share). The Board of Directors made its decision about the distribution of the dividend, after taking into account the Company's results in accordance with the financial statements. 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 in cash on September 29, 2024.

NOTE 9 – Material Events in the Reporting Period (contd.)

11. Employee stock options plan

    On March 26, 2024 and on March 28, 2024, the compensation committee and the board of directors, respectively, approved another stock options plan based on the options plan approved in August 2021. Under the plan, 994,000 options were offered to 29 employees in the Company's subsidiaries. In addition, 2,500,000 options were approved as a "reserve" for additional future allocations.

12. On the rating of Midroog, see Note 6.

13. Termination of the term of office of the Company's CEO and appointment of a new CEO

    Michel Siboni, who served as CEO of the Company and Chairman of the Board of Directors of Harel Insurance, stepped down from his position on January 31, 2024 as aforesaid, after more than 30 years with Harel Group. Michel Siboni continues to serve as a director in Harel Insurance and Chairman of the Board of Hamazpen, and he was also appointed as a director in the Company commencing February 5, 2024. After Michel Siboni stepped down from his position, Nir Cohen, who is currently the CEO of the Company, was appointed as CEO of Harel Investments as well, from February 1, 2024.

14. Share-based payment

    Further to Note 11(9) above:

    A. On April 17, 994,000 options were offered to 29 employees in the Company's subsidiaries. The exercise price for each option at the grant date is NIS 34.29. The fair value of the options at the grant date was NIS 9.9 million.

    B. On August 29, 2024, 180,000 options were allotted to 9 employees at Harel Insurance. The exercise price for each option at the grant date is NIS 34.88. The fair value of the options at the grant date was NIS 2.2 million.

15. On full early redemption of Series 7 bonds issued by Harel Finance & Issues, see Note 6.

16. Annual and special general meeting

    On May 30, 2024, a special general meeting of the Company was convened, with the following items on the agenda: (1) discussion of the Periodic Report for 2023; (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, Michel Siboni, Doron Cohen, the late Josef Ciechanover and Eli Defes); (4) appointment of Yochi Dvir as an external director in the Company. The general meeting approved all the items that were listed on the agenda.

17. Investment and agreement with Mr. Michel Siboni in Hamazpen Shutaphim Laderech Ltd. (“Hamazpen”)

    In June 2024, the board of directors of Hamazpen, a subsidiary of the Company, resolved to increase the equity of Hamazpen by a NIS 40 million to maintain the capital adequacy requirements in view of the expected credit portfolio of Hamazpen until the end of the second quarter of 2024. Accordingly, and in accordance with the provisions of the founders' agreement of Hamazpen, the Company transferred to Hamazpen its share in this amount, NIS 28 million. In addition, and in accordance with the provisions of the founders' agreement, Harel provided the other shareholders of Hamazpen, Alon Partnership, and Mr. Michel Siboni with their proportional share in the amount required for the capital increase, as non-recourse loans in the amount of NIS 8 million and NIS 4 million, respectively. This is in accordance with the terms set out in the founders' agreement for these loans. According to an outside economic opinion received by the Company, the value of the benefit inherent in the loan for the non-recourse component received by Mr. Michel Siboni amounts to NIS 96 thousand. In addition, the Company estimated the value of the benefit in the interest rate differences for the loan in the amount of NIS 64 thousand. It should be clarified that the loan to Mr. Michel Siboni, who serves as a director at Harel Insurance and as chairman of the board of Hamazpen, was approved by the compensation committees, the audit committees, and the boards of directors of the Company and of Harel Insurance.

NOTE 9 – Material Events in the Reporting Period (contd.)

18. The Company's agreement with Michman Finance Ltd. ("Michman")

    On July 16, 2024, the Company entered into a memorandum of understanding ("the MoU"), with Yaniv Biton, the controlling shareholder and director of Michman, a public Israeli company traded on the Tel Aviv Stock Exchange Ltd. and Doron Sapir, chairman of Michman's board of directors (hereinafter together with the controlling shareholder: "the Sellers") who are third parties (and are not related parties to the Company), summarizing the main terms for the acquisition of Michman shares from the Sellers at a rate of 25.01%, providing a credit line for Michman in the amount of NIS 100 million, issuing rights in Michman in the total amount of NIS 80 million, a put/call option for the acquisition of additional Michman shares from the Sellers, which will bring the Company's holdings in Michman to a rate of 52.5%, all subject to the fulfillment of a number of preconditions ("the Transaction"). The MoU is non-binding on the parties, except for conditions regarding exclusivity for a limited period and non-disclosure.

    The Transaction was subject to due diligence by the Company within 45 days after signing the MoU and to the fulfillment of the relevant preconditions.

    After discussions between the parties, the parties decided to change the structure of the Transaction and the timetables for its completion, so that the Company will invest in Michman an amount of NIS 13.8 million for the allocation of Michman shares, accounting for 4.9% of Michman's issued capital (at a price per share of NIS 169.6) and will provide a credit limit of NIS 50 million for Michman. The parties will assess the option of increasing the rate of the Company's holdings in Michman and deepening the cooperation between the parties.

19. On the issuance of bonds (Series D) by Harel Finance & Issues Ltd, see Note 6.

20. Arrangement with the National Insurance Institute regarding compensation under the National Insurance Law

    Further to Note 36E4d to the annual statements, in August 2024, Harel Insurance and the National Insurance Institute signed an arrangement ("the Settlement", and "the NII", respectively), according to which the parties agreed on the amount that Harel Insurance is required to pay the NII for road accidents in the period from January 1, 2016 to December 31, 2022. The Company's financial statements reflect the agreement that was signed.

21. On the repayment of bonds (Series 1) of Harel Finance & Issues Ltd, see Note 6.

22. Transaction for the acquisition of all the shares of Gamla Harel Residential Real Estate in a reverse triangular merger

    On September 29, 2024, Harel Credit Holdings Ltd., a wholly owned (100%) subsidiary of the Company ("the Buyer") entered into an agreement with Harel Finance Mergers Ltd., a subsidiary wholly owned by the Buyer ("the Target Company"), and Gamla Harel Residential Real Estate Ltd. ("Gamla"). Under the agreement, the Buyer will acquire all the shares of Gamla (100%) by way of a reverse triangular merger between the Target Company and Gamla, for a cash consideration of NIS 560 million, subject to adjustments ("the Merger Agreement"). Gamla is a publicly traded company that provides credit to residential real estate developers. Upon completion of the merger, the Buyer will hold all of Gamla's issued and paid-up share capital, Gamla will revert from a publicly traded company to a private company, its shares will be delisted, and it will no longer be a reporting company as defined in the Israel Securities Law, 1968.

    Completion of the merger is subject to the fulfillment of standard preconditions as set out in the merger agreement, including the following main preconditions: (a) approval by a meeting of the shareholders of Gamla for the merger; (b) obtaining the regulatory approvals required by law for the merger, including approval from the Competition Authority for the merger and obtaining a permit to hold means of control from the Supervisor of Financial Service Providers; (c) obtaining approvals from Gamla's financing entities and other third parties; (d) the willingness of the parties, in all material respects, at the date of completion subject to exclusions and exceptions defined in the merger agreement; and (e) at the date of completion no material adverse change has occurred in Gamla (according to its definition in the merger agreement).

NOTE 9 – Material Events in the Reporting Period (contd.)

22. (contd.)

On October 30, 2024 and November 4, 2024, the Commissioner of Competition approved the merger and control permit was received from the Supervisor of Financial Service Providers, respectively. On November 12, 2024, the general meeting of Gamla approved the merger. As at November 26, 2024, all of Gamla's financing entities approved the merger and the resulting change in ownership and control of Gamla.

With the approval of the financing entities, the significant preconditions for completing the merger were fulfilled and the parties are working to complete the other preconditions as set out in the merger agreement.

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

Further to Note 39G3 to the Annual Financial Statements, on August 31, 2024, the transaction for the sale of 51% of Dikla shares to Clalit was completed.

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 42 million.

2. D&O liability insurance policy

On October 30, 2024 and October 31, 2024, the Compensation Committee and Board of Directors of the Company, respectively, approved an agreement with the subsidiary Harel Insurance commencing October 31, 2024, for one year, regarding a liability insurance policy for directors and officers in the Company and in the other Harel Group companies (D&O liability policy), including individuals who may be considered controlling shareholders in the Company such that the sum insured will be USD 220 million plus another layer of Side A with a liability limit of USD 25 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.

3. On the publication of a solvency ratio report as at June 30, 2024 by Harel Insurance, see Note 8.

4. Repurchase of shares

On the repurchase of shares and the plan to repurchase shares, see Note 8.

HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD

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, 2024 (unaudited)			
	Revalued at fair value through profit or loss	Available for sale	Non-marketable assets measured at amortized cost	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	**485**	**8,465**	**-**	**8,950**
Non-marketable debt assets (*)	**7,414**	**-**	**21,569**	**28,983**
Shares (A2)	**602**	**1,961**	**-**	**2,563**
Other (A3)	**2,702**	**4,394**	**-**	**7,096**
Total other financial investments	**11,203**	**14,820**	**21,569**	**47,592**

	As at September 30, 2023 (unaudited)			
	Revalued at fair value through profit or loss	Available for sale	Non-marketable assets measured at amortized cost	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	465	8,306	-	8,771
Non-marketable debt assets (*)	5,899	-	16,572	22,471
Shares (A2)	417	1,843	-	2,260
Other (A3)	500	3,995	-	4,495
Total other financial investments	7,281	14,144	16,572	37,997

	As at December 31, 2023 (audited)			
	Revalued at fair value through profit or loss	Available for sale	Non-marketable assets measured at amortized cost	Total
	NIS million	NIS million	NIS million	NIS million
Marketable debt assets (A1)	479	8,041	-	8,520
Non-marketable debt assets (*)	5,853	-	18,020	23,873
Shares (A2)	200	1,931	-	2,131
Other (A3)	527	4,060	-	4,587
Total other financial investments	7,059	14,032	18,020	39,111

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

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

A1. Marketable debt assets

	Carrying amount			Amortized cost		
	As at September 30		As at December 31	As at September 30		As at December 31
	2024	2023	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Government bonds	**6,125**	5,346	5,243	**7,194**	6,064	5,948
Other debt assets:						
Other non-convertible debt assets	**2,825**	3,425	3,277	**3,084**	3,751	3,530
Total marketable debt assets	**8,950**	8,771	8,520	**10,278**	9,815	9,478
Impairment recognized in profit or loss (in aggregate)	-	-	9			

A2. Shares

	Carrying amount			Cost		
	As at September 30		As at December 31	As at September 30		As at December 31
	2024	2023	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable shares	**1,644**	1,578	1,456	**1,383**	1,413	1,278
Non-marketable shares at fair value through profit or loss	**377**	109	117	**377**	96	102
Non-marketable shares available for sale	**542**	573	558	**344**	353	368
Total shares	**2,563**	2,260	2,131	**2,104**	1,862	1,748
Impairment recognized in profit or loss (in aggregate)	**239**	185	194			

A3. Other financial investments

	Carrying amount			Cost		
	As at September 30		As at December 31	As at September 30		As at December 31
	2024	2023	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Marketable financial investments	**2,564**	407	394	**2,502**	366	339
Non-marketable financial investments	**4,532**	4,088	4,193	**3,190**	2,724	2,912
Total other financial investments	**7,096**	4,495	4,587	**5,692**	3,090	3,251
Impairment recognized in profit or loss (in aggregate)	**207**	200	200			
Derivative instruments presented in financial liabilities	**132**	367	97			

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

HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD.

SEPARATE FINANCIAL INFORMATION FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2024

Condensed Separate Interim Information on Financial Position

	September 30		December 31
	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Intangible assets	**2**	2	2
Fixed assets	**17**	19	18
Investments in investees	**6,452**	5,917	6,101
Loans to investees	**713**	673	673
Investment property	**36**	34	34
Trade and other receivables	**92**	71	63
Assets for employee benefits	**28**	26	27
Other financial investments			
Marketable debt assets	**77**	-	-
Non-marketable debt assets	**34**	84	96
Shares	**377**	104	112
Other	**2,283**	30	36
Total other financial investments	**2,771**	218	244
Cash and cash equivalents	**167**	3,167	3,092
Total assets	**10,278**	10,127	10,254
Equity			
Share capital and share premium	**363**	359	359
Treasury shares	**(419)**	(277)	(304)
Capital reserves	**475**	616	540
Retained earnings	**8,494**	8,014	8,298
Total equity	**8,913**	8,712	8,893
Liabilities			
Deferred tax liabilities	**17**	8	2
Liabilities for employee benefits	**41**	41	41
Trade and other payables	**98**	45	44
Current tax liabilities	**-**	12	14
Financial liabilities	**1,209**	1,309	1,260
Total liabilities	**1,365**	1,415	1,361
Total liabilities and equity	**10,278**	10,127	10,254

Yair Hamburger Chairman of the Board of Directors	Nir Cohen CEO	Arik Peretz CFO

Date of approval of the financial statements: November 27, 2024

Condensed Separate Interim Information on Profit or Loss

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit from investments, net, and finance income	**139**	80	**59**	36	125
Income from management fees	**98**	110	**36**	41	144
Other income	**3**	-	**3**	-	-
Total income	**240**	190	**98**	77	269
General and administrative expenses	**37**	37	**12**	12	50
Financing expenses, net	**39**	23	**13**	13	37
Total expenses	**76**	60	**25**	25	87
Company's share in profits of investees	**598**	105	**327**	262	340
Profit before income tax	**762**	235	**400**	314	522
Income tax	**35**	31	**23**	13	37
Profit for the period attributable to shareholders of the Company	**727**	204	**377**	301	485

The additional information attached to the condensed separate interim financial information 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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**727**	204	**377**	301	485
Other comprehensive income (loss) items that after initial recognition as part of comprehensive income were or will be transferred to profit or loss					
Foreign currency translation differences for foreign activity	**(1)**	-	**(3)**	2	(9)
Taxes on income attributable to other items of other comprehensive income	**-**	(1)	**1**	-	-
Group's share of comprehensive income (loss) of investees	**(76)**	142	**173**	*(49)	86
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	**(77)**	141	**171**	(47)	77
Items of other comprehensive income not transferred to profit or loss					
Revaluation of owner owned fixed assets in investees	**32**	53	**1**	1	53
Remeasurement of a defined benefit plan	**1**	(1)	**-**	-	1
Taxes on income for items of other comprehensive income that will not be transferred to profit or loss	**(11)**	-	**(2)**	*16	(16)
Other comprehensive income for the period not transferred to profit or loss, net of tax	**22**	52	**(1)**	17	38
Other comprehensive income (loss) for the period, net of tax	**(55)**	193	**170**	(30)	115
Total comprehensive income for the period attributable to shareholders of the Company	**672**	397	**547**	271	600

* Reclassified

Condensed Separate Interim Information on Changes in Equity

	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	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, 2024 (unaudited)									
Balance as at January 1, 2024	**359**	**287**	**(130)**	**56**	**(304)**	**(49)**	**376**	**8,298**	**8,893**
Comprehensive income (loss) for the period									
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**727**	**727**
Other comprehensive income (loss) for the period	**-**	**(115)**	**20**	**-**	**-**	**-**	**21**	**19**	**(55)**
Total comprehensive income (loss) for the period	**-**	**(115)**	**20**	**-**	**-**	**-**	**21**	**746**	**672**
Transactions with owners recognized directly in equity									
Dividends distributed	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(550)**	**(550)**
Share-based payment	**-**	**-**	**-**	**13**	**-**	**-**	**-**	**-**	**13**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**(115)**	**-**	**-**	**-**	**(115)**
Exercise of options	**4**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**-**
Balance as at September 30, 2024	**363**	**172**	**(110)**	**65**	**(419)**	**(49)**	**397**	**8,494**	**8,913**

The additional information attached to the condensed separate interim financial information is an integral part thereof.

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

	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	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, 2024 (unaudited)									
Balance as at July 1, 2024	361	5	(111)	62	(377)	(49)	397	8,315	8,603
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	377	377
Other comprehensive income for the period	-	167	1	-	-	-	-	2	170
Total comprehensive income for the period	-	167	1	-	-	-	-	379	547
Transactions with owners recognized directly in equity									
Dividends distributed	-	-	-	-	-	-	-	(200)	(200)
Share-based payment	-	-	-	5	-	-	-	-	5
Purchase of treasury shares	-	-	-	-	(42)	-	-	-	(42)
Exercise of options	2	-	-	(2)	-	-	-	-	-
Balance as at September 30, 2024	363	172	(110)	65	(419)	(49)	397	8,494	8,913

The additional information attached to the condensed separate interim financial information is an integral part thereof.

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

	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	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, 2023 (unaudited)									
Balance as at January 1, 2023	359	222	(154)	31	(237)	(49)	339	7,824	8,335
Effect of initial application of IFRS 9*	-	18	-	-	-	-	-	(18)	-
Balance as at January 1, 2023 after initial application of IFRS 9	359	240	(154)	31	(237)	(49)	339	7,806	8,335
Comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	204	204
Other comprehensive income for the period	-	86	65	-	-	-	38	4	193
Total comprehensive income for the period	-	86	65	-	-	-	38	208	397
Transactions with owners recognized directly in equity									
Share-based payment	-	-	-	20	-	-	-	-	20
Purchase of treasury shares	-	-	-	-	(40)	-	-	-	(40)
Balance as at September 30, 2023	359	326	(89)	51	(277)	(49)	377	8,014	8,712

* See Note 2H to the annual consolidated financial statements regarding initial application of IFRS 9, Financial Instruments

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

	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	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, 2023 (unaudited)									
Balance as at July 1, 2023	359	380	(111)	44	(267)	(49)	376	7,712	8,444
Comprehensive income (loss)									
Profit for the period	-	-	-	-	-	-	-	301	301
Other comprehensive income (loss) for the period	-	(54)	22	-	-	-	1	1	(30)
Total comprehensive income (loss) for the period	-	(54)	22	-	-	-	1	302	271
Transactions with owners recognized directly in equity									
Share-based payment	-	-	-	7	-	-	-	-	7
Purchase of treasury shares	-	-	-	-	(10)	-	-	-	(10)
Balance as at September 30, 2023	359	326	(89)	51	(277)	(49)	377	8,014	8,712

The additional information attached to the condensed separate interim financial information is an integral part thereof.

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

	Share capital and premium	Capital reserve for available for sale assets	Translation reserve for foreign activity	Capital reserve for share-based payment	Treasury shares	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2023 (audited)									
Balance as at January 1, 2023	359	222	(154)	31	(237)	(49)	339	7,824	8,335
Effect of initial application of IFRS 9*	-	18	-	-	-	-	-	(18)	-
Balance as at January 1, 2023 after initial application of IFRS 9	359	240	(154)	31	(237)	(49)	339	7,806	8,335
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	485	485
Other comprehensive income for the year	-	47	24	-	-	-	37	7	115
Total comprehensive income for the year	-	47	24	-	-	-	37	492	600
Transactions with owners recognized directly in equity									
Share-based payment	-	-	-	25	-	-	-	-	25
Purchase of treasury shares	-	-	-	-	(67)	-	-	-	(67)
Balance as at December 31, 2023	359	287	(130)	56	(304)	(49)	376	8,298	8,893

* See Note 2H to the annual consolidated financial statements regarding initial application of IFRS 9, Financial Instruments

Condensed Separate Interim Information on Cash Flows

		For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2024	2023	2024	2023	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Annex	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activity						
Before income tax	A	**147**	82	**72**	52	145
Taxes paid		**(34)**	(18)	**(5)**	(8)	(28)
Net cash from operating activities		**113**	64	**67**	44	117
Cash flows from investing activity						
Investment in investees		**(76)**	(16)	**(10)**	-	(50)
Investment in fixed assets		**(2)**	-	**(1)**	-	(1)
Dividend and interest from investees		**256**	1,017	**253**	510	1,028
Financial investments, net		**(2,496)**	1,138	**(61)**	(31)	1,107
Repayment of loans and capital notes provided to investees, net		**21**	220	**7**	2	221
Cash received from capital reduction of an investee		**7**	-	**7**	-	
Net cash from (used for) investment activity		**(2,290)**	2,359	**195**	481	2,305
Cash flows from financing activity						
Dividend to Company shareholders		**(550)**	(100)	**(200)**	-	(100)
Repayment of liability notes		**(46)**	(55)	**-**	-	(101)
Repayment of loans from banks and others		**(27)**	(27)	**(14)**	(14)	(27)
Repayment of lease liabilities		**(2)**	(2)	**(1)**	-	(3)
Loan provided to related parties		**(8)**	-	**-**	-	-
Buyback of the Company shares by the Company		**(115)**	(40)	**(42)**	(10)	(67)
Proceeds of issuance of liability notes, net		**-**	793	**-**	-	793
Net cash provided by (used in) financing activity		**(748)**	569	**(257)**	(24)	495
Net increase (decrease) in cash and cash equivalents		**(2,925)**	2,992	**5**	501	2,917
Cash and cash equivalents at the beginning of the period		**3,092**	175	**162**	2,666	175
Cash and cash equivalents at the end of the period		**167**	3,167	**167**	3,167	3,092

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
	2024	2023	2024	2023	2023
	(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 attributable to shareholders of the Company	**727**	204	**377**	301	485
Items not involving cash flows					
Company's share of profits of equity accounted investees	**(598)**	(105)	**(327)**	(262)	(340)
Net losses (profits) from financial investments	**(63)**	4	**(44)**	9	1
Profit from sale of fixed assets	**1**	-	**1**	-	-
Change in fair value of investment property	**(2)**	(5)	**-**	(1)	(5)
Financing expenses (income), net	**1**	(7)	**(3)**	1	2
Income tax	**35**	31	**23**	13	37
Depreciation and amortization	**3**	2	**1**	-	3
Changes in other statement of financial position items					
Trade and other receivables	**(29)**	(42)	**(18)**	(15)	(34)
Trade and other payables	**73**	(3)	**62**	6	(6)
Liabilities for employee benefits, net	**(1)**	3	**-**	-	2
Total adjustments required to present cash flows from operating activity	**(580)**	(122)	**(305)**	(249)	(340)
Total cash flows from operating activity	**147**	82	**72**	52	145

NOTE 1 - Method of Preparing the Separate Financial Information

A. General

The following is the condensed separate financial information from the Group's consolidated interim financial statements as at September 30, 2024 ("the Condensed Consolidated Interim Financial Statements"), published as part of the Periodic Report ("the Condensed Separate Interim Financial Information"), presented in accordance with the provisions of Regulation 38D ("the Regulation") and the Tenth Schedule to the Securities (Periodic and Immediate Reports) Regulations, 1970 ("the Tenth Schedule") regarding the condensed interim separate financial information of the Company. This condensed, separate interim financial information should be read in conjunction with the separate financial information for the Company as at December 31, 2023, and with the Condensed Consolidated Interim 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 condensed separate interim financial information was prepared in accordance with the accounting policy detailed in Note 2 to the Company's separate annual financial statements as at December 31, 2023.

NOTE 2 - Material Relationships, Agreements, and Transactions with Investees

1. 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 20 million. The repayment was made from the independent sources of Harel Mutual Funds Ltd.
2. On March 3, 2024, Marpet (a subsidiary held by the Company at a rate of 51%) distributed a dividend in the amount of NIS 4.7 million (the Company's share is NIS 2.4 million). The dividend was paid on April 9, 2024.
3. On completion of the transaction for the purchase of shares of Se-Fi Insurance Agency Ltd., see Note 9 to the Condensed Consolidated Interim Financial Statements.
4. On May 21, 2024, June 27, and September 4, 2024, the Board of Directors of Harel UK approved dividend distributions in the amount of GBP 140 thousand, GBP 65 thousand, and GBP 100 thousand, respectively. The dividends were paid on June 3, 2024, July 10, 2024, and September 13, 2024, respectively.
5. On the distribution of a dividend by Harel Insurance, see Note 8 to the Condensed Consolidated Interim Financial Statements.
6. On the distribution of a dividend by Mortgage Holdings, see Note 8 to the Condensed Consolidated Interim Financial Statements.

NOTE 3 – Material Events in the Reporting Period

1. On the affirmation of a rating for the Company and Series 1 bonds of the Company by Midroog, see Note 6 to the Condensed Consolidated Interim Financial Statements.
2. On a repurchase of shares, see Note 8 to the Condensed Consolidated Interim Financial Statements.
3. On the cancellation of the agreement to acquire Isracard Ltd., see Note 9 to the Condensed Consolidated Interim Financial Statements.
4. On the special general meeting, see Note 9 to the Condensed Consolidated Interim Financial Statements.
5. On the outline plan for employees, see Note 9 to the Condensed Consolidated Interim Financial Statements.
6. On the partial redemptions of a loan to the Company from Bank Hapoalim, see Note 6 to the Condensed Consolidated Interim Financial Statements.
7. On the termination of the term of office of the Company's CEO and appointment of a new CEO, see Note 9 to the Condensed Consolidated Interim Financial Statements.
8. On a share-based payment, see Note 9 to the Condensed Consolidated Interim Financial Statements.
9. On the Annual and Special General Meeting, see Note 9 to the Condensed Consolidated Interim Financial Statements.
10. On the partial redemption of Series 1 bonds of the Company, see Note 6 to the Condensed Consolidated Interim Financial Statements.
11. On an investment and agreement with Michel Siboni in Hamazpen - Shutaphim Laderech Ltd., see Note 9 to the Condensed Consolidated Interim Financial Statements.
12. On the distribution of a dividend by the Company, see Note 9 to the Condensed Consolidated Interim Financial Statements.
13. On the Company's agreement with Michman Finance Ltd., see Note 9 to the Condensed Consolidated Interim Financial Statements.
14. On the transaction for the acquisition of all the shares of Gamla Harel Residential Real Estate in a reverse triangular merger, see Note 9 to the Condensed Consolidated Interim Financial Statements.

NOTE 4 – Material Events after the Reporting Period

1. On the D&O liability insurance policy, see Note 10 to the Condensed Consolidated Interim Financial Statements.
2. On the repurchase of shares and the approval of the plan to repurchase shares, see Note 8 to the Condensed Consolidated Interim Financial Statements.

Harel Insurance & Finance

Harel Insurance Investments and Financial Services Ltd.

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

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

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, the members of management are:

1. Mr. Nir Cohen – CEO of the Company, CEO of Harel Insurance Company Ltd..
2. Mr. Arik Peretz – the Company's VP Finance, Deputy CEO and Head of the Finance and Resources Division of Harel Insurance Company Ltd,.
3. Mr. Gilad Shapiro – General Counsel to the Company and the Group's companies, deputy CEO of Harel Insurance Company Ltd.
4. 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.
5. Ms. Osnat Manor Zisman – Internal Auditor of the Company and companies in the Group, Deputy CEO of Harel Insurance Company.
6. Ms. Hagit Chitayat Levin – CEO of Harel Finance Holdings Ltd.
7. Mr. Tomer Goldberg – Head of Strategic and Alternative Investments in the Group.

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 under their oversight, 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 – certifications, reports, 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".

The quarterly report concerning the effectiveness of the internal control over financial reporting and disclosure that was included in the quarterly report for the period ended June 30, 2024 (hereinafter – the last quarterly report on internal control), found that the internal control was 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 the 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, Nir Cohen, hereby certify that:

1. I have reviewed the quarterly report of Harel Insurance Investments and Financial Services Ltd. (hereinafter - the Company) for Q3 2024 ("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 under my supervision are in place, designed to ensure with reasonable certainty that the financial reports are reliable and that they are prepared in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
   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.

____

November 27, 2024	Nir Cohen 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 2024 ("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 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 in accordance with the statutory provisions; 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 under my supervision are in place, designed to ensure with reasonable certainty that the financial reports are reliable and that they are prepared in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
   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.

November 27, 2024

Arik Peretz

CFO