Clal Insurance Enterprises Holdings Ltd.
Financial Statements
as of June 30,
2024

Clal
Insurance Enterprises Holdings Ltd.

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the June 30, 2024, financial report of Clal Insurance Enterprises Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on August 21, 2024.

The Hebrew version submitted to the TASE and the Israeli Securities Authority shall be the sole legally binding version.

Clal Insurance Enterprises Holdings Ltd.

Quarterly Report as of June 30, 2024

August 20, 2024

Clal Insurance Enterprises Holdings Ltd.

Report of the Board of Directors

June 30, 2024

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Report of the Board of Directors on the State of the Corporation's Affairs for the Period ended June 30, 2024 (hereinafter - the "**Report of the Board of Directors**") reviews the key changes in the activity of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**") in the first six months of 2024 (hereinafter - the "**Reporting Period**") and in the three months ended June 30, 2024 (hereinafter - the "**Quarter**").

The Report of the Board of Directors was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. The Report of the Board of Directors, with respect to the insurance business, was drawn up in accordance with the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the circulars of the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**"); the Report of the Board of Directors, with respect to the credit cards business, was drawn up in accordance with the reporting directives of the Banking Supervision Department (hereinafter - the "**Banking Supervision Department**") bearing in mind that the reader also has on hand the full periodic report of the Company for the year ended December 31, 2023 (hereinafter - the "**Periodic Report**" and/or "**Annual Financial Statements**").

Forward-looking information

The following report of the Company may contain, in addition to data relating to the past, also forward-looking information, as defined in the Securities Law, 1968. Forward-looking information, to the extent that it is included, is based, among other things, on estimates and assumptions by the Group's managements and subsidiaries and on forecasts regarding the future in connection with economic and other developments in Israel and across the world, legislative and regulatory provisions, competition in the Group's areas of activity, accounting and taxation changes and technological developments. Although the Company's consolidated companies believe their assumptions to be reasonable as of the report date, by nature they are not certain, and actual results may materially differ from those predicted; therefore, the readers of the report should treat this information with due cation.

1. The Group's Structure, its Areas of Activity, and Developments Therein

1.1 Group structure

The Company's shareholders

In the Commissioner's letter of December 8, 2019, it was stated that no entity holds, whether directly or indirectly, the means of control in the Company.

For further details regarding shareholdings in the Company and changes during the Reporting Period, see Note 1 to the Consolidated Interim Financial Statements.

1.2 The Group's Areas of Activity and Developments Therein

1.2.1 For a description of the Group's areas of activity and its holding structure, see Section 1.1 in the chapter entitled Description of the Corporation's Business in the Periodic Report of 2023.

2. The Board of Directors' Explanations for the State of the Corporation's Business

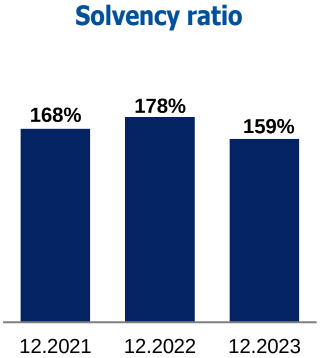
The Group companies' operations are affected by constant changes in regulations and regulatory reforms. Clal Insurance's operations and results are significantly affected by changes in capital markets, including, among other things, by changes in the interest rate that has implications for Clal Insurance's insurance liabilities and financial assets portfolios, and consequently - for management fees and financial margins from investments as well. Max's activity is affected by macroeconomic conditions, the cost of living and interest rate in Israel, which impact the level of private and business consumption, which, in turn, affect the Company's volume of activity and have direct consequences on its business results.

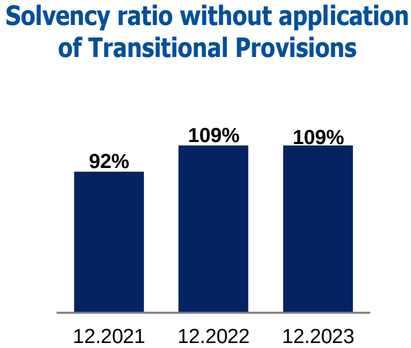
2.1 *Significant Events during and Subsequent to the Reporting Period:*

A. Economic solvency ratio in Clal Insurance

Clal Insurance published an Economic Solvency Ratio Report as of December 31, 2023, under which the ratio without the Transitional Provisions is 109%, similar to the ratio of 109% as of June 30, 2023.

Taking into consideration the Transitional Provisions, the ratio is 159% as of December 31, 2023, compared with 167%, respectively, as of June 30, 2023. For further details, see Section 2.4 and Note 7 to the Consolidated Interim Financial Statements.





1) Taking into consideration equity transactions that took place subsequent to December 31, 2023, as of the publication date of the Economic Solvency Ratio Report as of December 31, 2023.

2) For details regarding the disclosure on the stochastic model for calculating the economic solvency ratio of Clal Insurance, see Section 2.4 below.

B. Capital markets and risk-free interest rate curve during the reporting period and thereafter

The results in the Reporting Period and for the three-month period ended June 30, 2024 were affected mainly by volatility in capital markets, mainly in share indices, which affected investment income in the nostro portfolio. It should also be noted that in participating insurance policies, no variable management fees were collected during the Reporting Period (Clal Insurance has a pre-tax liability of approx. NIS 0.5 billion to policyholders as of the publication date of the financial statements and approx. NIS 0.4 billion shortly before the financial statements publication date, and until it meets this undertaking Clal Insurance shall not collect variable management fees). In addition, during the Reporting Period there was an increase in the risk-free interest rate curve, with the addition of illiquidity premium, which caused a decrease in insurance liabilities. For details about the impact of the above on the results, see the Special Items table in Section 2.2 below. For details regarding the Group's sensitivity to changes in interest rates, see Note 42 to the Annual Financial Statements.

C. Repayment of syndicated loan by CIMax

In February 2024, the Company used the proceeds of the issuance of the bonds for an early repayment of the entire amount of the syndicated loan taken by CIMax Holdings Ltd. from institutional entities in 2019 (hereinafter - the "**Syndicated Loan**"), as explained in Note 26 to the Annual Financial Statements. Consequently, the Group reduced its finance expenses in the quarter, and also extended the average duration of its liabilities.

D. Issuance of Subordinated Notes (replacement of Series J and expansion of Series M) in the subsidiary Clal Insurance

In January 2024, Clal Insurance issued to holders of Notes (Series J), who accepted an exchange tender offer, Subordinated Notes (Series M) at the total amount of NIS 508 million p.v. by way of series expansion. The terms of some of the Notes (Series J) vary from the terms of the Notes (Series M), and accordingly they were accounted for as replacement of debt instruments with materially different terms, in accordance with the standard's definition; accordingly, Clal Insurance accrued a loss of approx. NIS 1.6 million.

Furthermore, in April 2024 Clal Insurance issued to the public NIS 465 million p.v. in Subordinated Notes (Series M) by way of expansion of an existing series. For further details, see Note 6 to the Consolidated Interim Financial Statements.

E. The Iron Swords War

Following on Note 46(k) to the Financial Statements for 2023, the Israeli economy continues operating in a wartime routine. The economy is operating almost at normal levels, except for the areas which suffered directly from the events of October 7th and the north of Israel, where residents are still unable to go back to their homes and businesses have not yet resumed operations.

Israel's credit rating

The rating agencies revised the rating of the State of Israel and their rating outlooks due to the escalation of the conflict between Israel and Iran and the geopolitical risks Israel is exposed to since the outbreak of the War, as follows: Rating agency Moody's (hereinafter - "Moody's") announced in February 2024 that it was downgrading of the State of Israel's debt credit rating from A1 to A2 as well as a negative rating outlook. The downgrading of the credit rating and the change of the rating outlook to negative mainly reflected - as explained by the rating agency - the uncertainty as to the economic consequences of the War, the manner and timing by which the War will end and the change in fiscal conditions. International credit rating agency S&P announced in April 2024 the downgrading of the sovereign rating of Israel from AA- to A+, and reiterated the rating outlook at negative.

Subsequent to the reporting date, on August 1, 2024, S&P rating agency published an announcement in which it noted that the potential for a wider conflict in the region presents substantial risks for Israel. In accordance with the announcement, a further escalation is not part of the baseline ratings scenario for Israel and might present a risk to the current rating of the country.

In addition, in August 2024 the international credit rating agency Fitch downgraded Israel's credit rating from A+ to A, and made no change to the rating outlook, which is negative.

Effect on the financial statements

In the reporting period, and as of the publication date of these financial statements no material changes occurred in connection with the effects of the War on Clal Insurance's financial results.

Max announced that as from December 2023 and during the Reporting Period the issuance turnovers in Israel and the acquiring turnovers in Max were even higher than the corresponding period last year. Max's issuance turnovers abroad increased gradually too, and in the second quarter they amounted to levels similar to the levels which prevailed in the second quarter last year. However, due to relatively low issuance turnovers abroad in the first quarter of the year, the issuance turnovers abroad for the entire first half are still relatively low compared to the corresponding period last year. The estimated credit loss provision is based on judgments and assessments, and still involves uncertainty at this stage. Further to Max's 2023 Financial Report, Max increased the provision for current expected credit losses based on estimates of a potential increase in the credit risk of its customers.

The Group is exposed - by virtue of its activity - to fluctuations in the financial markets and to slowdown in activity in the Israeli economy, as well as to other risks arising from the War. Estimating the duration of the War and its potential effect on economic activity across the country, the capital markets as well as the extent of the potential damage to the repayment capacity of Max's private and business customers, on the one hand, and the mitigating effects of aid programs and other reliefs, on the other hand, is difficult.

Therefore, as of the report publication date, it is impossible to assess the full effect of the War on the Group and its results.

F. Share-based payment

Further to Note 44 in the Annual Financial Statements, on May 19, 2024, the Company's board of directors resolved to publish an outline for the allocation of up to 1,400,000 Class A options to be offered under the outline, based on the Plan for 2021, for employees and officers of the Company and/or companies under its control. Allocation of the options to be offered under the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The shares underlying the exercise of these options will represent approx. 0.44% of the Company's equity capital as of the reporting date, assuming maximum exercise. The options will be exercisable for ordinary shares of the Company at the value of the benefit implicit in the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 14.1 per option, and the fair value of each tranche will be spread over the vesting period. The value of the benefit was calculated using the binomial model, and estimated at approx. NIS 18.75 million for all options, which will be awarded to Group officers and employees as stated above. The Class A options will be allocated in three tranches, spread over three years, and shall be exercisable beginning when one year (with regard to the first tranche, at least two years of vesting and holding are required), two years, and 3 years have elapsed from the allocation date, up to one year from the vesting date (with regard to the first tranche, from the holding date).

The subsidiaries will bear the expense for the value of the options and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements and in accordance with the accounting principles.

G. Approval of Max’s internal capital target, dividend distribution policy and dividend distribution

Further to Note 17(f) to the annual financial statements regarding Max’s capital adequacy target, and Note 17(c) to the Annual Financial Statements regarding a dividend in Max, on June 30, 2024 the Board of Directors of Max It Finance Ltd. (hereinafter - “Max”) - a Company subsidiary - approved Max’s CET1 capital ratio internal target at 9.25%, and a dividend distribution policy, under which as from 2024 Max will be able to distribute dividends at a total amount of up to 30% of the net income for the year, which preceded the distribution year, in accordance with Max’s consolidated financial statements.

It is clarified that by setting this policy Max does not undertake to distribute a dividend on a certain date or rate, any distribution shall be subject to the full discretion of Max’s Board of Directors and require the individual approval of the Board of Directors of Max, subject, among other things, to compliance with all the restrictions applicable to Max under the law and under directives of the Banking Supervision Department.

In addition, a distribution of a NIS 62 million dividend was approved, which constitutes approx. 28% of Max’s net income in 2023. The dividend was paid subsequent to the balance sheet date in compliance with all restrictions applicable to Max.

H. Filing of a draft prospectus of Max

For details, see Section 2.4.B.5 below.

I. Agreement with the National Insurance Institute under the National Insurance Law

For details, see Note 12(d)4 to the Consolidated Interim Financial Statements.

J. Changes to actuarial assumptions in the calculation of the liabilities for annuities

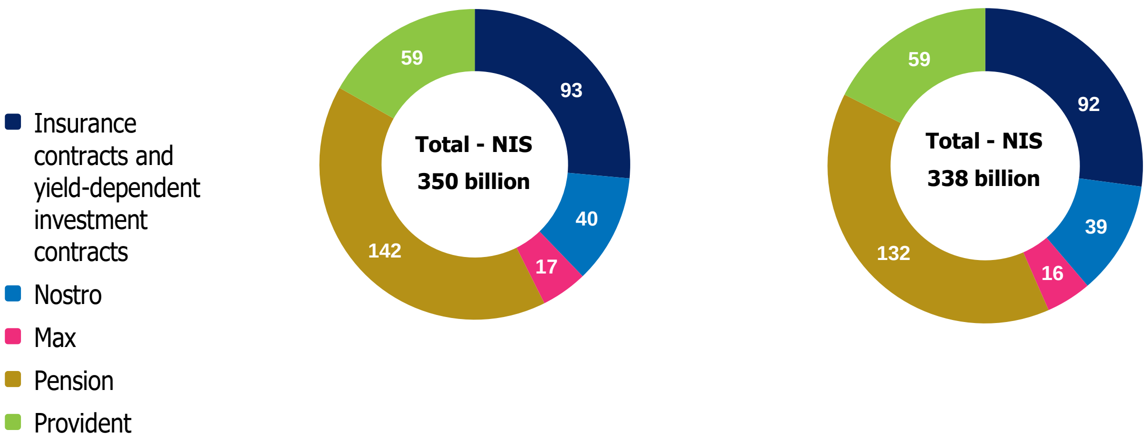
For details, see Note 12(d)1(d) to the Consolidated Interim Financial Statements.

2.2 Financial Information by Area of Activity (for details about the operating segments, see Note 4 to the Financial Statements).

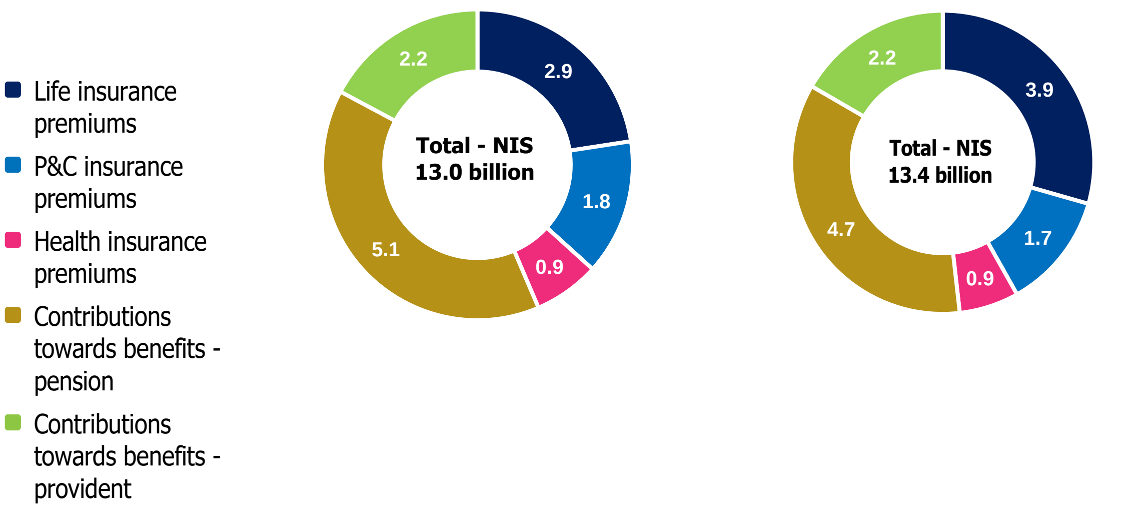
In the Reporting Period, Clal Insurance presents an increase in assets under management and in sales in all products, other than life insurance investment contracts, which were affected by the market situation.

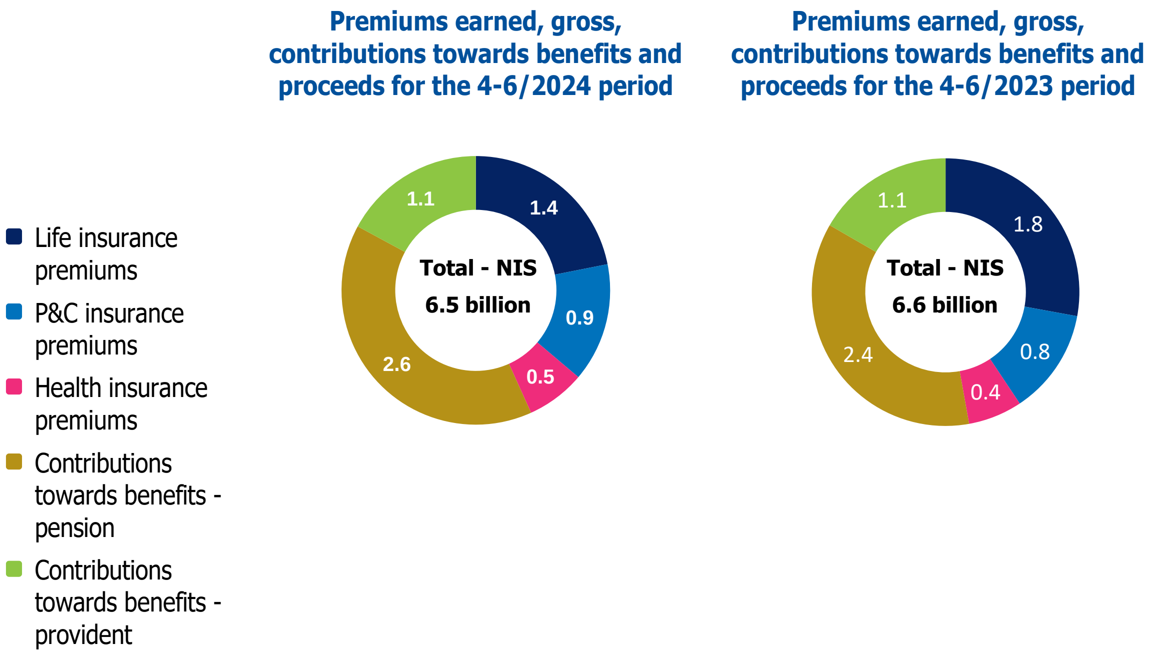
Summary of data from the Group's consolidated Financial Statements

Assets under management as of June 30, 2024 | **Assets under management as of December 31, 2023**



Premiums earned, gross, contributions towards benefits and proceeds for the 1-6/2024 period | **Premiums earned, gross, contributions towards benefits and proceeds for the 1-6/2023 period**

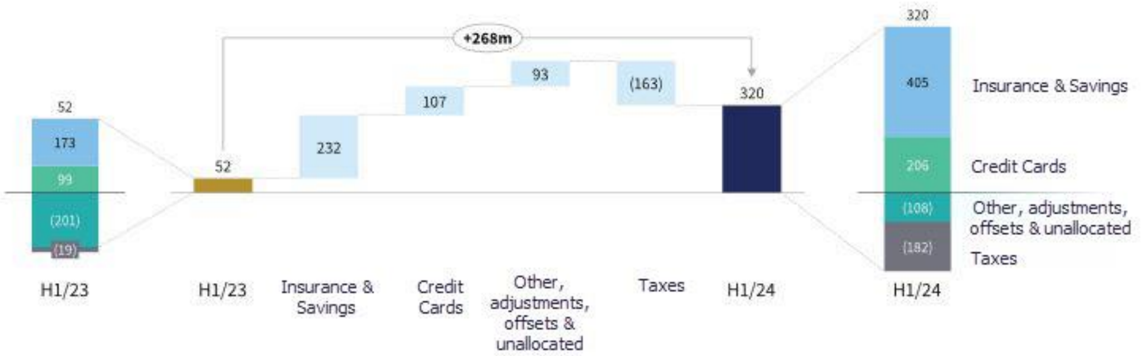




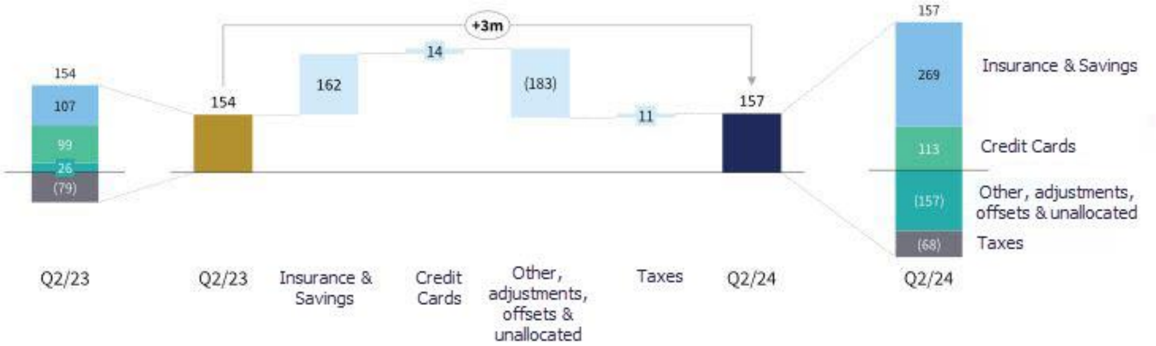
Total assets under management by provident funds, excluding guaranteed return provident fund tracks and pension funds, are not included in the Company's Consolidated Financial Statements. Proceeds in respect of investment contracts are not included in the premiums line item; rather, they are charged directly to liabilities in respect of insurance contracts and investment contracts.

For further details on the premiums in the various operating segments, see Note 4 to the Consolidated Interim Financial Statements.

Following are the main changes in comprehensive income compared to prior periods:



H1/23	173	99	(201)	(19)
H1/24	405	206	(108)	(182)
Movement	232	107	93	(163)



Q2/23	107	99	26	(79)
Q2/24	269	113	(157)	(68)
Movement	162	14	(183)	11

Following are details of key components of comprehensive income; it is noted that in view of the completion of the acquisition of CIMax on March 27, 2023, CIMax's operating results were consolidated with the Company's financial statements as from April 1, 2023, under key components of comprehensive income, except for the provision for credit default following Max's acquisition, which was included in the financial statements for the first quarter of 2023, as stated below:

			1-6		4-6		For the year
			2024	2023	2024	2023	2023
In NIS million		**Item**	**Unaudited**		**Unaudited**		**Audited**
Insurance and savings	Life insurance	2.2.1.1	**(70)**	6	**(134)**	(109)	225
	Pension	2.2.1.4	**24**	20	**12**	13	47
	Provident	2.2.1.3	**5**	4	**(0)**	6	10
	Total long-term savings		**(40)**	29	**(121)**	(89)	282
	P&C insurance	2.2.2	**357**	132	**270**	176	312
	Health	2.2.3	**88**	12	**120**	21	(77)
	Total comprehensive income (loss) in respect of insurance and savings		**405**	173	**269**	107	517
Credit cards	Total income in respect of credit cards	2.2.4	**206**	99	**113**	99	238
Other and unallocated	Finance expenses	2.2.7	**(164)**	(132)	**(81)**	(80)	(294)
	Other	2.2.5	**25**	98	**(80)**	53	138
Total income before consolidation entries	Total comprehensive income, pre-tax before the Max consolidation entries		**471**	238	**221**	179	598
Adjustments and offsets	Provision for credit default following Max's acquisition*)		**-**	(220)	**-**	-	(220)
	Amortization of excess cost in respect of the Max transaction		**34**	56	**4**	56	98
	Total adjustments and offsets before tax		**34**	(164)	**4**	56	(122)
Total income	Total comprehensive income, before tax		**504**	74	**226**	235	476
Taxes	Tax expenses		**182**	19	**68**	79	167
Total income	Total comprehensive income for the period, net of tax		**323**	55	**158**	156	309
	Attributable to Company's shareholders		**320**	52	**157**	154	305
	Attributable to non-controlling interests		**3**	3	**1**	2	4
	Return on equity in annualized terms (in percentages) **)		**7.5**	**1.3**	**7.2**	**7.6**	**3.8**

*) As part of the consolidation of Max in accordance with accounting standards, the Company recognized a provision for credit default in excess of the fair value, following Max's acquisition. For further details see Note 3(i)(1)(d) to the Consolidated Annual Financial Statements.

**) The return on equity is calculated based on the net income for the period attributable to the Company's shareholders divided by the equity attributable to the Company's shareholders as of the beginning of the period.

A. The Company's results in the reporting period

The post-tax comprehensive income in the Reporting Period amounted to approx. NIS 320 million, compared with a comprehensive income of approx. NIS 52 million in the corresponding period last year.

The improvement in income is characterized by a significant increase in income from business activity, and - on the other hand - a decline in the financial margin due to lower real returns in the capital market, as detailed below:

It is emphasized that on March 27, 2023 the Company completed the acquisition of CIMax (see Note 5 to the Financial Statements). As a result, in its financial statements as of March 31, 2023, the Company consolidated for the first time the assets and liabilities of CIMax and companies under its control.

The operating results of CIMax and the companies under its control and the adjustments made in connection with the acquisition were included in the results of the Company's financial statements as from April 1, 2023, except for a provision for credit default in Max's acquisition, which was recognized in the first quarter of 2023.

Following are the key changes in the results compared with the corresponding period last year:

Insurance and savings

In the Reporting Period, total pre-tax income in respect of the insurance and savings segments amounted to approx. NIS 405 million compared with an income of approx. NIS 173 million in the corresponding period last year.

Underwriting results and savings assets under management:

In the Reporting Period, there was a substantial increase in underwriting income across all insurance segments and primarily in the Property and Casualty Segment and the Health Insurance Segment; there was also an improvement in the profitability of the Provident Subsegment and Pension Subsegment, compared to the corresponding period last year, as detailed below in Sections 2.2.1-2.2.3.

In the Reporting Period, there was an increase in contributions towards benefits provided by the provident funds and pension funds subsegments; on the other hand, there was a decrease in proceeds from investment contracts that stem, among other things, from volatility in capital markets, such that the total gross premiums earned, the contributions towards benefits, and proceeds from investment contracts amounted to approx. NIS 13.0 billion, compared with approx. NIS 13.4 billion in the corresponding period last year - a decrease of approx. 3%.

Financial effects, investment income and the capital markets:

In the Reporting Period, capital markets provided low returns compared to last year, which affected the returns achieved by the Company, such that a positive financial margin of approx. NIS 344 million was recognized in life insurance, as well approx. NIS 37 million in investment income not allocated to segments, compared with approx. NIS 381 million in financial margin in life insurance and approx. NIS 114 million in unallocated investment income in the corresponding period last year.

It should be noted that in view of the negative real returns in the capital markets last year, in the Reporting Period and in the corresponding period last year the Company did not collect variable management fees; the Company has a liability to policyholders of approx. NIS 0.5 billion in respect of negative returns on the portfolio of life insurance participating policies, and until it meets this undertaking Clal Insurance will not collect variable management fees.

On the other hand, in the Reporting Period there was a decrease of approx. NIS 120 million in insurance reserves due to changes in the risk-free interest rate curve, including the illiquidity premium, and other financial effects, compared with a decrease of approx. NIS 78 million in insurance reserves in the corresponding period last year, as detailed in the table below.

Revisions of actuarial assumptions:

During the Reporting Period, there was a change in actuarial assumptions in the calculation of liabilities for annuities, which resulted in an approx. NIS 59 million increase in the reserve with no effect in the corresponding period last year.

Credit cards

The total income from credit cards in the Reporting Period amounted to approx. NIS 206 million before tax compared to approx. NIS 99 million in the corresponding period last year.

Max's income in this period amounted to approx. NIS 1,073 million, reflecting the continued growth in Max's activity. Of which Max's total income from credit card transactions totaled approx. NIS 672 million. Income from credit card transactions include issuer fees and commissions, service fees and commissions in respect of the activity of card holders, fees and commissions from transactions carried out abroad, acquiring fees and commissions and other income from merchants net of fees and commissions to other issuers. The turnover of Max's domestic activity was up in the first half and second quarter of 2024 compared to the corresponding period last year - an increase which led to an increase in Max's income from credit card transactions, both on the issuance side and on the acquiring side. However, this increase was partially offset by a decrease in the Company's revenues from overseas fees and commissions, due to the decrease in inbound and outbound tourism activity following the War.

Max's net interest income increased and amounted to approx. NIS 395 million, mostly due to the increase in Max's business credit activity, with responsible and strict management, which is supported by informed risk management, which is required in view of the macroeconomic environment and the uncertainty as to the effects of the War.

Credit loss expenses amounted to approx. NIS 97 million, compared with an expense of approx. NIS 102 million in the corresponding period last year. The decrease in credit loss expenses is due to the fact that - during the first half of 2024 - the quality of Max's credit portfolio improved and the increase in the credit portfolio was more moderate compared to the first half last year - during which there was also an increase in the outstanding balance of troubled debts. These effects were partially offset by an increase in write-offs during the first half of the year compared to the first half last year. The improvement in the quality of Max's credit portfolio in the first half of 2024 was reflected, among other things, in an increase in the proportion of car loans in the credit portfolio, risk mitigation and an improvement in borrowers' risk ratings. This improvement has led to a decrease in the balance of the provision for credit losses in the first half of 2024.

It is noted that in accordance with the Bank of Israel's directives, as from January 1, 2023 Max implements - for the first time - new rules regarding current expected credit losses (CECL), which reflect a new methodology for calculating the credit loss provision, which results mainly in earlier recognition of credit losses, which might be incurred throughout the credit period.

Max's operating expenses for the first half of 2024 amounted to NIS 420 million compared to NIS 433 million in the corresponding period last year. The decrease in operating expenses arises mainly from a decrease in payments to international organizations.

Tax expenses

In March 2024 an amendment was approved by the Knesset plenum to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "Ordinance"), which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the income generated.

The deferred tax balances included in the financial statements as of Group's financial institutions March 31, 2024 have been updated so as to take into account the effects, which arise from the increase in tax rates as described above.

In addition, the effective rate of Max's tax provision in the period ended June 30, 2024 stood at 28.6%, compared to 23.7% in the corresponding period last year. The increase in the effective tax rate arises from one-off tax expenses arising from the closing of income tax assessments in respect of previous years.

The said effects caused an approx. NIS 18 million one-off increase in tax expenses in the Reporting Period.

Return on equity

The return on equity in annualized terms during the Reporting Period was a positive 7.5%, compared with 1.3% in the corresponding period last year.

Assets under management

During the Reporting Period, Clal Pension and Provident Funds' assets under management increased mainly as a result of returns on assets in the Reporting Period. In addition, there was a significant increase in income from management fees, both in pension funds and in provident funds compared with the corresponding reporting period last year. For further details, see Section 2.2.1.3 and 2.2.1.4 below.

Assets under management by the Group as of June 30, 2024 totaled approx. NIS 350 billion compared with approx. NIS 338 billion on December 31, 2023 - an increase of approx. 3.5%.

Out of the total said assets, as of June 30, 2024 approx. NIS 130 billion are assets under management of the new pension fund compared to approx. NIS 120 billion on December 31, 2023 - an increase of approx. 8%.

The results in the Reporting Period and in the corresponding periods last year, respectively, as detailed below, include, among other things, the Special Items listed below:

In NIS million	1-6 2024	1-6 2023	4-6 2024	4-6 2023	For the year 2023
		Unaudited			Audited
Life insurance					
Change in discount rate used in calculation of pension reserves	**34**	42	**33**	(29)	124
Income from change in the pension reserves due to the increase in expected future income (K factor)	**-**	(50)	**-**	(83)	260
Total effect of changes in interest on liabilities for annuities	**34**	(8)	**33**	(112)	384
Change in the mortality assumptions in the calculation of the liabilities for annuities	**(128)**	**-**	**(128)**	-	-
Changes to other assumptions in the calculation of the liabilities for annuities	**69**	-	**69**	-	67
Estimated effects of the Iron Swords War	**-**	-	**-**	-	(74)
Total Special Items - life insurance	**(25)**	(8)	**(26)**	(112)	377
Financial effects on P&C insurance reserves	**51**	86	**53**	84	83
Total Special Items - P&C insurance	**51**	86	**53**	84	83
Long-term care in the Health Segment					
Financial effects in the Liability Adequacy Test (LAT) reserve	**35**	-	**79**	-	-
Changes in actuarial assumptions for incidence of long-term care claims	**-**	-	**-**	-	(102)
Total long-term care in the Health Insurance Segment	**35**	-	**79**	-	(102)
Total Special Items prior to consolidation	**62**	78	**106**	(28)	358
Consolidation entry - Max's credit loss expenses	**-**	(220)	**-**	-	(220)
Total Special Items before tax	**62**	(142)	**106**	(28)	138

B. Company's results in the quarter

The post-tax comprehensive income in the quarter amounted to approx. NIS 157 million, compared with a comprehensive income of approx. NIS 154 million in the corresponding period last year.

Insurance and savings

In the quarter, total pre-tax income in respect of the insurance and savings segments amounted to approx. NIS 269 million compared with an income of approx. NIS 107 million in the corresponding period last year.

Underwriting results and savings assets under management:

During the quarter, there was an improvement in underwriting income across all insurance segments - primarily in the Property and Casualty Segment; there was also an improvement in the profitability of the Provident

Subsegment and Pension Subsegment, compared to the corresponding period last year, as detailed below in Sections 2.2.1-2.2.3.

In addition, during the quarter there was an increase in contributions towards benefits provided by the provident funds and pension funds subsegments; on the other hand, there was a decrease in proceeds from investment contracts that stem, among other things, from volatility in capital markets, such that the total gross premiums earned, the contributions towards benefits, and proceeds from investment contracts amounted to approx. NIS 6.5 billion, compared with approx. NIS 6.6 billion in the corresponding period last year - a decrease of approx. 3%.

Financial effects, investment income and the capital markets:

In the quarter, capital markets provided lower returns compared to last year, which affected the returns achieved by the Company, such that a positive financial margin of approx. NIS 123 million was recognized in life insurance, as well approx. NIS 75 million in investment losses not allocated to segments, compared with approx. NIS 195 million in financial margin in life insurance and approx. NIS 62 million in unallocated investment income in the corresponding period last year.

It should be noted that in view of the negative real returns in the capital markets last year, in the Reporting Period and in the corresponding period last year the Company did not collect variable management fees; the Company has a liability to policyholders of approx. NIS 0.5 billion in respect of negative returns on the portfolio of life insurance participating policies, and until it meets this undertaking Clal Insurance will not collect variable management fees.

On the other hand, during the quarter, there was a decrease of approx. NIS 165 million in insurance reserves due to changes in the risk-free interest rate curve, including the illiquidity premium, and other financial effects, compared with an increase of approx. NIS 28 million in insurance reserves in the corresponding period last year, as detailed in the table below.

Revisions of actuarial assumptions:

During the quarter, there was a change in actuarial assumptions in the calculation of liabilities for annuities, which resulted in an approx. NIS 59 million increase in the reserve with no effect in the corresponding period last year.

Credit cards

The total income from credit cards in the Reporting Period amounted to approx. NIS 113 million before tax compared to approx. NIS 99 million in the corresponding period last year.

Max’s income in this period amounted to approx. NIS 558 million, reflecting the continued growth in Max’s activity. Of which Max’s total income from credit card transactions totaled approx. NIS 350 million. Income from credit card transactions include issuer fees and commissions, service fees and commissions in respect of the activity of card holders, fees and commissions from transactions carried out abroad, acquiring fees and commissions and other income from merchants net of fees and commissions to other issuers. The turnover of Max's domestic activity was up in the second quarter of 2024 compared to the corresponding period last year - an increase which led to an increase in Max's income from credit card transactions, both on the issuance side and on the acquiring side. However, this increase was partially offset by a decrease in tax income from overseas fees and commissions, due to the decrease in inbound and outbound tourism activity following the War.

Max’s net interest income increased and amounted to approx. NIS 205 million, mostly due to the increase in Max’s business credit activity, with responsible and strict management, which is supported by informed risk management, which is required in view of the macroeconomic environment and the uncertainty as to the effects of the War.

Credit loss expenses amounted to approx. NIS 56 million, compared with an expense of approx. NIS 47 million in the corresponding period last year.

Max's operating expenses for the first half of 2024 amounted to NIS 212 million compared to NIS 240 million in the corresponding period last year. The decrease in operating expenses arises mainly from a decrease in payments to international organizations.

C. Amortization of excess cost at Max

The amortization of excess cost in Max's acquisition was carried out based on a excess cost allocation study. For details regarding the balance of excess costs in respect of acquired identifiable assets and liabilities, the manner of their reduction, and their effect on the Company’s results, see Note 5 to the Consolidated Interim Financial Statements.

2.2.1 Long-term savings

2.2.1.1 Life insurance subsegment

Life insurance	1-6		4-6	
	2024	**2023**	**2024**	**2023**
Premiums earned, gross	**2,592**	3,198	**1,277**	1,546
Comprehensive income (loss)	**(70)**	6	**(134)**	(109)
The redemption rate of the life insurance policies out of average reserve in annualized terms	**1.9%**	1.8%	**1.8%**	1.7%

The Reporting Period - the results in the Reporting Period were mainly affected by the following factors:

Updates of assumptions of the actuarial models:
In the Reporting Period, an increase of approx. NIS 59 million was recorded in the reserve due to the revision of actuarial assumptions in view of the revision of mortality tables for pensioners, offset against the effects of revisions to the pension uptake rate upon retirement, which allow the receipt of an annuity according to guaranteed conversion rates, without a similar effect on the corresponding period last year.

Financial effects, investment income and the capital markets:
In the Reporting Period there was a decrease of approx. NIS 34 million in reserves due to the increase in the risk-free interest rate, plus the illiquidity premium, and other financial effects, compared to an approx. NIS 8 million increase in reserves in the corresponding period last year.

This effect was mainly offset against lower returns in capital markets compared to last year, which affected the returns achieved by the Company, such that a positive financial margin of approx. NIS 346 million was recorded in Life Insurance in the Reporting Period, compared to a financial margin of approx. NIS 381 million in the corresponding period last year.

Quarter - the results in the quarter were mainly affected by the following factors:

Updates of assumptions of the actuarial models:
In the Reporting Period, an increase of approx. NIS 59 million was recorded in the reserve due to the revision of actuarial assumptions in view of the revision of mortality tables for pensioners, offset against the effects of revisions to the pension uptake in accordance with age, which allow the receipt of an annuity according to guaranteed conversion rates, without a similar effect on the corresponding period last year.

Financial effects, investment income and the capital markets:
During the quarter there was an approx. NIS 33 million decrease in reserves due to an increase in the risk-free interest rate and other financial effects, compared to an approx. NIS 112 million increase in reserves in the corresponding quarter last year.
This effect was mainly offset against lower returns in capital markets compared to last year, which affected the returns achieved by the Company, such that a positive financial margin of approx. NIS 125 million was recorded in Life Insurance in the Reporting Period, compared to a financial margin of approx. NIS 195 million in the corresponding period last year.

Investment income credited to policyholders in participating policies - set forth below are details regarding the estimated amount of investment income credited to policyholders in life insurance and participating investment contracts calculated based on the return and balances of the insurance reserves in Clal Insurance's business reports (in NIS million):

Life insurance	1-6		4-6	
	2024	**2023**	**2024**	**2023**
Investment gains credited to policyholders net of management fees	**3,443**	2,898	**71**	2,534

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

In NIS million	1-6 2024	1-6 2023	4-6 2024	4-6 2023	For the year 2023
Variable management fees*)	**-**	-	**-**	-	-
Fixed management fees	**296**	298	**147**	150	594
Total management fees	**296**	298	**147**	150	594
Total financial margin and management fees	**346**	381	**125**	195	658
Current premiums	**2,362**	2,594	**1,165**	1,282	5,079
Non-recurring premiums	**230**	604	**112**	264	962
Total premiums earned, gross	**2,592**	3,198	**1,277**	1,546	6,041
Current premiums	**47**	43	**24**	23	91
Non-recurring premiums	**294**	689	**165**	278	990
Total premiums in respect of pure savings	**341**	732	**189**	301	1,081

*) As of June 30, 2024, the liability to policyholders in respect of negative returns on the portfolio of participating policies amounts to approx. NIS 0.5 billion (as of December 31, 2023 - approx. NIS 0.6 billion).

Details regarding the rates of return on participating policies

In NIS million	Policies issued in 1992-2003 (Fund J) 1-6 2024	1-6 2023	For the year 2023	Q2 2024	Q2 2023	For the year 2023
Real return before payment of management fees	**2.67**	1.20	3.03	**(1.40)**	1.77	3.03
Real return after payment of management fees	**2.37**	0.90	2.43	**(1.54)**	1.63	2.43
Nominal return before payment of management fees	**4.63**	3.68	6.48	**0.19**	3.16	6.48
Nominal return after payment of management fees	**4.32**	3.38	5.86	**0.04**	3.01	5.86

In NIS million	Policies issued from 2004 and thereafter (the new Fund J) 1-6 2024	1-6 2023	For the year 2023	Q2 2024	Q2 2023	For the year 2023
Real return before payment of management fees	**2.62**	1.61	3.53	**(1.47)**	2.03	3.53
Real return after payment of management fees	**2.15**	1.15	2.66	**(1.69)**	1.80	2.66
Nominal return before payment of management fees	**4.57**	4.10	6.99	**0.12**	3.42	6.99
Nominal return after payment of management fees	**4.09**	3.63	6.10	**(0.11)**	3.18	6.10

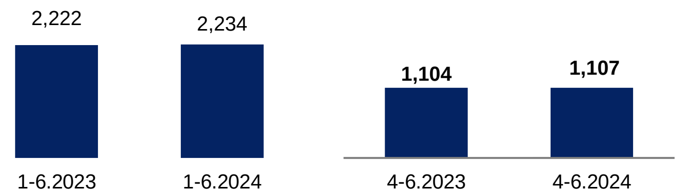
2.2.1.3 Provident funds subsegment

In NIS million	1-6 2024	1-6 2023	4-6 2024	4-6 2023
Comprehensive income	**5**	4	**-**	6
Contributions towards benefits	**2,234**	2,222	**1,107**	1,104

Reporting period - The increase in the comprehensive income in the Reporting Period arises from an increase in income from management fees as a result of an increase in the portfolio of assets under management, mainly due to the positive returns recorded in the capital markets in the period.

Quarter - the decrease in comprehensive income in the current quarter compared to the corresponding quarter last year arises mainly from the returns in the capital market in the current quarter compared to the corresponding quarter last year, which caused investment losses in the nostro portfolio attributed to this subsegment, compared to investment income in the corresponding quarter last year; those returns also triggered a loss due to supplementation of return to planholders of guaranteed-return provident fund.

Contributions towards benefits - provident



2.2.1.4 The pension subsegment

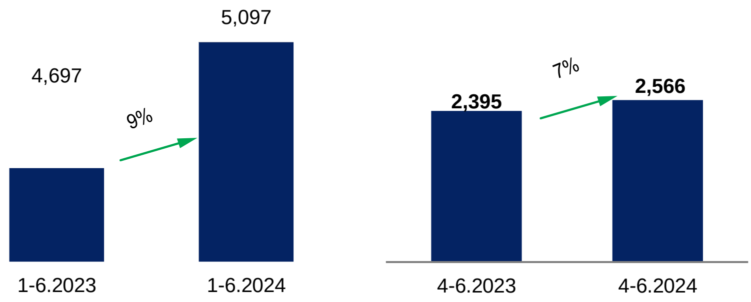
In NIS million	1-6 2024	1-6 2023	4-6 2024	4-6 2023
Comprehensive income	**24**	20	**12**	13
Contributions towards benefits	**5,097**	4,697	**2,566**	2,395

Reporting period - The increase in comprehensive income in the Reporting Period arises from an increase in income from management fees from contributions as a result of the increase in the contributions towards benefits in the period, and from an increase in management fees on accrual as a result of an increase in assets under management, due to the positive accrual in the pension funds and the positive returns recorded in the capital markets in the period. This increase was partially offset against an increase in the fees and commissions to agents and general and administrative expenses line items.

The increase in contributions towards benefits in the Reporting Period arises mainly from an increase in ceded business and active planholders in the pension funds.

Quarter - the comprehensive income in the current quarter was affected - on the one hand - by an increase in income from management fees, mainly due to the increase in management fees on accrual as a result of an increase in assets under management. This increase was partially offset against an increase in the fees and commissions to agents and general and administrative expenses line items. This positive impact was mainly offset against the effect of the returns in the capital market in the current quarter compared to the corresponding quarter last year, which caused investment losses in the nostro portfolio attributed to this subsegment, compared to investment income in the corresponding quarter last year.

Contributions towards benefits - pension



2.2.1.5 In 2023, a trend began which moderated into the reporting period, of an increase in redemptions from short and mid-term savings products, which are managed by the institutional entities (financial savings policies, investment provident funds, and advanced education funds). In the Company's opinion, this increase stems from a number of factors, including the interest rate environment and the conditions in the markets in Israel and across the world, customers' needs, the cost of living, and investment alternatives arising from the high-interest rate environment. At this stage, the Company is unable to estimate whether the said growth trend is persistent or temporary. Furthermore, there was an increase in funds transferred from the Company's savings products. For further details on the effect of various factors on the markets, see Section 3 below.

2.2.2 Property and casualty insurance - set forth below is a breakdown of the premiums and the comprehensive income

	1-6		Q2	
P&C insurance	**2024**	**2023**	**2024**	**2023**
Gross premiums	**2,146**	1,905	**1,020**	959
Comprehensive income	**357**	132	**270**	176

Reporting period and quarter - The increase in premium arises mainly from the increase in average premium in compulsory motor and motor property insurance and an increase in insurance of corporations.

Reporting Period - the improvement in income in the Reporting Period compared to the corresponding period last year arises mainly from a significant underwriting improvement, and - on the other hand - reserves were reduced due to the effect of the interest rate environment amounting to approx. NIS 51 million compared to a reduction of approx. NIS 86 million in reserves in the corresponding period last year.

Quarter - the improvement in income compared to the corresponding quarter last year arises mainly from a significant underwriting improvement, and - on the other hand - investment income declined and reserves were reduced due to the effect of the interest rate environment amounting to approx. NIS 53 million compared to a reduction of approx. NIS 85 million in reserves in the corresponding period last year.

	1-6		Q2	
Motor property	**2024**	**2023**	**2024**	**2023**
Gross premiums	**704**	553	**327**	251
Comprehensive income (loss)	**53**	(68)	**43**	(41)
Gross LR	**69%**	93%	**64%**	94%
LR- retention	**70%**	91%	**64%**	96%
Gross CR	**94%**	120%	**89%**	120%
CR - retention	**95%**	120%	**90%**	124%

Reporting Period and quarter - the increase in premiums is mainly affected by an increase in the average premium.

Reporting period and quarter - The transition from loss to income in the Reporting Period compared to the corresponding period last year stems mainly from an underwriting improvement due to the increase in the average premium as stated above and developments with respect to prior periods. On the other hand, reserves were increased due to the approx. NIS 8 million effect of the interest rate environment compared to an approx. NIS 15 million reduction in reserves in the corresponding period last year; in the corresponding quarter last year, reserves were reduced by approx. NIS 9 million, with no effect in the current quarter.

	1-6		Q2	
Compulsory motor insurance	**2024**	**2023**	**2024**	**2023**
Gross premiums	**396**	360	**176**	164
Comprehensive income	**85**	39	**62**	60

Reporting period and quarter - The increase in premiums in the reporting period stems mainly from an increase in the average premium.

Reporting Period - the improvement in income in the Reporting Period compared to the corresponding period last year arises mainly from positive developments in respect of previous periods (including netting agreement with the National Insurance Institute); on the other hand, reserves were reduced due to the effect of the interest rate environment amounting to approx. NIS 3 million compared to a reduction of approx. NIS 29 million in reserves in the corresponding period last year.

Quarter - the improvement in income in the quarter compared to the corresponding quarter last year arises mainly from positive developments in respect of previous periods (including a netting agreement with the National Insurance Institute); on the other hand, reserves were increased due to the effect of the interest rate environment amounting to approx. NIS 4 million compared to a reduction of approx. NIS 33 million in reserves in the corresponding period last year and due to a decrease in investment income.

	1-6		Q2	
Property and other subsegments	**2024**	**2023**	**2024**	**2023**
Gross premiums	**706**	623	**352**	362
Comprehensive income	**76**	56	**39**	37
Gross LR	**33%**	25%	**35%**	17%
LR- retention	**23%**	26%	**17%**	20%
Gross CR	**52%**	47%	**54%**	38%
CR - retention	**45%**	59%	**40%**	50%

Reporting Period - The increase in premiums arises mainly from an increase in corporations' policies.

Reporting Period - the increase in income is mainly due to an underwriting improvement in the subsegments.

	1-6		Q2	
Credit insurance	**2024**	**2023**	**2024**	**2023**
Gross premiums	**69**	68	**34**	37
Comprehensive income	**19**	23	**7**	14
LR- retention	**26%**	19%	**25%**	17%
CR - Retention	**52%**	43%	**51%**	40%

	1-6		Q2	
Liability subsegments	**2024**	**2023**	**2024**	**2023**
Gross premiums	**272**	301	**131**	145
Comprehensive income	**124**	82	**119**	106

Reporting period and quarter - The decrease in premiums arises mainly from a decrease in premium in officers insurance policies.

Reporting Period - the improvement in underwriting income arises - among other things - from an improvement in the development of claims in respect of previous years compared to the corresponding period last year, and from an increase in the average premium. Furthermore, reserves were reduced due to the effect of the interest rate environment amounting to approx. NIS 56 million compared with a reduction of approx. NIS 42 million in reserves in the corresponding period last year.

Quarter - the increase in income arises mainly from an underwriting improvement, due to, among other things, the development of claims in respect of previous years compared to the corresponding period last year, an increase in average premium, and a reduction of reserves due to the effect of the interest rate environment amounting to approx. NIS 57 million compared to a reduction of approx. NIS 43 million in reserves in the corresponding period last year, which was partially offset against a decrease in investment income.

2.2.3 Health insurance

	1-6		4-6	
	2024	**2023**	**2024**	**2023**
Premiums earned, gross	**892**	850	**458**	433
Comprehensive income	**88**	12	**120**	21

Premiums earned, gross:

Reporting Period and quarter - an increase was recorded in premiums mainly in the individual insurance activity. This effect was offset against a decrease in the volume of activity in the travel insurance subsegment, due to the Iron Swords War.

Comprehensive income:

Reporting Period - the comprehensive income in the Reporting Period arises mainly a release of approx. NIS 35 million in liabilities in respect of the Liability Adequacy Test (LAT) due to the effect of the interest rate environment in the long-term care subsegment. Furthermore, underwriting income in the individual insurance subsegments improved and investment income increased compared to the corresponding period last year. These effects were offset against a decrease in income in the travel insurance subsegment compared to the corresponding period last year.

Quarter - the comprehensive income in the quarter arises mainly a release of approx. NIS 79 million in liability in respect of the Liability Adequacy Test (LAT) due to the effect of the interest rate environment in the long-term care subsegment. Furthermore, underwriting income in the individual insurance subsegments improved compared to the corresponding quarter last year. These effects were offset against a decrease in income in the travel insurance subsegment compared to the corresponding quarter last year.

	1-6		4-6	
	2024	**2023**	**2024**	**2023**
Long-term care subsegment – Comprehensive income (loss)				
Individual	**58**	(6)	**90**	-
Collective insurance - including health maintenance organizations	**(2)**	4	**2**	8
Illnesses and hospitalization subsegment - comprehensive income (loss)				
Long-term	**42**	16	**28**	5
Short-term	**(10)**	(2)	**1**	8

Individual long-term care:

Reporting Period and quarter - the comprehensive income in the Reporting Period arises mainly a release of approx. NIS 35 million in liabilities in respect of the Liability Adequacy Test (LAT) due to the effect of the interest rate environment in the long-term care subsegment in the Reporting Period and approx. NIS 79 million in the quarter, and from an increase in investment income compared to the corresponding period last year.

Illnesses and long-term hospitalization:

Reporting Period and quarter - the increase in income in the reporting period arises from an improvement in underwriting income.

Illnesses and short-term hospitalization:

Reporting Period and quarter - the decrease in income in the Reporting Period arises from a decrease in the volume of activity in the travel insurance subsegment, due to the Iron Swords War.

Information regarding investment income credited to holders of health insurance policies of the participating long-term care type:

	Individual and collective participating long-term care insurance policies				
	1-6		4-6		For the year
In NIS million	2024	2023	2024	2023	2023
Investment income credited to policyholders	**52**	40	**2**	34	70

2.2.4. Credit cards

	1-6		4-6	
	2024	2023*)	2024	2023
Total income from the Credit Cards Segment	**1,136**	1,113	**589**	565
Total pre-tax income	**206**	156	**113**	99
Credit card transactions (Max) (see also Section 2.2.4.1)				
Revenues				
Income from credit card transactions	**672**	665	**350**	339
Interest income, net	**395**	385	**205**	196
Other revenues	**6**	6	**3**	2
Total revenues	**1,073**	1,056	**558**	537
Expenses				
Credit loss expenses	**97**	102	**56**	47
Operating expenses	**420**	454	**212**	240
Selling and marketing expenses (see Section 2.2.5 below).	**209**	188	**105**	78
General and administrative expenses (see Section 2.2.5 below).	**39**	45	**20**	21
Payments to banks	**112**	112	**58**	56
Total expenses	**877**	901	**451**	442
Pretax income	**196**	155	**107**	95
Technological activity (Milo)				
Income from credit card transactions	**63**	57	**31**	28
Pretax income	**10**	1	**6**	4

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 1-6 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

Income from credit card transactions include issuer fees and commissions, service fees and commissions in respect of the activity of card holders, fees and commissions from transactions carried out abroad, acquiring fees and commissions and other income from merchants net of fees and commissions to other issuers. The turnover of Max's domestic activity was up in the first quarter of 2024 compared to the corresponding period last year - an increase which led to an increase in its income from credit card transactions, both on the issuance side and on the acquiring side. However, this increase was offset by a decrease in tax income from overseas fees and commissions, due to the decrease in inbound and outbound tourism activity following the War.

Max's **net interest income** remained unchanged in view of responsible and sound management of the increase in Max's consumer and business credit portfolio, which is supported by informed risk management, which is required in view of the macroeconomic environment and the uncertainty as to the effects of the War.

The decrease in **credit loss expenses** is due to the fact that - during the first quarter of the year - the quality of Max's credit portfolio improved and the increase in the credit portfolio was more moderate compared to the first quarter last year - during which there was also an increase in the outstanding balance of troubled debts. These effects were partially offset by higher write-offs during the first quarter of the year compared to the first quarter of last year.

It is noted that in accordance with the Bank of Israel's directives, as from January 1, 2023 Max implements - for the first time - new rules regarding current expected credit losses (CECL), which reflect a new methodology for calculating the credit loss provision, which results mainly in earlier recognition of credit losses, which might be incurred throughout the credit period.

Max's **operating expenses** in the Reporting Period and quarter declined compared to the corresponding periods last year (net of one-off effect); the decrease is mainly attributed to a decrease in payments to international organizations.

2.2.4.1 Data by areas of activity - Max

	1-6 2024	1-6 *) 2023	Rate of change
Total credit card transactions (Max)			
Revenues	**1,073**	1,056	2%
Comprehensive income	**107**	95	13%
Of which - issuance activity			
Operating income from credit cards	**541**	528	2%
Interest income	**283**	282	0%
Total revenues	**830**	815	2%
Operating, marketing and general and administrative expenses	**548**	541	1%
Credit loss expenses	**93**	97	(4%)
Payments to banks	**112**	112	0%
Total expenses	**753**	750	0%
Comprehensive income, before tax	**77**	65	12%
Of which - acquiring activity			
Operating income from credit cards	**131**	137	(4%)
Interest income	**112**	103	9%
Total revenues	**243**	241	1%
Operating, marketing and general and administrative expenses	**120**	146	(26%)
Credit loss expenses	**4**	5	(20%)
Total expenses	**124**	151	(18%)
Comprehensive income, before tax	**119**	90	32%

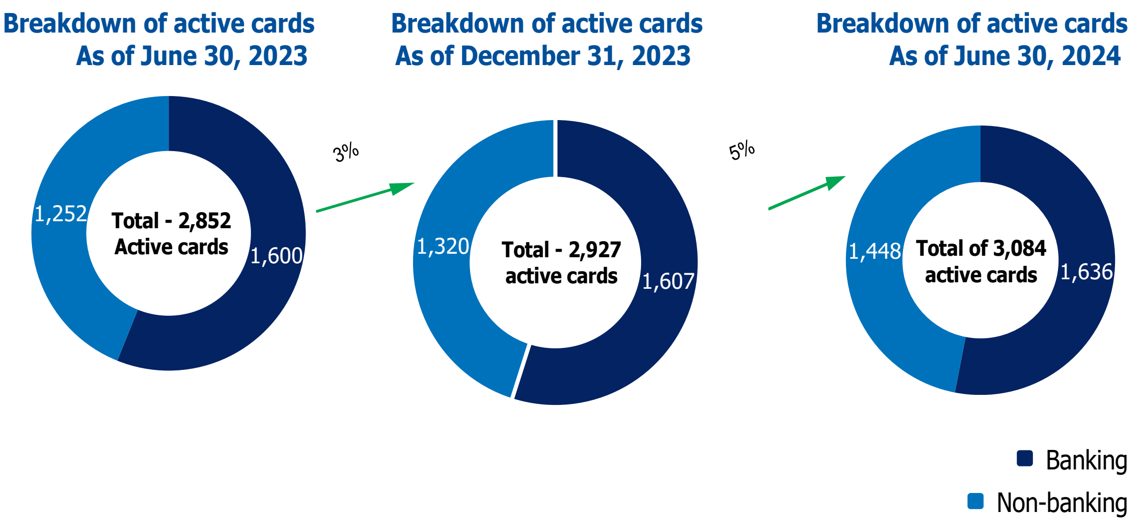
*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 1-6 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

	4-6 2024	4-6 *) 2023	Rate of change
Total credit card transactions (Max)			
Revenues	**558**	537	4%
Comprehensive income	**107**	95	13%
Of which - issuance activity			
Operating income from credit cards	**284**	270	5%
Interest income	**145**	143	1%
Total revenues	**432**	414	4%
Operating, marketing and general and administrative expenses	**279**	261	7%
Credit loss expenses	**55**	43	28%
Payments to banks	**58**	56	4%
Total expenses	**392**	360	9%
Comprehensive income, before tax	**40**	54	(26%)
Of which - acquiring activity			
Operating income from credit cards	**66**	69	(4%)
Interest income	**60**	53	9%
Total revenues	**126**	123	2%
Operating, marketing and general and administrative expenses	**58**	78	(26%)
Credit loss expenses	**1**	4	(75%)
Total expenses	**59**	82	(28%)
Comprehensive income, before tax	**67**	41	63%

2.2.4.2 Quantitative data regarding the credit card transactions

Definitions:

- Valid cards - valid issued cards, excluding blocked cards and prepaid cards.
- Active cards - valid cards with which at least one transaction was carried out during the last quarter.
- Issuance turnover - the turnover from transactions executed with all of the Company's cards, excluding cash withdrawals in Israel and net of cancelled transactions.
- Bank cards - cards issued jointly by the Company and banks to the banks' customers.
- Non-bank cards - cards issued by the Company to customers without cooperation with the banks, sometimes in collaboration with business entities such as organizations and loyalty programs.



Turnover of transactions in respect of valid credit cards (active and inactive) (in NIS million):

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2024	June 30 2023 *)	June 30 2024	June 30 2023	December 31, 2023
Banking cards	**38,843**	37,020	**19,793**	18,583	73,672
Non-banking cards	**27,793**	23,856	**14,550**	12,262	48,666
Total	**66,636**	60,876	**34,343**	30,845	122,338

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 1-6 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

2.2.4.3 Key credit quality indicators

	As of		
Main credit quality indicators (in %)	June 30, 2024	December 31, 2023	June 30, 2023
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	**2.37%**	2.65%	2.32%
Rate of non-accruing receivable balance of receivables for credit card transactions	**1.21%**	1.26%	1.01%
Rate of net write-offs of the average balance of receivables for credit card transactions	**1.54%**	1.13%	0.86%

2.2.5 "Other" and items not included in the insurance and credit cards segments

	1-6		4-6	
In NIS million	2024	2023	2024	2023
Total comprehensive income (loss) before tax	**25**	98	**(80)**	53

Reporting Period - the income in the reporting period stems mainly from approx. NIS 37 million in investment income and approx. NIS 114 million in investment losses in the corresponding period last year.

Quarter - the transition to loss arises mainly from approx. NIS 75 million in investment losses compared to approx. NIS 62 million in investment income in the corresponding period last year.

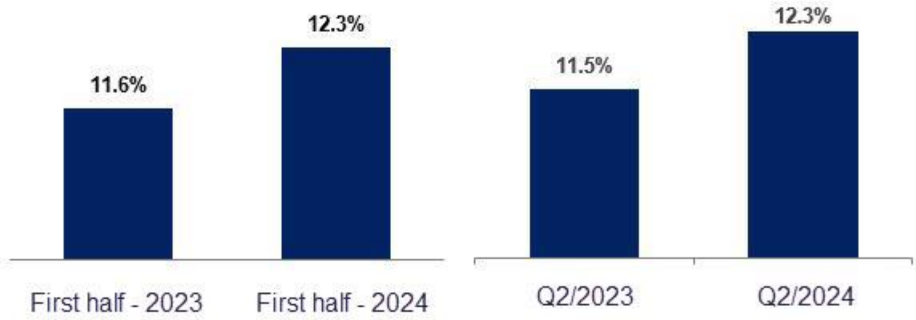
2.2.6 General, administrative and operating expenses and fees and commissions

Insurance and savings

In the Reporting Period and second quarter, expenses remained at their level as of the corresponding period last year. Total general, administrative and operating expenses and fees and commissions expenses totaled approx. NIS 1,595 million in the Reporting Period, similar to the approx. NIS 1,554 million last year, and in the quarter - a total of approx. NIS 799 million, similar to the approx. NIS 759 million in the corresponding quarter last year, despite an increase in expenses affected by inflation and the increase in business activities.

In the Reporting Period, there was a relative increase in the level of expenses compared to income mainly due to a decrease in contributions in the financial savings products in view of the conditions in the markets.

Rate of expenses and fees and commissions in relation to income*



* The income includes premiums, contributions towards benefits and proceeds in respect of investment contracts.

Credit cards

In NIS million	For the six months ended June 30			
	2024	2023*)	Change	
	In NIS million		In NIS million	In %
Selling and marketing expenses	**209**	188	**21**	11%
General and administrative expenses	**39**	45	**(6)**	(13%)
Total	**248**	233	**15**	6%

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 1-6 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

In NIS million	For the three months ended June 30			
	2024	2023	Change	
	In NIS million		In NIS million	In %
Selling and marketing expenses	**105**	78	**27**	34%
General and administrative expenses	**20**	21	**(1)**	(5%)
Total	**125**	99	**26**	26%

In NIS million	For the six months ended June 30			
	2024	2023*)	Change	
	In NIS million		In NIS million	In %
Operating expenses for credit cards	**420**	454	**(34)**	(7%)

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 1-6 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

In NIS million	For the three months ended June 30			
	2024	2023*)	Change	
	In NIS million		In NIS million	In %
Operating expenses for credit cards	**212**	240	**(28)**	(12%)

Operating expenses

Max's operating expenses in the Reporting Period and quarter declined compared to the corresponding periods last year (net of one-off effect); the decrease is mainly attributed to a decrease in payments to international organizations.

2.2.7 Finance expenses in activity not allocated to segments

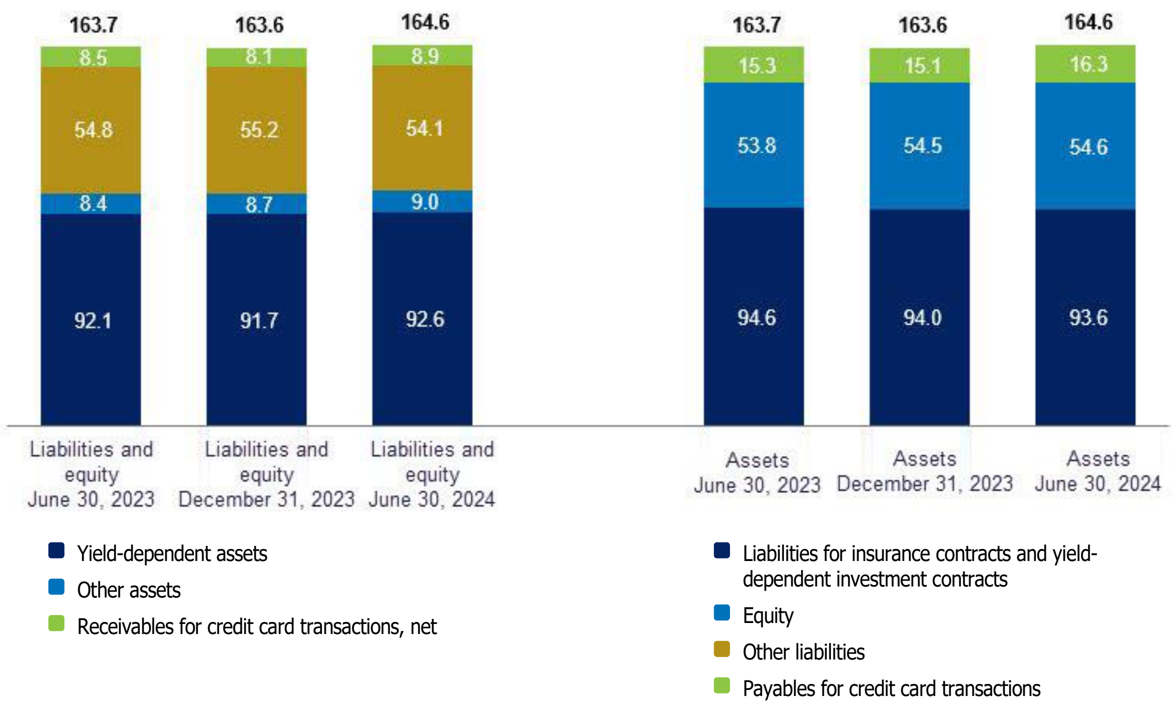
Reporting period - In the Reporting Period, finance expenses amounted to approx. NIS 164 million, compared with approx. NIS 132 million in the corresponding period last year. The increase in the Reporting Period is mainly attributable to the raising of debt by the Company during 2023, at a total amount of approx. NIS 1,549 million in the form of bonds, and a debt of approx. NIS 875 million included in consolidation as part of the Max transaction (syndicated loan). It is noted that part of the proceeds of the issuance of bonds by the Company was used by the Group - in February 2024 - for full early repayment of the syndicated loan, such that CIMax's finance expenses as detailed in the table will be amortized in full as from this date.

Quarter - In the quarter, finance expenses amounted to approx. NIS 81 million, compared with approx. NIS 80 million in the corresponding period last year. The effect in the quarter is mainly attributable to an increase in finance expenses from the raising of debt by the Company during 2023, at a total amount of approx. NIS 1,549 million in the form of bonds, and - on the other hand - a decease in finance expenses as a result of the repayment of approx. NIS 875 million in debt included in consolidation as part of the Max transaction (syndicated loan).

	1-6		4-6	
In NIS million	**2024**	**2023**	**2024**	**2023**
Clal Insurance - Tier 2 capital notes	**98**	91	**54**	46
Clal Holdings - Bonds	**40**	8	**20**	6
CIMax *)	**16**	23	**-**	23
Other (mainly in respect of lease)	**10**	10	**7**	5
Total	**164**	132	**81**	80

2.3 Key Data from the Consolidated Statements of Financial Position

Following are key data from the consolidated balance sheets (in NIS billion):



2.3.1 Assets

Total assets as of June 30, 2024 amounted to approx. NIS 164.6 billion, compared with approx. NIS 163.6 billion as of December 31, 2023 and approx. NIS 163.7 billion as of June 30, 2023.

Following are key asset line items for Max:

In NIS million	As of June 30 2024	As of December 31 2023	As of June 30 2023
Receivables for credit card transactions	**15,520**	14,481	14,517
Of which: Credit balance not guaranteed by banks	**15,031**	13,908	13,958
Of which: Credit card receivables for private individuals	**4,061**	3,453	3,632
Of which: balance of credit to private individuals	**9,633**	9,222	9,168
Amounts receivable from banks for credit card transactions, net	**1,136**	1,088	1,144

2.3.2 Liabilities

Total liabilities as of June 30, 2024 amounted to approx. NIS 155.6 billion, compared with approx. NIS 155 billion as of December 31, 2023 and approx. NIS 155.3 billion as of June 30, 2023.

Following are the changes in liabilities as stated above (in NIS million):

Balance sheet line item	As of June 30, 2024	As of December 31, 2023	Comment
Payables for credit card transactions	**8,884**	8,091	See Note 10 to the Interim Financial Statements.
Financial liabilities:			
Bonds issued by the Company – par value component	**1,537**	1,557	See Section 2.5.4 below.
Bonds and subordinated notes at Max	**798**	582	See Note 6 to the Interim Financial Statements.
Liabilities to banks in Max	**5,190**	5,202	
Loan in CIMax and subsidiaries excluding Max	**9**	888	See Section 2.1(c) above.
Total financial liabilities	**7,534**	8,229	
Total	**16,418**	16,320	

2.3.2.1 Following is a breakdown of Max's off-balance-sheet items:

	As of June 30	As of December 31	As of June 30	Change in %	
	2024	2023	2023	As from December 2023	As from June 2023
Balance of unutilized credit card credit facilities	**36,993**	34,566	29,834	7%	24%
Of which: Under Max's responsibility	**23,716**	21,463	19,160	10%	24%
Of which: Under the banks' responsibility	**13,724**	13,100	10,671	1%	24%

2.4 Capital and capital requirements

A. Capital requirements in accordance with the application provisions of the Economic Solvency Regime in Clal Insurance (see Section 1 below)

The insurance companies in the Group are subject to the Provisions of the Solvency II-based Economic Solvency Regime in accordance with the provisions of the Circular "Amendment to the Consolidated Circular Concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies", which was published on October 14, 2020.

In accordance with the Consolidated Circular, the Economic Solvency Ratio Report in respect of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date.

On May 30, 2024, Clal Insurance approved and published its Economic Solvency Ratio Report as of December 31, 2023, which was posted on the Group's website at:
https://www.clalbit.co.il/aboutclalinsurance/financialstatementsandpressrelease/.

It is noted that the calculation of the economic solvency ratio is based on data and models that may differ from those used by Clal Insurance as part of financial reporting, and which are based, among other things, on forecasts and assumptions that rely mainly on past experience. Specifically, and as detailed in the Economic Solvency Regime Circular, the calculation of the economic solvency ratio is based, to a large extent, on the model used to calculate the embedded value. For further details regarding the capital requirements that apply to Group companies, see Note 17(f) to the annual financial statements.

In accordance with the principles for calculating the Deduction during the Transitional Period in accordance with the application provisions of the Economic Solvency Regime, as of December 31, 2023, the Deduction was made on a linear basis, as required, and stands at NIS 4,115 million.

For further details, including a general description of the economic solvency regime, the general underlying principles of the regime, the calculation methodology of the economic balance sheet and of the solvency capital requirement, Provisions for the Transitional Period, general review of the directives of the Commissioner's Directives relating to the Economic Solvency Ratio Report, definitions of key terms, comments and clarifications, please also read Sections 1, 3.1, 4.1 and 5.1 to the Economic Solvency Ratio Report of Clal Insurance as of December 31, 2023.

The solvency ratio as of December 31, 2023 does not include the effect of the business activities of the Company in the period subsequent to December 31, 2023 and through this report's approval date, including positive effect due to the increase of the risk-free interest rate curve and on the other hand the revision of mortality assumptions in the calculation of liabilities for annuities as explained in the Company's immediate report of July 25, 2024 (Ref. No.: 2024-01-078778). For details of additional events during and subsequent to the Reporting Period, see Note 2.1 above.

The calculation made by the Company as of December 31, 2023 was audited by the independent auditors. The audit held in accordance International Standard on Assurance Engagement (ISAE) 3400 – "The Examination of Prospective Financial Information".

Following are data regarding Clal Insurance's solvency ratio and minimum capital requirement (MCR) according to the Solvency II regime.

1. **Economic solvency ratio**

	As of December 31	
	2023	2022
In NIS million	Audited	
Shareholders equity in respect of SCR	14,019	14,341
Solvency capital requirement (SCR)	8,976	8,076
Surplus	5,043	6,265
Economic solvency ratio (in %)	156%	178%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Company's Economic Solvency Ratio Report		
Raising of capital instruments	460	-
Deviation from quantitative limitation	(169)	-
Shareholders equity in respect of SCR	14,311	14,341
Surplus	5,337	6,265
Economic solvency ratio (in %)	159%	178%

For details regarding the solvency ratio without applying the Transitional Provisions for the Transitional Period, and without adjusting the stock scenario, and regarding the target solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Subsection 3 below.

For events during the Reporting Period and subsequent to the report date, and their potential effect on the solvency ratio, see Section 2.1 and 2.2 above.

2. **Minimum capital requirement (MCR)**

	As of December 31	
	2023	2022
In NIS million	Audited	
Minimum capital requirement (MCR)	2,244	2,019
Shareholders equity for MCR	10,272	10,706

3. **Solvency ratio without applying the Transitional Provisions for the Transitional Period, and without adjusting the stock scenario**

According to the letter published by the Authority, in October 2017, (hereinafter - the "Letter") an insurance company shall be entitled to distribute a dividend only if, following the distribution, the company has a solvency ratio - according to the Economic Solvency Regime - of at least 100%, calculated without taking into account the Transitional Provisions and subject to the solvency ratio target set by the insurance company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributable to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

The following are data on Clal Insurance's economic solvency ratio, calculated without taking into account the Provisions for the Transitional Period and adjusting the stock scenario.

Solvency ratio without applying the Transitional Provisions for the Transitional Period, and without adjusting the stock scenario	As of December 31	
	2023	2022
In NIS million	**Audited**	
Shareholders equity in respect of SCR	11,268	10,984
Solvency capital requirement (SCR)	10,383	10,100
Surplus	885	885
Economic solvency ratio - in %	109%	109%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Company's Economic Solvency Ratio Report		
Raising of capital instruments	460	-
Deviation from quantitative limitation	(460)	-
Shareholders equity in respect of SCR	11,268	10,984
Surplus	885	884
Economic solvency ratio - in %	109%	109%
The surplus capital in view of equity transactions made in the period between the calculation date and the publication date of the Economic Solvency Ratio Report, in relation to the Board of Directors' target (see Section B below):		
The Board of Directors' economic solvency ratio target (%)	110%	-
Capital shortfall in relation to the target	(153)	-

4. Update regarding the stochastic model when calculating the economic solvency ratio of Clal Insurance

According to the economic solvency regime, the insurance liabilities were calculated in accordance with the Provisions of the Economic Solvency Regime, which in general, in relation to SLT life and health insurance, is calculated in accordance with the EV calculation practice in Israel.[1] Determination of the optimal value is supposed to be based on the distribution of the estimated possible outcomes (hereinafter - "**Stochastic Models**") and in the absence of clear statistical data suitable for estimating the optimal estimated distribution, Clal Insurance used the expectancy of each relevant factor (hereinafter - "**Deterministic Models**").

As part of continued development and upgrade of the calculations, in the reporting period, Clal Insurance simultaneously calculated - based on the stochastic model - the best estimate of asymmetric insurance liabilities (including recognition of future variable management fees,[2]) which if it had been included in the calculation of the economic solvency ratio as of December 31, 2023, its effect is estimated by adding approx. 14%, without taking into consideration the Transitional Provisions, and by adding approx. 9% taking into consideration the Transitional Provisions.

In accordance with the framework received from the Commissioner in November 2023, the Stochastic Model will not be applied in the solvency ratio calculation without application of the Transitional Provisions, for 3 reporting dates, but Clal Insurance will add disclosure of its effect in the Economic Solvency Ratio Report. At this stage, Clal Insurance chose not to include this in the calculation that takes into consideration the Transitional Provisions either.

It is noted that this figure is not audited nor reviewed, and is sensitive to changes in the interest rate curve and other financial and demographic assumptions, and will be recalculated in each reporting period.

As aforesaid, Clal Insurance completed the stochastic calculation based on application of the Economic Generator Scenario,[3] including completion of tests and control processes for accuracy, robustness and market compatibility, as is customary in companies abroad that apply Stochastic Models to calculate

[1] EV (embedded value) is calculated in Israel in accordance with the rules and principles set by the Commissioner, who adopted the rules and principles of the report of the joint committee of insurance companies and the Commissioner, which worked with the guidance of consultants from Israel and abroad.

[2] See Section 6.1.2.3 in the Report on the Corporation's Business of the Company.

[3] As defined in the provisions of Section B, Chapter 5 (Part 2, Section 2) of the Provisions of the Economic Solvency Regime.

economic solvency ratio. The Stochastic Model is used to calculate the optimal actuarial estimate of asymmetric insurance liabilities (including recognition of future variable management fees). With the Stochastic Model, the return used as a basis for the calculation remains unchanged compared to the Deterministic Model. However, the calculation of cash flows in the Stochastic Model takes into account fluctuations in the returns of the relevant assets in accordance with their composition and characteristics, including the investment channels, duration, and exposure to index and foreign currency exchange rates and their effect on recognition of the variable management fees. For the purpose of building the Stochastic Model, Clal Insurance chose appropriate economic models for its types of assets. In choosing, calibrating and testing these economic models, Clal Insurance used international consulting companies. In addition, the independent auditors reviewed the calculation process and the internal control.

5. Clal Insurance's Dividend Distribution Policy and Capital Target

It is management’s policy to maintain a strong capital base in order to ensure its solvency, and its ability to fulfill its undertakings to policyholders and other interested parties, retain Clal Insurance's ability to continue its activities such that it will be able to generate returns to its shareholders and support future business activities. Clal Insurance is subject to capital requirements set by the Commissioner.

In June 2023, the Board of Directors of Clal Insurance approved a policy for the distribution of a dividend at a rate of 30%-50% of Clal Insurance’s comprehensive income. The distribution is subject to the Company’s complying with a minimum equity target of 110% in accordance with the economic solvency regime, without implementing the Transitional Provisions after the distribution.

This is further to setting a capital management policy whereby the target range for Clal Insurance’s economic solvency ratio shall be 150%-170%, as approved in June 2021. In addition, a minimum prudential economic solvency ratio target of 135% was set. These targets relate to a solvency ratio taking into account the Deduction during the Transitional Period until the end of 2032 and thereafter.

It is hereby clarified that this policy should not be viewed as an undertaking by Clal Insurance to distribute dividends.

6. Own Risk and Solvency Assessment of the Company (ORSA)

In January 2022, a principles paper regarding the implementation of the Own Risk and Solvency Assessment of an Insurance Company (ORSA) as well as an amendment to the Provisions of the Consolidated Circular regarding Reporting to the Commissioner of Capital Market about Own Risk and Solvency Assessment of an Insurance Company (ORSA) were published.

According to the Letter of Principles, the Company is required to examine, at least once a year, and to file with the Commissioner, each year, a report outlining the interrelationships between the overall strategy and annual work plan and the Company’s risk profile, risk management policy, overall exposure level and the adequacy of the buffer under various assumptions and scenarios. In doing so, the risk management policy, capital targets and the range of risk management applied by the Company should be examined and taken into account. Clal Insurance filed the report to the Commissioner in January 2024.

7. Issuance of Subordinated Notes (Series M) and exchange of Series J

In January 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series M), by way of expansion of an existing series. The Notes (Series M) were recognized (subject to restrictions) as Tier 2 capital of Clal Insurance, instead of Notes (Series F), that were exchanged, and which were recognized as hybrid Tier 2 capital.

In April 2024, the Company issued to the public NIS 465 million p.v. in Notes (Series M) by way of expansion of an existing series in consideration for approx. NIS 460 million. The terms and conditions of the additional notes are identical to the terms and conditions of the Notes (Series M) in circulation. For further details, see Note 6 to the Financial Statements.

B. Capital requirements and capital adequacy in Max

1. Equity and capital adequacy

Max's reported equity capital amounted to NIS 1,927 million as of June 30, 2024, compared to NIS 1,847 million at the end of 2023 - an approx. 4% increase, which arises from the income for the period, and compared to NIS 1,744 million on June 30, 2023 - an increase of approx. 10%. The equity capital as of the end of the second quarter of 2024 includes NIS 26 million in share capital, NIS 376 million in share premiums, a NIS 83 million capital reserve, NIS 10 million in accumulated other comprehensive loss, and NIS 1,452 million in retained earnings.

At the end of the second quarter of 2024, Common Equity Tier 1 capital amounted to NIS 1,932 million, compared to NIS 1,855 million as of December 31, 2023, and compared to NIS 1,752 million on June 30, 2023.

At the end of the second quarter of 2024, total capital amounted to NIS 2,380 million, compared to NIS 2,316 million as of December 31, 2023, and compared to NIS 2,099 million on June 30, 2023.

The capital adequacy ratios are calculated as the ratio of capital to the risk-weighted assets. The CET1 capital ratio is calculated as the ratio of CET1 capital to the risk-weighted assets. The total capital ratio is calculated as the ratio of total capital to the risk-weighted assets.

As of June 30, 2024, the CET1 capital ratio amounted to 10.2%, compared to 11.0% at the end of 2023 compared with 10.6% on June 30, 2023. As of June 30, 2024, total capital to risk-weighted components ratio amounted to 12.6%, compared to 13.7% at the end of 2023, and 12.7% on June 30, 2023.

In accordance with Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy - Credit Risk - the Standardized Approach", the weight of the risk of part of Max's exposure to Israeli banks derives from Israel's credit rating. Since Max uses ratings of the international credit rating agency Standard and Poor's (S&P), the downgrading of Israel's rating by this agency in April 2024 led to an increase in the risk-weighted assets, which were recognized with respect to some of Max's exposures to the Israeli banks, which decreased Max's capital ratios by approx. 0.3%. A further downgrading (of one notch) in Israel's credit rating is not expected to affect Max's capital ratios.

On June 19, 2024, The Banking Supervision Department published a circular for revising Proper Conduct of Banking Business Directive No. 206 "Capital Measurement and Adequacy - Operational Risk", according to which on January 1, 2026 the existing directive will be replaced with a new directive, which adopts the revised directives of the Basel Committee regarding the calculation of capital requirements in respect of operational risk. The new directive redefines the business indicator components that serve as the basis for calculating the capital requirements in respect of the operational risk, and sets marginal coefficients to be multiplied by the business indicator in accordance with the ranges of the business indicator. Furthermore, the new directive stipulates that the business indicator will be multiplied by an internal loss multiplier, which will be based on the banking corporation's historical operating losses. It was further stipulated that a banking corporation, whose business indicator is lower than NIS 5 billion, is not required to use loss data in its calculation of the capital requirements, and its internal loss multiplier will stand at 1; for all other banking corporations, the internal loss multiplier will stand also at 1 through December 31, 2028, and the Banking Supervision Department will publish - no later than 2028 - the method for applying the internal loss multiplier to their capital requirements. Max is studying the effects of the revised directive on the calculation of the capital requirements.

Max's leverage ratio as of June 30, 2024 is 8.8%, compared to 9.1% at the end of 2023 and 8.8% as of June 30, 2023.

2. The Bank of Israel's capital adequacy targets

According to Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions", an acquirer whose receivables balance in its latest annual financial statements exceeds NIS 2 billion — the capital requirement will be calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211 (Capital Adequacy and Measurement). It was also stipulated that despite that which is stated in Section 40 to Proper Conduct of Banking Business Directive No. 201, the Common Equity Tier 1 capital ratio shall not fall below 8%, and the total capital ratio shall not fall below 11.5%.

As from April 1, 2015, Max has been implementing Proper Conduct of Banking Business Directive No. 218 on leverage ratio (hereinafter - the "Directive"). Pursuant to the Directive, entities are required to have a consolidated leverage ratio of no less than 5%.

In the circular amending the Directive, which was published by the Banking Supervision Department on December 20, 2023, it extended the term of an expedient set as a Temporary Order in November 2020, as part of adjustments to Proper Conduct of Banking Business Directives for dealing with the COVID-19 crisis, according to which the leverage ratio shall not fall below 4.5% on a consolidated basis. According to the circular, against the background of a review conducted by the Banking Supervision Department to amend the directive and a review of the leverage ratio and its mix, the above relief was extended as a temporary order until June 30, 2026, provided that the leverage ratio does not fall below that as of December 31, 2025 or the minimum leverage ratio applicable to the banking corporation prior to the temporary order, whichever is lower.

3. Max's capital adequacy targets

Max's capital is designed to support all risks embodied in its activity as well as its multi-year business activity, including supporting its lines of business, expanding the activity and entering into new areas of activity and complement and supplement its operations.

Furthermore, Max analyzes its performance in a stress scenario, and has targets it will wish to meet upon the materialization of a stress scenario.

Max's policy, which was approved by its Board of Directors is to maintain a capital adequacy ratio, which is higher than the minimum threshold that was set by the Bank of Israel, and which is greater from the capital requirements needed to cover the risks in accordance with the results of Max's Internal Capital Adequacy Assessment Process (ICAAP).

In accordance with Max's risk profile, on June 30, 2024 Max's Board of Directors approved Max's CET1 capital ratio internal target at 9.25% instead of 10% as was the case through that date. The revised internal target is 125 basis points (1.25 percentage points) higher than the minimum CET 1 capital ratio set by the Banking Supervision Department. Max intends to hold a security buffer above the revised internal target. The internal target for total capital ratio has not changed and stands at 12%.

4. Total capital adequacy to risk-weighted components ratio in Max: (*)

Following is a breakdown of the risk-weighted assets and capital requirements in respect thereof:

In NIS million	As of June 30 2024 (Unaudited)		As of June 30 2023 (Unaudited)		As of December 31 2023 (Audited)	
	Risk-weighted assets	Capital require-ments	Risk-weighted assets	Capital require-ments	Risk-weighted assets	Capital require-ments
Credit risks - standardized approach						
of banking corporations	**1,162**	**134**	616	71	638	73
of corporations	**1,523**	**175**	1,393	160	1,479	170
Retail to individuals	**10,744**	**1,236**	9,841	1,132	9,882	1,136
of small businesses	**1,318**	**152**	1,141	131	1,174	135
Other assets	**989**	**114**	844	97	847	97
Credit valuation adjustment (CVA)	**-**	**-**	2	-	1	-
Total credit risk	**15,736**	**1,811**	13,837	1,591	14,021	1,611
Market risk - standardized approach	**58**	**7**	49	6	19	2
Operational risk - standardized approach	**3,109**	**358**	2,635	303	2,876	331
Total risk-weighted assets and capital requirements	**18,903**	**2,176**	16,521	1,900	16,916	1,944
Capital base	**2,380**		2,099		2,316	
Total capital ratio	**12.59%**		12.71%		13.69%	
CET1 capital ratio	**10.22%**		10.60%		10.97%	

* Calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211 on "Capital Adequacy and Measurement", and Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions", which came into effect on September 1, 2016.

5. Dividend and filing a draft IPO prospectus by Max

The dividend distribution in Max is subject to the directives of the Banking Supervision Department, including compliance with capital adequacy restrictions under the Basel directives. A dividend distribution is allowed subject to the provisions of the Companies Law, 1999, which stipulates, among other things, that Max may make a distribution out of its earnings, provided that there are no reasonable concerns that the distribution will prevent Max from fulfilling its existing and future undertakings, when they fall due.

On June 30, 2024, Max's Board of Directors set, for the first time, a dividend distribution policy. According to the approved policy, as from 2024 Max will be able to distribute every year dividends at a total amount of up to 30% of Max's net income for the year, which preceded the distribution year, in accordance with its consolidated financial statements. It is clarified that by setting the policy Max does not undertake to distribute a dividend on a certain date or rate, any distribution shall be subject to the full discretion of Max's Board of Directors and require the individual approval of the Board of Directors of Max, subject, among other things, to compliance with all the restrictions applicable to Max under the law and under directives of the Banking Supervision Department.

Accordingly, on June 30, 2024, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 62 million, which constitutes approx. 28% of Max's net income for 2023. The dividend was paid on July 3, 2024.

Both the set dividend distribution policy and the actual distribution which was approved were carefully considered, while retaining high capital surpluses in relation to Max's capital targets, in accordance with the regulator's expectation that the capital planning will be assessed in a conservative and informed manner in view of the War and the uncertainty in the Israeli economy.

As part of Max's strategy to diversify its sources of financing used in its operating activities, on June 30, 2024 the Company filed to the Israel Securities Authority a first draft of an initial public offering prospectus, which also constitutes a shelf prospectus, which will allow the issuance of notes, options convertible into bonds and commercial securities and/or the listing of illiquid subordinated notes issued by the Company.

The Company does not undertake to publish the prospectus and/or issue any securities in accordance with the prospectus, to the extent that it is published. The publication of the prospectus and/or the issuance of securities thereunder are subject to the Company's full discretion and to the receipt of approvals required by law, including the Israel Securities Authority's permit and the approval of the Tel Aviv Stock Exchange Ltd. Accordingly, there is no certainty that the prospectus will be published and/or that various securities will be issued thereunder.

2.5. Analysis of Cash Flow Development, Sources of Financing and Liquidity

2.5.1. Cash flow for the reporting period

The consolidated cash flows provided by operating activities in the reporting period amounted to approx. NIS 1,020 million; most of the amount arises from realization of financial investments by the Insurance Company and from a tax refund. The consolidated cash flows provided by investing activities amounted to approx. NIS 590 million in the Reporting Period, mainly from disposal of financial assets in the Company for the purpose of repaying the syndicated loan in CIMax. The consolidated cash flows used for financing activities amounted to approx. NIS 1,310 million in the Reporting Period, and included mainly the repayment of the syndicated loan in CIMax at the total amount of approx. NIS 891 million; for further details, see 2.1(c) above. The Group's cash and cash-equivalent balances increased from a total of approx. NIS 6,966 million at the beginning of the Reporting Period to approx. NIS 7,258 million at the end of the Reporting Period.

2.5.2. Company's financing

2.5.2.1 The Company's sources of financing and liquidity

The Company attaches great importance to maintaining sufficient cash balances, in a manner that will allow it to repay its obligations, and support, where required, the capital needs of Clal Insurance, and liquidity needs in respect of the activity of other Group investees. Other funding sources include, among other things, dividend distributions from investees, and the option of selling stakes in investees, debt raising from the banking system and/or the public, utilization of credit facilities and capital raising.

It is clarified that some of the investees are subject to regulatory provisions regarding dividend distribution beyond the distribution limitations set out in the Companies Law, 1999, which stipulates, among other things, that the Company may make a distribution out of its earnings, provided that there are no reasonable concerns that the distribution will prevent the Company from fulfilling its existing and future undertakings, when they fall due:

A. **Clal Insurance** - the dividends from Clal Insurance depend on the policy set by the Board of Directors of Clal Insurance, see Section 2.4.A.5 above, including compliance with the solvency ratio target set by the Board of Directors, which is higher than the minimum target set by the Banking Supervision Department. The Company considers interest proceeds received from its holding in a Restricted Tier 1 capital instrument of Clal Insurance as a source of liquidity, and classifies this holding as a financial investment.

B. **Max** - the dividend distribution in Max is subject to the directives of the Banking Supervision Department, including compliance with capital adequacy restrictions under the Basel directives. Dividend distribution is allowed subject to the provisions of the Companies Law, 1999. For details regarding the dividend distribution policy, see 2.4.B.5 above.

For further details regarding the restrictions on dividend distributions in Clal Insurance and Max, see Note 7 to the Consolidated Financial Statements.

Furthermore, the Company controls the following entities which are not subject to special Regulatory Restrictions pertaining to dividend distribution beyond those of the Companies Law:

A. **Clal Agency Holdings** - the Company presents the net financial assets of Clal Agency Holdings within the net financial assets of Clal Agency Holdings.

B. **Clal Finance** - as detailed in Note 9 to the Consolidated Financial Statements, Clal Finance holds a 24.9% stake in Michlol Finance Ltd. Michlol Finance is a company whose share is listed on the Tel Aviv Stock Exchange; the market value of its shares, based on the share price on the Stock Exchange, is approx. NIS 63 million immediately prior to the reports publication date; furthermore, Clal Finance also has an option to purchase approx. 7% of Michlol's shares.
This investment is presented among investment in investees based on equity value, and was not included in the financial investments in this section.

As of the reporting date, following the consolidation of Max's data and the preparations made to finance its acquisition, the Group has three types of financial liabilities, subordinated notes that were issued to address Clal Insurance's capital needs, and balances used in Max's operating activities, approx. NIS 1,516 million in bonds issued by the Company.

Following is a table providing a breakdown of the net financial debt (the table includes the following companies: the Company, CIMax Holdings Ltd., and Clal Agency Holdings (1998) Ltd. as stated above, and does not include Clal Insurance and Max, which are subject to Regulatory Restrictions in addition to the distribution restrictions set out in the Companies Law, 1999:

	As of June 30	As of December 31
NIS million	**2024**	**2023**
Financial assets		
Cash and cash equivalents	**11**	9
Other financial investments, mainly money market fund and Israeli T-Bills by the Company	**77**	1,011
Restricted Tier 1 capital instrument of Clal Insurance *)	**473**	481
Total assets	**561**	1,501
Less current maturities		
Financial liabilities - current **)	**-**	963
Financial assets less current maturities	**561**	538
Non-current financial liabilities		
Non-current financial liabilities:		
Bonds issued by the Company - liability component	**1,518**	1,514
Deferred payment with respect to the Max transaction	**-**	-
Other liabilities - loan in CIMax excluding interest **)	**-**	-
Total liabilities	**1,518**	1,514
Net financial debt	**957**	976
Unutilized credit facility***)	**250**	250

*) The other financial investments include an investment in a Restricted Tier 1 capital instrument of Clal Insurance amounting to NIS 511 million (fair value as of June 30, 2024 is approx. NIS 473 million).

**) In February 2024, CIMax's syndicated loan totaling approx. NIS 891 million was repaid. For further details, see Section 2.1C above.

***) In June 2024, an Israeli banking corporation approved a credit facility to the Company at the total amount of up to NIS 250 million for the purpose of providing it with another liquidity buffer, for one further year through June 2025. For further details, see Note 6(e)(1) to the Financial Statements. As of the report date and its approval date, the above-mentioned credit facility has not been utilized.

2.5.2.2 The Company's financing characteristics

A. In its capacity as a holding company, the Company assesses the value of its assets against its liabilities in the context of funding and liquidity; it also assesses whether it has liquid means that are reasonably accessible to allow it to conduct its activities.

B. The Company's activity (investments, general and administrative expenses, debt service and dividends) is normally funded by dividends it receives, from investees, capital raising, loans from banking corporations and proceeds from disposal of assets.

C. For details regarding key financial movements in the Company (on a separate basis), see the data on cash flow attributable to the Company itself (on a separate basis).

D. For details regarding the Company's distributable profits, adjusted to reflect the Company's capital requirements, and regarding capital and capital requirements in the consolidated institutional entities and other Group companies, see Note 17 to the Annual Financial Statements.

2.5.2.3 Dedicated disclosure for the Company's bond holders

A. Data on bonds

Series / issuance date	Bonds (Series A)	Bonds (Series A) (expansion)	Bonds (Series A) (Second expansion)	Bonds (Series B) (Convertible bonds)	Bonds (Series C)
Issuance date	February 2023	June 2023	August 2023	February 2023	December 2023
Par value on issuance date (in NIS)	249,100,000	244,625,000	404,400,000	150,900,000	500,000,000
Carrying amount as of June 30, 2024 (in NIS)	Approx. NIS 248 million	Approx. NIS 242 million	Approx. NIS 393 million	Approx. NIS 140 million **)	Approx. NIS 496 million
Market value as of June 30, 2024*)	Approx. NIS 246 million	Approx. NIS 247 million	Approx. NIS 395 million	Approx. NIS 131 million	Approx. NIS 487 million
Interest type	Fixed, non-linked	Fixed, non-linked	Fixed, non-linked	Fixed, non-linked	Fixed, non-linked
Nominal interest rate	4.7%	4.7%	4.7%	2.8%	5.25%
Effective interest rate on issuance date	4.9%	5.6%	5.3%	4.9%	5.5%
Listed on the TASE	Yes	Yes	Yes	Yes	Yes
Principal payment dates	February 28, 2028	February 28, 2028	February 28, 2028	February 28, 2028	The principal shall be repaid in three installments in each of the years 2029-2031
Interest payment dates	The interest shall be paid in a single annual installment on February 28 of each of the years 2024-2028	The interest shall be paid in a single annual installment on February 28 of each of the years 2024-2028	The interest shall be paid in a single annual installment on February 28 of each of the years 2024-2028	The interest shall be paid in a single annual installment on February 28 of each of the years 2024-2028	The interest will be paid in two semi-annual installments, on November 1 and May 1 of each of the years 2024-2031
Interest payable as of June 30, 2024 (increase after the interest rate)	Approx. NIS 4 million	Approx. NIS 4 million	Approx. NIS 6 million	Approx. NIS 1 million	Approx. NIS 4 million
Are the notes convertible	No	No	No	Yes	No
Linkage base and terms	Notes (principal and interest) are not linked to the CPI and/or to any currency	Notes (principal and interest) are not linked to the CPI and/or to any currency	Notes (principal and interest) are not linked to the CPI and/or to any currency	Notes (principal and interest) are not linked to the CPI and/or to any currency	Notes (principal and interest) are not linked to the CPI and/or to any currency
Pledged assets	None	None	None	None	None

Series / issuance date	Bonds (Series A)	Bonds (Series A) (expansion)	Bonds (Series A) (Second expansion)	Bonds (Series B) (Convertible bonds)	Bonds (Series C)
Company's right to execute early redemption or forced conversion	The Company may execute full or partial early redemption of its notes no more than once a quarter. Payment to note holders in respect of early redemption shall amount to the higher of: A. Market value; B. Outstanding par value; C. Balance of cash flow (principal and interest) discounted using the return on government bonds plus a 1% interest.	The Company may execute full or partial early redemption of its notes no more than once a quarter. Payment to note holders in respect of early redemption shall amount to the higher of: A. Market value; B. Outstanding par value; C. Balance of cash flow (principal and interest) discounted using the return on government bonds plus a 1% interest.	The Company may execute full or partial early redemption of its notes no more than once a quarter. Payment to note holders in respect of early redemption shall amount to the higher of: A. Market value; B. Outstanding par value; C. Balance of cash flow (principal and interest) discounted using the return on government bonds plus a 1% interest.	The Company may execute full early redemption of its notes starting 30 days from their listing on the stock exchange, and no later than 180 after such a listing. The payment to note holders in respect of early redemption shall be the outstanding par value of the notes (principal and accrued interest) plus one-off early redemption fee of 2% of the outstanding par value. The Company does not have the right to execute a forced conversion of the notes.	The Company may execute full or partial early redemption of its notes no more than once a quarter. Payment to note holders in respect of early redemption shall amount to the higher of: A. Market value; B. Outstanding par value; C. Balance of cash flow (principal and interest) discounted using the return on government bonds plus a 1% interest.
Series' materiality	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970
A cross-default clause is in place ***)	Yes	Yes	Yes	Yes	Yes

*) The market value includes interest accrued as of June 30, 2024.
**) Of which approx. NIS 13 million represents the equity component presented under equity.
***) For further details, see Section 8.1.14 to the deeds of trust of Bonds (Series A) and (Series B) that were attached to the shelf offering report of February 9, 2023.

B. Details regarding the conversion component in Bonds (Series B)

Criterion	Bonds (Series B) (convertible bonds)
Details of the security into which the bonds may be converted	The bonds are convertible into ordinary shares of the Company
Conversion ratio	Every NIS 85 p.v. of the bonds will be convertible into one ordinary Company share
Key terms of conversion, including conditions precedent for the execution of a conversion and any distribution adjustments	The bonds are convertible on each day on which trading takes place on the Stock Exchange through February 18, 2028; If during the conversion right period the Company will distribute bonus shares and/or dividend and/or offer shares by way of offering rights, the number of shares arising from the conversion will be adjusted. For further details, see Section 6.3.3 to the deed of trust attached to the shelf offering report of February 9, 2023.

C. Details regarding rating

	Bonds (Series A)	Bonds (Series B) (Convertible bonds)	Bonds (Series C)
Rating agency	Maalot	Maalot	Maalot
Rating on issuance date	ILAA-	ILAA-	ILAA-
Current rating	ILAA-	ILAA-	ILAA-

The trustee for the Notes (Series A, Series B and Series C) is Hermetic Trust (1975) Ltd. The names of the individuals in charge of the notes are Adv. Dan Avnon and/or Adv. Meirav Ofer, Tel: 073-2171000, Fax: 03-5271451, email: hermetic@hermetic.co.il, postal address: Champion Tower, 13th Floor, 30 Derech Sheshet HaYamim, Bnei Brak.

D. Contractual restrictions and financial covenants

As part of the trust deed of the Bonds (Series A, Series B and Series C), Max undertook not to place a floating charge on all of its assets as long as the Bonds (Series A, Series B and Series C) are not repaid in full, unless it has obtained the bond holders' consent in advance or placed a floating charge of the same rank in favor of the bond holders. Furthermore, with respect to the expansion of the Bonds (Series A, Series B and Series C), the Company assumed restrictions on dividend distribution; it also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 3.2 billion (as part of Series A and Series B) or NIS 3.4 billion (as part of Series C), and its net financial debt to total assets ratio will not exceed 50%.

For further details, see Section 6.3.1 to the deeds of trust of Bonds (Series A) and (Series B) that were attached to the shelf offering report of February 9, 2023 and Section 6.3.1 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 2023.

In addition, an adjustment mechanism was set whereby the interest rate will increase as a result of failure to comply with any of the financial covenants.

The financial covenants will be adjusted if - as a result of the first-time application of accounting standards - they will undergo a change, whose effect is not negligible. For further details, see Section 6.3 to the deeds of trust of Bonds (Series A) and (Series B) that were attached to the shelf offering report of February 9, 2023 and Section 6.3 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 2023.

An adjustment mechanism was also set whereby the interest rate will increase if the Company's rating will be downgraded. For further details, see Section 6.4 to the deeds of trust of Bonds (Series A) and (Series B) that were attached to the shelf offering report of February 9, 2023 and Section 6.4 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 2023.

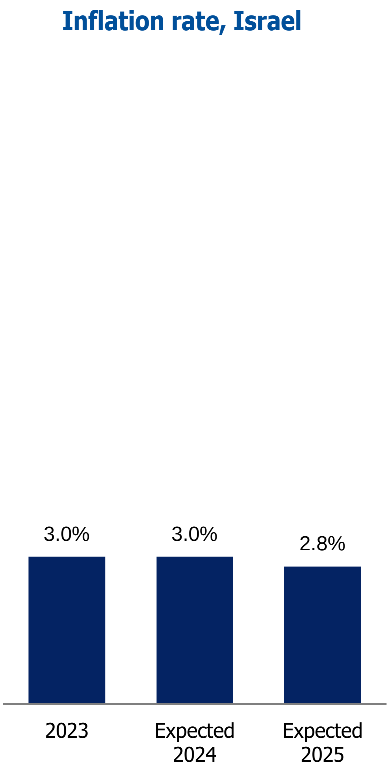
As of the reporting date, the Company complies with the covenants described above. As of June 30, 2024, the net financial debt ratio is approx. 9%, and shareholders' equity amounts to approx.

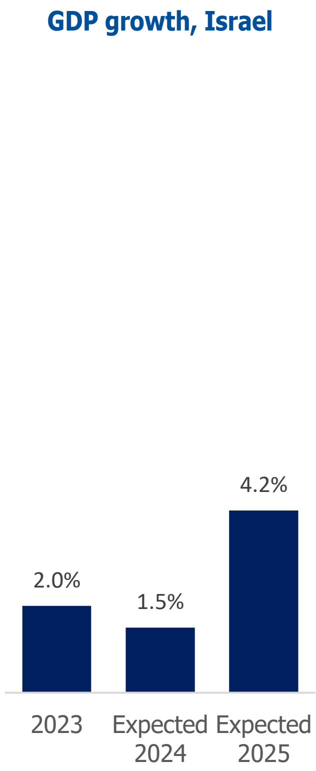
NIS 8.9 billion. In addition, as of the reporting date and the publication date of this report, and during the period starting on the notes' issuance date, the Company has complied and continues to comply with all the conditions and undertakings as per the deeds of trusts, and no circumstances have arisen which establish grounds for immediate repayment of the notes. Furthermore, the Company did not receive notice from the trustee for the notes regarding its failure to comply with the conditions and undertakings as per the deeds of trusts.

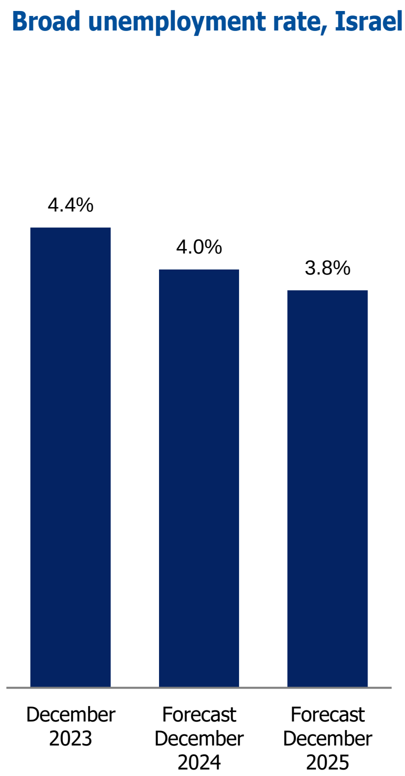
The key points of the deeds of trust of Bonds (Series A and Series B), that were signed between the Company and the trustee, are attached to the shelf offering report of February 9, 2023, and the key points of the trust deed of Bonds (Series C) are attached to the shelf offering report of December 4, 2023, and the full texts of the deeds of trust are available for perusal by appointment at the Company's registered office on any business day during normal working hours.

3. Developments and Material Changes in the Macroeconomic Environment in the Reporting Period

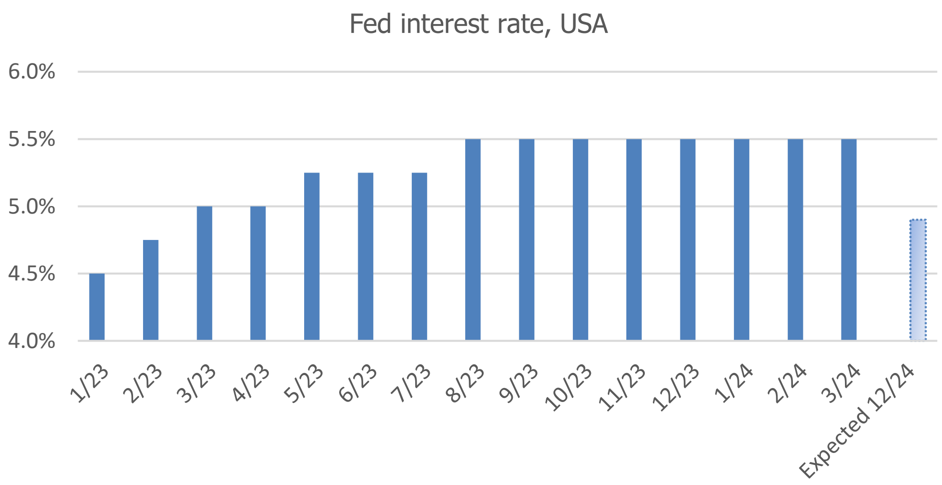
3.1 Key economic data:







* Forecast of the Bank of Israel's Research Department, July 2024



* The December 2024 data represents the consensus of forecasts according to Bloomberg, July 30, 2024

3.2 Following are key trends and material changes in the macroeconomic environment in the Reporting Period and thereafter:

Since October 7, 2023, Israel is at war, which is currently focused on the terrorist organizations in the Gaza Strip and on the northern front. Hundreds of thousands of reserves were mobilized and the residents of the Gaza Envelope and northern confrontation line were evacuated. For further details, see Section 2.1(e) above.

Criterion	Data for the period
Development in the market and employment in Israel	In the first quarter of 2024 GDP increased by approx. 14%, compared to a contraction of approx. 21% in the fourth quarter of 2023 (each quarter compared to the previous one, annualized), and compared to the entire year in 2023 when GDP increased by 2%. According to the macroeconomic forecast of the Bank of Israel's Research Department (July 2024), GDP is expected to grow by 1.5% in 2024, and by 4.2% in 2025, assuming that the direct economic effect of the fighting will continue through the beginning of 2025. As of the end of June 2024, the budget deficit amounted to 7.6% of GDP, compared to 6.2% of GDP in March. The target set in law as of the end of 2024 stands at 6.6%. In accordance with the Bank of Israel's forecast, the government budget deficit in 2024 and 2025 is expected to amount to 6.6% of GDP and 4.2% of GDP, and the debt to GDP ratio is expected to increase to 67.5% of GDP in 2024, and 68.5% of GDP in 2025. The labor market - upon the outbreak of the War, the broad unemployment rate (a data which includes - in addition to those unemployed - also those who are temporarily absent due to economic reasons, such as expense for unpaid leave) increased sharply from 4.2% to 9.7% in October 2023; however since then the broad unemployment rate declined to 4.8% in June 2024. In accordance with the Bank of Israel's forecast, the broad unemployment rate is expected to stand at approx. 4% at the end of 2024 and 3.8% in 2025. According to the Central Bureau of Statistics' estimates for April 2024, the average wage of a salaried employee continues to rise, and has risen by 7.3% compared to April 2023. The average wage of a salaried employee at fixed prices (net of the Consumer Price Index) was NIS 11,319, a 4.4% increase compared to April 2023. The housing market - housing prices increased for six consecutive months - a 5.3% increase since the beginning of the year. At the beginning of February 2024, the credit rating agency Moody's announced the downgrade of the credit rating of Israel by one notch to A2 with a negative outlook. A couple of months later, the rating agency S&P announced the downgrade of the rating of Israel by one notch from AA- to A+, with a negative outlook, with the agency expressing concerns regarding a full-scale conflict with Iran and an increase in the deficit due to the high expenses of the War. During May, Moody's announced the reiteration of the credit rating and noted that the negative outlook still reflects a significant risk of an escalation in the conflict with Iran. At the beginning of August, the credit rating agency Fitch announced the downgrade of the credit rating of Israel by one notch from A+ to A with a negative outlook, due to the prolongation of the War in Gaza, increased geopolitical risks, and military conflicts in several fronts.
Inflation data	In the first six months of 2024, inflation increased by 2.1%, and in the past twelve months the Consumer Price Index increased by 2.9%, which is in line with the price stability range set in the Bank of Israel Law.
Exchange rates	Upon the outbreak of the War, Israel's risk premium increased sharply, and the NIS has depreciated significantly against the USD and the EUR. Since the beginning of 2024 and through the end of June, the USD has strengthened by approx. 3.6% against the NIS.
Changes in interest rates and returns	In January 2024, the Monetary Committee decided to cut the interest rate by 0.25 percentage point to 4.5%. In February and in February, April, May and July the Monetary Committee decided to leave the interest rate unchanged.

Developments in capital markets in Israel and across the world (in terms of local currency)

In %	1-6		4-6		For the year
Share indices in Israel	**2024**	**2023**	**2024**	**2023**	**2023**
TA 35	**6.4**	(2.7)	**(1.3)**	0.6	3.8
TA 90	**(3.4)**	(0.6)	**(12.9)**	9.3	4.3
TA 125	**3.5**	(2.1)	**(4.4)**	2.9	4.1
TA Growth	**10.4**	(0.5)	**(5.4)**	5.5	3.1
Bond indices in Israel					
General	**(0.3)**	1.9	**(0.9)**	1.9	3.8
Tel Bond-CPI Linked	**1.6**	3.0	**(0.1)**	2.7	5.9
Tel Bond-Shekel	**0.6**	1.1	**(0.5)**	1.9	5.3
CPI-Linked Government Bonds	**(2.8)**	1.7	**(2.3)**	1.0	(0.4)
Government - NIS	**(2.0)**	0.4	**(1.5)**	0.8	1.4
Share indices across the world					
Dow Jones	**3.8**	2.8	**(1.7)**	4.4	13.5
NASDAQ	**18.1**	30.1	**8.3**	13.6	43.6
Nikkei Tokyo	**18.2**	27.4	**(2.0)**	19.6	28.2
CAC Paris	**(0.8)**	11.3	**(8.9)**	0.7	14.8
FTSE London	**5.6**	(0.5)	**2.7**	(2.0)	3.0
DAX Frankfurt	**8.9**	13.4	**(1.4)**	2.7	19.1
MSCI WORLD	**10.8**	13.6	**2.2**	6.8	23.1
S&P 500	**14.5**	14.3	**3.9**	8.9	24.0

For details regarding the effects on the financial results, see Section 2 above and Note 6 to the Financial Statements.

Global economic developments	The second quarter of 2024 was characterized with further subsidence of inflation, and changes in market pricing to reflect the expected rate of interest rate cuts by the Federal Reserve. The geopolitical tensions across the world continue; the war between Russia and Ukraine continues with no end in sight, and tensions are rising between Israel and Iran. On the other hand, the effects of the War on the global economy have moderated despite certain concerns regarding the outbreak of a regional war in the Middle East. In addition, the elections in the United States will take place in November 2024; after the serving president - Joe Biden - dropped out of the race, the candidates will be Vice President Kamala Harris and the former president Donald Trump. **United States** - the central bank did not change the interest rate in the first half. During the second quarter, inflation in the United States has subsided slightly, and further to the trends seen in the first quarter, the market "priced in" up to 2 interest rate cuts in 2024 (compared to 7 at the beginning of the year) as of the end of the second quarter. It is noted that as of the beginning of August 2024, following the publication of weak economic data in the United States, the market "prices in" approx. 5 interest rate cuts. GDP increased by 2.8% in the second quarter (annualized - 3.1%); as of the end of June 2024, inflation stands at 3% (annualized), and core inflation stands at 3.3%. The job market remains strong, with unemployment rate remaining low at 4% (as of the end of the quarter), and there is a continuous increase in the number of new positions that become available every month - a trend that subsided after the end of the second quarter. **Europe** - in the second quarter of 2024, the economy in the Eurozone grew by 0.3% (0.6% annualized), and effectively exited the technical recession in 2023. During the quarter, the European Central Bank cut its interest rate for the first time by 0.25% to 4.25%, in view of a slowdown in inflation in the EU (annual rate of 2.8% as of June 2024). As of the end of the quarter, it is expected that there will be less than 2 interest rate cuts during 2024. The ECB continues to cut back its bonds purchase plans. The unemployment stabilized; as of June it stands at 6.5%. **China** - the expectation that the Chinese economy will recover has not yet been fulfilled due to many economic challenges, including high youth unemployment rate and a debt crisis among companies, mainly in the real estate sector. The Israeli economy has grown by 5.3% (in annualized terms). However, the government and the People's Bank of China continue to use fiscal and monetary tools to encourage the recovery of the economy. The mutual regulatory restrictions between the United States and China (export of semiconductors to China and use of western semiconductors continue to apply to China).

4. Restrictions on and supervision of the corporation's business

In this chapter, we will review in a condensed form laws, regulations, circulars and very material position papers, or drafts of laws, regulations, circulars and very material position papers, that apply to the activity of the Group's institutional entities, and which are material to the Group's activity, as published by the Knesset, the government or the Commissioner of the Capital Market, Insurance and Savings, as the case may be, subsequent to the publication date of the annual financial statements.

We will also review - in a condensed form - laws, regulations, Proper Conduct of Banking Business Directives (hereinafter - "**PCBBD**") and very material position papers, or drafts of laws, regulations, PCBBD and very material position papers, that apply to the activities of issuance, acquiring and processing of payment cards and credit to private individuals and businesses (hereinafter - "**Max's Activity**"), and which are material to the Group's activity, as published by the Knesset, the government or the Banking Supervision Department, as the case may be, subsequent to the publication date of the Annual Financial Statements.

4.1 General

4.1.1 Draft Regulations regarding Economic Competition and Minimizing Market Concentration (Financial Entity) (Amendment No. 1), 2024

Further to Section 9.2.1 to the Description of the Corporation's Business chapter to the Company's Periodic Report of 2023 regarding the Law for the Economic Competition and Minimizing Market Concentration, 2013 (hereinafter - the "**Market Concentration Law**"), which imposed restrictions on simultaneous holding in financial entities and non-financial entities, regarding the position of the Capital Market Authority and the Taskforce for Assessing Concentration to the effect that an issuing corporation of an insurer should be deemed a financial entity, and regarding the publications on the position of the Market Concentration Committee regarding the definition of an insurer's issuing corporation as a non-financial entity -

in May 2024 the Draft Regulations regarding Economic Competition and Minimizing Market Concentration (Financial Entity) (Amendment No. 1), 2024 was published, as part of which it is suggested to expand the list of entities, which will be included in the definition of "financial entities" in the Market Concentration Law, such that, among other things, it will also include an insurer's issuing corporation.

If the Draft Regulations become binding, this will trigger the definition of Clalbit Finance as a financial entity, such that if the amount of Clalbit Finance's liabilities will not be taken into account together with the other liabilities of the Clal Holdings and of the non-financial corporations controlled by the Clal Holdings Group, and Clal Holdings will be allowed to continue holding the Company and Clalbit Finance even if their total liabilities will exceed the threshold of liabilities, which a non-financial entity holding a significant financial entity may have.

4.1.2 Class Actions Bill

Further to Section 9.2.7 to the Description of the Corporation's Business chapter to the Company's Periodic Report of 2023 regarding the recommendations of the Inter-Ministerial Taskforce on Assessing the Arrangements Set in the Class Actions Law, 2006, in July 2024, the Class Actions Bill (Amendment No. 16), 2024 was published, which suggests to pass into law the taskforce's recommendations.

As part of the bill it is suggested, among other things, to add - in a format of a temporary order - a mechanism requiring that an advance contact be made with a defendant prior to filing a motion to certify, regarding specific types of causes of action and claims, including payment of fees for such advance contact; to set restrictions as to the filing of claims for a remedy in the form of compensation regarding certain types of causes of action and claims; to give the court the power to strike out oppressive and vexatious motions at any time; to set uniform and clear rules regarding compensation and legal fees, including cancellation of the option for a compensated withdrawal; to revoke the option to provide a recommendation regarding payment of legal fees to an attorney as part of the settlement agreement; setting a mechanism for selecting the lawsuit and lead attorney by the court in the case of several additional motions on the same issue; to set mechanisms pertaining to compensation between class members, including granting a remedy in kind; to set an orderly mechanism for approval of a settlement agreement by a mediator; to set an outline for ruling legal fees and compensation to the applicant or the lead plaintiff; to generally authorize the court to impose legal fees on applicants or their attorneys; to require a lead plaintiff to note the number of class actions they filed in a calendar year and to limit this number to 5 actions per year; and to set a requirement to take other considerations into account, when hearing a certification motion against an insurer or a management company on the grounds of breaching the long-term savings contract (as defined in the draft bill), such as the existence of a regulatory approval for the relevant action, the time, which has elapsed since the contract was signed; evidential difficulties; changes in the legislative arrangement since the contract signing date; the extent of the damage to the insurer/management company if the motion is certified, and the interests of the class members in the certification of the motion. It is also suggested that if a motion will be filed to dismiss the motion to certify for the above reasons, and the court believes that there is merit to the dismissal motion, the Attorney General will be asked to present their position regarding this argument.

At this preliminary stage, the Company is unable to assess the effects of the above proposed provisions, whose effect on the scope of Group companies' exposure to class actions depends, among other things, on the final wording of the provisions and on the manner by which they are implemented and interpreted by the different courts. However, making the provisions pertaining to conducting legal proceedings regarding breach of the long-term savings contract binding may reduce the Company's exposure to class actions in this segment.

The Company's assessments regarding the effects of the draft bill of the Class Actions Law is forward-looking information, which is based on Company's assessments and assumptions as of the report publication date, and the actual outcome may be materially different than predicted, and depends, among other things, on the final wording of the amendment of the Class Actions Law if it is amended, the actual manner of implementation of the provisions of the amendment, and the behavior of various external parties in relation to the provisions of the law.

4.1.3 Amendment 13, Privacy Protection Law, 1981

In August 2024, the Knesset passed the second and third readings of Amendment No. 13 to the Privacy Protection Law, 1981, which constitutes the most comprehensive revision to the law since it was legislated. The amendment was designed to change the privacy protection legislation in Israel such that it is in line with the current modern legislation generally accepted across the world, and to strengthen and broaden the powers of the Privacy Protection Authority. Among other things, the amendment revised and significantly broadened the definitions regarding data, which is protected under the law ("personal data" and "very sensitive data"); the list of allowed actions that may be taken in relation to the protected types of data was revised and expanded ("database management" and "personal data processing"); the scope of the requirement to register databases was significantly reduced; the requirement to appoint a Data Protection Officer (DPO) in certain entities, including institutional entities was introduced; expanded supervision, investigation and enforcement powers were given to the Privacy Protection Authority, including the power to impose substantial financial sanctions, which will be set as a function of the size of the database, the type of the breach, and the scope of revenues of the breaching entity; the amount of compensation payable without proving damage, which may be claimed in a civil lawsuit was increased, and the prescription period was extended.

The amendment will come into effect one year after its publication date.

The Company will assess the preparations it will be required to make in order to implement the provisions of the amendment.

4.2 Long-Term Savings

4.2.1 Investment Track Reform

Further to Section 9.5.5.1(c) to the Description of the Corporation's Business chapter to the Company's Periodic Report of 2023 regarding the provisions of the Investment Tracks in Provident Funds Circular -

In April 2024, an amendment to the Investment Tracks in Provident Funds Circular was published, the key points of which are:

1. Amendment of the list of the investment tracks, which may be managed on the date on which the circular will come into effect - cancelling the provision allowing the setting up of a specializing flexible track, and adding the option to set up a combined bonds and shares track (up to 25% shares).
2. Setting restrictions on the investment policy in specific tracks.

The provisions of the Investment Tracks in Provident Funds Circular came into force on July 1, 2024. All required adjustments to the tracks, which were in place in all long-term savings products under the management of the Group's institutional entities were completed on this date.

There is uncertainty as to the implications of the Investment Tracks Circular on the competitive conditions in the market - due to, among other things - the combination of the terms and conditions of the investment track reform and the changes in the Direct Expenses Regulations, the large number of investment tracks - which may generate excess information, and a difficulty in comparing between the performances of the various tracks, the caps on management fees to be set by the institutional entities, and the management fees to be collected in practice.

4.2.2 Demographic assumptions in pension funds and life insurance

In June 2024, a draft circular was published entitled "Amendment of the Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds", and in July 2024, a final version of the circular was published. The circular includes a revision to the default assumptions on the basis of which the institutional entities will calculate their liabilities and conversion factors in relation to annuity recipients in pension savings products.

For more information as to the effects of the said amendment, see Note 8(a)(1)(c) to the Consolidated Interim Financial Statements.

4.2.3 Selection of pension funds and default funds

In accordance with the provision of a circular regarding this matter - "Provisions Regarding Selecting Provident Funds" (hereinafter - the "**Default Funds Circular**") - in July 2024 revised drafts of the Default Funds Circular and the paper on "Procedure for Selecting Default Funds" were published, which deal with the procedure of selecting the pension funds, which will constitute default funds for a period of four years starting on November 2024 (hereinafter - "**Drafts of Procedure of Selecting Default Funds**").

In accordance with the Drafts of Procedure of Selecting Default Funds, two to four default funds will be selected, where the only criteria for their selection will be the management fees they will offer, the maximum rate of which will not fall below 0.5% and will not exceed 1% of the contributions, and will not fall below 0.15% of the accrual (the management fees collected in the current default funds stands at 1% of the contributions and 0.22% of the accrual). In addition, it is suggested to prescribe provisions regarding the option available to a default fund to convert the rate of management fees it offered from management fees on accrual to management fees on contributions and vice versa.

The Drafts of Procedure of Selecting Default Funds also include provisions regarding giving preference - as part of the selection of default funds - pension funds whose market share is lower than 10%, and greater preference to funds whose market share is lower than 5%, including entities, which are currently not active in the pension funds market (which effectively ensures their selection, should they wish to be selected as default funds).

As part of the said drafts, it is suggested to prescribe provisions regarding the mechanism according to which employers will sign-on to one of the default fund each of their employees, who did not exercise their right to select a provident fund after they were given with an opportunity to do so, i.e. - employers will sign-on such employees to various default funds and will not be able to work only with a single default fund.

The Drafts of Procedure of Selecting Default Funds also include an update as to annuity provident fund or default advanced education fund, which will be selected as part of a tender to be conducted by the employer. In relation to this procedure, each management company may take part in the process; the criteria of the procedure are ranking in the service index, returns and management fees, and it is suggested to prescribe that a criterion, which reflects the investment portfolio's risk, will be a mandatory criterion if the employer will opt to include in its tender the criterion of "return of the provident fund under the investments track".

The Company is of the opinion that the procedure for selecting new default funds will further intensify the fierce competition in the pension funds market, and retain the low levels of management fees in the market.

The information pertaining to the potential effects of the Drafts of Procedure of Selecting Default Funds constitutes forward-looking information, which is based on assessments and assumptions as of the report publication date. Actual implementation may vary materially from that predicted, and depends - to a great extent - on the following factors: The entities, which will be selected as part of the procedure and the actions to be taken by market players, including Clal Pension and Provident Funds, in order to deal with the increased competition in the market and the changes in market shares and income from management fees; the institutional entities' relationships with the employers and the distributing entities; the way the competing institutional entities conduct themselves; the planholders' preferences and conduct regarding their products; the behavior of the employer and entities rendering them operating services; the effects of other regulatory changes, and their combined effect together with the provisions referred to above.

Withdrawal of Funds from advance education funds

In July 2024, a Draft Bill for the Amendment of the Income Tax Ordinance [New Version], 1961 was published, which suggests to allow individuals to withdraw funds from an advanced education fund even if 6 years from the date on which the first contribution was made to the fund have not yet elapsed, at a reduced tax rate of up to 15% at most (or at a rate of up to 7.5% to those who reached retirement age and three years from the date on which the first contribution was made to the fund have not yet elapsed); the closer the withdrawal date is to the end of the 6-year period, the lower the applicable tax rate be.

The draft bill may affect the amounts withdrawn from the advanced education funds under the Company's management.

4.3 P&C Insurance

Further to Sections 7.1.1.2(b3) and 7.1.1.2(b4) to the Description of the Corporation's Business chapter in the Company's Periodic Report of 2023, in May 2024, the Commissioner published Insurance Circular 2024-1-7 - Amendment of the Consolidated Circular Title 6 Part 2 - Provisions in the Motor Property Subsegment (hereinafter - "**Amendment of the Provisions of the Consolidated Circular regarding the Motor Property Subsegment**"); and Insurance Circular 2024-1-6 - Filing of Insurance Plans in the Motor Property Subsegment (hereinafter - the "**Filing of Insurance Plans in the Motor Property Subsegment Circular"**). These provisions constitute a comprehensive regulation of the motor property claims process; they include various provisions regarding the wording of motor property policies, and the disclosure provided by the insurer to the policyholder in the pre-contractual phase (hereinafter jointly - the "**Reform in the Motor Property Subsegment**").

The Filing of Insurance Plans in the Motor Property Subsegment Circular stipulates that the insurance company will revise the wording of the disclosure it is required to give policyholders (as determined in a decision in principle of September 19, 2023 regarding the payment of reduced insurance benefits due to a difference in spare parts prices), such that if damage is reduced in a non-authorized auto repair shop, which does not participate in the arrangement, due to reduction of the insurance benefits by the amount of the difference between the cost of the spare parts when the vehicle is repaired in an authorized auto repair shop, compared to the cost in a non-authorized auto repair shop, the insurance company will meet its obligations to act in good faith and fairly towards the policyholder. As part of the revision of the disclosure rules, it is determined, among other things, that the insurance company will disclose to a policyholder who is insured under the insurance plan, the rules regarding the reduction of the insurance benefits in the event of damage reduction. The reduction rules will be submitted for approval by the Authority as part of an application to approve an insurance plan, and set criteria will be taken into account. It was also determined that in a motor property insurance plan, it will be stipulated that if a policyholder, who opted to repair the vehicle other than in an authorized auto repair shop, reported the insured event to the insurance company before repairing the vehicle and took the reasonable measures as advised by the insurance company, and the auto repair shop agreed to accept the terms and conditions of the insurance company's arrangement before repairing the vehicle, the insurance company will deduct a deductible from the insurance benefits as if the policyholder repaired their vehicle in an authorized auto repair shop. The circular also stipulates that the insurance company will not include as part of a motor property insurance plan a compensation for constructive total loss as defined in Section 6(b) to the standard policy - motor property, except in cases approved by the Authority in the insurance plan (hereinafter - the "**Provision regarding Constructive Total Loss**"). The circular's effective date is September 1, 2024; however, the provisions regarding total constructive loss shall be binding as from the day of coming into force of the amendment to the definition of "total loss" in the Traffic Regulations, 1961, regarding the selection of "total loss" appraiser for the vehicle.

The Amendment of the Provisions of the Consolidated Circular regarding the Motor Property Subsegment stipulates - in connection with auto repair shops - that an insurance company should conduct negotiations with any auto repair shop wishing to serve as an agreed auto repair shop, which provides services to its policyholders or to a third party (hereinafter - "**Agreed auto repair Shop**"), and allow any other auto repair shop with similar characteristics - based on the same service criteria, which were set by the insurance company - to engage with it in an identical agreement. If the auto repair shop does not have characteristics similar to those of an Agreed auto repair Shop, the insurance company will not refuse to sign an agreement, but it will be modified as required.

It was further stipulated that an insurance company will not refuse contracting an auto repair shop in an agreement, which defines it as an Agreed auto repair Shop, if such refusal is based on criteria listed in the consolidated circular, including one of the following: The auto repair shop's scope of activity; the size of the auto repair shop; the number of employees in the auto repair shop; and the characteristics of the auto repair shop's customers, including the type of vehicles repaired in the auto repair shop; the auto repair shop's being a part of a chain of auto repair shops.

In addition, principles were established which the contract between the insurance company and the authorized auto repair shop should include, as well as minimum terms and conditions for the contract between the insurance company and Authorized Auto Repair Shop, which establish, among other things, that the price of an hour worked shall be in accordance with that which was agreed between the Authorized Auto Repair Shop and the insurance company; the cost of spare parts shall be in accordance with the discount that the Authorized Auto Repair Shop will undertake to give the insurance company, or alternatively - the Authorized Auto Repair Shop will undertake that the price of the spare parts it will supply will not exceed the price of the spare part which was purchased by the insurance company or which may be supplied thereby, or will undertake to use the spare parts that will be supplied by the insurance company, in accordance with the agreement between the insurance company and the auto repair shop or any other commercial term or condition regarding the cost of the repair agreed upon between the parties (hereinafter - the "**Alternatives for Charging for Spare Parts Costs**"); an Authorized Auto Repair Shop shall only begin repairing the car after obtaining approval from the insurance company and the owner of the car; the insurance company was banned from engaging with the Authorized Auto Repair Shop in an agreement that caps the car repair amount or sets an average car repair cost; the insurance company may cancel the agreement with an Authorized Auto Repair Shop only after the auto repair shop was given the option to remedy the breach, with the exception of exclusions.

Regarding preventing conflict of interest, it was determined that an insurance agent, an auto repair shop or an appraiser will not give or receive any fee or any other benefit, as part of and during the process of selecting an auto repair shop and repairing the car, and regarding insurance agents - including through a claims management company or any other party involved in the process, including in respect of various consulting services.

With regard to appraisers, it was determined, among other things, that if an appraiser is selected out of a pool of appraisers offered by the insurance company, the insurance company will be required to use a pool of appraisers, that will be open to all appraisers, who will meet the criteria set in the draft (hereinafter - the "**Appraisers Pool**"); the insurance company and an appraiser, who wishes to be included in the Appraisers Pool, will engage in an agreement identical to the agreement between the insurance company and another appraiser included in the Appraisers Pool, who has characteristics similar to those of the first appraiser, including in relation to the formula that will be used to calculate the appraiser's fee. Also includes the Consolidated Circular - provisions regarding the number of appraisers, who will be included in the Appraisers Pool and their distribution; and regarding the procedure that an insurance company is required to follow in order to exclude an appraiser from the Appraisers Pool, in accordance with objective parameters that were included in the engagement agreement.

It was further determined that the fees of the appraiser, who is included in the Appraisers Pool, shall be composed of a fixed component and a variable component, and the variable component will be at a rate which is not negligible and will reflect parameters related to service and parameters that are specific to the appraiser, such as experience and specialization in specific types of vehicles.

Furthermore, it was determined that a comment to an appraiser whereby repairing the car according to the repair quote might affect the car's safety, or a comment whereby there is an identical spare part that can be obtained, shall not constitute a forbidden influence on the appraiser's judgement.

The appraiser will be selected randomly from the pool. The repair quote and the appraisal of an appraiser that is selected from the Appraisers Pool as stated above shall be the deciding repair quote and appraisal, unless the insurance company appealed to a deciding appraiser in accordance with the mechanism set forth in the circular.

An appraisal of a private appraiser, that was selected by a person who suffered damage in a third-party claim, may be a "deciding appraisal" if the third party acted in accordance with the rules set in the Circular, while giving the insurance company the option to appeal the appraisal before a deciding appraiser mechanism. Furthermore, the circular sets provisions for the implementation and operation of a deciding appraiser mechanism.

It was also determined that the insurance company will be required to suggest to policyholders a plan as part of which they will be able to select any auto repair shop (other than an Arrangement Auto Repair Shop) without this affecting the deductible that the policyholder will pay. The circular sets various provisions regarding disclosure, transparency and extensive disclosure and documentation provisions, both prior to the policy purchase date and on the date of the claim.

Also provided for were Transitional Provisions for the purpose of creating the required mechanisms as per the circular.

In July 2024, Israel Garage Association (not for profit entity) filed an administrative petition against the Capital Market, Insurance and Savings Authority and against the Ministry of Transport regarding the Reform in the Motor Property Subsegment (hereinafter - the "**Garage Association Petition**") as part of which it requested various remedies; among other things, it requested to order the cancelation of the Filing of Insurance Plans in the Motor Property Subsegment Circular and the cancellation of the practice whereby differences in spare parts prices are offset, which was approved as part of an in-principle decision of September 19, 2023; order the cancellation of the provisions of the consolidated circular regarding the Motor Property Subsegment; order the respondents to draw up a new regulation, which will cancel the authorized auto repair shops; set rules as to spare parts prices, and appoint a taskforce, which will monitor spare parts prices.

At this preliminary stage, Clal Insurance is unable to predict all of the effects of the Reform in the Motor Property Subsegment, which may have contradictory effects on the costs for settling claims in motor property insurance in view of the multiple amendments proposed and their cumulative effects, which may be material: The amendments regarding insurers' monitoring of the cost of spare parts may lead to a decrease in spare part costs; giving each auto repair shop the option to serve as an Agreed auto repair Shop may reduce insurance companies' monitoring capabilities, including in relation to fraud, detract from economies of scale, and increase the claim settlement costs; the setting up of the appraisers pool mechanism, its functioning and effect on the claims settlement costs depend, among other things, on appraisers' willingness to be included in the pool, on the database of appraisers, their fees, and the number of referrals to a deciding appraiser mechanism; a discount in deductible to policyholders where authorized auto repair shops, will agree to comply with the arrangement regarding spare parts may increase the number of repairs in those auto repair shops, the cost of claim settlement in which is expected to be higher than that of the authorized auto repair shops; in the opinion of Clal Insurance, it is impossible to predict the effect of the cancellation of the constructive total loss mechanism, and of the expected amendment of the definition of total loss in the Traffic Regulations, 1961, and those effects depend, among other things, on the promotion of the Ministry of Transport's regulation of the cost of spare parts.

The information regarding the motor property reform constitutes forward-looking information, based on information in the Company's possession on the report date. Actual results may vary from those predicted, and depend, among other things, on the promotion of the Ministry of Transport's regulation of the cost of spare parts, definition of "market price", and the amendment of the Traffic Regulations regarding "total loss", behavior of suppliers of spare parts, auto repair shops, appraisers, agents, customers and competing entities, results of the petition filed by the Auto Repair Shop Union, and conduct of the relevant regulators, including the Ministry of Transport and the Capital Market, Insurance and Savings Authority.

4.4 Max's Activity

4.4.1 Banking Law (Licensing)

Further to Section 15.1.1 to the Description of the Corporation's Business chapter to the Company's Periodic Report of 2023 regarding draft policies and general conditions for those applying for a holding permit in banking corporations, acquirers and corporations which hold them, in which it was stipulated that the permits that were granted by virtue of the policy applicable on the publication date will expire on December 31, 2029 -

In March 2024 the Banking Supervision Department published draft policies and general conditions for those applying for a holding permit in banking corporations, acquirers and corporations which hold them. This paper is published further to previous publications of the Bank of Israel regarding holding and control permits in banking corporations, and stipulates, among other things, principles for issuance of holding permits through the holdings of means of control, including economic resilience and personal and business integrity of those who applied for a permit, and sets forth specific provisions regarding a holding permit applicant, which is private equity fund.

In July 2024, the Banking Supervision Department published policies and general conditions for the provision of holding permits in banking corporations, in prudentially significant providers of payment services, and their holding corporations, for entities managing customers' funds. This document is published further to previous publications of the Bank of Israel regarding holding and control permits in banking corporations, and includes several changes, such as removal of the restriction on the total holdings of the provident funds and the insurers controlled by those requesting the permit; ending the term of the permits on December 31, 2029; adding requirements from the controlling shareholder, such as reporting requirements and the requirement to deliver information.

Regarding holding permits awarded to institutional entities from the Clal Insurance Group to hold banks and credit card companies, and regarding restrictions applicable to Clal Group, see Section 9.5.4.2 to the Company's Description of the Corporation's Business Report for 2023.

4.4.2 Plan for Establishing the Interchange Fee

Further to Section 15.1.5 to the Description of the Corporation's Business chapter to the Company's Periodic Report of 2023 regarding the exemption given to the interchange acquiring arrangement between the credit cards companies of April 2018, and regarding a new request to approve the validity of the exemption - in May 2024, the Israel Competition Authority decided to grant an exemption from approval of a cartel clearance in connection with the interchange acquiring arrangement through December 31, 2028, under conditions which are not materially different from those of the previous exemption. The Israel Competition Authority decided not to regulate - as part of the terms of the new exemption - an approval it previously issued to the Company (as part of a no-action relief, that will expire on the expiry date of the previous exemption) to launch the "Max Self-Employed" service (a payment receipt service offered to small dealers through a platform, which is similar to the payment apps operated by the banks, and which includes control and financial management and allows an exemption from acquiring fee under certain conditions), excluding a preparation period through May 15, 2025 for customers, who joined the service prior to the publication of the new exemption. The Israel Competition Authority noted in the new exemption that it may be possible to assess such ventures in the future - subject to future developments in the acquiring market or the payments market.

4.4.3 Law of Prevention of Economic Damage to the Consumer (Legislative Amendments), 2024

In July 2024, the Law of Prevention of Economic Damage to the Consumer (Legislative Amendments), 2024 was published, whose aim is to give the government officer charged with consumer protection the power to determine that a dealer (or someone who is associated therewith) committed aggravated breach, and to deliver information regarding such a determination to a payment services provider; and legislative amendments, whose purpose is to regulate the obligations of payment services providers, where such notice was issued: Discontinuation of the transfer of funds, which are supposed to be paid to such a beneficiary as from the notice date, and holding such funds until the court issues a decision, or for the purpose of repaying them to the payor at the request of the beneficiary. Furthermore, it was stipulated that an entity providing payment services to a beneficiary will not engage with a beneficiary, in respect of which such a notice was issued or published, for a period of two years from the notice receipt or publication date.

4.4.4 The Payment Services Memorandum of Law (Amendment) (Consumer Protection against Dealers who Commit Violations under Aggravating Circumstances), 2024

In June 2024, the abovementioned memorandum of law was published, which prescribes supplementary liability arrangements aimed to protect consumers from exploitation, forgery and fraud. As part of the above, it is suggested to expand the liability arrangement currently set in law with regard to circumstances of misuse of means of payment, such that it will also apply to a fishing fraud, in which the person committing the fraud impersonates as the payer's payment services provider, and in circumstances in which they impersonated the beneficiary, even if the payer gave the essential component to the impersonator. In addition, it is suggested to expand the option available to the consumer to ask their payment services provider to suspend the payment to the beneficiary due to "failure to deliver", such that it will also apply to cases where the transaction was entered into by means of exploitation and fraud, provided that conditions set in the law memorandum are met. The suggested change to the liability arrangement may have a material effect on the payments system in Israel.

The information pertaining to the said memorandum of law constitutes forward-looking information, which is based on Max's assessments and assumptions as of the report publication date. Actual implementation may vary materially than that expected, and depends, among other things, on the final wording of the law, if and as it is passed.

4.4.5 Amendment of provisions set under the Strum Law

In July 2024, the Banking Law (Licensing) (Amendment No. 31) was published, which amended the provisions of the Banking Law (Licensing), 2024, as set out in the "Strum Law", regarding the control of a bank with a broad scope of activity in a payment card company, such that the ban on the acquisition by an institutional entity - from a bank with a broad scope of activity - of means of control of a payment card company will be cancelled; it also stipulated that a bank with a medium scope of activity (whose assets have a value of between 5%-10% of the value of assets of all banks in Israel) will not be allowed to control a payment card company.

These moves are supplementary moves for the publication of the Banking Regulations (Licensing) (Bank with a Broad Scope of Activity), 2023, which revised the definition of a bank with a broad scope of activity, such that a bank, the value of the assets of which constitute 10%-20% of the value of the assets of all banks in Israel, will be required to sell its holdings in a payment card company under its ownership.

The said provisions regarding structural separation between banks and payment cards companies, as well as other provisions that may be published in the future in connection with those aspects may lead to structural changes in the relevant markets.

The information pertaining to the provisions of said law constitutes forward-looking information, which is based on Max's assessments and assumptions as of the report publication date. The actual implementation may be materially different than that predicted and depends, among other things, and the manner of their implementation, the resolutions that will be made in the future following a review regarding the concentration of institutional entities and structural separation, if any, and the behavior of competitors.

4.4.6 Open Banking

In April 2024, the Banking Supervision Department published a revision to Proper Conduct of Banking Business Directive No. 368 regarding the Implementation of an Open Banking Standard in Israel. The revision mainly deals with the implementation of the adjustments required to support - through technological means - access to financial data by customers, which are corporations, as part of open banking.

4.4.7 Iron Swords War

Further to Section 15.1.20 to the Description of the Corporation's Business chapter to the Company's Periodic Report of 2023 regarding various provisions published by the Banking Supervision Department and the Bank of Israel following the Iron Swords War -

- On March 31, 2024, the Banking Supervision Department published adjustments to the provisions of Proper Conduct of Banking Business Directives for dealing with the Iron Swords War (Temporary Order), which cancelled most of the expedients granted under the Temporary Order of February 2024, which prescribed expedients regarding the implementation of Proper Conduct of Banking Business Directives 367 and 420 and regarding identification requirements in the context of prohibition on money laundering and financing of terrorism.
- The support outline aimed at assisting the customers of credit card companies to deal with the effects of the Iron Swords War, which was published by the Banking Supervision Department in October 2023 and which was adopted by the credit card companies, was extended a number times, with various changes, the latest of which was approved at the end of March 2024.

4.4.8 Risk management

In June 2024, the Banking Supervision Department published a draft of a new Proper Conduct of Banking Business Directive regarding Model Risk Management and a draft Q&A file for its implementation. The directive is intended to supersede the Banking Supervision Department's letter regarding this topic, with the aim of creating a model risk management framework as is the case in the management of other risks, including the Board of Directors and management's responsibility to the monitoring, control and risk management aspects.

5. *Exposure to Market Risks and Management Thereof*

In accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, Disclosure on exposure to, and management of, market risks relates to exposures of the Company and its consolidated companies, except for Mivtachim in Israel and an acquirer.

In February 2024, CIMax repaid the full balance of its syndicated loan, totaling an amount of approx. NIS 891 million. This loan has borne variable interest; therefore, after its repayment there were no material changes in the Company's exposure to market risks and their management during the Reporting Period compared to the Annual Financial Statements.

Linkage bases report as of June 30, 2024

In NIS million	NIS		Foreign currency				Other non-monetary items	Credit card company in Israel	Israeli insurance company	Total
	Non-linked	CPI-linked	USD	EUR	GBP	Other				
Intangible assets	-	-	-	-	-	-	910	231	1,074	2,215
Deferred tax assets	-	-	-	-	-	-	10	129	4	143
Deferred acquisition costs	-	-	-	-	-	-	5	-	2,576	2,581
Property, plant & equipment	-	-	-	-	-	-	18	122	168	308
Right-of-use asset	-	-	-	-	-	-	92	199	386	677
Investments in associates	-	-	-	-	-	-	123	-	60	183
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	-	3,877	3,877
Investment property - other	-	-	-	-	-	-	-	-	1,514	1,514
Reinsurance assets	-	-	-	-	-	-	-	-	3,808	3,808
Current tax assets	-	6	-	-	-	-	-	28	97	131
Receivables for credit card transactions, net	-	-	-	-	-	-	-	16,237	-	16,237
Receivables and debit balances	42	15	-	-	-	-	2	44	1,396	1,499
Collectible premiums	4	-	-	-	-	-	-	-	1,021	1,026
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	-	84,039	84,039
Other financial investments										
Liquid debt assets	8	-	12	-	-	-	-	-	6,073	6,093
Illiquid debt assets	-	-	-	-	-	-	-	-	25,170	25,171
Shares	-	-	-	-	-	-	27	-	1,716	1,743
Other	36	-	-	-	-	-	-	1	5,891	5,928
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	-	4,584	4,584
Other cash and cash equivalents	86	-	1	-	-	-	-	557	2,184	2,827
Total assets	**176**	**22**	**13**	**-**	**-**	**-**	**1,186**	**17,548**	**145,639**	**164,584**

Linkage bases report as of June 30, 2024 (cont.)

In NIS million	NIS Non-linked	NIS CPI-linked	Foreign currency USD	Foreign currency EUR	Foreign currency GBP	Foreign currency Other	Other non-monetary items	Credit card company in Israel	Israeli insurance company	Total
Liabilities										
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	-	-	-	-	34,532	34,532
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	-	92,646	92,646
Deferred tax liability	-	-	-	-	-	-	11	-	638	649
Liabilities for employee benefits, net	22	-	-	-	-	-	-	24	43	89
Lease liabilities	-	110	-	-	-	-	-	199	475	784
Payables for credit card transactions	-	-	-	-	-	-	-	8,884	-	8,884
Payables and credit balances	117	-	-	-	-	-	2	547	3,442	4,108
Current tax liabilities	-	-	-	-	-	-	-	23	2	25
Financial liabilities	1,526	-	-	-	-	-	-	5,995	6,371	13,892
Total liabilities	1,665	110	-	-	-	-	13	15,672	138,148	155,608
Total exposure	(1,488)	(88)	13	-	-	-	1,173	1,877	7,490	8,977

6. *Risk Review for Max*

For an extensive description of the effect of the Iron Swords War on Max's risks and how they are managed, see the Iron Swords War chapter at the beginning of Max's Report of the Board of Directors and Management. For an extensive description of Max's risks and their management, see Max's 2023 Financial Statements (pp. 71-90).

General description of the risks and their management

Max is engaged in a wide range of financial activities that involve the taking of risks, including: credit risk, market risk and liquidity risk. Those risks are accompanied by other risks, such as: operational risks, including information security and cyber risks, compliance risks, strategic risk, reputational risk, ESG risks and model risk embodied in the business activities. Intelligent and in-depth risk management encompassing all areas of Max's activity is part of Max's strategy and a necessary condition for the fulfillment of its long-term goals.

For further information about the risks, see Pillar 3 - Disclosure of Additional Information about Risks, which was posted on Max's website.

Credit risk

In accordance with Directive No. 311 regarding the management of credit risks, the risk is defined as a risk that a borrower or a counterparty of Max will fail to meet its obligations to Max, as they were agreed upon.

Credit risk management

In accordance with Directive No. 311, the objective of the management of credit risks is to maximize the return adjusted to Max's risk appetite, by ensuring that the exposure to credit risk is in line with Max's policy on this topic.

The credit policy

Max operates according to a credit policy, which is approved by the Board of Directors once a year, and which constitutes one of the main pillars through which Max's credit strategy and risk appetite are reflected. The credit risks policy stipulates, among other things, the principles for provision of credit, including guidelines for the marketing of retail and business credit, the methods of control and the management of the credit risks and restrictions on the provision of credit, in order to monitor and mitigate the credit risk in the portfolio in accordance with the risk appetite.

The credit policy serves as a framework for setting procedures for identifying, measuring, monitoring and placing controls on the credit risk, which is derived from Max's risk appetite.

As a leading company in its area of activity, Max developed a professional function that implements an informed and efficient risk management processes in its business activities in the field of credit, in accordance with the customers' needs.

The three lines of defense

- First line of defense - This responsibility of the first line of defense includes identifying, assessing, measuring, monitoring, mitigating, and reporting the risks embodied to the products, activities, processes, and systems for which they are responsible, and for managing a proper control environment in the risk management context. Among other things, the first line of defense checks compliance with internal and regulatory restrictions, monitors economic indicators, checks the powers of each function, and assesses the credit that was provided on a case-by-case basis.
- Second line of defense - the Credit Control Unit, headed by the Chief Risk Officer, is in charge, among other things, of setting the work methodology and challenging the first line of defense. Its roles include: formulating the risk appetite restrictions, formulating the credit policy, assessing the restrictions that were set in the policy, applying independent controls regarding the credit risk, including issuing opinions regarding high-amount credit requests, monitoring risk trends and risk centers, and delivering appropriate reports to Max's management and Board of Directors.
- Third line of defense - the internal audit function conducts an independent review and challenges the Company's risk management processes and systems, as well as various credit-related audits in accordance with the work plan.

In addition to Directive No. 311 that was referred to above, Max takes action to implement the relevant directives of the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 313 regarding the restrictions on the indebtedness of a borrower and a group of borrowers in order to reduce the concentration of risk of borrowers, Proper Conduct of Banking Business Directive No. 312 regarding the restrictions on liability of related parties, aimed at limiting the scope of liability of parties related to the Company and minimize the risks stemming from those transactions, and Proper Conduct of Banking Business Directive No. 450 regarding debt collection proceedings aimed at regulating the actions that should be taken in order to increase fairness and transparency when collecting debts from customers. In addition, Max also takes action and implements the provisions of Proper Conduct of Banking Business Directive No. 311A on consumer credit management.

Max operates in accordance with dedicated rules regarding the marketing and initiation of retail loans. Max has in place scenarios for conversations it initiates with customers, which include: Fair disclosure to the customer in accordance with the Banking Rules (Service to Customer, Fair Disclosure and Delivery of Documents), and they were written in accordance with its code of ethics, the principles for management of the conduct risks, and the guidelines in connection with the marketing of credit to customers, while providing full disclosure to the customer.

Credit risk in respect of credit to private individuals

The credit risk in respect of credit to private individuals arises mainly from the exposure to current transactions involving credit cards and credit products.

Max offers a range of credit products to private individuals, as follows:

- Non-interest-bearing credit - a credit facility for making acquisitions using credit cards.
- Interest-bearing credit - loans, revolving credit, loans to finance vehicles and credit transactions involving the spreading of payments. Credit is mainly provided at variable interest and for different periods in accordance with the product.

Most of the portfolio is composed of own credit without collaterals, except for loans for the financing of vehicles, in which the vehicles serve as collaterals.

Model-based underwriting

Most of the consumer credit that is advanced by Max, is provided through a model-based underwriting process, which is based on statistical credit scoring models, that include various scoring scales, and an additional score in case of default, in combination with business rules.

The decision regarding the amount of credit and the interest rate set for a customer is based on the model in combination with business rules, that constitute another method for assessing the risk level.

The models are based on internal and external information sources that might indicate negative developments in the customer’s financial position, such as: payment default, exceeding credit limits, and warnings from external sources of information.

Max develops and improves the models for new and existing customers on an ongoing basis and as required, and also validates them independently on a periodic basis, based on generally accepted practices, and in accordance with the Bank of Israel’s guidance, such that it is possible to estimate the risk level of customers included in the credit portfolio at any given time.

Max has in place a credit underwriting model for new customers, and a separate underwriting model for existing customers:

- The Application Scoring model (AS) - a statistical model, that determines a new customer’s risk level; it is used to determine eligibility and credit terms (facility amount and interest rate).
- The Behavior Scoring model - a statistical model, that determines existing customers’ risk score, based on the customer’s behavior; it is used to manage the credit and make the required adjustments in relation to the credit facility, loans and the interest rate set for borrowers.

Underwriting of credit to private individuals

The process of underwriting of credit to private individuals, and the monitoring of changes in an existing customers risk level is mostly carried out using a model-based process, which is based on statistical credit scoring models, as detailed above.

Max has in place control and monitoring processes that routinely monitor the development of the scores assigned to customers in the models, and monitors the portfolio’s risk profile on an ongoing basis. In addition to its model-based underwriting, Max uses manual underwriting in cases where further checks are required in addition to the score issued based on the model.

Among other things, the credit is managed based on constraints derived from Max’s risk appetite and credit policy.

Credit advanced to private individuals for the purpose of purchasing vehicles

Credit advanced to private individuals for the purpose of purchasing vehicles based on a structured underwriting process and in accordance with the restrictions placed by Max. All of the said vehicles are pledged in favor of Max.

Data about the development of the portfolio and the monitoring of the risk indicators are provided on an ongoing basis.

Marketing of credit to private individuals

In accordance with its strategy, Max operates to expand its private individuals' credit portfolio, while maintaining a high level of diversification. Among other things, Max defines the mix of credit products, the growth rate and the offers made to customers in accordance with restrictions on and monitoring of the corporation's business, internal rules, and developments in macroeconomic indicators.

Max defined a policy and work processes that are suitable for marketing of credit to customers, while modifying the offer in accordance with the customer's needs and characteristics. The process of marketing the credit and its approval is implemented in accordance with the principles set out in Max's Code of Ethics, which reflects the core principles adopted by Max: fairness, transparency, customer experience, initiative, partnership and excellence.

The marketing process also includes a strict assessment of the conduct risk while ensuring that the credit matches the customer's needs and maintaining transparency and fairness. This includes, among other things, providing full disclosure regarding all credit products at the time of sale, removing customers from sales lead lists, at their request, and more.

Max maintains ongoing control over the implementation of the policy and the processes set in the various distribution channels. The policy sets qualitative and quantitative principles, according to which credit will be advanced, managed and monitored, in order to improve the credit portfolio, and mitigate the risk embodied in its management. Max monitors alerts and up-to-date information regarding customers in its credit portfolio, as well as risk parameters and economic indicators, in order to monitor changes in the risk profile. Where needed, Max takes action to mitigate the risk, including by reducing credit limits, while making fair disclosure to the customer. Max has set internal limits in connection with the diversification of the various credit products that have different risk levels. Among other things, Max has set limits regarding the credit facility offered to borrowers in accordance with various parameters and thresholds it has put in place, including in relation to the mix of the risk levels based on internal scoring models and external information. During the Reporting Period, there were no material changes in those characteristics.

Max has set an authorization hierarchy regarding credit decisions, and holds periodic discussions - at least once a quarter - on the mix of risk in the portfolio, including monitoring of risk indicators, and reports on compliance with limits to Max's top risk management committee, its Board of Directors' Risk Committee and its Board of Directors.

In recent years, regulation is characterized with pro-consumer regulations, that affect Max's ability to receive repayments from its customers; in recent years, there has also been a deterioration in individuals/private borrowers' repayment capacity. Those changes are reflected in the number of bankruptcy applications, receivership orders applications, receivership orders that are issued, bankruptcy orders, and discharge orders. Max takes action to achieve optimal and efficient collection of debts in order to reduce the amounts of debts written-off.

Commercial credit

The risk arises from the exposure in respect of different credit products undertaken by the merchants in accordance with their needs. Max offers a range of credit products to business customers, mainly loans with various periods, and facilities for business credit card purchases, alongside autonomous guarantees to merchants aimed at securing rent payments, and an expanding range of products that addresses businesses' working capital, establishment and other needs.

In the first quarter of 2023, Max started advancing loans as part of a new fund for state-backed loans, which offers loans to all companies.

Underwriting commercial credit

This credit is advanced to small and micro merchants and limited liability companies. Max operates based on a tight credit policy that integrates internal restrictions on underwriting and on the management of the credit activity. A large portion of the credit advanced to merchants is aimed at merchants for which Max serves as an acquirer. The acquiring does not serve as a collateral against credit advanced to the merchants; however, it does serve as a source for debt settlement. Alongside with its activities with customers that use its acquisition services, Max also advances credit to customers, which are not involved in its acquisition activities, including, among other things, as part of state-backed funds, and short-term loans for factoring suppliers' procurement, backed by a policy of an external insurance company.

Troubled credit

Max has set procedures for identifying troubled credit and for classifying debts as troubled. In accordance with these procedures, Max classifies all of its troubled debts and off-balance sheet credit items as: performing credit and non-performing credit.

Analysis of credit quality, troubled credit risk and non-performing assets:

	June 30, 2024				June 30, 2023				December 31, 2023			
	Commer-cial	Private indi-viduals	Others	Total	Commer-cial	Private indi-viduals	Others	Total	Commer-cial	Private indi-viduals	Others	Total
In NIS million	Unaudited				Unaudited				Unaudited			
Credit risk with credit performance rating (1)												
On-balance-sheet credit risk	**1,257**	**12,729**	**2,182**	**16,168**	1,071	11,881	2,229	15,182	1,121	11,713	2,193	15,028
Off-balance-sheet credit risk	**664**	**23,125**	**13,274**	**37,063**	466	18,743	10,659	29,868	544	20,974	13,094	34,612
Total credit risk in credit performance rating	**1,921**	**35,854**	**15,456**	**53,231**	1,537	30,624	12,888	45,050	1,665	32,687	15,287	49,640
Credit risk not in credit performance rating:												
Non-troubled	**12**	**402**	**-**	**414**	10	341	-	351	13	363	-	376
Troubled performing	**32**	**337**	**-**	**369**	18	313	-	331	40	341	-	381
Troubled non-performing	**27**	**155**	**-**	**182**	17	124	-	141	27	148	-	175
Total on-balance sheet credit risk	**71**	**894**	**-**	**965**	45	778	-	823	80	852	-	932
Off-balance-sheet credit risk	**2**	**28**	**-**	**30**	2	26	-	28	2	30	-	32
Total credit risk not in credit performance rating	**73**	**922**	**-**	**995**	47	804	-	851	82	882	-	964
Of which: Performing debts, in arrears of 90 days or more	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
Overall credit risk incl. of the public	**1,994**	**36,776**	**15,456**	**54,226**	1,584	31,428	12,888	45,901	1,747	33,569	15,287	50,604
Additional information on total non-performing assets:												
Non-performing debts	**27**	**155**	**-**	**182**	17	124	-	141	27	148	-	175
Total non-performing assets	**27**	**155**	**-**	**182**	17	124	-	141	27	148	-	175

(1) Credit risk whose credit rating at the reporting date matches the credit ratings for granting new credit in accordance with Max's policy.

Note: Credit risk is stated before the effect of credit loss provision and the effect of collateral that is deductible for the purpose of indebtedness of a borrower or group of borrowers.

Changes in non-performing debts in respect of receivables for credit card transactions

In NIS million	For the three-month period ended June 30					
	2024			2023		
	Commer-cial	Private indi-viduals	Total	Commer-cial	Private indi-viduals	Total
	(Unaudited)					
Outstanding balance of non-performing debts as of the beginning of period	**27**	**150**	**177**	9	105	114
Loans classified as non-performing during the period	**10**	**105**	**115**	12	80	92
Non-performing debts written-off from the books of accounts	**(5)**	**(59)**	**(64)**	(3)	(39)	(42)
Repaid non-performing debts	**(5)**	**(41)**	**(46)**	(1)	(22)	(23)
Balance of non-performing as of end of the period	**27**	**155**	**182**	17	124	141

Changes in non-performing debts in respect of receivables for credit card transactions**

In NIS million	For the six-month period ended June 30						For the year ended December 31		
	2024			2023			2023		
	Commer-cial	Private indi-viduals	Total	Commer-cial	Private indi-viduals	Total	Commer-cial	Private indi-viduals	Total
	(Unaudited)						Audited		
Outstanding balance of non-performing debts as of the beginning of period	**27**	**148**	**175**	9	105	114	9	105	114
Loans classified as non-performing during the period	**20**	**202**	**222**	12	80	92	35	285	320
Non-performing debts written-off from the books of accounts	**(11)**	**(117)**	**(128)**	(3)	(39)	(42)	(11)	(139)	(150)
Repaid non-performing debts	**(9)**	**(78)**	**(87)**	(1)	(22)	(23)	(6)	(103)	(109)
Balance of non-performing as of end of the period	**27**	**155**	**182**	17	124	141	27	148	175

Indicators of analysis of credit quality, expenses and credit loss provisions

	As of June 30, 2024		
	Commercial	Private individuals	Total
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	2.02	1.13	1.21
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	2.02	1.13	1.21
Rate of troubled credit out of receivables for credit card transactions	4.41	3.59	3.67
Rate of credit not in credit performance rating of the balance of receivables for credit card transactions	5.31	6.53	6.42
Analysis of credit loss expenses for the reporting period			
Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions	1.39	1.33	1.33
Rate of net write-offs of the average balance of receivables for credit card transactions	1.39	1.55	1.54
Analysis of credit loss provision			
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	4.71	2.14	2.37
Rate of balance of provision for credit losses of the balance of non-performing receivables for credit card transactions	233.33	189.03	195.60
Rate of the balance of provision for credit losses of the balance of non-accruing or 90 days or more in arrears receivables balance for credit card transactions	233.33	189.03	195.60
Rate of net write-offs of the balance of provision for credit losses for receivables for credit card transactions	28.57	70.31	62.92

Indicators of analysis of credit quality, expenses and credit loss provisions: (cont.)

	As of June 30, 2023		
	Commercial	Private individuals	Total
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	1.47	0.97	1.01
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	1.47	0.97	1.01
Rate of troubled credit out of receivables for credit card transactions	3.02	3.41	3.38
Rate of credit not in credit performance rating of the balance of receivables for credit card transactions	3.89	6.08	5.90
Analysis of credit loss expenses for the reporting period			
Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions	1.44	1.49	1.48
Rate of net write-offs of the average balance of receivables for credit card transactions	0.72	0.87	0.86
Analysis of credit loss provision			
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	3.28	2.23	2.32
Rate of balance of provision for credit losses of the balance of non-performing receivables for credit card transactions	223.53	230.65	229.79
Rate of the balance of provision for credit losses of the balance of non-accruing or 90 days or more in arrears receivables balance for credit card transactions	223.53	230.65	229.79
Rate of net write-offs of the balance of provision for credit losses for receivables for credit card transactions	21.05	38.46	36.42

Indicators of analysis of credit quality, expenses and credit loss provisions: (cont.)

	As of December 31, 2023		
	Commercial	Private individuals	Total
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	2.19	1.17	1.26
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	2.19	1.17	1.26
Rate of troubled credit out of receivables for credit card transactions	5.43	3.86	4.00
Rate of credit not in credit performance rating of the balance of receivables for credit card transactions	6.49	6.72	6.70
Analysis of credit loss expenses for the reporting period			
Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions	3.42	1.61	1.76
Rate of net write-offs of the average balance of receivables for credit card transactions	0.94	1.14	1.13
Analysis of credit loss provision			
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	5.11	2.41	2.65
Rate of balance of provision for credit losses of the balance of non-performing receivables for credit card transactions	233.33	206.76	210.86
Rate of the balance of provision for credit losses of the balance of non-accruing or 90 days or more in arrears receivables balance for credit card transactions	233.33	206.76	210.86
Rate of net write-offs of the balance of provision for credit losses for receivables for credit card transactions	17.46	47.71	42.55

Credit Exposure to Foreign Financial Institutions

Max has an immaterial exposure involving the international organizations Visa and Mastercard in respect of the balance of transactions executed by tourists in Israel, net of the balance of transactions executed by Israelis abroad, in respect of which Max has not yet been credited by the international organizations. In the first quarter of 2024, there was no material change in Max’s exposure to foreign financial institutions.

For details about the credit risk, see Pillar 3 - Disclosure of Additional Information about Risks, which was posted on Max’s website.

Market risks

Proper Conduct of Banking Business Directive 339, Management or Market Risks, defines market risk as the risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).

Max has a policy for the management of market risks, which is approved by Max's management and Board of Directors. The policy paper includes a reference to the risk appetite limits, and the hedging processes in respect of the different exposures. Max also monitors all financial risks, exposure amounts, results of sensitivity analyses, and material current and expected changes that take place on a current basis and discussed as part of the forum for the management of financial risks, which is headed by the CEO and convenes every month.

Exposure to interest rate risk

Proper Conduct of Banking Business Directive No. 333 regarding management of interest rate risk defines the interest rate risk as the risk to earnings or capital arising from fluctuating interest rates. Changes in interest rates affect Max's income by changing its net interest income (including changes in non-interest income/expenses). Changes in interest rates also affect the value of Max's assets, liabilities and off-balance sheet instruments, since the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

Max's exposure to changes in interest rates arises from a number of sources:

- Repricing risk - arises from timing differences in repayment periods (at fixed interest) and the repricing dates (at variable interest) of Max's assets, liabilities and off-balance sheet positions. Discrepancies in repricing dates might expose the income and the economic value to unexpected fluctuations due to changes in the interest rates.

Changes in interest rates might cause an increase in prices of sources, and an erosion in profitability.

- Basis risk - a risk arising from imperfect correlation between interest rate changes in different financial markets, or different instruments with similar repricing characteristics. Alongside Max's interest-bearing credit assets, most of which bear variable interest (the Prime interest spread), Max raises liabilities in the form of funding sources which include, among other things, bonds (with fixed interest).
- Fair value exposure - Max's assets include balances that do not bear interest. When interest rates are changed, an exposure might arise that will lead to a decrease in Max's fair value. The exposure even increases if the average duration of the financial assets vary from that of the financial liabilities.
- Yield curve risk - a risk in which Max's income will be adversely affected by a parallel shift of the yield curve or by a change in its shape.

Basis risk management

The assessment of the exposure to the basis risk is carried out by analyzing the effect of the change in interest rates on the fair value and on net interest income. The risk arises from the exposure to future changes in interest rates, their potential effect on the value of assets and liabilities in accordance with the economic value approach, and their effect on income in accordance with the profits approach. The exposure arises, among other things, from the difference between the repayment dates and interest calculation dates of the assets and liabilities in each of the linkage bases. The mitigation of the interest rate risk also includes an assessment of the differences between the assets and the liabilities in accordance with the linkage bases, where most of Max's exposure lies in the shekel linkage base.

Max has put in place exposure monitoring indicators, upon the materialization of any of which courses of action will be set in order to mitigate the risk; among other things, and where needed, Max will use hedging instruments, as approved by Max's management and Board of Directors.

Derivative financial instruments

Generally, it is Max's policy to use derivative financial instruments for economic and accounting hedges only.

Following are the fair value data of financial instruments and the effect of changes in interest rates on the fair value:

1. Fair value of the financial instruments of Max and its consolidated companies, except for non-monetary items:

	As of June 30, 2024				
	NIS		Foreign currency *		
In NIS million	**Non-linked**	**CPI-linked**	**USD**	**Other**	**Total**
On-balance sheet balance, net	**1,366**	**119**	**9**	**48**	**1,542**
Financial assets	**15,908**	**646**	**74**	**64**	**16,692**
Financial liabilities	**14,558**	**531**	**65**	**15**	**15,169**
Net fair value of financial instruments	**1,350**	**115**	**9**	**49**	**1,523**

	As of June 30, 2023				
	NIS		Foreign currency *		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
On-balance sheet balance, net	1,269	7	13	35	1,324
Financial assets	15,482	67	111	46	15,706
Financial liabilities	14,205	65	98	10	14,378
Net fair value of financial instruments	1,277	2	13	36	1,328

	As of December 31, 2023				
	NIS		Foreign currency *		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
On-balance sheet balance, net	1,383	49	3	16	1,451
Financial assets	15,382	92	64	25	15,563
Financial liabilities	14,010	45	61	9	14,125
Net fair value of financial instruments	1,372	47	3	16	1,438

* Including foreign-currency linked NIS.

2. Effect of hypothetical changes in interest rates on the net fair value of Max's financial instruments, excluding non-monetary items: Fair value of Max's financial instruments excluding non-monetary items:

	As of June 30, 2024				
	NIS		Foreign currency **		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
Concurrent changes					
Concurrent increase of 1%	**8**	**4**	*	*	**12**
Simultaneous decrease of 1%	**(8)**	**(4)**	*	*	**(12)**
Non-concurrent changes					
Steepening	**4**	**1**	*	*	**5**
Flattening	**(4)**	**(1)**	*	*	**(5)**
Short-term interest rate increase	**(4)**	**1**	*	*	**(3)**
Short-term interest rate decrease	**4**	**(1)**	*	*	**3**

	As of June 30, 2023				
	NIS		Foreign currency **		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
Concurrent changes					
Concurrent increase of 1%	*	*	*	*	*
Simultaneous decrease of 1%	*	*	*	*	*
Non-concurrent changes					
Steepening	3	*	*	*	3
Flattening	(4)	*	*	*	(4)
Short-term interest rate increase	(7)	*	*	*	(7)
Short-term interest rate decrease	7	*	*	*	7

In NIS million	As of December 31, 2023				
	NIS		Foreign currency **		
	Non-linked	CPI-linked	USD	Other	Total
Concurrent changes					
Concurrent increase of 1%	8	(1)	*	*	7
Simultaneous decrease of 1%	(8)	1	*	*	(7)
Non-concurrent changes					
Steepening	4	*	*	*	4
Flattening	(4)	*	*	*	(4)
Short-term interest rate increase	(3)	(1)	*	*	(4)
Short-term interest rate decrease	3	1	*	*	4

* Including foreign-currency linked NIS.

3. Effect of scenarios of interest rate changes on net interest income and noninterest finance income:

In NIS million	As of June 30, 2024	
	Interest income	Total
Concurrent changes		
Concurrent increase of 1%	**33**	**33**
Simultaneous decrease of 1%	**(33)**	**(33)**

In NIS million	As of June 30, 2023	
	Interest income	Total
Concurrent changes		
Concurrent increase of 1%	41	41
Simultaneous decrease of 1%	(41)	(41)

In NIS million	As of December 31, 2023	
	Interest income	Total
Concurrent changes		
Concurrent increase of 1%	44	44
Simultaneous decrease of 1%	(44)	(44)

Foreign exchange rate risk

The exposure to the foreign exchange rate risk is reflected in a loss as a result of changes in exchange rates or the consumer price index as part of Max's routine business activities. Max's exposure to the foreign exchange rate risk arises from currency exposure as a result of the effect of changes in exchange rate on foreign-currency denominated assets and liabilities in Max's balance sheets, mainly the USD and the EUR. The currency exposure is a by-product of Max's routine business activities; it does not involve a deliberate exposure by Max in order to increase income.

Most of Max's exposure to changes in exchange rates arises from its activities, that is to say, acquiring and issuance, in which an international organization is involved (Visa or Mastercard). Since Max has business activities that are linked to foreign currencies, changes in exchange rates expose it to losses due to exchange rate differences.

Max's foreign exchange rate risk management mainly focuses on mitigating and minimizing the general exposure, and also to sub-exposures arising from cash flow activities and the accounting exposure.

Management of foreign exchange rate risk

Max defined a maximum exposure limit for foreign currency balances after hedging actions. The hedging of the exposure is carried out for each exposure type in accordance with Max's policy through, among other things, selling and buying of foreign currency and using financial derivatives, while maintaining the limit set and acting in accordance with the decision of the management and the Board of Directors.

Max has put in place monitoring indicators for each exposure type, upon the materialization of any of which courses of action will be set in order to mitigate the risk.

CPI risk management

Max's exposure to the risk in connection with the CPI is reflected in a loss it may incur as a result of changes therein. Max's exposure to the risk as a result of CPI-linked activities is immaterial, and arises mainly from interest-bearing credit.

Max defined a maximum exposure limit to the CPI after hedging actions. The hedging of the exposure in accordance with Max's policy through, among other things, using financial derivatives, while maintaining the limit set and acting in accordance with the decision of the management and the Board of Directors.

Liquidity and financial risk

In accordance with Proper Conduct of Banking Business Directive No. 342 regarding liquidity risk management, the liquidity risk is defined as a risk to Max's income and stability stemming from its inability to meet its liquidity needs.

Max has a number of activities that affect its liquidity:

- Cash flows from core activities, that is to say, issuance, acquiring and credit activities.
- Outflows in respect of use of liquidity sources, including: Repayment of and interest on bonds, and Max's operating activities.
- Timing differences between the inflows arising from payments from customers, and the outflows from amounts credited to merchants in respect of the acquiring activities.
- Changes in Max's cash flows arising from the behavior of Max's customers or from a significant change in other players in the financial and non-financial system.

Management of liquidity and financial risk

Among other things, Max mitigates the liquidity risk using a liquidity model that takes into account all of Max's sources and uses derived from its current and anticipated operating activities, which affect Max's cash flows. The liquidity model calculates the expected liquidity ratio; its aim is to issue an alert regarding situations where liquidity pressures may be detected. The mitigation of Max's liquidity risk takes into consideration the liquidity needs of all of the subsidiaries.

As part of its liquidity risk policy, Max defined a minimum liquidity ratio limit and performance indicators in the normal course of business and under various scenarios, that were approved by the management and Board of Directors. In addition, Max has set a methodology that assists the identification and management of a liquidity crisis in order to ensure Max's ability to meet the challenges that arise from its operating activities, and which might arise due to pressures in financial markets.

As part of the management of its current assets and liabilities, Max uses diverse funding sources, in order to diversify the risk. Max's funding sources include its shareholders' equity, secured credit facilities with a number of banks, and debt raising through various financial instruments.

On July 1, 2021, a directive entered into effect regarding a daily acquiring arrangement, by virtue of the Israel Competition Authority's decision to exempt, subject to conditions, the interchange acquiring arrangement between the credit card companies. As from that date, transfers of funds between an issuer and an acquirer (in respect of single-payment transactions and immediate or deferred payment transactions) are carried out on a daily basis. Consequently, there was a decrease in Max's funding needs, due to a decrease in the average utilization of the credit facilities compared with periods prior to the date on which the arrangement came into effect. The development of this trend depends on the conditions in the acquiring market.

In the Reporting Period, Max fulfilled its obligations and met all the conditions in connection with the financing agreements to which it is a party.
Max has a forum for the management of financial risks, which is headed by its CEO; Max's CFO, Chief Risk Officer and Chief Internal Auditor attend the forum's meetings. Among other things, the forum discusses exposures and hedging actions.

In July 2023, the rating agency Midroog Ltd. assigned a A1.il(hyb) rating for Subordinated Notes (Series D) raised by Max.

In October 2023, the rating agency Midroog Ltd. reiterated Max's rating of Aa3.il, and the rating's stable outlook.

In January 2024, the rating agency Midroog Ltd. assigned a P-1.il rating for Commercial Security (Series 2) raised by Max.

For further details regarding liquidity and financial risk, see the Financing chapter in Max's Report of the Board of Directors for 2022 and Disclosure of Additional Information about Risks, which have been posted on Max's website.

Operational risk

Proper Conduct of Banking Business Directive No. 350 regarding operational risks defines an operational risk as "the risk of a loss as a result of the inadequacy or failure of internal processes, personnel, and systems, or as a result of external events. This definition includes legal risk, but does not include strategic risk and reputational risk". There are situations where other risks materialize, such as: credit risk, compliance risk, and reputational risk are caused as a result of an operational failure.

Max is exposed to operational risks as part of its activities, such as:

- The issuance activity - as part of its issuance activity, Max is exposed to fraudulent transactions, both in Israel and abroad, involving the credit cards it issues.
- The acquiring activity - as part of the acquiring activity, Max provides payment spreading and factoring services. The exposure in respect of these services arises from the risk that a merchant will not supply the goods it had undertaken to supply, and which might lead customers to complain about "failure to deliver". The scope and period of exposure was derived from the type of service provided by the merchant in accordance with the product supply date.

In addition, operational risks are naturally present in all of Max's processes, and arise, among other things, from the use of various technologies and IT systems.

For further details about the operational risk, see Disclosure of Additional Information about Risks, which was posted on Max's website.

Other risks

Information security and cyber risk

According to Proper Conduct of Banking Business Directive No. 361, Cyber Defense Management, the cyber risk is defined as the potential for damage resulting from an occurrence of a cyber event, taking into account its probability and its severity of its impact. A cyber event is an event during which the Company's IT and/or computer-embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to the Company), and such attack may result in the materialization of the cyber risk.

It is capacity as a financial organization, Max is an attractive target for various attackers. The computer systems and communication networks that serve Max's customers are a target for cyber attacks, the introduction of malwares, malicious code, phishing attacks, and other exposures aimed to damage Max's services, steal information or damage its database.

Max's business activities relies - to a large extent - on technology-based systems. Therefore, the availability of the systems, the reliability of the data, and maintaining the confidentiality of the data are essential for an orderly business activity. Furthermore, Max views business and customer information stored on its systems and on its suppliers' systems as a key asset, and invests many efforts and resources in implementing advanced information security control and defense mechanisms and processes.

Max's information security and cyber security strategy paper defines its approach and objectives regarding information security and cyber security in accordance with Max's business strategy. The paper aims to constitute a framework for the information security and cyber security policy and work procedures in this field, which define the management and implementation principles, areas of responsibility, the relevant officers and their powers, and the operations and technologies used by Max. As part of the preparations it makes to deal with the various cyber threats, Max has in place and leads internal and external processes to mitigate the cyber threats posed against it and its customers. As part of the above, cyber security risks are mitigated through a number of security and control cycles, on several levels, in order to mitigate the potential exposures in respect of this threat.

The transition to a hybrid work environment that combines remote working with on-site working, triggered a change in Max's exposure to cyber risks. When the COVID-19 crisis started, Max took action to adapt its defenses and controls against those risks, and took steps to implement additional controls in order to enhance its defenses as part of the hybrid work environment.

Compliance risk

Compliance risk is the risk of a legal or regulatory sanction being imposed, and/or a material financial loss and/or a reputational damage incurred by Max as a result of failing to comply with the laws and regulations. According to Proper Conduct of Banking Business Directive No. 308 on compliance, Max is required to mitigate all compliance risks arising from all the laws, regulations, guidance and circulars applicable to its activities. The management of the compliance risk is an integral part of Max's business activities, and does not fall exclusively within the remit of the compliance function. The lines of business bear significant responsibility to the issue of compliance, and play an active role in the management and mitigation of Max's exposure to compliance risks.

Legal risk

The risk arising from an activity of Max regarding which there is a concern that it is not in line with legal provisions (whether primary or secondary legislation), directives and guidance issued by competent authorities, regulation, or case law, a risk arising from legal proceedings conducted against Max, and the risk arising from a concern that Max will breach contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's rights, or failure to give appropriate guidance due to changes in legislation, regulatory directives, case law, or Max's contractual obligations.

Max's risk management approach was that the management of the legal risk is an integral part of the business environment. Consequently, decisions regarding the legal policy are made jointly by the business functions and by the legal counsels.

Max has a legal risks officer, whose job is to mitigate the company's legal risk while reaching optimal correlation between Max's activities and the legal risks, such that the decision making will correspond to Max's risk appetite.

Legal counseling is provided to the Company by its legal department in collaboration with the external attorneys Max works with.

Regulatory risk

Regulatory risk is the risk of loss due to the effect of future expected regulation, including legislation and/or directives issued by various regulators. Max is exposed to a regulatory risk in relation to all of its areas of activity.

The business environment in which Max operates is a dynamic environment, on which regulators and legislators currently focus. These regulatory changes were designed, among other things, to encourage competition in the field by reducing entry barriers and cutting costs to the customers, and protecting customers in the context of fair disclosure, etc. This regulatory framework mostly tightens the restrictions on activity in the subsegment, and sometimes leads to a regulatory mismatch between Max and its competitors. However, a number of expected regulatory changes are expected to serve as a source of new business opportunities.

The management of the regulatory risk is carried out by regularly identifying new regulatory initiatives and referring them to the relevant function in Max, and continuously reporting them to Max's management.

For more information regarding the new regulatory provisions relevant to Max's activities, see the corporate governance report, further details and appendices.

Strategic Risk

A strategic risk is the risk of adversely affecting Max's income, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.

Strategic risks may be divided into 3 types:

- External environment - risks arising from changes in the political, economic and social environment.
- Competition environment - risks arising from changes in the competition environment in which Max operates.
- Internal environment - risks arising from decisions, processes or actions Max has taken or avoided taking.

Max currently faces significant challenges in all areas of activity, multiple threats in its core businesses alongside opportunities and dealing with material regulatory changes.

Strategic risk management in Max is based on continuously assessing its strategy, including, among other things, the following activities:

- Formulating a long-term strategic plan, that includes a review and assessment of various events in the work environment (regulation, competition, technology, and more), and assessment of the anticipated changes in relation to Max's each and every lines of business.
- Regular discussions by Max's management and Board of Directors, as part of which those changes are presented, and the need to revise the strategy is considered.
- The Risk Management Department challenges the assessments of the strategic trends as identified by Max on a regular basis; it also raises topics, which are relevant to the strategic risk where necessary.

Reputational risk

Reputational risk is the potential that negative publications, market rumors, or the public perception regarding the operating methods of Max and its employees, will have an adverse effect on its reputation, and lead to a decline in its customer base, or result in high legal costs, or a decrease in income. The reputational risk is a natural part of Max's activities, and is a company-wide risk. All of Max's products, activities, processes and systems entail a potential risk, whether as part of its business activities or as part of its administrative-internal activities, whether done maliciously or in good faith.

The management of the risk in Max is composed, first and foremost, of a process for identifying reputational exposures (any action that might be associated with the brand and lead to negative media coverage or discourse). Monitoring and response are carried out continuously. The management of the reputational risk is regulated as part of a dedicated policy.

Macroeconomic risk

Macroeconomic risk is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world. Max's business strategy and capital planning include assumptions, that are derived, among other things, from the macroeconomic environment, and Max assesses and evaluates the effect of the changes in the macroeconomic environment on its business results and capital planning.

The high-interest rate environment is onerous for consumers and merchants, and might affect the credit risk. Max monitors and mitigates this risk continuously, and at this stage there is no material increase in the materialization of the potential risk. Max is preparing for the possibility that the macroeconomic risk will increase, partly on the back of the geopolitical uncertainty, including the Iron Swords War and the effect of the downgrade of the rating of the State of Israel.

Max is assessing its ability to withstand adverse developments in the macroeconomic environment using systemic stress scenarios. Furthermore, Max continuously monitors various risk indicators, including macroeconomic indicators, and material changes in those indicators are discussed in the forum for the management of financial risks, which is headed by its CEO, in its top risk management committee, and the Board of Directors' Risk Committee.

Environmental and climate risks (ESG)

Environmental risk is the risk of loss resulting of non-compliance with environmental protection directives and enforcement thereof. In recent years, the definition of environmental risk has expanded, and currently also includes the organization's effect on the environment even if it is not directly associated with a financial loss. Furthermore, the risk is currently viewed as a global risk arising from the potential adverse effects of environmental changes, including on people, ecological systems, and economic and financial activities. Environmental risks arise not only due the pollution of air, water and land, but also due to damage to economic and social infrastructures, mainly due to climate change.

The climate risk is an evolving risk arising, among other things, from the impact of the materialization of environmental risks and from regulatory developments, developments in the business environment, and technological developments relating to the adaptation to climate change.

Max's management decided to implement environmental responsibility values and adapt its activities in order to protect the environment. As a basis for this activity, Max's management decided to implement the international standard regarding environmental management systems.

As from 2009, Max has ISO 14001:2015 certification, and is assessed once a year by the IQC Institute of Quality & Control for compliance with the standard's requirements; inter alia, the environmental risk survey is revised and improved. As part of its implementation of the standard's provisions, Max takes action to increase awareness among its employees, and to invest the required resources.

The Banking Supervision Department's directives on principles for effective management of climate-related financial risks were published in June 2023 and the Company monitors developments in the regulation and the relevant requirements, and works accordingly to implement the guidance.

At the beginning of July 2024, the Company published an ESG report for 2022-2023, which summarizes and reflects the main activities of the Company, which impact the environment, society and corporate governance, out of a deep commitment and a sense of responsibility to the society and environment in Israel. The Company opted to publish the report in view of the great importance it places on sharing with Company's customers, employees and other stakeholders its actions in the above areas, rather than due to any regulatory requirement. The full report is posted on the Company's website.

Model risk

Model risk is the exposure to loss or to damage to Max's reputation, due to business decisions based on erroneous or biased model results, or on excessively broad interpretation of the model results. This risk may arise, among other things, due incompatibility of the model with the business reality, usability that is not in line with the designation, and errors in calculations and data when applying the model.
The principles for model risk management are defined in Max's policy, which outlines independent validation processes, corporate governance, authorization hierarchy, and risk management processes. The use of models in decision-making processes has been growing in recent years, and accordingly the model risk management system at the Company is compatible with this direction as appropriate and required.
In response to growing local and global uncertainty, Max is boosting the processes for model risk management, including the extent and frequency of monitoring, to mitigate and minimize model risks.

7. Disclosure regarding Financial Reporting of the Corporation

7.1. Reporting Critical Accounting Estimates

For details on the use of estimates and judgments in the preparation of financial statements, see Note 2(B) to the Financial Statements.

7.2. Contingent Liabilities

The independent auditors' report to the shareholders' of the Company includes an emphasis of matter paragraph regarding that which is stated in Note 8 to the Financial Statements regarding exposure to contingent liabilities.

7.3. Internal Control over Financial Reporting and Disclosure

7.3.1. Securities Regulations

In December 2009, **the Securities Regulations (Periodic and Immediate Reports (Amendment No. 3), 2009** were published, which deal with the corporation's internal control over financial reporting and disclosure function; their aim is to improve the quality of financial reporting and disclosure in reporting corporations.

An amendment of July 7, 2011 prescribes that a corporation that consolidates a banking corporation or an institutional entity or carries out proportionate consolidation of a banking corporation or an institutional entity, may opt to implement - only with regard to the internal control in that banking corporation or institutional entity - the format of assessing the effectiveness of internal control prescribed in the other laws applicable thereto in that respect, if such a format is in place regarding the quarterly report.

Accordingly, in addition to the officers' statements and the report on the effectiveness of internal control provided in the periodic report, disclosure and officers' statements are attached in connection with the internal control in the consolidated institutional entities to which the Commissioner's Directives apply.

In addition to officers' statements regarding internal control in the consolidated credit card company, which is subject to the directives of the Banking Supervision Department regarding the assessment of the effectiveness of internal control over financial reporting.

7.3.2 Commissioner's Directives regarding Internal Control over Financial Reporting and Disclosure

In recent years, the Commissioner published a number of circulars (hereinafter - the "**Commissioner's Circulars**"), which are designed to implement the requirements of Section 302 and Section 404 of the SOX Act in insurance companies, in management companies of pension and provident funds, and in pension and provident funds (hereinafter - the "**Institutional Entities**").

Accordingly, Clal Insurance and the consolidated institutional entities included the information in accordance with the provisions of the law and the reporting provisions on the dates as set in those directives.

7.3.3 Section 302 and 404 of the SOX Act - Management's Responsibility for Internal Control over Financial Reporting and Disclosure

According to the Commissioner's circulars, which are based on Section 302 and Section 404 of the SOX Act, and as detailed in previous Reports of the Board of Directors of Clal Insurance, Clal Insurance has worked continuously to implement the required procedure in accordance with the said provisions, which includes an assessment of the work processes and the internal controls being implemented, in accordance with the stages and the dates set in the circulars. As part of this process, Clal Insurance adopted the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) - the Committee of Sponsoring Organization of the Treadway Commission - which is a generally accepted framework for assessment of internal controls.

The management of Clal Insurance (the institutional entity), in collaboration with its CEO, Deputy CEO and Head of the Finance Division, have evaluated the effectiveness of Clal Insurance's disclosure controls and procedures as of the end of the Reporting Period. Based on this assessment, the CEO, Deputy CEO and Head of the Finance Division of Clal Insurance concluded that, as of the end of this period, the controls and procedures as to Clal Insurance's disclosure are sufficiently effective for recording, processing, summarizing, and reporting the information that Clal Insurance is required to disclose in its quarterly report in accordance with the provisions of the law and the reporting provisions set by the Commissioner, and on the date set out in these provisions.

During the quarter ending June 30 2024, no changes took place in the internal control over financial reporting of the Group's institutional entity that had a material effect, or is expected to have a material effect, on the institutional entity's internal control over financial reporting.

Officers' Statements on the Effectiveness of Internal Control over Financial Reporting and Disclosure, in relation to the relevant processes, in accordance with the Banking Commissioner's circulars are attached to the report.

7.3.4 Management's Responsibility for Internal Control over Financial Reporting (SOX Act 404)

The Banking Supervision Department's directives impose the requirements of Sections 302 and 404 of the SOX Act on credit card companies.

These sections, set by the SEC and Public Company Accounting Oversight Board, have established provisions with regard to the abovementioned sections, on management's responsibility for instating and maintaining disclosure controls and procedures and for exercising internal control over financial reporting and the opinion of the independent auditors on the audit of internal control over financial reporting.

Among other things, the Banking Supervision Department's directives prescribe that banking corporations shall apply the provisions of Sections 302 and 404 and the SEC directives issued thereunder. In addition, adequate internal control requires an auditing function that follows a predefined, recognized framework, and the model of COSO (Committee of Sponsoring Organizations of the Treadway Commission) meets these requirements and can be used to evaluate the internal controls.

Max It Finance Ltd. (hereinafter - "Max") implements the provision in accordance with the Banking Supervision Department's directives as stated above.

At the end of the phase of assessing the effectiveness of controls, no material weaknesses were detected that might lead to a material misstatement in the Financial Statements.

7.3.5. Evaluation of disclosure controls and procedures

Max's management, with the cooperation of its CEO and Chief Accountant, have evaluated the effectiveness of Max's disclosure controls and procedures as of the end of the reporting period. Based on this evaluation, the CEO and the Chief Accountant have concluded that, as of the end of the reporting period, Max's disclosure controls and procedures are effective for the purpose of recording, processing, summarizing and reporting the information that the Company is required to disclose in its quarterly financial statements pursuant to the Banking Supervision Department's Reporting to the Public Directives and as of the date prescribed by the Directives.

Internal controls over financial reporting:

During the second quarter ended June 30, 2024, no changes took place in Max's internal control over financial reporting that had a material effect, or is expected to have a material effect, on the Company's internal control over financial reporting.

Officers' Statements on the Effectiveness of Internal Control over Financial Reporting and Disclosure, in relation to the relevant processes, in accordance with the Banking Commissioner's circulars are attached to the report.

The Board of Directors wishes to thank the employees, managers and agents of Group companies for their contribution to the Group's achievements.

Haim Samet	**Yoram Naveh**
Chairman of the Board	CEO

Tel Aviv, August 20, 2024

Clal Insurance Enterprises Holdings Ltd.

Condensed Consolidated Interim Financial Statements

as of June 30, 2024

(Unaudited)

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Review Report of the Independent Auditors for the Shareholders of Clal Insurance Enterprises Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of Clal Insurance Enterprises Holdings Ltd. and its subsidiaries (hereinafter - the "**Group**"), including the condensed consolidated statement of financial position as at June 30, 2024 and the condensed consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the three- and six-month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of financial information for these interim periods in accordance with the Israel Securities Regulations (Periodic and Immediate Reports), 1970, which pertain to holding companies of insurers and credit card companies, as described in Note 2(a) to the financial information. Our responsibility is to express a conclusion regarding the financial information for this interim period based on our review.

We did not review the condensed interim financial information of equity-accounted investees, the investment in which amounted to approx. NIS 89 million as of June 30, 2024, and the Group's share in the profits of which amounted to approx. NIS 6 and 3 million for the three- and six-month periods then ended, respectively. The condensed interim financial information of the company was audited by other independent auditors, whose review report was furnished to us, and our conclusion, insofar as it relates to financial information in respect of the company, is based on the review report of the other independent auditors.

Scope of the Review

We performed our review pursuant to Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of inquiries, mostly of persons responsible for financial and accounting issues, and of applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards in Israel and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Consequently, we are not expressing an audit opinion.

Conclusion

Based on our review and the review report of other independent auditors, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the Israel Securities Regulations (Periodic and Immediate Reports), 1970, which pertain to holding companies of insurers and credit card companies, as described in Note 2(a) to the financial information.

Emphasis of matter

Without qualifying the above conclusion, we draw attention to that which is stated in Note 8 to the consolidated interim financial statements regarding exposure to contingent liabilities.

Tel Aviv,	Somekh Chaikin	Kost Forer Gabbay & Kasierer
August 20, 2024	Certified Public Accountants	Certified Public Accountants

Joint Independent Auditors

Consolidated Interim Statements of Financial Position

In NIS million	Note	As of June 30 2024	As of June 30 2023	As of December 31 2023
		Unaudited	Unaudited	Audited
Assets				
Intangible assets		**2,215**	2,195*)	2,205
Deferred tax assets		**143**	129	104
Deferred acquisition costs		**2,581**	2,543	2,543
Property, plant & equipment		**308**	312*)	302
Right-of-use assets		**677**	685	680
Investments in equity-accounted investees		**183**	184	180
Investment property in respect of yield-dependent contracts		**3,877**	3,825	3,839
Investment property - other		**1,514**	1,495	1,494
Reinsurance assets		**3,808**	4,585	3,805
Current tax assets		**131**	398	306
Receivables for credit card transactions, net	9	**16,237**	15,147	15,092
Receivables and debit balances		**1,499**	2,823	1,867
Collectible premium		**1,026**	971	837
Financial investments in respect of yield-dependent contracts	6	**84,039**	84,236	84,133
Other financial investments:	6			
Liquid debt assets		**6,093**	6,351	7,313
Illiquid debt assets		**25,171**	23,739	24,444
Shares		**1,743**	1,720	1,671
Other		**5,928**	5,072	5,836
Total other financial investments		**38,935**	36,882	39,265
Cash and cash equivalents in respect of yield-dependent contracts		**4,584**	3,910	4,418
Other cash and cash equivalents		**2,827**	3,389	2,548
Total assets		**164,584**	163,710	163,617
Total assets for yield-dependent contracts	6	**94,003**	94,571	94,012

*) Reclassified.

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

Consolidated Interim Statements of Financial Position (cont.)

In NIS million	Note	As of June 30 2024	As of June 30 2023	As of December 31 2023
		Unaudited		Audited
Equity				
Share capital		**167**	167	167
Share premium		**2,396**	2,389	2,390
Capital reserves		**1,070**	1,055	1,005
Retained earnings		**5,271**	4,705	5,019
Total equity attributable to the Company's shareholders		**8,903**	8,316	8,581
Non-controlling interests		**73**	68	71
Total equity		**8,977**	8,384	8,652
Liabilities				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts		**34,532**	34,627	34,176
Liabilities in respect of insurance contracts and yield-dependent investment contracts		**92,646**	92,089	91,665
Deferred tax liabilities		**649**	634	592
Liability for employee benefits, net		**89**	93	93
Lease liabilities		**784**	781	777
Payables for credit card transactions	10	**8,884**	8,465	8,091
Payables and credit balances		**4,108**	3,686	3,851
Current tax liability		**25**	41	21
Financial liabilities	6	**13,892**	14,909	15,699
Total liabilities		**155,608**	155,326	154,966
Total equity and liabilities		**164,584**	163,710	163,617

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

August 20, 2024			
Approval date of the financial statements	**Haim Samet** Chairman of the Board of Directors	**Yoram Naveh** CEO	**Eran Czerninski** Executive Vice President Finance Division Director

Consolidated Interim Statements of Profit and Loss

In NIS million	For the six-month period ended June 30 2024	For the six-month period ended June 30 2023*)	For the three-month period ended June 30 2024	For the three-month period ended June 30 2023*)	For the year ended December 31 2023*)
	Unaudited				Audited
Premiums earned, gross	**5,321**	5,707	**2,660**	2,824	11,202
Premiums earned by reinsurers	**905**	854	**448**	426	1,708
Premiums earned - retention	**4,416**	4,853	**2,213**	2,398	9,495
Income from credit card transactions	**735**	367	**381**	367	1,083
Investment income, net and finance income	**5,866**	5,068	**1,314**	3,841	9,238
Income from management fees	**641**	623	**319**	316	1,259
Income from fees and commissions	**213**	184	**106**	91	390
Other income (expenses)	**(1)**	2	**-**	2	-
Total income	**11,870**	11,097	**4,334**	7,016	21,464
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**8,880**	9,023	**2,651**	5,649	16,062
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(457)**	(405)	**(181)**	(139)	(671)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**8,423**	8,618	**2,471**	5,510	15,391
Credit loss expenses	**97**	267**)	**56**	47	411**)
Credit card processing	**460**	258	**232**	258	739
Payments to banks	**112**	56	**58**	56	166
Fees and commissions, marketing expenses and other purchase expenses	**1,408**	1,237	**713**	658	2,613
General and administrative expenses	**542**	512	**270**	258	1,092
Impairment of intangible assets	**-**	-	**-**	-	5
Other expenses	**21**	14	**12**	10	40
Finance expenses	**417**	269	**208**	208	669
Total expenses	**11,479**	11,231	**4,020**	7,006	21,125
Share in results of equity-accounted investees, net	**3**	5	**1**	2	8
Income (loss) before income tax	**393**	(129)	**315**	12	347
Income tax expense (tax benefit)	**136**	(50)	**99**	3	124
Income (loss) for the period	**257**	(80)	**215**	8	223
Attributable to:					
Company's shareholders	**254**	(82)	**214**	7	220
Non-controlling interests	**3**	2	**1**	1	3
Income (loss) for the period	**257**	(80)	**215**	8	223
Earnings (loss) per share attributable to the Company's shareholders:					
Basic earnings (loss) per share (in NIS)	**3.22**	(1.07)	**2.70**	0.09	2.83
Diluted earnings (loss) per share (in NIS)	**3.21**	(1.07)	**2.70**	0.09	2.79
No. of shares used to calculate earnings per share (in thousand):					
Basic	**79,055**	76,684	**79,074**	79,031	77,870
Diluted	**79,171**	76,684	**79,138**	79,031	79,034

*) CIMax Group was consolidated for the first time as of March 31, 2023, such that its results were included as of that date. For further details, see Note 9 to the Financial Statements for 2023.

**) Expense includes a provision for credit default following the acquisition of Max, see Note 3(i)(1)(d) to the Annual Financial Statements.
The attached notes to the consolidated interim financial statements are an integral part thereof.

Consolidated Interim Statements of Comprehensive Income

In NIS million	For the six-month period ended June 30 2024	2023	For the three-month period ended June 30 2024	2023	For the year ended December 31 2023
	Unaudited				Audited
Income (loss) for the period	**257**	(80)	**215**	8	223
Other comprehensive income:					
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss:					
Foreign currency translation differences in respect of foreign operations carried to capital reserve	**4**	9	**3**	4	7
Net change in fair value of financial assets classified as available for sale carried to capital reserve	**127**	407	**(56)**	456	398
Net change in fair value of available for sale financial assets carried to the profit and loss statement	**(44)**	(238)	**(58)**	(240)	(336)
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	**22**	25	**21**	4	60
Other comprehensive income (loss) for the period carried or to be carried to profit and loss, before tax	**109**	203	**(90)**	224	128
Tax (tax benefit) in respect of available-for-sale financial assets	**45**	66	**(32)**	75	41
Tax for other components	**-**	2	**1**	1	2
Tax (tax benefit) for items of other comprehensive income carried or to be carried to profit and loss	**45**	69	**(32)**	76	43
Other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss, net of tax	**65**	135	**(59)**	148	86
Items of other comprehensive income not transferred to profit and loss:					
Actuarial gains from a defined benefit plan	**2**	-	**2**	-	-
Other comprehensive income for the period, before tax	**2**	-	**2**	-	-
Tax for items of other comprehensive income not transferred to profit and loss	**1**	**-**	**1**	-	-
Other comprehensive income not transferred to profit and loss, net of tax	**1**	-	**1**	-	-
Other comprehensive income (loss) for the period	**66**	135	**(58)**	148	86
Total comprehensive income for the period	**323**	55	**158**	156	309
Attributable to:					
Company's shareholders	**320**	52	**157**	154	305
Non-controlling interests	**3**	3	**1**	2	4
Total comprehensive income for the period	**323**	55	**158**	156	309

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

Consolidated Interim Statements of Changes in Equity

In NIS million	Attributable to Company's shareholders: Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
For the six-month period ended June 30, 2024 (unaudited)										
Balance as of January 1, 2024 (audited)	**167**	**2,390**	**(2)**	**866**	**180**	**(39)**	**5,019**	**8,581**	**71**	**8,652**
Income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**254**	**254**	**3**	**257**
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	**-**	**-**	**4**	**-**	**-**	**-**	**-**	**4**	**-**	**4**
Net change in fair value of financial assets classified as available for sale carried to capital reserve	**-**	**-**	**-**	**127**	**-**	**-**	**-**	**127**	**-**	**127**
Net change in fair value of available for sale financial assets carried to the profit and loss statement	**-**	**-**	**-**	**(44)**	**-**	**-**	**-**	**(44)**	**-**	**(44)**
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	**-**	**-**	**-**	**22**	**-**	**-**	**-**	**22**	**-**	**22**
Actuarial gains from a defined benefit plan	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Tax benefit for items of comprehensive income	**-**	**-**	**(1)**	**(44)**	**-**	**-**	**(1)**	**(46)**	**-**	**(46)**
Other comprehensive income for the period, net of tax	**-**	**-**	**3**	**62**	**-**	**-**	**1**	**66**	**-**	**66**
Total comprehensive income for the period	**-**	**-**	**3**	**62**	**-**	**-**	**255**	**320**	**3**	**323**
Transactions with shareholders carried directly to equity:										
Exercise and expiry of options for senior employees	**-**	**6**	**-**	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Balance as of June 30, 2024 (unaudited)	**167**	**2,396**	**1**	**928**	**180**	**(39)**	**5,271**	**8,903**	**73**	**8,977**

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

Consolidated Interim Statements of Changes in Equity (cont.)

In NIS million	Attributable to Company's shareholders									
	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
For the six-month period ended June 30, 2023 (unaudited)										
Balance as of January 1, 2023 (audited)	162	2,127	(7)	788	180	(39)	4,785	7,995	65	8,061
Effect of first-time application of IFRS 9 - see Note 3(r) to the Financial Statements for 2023	-	-	-	(1)	-	-	1	-	-	-
Income (loss) for the period	-	-	-	-	-	-	(82)	(82)	2	(80)
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	9	-	-	-	-	9	-	9
Net change in fair value of financial assets classified as available for sale carried to capital reserve	-	-	-	407	-	-	-	407	-	407
Net change in fair value of available for sale financial assets carried to the profit and loss statement	-	-	-	(239)	-	-	-	(239)	1	(238)
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	-	-	-	25	-	-	-	25	-	25
Tax benefit for items of comprehensive income	-	-	(2)	(66)	-	-	-	(68)	-	(69)
Other comprehensive income for the period, net of tax	-	-	7	127	-	-	-	135	-	135
Total comprehensive income (loss) for the period	-	-	7	127	-	-	(82)	52	3	55
Transactions with shareholders carried directly to equity:										
Issuance of share capital (less issuance expenses)	5	249	-	-	-	-	-	253	-	253
Share-based payments	-	-	-	-	-	-	2	2	-	2
Issuance of convertible bonds (net of tax) – equity component	-	13	-	-	-	-	-	13	-	13
Balance as of June 30, 2023 (unaudited)	167	2,389	-	914	180	(39)	4,705	8,316	68	8,384

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

Consolidated Interim Statements of Changes in Equity (cont.)

In NIS million	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to Company's shareholders									
For the three-month period ended June 30, 2024 (unaudited)										
Balance as of April 1, 2024	**167**	**2,394**	**(1)**	**988**	**180**	**(39)**	**5,056**	**8,745**	**72**	**8,817**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**214**	**214**	**1**	**215**
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	**-**	**-**	**3**	**-**	**-**	**-**	**-**	**3**	**-**	**3**
Net change in fair value of financial assets classified as available for sale carried to capital reserve	**-**	**-**	**-**	**(55)**	**-**	**-**	**-**	**(55)**	**-**	**(55)**
Net change in fair value of available for sale financial assets carried to the profit and loss statement	**-**	**-**	**-**	**(58)**	**-**	**-**	**-**	**(58)**	**-**	**(58)**
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	**-**	**-**	**-**	**21**	**-**	**-**	**-**	**21**	**-**	**21**
Actuarial gains from a defined benefit plan	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Tax benefit (tax) for comprehensive income (loss) items	**-**	**-**	**(1)**	**32**	**-**	**-**	**(1)**	**30**	**-**	**30**
Other comprehensive income (loss) for the period, net of tax	**-**	**-**	**2**	**(60)**	**-**	**-**	**1**	**(58)**	**-**	**(58)**
Total comprehensive income (loss) for the period	**-**	**-**	**2**	**(60)**	**-**	**-**	**215**	**157**	**1**	**158**
Transactions with shareholders carried directly to equity:										
Exercise and expiry of options for senior employees	**-**	**2**	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Balance as of June 30, 2024 (unaudited)	**167**	**2,396**	**1**	**928**	**180**	**(39)**	**5,271**	**8,903**	**73**	**8,977**

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

Consolidated Interim Statements of Changes in Equity (cont.)

In NIS million	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to Company's shareholders									
For the three-month period ended June 30, 2023 (unaudited)										
Balance as of April 1 2023	167	2,389	(3)	770	180	(39)	4,697	8,161	66	8,226
Net income for the period	-	-	-	-	-	-	7	7	1	8
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	4	-	-	-	-	4	-	4
Net change in fair value of financial assets classified as available for sale carried to capital reserve	-	-	-	456	-	-	-	456	-	456
Net change in fair value of available for sale financial assets carried to the profit and loss statement	-	-	-	(241)	-	-	-	(241)	-	(240)
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	-	-	-	4	-	-	-	4	-	4
Tax benefit for items of comprehensive income	-	-	(1)	(75)	-	-	-	(76)	-	(76)
Other comprehensive income for the period, net of tax	-	-	3	144	-	-	-	148	-	148
Total comprehensive income for the period	-	-	3	144	-	-	7	154	2	156
Transactions with shareholders carried directly to equity:										
Share-based payments	-	-	-	-	-	-	1	1	-	1
Balance as of June 30, 2023 (unaudited)	167	2,389	-	914	180	(39)	4,705	8,316	68	8,384

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

Consolidated Interim Statements of Changes in Equity (cont.)

In NIS million	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to Company's shareholders									
For the year ended December 31 2023 (audited)										
Balance as of January 1, 2023	162	2,127	(7)	788	180	(39)	4,785	7,995	65	8,061
Effect of first-time application of IFRS 9 - see Note 3(r) to the Financial Statements for 2023	-	-	-	(1)	-	-	1	-	-	-
Income for the period	-	-	-	-	-	-	220	220	3	223
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	7	-	-	-	-	7	-	7
Net change in fair value of financial assets classified as available for sale carried to capital reserve	-	-	-	398	-	-	-	398	-	398
Net change in fair value of available for sale financial assets carried to the profit and loss statement	-	-	-	(337)	-	-	-	(337)	1	(336)
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	-	-	-	60	-	-	-	60	-	60
Tax benefit for items of comprehensive income	-	-	(2)	(41)	-	-	-	(43)	-	(43)
Other comprehensive income for the period, net of tax	-	-	5	79	-	-	-	85	1	86
Total comprehensive income for the period	-	-	5	79	-	-	221	305	4	309
Transactions with shareholders carried directly to equity:										
Issuance of share capital	5	249	-	-	-	-	-	253	-	253
Share-based payments	-	-	-	-	-	-	14	14	3	17
Issuance of convertible bonds (net of tax) – equity component	-	13	-	-	-	-	-	13	-	13
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(1)	(1)
Balance as of December 31, 2023	167	2,390	(2)	866	180	(39)	5,019	8,581	71	8,652

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

Consolidated Interim Statements of Cash Flow

In NIS million	Appendix	For the six-month period ended June 30 2024	For the six-month period ended June 30 2023**)	For the three-month period ended June 30 2024	For the three-month period ended June 30 2023**)	For the year ended December 31 2023**)
		Unaudited				Audited
Cash flows from operating activities before income tax	(a)	**641**	(4,717)	**(244)**	(828)	(4,072)
Income tax received (paid), net		**17**	(124)	**(118)**	(61)	(240)
Net cash provided by (used in) operating activities		**658**	(4,841)	**(362)**	(889)	(4,312)
Cash flows from investing activities						
Credit provided to card holders and merchants, net		**(568)**	(217)	**(308)**	(217)	(428)
Proceeds from the disposal of an investment in financial assets by companies other than insurance and finance companies		**976**	86	**4**	74	106
Deferred payment in the Max acquisition		**-**	-	**-**	-	(380)
Investment in financial assets by companies other than insurance and finance companies		**(33)**	(11)	**(6)**	(4)	(908)
Investments in shares and loans in investees		**-**	(4)	**-**	(4)	(4)
Acquisition of a company consolidated for the first time net of cash received	(f)	**-**	(294)	**-**	-	(294)
Investment in property, plant and equipment		**(26)**	(12)*)	**(7)**	(9)*)	(32)
Investment in intangible assets		**(171)**	(128)*)	**(94)**	(95)*)	(296)
Net cash used for investing activities		**179**	(580)	**(411)**	(254)	(2,236)
Cash flows for financing activities						
Credit from banking corporations, net		**(887)**	10	**469**	10	46
Proceeds from the issue of subordinated notes and bonds (see Note 6)		**1,017**	645	**460**	245	2,071
Costs of issuing and exchanging subordinated notes and bonds		**(7)**	(4)	**(5)**	(1)	(15)
Repayment of subordinated notes (See Note 6)		**(361)**	-	**-**	-	(431)
Repayment of lease liability		**(34)**	(43)	**(11)**	(22)	(93)
Interest paid on bonds, subordinated notes, and credit from banking corporations		**(135)**	(75)	**(11)**	(3)	(141)
Dividend paid		**-**	-	**-**	-	(1)
Net cash provided by financing activities		**(407)**	532	**903**	228	1,436
Effect of exchange rate fluctuations on balance of cash and cash equivalents		**15**	138	**23**	79	27
Net increase (decrease) in cash and cash equivalents		**445**	(4,751)	**153**	(836)	(5,084)
Cash and cash equivalents at the beginning of the period	(b)	**6,966**	12,050	**7,258**	8,136	12,050
Cash and cash equivalents at the end of the period	(c)	**7,411**	7,299	**7,411**	7,299	6,966

*) Reclassified.

**) CIMax Group was consolidated for the first time as of March 31, 2023, such that its results were included as of that date. For further details, see Note 9 to the Financial Statements for 2023.

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

Consolidated Interim Statements of Cash Flow (cont.)

In NIS million	for the six-month ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
(a) Cash flows from operating activities before income taxes [1] [2]					
Income (loss) for the period	**257**	(80)	**215**	8	223
Items not involving cash flows:					
The Company's share in profits of equity-accounted investees	**(3)**	(5)	**(1)**	(2)	(8)
Change in liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**356**	813	**(520)**	340	362
Change in liabilities in respect of insurance contracts and yield-dependent investment contracts	**981**	2,236	**(656)**	2,349	1,813
Change in deferred acquisition costs	**(38)**	(87)	**(4)**	(28)	(87)
Change in reinsurance assets	**(3)**	(61)	**69**	(41)	719
Depreciation of property, plant, and equipment and right-of-use asset	**62**	55*)	**29**	31*)	125
Amortization of intangible assets	**170**	146*)	**86**	91*)	332
Credit loss expenses	**97**	267**)	**56**	47	411**)
Amortization of excess cost for credit card receivables	**(40)**	(62)	**(12)**	(62)	(103)
Impairment of intangible assets	**-**	-	**-**	-	5
Loss from right-of-use asset	**1**	-	**-**	-	-
Interest and linkage differentials accrued for subordinated notes and a lease liability	**170**	109	**91**	57	235
Accrued interest and revaluation of liabilities to banking and other corporations	**197**	(37)*)	**94**	22*)	289
Interest paid in Max	**(217)**	(93)*)	**(117)**	(93)*)	(340)
Change in fair value of investment property in respect of yield-dependent contracts	**3**	(8)	**(8)**	(8)	13
Changes in fair value of other investment property	**1**	-	**(1)**	-	21
Share-based payment transactions	**2**	2	**2**	1	17
Investment losses (income), net on financial investments in respect of insurance contracts and yield-dependent investment contracts	**(3,225)**	(2,289)*)	**160**	(2,226)*)	(3,940)
Taxes on income (tax benefit)	**136**	(50)	**99**	3	124
Losses (gains), net on other financial investments:					
Liquid debt assets	**(23)**	(19)	**(58)**	(22)	29
Illiquid debt assets	**(408)**	(547)	**(202)**	(168)	(1,073)
Shares	**(33)**	(135)	**(15)**	-	(66)
Other	**131**	193*)	**114**	118*)	95

*) Reclassified.

**) Expense includes a provision for credit default following the acquisition of Max, see Note 3(i)(1)(d) to the Consolidated Annual Financial Statements of 2023.

1) Cash flows from operating activities include cash flows in respect of acquisition and sale of financial investments and investment property arising from insurance contracts and investment contracts activities.

2) Cash flows from operating activities include cash flows in respect of dividend and interest received, as described in Appendix D.

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

Consolidated Interim Statements of Cash Flow (cont.)

In NIS million	For the six-month period ended June 30 2024	2023	For the three-month period ended June 30 2024	2023	For the year ended December 31 2023
	Unaudited		Unaudited		Audited
(a) Cash flows from operating activities before income taxes (cont.)					
Financial investments and investment property in respect of yield-dependent contracts:					
Acquisition of investment property	**(40)**	(39)	**(17)**	(16)	(74)
Sales (acquisitions), net of financial investments	**2,390**	(4,695)*)	**1,289**	(1,470)*)	(3,528)
Proceeds (investments) from the sale of available-for-sale financial assets and investment property in insurance businesses:					
Liquid debt assets	**218**	739	**52**	526	665
Illiquid debt assets	**(318)**	(167)	**(155)**	217	(352)
Shares	**3**	157	**46**	(76)	150
Other	**124**	98	**92**	19	(450)
Derivatives	**(848)**	(962)*)	**(158)**	(287)*)	(864)
Acquisition of other investment property	**(18)**	(13)	**(9)**	(5)	(28)
Changes in other items in the statement of financial position, net					
Securities held for trading by consolidated companies that are not insurance companies	**(10)**	(3)	**-**	(3)	(4)
Receivables for credit card transactions, net	**(634)**	270	**(82)**	270	472
Receivables and debit balances	**367**	537	**(480)**	484	1,474
Collectible premium	**(188)**	(118)	**(143)**	(76)	16
Payables and credit balances	**233**	(687)	**93**	(644)	(184)
Payables for credit card transactions	**793**	(184)	**(190)**	(184)	(558)
Liabilities for employee benefits, net	**(3)**	1	**(1)**	-	1
Total cash Flows from operating activities before income taxes	**641**	(4,717)	**(244)**	(828)	(4,072)
(b) Cash and cash equivalents at the beginning of the period:					
Cash and cash equivalents in respect of yield-dependent contracts	**4,418**	8,458	**5,025**	5,418	8,458
Other cash and cash equivalents	**2,548**	3,591	**2,233**	2,717	3,591
Balance of cash and cash equivalents at beginning of period	**6,966**	12,050	**7,258**	8,136	12,050
(c) Cash and cash equivalents at end of the period:					
Cash and cash equivalents in respect of yield-dependent contracts	**4,584**	3,910	**4,584**	3,910	4,418
Other cash and cash equivalents	**2,827**	3,389	**2,827**	3,389	2,548
Balance of cash and cash equivalents at end of period	**7,411**	7,299	**7,411**	7,299	6,966
(d) Cash flows for interest and dividend received, included in operating activity:					
Interest received	**1,022**	1,201	**614**	777	2,147
Dividend received	**375**	252	**215**	192	479
Included in investing activity by Max:					
Interest received	**617**	303	**320**	303	939

Consolidated Interim Statements of Cash Flow (cont.)

In NIS million	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
(e) Transactions not involving cash flows:					
Purchase of property, plant and equipment against suppliers credit	**10**	-	**10**	-	-
Payables - purchase of insurance portfolios	**10**	-	**-**	-	7
Replacement of notes (see Note 6C below)	**187**	-	**-**	-	-
(f) First-time consolidation of an acquired company:					
Excess cost upon acquisition (see Note 5 below)	**-**	(281)	**-**	-	(281)
Goodwill upon acquisition (see Note 5 below)	**-**	(428)	**-**	-	(428)
Intangible assets		(255)	**-**	-	(255)
Deferred tax assets	**-**	(38)	**-**	-	(38)
Current tax assets	**-**	(1)	**-**	-	(1)
Property, plant & equipment	**-**	(131)	**-**	-	(131)
Right-of-use asset	**-**	(198)	**-**	-	(198)
Receivables for credit card transactions, net	**-**	(15,432)	**-**	-	(15,432)
Receivables and debit balances	**-**	(52)	**-**	-	(52)
Other financial investments	**-**	(3)	**-**	-	(3)
Issuance of Company shares (see Note 7 below)	**-**	253	**-**	-	253
Investments in investees	**-**	(7)	**-**	-	(7)
Liability for employee benefits, net	**-**	27	**-**	-	27
Lease liability	**-**	198	**-**	-	198
Deferred tax liabilities	**-**	8	**-**	-	8
Liabilities for current taxes	**-**	22	**-**	-	22
Payables for credit card transactions	**-**	8,649	**-**	-	8,649
Payables and credit balances	**-**	463	**-**	-	463
Deferred payment in the CIMax acquisition (presented under payables and credit balances)	**-**	377	**-**	-	377
Liabilities to banking corporations and others	**-**	6,535	**-**	-	6,535
Total investment in acquisition of consolidated companies consolidated for the first time	**-**	(294)	**-**	-	(294)
Consideration paid	**-**	(790)	**-**	-	(790)
Cash of the acquired company	**-**	496	**-**	-	496
Total investment in acquisition of consolidated companies consolidated for the first time	**-**	(294)	**-**	-	(294)

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

NOTE 1 - GENERAL

A. The reporting entity

Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**") is an Israeli resident company incorporated in Israel, whose official address is 36 Raoul Wallenberg Street, Tel Aviv. The securities of the Company are listed for trading on the Tel Aviv Stock Exchange Ltd.

Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**") is a holding company. Its main holdings are mainly in the insurance, pension, and provident and finance domains as well as in the credit card domain.

The consolidated financial statements as at June 30, 2024 (hereinafter - the "**Financial Statements**") include those of the Company and its subsidiaries (hereinafter, jointly - the "**Group**"), as well as the Group's interests in joint ventures and associates.

The Group operates mainly in insurance, pension, provident and finance areas of activity, credit card activity (issuance, and processing of debit cards, as well as providing payment solutions and financial products, including credit to private and business customers), and holds other assets and businesses (such as insurance agencies).

For further details, see Note 1 to the consolidated financial statements for 2023.

Further to Note 1(b)(1) to the Consolidated Financial Statements for 2023, it is noted that in May 2024, the Draft Regulations regarding Economic Competition and Minimizing Market Concentration (Financial Entity) (Amendment No. 1), 2024 was published, as part of which it is suggested to expand the list of entities to be included in the definition of "financial entities" in the Market Concentration Law, such that, among other things, it will also include an insurer's issuing corporation which is a wholly owned subsidiary of an insurer (as defined in the Companies Regulations (Reliefs for Certain Types of Bond Companies), 2012.

If the Draft Regulations become binding, this will trigger the definition of Clalbit Finance as a financial entity, such that if the amount of Clalbit Finance's liabilities will not be taken into account together with the other liabilities of the Clal Holdings and of the non-financial corporations controlled by the Clal Holdings Group, and Clal Holdings will be allowed to continue holding Clal Insurance and Clalbit Finance even if their total liabilities will exceed the threshold of liabilities, which a non-financial entity holding a significant financial entity may have.

B. Below is a description of developments in the reporting period for the control of and holdings in the Company and in Clal Insurance

As of the report publication date, the Company does not have a core controlling interest.

C. Implications

As of the reporting date, the Company is unable to assess the full effect of the outcomes of the events detailed above and in Note 1 to the Consolidated Financial Statements for 2023, among other things, due to the fact that the Company is the controlling shareholder of Clal Insurance and in view of the restrictions imposed under the outline for exercising the means of control in Clal Insurance, which significantly limit the extent of the Company's influence over the conduct of Clal Insurance and the appointment of officers in Clal, and the Company is still evaluating its implications and applicability over time. This uncertainty also applies in view of additional changes that are taking place in the Company and that may occur in the future, due to its holdings structure, the fact that it is a company without a controlling core with a substantial shareholder, and due to the fact that the provisions of the Supervision Law for insurers without a controlling shareholder do not apply to it, and due to the different corporate structure of the large insurance companies in Israel compared with the standard structure in banks, according to which the insurance companies, including Clal Insurance, are private companies which are controlled by a holding company, including the Company, which is a publicly-traded company without a controlling core, and due to the effective impact of the holders of non-controlling interests on the conduct of the Company under the above circumstances.

Furthermore, the set of changes and events described above and Note 1 to the Consolidated Financial Statements for 2023, if they continue, may and will affect, among other things, the reputation of the Company and the Group companies. It is noted that a future transfer of control of the Company to a third party may affect clauses in certain agreements of Group companies with third parties (including reinsurers) and may require, once circumstances involving such change of control exist, negotiations with such third parties for the agreements to remain in effect.

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

A. Financial reporting framework

The consolidated interim financial statements of the Group as of June 30, 2024 and the six- and three-month period then ended, were prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, which refer to holding companies of insurers and credit card companies.

Through December 31, 2022, the Group's consolidated financial statements were drawn up in accordance with IFRS, including in connection with the data relating to insurer consolidated subsidiaries, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010.

As of January 1, 2023, the consolidated interim financial statements of the Company have been drawn up in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 1970. In accordance with these provisions, those financial statements data that relate to a consolidated subsidiary, which falls within the scope of the definition of insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, are drawn up in accordance with the requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981.

In accordance with requirements set by the Commissioner, the first-time application date of IFRS 17 regarding Insurance Contracts and IFRS 9 regarding Financial Instruments was postponed to January 1, 2025 (see Note 3 and 13 below) (instead of the first-time application date that was set in the standard itself - January 1, 2023). Consequently, during the periods through the date of first-time application in Israel, those data in the financial statements that relate to the subsidiary, as stated above, continue to be drawn up in accordance with IFRS 4 regarding Insurance Contracts, and IAS 39, Financial Instruments (of 2017).

Furthermore, on March 27, 2023, the Company completed the acquisition of CIMax Holdings Ltd. (hereinafter - "CIMax"), which consolidates in its financial statements the credit card company Max It Finance Ltd. (hereinafter - "Max"). In accordance with the Preparation of Financial Statements Regulations, the information in the Group's consolidated financial statements relating to Max from the completion date of the acquisition of CIMax was prepared in accordance with the guidelines and directives of the Banking Supervision Department; for further details, see Notes 3 and 5 below. These directives basically adopt the US GAAP for Banks.

In addition, for the other issues, including regarding the information in the financial statements that does not refer to insurer consolidated subsidiaries, the consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting.

The information presented under comparative figures of the Condensed Consolidated Interim Financial Statements is information published by the Group in those periods.

The Condensed Consolidated Interim Financial Statements do not include all the information required in the full annual financial statements. They should be read together with the consolidated financial statements as of and for the year ended December 31, 2023 (hereinafter - the "Annual Financial Statements"). In addition, these reports have been prepared in accordance with the provisions of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating insurance companies and a credit card company.

The condensed consolidated interim financial statements were approved for publication by the Company's Board of Directors on August 20, 2024.

B. Use of estimates and judgments

The preparation of the Group's said Condensed Interim Financial Statements requires that the Group's management use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It is clarified that the actual results may differ from those estimates.

The judgment of management, when applying the Group's accounting policy and the principal assumptions used in assessments that involve uncertainty, are consistent with those used in the annual financial statements. The estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates were adjusted and for any future affected period, except as follows:

In this context, see Note 12(d) below, regarding revised actuarial estimates.

C. Details of rates of change in the consumer price index and in the representative exchange rates of the EUR, USD, and GBP:

	In lieu CPI	Known CPI	EUR representative exchange rate	USD representative exchange rate	GBP representative exchange rate
			%		
For the six-month period ended					
June 30, 2024	**2.1**	**1.9**	**0.2**	**3.6**	**2.8**
June 30, 2023	2.2	2.5	7.1	5.1	10.3
For the three-month period ended					
June 30, 2024	**1.1**	**1.6**	**1.0**	**2.1**	**2.1**
June 30, 2023	1.0	1.4	2.2	2.4	4.6
For the year ended December 31, 2023	3.0	3.3	6.9	3.1	9.1

	EUR representative exchange rate	USD representative exchange rate	GBP representative exchange rate
As of June 30, 2024	**4.020**	**3.759**	**4.751**
As at June 30, 2023	4.019	3.700	4.671
As of December 31, 2023	4.012	3.627	4.621

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The Group's accounting policy applied in the Consolidated Interim Financial Statements is the same accounting policy applied in the Consolidated Financial Statements for 2023.

A. Initial application of new IFRSs and amendments to existing accounting standards by the Group companies, which implement IFRS or the directives of the Capital Market, Insurance and Savings Authority (see Note 2 above)

Amendment to IFRS 16, Leases

In September 2022, the IASB published an amendment to IFRS 16, Leases (hereinafter - the "Amendment"), whose objective is to provide an accounting treatment in the financial statements of the seller-lessee in sale and leaseback transactions, when the lease payments are variable lease payments that do not depend on an index or rate. As part of the amendment, the seller-lessee is required to adopt one of two approaches to measure the lease liability at the initial recognition date of such transactions. The selected approach constitutes an accounting policies that should be implemented consistently.

The Amendment shall be applied as from annual periods beginning on January 1, 2024; earlier application is permitted. The Amendment shall be applied retrospectively.

The above Amendment did not have a material effect on the Consolidated Interim Financial Statements of the Company.

B. First-time application of new financial reporting standards and amendments to existing accounting standards in the credit card company - Max

As from the reporting periods starting on January 1, 2024, Max applies new provisions and accounting standards regarding this issue, as detailed below:

1. **Revision of ASU 2022-02 to the Accounting Standards Codification regarding modifications to the terms and conditions of debts of distressed borrowers and disclosure requirements in accordance with the year in which credit was provided.**

Below is a description of the nature of the modifications applied in the accounting policies in these Condensed Consolidated Interim Financial Statements, and a description of the manner and effect of any first-time application:

On March 31, 2022, the Financial Accounting Standards Board (FASB) published ASU 2022-02 regarding modifications to the terms and conditions of debts of distressed borrowers and disclosure requirements on credit loss provisions in accordance with the year in which credit was provided (hereinafter - the "Revision").

The ASU revokes the provisions relating to restructuring of troubled debts by lenders, while improving disclosure requirements regarding borrowers in financial difficulties. The ASU also adds a disclosure requirements of gross write-offs, by credit granting year.

On October 19, 2023, the Banking Supervision Department published a circular on "Modifications to Terms and Conditions of Debts of distressed borrowers", revising the Reporting to the Public Directives in accordance with the revision of accounting standards on this issue.

The main modifications in the circular include, among other things: Cancelling the definition of "debts that have undergone troubled debt restructuring", including the requirement to check whether Max granted a concession to determine this classification, and replacing it with the phrase "changes in terms and conditions of debts of distressed borrowers"; updating the disclosure requirements in the financial statements, such that disclosure will be given in respect of each change in the terms and conditions of a debt to distressed borrowers, which includes a waiver of the principal, reduction of the interest rate or term extension which does not trigger insignificant postponement of payments; cancelling the requirement to calculate the credit loss provision using the discounted cash flow method, for troubled debt which underwent restructuring, using the discounted cash flow method; expanding the disclosure about the "credit quality according to the year the credit was provided", such that it includes information about gross charge-offs carried out during the year.

Banking corporations were required to apply the directive as from January 1, 2024, in accordance with guidance and Transitional Provisions set forth in the directive.

The application of the directive does not affect the measurement method of the credit loss provision and did not lead to any change in Max's the credit loss provision.

The application of the directive leads to a change in the format of disclosure regarding those debts. Max adopted, at the initial application date, certain expedients, as provided by the Transitional Provisions, including determining the balance of the debts of distressed borrowers which underwent a change in terms and conditions until December 31, 2023, according to the balance of troubled debt restructurings until December 31, 2023. In addition, according to the Transitional Provisions, in the report for the first quarter of 2024, Max did not include a quantitative disclosure in the format established for details of the types of changes made during that quarter to debts of distressed borrowers, details of the financial effects of such changes, and details of the types of changes to debts that were defaulted on during that quarter after undergoing a change in terms and conditions. These disclosures were revised starting with these financial statements. In accordance with the directive, comparative data will not be restated.

For further details, see the note entitled Credit Risk, Receivables for Credit Card Transactions and Credit Loss Provision.

The revision to the accounting policies, which were applied following the first-time application of the new accounting principles on modifications to the terms and conditions of debts of distressed borrowers (instead of troubled debt restructuring):

Policies on debt settlement arrangements and accounting for modifications to the terms and conditions of debts of distressed borrowers (instead of troubled debt restructuring)

Modifications to the terms and conditions of debts of distressed borrowers is generally carried out for customers, whose debts were identified as troubled, and through debt rescheduling, reducing the periodic payments, or postponing the payment dates.

In order to determine whether a debt settlement arrangement executed by Max constitutes a modification to the terms and conditions of debts of distressed borrowers, Max assesses all the terms and conditions of the debt settlement arrangement and the circumstances in which it was executed.

In order to determine whether the borrower has financial difficulties, Max assesses whether there are indications of difficulties as of the restructuring date or whether it is reasonably probable that the borrower will have financial difficulties were it not for the restructuring. Among other things, Max assesses whether one or more of the following criteria are met:

- The debtor is currently in payment default on any of its debt, or it is probable that the debtor would be in payment default on any of its debt in the foreseeable future without the modification.
- The debtor has declared or is in the process of declaring bankruptcy or other receivership.
- There is substantial doubt as to whether the debtor will continue to be a going concern.
- Without the current modification, the debtor cannot obtain funds from sources other than the existing creditors at an effective interest rate equal to the current market interest rate for similar debt for a nontroubled debtor.

Max does not classify a debt settlement arrangement as a modification to the terms and conditions of debts of distressed borrowers, if the modification results in an insignificant delay in payment, considering the frequency or the payments, the remaining contractual maturity, and the debt's original expected duration.

C. New standards and interpretations not yet adopted:

1. Disclosure of the new IFRSs in the period prior to their application by Group companies excluding Max:

For details regarding IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments (for Clal Insurance), see Note 13 below.

Standard / Interpretation / Amendment	Topic	Effective date and Transitional Provisions	Expected main effects
IFRS 18, Presentation and Disclosure in Financial Statements	In April 2024, the International Accounting Standards Board (IASB) published IFRS 18 - Presentation and Disclosure in Financial Statements (hereinafter - the "New Standard") - which supersedes IAS 1 - Presentation of Financial Statements (hereinafter - "IAS 1"). The New Standard is aimed at improving the comparability and transparency of communication of financial statements. The New Standard includes requirements previously included in IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including the presentation of totals and subtotals required under the New Standard, disclosure of management-defined performance measures, and new requirements for the aggregation and disaggregation of financial information. The New Standard does not change the provisions regarding recognition and measurement of items in the financial statements. However, since items in the statement of profit or loss must be classified into one of five categories (operating, investing, financing, income taxes, and discontinued operations), it may alter the operating income of the entity. In addition, the publication of the New Standard triggered limited amendments to other accounting standards, including IAS 7 - Statement of Cash Flow - and IAS 34 - Interim Financial Reporting.	The New Standard was applied retrospectively as from annual periods beginning on January 1, 2027. Early application is permitted, provided a disclosure is made. In accordance with the resolution of the Israel Securities Authority's plenum, reporting corporations may early adopt the standard starting with reporting periods beginning on January 1, 2025.	The Company is studying the effect - on the consolidated financial statements - of the New Standard, including the effect of consequential amendments to other accounting standards.

2. Disclosure of US GAAP and new directives issued by the Banking Supervision Department in the period preceding their application

ASU	Topic	Effective date and Transitional Provisions	Expected main effects
Revision to ASU 2023-07 regarding Improvements to Reportable Segment Disclosures	On November 27, 2023, the Financial Accounting Standards Board (FASB) published ASU 2023-07 regarding Improvements to Reportable Segment Disclosures (hereinafter - the "**ASU**"). The ASU improves the disclosure requirements that apply to entities, including adding a requirement to provide disclosure in the segments note regarding 'significant expenses' reported to the chief operating decision maker (CODM), explaining the manner by which the CODM uses segment reporting, expanding the scope of certain annual disclosure requirements to interim periods, disclosing the identity and title of the CODM, and a clarification to the effect that ASC 280 also applies to entities with a single segment.	The provisions of the ASU will be applicable to publicly-traded entities in the US as of the annual periods commencing after December 15, 2023 and interim periods commencing after December 15, 2024. Early application is permitted. Upon first-time application, the entity is required to apply this ASU retrospectively for all the periods presented in the financial statements, unless it is impractical.	Max and the Company are examining the effect of the new provisions on its financial statements.
Revision to ASU 2023-09 regarding Improvements to Income Tax Disclosures	On December 14, 2023, the FASB published ASU 2023-09 regarding Improvements in Income Tax Disclosures (hereinafter - the "ASU").The amendments under the ASU add new improved disclosure requirements and remove certain disclosure requirements.	The provisions of the ASU will be applicable to publicly-traded entities in the US as of the annual periods commencing after December 15, 2024. Early application is permitted. Upon first-time application, the entity is required to apply this ASU prospectively. Retrospective application for prior presented periods is permitted.	Max and the Company are examining the effect of the new provisions on its financial statements.

NOTE 4 - SEGMENT REPORTING

A. General

The Group operates in the following operating segments:

1. **Long-term savings**

   The Long-Term Savings segment comprises life insurance, related coverages (appendices), and management of pension and provident funds. The segment comprises Long-Term Savings (under various types of insurance policies, pension funds and provident funds, including advanced education funds), and insurance coverages for various risks, such as: death, disability, long-term health, and Health Insurance sold as appendices to life insurance policies, and more. According to the Commissioner's Directives, the Long-Term Savings Subsegment is described in accordance with the following subsegments: Provident, Pension and Life Insurance.

2. **Health insurance**

   The Health Insurance Segment comprises the Group's activity in the Health Insurance Subsegments. The segment comprises long-term care insurance, medical expenses insurance, surgery, transplants, personal accidents (Long-Term Health Subsegment), travel, dental insurance, foreign workers insurance and more.

3. **P&C insurance**

   The Property and Casualty Insurance Segment comprises the Liability and Property Subsegments, credit insurance, personal accidents insurance and other.

   In accordance with the Commissioner's Directives, the Property and Casualty Insurance Segment is broken down into Compulsory Motor Insurance, Motor Property, Property and Other Subsegments, Credit Insurance and Other Liability Subsegments, as follows:

   - **Compulsory Motor Subsegment**

     The Compulsory Motor Subsegment focuses on coverage, the purchase of which by the vehicle owner or driver is mandatory, in respect of bodily injury caused as a result of the use of a motor vehicle (to the driver, passengers, or pedestrians).

   - **Motor Property Subsegment**

     The Motor Property Subsegment focuses on coverage against property damage to the policyholder's vehicle and third-party property damage caused by the insured vehicle.

   - **Property and Other Subsegments**

     All remaining Property Insurance Subsegments other than the Motor and Liability Insurance Subsegments and Other Insurance Subsegments, such as guarantees and personal accidents (Short-Term Health Insurance Subsegment).

   - **Credit insurance through a consolidated company**

     The credit insurance and foreign trade insurance subsegments.

   - **Other Liability Subsegments**

     The Liability Subsegments provide coverage in respect of the policyholder's liability for any third-party damage he/she may cause. These subsegments include: third-party liability, employer liability, professional liability and product liability.

4. **Credit Cards Segment**

   Includes credit card company operating results, divided into two main subsegments: issuing and acquiring.

   Issuance Subsegment

   The Issuing Subsegment focuses on 2 main activities:

   1. Solutions for financial institutions - joint credit card issuance and processing with banks, for their customers (B2B2C); hereinafter - bank payment cards.
   2. Private customers - sale and marketing of non-bank credit cards, consumer credit and other products directly

to private customers, i.e., consumers (B2C), including through joint loyalty programs.

Within the issuing subsegment, Max issues its customers payment cards, which are used as a means of payment for transactions and cash withdrawal at merchants in Israel and worldwide that accept the brands issued by Max. Max's income from card holders is from fees and commissions collected from the card holders and issuer fees collected from the credit card companies (as acquiring companies) as well as from international organizations (acquirers outside Israel). In addition, interest is collected from Max customers for transactions and credit products provided by Max.

Acquiring Subsegment

This subsegment includes mainly the following activities:

1. Acquiring services - Payment guarantees against vouchers of transactions carried out using credit cards in exchange for a fee collected from the merchant.
2. Related services and complementary products to the acquiring services.
3. Financial solutions - Products and services offered to merchants, such as loans, voucher factoring, early payments and guarantees, in respect of which interest, fees and commissions are collected from the merchants.

Furthermore, the Credit Card Segment will include the operating results of Milo Brom Holdings Ltd. (hereinafter - "Milo"), which holds the following companies:

A. Hyp Payment Solutions Ltd. (hereinafter - "Hyp"), which provides payment solutions to e-commerce websites and merchants, used for payment by credit cards and other means of payment, and provides credit card reconciliation services through a system that enables monitoring merchants' business activity with credit card companies and factoring companies. Hyp also provides a bookkeeping management and digital invoice generation system;

B. Max EVS Ltd. (held at 51%) - is a technological joint venture in the field of charging systems and other services relevant to electric vehicles and solar roofs.

The companies were initially consolidated as from March 31, 2023, such that the quantitative segment information in respect thereof set forth below in relation to 2023 does not includes the results of the first quarter of that year, and - furthermore - the results of the first quarter of 2023 do not include the results of this operating segment, other than a provision for credit default according to CECL at the time of the CIMax acquisition; for further details, see Note 3(i)(1)(d) to the Consolidated Financial Statements for 2023.

5. Other

Includes operating segments that do not meet the quantitative thresholds for reporting, mainly in respect of the insurance agencies.

6. Activity not allocated to segments

This activity includes the Group's headquarters, which is mainly the capital, the liabilities not in the insurance business and the assets held against them by Clal Insurance rather than by the credit card company's business, as well as the Company's separate balances and results.

As of April 1, 2023, the results also include the finance expenses for the Syndicated Loan in respect of the Max acquisition transaction. On February 25, 2024, CIMax executed early repayment of the full amount of the syndicated loan. For further details, see Note 26(a1)(3) to the Consolidated Financial Statements for 2023.

B. Seasonality

1. Long-term Savings Segment

Generally, the income from life insurance premiums, and management fees income from pension and provident funds are not affected by seasonality, and therefore claims are also not affected by seasonality.

However, since the tax year ends in December, there is a certain effect of seasonality in that month in terms of payment of premiums/contributions towards benefits for pension saving products, since significant amounts are deposited in this month by salaried employees and self-employed persons, who make contributions independently outside their payroll in order to fully utilize the tax benefits, and also by employers that pay outstanding debts in respect of the relevant tax year or make one-off contributions, normally in respect of severance pay-related debts. Furthermore, the amounts of premiums/contributions towards benefits may be higher in certain months, which vary from one year to another, mainly due to one-off payments made by employers to employees, and in respect of which contributions towards benefits are made.

2. **Property and Casualty Insurance Segment**

As a general rule, income earned from premiums in the Property and Casualty Insurance Segment are not affected by significant seasonality. However, the premium income in the first quarter of the year are higher than premium income in the other quarters, mainly due to renewal of insurance agreements of business policyholders and large vehicle fleets at the beginning of the calendar year, which reflects a certain degree of seasonality. The effect of this seasonality on the reported profit is neutralized through the provision for unearned premium.

There is no significant seasonality in other components of expenses, such as claims, and in components of income, such as investment income. However, it should be noted that during the winter season - in the first quarter or fourth quarter of the year, or both - there is sometimes an increase in claims, mainly in the Property Insurance Subsegment, and consequently the reported profit for the period decreases.

C. Operating segment reporting

	Long-Term Savings											
	Provident			Pension			Life Insurance [1])			Total		
	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023	2024	2023	2023
In NIS million	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Premiums earned, gross	**-**	-	-	**-**	-	-	**2,592**	3,198	6,041	**2,592**	3,198	6,041
Premiums earned by reinsurers	**-**	-	-	**-**	-	-	**163**	84	171	**163**	84	171
Premiums earned - retention	**-**	-	-	**-**	-	-	**2,430**	3,114	5,870	**2,430**	3,114	5,870
Investment income, net and finance income	**116**	126	217	**2**	-	1	**4,758**	4,344	7,425	**4,876**	4,470	7,643
Income from management fees	**150**	144	293	**195**	180	371	**296**	298	594	**640**	622	1,258
Income from fees and commissions	**-**	-	-	**-**	-	-	**18**	9	30	**18**	9	30
Total income	**265**	271	510	**197**	179	372	**7,501**	7,765	13,919	**7,964**	8,216	14,801
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**113**	126	212	**-**	-	-	**7,242**	7,297	12,679	**7,356**	7,423	12,891
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**-**	-	-	**-**	-	-	**(148)**	(74)	(144)	**(148)**	(74)	(144)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**113**	126	212	**-**	-	-	**7,094**	7,223	12,535	**7,207**	7,349	12,747
Fees and commissions, marketing expenses and other purchase expenses	**66**	68	141	**62**	57	118	**364**	363	721	**493**	488	979
General and administrative expenses	**76**	71	142	**108**	102	204	**179**	179	368	**363**	353	713
Impairment of intangible assets	**-**	-	-	**-**	-	1	**-**	-	-	**-**	-	1
Other expenses	**4**	3	6	**2**	2	5	**-**	-	-	**6**	5	11
Finance expenses	**-**	-	-	**-**	-	-	**11**	12	19	**11**	12	19
Total expenses	**260**	268	501	**172**	162	327	**7,649**	7,777	13,642	**8,081**	8,207	14,471
Share in results of equity-accounted investees, net	**-**	-	-	**-**	-	-	**(1)**	-	-	**(1)**	-	-
Profit (loss) before taxes on income	**6**	2	9	**25**	18	45	**(149)**	(12)	277	**(118)**	8	331
Other comprehensive income (loss) before income tax	**(1)**	1	2	**(1)**	2	2	**79**	17	(52)	**78**	20	(48)
Total comprehensive income (loss) before income tax	**5**	4	10	**24**	20	47	**(70)**	6	225	**(40)**	29	282

C. Operating segment reporting (cont.)

	Long-Term Savings											
	Provident			Pension			Life Insurance [1])			Total		
	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**2,507**	2,451	2,470	**-**	-	-	**21,663**	21,297	21,418	**24,170**	23,748	23,889
Liabilities in respect of insurance contracts and yield-dependent investment contracts	**-**	-	-	**-**	-	-	**91,461**	90,981	90,528	**91,461**	90,981	90,528
1)Total premiums (including pure savings premiums (investment contracts) recognized directly in the reserve)							**2,933**	3,929	7,122	**2,933**	3,929	7,122

C. Operating segment reporting (cont.)

In NIS million	Health			Property and Casualty			Credit cards			Other		
	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Premiums earned, gross	**892**	850	1,733	**1,838**	1,660	3,432	**-**	-	-	**-**	-	-
Premiums earned by reinsurers	**51**	45	90	**692**	726	1,447	**-**	-	-	**-**	-	-
Premiums earned - retention	**842**	805	1,644	**1,146**	934	1,984	**-**	-	-	**-**	-	-
Income from credit card transactions	**-**	-	-	**-**	-	-	**735**	367	1,083	-	-	-
Investment income (losses), net and finance income	**166**	145	265	**142**	112	227	**625**	306	948	1	1	(8)
Income from fees and commissions	**6**	5	10	**106**	111	222	**9**	-	7	119	104	220
Other income	**-**	-	-	**-**	-	-	**-**	2	-	-	-	-
Total income	**1,013**	954	1,919	**1,394**	1,157	2,434	**1,369**	675	2,038	**120**	105	212
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**598**	626	1,348	**928**	974	1,825	**-**	-	-	**-**	-	-
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(40)**	(37)	(81)	**(268)**	(294)	(446)	**-**	-	-	**-**	-	-
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**557**	590	1,267	**660**	680	1,379	**-**	-	-	**-**	-	-
Credit loss expenses	**-**	-	-	**-**	-	-	**97**	47	191	**-**	-	-
Credit card processing	**-**	-	-	**-**	-	-	**460**	258	739	**-**	-	-
Payments to banks	**-**	-	-	**-**	-	-	**112**	56	166	**-**	-	-
Fees and commissions, marketing expenses and other purchase expenses	**324**	313	625	**326**	323	675	**216**	81	278	**93**	77	155
General and administrative expenses	**47**	45	90	**46**	43	102	**45**	24	71	**6**	8	16
Other expenses	**-**	-	-	**-**	-	-	**-**	-	-	**4**	3	6
Finance expenses	**2**	2	4	**9**	13	18	**234**	110	356	**1**	-	1
Total expenses	**931**	950	1,986	**1,040**	1,058	2,174	**1,164**	576	1,801	**104**	88	178
Share in results of equity-accounted investees, net	**-**	-	-	**(2)**	-	-	**1**	-	1	**6**	5	10
Profit (loss) before taxes on income	**83**	4	(67)	**353**	98	259	**206**	99	238	**22**	23	44
Other comprehensive income (loss) before income tax	**6**	8	(11)	**4**	33	53	**-**	-	-	**-**	-	-
Total comprehensive income (loss) before income tax	**88**	12	(77)	**357**	132	312	**206**	99	238	**22**	23	44

C. Operating segment reporting (cont.)

	Long-Term Savings											
	Health			Property and Casualty			Credit cards			Other		
	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**2,984**	2,724	2,906	**7,379**	8,157	7,383	**-**	-	-	**-**	-	-
Liabilities in respect of insurance contracts and yield-dependent investment contracts	**1,204**	1,126	1,156	**-**	-	-	**-**	-	-	**-**	-	-

C. Operating segment reporting (cont.)

In NIS million	Not allocated to segments			Adjustments and offsets			Total		
	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Premiums earned, gross	-	-	-	(2)	(1)	(4)	5,321	5,707	11,202
Premiums earned by reinsurers	-	-	-	-	-	-	905	854	1,708
Premiums earned - retention	-	-	-	(2)	(1)	(4)	4,416	4,853	9,495
Income from credit card transactions	-	-	-	-	-	-	735	367	1,083
Investment income (losses), net and finance income	15	(28)	60	41	63	104	5,866	5,068	9,238
Income from management fees	-	-	-	1	1	1	641	623	1,259
Finance income (expenses) from fees and commissions	-	-	-	(46)	(46)	(99)	213	184	390
Other income (expenses)	(1)	-	-	-	-	-	(1)	2	-
Total income	15	(28)	60	(6)	17	2	11,870	11,097	21,464
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	-	-	-	(1)	(1)	(2)	8,880	9,023	16,062
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	-	-	-	-	(457)	(405)	(671)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	-	-	-	(1)	(1)	(2)	8,423	8,618	15,391
Credit loss expenses	-	-	-	-	220	220	97	267	411
Credit card processing	-	-	-	-	-	-	460	258	739
Payments to banks	-	-	-	-	-	-	112	56	166
Fees and commissions, marketing expenses and other purchase expenses	-	-	-	(46)	(46)	(99)	1,408	1,237	2,613
General and administrative expenses	36	40	97	(1)	-	2	542	512	1,092
Impairment of intangible assets	-	-	4	-	-	-	-	-	5
Other expenses	-	-	-	11	6	23	21	14	40
Finance expenses (income)	164	132	294	(5)	-	(22)	417	269	669
Total expenses	201	171	395	(41)	180	121	11,479	11,231	21,125
Share in results of equity-accounted investees, net	(1)	(1)	(3)	-	-	-	3	5	8
Profit (loss) before taxes on income	(187)	(200)	(338)	35	(163)	(120)	393	(129)	347
Other comprehensive income before taxes on income	23	142	135	-	-	-	111	204	129
Total comprehensive income (loss) before income tax	(164)	(58)	(203)	36	(163)	(120)	504	74	476

C. Operating segment reporting (cont.)

In NIS million	Not allocated to segments			Adjustments and offsets			Total		
	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**-**	-	-	**(2)**	(1)	(1)	**34,532**	34,627	34,176
Liabilities in respect of insurance contracts and yield-dependent investment contracts	**-**	-	-	**(18)**	(18)	(18)	**92,646**	92,089	91,665

C. Operating segment reporting (cont.)

	Long-Term Savings							
	Provident		Pension		Life Insurance [1])		Total	
	For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30	
	2024	2023	2024	2023	2024	2023	2024	2023
In NIS million	Unaudited							
Premiums earned, gross	**-**	-	**-**	-	**1,277**	1,546	**1,277**	1,546
Premiums earned by reinsurers	**-**	-	**-**	-	**83**	42	**83**	42
Premiums earned - retention	**-**	-	**-**	-	**1,194**	1,504	**1,194**	1,504
Investment income, net and finance income	**73**	68	**1**	-	**730**	3,274	**803**	3,343
Income from management fees	**74**	74	**98**	92	**147**	150	**319**	316
Income from fees and commissions	**-**	-	**-**	-	**6**	3	**6**	3
Total income	**147**	143	**99**	92	**2,077**	4,931	**2,323**	5,166
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**73**	67	**-**	-	**2,031**	4,895	**2,104**	4,961
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**-**	-	**-**	-	**(80)**	(43)	**(80)**	(43)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**73**	67	**-**	-	**1,951**	4,852	**2,024**	4,918
Fees and commissions, marketing expenses and other purchase expenses	**33**	34	**31**	29	**180**	174	**244**	236
General and administrative expenses	**39**	35	**53**	50	**92**	86	**183**	171
Other expenses	**2**	2	**1**	1	**-**	-	**3**	3
Finance expenses	**-**	-	**-**	-	**4**	9	**4**	9
Total expenses	**147**	137	**86**	80	**2,227**	5,120	**2,459**	5,337
Share in results of equity-accounted investees, net	**-**	-	**-**	-	**(1)**	-	**(1)**	-
Profit (loss) before taxes on income	**-**	6	**13**	12	**(151)**	(189)	**(138)**	(172)
Other comprehensive income (loss) before income tax	**(1)**	1	**(1)**	1	**18**	81	**16**	82
Total comprehensive income (loss) before income tax	**-**	6	**12**	13	**(134)**	(109)	**(121)**	(89)
1) Total premiums (including pure savings premiums (investment contracts) recognized directly in the reserve					**1,466**	1,846	**1,466**	1,846

C. Operating segment reporting (cont.)

In NIS million	Health		Property and Casualty		Credit cards		Other		Not allocated to segments		Adjustments and offsets		Total	
	For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended September 30		For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Unaudited													
Premiums earned, gross	**458**	433	**927**	846	**-**	-	**-**	-	**-**	-	**(1)**	-	**2,660**	2,824
Premiums earned by reinsurers	**27**	25	**337**	360	**-**	-	**-**	-	**-**	-	**-**	-	**448**	426
Premiums earned - retention	**430**	408	**589**	486	**-**	-	**-**	-	**-**	-	**(1)**	-	**2,213**	2,398
Income from credit card transactions	**-**	-	**-**	-	**381**	367	**-**	-	**-**	-	**-**	-	**381**	367
Investment income (losses), net and finance income	**77**	84	**86**	65	**320**	306	**-**	1	**15**	(21)	**12**	62	**1,314**	3,841
Income from management fees	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**319**	316
Finance income (expenses) from fees and commissions	**3**	3	**53**	55	**4**	-	**63**	52	**-**	-	**(23)**	(22)	**106**	91
Other income	**-**	-	**-**	-	**-**	2	**-**	-	**-**	-	**-**	-	**-**	2
Total income	**511**	496	**728**	607	**705**	675	**63**	53	**15**	(21)	**(11)**	40	**4,334**	7,016
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**217**	324	**330**	363	**-**	-	**-**	-	**-**	-	**-**	-	**2,651**	5,649
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(21)**	(20)	**(80)**	(76)	**-**	-	**-**	-	**-**	-	**-**	-	**(181)**	(139)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**196**	304	**250**	287	**-**	-	**-**	-	**-**	-	**-**	-	**2,471**	5,510
Credit loss expenses	**-**	-	**-**	-	**56**	47	**-**	-	**-**	-	**-**	-	**56**	47
Credit card processing	**-**	-	**-**	-	**232**	258	**-**	-	**-**	-	**-**	-	**232**	258
Payments to banks	**-**	-	**-**	-	**58**	56	**-**	-	**-**	-	**-**	-	**58**	56
Fees and commissions, marketing expenses and other purchase expenses	**163**	158	**168**	165	**108**	81	**53**	39	**-**	-	**(23)**	(22)	**713**	658
General and administrative expenses	**24**	21	**23**	19	**23**	24	**(1)**	4	**17**	20	**1**	-	**270**	258
Other expenses	**-**	-	**-**	-	**-**	-	**2**	1	**-**	-	**7**	6	**12**	10
Finance expenses	**2**	1	**5**	8	**116**	110	**-**	-	**81**	80	**-**	-	**208**	208
Total expenses	**385**	484	**447**	480	**593**	576	**55**	45	**97**	100	**(16)**	(16)	**4,020**	7,006
Share in results of equity-accounted investees, net	**-**	-	**(2)**	-	**1**	-	**3**	3	**-**	(1)	**-**	-	**1**	2
Profit (loss) before taxes on income	**126**	11	**279**	127	**113**	99	**12**	11	**(82)**	(121)	**5**	56	**315**	12
Other comprehensive income (loss) before income tax	**(5)**	10	**(9)**	49	**-**	-	**-**	-	**(92)**	83	**-**	-	**(89)**	224
Total comprehensive income (loss) before income tax	**120**	21	**270**	176	**113**	99	**12**	11	**(174)**	(38)	**5**	56	**226**	235

D. Additional data regarding key insurance subsegments included in the Property and Casualty Insurance Segment

	Liability Subsegments					
	Compulsory motor insurance			Liability and Other Subsegments 1)		
	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31
	2024	2023	2023	2024	2023	2023
In NIS million	Unaudited		Audited	Unaudited		Audited
Gross premiums	**396**	360	704	**272**	301	506
Reinsurance premiums	**61**	84	168	**136**	171	258
Premiums - retention	**334**	276	536	**135**	130	248
Change in unearned premium balance, retention	**(43)**	(45)	(43)	**(12)**	(12)	(8)
Premiums earned - retention	**291**	231	493	**123**	118	240
Investment income, net and finance income	**58**	45	87	**44**	39	78
Income from fees and commissions	**7**	13	23	**11**	11	23
Total income	**355**	289	602	**178**	169	342
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**271**	283	637	**28**	83	104
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(54)**	(85)	(187)	**(23)**	(38)	20
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**218**	199	450	**5**	44	125
Fees and commissions, marketing expenses and other purchase expenses	**48**	50	100	**43**	48	104
General and administrative expenses	**7**	7	18	**4**	4	9
Finance expenses	**2**	7	4	**1**	1	4
Total expenses	**275**	263	572	**54**	98	242
Share in losses of associates, net	**(1)**	-	-	**(1)**	-	-
Income before income tax	**79**	27	30	**124**	71	100
Other comprehensive income before income tax	**6**	13	19	**1**	11	16
Total comprehensive income before income tax	**85**	39	50	**124**	82	117

	Liability Subsegments					
	Compulsory motor insurance			Liability and Other Subsegments 1)		
	As of June 30		As of December 31	As of June 30		As of December 31
	2024	2023	2023	2024	2023	2023
In NIS million	Unaudited		Audited	Unaudited		Audited
Gross premiums	**2,727**	2,869	2,967	**2,255**	2,941	2,289
Reinsurance premiums	**1,009**	1,239	1,236	**987**	1,600	959
Premiums - retention	**1,718**	1,629	1,731	**1,268**	1,341	1,329

1) Other Liability Subsegments mainly include results from the third-party liability, employers' liability and executive liability and professional liability insurance subsegments, the activity of which in the reporting period and in the corresponding period last year and in the year ended December 31, 2023, approx. 81%, approx. 78% and approx. 80%, respectively, of total premiums in these subsegments.

D. Additional data regarding key insurance subsegments included in the Property and Casualty Insurance Segment (cont.)

	Property Subsegments											
	Motor Property			Credit insurance			Property and Other Segment 1)			Total		
	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31	for the six-month ended June 30		For the year ended December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023	2024	2023	2023
In NIS million	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums	**704**	553	1,101	**69**	68	133	**706**	623	1,152	**2,146**	1,905	3,596
Reinsurance premiums	**9**	35	59	**36**	35	69	**567**	489	899	**810**	815	1,452
Premiums - retention	**695**	518	1,042	**32**	32	64	**139**	133	253	**1,336**	1,090	2,143
Change in unearned premium balance, retention	**(120)**	(79)	(94)	**(1)**	(2)	(2)	**(13)**	(17)	(12)	**(190)**	(155)	(159)
Premiums earned - retention	**575**	439	948	**32**	31	62	**126**	116	241	**1,146**	934	1,984
Investment income, net and finance income	**23**	15	27	**8**	4	8	**9**	9	28	**142**	112	227
Income from fees and commissions	**2**	4	7	**9**	10	20	**77**	72	149	**106**	111	222
Total income	**600**	458	982	**49**	45	90	**212**	197	418	**1,394**	1,157	2,434
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**411**	460	857	**27**	18	44	**191**	130	182	**928**	974	1,825
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(11)**	(60)	(89)	**(19)**	(12)	(30)	**(162)**	(99)	(160)	**(268)**	(294)	(446)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**400**	401	768	**8**	6	14	**28**	31	22	**660**	680	1,379
Fees and commissions, marketing expenses and other purchase expenses	**134**	117	249	**6**	6	13	**94**	102	210	**326**	323	675
General and administrative expenses	**13**	11	27	**11**	11	22	**11**	9	25	**46**	43	102
Finance expenses	**-**	1	-	**1**	1	1	**4**	2	9	**9**	13	18
Total expenses	**547**	530	1,045	**27**	24	51	**137**	143	265	**1,040**	1,058	2,174
Share in losses of associates, net	**-**	-	-	**-**	-	-	**-**	-	-	**(2)**	-	-
Income (loss) before income tax	**53**	(72)	(62)	**22**	20	39	**75**	53	152	**353**	98	259
Other comprehensive income (loss) before income tax	**-**	4	6	**(3)**	3	6	**-**	2	4	**4**	33	53
Total comprehensive income (loss) before income tax	**53**	(68)	(56)	**19**	23	45	**76**	56	156	**357**	132	312

	Property Subsegments											
	Motor Property			Credit insurance			Property and Other Segment 1)			Total		
	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31	As of June 30		As of December 31
	2024	2023	2023	2024	2023	2023	2024	2023	2023	2024	2023	2023
In NIS million	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited	Unaudited		Audited
Gross premiums	**929**	832	790	**100**	92	93	**1,368**	1,423	1,244	**7,379**	8,157	7,383
Reinsurance premiums	**34**	84	58	**57**	51	51	**1,114**	1,128	995	**3,200**	4,102	3,299
Premiums - retention	**896**	748	732	**43**	41	42	**254**	295	249	**4,179**	4,054	4,084

1) Property and Other Subsegments mainly include results from the business, home and engineering Property Insurance Subsegments, the activity of which in the reporting period, the corresponding period last year and the year ended December 31, 2023 constitutes approx. 81%, approx. 78% and approx. 77% of total premiums in these subsegments, respectively.

D. Additional data regarding key insurance subsegments included in the Property and Casualty Insurance Segment (cont.)

	Liability Subsegments				Property Subsegments							
	Compulsory motor insurance		Liability and Other Subsegments 2)		Motor Property		Credit insurance		Property and Other Segment 1)		Total	
	For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30		For the three-month period ended June 30	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
In NIS million	Unaudited											
Gross premiums	**176**	164	**131**	145	**327**	251	**34**	37	**352**	362	**1,020**	959
Reinsurance premiums	**24**	39	**70**	89	**5**	11	**18**	19	**293**	304	**411**	462
Premiums - retention	**152**	125	**61**	57	**322**	240	**16**	18	**58**	58	**609**	497
Change in unearned premium balance, retention	**-**	(4)	**2**	4	**(23)**	(9)	**(1)**	(2)	**3**	1	**(19)**	(11)
Premiums earned - retention	**153**	121	**62**	61	**299**	230	**15**	16	**61**	59	**589**	486
Investment income, net and finance income	**34**	27	**26**	23	**14**	9	**6**	2	**6**	5	**86**	65
Income from fees and commissions	**3**	6	**5**	6	**1**	2	**5**	5	**39**	37	**53**	55
Total income	**190**	154	**93**	89	**314**	241	**26**	23	**105**	101	**728**	607
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**97**	98	**(75)**	(21)	**196**	236	**14**	7	**98**	44	**330**	363
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**-**	(21)	**24**	(2)	**(6)**	(16)	**(10)**	(4)	**(88)**	(32)	**(80)**	(76)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**97**	77	**(51)**	(24)	**190**	220	**4**	3	**11**	12	**250**	287
Fees and commissions, marketing expenses and other purchase expenses	**27**	27	**19**	22	**72**	62	**3**	3	**47**	50	**168**	165
General and administrative expenses	**4**	3	**2**	1	**7**	5	**6**	5	**5**	5	**23**	19
Finance expenses	**1**	6	**1**	-	**-**	1	**1**	1	**3**	1	**5**	8
Total expenses	**128**	113	**(29)**	-	**269**	288	**13**	12	**66**	67	**447**	480
Share in losses of associates, net	**(1)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(2)**	-
Income (loss) before income tax	**61**	41	**122**	89	**45**	(48)	**12**	11	**40**	34	**279**	127
Other comprehensive income (loss) before income tax	**1**	19	**(3)**	17	**(1)**	6	**(5)**	3	**(1)**	4	**(9)**	49
Total comprehensive income (loss) before income tax	**62**	60	**119**	106	**43**	(41)	**7**	14	**39**	37	**270**	176

1) Property and Other Subsegments mainly include results from the business, home and engineering Property Insurance Subsegments, the activity of which in the three-month period ended on the report date and in the corresponding period last year constitutes approx. 80% of total premiums in these subsegments.

2) Other Liability Subsegments mainly include results from the third party liability, employers' liability and executive liability insurance subsegments, the activity of which in the three month period ended on the report date constitutes 79% and in the corresponding period last year other liability insurance subsegments include mainly results from the third-party liability, professional liability and executive liability subsegments, the activity of which constitutes approx. 72%, of total premiums in these subsegments, respectively.

E. Additional data about the Life Insurance and Long-Term Savings Segments

For the six-month period ended June 30, 2024 (unaudited)

In NIS million	Life insurance policies including a savings component (including appendices) by policy issuance date		From 2004		Life insurance policy without a risk savings component sold as a single policy		
	Until 1990 1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:	**63**	**755**	**-**	**1,291**	**450**	**34**	**2,592**
Proceeds in respect of investment contracts credited directly to insurance reserves	**-**	**-**	**-**	**341**	**-**	**-**	**341**
Financial margin including management fees 2)	**51**	**131**	**-**	**164**	**-**	**-**	**346**
Payments and change in liabilities in respect of insurance contracts, gross	**806**	**3,120**	**-**	**2,556**	**262**	**34**	**6,777**
Payments and change in liabilities for investment contracts	**-**	**-**	**-**	**465**	**-**	**-**	**465**
Total comprehensive income (loss)	**73**	**(76)**	**-**	**(70)**	**6**	**(1)**	**(70)**

For the six-month period ended June 30, 2023 (unaudited)

In NIS million	Life insurance policies including a savings component (including appendices) by policy issuance date		From 2004		Life insurance policy without a risk savings component sold as a single policy		
	Until 1990 1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:	70	795	-	1,876	420	36	3,198
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	732	-	-	732
Financial margin including management fees 2)	85	125	-	171	-	-	381
Payments and change in liabilities in respect of insurance contracts, gross	905	2,688	-	3,063	232	30	6,918
Payments and change in liabilities for investment contracts	-	-	-	379	-	-	379
Total comprehensive income (loss)	100	(59)	-*)	(55)	14*)	5	6

For the three-month period ended June 30, 2024 (unaudited)

In NIS million	Life insurance policies including a savings component (including appendices) by policy issuance date				Life insurance policy without a risk savings component sold as a single policy		
			From 2004				
	Until 1990 1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:	**31**	**377**	**-**	**629**	**226**	**15**	**1,277**
Proceeds in respect of investment contracts credited directly to insurance reserves	**-**	**-**	**-**	**189**	**-**	**-**	**189**
Financial margin including management fees 2)	**(22)**	**66**	**-**	**81**	**-**	**-**	**125**
Payments and change in liabilities in respect of insurance contracts, gross	**483**	**612**	**-**	**728**	**130**	**23**	**1,976**
Payments and change in liabilities for investment contracts	**-**	**-**	**-**	**55**	**-**	**-**	**55**
Total comprehensive income (loss)	**31**	**(117)**	**-**	**(41)**	**4**	**(10)**	**(134)**

For the three-month period ended June 30, 2023 (unaudited)

In NIS million	Life insurance policies including a savings component (including appendices) by policy issuance date				Life insurance policy without a risk savings component sold as a single policy		
			From 2004				
	Until 1990 1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:	34	395	-	887	212	18	1,546
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	301	-	-	301
Financial margin including management fees 2)	47	63	-	86	-	-	195
Payments and change in liabilities in respect of insurance contracts, gross	513	2,056	-	1,809	127	12	4,517
Payments and change in liabilities for investment contracts	-	-	-	378	-	-	378
Total comprehensive income (loss)	28	(109)	-	(41)	7	7	(109)

Data for the year ended December 31, 2023 (audited)

In NIS million	Life insurance policies including a savings component (including appendices) by policy issuance date: Until 1990 1)	Until 2003	From 2004: Non-yield-dependent	From 2004: Yield-dependent	Life insurance policy without a risk savings component sold as a single policy: Individual	Collective	Total
Gross premiums:	138	1,568	-	3,398	857	80	6,041
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	1,081	-	-	1,081
Financial margin including management fees 2)	65	253	-	340	-	-	658
Payments and change in liabilities in respect of insurance contracts, gross	1,510	4,492	-	5,387	529	77	11,995
Payments and change in liabilities for investment contracts	-	-	-	684	-	-	684
Total comprehensive income (loss)	92	304	-*)	(134)	(35)*)	(2)	225

Comments:

*) Reclassified.

(1) Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies that were backed mainly by designated bonds.

(2) The financial margin comprises investment income (losses) recognized in other comprehensive income, excludes other income of the Company, which are collected as a percentage of the premium, and calculated before the deduction of investment management expenses. The financial margin in guaranteed return policies is based on actual investment income, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In yield-dependent contracts, the financial margin is composed of the total amount of the fixed and variable management fees calculated as a reduction of the amounts credited to the savings balances in the Company's systems.

F. Additional data regarding the Health Insurance Subsegments

For the six-month period ended June 30, 2024 (unaudited)

In NIS million	Long-term care: Individual	Long-term care: Collective	Health - other **): Long-term	Health - other **): Short-term	Total
Gross premiums	**139**	**10**	**693*)**	**52*)**	**894**
Payments and changes in liabilities in respect of insurance contracts, gross	**193**	**21**	**343**	**41**	**598**
Other comprehensive income	**-**	**-**	**6**	**-**	**6**
Total comprehensive income (loss)	**58**	**(2)**	**42**	**(10)**	**88**

*) Of which, individual premiums in the amount of NIS 655 million and collective premiums in the amount of NIS 90 million.

**) The most substantial coverage included in other long-term health is medical expenses and in short-term health insurance - travel.

For the six-month period ended June 30, 2023 (unaudited)

In NIS million	Long-term care		Health - other **)		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	139	11	630*)	72*)	852
Payments and changes in liabilities in respect of insurance contracts, gross	222	18	335	51	626
Other comprehensive income	-	-	8	-	8
Total comprehensive income (loss)	(6)	4	16	(2)	12

*) Of which, individual premiums in the amount of NIS 601 million and collective premiums in the amount of NIS 101 million.
**) The most substantial coverage included in other long-term health is medical expenses and in short-term health insurance - travel.

For the three-month period ended June 30, 2024 (unaudited)

In NIS million	Long-term care		Health - other **)		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	**70**	**5**	**352*)**	**33*)**	**460**
Payments and changes in liabilities in respect of insurance contracts, gross	**24**	**10**	**165**	**19**	**218**
Other comprehensive loss	**-**	**-**	**(6)**	**-**	**(6)**
Total comprehensive income	**90**	**2**	**28**	**-**	**120**

*) Of which, individual premiums in the amount of NIS 334 million and collective premiums in the amount of NIS 51 million.
**) The most substantial coverage included in other long-term health is medical expenses and in short-term health insurance - travel.

For the three-month period ended June 30, 2023 (unaudited)

In NIS million	Long-term care		Health - other **)		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	70	5	319*)	40*)	434
Payments and changes in liabilities in respect of insurance contracts, gross	122	3	177	22	324
Other comprehensive loss	-	-	10	-	10
Total comprehensive income	-	8	5	8	21

*) Of which, individual premiums in the amount of NIS 307 million and collective premiums in the amount of NIS 52 million.
**) The most substantial coverage included in other long-term health is medical expenses and in short-term health insurance - travel.

Data for the year ended December 31, 2023 (audited)

In NIS million	Long-term care		Health - other **)		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	278	23	1,278*)	152*)	1,731
Payments and changes in liabilities in respect of insurance contracts, gross	524	64	655	105	1,348
Other comprehensive income (loss)	-	-	(12)	1	(11)
Total comprehensive income (loss)	(105)	(25)	53	-	(77)

*) Of which, individual premiums in the amount of NIS 1,225 million and collective premiums in the amount of NIS 205 million.
**) The most substantial coverage included in other long-term health is medical expenses and in short-term health insurance - travel.

NOTE 5 - SUBSIDIARIES

A business combination which took place in 2023 and was measured in previous periods at provisional amounts (acquisition of CIMax Holdings Ltd. (formerly WPI))

As described in Note 9, Investments in Investees, in the Consolidated Financial Statements for 2023, on March 27, 2023 the Company completed the acquisition of the entire issued and paid-up share capital of CIMax Holdings Ltd.

The Group's financial statements as of March 31, 2023, June 30, 2023, September 30, 2023, and December 31, 2023 included provisional amounts in respect of identified assets and liabilities of CIMax Group that were acquired. Upon completion of the independent valuation for the business combination, the amounts were revised as follows:

Identifiable assets and liabilities acquired:

In NIS million	Balance as of March 31, 2023 - based on provisional values	Effect of the change in estimate following completion of the valuation	As reported in these financial statements
Cash and cash equivalents	496	-	496
Receivables and debit balances	52	-	52
Receivables for credit card transactions, net	15,432	-	15,432
Excess cost on acquisition *)	281	(66)	215
Intangible assets	255	-	255
Property, plant & equipment	131	-	131
Right-of-use asset	198	-	198
Deferred tax assets	30	-	30
Investments in equity-accounted investees	7	-	7
Other financial investments	3	-	3
Payables and credit balances	(463)	-	(463)
Payables for credit card transactions	(8,649)	-	(8,649)
Financial liabilities	(6,535)	-	(6,535)
Liability for employee benefits, net	(27)	-	(27)
Lease liability	(198)	-	(198)
Current tax liabilities	(21)	-	(21)
Net identifiable assets	**992**	**(66)**	**926**

***) Composition of excess cost**

In NIS million	Amortization period (in years)	Balance as of March 31, 2023 - based on provisional values	Effect of the change in estimate following completion of the valuation	As reported in these financial statements
Brand	10	73	1	74
Technology	8.75	60	(20)	40
Customer relations	6.75-7.75	188	(47)	141
Payables and credit balances	0.25	(13)	-	(13)
Financial liabilities	1	(28)	-	(28)
Total		**281**	**(66)**	**215**

Goodwill

Due to the acquisition, goodwill was recognized as detailed below:

In NIS million	Balance as of March 31, 2023 - based on provisional values	Effect of the change in estimate following completion of the valuation	As reported in these financial statements
Consideration paid	1,420	-	1,420
Less fair value of the identifiable assets, net	(992)	66	(926)
Total goodwill	**428**	**66**	**494**

In accordance with the provisions of Topic 805 to the Accounting Standards Codification, the financial statements were not adjusted retrospectively in respect of adjustments, which took place during the measurement period; rather, all adjustments to provisional amounts recognized in previous periods during the measurement period were recognized in the current reporting period in which the valuation was completed.

The effect on the statement of income and other comprehensive income, which would have been recognized during the period from March 31, 2023 to December 31, 2023, and which was effectively recognized during the first quarter of 2024 had the final valuation been completed on acquisition date, is immaterial.

NOTE 6 - FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

1. Composition:

	As of June 30		As of December 31
	2024	2023	2023
In NIS million	**Unaudited**		**Audited**
Investment property 1)	**3,877**	3,825	3,839
Financial investments			
Liquid debt assets	**25,433**	30,633	28,065
Illiquid debt assets	**7,830**	8,934	8,199
Shares	**18,303**	18,102	17,378
Other financial investments	**32,473**	26,567	30,491
Total financial investments 1)	**84,039**	84,236	84,133
Cash and cash equivalents	**4,584**	3,910	4,418
Other 2)	**1,503**	2,600	1,622
Total assets for yield-dependent contracts	**94,003**	94,571	94,012

1) Measured at fair value through profit and loss.
2) The balance includes mainly collectible premiums, reinsurer balances, collateral for activity in forward contracts and outstanding securities transactions as of the date of the financial statements.

Additional information on fair value

A. Fair value of financial assets by level

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
In NIS million	**Unaudited**			
Financial investments:				
Liquid debt assets	**21,460**	**3,973**	**-**	**25,433**
Illiquid debt assets	**-**	**7,802**	**28**	**7,830**
Shares	**15,653**	**358**	**2,292**	**18,303**
Other financial investments 1)	**16,116**	**2,567**	**13,790**	**32,473**
Total financial investments	**53,229**	**14,700**	**16,110**	**84,039**
1) Of which for derivatives	**75**	**582**	**12**	**669**

During the period there were no material transfers between Level 1 and Level 2.

	Balance as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
In NIS million	**Unaudited**			
Financial investments:				
Liquid debt assets	25,303	5,330	-	30,633
Illiquid debt assets	-	8,893	41	8,934
Shares	15,860	290	1,952	18,102
Other financial investments 1)	13,678	1,320	11,569	26,567
Total financial investments	54,841	15,833	13,562	84,236
1) Of which for derivatives	39	282	9	330

During the period there were no material transfers between Level 1 and Level 2.

	Balance as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
In NIS million	**Audited**			
Financial investments:				
Liquid debt assets	23,410	4,655	-	28,065
Illiquid debt assets	-	8,170	29	8,199
Shares	14,899	511	1,968	17,378
Other financial investments 1)	16,002	1,950	12,539	30,491
Total financial investments	54,311	15,286	14,536	84,133
1) Of which for derivatives	280	284	9	573

During the period there were no material transfers between Level 1 and Level 2.

B. Financial assets measured at fair value - Level 3

	Illiquid debt assets	Shares	Other financial invest-ments	Total
In NIS million	**Unaudited**			
Balance as of January 1, 2024 (audited)	**29**	**1,968**	**12,539**	**14,536**
Total gains (losses) recognized in profit and loss	**-**	**(64)**	**675**	**611**
Purchases	**-**	**397**	**1,185**	**1,582**
Sales	**-**	**(5)**	**(607)**	**(612)**
Redemptions	**(1)**	**-**	**-**	**(1)**
Proceeds from interest and dividend	**-**	**(4)**	**(2)**	**(6)**
Balance as of June 30, 2024	**28**	**2,292**	**13,790**	**16,110**
Total gains (losses) for the period included in profit and loss in respect of financial assets held as at June 30, 2024	**-**	**(65)**	**676**	**611**

	Illiquid debt assets	Shares	Other financial invest-ments	Total
In NIS million	**Unaudited**			
Balance as of January 1, 2023 (audited)	61	2,106	10,027	12,194
Total gains (losses) recognized in profit and loss	5	(31)	638	612
Purchases	-	233	1,304	1,537
Sales	-	(353)	(400)	(753)
Redemptions	(12)	-	-	(12)
Proceeds from interest and dividend	(13)	(3)	-	(16)
Balance as of June 30, 2023	41	1,952	11,569	13,562
Total gains (losses) for the period included in profit and loss in respect of financial assets held as at June 30, 2023	5	(33)	638	610

	Illiquid debt assets	Shares	Other financial invest-ments	Total
In NIS million		**Unaudited**		
Balance as of April 1, 2024	**29**	**2,155**	**13,020**	**15,204**
Total gains recognized in profit and loss	**-**	**14**	**438**	**452**
Purchases	**-**	**123**	**665**	**788**
Sales	**-**	**-**	**(331)**	**(331)**
Redemptions	**(1)**	**-**	**-**	**(1)**
Proceeds from interest and dividend	**-**	**-**	**(2)**	**(2)**
Debt-to-equity swap				
Balance as of June 30, 2024	**28**	**2,292**	**13,790**	**16,110**
Total gains for the period included in profit and loss in respect of financial assets held as at June 30, 2024	**-**	**14**	**438**	**452**

	Illiquid debt assets	Shares	Other financial invest-ments	Total
In NIS thousand		**Unaudited**		
Balance as of April 1, 2023	45	1,804	10,745	12,594
Total gains recognized in profit and loss	4	6	311	321
Purchases	-	145	663	808
Sales	-	-	(150)	(150)
Proceeds from interest and dividend	(8)	(3)	-	(11)
Balance as of June 30, 2023	41	1,952	11,569	13,562
Total gains for the period included in profit and loss in respect of financial assets held as at June 30, 2023	4	6	311	321

	Illiquid debt assets	Shares	Other financial invest-ments	Total
In NIS thousand		**Audited**		
Balance as of January 1, 2023 (audited)	61	2,106	10,027	12,194
Total gains (losses) recognized in profit and loss	4	(161)	517	360
Purchases	-	393	2,989	3,382
Sales	-	(367)	(1,005)	(1,372)
Redemptions	(12)	-	-	(12)
Proceeds from interest and dividend	(13)	(3)	-	(16)
Debt-to-equity swap	(11)	-	11	-
Balance as of December 31, 2023 (audited)	29	1,968	12,539	14,536
Total gains (losses) for the period included in profit and loss in respect of financial assets held as of December 31, 2023	4	(163)	540	381

B. Other financial investments

1. Illiquid debt assets - composition and fair value 1)

	As of June 30, 2024	
	Carrying value	Fair value
In NIS million	Unaudited	
Government bonds		
Hetz bonds and treasury deposits	**16,912**	**21,143**
Other non-convertible debt assets	**7,800**	**7,796**
Deposits with banks	**459**	**464**
Total illiquid debt assets	**25,171**	**29,403**
Impairments carried to profit and loss (cumulative)	**35**	

	As at June 30, 2023	
	Carrying value	Fair value
In NIS million	Unaudited	
Government bonds		
Hetz bonds and treasury deposits	16,507	23,023
Other non-convertible debt assets	6,603	6,592
Deposits with banks	629	649
Total illiquid debt assets	23,739	30,264
Impairments carried to profit and loss (cumulative)	44	

	As of December 31, 2023	
	Carrying value	Fair value
In NIS million	Audited	
Government bonds		
Hetz bonds and treasury deposits	16,634	22,279
Other non-convertible debt assets	7,260	7,270
Deposits with banks	550	566
Total illiquid debt assets	24,444	30,115
Impairments carried to profit and loss (cumulative)	42	

1) The fair value of designated bonds was calculated in accordance with the repayment date of guaranteed return liabilities. The fair value of treasury deposits was calculated in accordance with the contractual repayment date.

Additional information on fair value

A. Fair value of financial assets by level

The following table presents an analysis of financial assets measured at fair value from time to time, using a valuation method according to the different hierarchy levels. For details regarding the hierarchy levels, see Note 2(e)(3) to the Annual Financial Statements.

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
In NIS million	Unaudited			
Financial investments:				
Liquid debt assets	**5,958**	**135**	**-**	**6,093**
Illiquid debt assets	**-**	**-**	**-**	**-**
Shares	**887**	**25**	**831**	**1,743**
Other financial investments 1)	**762**	**229**	**4,937**	**5,928**
Total financial investments	**7,607**	**389**	**5,768**	**13,764**
1) Of which for derivatives	**2**	**214**	**6**	**222**

During the period there were no material transfers between Level 1 and Level 2.

	Balance as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
In NIS million	Unaudited			
Financial investments:				
Liquid debt assets	6,204	147	-	6,351
Illiquid debt assets	-	1	-	1
Shares	831	36	853	1,720
Other financial investments 1)	758	53	4,261	5,072
Total financial investments	7,793	237	5,114	13,144
1) Of which for derivatives	3	53	4	60

During the period there were no material transfers between Level 1 and Level 2.

	Balance as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
In NIS million	Audited			
Financial investments:				
Liquid debt assets	7,130	183	-	7,313
Illiquid debt assets	-	-	-	-
Shares	867	47	757	1,671
Other financial investments 1)	1,007	301	4,528	5,836
Total financial investments	9,004	531	5,285	14,820
1) Of which for derivatives	4	301	3	308

During the period there were no material transfers between Level 1 and Level 2.

B. Financial assets measured at fair value - Level 3

	Shares	Other financial investments	Total
In NIS million		**Unaudited**	
Balance as of January 1, 2024 (audited)	**757**	**4,528**	**5,285**
Total income (losses) recognized:			
In profit and loss	**(19)**	**8**	**(11)**
In other comprehensive income	**37**	**194**	**231**
Purchases	**63**	**396**	**459**
Sales	**(3)**	**(189)**	**(192)**
Proceeds from interest and dividend	**(4)**	**-**	**(4)**
Balance as of June 30, 2024	**831**	**4,937**	**5,768**
Total gains (losses) for the period included in profit and loss in respect of financial assets held as at June 30, 2024	**(19)**	**7**	**(12)**

	Shares	Other financial investments	Total
In NIS million		**Unaudited**	
Balance as of January 1, 2023 (audited)	937	3,697	4,634
Total income (losses) recognized:			
In profit and loss	154	43	197
In other comprehensive income	(123)	226	103
Purchases	73	463	536
Sales	(184)	(168)	(352)
Proceeds from interest and dividend	(4)	-	(4)
Balance as of June 30, 2023	853	4,261	5,114
Total gains for the period included in profit and loss in respect of financial assets held as at June 30, 2023	122	43	165

	Shares	Other financial investments	Total
In NIS million	**Unaudited**		
Balance as of April 1, 2024	**773**	**4,677**	**5,450**
Total income (losses) recognized:			
In profit and loss	**(14)**	**(10)**	**(24)**
In other comprehensive income	**37**	**132**	**169**
Purchases	**36**	**232**	**268**
Sales	**-**	**(94)**	**(94)**
Proceeds from interest and dividend	**(1)**	**-**	**(1)**
As of June 30, 2024	**831**	**4,937**	**5,768**
Total losses for the period included in profit and loss in respect of financial assets held as at June 30	**(14)**	**(12)**	**(26)**

In NIS million	Shares	Other financial investments	Total
	Unaudited		
Balance as of April 1, 2023	789	3,961	4,750
Total realized gains:			
In profit and loss	2	11	13
In other comprehensive income	13	110	123
Purchases	52	283	335
Sales	-	(104)	(104)
Proceeds from interest and dividend	(3)	-	(3)
Balance as of June 30, 2023	853	4,261	5,114
Total gains for the period included in profit and loss in respect of financial assets held as at June 30, 2023	2	11	13

In NIS million	Shares	Other financial investments	Total
	Audited		
Balance as of January 1, 2023 (audited)	937	3,697	4,634
Total income (losses) recognized:			
In profit and loss	41	96	137
In other comprehensive income	(142)	134	(8)
Purchases	117	944	1,061
Sales	(190)	(343)	(533)
Proceeds from interest and dividend	(6)	-	(6)
Balance as of December 31, 2023 (audited)	757	4,528	5,285
Total gains for the period included in profit and loss in respect of financial assets held as of December 31, 2023 (audited)	9	97	106

C. Receivables for credit card transactions - for Max

	June 30, 2024				
	On-balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million	Unaudited				
Receivables for credit card transactions	**16,186**	**-**	**-**	**16,112**	**16,112**

	June 30, 2023				
	On-balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million	Unaudited				
Receivables for credit card transactions	15,217	-	-	15,140	15,140

	December 31, 2023				
	On-balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million	Unaudited				
Receivables for credit card transactions	15,078	-	-	15,012	15,012

C. Financial liabilities

1. Composition of fair value:

In NIS million	Comment	As of June 30 2024 Carrying value	As of June 30 2024 Fair value	As of June 30 2023 Carrying value	As of June 30 2023 Fair value	As of December 31 2023 Carrying value	As of December 31 2023 Fair value
		Unaudited				Audited	
Financial liabilities presented at fair value through profit and loss:							
Liability for derivative financial instruments, short sale and repo liabilities *)		**1,345**	**1,345**	3,157	3,157	2,929	2,929
Financial liabilities presented at amortized cost:							
The Company:							
Bonds (Series A) - Liquid bonds	A	**896**	**888**	496	502	918	942
Bonds Series B - Liquid convertible bonds - Par value component	A	**141**	**131**	139	134	142	133
Bonds (Series C) - Liquid bonds	A	**500**	**487**	-	-	497	508
Subsidiaries:							
Loans in CIMax and its subsidiaries, excluding Max	B	**9**	**9**	884	884	889	889
Liquid subordinated notes in Clal Insurance	C	**5,115**	**4,613**	4,613	4,214	4,639	4,315
Credit from banking corporations in Max		**5,190**	**5,190**	5,166	5,166	5,202	5,202
Bonds and subordinated notes at Max	D	**798**	**799**	502	475	582	581
Total financial liabilities presented at amortized cost		**12,650**	**12,117**	11,800	11,375	12,869	12,569
Less interest payable in respect of bonds and subordinated notes presented in payables and credit balances line item		**103**	**103**	49	49	99	99
Total financial liabilities		**13,892**	**13,359**	14,909	14,483	15,699	15,400
*) Of which in respect of yield-dependent liabilities		**856**	**856**	2,373	2,373	1,786	1,786

A. Bonds issued by the Company

On February 28, 2024, interest was paid on Bonds (Series A) and Bonds (Series B) totaling approx. NIS 48 million in accordance with the terms and conditions of the notes.

B. CIMax - syndicated loan

Further to Note 26(a1)(3) to the Annual Financial Statements, on February 25, 2024, CIMax executed early repayment of the full amount of the syndicated loan.

C. Debt raising in Clalbit Finance Ltd. a subsidiary of Clal Insurance (hereinafter - "Clalbit Finance")

On January 7, 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series L) in circulation, traded on the TASE, by way of expansion of an existing series. The Notes (Series M), that were issued as stated above, were recognized (subject to restrictions) as Tier 2 capital of Clal Insurance, instead of Notes (Series F), that were exchanged, and which were recognized as hybrid Tier 2 capital.

The terms of some of the Notes (Series J) vary from the terms of the Notes (Series M), and accordingly they were accounted for as replacement of debt instruments with materially different terms; accordingly, Clal

Insurance accrued a loss of approx. NIS 1.6 million.

The issuance costs amounted to approx. NIS 1.5 million.

On April 3, 2024, Clalbit Finance issued to the public NIS 465 million p.v. in Notes (Series M) by way of expansion of an existing series in consideration for approx. NIS 460 million. The terms and conditions of the additional notes are identical to the terms and conditions of the Notes (Series M) in circulation. The issuance costs amounted to approx. NIS 5.1 million.

The total consideration (gross), received by the Company following issuance of the new bonds under the said issuance, was deposited in Clal Insurance in a deferred deposit under the same repayment and interest terms and conditions as those of the bonds. The Bonds are recognized as Tier 2 capital in Clal Insurance (subject to limitations) and bear equal status and seniority level as the subordinated bonds issued by Clal Insurance that are classified as Hybrid Tier 2 capital and/or and Hybrid Tier 3 capital, as well as bonds that have been issued and/or shall be issued by Clalbit Finance and/or Clal Insurance as a Tier 2 capital instrument, and are subordinated to the other liabilities of Clal Insurance, other than the rights of creditors in accordance with Tier 1 capital.

Subsequent to the reporting date, on July 31, 2024, Clalbit Finance executed early redemption of the outstanding balance of the Notes (Series J), in accordance with their terms and conditions.

D. Bonds and subordinated notes at Max

Max has subordinated notes with a contractual loss absorption mechanism, which are recognized as Tier 2 capital and commercial securities. The increase in the balance as of June 30, 2024 compared to previous periods arises from an issuance - on July 16, 2023 - of Subordinated Notes (Series D) with a contractual loss absorption mechanism, at the total amount of NIS 250 million par value, which are recognized as Tier 2 capital from the date of their issuance, and from the completion of a private placement - on January 4, 2024 - of a commercial security to institutional investors, at the total amount of NIS 230 million.

The Subordinated Notes (Series D) bear fixed annual interest at a rate of 7.33%, and are repayable in one lump sum on October 16, 2033, and Max was given an option for early redemption between October 16, 2028 and November 16, 2028 in accordance with the terms and conditions set out in the deed of trust. If Max does not exercise the early redemption option, the interest will be revised on October 16, 2028, such that its annual rate will be equal to the benchmark interest rate on the date of the interest rate change as set out above, plus the margin above the benchmark interest rate on the issuance date, all in accordance with the definitions set out in the deed of trust. The Subordinated Notes (Series D) were issued to qualified investors in a private placement and were listed on the TACT Institutional system of the Tel Aviv Stock Exchange. Subordinated Notes (Series D) include a contractual loss absorption mechanism, according to which if the circumstances for a trigger event exists (trigger event for non-compliance or trigger event for absorption of principal loss), a full or partial delisting of the subordinated notes will be performed, all according to the definitions and terms of the subordinated notes.

The increase in the balance of the Bonds and Subordinated Notes as a result of the abovementioned issuances was partially offset against early redemptions carried out by Max:

On November 16, 2023, Max's board of directors resolved to perform full early redemption of Subordinated Notes (Series B) in the amount of approx. NIS 139 million issued in December 2018, which were included in Max's Tier 2 capital (for further details, see Max's report dated November 19, 2023); on March 11, 2024, the Board of Directors of Max resolved to perform full early redemption of a subordinated note in the amount of NIS 35 million issued in March 2019, as part of a private placement, which was included in the Company's Tier 2 capital. The early redemption in full of the Subordinated Notes (Series B) was executed on December 31, 2023, and the early redemption in full of the Note issued in a private placement in March 2019 was executed on March 31, 2024.

E. Binding credit facilities

1. Credit facility for Clal Holdings

In June 2024, an Israeli banking corporation approved a credit facility to the Company at the total amount of up to NIS 250 million for the purpose of providing it with another liquidity buffer, for one further year through June 2025. If credit is provided out of the credit facility, the terms and conditions will be as detailed below:

Credit period	Up to 12 months
Non-utilization fee	0.25%
Annual interest rate	P-1% -P-0.5%
Date of principal repayment	At the credit's final repayment date
Total interest repayment dates	Quarterly payment
Linkage mechanism	Non-linked
Pledged assets	Collateral-free, but the Company undertook not to create a general floating lien on its assets
Restrictions applicable to the Company in connection with the credit facility	Whenever the credit facility is utilized - the Company's accounts at the bank will contain an amount of at least NIS 50 million (fifty million NIS) in liquid assets, as defined, and if the Company distributes dividends in that period, an amount of up to 50% of the dividend will be added to the above amount.
Material terms for utilization of credit facility	Standard commercial terms, including the absence of cause for calling for immediate repayment of the Company's debts to the bank

If credit is provided out of the credit facility, the terms for calling for immediate repayment will apply thereto, including a cross-default mechanism.

At the date of the report and at the date of the approval thereof, the Company has not utilized the aforesaid credit facility.

2. Credit facility for Max

On June 4, 2024, Max signed the renewal of an agreement for credit facilities from a banking corporation at the total amount of NIS 2,100 million with no material change in conditions compared to the existing credit facilities. This credit facility is effective until June 3, 2025. This facility includes short-term credit at interest rates based on Prime plus a margin in the range of Prime minus 0.5% to Prime minus 1.5%. In addition, the credit facilities include a non-utilization fee at a rate in the range of 0.1%-0.7%. The bank will be entitled to call for the immediate repayment of all or part of the credit amounts, under the terms and conditions set forth.

2. Fair value of financial liabilities, by level

The following table presents an analysis of financial liabilities measured at fair value from time to time, using a valuation method according to the different hierarchy levels.

For details regarding the hierarchy levels, see Note 2(e)(3) to the Annual Financial Statements.

	As of June 30, 2024		
	Level 1	Level 2	Total
In NIS million		Unaudited	
Derivatives	**29**	**896**	**925**
Liability for REPO	**-**	**420**	**420**
Total financial liabilities	**29**	**1,316**	**1,345**

	As of June 30, 2023		
	Level 1	Level 2	Total
In NIS million	Unaudited		
Derivatives	9	2,085	2,094
Liability for REPO	-	1,063	1,063
Total financial liabilities	9	3,148	3,157

	As of December 31, 2023		
	Level 1	Level 2	Total
In NIS million	Audited		
Derivatives	10	1,772	1,782
Liability for REPO	-	1,147	1,147
Total financial liabilities	10	2,919	2,929

A. **Financial liabilities in Max by level**

	June 30, 2024				
	On-balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million	Unaudited				
Financial liabilities					
Credit from banking corporations	**5,190**	**-**	**5,190**	**-**	**5,190**
Payables for credit card transactions	**8,860**	**-**	**-**	**8,805**	**8,805**
Bonds and subordinated notes	**798**	**-**	**799**	**-**	**799**
Other financial liabilities	**346**	**-**	**-**	**346**	**346**
Total financial liabilities	**15,194**	**-**	**5,989**	**9,151**	**15,140**

	June 30, 2023				
	On-balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million	Unaudited				
Financial liabilities					
Credit from banking corporations	5,166	-	5,166	-	5,166
Payables for credit card transactions	8,449	-	-	8,395	8,395
Bonds and subordinated notes	502	-	475		475
Other financial liabilities	342		1	341	342
Total financial liabilities	14,459	-	5,642	8,736	14,378

In NIS million	December 31, 2023				
	On-balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
	Unaudited				
Financial liabilities					
Credit from banking corporations	5,202	-	5,202	-	5,202
Payables for credit card transactions	8,072	-	-	8,020	8,020
Bonds and subordinated notes	582	-	581	-	581
Other financial liabilities	294	-	-	294	294
Total financial liabilities	14,150	-	5,783	8,314	14,097

NOTE 7 - CAPITAL MANAGEMENT AND REQUIREMENTS

A. Share capital

	Ordinary shares *) **)		
	June 30, 2024	June 30, 2023	December 31, 2023
	In thousands of shares of NIS 1 p.v.		
Issued and paid-up share capital as of January 1	**79,031**	74,061	74,061
Issuance of shares	**-**	4,970	4,970
Exercise of options for senior employees	**44**	-	-
Issued and paid-up share capital as of	**79,075**	79,031	79,031
Registered capital	**100,000**	100,000	100,000

*) The shares are listed on the Tel Aviv Stock Exchange (TASE). The holders of ordinary shares have the right to receive dividends as declared from time to time, voting rights at general meetings of the Company according to one vote per share, rights in the event of liquidation of the Company and the right to appoint directors for the Company.

**) For details regarding the option plan in the Group, which was approved in the Reporting Period, see Note 12(c) below.

B. Dividends and capital management and requirements in the Group companies

Further to Note 17(c) and (f) of the Annual Financial Statements, the possibility of distributing dividends by the Company is affected by the ability of investees to distribute dividends, subject to their capital requirements and liquidity needs and Max's needs to service the debt it issued (for further details regarding the bonds issued by Max, see Note 6(d) above). Below is a description of the capital requirements of Clal Insurance and Max and details of the distribution of dividends by them.

1. **Dividends and management of capital requirements in consolidated insurance companies**

A. **Solvency II-based economic solvency regime applicable to the Group's insurance companies**

The Group's insurance companies are subject to the Solvency II-based Economic Solvency Regime in accordance with the implementation provisions of the Economic Solvency Regime.

In accordance with the Consolidated Circular, the Economic Solvency Ratio Report in respect of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date.

On May 30, 2024, Clal Insurance approved and published its Economic Solvency Ratio Report as of December 31, 2023.

The calculation made by Clal Insurance as of December 31, 2023 was audited by the independent auditors. The audit was held in accordance with International Standard on Assurance Engagement (ISAE) 3400 – "The Examination of Prospective Financial Information".

In accordance with the Solvency Ratio Report as of December 31, 2023, Clal Insurance has excess capital, both when calculation is made having no regard to the Transitional Provisions and when it is made taking into account the Transitional Provisions.

The calculation is sometimes based on assumptions regarding future events and steps taken by management, that will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation. Furthermore, actual results may substantively vary from the calculation, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

For further details, see Section 2.4.3 to the Report of the Board of Directors, and the Economic Solvency Ratio Report as at December 31, 2023 attached to the Company's periodic report of March 31, 2024.

B. **Dividend distribution policy at Clal Insurance**

Further to Note 17(c)2 of the Annual Financial Statements, in June 2023, the Board of Directors of Clal Insurance approved a policy for the distribution of a dividend at a rate of 30%-50% of Clal Insurance's comprehensive income. The distribution is subject to Clal Insurance's compliance with a minimum equity target in accordance with the economic solvency regime, without taking into account the Transitional Provisions, at a rate of 110%, after the distribution.

This is further to setting a capital management policy whereby the target range for Clal Insurance's economic solvency ratio shall be 150%-170%, as approved in June 2021. In addition, the minimum economic solvency ratio target for prudential purposes is set at 135%. These targets relate to a solvency ratio taking into account the Deduction during the Transitional Period until the end of 2032 and thereafter.

It is hereby clarified that this policy should not be viewed as an undertaking by Clal Insurance to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. In addition, the actual execution of any distribution shall be subject to compliance with the legal provisions applicable to dividend distribution.

2. **Dividends and management of capital requirements in Max**

Capital adequacy and leverage pursuant to the Banking Supervision Department directives applicable to credit card companies

1. **Capital adequacy, as per the Banking Supervision Department's directives (*)**

In NIS million	As of June 30 2024	As of June 30 2023	As of December 31 2023
	Unaudited		Audited
1. Capital for capital ratio calculation purposes:			
Common Equity Tier 1 capital	**1,932**	1,752	1,855
Tier 2 capital	**448**	347	461
Total capital	**2,380**	2,099	2,316
2. Balance of risk-weighted assets:			
Credit risk - standardized approach	**15,736**	13,837	14,021
Market risks - standardized approach	**58**	49	19
Operational risk - standardized approach	**3,109**	2,635	2,876
Total balance of risk-weighted assets	**18,903**	16,521	16,916
3. Ratio of capital to risk-weighted assets:	In %		
Ratio of CET1 capital to risk-weighted components	**10.2**	10.6	11.0
Ratio of total capital to risk-weighted assets	**12.6**	12.7	13.7
Minimum CET 1 capital requirement by the Banking Supervision Department	**8.0**	8.0	8.0
Minimum total capital ratio set by the Banking Supervision Department	**11.5**	11.5	11.5

* Calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211, "Capital Adequacy and Measurement", and Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions", which came into effect on September 1, 2016.

2. **Capital adequacy target in Max**

As part of the process of adopting the provision of Basel III in Israel, on March 28, 2012, the Banking Supervision Department published a letter of instruction on the minimum core capital ratio in accordance with the Basel III framework, requiring banks and credit card companies to comply with a Common Equity Tier 1 capital ratio of 9% and a total capital ratio of 12.5% until January 1, 2015.

On May 2, 2016, the Banking Supervision Department issued Proper Conduct of Banking Business Directive No. 472, Merchant Acquirers and Acquiring Payment Card Transactions. The directive contains relief in respect of the capital requirements under Proper Conduct of Banking Business Directives 201-211. Despite what is stated in Section 40 to Proper Conduct of Banking Business Directive No. 201, the Common Equity Tier 1 capital ratio shall not fall below 8%, and the total capital ratio shall not fall below 11.5%. The directive became effective on June 1, 2016 and applies to Max as an acquirer.

In accordance with Max's risk profile, on June 30, 2024 Max's Board of Directors approved Max's CET1 capital ratio internal target at 9.25% instead of 10% as was the case through that date. The revised internal target is 125 basis points (1.25 percentage points) higher than the minimum CET 1 capital ratio set by the Banking Supervision Department. Max intends to hold a security buffer above the revised internal target. The internal target for total capital ratio has not changed and stands at 12%.

In accordance with Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy - Credit Risk - the Standardized Approach", the weight of the risk of part of Max's exposure to Israeli banks derives from Israel's credit rating. Since Max uses ratings of the international credit rating agency Standard and Poor's (S&P), the downgrading of Israel's rating by this agency in April 2024 led to an increase in the risk-weighted assets, which were recognized with respect to some of Max's exposures to the Israeli banks, which decreased Max's capital ratios by approx. 0.3%. A further downgrading (of one notch) in Israel's credit rating is not expected to affect Max's capital ratios.

3. **Capital components for the calculation of capital ratio in Max**

	As of June 30 2024	As of June 30 2023	As of December 31 2023
In NIS million	**Unaudited**		**Audited**
1. Common Equity Tier 1 capital			
Equity	**1,927**	1,744	1,847
Total Common Equity Tier 1 capital	**1,927**	1,744	1,847
Regulatory adjustments:			
Adjustments for current expected credit losses - CET1 capital**	**5**	8	8
Total CET1 capital, after regulatory capital deductions	**1,932**	1,752	1,855
2. Tier 2 capital			
Tier 2 capital: Instruments	**250**	174	285
Tier 2 capital: Provisions	**198**	173	176
Total Tier 2 capital	**448**	347	461
Total capital	**2,380**	2,099	2,316

) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses (hereinafter - "adjustments for current expected credit losses**"), which are gradually amortized until January 1, 2026.

4. **Effect of adjustments for current expected credit losses on the CET1 capital ratio at Max**

	As of June 30 2024	As of June 30 2023	As of December 31 2023
In %	**Unaudited**		**Audited**
Ratio of capital to risk-weighted components			
Ratio of CET1 capital to risk-weighted components, before the effect of adjustments for current expected credit losses	**10.2**	10.6	10.9
Effect of adjustments for current expected credit losses	**0.03**	0.05	0.05
Ratio of CET1 capital to risk-weighted components	**10.2**	10.6	11.0

5. **Leverage ratio in Max pursuant to the Banking Supervision Department directives**

As from April 1, 2015, Max has been implementing Proper Conduct of Banking Business Directive No. 218 on leverage ratio (hereinafter - the "Directive"). The directive sets a simple, transparent and non-risk-based leverage ratio to serve as a supplementary and reliable measure for risk-based capital requirements, with the purpose of limiting excess leverage in banking corporations. The leverage ratio is expressed as a percentage and is defined as the ratio between capital measurement and exposure measurement. The capital for the purpose of measuring the leverage ratio is Tier 1 capital as defined in Proper Conduct of Banking Business Directive No. 202. Max's total exposure is the sum of the on-balance sheet exposures and off-balance-sheet items. As a rule, the measurement is consistent with the accounting values, and no risk-weighting is applied. In addition, unless specifically permitted to do so under the Directive, Max may not use physical or financial collateral, guarantees or other credit risk mitigation techniques to reduce the exposure measurement. On-balance sheet assets deducted from Tier 1 capital (in accordance with Directive No. 202) are deducted from the exposure measurement. Pursuant to the Directive, Max calculates the exposures for off-balance-sheet items by converting the sum of the items by credit conversion coefficients, as stipulated in Proper Conduct of Banking Business Directive No. 203.

Pursuant to the Directive, acquirers shall have a consolidated leverage ratio of no less than 5%.

In the circular amending the Directive, which was published by the Banking Supervision Department on December 20, 2023, it extended the term of an expedient set as a Temporary Order in November 2020, as part of adjustments to Proper Conduct of Banking Business Directives for dealing with the COVIC-19 crisis, according to which the leverage ratio shall not fall below 4.5% on a consolidated basis. According to the circular, against the background of a review conducted by the Banking Supervision Department to amend the directive and a review of the leverage ratio and its mix, the above relief was extended as a temporary order until June 30, 2026, provided that the leverage ratio does not fall below that as of December 31, 2025 or the minimum leverage ratio applicable to the banking corporation prior to the temporary order, whichever is lower.

Following is the leverage ratio calculated in accordance with Proper Conduct of Banking Business Directive No. 218:

	As of June 30 2024	As of June 30 2023	As of December 31 2023
In NIS million	**Unaudited**	**Unaudited**	**Audited**
Consolidated data:			
Tier 1 capital	**1,932**	1,752	1,855
Total exposures	**21,870**	20,022	20,405
		In %	
Leverage ratio	**8.8**	8.8	9.1
Minimum total leverage ratio set by the Banking Supervision Department*	**4.5**	4.5	4.5

* In accordance with the Temporary Order as stated above.

The dividend distribution by Max is subject to the directives of the Banking Supervision Department, including compliance with capital adequacy restrictions under the Basel directives. A dividend distribution is allowed subject to the provisions of the Companies Law, 1999, which stipulates, among other things, that Max may make a distribution out of its earnings, provided that there are no reasonable concerns that the distribution will prevent Max from fulfilling its existing and future undertakings, when they fall due.

In June 2023 a NIS 40 million dividend was distributed after Max's Board of Directors approved the distribution, and all restrictions applicable to Max we complied with.

During the second quarter of 2024 Max agreed to the cancellation of restrictions on dividend distribution, which were included in its financing agreements, and which were detailed in Note 17(c)(3) to the 2023 Consolidated Financial Statements.

On June 30, 2024, Max's Board of Directors set, for the first time, a dividend distribution policy. According to the approved policy, as from 2024 Max will be able to distribute every year dividends at a total amount of up to 30% of Max's net income for the year, which preceded the distribution year, in accordance with its consolidated financial statements. It is clarified that by setting the policy Max does not undertake to distribute a dividend on a certain date or rate, any distribution shall be subject to the full discretion of Max's Board of Directors and require the individual approval of the Board of Directors of Max, subject, among other things, to compliance with all the restrictions applicable to Max under the law and under directives of the Banking Supervision Department.

Accordingly, on June 30, 2024, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 62 million, which constitutes approx. 28% of Max's net income for 2023. The dividend was paid on July 3, 2024.

Both the set dividend distribution policy and the actual distribution, which was approved were carefully considered, while retaining high capital surpluses in relation to Max's capital targets, in accordance with the regulator's expectation that the capital planning will be assessed in a conservative and informed manner in view of the War and the uncertainty in the Israeli economy.

NOTE 8 - CONTINGENT LIABILITIES AND CLAIMS

1. Preamble - Claims not in the Ordinary Course of Business

Following are details regarding legal actions not in the ordinary course of business, as follows: material claims[1] that might be derivative actions, actions whose filing as class actions has been certified; pending motions for certification of material claims as class actions; material and non-material class actions that were concluded during the reporting period and until its signing and other material claims against the Group companies (hereinafter - "**Claims not in the Ordinary Course of Business**" or "**Claims**").

The following claim amounts are presented in amounts that are correct as of the date of their filing, and as detailed by the plaintiffs, unless noted otherwise.[2]

It is noted, as a general rule, that the exposure to financial demands, either specific or general, is subject to the laws of prescription. The prescription periods in respect of Claims for insurance benefits in the insurance products vary according to the type of product and the event in respect of which the claim of prescription has been raised. The exposure due to prescription is especially intense in those insurance sectors with "long-tail claims" and long-term insurance policies, in Life Insurance and Health Insurance, in which Clal Insurance operates. In recent years there has been a trend of extending the prescription period in some insurance sectors, which could lead to an increase in insurance liabilities towards policyholders, among others, as part of the amendment to the Insurance Contracts Law that extended the prescription period in life insurance and in illness and hospitalization insurance and long-term care insurance to five years after the occurrence of the insured event, commencing on the date of entry into force of the amendment in 2020. In legal actions not pertaining to insurance benefits, the prescription period is pursuant to what is prescribed in the Prescription Law, 1985. In February 2024, in view of the Iron Swords War, an amendment to the prescription period was approved, primarily stating that the period from October 7, 2023 to April 6, 2024 will not be taken into account in the calculation of the prescription period required by law, subject to the established exceptions. The period of time required to investigate the claim, which on occasions may be long, particularly in class actions, extends the period in respect of which refund or compensation need to be effected, as part of the prescription period.

1.1 General details regarding class actions

In recent years, as part of a general trend in those markets in which the Group operates, a significant number of class action certification motions have been filed against the Group companies, and over the years there has been an increase in the number of actions filed against the Group companies that have been recognized as class actions by the courts. This trend, which is the result, among others, of the enactment of the Class Actions Law, 2006 (hereinafter - the "Law"), the growing number of legal actions and the approach of the courts, substantially increases the Company's potential of exposure to losses due to rulings against the Group's members in class actions filed against them.

A class action lawsuit, as it is defined in the Law, is a lawsuit managed on behalf of an anonymous class of persons, who have not granted power of attorney in advance to the representative plaintiff for that purpose, and which raises material questions of fact or law that are common to all the class members.

The proceeding begins with a written motion filed by the single plaintiff with the court where its personal claim has been filed, in which the plaintiff seeks to approve its personal claim as a class action (the certification motion). Only if the class action certification motion is granted will the claim be defined as a "class action", and the plaintiff will then become a "class plaintiff".

A class action lawsuit may only be filed in relation to a claim as set forth in the Law or in relation to a matter in respect of which an explicit provision of the Law has stipulated that a class action may be filed. It is noted that, since 2006, the definition of a claim in which a class action certification motion may be filed against Group members has become an extremely broad definition, including any issue arising between a company and a customer, regardless of whether or not they have engaged in a transaction.

For a claim to be certified as a class action, the plaintiff must prove, among other things: (1) the existence of a "personal cause of action" for the specific plaintiff; (2) that the cause of action is sufficiently established for there to be "prima facie cause of action". The court must then examine whether the plaintiff has a prima facie

1. See Footnotes 3 and 16 below.
2. See Footnote 12.

chance of eventual success in its suit; (3) that the cause of action raises material questions of fact or law that are common to a certain class; (4) that there is a reasonable possibility that the common questions in the claim will be determined in favor of the class; (5) that the class action is the most effective and fair method for resolving the dispute that is the subject of the claim, under the circumstances; (6) that the plaintiff is suitable to act as the representative plaintiff and that the attorneys are suited to represent it in the lawsuit.

In general, the process of examining whether a lawsuit is to be certified as a class action may include 4 stages: Stage A - filing the motion to recognize the claim as a class action in the first legal instance; Stage B - an appeal to a higher legal instance against the ruling handed down by the first instance; Stage C - adjudication of the claim on its merits before the first legal instance (usually before the same judge who heard the motion in the first instance); Stage D - an appeal to a higher legal instance against the ruling on its merits.

It is noted that the scope and content of the hearing regarding a class action on its merits, is affected by the ruling regarding the certification of the claim as a class action. The ruling to certify a class action usually relates to both the causes of action that have been approved and those that have not; the reliefs that have been approved and those that have not; etc.

The law prescribes a process and restrictions regarding settlement agreements in class actions that make it difficult to reach settlement agreements on class actions. As such, it also prescribes the obligation of proper disclosure to the court pertaining to all material details relating to the settlement arrangement, together with the right of the Attorney General and additional entities stipulated in the Law to file an objection to the proposed settlement arrangement, and in addition the Law also provides that an examiner should be appointed pertaining to the settlement arrangement as well as specific arrangements regarding the plaintiff's withdrawal of the certification motion or the class action itself. Further to the report of the Inter-Ministerial Taskforce on Assessing the Arrangements Set in the Class Actions Law, 2006, which was published in March 2023 (for further details see Note 45(1.1) to the Company's financial statements as of December 31, 2023), in May 2024 the draft bill of the Class Actions Law was published, which suggests to pass into law the taskforce's recommendations.

As part of the draft bill it is suggested, among other things, to add - in a format of a Temporary Order - a mechanism requiring that advance contact be made with a defendant prior to filing a certification motion, regarding specific types of causes of action and claims, including payment of fee for such advance contact; to set restrictions as to the filing of claims for a remedy in the form of compensation regarding certain types of causes of action and claims; to give the court the power to strike out oppressive and vexatious motions; to set uniform and clear rules regarding compensation and legal fees, including the option of a compensated withdrawal and subjecting the payment of legal fees to a representing attorney to the condition that the settlement agreement will be implemented; to set a mechanism enabling the filing of additional motions on the same issue in order for the court to select the claim along with the leading attorney in causes of action pertaining to securities laws; to set mechanisms pertaining to compensation between class members, including granting a remedy in kind; to set an orderly mechanism for approval of a settlement agreement by a mediator; to set an outline for ruling legal fees and compensation to the applicant or the lead plaintiff; to set a requirement whereby the applicant or their attorney will be subject to legal expenses if the certification motion/class action was filed or conducted in bad faith; to require a lead plaintiff to note the number of class actions they filed in a calendar year and to limit this number to 5 actions per year; to allow organizations to file class actions; and to set a requirement to take other considerations into account, when hearing a certification motion against an insurer or a management company on the grounds of breaching the Long-Term Savings circular (as defined in the draft bill), such as the existence of a regulatory approval for the relevant action, the time, which has elapsed since the contract was signed; evidential difficulties; changes in the legislative arrangement since the contract signing date; the extent of the damage to the insurer/management company if the motion is certified, and the interests of the class members in the certification of the motion. It is also suggested that if a motion will be filed to dismiss the motion to certify for the above reasons, and the court believes that there is merit to the dismissal motion, the Attorney General will be asked to present their position regarding this argument.

At this preliminary stage, the Company is unable to assess the effects of the above proposed provisions, whose effect on the scope of Group companies' exposure to class actions depends, among other things, on the final wording of the provisions and on the manner by which they are implemented and interpreted by the different courts. However, making the provisions pertaining to conducting legal proceedings regarding breach of the Long-Term Savings circular binding may reduce the Company's exposure to class actions in this segment.

The motions to certify claims as class actions set forth below, are currently in the various stages of procedural adjudication, some have been approved and some are undergoing appeal proceedings.

1.2 Additional exposures

It is noted that in addition to the legal proceedings, from time to time there are potential exposures which cannot currently be evaluated or quantified, in respect of commercial disputes or warnings pertaining to the intention to file suits, including class actions and derivative actions on certain matters, or legal proceedings and specific inquiries that might develop into claims in the future, including class actions or third party notices against the Group's member companies, as well as exposure resulting from the complexity of the regulation applying to the activity of the Group's member companies.

The Group's member companies are unable to predict in advance whether a customer's claim which has been brought to the companies' attention will eventually lead to the filing of a class action lawsuit, or will lead to a sector-wide ruling or will have sector-wide implications, even in those cases in which the customer threatens to do so, and furthermore the Group's member companies cannot estimate the potential exposure that may be created in respect of the aforementioned claims, insofar as these may be adjudicated and found to be justified by a competent authority. For details, see Section 2.2.2 below.

In March 2023, the Company completed the acquisition of all the issued and paid-up share capital of Warburg Pincus Financial Holdings (Israel) Ltd., a holding company that holds, among other things, Max It Finance Ltd. (MAX), whose name has been changed to CIMax Holdings Ltd. (hereinabove and hereinafter, respectively - "**Max**" and "**CIMax**").

The following are details of lawsuits outside the ordinary course of business, as detailed below, that had been brought against the Company and its consolidated companies, divided into Max and the consolidated companies in Max's statements (hereinafter - the "**Max Group Companies**") and the other Group companies.

2. Exposures against the Company and the consolidated companies, not including the Max Group Companies

Following are details regarding material lawsuits that have been certified as class action lawsuits (Section 2.1.1), pending motions to certify material lawsuits as class actions (Section 2.1.2), and material class actions, material claims and motions to certify material claims as class actions that had concluded during the reporting period and until the report was signed (Section 2.1.3), exposures due to immaterial class actions or class actions that have not yet been filed, and exposure due to regulatory provisions (Section 2.2), other material claims outside the ordinary course of business (Section 2.3) which were all brought against the Company and/or the consolidated companies, except the Max Group Companies.

2.1. Class actions against the Company and the consolidated companies, with the exception of the Max Group companies

2.1.1 **Material claims whose filing as class actions was certified, against the Company and the consolidated companies, with the exception of the Max Group companies**

Following are details of material claims that were certified as class actions and are at various stages of litigating the respective proceeding on its merits, including inquiry into the substantive claim before the court of first instance or the appellate court after the ruling to certify the claim or dismiss it has been rendered, or after a judgment that granted or dismissed the lawsuit has been rendered.

*) It is noted that, in general, in this note, a claim is considered material and described according to a qualitative or quantitative assessment that the Company makes when receiving the claim. With respect to the quantitative assessment, insofar as the actual exposure amount, net of tax, crosses the Group's materiality threshold for the purpose of profit – assuming the claim is deemed justified and without going into the claim's odds or the amount specified therein on their merits – according to the calculated projected comprehensive loss, divided by the average annual comprehensive income or comprehensive loss in the last three years, calculated using the last 12 quarters for which reviewed or audited financial statements were published; it is clarified that the profit/loss attributable to the event and the profit/loss in each quarter are calculated according to their absolute value. The above classification is made as of the date of filing the lawsuit. However, as legal proceedings can extend and unfold, sometimes over years, a claim that was not considered material at the time of filing may subsequently become material, in which case disclosure will be made with respect to it at a later date. In addition, a claim may be considered material for the purpose of such a disclosure if the Company is unable to assess the total exposure. In relation to the consolidation of Max's reports with the Company's financial statements and for immediate reporting purposes, regarding the disclosure policy in the financial statements in relation to the Max claims, see Section 3 below.

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	5/2013 District Court - Tel Aviv	Clal Insurance and additional insurance companies	According to the plaintiff, the defendants are in breach of their duty to add linked interest as well as the lawful linkage differentials in respect of the insurance benefits they pay. According to the plaintiffs, the date from which interest and linkage differentials should be calculated is the insured event's occurrence date, until the actual payment date. Alternatively, linkage differentials must be paid from the insured event's occurrence date and until the actual payment date, and interest must be paid starting 30 days from the date of submitting the insurance claim until the actual payment of insurance benefits.	Charge the defendants to pay the class members linkage differentials and interest due to the underpayment. In addition and/or alternatively, the court is asked to order damages to the public, as it deems suitable.	Anyone who was paid insurance benefits from the defendants in the 7 years preceding the day the lawsuit had been filed and/or who will be paid insurance benefits from the defendants before a judgment is rendered in the lawsuit, without lawfully adding interest to the insurance benefits the (hereinafter - the "**First Class**") and lawfully adding linkage differentials to the insurance benefits (hereinafter - the "**Second Class**").	In August 2015, the District Court rendered its ruling to dismiss the motion to certify against the defendants with respect to the claim of non-payment of linkage differentials, but accept the motion to certify against the defendants with respect to the claim of underpaying interest on insurance benefits; it was found that the eligible class members are all policyholders, beneficiaries, or third parties, who, during a period starting three years before the lawsuit had been filed and ending on the day the lawsuit was certified as a class action, had been paid insurance benefits from the defendants (unless the above were paid not in accordance with a judgment rendered between them), without adding the lawful interest, within 30 days from the date of submitting the insurance claim with the insurer (not from the date of submitting the last document the insurer had required to clarify the liability), and until the actual payment date. In August 2016, the defendants, with the Supreme Court's approval, had stricken out a motion for leave to appeal they had brought, whose gist was an objection to the District Court's ruling, according to which a prior settlement arrangement the Company had made on a similar issue does not establish res judicata that precludes bringing the motion to certify and does not establish a defense for the defendants, while the parties reserved all their claims to the main proceeding. In February 2021, a partial judgment was rendered, in which the court determined that the class action was granted and charged the defendants recovery of interest differentials to the class members, as detailed in the judgment (hereinafter - the "**Judgment**"). In accordance with the Judgment, it was found that the "day of filing an insurance claim," on which the 30-day race begins and after which linked interest must be added to the insurance benefits in accordance with the provisions of Section 28(A) of the Insurance Contracts Law, 1981 (hereinafter - the "**Insurance Contracts Law**"), is the date the insurance company or the insurance agent, whichever is earlier, first receive an inquiry indicating that the policyholder, a third party, or the beneficiary (hereinafter - "**Entitled Parties**"), wish to be paid the insurance benefits, without needing to attach any document. It was further determined that when the insurance benefits are calculated at their value on a date after the insured event's occurrence, interest will be added to them only from that date, and with respect to recovery of funds paid to service providers in a deferred payment – the interest differentials would be calculated starting from the actual payment date. The court ruled that the definition of the class would cover all Entitled Parties who, during the period commencing three years prior to bringing the lawsuits (filed against Clal Insurance in May 2013) and ending on the day of rendering the Judgment, were paid insurance benefits from the defendants, not in accordance with a judgment in their case, without the lawful interest added to them. It was also determined that for the purpose of implementing the Judgment and calculating the total damages to the class members in accordance with the principles set forth in the partial judgment, an expert must be appointed, and that the reward payable to the representative plaintiffs and their counsels' legal fees would be determined in the final judgment.	The plaintiff estimates the cumulative amount due to the First Class at NIS 518 million (if it is decided that the interest must be calculated from the insured event's occurrence date), or at NIS 210 million (if it is decided that the interest must be calculated starting 30 days from the date of filing the insurance claim to the insurance company). The plaintiff estimates the cumulative amount due to the Second Class (for which the motion to certify was denied) at an additional amount of NIS 490 million, due to linkage differentials.

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
						In May 2021, the defendants filed an appeal, or, alternatively, a motion for leave to appeal the Judgment to the Supreme Court. In November 2022, the Supreme Court rejected the motion for leave to appeal that had been filed as said above, in the absence of a cause for judicial interference, mainly because the partial judgment constituted "a non-judgment ruling," and the appellate court's starting point is that it would only interfere in the trial court's interim rulings in highly unusual cases. Accordingly, it was held that the appropriate venue for investigating the defendants' claims was in an appeal on the final judgment in the lawsuit, insofar as an appeal is filed. The Supreme Court clarified that it was not taking a stand on the issue of the hypothetical appeal to be filed on the final judgment. The proceeding is at the stage of litigating the claim before the District Court, and in January 2023, within the above, the court rendered its ruling on the identity of and the authorities vested in the expert. In December 2023, the defendants submitted a motion for clarification regarding the court's ruling. As part of the plaintiffs' response to the motion for clarification, the court was moved to award expenses as well as exceptional/special interest in favor of each of the members of the class, as well as expand the definition of the class such that it includes all the policyholders, third parties and beneficiaries to whom the interest has not been paid as of the date of the partial judgment (June 28, 2021), and until the date of the judgment. In April 2024, the court rendered its decision on the motion for clarification, in which it was mainly determined that within the decision in question, the court's entire role at this stage, is – at most – to clarify the court's partial judgment (rendered by a different judge), and that even if the defendants have good claims, the court can only adhere to the findings in the judgment. The motions for clarification were partially dismissed. The plaintiffs' motion was not discussed within the decision.	

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	5/2013 District Court - Tel Aviv	Clal Insurance and additional insurance companies	According to the plaintiff, the defendants are in breach of their duty to add linked interest as well as the lawful linkage differentials in respect of the insurance benefits they pay. According to the plaintiffs, the date from which interest and linkage differentials should be calculated is the insured event's occurrence date, until the actual payment date. Alternatively, linkage differentials must be paid from the insured event's occurrence date and until the actual payment date, and interest must be paid starting 30 days from the date of submitting the insurance claim until the actual payment of insurance benefits.	Charge the defendants to pay the class members linkage differentials and interest due to the underpayment. In addition and/or alternatively, the court is asked to order damages to the public, as it deems suitable.	Anyone who was paid insurance benefits from the defendants in the 7 years preceding the day the lawsuit had been filed and/or who will be paid insurance benefits from the defendants before a judgment is rendered in the lawsuit, without lawfully adding interest to the insurance benefits the (hereinafter - the "**First Class**") and lawfully adding linkage differentials to the insurance benefits (hereinafter - the "**Second Class**").	In August 2015, the District Court rendered its ruling to dismiss the motion to certify against the defendants with respect to the claim of non-payment of linkage differentials, but accept the motion to certify against the defendants with respect to the claim of underpaying interest on insurance benefits; it was found that the eligible class members are all policyholders, beneficiaries, or third parties, who, during a period starting three years before the lawsuit had been filed and ending on the day the lawsuit was certified as a class action, had been paid insurance benefits from the defendants (unless the above were paid not in accordance with a judgment rendered between them), without adding the lawful interest, within 30 days from the date of submitting the insurance claim with the insurer (not from the date of submitting the last document the insurer had required to clarify the liability), and until the actual payment date. In August 2016, the defendants, with the Supreme Court's approval, had stricken out a motion for leave to appeal they had brought, whose gist was an objection to the District Court's ruling, according to which a prior settlement arrangement the Company had made on a similar issue does not establish res judicata that precludes bringing the motion to certify and does not establish a defense for the defendants, while the parties reserved all their claims to the main proceeding. In February 2021, a partial judgment was rendered, in which the court determined that the class action was granted and charged the defendants recovery of interest differentials to the class members, as detailed in the judgment (hereinafter - the "**Judgment**"). In accordance with the Judgment, it was found that the "day of filing an insurance claim," on which the 30-day race begins and after which linked interest must be added to the insurance benefits in accordance with the provisions of Section 28(A) of the Insurance Contracts Law, 1981 (hereinafter - the "**Insurance Contracts Law**"), is the date the insurance company or the insurance agent, whichever is earlier, first receive an inquiry indicating that the policyholder, a third party, or the beneficiary (hereinafter - "**Entitled Parties**"), wish to be paid the insurance benefits, without needing to attach any document. It was further determined that when the insurance benefits are calculated at their value on a date after the insured event's occurrence, interest will be added to them only from that date, and with respect to recovery of funds paid to service providers in a deferred payment – the interest differentials would be calculated starting from the actual payment date. The court ruled that the definition of the class would cover all Entitled Parties who, during the period commencing three years prior to bringing the lawsuits (filed against Clal Insurance in May 2013) and ending on the day of rendering the Judgment, were paid insurance benefits from the defendants, not in accordance with a judgment in their case, without the lawful interest added to them. It was also determined that for the purpose of implementing the Judgment and calculating the total damages to the class members in accordance with the principles set forth in the partial judgment, an expert must be appointed, and that the reward payable to the representative plaintiffs and their counsels' legal fees would be determined in the final judgment.	The plaintiff estimates the cumulative amount due to the First Class at NIS 518 million (if it is decided that the interest must be calculated from the insured event's occurrence date), or at NIS 210 million (if it is decided that the interest must be calculated starting 30 days from the date of filing the insurance claim to the insurance company). The plaintiff estimates the cumulative amount due to the Second Class (for which the motion to certify was denied) at an additional amount of NIS 490 million, due to linkage differentials.

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
						In May 2021, the defendants filed an appeal, or, alternatively, a motion for leave to appeal the Judgment to the Supreme Court. In November 2022, the Supreme Court rejected the motion for leave to appeal that had been filed as said above, in the absence of a cause for judicial interference, mainly because the partial judgment constituted "a non-judgment ruling," and the appellate court's starting point is that it would only interfere in the trial court's interim rulings in highly unusual cases. Accordingly, it was held that the appropriate venue for investigating the defendants' claims was in an appeal on the final judgment in the lawsuit, insofar as an appeal is filed. The Supreme Court clarified that it was not taking a stand on the issue of the hypothetical appeal to be filed on the final judgment. The proceeding is at the stage of litigating the claim before the District Court, and in January 2023, within the above, the court rendered its ruling on the identity of and the authorities vested in the expert. In December 2023, the defendants submitted a motion for clarification regarding the court's ruling. As part of the plaintiffs' response to the motion for clarification, the court was moved to award expenses as well as exceptional/special interest in favor of each of the members of the class, as well as expand the definition of the class such that it includes all the policyholders, third parties and beneficiaries to whom the interest has not been paid as of the date of the partial judgment (June 28, 2021), and until the date of the judgment. In April 2024, the court rendered its decision on the motion for clarification, in which it was mainly determined that within the decision in question, the court's entire role at this stage, is – at most – to clarify the court's partial judgment (rendered by a different judge), and that even if the defendants have good claims, the court can only adhere to the findings in the judgment. The motions for clarification were partially dismissed. The plaintiffs' motion was not discussed within the decision.	

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	1/2008 District Court - Tel Aviv	Clal Insurance and additional insurance companies	According to the plaintiff, the defendants charge sub-annuals, a payment that is collected in life insurance policies in which the insurance rate is determined as an annual amount but the payment is made in several installments (hereinafter - "**Sub-Annuals**"), at an amount that exceeds the permitted amount, and they do so, allegedly, in several methods: collecting Sub-Annuals with respect to the "policy factor" component, collecting Sub-Annuals at a rate that exceeds the permitted rate in accordance with the Insurance Supervision circulars, collecting Sub-Annuals with respect to the savings component in life insurance policies, and collecting Sub-Annuals with respect to non-life insurance policies.	Refund of all the amounts the defendants had collected unlawfully, as well as a mandatory injunction ordering the defendants to change their modus operandi with respect to the matters specified in the lawsuit.	Anyone who has contracted with the defendants or any of them under an insurance contract and was charged due to a "Sub-Annuals" component under impermissible circumstances or at impermissible amounts.	The Commissioner submitted his position in the case, in which he concurred with the insurance companies' position. In July 2016, the court certified the lawsuit as a class action. The certified class consists of anyone who entered into an insurance contract with the defendants or any of them and was charged Sub-Annuals with respect to the following components: with respect to the "mixed" life insurance savings component sold by Clal Insurance in the past, with respect to the "policy factor" (which is a fixed monthly amount that is added to the premium whose aim is to cover expenses), and with respect to health policies, disability policies, critical illness policies, work disability policies, and long-term care policies (hereinafter - the "**Collection Components**"). The court's ruling was rendered despite the Commissioner's position, which had been stated at the request of the court, as said above. The cause of action for which the claim has been certified as a class action is the unlawful collection of Sub-Annuals due to the Collection Components. The relief sought is a refund of the sums that had been collected unlawfully in the seven years preceding the date of filing the lawsuit and thereafter, i.e., from January 2001, as well as a mandatory injunction ordering the defendants to rectify their conduct and to cease charging sub-annuals on collection components. In December 2016, the defendants filed a motion for leave to appeal against the ruling to certify the claim as a class action to the Supreme Court (hereinafter - "**MLA**"), and in May 2018, the Supreme Court accepted the MLA, heard it as an appeal, and rendered a judgment granting the appeal and dismissing the lawsuit accordingly. In June 2018, the plaintiffs moved to hold a further hearing of the judgment, with respect to some of the findings therein. In July 2019, a ruling was handed down in favor of holding a further hearing on the case, by an extended panel of 7 judges. In February 2020, a position was submitted to the Supreme Court on behalf of the Attorney General within the further hearing, according to which, the Attorney General believed that there was no justification to intervene with the ruling rendered in the judgment on the appeal, which was based on adopting the Capital Market Authority's interpretive position. In July 2021, a judgment was rendered in the petition for a further hearing, stating that the ruling that certified the lawsuit as a class action would be reinstated, such that the motion to certify would be granted and the case would be returned to the District Court to hear the class action lawsuit on its merits. The proceeding is currently being litigated before the District Court. The parties are conducting a mediation procedure.	In February 2010, the parties reached a procedural arrangement according to which the plaintiff's claims that Clal Insurance had overcharged on Sub-Annuals, compared with the permissible charges in connection with insurance policies that had been issued before 1992, and that Clal Insurance charged the maximum Sub-Annuals even when the number of payments was lower than twelve payments, would be withdrawn from the motion and the lawsuit. Accordingly, the amount claimed from Clal Insurance was revised and set at approx. NIS 398.2 million.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	7/2014	Clal Pension and Provident Funds Ltd. as well as against four other pension fund management companies.	According to the plaintiffs, who are two associations that claim their objective is to aid the elderly population, the defendants raised the management fees it charged from pensioners in the pension funds they manage at the stage of paying the pension, to the maximum lawful management fees ceiling (0.5% of the accumulated balance), while taking advantage of the pensioners' position as a "captive audience," while active planholders paid significantly lower management fees, on average. It was further claimed that the defendants do not disclose to their planholders that when they become pensioners, the management fees they pay the defendants would immediately be raised to the maximum management fees.	To require the defendants to return the excess management fees unlawfully charged from the class members with interest and linkage; to require the defendants to lower the management fees charged to the pensioners, such that they do not exceed the management fees it charged before each one of them retired; to prohibit the defendants from raising the planholders' management fees immediately before they retire.	Anyone who is a planholder of a comprehensive new pension fund, managed by one of the defendants, and is entitled to be paid an old-age pension and/or will be entitled to be paid an old-age pension in the future.	In September 2015, the plaintiffs submitted a reply to the defendants' response to the motion to certify (hereinafter - the "**Plaintiffs' Response**"), in which, among other things, a new claim was raised: that the defendants did not send the planholders prior notice of raising the management fees, as required in accordance with the provisions of the law. As per the court's request, the Commissioner submitted its position in September 2017, which held, inter alia, that in accordance with the provisions of the law and the July 2014 circular, management fees lower than 0.5% could be collected during the pension payment period, and that the defendants had no regulatory duty to notify of a management fee increase once the planholders reached retirement age. In March 2022, the District Court decided to grant the motion to certify against the defendants, with respect to whether the defendants had had to notify the planholders of the management fees they would be charged in the pension period in advance, and if so, what damage had been caused by the failure to provide such a notice. The certified class contains anyone who is a planholder in a new comprehensive pension fund managed by one of the respondents and is entitled to be paid an old-age pension after they retire in the seven years prior to submitting the motion to certify and/or will be entitled to be paid an old-age pension in the future. It is noted that pension beneficiaries who retired in the latter half of 2018 will be given notice in accordance with the standard-conforming bylaws the regulator had published, that came into force starting in that year. The proceeding is currently being litigated on the merits, and the parties agreed to conduct a mediation proceeding.	According to the plaintiffs' assessment, the management fees the defendants collected unlawfully from current pensioners are estimated at NIS 48 million, the management fees that will be unlawfully collected from current pensioners in the future by the defendants are estimated at NIS 152 million, and the management fees the defendants will unlawfully collect from future pensioners in the future, due to the accrual to date, are estimated at NIS 2,800 million. The said amounts are claimed with respect to all the defendants.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	9/2015 District Court - Central	Clal Insurance and three additional insurance companies	According to the plaintiffs, when the defendants give a score for the "incontinence" function within examinations of claims for insurance benefits under long-term care policies, they apply an interpretation according to which, in order for a policyholder's claim due to "incontinence" to be recognized, it must be the result of a urological or gastroenterological illness or defect, rather than assigning the function a score even when the source of the policyholder's poor medical and functional condition due to which he or she suffers from "incontinence" might be an illness, accident, or health defect outside the domain of urology or gastroenterology.	To compel the defendants to compensate the class members in full for the damage caused to the latter due to the defendants' alleged breaches of the agreement, and to comply with the agreement from here on out, and alternatively, to award any other remedy as the court deems suitable under the circumstances.	Any policyholder of a long-term care insurance sold by the defendants (or the heirs of the above, as applicable), and who suffered from poor health and functioning as a result of an illness or accident or health impairment, because of which they suffered from incontinence and/or regularly used a stoma, a urinary catheter, or diapers or absorption products of all kinds, and despite the above – were not assigned a score from the defendants (as applicable) for the incontinence component, which has led to their rights being infringed.	In April 2020, the court partially certified the lawsuit as a class action lawsuit against Clal Insurance and three other insurance companies. The certified class includes any policyholder of long-term care insurance who suffered from loss of bowel or bladder control, due to a combination of incontinence that does not amount to an organic loss of control with a poor functional condition, and regardless of the aforesaid did not receive from the insurance companies points for incontinence when examining their claim to receive long-term care insurance benefits, such that their rights to insurance benefits were impaired between September 8, 2012 and the date of certifying the claim as a class action. The plaintiffs' motion to certify the lawsuit as a class action lawsuit in respect of a class of policyholders who suffer from incontinence due to functional disabilities or mobility impairments, and experience incontinence due to this, as well as in respect of a class of policyholders who suffer from cognitive impairments and who were not recognized as "mentally frail," was denied. The causes of action for which the class action was certified were a breach of the long-term care insurance contract that resulted in non-payment of long-term care insurance benefits or underpayment of long-term care insurance benefits, due to the policyholders not being recognized as qualifying for a score on their incontinence. The remedy sought in the lawsuit is compensation to the class members who were not assigned a score on their incontinence. The proceeding is currently being litigated. The parties are in mediation.	According to the plaintiffs, the damage cannot be estimated at this stage, but they estimate it in the tens and even hundreds of millions of shekels. The plaintiff's alleged individual damage from Clal Insurance sumps up to approx. NIS 32,500 (without linkage differentials and interest).

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	10/2016 District Court - Central	Clal Insurance	According to the plaintiff, within an engagement with a collective policy master policyholder (a health maintenance organization) for the sale of a collective long-term care insurance policy, Clal Insurance had committed to give the collective policyholders who enroll in the private policy a 20% discount on the premium and did not do so (hereinafter - the "**Collective Policy**").	Refund of the amounts by which the class members were overcharged.	In accordance with the court's ruling – anyone who bought an individual long-term care insurance policy from Clal Insurance in which the eligibility period is lifetime compensation, between October 30, 2009, and December 31, 2018, while they were insured under the Collective Policy, and Clal Insurance did not give them a discount of at least 20% according to Clal Insurance's lowest prevailing rate at the time of purchase in respect of individual policies that are equivalent to the plan the policyholder had chosen, for a policyholder of comparable age and health condition, provided that it does not exceed the regulator-approved rate.	In January 2021, the court partially certified the motion to approve the class action. The lead plaintiff's motion to certify the lawsuit as a class action, including with respect to any group of policyholders who hold a private long-term care policy in which the period of eligibility for compensation is not for the policyholder's entire life, was denied. The causes of action for which the claim was certified as a class action lawsuit are a breach of the provisions of the Collective Policy and unjust enrichment, and the claimed remedy is restitution of the amounts by which the class members were overcharged. The proceeding is currently being litigated on the merits. The parties are conducting a mediation proceeding, as part of which - in November 2023 - a binding procedural arrangement was signed, according to which the parties agreed on giving or supplementing a discount for the relevant policyholders at the rates agreed upon by the parties. The procedural arrangement is subject to examination by an external expert, according to the agreed outline of principles, following and according to which the settlement agreement will be formulated and submitted to the court.	In the claim, the plaintiff estimated the alleged damage to all class members at NIS 52 million for alleged damage caused until the date of filing the motion, and NIS 126 million for the damage expected to be caused to the class members in the next 10 years.

6. Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
11/2019 Regional Labor Court - Tel Aviv	Clal Insurance	According to the plaintiff, Clal Insurance charged management fees in life insurance policies with an integrated profit-sharing savings component issued before January 12, 2004 (hereinafter - the "**Relevant Policies**"), at rates that deviate from the permissible limits, without a legal and/or contractual basis.	Remedy in the form of restitution of the management fees the class members were unlawfully charged, as well as a mandatory injunction ordering Clal Insurance to change its modus operandi with respect to the collection of management fees in the Relevant Policies from here on out.	Any policyholder of Clal Insurance under the Relevant Policies and whom Clal Insurance charged due to management fees in excess of the permitted limit under the Supervision of Financial Services Regulations (Insurance) (Conditions in Insurance Contracts), 1981, according to the wording at the time and/or according to the provisions of the policy, during the 7 years prior to the date of filing the lawsuit and up to the date the lawsuit is certified as a class action.	In June 2023, the Regional Labor Court decided to reject the claims that Clal Insurance charged management fees out of the accrued savings in violation of the law or contrary to the provisions of the policy, as well as the alternative claim that Clal Insurance charged management fees out of the accrued savings at a rate that exceeded the rate permitted by law; however, the Court decided to partially certify the lawsuit as a class action claiming that Clal Insurance collected management fees from policyholders insured under the relevant policies management fees out of premium contrary to the provisions of the policy. It is noted that these policies have been marketed since 1999. The class members comprise anyone who was or is a policyholder of the respondent under a Relevant Policy in the period beginning seven years prior to the date of filing the lawsuit and ending on the day the lawsuit was certified as a class action lawsuit, and whom Clal Insurance charged Management Fees to. The causes of action for which the lawsuit was certified as a class action lawsuit are: a breach of agreement, unjust enrichment, and a breach of statutory duty, including a breach of Clal Insurance's duties of trust and duties of care, and deception. The parties are conducting a mediation procedures. In April 2024, the plaintiff appealed to the National Labor Court regarding the causes of action that were dismissed in the decision to certify the lawsuit as a class action, and on the same day, Clal filed a motion for leave to appeal the decision to partially certify the lawsuit's adjudication as a class action; at the same time, the parties sought to stay the proceedings in the National Court to attempt to complete the mediation.	NIS 120 million

2.1.2 Pending motions to certify material claims as class actions against the Company and the consolidated companies, with the exception of the Max Group companies[3]

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	9/2015 District Court - Tel Aviv	Clal Pension and Provident Funds, as well as four other companies that manage pension funds	According to the plaintiffs, who are planholders in the pension funds managed by the defendants, the mechanism to remunerate agents and brokers with fees and commissions as a rate out of the management fees planholders are charged, as had been the custom among the defendants, is a breach of the duty of loyalty toward the planholders in the provident funds the defendants manage and leads to the collection of higher management fees than is appropriate by the defendants.	To require the defendants to alter the agent compensation mechanism and to pay the planholders back the excessive management fees they were charged.	Planholders of provident funds managed by the plaintiffs, who were charged management fees from which the agents' commission is derived based on the management fees amount.	In November 2022, the District Court's rendered its judgment, in which the motion to certify was denied. In January 2023, the plaintiffs appealed the judgment. The proceeding is at the stage of hearing the appeal.	According to the plaintiffs' assessment, the damage to all class members is approx. NIS 2 billion, reflecting approx. NIS 300 million in annual damage since 2008.

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	7/2019 Regional Court - Tel Aviv	"Atudot" - Pension Fund for Workers and Independent Workers Ltd. (a subsidiary of Clal Insurance (held at 50%) (hereinafter - "**Atudot**")	The lawsuit concerns the allegation whereby Atudot charges its planholders, in addition to management fees, "investment management expenses" (hereinafter - "**direct expenses**") in the absence of a contractual provision that allows it to charge such expenses and in contrast with the fund's bylaws.	The plaintiffs seek to compel Atudot to return the excessive direct expenses amounts they were charged.	The planholders in the pension funds who were charged investment management expenses in the seven years before the relevant lawsuit was filed.	In May 2019, the Central District Court rendered a ruling granting the motion to certify a class action lawsuit due to the collection of direct expenses in individual life insurance policies (hereinafter - the "**Certification Ruling**"). In the Certification Ruling, it was determined that the absence of a clear provision in the policy regarding the collection of direct expenses is a negative arrangement, and therefore, the defendants were not prohibited from charging these expenses. In September 2019, a motion for leave to appeal the Certification Ruling was brought to the Supreme Court (hereinafter - the "**Motion for Leave to Appeal**"). Atudot was not a party to this proceeding. In June 2023, the Supreme Court rendered its decision after hearing the motion for leave to appeal as an appeal, and granted the appeal on the Certification Ruling, while stating that insurance companies and management companies act as trustees for the planholders' funds and are therefore entitled to collect expenses. In February 2024, a judgment was issued dismissing the motion to certify the class action against Atudot. In March 2024, the plaintiff appealed to the National Labor Court.	The class action amount was set at approx. NIS 41 million, based on an assessment.

3 Including such motions that were denied and the ruling to deny them was appealed.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	3/2019 District Court - Jerusalem	Clal Insurance	According to the plaintiffs, the defendant issues personal accidents policies to policyholders when the latter purchase travel insurance policies, without obtaining their consent and while misleading them.	An order to pay back the funds collected by the defendant to each class member, due to payments for a personal accidents policy, in the last seven years	Any policyholder who, while purchasing a travel insurance policy, was simultaneously, without their consent, enrolled in a personal accidents insurance, and was unlawfully charged monthly premium payments, in the period starting up to 7 years prior to the day the lawsuit was filed.	In December 2020, the parties moved to the court to authorize a settlement agreement, under which, certain policyholders who have claims regarding the insurance sale process would contact Clal Insurance, and an examination would be carried out in connection with their respective sale process, and if it is found that it was improper according to the criteria set forth in the settlement agreement, they would be entitled to damages at the rate set forth in the settlement agreement. In January 2023, in accordance with the court's position, the parties submitted a revised settlement agreement to the court, according to which, a certain refund would be made out of the paid premiums, at the rate the parties had agreed on, to the policyholders who had purchased a personal accidents policy in conjunction with the travel insurance and who canceled the personal accidents policy during the period specified in the settlement. In accordance with the court's ruling, an examiner was appointed, and it examined the alternatives according to the aforementioned arrangements and proposed immaterial amendments to the settlement. An amended settlement arrangement was submitted in September 2023. The settlement arrangement is subject to the court's approval, which will not necessarily be granted.	The plaintiffs estimate the total damage to the class members at approx. NIS 17 million. The total personal damage being claimed is NIS 1 thousand.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	5/2019 Regional Labor Court - Tel Aviv	Clal Insurance	According to the plaintiff, the defendant systematically reduces the disability insurance benefits it pays its policyholders under its participating disability insurance policies, by unlawfully deducting management fees and calculative interest.	Restitution in kind of the funds the class members were unlawfully denied, according to the plaintiff, and with respect to the premium release funds – crediting the policies' savings. The plaintiff also petitions to declare that certain provisions of the policies, in relation to the interest and management fees deduction from the yield to which the policyholders are entitled, are void.	All policyholders or former policyholders under participating disability insurance policies that include a mechanism to link the monthly benefits payments and/or the release from premiums to the investment portfolio return, starting from the 25th payment, to whom Clal Insurance has paid monthly benefits and/or a release for a period exceeding 24 months, and starting from the 25th payment, deducted interest and/or management fees from the return.	The proceeding is in the final stages of investigating the motion to certify the claim as a class action, and the parties are awaiting the court's decision on motion to certify the claim as a class action.	The plaintiff estimates the total alleged damage to all class members at NIS 2.4 billion.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	2/2020 District Court - Central	Clal Insurance and another insurance company	According to the plaintiffs, due to "lack of knowledge" following the failure to present the personal accidents insurance policy (hereinafter - the "**Policy**") to the students, to the policyholders, and to their relatives, and the Policy's non-publication, the policyholders have not been exercising their right to benefits under the Policy, and they are incurring damages.	Issue orders against the defendants and the Insurance Commissioner for the discovery of documents and data; order the extension of the prescription period; order the appointment of a committee that will include independent members and will be authorized to discuss and decide all personal claims under the Policy for three years, in respect of all cases before October 25, 2016 (hereinafter - the "**Committee**"), and will also be authorized to discuss the issue of the Policy's delivery; order a procedure for transferring the burden of evidence; issue a mandatory injunction ordering the defendants to compensate the plaintiffs in accordance with the Committee's ruling; award special damages to the plaintiffs and the counsels' legal fees.	The motion classifies the plaintiffs into several subcategories, mainly including: Any student in a school or kindergarten in the State of Israel who had been insured under a personal accidents insurance policy by the defendants and did not receive a copy of the personal accidents insurance policy at their home, starting from the school year that started in September 2006, and/or any student whose cause of action against the insurance company has become invalid under the statute of limitations; In addition, the motion defines additional subcategories, comprising students who were born after October 25, 1995, and who, between the ages of 3 and 19 (while in the Israeli education system, from kindergarten and until their graduation from the 12th or 13th grade), suffered an accident that resulted in physical harm, and who were not paid insurance benefits in accordance with the Policy, divided into sub-categories according to the type of harm, as detailed in the motion; In addition, a subcategory comprising of people born in 1974 to 1995, whose members are people and/or their parents and/or heirs who were born and/or studied in Israel between 1974 and 1995 and who were injured or killed after 1992, and did not file insurance claims because they did not know about the Policy and its scope; and the subcategory of all policyholders – all students and all their parents, from September 1992 to September 18, 2016, divided into sub-categories according to the causes of harm, as detailed in the lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed. Let it be noted that similar motions and claims were filed against Clal Insurance and were stricken out by the court on procedural grounds, in January 2020.	The plaintiffs estimate the alleged damage against Clal Insurance at approx. NIS 1.4 billion, plus approx. NIS 1.5 billion in damage attributable to the two defendants due to breaching their autonomy.

6.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	3/2020 Regional Labor Court - Tel Aviv	Clal Insurance	According to the plaintiff, Clal Insurance systematically violates the provisions of the law by charging unlawful insurance premiums for "temporary risk" insurance (payment for insurance coverage when the regular deposits into a savings policy with combined insurance components are discontinued), by making excessive deductions out of the accrued savings amount and thus reducing the accrued savings, without informing the policyholders in advance of making the "temporary risk" insurance and of its terms and rates, and in breach of the duty to send the policyholders up-to-date insurance information sheets on time or at all.	(1) Restitution of all funds charged out of the accrual and/or otherwise in respect of the entire period following the termination of employment (except when the policyholder has asked to purchase the insurance coverage in writing). Alternatively, restitution of all funds collected for the period after 3 or 5 months from the termination of their employment, in accordance with the relevant statutory arrangement (hereinafter - the "**Automatic Temporary Risk Period**"), and in cases of higher insurance premiums, restitution of the excess insurance premiums in respect of the Automatic Temporary Risk Period as well; (2) a prohibition on making "temporary risk" insurances for a period exceeding the Automatic Temporary Risk Period, except when the policyholders request this it in writing; (3) compelling Clal Insurance to return the excess insurance premiums paid by policyholders who were charged double insurance premiums (for the month they returned to work); (4) various provisions relating to future conduct (including a prohibition on increasing premiums, giving prior notice of the purchase of a temporary risk, and more).	The represented class for the purpose of the non-pecuniary remedies is all policyholders under provident funds or insurance plans within which employers and/or employees make contributions for work disability insurance and/or insurance in case of death, or any other insurance risk. The represented class for the purpose of the pecuniary remedies is: (a) all the policyholders for whom funds were collected for work disability insurance or insurance in case of death or any other insured event, out of the accrual funds or any other source, without prior notice; (b) alternatively, policyholders who were charged insurance premiums for periods that exceed the Automatic Temporary Risk Period, unless they agreed in advance; (c) policyholders who were charged higher insurance premiums than the insurance premiums they were charged when they were active policyholders and/or who were charged for new insurances that they did not have prior to the termination of their work; (d) policyholders who were charged double insurance premiums.	The proceeding is in the stage of the class action certification motion being reviewed. Pursuant to the court's ruling, the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**") submitted his position, clarifying that collecting insurance premiums is permissible only in accordance with the provisions of the law and the applicable policy.	The class action claim amount is estimated conservatively, according to the plaintiff, at no less than NIS 7 million per year. According to the plaintiff, the lawsuit ought not to be subject to any statute of limitations. Alternatively, the claim for pecuniary remedies is made for the period starting 7 years before the lawsuit was filed, i.e., 2020, and until the lawsuit is certified as a class action.

7.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	4/2020 District Court - Tel Aviv-Jaffa	Clal Insurance and 12 additional insurance companies	According to the plaintiffs, the respondents must be compelled to compensate the class members and fully remedy the harm they incurred due to the excess premiums they have been paying for motor insurance, due to the dramatically reduced use of vehicles during the Covid-19 pandemic and the significantly reduced risk level.	Compensate the class members, repair all the harm they suffered, issue a mandatory injunction ordering the adjustment of the collected amounts to the risk the respondents are actually exposed to during the effective period, and/or render a declaratory judgment stating that a material reduction in the use of vehicles, as had occurred, for example, during the effective period, calls for an adjustment (reduction) to the premium.	Any policyholder of one or more of the respondents, under a compulsory motor insurance and/or comprehensive motor insurance and/or third-party motor insurance policy, during the period commencing on March 8, 2020, and ending on the date of full and final removal of movement restrictions imposed on residents of Israel due to the coronavirus, or part of it.	The proceeding is in the stage of the class action certification motion being reviewed. In February 2021, the court ordered the consolidation of the motion to certify this class action lawsuit, with respect to compulsory motor and property insurance policies, with a motion to certify a separate class action lawsuit that concerns similar causes, in which Clal Insurance has not been named as a respondent (hereinafter - the "**Separate Motion**") which was filed in April 2021.	The plaintiffs estimate the alleged damage against Clal Insurance in respect of the period from March 8, 2020, until April 30, 2020, at NIS 103 million, and jointly for all the respondents (except one), at approx. NIS 1.2 billion. Alternatively, for 8 of the defendant companies (that do not include Clal Insurance), it was claimed that the damage is approx. NIS 720 million. The movants note that the damage accrued further as the collection did not cease.

8.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	7/2020 District Court - Central	Clal Insurance and 4 additional insurance companies	According to the plaintiffs, the defendants allegedly do not reduce the insurance premiums for policyholders for whom pre-existing condition exclusions were stipulated, even though the exclusions are claimed to lower the insurance risk, relative to the risk in insurance policies held by policyholders for whom no such exclusions were stipulated.	Compensation/refund of all the amounts the policyholders in the class were overcharged by, with linkage differentials and interest as per the law, as well as a mandatory injunction ordering the defendants to change their modus operandi.	Anyone who was a policyholder during the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, by one or more of the defendants, under an insurance policy for disability, long-term care, life, disability, personal accidents, health (including critical illness, surgeries in Israel or abroad, transplants in Israel or abroad, medications, ambulatory procedures or any other medical coverage) that contains an exclusion. For this purpose, an "**exclusion**" – a policy clause which stipulates that any event / injury / disease, or any risk that materializes and that stems from and/or is related to a pre-existing condition the policyholder had on the day the policy was obtained, are not covered under the policy.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimate that the total damage to all class members in relation to all the defendants totals NIS 1.9 billion, and they note that each defendants' share is in accordance with its market share of the Health and Life Insurance Subsegment, according to the Capital Market Commissioner's publications.

9.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	9/2020 District Court - Haifa	Clal Insurance	According to the plaintiff, Clal Insurance does not act in accordance with its undertakings, as it regularly refunds its policyholders for a significantly lower amount than the amount it warranted within the implementation of the "no claims bonus" clauses in health policies Clal Insurance used to sell, which entitle policyholders to be refunded part of the insurance premiums they paid if no insurance claims are made over the period specified in the policy.	The remedy the plaintiff is petitioning for includes compelling Clal Insurance to compensate each of the class members entitled to the no claims bonus for the relative share of the insurance premiums they were not refunded, with interest and linkage.	All Clal Insurance policyholders that hold private and collective health insurance policies, including extended health insurance and full liability insurance and including policies whose names had been changed over the years, that include a "No Claims Bonus" clause, who did not claim and/or refrained from claiming benefits for 3 years or any other period in accordance with the policy, and were entitled to a refund of 10% of the insurance premiums they had paid, or another refund rate according to the terms of the policy, and were paid a lower amount than the amount they are owed under the terms of the policy during the lawsuit period.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates the damage to all class members at NIS 34 million in the seven years prior to filing the lawsuit.

10.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	9/2020 District Court - Central	Clal Insurance and another insurance company	The lawsuit concerns the allegation that the defendants acted contrary to the provisions of critical illness policies, and specifically – that they did not act in accordance with the terms of the policy that stipulate that after a first insured event has occurred, if the policyholder is still covered under the insurance policy, the insurance amount and the monthly premium amount will be reduced by 50%.	The relief the plaintiffs are petitioning for is damages to the class members due to past damages, as well as a declaratory relief and a mandatory injunction ordering the defendants to change their modus operandi.	All of the respondents' clients / policyholders who were covered under critical illness insurance and/or critical illness and serious medical events insurance and/or any other similar insurance by any other name, who experienced their first insured event, after which they were charged a higher premium than the agreed premium in breach of the terms of the insurance policy, in the 7 years before the motion was brought.	In April 2024, a settlement agreement was submitted to the court for approval; under that agreement, Clal Insurance must return a certain percentage of the insurance premiums to the class members, in accordance with the mechanism set forth in the settlement agreement, as well as notify the policyholders in the policies that the lawsuit concerns of the applicable insurance premiums and insurance benefits mechanism with respect to the future. The arrangement is subject to the court's approval, and there is no certainty that it will be accepted.	The plaintiffs estimate that the total damage to all class members in relation to Clal Insurance totals NIS 16.8 million.

11.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	4/2021 District Court - Tel Aviv-Jaffa	Clal Insurance and 14 additional companies	The lawsuit concerns the claim that the defendants are violating the provisions of the law by transferring their customers' personal and confidential information, without the customers' consent, to third parties (in particular, to Google and its advertising service), thus infringing on the customers' right to privacy and violating their lawful obligations.	The main remedies the plaintiffs are petitioning for are: to instruct the defendants to cease transferring information about their customers to third parties, to act in accordance with the law and guard and protect the customers' privacy, to disclose all the documents in their possession and that may aid in the investigation into the truthful, and to compensate the plaintiffs for the pecuniary and non-pecuniary damages they incurred.	All the defendants' customers who used the digital services on the websites and apps operated by the defendants in the seven years before the lawsuit was filed, and about whom private and/or personal and/or confidential information was transferred to a third party.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimate the damage to all class members in millions of shekels, in the aggregate.

12.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	7/2021 District Court - Tel Aviv-Jaffa	Clal Insurance and 6 additional companies	The lawsuit concerns the allegation that when receiving an annuity from a profit-participating policy issued between 1991 and 2004, the defendants deduct annual interest at a rate of 2.5 (or any other rate) out of the monthly return accrued due to the lower cash surrender value, unlawfully and without any contractual basis under the terms of the policy.	The main remedies claimed in the lawsuit are a declaratory order according to which the interest deduction from the monthly return is a breach of the policies, and alternatively – a declaratory relief according to which this is a depriving condition in a standard contract and a motion to order its nullity, and to order a refund of the amounts deducted from the class members' monthly annuity, plus linkage differentials and interest, starting seven years prior to the date of filing the lawsuit and until the final ruling on it is rendered, and to order the defendants to cease deducting interest out of the monthly return.	The defendants' policyholders who purchased from them a life insurance policy that includes accrued savings and investment income participation, issued between 1991 and 2004, and from which interest was and/or will be deducted at a rate not specified in the policy, based on the provision in the policy, according to which the amount of the monthly pension will change "each month according to the results of the investments net of the interest according to which the amount of the monthly pension was calculated, and the appropriate provisions for this matter in the insurance plan" and/or any other similar provision.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimate the aggregate damage to all class members in an amount greatly exceeding NIS 2.5 million.

13.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	10/2021 District Court - Lod	Clal Insurance and additional company	The lawsuit concerns the allegation that the defendants unlawfully deny insurance claims by children with special needs in the framework of a long-term care insurance policy, even though, according to the plaintiffs, they meet the definition of an insured event by virtue of "mental frailty" according to the terms of the policy, without checking whether their condition falls within this definition.	The main remedies claimed in the lawsuit are full compensation to the class for all the harms they were caused and compelling the defendants to comply with the insurance agreements.	All of the defendants' policyholders aged 21 and under (or their heirs), who have special needs and who are insured under a long-term care insurance policy sold by any of the defendants and who suffer from "mental frailty," who were not recognized by the defendants as being "mentally frail" and whose rights under the policy were denied, with respect to the past period and the future.	The proceeding is in the stage of the class action certification motion being reviewed. In April 2023, the plaintiff filed a motion for leave to appeal to the District Court's ruling regarding the removal of the expert opinion and striking out sections of the response to the plaintiff's reply. In May 2023, the Supreme Court rendered a ruling according to which the motion for leave to appeal is granted, subject to granting the defendants the right to a supplementary response.	The plaintiffs estimate the total alleged damage to the class members against the two defendants, jointly, at approx. NIS 2.97 billion.

14.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	04/2022 District Court - Tel Aviv-Jaffa	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance continues to charge premiums from policyholders, even after the latter announce their policy's cancellation, as the cancellation takes effect only on the 1st of the following calendar month after Clal Insurance receives the notice, rather than within 3 days from the date of delivering the policyholders' cancellation notices, as required in accordance with the legislative arrangement. It was claimed that no full disclosure is made to policyholders of the applicable arrangement in case the policyholder cancels the policyholder, before purchasing the policy.	The main claimed remedies are a declaratory relief, according to which a policyholder's cancellation notice would take effect within 3 days from the date of its delivery, and a monetary remedy in the form of returning all premiums policyholders were charged due to the period beginning from the fourth day after the delivery of the cancellation notice, and 50% of the average monthly premium as compensation to the class members whose respective cancellation notice had been delayed due to the provisions of the policy, with added linkage differentials and interest. Alternatively, other declaratory / monetary reliefs.	The class the movant seeks to represent is: (a) all policyholders who notified Clal Insurance of the policy's cancellation and Clal Insurance did not cancel their respective policy within 3 days from the date of delivering the cancellation notice; (b) all policyholders who notified Clal Insurance of the policy's cancellation and whose cancellation notice was somehow inadequate, and Clal Insurance did not notify the policyholders of the inadequacy within 3 business days from the date of delivery of the cancellation notice; (c) all policyholders who wanted to cancel the policy at any time in the previous calendar month before the last 3 days of that month, and delayed their cancellation notice due to the contractual arrangement whereby the cancellation would take effect from the 1st of the calendar month following Clal Insurance's receipt of the cancellation notice.	The proceeding is in the stage of the class action certification motion being reviewed. In September, the Supervisor submitted his position, which generally supports the position of the defendant.	The plaintiff estimates the aggregate damage to all class members in many millions of shekels.

15.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	05/2022 District Court - Central	Clal Insurance	The lawsuit concerns the allegation that in policies that cover surgeries in Israel that stipulate compensation for surgeries performed without financing from Clal Insurance, Clal Insurance refrains from compensating the policyholders for the cost of the implants and accessories used to perform the surgery, and also refrains from indemnifying the policyholders for the deductible amounts they had paid.	The main remedies the plaintiffs are seeking are a judgment compelling Clal Insurance to include the cost of the implant and/or accessory in the calculation of the benefits owed to the class members from here on out, and compelling it to indemnify the class members for the deductible amounts they paid in connection with the various surgeries and to calculate the compensation accordingly, as well as a judgment compelling Clal Insurance to compensate each member of the sub-category with respect to the monetary remedies, at the rate of 50% (or another rate) of the cost of the implant borne by Clal Insurance and/or the deductible amount paid by the class member due to a surgery they had, with added linkage differentials and interest, as per the law.	The class the movant seeks to represent, regarding the future arrangement, consists of all Clal Insurance policyholders who are entitled to compensation at a rate of half (or another amount) of the amount Clal Insurance is spared when a surgery is performed without Clal Insurance's financing, or to a compensation derived from the cost of the surgery to the health maintenance organization at a private hospital. The class the movant seeks to represent, with respect to the monetary remedies, consists of all Clal Insurance policyholders who are entitled to compensation at the rate of half (or another amount) of the amount Clal Insurance is spared when a surgery is performed without Clal Insurance's financing, or to the compensation derived from the cost of the surgery to the health maintenance organization at a private hospital, who submitted a benefits claim to Clal Insurance, but the benefits were calculated without including the accessories component and/or without Clal Insurance first repaying the deductible to the policyholder, from 7 years before the lawsuit was filed and until a judgment is rendered in the lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates that the aggregate damage caused to the class members is over NIS 2.5 million.

16.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	07/2022 District Court - Tel Aviv-Jaffa	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance denies policyholders' insurance claims in private health insurance policies it had marketed until February 2016, which include a basic insurance tier, on the grounds of the claim being filed due to "preventive surgery" that does not meet the definition of the term "surgery" in the policy (hereinafter - the "**Basic Tier Policies**"); as well as the allegation that Clal Insurance had marketed (for increased premiums) policies that supposedly offer wider coverage than the Basic Tier Policies and that include coverage for preventive surgeries, while this component is already covered by the Basic Tier Policies.	The main claimed remedies are a declaration that in Clal Insurance's health insurance policies that define a "surgery" as an "insured event," any medically necessary surgery is included, including a preventive surgery that is intended to prevent a disease, defect, or deformity in the policyholder and/or the harmful effect of the above; a declaration that denying policyholders' insurance claims for coverage in respect of a preventive surgery under a Basic Tier Health Insurance Policy violates the insurance contract; and an order that requires Clal Insurance to contact the policyholders under all Basic Tier Policies, and inform them that preventive surgeries are covered under the insurance coverage in the policy.	The First Class the movant seeks to represent is any person who entered into a health insurance contract with Clal, which includes insurance coverage for "surgery," and whose claim due to a surgery was denied and/or will be denied on the grounds that it is a "preventive surgery" that is not covered by the policy, until a final and irreversible ruling is made in the class action lawsuit. The Second Class the movant wishes to represent is all former or current Clal policyholders who purchased private health insurance policies that expand the insurance coverage to include preventive surgery from Clal Insurance and/or from anyone on its behalf until February 1, 2016, and for which they paid excessive premiums from the date the extended policies were marketed and until the collection stops and/or until a final and irreversible ruling is made on the class action lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates that the aggregate damage caused to the class members is over NIS 2.5 million.

17.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	10/2022 District Court - Lod	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance's modus operandi is automatic renewal of home insurance policies while raising the insurance premiums from year to year, without obtaining the policyholder's consent.	The main remedies sought in the lawsuit are, inter alia, to issue a declaratory order according to which Clal Insurance acted unlawfully, to order Clal to refrain from automatic policy renewals and/or policy renewals at less favorable conditions, and to compensate the class members for the damage they incurred, with interest and linkage.	The class the plaintiffs seek to represent is all of the respondent's customers, whose home insurance policy the respondent had extended without their consent, and/or all of the respondent's customers who were charged insurance premiums for a home insurance policy without their consent (including Clal Insurance's customers whose insurance premiums were raised without their consent when the policy was renewed), in the period starting 7 years before the claim was filed and to date.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimate that the aggregate damage caused to the class members exceeds NIS 3 million.

18.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	11/2022 Regional Labor Court - Tel Aviv	Clal Pension and Provident Funds	The lawsuit mainly concerns the allegation that Clal Pension and Provident Funds unlawfully charges insurance premiums due to insurance grace periods (a payment for insurance coverage when regular contributions to the pension fund are suspended) by making deductions out of the accrual, thereby reducing the accrual, without informing the planholders in advance and allowing them to exercise their right to waive the coverage, as well as that it refuses to return the insurance premiums when it learns that the planholder was insured by another pension fund.	The main remedies sought within the lawsuit are a refund of the insurance premiums paid by the class members during the insurance grace periods, and compelling Clal Pension and Provident Funds to notify planholders of the insurance grace period's commencement, the insurance premium rates, and the options available to them, in advance.	The represented class is all planholders (past and present) whose pension fund, which is managed by Clal Pension and Provident Funds, became subject to an insurance grace period arrangement without them being notified in advance, and thereby denying their right to choose not to allow the said arrangement to take effect. With respect to monetary remedies, the represented class is all planholders who did not continue to make contributions to their pension funds after the insurance grace period had ended and did not seek to extend the insurance arrangement, as well as all the planholders who opened an additional pension fund and paid double insurance premiums, in the seven years prior to submitting the motion to certify and until a judgment is rendered in the lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed. In February 2024, the Commissioner's position was submitted, which states, inter alia, that the extension of the insurance is activated automatically upon the cessation of contributions to the fund and that the management company must notify the planholder of the cessation of the planholder's deposits.	As a conservative estimate, the class action lawsuit amount is estimated by the plaintiff at no less than NIS 2.5 million per year and at approx. NIS 17.5 million in total for the seven years preceding the date of filing the motion to certify.

19.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	12/2022 District Court - Lod	Clal Insurance	The lawsuit concerns the allegation that in the event of damage caused by a trailer and a towing vehicle, Clal Insurance (as the insurer for either the trailer or the towing vehicle) refuses to pay for the full damage caused to a third party, as it has undertaken to pay in the policy, and pays only half of it, on the grounds that the liability for damage caused by a trailer or by a towing vehicle must always be divided equally between them.	The main remedies sought in the lawsuit are a monetary remedy that includes, inter alia, compensation for the deductible paid to the other insurer, a refund of the premium to the policyholders, a mandatory injunction ordering Clal Insurance to indemnify the third parties for the full damage caused in the context of an applicable policy, and a duty of disclosure with respect to new policies that have not yet been issued.	The represented class is all Clal Insurance policyholders who purchased a trailer and/or towing vehicle third-party insurance and/or compulsory insurance policy in the 7 years preceding the submission of this motion; or, alternatively or in addition: all Clal Insurance policyholders who purchased a trailer and/or towing vehicle third-party and/or compulsory insurance policy from it, who had to pay a double deductible for a single incident of damage caused to a third party and/or who were forced to pay out of pocket for half or part of the damage caused to the third party.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimate that the aggregate damage caused to the class members exceeds NIS 2.5 million.

20.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	01/2023 Regional Labor Court - Tel Aviv	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance unlawfully reduced the insurance benefits to which policyholders suffering from a work disability are entitled, without obtaining the policyholders' explicit prior consent and in breach of the provisions of the policy and the Capital Market Authority's instructions, as well as in breach of the duty of disclosure, while committing deception and without sending the policyholders any notice or alert of the need to pay an additional premium or reduce the insurance coverage. It was also argued that the monthly benefits paid to policyholders who have insurance coverage for work disability were reduced or will be reduced in the future, due to the premium increase as the policyholders grow older.	The main remedies sought in the lawsuit are a declaratory relief that prohibits Clal Insurance from reducing the insurance benefits for work disability without obtaining the policyholder's explicit written consent, and a monetary remedy that requires Clal Insurance to pay the class members who suffered a work disability event the difference to make up the insurance benefits amount.	The represented class is: with respect to the future arrangement – all Clal Insurance policyholders who have work disability insurance and for whom, according to Clal Insurance, the insurance coverage rate is reduced or will be reduced in the future due to an increase in the premium as they grow old; and with respect to the monetary remedies – all past and present class members who had an insured event, and their insurance benefits were reduced by Clal Insurance without the policyholder's explicit, active, and prior consent.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff conservatively estimates the aggregate damage to all class members at NIS 18 million in the 3 years preceding the lawsuit filing date.

21.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	03/2023 District Court - Tel Aviv	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance has an improper and illegal practice whereby it partially repays the appraiser's fees to the injured parties, without justification, and without explaining why the fees were reduced.	The main remedies sought in the lawsuit are a monetary remedy according to the gap between the fees the class members paid the appraisers and the payment made to the class members as insurance benefits for this component (hereinafter - the "**Pecuniary Damage**"), as well as damages for non-pecuniary damage in the amount of 20% of the pecuniary damage to all class members.	The represented class is any injured party, policyholder, or third party, who is entitled to be reimbursed by Clal Insurance for appraiser's fees the injured party paid to an appraiser in order to assess the damage to the injured party's vehicle, if Clal Insurance did not transfer the full amount the injured party paid for the appraiser's fees to the injured party.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates that the aggregate damage the class members incurred exceeds NIS 2.5 million.

22.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	03/2023 District Court - Tel Aviv-Jaffa	Clal Insurance	The lawsuit concerns the allegation that the defendants refuse to finance the policyholders' medical cannabis purchase expenses, which, according to the plaintiffs, is contrary to the provisions of policies that offer coverage for pharmaceuticals that are not included in the Healthcare Services Basket (hereinafter - the "**Policies**"), and the fact that medical cannabis has recognized medical uses in Western countries.	The main remedies sought in the lawsuit are, inter alia, a declaratory relief stating that Clal Insurance must reimburse the policyholders for their medical cannabis purchase expenses; to order Clal Insurance to contact all their eligible policyholders in recent years and actively invite them to demand the indemnification they deserve; and also, to require Clal Insurance to reimburse all class members for the economic damage they suffered due to their improper conduct and due to a breach of the insurance contract.	The class that the plaintiffs seek to represent is any policyholder of Clal Insurance under the Policies and who did not receive reimbursement for their medical cannabis purchase expenses.	The proceeding is in the stage of the class action certification motion being reviewed.[4]	The plaintiffs estimate the total claim amount for all class members at approx. NIS 13.5 million.

23.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	05/2023	Clal Pension and Provident Funds	The lawsuit concerns the allegation that when receiving a planholder's request for a disability annuity, the pension fund does not check whether the planholder requires long-term care and/or if the planholder's condition has deteriorated in a way that made the planholder require long-term care, and as a result, the fund does not pay eligible planholders the additional long-term disability annuity.	The main remedies sought in the lawsuit are to pay the class members the additional long-term care disability annuity; compensation and/or restitution for not making full contributions to the fund and for yield losses class members incurred as a result of the above non-payment; obligating the fund to give the fund's physicians accurate instructions in connection with examining conditions that require long-term care when reviewing requests for a disability annuity.	The represented class includes policyholders in the "Clal Pension" and "Clal Supplementary Pension" funds who have disability insurance coverage, who are insured with a pension fund and are entitled to a disability annuity, and who, due to their medical condition on top of their work disability, require long-term care, and the pension fund did not supplement monthly payments for policyholders who, in addition to having a disability pension is a patient requiring long-term care.	The proceeding is in the stage of the class action certification motion being reviewed.	According to the plaintiff, the class action lawsuit amount cannot be estimated; however, for the purposes of the fee, it was put at no less than NIS 2.5 million per year and approx. NIS 18.75 million in the seven years prior to the filing date of the motion to certify.

4 In July 2022 and in September 2022, motions to certify the claims as class actions against Clal Insurance, concerning similar claims and causes of action (hereinafter - the "Earlier Proceedings") were submitted to the District Court in Tel Aviv-Jaffa. In January 2023, the court decided in favor of consolidating the Earlier Proceedings, and accordingly, the plaintiffs filed this proceeding in March 2023.

24.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	05/2023 Economic District Court - Tel Aviv	Clal Holdings Clal Insurance Clal Pension and Provident Funds Clal Israel Stock Basket "Atudot" - Pension Fund for Workers and Independent Workers Ltd. (a subsidiary of Clal Insurance (held at 50%)) (hereinafter - "**Atudot**") Company officers and investment committee members	The lawsuit concerns the allegation of damage supposedly caused to planholders in provident funds, pension funds, life insurance, and savings policies managed by the Group companies, in light of the respondents' ruling to sell the Alrov Properties & Lodgings Ltd. ("**Alrov**") shares held by the Group companies, within the investment of the policyholders' and planholders' funds, to the Israel-Canada Company (T.R.) Ltd. (hereinafter - "**Israel Canada**"), due to a dispute between some of the respondents and Alrov's controlling shareholder, and despite the fact that at the time of signing the agreement, the Group companies allegedly had an offer from Mr. Alfred Akirov to purchase the Alrov shares at a price that was at least 33% higher than the price Israel Canada paid for Alrov shares.	Compensation for pecuniary damage, which the plaintiff claims reflects the damage caused to the class members.	The class the movant seeks to represent is anyone who has been a planholder of the provident funds, pension funds, life insurance, and savings policies managed by the Group companies that held shares in Alrov on March 18, 2021.	This lawsuit was filed further to a class action lawsuit filed in December 2021 to the Regional Labor Court, and was stricken out by the Court in May 2023, due to a lack of substantive jurisdiction. The proceeding is in the stage of the class action certification motion being reviewed. In July 2024, the Court allowed the respondents' request and ordered the dismissal in limine of the motion to certify against the Company and against the officers and members of the Investment Committee, who were added as respondents to the proceeding, such that the proceeding will continue to be heard only against the other respondents.	The plaintiff estimates the aggregate damage to all class members at approx. NIS 128 million.

25.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	06/2023 Regional Court - Haifa	Clal Insurance	The lawsuit concerns the allegation that following the economy-wide extension order regarding the increase in pension insurance contributions in 2016 (hereinafter - the "**Extension Order**"), which concerns an increase in the pension insurance contributions employers are required to make for their employees (hereinafter - the "**Increased Contributions**"), Clal Insurance opened new executive insurance policies (hereinafter - the "**Contribution Policies**") for its policyholders who had had old executive insurance policies that had been issued before May 31, 2001 (hereinafter - the "**Old Policies**"), while the annuity conversion factors set for the Contribution Policies were not guaranteed and were less beneficial than the guaranteed annuity conversion factors in the Old Policies, and redirected the additional funds from the Increased Contributions into the Contribution Policies, without the policyholders' consent.	The remedy the plaintiff is petitioning for is to close the Contribution Policies and transfer the contributions made thereto, as well as future contributions originating from the Increased Contributions, to the Old Policies, or, alternatively, to set beneficial factors for the Contribution Policies, at the discretion of the court; to pay the people who are already being paid a pension out of the Contribution Policies the difference between the amounts they would have received if the Increased Contributions funds had all been deposited into the Old Policies (or the amounts they would receive due to beneficial factors, at the discretion of the court) and the amounts they actually received; to compel Clal Insurance to pay each of the class members NIS 500 in damages for non-pecuniary damage due to deception.	The class the plaintiff seeks to represent is anyone for whom Clal Insurance had managed an executive insurance policy issued before May 31, 2001, and for whom, after June 30, 2016, it managed (in a new insurance policy) the funds received due to them for the Increased Contributions, or the beneficiaries or heirs of any such person.	The proceeding is in the stage of the class action certification motion being reviewed. In June 2024, the Court ordered to ask for the regulator's position in connection with this proceeding; the Court also ordered the parties to agree the questions that will be referred to the regulator.	The plaintiff conservatively estimates the aggregate damage to all class members in millions of shekels.

26.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	06/2023 District Court - Tel Aviv-Jaffa	Clal Insurance Clal Pension and Provident Funds and 4 additional companies	The lawsuit concerns the allegation that the defendants ought to have refrained from deducting tax out of the portion of the annuity equal to the annuity recipients' "recognized annuity" in the pension products they manage, and apply a tax exemption due to that component, which would have resulted in higher annuity payments to the class members.	Repayment of the funds deducted as tax out of the "recognized annuity" portion of the annuity to the class members.	The class the plaintiff seeks to represent is any individual who is paid an annuity from one of the new pension funds and/or the provident funds and/or the insurance funds managed by any of the respondents, who was entitled to a tax exemption on their annuity in respect of their "recognized annuity" component, as this term is defined in the Income Tax Ordinance, and did not receive the above exemption, as of January 1, 2012, and thereafter.	The proceeding is in the stage of the class action certification motion being reviewed. At the same time as submitting the answer to the motion to certify the claim as a class action, the respondents submitted a motion for permission to send a third-party notice to the Israel Tax Authority.	The plaintiff estimates the aggregate damage to all class members at approx. NIS 297 million, for all class members who are paid annuities from the defendants, without attributing a specific monetary remedy to each defendant.

27.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	08/2023 District Court - Central - Lod	Clal Insurance	The claim concerns the contention that in insurance policies marketed by Clal Insurance, in a plan of the type "self-defense" and/or any other marketing name, Clal Insurance was asked in the insurance registration form (the insurance offer) to insure its policyholders under an insurance plan that includes several forms of insurance coverage, including insurance coverage for perpetual disability due to accident, yet in practice it issued policyholders different and inferior insurance coverage of the type "loss/impairment of functioning".	Provision of a mandatory injunction pursuant to which Clal Insurance is required to update the insurance policies with insurance coverage of the type of perpetual disability due to accident, required to provide the class members with insurance coverage in respect of perpetual disability due to accident, and charged with special interest.	All Clal Insurance policyholders with health-insurance policies within the "self-defense" plan, and/or any other marketing name, issued by Clal Insurance with insurance coverage of the type "loss/impairment of functioning" in contradiction of the statements in the insurance offer form, which noted insurance coverage of the type "accidental disability," as well as Clal Insurance policyholders with this policy who were denied their entitlement to receive insurance compensation for perpetual disability due to an accident event based on the argument that no such coverage exists in the policy.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates that the aggregate damage the class members incurred exceeds NIS 2.5 million.

28.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	09/2023 District Court - Tel Aviv	Clal Insurance and 7 additional insurance companies	The claim concerns the contention that the defendants do not pay for insurance incidents and do not provide towing services to policyholders who purchase a towing rider in cases in which it is necessary to tow the insured vehicle using a towing lift, and that they charge these vehicle owners added payment, despite the fact that this matter is not expressed in the language of the riders.	The remedies sought are, among other matters, compensation in respect of reimbursement of premium payments, towing costs, and non-pecuniary damages ("pain and suffering") in the amount of NIS 3,000 per class member, and in addition, amendment of the language of the riders issued on behalf of the respondents.	The class in the name of which the claim is filed is defined as the "the class of consumers who hold or held riders of respondents 1-8 in the last 7 years prior to the filing of the claim and in the period after the filing of this claim, until a judgment is rendered, whose vehicle necessitates the possibility or requires towing via lift when the vehicle is inoperable (requiring towing to a garage).	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates the aggregate damage to all class members at approx. NIS 80 million.

29.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	11/2023 District Court - Tel Aviv	Clal Insurance and 7 additional insurance companies	The lawsuit concerns the claim that when setting the price of premiums in life, health, and P&C insurance policies, "catastrophe events" such as a "surprise" war and/or other extreme or unexpected events that reduced the defendants' risk and exposure were not factored in; that in light of the Iron Swords War, the defendants are expected to experience a major reduction in the risk in policies in which the risk-weighted components had significantly decreased (and completely eliminated in some cases).	The remedies sought are declaratory relief, a mandatory injunction, reimbursement or reduction of the premiums from the date of declaration of a state of emergency, and pecuniary and non-pecuniary monetary compensation.	The petitioners define five classes in the claim. (1) Policyholders some of whose policies contain a war exclusion that excludes insurance coverage of an insured event in wartime, but, in light of their call-up for reserve military service, the actuarial risk in connection with whom has decreased, and accordingly, action should be taken to reimburse and/or reduce the premium; (2) policyholders of the respondents, mainly in the area of P&C insurance, who, due to the declaration of a state of emergency and the transition of government institutions, public bodies, and dual-purpose bodies to an emergency work format, will be unable, or able in a partial and limited manner, to exercise the insurance service and/or coverage; (3) policyholders of the respondents who, due to the declaration of a state of emergency and the transition of government institutions, public bodies, and dual-purpose bodies to an emergency work format, cannot receive services such as treatment and elective surgeries at public hospitals. (4) Policyholders in the area of P&C insurance – property policies of the various types, vehicle, home - which, due to the state of emergency, their inherent risk decreased substantially; (5) policyholders of various policies in the area of business, the risk of which has significantly decreased due to the state of emergency.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates that the aggregate damage the class members incurred exceeds NIS 2.5 million. With regard to policyholders called up for reserve duty, it is argued that the estimated damage is in the amount of NIS 10.02 million (with respect to all of the defendants).

30.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	12/2023 Regional Labor Court - Haifa	Clal Pension and Provident Funds	The action involves the claim that the defendant unlawfully collects insurance premiums in the comprehensive pension fund under its management that are higher than those it was entitled to collect, while reducing the amount of the accrual of the fund's planholders: (a) when receiving retroactive contributions - insurance premiums are collected that are higher than the insurance premiums that the defendant was supposed to collect; (b) as a result of attributing "insured income" that is higher than the planholder's salary when the rate of contribution for rewards was more than 11.5% of the planholder's salary and less than 13%; (c) as a result of collecting insurance premiums due to the portion of the planholder's income that exceeds the monthly contribution ceiling for the pension fund stipulated in the law.	Restitution of insurance premiums that were collected from the class members plus interest and linkage differentials; A declaration on the nullity of provisions in the regulations that were in effect in the relevant years and a prohibition on the management company to carry out the actions mentioned in Sections (a) to (c) above.	The class the plaintiff seeks to represent is everyone who, during the 7 years that ended on the day the motion was submitted, was a planholder of the comprehensive pension fund of "Clal Pension," and from whom the respondent collected an insurance premium calculated on the basis of an amount greater than the maximum amount for this matter, according to the law and/or according to the fund's regulations that were in effect on the collection day, the lower of the two.	The proceeding is in the stage of the class action certification motion being reviewed.	The class action amount is estimated conservatively, according to the plaintiff, at millions of shekels, without specifying an amount.

31.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	01/2024 District Court - Jerusalem	Clal Pension and Provident Funds	The action involves the claim that the defendant raised the management fees in planholders' accounts in the products managed by it without sending them any notice in advance according to the law.	Restitution of the all the amounts that were unlawfully collected from each of the class members together with the returns that said funds would have yielded in the accrued savings.	The class the plaintiff seeks to represent is all planholders of provident funds and/or study funds and/or pension funds and/or any other instrument managed by the respondent (including savings instruments that were managed by those replaced by the respondent and anyone who was a planholder thereof during the relevant years) - including deceased planholders and/or their beneficiaries, for whom management fees were raised without being notified as required by law, during the period starting in January 2008 and ending in January 2017, with the exception of three price increases for which res judicata was granted in the class action (District Court - Jerusalem) 15-03-59823 Yair Zedkani v. Clal Pension and Provident Ltd. (December 13, 2018).	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount is estimated by the plaintiff at more than NIS 2.5 million.

32.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	01/2024 District Court - Jerusalem	Clal Pension and Provident Funds	The action involves the claim that the defendant charged management fees at a rate that exceeds the rate permitted by law, in the accounts of planholders with whom contact has been lost or in the accounts of deceased planholders.	Restitution of the all the amounts that were unlawfully collected from each of the class members together with the returns that said funds would have yielded in the accrued savings.	The class the plaintiff seeks to represent is all planholders of provident funds and/or study funds and/or pension funds and/or any other instrument managed by the respondent (including savings instruments that were managed by those replaced by the respondent and anyone who was a planholder thereof during the relevant period) - including deceased planholders and/or their beneficiaries, from whom management fees were collected at a rate higher than the maximum rate stipulated in Regulation 8 of the Supervision of Financial Services Regulations (Provident Funds) (Management Fees), 2012, during the period beginning on January 1, 2013, (the date of entry into force of the aforementioned regulations) and ending with a final and decisive ruling in the action.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount is estimated by the plaintiff at more than NIS 2.5 million.

33.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	05/2024 District Court - Tel Aviv	Clal Insurance	The lawsuit concerns the allegation that the defendant offered retired policyholders in the "Hassneh" policies an annuity track that guarantees a higher number of annuities than the annuity track they would have been entitled to according to the terms and conditions of the policy, in a manner that has reduced the total annuity that the policyholders received.	To allow all class members to retroactively choose an annuity track in accordance with that said in the policy (as alleged), and to pay anyone who chooses this the difference between the amount that the policyholder would have been entitled to according to the terms and conditions of the policy and the amount actually paid by the defendant, plus linkage differentials and interest.	The class that the plaintiff seeks to represent consists of policyholders who hold an executive insurance policy issued by "Hassneh" and that is managed by the defendant, who chose a different annuity track from the track set out in the policy or who chose to receive their accrued balance in the policy as a lump sum.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates the aggregate damage to all class members at approx. NIS 900 million.

34.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	06/2024 District Court - Haifa	Clal Insurance and 7 additional companies	The lawsuit concerns the claim that installers of windscreens, who operate on behalf of the defendants under the "windscreen insurance" rider, do not calibrate the safety systems installed on the vehicle's front windscreen when the dismantle the broken windscreen and install the new (replacement) one, in violation of the provisions of the law; it is also claimed that the defendants did not inform the policyholders - when they purchased the riders - that the latter will not include the testing and calibration of the safety system when the front windscreen is replaced.	Declaratory relief whereby the calibration of the safety system is included in the policy / rider covering damage to the windscreens; a mandatory injunction ordering the defendants to summon Class A to auto repair shops to test and/or calibrate the safety systems; refund the funds, which were collected from Class B members; paying a monetary compensation to all Class C members.	As part of the motion it is requested to define three groups in the name of which the lawsuit will be filed: The group of consumers, who hold or held the riders/windscreen insurance of the respondents in the 7 years preceding the filing of the lawsuit and when they had the windscreen replaced under the rider, the safety system in their vehicle was not tested and/or not calibrated as part of the process of replacing the front windscreen; the group of consumers, who hold or held the riders/windscreen insurance of the respondents in the 7 years preceding the filing of the lawsuit and when they had the windscreen replaced under the rider, the installer on behalf of the defendants charged them for testing and/or calibrating the safety system; the group of consumers, who own a vehicle equipped with a safety system, who purchased a rider/windscreen insurance from the defendants in the 7 years preceding the filing of the lawsuit, and were not told when they purchased the rider that the coverage will not include testing and calibration of the safety system as part of the replacement of the front windscreen.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount is estimated by the plaintiff at more than NIS 2.5 million.

35.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	07/2024 District Court - Tel Aviv	Clal Insurance	The lawsuit concerns the claim that the defendant pays the insurance benefits and/or refunds insurance premiums to its policyholders by sending checks by mail, allegedly in violation of the guidance of the Capital Market Commissioner, whereunder the funds should be delivered to the policyholders by way of bank transfer or by crediting their credit card. Furthermore, it is claimed that by acting as described above, Clal Insurance also breaches its obligation to pay policyholders the amounts due to them on time, and its obligation to pay interest and linkage differences in respect of the amounts of the checks through the date on which the funds are actually paid.	Issuing a mandatory injunction, which will order Clal Insurance to voluntarily pay the class members the insurance benefits and/or refund the insurance premiums plus linkage and interest from the day on which they become entitled to such payments and until they are actually made; to issue a mandatory injunction ordering Clal Insurance to pay the insurance premiums and/or refund insurance premiums through the same means of payment they used to pay Clal Insurance; and to issue a mandatory injunction ordering Clal Insurance to voluntarily contact its policyholders, if it does not have the means of payment details, and allow the policyholders to select the means of payment through which they wish to use to receive the insurance benefits and/or the refunded insurance premiums.	The class that the plaintiff seeks to represent consists of all those who meet one or more of the following conditions (hereinafter - the "Class Members"): (1) Clal Insurance policyholders, who are entitled to insurance benefits and/or to a refund of insurance premiums and/or any type of refund, to whose registered address and/or their address as updated with Clal Insurance the latter mailed checks, which have not been cashed by the policyholders and/or checks, which were cashed but no interest and linkage differences were added to their amount; (2) Clal Insurance policyholders, whose bank account details or payment card details were held by Clal Insurance on the date on which the abovementioned checks were mailed and/or where Clal Insurance was able to obtain those details during the seven years, which preceded the filing of the lawsuit, or within the normative limit in accordance with the ruling of the honorable court, and through the date, which will be set by the honorable court in its decision; and alternatively, to define the class in any other way it will deem appropriate.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount is estimated by the plaintiff at more than NIS 2.5 million.

36.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	07/2024 Regional Court - Haifa	Clal Insurance and additional defendants	The lawsuit concerns the claim that the defendants unilaterally change the expiry date of the policy period in disability insurance policies of the classes members to reflect the policyholder's "insurance age", which varies from their calendar age, without disclosure as required by law, and consequently, among other things, the insurance benefits to policyholders, who experienced the insured event, are not paid until the end of the policy period they selected as part of the insurance offer, but rather until an earlier date. Furthermore, policyholders who have not yet experienced the insured event are at risk that if they experience an insured event in the future, they will receive insurance benefits by a date, which is earlier than the end of the policy period, which they selected as part of the insurance offer.	(a) Declaratory relief whereunder the policy period of disability insurance policies purchased by the classes members ends at the earlier of the end of the calendar policy period as requested by the policyholder or on the calendar retirement age prescribed by law (hereinafter - the "Calendar Date"), and accordingly issue a mandatory injunction requiring the defendants to extend the insurance coverage period of the disability insurance of classes members, such that the insurance coverage will end on the Calendar Date. The plaintiffs also request a declaration to the effect that failure to pay the insurance benefits to Class B members by the Calendar Date constitutes a breach of the policy; (b) Pecuniary remedy - pay Class B members insurance benefits through the Calendar Date plus linkage differences and interest; (c) Compensation in respect of the non-pecuniary damage at the total amount of NIS 100 to each of the classes members.	The classes the plaintiffs seek to represent are: (a) Policyholders insured under a policy, which includes disability insurance coverage, whose insurance coverage period will end before the calendar age noted by the policyholders in the insurance offer, or before the calendar retirement date prescribed by law, and have not yet experienced an insured event; and (b) past or present policyholders insured in a policy, which provides a disability insurance coverage, who experienced an insured event during the period they noted in the insurance offer, or during the period prescribed by law (in accordance with the policyholder's calendar age), but were not paid insurance benefits through the end of the policy period, which was requested or prescribed as described above in the 7 years before the lawsuit's filing date.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount is estimated by the plaintiff at more than NIS 2.5 million.

2.1.3 Material class actions, material claims and motions to certify material claims as class actions which were concluded during the reporting period and until the signing of the report against the Company and the consolidated companies, with the exception of the Max Group companies[5]

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	8/2016 Regional Court - Tel Aviv (1) 10/2016 Regional Labor Court - Jerusalem (2) 11/2016 Regional Court - Jerusalem (3) 12/2016 Regional Court - Tel Aviv (4)	Clal Pension and Provident Funds Clal Insurance	The lawsuits concern the allegation that in the pension funds, the Tamar Provident Fund, the study funds under their management, and their executive insurances, the defendants charge planholders – in addition to the management fees – "investment management expenses" (hereinafter - "**direct expenses**"), in the absence of a contractual provision that allows them to charge such expenses and contrary to the bylaws of the respective funds or policies, as applicable.	The plaintiffs in the lawsuits seek to compel the defendants to return the excessive direct expenses amounts they were charged. In addition, some of the plaintiffs have motioned to charge some of the defendant management companies for the return differences the overcharge amounts would have provided had they been invested, while others wish to charge the defendants shekel-denominated interest differences, as per the law, from the overcharge date to the actual payment.	The planholders in the pension funds, the study fund, the provident fund "Clal Tamar" managed by the defendants, and the policyholders of executive insurance policies who were charged investment management expenses in the seven years before the relevant lawsuit was filed.	In May 2019, the Central District Court rendered a ruling granting the motion to certify a class action lawsuit due to the collection of direct expenses in individual life insurance policies (hereinafter - the "**Certification Ruling**"). In the Certification Ruling, it was determined that the absence of a clear provision in the policy regarding the collection of direct expenses is a negative arrangement, and therefore, the defendants were not prohibited from charging these expenses. In September 2019, a motion for leave to appeal the Certification Ruling was brought to the Supreme Court (hereinafter - the "**Motion for Leave to Appeal**"). The Group Companies were not originally a party to that proceeding. In June 2023, the Supreme Court rendered its decision after hearing the motion for leave to appeal as an appeal, and granted the appeal on the Certification Ruling, while stating that insurance companies and management companies act as trustees for the planholders' funds and are therefore entitled to collect expenses. Subsequently, the parties submitted supplemental arguments. In March and April 2024, consensual motions for withdrawal were submitted without a costs order in all proceedings. [For details on a similar proceeding being adjudicated against "Atudot" – Pension Fund for Workers and Independent Workers, which has not yet been resolved, see Section 2.1.2.2 above].	In Lawsuit 1, which concerns the pension funds, the class action amount was approx. NIS 341 million in respect of the years 2009 to 2015, plus the investment management expenses the defendant had collected from the class members in 2016 and the additional yield the funds that have been deducted as investment management expenses would have yielded. In Lawsuit 2, which concerns the study fund, the class action amount was set at approx. NIS 53 million, based on an assessment. In Lawsuit 3, which concerns the Tamar Provident Fund, the class action claimed amount was set at approx. NIS 181 million, based on an assessment. In Lawsuit 4, which concerns the executive insurances, the class action amount was set, according to an estimate, at approx. NIS 404 million, plus the investment management expenses that the defendant had charged to the class members in 2016, with interest and linkage.

5. Not including lawsuits that concluded in the reporting year, but that were reported to have been concluded in the Financial Statements for 2023.

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	11/2018 District Court - Central	Clal Insurance	According to the plaintiffs, Clal Insurance is in breach of its contractual obligation under the policy, as it allegedly refuses to pay its policyholders under comprehensive motor insurance policies for vehicles that weigh over 3.5 tons benefits for their vehicles' impairment due to an insured event, even though the policy covers the "damage" to the vehicle, and while manipulating the assessments issued by the appraisers under the arrangement.	A declaratory relief and a motion to compel Clal Insurance to indemnify all its policyholders who were insured under the policy and whose vehicles were and/or will be damaged due to impairment as a result of an insured event, as well as any other remedy that the court deems suitable and equitable under the circumstances.	All Clal Insurance policyholders who purchased and/or will purchase a comprehensive motor insurance policy from Clal Insurance for a vehicle that weighs over 3.5 tons, if, as a result of an "insured event," as defined in the policy, their vehicle was and/or will be damaged due to an impairment.	In June 2024, the court allowed a motion for approval of a settlement agreement, under which the defendant will pay the class members an amount agreed upon by the parties and will also send a clarifying letter to the external appraiser.	The plaintiff estimates the total damage to the class members at approx. NIS 75 million. The plaintiff's individual damage was estimated at NIS 22 thousand.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	4/2020 District Court - Central	Clal Insurance, 4 additional insurance companies and a non-insurer company	According to the plaintiffs, the defendants allegedly provide their customers with non-OEM windshields that do not comply with the Israeli standard, in contrast with their undertakings toward their customers in accordance with their agreements with them.	Monetary damages to all customers whose vehicles have had a replacement windshield installed, which would allow them to replace the windshield installed in their vehicle with an OEM windshield; NIS 500 in monetary damages per each such customer for the trouble of carrying out the replacement; refund for the price difference between an OEM windshield and a non-OEM windshield.	Every customer of the defendants, who has held or holds a cover note in which any one of the defendants has made an undertaking to provide the customer with an Israeli standard-compliant replacement windshield or an OEM windshield, as well as any of the defendants' customers who have held or holds a cover note under which any of the defendants undertakes to supply the customer with an Israeli standard-compliant replacement windshield or an OEM windshield, who has been supplied with a non-OEM and non-Israeli standard-compliant windshield.	In July 2024, the Court dismissed the class action certification motion.	The plaintiffs do not quantify the total damage they are claiming for all class members they seek to represent, but they estimate that it greatly exceeds NIS 2.5 million.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	12/2017 District Court - Jerusalem	Clal Insurance, two other insurance companies, Clalit Health Services, and Maccabi Healthcare Services.	According to the plaintiffs, the defendants allegedly refuse to provide long-term care insurance to people on the autistic spectrum, or set impossible and unreasonable conditions for them, without providing any explanation or justification for their conduct.	Making a declaratory order that the defendants' conduct violates Article H of the Equal Rights of People with Disabilities Law, 1998, the Equal Rights for People with Disabilities Regulations (Insurer's Notice Regarding Different Treatment of a Person or Refusal to Insure) (2016) (hereinafter - the "**Equality Law**"), and other statutes; issuing a mandatory injunction compelling the defendants to stop discriminating against the class members and establish clear work procedures regarding individual, egalitarian, and impartial treatment of people with disabilities; issuing mandatory injunction compelling the defendants to retroactively insure the class members who are found eligible for long-term care insurance after an egalitarian underwriting procedure is carried out in accordance with the procedures, as said above.	People with autistic spectrum disabilities who applied for insurance under a long-term care insurance policy offered by any of the defendants, and were unlawfully treated differently and discriminated against by the defendants, without the defendants basing the ruling on reliable and relevant statistical, actuarial, or medical data on the specific insurance risk, and/or were not given an explanation for this, as required under the Equality Law and other applicable statutory provisions, in the seven years prior to bringing the motion to certify.	In February 2023, the court rendered its judgment, in which the motion to certify was denied. In July 2024, the plaintiffs have withdrawn an appeal against the judgment, which they filed in April 2023.	The plaintiffs do not quantify the damage to all class members, and they estimate the plaintiffs' individual damage at tens of thousands of shekels per plaintiff.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	5/2011 District Court - Central	Clal Insurance and additional insurance companies	According to the plaintiff, in combined life insurance and savings policies, the defendants charged policyholders – without consent and without any justification originating from the policies – sums of money that sometimes comprised a considerable rate of the premiums the policyholders paid, known as the "policy factor" and/or "other management fees" (hereinafter - the "**Policy Factor**"), unlawfully and without this being grounded on any suitable contractual provision, even though the defendants were, in principle, allowed to charge the Policy Factor in life insurance policies in accordance with the Commissioner's circulars.	Payment of an amount equal to the Policy Factor that was actually collected from the class members as damages/recovery, in addition to the yield the policyholders had been denied with respect to this amount because the Policy Factor amount deducted from the premium had not been invested for them, and a change in the modus operandi regarding the collection of the Policy Factor.	Anyone who had a combined life insurance and savings policy with any of the defendants and from whom any amount was collected as a Policy Factor.	In June 2015, a motion to approve a settlement agreement was brought to the court, according to which, the defendants were supposed to pay a total of NIS 100 million in respect of the past (Clal Insurance's share of the above being approx. NIS 26.5 million) and give a 25% discount on the future actual collection of the Policy Factor. In November 2016, the court decided to dismiss the motion to approve the settlement agreement, as it did not constitute a proper, fair, and reasonable arrangement in the court's opinion, considering the class members' interests. In addition, the court decided to partially certify the lawsuit's administration as a class action, only with respect to combined life insurance and savings policies made between 1982 and 2003 (with respect to Clal Insurance policies in the "Adif," "Meitav" and "Profile" categories), in which the savings accrued in favor of the policyholders were diminished due to the collected Policy Factor, with the cause being a breach of the insurance policy due to collecting the Policy Factor in a manner that diminished the savings the policyholders accumulated, in respect of the period starting seven years before the date of filing the claim, in April 2011. The claim has not been approved with respect to other types of policies. The claimed remedies, as defined in the court's Ruling, are to rectify the breach by way of adjusting the policyholders' accumulated savings according to the amount of the additional savings they would have accrued had they not been charged a Policy Factor or to compensate the policyholders by that amount, as well as to cease charging the Policy Factor from that date on. In addition, the defendants were charged the legal fees payable to the representatives' counsel and to the counsel of parties who were opposed to the settlement arrangement and their counsels, at immaterial amounts. The defendants filed a motion for leave to appeal the court's ruling and withdrew it at the suggestion of the Supreme Court. Within the litigation of the proceeding on its merits before the District Court, the parties conducted mediation proceedings. In June 2023, the parties submitted a settlement arrangement for approval by the court, in which a refund mechanism was set for the class members who owned combined life insurance and savings policies made between 1982 and 2003, in which the accumulated savings to their benefit were affected due to the collection of the Policy Factor. According to the settlement arrangement, the main consideration to the class members would be as follows (in accordance with the provisions of the settlement arrangement): The Company would refund the class members for 42% of the total collected Policy Factor that was allegedly supposed to be transferred to the savings component but was not, starting seven years before the motion to certify was brought until the reduced collection start date, as stated in Subsection 2 below. In relation to the period until the end of 2012, the amounts were to be repaid with returns, and with respect to the period from the beginning of 2013 and onward, the amounts would be revalued in accordance with the court's ruling, by virtue of the authority granted to the court by the parties (hereinafter - the "**Supplementary Ruling**"). It was also agreed that, under the settlement agreement, Clal Insurance paid the plaintiffs and their counsel the reward and legal fees. The Company would reduce the future Policy Factor collection from the relevant class members, by lowering the Policy Factor collection to 50% of the total Policy Factor that would have been collected had no reduction been made, as stated in the settlement arrangement.	The plaintiffs' claim is in respect of the Policy Factor they were charged since 2004. According to various estimates and assumptions the plaintiffs made with respect to the collection of the Policy Factor in the seven years preceding the date the defendants filed the claim and the relevant annual returns, the plaintiffs estimated the amount of the class members' claim against all the defendants, as of the date of filing the claim, at a nominal amount of approx. NIS 2,325 million. Out of this amount, approx. NIS 662 million are attributable to Clal Insurance, according to its alleged market share.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
						According to Clal Insurance's initial assessment, the total Policy Factor reduction with respect to future collection is expected to sum up to approx. NIS 3 million for 2024. The above reduction amounts are expected to be reduced over the years. In May 2024, the Attorney General submitted her position regarding the settlement agreement, whose highlights are that she does not object to the total compensation to the benefit of the class members, as agreed upon in the settlement agreement, provided that the refunded amounts also include the returns from 2013 (contrary to that stated in the settlement agreement, under which the revaluation of the amounts from 2013 is subject to a supplementary court decision). In addition, the Attorney General did not object to the manner of future regulation and the continued reduced collection of the policy factor. However, the Attorney General believes that the reduced cost of the policy factor should apply only to savings (and not be divided between the savings component and the life insurance component, as proposed in the settlement agreement). In addition, the position includes objections and commentary on other components of the settlement agreement, including with respect to the attorney's fees to be paid to the counsel for the plaintiffs and the manner of implementing the settlement agreement. In June 2024, the Attorney General's position regarding the settlement agreement was discussed; following the discussion, in July 2024 the parties filed to the court an agreed supplement to the settlement agreement in connection with several technical operational topics. In August 2024 the court approved the settlement agreement after it set various provisions in connection with its implementation, including, among other things, in relation to the Attorney General's position. As part of the judgment, the court ruled that the revaluation of the refund amounts in the period from 2013 and onward (the "Supplementary Ruling" as defined above) shall include 90% of the returns in the period from the beginning of 2013 through the reduction date and approved the fee payable to the class's counsel in accordance with the rates set in the settlement agreement.	

2.2 Details regarding exposure to immaterial class actions or claims that have not yet been filed and for additional expenses against the Company and the consolidated companies, with the exception of the Max Group companies

2.2.1. In addition to the material class action lawsuits, described in Note 8(2.1.1), the pending motions to certify material lawsuits as class actions, described in Note 8(2.1.2), and the motions to certify material lawsuits as class actions that were dismissed in the reporting period, described in Note 8(2.1.3), there are pending motions to certify class actions against the Company and its consolidated companies (except for the Max Group Companies) that, according to the Company's estimate, are immaterial,[6] and therefore there is no detailed description thereof in the Consolidated Interim Financial Statements. As of the date of the report, 5 lawsuits are litigated against the Company and/or its consolidated companies, as said above, not including Max, and the total amount specified by the plaintiffs in these lawsuits is approx. NIS 113 million[7] (compared to 7 lawsuits for approx. NIS 140 million as of December 31, 2023).

2.2.2 **Insurance exposures**

In addition to the aforementioned legal proceedings, potential exposure also exists, which at this stage can neither be evaluated or quantified, to the filing of additional derivative claims or class actions against the Group companies, inter alia as a result of the Company's control structure (for further details, see Note 1, as well as Section 2.3 below) as well as exposure arising from the complexity of the companies' products, which might result in disputes arising regarding the interpretation of provisions of the Law or an agreement, including as a result of information gaps between the Group's companies and third parties, pertaining to contractual or commercial terms and conditions, or regulatory directives, including the option available to the Commissioner, under certain circumstances, to order an insurer to stop implementing an insurance plan, or to order it to make changes to an insurance plan, including in relation to policies which have already been marketed by the insurer, or regarding the manner of implementation of the provisions of the Law or an agreement, or the method of claims settlement agreement pursuant to an agreement, which apply to and impact the relationship between the Group companies and the customer and/or the relationship between the Company and third parties, including reinsurers.

This exposure is particularly heightened in the fields of Long-Term Savings and Long-Term Health Insurance, in which Clal Insurance operates, among other things, in view of the fact that in those spheres, some of these policies were issued decades ago, whereas today, in light of significant regulatory changes, and due to the development of both judicial rulings and the Commissioner's position, these policies may be interpreted differently when viewed retroactively, and different interpretative standards might be applied to them than those that were customary when they were drafted. Moreover, the policies in these aforementioned areas remain valid for decades, such that in those cases in which a customer's claim is accepted and new interpretation is attributed to the contents of the policy, there is also potential exposure to the fact that the future profitability of that particular company will be influenced due to the existing policy portfolio. This is in addition to compensation that might be awarded to customers in respect of past activity.

There is also exposure, which at this stage can neither be evaluated nor quantified, to errors in the methods used in the operation of products, chiefly in the areas of Long-Term Savings and Health Insurance. The insurance sector in which the Group companies operate is complex and rich in details, and the regulatory directives tend to change over the years, and it involves an inherent, unquantifiable risk of the occurrence of an error or a series of errors, mechanical or human errors, which might have a sector-wide impact. It is not possible to anticipate all the types of claims to be raised in this context and/or the exposure arising from these potential claims, among other things, via the procedural mechanism of class action lawsuits and/or industry-wide rulings made by the Commissioner.

Such exposure is also the result of the complexity of the aforementioned products, which are characterized by extremely prolonged lifetime, and are subject to frequent, complex and material changes, including changes in regulatory and taxation directives. The complexity of those changes and their application over many years creates increased operational exposure, which is also due to the numerous different computer

6. See Comment 3 above regarding the materiality threshold.

7. The aforementioned number of lawsuits includes one lawsuit in which Clal Insurance is a formal defendant and no remedies are sought against it. In one action that was certified as a class action the plaintiff did not specify the amount but estimated it in tens of millions of NIS. For additional information about all class actions against the Company and its consolidated companies, other than the CIMax Group Companies, see Note 8(2.4.1) below.

systems in the Group's institutional entities, and their limitations, in view of additions and/or changes to the basic wording of the products, and in light of multiple, frequent changes implemented over the product's lifetime, including by the regulatory authorities, the customers (the employees) and/or by the employers and/or by those acting on their behalf, in relation to insurance coverages and/or to savings deposits, including in the context of reporting to planholders, and the need to create direct contact with employers and operating entities.

This complexity and these changes have an impact, among other things, on the volume of contributions and the amounts involved, the various product components, the manner in which funds are attributed to employees (including due to discrepancies between the employer's reports, including through the employers' interface with the policy data), products and components, dates of payment appropriations, the identification of arrears in deposits and the handling of such cases, the employment, personal and underwriting status of customers, as well as operational considerations involving third parties outside the Group, which affect customer rights together with the information given to them. This complexity intensifies in view of the increasingly large number of parties operating with the Group's member companies in relation to the management and operation of the products, including, among other things, distributors, employers, customers and reinsurers, including in relation to the ongoing interface with them, and contradictory instructions that might be received from them or their representatives. The institutional entities that are members of the Group are engaged in a constant effort to study, identify and address issues that might arise due to the aforementioned complexities, both with regard to specific cases, and also in relation to customer and/or product types.

There is additional complexity regarding employer contributions that is related to the mechanism prescribed in the Wage Protection Law, 1958, according to which an amount owed by an employer to a provident fund, as this is defined in that law, in respect of the employee's rights or those of his replacement toward the provident fund, is deemed to have been paid on time unless the Regional Labor Court has determined that the delay in the collection of the debt was not the result of negligence on the part of the Fund, or occurred due to other justified circumstances, and subject to the right of indemnity available to the fund in relation to the employer, pursuant to the provisions of the law. Furthermore, pursuant to a circular relating to the manner of depositing payments into provident funds, the provident fund shall receive interest on arrears from an employer who has failed to transfer payments to the provident fund on time. There are various difficulties in the interpretation of the provisions of the Law and their implementation. The responsibility of the institutional entities in the Group for the collection of employers' debts to the said funds generates exposure in the event of defects occurring during the collection process.

Moreover, the institutional entities in the Group carry out a regular, routine process of data cleansing in the Long-Term Savings IT systems, in order to ensure that the registration of the planholders' and policyholders' rights in the data systems is complete, accessible and retrievable, in view of the discrepancies that are discovered from time to time, including the issue of mechanization of the classification of the saving funds, pursuant to the various levels of the provisions of the regulation issued over the years, and which are in various stages of being addressed. The institutional entities in the Group are unable to estimate the scope, costs and the full ramifications of the aforementioned actions, or the scope of the future data cleansing discrepancies, that might be the result of regulatory changes, as this is due, among other things, to the complexity of the products, the fact that they are long-term products, in view of the multiplicity of IT systems in this sphere and their limitations. The institutional entities in the Group update their insurance liabilities from time to time and as is required.

In this context, it should be noted that in December 2021, Clal Insurance received a letter outlining the implementation of regulatory restrictions regarding the collection of insurance coverage costs pursuant to the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964, containing demands to refund amounts allegedly collected in breach of the restrictions set forth in the letter. The Company has sent the Authority its comments regarding the implementation of the contents of the letter, and at this stage there is no certainty regarding the full amount it might be required to refund due to the said letter - and it is unable to estimate the full implications arising from the requisite implementation of the directives.

There is also exposure, which at this stage can neither be evaluated nor quantified, to changes and to significant regulatory intervention in the various insurance and savings sectors, including, among other things, those which are intended for the direct or indirect reduction of insurance premiums and management fees, intervention in sales processes, involving the different use of diverse regulatory tools, which might have an impact on the contractual terms and conditions, the structure of the contractual engagement and the reciprocal relations among institutional entities, agents, employers and customers, in a manner that could influence the load and the operating expenses, profitability, retention of current products, including in relation to the specific sector business model and the existing product portfolio.

The Group is also exposed, in a manner that cannot be evaluated, to legal claims related to contract laws and the fulfillment of insurance liabilities as part of the insurance policy or implementation of the provident funds' bylaws, breach of fiduciary duty, conflicts of interest, professional negligence, and also including in respect of the manner of distribution and sale of the Group's products, via third parties, whose activities, either by action or omission, might be binding upon it.

2.2.3 **Additional exposures**

2.2.3.1 **Immaterial or unfiled claims**

The exposure to currently unfiled legal actions against the Group's member companies is brought to their attention in a number of ways. This is done, among other things, by inquiries made by customers, employees, suppliers, non-profit organizations or anybody acting on their behalf to various functions in the companies, and especially the compliance officer responsible for public inquiries in the Group's member companies, via customer complaints to the Public Inquiries Unit in the regulator's office, and via legal actions (that are not class actions) filed with the court and also via position papers of the Commissioner.

It should be noted that insofar as this involves a customer complaint submitted to the Public Inquiries Unit in the regulator's office, in addition to the risk that the customer might opt to raise its claims also as part of a class action lawsuit, the Group's member companies are also exposed to the risk that the regulator could resolve a complaint by issuing an industry-wide ruling that might apply to a broad group of customers. In recent years, there has been a considerable increase in exposure to the aforementioned risk, owing to the regulator's increasing intervention via audits, addressing customer complaints received by the Authority, including in light of the fact that, from time to time, the regulator tends to lay down a principled positions via industry-wide rulings, position papers and even draft position papers published by it, as well as in the form of operational directives issued within audit reports. For further details regarding industry-wide rulings and position papers, see Section 2.2.3.2 below.

Moreover, pursuant to the regulatory directives applying to institutional entities, as part of a circular on the adjudication and settlement of claims and addressing public inquiries, in cases in which a public inquiry indicates a systemic, significant defect, which could well be repeated in an institutional entity's regular conduct, that institutional entity must act to identify similar cases in which a similar defect has occurred, and insofar as similar cases are identified - it must develop insights and rectify the defects within a reasonable period of time. This amendment might expand the Group's exposure to the industry-wide implications in respect of the said defects.

2.2.3.2 **Exposure of the Group companies due to regulatory directives, audits and position papers**

A. Furthermore and in general, in addition to the overall exposure to which the Group companies are exposed, in respect of future claims, as detailed in Note 8(2.2.2) above, from time to time, including due to complaints of customers and suppliers, audits and requests for information, there is also exposure to warnings concerning the intention of a regulatory authority, to impose financial sanctions and/or directives on the supervised consolidated companies regarding amendment and/or refunding and/or taking of certain actions pertaining to past actions and/or change in behavior, among other things, with regard to a customer or a group of customers, and/or exposure in respect of industry-wide rulings, under which directives might be issued to pay out refunds to customers, or to provide other remedies in respect of the defects to which the warnings or rulings and/or position papers published by supervisory entities related, and whose status and degree of impact are not certain. The Group's member companies are also involved, from time to time, in hearing and/or discussion proceedings with supervisory authorities in relation to warnings and/or rulings, and enforcement powers are sometimes employed against them, including the imposition of financial sanctions.

   The Group's member companies are examining the need to make provisions in the financial statements in respect of the aforesaid processes, based on the professional opinion of their legal counsel and/or are in the process of learning the ramifications of the said proceedings, as is deemed to be necessary and relevant.

B. Following are details regarding positions or draft positions of the Commissioner or theoretical rulings that either have or might have an impact on the Group:

1. In the past, the Company held discussions with the Commissioner in respect of a draft ruling, dealing with one-time deposits of policyholders in guaranteed return policies (hereinafter - the "**Policies**"). Pursuant to the draft, the Company is required to adopt certain actions with respect to policyholders whose actual return on one-time deposits, bearing the returns of investment-linked insurance policies, was either equal to or greater than the guaranteed return in the Policies, and certain actions in respect of policyholders whose actual one-time deposit return was lower than the guaranteed return. Therefore, at this stage, in light of the fact that the final wording of the ruling is not known, if and insofar as it is made, the Company will not be able to estimate the ramifications and the extent of its impact on the Company, if and insofar as it shall be published.

2. Pursuant to the financial statements of Atudot, a company owned by Clal Insurance (50%), during 2017 an audit of the pension fund was conducted on behalf of the Commissioner focusing on the subject of planholders' rights. On August 7, 2019, Atudot received the draft audit report for its response. The draft audit report addressed key issues of the pension fund's activity, including: the subject of groups, the fund's regulations, management fees and management expenses, data cleansing, actuarial reporting and withdrawal of money from the fund. Atudot filed its response to the draft audit report findings and held a number of meetings to discuss them with the Commissioner's representatives. The Company was informed that on August 21, 2022, Atudot received the final audit report that included directives and recommendations for the Board of Directors on a number of topics, among other things, an examination of the issue of actuarial bubbles and all their ramifications; including their application. It also addressed the issue of how to deal with them, greater coherence between the average duration of the assets and liabilities in each actuarial bubble, etc.; as well as finding solutions to the problem of funding sources to manage the fund in the future given the fact that it is a closed fund; optimization of the method of payment to planholders, expansion of the data cleansing process, together with certain recommendations for amendments to the regulations and expanding the notes, etc. Furthermore, the Commissioner recommended considering the possibility of adopting the redemption values formula prescribed in the Income Tax Regulations, in order to encourage the fund's planholders to realize the funds as an annuity rather than a capital withdrawal. The Company was informed, that with regard to a significant part of the recommendations, and particularly on issues pertaining to the actuarial bubbles, adapting the average duration of assets to liabilities and the redemption formula - it was determined in the audit report that Atudot's Board of Directors must draw up its position on these matters, and that the recommendation is not binding specifically in relation to the manner of treating those issues; and also that as of the approval date of the financial statements, discussions were being held with the Authority in order to reach an agreed model on actuarial reserves; regarding other issues - a concrete plan of action was devised to address other issues that is being implemented by the Fund. In view of the aforementioned, Atudot is unable to evaluate the full implications of the audit report on its financial statements.

2.3 Demand for information from the Competition Authority against Hyp

In January 2024, Hyp Payment Solutions Ltd, a sub-subsidiary of the Company (hereinafter - "Hyp"), received a demand for data and request for an examination of conduct that raises concern of a breach of the provisions of the Economic Competition Law, 1988, regarding the interface of new acquirers to Hyp systems. Hyp replied to the Israel Competition Authority after conducting an examination on the subject, while rejecting the aforementioned concern and even offering an alternative solution to the interface issue. To the best of the Company's knowledge, the Israel Competition Authority is examining Hyp's reply.

2.4 Summary of exposures to lawsuits against the Company and the consolidated companies, not including the Max Group Companies

2.4.1 Following are details of the overall amount of claims in both material and non-material class actions that were certified to be filed as class actions, in pending class action certification motions and a derivative claim, as (nominally) stated by the plaintiffs in their claim as part of the pleadings filed against the Company and the consolidated companies, except companies of the Max Group. It is noted that in the State of Israel, filing class action lawsuits does not entail payment of a fee derived from the claim amount; therefore the amounts of such claims may be significantly higher than the actual exposure for that exposure.In the majority of cases, the plaintiffs point out that the amount claimed by them is stated as an estimate alone, and the exact amount shall be decided upon as part of the legal proceeding. It is further noted that the aforementioned amount does not include claims for which the representative plaintiff did not state their amount (Section b(3) in the table below). Moreover, it is clarified that the amount claimed does not necessarily constitute quantification of the Company's actual exposure amount, which may eventually transpire to be lower or higher,[8] as on numerous occasions the plaintiffs refrain from stating the precise amount of the claim or state that the amount exceeds NIS 2.5 million for the claim to be heard under the jurisdiction of the District Court, and the exposure due to these claims could be substantially higher than noted, and that the amount claimed usually relates to the period preceding the date of filing suit and does not include the following period.

	Type of claim	*No. of claims*	*Amount claimed in NIS million*
			(Unaudited)
A.	**Claims certified as class actions[9]**		
	1. An amount relating to the Company has been specified	4	1,578
	2. The claim was filed against several parties and no specific amount was attributed to the Company	1	48
	3. No claim amount was detailed[10]	3	-
B.	**Pending motions to certify claims as class actions**		
	1. An amount relating to the Company has been specified[11]	15	4,125
	2. The claim was filed against several parties and no specific amount was attributed to the Company[12]	5	8,267
	3. No claim amount was detailed / a potential range was detailed[13]	19	-
	4. An annual amount was specified (and accordingly, the total amount depends on the period)[14]	1	7

8. It should be noted further that the specified amounts do not include the amounts the plaintiffs claimed as the lead plaintiff's reward and their counsel's legal fees, they do not include a lawsuit against Atudot, as detailed in Section 2.1.2.2, and they do not include an increase in the amounts of the lawsuit in respect of the period from the date it is brought, as applicable.
9. Including a lawsuit that had been certified as a class action and in which a judgment was rendered in favor of granting the lawsuit.
10. These lawsuits include a lawsuit that has been estimated in hundreds of millions of shekels, a lawsuit that has been estimated in tens of millions of shekels, and a lawsuit in which we serve as formal defendants.
11. These lawsuits include a lawsuit in which the movants estimated the claimed damage against Clal Insurance due to the period from March 8, 2020, to April 30, 2020, at NIS 103 million, and noted that the damage will continue to accrue as long as the collection is not terminated.
12. Including a lawsuit in which Clal Insurance was sued for approx. NIS 1,413 million attributed to it and, in addition, NIS 1,550 million attributed jointly to the two companies.
13. These motions include three motions in which the plaintiff did not specify the amount of the claim but estimated it in many millions of shekels, a motion in which the plaintiffs estimate that the total damage exceeds NIS 3 million, and fourteen motions in which the plaintiffs do not quantify the total damage but estimate that it greatly exceeds NIS 2.5 million (above the threshold requirement for the District Court's substantive jurisdiction). Of which, one motion in which the plaintiffs do not quantify the total damage, but estimate that it exceeds the amount of NIS 2.5 million, and, with respect to one of the plaintiff classes in the claim, contend that the damage is estimated at a total of NIS 10.02 million (with respect to all of the defendants); it is noted that within these motions, there is one motion that has been filed against the Company and against Max; see Sections 2.1.2.11 and 3.1.2.6, above and below.
14. The motion was brought in March 2020. According to the plaintiff, the lawsuit ought not to be subject to any statute of limitations. Alternatively, the claim for pecuniary remedies is made for the period starting 7 years before the lawsuit was filed, and until the lawsuit is certified as a class action lawsuit.

In addition to that specified in Sections 8(1) and 8(2) above, the Company and/or the consolidated companies except companies of the Max Group are parties to other legal proceedings, in addition to the lawsuits outside the ordinary course of business, that are considered immaterial and are not class actions or derivative actions, and that mainly include lawsuits brought by customers, former customers, and various third parties, outside of regular lawsuits to exercise rights under insurance contracts or provident fund bylaws, at an alleged amount of approx. NIS 35 million as of June 30, 2024. (A total of approx. NIS 35 million as of December 31, 2023). The causes of action within these proceedings are many and varied.

2.4.2 Regarding the Companies and the consolidated companies, except the Max Group companies, in respect of the costs that might derive from the claims and exposures described in Sections 8(1) and 8(2) above, provisions are made in the financial statements of the relevant consolidated companies, only if it is more likely than not - namely, with a probability exceeding 50% that a payment liability owing to past events might arise, and that it will be possible to quantify or estimate the liability amount within a reasonable range.

The amounts of the provisions made are based on assessment of the degree of risk in each of the claims, immediately prior to the date of publishing this report (apart from some of the claims that were filed during the last two quarters, and due to the preliminary state of their treatment it is not possible to estimate their chances of success). In relation to this matter, it should be noted that events occurring during the litigation process might require renewed assessment of this risk. Insofar as the Company has the right of indemnity from a third party, the Company acknowledges this right, if it is virtually certain that the indemnity will be obtained if the Company settles the liability.

The assessments of the Company and of the consolidated companies regarding the assessed risk in the claims being conducted are based on the opinions of their legal counsel and/or on the estimates of the relevant companies, including pertaining to the settlement agreement amounts, which the Company's and consolidated companies' management expect to be paid by them, more likely than not.

It should be stressed that in the professional opinion of the attorneys in relation to the majority of class action certification motions in which no provision was made, the attorneys' estimate relates to the chances of the class action certification motion being approved and does not relate to the odds of the claim itself, should it be certified as a class action. This is so, among other things, as the scope and content of the hearing on the claim itself, after it is certified as a class action, will be influenced by the court's ruling to certify the claim as a class action, which usually relates to both the causes of action that have been approved and those that have not; the reliefs that have been approved and those that have not; etc.

Many of the motions to certify lawsuits as class actions have been filed against the Group on various matters related to insurance contracts and the Group's ordinary course of business, for which the Group has allocated insurance reserves.

At this preliminary stage, it is impossible to assess the likelihood that the motions to certify class actions reported in Sections 8(2.1.2) (32), (33), (34), (35), and (36) above would be granted.

The provision included in the financial statements with respect to the Company and consolidated companies, excluding the Max Group Companies, as of June 30, 2024, for all lawsuits and the exposures described in Sections 8(1) and 8(2) above, totals approx. NIS 408 million as of June 30, 2024. (A total of approx. NIS 409 million as of December 31, 2023).

These amounts include provisions made in respect of past liabilities in accordance with the legal counsels' assessment, and do not include the assessments' effect on the estimated future cash flow, which are included, as necessary, in the liability adequacy testing.

3. Exposures against the Max Group companies

During the regular course of business, material legal claims were filed against Max,[15] whose filing as class actions has been certified; pending motions for certification of material claims as class actions; material and non-material class actions that were concluded during the reporting period and until its signing and other material claims.

With respect to Max,[16] the disclosure format is in accordance with the Banking Supervision Department's instructions, such that material lawsuits are disclosed. Regarding the provisions in the financial statements, the lawsuits filed against Max are classified into three categories, as follows[17]:

- Probable risk – the probability that the risk will materialize exceeds 70%. Provisions are made in the financial statements for lawsuits in this risk category.
- Reasonably possible risk – the probability that the risk will materialize ranges from 20% to 70%. No provisions were made in the financial statements due to lawsuits in this risk category.
- Remote risk – the probability that the risk exposures will materialize is less than or equal to 20 percent. No provisions were made in the financial statements due to lawsuits in this risk category.

The financial statements include adequate provisions for lawsuits, in accordance with the management's assessment and based on assessments by Max's external legal counsel, in accordance with the above.

The total exposure, as assessed by Max based on the assigned external counsels' risk assessment, as detailed below, due to lawsuits filed against Max on various issues, each of which exceeds NIS 1 million, and whose possibility of materializing is not remote, is NIS 185 million (hereinafter - the "**Exposure to Non-Remote Lawsuits**").

It is further noted that in the State of Israel, filing class action lawsuits does not entail paying a fee that derives from the claim amount, and therefore, the claim amounts in non-remote lawsuits might greatly exceed the actual exposure.In the majority of cases, the plaintiffs point out that the amount claimed by them is stated as an estimate alone, and the exact amount shall be decided upon as part of the legal proceeding. Moreover, it is clarified that the amount claimed does not necessarily constitute quantification of the Company's actual exposure amount, as on numerous occasions the plaintiffs refrain from stating the precise amount of the claim or state that the amount exceeds NIS 2.5 million for the claim to be heard under the jurisdiction of the District Court, and that the amount claimed usually relates to the period preceding the date of filing suit and does not include the following period nor does it relates to the exposure to legal expenses, legal fees and compensation for the plaintiff.

Following are details of material proceedings against Max as of the report publication date.

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15. It is noted that, in general, in this note, a lawsuit against Max would be classified as material and described according to a qualitative or quantitative assessment carried out by Max. Regarding the quantitative assessment – a lawsuit shall be considered material insofar as the total actual exposure, net of tax and assuming the lawsuit is found to be justified and regardless of the lawsuit's chances or the propriety of the amount specified in it on their merits, may exceed 1% of Max's equity as of the reporting date, as detailed in the equity note in the Company's periodic report. Further to Section 10.3.6 of Chapter A of the Company's Annual Reports for 2023, regarding the guidelines and rules the Company has adopted for examining the nature of a specific event or matter for immediate reporting purposes under Regulation 36 of the Securities Regulations, and further to that stated in Note 8, Section 2, of the Company's financial statements, in connection with the description of contingent liabilities and lawsuits filed against the Company and its subsidiaries, and in light of the fact that since the second quarter of 2023, the Company also fully consolidates Max's statements, which are prepared in accordance with the Banking Supervision Department's reporting instructions – the Company wishes to clarify that the disclosure of lawsuits filed against Max in these statements does not necessarily indicate that the lawsuit is material for the purposes of the Company's immediate reports, as detailed above, and therefore, not all such lawsuits and/or development therein are disclosed in an immediate report.
16. With respect to CIMax Group companies other than Max or companies under its control, the provisions of Section 2.4.2 above shall apply with respect to the above in connection with the policy on accounting provisions.
17. The risk assessments are based on the opinions of the legal advisors who handle the lawsuits and/or Max's estimate, including an estimate of the amounts of the expected settlement agreements, that Max's management anticipates will be concluded. In the first stages after the receipt of the claim, in a period of up to 4 quarters, it is not possible to assess the chances of the motions to certify the actions and therefore no provision is made for them.

3.1. Class actions against Max Group companies

3.1.1 A material lawsuit that has been certified as a class action lawsuit against the Max Group companies

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	5/2019 District Court - Tel Aviv-Jaffa	Max	The lawsuit concerns the allegation that Max is in breach of the provisions of its agreement with the plaintiff – a company that receives acquiring services from Max (or, alternatively, that Max is implementing its provisions unlawfully), as when a transaction is partially canceled, the acquiring fee refund for the relative share of the canceled transaction is lower than the transaction cancellation fee Max charge.	The main remedy claimed in the lawsuit is restitution of the cancellation fee the class members were charged in contrast with the provisions of the agreements and/or as a result of unlawful implementation thereof.	All Max customers who entered into an acquiring agreement with it and were charged a transaction cancellation fee.	In April 2022, the District Court rendered its judgment, in which the motion to certify was denied. In July 2022, the plaintiff appealed the judgment to the Supreme Court. In August 2023, the Supreme Court rendered a judgment that accepted the appeal and certified the lawsuit as a class action lawsuit, holding that the class members on whose behalf the lawsuit would be litigated are all Max customers who are merchants whose set of contracts with Max contains identical or similar clauses to those appearing in specific clauses of the acquiring agreement (as defined by the Supreme Court) and in the cancellation fee rate chart, from whom Max charged a cancellation fee. Therefore, the case was returned to the District Court of Tel Aviv to hear the class action lawsuit on its merits. Following the above ruling, the District Court advised the parties to discuss the proceeding's continued litigation or an attempt to conclude it by way of a settlement. The parties are in mediation.	The plaintiff estimates the total claim amount for all class members at approx. NIS 22 million.

3.1.2 Pending motions to certify material claims as class actions against Max Group companies[18]

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	6/2016 District Court - Lod-Central	Max and 2 additional companies	The lawsuit concerns the allegation that the defendants are parties to an illegal cartel, in connection with debit cards and prepaid cards, whereby they charge at a rate that exceeds the costs associated with the transactions made using these cards, and also that even though the customer is charged immediately or shortly after the transaction date when such cards are used, the acquirer only issues a credit with respect to them later.	The main remedies sought in the lawsuit are to compensate the class for the damage arising from the alleged cartel regarding the total interchange fee paid in debit card transactions, and regarding the timing of transferring funds to merchants for debit card transactions, as well as compensation for the under-use of debit cards due to the two aforementioned cartels.	All merchants and their customers that honor debit cards.	In March 2017, the court ruled that claims regarding the stipulated interchange fee rates should be raised before the Competition Court. Accordingly, in October 2017, the movant filed another lawsuit with the Competition Court, seeking a declaratory relief stating that the interchange fee in debit card transactions was not discussed or decided by the Tribunal within the overall regulation of the interchange fee rates in the payment card market. In October 2018, the Competition Court dismissed the lawsuit in limine. The plaintiff appealed the judgment to the Supreme Court, and the Supreme Court denied the appeal in June 2019. In December 2018, the movant petitioned with the Supreme Court for an order nisi, in which the Supreme Court was moved to order the Competition Commissioner to request that the Competition Court modify or partially reverse the judgment. In July 2020, a Supreme Court judgment was rendered, denying the petition. The proceeding in the motion to certify a class action lawsuit is still unfolding. In December 2023, a motion was filed to approve a settlement agreement. According to which the respondents will act to transfer prepaid cards and "gift cards," which will be recharged, as a donation and will also pay legal fees to the plaintiff and the representative thereof for compensation, legal fees and reimbursement of the applicant's expenses. The settlement is subject to court approval and there is no certainty that it will be accepted.	The plaintiff estimates the total amount of the claim for all class members at approx. NIS 7.1 billion.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	7/2018 District Court - Tel Aviv-Jaffa	Max and 2 additional companies	The lawsuit concerns the allegation that the defendants enabled the activity of companies engaged in direct marketing of transactions to the elderly for many years, despite knowing that these companies were acting unlawfully and taking advantage of the elderly.	The main remedy claimed in the lawsuit is to order the respondents to return all the funds from the elderly population's transactions with the direct marketing businesses (unless it is proven that the transactions were made lawfully), to return the fees they collected as a result of the transactions, to compensate the customers for the non-pecuniary damage they incurred, and to terminate the engagement with the relevant companies.	The respondents' elderly customers and/or their heirs, whom the direct marketing companies charged in respect of products and/or services and/or club memberships and/or delivery fees they had ordered from the marketing companies and/or due to any other charge that they have not duly authorized and/or without being given adequate consideration in the seven years prior to the motion to certify.	In December 2021, the Attorney General submitted his position regarding the proceedings, according to which, under certain circumstances, it is appropriate to impose a mandate on credit-card companies, in their capacity as issuers, to intervene in a transaction executed due to improper pressure on an elderly customer by direct-marketing companies. The companies objected to this position. In August 2022, the District Court rendered a judgment that denied the motion to certify. In November 2022, the plaintiffs filed an appeal against the ruling with the Supreme Court. The appeal was heard in June and July 2024.	The plaintiffs estimate the total claim amount for all class members at NIS 900 million.

18. Including such motions that were denied and the ruling to deny them was appealed.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	06/23 District Court - Tel Aviv	Max and Max IT Credit (a wholly owned Max subsidiary)	The motion to certify concerns the plaintiff's allegation that the defendants announce the end of the limited-time card fee exemption benefit only in the account statements, but not in a specific notice, which the plaintiff claims is contrary to the Banking Rules (Customer Service) (Full Disclosure and Delivery of Documents), 1992.	The main remedy sought in the lawsuit is the refund of the excessive card fee charged after the benefit expiration date without duly notifying of the benefit's expiration. In addition, mandatory injunctions ordering the defendants to change their conduct and give the customers prior notice of the benefit's expiration, as per the law.	The defendants' customers who were given a limited-time exemption from card fees benefit, and from whom the defendants started charging the card fees without notifying them in a specific notice and/or via text message (not within the monthly statements).	The proceeding is in the stage of the class action certification motion being reviewed.	According to the plaintiff, the amounts might sum up to tens of millions of shekels, and therefore it estimates the lawsuit amount, at this stage, at over NIS 3 million.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claim amount
	03/2024 District Court - Tel Aviv	Max and 1 other	The motion to certify involves the claim that Bank Leumi and Max raise the card fees for their customers without a proper update. It is argued that, according to the law, the defendants have the duty to notify of changes of this type, in an effective manner, in a separate and clear notice and/or in a prominent manner that will allow the notice regarding the increase in card fees (or collection of payments) to be distinguished from other current notices. All of the above is contrary to the duties of good faith and disclosure that apply to the defendants.	The main relief sought is compensation and/or restitution of the difference between the price that the customers originally paid and the amount that was actually charged, without them being duly notified of the increase in card fees. And, in addition, a mandatory injunction instructing the defendants to actively inform their customers of any increase in the price of the service, as part of a separate and clear notice on the website, including in the application.	Any customer of the defendants, whose express consent was not given or who was not actively informed about the increase of the price of services involving the credit card prior to the increase in the price of the services, in the 7 years preceding the submission of the motion to certify and until the date of certification of the action as a class action.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimates the amount of the claim at over NIS 2.5 million.

6. Regarding a pending motion to certify a material claim as a class action lawsuit that was brought against the Company and against Max, see Note 8(2.1.2.11) above.

3.2 Another material lawsuit outside the ordinary course of business brought against the Max Group Companies

In December 2016, Max received a VAT assessment for the billing periods from January 2012 to August 2016 (hereinafter - the "Assessment"), which mainly concerned charging Max the full VAT for fees Max received due to transactions between holders of Max-issued credit cards and overseas merchants abroad; the Assessment also concerns the denial of an inputs tax deduction for inputs attributable to its operations in Eilat, according to the VAT authorities. In March 2017, Max filed an objection to the Assessment, and in March 2018, Max received the ruling on the objection and a revised VAT assessment (hereinafter - the "Revised Assessment"). In the ruling on the objection, the VAT Directorate (hereinafter - the "Directorate") dismissed Max's claims in the objection, and even changed its arguments in connection with the fees Max received in respect of transactions between Max-issued credit card holders and overseas merchants. As a result, the charge in the Revised Assessment was raised to NIS 86 million.

In January 2019, Max appealed the ruling on the objection before the Tel Aviv District Court, and at the Directorate's request, the hearing was consolidated with the hearing on appeals by two credit card companies, on similar issues (hereinafter - the "Consolidated Appeal"). In the Directorate's response in the Consolidated Appeal, the Directorate held, with respect to the portion of the Assessment charge attributed to Max's operations in Eilat, that in light of Max's claims and the specific circumstances, it intends to reduce the relative portion attributed to the above operations from the Assessment charge, without this having any future ramifications. As a result, the revised total charge in the Assessment is expected to be approx. NIS 83 million, plus linkage differentials and interest from the date of issuing the Revised Assessment.

In September 2021, Max received a VAT assessment for the billing periods from September 2016 to June 2020 (hereinafter - the "Second Assessment"). The Second Assessment deals with charging the full VAT for the fees whose taxability is discussed in the Consolidated Appeal, as well as additional fees. In January 2022, Max filed an objection to the Second Assessment, and over June-November 2022, the parties negotiated a settlement with respect to the assessments specified above, while the evidentiary hearings were carried out at the same time. In November 2022, the State Attorney announced the end of the settlement negotiations in light of its position that it wishes to have the case decided by the court. The case is at the summation stage.

In January 2023, the Directorate issued a ruling in which it rejected Max's objection to the Second Assessment and charged the company NIS 180 million due to this period, plus linkage differentials and interest from the date the Assessment was issued. In March 2023, Max appealed this ruling to the District Court. In June 2023, the Directorate withdrew the charge due to the company's activity in Eilat, and therefore, this charge under the Assessment was canceled. In July 2023, an arrangement was approved, according to which the court's determinations in the consolidated appeal will also apply to the appeal regarding the second assessment. Max included a provision in its financial statements in respect of the VAT assessments, based, among other matters, on the estimate of its external legal counsel who are providing guidance for the claim, and based on the talks held to formulate the settlement agreement, which did not materialize. The provision includes the period after the periods of the assessments, until June 30, 2024.

NOTE 9 - CREDIT RISK, RECEIVABLES FOR CREDIT CARD TRANSACTIONS AND CREDIT LOSS PROVISION

A. Credit and Receivables for credit card transactions

In NIS million	As of June 30, 2024	As of June 30, 2023	As of December 31, 2023
	Unaudited		Audited
Credit risk without bank guarantees:			
Private individuals:(1)			
Of which: Receivables for credit card transactions (2)	**4,060**	3,628	3,451
Of which: Credit cards (2)(3)	**9,571**	9,031	9,127
Private individuals - total	**13,630**	12,659	12,578
Commercial:			
Of which: Receivables for credit card transactions (2)	**288**	229	237
Of which: Credit cards (2)(3)	**1,025**	888	964
Commercial - total	**1,313**	1,116	1,201
Total credit risk without bank guarantees	**14,944**	13,775	13,779
Credit risk guaranteed by banks and others:			
International credit card companies and organizations	**285**	347	276
Income receivable	**62**	77	153
Other	**170**	146	170
Total receivables for credit card transactions	**15,461**	14,345	14,378
Credit loss provision	**(360)**	(319)	(372)
Total receivables for credit card transactions	**15,101**	14,026	14,006
Receivables for credit cards	**1,136**	1,121	1,085
Receivables for credit card transactions, net	**16,237**	15,148	15,092

(1) Private individuals, as defined in the Reporting to the Public Directives - Report of the Board of Directors and Management, regarding Total Credit Risk by Market Sector on a Consolidated Basis.

(2) Receivables for credit cards - interest-free, including balances for ordinary transactions, transactions in payments on account of the merchant, and other transactions.
Credit - with interest, including credit transactions, revolving credit card transactions, direct credit, credit for non-card holders, and other transactions.

(3) Including credit secured by vehicles amounting to NIS 2,646 million (December 31, 2023 - NIS 2,205 million, June 30, 2023 - NIS 2,069 million).

B. Debts* and off-balance-sheet credit instruments

1. Change in outstanding credit loss provision

In NIS million	For the three months ended June 30, 2024					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Others (2)	Total
	Unaudited					
Balance of credit loss provision as of March 31, 2024	**21**	**282**	**4**	**61**	**6**	**374**
Credit loss expenses	**4**	**48**	**1**	**3**	**-**	**56**
Charge-offs	**(5)**	**(54)**	**(1)**	**(4)**	**-**	**(64)**
Collection of debts written off in previous years	**1**	**7**	**-**	**1**	**-**	**9**
Write-offs, net	**(4)**	**(47)**	**(1)**	**(3)**	**-**	**(55)**
Balance of credit loss provision as at June 30, 2024 (3)	**21**	**283**	**4**	**61**	**6**	**375**
Of which: (3)						
For off-balance sheet credit instruments	**11**	**-**	**2**	**-**	**2**	**15**
For deposits with banks and amounts receivable from banks	**-**	**-**	**-**	**-**	**4**	**4**

In NIS million	For the three months ended June 30, 2023					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Other (2)	Total
	Unaudited					
Balance of credit loss provision as of March 31, 2023	23	259	3	34	4	322
Adjustment to the opening balance due to the effect of first-time application (a)	-	-	-	-	-	-
Credit loss expenses	2	40	1	4	-	47
Charge-offs	(3)	(36)	-	(3)	-	(42)
Collection of debts written off in previous years	1	6	-	-	-	7
Write-offs, net	(2)	(30)	-	(3)	-	(35)
Balance of credit loss provision as at June 30, 2023 (3)	23	269	4	35	4	334
Of which: (3)						
For off-balance sheet credit instruments	12	-	2	-	1	15
For deposits with banks and amounts receivable from banks	-	-	-	-	4	4

*) Receivables for credit card transactions, deposits with banks, and other debts.

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivable.

In NIS million	For the six months ended June 30, 2024					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Other (2)	Total
	Unaudited					
Balance of credit loss provision as of December 31, 2023 (audited)	**24**	**297**	**5**	**60**	**4**	**389**
Credit loss expenses	**6**	**82**	**1**	**8**	**-**	**97**
Charge-offs	**(10)**	**(107)**	**(1)**	**(10)**	**-**	**(128)**
Collection of debts written off in previous years	**1**	**13**	**-**	**2**	**-**	**16**
Write-offs, net	**(9)**	**(94)**	**(1)**	**(8)**	**-**	**(112)**
Balance of credit loss provision as at June 30, 2024 (3)	**21**	**285**	**5**	**60**	**4**	**375**
Of which: (3)						
For off-balance sheet credit instruments	**11**	**-**	**2**	**-**	**2**	**15**
For deposits with banks and amounts receivable from banks	**-**	**-**	**-**	**-**	**2**	**2**

In NIS million	For the six months ended June 30, 2023					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Other (2)	Total
	Unaudited					
Balance of credit loss provision as of December 31, 2022 (audited)	-	-	-	-	-	-
Provision for credit default in respect of the Max consolidation	5	82	1	11	4	102
Application of CECL subsequent to Max's acquisition	18	177	2	23	-	220
Credit loss expenses	2	40	1	4	-	47
Charge-offs	(3)	(36)	-	(3)	-	(42)
Collection of debts written off in previous years	1	6	-	-	-	7
Write-offs, net	(2)	(30)	-	(3)	-	(35)
Balance of credit loss provision as at June 30, 2023 (3)	23	269	4	35	4	334
Of which: (3)						
For off-balance sheet credit instruments	12	-	2	-	1	15
For deposits with banks and amounts receivable from banks	-	-	-	-	4	4

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivable.

2. Additional information on calculating the credit loss provision for debts and for the debts for which it was calculated

	As of June 30, 2024					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Other (2)	Total
In NIS million	Unaudited					
Recorded outstanding debt:						
Examined on a specific basis	2	14	63	580	-	659
Examined on a collective basis	4,058	9,557	225	445	2,226	16,511
Total debts	4,060	9,571	288	1,025	2,226	17,170
Non-performing debts	11	144	3	24	-	182
Debts in arrears of 90 days or more	-	-	-	-	-	-
Other troubled debts	6	331	1	31	-	369
Total troubled debts	17	475	4	55	-	551
Credit loss provision in respect of debts:						
Examined on a specific basis	-	-	-	27	-	27
Examined on a collective basis	10	283	2	34	4	333
Total credit loss provision (3)	10	283	2	61	4	360
Of which: (3)						
For non-performing debts	2	58	1	13	-	74
For other troubled debts	-	35	-	6	-	41

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivable.

	As of June 30, 2023					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Other (2)	Total
In NIS million	Unaudited					
Recorded outstanding debt:						
Examined on a specific basis	8	12	57	483	-	560
Examined on a collective basis	3,620	9,019	172	405	2,249	15,465
Total debts	3,628	9,031	229	888	2,249	16,025
Of which:						
Non-performing debts	9	115	2	15	-	141
Debts in arrears of 90 days or more	-	-	-	-	-	-
Other troubled debts	10	303	1	17	-	331
Total troubled debts	19	418	3	32	-	472
Credit loss provision in respect of debts:						
Examined on a specific basis	-	-	-	9	-	9
Examined on a collective basis	11	275	2	27	4	319
Total credit loss provision (3)	11	275	2	36	4	328
Of which: (3)						
For non-performing debts	2	47	1	11	-	61
For other troubled debts	-	34	-	2	-	36

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivable.

	As of December 31, 2023					
	Private individuals		Commercial			
	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Other (2)	Total
In NIS million	Audited					
Recorded outstanding debt:						
Examined on a specific basis	9	11	66	526	-	612
Examined on a collective basis	3,442	9,116	171	438	2,220	15,388
Total debts	3,451	9,127	237	964	2,220	16,000
Of which:						
Non-performing debts	12	136	3	24	-	175
Debts in arrears of 90 days or more	-	-	-	-	-	-
Other troubled debts	5	336	1	39	-	381
Total troubled debts	17	472	4	63	-	556
Credit loss provision in respect of debts:						
Examined on a specific basis	-	-	-	20	-	20
Examined on a collective basis	11	295	2	41	4	353
Total credit loss provision (3)	11	295	2	61	4	373
Of which: (3)						
Of which: For non-performing debts	2	60	1	14	-	77
Of which: For other troubled debts	-	41	-	7	-	48

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivables.

3. Credit quality by credit granting year

	As of June 30, 2024							
	Recorded debt balance of fixed term credit						Recorded outstanding debt of renewed loans	Total
	2024	2023	2022	2021	2020	Previous		
In NIS million	Unaudited							
Private individuals								
Receivables for credit cards:								
Non-troubled credit	3,737	249	49	7	1	-	-	4,043
Troubled performing credit	3	2	1	-	-	-	-	6
Non-performing credit	7	3	1	-	-	-	-	11
Total receivables for credit cards	3,747	254	51	7	1	-	-	4,060
Charge-offs during the reporting period	(3)	(6)	(1)	-	-	-	-	(10)
Credit:								
Non-troubled credit	2,385	2,409	1,569	674	171	43	1,845	9,096
Troubled performing credit	13	61	101	46	15	4	91	331
Non-performing credit	34	36	17	7	2	1	47	144
Total credit	2,432	2,506	1,687	727	188	48	1,983	9,571
Charge-offs during the reporting period	-	(27)	(33)	(13)	(3)	(3)	(28)	(107)
Total private individuals	6,179	2,760	1,738	734	189	48	1,983	13,630
Commercial								
Receivables for credit cards:								
Non-troubled credit	253	13	1	-	1	1	-	269
Troubled performing credit	1	-	-	-	-	-	-	1
Non-performing credit	3	-	-	-	-	-	-	3
Total receivables for credit cards	257	13	1	-	1	1	-	273
Credit:								
Non-troubled credit	430	288	127	43	25	2	70	985
Troubled performing credit	12	7	6	2	1	-	3	31
Non-performing credit	3	16	3	1	-	-	1	24
Total credit	445	311	136	46	26	2	74	1,040
Charge-offs during the reporting period	-	(3)	(2)	-	-	-	(1)	(6)
Commercial - total	702	324	137	46	27	3	74	1,313
Total debts	6,881	3,084	1,874	780	216	51	2,057	14,944

** As of June 30, 2024, there is no outstanding debt for renewed loans converted to fixed loans.

	June 30, 2023							
	Recorded debt balance of fixed term credit						Recorded outstanding debt of renewed loans	Total
	2023	2022	2021	2020	2019	Previous		
In NIS million	Unaudited							
Private individuals								
Receivables for credit cards:								
Non-troubled credit	3,195	260	39	6	1	-	-	3,609
Troubled performing credit	5	4	1	-	-	-	-	10
Non-performing credit	7	2	-	-	-	-	-	9
Total receivables for credit cards	3,207	266	40	6	1	-	-	3,628
Credit:								
Non-troubled credit	2,341	2,764	1,214	394	175	29	1,696	8,613
Troubled performing credit	16	103	64	25	13	2	80	303
Non-performing credit	9	32	17	8	7	5	37	115
Total credit	2,366	2,899	1,295	427	195	36	1,813	9,031
Total private individuals	5,573	3,165	1,335	433	196	36	1,813	12,659
Commercial								
Receivables for credit cards:								
Non-troubled credit	195	8	1	1	-	1	-	206
Troubled performing credit	-	-	-	1	-	-	-	1
Non-performing credit	2	-	-	-	-	-	-	2
Total receivables for credit cards	197	8	1	2	-	1	-	209
Credit:								
Non-troubled credit	391	279	96	44	10	-	55	875
Troubled performing credit	7	3	3	1	1	-	2	17
Non-performing credit	6	5	1	1	1	-	1	15
Total credit	404	287	100	46	12	-	58	907
Commercial - total	601	295	101	48	12	1	58	1,116
Total debts	6,174	3,460	1,436	481	208	37	1,871	13,775

** As of June 30, 2023, there is no outstanding debt for renewed loans converted to fixed loans.

	As of December 31, 2023							
	Recorded debt balance of fixed term credit						Recorded outstanding debt of renewed loans	Total
	2023	2022	2021	2020	2019	Previous		
In NIS million	Unaudited							
Private individuals								
Receivables for credit cards:								
Non-troubled credit	3,323	90	19	2	-	-	-	3,434
Troubled performing credit	3	2	-	-	-	-	-	5
Non-performing credit	11	1	-	-	-	-	-	12
Total receivables for credit cards	3,337	93	19	2	-	-	-	3,451
Credit:								
Non-troubled credit	3,547	2,052	905	256	96	7	1,792	8,655
Troubled performing credit	48	115	57	20	8	1	87	336
Non-performing credit	28	36	16	6	5	2	43	136
Total credit	3,623	2,203	978	282	109	10	1,922	9,127
Total private individuals	6,960	2,296	997	284	109	10	1,922	12,578
Commercial								
Receivables for credit cards:								
Non-troubled credit	211	2	-	1	-	1	-	215
Troubled performing credit	1	-	-	-	-	-	-	1
Non-performing credit	3	-	-	-	-	-	-	3
Total receivables for credit cards	215	2	-	1	-	1	-	219
Credit:								
Non-troubled credit	570	192	64	32	-	(2)	63	919
Troubled performing credit	21	9	5	1	-	-	3	39
Non-performing credit	16	4	1	-	-	1	2	24
Total credit	607	205	70	33	-	(1)	68	982
Commercial - total	822	207	70	34	-	-	68	1,201
Total debts	7,782	2,503	1,067	319	109	10	1,990	13,779

** As of December 31, 2023, there is no outstanding debt for renewed loans converted to fixed loans.

C. Debts (1)

1. Credit quality and delinquency

In NIS million	As of June 30, 2024			
		Troubled (2)		
	Performing	Performing	Non-performing	Total
	Unaudited			
Private individuals				
Receivables for credit cards	**4,043**	**6**	**11**	**4,060**
Credit (3)	**9,096**	**331**	**144**	**9,571**
Commercial				
Receivables for credit cards	**284**	**1**	**3**	**288**
Credit (3)	**970**	**31**	**24**	**1,025**
Other accounts receivables (4)	**2,226**	**-**	**-**	**2,226**
Total debts	**16,619**)**	**369**	**182**	**17,170**

In NIS million	As of June 30, 2023			
		Troubled		
	Performing	Performing	Non-performing	Total
	Unaudited			
Private individuals				
Receivables for credit cards	3,609	10	9	3,628
Credit (3)	8,613	303	115	9,031
Commercial				
Receivables for credit cards	226	1	2	229
Credit (3)	856	17	15	888
Other accounts receivables (4)	2,249	-	-	2,249
Total debts	15,553**)	331	141	16,025

** Of which: debts with a credit rating as of the report date corresponding with the credit rating for new credit in accordance with the Company's policy in the amount of NIS 16,274 million (June 30, 2023 - NIS 15,371 million).

(1) Receivables for credit card transactions, deposits with banks, and other debts.

(2) Performing and non-performing debts.

(3) Including credit secured by vehicles amounting to NIS 2,646 million (June 30, 2023 - NIS 2,069 million).

(4) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income, and other accounts receivable.

In NIS million	As of December 31, 2023			
		Troubled (2)		
	Performing	Performing	Non-performing	Total
	Audited			
Private individuals				
Receivables for credit cards	3,434	5	12	3,451
Credit (3)	8,655	336	136	9,127
Commercial				
Receivables for credit cards	233	1	3	237
Credit (3)	901	39	24	964
Other accounts receivables (4)	2,220	-	-	2,220
Total debts	15,444**)	381	175	16,000

** Of which: debts with a credit rating as of the report date corresponding with the credit rating for new credit in accordance with the Company's policy in the amount of NIS 15,160 million.

(1) Receivables for credit card transactions, deposits with banks, and other debts.

(2) Performing and non-performing debts.

(3) Including credit secured by vehicles amounting to NIS 2,205 million.

(4) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income, and other accounts receivable.

2. Additional information on non-performing debts

(a) Non-performing debts and provision

In NIS million	As of June 30, 2024			
	Outstanding debts			
	Outstanding non-performing debts for which there is a provision (2)	Outstanding provision	Total outstanding non-performing debts (2)	Outstanding contractual principal in respect of non-performing debts
	Unaudited			
Private individuals				
Receivables for credit cards	**11**	**2**	**11**	**11**
Credit	**144**	**58**	**144**	**144**
Commercial				
Receivables for credit cards	**3**	**1**	**3**	**3**
Credit	**24**	**13**	**24**	**24**
Total debts	**182**	**74**	**182**	**182**

In NIS million	As of June 30, 2023			
	Outstanding debts			
	Outstanding non-performing debts for which there is a provision (2)	Outstanding provision	Total outstanding non-performing debts (2)	Outstanding contractual principal in respect of non-performing debts
	Unaudited			
Private individuals				
Receivables for credit cards	9	2	9	9
Credit	115	47	115	115
Commercial	-	-	-	-
Receivables for credit cards	2	1	2	2
Credit	15	11	15	15
Total debts	141	61	141	141

In NIS million	As of December 31, 2023			
	Outstanding debts			
	Outstanding non-performing debts for which there is a provision (2)	Outstanding provision	Total outstanding non-performing debts (2)	Outstanding contractual principal in respect of non-performing debts
	Audited			
Private individuals				
Receivables for credit cards	12	2	12	12
Credit	136	60	136	136
Commercial				
Receivables for credit cards	3	1	3	3
Credit	24	14	24	24
Total debts	175	77	175	175

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) Recorded outstanding debt.

Information regarding debts of distressed borrowers who underwent a change in terms and conditions (2)

(b) The credit quality and extent of arrears of debts of distressed borrowers who underwent a change in terms and conditions during the reporting period (2)

	As of June 30, 2024		
	Recorded outstanding debt		
	Troubled	Non-troubled	
	Non-performing interest income	Performing, non-delinquent	Total
In NIS million	Unaudited		
Private individuals			
Receivables for credit cards	**4**	**-**	**4**
Credit	**48**	**-**	**48**
Commercial			
Credit	**10**	**4**	**14**
Total debts	**62**	**4**	**66**

	As of June 30, 2023		
	Recorded outstanding debt		
	Troubled	Non-troubled	
	Non-performing interest income	Performing, non-delinquent (2)	Total
In NIS million	Unaudited		
Private individuals			
Receivables for credit cards	3	-	3
Credit	36	-	36
Commercial			
Credit	2	-	2
Total debts	41	-	41

	As of December 31, 2023		
	Recorded outstanding debt		
	Troubled	Non-troubled	
	Non-performing interest income	Performing, non-delinquent	Total
In NIS million	Unaudited		
Private individuals			
Receivables for credit cards	3	-	3
Credit	44	-	44
Commercial			
Credit	11	-	11
Total debts	58	-	58

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) The data as of December 31, 2023 present data about restructured troubled debt, in accordance with the previous directive.

	For the three-month period ended June 30, 2024			
	Recorded outstanding debt			
	Troubled	Non-troubled		
	Non-performing interest income	Performing, non-delinquent	Total	Charge-off
In NIS million	Unaudited			
Private individuals				
Receivables for credit cards	**1**	**-**	**1**	**-**
Credit	**13**	**-**	**13**	**4**
Commercial				
Receivables for credit cards	**-**	**-**	**-**	**-**
Credit	**-**	**4**	**4**	**-**
Other accounts receivable	-	-	-	-
Total debts	**14**	**4**	**18**	**4**

	For the six-month period ended June 30, 2024			
	Recorded outstanding debt			
	Troubled	Non-troubled		
	Non-performing interest income	Performing, non-delinquent	Total	Charge-off
In NIS million	Unaudited			
Debts not guaranteed by banks				
Private individuals				
Receivables for credit cards	**2**	**-**	**2**	**-**
Credit	**32**	**-**	**32**	**4**
Commercial				
Credit	**9**	**4**	**13**	**-**
Total debts	**43**	**4**	**47**	**4**

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) The data as of June 30, 2023 present data about restructured troubled debt, in accordance with the previous directive.

(c) Debts of distressed borrowers who underwent changes of terms during the reporting period

	Debts of distressed borrowers who underwent changes of terms during the three-month period ended June 30, 2024				
	Total		Type of change		
	Recorded outstanding debt	% of total	Waiver of interest	Extension of period	Extension of period and waiver of interest
	(Unaudited)				
	NIS million	%	NIS million		
Private individuals					
Receivables for credit cards	1	0.00	-	1	-
Credit	11	0.10	1	7	3
Commercial					
Credit	5	0.50	-	5	-
Total debts	17	0.10	1	13	3

	Financial effects of the change in terms and conditions during the three-month period ended June 30, 2024		Debts of distressed borrowers who defaulted following changes of terms during the three-month period ended June 30, 2024 (2)		
	Type of change		Total	Type of change	
	Average waiver of interest	Average extension of period	Recorded outstanding debt	Extension of period	Extension of period and waiver of interest
	(Unaudited)				
	%	Months	NIS million		
Private individuals					
Receivables for credit cards	-	27	1	1	-
Credit	2.3	29	4	3	1
Commercial					
Credit	1.9	8	-	-	-
Total debts	2.3	20	5	4	1

(1) Receivables for credit card transactions, deposits with banks, and other debts.

(2) Debts that defaulted during the Reporting Period after they underwent a change in terms and conditions of debts of distressed borrowers during the 12 months prior to the date on which they defaulted.

	Debts of distressed borrowers who underwent changes of terms during the six-month period ended June 30, 2023				
	Total		Type of change		
	Recorded outstanding debt	% of total	Waiver of interest	Extension of period	Extension of period and waiver of interest
	(Unaudited)				
	NIS million	%	NIS million		
Private individuals					
Receivables for credit cards	2	0.00	-	2	-
Credit	23	0.20	2	16	5
Commercial					
Credit	13	1.20	-	7	-
Total debts	38	0.30	2	25	5

	Financial effects of the change in terms and conditions during the three-month period ended June 30, 2023		Debts of distressed borrowers who defaulted following changes of terms during the three-month period ended June 30, 2023 (2)		
	Type of change		Total	Type of change	
	Average waiver of interest	Average extension of period	Recorded outstanding debt	Extension of period	Extension of period and waiver of interest
	(Unaudited)				
	%	Months	NIS million		
Private individuals					
Receivables for credit cards	-	26	-	1	1
Credit	2.2	27	-	4	3
Commercial			-		
Credit	1.9	6	6	-	-
Total debts	2.2	21	6	5	4

(1) Receivables for credit card transactions, deposits with banks, and other debts.

(2) Debts that defaulted during the Reporting Period after they underwent a change in terms and conditions of debts of distressed borrowers during the 12 months prior to the date on which they defaulted.

NOTE 10 - PAYABLES FOR CREDIT CARD TRANSACTIONS

	As of June 30	As of June 30	As of December 31
	2024	2023	2023
In NIS million	Unaudited	Unaudited	Audited
Merchants (1)	**7,958**	7,605	7,272
Liabilities for deposits (2)	**181**	139	155
Credit card companies	**563**	491	414
Prepaid income	**24**	17	18
Benefit plan for card holders (3)	**82**	64	72
Other (4)	**76**	149	160
Total payables for credit card transactions	**8,884**	8,465	8,091

(1) Net of balances for factoring credit card vouchers for merchants in the amount of NIS 1,613 million (December 31, 2023 - NIS 1,768 million, June 30, 2023 - NIS 1,788 million) and for early payments to merchants in the amount of NIS 167 million (December 31, 2023 - NIS 309 million, June 30, 2023 - NIS 338 million).

(2) All of Max's deposits were raised in Israel and do not bear interest. In addition, all the deposits are held for private individuals and do not exceed NIS 1 million.

(3) As part of the operation of Max's customer loyalty programs, there is a liability towards card holders for their right to benefits according to the terms and conditions of the plans. The balance of the liability includes a provision based on the calculation of the expected future utilization rate of the benefits by the card holders.

(4) Mainly accrued expenses in respect of banks and loyalty programs.

NOTE 11 - INCOME FROM CREDIT CARD TRANSACTIONS

	For the three-month period ended June 30		for the six-month ended June 30		For the year ended December 31
	2024	2023**)	2024	2023**)	(*2023
In NIS million	Unaudited				Audited
Income from merchants					
Merchants fees and commissions	**200**	192	**391**	192	564
Other income	**43**	40	**87**	40	123
Total income from merchants - gross	**243**	232	**478**	232	687
Net of fees and commissions to other issuers	**(94)**	(89)	**(183)**	(89)	(261)
Total income from merchants - net	**149**	143	**295**	143	426
Income from credit card holders					
Issuer fees and commissions	**140**	130	**267**	130	382
Service fees and commissions	**49**	45	**96**	45	134
Fees and commissions from cross-border transactions	**43**	49	**77**	49	141
Total income for credit card holders	**232**	224	**440**	224	657
Total income from credit card transactions	**381**	367	**735**	367	1,083

*) Since the data were first consolidated as from April 1, 2023, as noted above, the cumulative effect on the Company's results is presented for the nine-month period which began on that date. For further details, see Note 5 above.

**) Since the data were first consolidated as from April 1, 2023, as noted above, the cumulative effect on the Company's results is presented on that date. For further details, see Note 5 above.

NOTE 12 - ADDITIONAL EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

A. Issuance of bonds by the Company

For details regarding the issuance of bonds by the Company during 2023, see Note 26(c) to the Consolidated Financial Statements for 2023.

In February 2024, the entire proceeds of the issuance was used for the early repayment of the full amount of the syndicated loan. For further details, see Note 26(a1)(3) to the Financial Statements for 2023.

B. Economic solvency ratio in Clal Insurance

On May 30, 2024, Clal Insurance approved and published its Economic Solvency Ratio Report as of December 31, 2023. For further details, see Note 7 above.

C. Share-based payment

On May 30, 2024, the Company's board of directors resolved to publish an outline for the allocation of up to 1,400,000 Class A options to be offered under the outline, based on the Plan for 2021, for employees and officers of the Company and/or companies under its control. Allocation of the options to be offered under the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The shares underlying the exercise of these options will represent approx. 0.44% of the Company's equity capital as of the reporting date, assuming maximum exercise. The options will be exercisable for ordinary shares of the Company at the value of the inherent benefit of the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 14.1 per option, and the fair value of each tranche will be spread over the vesting period. The value of the benefit was calculated using the binomial model and estimated at approx. NIS 18.75 million for all options, which will be awarded to Group officers and employees as stated above. The Class A options will be allocated in three tranches, spread over three years, and shall be exercisable beginning when one year (with regard to the first tranche, at least two years of vesting and holding are required), two years, and 3 years have elapsed from the allocation date, up to one year from the vesting date (with regard to the first tranche, from the holding date).

The subsidiaries will bear the expense for the value of the options and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements and in accordance with the accounting standards.

D. Actuarial estimates

1. Life and Health Insurance

Further to Note 42(e)(e1)(d)(1) to the annual financial statements regarding changes in insurance reserves due to the interest rate environment and its effect on the discount rates in Life and long-term care insurance and the Commissioner’s Directives regarding the liability adequacy test (LAT):

A. Discount rate taken into account in the calculation of the liabilities for complementing the reserves for paid pensions and annuity

In the reporting period, there was a change in the risk-free interest rate curve and illiquidity premium and the estimated rate of return in the assets portfolio held against insurance liabilities increased. Accordingly, the actuary of Clal Insurance actuary revised the interest rates on the free assets used to capitalize the liabilities to supplement reserves for paid pensions and annuity.

B. Gradual provision to complement the annuity reserve by using the K factor

Following on Note 42(e)E1(a)3(b) to the Consolidated Financial Statements for 2023, every quarter, the Company checks whether the K-value will enable an appropriate distribution of the reserve for payment of pension, based on an analysis which is based on conservative financial and actuarial assumptions, which indicates that the management fees and/or financial margin arising from the investments held against the reserve for the policy and the premium payments for the policy, may generate future income in excess of the basic K-value, which will be sufficient to cover all expenses; if any gap exists, the liabilities for supplementing the reserve for pension are updated by updating the K-value. The higher the K Factor, the lower the liability for the supplementary annuity reserve that will be recognized in the financial statements and the higher the amount that will be deferred and recorded in the future.

During the Reporting Period and the three-month period ended June 30, 2024 there was no change in the K value.

	As of June 30		As of March 31		As of December 31
	2024	**2023**	**2024**	**2023**	**2023**
	Unaudited				Audited
In respect of guaranteed-return policies	**0.0%**	0.0%	**0.0%**	0.0%	0.0%
In respect of yield-dependent insurance policies	**0.96%**	0.825%	**0.96%**	0.86%	0.96%

C. Liability adequacy testing (LAT)

Further to Note 3(d)1(d), the Company conducts liability adequacy testing on a periodic basis, in accordance with the LAT Circular.

D. Changes to actuarial assumptions in the calculation of the liabilities for annuities

1. In July 2024, Amendment of the Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds (hereinafter - the "Circular") was published. The circular includes a revision to the default assumptions on the basis of which the institutional entities will calculate their liabilities and conversion factors in relation to annuity recipients in pension savings products.

   Further to Note 42(e)(e1)(a)3 to the Company's 2023 financial statements, the liabilities in respect of supplementation of annuity and paid pensions reserves are calculated in accordance with the assumptions included in the Reserves for Annuity Circular, and therefore, in its financial statements as of June 30, 2024, the Company increased its estimates regarding the liabilities in respect of insurance contracts by approx. NIS 128 million, of which approx. NIS 99 million in respect of the liability for paid pensions, and approx. NIS 29 million for liabilities in respect of supplementation of annuity reserve, in view of the trends arising from the circular.

2. Further to Note 42(e)(e1)(a)(3) to the Company's 2023 financial statements, the liabilities in respect of supplementation of annuity reserve from time to time, studies are conducted regarding the rate of policyholders, who are expected to uptake their entitlement for an annuity upon retirement. In view of a study regarding this topic, which was conducted by the other insurer in a joint venture of the Company, the latter reduced its estimates as to liabilities in respect of insurance contracts by approx. NIS 69 million in the financial statements as of June 30, 2024.

2. Property and Casualty

Further to Note 42(e)(e2)(4)(a) to the Consolidated Annual Financial Statements, due to a change in the risk-free interest rate curve and illiquidity premium, the Company updated the estimated discount rate for the reporting period and three-month period ended on June 30, 2024; the total effect of the change resulted in a reduction of retention insurance reserves by approx. NIS 51 million and approx. NIS 53 million, respectively.

3. The effect of the financial results is set out below:

In NIS million	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
Life Insurance					
Change in the discount rate is taken into account in the calculation of the liability for complementing the reserves for paid pensions and annuity	**34**	42	**33**	(29)	124
Change in the pension reserves due to the expected reduction in future income from change in interest rate (K factor)	**-**	(50)	**-**	(83)	260
The total effect of changes in interest on the liabilities for complementing the reserves for paid pensions and annuity	**34**	(8)	**33**	(112)	384
Change in the mortality assumptions in the calculation of the liabilities for annuities	**(128)**	-	**(128)**	-	-
Changes to other assumptions in the calculation of the liabilities for annuities	**69**	-	**69**	-	67
Total Special Items - life insurance	**(25)**	(8)	**(26)**	(112)	451
Financial effect on P&C insurance reserves	**51**	86	**53**	84	83
Total Special Items - P&C insurance	**51**	86	**53**	84	83
Long-term care in the Health Segment					
Changes in actuarial assumptions for incidence of long-term care claims, including liability adequacy testing (LAT)	**-**	-	**-**	-	(102)
Financial effects in the liability adequacy test (LAT)	**35**	-	**79**	-	-
Total long-term care in the Health Segment	**35**	**-**	**79**	-	(102)
Total profit (loss) before tax	**62**	78	**106**	(28)	432

4. Agreement with the National Insurance Institute regarding compensation under the National Insurance Law in respect of national insurance annuities in road accidents in which an insurer is required to pay compensation in respect of 2016-2022

According to the National Insurance Law [Combined Version], 1995 (hereinafter - the "National Insurance Law"), where the National Insurance Institute paid an annuity to a person entitled to an annuity, and at the same time a liability arises to a third-party to pay compensation to that person under the Tort Ordinance or the CRAV Law, the National Insurance Institute may claim compensation from the said third party in respect of annuity it has paid or is required to pay (hereinafter - the "Third Party"). The Third Party may deduct from the compensation the annuities paid and/or due to be paid by the National Insurance Institute. Over the years, the National Insurance Institute used to file individual subrogation claims with insurers.

The Economic Efficiency Law (Legislative Amendments to Achieve the Budgetary Targets for Budget Years 2021 and 2022), 2021 amended the National Insurance Law, such that as from January 2023 the netting mechanism due to claims arising from road accidents was modified to replace the filing of individual subrogation claims by the National Insurance Institute.

In July 2024, an agreement was signed between Clal Insurance and the National Insurance Institute, which prescribes Clal Insurance's exposure to subrogation claims by the National Insurance Institute in the Compulsory Motor Subsegment in respect of 2016-2022 was essentially extinguished.

E. Issuance of notes in Clalbit Finance Ltd. a subsidiary of Clal Insurance (hereinafter - "Clalbit Finance")

In January 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series L) in circulation, traded on the TASE, by way of expansion of an existing series.

The Notes (Series M), that were issued as stated above, were recognized (subject to restrictions) as Tier 2 capital of Clal Insurance, instead of Notes (Series F), that were exchanged, and which were recognized as hybrid Tier 2 capital.

The terms of some of the Notes (Series J) vary from the terms of the Notes (Series M), and accordingly they were accounted for as replacement of debt instruments with materially different terms, in accordance with the standard's definition; accordingly, Clal Insurance accrued a loss of approx. NIS 1.6 million. The issuance costs amounted to approx. NIS 1.5 million.

In April 2024, Clalbit Finance issued to the public NIS 465 million p.v. in Notes (Series M) by way of expansion of an existing series in consideration for approx. NIS 460 million. The terms and conditions of the additional notes are identical to the terms and conditions of the Notes (Series M) in circulation. The issuance costs amounted to approx. NIS 5.1 million.

Subsequent to the reporting date, on July 31, 2024, Clalbit Finance executed early redemption of the outstanding balance of the Notes (Series J), in accordance with their terms and conditions.

F. Rating

Subsequent to the reporting date, on July 9, 2024, S&P Maalot reiterated Clal Insurance's ilAA+ rating with a stable outlook.

and reiterated the ilAA- rating for the Notes (Series I, J, K, L and M) issued by Clalbit Finance, with a stable outlook for each of the series.

Subsequent to the reporting date, on July 29, 2024, Midroog reiterated the Aa1.il Insurer Financial Strength rating of Clal Insurance with a stable outlook and ratified the Aa3.il (hyb) rating for the Notes (Series I, J, K, L and M) issued by Clalbit Finance, with a stable outlook for each of the series.

G. Extension of the term of the Company and Clalbit Finance's shelf prospectuses

Subsequent to the reporting date, on July 17, 2024, the term of the Company and Clalbit Finance's shelf prospectuses was extended from July 24, 2022 to July 24, 2025 (hereinafter - the "Shelf Prospectuses"). The Shelf Prospectuses allow the Company and Clalbit Finance, among other things, to issue bonds and options for bonds. Generally, the consideration of bonds, which will be issued by Clalbit Finance by virtue of the Shelf Prospectus, shall be deposited with Clal Insurance, which will bear the liability towards bondholders to repay the bonds they hold.

H. Filing a draft initial public offering prospectus by Max

On June 30, 2024, Max filed to the Israel Securities Authority a first draft of an initial public offering prospectus, which also constitutes a shelf prospectus, which will allow the issuance of notes, options convertible into bonds and commercial securities and/or the listing of illiquid subordinated notes issued by Max. This is as part of Max's strategy to diversify its sources of financing in order to fund its operating activities.

Max does not undertake to publish the prospectus and/or issue any securities in accordance with the prospectus, to the extent that it is published. The publication of the prospectus and/or the issuance of securities thereunder are subject to Max's full discretion and to the receipt of approvals required by law, including the Israel Securities Authority's permit and the approval of the Tel Aviv Stock Exchange Ltd. Accordingly, there is no certainty that the prospectus will be published and/or that various securities will be issued thereunder.

I. The Iron Swords War

Following on Note 46(k) to the Consolidated Financial Statements for 2023, the Israeli economy continues operating in a wartime routine. The economy is operating almost at normal levels, except for the areas which suffered directly from the events of October 7th and the north of Israel, where residents are still unable to go back to their homes and businesses have not yet resumed operations.

Israel's credit rating

The rating agencies revised the rating of the State of Israel and their rating outlooks due to the escalation of the conflict between Israel and Iran and the geopolitical risks Israel is exposed to since the outbreak of the War, as follows: Rating agency Moody's (hereinafter - "Moody's") announced in February 2024 that it was downgrading of the State of Israel's debt credit rating from A1 to A2 as well as a negative rating outlook. The downgrading of the credit rating and the change of the rating outlook to negative mainly reflected - as explained by the rating agency - the uncertainty as to the economic consequences of the War, the manner and timing by which the War will end and the change in fiscal conditions. International credit rating agency S&P announced in April 2024 the downgrading of the sovereign rating of Israel from AA- to A+ and reiterated the rating outlook at negative.

Subsequent to the reporting date, on August 1, 2024, S&P rating agency published an announcement in which it noted that the potential for a wider conflict in the region presents substantial risks for Israel. In accordance with the announcement, a further escalation is not part of the baseline ratings scenario for Israel and might present a risk to the current rating of the country.

In addition, on August 12, 2024, international credit rating agency Fitch downgraded Israel's credit rating from A+ to A, with a negative rating outlook. The reasons for the rating downgrade arise, among other things, from the continued fighting in Gaza and the increase in the geopolitical risks.

Effect on the financial statements

In the reporting period, and as of the publication date of these financial statements no material changes occurred in connection with the effects of the War on Clal Insurance's financial results.

Max announced that, as from December 2023 and during the Reporting Period, the issuance turnovers in Israel and acquiring turnovers in Max were even higher than the corresponding period last year. Max's issuance turnovers abroad increased gradually too, and in the second quarter they amounted to levels similar to the levels which prevailed in the second quarter last year. However, due to relatively low issuance turnovers abroad in the first quarter of the year, the issuance turnovers abroad for the entire first half are still relatively low compared to the corresponding period last year. The estimated provision for credit losses is based on judgments and assessments, and still involves uncertainty at this stage. Further to Max's 2023 Financial Report, Max increased the provision for current expected credit losses based on estimates of a potential increase in the credit risk of its customers.

The Group is exposed - by virtue of its activity - to fluctuations in the financial markets and to slowdown in activity in the Israeli economy, as well as to other risks arising from the War. Estimating the duration of the War and its potential effect on economic activity across the country, the capital markets as well as the extent of the potential damage to the repayment capacity of Max's private and business customers, on the one hand, and the mitigating effects of aid programs and other reliefs, on the other hand, is difficult.

Therefore, it is currently impossible to assess the full effect of the War on the Group and its results.

J. Changes in tax rates

In March 2024, the Knesset plenum approved an order stipulating an increase in the rate of VAT from 17% to 18% as from January 1, 2025. In addition, an amendment to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "Ordinance") was approved, which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the income generated.

The deferred tax balances included in the financial statements as of Group's financial institutions June 30, 2024 have been updated by an immaterial amount, so as to take into account the effects, which arise from the increase in tax rates as described above.

In addition, the Company estimates that the effect of the change in tax rates is not expected of be material.

K. Appointment of officers

On June 1, 2024, Mr. Tomer David started serving as the Group's Chief Internal Auditor instead of Mr. Eran Shahaf, who ended his tenure.

On July 1, 2024, Mr. Dror Biran started serving as the Group's Chief Legal Counsel instead of Ms. Hadar Brin Weiss, who ended her tenure.

L. Workers' union in Tmura agency

Following on Note 25(c) to the Annual Financial Statements for 2023, in May 2024 Tmura's management recognized the National Labor Federation in Eretz-Israel as the representative employee organization of Tmura's employees.

M. Max's engagement with a banking corporation

Further to Note 20.B.1 to Max's 2023 financial statements regarding an agreement, which was signed on October 11, 2018 between Max and Bank Leumi (hereinafter - the "**Bank**") for a joint issuing and issuing processing services, on June 24, 2024 Max informed the Bank of the exercise of the option it had under the agreement regarding the extension of the Bank's undertaking period set in the agreement. The joint issuing agreement with the Bank is valid until January 31, 2029.

N. Market developments in the reporting period and thereafter

In the Reporting Period, investment income was recognized, which led to a positive real return in the participating life insurance policies, which were marketed through 2004. However, as long as the policies do not achieve a positive real return that will cover the investment losses accrued by the policyholders, Clal Insurance will not be able to collect variable management fees. The estimated variable management fees, which will not be collected due to the negative real return until the attainment of a cumulative positive return, amounted to a total of approx. NIS 0.5 billion as of June 30, 2024, and approx. NIS 0.4 billion immediately prior to the report approval date. It is not possible to assess the continued developments on the markets and their impact on the results of the third quarter of 2024 and on 2024 as a whole, accordingly, the aforementioned does not constitute any assessment regarding the anticipated financial results of the Company.

NOTE 13 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010

Further to Note 4 to the Annual Financial Statements, in May 2017, the International Accounting Standards Board (IASB) published IFRS 17 - Insurance Contracts. Furthermore, in June 2020 and December 2021, the IASB published amendments to the standard (hereinafter - "IFRS 17").

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes the current guidance on this issue under IFRS 4 and the directives of the Capital Market, Insurance and Savings Authority. The Company continues to assess the effects of the adoption of the said standards on its financial statements and is preparing for their implementation according to said schedule, but at this stage, it is unable to assess the effect of the standard's application on its financial statements.

The first-time application date set in IFRS 17 is January 1, 2023; however, in accordance with the requirements of the Commissioner, which were published as part of the "Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts" (hereinafter - the "Roadmap"), the first-time application date of IFRS 17 in Israel was postponed to the quarterly and annual periods beginning on January 1, 2025, and the transition date is January 1, 2024.

In order to support the preparations made by Israeli insurance companies for the adoption of IFRS 17, the Commissioner published drafts of the circular regarding "Professional Issues Pertaining to the Implementation in Israel of IFRS 17". The tenth draft was published in August 2024 (hereinafter - the "Draft Circular"). The Draft Circular refers, among other things, to clarifications in connection with the calculation of the risk adjustment (RA) in respect of non-financial risk, the calculation of the fair value when implementing the fair value approach on transition date, clarifications in connection with the calculation of the weight of the illiquidity premium, as well as guidance regarding the calculation of the fair value of Hetz bonds.

In August 2024, the Commissioner published a draft of a fourth revision to the Roadmap, which included revisions of the schedules for reporting to the Authority, entitled Quantitative Impact Studies. The revision also cancelled the requirement to provide qualitative disclosure of opening balances data as of the transition date in the financial statements for the third quarter of 2024.

In July 2014, the IASB published IFRS 9 regarding Financial Instruments (hereinafter - "IFRS 9"), which supersedes IAS 39 and sets new rules for classification and measurement of financial instruments, with an emphasis on financial assets. The first-time application date set in IFRS 9 is January 1, 2018. In September 2016, an amendment to IFRS 4 was published, which allowed entities which issue insurance contracts and meet certain prescribed criteria to postpone the adoption of IFRS 9 to January 1, 2023 (the first-time application date of IFRS 17), in order to eliminate the accounting mismatch which may arise from the application of IFRS 9 prior to the application of IFRS 17. The Company complied with the abovementioned criteria and postponed the application of IFRS 9 accordingly. Upon the deferral of the first-time application date of IFRS 17 to January 1, 2025, the Commissioner also postponed the first-time application date of IFRS 9 to January 1, 2025, accordingly.

It is emphasized that the information detailed below regarding the accounting policies is correct as of the date of this report and is subject to changes as part of the progress of application.

A. The Company's preparation for the application of IFRS 17 and IFRS 9

As part of the standards' adoption process, the Company is implementing and integrating IT systems that are necessary for applying the provisions. In addition, the Company is testing and mapping the required controls and the flow of information to the financial statements. Furthermore, as part of the preparations, the Company executes quantitative tests in order to assess the methodologies, the accounting policies, and the implementation of the systems. In accordance with the roadmap published by the Capital Market, Insurance and Savings Authority, the qualitative tests are reported to the Authority in accordance with the time frames set forth.

B. IFRS 17 - Main changes in the accounting policies

Following are the main requirements and accounting policies, which were selected by the Company:

The Standard's scope

IFRS 17 applies to contracts, which meet the definition of an insurance contract and include:

a) Insurance contracts, including reinsurance contracts, which the Company issues;

b) Reinsurance contracts held by the Company; and

c) Investment contracts with discretionary participation features, which the Company issues, provided that it also issues insurance contracts.

The measurement model

The standard includes three models for measuring the liability in respect of insurance contracts:

1. General measurement model (GMM)

   In accordance with this model, which constitutes the standard's default model, the liability in respect of groups of insurance contracts should be measured at the initial recognition date as the present value of the discounted best-estimate of future cash flows, plus an explicit risk adjustment (RA) in respect of the non-financial risks. The expected income from the insurance contracts, which is derived from such calculations, shall be recognized as a liability (contractual service margin - CSM), which will be recognized in profit and loss over the coverage period. If there is an expected loss, a loss component will arise, and it will be recognized immediately. Such liability components are classified into two types of liabilities: Liability for remaining coverage (LRC) and liability for incurred claims (LIC).

   In subsequent periods, the contractual service margin will be adjusted in respect of changes in non-financial assumptions related to the future service. If the contractual service margin reached zero as a result of those changes, any change beyond that will be recognized immediately in profit and loss. On the other hand, changes arising from the time value of money and financial risks are recognized immediately under finance expenses in respect of insurance contracts.

   In held reinsurance contracts, the contractual service margin may be an asset or a liability and it represents the net expected cost or the net expected income, respectively. If the reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by the reinsurer, the Company will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the contractual service margin.

2. Variable fee approach - the VFA model

   This model is a modification of the GMM model and applies to contracts with direct participation features. Insurance contracts with direct participation features are insurance contracts under which the Company promises an investment return to the policyholder based on underlying items. That is to say, the contract includes a significant service associated with investments.

   In accordance with the VFS model, the cash flows for the fulfillment of the contract are composed of the liability to pay the policyholder an amount equal to the fair value of the underlying items, net of the variable fee in respect of the service. A change in the liability to pay the policyholder an amount equal to the fair value of the underlying items is recognized directly in finance expenses in respect of insurance contracts. The contractual service margin is adjusted in respect of changes in non-financial assumptions, as is the case in the GMM model, and in respect of financial changes, which affect the variable fee.

   Reinsurance contracts held by the Company do not qualify for measurement using the VFA model, in accordance with the standard's provisions.

   The Company expects that insurance contracts which include yield-dependent savings components will be measured under the VFA model, but changes are possible as the process of applying the standard progresses.

3. Premium allocation approach - the PAA model

   This model is a simplification of the general measurement model; it can be applied to certain groups of insurance contracts, for which it provides a measurement, which is a reasonable approximation to a measurement in accordance with the general measurement model.

   In accordance with this model, the liability in respect of the remaining coverage is determined as the total amount of the premiums received net of any insurance acquisition cash flows, and net of the premium amounts and insurance acquisition cash flows, which were recognized in profit or loss in respect of the coverage period, which elapsed. Premiums received and insurance acquisition cash flows are recognized in profit or loss over the coverage period on the basis of the passage of time. Or on the basis of the expected pattern of release from risk over the coverage period if it differs significantly from the passage of time.

   For groups of insurance contracts, under the PAA model the Company may recognize any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group is no more than one year. This selection is carried out at the level of the insurance contract portfolio.

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 a risk adjustment in respect of non-financial risks, as is the case in the principles of the general measurement model. If this amount exceeds the carrying amount of the liability in respect of the remaining coverage, the Company shall increase the liability in respect of the remaining coverage against an immediate recognition of a loss in the statement of profit and loss.

If a reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by it, the Company will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the carrying amount of the asset for remaining coverage.

The liability for incurred claims is calculated in accordance with the same principles as those used in the GMM model. The standard allows not to discount the future cash flows in respect of incurred claims if those cash flows are expected to be paid or received within one year or less from the date the claims are incurred. The Company has not implemented the abovementioned expedient.

The Company may implement the Premium Allocation Approach only if upon inception of the group:

a) The coverage period of each contract in the group is one year or less; or
b) The Company reasonably expects that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not differ materially from the measurement that would result from applying the general measurement model.

The Company expects that P&C insurance contracts and travel insurance contracts will be measured under the PAA model, but changes are possible as the process of applying the standard progresses.

Aggregation level

IFRS 17 requires the aggregation of insurance contract into groups for recognition and measurement purposes. The Company will determine the groups upon initial recognition and will not change the composition of the groups at a later date.

Initially, the Company is required to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Once it identified a portfolio, the Company shall divide it into a minimum of the following groups, based on the expected profitability upon initial recognition:

- A group of contracts, which are onerous at initial recognition;
- a group of contracts, which at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

In accordance with the standard, for contracts to which the Company applies the PPA model, the Company shall assume no contracts in the portfolio are onerous at the initial recognition date, unless facts and circumstances indicate otherwise. IFRS 17 stipulates that an entity shall not include contracts issued more than one year apart in the same group, such that each underwriting year will be associated with a separate group of insurance contracts.

The contract's boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations which exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder (single policyholder) or the insurance contracts portfolio.

Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations, which exist during the reporting period, in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the policyholder.

At this stage, the Company does not expect material changes to the contract boundary compared to IFRS 4.

Risk adjustment (RA) in respect of non-financial risk

The RA reflects the compensation, which the Company demands for bearing the uncertainty regarding the amount and timing of the cash flows arising from non-financial risks, which include insurance risk and other non-financial risks, such as lapse risk, and expenses risk. The RA also reflects the following:

- The level of compensation for diversification that the Company includes when setting the compensation it claims for bearing that risk; and

- Both favorable and unfavorable outcomes, in a way which reflects the Company's degree of risk aversion.

The Company adjusts the estimated present value of the future cash flows in respect of this amount, which is reflected separately in the Company's total liabilities.

IFRS 17 does not specify the estimation techniques used to determine the risk adjustment for non-financial risk.

The Company is still assessing the manner by which it will apply the determination of the risk adjustment for non-financial risk and the confidence interval which will be taken into account.

Interest rate curves

IFRS 17 stipulates that the estimates of future cash flows should be adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of the cash flows.

The standard stipulates that the discount rates applied to the estimates of the future cash flows shall:

The Company determines the real interest rate curves for all groups of insurance contracts using the bottom-up approach. In this approach, the discount rate is obtained by adding the illiquidity premium (which reflects the liability's illiquidity) to the risk-free interest rate curve.

The technique used to estimate the risk-free interest rate curve as described above is mostly in line with the approach implemented for purposes of Liability Adequacy Test (LAT) under IFRS 4.

The coverage units and the manner of releasing the contractual service margin (CSM)

The CSM represents the liability in respect of the unearned income relating to future services in the GMM and VFA measuring models. In accordance with the standard, the CSM will be recognized in profit and loss over the coverage period through a pattern, which reflects the insurance service provided by the Company in connection with the contracts, which are included in the insurance contracts group, and taking into account the service of investments in insurance contracts which include a savings component. This pattern is determined based on the coverage units, which were provided during the period compared to the coverage units, which are expected to be provided in the future in connection with the insurance contracts group.

The number of coverage units in a group is the quantity of coverage 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 period.

When a group of insurance contracts includes several types of insurance coverages and/or investment services, the Company weighs the different insurance units on the basis of the expected amount of benefits for the policyholder from each type of coverage or service.

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

Presentation

Under IFRS 17, the Company will disaggregate the amounts recognized in the statement of other comprehensive income into:

A. Insurance service results, comprising insurance revenue and insurance service expenses; and

B. Finance income or finance expenses from insurance.

The above disaggregation shall increase transparency as to the Company's sources of income.

Transitional provisions

IFRS 17 should be applied retrospectively (hereinafter - "Full Retrospective Application"), unless this is impractical.

In applying the Full Retrospective Application, the Company shall identify, recognize and measure each group of insurance contracts as if IFRS 17 had always been applied. Furthermore, the Company shall derecognize any existing balances, which would not exist had IFRS 17 always been applied. Any resulting net difference will be recognized in equity.

The transition date is January 1, 2024, such that upon initial application the Company will restate the comparative figures for 2024.

If Full Retrospective Application for a group of insurance contracts is impractical, the Company may opt to apply one of the following approaches separately for each insurance portfolio:

a) The modified retrospective approach - to achieve the closest outcome to Full Retrospective Application possible using reasonable and supportable information available without undue cost or effort; or

b) The fair value approach - in this approach the Company shall 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. It is noted that the draft circular includes the regulation of various aspects of the calculation of the fair value of the insurance portfolios on transition date, where an insurance company applies the fair value approach.

The Company expects to implement the retrospective application approach for the property and casualty insurance portfolios.

The Company expects that a Full Retrospective Application of IFRS 17 for groups of Life and Health Insurance contracts will be impractical. The Company is still studying the transition date approach for Life and Health Insurance portfolios.

C. IFRS 9 - Main changes in the accounting policies

Classification and measurement

Financial assets

In implementing IFRS 9, the Company will classify financial assets in accordance with their subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, based on the Company's business model for managing financial assets, and projected cash flow of the financial asset.

A financial asset will be measured at amortized cost if the two following conditions are fulfilled:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms and conditions of the financial asset provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount (hereinafter - the "Principal and Interest Test").

A financial asset will be measured at fair value through other comprehensive income if the two following conditions are fulfilled:

a) Equity instruments, which the Company opted to measure at fair value through other comprehensive income; or

b) The debt instrument is held within a business model whose objective is to collect contractual cash flows and to sell financial assets; and

c) The debt instrument fulfills the principal and interest criteria.

A financial asset will be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Notwithstanding the foregoing, on initial recognition date, the Company may designate a financial asset as measured at fair value through profit or loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency, which would have otherwise arisen from the measurement of assets or liabilities or from recognition of gains and losses thereon using different measurement bases.

The application of IFRS 9 will have the following effect on the classification and measurement of the Company's financial assets:

Participating portfolio

The underlying items of insurance contracts, which include participating savings and other insurance contracts, which include profit participation, will be measured at fair value through profit or loss, similarly to the current practice under IAS 39.

The nostro portfolio

- Derivatives will be measured at fair value through profit or loss as is the case in IAS 39.
- It is expected that investments in debt instruments, which do not meet the Solely Payments of Principal and Interest test shall be classified to fair value through profit or loss.

- It is expected that investments in liquid equity and debt instruments will be measured at fair value through profit or loss rather than at fair value through capital reserve (available-for-sale financial assets) under IAS 39.
- It is expected that the remaining debt assets held against liabilities in respect of insurance contracts will be designated to fair value through profit or loss in order to avoid an accounting mismatch with liabilities in respect of insurance contracts.
- The remaining debt assets, which are not held against liabilities in respect of insurance contracts, are still being assessed.

  The decisions as to the classification and measurement of the nostro portfolio will be assessed on an ongoing basis as the standard's application process progresses.

<u>Financial liabilities</u>

The Company does not expect a material change in the classification and measurement of the financial liabilities, except for the measurement of financial liabilities, the conditions of which did not change materially as part of the replacement of equity instruments. This matter will be assessed on an ongoing basis as the standard's application process progresses.

Impairment model of financial assets

At each reporting date, the Company shall test the provision for loss in respect of financial debt instruments that are not measured at fair value through profit or loss should be estimated.

The Company shall differentiate between two situations of recognition of a provision for loss:

a) Debt instruments with no significant impairment in credit quality since the initial recognition date or with a low credit risk - the provision for loss recognized for this debt instrument will take into account current expected credit losses in the 12 months period after the reporting date; or

b) debt instruments with significant deterioration in credit quality since the initial recognition date and their credit risk is not low, the provision for loss recognized will take into account the expected credit losses - over the balance of the useful life of the instrument. The will apply Company the expedient, according to which it shall assume that the credit risk of a debt instrument has not increased significantly since its initial recognition date, if it is determined, at the reporting date, that the instrument has low credit risk, for example - if the instrument has an external "investment grade" rating.

The impairment in respect of debt instruments measured at amortized cost shall be recognized in profit or loss against a provision, whereas the impairment in respect of debt instruments measured at fair value through other comprehensive income shall be recognized against capital reserve and will not reduce the carrying amount of the financial asset in the statement of financial position.

Appendix 1 - Breakdown of assets for yield-dependent contracts and other financial investments of the consolidated insurance companies registered in Israel

1. Assets for yield-dependent contracts

Following is a breakdown of assets held against insurance contracts and investment contracts:

	As of June 30		As of December 31
	2024	2023	2023
In NIS million	**Unaudited**		**Audited**
Investment property *)	**3,877**	3,825	3,839
Financial investments:			
Liquid debt assets	**25,433**	30,633	28,065
Illiquid debt assets	**7,830**	8,934	8,199
Shares	**18,303**	18,102	17,378
Other financial investments	**32,473**	26,567	30,491
Total financial investments *)	**84,039**	84,236	84,133
Cash and cash equivalents	**4,584**	3,910	4,418
Other **)	**1,503**	2,600	1,622
Total assets for yield-dependent contracts	**94,003**	94,571	94,012

*) Fair value through profit and loss

**) The balance includes mainly collectible premiums, reinsurer balances, collateral for activity in forward contracts and outstanding securities transactions as of the date of the financial statements.

2. Details of other financial investments

	As of June 30, 2024			
	Fair value through profit and loss	Available-for-sale	Loans and receivables	Total
In NIS million	Unaudited			
Liquid debt assets (a)	**200**	**5,873**	**-**	**6,073**
Illiquid debt assets (b)	**29**	**-**	**25,170**	**25,199**
Shares (c)	**-**	**1,716**	**-**	**1,716**
Other (d)	**612**	**5,279**	**-**	**5,891**
Total other financial investments	**841**	**12,868**	**25,170**	**38,879**

	As of June 30, 2023			
	Fair value through profit and loss	Available-for-sale	Loans and receivables	Total
In NIS million	Unaudited			
Liquid debt assets (a)	138	6,210	-	6,348
Illiquid debt assets (b)	1	-	23,738	23,739
Shares (c)	-	1,689	-	1,689
Other (d)	451	4,512	-	4,963
Total other financial investments	590	12,411	23,738	36,738

	As of December 31, 2023			
	Fair value through profit and loss	Available-for-sale	Loans and receivables	Total
In NIS million	Audited			
Liquid debt assets (a)	195	6,212	-	6,407
Illiquid debt assets (b)	28	-	24,444	24,472
Shares (c)	-	1,647	-	1,647
Other (d)	926	4,820	-	5,746
Total other financial investments	1,149	12,679	24,444	38,272

A. Liquid debt assets - composition

In NIS million	As of June 30, 2024 Carrying amount	Amortized cost [1]
	Unaudited	
Government bonds	**3,146**	**3,376**
Other debt assets		
Other non-convertible debt assets	**2,901**	**3,070**
Other convertible debt assets	**26**	**29**
	2,927	**3,099**
Total liquid debt assets	**6,073**	**6,475**
Impairments carried to profit and loss (cumulative)	**2**	

In NIS million	As at June 30, 2023 Carrying amount	Amortized cost [1]
	Unaudited	
Government bonds	3,235	3,346
Other debt assets		
Other non-convertible debt assets	3,086	3,193
Other convertible debt assets	27	32
	3,113	3,225
Total liquid debt assets	6,348	6,571
Impairments carried to profit and loss (cumulative)	1	

In NIS million	As of December 31, 2023 Carrying amount	Amortized cost [1]
	Audited	
Government bonds	3,131	3,247
Other debt assets		
Other non-convertible debt assets	3,251	3,299
Other convertible debt assets	25	29
	3,276	3,328
Total liquid debt assets	6,407	6,575
Impairments carried to profit and loss (cumulative)	2	

1) Amortized cost - cost less principal payments, plus (minus) cumulative amortization according to the effective interest method of any difference between the cost and the repayment amount and less any amortization for impairment recognized in profit and loss.

B. Illiquid debt assets - composition *)

	As of June 30, 2024	
	Carrying amount	Fair value
In NIS million	**Unaudited**	
Government bonds		
Hetz bonds and treasury deposits	**16,912**	**21,143**
Other non-convertible debt assets, excluding deposits with banks	**7,828**	**7,824**
Deposits with banks	**459**	**464**
Total illiquid debt assets	**25,199**	**29,431**
Impairments carried to profit and loss (cumulative)	**35**	

	As at June 30, 2023	
	Carrying amount	Fair value
In NIS million	**Unaudited**	
Government bonds		
Hetz bonds and treasury deposits	16,507	23,023
Other non-convertible debt assets, excluding deposits with banks	6,603	6,592
Deposits with banks	629	649
Total illiquid debt assets	23,739	30,264
Impairments carried to profit and loss (cumulative)	44	

	As of December 31, 2023	
	Carrying amount	Fair value
In NIS million	**Audited**	
Government bonds		
Hetz bonds and treasury deposits	16,634	22,279
Other non-convertible debt assets, excluding deposits with banks	7,287	7,297
Deposits with banks	551	566
Total illiquid debt assets	24,472	30,142
Impairments carried to profit and loss (cumulative)	42	

*) The fair value of designated bonds was calculated in accordance with the repayment date of guaranteed return liabilities. The fair value of treasury deposits was calculated in accordance with the contractual repayment date.

C. Shares

In NIS million	As of June 30, 2024	
	Carrying amount	Cost
	Unaudited	
Liquid shares	**891**	**883**
Illiquid shares	**825**	**893**
Total shares	**1,716**	**1,776**
Impairments carried to profit and loss (cumulative)	**330**	

In NIS million	As at June 30, 2023	
	Carrying amount	Cost
	Unaudited	
Liquid shares	853	882
Illiquid shares	836	817
Total shares	1,689	1,699
Impairments carried to profit and loss (cumulative)	223	

In NIS million	As of December 31, 2023	
	Carrying amount	Cost
	Audited	
Liquid shares	897	910
Illiquid shares	750	833
Total shares	1,647	1,743
Impairments carried to profit and loss (cumulative)	330	

D. Other financial investments [1)]

	As of June 30, 2024	
	Carrying amount	Cost
In NIS million	**Unaudited**	
Liquid financial investments	**728**	**690**
Illiquid financial investments	**5,163**	**3,605**
Total other financial investments	**5,891**	**4,295**
Impairments carried to profit and loss (cumulative)	**147**	

	As at June 30, 2023	
	Carrying amount	Cost
In NIS million	**Unaudited**	
Liquid financial investments	651	611
Illiquid financial investments	4,312	2,975
Total other financial investments	4,963	3,586
Impairments carried to profit and loss (cumulative)	139	

	As of December 31, 2023	
	Carrying amount	Cost
In NIS million	**Audited**	
Liquid financial investments	923	887
Illiquid financial investments	4,823	3,342
Total other financial investments	5,746	4,229
Impairments carried to profit and loss (cumulative)	125	

1. Other financial investments mainly include investments in ETFs, participation certificates in mutual funds, investment funds, financial derivatives, futures, options and structured products.

Appendix 2 - Interest income and expense rates and analysis of the changes in Max's interest income and expenses

Average balances and interest rates (unaudited)

	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	Average balance (1)	Interest income (expenses)	% of income (expense)	Average balance (1)	Interest income (expenses)	% of income (expense)
In NIS million			Percen-tage			Percen-tage
Interest-bearing assets						
Credit to private individuals (2)	**9,469**	**261**	**11.03**	9,046	252	11.14
Commercial credit (2)(5)	**3,361**	**53**	**6.31**	3,458	51	5.90
Total credit	**12,830**	**314**	**9.79**	12,504	303	9.69
Deposits with banks	**634**	**5**	**3.15**	654	4	2.45
Other assets	**68**	**1**	**58.82**	1	-	-
Total assets	**13,532**	**320**	**9.46**	13,159	307	9.33
Non-interest-bearing receivables for credit card transactions	**4,709**			4,404		
Amounts receivable for credit card activity	**1,129**			1,082		
Other non-interest-bearing assets (3)	**473**			474		
Total assets	**19,843**			19,119		
Interest bearing liabilities						
Credit from banking corporations	**4,993**	**(85)**	**(6.81)**	5,282	(85)	(6.44)
Bonds and subordinated notes	**820**	**(11)**	**(5.37)**	498	(6)	(4.82)
Other liabilities	**75**	**(19)**	**-**	31	(20)	-
Total interest-bearing liabilities	**5,888**	**(115)**	**(7.81)**	5,811	(111)	(7.64)
Payables for credit card activity (5)	**11,290**			10,909		
Other non-interest-bearing liabilities (6)	**731**			665		
Total liabilities	**17,909**			17,385		
Total capital resources	**1,934**			1,734		
Total capital commitments and resources	**19,843**			19,119		
Interest rate spread			**1.65**			1.69
Net return on interest-bearing assets (4)	**13,532**	**205**	**6.06**	13,159	196	5.96

(1) Based on beginning-of-month balances.
(2) Before deducting the average on-balance sheet balance of credit loss provisions. Including debts that do not accrue interest income.
(3) Including derivatives, other non-interest-bearing assets, non-monetary assets, and less credit loss provision.
(4) Net return – net interest income divided by total interest-bearing assets.
(5) Including average balance of early payments to merchants and factoring of credit card vouchers for merchants.
(6) Including derivative instruments and non-monetary liabilities.

In NIS million	For the six months ended June 30, 2024 Average balance (1)	Interest income (expenses)	% of income (expense) Percentage	For the six months ended June 30, 2023 Average balance (1)	Interest income (expenses)	% of income (expense) Percentage
Interest-bearing assets						
Credit to private individuals (2)	**9,378**	**514**	**10.96**	8,876	482	10.86
Commercial credit (2)(5)	**3,388**	**100**	**5.90**	3,379	96	5.68
Total credit	**12,766**	**614**	**9.62**	12,255	578	9.43
Deposits with banks	**607**	**10**	**3.29**	587	8	2.73
Other assets	**63**	**1**	**0.03**	7	-	-
Total assets	**13,436**	**625**	**9.30**	12,849	586	9.12
Non-interest-bearing receivables for credit card transactions	**4,458**			4,385		
Amounts receivable for credit card activity	**1,097**			1,061		
Other non-interest-bearing assets (3)	**448**			491		
Total assets	**19,439**			18,786		
Interest bearing liabilities						
Credit from banking corporations	**4,966**	**(163)**	**(6.56)**	5,235	(152)	(5.81)
Bonds and subordinated notes	**793**	**(23)**	**(5.80)**	495	(12)	(4.85)
Other liabilities	**48**	**(44)**	**-**	25	(37)	-
Total interest-bearing liabilities	**5,807**	**(230)**	**(7.92)**	5,755	(201)	(6.99)
Payables for credit card activity (5)	**11,012**			10,660		
Other non-interest-bearing liabilities (6)	**720**			663		
Total liabilities	**17,539**			17,078		
Total capital resources	**1,900**			1,708		
Total capital commitments and resources	**19,439**			18,786		
Interest rate spread			**1.38**			2.13
Net return on interest-bearing assets (4)	**13,436**	**395**	**5.88**	12,849	385	5.99

(1) Based on beginning-of-month balances.
(2) Before deducting the average on-balance sheet balance of credit loss provisions. Including debts that do not accrue interest income.
(3) Including derivatives, other non-interest-bearing assets, non-monetary assets, and less credit loss provision.
(4) Net return – net interest income divided by total interest-bearing assets.
(5) Including average balance of early payments to merchants and factoring of credit card vouchers for merchants.
(6) Including derivative instruments and non-monetary liabilities.

Average balances and interest rates - additional information on interest-bearing assets and liabilities (unaudited)

	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	Average balance (1)	Interest income (expenses)	% of income (expense)	Average balance (1)	Interest income (expenses)	% of income (expense)
In NIS million			Percentage			Percentage
Non-linked NIS						
Total interest-bearing assets	**13,008**	**307**	**9.44**	13,024	304	9.34
Total interest-bearing liabilities	**5,647**	**(110)**	**(7.79)**	5,735	(110)	(7.67)
Interest rate spread	**-**	**-**	**1.65**	-	-	1.67
CPI-linked NIS						
Total interest-bearing assets	**457**	**13**	**11.38**	75	2	10.67
Total interest-bearing liabilities	**239**	**(5)**	**(8.37)**	72	(1)	(5.56)
Interest rate spread	**-**	**-**	**3.01**	-	-	5.11
Foreign currency (including foreign-currency linked NIS)						
Total interest-bearing assets	**67**	**-**	**-**	60	1	6.67
Total interest-bearing liabilities	**2**	**-**	**-**	4	-	-
Interest rate spread	**-**	**-**	**-**	-	-	6.67
Total activity						
Total interest-bearing assets	**13,532**	**320**	**9.46**	13,159	307	9.33
Total interest-bearing liabilities	**5,888**	**(115)**	**(7.81)**	5,811	(111)	(7.64)
Interest rate spread	**-**	**-**	**1.65**	-	-	1.69

(1) Based on beginning-of-month balances.

In NIS million	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Average balance (1)	Interest income (expenses)	% of income (expense)	Average balance (1)	Interest income (expenses)	% of income (expense)
			Percentage			Percentage
Non-linked NIS						
Total interest-bearing assets	**13,055**	**608**	**9.31**	12,697	581	9.15
Total interest-bearing liabilities	**5,664**	**(225)**	**(7.94)**	5,670	(199)	(7.02)
Interest rate spread			**1.37**			2.13
CPI-linked NIS						
Total interest-bearing assets	**322**	**17**	**10.56**	81	4	9.88
Total interest-bearing liabilities	**142**	**(5)**	**(7.04)**	83	(2)	(4.82)
Interest rate spread			**3.52**			5.06
Foreign currency (including foreign-currency linked NIS)						
Total interest-bearing assets	**59**	**-**	**-**	71	1	2.82
Total interest-bearing liabilities	**1**	**-**	**-**	2	-	-
Interest rate spread			**-**			2.82
Total activity						
Total interest-bearing assets	**13,436**	**625**	**9.30**	12,849	586	9.12
Total interest-bearing liabilities	**5,807**	**(230)**	**(7.92)**	5,755	(201)	(6.99)
Interest rate spread			**1.38**			2.13

(1) Based on beginning-of-month balances.

Analysis of changes in interest income and expenses (unaudited)

In NIS million	For the three months ended June 30, 2024 compared to the three months ended June 30, 2023		
	Increase (decrease) due to change		
	Quantity	Price	Net change
Interest-bearing assets			
Credit to private individuals	12	(3)	9
Commercial credit	(2)	4	2
Total credit	10	1	11
Deposits with banks	(1)	2	1
Other assets	1	-	1
Total interest income	10	3	13
Interest bearing liabilities			
Credit from banking corporations	5	(5)	-
Bonds and subordinated notes	(5)	-	(5)
Other liabilities	(20)	21	1
Total interest income (expenses)	(20)	16	(4)
Total interest income (expenses), net	(10)	19	9

In NIS million	For the six months ended June 30, 2024 compared to the six months ended June 30, 2023		
	Increase (decrease) due to change		
	Quantity	Price	Net change
Interest-bearing assets			
Credit to private individuals	28	4	32
Commercial credit	-	4	4
Total credit	28	8	36
Deposits with banks	-	2	2
Other assets	1	-	1
Total interest income	29	10	39
Interest bearing liabilities			
Credit from banking corporations	9	(20)	(11)
Bonds and subordinated notes	(9)	(2)	(11)
Other liabilities	(21)	14	(7)
Total interest income (expenses)	(21)	(8)	(29)
Total interest income (expenses), net	8	2	10

Clal Insurance Enterprises Holdings Ltd.

Separate Financial Data from the Consolidated Interim Financial Statements Attributable to the Company

as of June 30, 2024

(Regulation 38D)

(Unaudited)

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Attn.

Shareholders of Clal Insurance Enterprises Holdings Ltd.

Re: Special report of the independent auditors on Separate Financial Information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information provided in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of Clal Insurance Enterprises Holdings Ltd. (hereinafter – the "Company") as of June 30, 2024 and for the six- and three-month periods then ended. The Interim Separate Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the separate interim financial information for these interim periods based on our review.

Scope of the Review

We performed our review pursuant to Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of inquiries, mostly of persons responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards in Israel and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Consequently, we are not expressing an audit opinion.

Conclusion

Based on our review and the review report of other independent auditors, nothing has come to our attention that causes us to believe that the abovementioned Separate Interim Financial Information does not comply, in all material respects, with the disclosure provisions of Chapter 38D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
August 20, 2024

Somekh Chaikin
Certified Public Accountants

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Joint Independent Auditors

Interim Data on Financial Position

In NIS million	As of June 30 2024	As of June 30 2023	As of December 31 2023
	Unaudited		Audited
Assets			
Investment in investees	**9,350**	8,173	8,418
Loans and balances of investees	**1,009**	663	704
Receivables and debit balances	**1**	1	-
Other financial investments:			
Liquid debt assets	**20**	4	906
Shares	**21**	14	17
Other	**36**	105	87
Total other financial investments	**77**	123	1,011
Cash and cash equivalents	**11**	9	9
Total assets	**10,448**	8,968	10,142
Equity			
Share capital	**167**	167	167
Share premium	**2,396**	2,389	2,390
Capital reserves	**1,070**	1,055	1,005
Retained earnings	**5,271**	4,705	5,019
Total equity	**8,903**	8,316	8,581
Liabilities			
Payables and credit balances	**24**	17	45
Balances of investees	**3**	2	1
Current tax liability	**-**	4	-
Deferred tax liability	**-**	5	-
Financial liabilities	**1,518**	625	1,514
Total liabilities	**1,545**	653	1,561
Total equity and liabilities	**10,448**	8,968	10,142

The attached additional information is an integral part of the Company's Interim Separate Financial Information.

August 20, 2024			
Approval date of the financial statements	**Haim Samet** Chairman of the Board of Directors	**Yoram Naveh** CEO	**Eran Czerninski** Executive Vice President Head of the Finance Division

Interim Profit and Loss Data

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
In NIS million		Unaudited			Audited
Company's share in the income (losses) of investees, net of tax	**267**	(96)	**222**	1	206
Investment income (losses), net and finance income					
From investees	**21**	23	**14**	12	39
Other	**12**	12	**1**	5	24
Total income	**300**	(61)	**236**	19	269
General and administrative expenses	**6**	9	**3**	5	16
Finance expenses	**40**	8	**20**	6	33
Total expenses	**45**	17	**23**	10	49
Income (loss) before income tax	**254**	(78)	**214**	9	220
Income tax expense (tax benefit)	**-**	4	**-**	2	-
Income (loss) for the period	**254**	(82)	**214**	7	220

The attached additional information is an integral part of the Company's Interim Separate Financial Information.

Interim Comprehensive Income Data

In NIS million	For the six-month period ended June 30 2024	2023	For the three-month period ended June 30 2024	2023	For the year ended December 31 2023
		Unaudited			Audited
Income (loss) for the period	**254**	(82)	**214**	7	220
Other comprehensive income:					
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss:					
Other comprehensive income (loss) in respect of investees that was transferred or will be transferred to profit and loss, net of tax	**65**	134	**(58)**	147	84
Other comprehensive income (loss) for the period carried or to be carried to profit and loss, before tax	**65**	134	**(58)**	147	84
Taxes (tax benefit) in respect of other components of comprehensive income (loss)	**-**	-	**-**	-	-
Other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss, net of tax	**65**	134	**(58)**	147	84
Items of other comprehensive income not transferred to profit and loss:					
Other comprehensive income for investees not transferred to profit and loss, net of tax	**1**	-	**1**	-	-
Other comprehensive income for the period, not transferred to profit and loss, net of tax	**1**	-	**1**	-	-
Other comprehensive income (loss) for the period	**66**	135	**(57)**	147	85
Total comprehensive income for the period	**320**	52	**157**	154	305

The attached additional information is an integral part of the Company's Interim Separate Financial Information.

Interim Data on Changes in Cash Flows

In NIS million	For the six-month period ended June 30 2024	2023	For the three-month period ended June 30 2024	2023	For the year ended December 31 2023
	Unaudited				Audited
Cash flows from operating activities					
Income (loss) for the period	**254**	(82)	**214**	7	220
Adjustments:					
Company's share in the profits (losses) of investees	**(267)**	96	**(222)**	(1)	(206)
Dividend from investees	**-**	17	**-**	15	25
Interest accrued on deposits with banks	**-**	(8)	**-**	(2)	(9)
Interest accrued in respect of the capital note for the investee	**(10)**	(16)	**(14)**	(12)	(31)
Accrued interest and deduction of issuance costs and discount for bonds	**39**	8	**20**	6	33
Income from other financial investments	**(10)**	(3)	**-**	(3)	(14)
Income tax	**-**	4	**-**	2	-
Total adjustments	**(248)**	98	**(216)**	3	(203)
Changes in other items in the data on financial position, net:					
Change in receivables and debit balances	**(1)**	-	**-**	-	-
Change in payables and credit balances	**-**	(3)	**2**	(2)	(5)
Total changes in other items in the data on financial position, net	**-**	(3)	**2**	(2)	(6)
Cash received during the period for:					
Net cash provided by operating activity for transactions with investees	**1**	3	**3**	(1)	3
Interest received	**1**	8	**-**	2	9
Income tax received (paid)	**-**	(4)	**-**	-	(9)
Net cash provided by operating activities	**9**	20	**3**	9	15
Cash flows provided by investing activities					
Repayment of interest from the capital note to the investee	**-**	-	**-**	-	23
Investment in investees 2)	**(891)**	(1,255)	**-**	(435)	(1,294)
Investment in available-for-sale financial assets	**(33)**	(11)	**(6)**	(4)	(908)
Proceeds from sale of available-for-sale financial assets	**976**	86	**4**	74	106
Net cash provided by (used for) investing activities	**53**	(1,180)	**(2)**	(365)	(2,072)
Cash flows provided by financing activities					
Interest paid on the bonds	**(59)**	-	**(11)**	-	-
Proceeds of bond issuance (less issuance expenses)	**-**	641	**-**	244	1,537
Net cash provided by (used for) financing activities	**(59)**	641	**(11)**	244	1,537
Increase (decrease) in cash and cash equivalents	**3**	(519)	**(10)**	(112)	(520)
Cash and cash equivalents as of the beginning of the period	**9**	529	**21**	121	529
Cash and cash equivalents as of the end of the period	**11**	9	**11**	9	9

Additional Information

1. General

The Interim Separate Financial Information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 and does not include all the information required under Regulation 9C and the Tenth Addendum to the Securities Regulation (Periodic and Immediate Reports), 1970, "Separate Financial Information of the Corporation". This separate interim financial information should be read in conjunction with the separate financial information as of the date and year ended December 31, 2023 and in conjunction with the condensed consolidated interim financial statements as of June 30, 2024 (hereinafter - the "**Consolidated Interim Financial Statements**").

2. Investment in CIMax and full repayment of the syndicated loan

In February 2024, the Company transferred to CIMax a total of approx. NIS 891 million. (Of that amount, a total of approx. 600 is with respect to an investment in CIMax and the balance against capital notes issued to the Company by CIMax). The capital notes do not bear interest or linkage and will be repayable after 5 years, at the lender's discretion. On the same date, CIMax used the proceeds for full early repayment of the syndicated loan (for further details, see Note 6(c) to the Consolidated Interim Financial Statements).

3. Share-based payment

For details regarding the option plan published by the Company subsequent to the report date, see Note 12(c) to the Consolidated Interim Financial Statements.

Clal Insurance Enterprises Holdings Ltd.

Quarterly Report on the Effectiveness of the Internal Control

over Financial Reporting and Disclosure

as of June 30, 2024

in accordance with Regulation 38C(a)

Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure in accordance with Regulation 9B(a)

Management, under the supervision of the Board of Directors of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "Corporation") is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

For this matter, the members of management are:

1. Yoram Naveh - CEO of the Company and Clal Insurance;
2. Eran Cherninsky - Head of the Finance Division (an officer in Clal Insurance and Clal Holdings);
3. Dror Biran - Legal Counsel (an officer in Clal Insurance and Clal Holdings);
4. Tomer David - Internal Auditor (an officer in Clal Insurance and Clal Holdings);
5. Barak Benski - Head of the Investments Division (an officer in Clal Insurance and Clal Holdings);
6. Avi Ben Noon - Chief Risk Officer (an officer in Clal Insurance and Clal Holdings);

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were planned or overseen by the CEO and the most senior financial officer or under their supervision, or by whoever fulfills these functions in practice, under the supervision of the Board of Directors of the Corporation, and were designed to provide reasonable assurance as to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format laid down in law.

Among other things, internal controls include controls and procedures planned to ensure that all information that the Corporation is required to disclose as aforesaid is collected and transferred to the Corporation's management, including the chief executive officer and the most senior financial officer, or the equivalent acting officers, in order to allow decision making on a timely basis with respect to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the financial statements shall be prevented or detected.

Clal Insurance Company Ltd. (hereinafter - "Clal Insurance"), a subsidiary of the Corporation, is an institutional entity which is subject to the directives of the Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance regarding the assessment of the effectiveness of internal controls over financial reporting.

In relation to internal controls in the said subsidiary, the Corporation implements the following directives: The Institutional Entities Circular 2009-9-10 on "Management's Responsibility for Internal Control over Financial Reporting"; Institutional Entities Circular 2010-9-6 on "Management's Responsibility for Internal Control over Financial Reporting - Amendment" and Institutional Entities Circular 2010-9-7 on "Internal Control over Financial Reporting - Statements, Reports and Disclosures".

Max It Finance Ltd., a subsidiary of the Corporation, is a credit card company, which is subject to the directives of the Banking Supervision Department regarding the assessment of the effectiveness of internal control over financial reporting.

With respect to the internal control of the said subsidiary, the Corporation implements the following provisions: Proper Conduct of Banking Business Directive 309.

In the quarterly report on the effectiveness of internal control over financial reporting and the disclosure attached to the quarterly report for the period ended March 31, 2024 (hereinafter - the "Last Quarterly Internal Control Report"), the internal control was found to be effective.

As of the report date, the Board of Directors and management have not been informed of any event or matter that may alter the assessment of the effectiveness of internal control, as presented in the Most Recent Quarterly Report over Internal Control.

As of the report date, based upon the said Last Quarterly Internal Control Report, and based upon information brought to the attention of Management and the Board of Directors as stated above, the internal controls are effective.

Certification by Officers
Certification by the CEO

I, Yoram Naveh, hereby declare that:

1. I have reviewed quarterly report of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "Corporation") for the second quarter of 2024 (hereinafter – the "Reports");
2. To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
3. To my knowledge, the financial statements and other financial information included in the Reports present fairly, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;
4. I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' balance sheet committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation's ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

   B. Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, state that:
   A. I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), -2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -

   B. I have established controls and procedures or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

   C. I have evaluated the effectiveness of internal control over financial reporting and disclosure and have presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of the said internal control as of the date of the reports.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Yoram Naveh

CEO

August 20, 2024

Certification by Officers

Certification by the Most Senior Financial Officer

I, Eran Cherninsky, hereby declare that:

1. I have reviewed Interim Financial Statements and other financial information included in the interim report of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "Corporation") for the second quarter of 2024 (hereinafter – the "Reports");
2. To my knowledge, the financial statements and financial information do not contain any misrepresentation of a material fact, nor omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
3. To my knowledge, the Financial Statements and other financial information included in the Reports present fairly, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;
4. I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' balance sheet committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
   A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure insofar as it relates to the financial statements and other financial information included in the Reports, that could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information so as to cast doubt on the reliability of financial reporting and the preparation of the financial statements in accordance with law; and -

   B. Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure.
5. I, alone or together with others in the Corporation, state that -
   A. I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), -2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -

   B. I have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

   C. My assessment of the effectiveness of internal control over financial reporting and disclosure, insofar as it relates to the financial statements and other financial information included in the Reports as of the Reports' date. My conclusions regarding my aforesaid assessment have been presented to the Board of Directors and management and are included in this report.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Eran Cherninsky

Executive Vice President

Head of the Finance Division

August 20, 2024

Statements regarding Controls and Procedures in respect of Disclosure in the Financial Statements of Clal Insurance Company Ltd.

Clal Insurance Company Ltd.
Certification

I, Yoram Naveh, hereby declare that:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter - the "Company") for the quarter ended June 30, 2024 (hereinafter - the "Report").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as of the dates and for the periods covered by the report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure[1] and internal control over financial[1] reporting of the Company; and -
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;
   B. We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting. and -
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' balance sheet committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Yoram Naveh

CEO

August 20, 2024

1. As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".

Clal Insurance Company Ltd.
Certification

I, Eran Cherninsky, hereby declare that:

1. I have reviewed the quarterly report of Clal Insurance Company Ltd. (hereinafter - the "Company") for the quarter ended June 30, 2024 (hereinafter - the "Report").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as of the dates and for the periods covered by the report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure[1] and internal control over financial[1] reporting of the Company; and -
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;
   B. We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting. and -
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' balance sheet committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Eran Cherninsky

Executive Vice President

Head of the Finance Division

August 20, 2024

1. As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".

Max It Finance Ltd.
Certification

I, Ron Fainaro, hereby declare that:

1. I have reviewed the quarterly report of Max It Finance Ltd. (hereinafter - the "Company") for the quarter ended June 30, 2024 (hereinafter - the "Report").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as of the dates and for the periods covered by the report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure(1) and internal control over financial(1) reporting of the Company; and -
   - A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;
   - B. We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;
   - C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -
   - D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting. and -
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' balance sheet committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   - A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   - B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Ron Fainaro

CEO

August 20, 2024

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management.

Max It Finance Ltd.
Certification

I, Sharon Gur, hereby declare that:

1. I have reviewed the quarterly report of Max It Finance Ltd. (hereinafter - the "Company") for the quarter ended June 30, 2024 (hereinafter - the "Report").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as of the dates and for the periods covered by the report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure(1) and internal control over financial(1) reporting of the Company; and -
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;
   B. We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting. and -
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' balance sheet committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Sharon Gur

CFO, Chief Accounting Officer

August 20, 2024

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management.

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