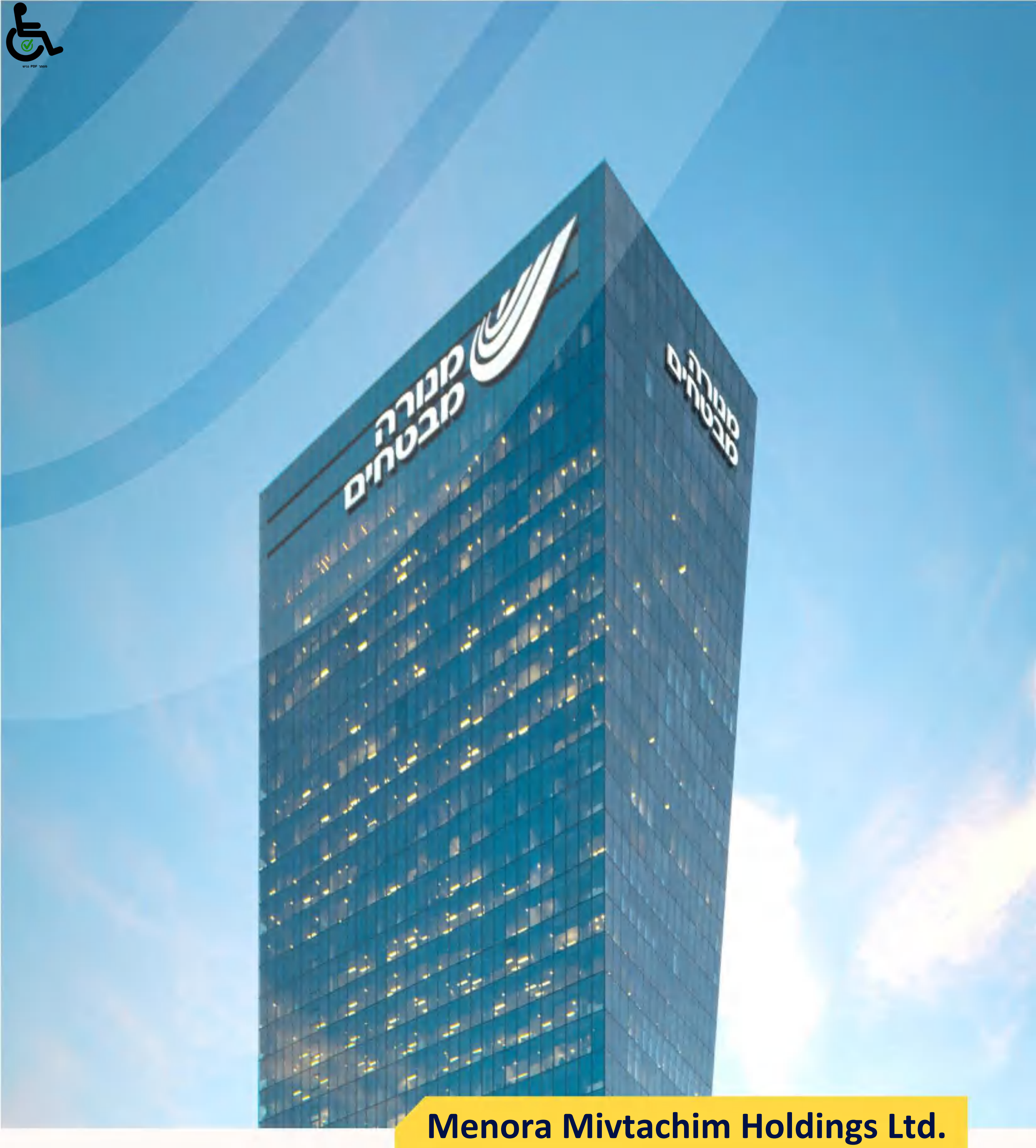

Menora Mivtachim Holdings Ltd.

Financial Statements as of September 30, 2024

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the September 30, 2024, financial report of Menora Mivtachim Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on November 28, 2024.

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

MENORA MIVTACHIM

Chapter A

Report of the Board of Directors

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Menora Mivtachim Holdings Ltd.

Report of the Board of Directors as of September 30, 2024

The following Report of the Board of Directors reviews the activity of Menora Mivtachim Holdings Ltd. (hereinafter - the "**Company**") for the nine months ended September 30, 2024 (hereinafter - the "**Reporting Period**"). The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, assuming that the reader also has at his/her disposal the Company's full 2023 Periodic Report, which was published on March 31, 2024 (hereinafter - the "**Periodic Report**").

With regard to the description of the businesses of the insurers consolidated in the Company's reports, the report was prepared pursuant to the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the circulars issued by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**").

1. Company description

1.1 The Company's shareholders

The Company is a publicly-traded company, whose shares are traded on the Tel Aviv Stock Exchange. The Company's principal shareholders are Palamas Establishment and Najaden Establishment (foreign corporations), which hold jointly in trust approx. 63.12%[1] of the Company's shares for Mss. Niva Gurevitch and Tali Griffel, respectively. The foreign corporations awarded Ms. Tali Griffel and Ms. Niva Gurevitch powers of attorney to vote on behalf of each of them (respectively) at general meetings of the Company, and accordingly Ms. Tali Griffel and Ms. Niva Gurevitch are considered as the Company's controlling shareholders (hereinafter - the "**Controlling Shareholders**"). As of the report date, the Company's CEO, Mr. Ari Kalman, holds - through an employee trust company - approx. 2.77%[2] of the Company's shares. The remaining Company shares are widely held.

1.2 The Company's areas of activity

As of the report date, the Company is engaged, through subsidiaries under its control, in all of the key insurance segments, including Life Insurance and Long-Term Savings, which includes Pension and Provident funds, Property and Casualty Insurance, which includes Motor Insurance (Compulsory and Property), Other Property and Casualty Insurance and Health Insurance. The Company is also engaged, through subsidiaries under its control, in other activities (which do not

[1] After deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 63.10%.

[2] After deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 2.77%.

constitute an "operating segment" as this term is defined in the Securities Regulations (Details of a Prospectus and Draft Prospectus - Structure and Format), 1969), such as the provision of securities distribution services and underwriting obligations, investments in real estate, financing and credit to SMEs, and provision of an undertaking for repayment of means of payments, through associates and investees.

In addition, the Group holds a control stake and/or means of control in various insurance agencies, through Menora Mivtachim Agencies Ltd. (which is wholly-owned and controlled by the Company), and through subsidiaries of Shomera Insurance Company Ltd. (hereinafter - "**Shomera**").

For a description of the Group's areas of activity, see Section 1.3 in the chapter entitled Description of the Corporation's Business in the Periodic Report.

2. Events and developments since the latest annual report

2.1 The Iron Swords War - consequences and effects

On October 7, 2023, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the "**Iron Swords War**" or the "**War**"). In view of the above and further to the letters issued on October 17 and November 8, 2023 by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**") to the Group's institutional entities regarding "Guidelines to Institutional Entities in View of the Iron Swords War" and "The Effects of the Iron Swords War on the Financial Statements, respectively, and further to points of emphasis published by the Israel Securities Authority to reporting corporations regarding a disclosure in connection with the Iron Swords War, the boards of directors of the companies and the Group's institutional entities held meetings in which, among other things, they analyzed the potential exposure to the effects of the War, and discussed the business continuity plan, the Company's preparedness to emergency scenarios, and the tools through which the Group can mitigate the risk, including from a financial perspective.

Following are the details of the main effects:

- **On the operational level:**

  Upon the outbreak of the War, the Company took action to facilitate remote work for most of their employees, with an emphasis on continuous provision of services to customers and employers in connection with essential process, specifically those listed in the Commissioner's letter, while monitoring different business parameters through relevant reporting mechanisms; enhancing the capability to provide services through digital channels - all, to the extent possible, while ensuring work safety, and mitigating the risks of remote working, including cyber and information security risks, and refreshing the business continuity procedures. During the Reporting Period, the Company resumed working full time in the Company's offices at the format which was in place prior to the outbreak of the War.

- **At the business level:**

  Life Insurance and Long-Term Savings - Most of the exposure in this subsegment stems from Life Insurance, Permanent Health Insurance, and Disability. The Company has in place reinsurance coverage for catastrophe events, which is supposed to absorb some of the exposure; in the opinion of the Company, based on the information available to date, the effect of the War on retention in the fourth quarter of 2023 amounts to approx. NIS 42 million (before tax) and during the reporting period totals approx. NIS 19 million (before tax) (a total of approx. NIS 8 million before tax during the third quarter). It is noted that following the war in Ukraine and the Iron Swords War, the reinsurers excluded war risks from catastrophe coverage in life and health insurance.

  Health insurance (including long-term care insurance) - the exposure as a result of the War on the Health and Long-Term Care Insurance operating segment is not expected to be material.

  Property and casualty insurance - Generally, damage to property due to a war event is not covered under a property insurance policy, and therefore the exposure as a result of the War is immaterial.

  Non-banking credit - the credit granting activity in the Group is carried out mostly by subsidiary ERN and the sub-subsidiary. Most of the effects of the War were felt in October and November 2023, and were reflected in a decline in transaction turnover and in income, and in an increase in default rates. As from December 2023, the effects of the War moderated. In addition, the direct effect of the War on the business results of the subsidiary and the sub-subsidiary is immaterial.

- **On the financial level:**

  Assets under management - The Iron Swords War triggered slumps in capital markets in Israel (both in share prices and in bond prices), which moderated beginning in November 2023 and even changed course to hikes as from December 2023 until the report date; as a result, there was an increase in the value of the nostro assets and Group's assets under management.

  Changes in the risk-free interest and the illiquidity premium (hereinafter - the "**interest rate curve**") - as a result of the War there was an increase in the Interest Rate Curve, and as from November 2023, the trend changed and the risk-free interest decreased, and in the short term the decrease was even higher than the said increase. It is noted that during the Reporting Period the there was an increase in the Interest Rate Curve, which has subsided during the third quarter and even subsequent to the balance sheet date.

The War's effects on the Group's results constitute forward-looking information, as defined in the Securities Law, 1968, which is based, among other things, on the Company's assessments and estimates as of this reporting date, and are based on the publications and on the guidance of the competent parties in Israel and abroad, which might change from time to time, and whose materialization is uncertain and is outside the Group's control. The Company's assessments may not materialize, or materialize in a manner that is materially different, due to, among other things, in view of the development of the War, and specifically as a result of the government's actions in response to those developments.

2.2 Market volatility

In 2022, there were declines in the financial markets due to the increase in the interest rate curve and due to the conflict between Russia and Ukraine. In view of the above, the declines in financial markets increased, specifically due to the hikes in interest rates across the world and in the USA, and the concern that a global recession will occur. Further to the above, the participating life insurance policies marketed through 2004 achieved negative real returns. Therefore, Menora Mivtachim Insurance did not record variable management fees since the beginning of 2022; rather, it only recorded fixed management fees. In 2023 and during the Reporting Period, there was a positive return, which partially offset the negative real return as stated above. Accordingly, the estimated management fees that will not be collected due to the negative real return until a cumulative positive return is achieved amounted, as of the report date, to approx. NIS 100 million before tax. Immediately prior to the financial statements publication date the management fees that will not be collected due to the negative real return were estimated at approx. NIS 75 million.

Furthermore, and in view of the War in Ukraine that is still raging, some western countries decided to collaborate and impose some significant financial and economic sanctions on Russia, as well as various trade restrictions on Russian entities (including financial institutions and various corporations, politicians, Russian businessmen, etc.); these sanctions and restrictions include a prohibition on trade, investment, and on maintaining economic relations, as well as the disconnection of some Russian banks from international financial systems. At the same time, the Russian government-imposed restrictions on the transfer of capital to destinations outside Russia. Menora Mivtachim group invested - together with partners - in assets located in Russia; the amount of the investment is immaterial compared to the Group's total assets; in view of the above, the Group's ability to dispose of the assets is limited, and so is its ability to transfer funds to destinations outside the Russian Federation.

2.3 Rating reiteration

In January 2024, Midroog announced that it reiterates the rating of the Company's Bonds (Series C) at Aa2 with a stable outlook. For further details, see the Company's immediate report dated January 10, 2024 (Ref. No. 2024-01-004998).

2.4 Dividend distribution

In March 2024, and in accordance with the dividend distribution policy, the Company declared the distribution of approx. NIS 175 million in dividend, which was distributed in April 2024. For further details, see the Company's immediate report dated March 31, 2024 (Ref. No. 2024-01-035040).

In August 2024, the Company declared the distribution of approx. NIS 170 million in dividend, which was distributed in September 2024. For further details, see the immediate report dated August 29 2024 (Ref. No. 2024-01-095845).

For further details regarding a NIS 115 million dividend distribution subsequent to the balance sheet date, see Section 14.2 below.

2.5 Dividend distribution by subsidiaries

In March 2024, Menora Insurance distributed a NIS 200 million dividend to the Company. Furthermore, Shomera distributed a NIS 50 million dividend to the Company.

In May 2024, the subsidiary Menora Mivtachim Pension and Provident Funds distributed a NIS 50 million dividend (the Company’s share is NIS 45 million) and declared - subsequent to the balance sheet date - in November 2024 - a NIS 50 million dividend (the Company’s share is NIS 45 million).

In August 2024, Menora Insurance declared a dividend distribution for the Company of NIS 100 million, which was paid in September 2024. Furthermore, in September, Shomera distributed a NIS 50 million dividend to the Company.

2.6 Signing an operating agreement with Maccabi

In December 2023, an agreement in principle was signed with Maccabi Healthcare Services (hereinafter - “**Maccabi**”) for the operation of long-term care insurance for Maccabi members, as from January 1, 2024, for a period of one year, with an extension option subject to meeting the terms and conditions detailed in the agreement in principle. The agreement in principle shall constitute the basis for a detailed agreement which will be signed between the parties, the key points of which are: Operation of the long-term care insurance of Maccabi members without bearing the insurance risk, against a consideration comprising management fees and reimbursement of expenses; dealing with long-term care insurance claims in accordance with the terms and conditions of the policy; management of the investments of the “Policyholders’ Fund”, all based on the revised legislative arrangement that was published in December 2023 by the Capital Markets Authority regarding collective long-term care insurance to members of health maintenance organizations; and arrangements and agreements regarding other operational and service-related issues, as will be agreed between the parties under the detailed agreement. On December 26, 2023, the Commissioner’s approval to operate the health insurance plan was received, thereby fulfilling the conditions precedent for the coming into effect of the agreement in principle.

2.7 Collective long-term care insurance - Leumit Health Services

Menora Insurance is the insurer in a collective long-term care insurance policy for members of the Leumit Health Services HMO. On March 26, 2024, the parties signed an addendum to the agreement such that from April 2024, the agreement with Leumit will be converted to an agreement for the operation of long-term care insurance claims for Leumit members in return for management fees as specified in the addendum to the agreement.

2.8 Quality investment agreement

In September 2022, a collaboration agreement was signed for the provision of reverse mortgage loans by Menora Insurance to borrowers located by Quality Credit Holdings Ltd. (hereinafter - “Quality” and the “Original Agreement”). On March 7, 2024, an agreement was signed between Menora Finance and Quality regarding an addendum to the original agreement in which it was agreed that Menora will exercise the call option granted to it to purchase shares in Quality at a rate not exceeding 27.5% of the issued and paid up share capital of Quality against payment to Quality of an amount based on a value of approx. NIS 70 million for the Company with respect to Quality. In June 2024, the approval of the Israel Competition Authority and the Capital Market, Insurance and Savings Authority was received, and this fulfilled the conditions precedent for the coming into force of the agreement.

2.9 Investment in Ampa Capital

In March 2024, the Company’s Board of Directors approved an investment in Ampa Capital in the amount of approx. NIS 50 million. The investment was made in two stages, half in April 2024 and the second half on December 31, 2024. The purpose of the investment is to increase the shareholders’ equity to support the growth of Ampa Capital’s activities. It is noted that the above investment will not change the Company’s holding rate in Ampa.

2.10 Collective agreement subsidiary - Menora Mivtachim Pension and Provident Funds

In April 2024, Menora Mivtachim Pension and Provident Funds Ltd. (hereinafter - “**Mivtachim Pension and Provident**”) signed a collective agreement with the Histadrut and Mivtachim Pension and Provident workers' committee (hereinafter - the “**New Agreement**”), further to a previous collective agreement, which was in effect through the end of 2023 (but continued to apply to the parties for an unlimited period thereafter). The term of the New Agreement starts on January 1, 2024 and ends at the end of 2027. The New Agreement will apply to all Mivtachim Pension and Provident’s employees, except for managers and employees serving in specific roles, which were defined in the agreement. The New Agreement revises the existing arrangements and does not have a material effect on Mivtachim Pension and Provident’s salary expenses.

2.11 Extraordinary annual general meeting

In May 2024, an extraordinary annual meeting of the Company was held, in which the Periodic Report of 2023 was approved; the independent auditor was reappointed and the Board of Directors was authorized to set its fees; the term in office of the following directors was renewed: Eran Griffel, Yonel Cohen, Yoav Kremer, Shai Feldman, and Orly Yarkoni; and the compensation payable to directors other than EDs or controlling shareholders of the Company was approved. In addition, the Company's Compensation Policy was approved for a period of three years. For further details, see the immediate report dated May 6, 2024 (Ref. No.: 2024-01-044032).

2.12 Rating - subsidiary and sub-subsidiary

In May 2024, Midroog published a tracking report of Menora Mivtachim Insurance Ltd. a company subsidiary, which reiterated the rating of the subsidiary and that of the notes issued by it and by Menora Mivtachim Capital Raising Ltd., a sub-subsidiary of the Company (hereinafter - "**Capital Raising**"). Accordingly, the subsidiary's rating is Aa1 with a stable outlook, the rating of the notes included in the Tier 2 and Tier 3 Capital is Aa2 with a stable outlook, and the rating of the notes comprising the hybrid Tier 2 Capital is Aa3 with a stable outlook. for further details, see the Company's immediate report dated May 29, 2024 (Ref. No. 2024-01-054253).

In August 2024, Midroog published a tracking report of the subsidiary, Shomera Insurance Company Ltd., which reiterated the subsidiary's rating - A1 with a stable outlook. To view the full rating report, see the immediate report dated August 22, 2024 (Ref. No. 2024-01-092704).

2.13 Mortality tables and a study on retirement age and pension takeup rates

In July 2024, the Capital Market, Insurance and Savings Authority (hereinafter - the "**Authority**") published the **Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds**, which includes a revision of the default assumptions used in calculating the liabilities and the conversion factors in life insurance policies and pension funds (hereinafter - the "**Circular**"). In addition, Menora Insurance completed as study on retirement age and pension takeup rates (hereinafter - the "**Study**").

The provisions of the Circular and Study results revise the assumptions underlying the calculations of liabilities and coefficients in life insurance policies and work in opposite manners, offsetting each other, such that the Circular has an adverse effect on the Company's financial results and economic solvency ratio of the Company, and the Study has a positive effect thereon. Based on estimates made by the Company as of the publication date of this report with regard to the provisions of the Circular and the effect of the Study, the total post-tax comprehensive income of Menora Insurance declined by approx. NIS 25 million (of which approx. NIS 60 million of the decrease in post-tax comprehensive income are in respect of the provisions of the Circular, and - on the other hand - an approx. NIS 34 million increase in post-tax comprehensive income are in respect of the results of the Study). The effect on the economic solvency ratio without applying the Transitional Provisions for the Transitional Period is immaterial.

2.14 Early repayment of Bonds (Series D) by a sub-subsidiary

In July 2024, Menora Mivtachim Gius Hon - a sub-subsidiary - executed an early and final repayment of the outstanding principal and interest of the Bonds (Series D) at a total amount of approx. NIS 300 million p.v.; for further details see the sub-subsidiary's immediate report of July 1, 2024 (Ref. No.: 2024-01-067192).

2.15 Shelf prospectuses

In July 2024, the Company and Menora Mivtachim Gius Hon - a sub-subsidiary of the Company - received from the Israel Securities Authority a permit to publish shelf prospectuses. For further details, see the immediate report of the Company dated July 31, 2024 (Ref. No.: 2024-01-081769) and the immediate report of the sub-subsidiary dated July 31, 2024 (references: 2024-01-081772).

2.16 Tender offer - Isracard

On October 31, 2024, the Company entered into an investment agreement with Isracard Ltd. (hereinafter - "**Isracard**") for the purchase of approx. 33% of Isracard's issued and paid-up share capital by way of private placement at pre-money valuation of NIS 3.15 billion. As a result of the acquisition, the Company will have a control stake in Isracard. It is noted that the completion of the transaction is subject to the fulfillment of conditions precedent. For further details, please see the Company's immediate report dated October 31, 2024 (Ref. No. 2024-01-613158).

2.17 Legal proceedings

For a description of legal and administrative proceedings, as well as regarding developments in the exposure to class actions and the approval of lawsuits which were filed against the Company and/or its consolidated companies, as class actions and other contingent claims, see Note 6 to the financial statements.

3. Capital requirements according to the solvency regime (in NIS thousand)

3.1 Solvency ratio and minimum capital requirement

A. Solvency ratio

Menora Insurance	As of June 30, 2024 Unaudited*	As of December 31, 2023 Audited**
	NIS thousand	
Without taking into account the Provisions for the Transitional Period:		
Shareholders equity in respect of SCR	7,319,041	7,042,994
Solvency capital requirement (SCR)	4,291,591	4,473,864
Surplus	3,027,450	2,569,130
Solvency ratio (%)	170.5%	157.4%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Capital redemption	(63,674)	-
Shareholders' equity for solvency purposes	7,255,367	7,042,994
Surplus	2,963,776	2,569,130
Solvency ratio (%)	169.1%	157.4%
The Board's target for the period (in %)	114.6%	114.3%
Capital surplus over target	2,335,364	1,930,007
Meeting milestones taking into account the Provisions for the Transitional Period:		
Shareholders equity in respect of SCR	7,822,412	7,524,516
Solvency capital requirement (SCR)	4,152,631	4,306,029
Surplus	3,669,782	3,218,487
Solvency ratio (%)	188.4%	174.7%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Capital redemption	(306,120)	-
Shareholders' equity for solvency purposes	7,516,292	7,524,516
Surplus	3,363,661	3,218,487
Solvency ratio (%)	181%	174.7%

B. Minimum capital requirement (MCR)

	As of June 30, 2024 Unaudited*	As of December 31, 2023 Audited**
	NIS thousand	
Minimum capital requirement (MCR)	1,389,931	1,315,136
Solvency capital requirement (SCR)	6,141,316	5,839,516

C. Solvency ratio

Shomera Insurance	As of June 30, 2024	As of December 31, 2023
	Unaudited*	Audited**
	NIS thousand	
Without taking into account the Provisions for the Transitional Period:		
Shareholders equity in respect of SCR	678,092	627,488
Solvency capital requirement (SCR)	473,888	462,009
Surplus	204,204	165,479
Solvency ratio (%)	143.1%	135.8%
The Board's target for the period (in %)	111.9%	110.9%
Excess capital over target (in NIS thousand)	147,608	115,186
Meeting milestones taking into account the Provisions for the Transitional Period:		
Shareholders equity in respect of SCR	678,092	627,488
Solvency capital requirement (SCR)	450,194	438,908
Surplus	227,898	188,580
Solvency ratio (%)	150.6%	143%

D. Minimum capital requirement (MCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited*	Audited**
	NIS thousand	
Minimum capital requirement (MCR)	193,399	138,093
Solvency capital requirement (SCR)	678,092	627,488

(*) The solvency ratio as of June 30, 2024 was reviewed by the Company's independent auditors in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

(**) The solvency ratio as of December 31, 2023 was reviewed by the Company's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3400) - The Examination of Prospective Financial Information. See Note 5 to the Consolidated Interim Financial Statements and the Economic Solvency Ratio Report on the Company's website.

The Solvency Ratio Report was prepared on the basis of the terms and conditions and the best estimate as known to the companies as of the June 30, 2024.

According to the Supervision of Financial Services Regulations (Provident Funds) (Minimum Equity Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the circulars by virtue of the said regulations, as of the report date, Menora Mivtachim Pension and Provident Funds has excess capital of approx. NIS 519 million.

As of the approval date of the financial statements, all Group companies comply with the capital requirements that were set for them, as the case may be (see also Note 5 to the Financial Statements).

3.2 Economic solvency regime based on Solvency II of an insurance company

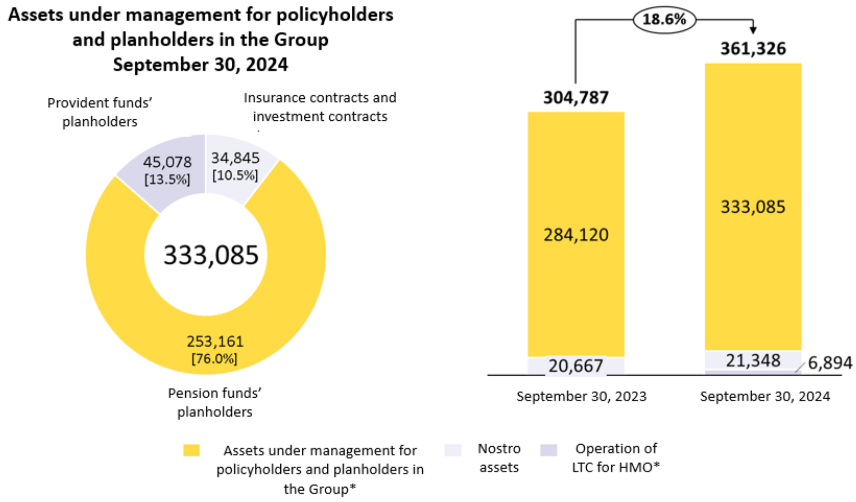
The target capital set by the consolidated insurance companies for the purpose of dividend distribution will be formed gradually. In November 2021, Shomera updated the target capital for dividend distribution purposes, such that it will increase gradually until reaching 113% (in lieu of the previous 110%) by approx. 2.1% per year through the end of the Transitional Period in 2024. Menora's target capital was set at 115% through the end of 2024. In November 2023, Menora Insurance updated the target capital, such as that from the end of 2024 the target capital will increase linearly from 115% as stated above to 130% in 2032. As of June 30, 2024, the target capital stands at approx. 114.6% and approx. 111.9% in Menora Insurance and Shomera Insurance, respectively.

It is hereby clarified that there is no certainty that the Consolidated Insurance Companies will meet this solvency ratio at each point in time.

For further details, see Section 7.1.2.2 (d)-(h) and Note 5 to the Financial Statements.

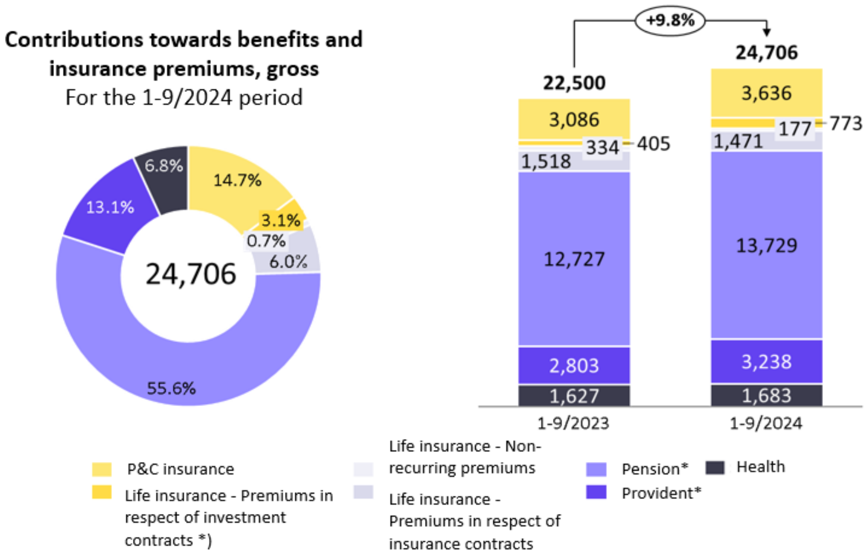
4. Assets under management and premiums

4.1 Assets under management (in NIS million)



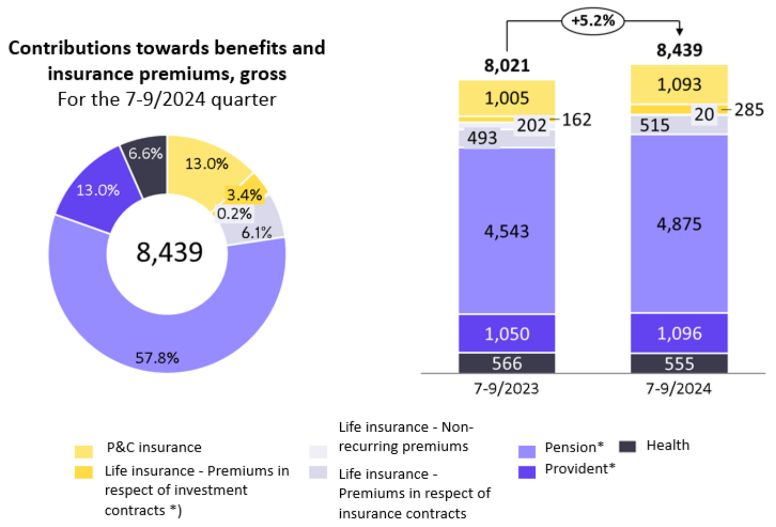
*) The consolidated financial statements do not include the assets under management in the pension funds and provident funds (except for guaranteed return provident fund tracks) as well as the assets under management with respect to the long-term care funds operation.

4.2 Contributions towards benefits and insurance premiums, gross in the Reporting Period (in NIS million)



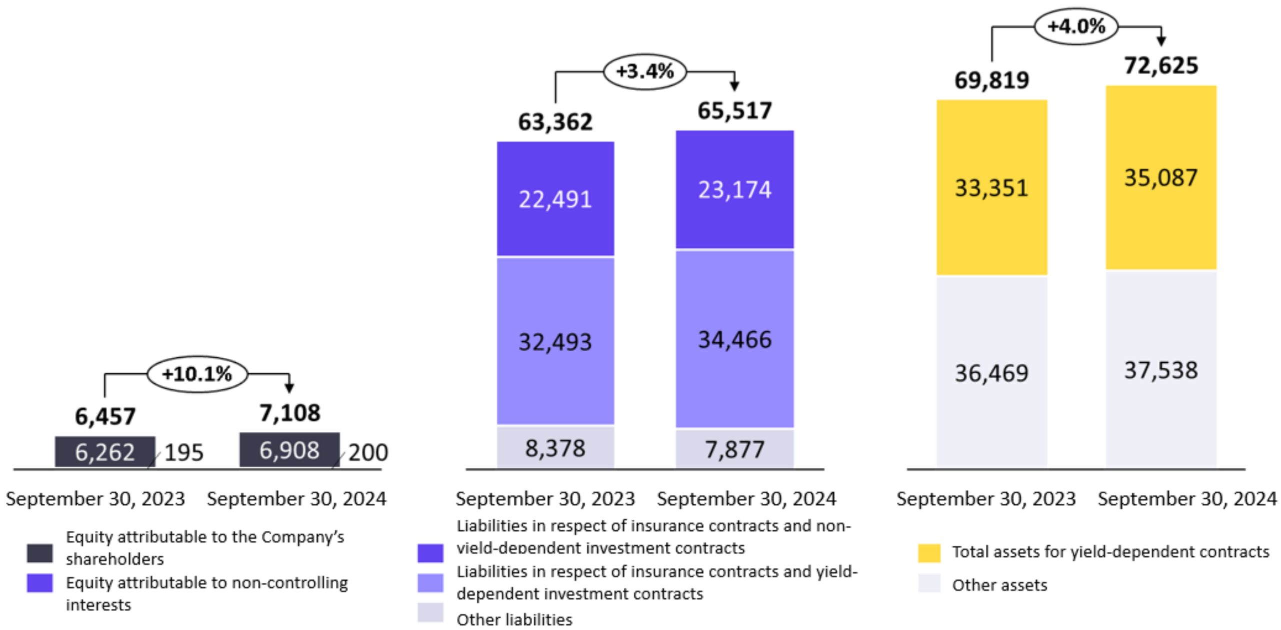
*) The Consolidated Financial Statements do not include the contributions towards benefits deposited with pension funds and provident funds (excluding guaranteed return provident funds tracks) as well as proceeds in respect of investment contracts which are recognized directly in insurance liabilities, and not recognized as premiums in the financial statements.

4.3 Contributions towards benefits and insurance premiums, gross in the quarter (in NIS million)



*) The Consolidated Financial Statements do not include the contributions towards benefits deposited with pension funds and provident funds (excluding guaranteed return provident funds tracks) as well as proceeds in respect of investment contracts which are recognized directly in insurance liabilities, and not recognized as premiums in the financial statements.

4.4 Key data from the consolidated balance sheets



Some of the liabilities in respect of yield-dependent insurance contracts are presented in the "other liabilities" and "financial liabilities" line items.

The increase in assets (approx. NIS 2.8 billion) and in liabilities (approx. NIS 2.2 billion) compared to the corresponding quarter last year arose mainly from earnings net of dividends, positive return on the assets and growth in business activities. Accordingly, the equity attributable to the shareholders increased by approx. NIS 646 million.

4.5 Changes in the shareholders' equity

The equity attributable to the Company's shareholders amounted to approx. NIS 6,908 million as of September 30, 2024, compared to approx. NIS 6,431 million as of December 31, 2023. The increase in equity stems mainly from comprehensive income attributable to the shareholders in the period of approx. NIS 820 million, and on the other hand from distributed dividends of approx. NIS 345 million.

5. Operating results

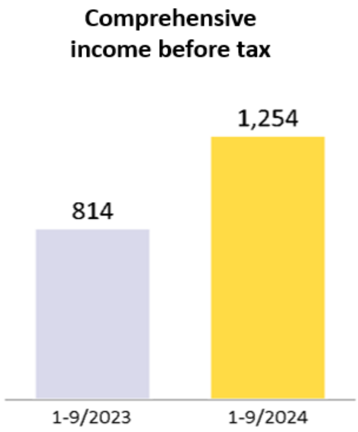
Nostro returns in the Reporting Period were lower than returns in the corresponding period last year, whereas real return in the third quarter was higher than real return in the corresponding quarter last year. Concurrently, the interest rate curve increased in the Reporting Period at a higher rate than in the corresponding period last year, whereas in the third quarter the interest rate curve decreased compared to an increase in the corresponding quarter last year.

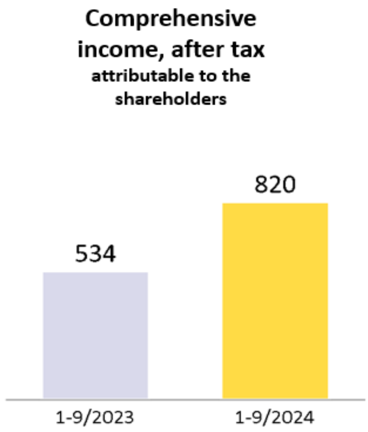
In the Reporting Period, the Company recorded a significant improvement in underwriting profitability in all operating segments. The improvement in underwriting profitability in Property and Casualty Insurance, arises mainly from Motor Property Subsegments and Other Property Subsegments, and - on the other hand - a decrease in underwriting income in Compulsory Motor Insurance. The underwriting improvement in Long-Term Savings arises from continued growth in the Pension and Provident Subsegments without a parallel increase in expenses. The improvement in Life Insurance arises mainly from death benefit and collectives, which was partially offset by the results of Savings, Disability and Permanent Health Insurance products. The improvement in Health Insurance arises from long-term products, and from breaking even in the Collective Long-Term Care Subsegment. It is noted that part of the underwriting improvement arises from an increase in activity, without a corresponding increase in expenses compared to the corresponding period last year. Furthermore, the results of the period were affected by Special Items (as defined in Section 5.2 below); for further details see Section 5.2.2 below.

In the third quarter, the Company continues to achieve improvement in underwriting profitability. The improvement in underwriting profitability in Property and Casualty Insurance arises mainly from the Compulsory Motor Subsegment, alongside a more moderate increase in the other subsegments. The underwriting improvement in Health Insurance in the third quarter arises from an improvement in the individual insurance results, breaking even in Collective Long-Term insurance, and a decrease in loss from collective insurance in the Medical Expenses Subsegment. The improvement in underwriting income in the Long-Term Savings Segment in the second quarter arises from continued growth in the Pension and Provident Subsegments without a corresponding increase in expenses, and - on the other hand - a decrease in underwriting profitability in the Life Insurance Segment, which arises mainly from disability and permanent health insurance products. In addition, the results of the quarter were affected by Special Items (as defined in Section 5.2 below); for further details see Section 5.2.4 below.

5.1 Data from the Consolidated statements of income data

5.1.1 Comprehensive income before tax and comprehensive income after tax in the Reporting Period (NIS million)



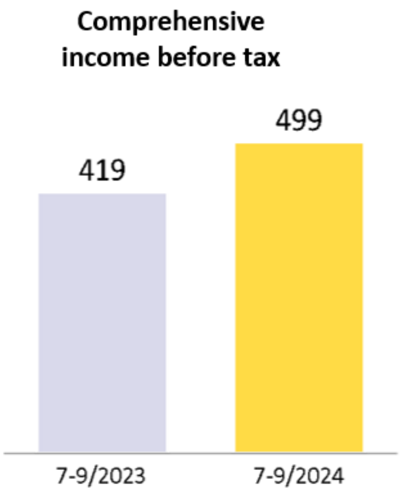


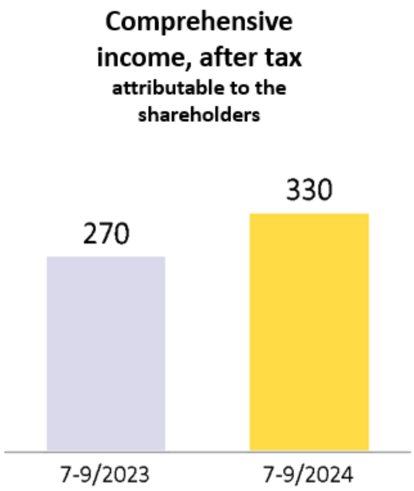
Return on equity

12.1%	17.0%

The return on equity is annualized and calculated based on the comprehensive income for the period, adjusted for a period of one year, divided by equity as of the beginning of the year.

5.1.2 Comprehensive income before tax and comprehensive income after tax for the quarter (NIS million)





Return on equity

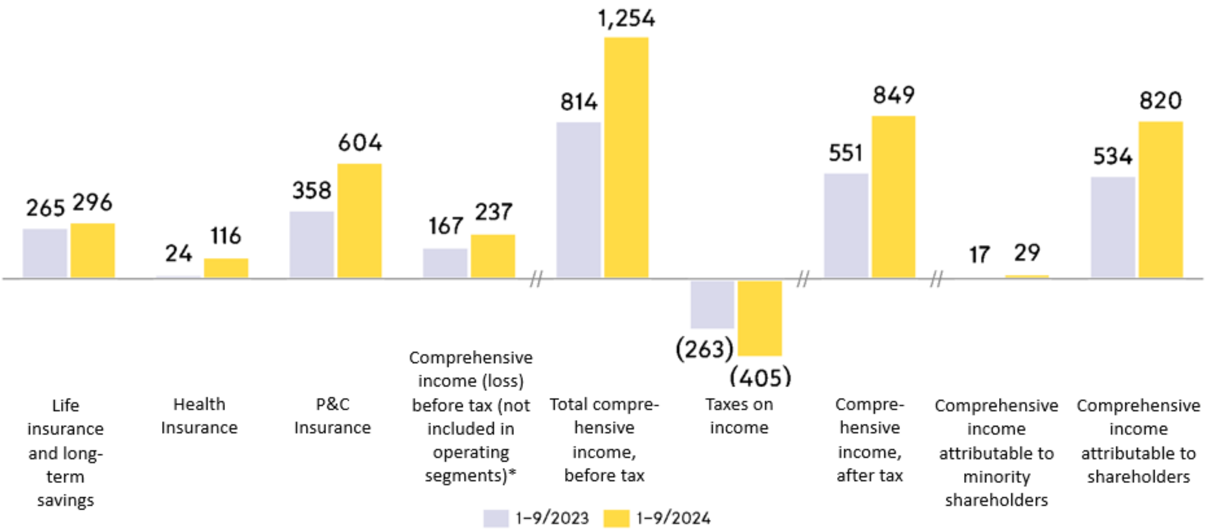
18.3%	20.5%

The return on equity is annualized and calculated based on the comprehensive income for the period, adjusted for a period of one year, divided by equity as of the beginning of the year.

5.2 Comprehensive income (loss) from operating segments during the Reporting Period

The Group assesses the results of the insurance business while separating the operating results of underwriting activities from those of the financial activities. When measuring the underwriting operating results,[3] the Company charges a real normative return of 3%[4] (annualized) in respect of the liability component that is not backed by Hetz bonds, and also for the purpose of calculating variable management fees (hereinafter- "**underwriting income**")[5]. The difference between the actual return and the abovementioned normative return is presented as financial income (hereinafter - "**Investment Income**"). Also detailed are the effects of changes in the risk-free interest rate curve adapted to the illiquid nature of the insurance liabilities, and changes in the fair value of the illiquid assets compared to their amortized cost against health and P&C insurance liabilities (hereinafter - the "**change in the interest rate curve**"), Special Items - which include model revisions and actuarial assumptions, and non-recurring effects due to regulation and other significant events outside the ordinary course of business, at management's discretion (hereinafter jointly - "**Special Items**").

5.2.1 Comprehensive income (loss) from operating segments during the Reporting Period (NIS million)



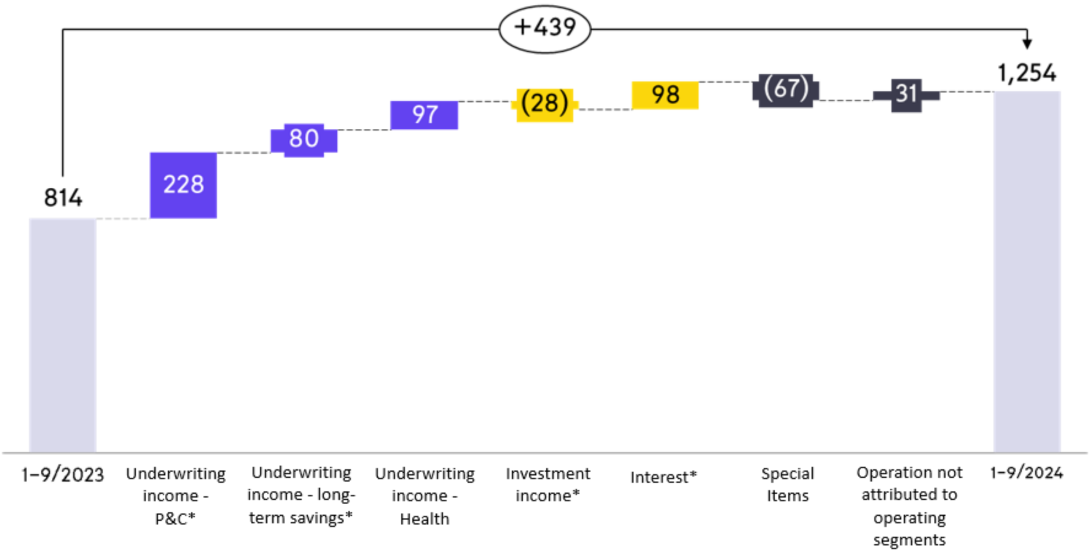
*) Mainly includes the results of an operation which is not defined as an operating segment, and investment income which is not allocated to a defined operating segment, net of finance expenses.

[3] Including regarding current business activity of pension and provident funds.

[4] Except for a liability in respect of unearned premium reserve, in respect of which a return was credited at a nominal rate of 3%.

[5] Without adjustment of expenses in respect of changes in return and interest.

5.2.2 Changes in the operating results during the Reporting Period (before tax, in NIS million)



1-9/2024	562	406	134	6	217	(81)	10
1-9/2023	334	326	37	34	119	(14)	(21)
Reference	(a)	(b)	(c)	(d)	(e)	(f)	

*) The data for the corresponding period last year included immaterial changes in order to better reflect the interest rate effect, investment income, and Special Items which were previously recorded under underwriting income.

Financial effects and other Special Items in the Reporting Period:

A. **Underwriting income in Property and Casualty Insurance**: The increase in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from a significant improvement in the results of the Motor Property Segment, and from an improvement in the underwriting income in other Liability and Property Subsegments alongside a decrease in underwriting income in the compulsory motor subsegment. For further details, see Section 5.6.3 below.

B. **Underwriting income in Long-Term Savings:** The increase in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from a significant improvement in the profitability of the Pension and Provident Subsegments as a result of an increase in activity without a parallel increase in expenses; in Life Insurance, it arises mainly from higher profitability of the death benefit and collective products alongside lower profitability in the savings, permanent health insurance and disability products. For further details, see Sections 5.3.6, 5.4.1 and 5.5.1 below.

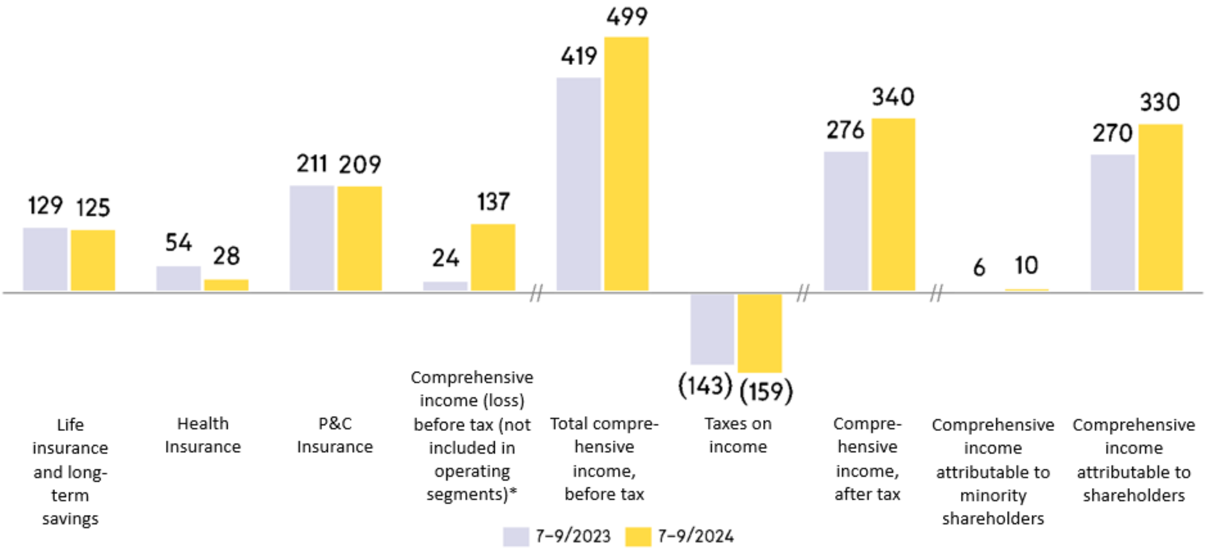
C. **Underwriting income in Health Insurance**: The increase in underwriting income in the Reporting Period compared to the corresponding period last year arises from long-term products and from breaking even in the Collective Long-Term Care Insurance Subsegment. For further details, see Section 5.7.1 below.

D. **Investment income/losses** (as defined in Section 5.2 above): The real return in the Reporting Period and in the corresponding period last year was higher than the normative return, as stated in Section 5.2 above. In the Reporting Period, investment income amounted to approx. NIS 6 million, compared to approx. NIS 34 million in the corresponding period last year.

E. **Interest rate curve effect:** The interest rate effect in the Reporting Period triggered an approx. NIS 217 million decrease in insurance liabilities. The interest rate curve effect in the corresponding period last year reduced the insurance liabilities by approx. NIS 119 million.

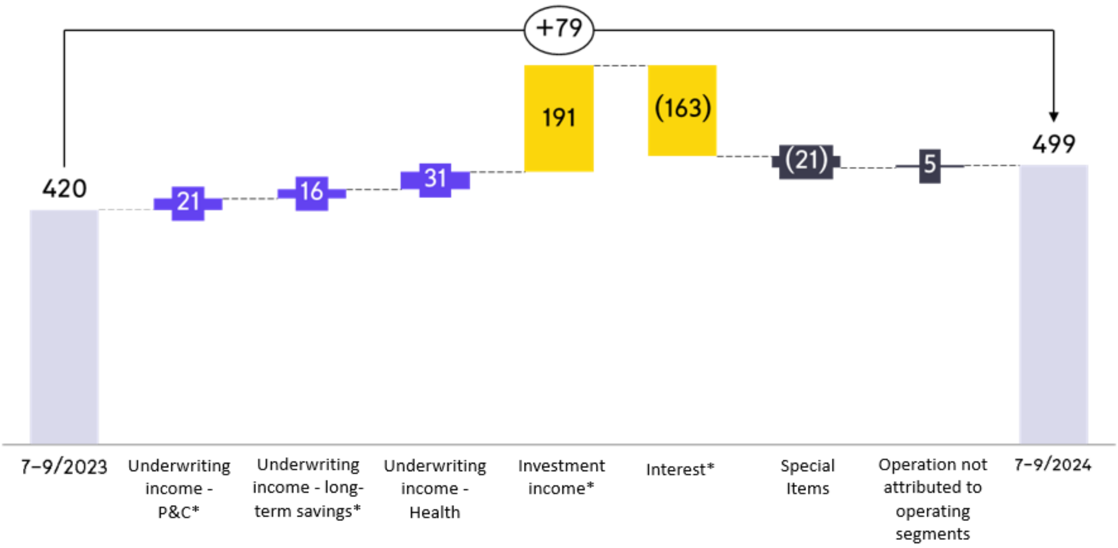
F. **Special Items**: Special Items in the Reporting Period include mainly the effect of the publication of mortality tables totaling approx. NIS 88 million, and on the other hand the effects of a study regarding the retirement age and the pension takeup rates totaling approx. NIS 55 million, whose overall effect led to an approx. NIS 34 million decrease in income from Life Insurance (see also Section 2.13 above), the approx. NIS 19 million effect of the Iron Swords War on the results of the Life Insurance Segment as well as approx. NIS 13 million in an updated provision to class actions, and - on the other hand - the effect of revisions to cancellation and expense assumptions, which decreased the life insurance reserves by approx. NIS 3 million. Special Items in the Health Insurance Segment include the effect of the revisions to morbidity, cancellations, and expenses assumptions, which increased the insurance liabilities by approx. NIS 18 million. Special Items in the corresponding period last year include revisions to morbidity and cancellations assumptions in the Health Insurance Segment, which increased the insurance liabilities by approx. NIS 14 million.

5.2.3 Comprehensive income (loss) from operating segments during the quarter (NIS million)



*) Mainly includes the results of an operation which is not defined as an operating segment, and investment income which is not allocated to a defined operating segment, net of finance expenses.

5.2.4 Changes in the operating results during the quarter (before tax, in NIS million)



7-9/2024	210	148	44	126	(13)	(21)	5
7-9/2023	189	132	13	(65)	150	0	0
Reference	(a)	(b)	(c)	(d)	(e)	(f)	

*) The data for the corresponding period last year included immaterial changes in order to better reflect the interest rate effect, investment income, and Special Items which were previously recorded under underwriting income.

Financial effects and other Special Items in the quarter:

A. **Underwriting income in Property and Casualty Insurance**: The increase in underwriting income in the third quarter compared to the corresponding quarter last year arises mainly from an improvement in the underwriting income of the Motor Subsegments, alongside a moderate improvement in the other subsegments. For further details, see Section 5.6.7 below.

B. **Underwriting income in Long-Term Savings:** The increase in underwriting income in the third quarter arises mainly from an improvement in underwriting profitability of the Pension and Provident Subsegments as a result of an increase in activity without a corresponding increase in expenses; on the other hand, there was a decrease in underwriting income in Life Insurance, which arises mainly from a decline in the profitability of disability and permanent health insurance products, which was partially offset by an increase in underwriting income of the death benefit and collective products. For further details, see Sections 5.3.10, 5.4.2 and 5.5.2 below.

C. **Underwriting income in Health Insurance:** The increase in underwriting income in the third quarter compared to the corresponding quarter last year arises from an improvement in long-term products and from breaking even in the Collective Long-Term Care Subsegment. For further details, see Section 5.7.3 below.

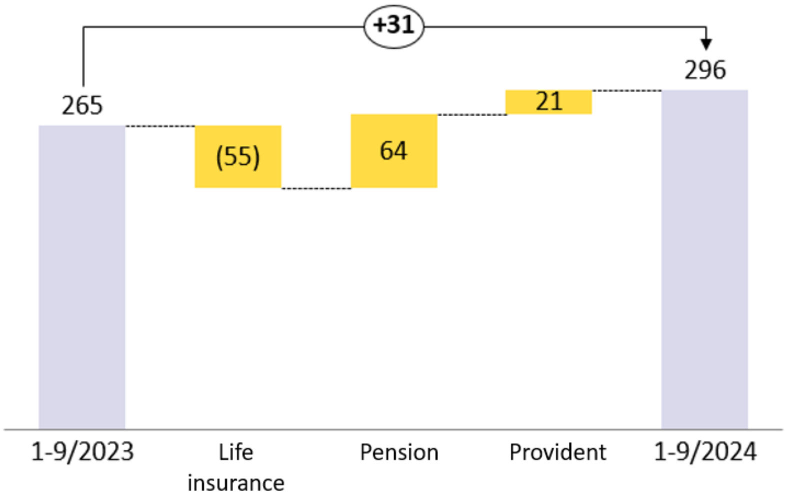
D. **Investment income/losses** (as defined in Section 5.2 above): The real return in the third quarter was higher than the normative return, whereas in the corresponding quarter last year it was lower than the normative return as stated in Section 5.2 above. Investment income in the third quarter amounted to approx. NIS 126 million, compared to losses of approx. NIS 65 million in the corresponding quarter last year.

E. **Interest rate effect:** The interest rate effect in second quarter triggered an approx. NIS 13 million increase in insurance liabilities. The interest rate effect last year reduced the insurance liabilities by approx. NIS 150 million.

F. **Revision of actuarial assumptions and other Special Items**: Special Items in the third quarter mainly include the effect of the Iron Swords War totaling approx. NIS 8 million on the results of the Life Insurance Segment and provisions for class actions totaling approx. NIS 13 million.

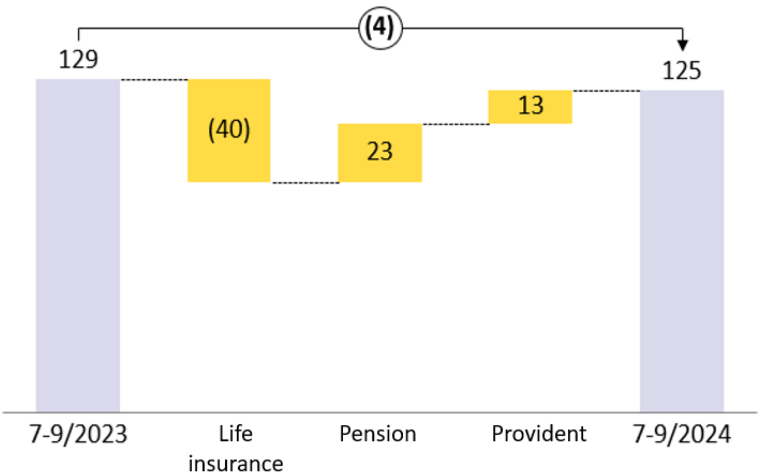
5.3 Life Insurance and Long-Term Savings

5.3.1 Key results of the Life Insurance and Long-Term Savings Segment in the Reporting Period (before tax, in NIS million)



1-9/2024	58	206	33
1-9/2023	113	141	11

5.3.2 Key results of the Life Insurance and Long-Term Savings Subsegments in the quarter (before tax, in NIS million)

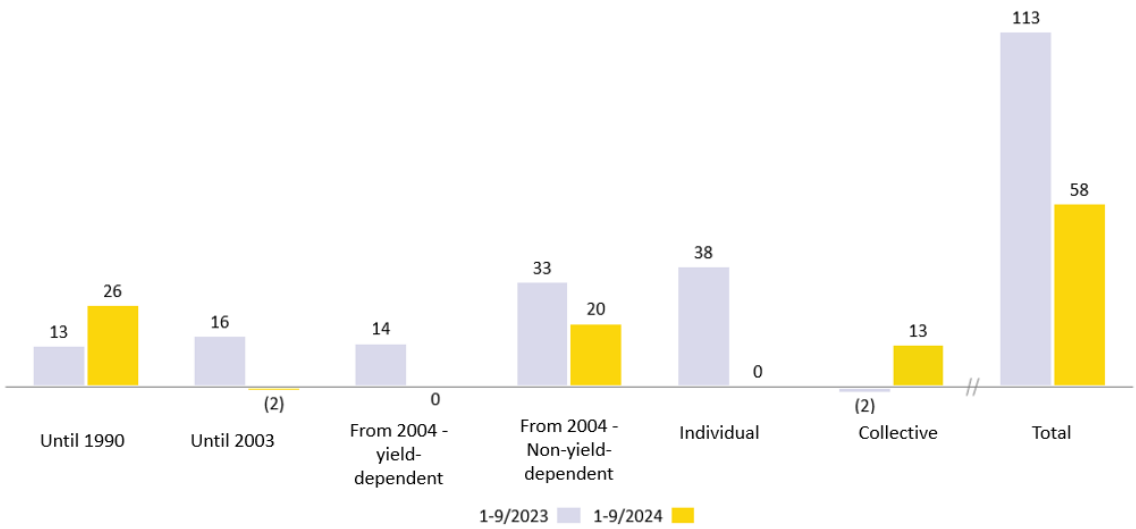


7-9/2024	31	77	17
7-9/2023	71	54	4

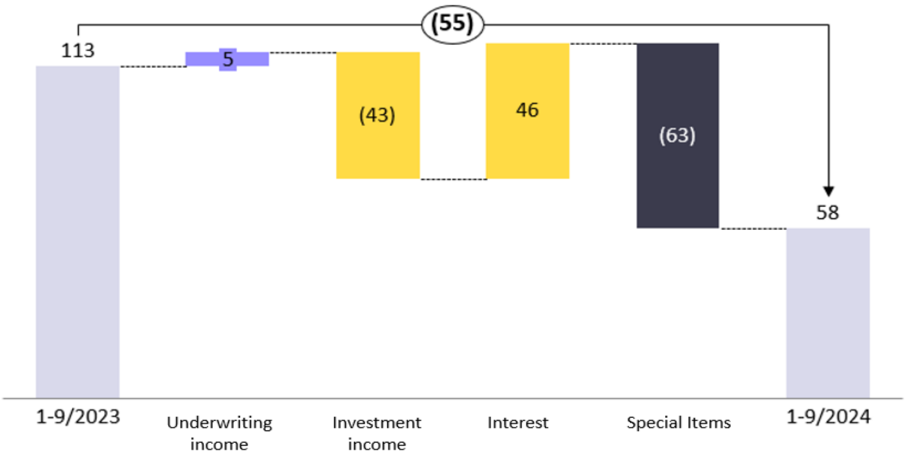
5.3.3 Operating results of the Life Insurance and Long-Term Savings Subsegments

The profitability of the Long-Term Savings Subsegment is affected by the changes in the capital market, which impact the guaranteed-return policies (which are backed mainly by designated bonds) and the variable management fees in respect of yield-dependent policies which were issued in 1991-2003. In addition, since the segment is characterized with high insurance reserves, changes in estimates of assumptions and actuarial assessments, and changes in interest rates and investment income/losses, had a marked effect on the activity's results.

5.3.4 Comprehensive income (loss) in life insurance during the Reporting Period (before tax) (in NIS million)



5.3.5 Changes in the results of the Life Insurance Segment during the Reporting Period (before tax, in NIS million)



1-9/2024	159	(128)	90	(63)
1-9/2023	154	(85)	44	0

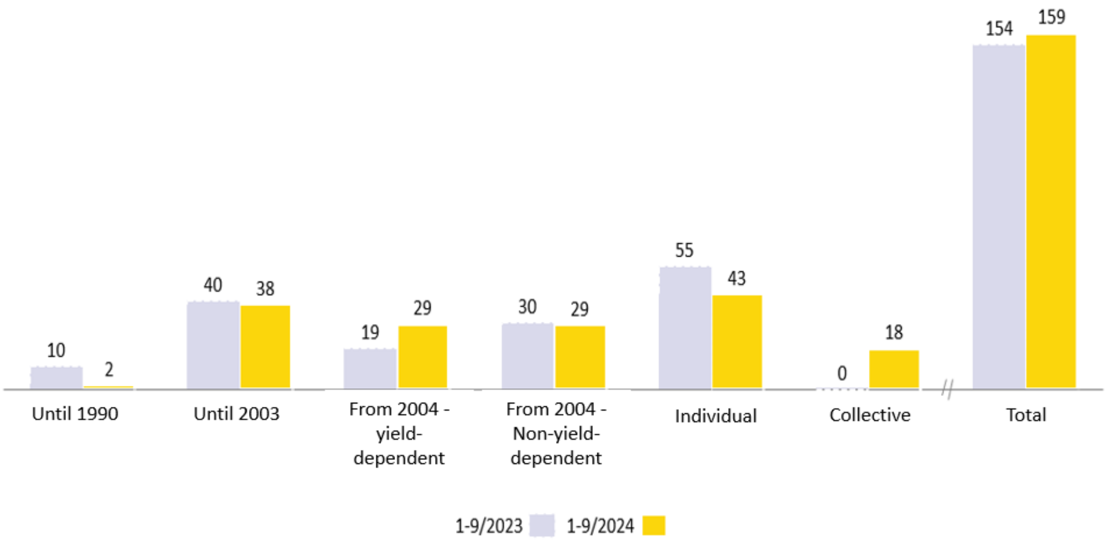
The decrease in comprehensive income in the Life Insurance and Long-Term Savings Segment in the Reporting Period compared to the corresponding period last year stems mainly from an increase in investment losses compared to last year (after charging a normative return to the underwriting income as stated in Section 5.2 above), which triggered an approx. NIS 128 million in investment losses in the Reporting Period compared to approx. NIS 85 million in investment losses in the corresponding period last year.

Furthermore, in the Reporting Period there was a negative effect due to Special Items amounting to approx. NIS 63 million. These effects arise from actuarial assumptions and mortality tables, which increased the Company's insurance liabilities by approx. NIS 31 million, from a revision of the provision for class actions of approx. NIS 13 million, and from a negative effect on the back of the War totaling approx. NIS 19 million on the Company's results (for further details, see Note 5.2.2F above).

On the other hand, the interest rate effect in the Reporting Period reduced the insurance liabilities by approx. NIS 90 million, compared to an approx. NIS 44 million decrease in insurance liabilities in the corresponding period last year.

Furthermore, there was an increase in underwriting income, which arises mainly from an improvement in the profitability of death benefit and collective insurance products alongside a decrease in profitability in savings, disability, and permanent health insurance products.

5.3.6 Results of the underwriting income in the various Life Insurance Subsegments during the Reporting Period (pre-tax) (in NIS million)



- **Policies issued by 1990 -** the decrease in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from an increase in liabilities (retention). On the other hand, there was a decrease in expenses.

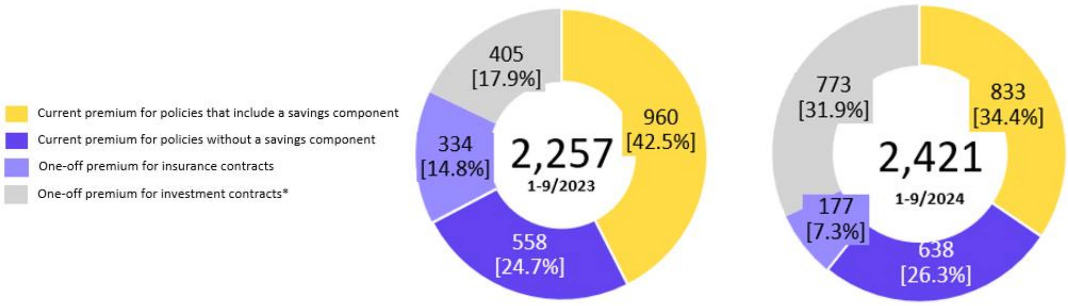
- **Participating policies issued by 2003** - The decrease in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from negative development in life insurance claims as part of the annuity reserve. On the other hand, there was a decrease in expenses and increase in fixed management fees.

- **Yield-dependent policies issued as from 2004** - The increase in underwriting income arises mainly from a decrease in expenses, from a decrease in death benefit insurance claims and from an increase in fixed management fees.

- **Individual policies without a savings component** - the decrease in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from an increase in claims in the permanent health insurance and disability insurance products. On the other hand, there was a decrease in death benefit claims.

- **Collective policies without a savings component** - the increase in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from ceded business and a decrease in permanent health insurance claims.

5.3.7 Gross insurance premiums and redemptions in the Reporting Period (in NIS million)

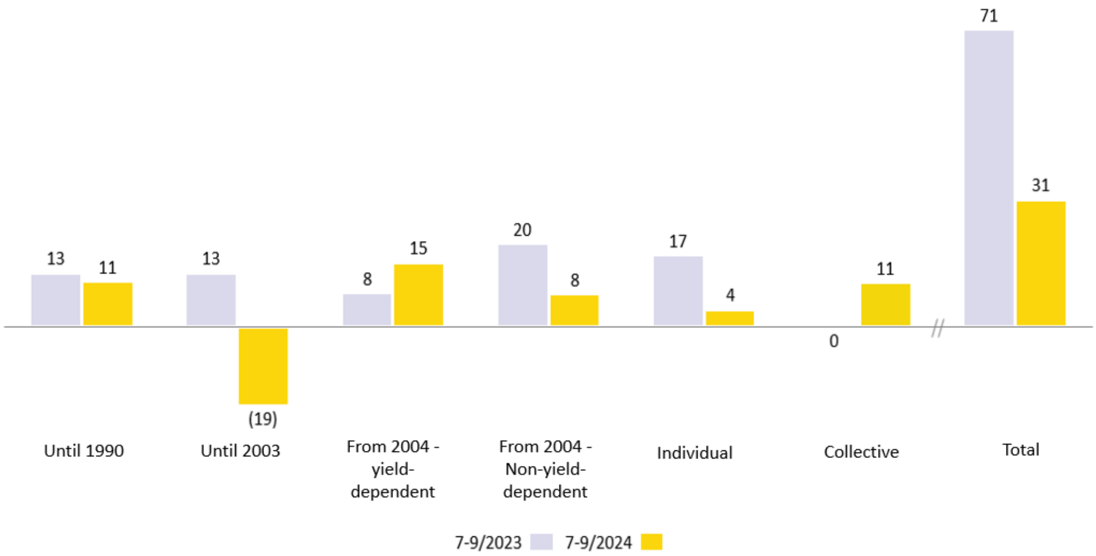


*) Premiums in respect of investment contracts are recognized directly in insurance liabilities, and not recognized as premiums in the financial statements.

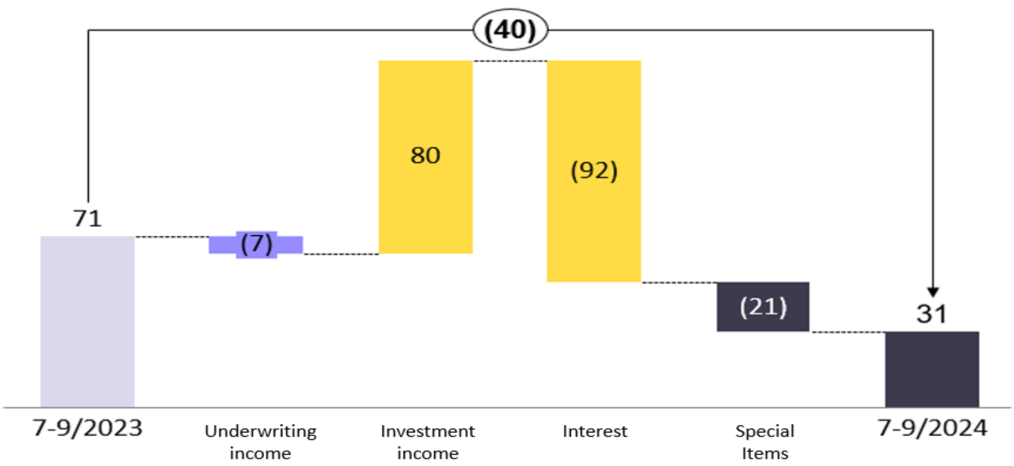
The policies which were redeemed during the Reporting Period amounted to approx. NIS 1,651 million, compared to approx. NIS 1,413 million in the corresponding period last year. The rate of redemptions out of the average reserve in the Reporting Period was approx. 6.65% compared to approx. 5.89% in the corresponding period last year.

Redemptions in respect of policies where premiums were charged directly to liabilities in respect of insurance contracts (without a significant insurance risk component) amounted to approx. NIS 639 million in the Reporting Period, compared to approx. NIS 766 million in the corresponding period last year.

5.3.8 Comprehensive income (loss) in life insurance during the quarter (before tax) (in NIS million)



5.3.9 Changes in the results of Life Insurance and Long-Term Savings in the quarter (before tax, in NIS million)



7-9/2024	56	18	(22)	(21)
7-9/2023	63	(62)	70	0

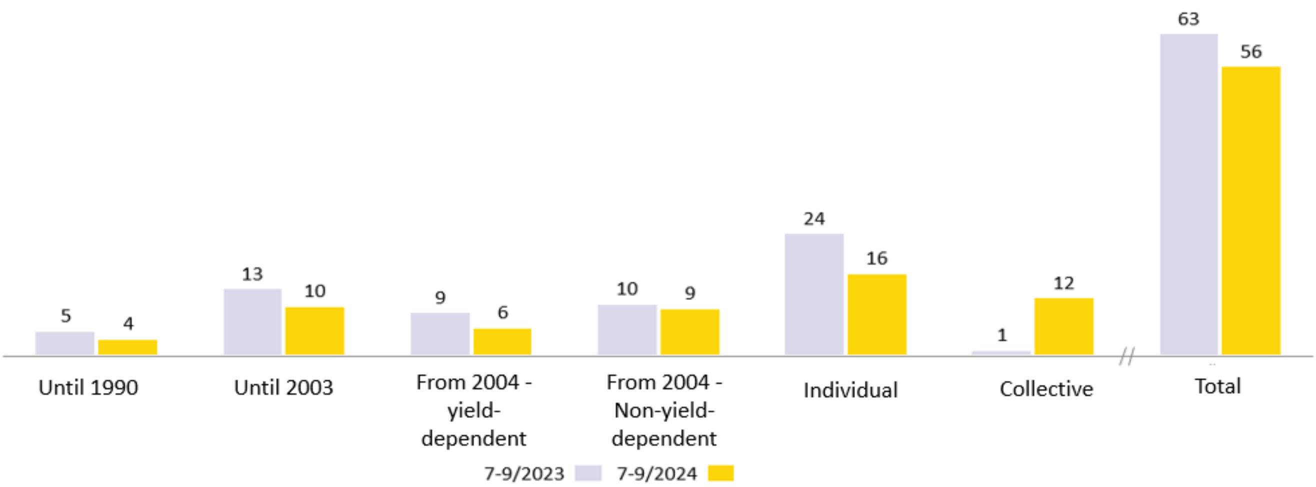
The decrease in comprehensive income from the Life Insurance and Long-Term Savings Segment in the quarter compared to the corresponding quarter last year, arises mainly from the interest rate effect in the quarter, which led to an increase in insurance liabilities by approx. NIS 22 million, compared to a decrease of approx. NIS 70 million in insurance liabilities in the corresponding quarter last year.

On the other hand, investment income increased (after charging a normative return to the underwriting income as stated in Section 5.2 above), which was reflected in approx. NIS 18 million in investment income in the quarter compared to approx. NIS 62 million in investment losses in the corresponding quarter last year.

Furthermore, in the quarter there was a negative effect due to Special Items amounting to approx. NIS 21 million. These effects arise from a revision of the provision for class action totaling approx. NIS 13 million, and from an adverse effect on the back of the War totaling approx. NIS 8 million on the Company's results (for further details, see Note 5.2.4F above).

In addition, there was a decrease in underwriting income in the third quarter compared to the corresponding quarter last year, which arises mainly from a decrease in the profitability of individual insurance and savings products, which was offset against the profitability of collective products.

5.3.10 Results of the underwriting income in the various Life Insurance Subsegments during the quarter (before tax) (in NIS million)



- **Policies issued by 1990** - There was no material change in the underwriting income.

- **Participating policies issued by 2003** - the decrease in underwriting income in the third quarter compared to the corresponding quarter last year arises mainly from a negative development in life insurance claims as part of the annuity reserve and from an increase in permanent health insurance claims. On the other hand, there was a decrease in expenses and in disability and death benefit claims.

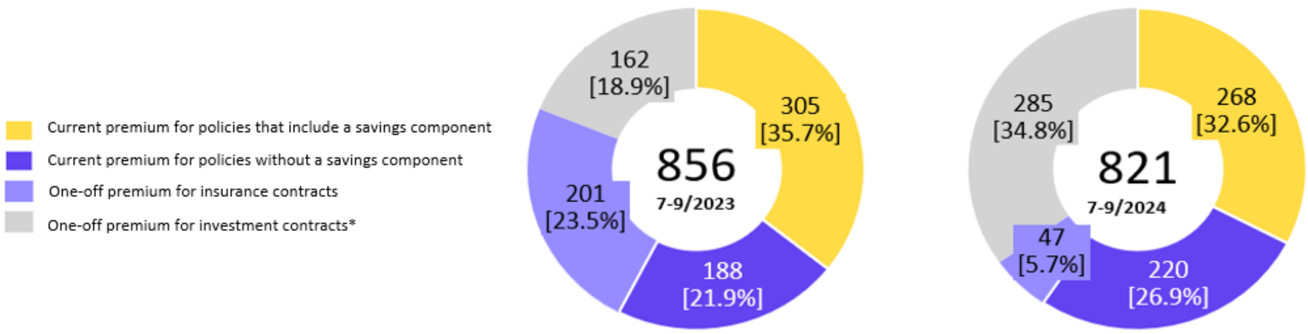
- **Yield-dependent policies issued as from 2004** - the decrease in underwriting income in the third quarter compared to the corresponding period last year arises mainly from an increase in permanent health insurance claims and a decrease in the liabilities for policyholders in the corresponding quarter last year. On the other hand, there was a decrease in death benefit claims.

- **Non-yield-dependent policies issued as from 2004** - The decrease in underwriting income in the third quarter compared to the corresponding quarter last year arises mainly from negative development in life insurance claims as part of the annuity reserve.

- **Individual policies without a savings component** - the decrease in underwriting income in the third quarter compared to the corresponding quarter last year arises mainly from an increase in permanent health insurance and disability insurance claims. On the other hand, there was a decrease in death benefit claims.

- **Collective policies without a savings component** - the increase in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from ceded business and a decrease in permanent health insurance claims.

5.3.11 Gross insurance premiums and redemptions in the quarter (in NIS million)



*) Premiums in respect of investment contracts are recognized directly in insurance liabilities, and not recognized as premiums in the financial statements.

In the third quarter of the year, redemptions amounted to approx. NIS 593 million, compared to approx. NIS 501 million in the corresponding quarter last year. The rate of redemptions out of the average reserve in the second quarter is approx. 7.09% compared to approx. 6.19% in the corresponding quarter last year.

Redemptions in respect of policies where premiums were charged directly to liabilities in respect of insurance contracts (without a significant insurance risk component) amounted to approx. NIS 216million, compared to approx. NIS 239 million in the corresponding quarter last year.

Yield-dependent policies

Insurance reserves funds which accumulate in yield-dependent policies are invested in accordance with the Supervision of Financial Services Law (Insurance), 1981 and the regulations promulgated thereunder. This investment income is charged to the policyholders net of management fees.

The liabilities arising from yield-dependent policies as of September 30, 2024 amounted to approx. NIS 32,740 million, compared to approx. NIS 30,806 million in the corresponding period last year, an increase of approx. 6.3%.

In yield-dependent insurance policies issued from 1991 to 2003, an insurer may collect fixed management fees and variable management fees at the rates set in the regulations and derived from the real return of the investment portfolio. The variable management fees are collected only in respect of positive real return. If a negative real return was achieved, the insurer can only collect the variable management fees once the return which is achieved covers the accumulated real loss. During the course of 2022, a negative real return, which has yet to be offset as of the report date, was achieved, and consequently, the Company is prevented from collecting variable management fees until a cumulative positive return is achieved. As of the report date, the potential loss of income from management fees amounted to approx. NIS 100 million. Immediately prior to the report publication date, the potential loss of income from management fees is estimated at approx. NIS 75 million. It is noted that in connection with yield-dependent insurance policies issued as from 2004, only fixed management fees are collected, and therefore real investment losses do not have a direct effect on the collection of those management fees as stated above.

In the reporting period, income from management fees in yield-dependent life insurance policies amounted to approx. NIS 176 million, compared to approx. NIS 172 million in the corresponding period last year.

Income from management fees in yield dependent life insurance policies amounted to approx. NIS 60 million in the second quarter, compared to approx. NIS 58 million in the corresponding quarter last year.

Details regarding the rates of return in yield-dependent insurance policies:

Policies issued in 1991-2003 (Fund J)

	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Real return before payment of management fees	5.37%	2.58%	2.22%	0.35%	4.70%
Real return after payment of management fees	4.90%	2.12%	2.06%	0.19%	4.08%
Nominal return before payment of management fees	9.08%	5.90%	3.84%	1.11%	8.20%
Nominal return after payment of management fees	8.59%	5.43%	3.69%	0.96%	7.55%

Policies issued from 2004 and thereafter (the New Fund J)

	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Real return before payment of management fees	5.37%	2.58%	2.22%	0.35%	4.70%
Real return after payment of management fees	4.69%	1.91%	1.99%	0.13%	3.81%
Nominal return before payment of management fees	9.08%	5.90%	3.84%	1.11%	8.20%
Nominal return after payment of management fees	8.38%	5.21%	3.62%	0.89%	7.28%

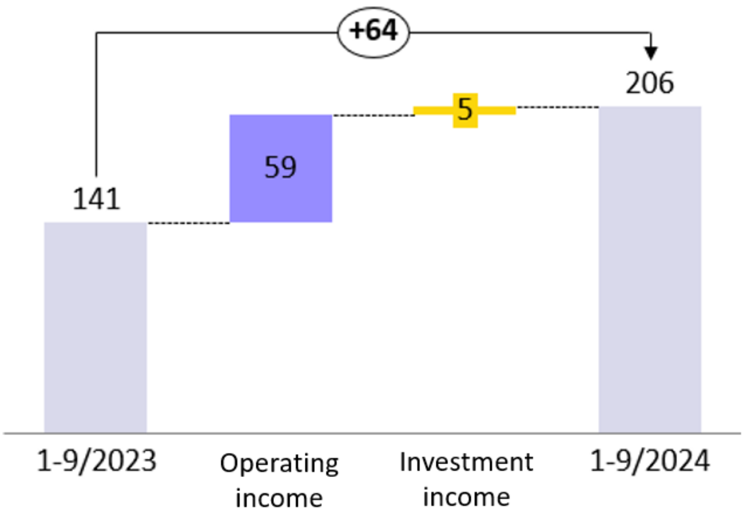
Details regarding the investment income which was charged to policyholders in participating policies and the management fees:

In NIS million	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Nominal investment income credited to policyholders net of management fees	2,655	1,655	1,192	129	2,357
Fixed management fees	176	172	60	58	229
Variable management fees	-	-	-	-	-
Total management fees	176	172	60	58	229

5.4 Pension Funds Subsegment

The operating results in the Pension Funds Subsegment relate to the results of a management company - Menora Mivtachim Pension and Provident Funds.

5.4.1 Changes in the pension funds activity results during the Reporting Period (before tax, in NIS million)

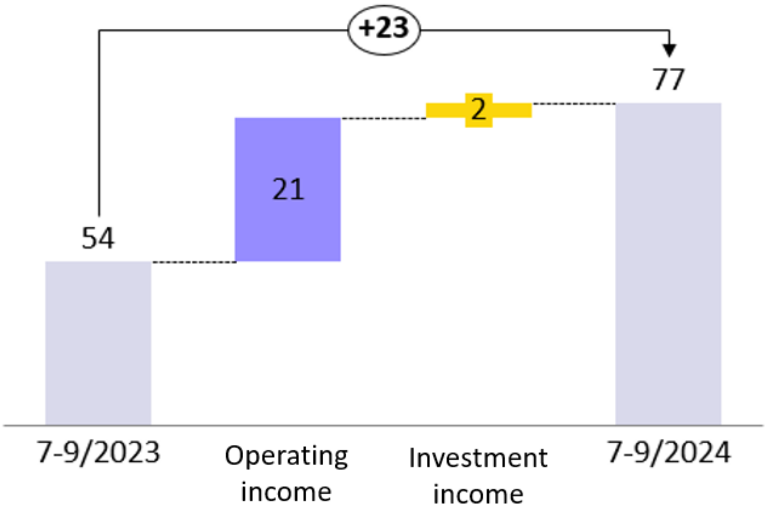


1-9/2024	203	3
1-9/2023	144	(2)

In the Reporting Period, the income amounted to approx. NIS 206 million, compared to income of approx. NIS 141 million in the corresponding period last year. The increase in income in the reporting period compared to the corresponding period last year arises from an increase in operating income of approx. NIS 59 million, which stems mainly from an increase in income from management fees (net) due to the increase in total assets under management and an increase in collection, after discounts to planholders, totaling approx. NIS 50 million; as well as a decrease in general and administrative expenses, marketing and purchase expenses and deferred purchase fees totaling approx. NIS 11 million.

Furthermore, there was an increase in investment income (after stating of the normative return under operating income, as outlined in Section 5.2) totaling approx. NIS 5 million.

5.4.2 Changes in the pension funds activity results during the quarter (before tax, in NIS million)

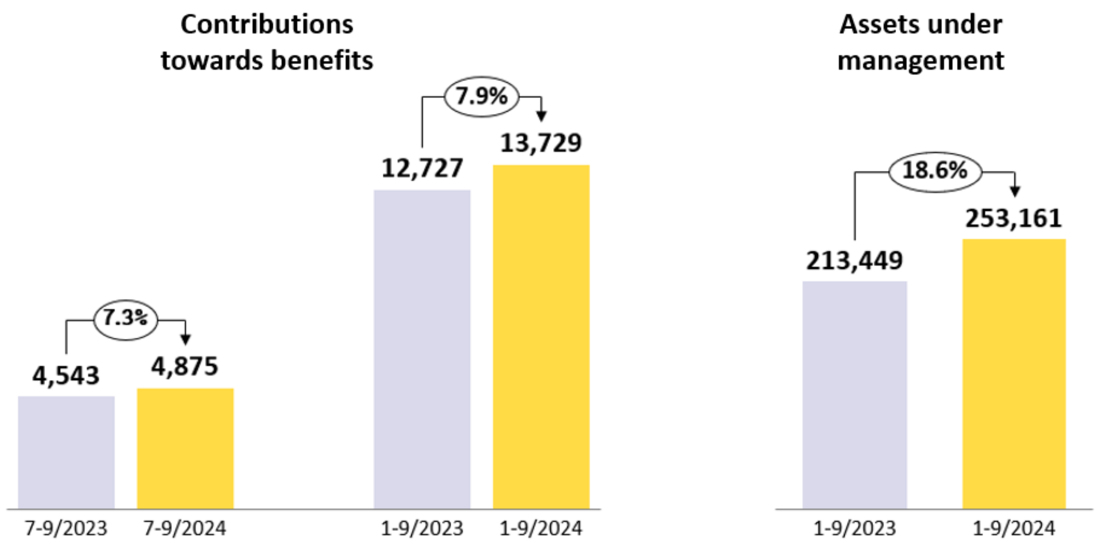


7-9/2024	75	2
7-9/2023	54	0

The income in the third quarter of the year amounted to approx. NIS 77 million compared to income of approx. NIS 54 million during the corresponding quarter last year. The increase in income in the quarter compared to the corresponding quarter last year arises from an increase in operating income of approx. NIS 21 million, which stems mainly from an increase in income from management fees (net) due to the increase in total assets under management and an increase in collection, following discounts to planholders totaling approx. NIS 15 million as well as a decrease in general and administrative expenses totaling approx. NIS 11 million. On the other hand, there was an approx. NIS 5 million increase in marketing, purchase and deferred purchase fees expenses.

Furthermore, there was an increase in investment income (after stating of the normative return under operating income, as outlined in Section 5.2 above) totaling approx. NIS 2 million.

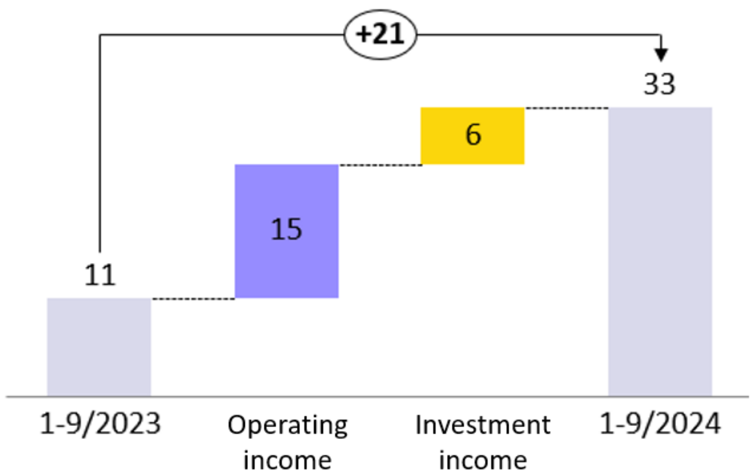
5.4.3 Assets under management and contributions towards benefits (in NIS million)



5.5 Provident Funds Subsegment

The operating results in the Provident Funds Subsegment are in respect of the management companies: Menora Mivtachim Pension and Provident Funds and Menora Mivtachim Engineers:

5.5.1 Changes in the provident funds activity results during the Reporting Period (before tax, in NIS million)

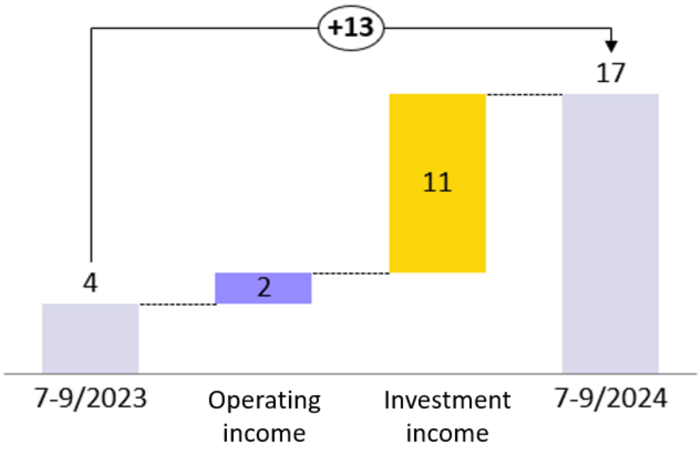


1-9/2024	43	(11)
1-9/2023	28	(17)

In the Reporting Period, the income amounted to approx. NIS 33 million, compared to income of approx. NIS 11 million in the corresponding period last year. The increase in income in the reporting period compared to the corresponding period last year arises mostly from an increase in operating income of approx. NIS 15 million, which stems mainly from an increase in management fees totaling approx. NIS 26 million, which was partially offset by an increase in income.

In addition, there was an approx. NIS 6 million decrease in investment losses in guaranteed return provident funds and nostro.

5.5.2 Changes in the provident funds activity results during the quarter (before tax, in NIS million)

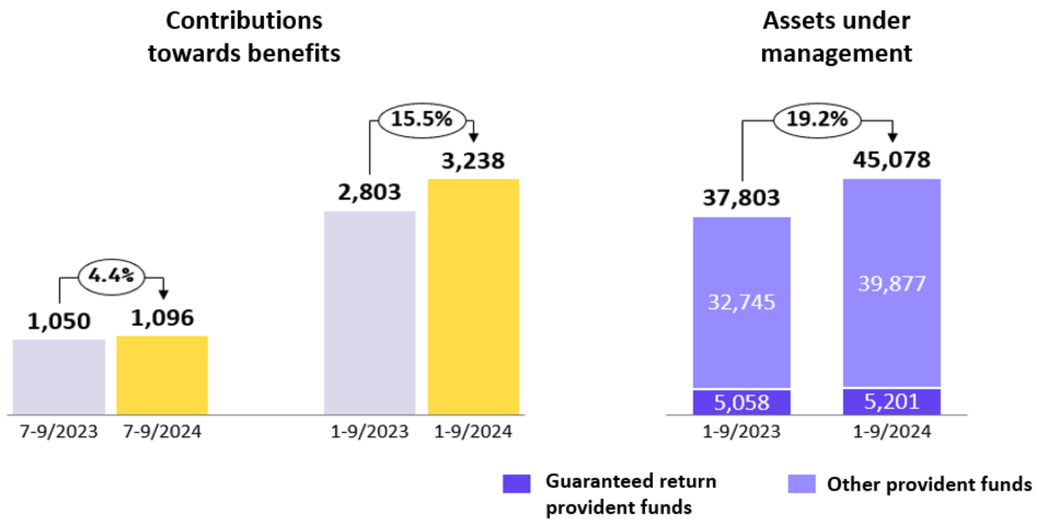


7-9/2024	17	0
7-9/2023	15	(11)

The income in the third quarter of the year amounted to approx. NIS 17 million compared to income of approx. NIS 4 million during the corresponding quarter last year. During the quarter, the increase in income compared to the corresponding quarter last year arises mainly from an approx. NIS 11 million increase in investment income in guaranteed return provident funds and nostro.

In addition, there was an increase of NIS 2 million in operating income, arising mainly from an increase of approx. NIS 9 million in management fees, which was partially offset by an increase in expenses.

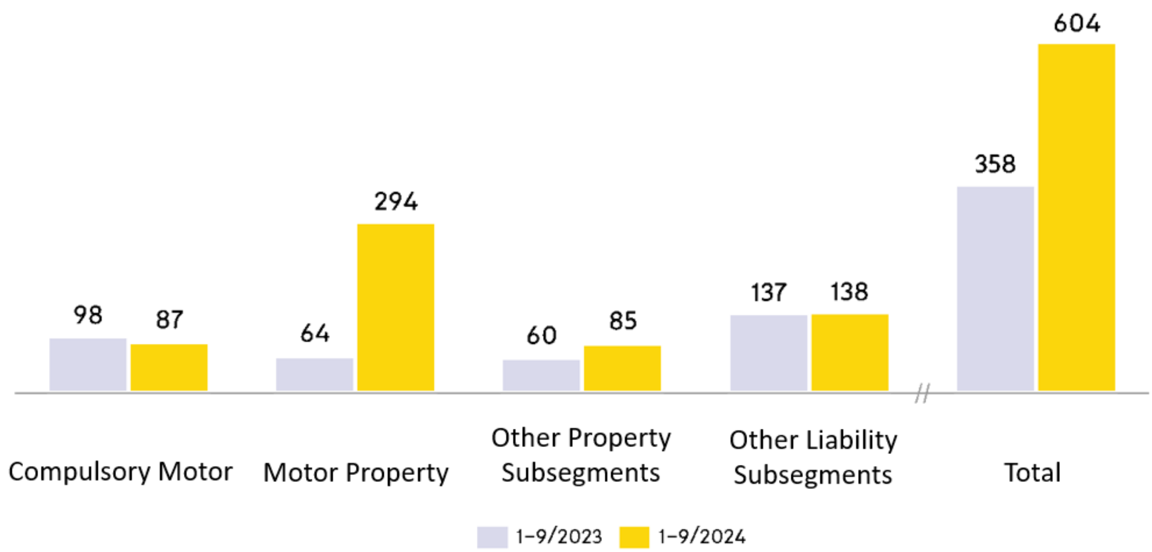
5.5.3 Assets under management and contributions towards benefits (in NIS million)



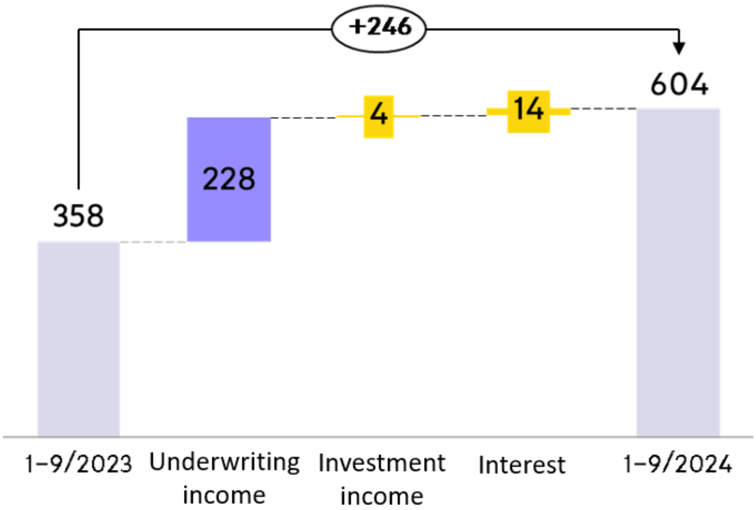
5.6 Results of Property and Casualty Insurance Subsegments

The Property and Casualty insurance businesses comprise four subsegments: Motor property, compulsory motor, property and other insurance, and other liability insurance.

5.6.1 Comprehensive income (loss) in property and casualty insurance during the reporting period (before tax, in NIS million)



5.6.2 Analysis of key changes in comprehensive income during the Reporting Period, compared to the corresponding period last year (before tax, in NIS million)

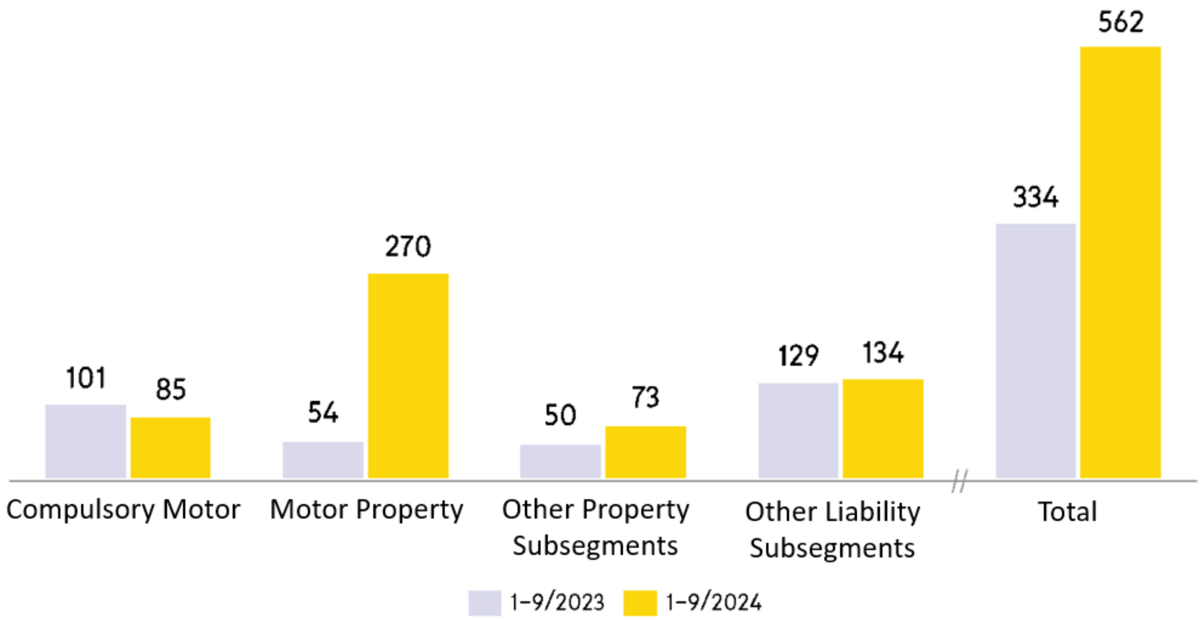


1-9/2024	562	(37)	79
1-9/2023	334	(41)	65

The increase in comprehensive income in the Reporting Period compared to the corresponding period last year stems from an approx. NIS 228 million increase in underwriting income, from a decrease in investment losses (after charging a normative return as stated in Section 5.2 above) of approx. NIS 3 million (of which in the Motor Property Subsegments and Other Property Subsegments - an approx. NIS 14 million and NIS 1 million increase in profits, respectively, and - on the other hand - in the Compulsory Motor Subsegments and Other Liability Subsegments - higher losses of approx. NIS 9 million and NIS 3 million, respectively).

The interest rate curve effect reduced the insurance liabilities by approx. NIS 79 million during the reporting period, compared to a decrease of approx. NIS 65 million in the corresponding period last year. The interest rate effect in the reporting period includes a positive effect of approx. NIS 58 million in Compulsory Motor Insurance, approx. NIS 8 million in Motor Property, approx. NIS 12 million in Other Liability, and approx. NIS 1 million in Other Property Subsegments (in the corresponding period last year - a positive effect of approx. NIS 44 million in Compulsory Motor Insurance, approx. NIS 12 million in Other Liability Subsegments, approx. NIS 8 million in Motor Property and approx. NIS 1 million in Property and Other Subsegments).

5.6.3 Results of underwriting income by operating segment in the Reporting Period (before tax, in NIS million)



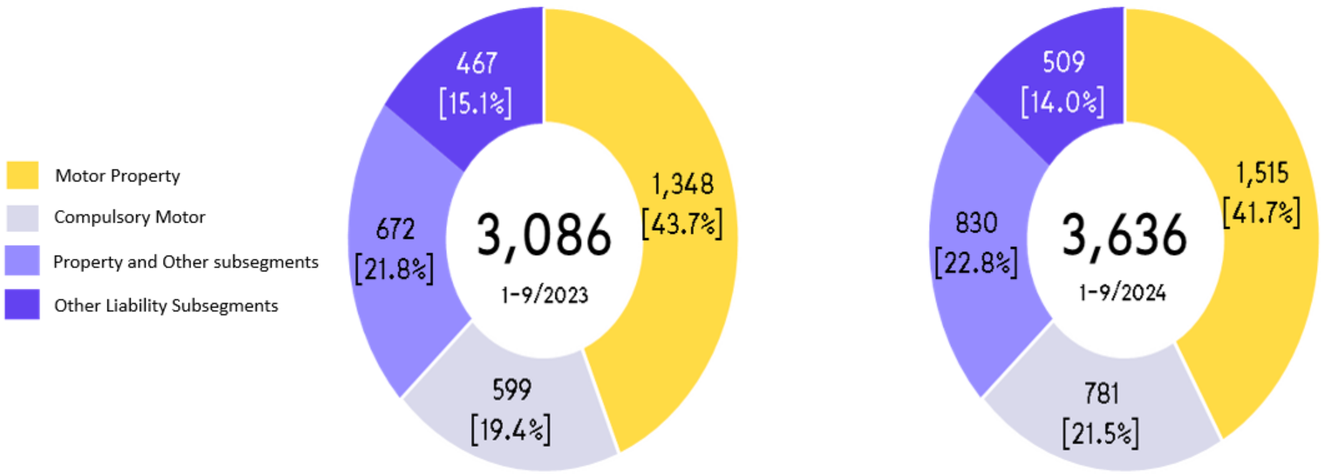
Compulsory Motor Insurance - the lower underwriting income in the Reporting Period compared to the corresponding period last year is mainly due to a lower positive development in respect of prior years' claims, and a deterioration in the results of the current year.

Motor Property Insurance - The higher underwriting income in the Reporting Period compared to the corresponding period last year arises from an improvement in the results of the current year due to a revision in tariffs, and from higher positive developments with respect to previous years, and on the other hand - the premium deficiency was lower in the corresponding period last year. As to the effect of the Iron Swords War, see also Section 2.1 above.

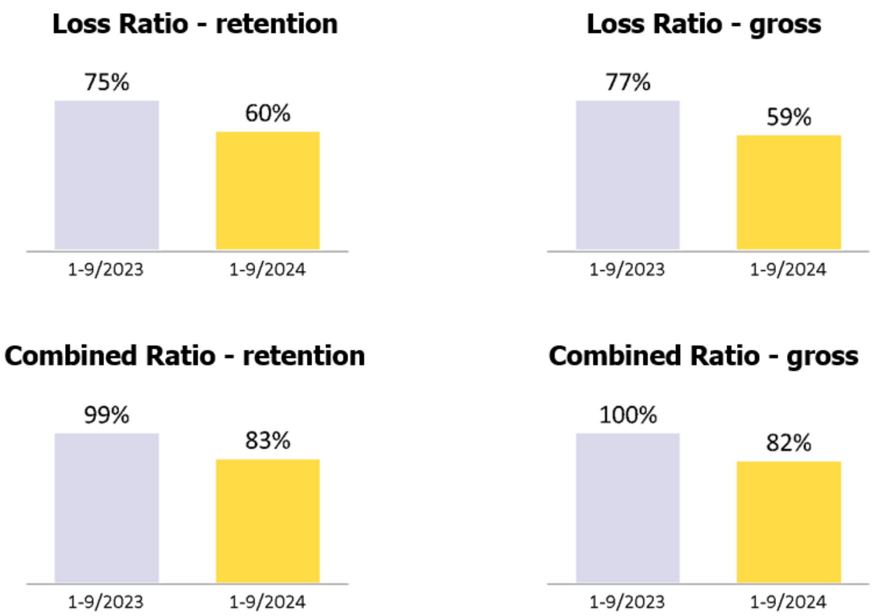
Other Property Subsegments - the increase in underwriting income in the Reporting Period compared to the corresponding period last year is mainly due to a positive developments in respect of prior years, and an improvement in the results of the current year.

Other Liability Subsegments - the increase in underwriting income in the Reporting Period compared to the corresponding period last year is mainly due to a positive developments in respect of prior years.

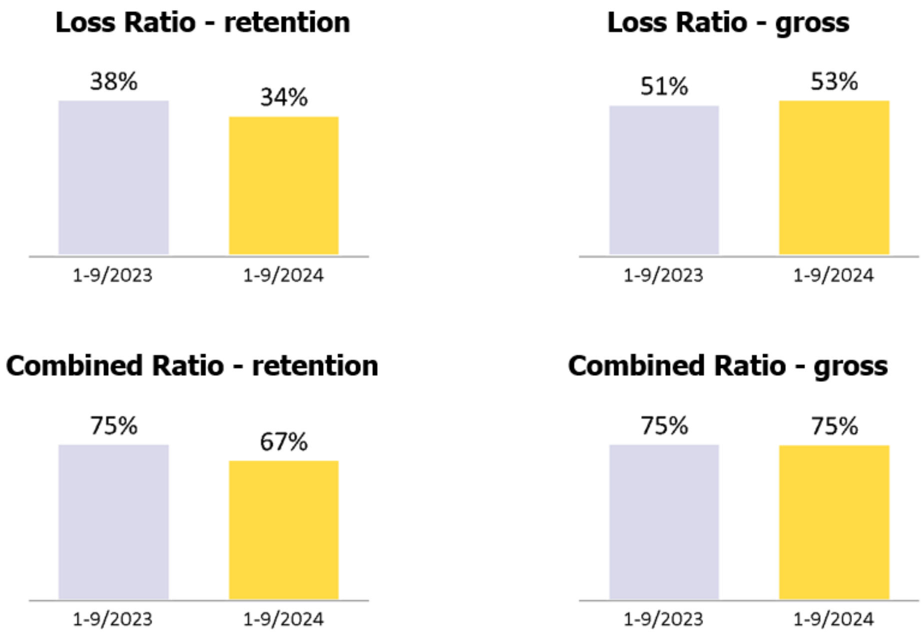
5.6.4 Gross premiums in the quarter and corresponding quarter last year (in NIS million)



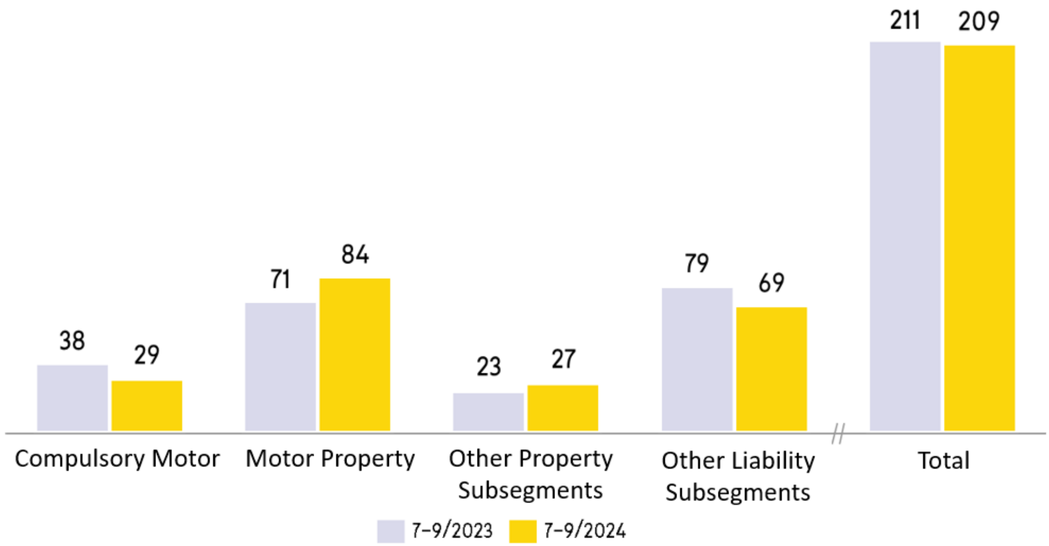
Following is the loss ratio and combined loss ratio - gross and retention - in motor property:



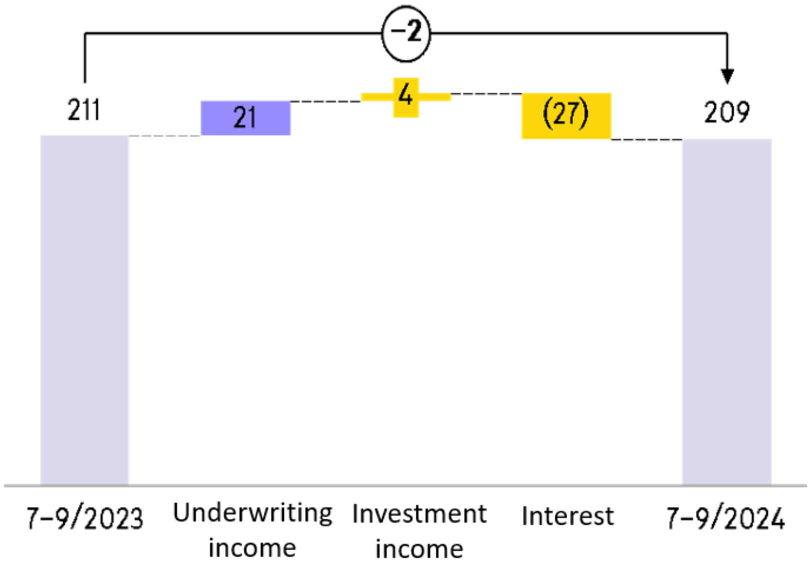
Following is the loss ratio and combined loss ratio - gross and retention - in the Other Property Subsegments:



5.6.5 Comprehensive income (loss) in property and casualty insurance during the quarter (before tax, in NIS million)



5.6.6 Analysis of key changes in comprehensive income during the quarter, compared to the corresponding quarter last year (before tax, in NIS million)

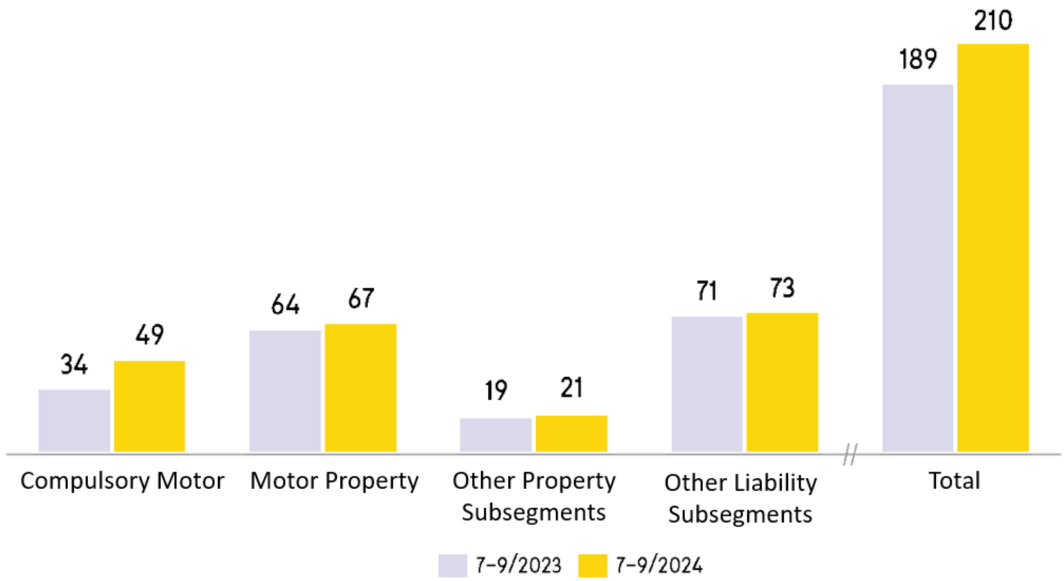


7-9/2024	210	(11)	9
7-9/2023	189	(15)	36

The decrease in comprehensive income in the quarter compared to the corresponding quarter last year arises from the interest rate curve effect, which reduced the insurance liabilities in the quarter by approx. NIS 9 million, compared to an approx. NIS 36 million decrease in the corresponding quarter last year. The interest rate effect in the quarter includes a positive effect of approx. NIS 9 million in Compulsory Motor Insurance and approx. NIS 4 million in Motor Property, and on the other hand - a negative effect of approx. NIS 4 million in Other Liability Subsegments (in the corresponding quarter last year - a positive effect of approx. NIS 21 million in Compulsory Motor Insurance, approx. NIS 9 million in Other Liability Subsegments, approx. NIS 6 million in Motor Property and approx. NIS 1 million in Property and Other Subsegments).

On the other hand, there was an approx. NIS 21 million in the underwriting income and a decrease in investment losses (after charging a normative return as stated in Section 5.2 above) of approx. NIS 4 million (of which approx. NIS 14 million in the Motor Property, approx. NIS 2 million in Other Property Subsegments and approx. NIS 1 million in Other Liability Subsegments, and on the other hand - an increase of approx. NIS 13 million in investment losses in Compulsory Motor).

5.6.7 Results of underwriting income by operating segment in the quarter (before tax, in NIS million)



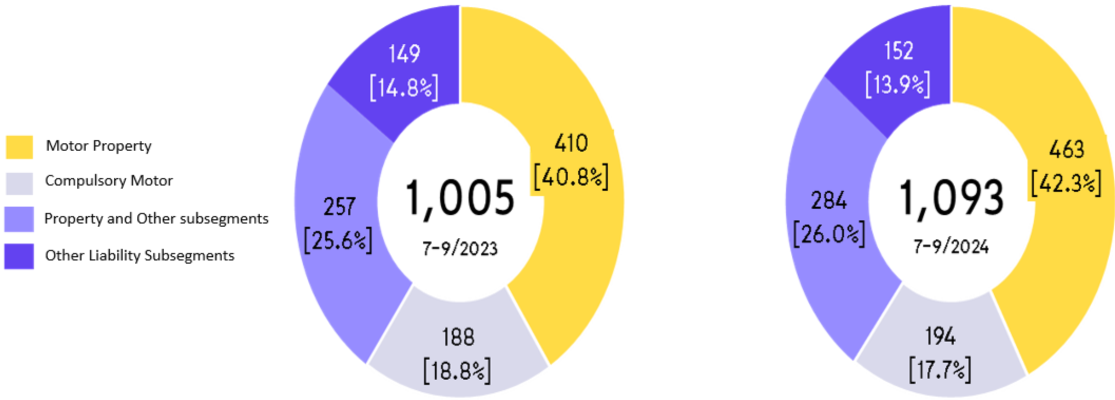
Compulsory Motor Insurance - the increase in underwriting income in the quarter compared to the corresponding quarter last year is mainly due to a positive development in respect of prior years' claims compared to a negative development in the corresponding quarter last year.

Motor Property - the increase in underwriting income in the quarter compared to the corresponding quarter last year arises from an improvement in the current year's results as a result of a revision to tariffs, and - on the other hand - in the corresponding quarter last year there was a decrease in premium deficiency.

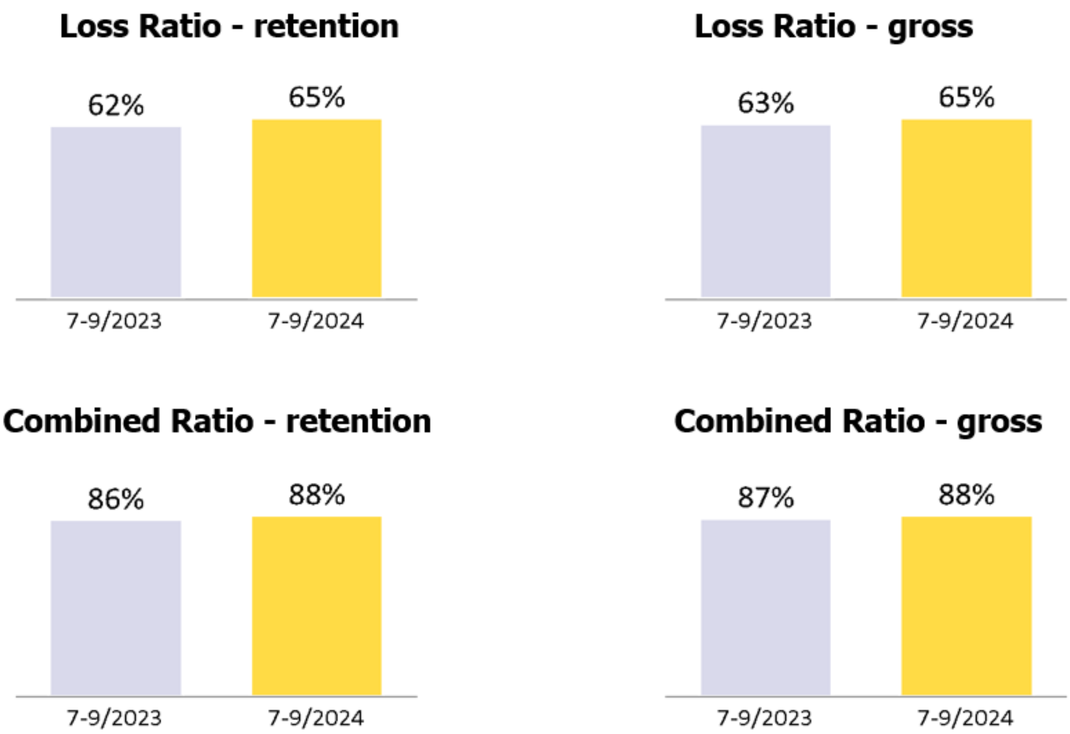
Other Property Subsegments - the increase in underwriting income in the quarter compared to the corresponding quarter last year arises mainly from an better developments with respect to previous years.

Other Liability Subsegments - The increase in underwriting income in the quarter compared to the corresponding quarter last year arises mainly from an better developments with respect to previous years.

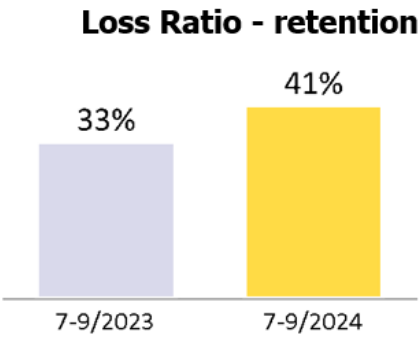
5.6.8 Gross premiums in the quarter and corresponding quarter last year (in NIS million)

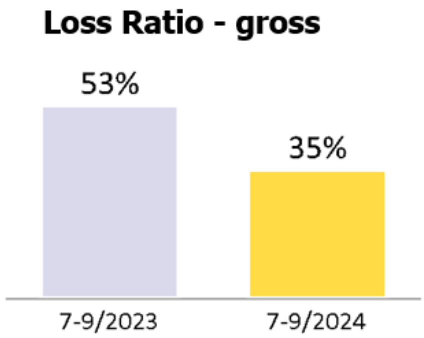


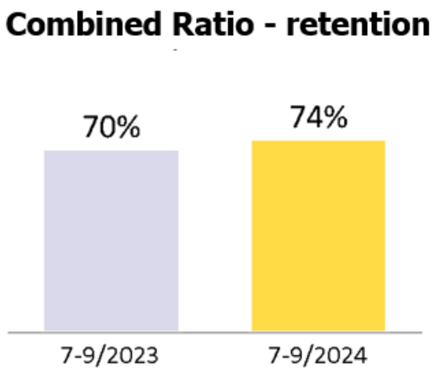
Following is the loss ratio and combined loss ratio - gross and retention - in motor property:

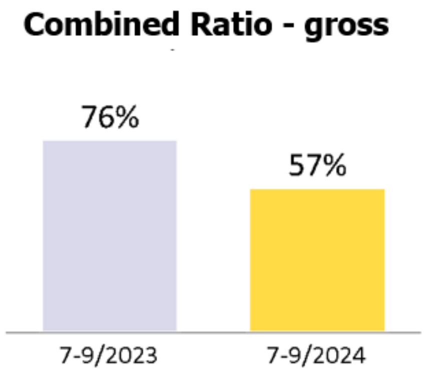


Following is the loss ratio and combined loss ratio - gross and retention - in the Other Property Subsegments:



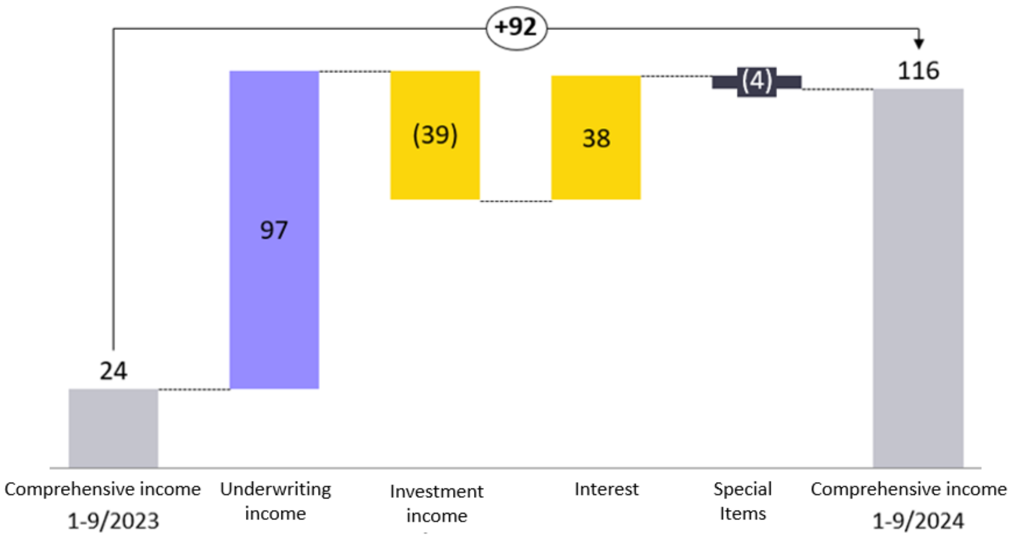






5.7 Operating results of the Health Insurance Segment

5.7.1 changes in the results of the Health Insurance Segment during the Reporting Period (before tax, in NIS million)



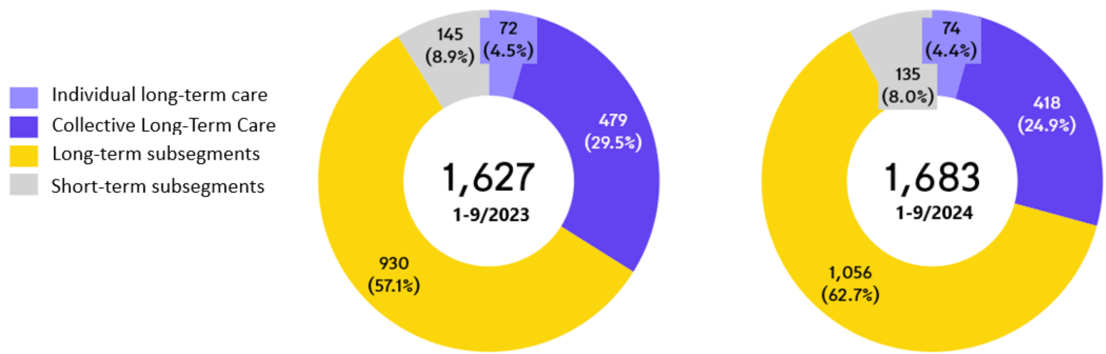
1-9/2024	134	(48)	48	(18)
1-9/2023	37	(9)	10	(14)

The increase in underwriting income in the Reporting Period compared to the corresponding period last year arises mainly from an increase in activity in the Individual Insurance Subsegments (Medical Expenses and Critical Illnesses), an improvement in underwriting mainly due to an improvement in LR (among other things due to a decrease in premium deficiency), a decrease in cancellations rate and a decrease in expenses and an underwriting improvement in the Collective Long-Term Care Subsegment. The decrease in investment income (as outlined in Section 5.2 above) is attributable to a lower real return in the Reporting Period compared to the corresponding period last year.

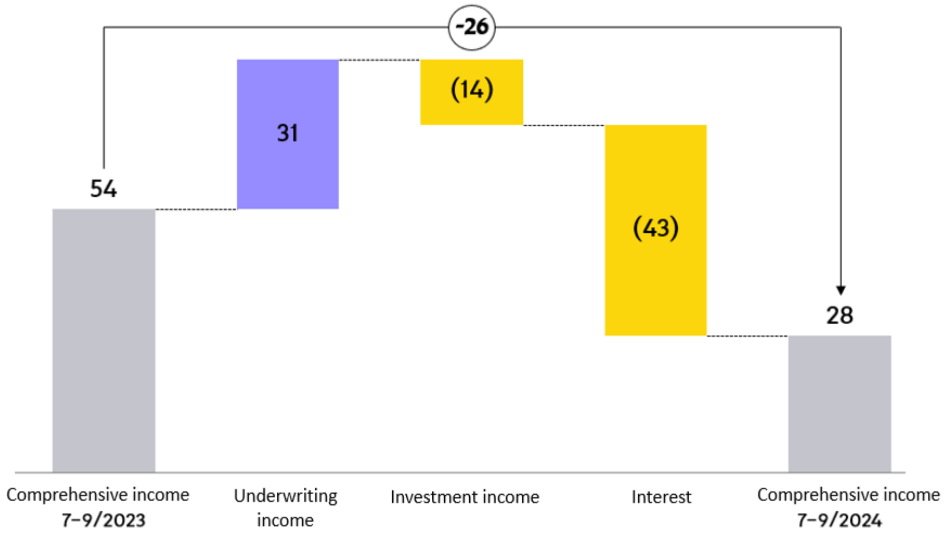
The interest rate curve effect reduced the insurance liabilities by approx. NIS 48 million during the reporting period, compared to a decrease of approx. NIS 10 million in the corresponding period last year.

The Special Items in the Reporting Period stem from revision of morbidity cancellation and expenses assumptions, which led to an approx. NIS 18 million increase in the reserve (in an individual medical expenses product) and from a revision of assumptions regarding morbidity assumptions and cancellations in the corresponding period last year, which led to an approx. NIS 14 million increase in the reserve (mostly in the individual medical expenses product).

5.7.2 Gross premiums during the Reporting Period and corresponding period last year (in NIS million)



5.7.3 Changes in the results of the Health Insurance Segment during the quarter (before tax, in NIS million)

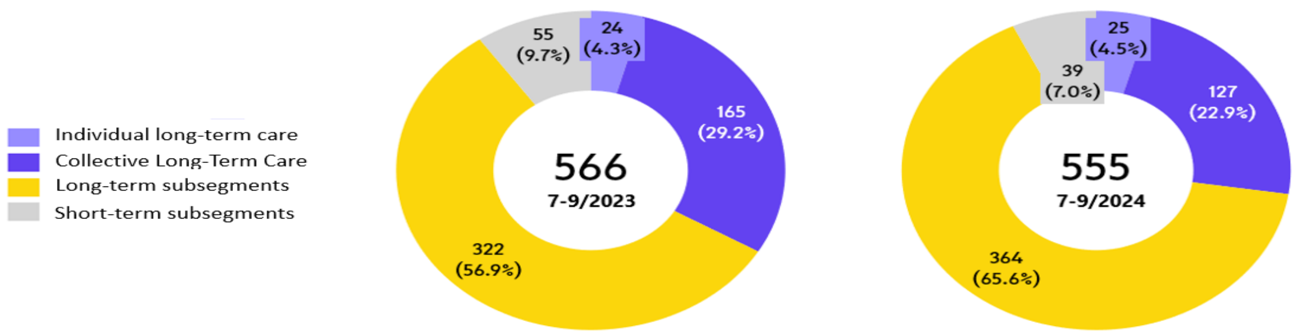


7-9/2024	44	(16)	0
7-9/2023	13	(2)	43

The increase in underwriting income in the second quarter compared to the corresponding period last year arises mainly from an increase in activity in the Individual Insurance Subsegments (Medical Expenses and Critical Illnesses), a decrease in the cancellation rate, as well as from an underwriting improvement in the Collective Long-Term Care Subsegment, and a decrease in loss from the Collective Medical Expenses Subsegment. The decrease in investment income (as outlined in Section 5.2 above) is attributable to a lower real return in the Reporting Period.

In the current quarter, the interest rate did not affect insurance liabilities, compared to an approx. NIS 43 million decrease in insurance liabilities in the corresponding period last year.

5.7.4 Gross premiums in the quarter and corresponding quarter last year (in NIS million)



6. Cash flow

In NIS million	1-9/2024	1-9/2023	% of change	7-9/2024	7-9/2023	% of change	1-12/2023
Net cash provided by (used for) activity: Operating	593	(1,072)		(365)	(740)	(50.7%)	(325)
Investment	(599)	(88)	579.9%	(157)	67		(269)
Financing	(412)	184		(421)	238		104
Exchange rate differences in respect of cash and cash equivalent balances	24	44	(44.5%)	(5)	23		10
Decrease in the cash balance	**(395)**	**(933)**	**(57.7%)**	**(948)**	**(411)**	**130.6%**	**(480)**
Cash balance at end of period	**3,010**	**2,952**	**2.0%**	**3,010**	**2,952**	**2.0%**	**3,405**

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

Legal provisions applicable to the Company as a whole

7.1 The Commissioner's circulars, directives, position papers and fundamental decisions

(a) Further to that which is detailed in Section 7.1.1.2(l) in the Description of the Corporation's Business chapter of the Periodic Report, in June and August 2024, the Commissioner published directives that revise the roadmap for the adoption of the standard. The directives prescribe, among other things, the time tables and the preparations insurance companies are required to make in the lead up to the implementation of the standard in Israel. On June 1, 2023, the first-time application date of the standard in Israel was revised, such that it will take place on January 1, 2025, and the transition date shall apply on January 1, 2024. In addition, in accordance with the above directives, in 2024, companies may provide disclosure as part of the third quarter financial statements regarding the effect of the application of the provisions of **IFRS 17** and **IFRS 9** on the Company's financial position (pro forma balance sheet) as of January 1, 2024 (opening balance data as of the transition date). In addition, in their 2024 annual financial statements companies are also required to disclose the results of the companies and their financial position (statement of comprehensive income and pro forma balance sheet) for the first half of 2024. In addition, the directives add requirements regarding reports submitted to the Capital Market, Insurance and Savings Authority in connection with the Company's results and financial position in accordance with **IFRS 17** and **IFRS 9**.

(b) In April, July and August 2024, drafts were published entitled **Professional Issues Pertaining to the Implementation of IFRS 17 in Israel**, which include guidance on professional issues, in accordance with the roadmap for the adoption of the standard. For further details in connection with the application of the standard, see Note 8 to the financial statements.

(c) In November 2023, and Amendment to the **Adjudication of Interest and Linkage Law, 2023** was published (hereinafter - the " **Amendment to the Law**"), which deals with the adjudication of interest and linkage in connection with amounts ruled by a judicial instance. The Amendment to the Law leaves in place the two alternatives for calculating the base interest rate - a shekel interest and a linked interest, which are added to linkage differences to the Consumer Price Index, while setting the shekel interest as the default interest; in addition, due to the various purposes of the interest rate mechanism, changes were also made to the interest on arrears mechanism, and it was separated from the other interest mechanisms. The effective date of the Amendment to the Law has been set to January 1, 2025 after a three-month deferral, in order to complete the operational preparations and the incorporation of the required changes in the relevant systems. The Amendment to the Law included indirect amendments to many laws, which rely on the interest rate calculation mechanisms prescribed by the said law, including in the insurance segment, such as the Insurance Contracts Law, the Supervision Law, and the Road Accident Victims Compensation Law.

In addition, as a supplementary step to the Amendment to the Law, in September 2024 the Knesset Finance Committee discussed a Draft Adjudication of Interest and Linkage Regulations (Prescribing Annualized Rates of Shekel Interest, Linked Interest and Interest on Arrears, their Calculation and Publication), 2024, which determines the manner by which the shekel and linked interest rates will be calculated, and a mechanism for the calculation of the rate of interest on arrears.

7.2 Circulars and draft regulations pertaining to investments of institutional entities

7.2.1 Life insurance and long-term savings

In August 2024, an amendment to the "**Provisions Regarding Selecting Provident Funds**" Circular was published, which, among other things, expands the considerations an employer may take into account when they conduct a tender for the selection of a default provident fund, for those of their employees, who did not actively select another provident fund. At the same time, the Commissioner published a new procedure for selection of default funds, through which a number of funds are supposed to be selected, which will serve as the selected default funds for a period of four years as from November 2024 (instead of 3 years as per the previous procedures). In this framework, the Commissioner decided that the management fees collected from the contributions, and which will be included in the bids submitted as part of the tender, will not fall below 0.5% and will not exceed 1% of the contributions, and management fees on accrual will not fall bellow 0.15% of the accrual. As part of the procedure, preference was given to pension funds whose market share is lower than 5%, and lesser preference was given to pension funds whose market share is between 5% and 10%. In addition to the above, a mechanism was set for allocating - between all the funds which will be selected in the tender - planholders who are signed-on by employers to default funds, since the did not actively select another provident fund; allocation will be made based on the check digit in the employees' ID numbers. In addition, the Commissioner was vested with the power to set conversion alternatives of the management fees, which a selected default fund will be allowed to collect from a planholder, who will contact it directly rather than through the employer, provided that such a conversion shall benefit with the planholder, and the selected funds were required to post on their website at least one and no more than 5 management fees alternatives. The results of the procedure were published on September 19, 2024, and the 4 funds were declared, which will be the default funds as from November 1, 2024.

7.2.2 Health insurance

(a) Further to the details provided in Section 6.1 to the Description of the Corporation's Business chapter in the Periodic Report, in June 2023, **the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the Budget Years 2023 and 2024), Chapter S (Health) (hereinafter - the "Economic Arrangements Law")** was published, which amends The Financial Services Supervision Law, and sets a requirement whereby an insurer will pay the health maintenance organization for a surgical procedure that was executed and financed through a SHABAN plan when the following two conditions are met: (1) The policyholder is insured under a "From the First Shekel" surgical procedure insurance policy, and the said policy covers such a surgical procedure; (2) the surgeon is part of a surgical procedures arrangement with the insurance company; (3) the surgical procedure was carried out and financed through a SHABAN plan, even if there are differences between the SHABAN plan and the policy in terms of the method employed to execute the surgical procedure, the medical center in which it is carried out, and the technology and the devices required for the surgical procedure.

In this regard, it was determined that the amount that will be paid to the health maintenance organization shall be equal to the price of the surgical procedure as per the Ministry of Health's price list, or as set in a dedicated order that will be set at the recommendation of the Commissioner - the lower of the two. The policyholder's deductible shall be deducted from this amount, to the extent that he paid it. It was also stipulated that the insurer may submit to the Commissioner an appeal to the payment notice as stated above within 30 days from receipt of such notice, and the appeal will not delay the payment to the health maintenance organization, and the Commissioner is required to inform the insurer and the health maintenance organization of its decision regarding the appeal within 60 days of its receipt. Furthermore, transitional provisions were set that will require the insurer to transfer policyholders from an individual "From the First Shekel" surgical procedure policy taken out as from February 2016 until the effective date who also have a SHABAN plan in place, to a "Supplementary SHABAN" surgical procedures policy, while ensuring continuous insurance coverage on June 1, 2024.

In addition, it was determined that policyholders will be allowed to inform the insurer - within a year of the transfer date - of their wish to cancel the transfer and reinstate the original policy. It was prescribed that in order to transfer the payment by the insurer in respect of the execution of the surgical procedure as part of the SHABAN plan as stated above, and in order to transfer policyholders to a "Supplementary SHABAN" surgical procedures policy, the Capital Market, Insurance and Savings Authority shall operate and maintain a secure online interface that will be used to transfer the relevant information between the health maintenance organizations and the insurance companies to achieve the implementation of the provisions of the law.

In March 2024, the Commissioner published a circular, which includes provisions as to the process of transferring policyholders to a Supplementary SHABAN surgical insurance policy (Insurance Circular 2024-1-4), including with regard to the wording of provisions to transferred policyholders and the transfer cancellation procedure. In addition, in March 2024, "**Amendment to the Consolidated Circular - Title 6, Part 3, Chapter 2 - The Requirement to Offer Supplementary SHABAN Healthcare Coverage**" was published, which includes provisions regarding the insurance coverage under a SHABAN supplementary policy. Furthermore, in August 2024 a circular was published entitled "**Appealing a Payment Notice for First-Shekel Surgical Procedures**", which includes provisions regarding the review of the appeal by the Company of a payment notice it received, where the Company believes that the policyholder's insurance policy does not cover the surgical procedure in respect of which the payment was demanded.

(b) Further to Section 6.1 to the Description of the Corporation's Business chapter, in December 2023, the **Commissioner's Directives regarding Financial Services Supervision (Insurance) (Collective Long-Term Care Insurance to Members of Health Maintenance Organizations) (Amendment), 2023**, which revises the existing insurance coverage under collective long-term care insurance policies of health maintenance funds in order to stabilize the "policyholders' funds" in view of the increase in the incidence of claims filed and paid, and their adverse effect on policyholders' funds. The provisions prescribe reducing by approx. 10% the amount of insurance benefits paid to a policyholder, who is entitled to the basic tier of coverage, and who lives at home. In addition, the monthly insurance benefits paid in accordance with the directives were reduced by linking the insurance benefits amounts to the known CPI on the Amendment’s effective date and no later than July 1, 2016. Furthermore, the existing exclusion period was revised for entitlement to insurance coverage under the policy to an insured event that occurred in the first 5 years of a policyholder’s life instead of 3 years according to the existing exclusion. In view of the difficulties of adding an “extended tier” to the insurance coverage under the policy, the effective date of the provisions dealing with the extended tier was postponed to January 1, 2028. The amendment shall apply to all collective long-term care insurance policies of the health maintenance organizations that will be entered into or renewed as from the effective date (as defined below), and that they will also apply to existing policies, if it was agreed between the insurance company and the health maintenance organization, that those directives shall apply to them. It was clarified that the amendment will not apply to insured events that occurred prior to the effective date. The effective date of the provisions of the amendment is January 1, 2024.

(c) Further to Section 6.1 to the Description of the Corporation's Business chapter, in December 2023, the Commissioner published an amendment to Consolidated Circular - Title 6, Part 3 - Long-Term Care Insurance, which prescribes that, due to the challenges arising in long-term care insurance (including an increase in the number of insured events and the prolongation of the entitlement period), the minimum 20% threshold for insurance companies’ participation in the insurance risk arising from long-term care insurance policies of health maintenance organizations should be scrapped. It was clarified that this cancellation is expected to allow the health maintenance organizations the flexibility to set the risk rate applicable to the insurance company.

Further to the challenges and trends described in the revisions detailed above, in November 2024 a draft amendment was published to the Commissioner’s Directives regarding Financial Services Supervision (Insurance) (Collective Long-Term Care Insurance to Members of Health Maintenance Organizations), 2023 (hereinafter - the “**Draft**”), which revised the definition of an insured event and the eligibility criteria for insurance benefits in order to increase the stability of the policyholders funds of the health management organizations. The Draft Amendment suggests, among other things, to prescribe that in long-term care insurance policies of member of the health maintenance organizations only policyholders, who are unable to perform at least 4 out of 6 activities of daily living (ADL), will be eligible. In addition, it is suggested that the use of medical accessories will not be deemed as inability to perform a certain action. Furthermore, for policyholders who live at home, it is suggested that the eligibility for insurance benefits will be subject to the provision of a certificate to the effect that the policyholder actually uses a personal carer, who provides care services during most hours of the day. Furthermore, it is suggested to allow the collection of insurance premiums from children, who will sign-up to the insurance as from the date on which the Amendment comes into effect. The draft suggests that the amendment will come into effect on January 1, 2025 (hereinafter - the "**Effective Date**") and will apply to long-term care insurance policies of health management organizations which will be taken out or renewed as from the Effective Date, and to policies taken out prior to that date if they stipulate that those provisions will apply to them.

7.2.3 Property and casualty insurance

(a) Further to the details in Section 7.1.4 to the Description of the Corporation's Business chapter, in September 2023, the Commissioner of the Capital Market, Insurance and Savings published a fundamental decision entitled Reduced Insurance Payouts in Motor (Property) Insurance in respect of a Difference in Spare Parts Prices Where the Vehicle was Repaired in a Non-Authorized Auto Repair Shop. The decision was issued further to queries, which were made by members of the public, and which the Capital Market, Insurance and Savings Authority became aware of, from which it became evident regarding motor property insurance policies that some of the insurance companies started using a practice, as part of which they deduct some of the insurance benefits in respect of the difference between the spare parts price list quoted by the appraiser in its appraisal, and the amount the insurance company would have paid for those parts had they been purchased from spare parts suppliers, with whom the insurance company entered into engagement. As part of the decision, the Commissioner stipulated that the insurance companies are entitled to enforce the provisions of Section 61 to the Insurance Contracts Law, 1981 (hereinafter - the "**Insurance Contract Law**", subject to the rules set in the decision.

Further to the above, and by the power vested in him under Section 62(A) to the Financial Services Supervision Law, which allows him to make decisions regarding complaints and order a rectification by way of issuing a rule, the Commissioner ordered the companies to act in the following manner prospectively: (a) An insurance company that operates in the said manner should display to the policyholder, in a prominent way, the way it is expected to conduct itself upon the occurrence of an insured event. Such disclosure will be given both at the stage of the insurance offer, and when the policyholder reports an insured event (hereinafter - "**Disclosure regarding the Requirement to Minimize the Damage**"); (b) before a deduction is carried out, the insurance company shall consider, according to the relevant circumstances, to give the policyholder the option to pay a lower deductible similar to the deductible amount the policyholder would have paid had it repaired the car in an authorized auto repair shop.

On February 12, 2024 a draft was published entitled Filing of Insurance Plans in the Motor Property Subsegment. The draft was published against the backdrop of the publication of the abovementioned decision, and a "Call for Proposals" published regarding the effect of the decision on the amount of the deductible payable by policyholders.

As part of the draft, it is suggested to clarify that an insurance company that takes steps to reduce the damage in motor property insurance should do so while conducting itself in good faith and fairness and in accordance with the provisions of the law, and the reduction rate shall not exceed a rate to be approved by the Authority out of the total cost of the repair in respect of the damage; to determine that if the policyholder collaborated with the insurance company, and led to cost savings, the insurance company shall deduct a deductible from the insurance benefits, as if the policyholder repaired his/her car in an authorized auto repair shop; and to determine that the insurance companies will not include in the insurance plans the option to receive compensation in respect of constructive total loss, and that vehicles will be taken off the road only in cases of total loss that requires the taking the damaged car off the road.

(b) On May 15, 2024, a circular was published on the filing of insurance plans in the Motor Property Subsegment. The circular was published following the abovementioned decision, and a "Call for Proposals" published regarding the effect of the decision on the amount of the deductible payable by policyholders.

The circular stipulates that an insurance company, which acts to minimize the damage in motor property insurance, shall revise the wording of the disclosure to a policyholder insured under the insurance plan, such that in the event that the damage is minimized it will meet its obligations to act in good faith and fairly towards the policyholder, and will refer in the disclosure to the rules for reducing insurance benefits where damage is minimized. The reduction rules will be filed for approval by the Authority as part of a the filing of the insurance plan, and will include, among other things, the reasonableness of the measure according to which the policyholder is required to act, the prices of available spare parts after the discounts, the fees, which will be paid to the auto repair shop in respect of the spare parts, and the cost of repairing the vehicle by the auto-repair shop. The circular also stipulates that if a policyholder, who opted to repair the vehicle in an authorized auto repair shop, 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 abovementioned provisions came into force on September 1, 2024.

The circular also stipulates that the insurance companies will not include in the insurance plans the option of compensation for constructive total loss, except for types of cases filed by the Company to the Authority as part of the filing of an insurance plan, and the Authority did not object to them. The provisions regarding this matter come into force on the day of coming into force of the amendment to the definition of "total loss" in the Traffic Regulations, 1961, regarding the selection of an appraiser in connection with a "total loss" of a vehicle.

The provisions of the circular might have an adverse effect on the Group's ability to enforce the requirement to minimize the damage; however, at this stage it is impossible to assess the circular's ramifications on the Group. The Group's assessment constitutes forward-looking information that is based on the information available to the Group at the report date. Actual results may differ from those estimated, which depend, among other things, on the reduction rules, which the Authority will approve, and their wording, and on the actual conduct of policyholders and auto-repair shops.

(c) Further to Section 4.1 to the Description of the Corporation's Business chapter to the Periodic Report, in May 2024 the Commissioner published a circular on the "Amendment of the Consolidated Circular Title 6 Part 2 - Provisions in the Motor Property Subsegment". The circular includes provisions regarding the regulation of claims settlement in the Motor Property Subsegment, including, among other things, the engagement with appraisers and auto repair shops, and various provisions pertaining to the marketing of the policy and the settlement of the claim.

In the opinion of the Group, the provisions of the circular will have an extensive impact on operational and commercial aspects of motor vehicle insurance policies - property (self-insurance and third-party insurance); however, at this stage the Group is unable to predict and/or estimate its scope.

The Group's assessment in this matter constitutes forward-looking information that is based on the information available to it at the report publication date. The actual results may differ from the estimated results, which will be affected, among other things, by the behavior of the various parties involved in its implementation.

8. Developments in the macroeconomic environment

On October 7, 2023, Hamas attacked localities in the Gaza Envelope, causing numerous casualties and taking hostages. In response, the IDF attacked the Gaza Strip from the air, and at a later stage launched a ground assault. A conflict also developed in the north of Israel against Hezbollah; recently, this conflict has been escalating. The War had an adverse effect on economic growth and led to an increase in budget deficit. The Bank of Israel took various steps in order to ease conditions in the markets and the economy.

In the first 9 months of 2024, growth in Israel was affected by the War in Gaza and thereafter by the War in the north. After the sharp decline in GDP in the fourth quarter of 2023, there was a fast recovery in the first quarter of 2024 driven by private consumption and public spending. In the second quarter, a low growth rate of approx. 0.7% was recorded. According to the current economic indicators, the third quarter also saw a moderate growth. Private consumption and specifically public spending have grown at a relatively high rate, but investment and exports activities remained weak. The growth forecast of the Ministry of Finance and the Bank of Israel for 2024 stands at 0.4% and 0.5%, respectively (2025 - 4.3% and 3.8%, respectively).

The unemployment rate has hit an historical low of 2.6% due to workers shortage as a result of the War. As of August, the average pay in Israel grew by 4% in the past 12 months. In some of the sectors it was evident that there are raw materials, equipment and workers shortages. The shortage on the supply side, in combination with strong private consumption data have driven inflation, which reached 3.5% at the end of the third quarter of 2024. Home purchases recovered and led to a renewed increase in house prices. The Ministry of Finance revised its 2024 inflation forecast upwards to 3.8%.

The Bank of Israel cut its interest rate at the beginning of 2024 from 4.75% to 4.5%; however interest rate cuts were stopped due to an increase in inflation. In accordance with the Bank of Israel’s forecast, interest rates will remain without change in the forthcoming year.

A sharp increase in the government’s expenses due to the War resulted in an increase in budget deficit. The deficit increased from approx. 1.9% of GDP in September 2023 to 8.5% of GDP in September 2024. The deficit continued to increase despite the fact that tax collection increased beyond what was forecast.

During the past year, rating agencies downgraded Israel’s credit rating. Concurrently with the escalation of the War in the north, the rating agency Moody’s downgraded Israel’s credit rating by 2 notches to Baa1 with a negative outlook. The rating agency S&P downgraded the rating to A with a negative outlook. Rating agencies’ growth forecasts in Israel for 2024-2025 remain significantly lower than the forecasts of the Ministry of Finance and the Bank of Israel. Foreign entities’ deficit forecasts are higher than the forecasts of the Bank of Israel and the Ministry of Finance.

The global economy has grown at a relatively stable rate since the beginning of the year. After a 3.3% growth in 2023, a similar growth rate is expected in 2024 - according to IMF assessments.

In the United States, the economic growth rate remained high despite high interest rates. In the third quarter, the US economy grew by an annual rate of 2.8%, after achieving a 3.0% growth in the second quarter. After aggressive interest rate hikes in the past two years, the inflation rate declined to 2.4%. According to the IMF, in 2024 the US economy is expected to grow by 2.8%, a rate similar to last year's. Growth in the US economy is supported by strong private consumption and high levels of public investments and spending. The government's budget deficit continues to be very high, and leads to an increase in the debt to GDP ratio. The labor market in the United States remains strong, but there are indications of cooling.

In the Eurozone, growth has improved slightly, but remains low. In the third quarter, the Eurozone economy grew by an annual rate of 1.6%, after a growth of 0.8% in the second quarter. The IMF's growth forecast for 2024-2025 stands at 0.8% and 1.2%, respectively. Despite low growth rates, the labor market in Europe remains strong, and the unemployment rate stood at 6.4% in the third quarter. As of September, inflation during the past 12 months stood at 1.7%, compared to 4.3% in the corresponding period last year. However, core inflation remains high and stands at 2.7%.

In China, economic growth continued to decline. In accordance with the IMF forecast, the Chinese economy is expected to grow by 4.8% in 2024 compared to 5.2% in 2023. In addition, the crisis in the Chinese real estate market continues. Private consumption remains the weakest area in the Chinese economy. On the other hand, exports grow at a high rate.

In the past year, inflation continued to decline in most countries, and in some countries it had already reached a target of approx. 2%. As detailed above, the inflation rate in the United States declined to 2.4% (Europe - 1.7%). In China, inflation remains very low, and in September 2024 it stood at only 0.4%. Core inflation (excluding energy and food) remained relatively high in most countries, mainly due to surging services prices.

Central banks started a process of interest rate cuts following the decline in inflation rates. The US Central Bank (the Fed) cut its interest rate by an aggregate rate of 0.75% to a level of 4.5%-4.75%. The European Central Bank (ECB) cut its interest rate by 0.75% to 3.25%. Other central banks in developed and developing countries are also in the process of interest rate cuts. The Japanese Central Bank (BOJ) - the only central bank which did not increase interest rates during the heightened inflation period in 2021-2023 - started increasing the interest rate this year for the first time in the past 17 years.

8.1 The bonds and equities markets

Trading in markets across the world was conducted against the backdrop of a decline in inflation rates and expectations for interest rate cuts by central banks, as well as the AI revolution. In the first 9 months of 2024, the local capital market experienced good rises of above 12%. Most of the increase took place in the third quarter - approx. 8.5% - arising from the expectation that the War is set to end. In the third quarter, the Israeli equities market overperformed, achieving returns, which are more than 3% higher than its US counterpart. Since the beginning of the year, an approx. 8% difference arose in favor of the US market. However, subsequent to the balance sheet date, as of mid-November, the difference declined to only 3.8%.

In first 9 months, the TA 35 Index was up by 13.8%, the TA 125 Index - by 12.3%, and the TA 90 Index - by 9.5%. On the other hand, the TA-Banks Index which was up by 18.7% and the TA-Insurance Index which was up by 22.8% overperformed. On the other hand, the TA-Technology Index which was up by 7.2% and the TA-Real Estate Index which was up by 5.1% underperformed.

In the USA, the S&P 500 rose by 20.8%, the NASDAQ rose by 21.2%, and the Dow Jones rose by 12.3%. In Europe, the EURO STOXX 600 was up by 9.2%, the German DAX - by 15.4%, and the FTSE in England was up by 6.5%. In the Far East, the Japanese Nikkei Index rose by 13.3%, with the Shanghai SSE Index up by 12.2%.

Bonds trading in the first nine months of 2024 was affected by the understanding that interest rates are not expected to decline quickly, and by the prolongation of the War. In Israel there was an upward trajectory over the period, with yields on 10-year bonds - which were lower than 4% at the beginning of the year - reaching 5%, where they stopped rising. In the United States, yields were volatile; they rose to 4.7% at the end of May, slumped to a 3.6% low in mid-September and have started rising since then; this is despite a 0.5% interest rate cut by the US Federal Bank (the Fed). The Tel Gov Shekel Index declined by 0.2% and the CPI-Linked Government Bonds Index increased by 0.3%. A significant upward trend was evident in the corporate bonds investment channel as a result of the decrease in spreads compared to government bonds. The Tel Bond-20 Index increased by approx. 3.0% and the Tel Bond 40 Index increased by approx. 4.2%.

In the first nine months of 2024, the NIS devalued by 3.2% against the USD and by 3.5% against the EUR. The foreign currency reserves of the Bank of Israel increased by approx. USD 15.8 billion in the half-year, amounting to approx. USD 215.8 billion.

8.2 Events subsequent to the balance sheet date

In October, the Israeli equities market experienced a sharp increase of approx. 5%.

At the beginning of October, the international credit rating agency S&P downgraded Israel's credit rating from A+ to A with a negative outlook amid the escalation of the War in Lebanon and a deterioration in the growth forecast from 5% to 2.2% in 2025.

The US presidential elections took place on November 5, 2024, at the end of which Donald Trump was reelected. The Republican president may introduce changes to economic policies.

9. Funding sources

The balance of the financial liabilities as of September 30, 2024 is approx. NIS 4,843 million compared to NIS 4,773 million as of December 31, 2023.

As of the report date, the Company's separate financial liabilities amount to approx. NIS 274 million, originating in Bonds (Series C), whose repayment is spread over 2 years (totaling NIS 108 million)according to the amortization schedules, and in an option to non-controlling interests (totaling NIS 167 million). The Company considers it important to maintain available financial assets at the amounts required to repay bonds and to cover its operating activities and those of its investees. In this regard, it is noted that as of the report date the Company has liquid financial assets totaling approx. NIS 373 million. As part of the rating of the bonds it raised, the Company declared that it intends to maintain liquid assets and lines of credit at a rate of 100% of debt repayments (principal and interest) one year in advance, in accordance with the bonds' amortization schedule.

10. Disclosure on Exposure to, and Management of, Market Risks

In accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, the report regarding market risks and mitigation thereof relates to exposures of the Company and its consolidated companies, except for insurance companies. During the first nine months of 2024, there were no material changes in the Company's exposures to market risks and their management, compared to what is described in the Periodic Report of 2023.

11. Corporate Governance Aspects

11.1 Disclosure on the financial statements' approval procedure in the Company

- **The identity of the organs charged with governance in the corporation**

  The organs charged with governance in the corporation are the CEO and CFO, at management level, and the Company's Financial Statements Review Committee, as defined in the Companies Regulations (Provisions and Conditions for Financial Statement Approval Procedure), 2010, which is the Balance Sheet Committee that was appointed by the Company's Board of Directors, whose role is - among other things - to discuss and issue recommendations to the Company's Board of Directors in connection with matters pertaining to the Company's financial statements, including the assessments and estimates made in connection with the financial statements, the internal controls regarding financial reporting, the integrity and adequacy of the disclosure in the financial statements, the opinion of the independent auditor, the accounting policy that was adopted and the accounting treatment that was applied in connection with the corporation's material matters (hereinafter - the "**Balance Sheet Committee**"). It is noted that the Balance Sheet Committee is not the Company's Audit Committee.

- **Committee members**

  As of the report publication date, the Balance Sheet Committee comprises three members, all of whom serve as Company directors, as follows: Mssrs. Gabriel Perel (ED and Chairman of the Balance Sheet Committee), Shai Feldman and Orit Stav (EDs) who posses accounting and financial expertise. All committee members possess the ability to read and understand financial statements. For details regarding the skills and experience of the directors, based on which the Company views them as persons who posses the ability to read and understand financial statements, see the Additional Details Report in the Periodic Report,. All members of the Balance Sheet Committee signed statements in accordance with the Companies Regulations (Provisions and Conditions for Financial Statement Approval Procedure), 2010. Meetings of the Company's Balance Sheet Committee are also attended by the Company's independent auditors.

- **Approval procedure of the financial statements**

  The financial statements of the Company were discussed in a meeting of the Balance Sheet Committee that was held on November 24, 2024. All members of the Balance Sheet Committee attended the abovementioned meeting. The meeting was also attended by Group officers and managers, as detailed below: Mssrs. Ari Kalman, CEO; Eran Griffel, Chairman of the Board of Directors; Ran Kalmi, CFO; Shimon Ir-Shai, Chief Legal Counsel, and Eti Hirshman, Chief Internal Auditor. The independent auditors and the following officers and managers of the subsidiary - Menora Mivtachim Insurance - were also in attendance: Mssrs. Yehuda Ben Assayag - Chairman of the Board; Michael Kalman - CEO; Ran Kalmi - CFO, Dan Bar-On - Chief Actuary; Ruthi Cohen Yehudayoff - Chief Risk Officer; Omri Gal - Head of Finance and Accounting; Katy Resnick - Actuary, Life Insurance; Anna Semenova - Health Insurance Actuary; Jacob Mauser - Supervising Actuary (Property and Casualty Insurance) and representative of the Company's Secretariat.

  The draft interim financial statements of the Company as of September 30, 2024, including the Report of the Board of Directors, were delivered to the members of the Balance Sheet Committee and Board of Directors in advance, several days prior to their approval date.

  The Balance Sheet Committee selected - through a detailed presentation by the Company's officers - the material issues in its financial reporting; as part of this process, the following were presented and reviewed: Assessments and estimates that were made in connection with the financial statements; internal controls regarding financial reporting; the integrity and adequacy of financial statements disclosures; the accounting policies and accounting treatment applied to material issues, and the Company's financial statements data. Furthermore, data included in the financial statements was presented, including information regarding the Company's financial position and operating activities.

As part of the abovementioned discussions, a review was held of the effectiveness of internal control over financial reporting.

The members of the committee assessed the judgment exercised by management in connection with the different issues, and after listening to the position of the Company's independent auditor, they reached the conclusion that the Company applied adequate accounting policies, and used adequate estimates and assessments. The committee formulated its recommendations regarding the various issues that were discussed, and recommended that the Board of Directors approve the interim financial statements for the period ended September 30, 2024.

12. Dedicated disclosure for bondholders

12.1 Details regarding the corporation's bonds

There were no material changes in relation to Section 8 to The Report of the Board of Directors in the Periodic Report.

13. Disclosure Provisions Relating to the Corporation's Financial Reporting

13.1 Reporting critical accounting estimates

There were no material changes in critical accounting estimates compared to those referred to in the Periodic Report.

13.2 Internal Control over Financial Reporting and Disclosure

The Group's institutional entities implement the provisions required under Sections 302 and 404 to the Sarbanes Oxley Law, all in accordance with the Commissioner's directives. In that context, the Group's institutional entities established work processes, that include, among other things, processes for disclosing and discussing events that affect the disclosure, and which are participated by those who take part in the preparation of the financial statements.

Accordingly, and further to the above, managements of the institutional entities, together with their CEOs and CFOs, assessed the effectiveness of the controls and procedures concerning the institutional entity's disclosure as of the end of the period covered in this report. Based on this assessment, it was concluded that, as of the end of this period, the controls and procedures as to the institutional entities' disclosure are sufficiently effective for recording, processing, summarizing, and reporting the information that the institutional entity 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. In addition, during the quarter ending September 30, 2024, no changes took place in the internal control over financial reporting of the institutional entities that had a material effect, or is expected to have a material effect, on the institutional entities' internal control over financial reporting.

14. Events subsequent to the balance sheet date

14.1 Appointment of a CEO for a subsidiary

On November 3, 2024, Mivtachim Pension and Provident's Board approved the appointment of Mr. Itai Yaakov as CEO of Menora Pension and Provident Funds as from January 1, 2025, further to the request of Mr. Guy Krieger - the serving CEO - to end his tenure. It is noted that the appointment is subject to approval by the Commissioner of the Capital Market, Insurance and Savings Authority.

14.2 Dividend distribution

In November 2024, the Company declared the distribution of approx. NIS 115 million in dividend.

14.3 Tender offer - Isracard

On October 31, 2024, the Company entered into an investment agreement with Isracard Ltd. For further details, see Section 2.16 above.

The Board of Directors wishes to extend its sincere appreciation to the Group's employees, its management and agents for their work and contribution to the Group's achievements.

Eran Griffel **Chairman of the Board**	**Ari Kalman** **CEO**

Ramat Gan, November 27, 2024

Chapter B

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

Quarterly Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure

in accordance with Regulation 38C(a)

Management, under the supervision of the Board of Directors of Menora Mivtachim 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 as follows:

1. Ari Kalman, CEO;
2. The other members of management:
   Ran Kalmi, CFO
   Nir Moroz, Chief Investment Officer

The internal control over financial reporting and disclosure consists of the Corporation's existing controls and procedures that have been planned by the chief executive officer and the most senior financial officer or under their supervision, or by the equivalent acting officers, under the supervision of the Corporation's Board of Directors, designed to provide reasonable assurance about the reliability of financial reporting and the preparation of the financial statements in compliance with applicable laws, and ensure that all information that the Company is required to disclose in the financial statements its publishes pursuant to law is collected, processed, summarized and reported in a timely manner and according to the format prescribed by 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.

Menora Mivtachim Insurance Ltd., Shomera Insurance Company Ltd. and Menora Mivtachim Pension and Provident Funds Ltd., subsidiaries of the Corporation, are institutional entities which are subject to the directives of the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**" regarding the assessment of the effectiveness of internal controls over financial reporting.

With regard to the internal control in the aforementioned subsidiaries, the Corporation applies the following Commissioner's Directives: Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Control over Financial Reporting" and Institutional Entities Circular 2010-9-7, "Internal Control over Financial Reporting - Certifications, Reports and Disclosures", including amendments to said circulars.

In the Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure attached to the quarterly report for the period ended June 30, 2024 (hereinafter - the "**Most Recent Quarterly Report of Internal Control**"), 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 found in the Most Recent Quarterly Report of Internal Control;

As of the report date, based on the above in the Most Recent Quarterly Report of Internal Control, and based on information brought to the attention of management and the Board of Directors as stated above, the internal control is effective.

Certification by Officers

Certification by the CEO

I, Ari Kalman, hereby certify as follows:

(1) I have examined the quarterly report of Menora Mivtachim Holdings Ltd. (hereinafter - the "**Corporation**") for the third 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 Corporation's audit and financial statements committees, 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 not been informed of any event or matter that occurred in the period between the most recent quarterly report date and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Ramat Gan, November 27, 2024

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Ari Kalman, CEO

Certification by Officers

Certification by the Most Senior Financial Officer

I, Ran Kalmi, hereby certify that as follows:

(1) I have reviewed interim financial statements and other financial information included in the interim report of Menora Mivtachim Holdings Ltd. (hereinafter - the “**Corporation**”) for the third quarter of 2024 (hereinafter – the “**Reports**” or “**Interim Reports**”);

(2) To my knowledge, the interim financial statements and other financial information included in the Interim Reports 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 Interim Financial Statements and other financial information included in the Interim 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 Corporation’s audit and financial statements committees, 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 Interim Financial Statements and other financial information included in the Interim 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) I have not been informed of any event or matter that occurred in the period between the most recent quarterly report date and the date of this Report, relating to the Interim Financial Statements and to any other financial information included in the Interim Financial Statements, which may, in my opinion, change the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Ramat Gan, November 27, 2024

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Ran Kalmi, CFO

Chapter C

Financial Statements

Consolidated Interim Financial Statements

As of September 30, 2024

Unaudited

Menora Mivtachim Holdings Ltd.

Consolidated Interim Financial Statements

As of September 30, 2024

Unaudited

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Building a better working world

Review Report of Independent Auditors to the Shareholders of Menora Mivtachim Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of Menora Mivtachim Holdings Ltd. and its subsidiaries (hereinafter - the **"Group**"), including the condensed consolidated statement of financial position as of September 30, 2024 and the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine- and three-month periods then ended. The Board of Directors and management are responsible for 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, as described in Note 2(a). Our responsibility is to express a conclusion regarding the financial information for this interim period based on our review.

We have not reviewed the condensed interim financial information of the consolidated companies the total consolidated assets of which constitute approx. 3.82% of the total consolidated assets as of September 30, 2024 and the consolidated income of which constitutes approx. 2.67% and 0.94% of total consolidated income for the nine and three-month periods then ended, respectively. Neither did we review these condensed interim financial information of equity-accounted companies, the investment in which amounted to approx. NIS 215,198 thousand as of September 30, 2024, and the Group's share in the profits of which amounted to NIS 21,832 thousand and a total of NIS 6,666 thousand for the nine- and three-month periods then ended, respectively. The condensed interim financial information of the above companies was audited by other independent auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial information in respect of these companies, is based on the review reports of the other independent auditors.

Review scope

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 making inquiries, primarily of persons responsible for financial and accounting matters, and 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 reports 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 insurers' holding 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 6 to the Consolidated Interim Financial Statements regarding exposure to contingent liabilities.

Tel Aviv,
November 27, 2024

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Consolidated Statements of Financial Position

Assets

	As of September 30		As of December 31
	2024	2023	2023
	Unaudited		Audited
	NIS thousand		
Intangible assets	1,825,954	1,772,143	1,795,069
Deferred tax assets	18,333	28,137	24,348
Deferred acquisition costs	2,369,889	2,183,834	2,188,426
Property, plant & equipment	996,089	973,700	1,017,318
Investments in associates	557,820	463,463	487,665
Investment property in respect of yield-dependent contracts	107,673	103,695	102,961
Investment property - other	657,449	650,185	651,862
Reinsurance assets	3,806,342	3,669,954	3,628,513
Current tax assets	15,247	117,774	133,349
Receivables and debit balances	595,377	1,005,472	524,638
Premiums collectible	1,133,105	1,222,699	1,030,293
Financial investments in respect of yield-dependent contracts	32,871,448	30,808,660	31,077,288
Other financial investments:			
Liquid debt assets	4,158,450	4,808,572	4,836,998
Illiquid debt assets	15,562,399	14,604,879	14,689,854
Shares	1,285,697	1,257,186	1,212,717
Other	3,653,918	3,197,179	3,226,868
Total other financial investments	24,660,464	23,867,816	23,966,437
Cash and cash equivalents in respect of yield-dependent contracts	1,782,857	1,706,815	2,080,711
Other cash and cash equivalents	1,227,444	1,245,139	1,324,214
Total assets	72,625,491	69,819,486	70,033,092
Total assets for yield-dependent contracts	35,087,248	33,350,666	33,559,357

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Financial Position (cont.)

Equity and liabilities

	As of September 30		As of December 31
	2024	2023	2023
	Unaudited		Audited
	NIS thousand		
Equity			
Share capital	99,429	99,429	99,429
Share premium	330,654	332,985	332,985
Treasury shares	(90,962)	(100,200)	(100,200)
Capital reserves	894,699	814,782	828,474
Retained earnings	5,674,316	5,115,302	5,270,149
Total equity attributable to the Company's shareholders	6,908,136	6,262,298	6,430,837
Non-controlling interests	200,164	194,846	187,165
Total equity	7,108,300	6,457,144	6,618,002
Liabilities			
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	23,174,306	22,491,077	22,396,649
Liabilities in respect of insurance contracts and yield-dependent investment contracts	34,466,142	32,493,303	33,059,486
Liabilities in respect of deferred taxes	526,561	481,848	480,601
Liabilities for employee benefits	126,471	126,834	127,019
Liability for current taxes	41,806	15,822	8,500
Payables and credit balances	2,338,613	2,591,227	2,569,694
Financial liabilities	4,843,292	5,162,231	4,773,141
Total liabilities	65,517,191	63,362,342	63,415,090
Total equity and liabilities	72,625,491	69,819,486	70,033,092

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

November 27, 2024			
Approval date of the financial statements	**Eran Griffel** **Chairman of the Board**	**Ari Kalman** **CEO**	**Ran Kalmi** **CFO**

Consolidated Statements of Profit or Loss

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand (excluding earnings per share data)				
Premiums earned, gross	6,541,869	6,374,755	2,191,717	2,255,212	8,689,531
Premiums earned by reinsurers	1,159,312	1,129,038	385,042	384,240	1,520,328
Premiums earned - retention	5,382,557	5,245,717	1,806,675	1,870,972	7,169,203
Investment income, net and finance income	4,130,069	2,923,411	1,773,152	500,429	4,037,631
Income from management fees	910,737	808,155	316,764	282,340	1,091,635
Income from fees and commissions	218,588	202,569	73,202	66,087	264,166
Other income	6,003	5,177	2,062	1,723	6,985
Total income	10,647,954	9,185,029	3,971,855	2,721,551	12,569,620
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	8,120,489	7,375,161	3,043,947	1,902,856	9,931,645
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(926,642)	(946,206)	(201,728)	(323,124)	(1,127,980)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	7,193,847	6,428,955	2,842,219	1,579,732	8,803,665
Fees and commissions, marketing expenses and other purchase expenses	1,389,771	1,321,665	478,233	462,416	1,774,398
General and administrative expenses	726,185	725,108	259,060	234,553	966,102
Other expenses	33,241	26,724	16,696	8,471	39,196
Finance expenses	188,849	157,187	66,875	45,590	210,371
Total expenses	9,531,893	8,659,639	3,663,083	2,330,762	11,793,732
Share in profits of associates	24,845	13,342	6,877	9,235	13,740
Profit before taxes on income	1,140,906	538,732	315,649	400,024	789,628
Taxes on income	361,748	162,378	93,538	134,178	251,231
Net income	779,158	376,354	222,111	265,846	538,397
Attributable to:					
Company's shareholders	750,432	359,820	211,714	259,419	514,380
Non-controlling interests	28,726	16,534	10,397	6,427	24,017
Net income	779,158	376,354	222,111	265,846	538,397
Net earnings per share attributable to the Company's shareholders - basic (in NIS)	12.11	5.81	3.42	4.19	8.31
Net earnings per share attributable to the Company's shareholders - diluted (in NIS)	11.81	5.65	3.33	4.07	8.08

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Comprehensive Income

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Net income	779,158	376,354	222,111	265,846	538,397
Other comprehensive income (loss):					
<u>Other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss</u>					
Adjustments arising from translation of financial statements of foreign operations	(1,282)	(906)	(2,487)	1,047	(2,631)
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	109,044	200,035	169,332	14,922	109,505
Net change from realization of financial assets classified as available for sale, carried to the statements of profit and loss	(36,878)	75,806	653	877	110,858
Impairment loss of financial assets classified as available for sale, carried to the Statements of Profit and Loss	46,331	15,923	21,234	6,485	30,891
Share in other comprehensive loss of associates	(2,474)	(17,870)	(6,264)	(5,619)	(13,616)
Total other comprehensive income items which, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss	114,741	272,988	182,468	17,712	235,007
Taxes on income related to available-for-sale financial assets	43,022	97,097	65,272	6,797	83,599
Income tax (tax benefit) relating to other items of other comprehensive income	814	2,669	(406)	1,196	743
Total other comprehensive income items, net, that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss	70,905	173,222	117,602	9,719	150,665
<u>Other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, will not be carried to profit and loss</u>					
Revaluation of property, plant and equipment	-	-	-	-	54,694
Gain (loss) due to remeasurement of defined benefit plans	(1,862)	2,413	478	1,134	2,716
Total other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, will not be carried to profit and loss	(1,862)	2,413	478	1,134	57,410
Taxes on income (tax benefit)	(599)	855	194	393	13,518
Items of other comprehensive income (loss), net not transferred to profit and loss	(1,263)	1,558	284	741	43,892
Other comprehensive income, net	69,642	174,780	117,886	10,460	194,557
Total comprehensive income	848,800	551,134	339,997	276,306	732,954
Attributable to:					
Company’s shareholders	820,017	534,434	329,548	269,851	708,858
Non-controlling interests	28,783	16,700	10,449	6,455	24,096
	848,800	551,134	339,997	276,306	732,954

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Re-valuation capital reserve	Other capital reserves	Retained earnings	Total	Non-con-trolling interests	Total equity
	Unaudited											
	NIS thousand											
Balance as of January 1, 2024 (audited)	99,429	332,985	(100,200)	63,224	511,350	(39,823)	276,738	16,985	5,270,149	6,430,837	187,165	6,618,002
Net income	-	-	-	-	-	-	-	-	750,432	750,432	28,726	779,158
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	(1,337)	-	-	-	(1,337)	55	(1,282)
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	109,044	-	-	-	-	109,044	-	109,044
Net change from realization of financial assets classified as available for sale, carried to the statements of profit and loss	-	-	-	-	(36,878)	-	-	-	-	(36,878)	-	(36,878)
Impairment loss of financial assets classified as available for sale, carried to the Statements of Profit and Loss	-	-	-	-	46,331	-	-	-	-	46,331	-	46,331
Loss due to remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	(1,865)	(1,865)	3	(1,862)
Share in other comprehensive loss of associates	-	-	-	-	-	(2,474)	-	-	-	(2,474)	-	(2,474)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	(43,022)	(814)	-	-	600	(43,236)	(1)	(43,237)
Total other comprehensive income (loss)	-	-	-	-	75,475	(4,625)	-	-	(1,265)	69,585	57	69,642
Total comprehensive income (loss)	-	-	-	-	75,475	(4,625)	-	-	749,167	820,017	28,783	848,800
Exercise of employee options	-	(2,331)	9,238	(6,907)	-	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	4,277	-	-	-	-	-	4,277	98	4,375
Non-controlling interests in a company consolidated for the first time - See Note 7H	-	-	-	-	-	-	-	-	-	-	632	632
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	(1,995)	-	(1,995)	(4,873)	(6,868)
Dividend distributed - see Note 5G	-	-	-	-	-	-	-	-	(345,000)	(345,000)	(11,641)	(356,641)
Balance as of September 30, 2024	99,429	330,654	(90,962)	60,594	586,825	(44,448)	276,738	14,990	5,674,316	6,908,136	200,164	7,108,300

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders											
	Share capital	Share pre-mium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Re-valuation capital reserve	Other capital reserves	Retained earnings	Total	Non-con-trolling interests	Total equity
	Unaudited											
	NIS thousand											
Balance as of January 1, 2023 (audited)	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,929,631	5,897,001	182,144	6,079,145
Effect of first-time application of IFRS 9	-	-	-	-	-	-	-	-	(686)	(686)	-	(686)
Balance as of January 1, 2023 after first-time application of IFRS 9	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,928,945	5,896,315	182,144	6,078,459
Net income	-	-	-	-	-	-	-	-	359,820	359,820	16,534	376,354
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	(1,051)	-	-	-	(1,051)	145	(906)
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	200,035	-	-	-	-	200,035	-	200,035
Net change from realization of financial assets classified as available for sale, carried to the statements of profit and loss	-	-	-	-	75,806	-	-	-	-	75,806	-	75,806
Impairment loss of financial assets classified as available for sale, carried to the Statements of Profit and Loss	-	-	-	-	15,923	-	-	-	-	15,923	-	15,923
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	2,381	2,381	32	2,413
Share in other comprehensive loss of associates	-	-	-	-	-	(17,870)	-	-	-	(17,870)	-	(17,870)
Taxes on income relating to items of other comprehensive income	-	-	-	-	(97,097)	(2,669)	-	-	(844)	(100,610)	(11)	(100,621)
Total other comprehensive income (loss)	-	-	-	-	194,667	(21,590)	-	-	1,537	174,614	166	174,780
Total comprehensive income (loss)	-	-	-	-	194,667	(21,590)	-	-	361,357	534,434	16,700	551,134
Non-controlling interests arising in companies consolidated for the first time	-	-	-	-	-	-	-	-	-	-	7,594	7,594
Cost of share-based payment	-	-	-	8,676	-	-	-	-	-	8,676	-	8,676
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	(2,127)	-	(2,127)	(2,473)	(4,600)
Dividend distributed	-	-	-	-	-	-	-	-	(175,000)	(175,000)	(9,119)	(184,119)
Balance as of September 30, 2023	99,429	332,985	(100,200)	60,066	538,362	(44,297)	234,623	26,028	5,115,302	6,262,298	194,846	6,457,144

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Re-valuation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited											
	NIS thousand											
Balance as of July 1, 2024	99,429	331,960	(94,267)	61,554	460,878	(36,051)	276,738	15,355	5,632,318	6,747,914	193,128	6,941,042
Net income	-	-	-	-	-	-	-	-	211,714	211,714	10,397	222,111
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	(2,539)	-	-	-	(2,539)	52	(2,487)
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	169,332	-	-	-	-	169,332	-	169,332
Net change from realization of financial assets classified as available for sale, carried to the statements of profit and loss	-	-	-	-	653	-	-	-	-	653	-	653
Impairment loss of financial assets classified as available for sale, carried to the Statements of Profit and Loss	-	-	-	-	21,234	-	-	-	-	21,234	-	21,234
Gain (loss) due to remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	479	479	(1)	478
Share in other comprehensive loss of associates	-	-	-	-	-	(6,264)	-	-	-	(6,264)	-	(6,264)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	(65,272)	406	-	-	(195)	(65,061)	1	(65,060)
Total other comprehensive income (loss)	-	-	-	-	125,947	(8,397)	-	-	284	117,834	52	117,886
Total comprehensive income (loss)	-	-	-	-	125,947	(8,397)	-	-	211,998	329,548	10,449	339,997
Exercise of employee options	-	(1,306)	3,305	(1,999)	-	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	1,039	-	-	-	-	-	1,039	30	1,069
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	(365)	-	(365)	(1,245)	(1,610)
Dividend distributed - see Note 5G	-	-	-	-	-	-	-	-	(170,000)	(170,000)	(2,198)	(172,198)
Balance as of September 30, 2024	99,429	330,654	(90,962)	60,594	586,825	(44,448)	276,738	14,990	5,674,316	6,908,136	200,164	7,108,300

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited											
	NIS thousand											
Balance as of July 1, 2023	99,429	332,985	(100,200)	57,141	522,875	(38,503)	234,623	25,526	4,930,144	6,064,020	184,252	6,248,272
Net income	-	-	-	-	-	-	-	-	259,419	259,419	6,427	265,846
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	1,021	-	-	-	1,021	26	1,047
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	14,922	-	-	-	-	14,922	-	14,922
Net change from realization of financial assets classified as available for sale, carried to the statements of profit and loss	-	-	-	-	877	-	-	-	-	877	-	877
Impairment loss of financial assets classified as available for sale, carried to the Statements of Profit and Loss	-	-	-	-	6,485	-	-	-	-	6,485	-	6,485
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	1,131	1,131	3	1,134
Share in other comprehensive loss of associates	-	-	-	-	-	(5,619)	-	-	-	(5,619)	-	(5,619)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	(6,797)	(1,196)	-	-	(392)	(8,385)	(1)	(8,386)
Total other comprehensive income (loss)	-	-	-	-	15,487	(5,794)	-	-	739	10,432	28	10,460
Total comprehensive income (loss)	-	-	-	-	15,487	(5,794)	-	-	260,158	269,851	6,455	276,306
Non-controlling interests arising in companies consolidated for the first time	-	-	-	-	-	-	-	-	-	-	6,501	6,501
Cost of share-based payment	-	-	-	2,925	-	-	-	-	-	2,925	-	2,925
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	502	-	502	(2,050)	(1,548)
Dividend distributed	-	-	-	-	-	-	-	-	(75,000)	(75,000)	(312)	(75,312)
Balance as of September 30, 2023	99,429	332,985	(100,200)	60,066	538,362	(44,297)	234,623	26,028	5,115,302	6,262,298	194,846	6,457,144

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment trans-action	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Reval-uation capital reserve	Other capital reserves	Retained earnings	Total	Non-con-trolling interests	Total equity
	Audited											
	NIS thousand											
Balance as of January 1, 2023	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,929,631	5,897,001	182,144	6,079,145
Effect of first-time application of IFRS 9	-	-	-	-	-	-	-	-	(686)	(686)	-	(686)
Balance as of January 1, 2023 after first-time application of IFRS 9	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,928,945	5,896,315	182,144	6,078,459
Net income	-	-	-	-	-	-	-	-	514,380	514,380	24,017	538,397
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	(2,757)	-	-	-	(2,757)	126	(2,631)
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	109,505	-	-	-	-	109,505	-	109,505
Net change from realization of financial assets classified as available for sale, carried to the statements of profit and loss	-	-	-	-	110,858	-	-	-	-	110,858	-	110,858
Impairment loss of financial assets classified as available for sale, carried to the Statements of Profit and Loss	-	-	-	-	30,891	-	-	-	-	30,891	-	30,891
Revaluation of property, plant and equipment	-	-	-	-	-	-	54,694	-	-	54,694	-	54,694
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	2,775	2,775	(59)	2,716
Share in other comprehensive loss, net of associates	-	-	-	-	-	(13,616)	-	-	-	(13,616)	-	(13,616)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	(83,599)	(743)	(12,579)	-	(951)	(97,872)	12	(97,860)
Total other comprehensive income (loss)	-	-	-	-	167,655	(17,116)	42,115	-	1,824	194,478	79	194,557
Total comprehensive income (loss)	-	-	-	-	167,655	(17,116)	42,115	-	516,204	708,858	24,096	732,954
Non-controlling interests arising in companies consolidated for the first time	-	-	-	-	-	-	-	-	-	-	7,549	7,549
Cost of share-based payment	-	-	-	11,834	-	-	-	-	-	11,834	260	12,094
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	(11,170)	-	(11,170)	(6,687)	(17,857)
Dividend distributed	-	-	-	-	-	-	-	-	(175,000)	(175,000)	(20,197)	(195,197)
Balance as of December 31, 2023	99,429	332,985	(100,200)	63,224	511,350	(39,823)	276,738	16,985	5,270,149	6,430,837	187,165	6,618,002

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows

	Appendix	For the 9 months ended September 30 2024	For the 9 months ended September 30 2023	For the 3 months ended September 30 2024	For the 3 months ended September 30 2023	For the year ended December 31 2023
		Unaudited		Unaudited		Audited
		NIS thousand				
Cash flows provided by (used for) operating activities	(a)	592,725	(1,072,116)	(364,935)	(739,613)	(324,600)
Cash flows provided by investing activities						
Investments (return on investments) in associates		(43,260)	(77,551)	909	(745)	(81,358)
Cash derecognized due to acquisition of consolidated companies consolidated for the first time	(d)	(3,495)	(9,535)	-	(6,559)	(9,787)
Proceeds from disposal of associates		-	17,417	-	-	14,958
Investment in property, plant and equipment		(21,971)	(15,343)	(6,554)	(2,002)	(26,610)
Investment in intangible assets		(176,287)	(153,437)	(62,289)	(56,424)	(227,210)
Proceeds from disposal (purchases) of financial investments by Group companies, which are not insurance companies, net		(355,052)	152,614	(91,108)	132,617	60,779
Loans granted to associates		(2,000)	(3,564)	(312)	(31)	(3,676)
Dividend received from associates		2,145	650	1,834	80	3,179
Consideration from disposal of intangible assets		480	-	-	-	-
Proceeds from disposal of property, plant and equipment		141	602	141	-	603
Net cash provided by (used for) investing activities		(599,299)	(88,147)	(157,379)	66,936	(269,122)
Cash flows provided by financing activities						
Assumption of financial liabilities (less issuance expenses)		320,672	390,888	112,177	321,518	396,172
Repayment of financial liabilities		(376,354)	(22,790)	(360,851)	(8,016)	(96,976)
Share buyback by the Company		-	-	-	-	(175,000)
Dividend paid to the Company's shareholders		(345,000)	(175,000)	(170,000)	(75,000)	-
Dividend paid to non-controlling interests		(11,642)	(9,119)	(2,199)	(312)	(20,197)
Net cash provided by (used for) financing activities		(412,324)	183,979	(420,873)	238,190	103,999
Exchange rate differences in respect of cash and cash equivalent balances		24,274	43,739	(5,057)	23,237	10,149
Decrease in cash and cash equivalents		(394,624)	(932,545)	(948,244)	(411,250)	(479,574)
Balance of cash and cash equivalents as of the beginning of the period	(b)	3,404,925	3,884,499	3,958,545	3,363,204	3,884,499
Balance of cash and cash equivalents as of the end of the period	(c)	3,010,301	2,951,954	3,010,301	2,951,954	3,404,925

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows (cont.)

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
(a) Cash flows from operating activities					
Net income for the period	779,158	376,354	222,111	265,846	538,397
Adjustments to profit and loss line items:					
Share in profits of associates	(24,845)	(13,342)	(6,877)	(9,235)	(13,740)
Income, net on financial investments in respect of insurance contracts and yield-dependent investment contracts	(2,725,802)	(1,744,880)	(1,318,031)	(177,851)	(2,552,798)
Losses (gains), net on other financial investments:					
Liquid debt assets	(105,130)	(30,395)	(40,494)	(26,018)	32,638
Illiquid debt assets	(757,768)	(588,287)	(254,442)	(138,347)	(816,364)
Shares	(170,597)	(190,380)	(49,460)	(84,993)	(267,597)
Other	80,319	231,027	(6,685)	79,199	91,732
	(953,176)	(578,035)	(351,081)	(170,159)	(959,591)
Finance expenses in respect of financial liabilities	163,014	140,908	57,752	48,798	188,447
Gain on disposal of property, plant & equipment	(92)	(124)	(141)	-	(126)
Income from disposal of intangible assets	(219)	-	-	-	-
Decline in fair value of investment property in respect of yield-dependent contracts	-	2,514	-	-	6,284
Increase in fair value of other investment property	(246)	(120,925)	(246)	(651)	(114,737)
Impairment of intangible assets	686	2,578	-	455	5,070
Depreciation and amortization:					
Property, plant & equipment	66,205	62,612	23,775	21,412	84,091
Intangible assets	149,114	143,135	51,448	48,378	191,492

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows (cont.)

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
(a) Cash flows from operating activities (cont.)					
Change in liabilities in respect of insurance contracts and yield-dependent investment contracts	1,406,656	698,373	812,632	(91,791)	1,264,556
Change in liabilities in respect of insurance contracts and non-yield-dependent investment contracts	777,657	657,923	119,150	29,678	563,495
Share-based payment	3,553	7,080	704	2,441	10,202
Change in reinsurance assets	(177,829)	(232,961)	99,255	(150,367)	(191,520)
Change in deferred acquisition costs	(181,463)	(181,214)	(41,799)	(40,295)	(185,806)
Taxes on income	361,747	162,378	93,538	134,178	251,231
Changes in other on-balance sheet line items:					
Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:					
Acquisitions and appreciations of investment property	(4,712)	(12,251)	(1,616)	(2,958)	(15,287)
Proceeds of disposal (acquisition) of financial investments, net	263,834	(257,437)	(321,980)	(217,481)	(192,197)
Financial investments and other investment property:					
Acquisitions and appreciations of investment property	(9,528)	(20,063)	(2,701)	(8,767)	(27,927)
Proceeds from disposal of investment property	4,186	-	4,186	-	-
Proceeds of disposal (acquisition) of financial investments, net	246,672	(502,081)	39,635	(543,780)	(543,442)
Premiums collectible	(102,812)	(174,329)	69,668	(14,414)	18,077
Receivables and debit balances	(70,020)	(282,649)	24,456	(93,293)	152,621
Payables and credit balances	(215,577)	(72,843)	(105,697)	8,516	(74,905)
Liabilities for employee benefits	(2,964)	1,090	1,995	(1,749)	1,577
Total adjustments required to present cash flows from operating activities	(1,025,961)	(2,314,543)	(751,975)	(1,228,935)	(2,134,933)
Cash paid and received during the period for:					
Interest paid	(140,855)	(118,009)	(51,951)	(34,643)	(165,736)
Interest received	787,221	752,703	198,619	145,492	1,202,771
Taxes paid	(289,062)	(197,211)	(107,010)	(48,414)	(308,613)
Taxes received	86,652	66,137	126	30,896	70,081
Dividend received	395,572	362,453	125,145	130,145	473,433
	839,528	866,073	164,929	223,476	1,271,936
Total cash flows provided by (used for) operating activities	592,725	(1,072,116)	(364,935)	(739,613)	(324,600)

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows (cont.)

		For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
		2024	2023	2024	2023	2023
		Unaudited		Unaudited		Audited
		NIS thousand				
(b)	Cash and cash equivalents as of the beginning of the period					
	Cash and cash equivalents in respect of yield-dependent contracts	2,080,711	2,590,568	2,332,910	2,035,047	2,590,568
	Other cash and cash equivalents	1,324,214	1,293,931	1,625,635	1,328,157	1,293,931
	Balance of cash and cash equivalents as of the beginning of period	3,404,925	3,884,499	3,958,545	3,363,204	3,884,499
(c)	Cash and cash equivalents as of the end of the period					
	Cash and cash equivalents in respect of yield-dependent contracts	1,782,857	1,706,815	1,782,857	1,706,815	2,080,711
	Other cash and cash equivalents	1,227,444	1,245,139	1,227,444	1,245,139	1,324,214
	Balance of cash and cash equivalents as of the end of the period	3,010,301	2,951,954	3,010,301	2,951,954	3,404,925
(d)	Cash derecognized due to acquisition of consolidated companies consolidated for the first time					
	Intangible assets	4,663	28,356	-	24,356	28,356
	Property, plant & equipment	36	557	-	555	764
	Receivables and debit balances	829	4,675	-	4,453	4,675
	Deferred taxes	(558)	(1,849)	-	(1,849)	(1,849)
	Liabilities for employee benefits	(554)	(716)	-	(716)	(716)
	Payables and credit balances	(289)	(13,894)	-	(13,739)	(690)
	Financial liabilities	-	-	-	-	(13,204)
	Non-controlling interests	(632)	(7,594)	-	(6,501)	(7,549)
		3,495	9,535	-	6,559	9,787

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

NOTE 1 – GENERAL

A. Company description

Menora Mivtachim Holdings Ltd. (hereinafter - the "**Company**") is a publicly-traded company, whose shares are listed on the Tel Aviv Stock Exchange. The Company's principal shareholders are Najaden Establishment and Palamas Establishment (foreign corporations), which are held in trust for Mssrs. Niva Gurevitch and Tali Griffel, and which (jointly) hold approx. 63.12% of the Company's shares. The Company operates through companies under its control in all of the main insurance subsegments, including Life Insurance and Long-Term Savings (Life Insurance, Pension and Provident), Health Insurance and Property and Casualty insurance. The Company is also engaged, through companies under its control, in the provision of securities distribution services and an underwriting obligation, the provision of an undertaking for repayment of means of payment, and in solar activity. In addition, the Company is engaged in real estate investments abroad, and in the provision of financing and credit to SMEs through subsidiaries and associates.

The Company is an Israeli resident company incorporated in Israel, and its official address is 23 Jabotinsky St., Ramat Gan.

B. Iron Swords War

On October 7, 2023, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the "**Iron Swords War**" or the "**War**"). In view of the above and further to the letters issued on October 17 and November 8, 2023 by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**") to the Group's institutional entities regarding "Guidelines to Institutional Entities in View of the Iron Swords War" and "The Effects of the Iron Swords War on the Financial Statements", respectively, and further to points of emphasis published by the Israel Securities Authority to reporting corporations regarding a disclosure in connection with the Iron Swords War, the boards of directors of the companies and the Group's institutional entities held meetings in which, among other things, they analyzed the potential exposure to the effects of the War, and discussed the business continuity plan, the Company's preparedness to emergency scenarios, and the tools through which the Group can mitigate the risk, including from a financial perspective.

Following are the details of the main effects:

- On the operational level:

Upon the outbreak of the War, the Company took action to facilitate remote work for most of their employees, with an emphasis on continuous provision of services to customers and employers in connection with essential process, specifically those listed in the Commissioner's letter, while monitoring different business parameters through relevant reporting mechanisms; enhancing the capability to provide services through digital channels - all, to the extent possible, while ensuring work safety, and mitigating the risks of remote working, including cyber and information security risks, and refreshing the business continuity procedures. During the reporting period, the Company resumed working full time in the Company's offices at the format which was in place prior to the outbreak of the War.

Notes to the Consolidated Interim Financial Statements

NOTE 1 – GENERAL (cont.)

B. Iron Swords War (cont.)

Following are the details of the main effects: (cont.)

- At the business level:

  Life Insurance and Long-Term Savings - Most of the exposure in this subsegment stems from Life Insurance, Permanent Health Insurance, and Disability. The Company has in place reinsurance coverage for catastrophe events, which is supposed to absorb some of the exposure; in the opinion of the Company, based on the information available to date, the effect of the War on retention in the fourth quarter of 2023 amounts to approx. NIS 42 million (before tax) and during the reporting period totals approx. NIS 19 million (before tax) (a total of approx. NIS 8 million before tax during the third quarter). It is noted that following the war in Ukraine and the Iron Swords War, the reinsurers excluded war risks from catastrophe coverage in life and health insurance.

  Health insurance (including Long-Term Care Insurance) - the exposure as a result of the War on the Health Insurance Segment and Long-Term Care Insurance operating segment is not expected to be material.

  Property and casualty insurance - Generally, damage to property due to a war event is not covered under a property insurance policy, and therefore the exposure as a result of the War is immaterial.

  Non-banking credit - the credit granting activity in the Group is carried out mostly by the subsidiary ERN (hereinafter - "**ERN**") and the second-tier subsidiary (Mimun Click). Most of the effects of the War were felt in October and November 2023, and were reflected in a decline in transaction turnover and in income, and in an increase in default rates. As from December 2023, the effects of the War moderated. In addition, the direct effect of the War on the business results of the subsidiary and the second-tier subsidiary is immaterial.

- On the financial level:

  Assets under management - The Iron Swords War triggered declines in capital markets in Israel (both in share prices and in bond prices), which moderated beginning in November 2023 and even changed course to hikes from December 2023 until the report date. As a result of the above, the value of the Group's nostro assets and assets under management increased.

  Changes in the risk-free interest and the illiquidity premium (hereinafter - the "**Interest Rate Curve**") - as a result of the War there was an increase in the Interest Rate Curve, and as from November 2023, the trend changed and the risk-free interest decreased, and in the short term the decrease was even higher than the said increase. It is noted that during the reporting period the there was an increase in the Interest Rate Curve, which has subsided during the third quarter and even subsequent to the reporting date.

Notes to the Consolidated Interim Financial Statements

NOTE 1 – GENERAL (cont.)

C. Market volatility

In 2022, there were declines in the financial markets due to the increase in the interest rate curve and due to the conflict between Russia and Ukraine. In view of the above, the declines in financial markets increased, specifically due to the hikes in interest rates across the world and in the USA, and the concern that a global recession will occur. Further to the above, the participating life insurance policies marketed through 2004 achieved negative real returns. Therefore, Menora Mivtachim Insurance did not record variable management fees since the beginning of 2022; rather, it only recorded fixed management fees. In 2023 and during the Reporting Period, there was a positive return, which partially offset the negative real return as stated above. Accordingly, the estimated management fees that will not be collected due to the negative real return until a cumulative positive return is achieved amounted, as of the report date, to approx. NIS 100 million before tax. Immediately prior to the financial statements publication date the management fees that will not be collected due to the negative real return were estimated at approx. NIS 75 million.
Furthermore, and in view of the War in Ukraine that is still raging, some western countries decided to collaborate and impose some significant financial and economic sanctions on Russia, as well as various trade restrictions on Russian entities (including financial institutions and various corporations, politicians, Russian businessmen, etc.); these sanctions and restrictions include a prohibition on trade, investment, and on maintaining economic relations, as well as the disconnection of some Russian banks from international financial systems. At the same time, the Russian government imposed restrictions on the transfer of capital to destinations outside Russia. Menora Mivtachim group invested - together with partners - in assets located in Russia; the amount of the investment is immaterial compared to the Group’s total assets; in view of the above, the Group’s ability to dispose of the assets is limited, and so is its ability to transfer funds to destinations outside the Russian Federation.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the Condensed Consolidated Interim Financial Statements

These interim financial statements were prepared in condensed format as of September 30, 2024 and for the nine- and three-month periods then ended (hereinafter - the “**Consolidated Interim Financial Statements**”). These financial statements should be read in conjunction with the Annual Financial Statements as of December 31, 2023 and for the year then ended and the accompanying notes (hereinafter - the “**Consolidated Annual Financial Statements**”).

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.

Notes to the Consolidated Interim Financial Statements

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the Condensed Consolidated Interim Financial Statements (cont.)

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 (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).

In addition, for the other issues, including regarding the information in the financial statements that does not refer to said subsidiary meeting the definition of insurer, the consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting.
In addition, the financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

The accounting policies applied in the preparation of the Consolidated Interim Financial Statements are consistent with those implemented in the preparation of the Consolidated Annual Financial Statements.

B. Use of estimates and judgments

In preparing the Condensed Consolidated Interim Financial Statements in accordance with International Financial Reporting Standards (IFRS), the Group's management is required to exercise discretion in assessments, estimates and assumptions that affect the implementation of the policy and the amounts of assets and 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 policies and the principal assumptions used in assessments that involve uncertainty, are consistent with those used in the annual financial statements.

See Note 7A below regarding changes in interest rate curve and in an estimates, and their effect on the insurance liabilities.

C. Disclosure of the new IFRSs in the period prior to their application

1) For details regarding IFRS 17 - *Insurance Contracts and IFRS 9, Financial Instruments*, see Note 8.

2) 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.

Notes to the Consolidated Interim Financial Statements

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Disclosure of the new IFRSs in the period prior to their application (cont.)

2) IFRS 18, Presentation and Disclosure in Financial Statements (cont.)

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 and loss must be classified into one of five categories (operating, investing, financing, income taxes, and a discontinued operation), it may alter the structure of the Company's statement of profit and loss. 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. In accordance with the resolution of the Israel Securities Authority, early application is permitted as from the period starting on January 1, 2025, provided a disclosure is made.
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.

D. Details of the change rates in the Consumer Price Index and USD representative exchange rate

	Consumer Price Index		USD representative exchange rate
	In lieu CPI	Known CPI	
	%	%	%
For the nine months ended:			
September 30, 2024	3.4	3.5	2.3
September 30, 2023	2.9	3.2	8.7
For the three months ended:			
September 30, 2024	1.3	1.6	(1.3)
September 30, 2023	0.7	0.8	3.4
For the year ended December 31, 2023	3.0	3.4	3.1

NOTE 3 – OPERATING SEGMENTS

The operating segments were determined based on the information assessed by the chief operating decision maker for the purpose of making decisions regarding the allocation of resources and the assessment of performance.
The assets and liabilities of each segment include items that are directly attributed to the segment, and items that may be attributed on a reasonable basis. Insofar as a segment's assets are managed separately from those of another segment, and there is no regulatory restriction, then the assets and results are presented according to the specific accounts managed for that segment; otherwise, the results are attributed according to the rate of insurance liabilities.
The accounting principles applied in segment reporting correspond to the generally accepted accounting principles applied in the preparation and presentation of the Group's consolidated financial statements.
Inter-company movements take place between the segments, which include, among other things, interest calculated in accordance with the provisions of the law.
Subordinated notes that serve Menora Insurance's capital requirements and finance expenses in respect thereof are presented in the "not attributed to the operating segments" column.

1. Life Insurance and Long-Term Savings Segment

   The Life Insurance and Long-Term Savings segment includes the Life Insurance, Pension and Provident subsegments and focuses mainly on long-term savings (in the framework of various types of insurance policies, pension funds and provident funds including educational funds), as well as insurance coverage for various risks such as: death, disability, permanent health insurance, etc.

   In accordance with the directives of the Insurance Commissioner, the Life Insurance and Long-Term Savings Segment is broken down into Life Insurance, Pension and Provident.

2. Health Insurance Segment

   The Health Insurance Segment includes long-term care, medical expenses, critical illness, surgery and transplants, dental, foreign workers insurance and more.

3. Property and Casualty Insurance Segment

   The Property and Casualty Insurance Segment includes the liability and property subsegments. In accordance with the Commissioner's Directives, the Property And Casualty Insurance Segment is broken down into Compulsory Motor Insurance, Motor Property, Other Property and Other Liability subsegments.

   - 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

     Property subsegments other than motor and liability as well as other insurance subsegments.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

3. Property and Casualty Insurance Segment (cont.)

- 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, directors' liability, professional liability and product liability insurance, and other subsegments such as vessels, aircrafts, and Sale Law guarantee insurance.

4. The activity, which is not attributed to operating segments, includes investments in real estate, solar activity in Israel and abroad, the provision of underwriting obligations, insurance brokerage, financing and credit to SMEs, and provision of an undertaking for repayment of means of payment, and investment income and finance expenses that were not attributed to the other operating segments.

Seasonality

1. Life and Health Insurance

   Income from life insurance and health insurance premiums are not affected by seasonality.

2. Property and Casualty Insurance

   Gross income from premiums in property and casualty insurance is characterized by seasonality, mainly due to renewal of motor insurance policies of various groups of employees and businesses' vehicle fleets, whose renewal dates normally fall in January; seasonality is also caused by renewal of business insurance policies, which are typically renewed in January or April. The effect of this seasonality on the reported income is neutralized through the provision for unearned premium. Other expenses components, such as claims, and other income components, such as investment income, do not have significant seasonality, and therefore there is no significant seasonality in the income. However, it should be noted that a severe winter may trigger an increase in claims, mainly in the Motor Property subsegments, in the first and fourth quarters of the year, and as a consequence, a decrease in the reported income.

NOTE 3 – OPERATING SEGMENTS (cont.)

	For the 9 months ended September 30, 2024					
	Life Insurance and Long-Term Savings	Health Insurance	Property and Casualty Insurance	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	1,647,968	1,673,454	3,220,447	-	-	6,541,869
Premiums earned by reinsurers	95,980	192,265	871,067	-	-	1,159,312
Premiums earned - retention	1,551,988	1,481,189	2,349,380	-	-	5,382,557
Investment income, net and finance income	3,350,507	188,126	165,784	440,160	(14,508)	4,130,069
Income from management fees	886,683	22,982	-	2,575	(1,503)	910,737
Income from fees and commissions	25,948	11,418	130,043	88,147	(36,968)	218,588
Other income	-	-	-	7,653	(1,650)	6,003
Total income	5,815,126	1,703,715	2,645,207	538,535	(54,629)	10,647,954
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	4,687,823	1,399,873	2,034,443	-	(1,650)	8,120,489
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(50,017)	(300,311)	(576,314)	-	-	(926,642)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	4,637,806	1,099,562	1,458,129	-	(1,650)	7,193,847
Fees and commissions, marketing expenses and other purchase expenses	450,269	397,646	548,495	30,329	(36,968)	1,389,771
General and administrative expenses	440,018	82,683	78,097	137,651	(12,264)	726,185
Other expenses	15,614	92	-	17,535	-	33,241
Finance expenses	14,799	14,493	(1,210)	165,161	(4,394)	188,849
Total expenses	5,558,506	1,594,476	2,083,511	350,676	(55,276)	9,531,893
Share in the profits (losses) of associates	(799)	(199)	(5,049)	30,892	-	24,845
Profit before taxes on income	255,821	109,040	556,647	218,751	647	1,140,906
Other comprehensive income before taxes on income	40,399	7,268	47,487	17,725	-	112,879
Total comprehensive income before income tax	296,220	116,308	604,134	236,476	647	1,253,785
	As of September 30, 2024					
	Unaudited					
	NIS thousand					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,583,493	2,646,468	7,944,345	-	-	23,174,306
Liabilities in respect of insurance contracts and yield-dependent investment contracts	32,740,312	1,725,830	-	-	-	34,466,142

NOTE 3 – OPERATING SEGMENTS (cont.)

	For the 9 months ended September 30, 2023					
	Life Insurance and Long-Term Savings	Health Insurance	Property and Casualty Insurance	Not attributed to operating segments	Adjust-ments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	1,851,665	1,638,703	2,884,387	-	-	6,374,755
Premiums earned by reinsurers	77,645	190,320	861,073	-	-	1,129,038
Premiums earned - retention	1,774,020	1,448,383	2,023,314	-	-	5,245,717
Investment income, net and finance income	2,255,919	142,071	134,415	403,722	(12,716)	2,923,411
Income from management fees	807,083	-	-	2,391	(1,319)	808,155
Income from fees and commissions	16,638	9,746	136,099	75,849	(35,763)	202,569
Other income	-	-	-	6,717	(1,540)	5,177
Total income	4,853,660	1,600,200	2,293,828	488,679	(51,338)	9,185,029
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	3,914,935	1,458,207	2,003,559	-	(1,540)	7,375,161
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(63,553)	(318,133)	(564,520)	-	-	(946,206)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	3,851,382	1,140,074	1,439,039	-	(1,540)	6,428,955
Fees and commissions, marketing expenses and other purchase expenses	450,080	376,358	506,122	24,868	(35,763)	1,321,665
General and administrative expenses	454,752	71,195	74,314	134,936	(10,089)	725,108
Other expenses	9,062	76	-	17,586	-	26,724
Finance expenses	10,395	10,656	(1,331)	142,187	(4,720)	157,187
Total expenses	4,775,671	1,598,359	2,018,144	319,577	(52,112)	8,659,639
Share in the profits (losses) of associates	5,820	531	(6,980)	13,971	-	13,342
Profit before taxes on income	83,809	2,372	268,704	183,073	774	538,732
Other comprehensive income (loss) before taxes on income	181,167	21,670	89,379	(16,815)	-	275,401
Total comprehensive income before income tax	264,976	24,042	358,083	166,258	774	814,133
	As of September 30, 2023					
	Unaudited					
	NIS thousand					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,403,318	2,413,935	7,673,824	-	-	22,491,077
Liabilities in respect of insurance contracts and yield-dependent investment contracts	30,806,220	1,687,083	-	-	-	32,493,303

NOTE 3 – OPERATING SEGMENTS (cont.)

	For the 3 months ended September 30, 2024					
	Life Insurance and Long-Term Savings	Health Insurance	Property and Casualty Insurance	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	535,186	554,117	1,102,414	-	-	2,191,717
Premiums earned by reinsurers	29,692	63,000	292,350	-	-	385,042
Premiums earned - retention	505,494	491,117	810,064	-	-	1,806,675
Investment income, net and finance income	1,456,596	75,618	84,665	160,907	(4,634)	1,773,152
Income from management fees	307,349	9,058	-	853	(496)	316,764
Income from fees and commissions	9,879	2,825	42,350	30,086	(11,938)	73,202
Other income	-	-	-	2,627	(565)	2,062
Total income	2,279,318	578,618	937,079	194,473	(17,633)	3,971,855
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	1,946,209	478,015	620,288	-	(565)	3,043,947
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(18,801)	(85,896)	(97,031)	-	-	(201,728)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	1,927,408	392,119	523,257	-	(565)	2,842,219
Fees and commissions, marketing expenses and other purchase expenses	147,440	137,153	195,135	10,443	(11,938)	478,233
General and administrative expenses	154,043	30,128	25,729	53,069	(3,909)	259,060
Other expenses	9,696	35	-	6,965	-	16,696
Finance expenses	3,023	5,886	706	58,706	(1,446)	66,875
Total expenses	2,241,610	565,321	744,827	129,183	(17,858)	3,663,083
Share in the profits (losses) of associates	(120)	(113)	(6,348)	13,458	-	6,877
Profit before taxes on income	37,588	13,184	185,904	78,748	225	315,649
Other comprehensive income before taxes on income	87,335	15,108	22,710	57,793	-	182,946
Total comprehensive income before income tax	124,923	28,292	208,614	136,541	225	498,595

NOTE 3 – OPERATING SEGMENTS (cont.)

	For the 3 months ended September 30, 2023					
	Life Insurance and Long-Term Savings	Health Insurance	Property and Casualty Insurance	Not attributed to operating segments	Adjust-ments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	694,664	562,680	997,868	-	-	2,255,212
Premiums earned by reinsurers	26,874	63,971	293,395	-	-	384,240
Premiums earned - retention	667,790	498,709	704,473	-	-	1,870,972
Investment income, net and finance income	322,091	21,913	44,004	116,454	(4,033)	500,429
Income from management fees	281,983	-	-	826	(469)	282,340
Income from fees and commissions	3,378	3,080	44,565	27,068	(12,004)	66,087
Other income	-	-	-	2,264	(541)	1,723
Total income	1,275,242	523,702	793,042	146,612	(17,047)	2,721,551
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	881,359	443,476	578,562	-	(541)	1,902,856
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(17,488)	(127,714)	(177,922)	-	-	(323,124)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	863,871	315,762	400,640	-	(541)	1,579,732
Fees and commissions, marketing expenses and other purchase expenses	157,526	132,806	175,273	8,815	(12,004)	462,416
General and administrative expenses	147,065	20,905	24,316	45,495	(3,228)	234,553
Other expenses	2,895	44	-	5,532	-	8,471
Finance expenses	(4,730)	2,626	438	48,802	(1,546)	45,590
Total expenses	1,166,627	472,143	600,667	108,644	(17,319)	2,330,762
Share in profits of associates	1,128	115	73	7,919	-	9,235
Profit before taxes on income	109,743	51,674	192,448	45,887	272	400,024
Other comprehensive income (loss) before taxes on income	19,487	2,747	18,357	(21,745)	-	18,846
Total comprehensive income before income tax	129,230	54,421	210,805	24,142	272	418,870

NOTE 3 – OPERATING SEGMENTS (cont.)

	Life Insurance and Long-Term Savings	Health Insurance	Property and Casualty Insurance	Not attributed to operating segments	Adjust-ments and offsets	Total
	For the year ended December 31, 2023					
	Audited					
	NIS thousand					
Premiums earned, gross	2,575,678	2,208,725	3,905,128	-	-	8,689,531
Premiums earned by reinsurers	104,917	253,670	1,161,741	-	-	1,520,328
Premiums earned - retention	2,470,761	1,955,055	2,743,387	-	-	7,169,203
Investment income, net and finance income	3,081,141	205,809	212,023	555,322	(16,664)	4,037,631
Income from management fees	1,090,206	-	-	3,168	(1,739)	1,091,635
Income from fees and commissions	17,154	13,865	178,002	102,179	(47,034)	264,166
Other income	5	-	-	9,009	(2,029)	6,985
Total income	6,659,267	2,174,729	3,133,412	669,678	(67,466)	12,569,620
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	5,390,158	1,976,765	2,566,751	-	(2,029)	9,931,645
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(90,615)	(377,317)	(660,048)	-	-	(1,127,980)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	5,299,543	1,599,448	1,906,703	-	(2,029)	8,803,665
Fees and commissions, marketing expenses and other purchase expenses	594,073	507,268	684,239	35,852	(47,034)	1,774,398
General and administrative expenses	603,098	92,274	101,014	182,912	(13,196)	966,102
Other expenses	13,739	98	-	25,359	-	39,196
Finance expenses	14,681	12,165	266	189,498	(6,239)	210,371
Total expenses	6,525,134	2,211,253	2,692,222	433,621	(68,498)	11,793,732
Share in the profits (losses) of associates	8,173	792	(7,540)	12,315	-	13,740
Profit (loss) before taxes on income	142,306	(35,732)	433,650	248,372	1,032	789,628
Other comprehensive income before taxes on income	189,059	22,095	53,664	27,599	-	292,417
Total comprehensive income (loss) before taxes on income	331,365	(13,637)	487,314	275,971	1,032	1,082,045
	As of December 31, 2023					
	Audited					
	NIS thousand					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,417,800	2,486,203	7,492,646	-	-	22,396,649
Liabilities in respect of insurance contracts and yield-dependent investment contracts	31,257,883	1,801,603	-	-	-	33,059,486

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Additional data regarding the Property and Casualty Insurance Segment

	For the 9 months ended September 30, 2024				
	Compul-sory Motor	Motor Property	Property and other subseg-ments *)	Other liability subseg-ments **)	Total
	Unaudited				
	NIS thousand				
Gross premiums	780,827	1,515,200	830,465	509,460	3,635,952
Reinsurance premiums	28,442	5,034	594,618	311,203	939,297
Premiums - retention	752,385	1,510,166	235,847	198,257	2,696,655
Change in unearned premium balance, retention	(123,972)	(176,545)	(25,361)	(21,397)	(347,275)
Premiums earned - retention	628,413	1,333,621	210,486	176,860	2,349,380
Investment income, net and finance income	70,621	49,268	14,333	31,562	165,784
Income from fees and commissions	1,581	3,375	96,460	28,627	130,043
Total income	700,615	1,386,264	321,279	237,049	2,645,207
Payments and change in liabilities in respect of insurance contracts, gross	599,432	796,393	405,363	233,255	2,034,443
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(43,411)	4,933	(333,984)	(203,852)	(576,314)
Payments and change in liabilities for insurance contracts - retention	556,021	801,326	71,379	29,403	1,458,129
Fees and commissions, marketing expenses and other purchase expenses	59,703	275,439	146,705	66,648	548,495
General and administrative expenses	20,692	28,904	19,439	9,062	78,097
Finance expenses	(1,170)	(1,625)	776	809	(1,210)
Total expenses	635,246	1,104,044	238,299	105,922	2,083,511
Share in losses of associates	(2,604)	(1,038)	(206)	(1,201)	(5,049)
Profit before taxes on income	62,765	281,182	82,774	129,926	556,647
Other comprehensive income before taxes on income	24,162	12,662	2,122	8,541	47,487
Total comprehensive income before taxes on income	86,927	293,844	84,896	138,467	604,134
Liabilities in respect of insurance contracts, gross, as of September 30, 2024 (unaudited)	3,382,822	1,382,399	1,086,159	2,092,965	7,944,345
Liabilities in respect of insurance contracts, retention, as of September 30, 2024 (unaudited)	2,910,771	1,366,732	227,778	848,595	5,353,876

*) Property and Other Subsegments mainly include results from the Property Loss, Business and Home Insurance Subsegments, whose activity constitutes 69% of total premiums in these subsegments.

**) Other Liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 89% of total premiums in these subsegments.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Additional data regarding the Property and Casualty Insurance Segment (cont.)

	For the 9 months ended September 30, 2023				
	Compulsory Motor	Motor Property	Property and other subsegments *)	Other liability subsegments **)	Total
	Unaudited				
	NIS thousand				
Gross premiums	599,038	1,348,121	671,769	467,274	3,086,202
Reinsurance premiums	23,102	22,593	473,837	284,501	804,033
Premiums - retention	575,936	1,325,528	197,932	182,773	2,282,169
Change in unearned premium balance, retention	(32,677)	(174,198)	(24,330)	(27,650)	(258,855)
Premiums earned - retention	543,259	1,151,330	173,602	155,123	2,023,314
Investment income, net and finance income	54,313	38,054	13,791	28,257	134,415
Income from fees and commissions	15,276	4,806	88,272	27,745	136,099
Total income	612,848	1,194,190	275,665	211,125	2,293,828
Payments and change in liabilities in respect of insurance contracts, gross	538,320	914,730	331,247	219,262	2,003,559
Reinsurers’ share in payments and in changes in liabilities in respect of insurance contracts	(63,136)	(45,723)	(265,805)	(189,856)	(564,520)
Payments and change in liabilities for insurance contracts - retention	475,184	869,007	65,442	29,406	1,439,039
Fees and commissions, marketing expenses and other purchase expenses	67,121	251,510	135,239	52,252	506,122
General and administrative expenses	19,283	27,644	17,871	9,516	74,314
Finance expenses	(1,509)	(825)	423	580	(1,331)
Total expenses	560,079	1,147,336	218,975	91,754	2,018,144
Share in losses of associates	(3,694)	(1,290)	(232)	(1,764)	(6,980)
Profit before taxes on income	49,075	45,564	56,458	117,607	268,704
Other comprehensive income before taxes on income	48,621	18,042	3,368	19,348	89,379
Total comprehensive income before taxes on income	97,696	63,606	59,826	136,955	358,083
Liabilities in respect of insurance contracts, gross, as of September 30, 2023 (unaudited)	3,308,978	1,330,213	1,009,102	2,025,531	7,673,824
Liabilities in respect of insurance contracts, retention, as of September 30, 2023 (unaudited)	2,754,097	1,271,668	202,708	905,082	5,133,555

*) Property and Other Subsegments mainly include results from the Property Loss, Business and Home Insurance Subsegments, whose activity constitutes 68% of total premiums in these subsegments.

**) Other liability subsegments mainly include results of the following segments: employers’ liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 87% of total premiums in these subsegments.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Additional data regarding the Property and Casualty Insurance Segment (cont.)

	For the 3 months ended September 30, 2024				
	Compul-sory Motor	Motor Property	Property and other subseg-ments *)	Other liability subseg-ments **)	Total
	Unaudited				
	NIS thousand				
Gross premiums	194,075	462,727	284,252	152,424	1,093,478
Reinsurance premiums	11,129	2,598	201,948	94,482	310,157
Premiums - retention	182,946	460,129	82,304	57,942	783,321
Change in unearned premium balance, retention	30,471	1,398	(9,203)	4,077	26,743
Premiums earned - retention	213,417	461,527	73,101	62,019	810,064
Investment income, net and finance income	34,219	23,848	6,433	20,165	84,665
Income from fees and commissions	(71)	101	32,843	9,477	42,350
Total income	247,565	485,476	112,377	91,661	937,079
Payments and change in liabilities in respect of insurance contracts, gross	221,779	301,815	92,983	3,711	620,288
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(22,610)	(554)	(63,370)	(10,497)	(97,031)
Payments and change in liabilities for insurance contracts - retention	199,169	301,261	29,613	(6,786)	523,257
Fees and commissions, marketing expenses and other purchase expenses	19,579	97,541	50,441	27,574	195,135
General and administrative expenses	6,611	9,528	6,484	3,106	25,729
Finance expenses	757	(473)	302	120	706
Total expenses	226,116	407,857	86,840	24,014	744,827
Share in losses of associates	(3,284)	(1,298)	(255)	(1,511)	(6,348)
Profit before taxes on income	18,165	76,321	25,282	66,136	185,904
Other comprehensive income before taxes on income	10,917	7,822	1,420	2,551	22,710
Total comprehensive income before taxes on income	29,082	84,143	26,702	68,687	208,614

*) Property and Other Subsegments mainly include results from the Property Loss, Business and Home Insurance Subsegments, whose activity constitutes 64% of total premiums in these subsegments.

**) Other liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 93% of total premiums in these subsegments.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Additional data regarding the Property and Casualty Insurance Segment (cont.)

	For the 3 months ended September 30, 2023				
	Compul-sory Motor	Motor Property	Property and other subseg-ments *)	Other liability subseg-ments **)	Total
	Unaudited				
	NIS thousand				
Gross premiums	188,429	410,149	257,479	148,500	1,004,557
Reinsurance premiums	10,796	2,838	181,557	100,259	295,450
Premiums - retention	177,633	407,311	75,922	48,241	709,107
Change in unearned premium balance, retention	8,086	(1,648)	(15,020)	3,948	(4,634)
Premiums earned - retention	185,719	405,663	60,902	52,189	704,473
Investment income, net and finance income	18,793	11,819	4,076	9,316	44,004
Income from fees and commissions	3,569	1,566	30,019	9,411	44,565
Total income	208,081	419,048	94,997	70,916	793,042
Payments and change in liabilities in respect of insurance contracts, gross	171,421	262,376	122,022	22,743	578,562
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(18,789)	(9,035)	(101,976)	(48,122)	(177,922)
Payments and change in liabilities for insurance contracts - retention	152,632	253,341	20,046	(25,379)	400,640
Fees and commissions, marketing expenses and other purchase expenses	21,796	88,892	46,721	17,864	175,273
General and administrative expenses	5,625	9,696	6,005	2,990	24,316
Finance expenses	36	(95)	211	286	438
Total expenses	180,089	351,834	72,983	(4,239)	600,667
Share in the profits (losses) of associates	57	25	(24)	15	73
Profit before taxes on income	28,049	67,239	21,990	75,170	192,448
Other comprehensive income before taxes on income	9,737	3,642	989	3,989	18,357
Total comprehensive income before taxes on income	37,786	70,881	22,979	79,159	210,805

*) Property and Other Subsegments mainly include results from the Property Loss, Business and Home Insurance Subsegments, whose activity constitutes 67% of total premiums in these subsegments.

**) Other liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 91% of total premiums in these subsegments.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Additional data regarding the Property and Casualty Insurance Segment (cont.)

	For the year ended December 31, 2023				
	Compul-sory Motor	Motor Property	Property and other subseg-ments *)	Other liability subseg-ments **)	Total
	Audited				
	NIS thousand				
Gross premiums	737,271	1,691,381	909,624	580,919	3,919,195
Reinsurance premiums	31,136	24,844	652,881	359,550	1,068,411
Premiums - retention	706,135	1,666,537	256,743	221,369	2,850,784
Change in unearned premium balance, retention	23,894	(99,052)	(19,068)	(13,171)	(107,397)
Premiums earned - retention	730,029	1,567,485	237,675	208,198	2,743,387
Investment income, net and finance income	92,676	53,990	20,300	45,057	212,023
Income from fees and commissions	17,625	4,407	119,752	36,218	178,002
Total income	840,330	1,625,882	377,727	289,473	3,133,412
Payments and change in liabilities in respect of insurance contracts, gross	728,948	1,143,375	380,236	314,192	2,566,751
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(59,323)	(42,317)	(288,734)	(269,674)	(660,048)
Payments and change in liabilities for insurance contracts - retention	669,625	1,101,058	91,502	44,518	1,906,703
Fees and commissions, marketing expenses and other purchase expenses	90,021	343,281	179,881	71,056	684,239
General and administrative expenses	26,023	37,461	24,758	12,772	101,014
Finance expenses	(752)	(728)	674	1,072	266
Total expenses	784,917	1,481,072	296,815	129,418	2,692,222
Share in losses of associates	(3,992)	(1,371)	(263)	(1,914)	(7,540)
Profit before taxes on income	51,421	143,439	80,649	158,141	433,650
Other comprehensive income before taxes on income	29,286	10,836	2,226	11,316	53,664
Total comprehensive income before taxes on income	80,707	154,275	82,875	169,457	487,314
Liabilities in respect of insurance contracts, gross, as of December 31, 2023 (audited)	3,279,005	1,190,793	999,912	2,022,936	7,492,646
Liabilities in respect of insurance contracts - retention - as of December 31, 2023 (audited)	2,764,609	1,149,804	201,611	876,036	4,992,060

*) Property and Other subsegments mainly include results from the Property Loss, Business and Home Insurance Subsegments, whose activity constitutes 70% of total premiums in these subsegments.

**) Other Liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 86% of total premiums in these subsegments.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment

	For the 9 months ended September 30, 2024			
	Provident	Pension	Life Insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	1,647,968	1,647,968
Premiums earned by reinsurers	-	-	95,980	95,980
Premiums earned - retention	-	-	1,551,988	1,551,988
Investment income, net and finance income	352,078	9,482	2,988,947	3,350,507
Income from management fees	149,839	560,729	176,115	886,683
Income from fees and commissions	-	-	25,948	25,948
Total income	501,917	570,211	4,742,998	5,815,126
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	352,512	-	4,335,311	4,687,823
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(50,017)	(50,017)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	352,512	-	4,285,294	4,637,806
Fees and commissions, marketing expenses and other purchase expenses	51,848	121,231	277,190	450,269
General and administrative expenses	63,263	228,447	148,308	440,018
Other expenses	1,395	7,332	6,887	15,614
Finance expenses	383	7,570	6,846	14,799
Total expenses	469,401	364,580	4,724,525	5,558,506
Share in losses of associates	-	-	(799)	(799)
Profit before taxes on income	32,516	205,631	17,674	255,821
Other comprehensive income before taxes on income	12	29	40,358	40,399
Total comprehensive income before income tax	32,528	205,660	58,032	296,220

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

	For the 9 months ended September 30, 2023			
	Provident	Pension	Life Insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	1,851,665	1,851,665
Premiums earned by reinsurers	-	-	77,645	77,645
Premiums earned - retention	-	-	1,774,020	1,774,020
Investment income, net and finance income	331,589	6,330	1,918,000	2,255,919
Income from management fees	124,318	510,658	172,107	807,083
Income from fees and commissions	-	-	16,638	16,638
Total income	455,907	516,988	3,880,765	4,853,660
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	338,225	-	3,576,710	3,914,935
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(63,553)	(63,553)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	338,225	-	3,513,157	3,851,382
Fees and commissions, marketing expenses and other purchase expenses	46,941	126,625	276,514	450,080
General and administrative expenses	57,562	233,821	163,369	454,752
Other expenses	1,672	7,350	40	9,062
Finance expenses	474	8,132	1,789	10,395
Total expenses	444,874	375,928	3,954,869	4,775,671
Share in profits of associates	-	-	5,820	5,820
Profit (loss) before taxes on income	11,033	141,060	(68,284)	83,809
Other comprehensive income before taxes on income	9	308	180,850	181,167
Total comprehensive income before income tax	11,042	141,368	112,566	264,976

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

	For the 3 months ended September 30, 2024			
	Provident	Pension	Life Insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	535,186	535,186
Premiums earned by reinsurers	-	-	29,692	29,692
Premiums earned - retention	-	-	505,494	505,494
Investment income, net and finance income	143,872	5,012	1,307,712	1,456,596
Income from management fees	52,029	195,468	59,852	307,349
Income from fees and commissions	-	-	9,879	9,879
Total income	195,901	200,480	1,882,937	2,279,318
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	140,142	-	1,806,067	1,946,209
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(18,801)	(18,801)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	140,142	-	1,787,266	1,927,408
Fees and commissions, marketing expenses and other purchase expenses	16,892	37,265	93,283	147,440
General and administrative expenses	21,157	81,536	51,350	154,043
Other expenses	465	2,432	6,799	9,696
Finance expenses	141	2,519	363	3,023
Total expenses	178,797	123,752	1,939,061	2,241,610
Share in losses of associates	-	-	(120)	(120)
Profit before taxes on income	17,104	76,728	(56,244)	37,588
Other comprehensive income (loss) before taxes on income	(2)	(4)	87,341	87,335
Total comprehensive income before income tax	17,102	76,724	31,097	124,923

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

	For the 3 months ended September 30, 2023			
	Provident	Pension	Life Insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	694,664	694,664
Premiums earned by reinsurers	-	-	26,874	26,874
Premiums earned - retention	-	-	667,790	667,790
Investment income, net and finance income	93,626	1,614	226,851	322,091
Income from management fees	43,404	180,414	58,165	281,983
Income from fees and commissions	-	-	3,378	3,378
Total income	137,030	182,028	956,184	1,275,242
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	96,628	-	784,731	881,359
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(17,488)	(17,488)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	96,628	-	767,243	863,871
Fees and commissions, marketing expenses and other purchase expenses	16,220	47,997	93,309	157,526
General and administrative expenses	19,177	76,387	51,501	147,065
Other expenses	558	2,450	(113)	2,895
Finance expenses	155	1,482	(6,367)	(4,730)
Total expenses	132,738	128,316	905,573	1,166,627
Share in profits of associates	-	-	1,128	1,128
Profit before taxes on income	4,292	53,712	51,739	109,743
Other comprehensive income before taxes on income	4	18	19,465	19,487
Total comprehensive income before income tax	4,296	53,730	71,204	129,230

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

	For the year ended December 31, 2023			
	Provident	**Pension**	**Life Insurance**	**Total**
	Audited			
	NIS thousand			
Premiums earned, gross	-	-	2,575,678	2,575,678
Premiums earned by reinsurers	-	-	104,917	104,917
Premiums earned - retention	-	-	2,470,761	2,470,761
Investment income, net and finance income	401,228	10,553	2,669,360	3,081,141
Income from management fees	168,089	692,684	229,433	1,090,206
Income from fees and commissions	-	-	17,154	17,154
Other income	-	-	5	5
Total income	569,317	703,237	5,386,713	6,659,267
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	401,039	-	4,989,119	5,390,158
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(90,615)	(90,615)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	401,039	-	4,898,504	5,299,543
Fees and commissions, marketing expenses and other purchase expenses	63,058	168,258	362,757	594,073
General and administrative expenses	76,546	310,601	215,951	603,098
Other expenses	2,469	11,210	60	13,739
Finance expenses	634	10,283	3,764	14,681
Total expenses	543,746	500,352	5,481,036	6,525,134
Share in profits of associates	-	-	8,173	8,173
Profit (loss) before taxes on income	25,571	202,885	(86,150)	142,306
Other comprehensive income (loss) before taxes on income	(91)	268	188,882	189,059
Total comprehensive income before income tax	25,480	203,153	102,732	331,365

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

Data for the nine months ended September 30, 2024	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy			
			from 2004					
	Until 1990 (1)	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Unaudited							
	NIS thousand							
Gross premiums	23,240	297,145	41,594	648,239	595,254	42,496		1,647,968
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	772,605	-	-		772,605
Financial margin including management fees (2)	(30,452)	63,312	9,669	112,803	-	-	(2,149)	153,183
Payments and change in liabilities in respect of insurance contracts, gross	256,096	1,488,093	67,116	1,717,026	350,196	30,430		3,908,957
Payments and change in liabilities for investment contracts	241	154	-	425,959	-	-	352,512	778,866
Comprehensive income (loss) from Life Insurance business	26,121	(1,521)	20,355	(638)	231	13,484		58,032
Profit from pension and provident funds								238,188
Total comprehensive income from Life Insurance and Long-Term Savings								296,220

(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 does not include additional income of Menora Insurance collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

Data for the nine months ended September 30, 2023	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy			
			from 2004					
	Until 1990 (1)	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Unaudited							
	NIS thousand							
Gross premiums	24,752	323,109	52,645	892,723	526,096	32,340		1,851,665
Proceeds in respect of investment contracts credited directly to insurance reserves	-	4	-	404,729	-	-		404,733
Financial margin including management fees (2)	(6,315)	60,232	55,146	111,875	-	-	(8,644)	212,294
Payments and change in liabilities in respect of insurance contracts, gross	284,750	1,061,040	74,879	1,571,861	271,220	37,393		3,301,143
Payments and change in liabilities for investment contracts	278	134	(164)	275,319	-	-	338,225	613,792
Comprehensive income (loss) from Life Insurance business	13,160	15,601	33,457	14,064	38,450	(2,166)		112,566
Profit from pension and provident funds								152,410
Total comprehensive income from Life Insurance and Long-Term Savings								264,976

(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 does not include additional income of Menora Insurance collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

Data for the three months ended September 30, 2024	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy			
			from 2004					
	Until 1990 (1)	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Unaudited							
	NIS thousand							
Gross premiums	7,773	97,501	(2)	209,515	205,357	15,042		535,186
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	285,468	-	-		285,468
Financial margin including management fees (2)	17,026	21,349	22,969	38,503	-	-	2,986	102,833
Payments and change in liabilities in respect of insurance contracts, gross	137,169	637,282	30,401	687,861	126,902	6,730		1,626,345
Payments and change in liabilities for investment contracts	23	59	-	179,640	-	-	140,142	319,864
Comprehensive income (loss) from Life Insurance business	10,828	(17,834)	7,945	15,190	4,286	10,682		31,097
Profit from pension and provident funds								93,826
Total comprehensive income from Life Insurance and Long-Term Savings								124,923

(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 does not include additional income of Menora Insurance collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

Data for the three months ended September 30, 2023	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy			
			from 2004					
	Until 1990 (1)	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Unaudited							
	NIS thousand							
Gross premiums	7,404	105,753	3,807	389,780	178,622	9,298		694,664
Proceeds in respect of investment contracts credited directly to insurance reserves	-	1	-	161,591	-	-		161,592
Financial margin including management fees (2)	(16,421)	20,460	7,184	37,705	-	-	(3,558)	45,370
Payments and change in liabilities in respect of insurance contracts, gross	54,726	167,455	(9,724)	459,568	77,295	9,331		758,651
Payments and change in liabilities for investment contracts	19	14	9	26,039	-	-	96,627	122,708
Comprehensive income (loss) from Life Insurance business	12,969	11,750	20,007	9,230	17,320	(72)		71,204
Profit from pension and provident funds								58,026
Total comprehensive income from Life Insurance and Long-Term Savings								129,230

(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 does not include additional income of Menora Insurance collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data about the Life Insurance and Long-Term Savings Segment (cont.)

Notes to the Consolidated Interim Financial Statements

Data for the year ended December 31, 2023	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy			
			from 2004					
	Until 1990 (1)	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Audited							
	NIS thousand							
Gross premiums	32,784	425,326	72,829	1,281,469	722,005	41,265		2,575,678
Proceeds in respect of investment contracts credited directly to insurance reserves	-	14	-	580,036	-	-		580,050
Financial margin including management fees (2)	(11,945)	80,206	57,918	149,226	-	-	(3,645)	271,760
Payments and change in liabilities in respect of insurance contracts, gross	329,340	1,464,998	104,248	2,225,734	429,926	44,767		4,599,013
Payments and change in liabilities for investment contracts	180	170	(156)	389,912	-	-	401,039	791,145
Comprehensive income (loss) from Life Insurance business	17,239	28,454	28,449	25,826	3,369	(605)		102,732
Profit from pension and provident funds								228,633
Total comprehensive income from Life Insurance and Long-Term Savings								331,365

(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 does not include additional income of Menora Insurance collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment

For the nine months ended September 30, 2024	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	73,807	418,175	1,055,934 *)	134,862 *)	1,682,778
Payments and change in liabilities in respect of insurance contracts, gross	143,323	527,194	636,023	93,333	1,399,873
Total comprehensive income from Health Insurance Business	21,167	6,883	72,520	15,737	116,307

*) Of which, long-term individual premiums in the amount of NIS 589,862 thousand and collective premiums in the amount of NIS 345,193 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

Data for the nine months ended September 30, 2023	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	72,420	479,426	929,563 *)	145,461 *)	1,626,870
Payments and change in liabilities in respect of insurance contracts, gross	145,636	580,647	610,402	121,522	1,458,207
Total comprehensive income (loss) from Health Insurance Business	8,546	(14,637)	12,425	17,708	24,042

*) Of which, long-term individual premiums in the amount of NIS 761,035 thousand and collective premiums in the amount of NIS 168,528 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment (cont.)

Data for the three months ended September 30, 2024	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	24,821	127,065	364,003 *)	38,953 *)	554,842
Payments and change in liabilities in respect of insurance contracts, gross	55,285	179,343	216,765	26,622	478,015
Total comprehensive income (loss) from Health Insurance Business	(12,794)	3,843	31,637	5,605	28,291

*) Of which, long-term individual premiums in the amount of NIS 298,614 thousand and collective premiums in the amount of NIS 65,389 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

Data for the three months ended September 30, 2023	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	24,282	165,314	321,931 *)	54,695 *)	566,222
Payments and change in liabilities in respect of insurance contracts, gross	43,733	186,945	176,152	36,646	443,476
Total comprehensive income (loss) from Health Insurance Business	40,092	(7,614)	14,926	7,017	54,421

*) Of which, long-term individual premiums in the amount of NIS 263,788 thousand and collective premiums in the amount of NIS 58,143 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

Notes to the Consolidated Interim Financial Statements

NOTE 3 – OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment (cont.)

Data for the year ended December 31, 2023	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Audited				
	NIS thousand				
Gross premiums	96,877	647,643	1,264,066 *)	188,088 *)	2,196,674
Payments and change in liabilities in respect of insurance contracts, gross	210,652	799,062	811,680	155,371	1,976,765
Total comprehensive income (loss) from Health Insurance Business	(37,107)	(17,883)	20,902	20,451	(13,637)

*) Of which, long-term individual premiums in the amount of NIS 1033162 thousand and collective premiums in the amount of NIS 230,904 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

1. Following is a breakdown of assets held against insurance contracts and yield-dependent investment contracts:

	As of September 30		As of December 31
	2024	2023	2023
	Unaudited		Audited
	NIS thousand		
Investment property	107,673	103,695	102,961
Financial investments:			
Liquid debt assets	9,433,147	8,947,122	9,024,947
Illiquid debt assets *)	3,936,472	4,388,877	4,280,403
Shares	9,699,721	8,338,034	8,839,155
Other financial investments **)	9,802,108	9,134,627	8,932,783
Total financial investments	32,871,448	30,808,660	31,077,288
Cash and cash equivalents	1,782,857	1,706,815	2,080,711
Other	325,270	731,496	298,397
Total assets for yield-dependent contracts	35,087,248	33,350,666	33,559,357
*) Including assets measured at amortized cost	312,925	323,043	309,642
Fair value of said assets	308,190	311,719	307,221

**) Other financial investments mainly include investments in ETFs, participation units in mutual funds, investment funds, financial derivatives, futures, options and structured products.

2. Fair value of financial assets by level

The following table presents an analysis of the financial assets presented at fair value through profit and loss. The different levels were defined as follows:

- Level 1 - fair value measured using quoted prices (unadjusted) in an active market for identical instruments.
- Level 2 - fair value measured using observable inputs, either directly or indirectly, that are not included in Level 1 above.
- Level 3 - fair value measured using inputs that are not based on observable market inputs.

For financial instruments periodically recognized at fair value, an assessment is made, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

2. Fair value of financial assets by level (cont.)

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	8,149,657	1,283,490	-	9,433,147
Illiquid debt assets	-	3,589,612	33,935	3,623,547
Shares	9,148,916	12,335	538,470	9,699,721
Other financial investments	3,897,005	1,136,564	4,768,539	9,802,108
Total	21,195,578	6,022,001	5,340,944	32,558,523

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	7,636,889	1,310,233	-	8,947,122
Illiquid debt assets	-	4,064,439	1,395	4,065,834
Shares	7,773,386	18,516	546,132	8,338,034
Other financial investments	3,559,041	1,215,333	4,360,253	9,134,627
Total	18,969,316	6,608,521	4,907,780	30,485,617

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Financial investments:				
Liquid debt assets	7,888,216	1,136,731	-	9,024,947
Illiquid debt assets	-	3,934,533	36,228	3,970,761
Shares	8,300,031	21,385	517,739	8,839,155
Other financial investments	3,248,353	1,380,147	4,304,283	8,932,783
Total	19,436,600	6,472,796	4,858,250	30,767,646

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

3. Assets measured at fair value - Level 3

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of January 1, 2024 (audited)	36,228	517,739	4,304,283	4,858,250
Total gains (losses) recognized in profit and loss *)	2,366	(16,560)	115,578	101,384
Purchases	-	37,291	555,062	592,353
Sales	-	-	(206,384)	(206,384)
Redemptions	(4,659)	-	-	(4,659)
Balance as of September 30, 2024	33,935	538,470	4,768,539	5,340,944
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	2,366	(16,560)	154,068	139,874

During the nine-month period ended September 30, 2024 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of January 1, 2023 (audited)	5,716	511,324	3,725,301	4,242,341
Total gains (losses) recognized in profit and loss *)	(1,661)	30,925	219,022	248,286
Purchases	-	32,310	646,293	678,603
Sales	-	(28,427)	(230,363)	(258,790)
Redemptions	(2,660)	-	-	(2,660)
Balance as of September 30, 2023	1,395	546,132	4,360,253	4,907,780
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	(1,661)	20,709	192,510	211,558

During the nine-month period ended September 30, 2023 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of July 1, 2024	33,861	507,288	4,603,453	5,144,602
Total income recognized in profit and loss *)	1,505	5,677	22,045	29,227
Purchases	-	25,505	196,998	222,503
Sales	-	-	(53,957)	(53,957)
Redemptions	(1,431)	-	-	(1,431)
Balance as of September 30, 2024	33,935	538,470	4,768,539	5,340,944
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	1,505	5,677	60,137	67,319

During the three-month period ended September 30, 2024 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of July 1, 2023	3,530	547,392	4,148,112	4,699,034
Total gains (losses) recognized in profit and loss *)	(2,085)	2,197	52,757	52,869
Purchases	-	19,222	224,561	243,783
Sales	-	(22,679)	(65,177)	(87,856)
Redemptions	(50)	-	-	(50)
Balance as of September 30, 2023	1,395	546,132	4,360,253	4,907,780
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	(2,085)	(7,885)	39,074	29,104

During the three-month period ended September 30, 2023 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Audited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of January 1, 2023	5,716	511,324	3,725,301	4,242,341
Total gains (losses) recognized in profit and loss *)	2,332	(1,564)	(29,029)	(28,261)
Purchases	-	36,630	889,311	925,941
Sales	-	(28,651)	(281,300)	(309,951)
Redemptions	(9,590)	-	-	(9,590)
Transfers to Level 3	37,770	-	-	37,770
Balance as of December 31, 2023	36,228	517,739	4,304,283	4,858,250
*) Of which - Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of December 31, 2023	2,332	(7,748)	(28,462)	(33,878)

Transfers to Level 3 result from changes in securities valuation techniques.

In 2023, there were no material transfers between Level 1 and Level 2.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments

1. Illiquid debt assets

Composition:

	As of September 30, 2024	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	7,208,857	8,437,728
Other debt assets:		
Non-convertible	5,749,700	5,684,688
Total illiquid debt assets	12,958,557	14,122,416

	As of September 30, 2023	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	7,036,058	8,483,037
Other debt assets:		
Non-convertible	5,312,357	5,190,414
Total illiquid debt assets	12,348,415	13,673,451

	As of December 31, 2023	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Government bonds		
Designated bonds	7,015,565	8,568,217
Other debt assets:		
Non-convertible	5,429,366	5,356,191
Total illiquid debt assets	12,444,931	13,924,408

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level

The following table presents an analysis of the financial assets presented at fair value. The different levels defined in Section A.2. above.

For financial instruments periodically recognized at fair value, an assessment is made, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	3,619,119	245,156	-	3,864,275
Shares	814,717	1,417	432,701	1,248,835
Other financial investments	250,997	33,500	3,240,451	3,524,948
Total	4,684,833	280,073	3,673,152	8,638,058

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,247,631	308,281	-	4,555,912
Shares	780,632	1,167	438,437	1,220,236
Other financial investments	233,194	20,774	2,894,470	3,148,438
Total	5,261,457	330,222	3,332,907	8,924,586

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liquid debt assets	4,270,625	277,235	-	4,547,860
Shares	776,384	815	407,532	1,184,731
Other financial investments	232,234	67,403	2,855,401	3,155,038
Total	5,279,243	345,453	3,262,933	8,887,629

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Assets measured at fair value - Level 3

	Fair value measurement at the reporting date		
	Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance as of January 1, 2024 (audited)	407,532	2,855,401	3,262,933
Total losses recognized in profit and loss *)	(7,399)	(33,293)	(40,692)
Total income recognized in other comprehensive income	18,858	141,701	160,559
Purchases	49,764	398,121	447,885
Sales	(36,054)	(121,479)	(157,533)
Balance as of September 30, 2024	432,701	3,240,451	3,673,152
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2024	(7,399)	(36,653)	(44,052)

During the nine-month period ended September 30, 2024 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date		
	Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance as of January 1, 2023 (audited)	403,221	2,357,731	2,760,952
Total gains (losses) recognized in profit and loss *)	1,468	(12,703)	(11,235)
Total income recognized in other comprehensive income	39,924	241,458	281,382
Purchases	13,655	420,722	434,377
Sales	(19,831)	(112,738)	(132,569)
Balance as of September 30, 2023	438,437	2,894,470	3,332,907
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	1,468	(21,615)	(20,147)

During the nine-month period ended September 30, 2023 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date		
	Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance as of July 1, 2024	424,894	3,065,648	3,490,542
Total gains (losses) in profit and loss *)	(13,227)	(10,456)	(23,683)
Total income recognized in other comprehensive income	18,410	51,903	70,313
Purchases	38,678	166,110	204,788
Sales	(36,054)	(32,754)	(68,808)
Balance as of September 30, 2024	432,701	3,240,451	3,673,152
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2024	(13,227)	(10,986)	(24,213)

During the three-month period ended September 30, 2024 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date		
	Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance as of July 1, 2023	434,170	2,734,553	3,168,723
Total gains (losses) recognized in profit and loss *)	1,968	(12,692)	(10,724)
Total income recognized in other comprehensive income	10,278	77,126	87,404
Purchases	11,852	123,816	135,668
Sales	(19,831)	(28,333)	(48,164)
Balance as of September 30, 2023	438,437	2,894,470	3,332,907
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	1,968	(14,653)	(12,685)

During the three-month period ended September 30, 2023 there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date		
	Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other	Total
	Audited		
	NIS thousand		
Balance as of January 1, 2023	403,221	2,357,731	2,760,952
Total gains (losses) recognized:			
In profit and loss *)	(28,460)	(136,719)	(165,179)
In other comprehensive income	37,956	225,916	263,872
Purchases	14,700	602,583	617,283
Sales	(19,885)	(194,110)	(213,995)
Balance as of December 31, 2023	407,532	2,855,401	3,262,933
*) Of which - Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of December 31, 2023	(37,072)	(146,401)	(183,473)

In 2023, there were no material transfers between Level 1 and Level 2 to Level 3, nor there were transfers from or to Level 3.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer

1. Fair value compared to carrying amount

	As of September 30, 2024		As of September 30, 2023		As of December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Unaudited				Audited	
	NIS thousand				NIS thousand	
Financial assets:						
Illiquid debt assets	2,603,842	2,541,485	2,256,463	2,276,941	2,244,922	2,250,505

2. Classification of financial investments according to the fair value hierarchy

	Fair value hierarchy			
	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets classified as available-for-sale				
Liquid debt assets	293,128	1,047	-	294,175
Shares	27,159	-	9,703	36,862
Other	70,383	-	58,587	128,970
Total other financial investments	390,671	1,047	68,290	460,008

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer (cont.)

2. Classification of financial investments according to the fair value hierarchy (cont.)

	Fair value hierarchy			
	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets classified as available-for-sale				
Liquid debt assets	252,660	-	-	252,660
Shares	29,813	-	7,137	36,950
Other	33,185	3,506	12,050	48,741
Total other financial investments	315,658	3,506	19,187	338,351

	Fair value hierarchy			
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Financial assets classified as available-for-sale				
Liquid debt assets	289,139	-	-	289,139
Shares	24,557	-	3,430	27,987
Other	54,465	2,049	15,317	71,831
Total other financial investments	368,161	2,049	18,747	388,957

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer (cont.)

3. Financial investments measured at fair value - Level 3

	Shares	Other financial investments	Total
		Unaudited	
		NIS thousand	
Balance as of January 1, 2024	3,430	15,317	18,747
Total gains (losses) in profit and loss *)	6,273	(930)	5,343
Purchases	-	44,200	44,200
Balance as of September 30, 2024	9,703	58,587	68,290
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	6,273	(698)	5,575

	Shares	Other financial investments	Total
		Unaudited	
		NIS thousand	
Balance as of January 1, 2023	-	26,679	26,679
Total losses in profit and loss *)	-	(1,622)	(1,622)
Purchases	7,137	1,959	9,096
Sales	-	(4)	(4)
Redemptions	-	(14,962)	(14,962)
Transfers to Level 3			
Balance as of September 30, 2023	7,137	12,050	19,187
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2023	-	(1,360)	(1,360)

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer (cont.)

3. Financial investments measured at fair value - Level 3 (cont.)

	Shares	Other financial investments	Total
	Unaudited		
	NIS thousand		
Balance as of July 1, 2024	3,759	58,795	62,554
Total gains (losses) in profit and loss *)	5,944	(235)	5,709
Purchases	-	27	27
Balance as of September 30, 2024	9,703	58,587	68,290
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	5,944	(234)	5,710

	Shares	Other financial investments	Total
	Unaudited		
	NIS thousand		
Balance as of July 1, 2023	7,137	9,429	16,566
Total gains in profit and loss *)	-	662	662
Purchases		1,959	1,959
Balance as of September 30, 2023	7,137	12,050	19,187
*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2023	-	841	841

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer (cont.)

3. Financial investments measured at fair value - Level 3 (cont.)

	Shares	Other financial investments	Total
	Audited		
	NIS thousand		
Balance as of January 1, 2023	-	26,679	26,679
Total losses in profit and loss *)	-	(1,784)	(1,784)
Purchases	3,430	5,388	8,818
Sales	-	(4)	(4)
Redemptions	-	(14,962)	(14,962)
Balance as of December 31, 2023	3,430	15,317	18,747
*) Of which - Total unrealized gains for the period recognized in profit and loss in respect of assets held as of December 31, 2023	-	265	265

4. Changes in provision for impairment in respect of investments in debt instruments

	Credit losses for 12 months	Credit losses – remai-ning life	Credit-impaired financial assets	Total
	Unaudited			
	NIS thousand			
Balance as of January 1, 2024	14,365	9,087	82,321	105,773
Provision during the year	1,958	(430)	4,987	6,514
Transfers between measurement groups of credit losses	(855)	2,395	35,026	36,566
Credit losses recognized at purchase date of the financial asset	14,753	-	21,531	36,283
Cancellation in respect of collected debts	(14,260)	(2,739)	-	(16,999)
Derecognized financial assets	-	-	(26,965)	(26,965)
Balance as of September 30, 2024	15,960	8,313	116,900	141,173
Balance of investments in debt instruments before provision for impairment	2,133,801	129,291	415,547	2,678,639

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer (cont.)

4. Changes in provision for impairment in respect of investments in debt instruments (cont.)

	Credit losses for 12 months	Credit losses – remaining life	Credit-impaired financial assets	Total
	Unaudited			
	NIS thousand			
Balance as of January 1, 2023	-	-	44,211	44,211
Effect of first-time application of IFRS 9	912	-	-	912
Provision during the year	14,347	9,910	30,525	54,782
Transfers between measurement groups of credit losses	(2,132)	25,666	27,058	50,592
Credit losses recognized at purchase date of the financial asset	11,393	-	18,959	30,352
Cancellation in respect of collected debts	(9,745)	(26,899)	-	(36,644)
Derecognized financial assets	-	-	(6,230)	(6,230)
Balance as of September 30, 2023	14,775	8,677	114,523	137,975
Balance of investments in debt instruments before provision for impairment	1,741,812	129,291	425,661	2,296,764

	Credit losses for 12 months	Credit losses – remaining life	Credit-impaired financial assets	Total
	Unaudited			
	NIS thousand			
Balance as of July 1, 2024	14,749	9,537	108,168	132,454
Provision during the year	69	(966)	(1,037)	(1,934)
Transfers between measurement groups of credit losses	(428)	(484)	16,344	15,432
Credit losses recognized at purchase date of the financial asset	5,256	-	7,280	12,536
Cancellation in respect of collected debts	(3,686)	226	-	(3,460)
Derecognized financial assets	-	-	(13,854)	(13,854)
Balance as of September 30, 2024	15,960	8,313	116,900	141,173
Balance of investments in debt instruments before provision for impairment	2,133,801	129,291	415,547	2,678,639

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

Notes to the Consolidated Interim Financial Statements

C. Other financial investments unrelated to consolidated companies which meet the definition of insurer (cont.)

4. Changes in provision for impairment in respect of investments in debt instruments (cont.)

	Credit losses for 12 months	Credit losses – remaining life	Credit-impaired financial assets	Total
	Unaudited			
	NIS thousand			
Balance as of July 1, 2023	14,511	7,829	90,819	113,160
Provision during the year	3,725	2,356	17,482	23,563
Transfers between measurement groups of credit losses	(9)	1,088	1,427	2,506
Credit losses recognized at purchase date of the financial asset	7,163	-	7,065	14,228
Cancellation in respect of collected debts	(10,616)	(2,596)	-	(13,212)
Derecognized financial assets	-	-	(2,270)	(2,270)
Balance as of September 30, 2023	14,775	8,677	114,523	137,975
Balance of investments in debt instruments before provision for impairment	1,741,812	129,291	425,661	2,296,764

	Credit losses for 12 months	Credit losses – remaining life	Credit-impaired financial assets	Total
	Audited			
	NIS thousand			
Balance as of January 1, 2023	-	-	44,211	44,211
Effect of first-time application of IFRS 9	912	-	-	912
Provision during the year	13,453	9,087	103,286	125,826
Derecognized financial assets	-	-	(65,176)	(65,176)
Balance as of December 31, 2023	14,365	9,087	82,321	105,773
Balance of investments in debt instruments before provision for impairment	1,990,804	136,699	223,193	2,350,696

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities

1. Breakdown of financial liabilities

	As of September 30		As of December 31	As of September 30		As of December 31
	2024	2023	2023	2024	2023	2023
	Carrying amount			Fair value		
	Unaudited		Audited	Unaudited		Audited
	NIS thousand					
1. Financial liabilities presented at amortized cost:						
Loans from banking corporations	1,598,340	1,388,046	1,380,927	1,598,340	1,388,046	1,380,927
Bonds *)	1,926,128	2,320,724	2,263,189	1,817,016	2,196,082	2,190,441
Liabilities in respect of financial guarantee contracts	13,384	15,007	13,239	13,384	15,007	13,239
Liabilities to pay standing orders	729,338	583,888	603,804	729,338	583,888	603,804
Lease liabilities **)	70,946	78,279	71,666			
	4,338,136	4,385,944	4,332,825	4,158,078	4,183,023	4,188,411
2. Financial liabilities presented at fair value through profit and loss:						
Derivatives held for yield-dependent contracts	241,956	482,627	214,473	241,956	482,627	214,473
Derivatives held for non-yield-dependent contracts	81,916	133,063	51,297	81,916	133,063	51,297
Liability in respect of option granted to non-controlling interests	181,284	160,597	174,546	181,284	160,597	174,546
	505,156	776,287	440,316	505,156	776,287	440,316
Total financial liabilities	4,843,292	5,162,231	4,773,141	4,663,234	4,959,310	4,628,727
*) Of which - subordinated notes that constitute capital for solvency purposes	1,816,601	2,097,905	2,098,802	1,713,425	1,991,296	2,032,393

**) Disclosure of fair value was not required.

Notes to the Consolidated Interim Financial Statements

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

2. Fair value of financial liabilities by level

The following table presents an analysis of financial liabilities presented at fair value. The different levels defined in Section A.2. above.

For financial liabilities periodically recognized at fair value, an assessment is made, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Derivatives	16,729	307,143	-	323,872
Liability in respect of option granted to non-controlling interests	-	181,284	-	181,284
Total	16,729	488,427	-	505,156

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Derivatives	54,919	560,771	-	615,690
Liability in respect of option granted to non-controlling interests	-	160,597	-	160,597
Total	54,919	721,368	-	776,287

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Derivatives	13,003	252,767	-	265,770
Liability in respect of option granted to non-controlling interests	-	174,546	-	174,546
Total	13,003	427,313	-	440,316

3. Early repayment of notes

In July 2024, consolidated company Menora Mivtachim Gius Hon executed an early and final repayment of the outstanding principal and interest of the Bonds (Series D) at a total amount of approx. NIS 300 million par value.

NOTE 5 – EQUITY AND CAPITAL REQUIREMENTS

Capital policy and requirements

A. It is management’s policy to maintain a strong capital base in order to retain Group's ability to continue its activities such that it will be able to generate returns to its shareholders and support future business activities. Menora Insurance and Shomera Insurance (hereinafter - the "**Consolidated Insurance Companies**") are subject to the capital requirements set by the Commissioner.

As part of the implementation of the solvency regime, the Consolidated Insurance Companies are required to conduct own risk assessment. The Boards of Directors of the Consolidated Insurance Companies are required to set a capital target that will reflect what is in their opinion an adequate solvency ratio for the purpose of dividend distribution.

The target capital set by the consolidated insurance companies for the purpose of dividend distribution was formed gradually. In November 2021, Shomera Insurance updated the target capital for dividend distribution purposes, such that it will increase gradually until reaching 113% (in lieu of 110%) by approx. 2.1% per year through the end of the Transitional Period in 2024. Menora Insurance's target capital was set at 115% through the end of 2024. In November 2023, Menora Insurance updated the target capital, such that as from the end of 2024 the target capital will increase linearly from 115% as stated above to 130% in 2032. As of June 30, 2024, the target capital stands at approx. 114.6% and approx. 111.9% in Menora Insurance and Shomera Insurance.It is hereby clarified that there is no certainty that the Consolidated Insurance Companies will meet this solvency ratio at each point in time.

Menora Mivtachim Pension and Provident Funds Ltd. (hereinafter - "**Mivtachim Pension and Provident**") and Menora Mivtachim and The Association of Engineers Provident Funds Management Ltd. (hereinafter - "**Menora Engineers**") are required to comply with the Supervision of Financial Services Supervision Regulations (Provident Funds) (Minimum Capital Requirement for a Provident Fund or a Pension Fund's Management Company), 2012, and the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment No. 2), 2012.

B. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies

The Consolidated Insurance Companies are subject to the Solvency II-based Economic Solvency Regime in accordance with implementation provisions as published in June 2017 and revised in October 2020 (hereinafter - the "**Solvency Circular**").

Risk-based solvency ratio

A risk-based solvency ratio is calculated as the ratio between the economic shareholders' equity of the insurance company and the solvency capital requirement. The economic shareholders' equity is determined as the sum of the economic balance sheet (see below) and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital and a Tier 2 capital instrument).
Economic balance sheet items are calculated based on economic value, with insurance liabilities calculated on the basis of a best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin.

Notes to the Consolidated Interim Financial Statements

NOTE 5 – EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

B. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies (cont.)

Risk-based solvency ratio (cont.)

The solvency capital requirement (SCR) is designed to estimate the economic shareholders' equity's exposure to a series of scenarios set out in the Solvency Circular, and which reflect insurance, market and credit risks as well as operating risks.

The Solvency Circular includes, among other things, Transitional Provisions in connection with compliance with capital requirements, as follows:

a) Selecting one of the following alternatives as from the Solvency Ratio Report as of December 31, 2019:

1) Gradual transition to the capital requirement until 2024, such that the capital requirement shall increase gradually by 5% per year, starting with 60% of the SCR up to the full SCR amount. The capital requirement as of December 31, 2023 - 95% of the SCR amount (as of December 31, 2022 - 90%); it is noted that this was the only alternative through the Solvency Ratio Report as of December 31, 2019.

2) Increasing the economic capital by deducting from the insurance reserves an amount calculated in accordance with the Solvency Circular (hereinafter - the "**Deduction**"). The Deduction will decrease gradually until 2032 (hereinafter - the "**Transitional Period**").

Shomera Insurance selected the first alternative, and Menora Insurance selected the second alternative, after receipt of the Commissioner's approval.

b) A reduced capital requirements, which increased gradually until 2023, in respect of certain investment types.

Solvency ratio of the Consolidated Insurance Companies

According to the Solvency Ratio Reports as of June 30, 2024, which were published on November 27, 2024, Menora Insurance and Shomera Insurance (hereinafter - the "**Consolidated Insurance Companies**") have excess capital without applying the Provisions for the Transitional Period.

Notes to the Consolidated Interim Financial Statements

NOTE 5 – EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

B. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies (cont.)

Solvency ratio of the Consolidated Insurance Companies (cont.)

The calculation carried out by Consolidated Insurance Companies as stated above was reviewed by the Company’s independent auditors in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard is relevant for the execution of the engagement to assess whether the Consolidated Insurance Companies’ solvency calculations as of June 30, 2024, comply, in all material respects, with the Commissioner’s Directives, and are not part of the auditing or review standards that apply to financial statements. It should be emphasized that the projections and assumptions on the basis of which the Economic Solvency Ratio Report was prepared are based mainly on past experience as arising from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and the changes in the economic environment, past data do not necessarily reflect future results. The calculation is sometimes based on assumptions regarding future events, steps taken by management, and the pattern of the future development of the risk margin, that will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation.

Furthermore, attention is drawn to the economic solvency ratio reports regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

For further details, see Section 3 to the Report of the Board of Directors and Economic Solvency Ratio Reports, which were posted on the websites of the consolidated insurance companies.

C. Solvency ratio for the purpose of dividend distribution by the Consolidated Insurance Companies

According to the letter published by the Commissioner, 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 Solvency Circular) of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by the Company's Board of Directors.In addition, the letter set out provisions for reporting to the Commissioner.

The Consolidated Insurance Companies’ calculation as of June 30, 2024, which is based on the investments mix and the insurance liabilities as of the calculation date, and taking into account capital-related measures after the calculation date, reflects an economic solvency ratio, which is higher than the solvency ratio required according to the Letter.

Notes to the Consolidated Interim Financial Statements

NOTE 5 – EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

D. Own Risk and Solvency Assessment of an Insurance Company (ORSA)

According to the provisions of the Consolidated Circular - "Reporting to the Commissioner of Capital Market" - Own Risk and Solvency Assessment of an Insurance Company (ORSA) (hereinafter - the "**Circular**"), an insurance company shall report to the Commissioner about Own Risk and Solvency Assessment of an Insurance Company (ORSA) once a year - in January. In accordance with the circular, the Company shall provide the Commissioner with a report that will include a summary of its results, status of its business and interactions, risk exposure, assessment of solvency and capital requirement, forward-looking valuation, scenarios and sensitivity analyses. The circular's effective date is January 1, 2023. Following the outbreak of the Iron Swords War, on October 23, 2023, the Commissioner published the Commissioner of the Capital Market, Insurance and Savings Authority's Emergency Directives (hereinafter - the "**Emergency Directives**"). As part of the Emergency Directives, the Commissioner postponed the report in respect of forward-looking valuation, scenarios and sensitivity analyses to January 1, 2025. In addition, in accordance with the Consolidated Insurance Companies' circular, they delivered the requisite report in respect of a summary of results, status of business and interactions, risk exposure, assessment of solvency and capital requirement to the Commissioner by the end of February 2024.

E. Following are data regarding Mivtachim Pension and Provident's required and existing capital in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Minimum Capital Requirement for a Provident Fund or a Pension Fund's Management Company), 2012, and the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment No. 2), 2012 (hereinafter - the "**Capital Regulations**") and the Commissioner's directives:

	As of September 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
The amount required according with the Capital Regulations of management companies	289,811	275,154
Existing shareholders' equity	808,510	699,805
Surplus	518,669	424,651
Dividend declared subsequent to the reporting date *)	(50,000)	
Surplus taking into account an event occurring subsequent to the reporting date	468,699	
The required amount includes capital requirements in respect of:		
Total assets under management	155,246	138,305
Annual expenses	135,345	137,609
Expedients according to the Commissioner's circular	(780)	(760)
	289,811	275,154

*) Subsequent to the reporting date, on November 25, 2024, the Board of Directors of Mivtachim Pension and Provident declared the distribution of a NIS 50 million dividend. The dividend was paid on November 26, 2024

Notes to the Consolidated Interim Financial Statements

NOTE 5 – EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

F. The capital requirement in Menora Engineers stands at NIS 10 million. As of September 30, 2024, the shareholders' equity of Menora Engineers amounts to approx. NIS 11.2 million, and the surplus capital amounts to approx. NIS 1.2 million. Subsequent to the reporting date, on November 20, 2024, the Board of Directors of Menora Engineers declared the distribution of a dividend of approx. NIS 0.7 million to the shareholders. The dividend was paid on November 21, 2024.

G. On March 28, 2024, the Company's Board of Directors declared a dividend distribution to the Company's shareholders on April 8, 2024 (the ex-date) totaling NIS 175 million, which constitute NIS 2.82 per each share of NIS 1 par value. The dividend was paid on April 16, 2024.
On August 28, 2024, the Company's Board of Directors declared a dividend distribution to the Company's shareholders on September 5, 2024 (the ex-date) totaling NIS 170 million, which constitute NIS 2.74 per each share of NIS 1 par value. The dividend was paid on September 15, 2024.

For details regarding the dividend distributed by the Company subsequent to the reporting date, see Note 7L.

H. In March and August 2024, Menora Insurance distributed to the Company NIS 200 million and NIS 100 million in dividends, respectively.

I. In March 2024, Shomera Insurance distributed a NIS 50 million dividend to the Company.

J. In May 2024, Mivtachim Pension distributed a NIS 50 million dividend.

NOTE 6 – CONTINGENT LIABILITIES

A. Class actions and motions to certify lawsuits as class actions

In recent years, there has been a significant increase in the number of motions to certify claims as class actions filed against the Group and in the number of lawsuits recognized as class actions. This is part of an overall increase in motions to certify claims as class actions in general, including against companies engaged in the Group's areas of activity, which stems mainly from the enactment of the Class Actions Law, 2006 (hereinafter - the "**Class Actions Law**"). This trend substantively increases the Group's potential exposure to losses in the event of the lawsuit being certified as a class action against it.

A motion to certify a class action lawsuit may be filed in a lawsuit of a type as detailed in the abovementioned law, or in a matter with respect to which another statutory provision explicitly stipulates that a class action lawsuit 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 the parties have engaged in a transaction. In order for a motion to certify a class action lawsuit to be granted, the lead plaintiff must prove, among other things: (1) the existence of a personal cause of action; (2) that the cause of action is sufficiently well established to give the plaintiff a prima facie chance to win the lawsuit; (3) that the cause of action raises a substantive question of fact or law that is common to all represented class members, and there is a reasonable possibility that the common questions would be decided in favor of the class; (4) that the dispute can be fairly and efficiently adjudicated as a class action lawsuit; (5) that the plaintiff and its counsel are suitable representatives of the represented class.

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

A. Class actions and motions to certify lawsuits as class actions (cont.)

Motions to certify claims as class actions are filed through the hearing procedure mechanism set forth in the Class Actions Law. The hearings procedure for motions to certify claims as class actions is divided into two main stages: The first stage is the motion to certify (hereinafter - the "**motion to certify**" and the "**certification stage**", respectively). If the motion to certify is rejected by the court - the hearing stage at the class action level ends. A ruling at the approval stage may be subject to a motion for leave to appeal to the appellate courts. In the second stage, if the motion to certify is accepted, the class action will be heard (hereinafter - the "**class action stage**"). A judgment at the class action stage can be appealed to the appellate courts.

Within the mechanism of the Class Actions Law, there are also, inter alia, specific settlement agreements, both in the certification stage and in the class action stage, as well as arrangements with regard to the plaintiff's withdrawal of the motion to certify or class action lawsuit.

For motions to certify claims as class actions in which the Company's and/or the consolidated companies' defense claims are "more likely than not" to be denied and the proceeding is "more likely than not" to be dismissed (on its merits, or – for a class action lawsuit – to not be certified as a class action lawsuit by the court), according to the management's assessment, based (among other things) on legal opinions it has received – no provision was included in the Financial Statements. For proceedings where it is more likely than not that the defense claims of the Company and/or consolidated companies will be dismissed, in whole or in part, the Financial Statements include provisions to cover the exposure estimated by the Company and/or consolidated companies. For proceedings in preliminary stages whose odds cannot be estimated, no provision was included in the financial statements (see Section B, Subsections 4, 6, 7 and 9-17, Section C, Subsections 2-22, and Section D, Subsections 1-13 below). For cases in which the company and/or any of the consolidated companies are willing to settle, a provision has been made according to the willingness to settle, even if it is "more likely than not" that the Company's and/or the consolidated companies' defense claims would be granted, or the proceeding is at a preliminary stage and it is impossible to estimate the proceeding's odds.

With respect to the motions to certify claims as class actions described in Section B, Subsections 1-3, 5 and 8 and Section C, Subsection 1 below, that the District Court has certified as class action lawsuits – the financial statements include provisions to cover the exposure, as estimated by the Company and/or the consolidated companies, unless, according to the management's assessment, that is based, among other things, on legal opinions it has received, it is "more likely than not" that the Company's and/or the consolidated companies' defense claims on the substantive lawsuit would be accepted, and the lawsuit would be denied, even if it is adjudicated as a class action lawsuit.

It is noted that, for the purposes of this note, lawsuits and motions to certify them as class action lawsuits are deemed material if the amount claimed therein exceed NIS 15 million.

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions:

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
1.	01/2008 District Court - Tel Aviv	Life insurance policyholders v. Menora Insurance and additional insurance companies.	The claim is of alleged unlawful overcharging with a payment component in the policies, known as the "sub-annuals" component. Causes of action: breach of the relevant statutory provisions, bad faith, and unjust enrichment. The main remedies being sought: refund of the total sub-annuals that were collected unlawfully, as well as a mandatory injunction ordering the defendants to change their modus operandi.	Any policyholder who has been charged due to the payment component of the policies known as the "sub-annuals," in circumstances and at an amount that deviate from the provisions of the law.	On July 19, 2016, the District Court ruled in favor of certifying the lawsuit as a class action lawsuit. The main cause of action that has been approved is unjust enrichment, and other asserted causes of action were denied. The sought remedy is a refund of the sums that were collected unlawfully in the seven years preceding the day the lawsuit was filed, and a mandatory injunction ordering the defendant to rectify its conduct. On September 26, 2016, the plaintiff appealed the rejection of the individual claim against some of the respondents (including Menora Insurance) before the Supreme Court, concerning the collection of "sub-annuals" at a rate that is claimed to exceed the lawfully permitted rate. On December 15, 2016, Menora Insurance filed a motion for leave to appeal the decision to certify the lawsuit as a class action lawsuit. On May 31, 2018, a judgment was rendered that granted the motion for leave to appeal and denied the appeal; however, on June 26, 2018, the plaintiff filed a motion for a further hearing on the judgment. On July 2, 2019, the Supreme Court granted the motion for a further hearing. On July 4, 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 lawsuit is under a mediation procedure.	Approx. NIS 2.3 billion, for the last 7 years. Of which, approx. NIS 229 million are attributed to Menora Insurance.

(1) The date the lawsuits and the motions were filed is the original date on which they were filed. The indicated court is the court before which the proceeding had initially been brought.
(2) Based on the class the plaintiff sought to represent in accordance with the statement of claim, which is the basis for the estimated amount claimed.
(3) The claim amount stated above is the amount the plaintiff had estimated when the lawsuit was filed. The amounts specified in the lawsuits are the plaintiff's estimates, according to the estimated class the plaintiff seeks to represent. There are claims in which the plaintiff did not name the claimed amount, and therefore, it was not specified. To the extent that the plaintiff specified an amount that was attributed to the company, this is noted expressly.

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
2.	07/2014 District Court - Central	NGOs and organizations that serve the pensioner population v. Mivtachim Pension and Provident and additional management companies.	Raising the management fees pensioners pay to the maximum management fees permitted by law (0.5% of the accrued balance), while taking advantage of the pensioners' status as a "captive audience" that is barred from moving its accrual to other pension funds, while active colleagues pay significantly lower management fees on average (approx. 0.3% of their accrued balance and approx. 2% of their current contributions). It was further claimed that the respondents 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. Causes of action: bad faith misuse of a contractual right, the respondents' cartelistic conduct, breach of the fiduciary duties and the duties of care towards the respondents' planholders, breach of the duty of disclosure towards the planholders, an unduly disadvantageous condition in a standard contract, unjust enrichment, breach of statutory duty, and an unlawful failure to notify the planholders of the increased management fees on the eve of their retirement. Main remedies requested: (a) to return the excess management fees unlawfully charged from the class members with interest and linkage; (b) to require the respondents 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; (c) to prohibit the respondents from raising each planholder's management fees immediately before their retirement.	Anyone who is a planholder of a comprehensive new pension fund 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.	Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. Further to the parties' announcement that the mediation process had failed, the lawsuit was returned to the court for further adjudication. On March 18, 2022, the District Court (Central District) certified the lawsuit as a class action lawsuit. Pursuant to the court's recommendation, the parties entered a mediation proceeding.	Approx. NIS 48 million for all defendants

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
3.	09/2015 District Court - Tel Aviv	An insurance policyholder v. Menora Insurance	The defendant's (alleged) conscious and deliberate policy of disregard for its duty, as required by law and by decided case law, by paying insurance benefits without the lawful interest. Causes of action: unjust enrichment, breach of contract, deprivation, breach of the Commissioner's Directives, and breach of statutory duty. The main sought remedies: to declare and find that the defendant is in breach of its duty to add the lawful interest and linkage to the insurance benefits it pays, and ordering it to rectify its policy immediately and hereafter; to compel the defendant to pay the class members linked interest in accordance with the law, as defined in Section 1 of the Adjudication of Interest and Linkage Law, 1961, or in accordance with the contractual interest rate stipulated in the policy (whichever is higher), for the period commencing on the date of the occurrence of the insured event and ending on the actual insurance benefits payment date, and alternatively, for the period commencing 30 days from the date of delivery of the insurance claim to the defendant and until the actual insurance benefits payment date; to compel the defendant to pay the class members linkage differences and interest due to its underpayment, from the date of underpaying the insurance benefits and until the day the defendant pays the class members the linked interest; in addition and/or alternatively, should the court find that paying the class members damages is impractical – to order the defendant to compensate the general public.	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 by the respondent before a judgment is rendered in the lawsuit, without lawfully adding interest to the insurance benefits.	The lawsuit, as detailed below, was certified as a class action lawsuit. It is noted that a judgment has recently been rendered in a similar matter (hereinafter - the "**Barr Affair**") against other insurance companies, which stated that "the claim filing date" (within the meaning of Section 28A of the Insurance Contracts Law) on which the 30-day race shall commence, and after which linked interest must be added to the insurance benefits, is the date the insurance company or the insurance agent, whichever is earlier, first received a communication indicating that the policyholder (or a third party or beneficiary) wishes to receive insurance benefits, without needing to attach any document. On May 18, 2021, the defendants in the Barr Affair appealed the judgment before the Supreme Court. At the same time, the District Court certified the lawsuit against Menora Insurance and Shomera on May 26, 2021 (Section 9 below) as a class action lawsuit. Menora Insurance filed its statement of defense on December 14, 2021. On March 13, 2022, the District Court stayed the proceedings in the case, pending a decision on the appeal in the Barr Affair. On November 9, 2022, a ruling was rendered on the Barr Affair, pursuant to which the motion for leave to appeal was denied. Accordingly, the adjudication of the lawsuit in the District Court was resumed.	At least approx. NIS 50 million

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
4.	09/2015 District Court - Tel Aviv	An insurance policyholder v. Menora Insurance and against 4 other management companies	Charging inappropriately excessive management fees, because the defendants share the management fees with the agents and because they allegedly put the agents in a conflict of interest when they pay the agents a portion of the management fees they charge, and thus, they are in breach of their fiduciary duty towards the class members. The causes of action: breach of their fiduciary duty pursuant to the Provident Funds Law; acting in a conflict of interest vis-à-vis the agents; breach of the fund's bylaws; negligence and conversion in accordance with the Torts Ordinance; unjust enrichment and bad faith in the fulfillment of a contract. The main remedies being sought: a declaratory remedy that states that the defendants must modify the compensation arrangement between them and the agents and adapt it to the law; determining the suitable management fees and the appropriate commission to be paid to the agents, and compelling the defendants to return the excessive management fees they charged.	Planholders of provident funds managed by the defendants, who were charged management fees from which the agents' commission is derived based on the management fees amount.	The lawsuit is at the stage of motion to certify as a class action. Menora Mivtachim Pension and Provident Funds filed a motion for dismissal in limine due to a lack of privity. The counsel for the plaintiffs announced that the motion was filed against Mivtachim Pension and Provident Funds and not against Menora Insurance "due to a slip of the pen and a scribal error". On April 3, 2017, the court held that the lawsuit against Menora Mivtachim Pension and Provident Funds would be stricken out, and Menora Insurance would take its place. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On November 22, 2022, a judgment was issued in favor of denying the motion to certify. On January 19, 2023, the movants submitted a statement of appeal on the judgment. On February 8, 2023, the Supreme Court ruled that the respondents shall file a written response to the appeal, which was filed on September 28, 2023.	According to an assessment, approx. NIS 2 billion for all the defendants

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
5.	10/2015 District Court - Tel Aviv	Insurance policyholders v. Shomera Insurance	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 3.	Anyone who received insurance benefits from the defendant in the 7 years prior to filing the lawsuit and/or at least during the 3 years prior to filing the lawsuit, and/or who will have received insurance benefits from the defendant by the time a judgment is rendered in the lawsuit, without the lawful interest being added to the insurance benefits.	The lawsuit was certified as a class action. See details in Section 3. above.	At least approx. NIS 20 million
6.	03/2016 District Court - Central	Motor insurance policyholders v. Menora Insurance	Deduction from insurance benefits of VAT amounts and/or compensation due to impairment, and alleged underpayment of appraiser's fees, in contravention of the law. The causes of action: breach of statutory duty, unjust enrichment, fraud, breach of the Financial Services Supervision Law (Insurance), 1981, breach of the Supervision of Insurance Business Regulations (Motor Insurance Contract Terms), 1986, and the Supervision of Insurance Business Regulations (Home and Belongings Insurance Contract Terms), 1986, breach of contract, and breach of the duty of good faith. The main remedies being sought: to compel the respondent to return the VAT amounts and the impairment amounts that were not paid to the class members, as well as the appraiser's fees reimbursement amounts that were never paid, in real values plus lawful linkage differences and interest; moreover, to find that the deduction method the respondent employs is unlawful and to order the respondent to cease using it.	Any policyholder, beneficiary, or third party who did not repair the damage to the policyholder's property prior to filing a claim for insurance benefits, and who was paid damages, insurance benefits, and/or indemnity, and/or reimbursements for appraiser's fees, out of which amounts are claimed to have been unlawfully deducted, including the VAT and/or the impairment amounts or some of them.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The case was referred to mediation. On September 6, 2023, a motion was filed to approve a settlement agreement that is subject to the court's approval.	Not quantified. Estimated at approx. NIS 60 million per year

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
7.	07/2018 District Court – Central	Motor insurance policyholders v. Menora Insurance	Failure to compensate policyholders who purchased "motor insurance policies for non-private vehicles and commercial vehicles weighing up to 3.5 tons" for impairment damage caused to their vehicles due to an insured accident. The main causes of action are: breach of contract, unjust enrichment, misleading, bad faith and exploitation of distress and an unduly disadvantageous condition in a standard contract. The main remedies being sought: to issue a mandatory injunction/declaratory remedy and order the defendant to recognize the impairment damage due to an accident as covered damage under the policy; to compensate its policyholders for impairment damage due to an accident, and to award any other remedy that the Honorable Court deems equitable under the circumstances.	All of the respondent's policyholders who were insured under a 'motor insurance policy for non-private vehicles and commercial vehicles weighing up to 3.5 tons,' and whose vehicles had a traffic accident that resulted in their vehicles suffering impairment damage for which the respondent did not compensate them.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court. The lawsuit is at the summation stage.	NIS 63 million
8.	12/2018 District Court - Tel Aviv	A private dwelling insurance policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that superfluous and excessive insurance premiums were charged unlawfully for unnecessary insurance policies that had been issued to structure owners who had taken out a mortgage loan and had been required to insure the structure in favor of the lending bank, despite the fact that there was already a policy in place then they were issued, whether with the same insurer or with another insurer, which insured the same structure for the same period; the above – allegedly in breach of the provisions of the law and while misleading the policyholders. The main causes of action according to the motion are, inter alia: deception, breach of the duty of good faith, negligence, unjust enrichment, and breach of statutory duty. The main remedies the plaintiffs are petitioning for are: a refund of the excessive premium amounts they were unlawfully charged, allegedly, as well as a mandatory injunction compelling the respondents to change their modus operandi.	Anyone who took out a mortgage loan from one or more of Respondents 4-7 and was insured by one or more of Respondents 1-3 under a private dwelling insurance policy that is one of two or more policies in connection with the same structure during the same period.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On November 24, 2023, the Court certified the motion to certify the lawsuit as a class action lawsuit.	Approx. NIS 280 million for all defendants

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
9.	11/2019 District Court - Tel Aviv	A health insurance policyholder v. Menora Insurance	The motion concerns the claim that the defendant allegedly raises the insurance premiums in contrast with the insurance premiums variation table in the list of terms attached to the policy, and, furthermore, that it changes the insurance premiums during the insurance period, such that fixed insurance premiums become variable insurance premiums, unilaterally and – allegedly – against the law.	All the defendant's policyholders, including in health, long-term care, and life insurance policies of any kind, for whom the defendant raised the insurance premiums, at times and at rates that are not specified in the policy, in the 7 years prior to filing the lawsuit, and/or policyholders for whom the defendant raised the insurance premiums even though their policies are claimed to have clarified that their insurance premiums are fixed.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure. On March 10, 2021, the movant announced that the mediation process had ended without reaching a consensus, and the case was returned to the court. On August 2, 2021, there was a pre-trial hearing, in which the parties agreed to hold another mediation process. Further to the unsuccessful mediation and conciliation processes, the lawsuit is in the summation stage. Pursuant to the court hearing, the parties entered an additional mediation proceeding.	At least NIS 25 million
10.	04/2020 District Court - Haifa	A policyholder v. Menora Insurance et al.	The motion concerns the claim that the defendants have been collecting excessive insurance premiums on compulsory motor and property insurance policies, despite the significantly lower risk in light of the dramatic reduction in mileage volumes following the spread of Covid-19.	All compulsory motor insurance or comprehensive or third party insurance policyholders during the "effective period" or part thereof, i.e., from March 8, 2020, and until the full and absolute revocation of the movement restrictions imposed on the residents of Israel due to Covid-19.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 132 million

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
11.	04/2020 District Court - Haifa	A policyholder v. Shomera Insurance et al.	The motion concerns the claim that the defendants have been collecting excessive insurance premiums on compulsory motor and property insurance policies, despite the significantly lower risk in light of the dramatic reduction in mileage volumes following the spread of Covid-19.	All compulsory motor insurance or comprehensive or third party motor insurance policyholders during the "effective period" or part thereof, i.e., from March 8, 2020, and until the full and absolute revocation of the movement restrictions imposed on the residents of Israel due to Covid-19.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion. The lawsuit is at the summation stage.	NIS 74 million
12.	04/2020 District Court - Central	A policyholder v. Menora Insurance et al.	The motion concerns the claim that the defendants do not reduce and do not refund their compulsory motor insurance and comprehensive and third party motor property insurance policyholders for the allegedly excessive insurance premiums they had paid, in light of the extremely reduced risk level to which the defendants are exposed following the dramatic reduction in economic activity due to Covid-19 outbreak and the reduced volumes of road traffic.	All the defendants' policyholders who held compulsory motor insurance or comprehensive property and third party motor insurance policies on March 12, 2020, and until the date the lawsuit was filed (hereinafter - the "**Relevant Period**") and who did not receive a refund or reduced insurance premiums with respect to this period, at a rate and at an amount that correspond to the reduction in the insurance risk.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 107 million

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
13.	08/2020 District Court - Central	A planholder v. Menora Insurance et al.	The lawsuit concerns the claim that when stipulating an exclusion in the policy due to the policyholder's medical condition, the defendants allegedly charge an excess premium, because the exclusion is claimed to reduce the insurer's insurance risk, compared with policies with no exclusions.	Anyone who was a policyholder in the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, under an insurance policy for disability, long-term care, life, permanent health insurance, personal accidents, health (including critical illness, surgeries and transplants in Israel or abroad, medications, ambulatory procedures or any other medical coverage) that contains an exclusion.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	Approx. NIS 1.9 billion for all defendants, of which, an estimated 6% are against Menora Insurance.
14.	12/2020 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant markets health insurance policies that include riders that are intended to provide the policyholders with medical services, but in practice, allegedly, the medical service is not provided, or it is provided only partially by the defendant or anyone on its behalf. The main causes of action according to the motion are, inter alia: breach of contract, breach of the duty of good faith in fulfilling a contract, unjust enrichment. The main remedies the plaintiffs are petitioning for are: reimbursement of the insurance premiums that were allegedly charged unlawfully, reimbursement of any amount the class members paid for treatment privately, and alternatively, the difference between any amount thus paid and the amount received from the defendant, and reimbursement of deductible amounts; the above – plus linkage differences and interest.	All the defendant's policyholders that have health insurance policies that include riders, to whom the service was not provided by the defendant or anyone on its behalf in practice, in the 3 years prior to filing the lawsuit (regarding payment of insurance benefits), and 7 years prior to filing the lawsuit (regarding the reimbursement of insurance premiums), as applicable.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	NIS 46.4 million

NOTE 6 – CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
15.	07/2021 District Court - Tel Aviv	A policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that when paying pensions, the defendant reduces the accrued monthly return for the "cash surrender value" balance, at a rate of 2.5% (or any other rate), allegedly without a contractual basis in the policy's terms and in contravention of the law. The main causes of action are, inter alia: breach of contract, breach of statutory duty, breach of duty of disclosure, breach of fiduciary duty and the duty of good faith, and unjust enrichment. The main remedies are, inter alia: to issue a declaratory order stating that deducting the interest from the monthly return is a breach in accordance with the aforementioned causes of action, and to order the recovery of all amounts that were unlawfully withheld, plus linkage differences and interest, as well as to order the defendants to cease deducting interest from the monthly return.	All of the defendant's policyholders who purchased life insurance policies that include savings accrual from the defendant, issued between the years 1991 and 2004, from whom interest was and/or will be deducted at a rate that is not specified in the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	Much higher than NIS 2.5 million
16.	10/21 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant is conditioning payment of coverage for accidental disability under personal accident policies on the disability arising during the insurance period, and in so doing, the defendant is allegedly denying its policyholders compensation in accordance with the provisions of the policy and the law, and in particular, with respect to individuals who are no longer insured under the insurance (whether they terminated the policy at their own initiative or because the policy was terminated due to their age).	Anyone who purchased a personal accidents insurance policy from the defendant and suffered an insured event in the past 7 years (hereinafter - the "**Represented Class**").	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	Much higher than NIS 31 million
17.	09/22 District Court - Tel Aviv	A policyholder v. Menora Insurance and additional insurance companies	The lawsuit concerns the claim that the defendants violate the terms of the insurance contract between the parties by refusing to cover medical cannabis purchase expenses.	All of the defendants' policyholders who had purchased coverage for pharmaceuticals that are excluded from the Healthcare Services Basket, who were not reimbursed for their medical cannabis expenses.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	NIS 30 million (at least)

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits:

In addition to the material lawsuits and motions to certify them as class action lawsuits, as detailed above, that were certified or that are pending certification, there are other such lawsuits and motions to certify them as class action lawsuits, for which the claim amount in each of them is immaterial, and therefore, no detailed description of them is included in the financial statements:

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
1.	08/2019 District Court - Central	Israel Consumers Council v. Menora Insurance et al.	The lawsuit concerns the claim that when there is a total loss event following an accident or theft (hereinafter - the "**Insured Event**"), the defendants do not return the rate of the insurance premiums attributed to the policy's various riders (e.g., roadside repairs, towing, and windshield repair) for the remaining insurance period after the date of the aforementioned Insured Event.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. On December 5, 2023, the Court certified the lawsuit as a class action. on February 1, 2024, Menora Insurance filed a motion to appeal the decision to the Supreme Court. The hearing on the motion for leave to appeal took place on May 22, 2024, and Menora Insurance withdrew the motion for leave to appeal in accordance with the court's recommendation.	Not quantified, in the absence of data (the lead plaintiffs estimate that the damage to all class members is measurable in tens of millions of shekels).
2.	08/2019 District Court - Central	Israel Consumers Council v. Shomera et al.	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 1.	The lawsuit is at the stage of certification as a class action. Shomera has submitted its response to the motion. See further details in Section 1 above.	Not quantified, in the absence of data (the lead plaintiffs estimate that the damage to all class members is measurable in tens of millions of shekels).
3.	05/2020 District Court - Tel Aviv	A planholder v. Menora Mivtachim Pension and Provident Funds and Menora Mivtachim Federation of Engineers et al.	The lawsuit concerns the claim that the defendants erroneously record some of the contributions into study funds as contributions that exceed the qualifying contribution ceiling, and therefore, the gains arising from these contributions are taxed with the capital gains tax.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. The lawsuit is under a mediation procedure.	Not quantified.

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
4.	07/2020 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that when paying insurance benefits, the defendant allegedly violates the terms of the policy and indemnifies the policyholders for the nominal amount specified in the policies, without linking that amount to the consumer price index and, in particular, to the applicable index as of the date of entering the insurance contract.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court.	More than NIS 2.5 million (including non-pecuniary damage).
5.	02/2021 Lod District Court	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant interprets the provisions of the Supervision of Insurance Business Regulations, according to which only claims submitted by the policyholder and whose amount exceeds 35% of the annual premium paid by the policyholder may be included in the policyholder's claims report, in an arbitrary manner and in bad faith, in that its report also includes cases in which, within the defendant's independent treatment of and investigation into the policyholder's claim, it paid funds to various entities other than the policyholders.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court.	Not quantified.
6.	04/2021 District Court - Tel Aviv	A policyholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that when the defendants' customers browsed their personal information section using the digital services on the defendants' website and/or mobile applications, the customers' personal and confidential information was transferred to third parties (without their consent), specifically to Google and its advertising service.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court. The lawsuit is at the summation stage.	More than NIS 2.5 million
7.	04/2022 District Court - Jerusalem	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not recognize a surgery that must be performed as an insured event, arguing that it is a preventive surgery that does not fall under the definition of "surgery" according to the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 3 million

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
8.	09/2022 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant allegedly discriminates against the insured men in its health insurance policies' ambulatory services appendix, by refusing to reimburse men for the cost they had incurred in pregnancy-related, childbirth-related and newborn care-related expenses.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million
9.	11/2022 District Court - Central	A policyholder v. Shomera	The lawsuit concerns the claim that the defendant markets certain motor property insurance plans to its policyholders that include riders as an inherent part, allegedly without presenting the price of the rider to the customers in the marketing process and after it is complete, and without allowing them to waive the rider and in return, be offered a lower price that would reflect the excluded service cost, such that purchasing the riders allegedly becomes a condition for the insurance plan.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion. The lawsuit is at the summation stage.	More than NIS 2.5 million
10.	12/2022 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant allegedly reduces the insurance benefits its policyholders are entitled to permanent health insurance, for policyholders who are considered to be entitled to income protection, by linking their payments from the 25th month and onward, to the consumer price index, which is lower than the investment profitability index, instead of linking them to the investment profitability index, and in so doing, the defendant is allegedly paying its policyholders lower amounts than the amounts it had committed to pay in accordance with the terms of the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million
11.	03/2023 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant 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. According to the movant, in so doing, the defendant is in violation of the law, the regulator's position, decided case law, and its obligation under the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
12.	03/2023 District Court - Central	A policyholder v. Shomera	The lawsuit concerns the claim that the defendant only pays partial appraiser's fees to injured parties in motor insurance claims, without justification and without explaining why the fees were reduced. According to the movant, in so doing, the defendant is in violation of the law, the regulator's position, decided case law, and its obligation under the policy.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion.	More than NIS 2.5 million
13.	7/2023 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not make adequate representations regarding the professional liability policies for lawyers that it has been marketing since it has won the Israel Bar Association's tender in 2016, and that when a policyholder seeks to realize their coverage under the aforementioned policy and/or under any other policy marketed by Menora Insurance and that covers legal expenses and/or defense expenses – Menora Insurance violates its obligations under the policy and acts unlawfully by impairing the policyholder's ability to be defended by an attorney who is not on Menora Insurance's list of service providers, including by limiting the attorney's fees payable to them.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million
14.	11/2023 District Court - Tel Aviv	A policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that following an extreme event, such as the Iron Swords War, the risk declines dramatically, which is expected to result in a substantial and unplanned profit for insurance companies. That at the time of purchasing the policies of any of the respondents by the movants and class members, the risk and/or odds of a sudden attack, as had occurred in the Iron Swords War, was not taken into account when the premiums had been set, and that not providing the service and/or full or partial insurance coverage is egregious in light of the substantially reduced risk, especially to those who had been conscripted in an emergency call-up of reservists.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	NIS 10 million.

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
15.	1/2024 Labor Court - Haifa	A policyholder v. Menora Mivtachim Pension and Provident Funds	The action involves the claim that the pension fund managed by the defendant unlawfully collects insurance coverage costs (insurance premiums), which are higher than those it was entitled to collect, while reducing the accumulation amount, for the following reasons: (a) The calculation of the determinative salary is too high in relation to the correct calculation and therefore the collection of insurance coverage costs are higher than the insurance coverage costs that were supposed to be collected; (b) Collection of insurance coverage costs for a full month in relation to the month in which the member joined the pension fund (instead of only partial collection according to the part of the month in which the member was actually a member and received insurance coverage from the pension fund); (c) Collection of insurance coverage costs for a deposit received from the employer retroactively, even though according to the regulations, a retroactive deposit does not grant the member insurance coverage for the period preceding the date of its receipt.	The lawsuit is at the stage of certification as a class action. Menora Pension and Provident Funds has yet to submit its response to the motion.	More than NIS 2.5 million.
16.	2/2024 District Court - Tel Aviv	A policyholder v. Shomera	The action involves the claim that the defendant reduces various amounts when paying insurance benefits as part of comprehensive motor insurance policies, based on “reducing variables" or "special variables," which were not specified to policyholders in the pre-contractual phase, contrary to the circular entitled "Car Insurance (Property) - Insurance Benefits in Case of a Total Loss."	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion.	More than NIS 2.5 million.
17.	5/2024 District Court - Central	A policyholder v. Menora Insurance et al.	The claim alleges that the respondents violate the provision of the Supervision Law and Commissioner’s Circulars with respect to marketing and sale of riders for related services in motor comprehensive or third-party insurance, such as: repair of windshields and headlights, towing and rescue, etc.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million.
18.	6/2024 District Court - Haifa	A policyholder v. Shomera	The lawsuit concerns the allegation that the windshield installers working on behalf of the respondents under a “windshield insurance” rider (hereinafter: the “**Rider**”) do not carry out an inspection and/or calibration of the safety system installed on the vehicle’s front windshield when dismantling the broken windshield and installing the new (spare) windshield, and are thus in breach of the provisions of the law and its undertakings under the policy and the Riders.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion.	More than NIS 2.5 million.

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
19.	6/2024 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the allegation of the respondent's allegedly wrongful and unlawful practice of automatically renewing home insurance policies, while raising insurance premiums, on the pretext of revoking a "special discount" that does not apply to renewals, without notice and without consent, in contravention of the law.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million
20.	7/2024 Court - Haifa	A policyholder v. Menora Insurance et al.	The lawsuit concerns the allegation that the defendants allegedly breach the duty of good faith and the duty of disclosure to the policyholders, by not disclosing to them that the permanent health insurance does not cover them until the date the policyholders had specified in the insurance offer, claiming that the defendants allegedly did not pay the policyholders the monthly insurance benefits until the end of the insurance period, as requested in the offer; and claiming, moreover, that the defendants allegedly breach the directives issued by the Commissioner of the Capital Market in this regard, under which the insurance period in a plan that includes permanent health insurance coverage would continue at least until the policyholder reaches the mandatory retirement age, according to their calendar age.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million
21.	7/2024 District Court - Lod	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant allegedly breaches the terms of the critical illness insurance policies and the Capital Market Commissioner's circular, in that, as alleged, the defendant allegedly denies cases that are medically diagnosed as severe heart attacks and does not define them as insured events under the policy, allegedly based on archaic laboratory-biochemical criteria.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
22.	7/2024 District Court - Lod	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant allegedly breaches the terms of its TOP Premium (Mushlemet TOP) health insurance policies, in that, according to the allegation, claims due to the medical procedure of ultrasound imaging-guided injections are allegedly denied by the defendant, unlawfully, due to an injection exception in the definition of "surgery" under the policy, and in that, according to the allegation, compensation claims for surgeries carried out overseas are allegedly denied unlawfully on the grounds that the coverage for private surgeries overseas does not include compensation for the surgery but indemnification for receipts and/or direct payment to the service providers, in accordance with the terms.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million

D. Concluded claims:

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Details	Claimed amount (3)
1.	11/2020 Regional Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that when the Company refunds policyholders following the detection of errors in the collection of premiums on savings policies, the company refunds the overcharged amounts to the policyholder's policies, not directly to the policyholder, and does not even inform the policyholder of transferring the funds to the policy.	On January 11, 2024, the court approved the settlement agreement that was filed in the lawsuit, and thus the lawsuit was concluded.	Not quantified.
2.	12/2022 Bat Yam Magistrate Court	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant violated the provisions of the Communications Law by sending "advertisements" without obtaining the recipients' prior consent, by not including the word "advertisement" in the email header, and by not allowing the recipients to be removed from the mailing list using the method using which the advertisement was sent, but by clicking a link at the bottom of the message.	On February 21, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million
3.	01/2023 Regional Labor Court - Tel Aviv	A policyholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that the defendant sent the plaintiff a text message that is claimed to be considered an advertisement, after the plaintiff had requested to transfer his pension fund to another institutional entity, without the plaintiff consenting to receive advertisements, and therefore (it is claimed), this is a violation of the provisions of Section 30A of the Communications Law (Bezeq and Broadcasting), 1982.	On April 2, 2024, the Regional Court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

D. Concluded claims: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Details	Claimed amount (3)
4.	08/2016 Regional Labor Court - Tel Aviv	A pension fund policyholder v. Menora Mivtachim Pension and Provident Funds.	The claim alleges that charging "investment management expenses" ("direct expenses") out of the total savings amount - in addition to the management fees, in the absence of a contractual provision that allows charging this amount - is in violation of the law and pension fund's bylaws.	On April 15, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	Approx. NIS 478.6 million
5.	01/2017 Regional Labor Court - Tel Aviv	An executive insurance policyholder v. Menora Insurance	The claim alleges that charging "investment management expenses" ("direct expenses") for executive insurance policies marketed by the defendant - in addition to the management fees and/or insurance premium and in the absence of a provision in the policy that allows charging this amount - is in violation of the law.	On April 15, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	Approx. NIS 185 million
6.	05/2020 District Court - Central	A policyholder v. Shomera et al.	The lawsuit concerns the claim that at the occurrence of insured events, the defendants provide customers who are insured under windshield fracture coverage riders with windshields that do not comply with the Israeli standards mark requirements pursuant to the Standards Law, 1953, in contrast with their alleged undertakings in the rider.	On July 4, 2024, the court handed down a judgment that denied the motion and the movants' personal lawsuit, and the lawsuit was thus concluded.	Not quantified.
7.	01/2017 District Court - Central	A policyholder v. Menora Insurance and another company.	Overcharging committed by the defendants, while refraining from treating the policyholders in accordance with the asserted common practice of reducing the insurance premiums when the policyholder crosses a certain age bracket and/or driving experience bracket that entitles the policyholder to reduced insurance premiums.	On July 16, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	Menora Insurance's relative share was estimated at approx. NIS 12.25 million.

NOTE 6 – CONTINGENT LIABILITIES (cont.)

D. Concluded claims: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Details	Claimed amount (3)
8.	01/2017 District Court - Central	A policyholder v. Shomera Insurance.	The defendant's failure to initiate disclosure to its policyholders who hold compulsory motor insurance, comprehensive motor insurance, and third-party insurance policies, that they are expected to reach the age brackets and/or driving experience brackets that would entitle them to reduced insurance premiums during the insurance period, in contrast with common practice, as asserted by the plaintiff.	On February 16, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	NIS 12.25 million.
9.	04/2011 District Court - Central	A life insurance policyholder v. Menora Insurance and additional insurance companies	Collection of funds referred to as "policy factor" and/or as "other management fees".	On August 15, 2024, the court approved the settlement agreement that was filed in the lawsuit, and thus the lawsuit was concluded.	Total of approx. NIS 254 million, out of a total of approx. NIS 2.3 billion attributed to all the respondents.
10.	05/2019 Regional Labor Court - Tel Aviv	A pension fund planholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that the defendant charged planholders of the general pension fund it manages – who had joined the fund due to a contribution in the comprehensive pension fund that exceeds the permissible statutory contribution ceiling – the maximum management fees, rather than the reduced management fees they pay in the comprehensive fund, without their consent and without notifying them.	On August 21, 2024, the court approved the settlement agreement that was filed in the lawsuit, and thus the lawsuit was concluded.	At least NIS 2.5 million.
11.	8/2023 District Court - Central	A policyholder v. Shomera	The lawsuit concerns the claim that the respondent is attempting to "coerce" its policyholders and/or third-party injured parties to choose the respondent's authorized auto repair shops to repair their vehicles, thus infringing on their discretion to choose any auto-repair shop that would repair their vehicle.	On October 1, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million.

NOTE 6 – CONTINGENT LIABILITIES (cont.)

D. Concluded claims: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Details	Claimed amount (3)
12.	12/2022 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the claim that when a policyholder who has filed a motor property insurance claim decides to repair their vehicle at an auto-repair shop that is not one of the authorized auto repair shops according to the defendant's arrangement, the defendant offsets various amounts out of the insurance benefits, even though it has confirmed the appraiser's assessment, by claiming that the auto-repair shop can purchase the required spare parts for the repair from the defendant's vendor at a lower price than these spare parts' market price, which is claimed to result in the policyholder who has chosen to repair their vehicles at a non-authorized auto repair shops retrospectively being paid insurance benefits that do not cover the real cost of the damage, as determined by the appraiser, or alternatively, in that policyholder being forced to repair their vehicles at authorized auto repair shops.	On November 7, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million
13.	02/2023 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that in a policy with a variable premium mechanism, the defendant apparently raises the insurance premiums after the date on which the premium becomes fixed and is no longer variable, according to the policyholder's age, in an apparent breach of the policy's terms.	On November 13, 2024, the court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

Class actions and motions to certify lawsuits as class actions (cont.)

Summary table:

The following table summarizes the amounts claimed in pending motions to certify claims as class actions, claims certified as class actions and other material claims against the Group, as noted by the plaintiffs in the statements of claim filed on their behalf. It is hereby clarified that the amount claimed does not necessarily constitute a quantification of the exposure amount assessed by the Group, since these are assessments on behalf of the plaintiffs which will be litigated as part of the legal proceedings. It is further clarified that the table below does not include proceedings that have been concluded, including proceedings that concluded after a settlement agreement was approved in respect thereof.

	No. of lawsuits	Amount claimed
		Unaudited
		NIS thousand
Certified class actions:		
Stated amount attributed to the Group	3	299,000
The lawsuit pertains to a number of companies and no specific amount was attributed to the Group	2	328,000
No claim amount was specified	1	-
Pending motions to certify claims as class actions:		
Stated amount attributed to the Group	28	677,900
The lawsuit pertains to a number of companies and no specific amount was attributed to the Group	1	2,000,000
No claim amount was specified	4	-

As of the reporting date, the cumulative provision for lawsuits filed against the Company, as described above, totals approx. NIS 179 million (as of September 30, 2023 – NIS 156 million, and as of December 31, 2023 – NIS 159 million).

From time to time, the Commissioner issues position papers, principles for drafting insurance plans, papers on proper and improper practices and other documents or draft documents that are relevant to the Group's areas of operation and which may have an effect on the rights of the policyholder/s and/or planholder/s and may create an exposure for the Group in certain cases with respect to both its period of operation prior to those documents coming into effect and the future.

It is impossible to predict in advance whether and to what extent the Group is exposed to allegations connected to and/or resulting from directives that may arise in part through the procedural mechanism set forth in the Class Actions Law. Similar circulars issued by the Commissioner with a future effective date may have such an effect.
From time to time complaints are filed against the Group, including complaints to the Commissioner with respect to rights of policyholders and/or planholders according to insurance plans and/or funds and/or the law. These complaints are handled regularly by the Group's Ombudsman. At times, the Commissioner's decisions (or draft decisions) on these complaints are rendered across the board for a class of policyholders.

Notes to the Consolidated Interim Financial Statements

NOTE 6 – CONTINGENT LIABILITIES (cont.)

Class actions and motions to certify lawsuits as class actions (cont.)

Furthermore, from time to time, and also following policyholders' complaints, the Commissioner conducts audits on his behalf at the Group's institutional entities and/or sends requests to them to receive information on various issues of management of the institutional entities and management of the rights of the institutional entities' policyholders and planholders, as well as audits to verify the implementation of regulatory directives and/or lessons from previous audits, wherein, among others, demands are received to make changes in various products and instructions are given for implementing circulars and/or guidelines and/or for rectifying deficiencies or for the taking of actions by the institutional entities, including making refunds to policyholders and planholders. On the basis of the audit findings or the information provided, the Commissioner sometimes imposes financial sanctions pursuant to the Enforcement Authority Law.

There is an overall exposure, which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these arrangements inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with a long list of commercial and regulatory terms. This exposure is expressed mainly in connection with pension savings and long-term insurance products, including health insurance, in which the Group operates, due to them being characterized by a prolonged lifespan and extreme complexity, particularly in view of the legislative arrangements relating both to management of the products and to taxation, including on issues concerning the contributions made by employers and policyholders, separation and attribution of the contributions to the various policy components, investment management, the policyholder's employment status, his contribution payments, etc. These products are managed over years during which there are changes in policy, regulatory requirements and legal trends, including in court rulings. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and application of changes with respect to many years creates increased operating exposure. Receipt of a new interpretation to insurance policies and long-term pension products may, at times, affect the Group's future profitability with respect to the existing portfolio, in addition to the exposure implicit in the demands to compensate customers for past activities. It is impossible to anticipate the types of claims that will be raised in this area or the exposure arising from these and other claims in connection with insurance contracts - claims which are raised through, among other things, the procedural mechanism set forth in the Class Actions Law.

Furthermore, the insurance domain in which the Group companies operate is high in detail and circumstances, and has an inherent risk that cannot be quantified as to the occurrence of an error or series of mechanical or human errors, in both structured work processes and when handling a specific customer, and which may cause expansive consequences as to both the effect on a large number of customers or cases and the relevant monetary effect concerning an individual customer. The Group's institutional entities regularly cleanse the rights of policyholders, in all that concerns management of the products at institutional entities, according to gaps that are discovered from time to time.

The Group is exposed to claims and allegations on the level of contract laws and fulfillment of the insurance liabilities in the policy, deficient consultation, breach of fiduciary duty, conflict of interests, duty of care, negligence as part of the professional liability of the professional entities in the Group including the Group’s agencies as well as engagements with reinsurers etc., allegations relating to the services provided by the Group companies, and from time to time there are circumstances and events that raise concerns regarding allegations of that type. The Group purchases professional liability insurance policies, including as required by the legislative arrangement, and when necessary it reports to this policy or policies in order to cover an obligation deriving from professional liability that can be protected by purchasing insurance. The amounts of the possible exposure are higher than the amounts covered and there is no certainty that the insurance coverage will actually be received upon the occurrence of an insured event.

Notes to the Consolidated Interim Financial Statements

NOTE 7 – SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

A. Changes in interest rate curve and estimates

The Group calculates the life insurance reserves for payment of annuity, the adequacy of the reserve in health insurance, and some of the insurance liabilities in property and casualty insurance, based on a risk-free interest curve plus an illiquidity premium (hereinafter - the "**interest rate curve**"). Following are the changes as a result of the change in the interest rate curve:

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Life insurance					
Revision to the supplementary retirement pension reserve due to the change in the discount rate and the illiquidity premium	90,378	44,286	(21,613)	70,694	62,107
Revision of claims assumption	-	-	-	-	(9,578)
Revision of annuity takeup assumption ***)	54,561	-	-	-	-
Revision of cancellations assumption	4,292	-	-	-	3,826
Revision of expenses assumption	(1,160)	-	-	-	(1,370)
Revision of mortality tables **)	(88,351)	-	-	-	-
Total effect on the Life Insurance Segment	**59,720**	**44,286**	**(21,613)**	**70,694**	**54,985**
Health Insurance					
Individual long-term care					
Risk-free interest rate and illiquidity premium	68,461	56,796	-	72,870	82,421
Fair value of illiquid debt assets	(20,764)	(46,894)	-	(29,268)	(42,733)
Total interest effect	47,697	9,902	-	43,602	39,688
Revision of morbidity assumption	-	-	-	-	(75,842)
Revision of cancellations assumption	-	-	-	-	(1,520)
Other revisions	(1,767)	-	-	-	-
Total revision of individual long-term care assumptions	(1,767)	-	-	-	(77,362)
Total individual long-term care	45,929	9,902	-	43,602	(37,674)
All other Health Insurance subsegments					
Revision of morbidity assumption	(12,382)	(12,810)	-	-	(24,218)
Revision of cancellations assumption	(952)	(1,050)	-	-	(1,050)
Other revisions	(2,510)	-	-	-	13,470
Total revision of assumptions in all other Health Insurance subsegments	(15,844)	(13,860)	-	-	(11,798)
Total effect on the Health Insurance Segment	**30,086**	**(3,958)**	**-**	**43,602**	**(49,472)**
Property and Casualty Insurance					
Risk-free interest rate and illiquidity premium	50,933	47,541	(390)	15,772	(5,231)
Fair value hedges *)	27,907	17,004	9,886	20,698	16,961
Total effect on the Property and Casualty Insurance Segment	**78,840**	**64,545**	**9,496**	**36,470**	**11,730**
Total before tax	168,646	104,873	(12,117)	150,765	17,243
Total after tax	110,986	69,017	(7,974)	99,219	11,348

*) In accordance with Menora Insurance's asset allocation procedure, Menora Insurance reclassified assets with excess fair value to the P&C Segment and, as a result, the P&C insurance liabilities decreased during the reporting period by approx. NIS 28 million.

Notes to the Consolidated Interim Financial Statements

NOTE 7 – SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

A. Changes in interest rate curve and estimates (cont.)

**) A change to the provisions relating to life insurance plans incorporating savings that include "annuity conversion factors taking into account guaranteed life expectancy"

Further to the draft published in June 2024, in July 2024, the Capital Market Authority published a circular entitled Amendment of the Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds (hereinafter - the "**Circular**").

The Circular lists updated default assumptions on the basis of which insurance companies will calculate the liabilities in respect of life insurance policies, which allow them to receive an annuity according to guaranteed conversion rates based on up-to-date demographic assumptions.

The Circular refers, among other things, to a change in life expectancy, including future improvements, and the resulting consequences for the level of reserves and how they are created. In addition, the circular includes a new life table for retirees of insurance companies, which is based, among other things, on past experience regarding mortality of retirees of insurance companies. In addition, the circular cancelled the 3% addition to the value of the pension paid, which is taken into account in the calculation of insurance companies' undertakings for retirees, who are not obliged to opt for an annuity.

Menora Insurance has updated its estimates of pension liabilities based on the new mortality table and future life expectancy improvements included in the Circular.

As a result, Menora Insurance increased the provision in respect of the supplementary pension reserve and reduced the comprehensive income by approx. NIS 88 million before tax and approx. NIS 58 million after tax. In addition, a balance of approx. NIS 17 million before tax and approx. NIS 11 million after tax will be spread in profit and loss, until the expected retirement age, using discount factor K. The said amounts refer to the funds accrued in policies until June 30, 2024 and do not include future supplementation for amounts to be accumulated in the future.

***) During the reporting period, Menora Insurance revised the life insurance assumptions following a study on retirement age and annuity takeup rates. This revision reduced the insurance reserves and increased the profit by approx. NIS 55 million.

B. Increase in VAT rate

In March 2024 an amendment was published 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 September 30, 2024 take into account the effects, which arise from the increase in tax rates as described above.

The effect of the amendment on the balances of deferred taxes during the reporting period is an increase of approx. NIS 3,405 thousand, of which approx. NIS 2,776 thousand will be recognized in profit or loss and a total of approx. NIS 629 thousand - in other comprehensive income.

Notes to the Consolidated Interim Financial Statements

NOTE 7 – SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

C. Agreement with Maccabi Healthcare Services

In December 2023, an agreement in principle was signed with Maccabi Healthcare Services (hereinafter - "**Maccabi**") for the operation of long-term care insurance for Maccabi members, as from January 1, 2024, for a period of one year, with an extension option subject to meeting the terms and conditions detailed in the agreement in principle. The agreement in principle shall constitute the basis for a detailed agreement which will be signed between the parties, the key points of which are: Operation of the long-term care insurance of Maccabi members without bearing the insurance risk, against a consideration comprising management fees and reimbursement of expenses; dealing with long-term care insurance claims in accordance with the terms and conditions of the policy; management of the investments of the "Policyholders' Fund", all based on the revised legislative arrangement that was published in December 2023 by the Capital Markets Authority regarding collective long-term care insurance to members of health maintenance organizations; and arrangements and agreements regarding other operational and service-related issues, as will be agreed between the parties under the detailed agreement. On December 26, 2023, the Commissioner's approval to operate the health insurance plan was received, thereby fulfilling the conditions precedent for the coming into effect of the agreement in principle.

D. A collective long-term care insurance policy for members of Leumit Health Services

Menora Insurance is the insurer in a collective long-term care insurance policy for members of the Leumit Health Services HMO. On March 26, 2024, the parties signed an addendum to the agreement such that from April 2024, the agreement with Leumit will be converted to an agreement for the operation of long-term care insurance claims for Leumit members in return for management fees as specified in the addendum to the agreement.

E. Quality's acquisition agreement

In September 2022, a collaboration agreement was signed for the provision of reverse mortgage loans by Menora Insurance to borrowers located by Quality Credit Holdings Ltd. (hereinafter - "**Quality**" and the "**Original Agreement**"). On March 7, 2024, an agreement was signed between Menora and Quality regarding an addendum to the original agreement in which it was agreed that Menora Finance will exercise the call option granted to it to purchase shares in Quality at a rate not exceeding 27.5% of the issued and paid up share capital of Quality against payment to Quality of an amount based on a value of approx. NIS 70 million for the Company with respect to Quality. In June 2024, the approval of the Israel Competition Authority and the Capital Market, Insurance and Savings Authority was received, and this fulfilled the conditions precedent for the coming into force of the agreement.

F. Investment in Ampa Capital

In March 2024, the Company's Board of Directors approved an investment in Ampa Capital in the amount of approx. NIS 50 million. The investment was made in two stages, half in April 2024 and the second half on December 31, 2024. The purpose of the investment is to increase the shareholders' equity to support the growth of Ampa Capital's activities. It is noted that the above investment will not change the Company's holding rate in Ampa Capital.

Notes to the Consolidated Interim Financial Statements

NOTE 7 – SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

G. Share-based payment

Further to Note 34 to the Annual Financial Statements, following are data on additional allocations to employee of consolidated companies made during the reporting period:

	Unaudited		
Allocation date	**March 27, 2024**	**May 28, 2024**	**August 27, 2024**
Exercise premium per option in NIS	96.85	91.49	99.24
Expected volatility of share prices	33.6% - 36.5%	33.9% - 37%	31.4% - 36.7%
Risk-free interest rate	3.93% - 4.03%	4.41% - 4.56%	4.36% - 4.51%
Expected life of the options	4-6 years	4-6 years	4-6 years
Weighted average of the share prices (in NIS)	26.52 - 27.22	23.68 - 24.47	26.74 - 27.45
Fair value per option in NIS	26.98	24.16	27.14
Total value of options allocated, in NIS thousand	630	480	216

H. Business combination

In November 2022, a consolidated company - Shomera Agencies Ltd. (hereinafter - "**Shomera Agencies**") - signed an agreement for the purchase of 70% of the shares of Nimrodi Yoav Insurance Agency Ltd. (hereinafter - "**Nimrodi**") in consideration for NIS 3,710 thousand. The transaction was completed in April 2024. Shomera Agencies recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement.

	Fair value Unaudited NIS thousand
Fair value of net identifiable assets - Intangible assets	2,107
Goodwill arising from the acquisition *)	2,235
Non-controlling interests **)	(632)
Total acquisition cost	3,710

*) The goodwill arising from the acquisition is attributed to the expected benefits from the synergy arising from combining the activities of Shomera and Nimrodi Agencies.

**) The non-controlling interests in Nimrodi were measured in accordance with their proportionate share in the fair value of the net identifiable assets.

	Unaudited NIS thousand
Cash paid as acquisition proceeds	3,710
Cash in Ishai Agencies	215
Net cash used in acquisition	3,495

Notes to the Consolidated Interim Financial Statements

NOTE 7 – SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

I. Settlement agreement in a material class action

On August 15, 2024, the court approved a settlement agreement in a class action against Menora Insurance and validated it as a judgment, as described in Note 6D.9 above.

J. Testing for goodwill impairment arising from the acquisition of the consolidated company E.R.N

In the reporting period, an external appraiser conducted an appraisal, whose purpose was to assess the need to record an impairment loss in respect of the goodwill arising from the acquisition of E.R.N; as of the reporting date, the carrying amount of the goodwill is approx. NIS 354 million.

The assumptions used by the appraiser in appraising the value in use are as follows:
Post-tax discount rate - 14.5%
The expected annual growth rate - 2.5%

According to the appraisal, E.R.N's value in use exceeds its carrying amount, and therefore no impairment loss should be recorded in respect of the goodwill.

K. Tender offer - Isracard

Subsequent to the reporting date, on October 31, 2024, the Company entered into an investment agreement with Isracard Ltd. (hereinafter - "**Isracard**") for the purchase of approx. 33% of Isracard's issued and paid-up share capital by way of private placement at pre-money valuation of NIS 3.15 billion. As a result of the acquisition, the Company will have a control stake in Isracard. It is noted that the completion of the transaction is subject to the fulfillment of conditions precedent.

L. Dividend declared by the Company subsequent to the reporting date

Subsequent to the reporting date, on November 27, 2024, the Company's Board of Directors announced an NIS 115 million dividend, representing NIS 1.85 per each share with a par value of NIS 1.

NOTE 8 – 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 that stated in Note 2V to the Consolidated 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 new standard is expected to trigger material changes in the consolidated insurance companies.

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.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

A. The consolidated insurance companies' preparations for the application of IFRS 17 and IFRS 9 (hereinafter - the "**Companies**")

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 consolidated insurance companies complied with the said 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.

On August 12, 2024, the Commissioner published the Fourth Revision to the Roadmap, whereby it is not mandatory (but rather voluntary) for an insurance company to disclose the opening balances data as of the transition date in the Financial Statements of the third quarter of 2024.

In accordance with the Commissioner's requirements, the companies filed Part One of the results of the second Quantitative Impact Study (hereinafter - "**QIS**") (QIS1 was submitted in August 2023); Part One of QIS2 includes only the calculation of the opening balances as of July 10, 2024. In addition, on September 15, 2024, the companies filed the second part of QIS 2, comprising on-balance sheet data in accordance with IFRS 17 and IFRS 9 as of January 1, 2024 and March 31, 2024, and operating results data for the three-month period ended March 31, 2024.

For the purpose of the preparations made by insurance companies in Israel for the adoption of IFRS 17, the Commissioner published a draft insurance circular regarding "Professional Issues Pertaining to the Implementation of IFRS 17 in Israel" (hereinafter - the "**Professional Issues Circular**"). On August 12, 2024, a revised Draft Professional Issues Circular was published, which includes, among other things, clarifications in connection with the calculation of the weight of the illiquidity premium and the setting of the confidence interval, and includes guidance regarding the calculation of the fair value of Hetz bonds. The accounting policies described below are based, among other things, on this circular.

As part of the standards' adoption process, Menora Insurance is in the final stages of the implementation and integration of IT systems, which are necessary for the implementation of the provisions. So far, the Companies complied with all the milestones required in the project in accordance with the Capital Market Authority's Roadmap. In addition, the Companies continue assessing and honing the required controls and the flow of information to the financial statements based on parallel runs, and making preparations for the execution of the third QIS for assessing the effects of the first-time application of IFRS 17 and IFRS 9, as noted above.

The Companies are in the final stages of formulating the accounting policies in accordance with the standard's provisions, and are assessing the effects of the draft insurance circular entitled "Professional Issues Pertaining to the Implementation of IFRS 17 in Israel", (Tenth Revision) which was published in August 2024. In addition, Menora Insurance completed the acceptance tests of the IT system.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies

Following are the main requirements and accounting policies, which were selected by the consolidated insurance companies (hereinafter - the "**Companies**"):

- **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 issued by the companies;
b) Reinsurance contracts held by the Companies; and
c) Investment contracts with discretionary participation features, which the companies issue, provided they also issues insurance contracts.

An insurance contract may contain one or more components, which would be within the scope of another standard if they were separate contracts. For example, insurance contracts may include:

- Investment component
- A service component in addition to the insurance contract services (hereinafter - the "**Service Component**")
- Embedded derivatives

IFRS 17 stipulates that an Investment Component and a Service Component will be separated from the insurance contract only if they are distinct. An embedded derivative shall be separated only if it meets the criteria set forth in IFRS 9. Where these components were separated from the insurance contract, they will be accounted for within the scope of the relevant standard.

- **Measurement model**

The standard includes three models for measuring the liability in respect of insurance contracts:

1. The 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.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Measurement model** (cont.)

The standard includes three models for measuring the liability in respect of insurance contracts: (cont.)

1. The general measurement model (GMM) (cont.)

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 a reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by it, the companies will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the contractual service margin.

The net cost of a held reinsurance contract, which covers the negative development of insured events, which took place before the contract was entered into, will be recognized as an expense immediately. On the other hand, a net gain of such a reinsurance contract will be recognized in profit and loss over the coverage period.

Menora Insurance is expected to implement the GMM model for all life and health insurance products, which are not sold as part of a contract with a yield-dependent savings component, except for short-term health insurance subsegments, whose coverage period is up to one year. All reinsurance contracts in the Life and Health Insurance Segments will be measured using the GMM model.

2. The 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 Insurance 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.

IFRS 17 defines an insurance contract with direct participation features as an insurance contract, unpot the entering into which:

a) The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

b) The Insurance Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and

c) The Insurance Company expects a substantial proportion of any change in the amounts paid to the policyholder to vary with the change in fair value of the underlying items.

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.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Measurement model** (cont.)

The standard includes three models for measuring the liability in respect of insurance contracts: (cont.)

2. The variable fee approach - the VFA model (cont.)

The VFS model is expected to significantly reduce the fluctuations in the Insurance Company's results in respect of insurance contracts, which include a participating savings component, arising from the actual performance of the capital market in the reporting period.

Reinsurance contracts held by the Companies do not qualify for measurement using the VFA model, in accordance with the standard's provisions.
Based on the mapping of the products with participation features, and the assessment of their components, the type of the charges, and the nature of investment management in respect thereof, Menora Insurance uses the VFA model to measure all policies, which include a yield-dependent savings component.

3. The 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. If insurance contracts in the group have a significant financing component, the companies shall adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk in accordance with the interest rate curve as of initial recognition date, which is calculated as detailed in this note.

If facts and circumstances indicate that a group of insurance contracts is onerous, the companies measure 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 companies 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 companies 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.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Measurement model** (cont.)

The standard includes three models for measuring the liability in respect of insurance contracts: (cont.)

3. The premium allocation approach - the PAA model (cont.)

An insurance 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 companies reasonably expect that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not substantively differ from the measurement that would result from applying the general measurement model.

The companies may apply the Premium Allocation Approach for held groups of reinsurance contracts, adapted to reflect the features of reinsurance contracts held, which differ from insurance contracts issued.

The Companies apply the premium allocation model (PAA) for all products (issued insurance contracts and held reinsurance contracts) in property and casualty insurance and short-term health insurance, excluding certain cases in which the Companies assess the effects on financial reporting as part of PAA eligibility tests, mainly due to issues of contract boundaries, and their effect on the measurement in terms of recognition of income from products where the release of the risk margin varies materially from the passage of time. For those cases, the Companies conduct an individual test of, among other things, the revenue recognition basis and its effect.

- **Aggregation level**

IFRS 17 requires the aggregation of insurance contract into groups for recognition and measurement purposes. The companies will determine the groups upon initial recognition and will not change the composition of the groups at a later date.

Initially, the companies are required to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Once it identified a portfolio, the companies 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.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Aggregation level (cont.)**

The companies sell insurance contracts, which include a number of coverage types, which would have been classified into different insurance contract groups, had they been separate insurance contracts. The lowest unit of account in IFRS 17 is the insurance contract, with all insurance coverages included therein; therefore, the companies will usually allocate the insurance contract in its entirety to a single group of insurance contracts. It is only in cases where the legal form of the policy does not reflect the economic substance of the rights and obligations included in the contract, that the companies separate the coverages and recognize them as separate insurance contracts. This approach is materially different from the companies' policy under IFRS 4, whereunder the companies normally recognize and measure each coverage separately.
In addition, in certain cases the companies contract the same policyholder (or a related party thereof) in a set or a series of insurance policies. Normally, each policy in a set or a series shall be recognized as a separate insurance contract. In certain cases, the set or series of policies reflects the economic substance of a single insurance contract. In such cases, the companies will recognize and measure such policies as a single insurance contract.

IFRS 17 permits the inclusion of contracts in the same group if they belong to different groups only because a law or regulation specifically constrains the companies' practical ability to set a different price or level of benefits for policyholders with different characteristics. The companies' proportionate share in compulsory motor insurance policies issued through the Pool meets this requirement; therefore, the companies opted to include its proportionate share in these policies in the same group as the ordinary compulsory motor insurance policies sold by the companies.

- **Contract 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 companies can compel the policyholder to pay the premiums or in which they have a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when the companies has the practical ability to reassess the risks of the particular policyholder (single policyholder) or the insurance contracts portfolio. At this point, the companies have the practical ability to set a new price or to change the terms of the benefits that fully reflect the same risks, provided that in the pricing at the portfolio level the overall premium did not include a future cost risk. The companies' practical ability to set a price at a future date, which fully reflects the risks in the contract from that date, exists in the absence of constraints, which prevent the companies from setting the same price they would for a new contract with the same characteristics as the existing contract.
When determining the contract boundaries of insurance contracts, the companies assess each contract separately and weigh all the substantive obligations and rights, regardless of whether they arise from a contract, law or regulation, and ignoring conditions with no commercial substance.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Contract boundaries (cont.)**

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 companies are compelled to pay amounts to the reinsurer or have a substantive right to receive services from the policyholder. A substantive right to receive services from the reinsurer ends when the reinsurer has a practical ability to reassess the risks transferred to it, and can set a new price or change the terms of the benefits, such that they fully reflect those risks, or alternatively, when the reinsurer has a substantive right to discontinue the coverage.
As part of the analysis of the discrepancies between the current contract boundaries approach and the standard's requirements, no material discrepancies were identified.

- **Risk adjustment (RA) in respect of non-financial risk**

The RA reflects the compensation, which the companies demand 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 companies include when setting the compensation it claims for bearing that risk; and
- Both favorable and unfavorable outcomes, in a way which reflects the companies' degree of risk aversion.

The companies adjust the estimated present value of the future cash flows in respect of this amount, which is reflected separately in the companies' total liabilities. IFRS 17 does not specify the estimation techniques used to determine the risk adjustment for non-financial risk. As noted above, in view of the publication of the Professional Issues Circular by the Capital Market Authority on August 12, 2024, the Companies are still assessing the manner by which they will determine the risk adjustment (RA) in respect of non-financial risk margin, and the rate of confidence interval, which will be taken into account.

- **The 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:

a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;

b) be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and

c) exclude the effect of factors, which influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Menora Insurance will determine the discount rate curves for IFRS 17 purposes using the bottom up approach, which is the default approach according to the Capital Market Authority's draft.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **The coverage units and the manner of releasing the contractual service margin (CSM)**

The CSM represents the liability in respect of the unrealized gain relating to future services. 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 companies in connection with the contracts, which are included in the insurance contracts group. 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.

- **Cash flows for purchase of insurance**

Insurance acquisition cash flows are cash flows arising from the costs to sell, underwriting and starting a group of insurance contracts which are directly attributable to the portfolio of insurance contracts to which the group belongs. When insurance acquisition cash flows are directly attributable to a group of insurance contracts, they will be allocated to that group and to groups, which will include insurance contracts, which are expected to arise from renewals of the insurance contracts within that group, where relevant. Insurance acquisition cash flows, which are directly attributable to a portfolio of insurance contracts, will be allocated to groups of contracts in the portfolio, including groups of insurance contracts, which have not yet been recognized. If the companies allocated an insurance acquisition cash flows amount to insurance contracts which have not yet been recognized, this amount will be recognized as a separate asset.

Insurance acquisition cash flows relating to insurance contracts, which have already been recognized, will be included in the measurement of the insurance contracts as part of the present value of the future cash flows, and will reduce the value of the CSM (in the GMM/VFA model), or the carrying amount of the liability in respect of the remaining coverage in the PAA model. This is a significant change in relation to the policy as per IFRS 4, whereby all insurance acquisition cash flows were recognized and measured as a separate asset in the statement of financial position. It should be noted that consequently in the GMM/VFA model the insurance acquisition cash flows will be recognized in the companies' profit or loss in accordance with the timing of the CSM release, instead of the amortization method currently in place, which is based on straight line amortization plus taking into account actual cancellations.

- **Presentation**

Under IFRS 17, the companies will disaggregate the amounts recognized in the statement profit or loss and 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 companies' sources of income.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Presentation (cont.)**

Insurance service results

Total income from insurance contracts for a group of insurance contracts is the consideration for the contracts adjusted to reflect finance effects.

Income from insurance services in the GMM and VFA model shall be calculated based on the decrease in liability in respect of the remaining coverage in respect of the services provided in the period plus the allocation of the premiums amount relating to recovery of the insurance acquisition cash flows for the reporting period. The companies will make this allocation in accordance with the coverage units used to release the CSM. In the PAA model, income from insurance services are recognized over the coverage period based on the passage of time.

Investment components, which were not separated from the insurance contracts, will not be recognized in expenses and income from insurance contracts. These components represent amounts, which will be refunded to the policyholder in any case, even if an insured event did not take place, and constitute a kind of a deposit deposited by the policyholder. Therefore, this amount does not constitute a part of the consideration received by the companies in respect of the service, and its refund does not constitute part of the companies' expenses.

The key investment components which were identified are in products which included a savings component. Following the above, the companies expect that its income and expenses will decline significantly in the transition to IFRS 17, with no effect on comprehensive income.

Expenses which are directly attributable to sale and fulfillment of the insurance contracts shall be included in the measurement of the insurance contract, and recognized as an expense as part of insurance service results. Expenses which are not directly attributable to the insurance contracts will be recognized as an expense as incurred outside the insurance service results.

Finance income or finance expenses from insurance

Under IFRS 17, changes in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk are recognized as insurance finance income or expenses.

IFRS 17 stipulates that the companies shall make an accounting policy choice between:

a) including insurance finance income or expenses for the period in profit or loss; or

b) Disaggregating insurance finance income and expenses for the period between profit or loss and other comprehensive income.

This selection is carried out at the level of the insurance contracts portfolio.

- **Transitional Provisions**

IFRS 17 should be applied retrospectively (hereinafter - "**Full Retrospective Application**"), unless this is impractical.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Transitional Provisions (cont.)**

In applying the Full Retrospective Application approach, the companies shall identify, recognize and measure each group of insurance contracts and any assets with respect to insurance acquisition cash flows as if IFRS 17 is applied retrospectively. Furthermore, the companies shall derecognize any existing balances, which would not exist had IFRS 17 been applied retrospectively. Any resulting net difference will be recognized in equity. The transition date is January 1, 2024, such that upon initial application the companies will restate the comparative figures for 2024.

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

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 (FVA) - in this approach the company determines the contractual service margin or loss component of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

The Companies will implement the retrospective application approach for the property and casualty insurance portfolios.

Menora Insurance is of the opinion that it is impractical to apply IFRS 17 retrospectively to groups of life and health insurance contracts.

- **Classification and measurement**

Financial assets

In implementing IFRS 9, the companies 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 entity's business model for financial asset management, and the characteristics of the projected cash flow from 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 according to 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) The financial asset is held within a business model whose objective is to collect contractual cash flows and to sell financial assets; and

b) The principal and interest criterion is fulfilled.

Notes to the Consolidated Interim Financial Statements

NOTE 8 – 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 (cont.)

B. IFRS 17 - Main changes in the accounting policies (cont.)

- **Classification and measurement (cont.)**

Financial assets (cont.)

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 companies 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 other bases.

C. IFRS 9 - Main changes in the accounting policies

- **Financial asset impairment model**

At each reporting date, the companies 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 companies shall differentiate between two situations of recognition of a provision for loss:

a) Debt instruments with no significant impairment in credit quality since initial recognition 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 initial recognition 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 companies shall apply the expedient provided by the Standard, under the assumption 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 to the Consolidated Interim Financial Statements

Details of other financial investments of Consolidated Insurance Companies

A. Other financial investments

	Details in section	As of September 30, 2024			
		Measured at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
		Unaudited			
		NIS thousand			
Liquid debt assets	B	17,221	3,344,211	-	3,361,432
Illiquid debt assets	C	-	-	8,231,428	8,231,428
Shares	D	6,162	1,241,138	-	1,247,300
Other	E	34,670	3,435,487	-	3,470,157
Total		58,053	8,020,836	8,231,428	16,310,317

	Details in section	As of September 30, 2023			
		Measured at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
		Unaudited			
		NIS thousand			
Liquid debt assets	B	44,541	4,080,498	-	4,125,039
Illiquid debt assets	C	-	-	7,750,192	7,750,192
Shares	D	9,100	1,207,483	-	1,216,583
Other	E	20,495	3,093,457	-	3,113,952
Total		74,136	8,381,438	7,750,192	16,205,766

	Details in section	As of December 31, 2023			
		Measured at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
		Audited			
		NIS thousand			
Liquid debt assets	B	28,789	4,039,165	-	4,067,954
Illiquid debt assets	C	-	-	7,848,008	7,848,008
Shares	D	6,542	1,176,047	-	1,182,589
Other	E	68,647	3,054,584	-	3,123,231
Total		103,978	8,269,796	7,848,008	16,221,782

Appendix to the Consolidated Interim Financial Statements

Details of other financial investments of Consolidated Insurance Companies (cont.)

B. Liquid debt assets

	As of September 30, 2024	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	1,682,317	1,709,413
Other debt assets:		
Other non-convertible debt assets	1,664,140	1,701,115
Other convertible debt assets	14,975	15,655
Total liquid debt assets	3,361,432	3,426,183
Regular impairments carried to profit and loss (aggregate)	4,399	

	As of September 30, 2023	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	2,216,403	2,250,492
Other debt assets:		
Other non-convertible debt assets	1,866,782	2,040,442
Other convertible debt assets	41,854	45,390
Total liquid debt assets	4,125,039	4,336,324
Regular impairments carried to profit and loss (aggregate)	42,666	

	As of December 31, 2023	
	Carrying amount	Amortized cost
	Audited	
	NIS thousand	
Government bonds	2,018,287	2,005,567
Other debt assets:		
Other non-convertible debt assets	2,023,495	2,102,832
Other convertible debt assets	26,172	28,236
Total liquid debt assets	4,067,954	4,136,635
Regular impairments carried to profit and loss (aggregate)	29,769	

Appendix to the Consolidated Interim Financial Statements

Details of other financial investments of Consolidated Insurance Companies (cont.)

C. Illiquid debt assets

	As of September 30, 2024	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	2,652,769	3,079,944
Other debt assets:		
Non-convertible	5,578,659	5,515,214
Total illiquid debt assets	8,231,428	8,595,158
Regular impairments carried to profit and loss (aggregate)	91,001	

	As of September 30, 2023	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	2,602,329	3,130,344
Other debt assets:		
Non-convertible	5,147,863	5,021,769
Total illiquid debt assets	7,750,192	8,152,113
Regular impairments carried to profit and loss (aggregate)	102,548	

	As of December 31, 2023	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Government bonds		
Designated bonds	2,574,482	3,106,021
Other debt assets:		
Non-convertible	5,273,526	5,195,055
Total illiquid debt assets	7,848,008	8,301,076
Regular impairments carried to profit and loss (aggregate)	86,917	

Appendix to the Consolidated Interim Financial Statements

Details of other financial investments of Consolidated Insurance Companies (cont.)

D. Shares

	As of September 30, 2024	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	814,599	714,733
Illiquid shares	432,701	344,265
Total shares	1,247,300	1,058,998
Regular impairments carried to profit and loss (aggregate)	54,150	

	As of September 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	778,146	683,445
Illiquid shares	438,437	332,745
Total shares	1,216,583	1,016,190
Regular impairments carried to profit and loss (aggregate)	57,384	

	As of December 31, 2023	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Liquid shares	775,057	687,107
Illiquid shares	407,532	324,680
Total shares	1,182,589	1,011,787
Regular impairments carried to profit and loss (aggregate)	55,362	

Appendix to the Consolidated Interim Financial Statements

Details of other financial investments of Consolidated Insurance Companies (cont.)

E. Other financial investments

	As of September 30, 2024	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Other liquid financial investments	196,207	175,084
Other illiquid financial investments	3,273,950	2,859,843
Total other financial investments	3,470,157	3,034,927
Regular impairments carried to profit and loss (aggregate)	148,635	

	As of September 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Other liquid financial investments	202,893	196,958
Other illiquid financial investments	2,911,059	2,519,151
Total other financial investments	3,113,952	2,716,109
Regular impairments carried to profit and loss (aggregate)	102,157	

	As of December 31, 2023	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Other liquid financial investments	200,428	185,061
Other illiquid financial investments	2,922,803	2,523,756
Total other financial investments	3,123,231	2,708,817
Regular impairments carried to profit and loss (aggregate)	112,920	

Financial investments classified as “other” mainly include investments in ETFs, participation units in mutual funds, investment funds, financial derivatives, futures, options and structured products.

Chapter D

Data from the Financial Statements Attributed to the Company

Financial Data from the Consolidated Interim Financial Statements Attributable to the Company

As of September 30, 2024

Unaudited

Regulation 38D

Menora Mivtachim Holdings Ltd.

Financial Data from the Consolidated Interim Financial Statements Attributable to the Company

As of September 30, 2024

Unaudited

Regulation 38D

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To:
The Shareholders of Menora Mivtachim Holdings Ltd.

Re: Special Review Report of the Independent Auditor on the Separate Interim Financial Information pursuant to Regulation 38D of 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 Menora Mivtachim Holdings Ltd. (hereinafter – the "**Company**") as of September 30, 2024 and for the nine-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.

We did not review the Condensed Interim Financial Information of equity-accounted companies, the investment in which amounted to approx. NIS 413,429 thousand as of September 30, 2024, and the Company's share in the profits of which amounted to NIS 49,350 thousand and a total of NIS 21,317 thousand for the nine- and three-month periods then ended, respectively. The condensed interim financial information of the above companies was audited by other independent auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial information in respect of these companies, is based on the review reports 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 Separate 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 reports of other independent auditors, nothing has come to our attention that causes us to believe that the abovementioned Interim Separate 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
November 27, 2024

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Financial Data from the Consolidated Statements of Financial Position

	As of September 30		As of December 31
	2024	2023	2023
	Unaudited		Audited
	NIS thousand		
Current assets			
Cash and cash equivalents	8,336	74,814	15,780
Financial investments	364,458	285,826	339,730
Current tax assets	10,270	-	-
Receivables and debit balances	487	1,220	2,501
Current balances with investees	10,355	7,947	12,704
Total current assets	393,906	369,807	370,715
Non-current assets			
Loans and receivables	28,925	29,686	31,213
Investments in investees	6,409,647	5,789,440	5,957,611
Loans to investees	350,224	573,789	398,039
Assets for employee benefits	12,475	11,393	11,565
Property, plant & equipment	1,242	1,662	1,694
Deferred taxes	15,114	21,189	18,022
Total non-current assets	6,817,627	6,427,159	6,418,144
	7,211,533	6,796,966	6,788,859
Current liabilities			
Current maturities of financial liabilities	53,266	53,275	53,322
Current tax liabilities	-	6,016	1,805
Futures	36	398	800
Payables and credit balances	5,236	13,114	9,211
Current balances with investees	1,811	3,373	1,886
Total current liabilities	60,349	76,176	67,024
Non-current liabilities			
Financial liabilities	221,219	321,569	269,968
Liabilities for employee benefits	21,829	20,924	21,030
Excess loss over investments in investees	-	115,999	-
Total non-current liabilities	243,048	458,492	290,998
Equity attributable to the Company's shareholders			
Share capital	99,429	99,429	99,429
Share premium	330,654	332,985	332,985
Treasury shares	(90,962)	(100,200)	(100,200)
Capital reserves	894,699	814,782	828,474
Retained earnings	5,674,316	5,115,302	5,270,149
Total equity capital	6,908,136	6,262,298	6,430,837
	7,211,533	6,796,966	6,788,859

November 27, 2024			
Approval date of the financial statements	**Eran Griffel Chairman of the Board**	**Ari Kalman CEO**	**Ran Kalmi CFO**

Financial Data from the Consolidated Statements of Profit or Loss

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Income					
Income from investees	720,157	342,964	196,335	253,971	501,436
Investment and financing income (losses)	25,746	(5,793)	14,058	82	3,963
Finance income for loans to investees	18,192	35,353	7,009	10,169	24,953
Income from management fees from investees	8,648	8,301	2,876	2,804	10,896
Total income	772,743	380,825	220,278	267,026	541,248
Expenses					
Finance expenses	3,329	4,487	1,117	1,510	5,723
General and administrative expenses	13,000	13,103	5,092	4,577	18,466
Total expenses	16,329	17,590	6,209	6,087	24,189
Profit before taxes on income	756,414	363,235	214,069	260,939	517,059
Taxes on income	5,982	3,415	2,355	1,520	2,679
Net income	750,432	359,820	211,714	259,419	514,380

Financial Data from the Consolidated Statements of Comprehensive Income

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Net income attributable to the Company	750,432	359,820	211,714	259,419	514,380
Other comprehensive income (loss) that, subsequent to initial recognition in comprehensive income, was or will be carried to profit and loss					
Other comprehensive income attributable to the investees, net	70,850	173,077	117,550	9,693	150,539
Other comprehensive income (loss) not transferred to profit and loss					
Loss due to remeasurement of defined benefit plans	(343)	(239)	(195)	(44)	(281)
Tax benefit	(79)	(55)	(45)	(10)	(65)
	(264)	(184)	(150)	(34)	(216)
Other comprehensive income (loss) attributable to the investees, net	(1,001)	1,721	434	773	44,155
Total other comprehensive income (loss) not transferred to profit and loss	(1,265)	1,537	284	739	43,939
Other comprehensive income, net	69,585	174,614	117,834	10,432	194,478
Total comprehensive income attributable to the Company	820,017	534,434	329,548	269,851	708,858

Financial Data from the Consolidated Statements of Cash Flows

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Cash flows from operating activities					
Net income	750,432	359,820	211,714	259,419	514,380
Adjustments required to present cash flows from operating activities:					
Adjustments to profit and loss line items:					
Losses (income) from investments and financing, net	(21,179)	6,071	(11,054)	(243)	(7,233)
Depreciation	338	430	104	126	550
Cost of share-based payment	307	599	92	161	187
Income from investees	(720,157)	(342,964)	(196,335)	(253,971)	(501,436)
Taxes on income	5,982	3,415	2,355	1,520	2,679
	(734,709)	(332,449)	(204,838)	(252,407)	(505,253)
Changes in assets and liabilities items:					
Change in liabilities for employee benefits	(453)	(30)	1,219	33	(139)
Decrease (increase) in other receivables and debit balances	6,405	8,366	256	2,217	(34,734)
Increase (decrease) in payables and credit balances	(8,166)	181	(5,469)	221	(1,633)
	(2,214)	8,517	(3,994)	2,471	(36,506)
Cash paid and received during the period:					
Interest paid	(4,716)	-	(4,716)	-	(6,279)
Interest received	8,098	8,785	2,911	2,900	16,364
Taxes paid	(15,020)	(8,470)	(3,997)	(436)	(8,928)
Taxes received	-	1,813	-	28	1,813
Dividend received	454,780	50,276	154,801	4,241	51,576
	443,142	52,404	148,999	6,733	54,546
Net cash provided by operating activities attributable to the Company as a parent company	456,651	88,292	151,881	16,216	27,167
Net cash used for operating activities for transactions with investees	(7,522)	(18,003)	(7,429)	(660)	(8,719)
Net cash provided by operating activities	449,129	70,289	144,452	15,556	18,448

Financial Data from the Consolidated Statements of Cash Flows (cont.)

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Cash flows provided by investing activities					
Purchase of property, plant and equipment	-	(9)	-	-	(9)
Proceeds from realization (purchases) of securities measured at fair value through profit and loss, net	(6,959)	106,425	40,577	115,464	150,066
Repayment (provision) of long-term loans	(1,131)	14,919	(1,247)	(7,922)	13,578
Net cash provided by (used for) investing activities attributable to the Company as a parent company	(8,090)	121,335	39,330	107,542	163,635
Net cash provided by (used for) investing activities for transactions with investees	(50,256)	18,464	8,510	(430)	21,966
Net cash provided by (used for) investing activities	(58,346)	139,799	47,840	107,112	185,601
Cash flows provided by financing activities					
Share buyback by the Company	-	-	-	-	(53,346)
Repayment of financial liabilities	(53,394)	(139)	(53,190)	(50)	-
Dividend paid to the Company's shareholders	(345,000)	(175,000)	(170,000)	(75,000)	(175,000)
Net cash used in financing activities	(398,394)	(175,139)	(223,190)	(75,050)	(228,346)
Exchange rate differences in respect of cash and cash equivalent balances	167	230	65	88	442
Increase (decrease) in cash and cash equivalents	(7,444)	35,179	(30,833)	47,706	(23,855)
Balance of cash and cash equivalents as of the beginning of the period	15,780	39,635	39,169	27,108	39,635
Balance of cash and cash equivalents as of the end of the period	8,336	74,814	8,336	74,814	15,780
Noncash activity					
Conversion of loans granted to consolidated companies for capital notes	-	-	-	-	244,608
Financial investments received as dividend	-	-	-	-	45,000

Additional Information

1. Significant Accounting Policies

This Interim Separate Financial Information is prepared in condensed format, in accordance with Regulation 38D of the Securities Regulations (Financial 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. This financial information should be read in conjunction with the Separate Financial Information as of December 31, 2023 and for the year then ended and the accompanying notes.

The accounting policy applied to preparing this Separate Financial Information is consistent with the one applied in preparing the separate financial information as of December 31, 2023.

2. Events during to the reporting period and thereafter

A. For details regarding the dividends distributed by the Company during the reporting period, see Note 5G to the Consolidated Financial Statements.

B. For details regarding the dividends distributed by the consolidated companies during the reporting period, see Note 5, Subsections H-J to the Consolidated Financial Statements.

C. For details regarding the dividend distributed by a consolidated company subsequent to the reporting date, see Note 5E.

D. For details regarding the dividend distributed by the Company subsequent to the reporting date, see Note 7L.

E. For details regarding additional investment made by the Company in Ampa Capital during the reporting period, see Note 7F.

F. For details regarding the tender offer for Isracard shares by the Company, see Note 7L.

Chapter E

Appendices

Economic Solvency Ratio Report

Menora Mivtachim Insurance Ltd.

As of June 30, 2024

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Economic Solvency Ratio Report of Menora Mivtachim Insurance Ltd.

As of June 30, 2024

Kost Forer Gabbay & Kasierer
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To:
The Board of Directors of Menora Mivtachim Insurance Ltd.

Dear Sir/Madam,

Re: **Independent auditor's report on the Solvency Ratio Report**

Solvency II-based economic solvency report of Menora Mivtachim Insurance Ltd. (hereinafter - the "Company") as of June 30, 2024

Introduction

We have performed the procedures set out below regarding the Solvency II-based Economic Solvency Ratio Report of the Company as of June 30, 2024 (hereinafter - the "**Report**" or the "**Solvency Ratio Report**"). Our report refers only to solvency ratio calculations and the presentation method of the Solvency Ratio Report and does not refer to any other activity of the Company.

Responsibility

The Board of Directors and management are responsible for the preparation and presentation of the Report in accordance with the Directives of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") regarding the Solvency II-Based Provisions of the Economic Solvency Regime for Insurance Companies as set out in Chapter 2, Part 2, Section 5 of the consolidated circular and the related guidelines (hereinafter collectively - the "**Commissioner's Directives**"). The calculations, forecasts and assumptions on which the preparation of the Information was based fall under the responsibility of the Board of Directors and management. This responsibility includes the selection and application of appropriate methods for the preparation of the information and the use of assumptions and estimates for individual disclosures, which are reasonable under the circumstances. Moreover, this responsibility includes the planning, implementation, and maintenance of systems and processes relevant to preparation of the information in a manner that does not include material misstatement.

Our responsibility is to express a conclusion on the preparation and presentation of the calculation of the Solvency Ratio Report in accordance with the Commissioner's Directives based on the procedures set out below.

Scope of the Review

We conducted our engagement in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information published by the IAASB, and in accordance with the Commissioner's Directives as included in Chapter 7, Section 5, Part 1 to the Consolidated Circular - Independent Auditor - which lists directives regarding review of a quarterly Economic Solvency Ratio Report. The work procedures included the procedures set out below, to assess whether the Company's calculations for this subject, as of June 30, 2024, in all material respects, do not comply with the Commissioner's Directives. However, we do not provide a separate conclusion for each disclosure.

The work procedures included the following procedures:

- Review of the Solvency Ratio Report and the explanations in the Report;
- Clarifications, mainly with those responsible for producing the Solvency Ratio Report and calculations for the solvency ratio; including clarifications for the material changes in the models, methodologies, calculation processes, and systems;
- Review of material changes in studies affecting the Report, as applicable;
- Performing analytical review procedures, including assessing the likelihood of the material changes in the main sections of the Report.

We did not review the adequacy of the Deduction during the Transitional Period as of June 30, 2024 as presented in Section 3(a)(10).

Except for the above work procedures verifying that the Deduction Amount does not exceed the expected discounted amount of the risk margin and the capital requirement for solvency in respect of life and health insurance risks arising from existing businesses during the Transitional Period in accordance with the pattern of future development of the capital requirement, which affects both the calculation of the expected capital release and the release of the expected risk margin as described in the provisions on calculation of risk margin.

Our work is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards 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.

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Conclusion

Except for the above regarding the adequacy of the amount of Deduction during the Transitional Period and based on the procedures performed, nothing has come to our attention that causes us to believe that the calculation of the solvency ratio and the presentation of the Company's Solvency Ratio Report for June 30, 2024, are not prepared in accordance with the Commissioner's Directives, in all material respects.

It should be emphasized that the projections and assumptions are based mainly on past experience, as arising from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and the changes in the economic environment, past data do not necessarily reflect future results. The information is sometimes based on assumptions regarding future events, steps taken by management, and the pattern of the future development of the risk margin, which will not necessarily materialize or will materialize in a manner different than the assumptions used in the information. Furthermore, actual results may materially vary from the information, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the information.

We draw attention to that stated in Section D., comments and clarifications regarding the solvency ratio, the uncertainty arising from regulatory changes, and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated, as well as regarding the uncertainty embodied in the actuarial and financial assumptions and forecasts used in the preparation of the Report.

Tel Aviv,
November 27, 2024

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Economic Solvency Ratio Report as of June 30, 2024

Section 1 - General

A. Overview and disclosure requirements

Solvency II-based Economic Solvency Regime

The information provided below was calculated in accordance with the provisions of Circular 2020-1-15 of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") - "Amendment to the Consolidated Circular concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies" (hereinafter - the "**Solvency Circular**"), was prepared and presented in accordance with Chapter 1, Part 4 Section 5 of the Consolidated Circular as recently revised in Circular 2022-1-18 (hereinafter - the "**Disclosure Provisions**").

The Solvency Circular sets a standard model for calculating existing own funds and the regulatory solvency capital requirement, aiming to bring insurance companies to a situation where they have the capacity to absorb losses arising from the materialization of unexpected risks to which they are exposed. The solvency ratio is the ratio between an insurance company's existing own funds and its regulatory solvency capital requirement. The existing own funds for solvency purposes shall be composed of Tier 1 capital and Tier 2 capital. Tier 1 Capital includes own funds calculated through assessing the value of an insurance company's assets and liabilities in accordance with the circular's provisions, and Additional Tier 1 Capital. Additional Tier 1 capital and Tier 2 capital include equity instruments with loss absorption mechanisms, including Subordinated Tier 2 capital, Hybrid Tier 2 capital and Tier 3 capital, which were issued prior to the circular's effective date. The circular includes restrictions on the composition of own funds for SCR purposes (see below), such that the rate of components included in Tier 2 Capital shall not exceed 40% of the SCR (during the Transitional Period, as described below - 50% of the solvency capital requirement).

The existing capital should be compared to the capital requirement when there are two levels of capital requirements:

- The capital requirement to maintain an insurance company's solvency (hereinafter - "**SCR**"). The SCR is risk-sensitive and is based on a forward-looking calculation of the effect of the various scenarios' materialization, while taking into account the correlation of the various risk factors, based on the application guidance of the New Solvency Regime. This requirement aims to guarantee the precise and timely involvement of the supervision authorities.

- Minimum capital requirement (hereinafter "**MCR**" or "**Capital Threshold**"). In accordance with the Solvency Circular, the minimum capital requirement shall be equal to the highest of the amount of the minimum Tier 1 capital requirement under the "Requirements of the Previous Capital Regime" and an amount derived from insurance reserves and premiums (as defined in the Solvency Circular), with a floor of 25% and a cap of 45% of the SCR.

  The existing capital and the capital requirement are calculated using data and models for calculating the economic solvency ratio, which are based, among other things, on forecasts and assumptions that rely mainly on past experience. The calculations performed as part of the economic capital calculation and the economic capital requirement are highly complex.

  The Solvency Circular includes, among other things, Provisions for the Transitional Period in connection with compliance with capital requirements, as follows:

Economic Solvency Ratio Report as of June 30, 2024

A. Selecting on of the following alternatives:

1) Gradual transition to the capital requirement until 2024 (hereinafter - the "**Transitional Period**"), such that the capital requirement shall increase gradually by 5% per year, starting with 60% of the SCR up to the full SCR amount.

2) Increasing the economic capital by deducting from the insurance reserves an amount that will be calculated as detailed below. The deduction will decrease gradually until 2032 (hereinafter - the "**Deduction during the Transitional Period**").

   Starting from the calculation as of December 31, 2022, the Company chose the second alternative, after obtaining the Commissioner's approval.

B. A reduced capital requirement, which will increase gradually until 2023, in respect of certain investment types.

Forward-looking information

The data included in this Economic Solvency Ratio Report, including the eligible own funds and the solvency capital requirement are based, among other things, on forecasts, assessments, and estimates of future events, the materialization of which is uncertain and is not under the Company's control, and which should be considered as "forward-looking information" as the term is defined in Section 32A to the Securities Law, 1968. Actual results may differ from the results reflected in this Economic Solvency Ratio Report, if such forecasts, assessments and estimates, either in whole or in part, fail to materialize or materialize in a manner different than anticipated, including, among other things, with respect to actuarial assumptions (including cancellations, expenses, and underwriting income rate), assumptions regarding future management actions, risk-free interest rates, capital market returns, future revenue, and damage in catastrophe scenarios.

B. Definitions

Company	-	Menora Mivtachim Insurance Ltd.
The Commissioner	-	The Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance.
Best estimate	-	Expected future cash flows from insurance contracts and investment contracts throughout their term, without conservatism margins and discounted by an adjusted risk-free interest.
Long-term health insurance (similar to life techniques - SLT)	-	Similar to Life Techniques. Health insurance that is conducted similarly to life insurance.
Short-term health insurance (non-similar to life techniques - NSLT)	-	Non-Similar to Life Technique. Health insurance that is deemed to be written on a similar technical basis as property and casualty insurance.
Basic solvency capital requirement (BSCR)	-	Basic Solvency Capital Requirement. The capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Provisions of the Economic Solvency Regime Directives, without taking into account the capital requirement due to operational risk, and loss absorption adjustment due to deferred tax.
Solvency capital requirement (SCR)	-	Solvency Capital Requirement. Total capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime.
Eligible own funds	-	Total Tier 1 capital and Tier 2 capital of an insurance company, after deductions and amortization in accordance with the provisions of Part B of the Appendix to the Solvency Circular.
Basic Tier 1 capital	-	Accounting equity plus the change in the excess assets over liabilities stemming from discrepancies between the manner of assessing the value of assets and liabilities as part of the transition to economic balance sheet, net of unrecognized assets and dividend declared subsequent to report date and has yet to be published for the first time.
Additional Tier 1 capital	-	Perpetual capital note, non-performing preferred shares, Restricted Tier 1 capital instrument, Additional Tier 1 capital instrument.
Tier 2 capital	-	Tier 2 capital instruments, Subordinated Tier 2 Capital, Hybrid Tier 2, and Hybrid Tier 3 Capital - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.
Effect of diversification of risk-weighted components	-	Effect of the partial correlation between different risks in the model on their amounts. The greater the diversification between operating segments in the portfolio and the diversification between risks, the greater is the effect of the correlation, which reduces the overall risk.
Solvency ratio	-	The ratio between the eligible own funds and the regulatory solvency capital requirement of the insurance company.
Symmetric Adjustment (SA)		Symmetric Adjustment. Addition to the rate of capital requirements in the equity component based on the calculation set out in the Solvency Circular. The addition has an upper and lower band of ± 10%.
Stock scenario adjustment	-	Lower capital requirement for certain types of investments which gradually increased until 2023 when the capital requirement for these investments reaches its full rate.
Economic balance sheet	-	The Company's balance sheet when the value of the assets and liabilities is adjusted in accordance with the provisions of Part A in the appendix to the Solvency Circular.
Risk margin (RM)	-	Risk Margin. An amount in addition to the best estimate reflecting the total cost of capital that another insurance company or reinsurer would require to assume the Company’s insurance liabilities.
Volatility Adjustment (VA)	-	Volatility Adjustment. An anti-cyclical component that reflects the overall cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company’s insurance liabilities.
Minimum capital requirement (MCR)	-	Minimum Capital Requirement. The minimum capital requirement from an insurance company.
Expected profits in future premiums (EPIFP)	-	Expected Profit in Future Premium; the future profit from liabilities in respect of existing life and health insurance contracts.
Deduction during the Transitional Period	-	Increasing the economic capital by deducting from the insurance reserves an amount that will be calculated as detailed in Section c below. The Deduction will decrease gradually until 2032.
UFR	-	Ultimate Forward Rate. The latest forward interest rate derived from the expected long-term real interest rate and the long-term inflation expectations to which the adjusted interest rate curve converges, in accordance with the Provisions of the Economic Solvency Regime.

C. Calculation methodology

The Economic Solvency Ratio Report as of June 30, 2024 was calculated and prepared in accordance with the Commissioner's Directives for the economic solvency of a Solvency II-based insurance company (hereinafter - the "**Directives**") as set out in the Solvency Circular; below are the key Directives and changes therein:

Economic balance sheet

The economic balance sheet is calculated in accordance with the detailed rules and directives published by the Commissioner, which are based on the European Solvency II rules, with adjustments to reflect the characteristics of the economic environment and products in Israel. The purpose of the rules is to reflect the economic value of the balance sheet items in accordance with the Commissioner's approach. In accordance with the Directives, the insurance liabilities are calculated based on the best estimate of all expected future cash flows from existing businesses, without conservatism margins and plus a risk margin, which represents the addition to the insurance liabilities that is expected to be required from another insurance company to assume the insurance company's insurance liabilities. In accordance with the Directives, the risk margin is calculated using the cost of capital method, at a rate of 6% per year of the expected capital requirement in respect of insurance risks over the life of the existing businesses as described below. The economic balance sheet is prepared based on the Company's separate financial statements plus subsidiaries, whose data are consolidated with those of the Insurance Company and whose main occupation is holding interests in real estate properties. The economic balance sheet attributes zero value to deferred acquisition costs and intangible assets (other than the investment in insuretech as defined in the Solvency Circular, which obtained the Commissioner's approval, as required).

Increasing economic capital according to the Provisions for the Transitional Period

As aforesaid, as of the solvency ratio calculation as of December 31, 2022, the Company opted for the current alternative provided by the Provisions for the Transitional Period, whereby the economic capital may be increased by gradually deducting from the insurance reserves until 2032 (hereinafter - the "**Deduction During the Transitional Period"** or the "Deduction"). With regard to the Deduction during the Transitional Period, a letter was addressed to insurance companies managers titled "Principles for calculating Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" (hereinafter - the "**Letter of Principles**"). Pursuant to the Letter of Principles, the Deduction during the Transitional Period shall be calculated by dividing insurance policies issued through December 31, 2016 into homogeneous risk groups. The aforesaid deduction shall be calculated as the difference between insurance reserves (retention) as per the economic balance sheet including the risk margin attributed thereto (without adjusting the fair value of designated bonds) and the insurance reserves (retention) as per the Financial Statements. This difference shall be deducted on a linear basis until December 31, 2032.

The Company should ensure that the deduction balance at each reporting date (hereinafter - the "**Deduction Value during the Transitional Period**") shall be proportionate to the expected increase in the solvency ratio calculated excluding expedients during the Transitional Period.

The Deduction during the Transitional Period shall be recalculated in subsequent periods in the following instances:

(a) Every two years, after obtaining the Commissioner's approval;
(b) If a material change occurred in the risk profile or the business structure of the insurance company;
(c) At the request of the Commissioner, if he/she believed that circumstances have changed since approval was given.

For information about the Company's recalculation of the Deduction during the Transitional Period - see Section 3A below.

Solvency capital requirement (SCR)

The calculation of the solvency capital requirement is based on an assessment of the economic own fund's exposure to the following risk-weighted components set in the Provisions of the Economic Solvency Regime: life insurance risks, health insurance risks, property and casualty insurance risks, market risks and counter-party default risks. These risk-weighted components include sub-risk-weighted components with respect to specific risks to which the insurance company is exposed. The exposure assessment of the economic own funds to each sub-risk-weighted component is carried out based on a defined scenario set out in the Directives of the Economic Solvency Regime. The determination of the solvency capital requirement is based on the sum of the capital requirements in respect of the risk-weighted components and risk-weighted sub-components and the sub-risk weighted components, as stated above, net of the effect of the risk diversification in the Company in accordance with the correlations assigned to them under the Directives, and net of the loss absorption adjustment due to deferred tax, as detailed in the Provisions of the Economic Solvency Regime. Furthermore, the calculation of the solvency capital requirement includes components of capital required in respect of operational risk and in respect of management companies.
The capital requirement in respect of each of the risks is calculated in accordance with the Company's exposure to that risk, taking into account the parameters set in the Directives. In accordance with the Directives, the capital requirement represents the scope of own funds that will allow the insurance company to absorb unexpected losses in the forthcoming year and meet its obligations to policyholders and beneficiaries on time, with a 99.5% certainty level.

The loss absorption adjustment with respect to deferred tax assets beyond the balance of the deferred tax reserve as per the economic balance sheet is limited to 5% of the basic solvency capital requirement (BSCR), provided that the following conditions are met:

- The Company is able to demonstrate to the Commissioner that it is probable that it will have future taxable income against which the tax assets may be utilized.
- Future income will arise only from property and casualty insurance or from Not Similar to Life Techniques (NSLT) health insurance.

D. Comments and clarifications

1. General

The Economic Solvency Ratio Report includes, among other things, forecasts based on assumptions and parameters based on past experience, as they arise from actuarial studies conducted from time to time, and on Company's assessments regarding the future, to the extent that it has relevant and concrete information which can be relied upon. The information and studies are similar to those used as the basis for the Company's periodic report as of as of June 30, 2024. Any information or studies obtained or completed after the publication date of the Company's periodic report as of June 30, 2024 were not taken into account.

It should be emphasized that in view of the reforms in the capital, insurance and savings market and the changes in the economic environment, past data are not necessarily indicative of future results, and the Company is unable to reliably assess the effect of the reform and the changes.

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

The model, in its present form, is highly sensitive to changes in market variable and other variables; therefore, the status of capital reflected therefrom may be very volatile.

2. <u>Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities</u>

A. In recent years the field of insurance has been subject to frequent changes in relevant legislation and frequent regulatory directives. In this matter, see Sections 7.1.2 of the Description of the Corporation's Business in the Periodic Report for 2023 and in the Periodic Report for the period ended September 30, 2024.
The calculation of the solvency ratio does not reflect all potential effects of the aforesaid legislation and regulatory measures and of other developments that are not yet reflected in practice in the data; this is since to date the Company is unable to assess their entire effect on its business results and solvency ratio.

B. In accordance with the Solvency Circular, the value of contingent liabilities in the economic balance sheet is determined based on their value in the accounting balance sheet in accordance with the provisions of IAS 37; this measurement does not reflect their economic value. It is impossible to assess the effect of the uncertainty arising from the exposure to contingent liabilities described in Note 36 to the 2023 Financial Statements, including the effect of such an exposure on the Company's future profitability and solvency ratio.

C. As from January 2025, a new accounting standard (IFRS 17) will be implemented (hereinafter - the "**Standard**"), which may affect the economic solvency ratio with regards to the Deduction in the Transitional Period. There is still uncertainty as to the manner of implementation of the Standard. However, the economic solvency ratio is not expected to be significantly affected.
For further details, see Note 8 to the Interim Financial Statements as of June 30, 2024.

3. Key changes compared with December 31, 2023

A. Implication of the Iron Swords War
In October 2023, the Iron Swords War broke out (hereinafter - the "**War**") in the State of Israel. The War resulted in a slowdown in business activity in Israel, among other things, due to the closure of small- and medium-size businesses in the south and north of the country, the calling up of IDF reservists for an unknown period, and a slowdown in economic activity in Israel, employees sent on unpaid leave, and reduced consumption. The continuation of the War may have widespread ramifications for many sectors and geographical areas in Israel.
The potential fluctuations in the financial markets in Israel, exchange rates, availability of human resources, local services, and access to local resources may affect entities whose main activity is with or in Israel. At this stage, the Company is unable to reliably assess the future effect of the War on the Company's economic solvency ratio, among other things, due to the highly volatile markets, uncertainty as to the duration and intensity of the fighting, the effects of the War on the Company's areas of activity, and regarding further measures to be taken by the government. From the reporting date as of June 30, 2024 until the publication of the Report, and notwithstanding the volatility in the financial markets to date, the Company does not expect a material adverse effect on the economic solvency ratio.

B. 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 profit generated.
The effect on the Company's economic solvency ratio is immaterial.

C. The 2023 and 2024 economic plan
In June 2023, the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the Budget Years 2023 and 2024), Chapter S (Health) (hereinafter - the "**Economic Arrangements Law**") was published, which amends The Financial Services Supervision Law, and sets a requirement whereby an insurer will pay the health maintenance organization for a surgical procedure that was executed and financed through a SHABAN plan when the conditions prescribed by the Law are met. Furthermore, transitional provisions were set that will require the insurer to transfer policyholders from an individual "From the First Shekel" surgical procedure policy taken out as from February 2016, who also have a SHABAN plan in place, to a "Supplementary SHABAN" surgical procedures policy, while ensuring continuous insurance coverage on June 1, 2024. In addition, it was determined that policyholders will be allowed to inform the insurer - within a year of the transfer date - of their wish to cancel the transfer and reinstate the original policy.
The positive effect of the Economic Arrangements Law on the Company's capital surplus is immaterial.

D. At the same time, and as a result of the said changes, the Company approved new tariffs for "From the First Shekel" and "Supplementary SHABAN" policies.

Economic Solvency Ratio Report as of June 30, 2024

Section 2 - Economic solvency ratio and minimum capital requirement (MCR)

A. Economic solvency ratio

	As of June 30, 2024	As of December 31, 2023
	Unaudited (*)	Audited (**)
	NIS thousand	
Own funds in respect of SCR - see Section 4	7,822,412	7,524,516
Solvency capital requirement (SCR) - see Section 5	4,152,631	4,306,029
Surplus	3,669,782	3,218,487
Economic solvency ratio (in %)	188.4%	174.7%
Effect of material equity transactions taken in the period between the calculation date and publication date of the Solvency Ratio Report		
Raising (redemption) of capital instruments	(306,120)	-
Own funds in respect of SCR	7,516,292	7,524,516
Surplus	3,363,661	3,218,487
Economic solvency ratio (%)	181.0%	174.7%

(*) In this Report, the term “unaudited” refers to a review conducted in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

(**) Any reference made in this report to the term “audited”, shall be construed as an audit held in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.

Following are the main changes in the economic solvency ratio compared to December 31, 2023:

- In March 2024, the Company declared the distribution of NIS 200 million in dividend. The dividend was distributed in April 2024. Furthermore, subsequent to the report date, a NIS 100 million dividend distribution was declared, which was paid in July 2024. The NIS 100 million dividend distribution was deducted from the eligible capital in accordance with the guidance of the Solvency Circular.
- In July 2024, the Company redeemed an approx. NIS 306 million Note (Series D), which was recognized as Tier 2 capital.
- The Company recalculated the value of the Deduction as of June 30, 2024 due, among other things, to the continued increase in the interest rate curve. The Deduction Amount was reduced by approx. NIS 91 million mainly due to the recalculation, but also due to shortening the remaining duration of the Deduction. The post-deduction balance reflecting a future period of 8.5 years amounts to approx. NIS 400 million, compared with a deductible balance in the amount of approx. NIS 491 million in December 2023 based on a future amortization period of 9 years.
- An increase in real returns combined with the increase in interest recorded by the Company during this period had a material effect on the improvement in capital surplus. On the other hand, the increase in the CPI almost offset the positive contribution to the capital surplus, mainly due to the increase in capital requirements.

Economic Solvency Ratio Report as of June 30, 2024

- During the period, the Company revised demographic assumptions, which had an overall negative effect on the Company's capital surplus. The principal effects resulted from the revised annuity takeup rate and cancellations. In addition, actual departures from the demographic assumptions had a negative impact on capital surplus.
- In July 2024, the Commissioner published a revision to the mortality tables. In view of the abovementioned, the Company revised a number of assumptions in the actuarial models. The revision had an adverse effect on capital surplus.
- In the life and health segment, the release of the capital requirements and the risk margin from existing business due to the passage of time for December 31, 2023 generate a positive contribution to the capital surplus.
- Additionally, the Company recorded an increase in its capital surplus due to current profitability recorded in property and casualty insurance underwriting activity, alongside a positive contribution to capital surplus from new life and health insurance segment business activity during the period.

For details regarding the economic solvency ratio without applying the Provisions for the Transitional Period for the Transitional Period, and without adjusting the stock scenario, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Section 8 below.

B. Minimum capital requirement (MCR)

	As of June 30, 2024	**As of December 31, 2023**
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR) - see Section 6.A	1,389,931	1,315,136
Own funds in respect of MCR - see Section 6B	6,141,316	5,839,516

Economic Solvency Ratio Report as of June 30, 2024

Section 3 - Economic Balance Sheet

For explanations regarding main changes in Tier 1 capital and significant effects on the economic solvency ratio's components, see Section 2A above. In addition, see the comment in Section D1 above regarding the change in accounting policy.

	Information about the economic balance sheet	As of June 30, 2024		As of December 31, 2023	
		Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
		Unaudited		Audited	
		NIS thousand			
Assets:					
Intangible assets	(2)	682,982	220,801	666,008	228,288
Deferred acquisition costs	(3)	1,563,576	-	1,482,429	-
Property, plant & equipment		695,504	695,503	703,959	703,959
Investments in investees that are not insurance companies:	(4)				
Other investees		97,415	97,415	90,200	90,200
Total investments in investees that are not insurance companies		**97,415**	**97,415**	**90,200**	**90,200**
Investment property in respect of yield-dependent contracts		106,057	106,057	102,961	102,961
Investment property - other		714,572	714,572	712,024	712,024
Reinsurance assets		3,451,797	2,564,403	3,149,302	2,338,213
Receivables and debit balances		2,035,353	2,035,353	1,907,804	1,907,804
Financial investments in respect of yield-dependent contracts		31,512,838	31,525,484	31,077,288	31,101,263
Other financial investments:					
Liquid debt assets		2,539,398	2,539,398	3,279,008	3,279,008
Illiquid debt assets, excluding designated bonds	(5)	5,026,725	4,934,008	4,775,432	4,683,866
Designated bonds		2,620,465	3,114,004	2,574,482	3,325,546
Shares		1,052,467	1,052,467	1,046,110	1,046,110
Other		2,911,206	2,911,206	2,787,468	2,787,468
Total other financial investments		**14,150,261**	**14,551,082**	**14,462,500**	**15,121,998**
Cash and cash equivalents in respect of yield-dependent contracts		2,228,764	2,228,764	1,981,685	1,981,685
Other cash and cash equivalents		958,211	958,211	693,144	693,144
Total assets		**58,197,330**	**55,697,645**	**57,029,304**	**54,981,538**
Total assets in respect of yield-dependent contracts		**34,240,834**	**34,415,130**	**33,462,871**	**33,640,309**
Equity					
Basic Tier 1 capital		3,143,727	5,690,449	3,078,374	5,521,482
Additional Tier 1 capital components		-	-	-	-
Total equity	(1)	**3,143,727**	**5,690,449**	**3,078,374**	**5,521,482**
Liabilities:					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	(1)	16,089,788	7,839,000	15,728,485	8,143,822
Liabilities in respect of insurance contracts and yield-dependent investment contracts		33,665,510	32,682,472	33,069,656	32,014,172
Risk margin (RM)	(6)	-	3,500,279	-	3,631,754
Deduction during the Transitional Period	(7)	-	(399,885)	-	(490,864)
Liabilities in respect of deferred taxes, net		427,759	1,784,649	443,657	1,713,588
Payables and credit balances		2,006,761	1,899,845	2,018,510	1,922,402
Financial liabilities		2,863,785	2,700,836	2,690,622	2,525,179
Total liabilities		**55,053,603**	**50,007,195**	**53,950,930**	**49,460,054**
Total equity and liabilities		**58,197,330**	**55,697,645**	**57,029,304**	**54,981,535**

Key changes compared with December 31, 2023:

A change to the provisions relating to life insurance plans incorporating savings that include "annuity conversion factors taking into account guaranteed life expectancy".

In July 2024, the Capital Market Authority published a circular entitled Amendment of the Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds (hereinafter - the "**Circular**").
The Circular lists revised default assumptions regarding the Demographic Assumptions in Life Insurance and Pension Funds, which are used in calculating the liabilities and the conversion factors in life insurance policies and pension funds.
For further details, see Section 2A1.(c).

Section 3A - Information about economic balance sheet

The fair value of assets and liabilities in the economic balance sheet was calculated in accordance with the provisions included in the chapter dealing with measurement of assets and liabilities for financial statements purposes in the Consolidated Circular (Code of Regulations), except for items for which other provisions apply as per the Solvency Circular, as follows:

(1) **Liabilities in respect to insurance contracts, risk margin (RM) and investment contracts and reinsurance assets**

Liabilities in respect of insurance contracts and investment contracts are calculated in accordance with Part A Chapter 4 of the Solvency Circular based on a best estimate (hereinafter - "**BE**" or "**Best Estimate**") on the basis of assumptions that are mainly a result of projecting to the future existing experience relating to past events, within the environment in which the Company operates, and without conservatism factors. As a rule, in calculating the life and Health SLT liabilities, the Company applied the embedded value (EV) calculation methodology to insurance contracts in Israel and calculated property and casualty insurance liabilities on the basis of the BE measurement section in the Consolidated Circular entitled "Best Practice for Calculation of Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes".
The measurement of the insurance liabilities in the economic balance sheet is carried out by discounting the projected cash flows, including future profit, by a risk-free interest plus VAT and taking the UFR into consideration, on the basis of a best estimate that does not include conservatism margins, where the risk is reflected in the RM component, which is a separate liability. This measurement differs from the measurement applied in the financial statements, where insurance liabilities are estimated with conservatism margins using the discounting methods and rates described in Note 36 to the Annual Financial Statements.
The calculation of the insurance liabilities in respect of life insurance contracts and long-term health insurance (SLT) contracts was carried out by discounting the Company's projected cash flows using a model applied to information available in the Company's operational systems as to insurance coverages, and to many demographic, economic and behavioral assumptions. The projected cash flows include, for example, projected premiums in view of the expected cancellation rates, net of the expenses that the Company will incur in respect of the coverages, including fees and commissions to agents, expected claims, etc.
This cash flow is discounted based on an interest rate curve set by the Commissioner which is based on the yield to maturity of bonds of the Government of Israel ("risk-free interest"), with convergence in

the long-term to a fixed rate of 2.6% (UFR) plus a margin (VA) that was set by the Commissioner.
The calculation of the liabilities does not include cash flows in respect of future sales; however, it does include an assumption that the Company will continue receiving premiums from existing businesses (excluding in respect of policies without an insurance risk, including investment contracts). Furthermore, the calculation assumes that the Company shall continue as a going concern, i.e., that the Company's structure will not change, and therefore, some of the fixed expenses in the future shall not be allocated to the current portfolio, but rather to a new business which is expected to be sold in the future.
It is likely that the actual cash flows will vary to some degree on another from the estimates made on a best estimate basis, even if the underlying parameters of the calculation will not change in any way. See also Section D1 above - comments and clarifications.

As stated above, the measurement of the insurance liabilities with respect to Life and Long-Term Health Insurance in the economic balance sheet1 is carried out by discounting the projected cash flows, including future profit, by a risk-free interest plus VAT and taking the UFR into consideration, on the basis of a best estimate that does not include conservatism margins, where the risk is reflected in the RM component, which is a separate liability. This measurement differs from the measurement applied to the financial statements, where insurance liabilities are estimated with conservatism margins using the discounting methods and rates described in Note 2 to the 2023 Financial Statements.

<u>Limitations and qualifications with regard to calculation of the best estimate</u>

- Generally, the underlying assumptions of the models were formulated mainly on the basis of studies and analyses which are based on Company's experience over the past few years, which did not include extreme events. Although there is low probability that extreme events will occur, the Company is unable to estimate this probability or the extent of the effect of those events. Accordingly, such events were not taken into account in the determination of the models' underlying assumptions.

- Since the Company did not have sufficient data, when calculating the BE it did not check the level of correlation between demographic and operational assumptions (such as the rate of cancellations) and assumptions pertaining to market conditions (such as the interest rate), which may materially affect the BE.

- The determination of the BE is supposed to be based on an estimation of the distribution of the potential BEs. With no available significant statistical data that can be used to evaluate the distribution of BE for all demographic and operational factors in life and health SLT, the Company used real assumptions of each and every parameter, according to the expected value of each relevant factor, without taking into account any correlation or dependency between the different assumptions, or between the assumptions and external economic parameters such as taxation, interest or employment levels in Israel.

- In many cases, the future cash flows refer to periods of tens of years into the future. The studies on which the underlying cash flow assumptions rely are based on management's best knowledge, mainly recent years' experience. It is highly uncertain whether the underlying cash flow assumptions will, indeed, materialize.

Limitations and qualifications with regard to calculation of the risk margin (RM)

The risk margin is calculated using the cost of capital method, at a rate of 6% per year of the expected capital requirement in respect of insurance risks over the life of the existing businesses. This calculation method was defined by the Commissioner and does not necessarily reflect the overall cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company's insurance liabilities.

In that context, it should be emphasized that the stress scenario calculated as part of the solvency model (capital requirements) are based on a set of scenarios and assumptions defined by the Commissioner, and which do not reflect any actual experience of the Company. Furthermore, the set of correlations on which the solvency model is based for the capital requirements was defined by the Commissioner and does not reflect the Company's actual experience.

Assumptions underlying the insurance liabilities calculation

Demographic and operating assumptions

The calculation's underlying assumptions were set in accordance with the Company's best estimates of relevant demographic and operational factors and reflect the Company's expectations as to the future in respect of these factors. The demographic assumptions included in the calculation were taken from Company's internal studies, if any, and are based on relevant experience and/or the integration of information received from external sources, such as information from reinsurers and mortality and morbidity tables published by the Commissioner. The operational assumptions (general and administrative expenses) were calculated in accordance with the results of the Company's internal pricing model applied to expenses relating to the relevant insurance liabilities, including: allocation of expenses to the different segments and activities (issuance, current management, investments, claims management, etc.) and assumptions regarding their future development (in accordance with the CPI, scope of premiums and assets, etc.).

Following are the key assumptions on which the Company relied in the calculations:

A. Economic assumptions

1) Discount rate - risk-free interest rate curve based on the yield to maturity of bonds of the Government of Israel ("risk-free interest"), with convergence in the long-term to a fixed rate of 2.6% (UFR) plus a margin (VA) - all as set by the Commissioner.
2) The yield on the assets backing the yield-dependent life insurance products is identical to the discount rate.
3) Designated bonds - estimated in accordance with their fair value, which takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them.

4) The inflation rate is set as the difference between the yield to maturity curve on NIS government bonds and the yield to maturity curve on linked government bonds. It should be noted that the inflation assumption is relevant to products with amounts of insurance, premiums, and/or CPI-linked interest rates, and to expenses for claims and/or premiums that the Company assumes will change according to the rate of the CPI or another CPI-linked rate.

B. Operational assumptions (for life and health insurance)

General and administrative expenses - the Company analyzed the expenses allocated in the financial statements to the relevant insurance segments and allocated them to various products and coverage types and to various activities such as current operating of the coverages, investment management, handling claims, payment of pensions and more. The expenses study is revised periodically and the different types of expenses are carried to the future cash flow in relation to the relevant factors, such as the number of coverages, premiums, reserves or claims. The determination of the future expenses and their allocation to future cash flows include many assessments and judgments by the Company, which affect the amount of the liabilities.

C. Demographic assumptions

- Cancellations (discontinuation of premium payment, settlement of policies, payment of redemption value) - in accordance with Company’s experience with the different products as observed in periodic cancellation studies, while making adjustments in accordance with the Company’s estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.

- Mortality of pensioners - in accordance with the appendixes and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the amendment of the provisions of the Consolidated Circular Provisions on Measuring Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 27, 2024. In addition, the circular cancelled the 3% addition to the value of the pension paid, which is taken into account in the calculation of insurance companies’ undertakings for retirees, who are not obliged to opt for an annuity.

- Active mortality - based on data from reinsurers that prepared a mortality study in Israel, adjusted according to the Company's claims history based on mortality studies for the relevant products that are carried out periodically.

- Morbidity (claims’ rate and duration) in relation to long-term care, income protection, disability and health insurance products - based on the Company’s claims history to the relevant products, in accordance with periodic claims studies, and/or in accordance with reinsurance tariffs applicable to the relevant products.

- Pension takeup rates, annuity takeup age, and pension tracks - in accordance with the Company’s experience as observed in periodic studies, the different policy types and funds.

D. Estimate of insurance liabilities in property and casualty insurance

The estimate of the insurance liabilities in the various subsegments in respect of policies earned is based on the provision as of June 30, 2024 Balance Sheet. The estimate includes Unallocated Loss Adjustment Expenses (ULAE) and does not include RM and other non-specific margins that were taken into account for reserve adequacy testing for the said balance sheet. In respect of the unearned portion, the cost is based on the balance sheet calculation, taking into account the unearned portion of the contingent claims; (these are also deducted from risk margins and other non-specific margins).

Other assets and liabilities:

(2) **Intangible assets** - in accordance with Part A Chapter 2 Appendix A, an insurance company shall assess the value of intangible assets at zero, excluding the investment in Insurtech, as defined in the Solvency Circular and after obtaining the Commissioner’s approval.

(3) **Deferred acquisition expenses**- in accordance with Part A Chapter 2 Appendix A, an insurance company shall assess the value of acquisition costs at zero. It should be noted that the value of the future profits implicit in existing insurance contracts was taken into account in the liability in respect of insurance contracts item.

(4) **Investment in investees which are not insurance companies** - in accordance with Part A Chapter 2 Appendix B, the calculation was carried out using the adjusted equity method, in accordance with the circular on investees which are not insurance companies. In accordance with this method, the Company’s stake in investees was included based on its relative share in the excess of their assets over their liabilities, calculated in accordance with the economic value of the assets and liabilities in accordance with the circular’s provisions, based on their financial statements after writing-off intangible assets. In investees where the economic balance sheet reflects an excess of liabilities over assets, the value of the investment will be zero rather than a negative amount, when its value in the accounting balance sheet is a positive amount. The economic value of the investees does not include the profits implicit in those companies.

(5) **Non-marketable debt assets** - in accordance with Part A, Chapter 1, the fair value of non-marketable debt assets is calculated on the basis of a discounted cash flow model; the discount rates are determined by a company providing price and interest rate quotes for institutional entities.

(6) **Designated bonds** - in accordance with Part A Chapter 2 Appendix E, the insurance company adjusts the value of designated bonds to their value as per the economic balance sheet in accordance with their economic value that takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them, based on estimates used for calculating the BE of the insurance liabilities for which the Company is entitled to designated bonds.

(7) **Liabilities in respect of deferred taxes, net** - in accordance with Part A Chapter 2 Appendix C, the calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet and the value attributed to those assets and liabilities for tax purposes, in accordance with the recognition, measurement and presentation provisions of IAS 12. Deferred tax assets may be recognized only if the Company shall meet the criteria included in the Solvency Circular, in addition to the criteria included in the abovementioned accounting standard.

(8) **Payables and credit balances** - in accordance with Part A Chapter 1, some of the balances in this item were calculated in accordance with the general principles regarding the economic balance sheet.

(9) **Financial liabilities** - in accordance with the general principles set in the Solvency Circular and subject to the guidance in Part A Chapter 3, whereby changes in the Company's credit risk may only taken into account in respect of changes in risk-free interest. That is to say, the discount rate is a risk-free interest plus the margin on issuance date.

(10) **Deduction Value during the Transitional Period as of June 30, 2024**: The Deduction During the Transitional Period (hereinafter - the "**Deduction Amount**") was calculated in accordance with the provisions included in the Solvency Circular and in the letter to insurance companies managers: "Principles for Calculating Deduction During the Transitional Period in the Solvency II-based Economic Solvency Regime" of October 15 2020 (hereinafter - the "**Letter of Principles**").

The Deduction was initially calculated as of December 31, 2019, as the total amount of the positive differences between insurance reserves (retention) as per the economic balance sheet including the risk margin (net of adjustment to the fair value of designated bonds) and the insurance reserves (retention) as of that date in accordance with the Financial Statements. These differences were calculated at product group level in accordance with the provisions included in the Letter of Principles.

The Company recalculated the value of the Deduction as of June 30, 2024 subsequent to the previous update as of December 31, 2023, among other things, due to the continuing rise in the interest rate curve. The Deduction Amount in the first half of 2024 was reduced by approx. NIS 91 million mainly due to the recalculation, but also due to shortening the remaining duration of the Deduction. The post-deduction balance reflecting a future period of 8.5 years amounts to approx. NIS 400 million, compared with a deductible balance in the amount of NIS 491 million in December 2023 based on a future amortization period of 9 years.

Section 3B - Composition of liabilities in respect to insurance contracts and investment contracts

	As of June 30, 2024		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Unaudited		
	NIS thousand		
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts:			
SLT life insurance and long-term health insurance contracts	2,707,859	690,962	2,016,898
NSLT property & casualty insurance and health insurance contracts	5,131,141	1,711,041	3,420,100
Total liabilities for insurance contracts and non-yield-dependent investment contracts	7,839,000	2,402,003	5,436,997
Liabilities in respect of insurance contracts and yield-dependent investment contracts - SLT life insurance and long-term health insurance contracts	32,682,472	162,401	32,520,072
Total liabilities in respect of insurance contracts and investment contracts	**40,521,472**	**2,564,403**	**37,957,069**

	As of December 31, 2023		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Audited		
	NIS thousand		
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts:			
SLT life insurance and long-term health insurance contracts	3,106,695	613,641	2,493,054
NSLT property & casualty insurance and health insurance contracts	5,037,127	1,570,318	3,466,810
Total liabilities for insurance contracts and non-yield-dependent investment contracts	8,143,822	2,183,958	5,959,864
Liabilities in respect of insurance contracts and yield-dependent investment contracts - SLT life insurance and long-term health insurance contracts	32,014,172	154,254	31,859,918
Total liabilities in respect of insurance contracts and investment contracts	**40,157,994**	**2,338,213**	**37,819,782**

Following are the key changes compared with the comparative figures:

- The decrease in total liabilities (retention) for insurance contracts and non-yield-dependent investment contracts is mainly due to demographic revisions, the Economic Arrangements Law and an increase in the interest rate. This effect was partially offset by an increase in liabilities following the Economic Arrangements Law.
- The increase in total liabilities in respect of insurance contracts and yield-dependent investment contracts stems mainly from positive returns beyond the discount rate and continued increase in interest rate, as well as current contributions into planholders' portfolios in respect of yield-dependent insurance contracts and investment contracts. This effect was partially offset by revision to demographic assumptions.

Economic Solvency Ratio Report as of June 30, 2024

Section 4 - Own Funds in respect of SCR

	As of June 30, 2024			
	Tier 1 capital			
	Basic Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Total
	Unaudited			
	NIS thousand			
Own funds	5,690,449	300,195	1,959,083	7,949,727
Deductions from Tier 1 capital (a)	(127,314)			(127,314)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	-	-
Own funds in respect of SCR (d)	5,563,134	300,195	1,959,083	7,822,412
Of which - expected profits in future premiums (EPIFP) after tax	4,729,477			4,729,477

	As of December 31, 2023			
	Tier 1 capital			
	Basic Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Total
	Audited			
	NIS thousand			
Own funds	5,521,482	287,582	1,948,027	7,757,090
Deductions from Tier 1 capital (a)	(232,575)			(232,575)
Deductions (b)	-	-	0	0
Deviation from quantitative limitations (c)	-	-	-	-
Own funds in respect of SCR (d)	5,288,907	287,582	1,948,027	7,524,515
Of which - expected profits in future premiums (EPIFP) after tax	4,759,755			4,759,755

Main Changes in relation to previous year:

For information about changes affecting basic Tier 1 capital, see Section 2A above.

(a) Amounts deducted from Tier 1 capital - in accordance with the definitions of “Basic Tier 1 capital” in Appendix B, Chapter 2, Part 2 of Section 5 in the Consolidated Circular - “Economic Solvency Regime” (hereinafter - the “**Economic Solvency Regime Appendix**”), these deductions include the amount of assets held against liabilities in respect of non-yield dependent insurance contracts and investment contracts in breach of the investment rules regulations, amount invested by the Company in purchasing Company ordinary shares, and the amount of dividend declared subsequent to the report date and through the publication date of the report, as stated in Section 2A above. As described above, subsequent to balance sheet date the Company declared a NIS 100 million dividend.

(b) Deductions - in accordance with the provisions of Chapter 6 in Part B - “Directives regarding

Insurance Companies' Own Funds" to the Economic Solvency Regime Appendix.

(c) Deviation from quantitative limitations - in accordance with the provisions of Chapter 2 in Part B - "Directives regarding Insurance Companies' Own Funds" to the Economic Solvency Regime Appendix.

(d) Composition of own funds in respect of SCR

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	NIS thousand
Tier 1 capital:		
Basic Tier 1 capital	5,563,134	5,288,907
Additional Tier 1 capital:		
Perpetual capital note and non-performing preferred shares	-	-
Additional Tier 1 capital instruments	-	-
Restricted Tier 1 capital instruments	300,195	287,582
Less deduction due to deviation from quantitative limit	-	-
Additional Tier 1 capital	300,195	287,582
Total Tier 1 capital	**5,863,330**	**5,576,489**
Tier 2 capital:		
Additional Tier 1 capital that was not included in Tier 1	-	-
Tier 2 capital instruments	1,310,938	1,298,598
Hybrid Tier 2 capital instruments	342,024	348,675
Hybrid Tier 3 capital instruments	306,120	300,754
Subordinated Tier 2 capital instruments	-	-
Less deduction due to deviation from quantitative limit	-	-
Total Tier 2 capital	1,959,083	1,948,027
Total own funds in respect of SCR	**7,822,412**	**7,524,516**

For further details, see Section 2A above.

Section 5 - Solvency capital requirement (SCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	NIS thousand
Basic solvency capital requirement (BSCR)		
Capital requirement in respect of market risk-weighted component	2,469,160	2,473,482
Capital requirement in respect of counterparty risk component	308,045	332,453
Capital requirement in respect of underwriting risk component in life insurance	1,469,092	1,582,025
Capital requirement in respect of underwriting risk component in health insurance (SLT+NSLT)	3,616,174	3,649,867
Capital requirement in respect of underwriting risk component in P&C insurance	987,753	1,028,671
Total	**8,850,224**	**9,066,498**
Effect of diversification of risk-weighted components	(3,017,219)	(3,119,756)
Capital requirement in respect of the intangible assets risk component	110,400	114,144
Total basic solvency capital requirement (BSCR)	**5,943,405**	**6,060,886**
Capital requirement in respect of operational risk	265,669	256,839
Loss absorption adjustment due to deferred tax asset (minus)	(2,056,443)	(2,011,697)
Total solvency capital requirement (SCR)	**4,152,631**	**4,306,029**
Total solvency capital requirement (SCR)	**4,152,631**	**4,306,029**

Following are key changes in solvency capital requirement versus the comparative figures:

- The decrease in the capital requirement in respect of the underwriting risk in Life Insurance arises mainly from revision of demographic assumptions, as detailed above in the section entitled key changes compared with the December 31, 2023 reporting date (in Section 2).
- The decrease in capital requirements in respect of the underwriting risk in Health Insurance (SLT+NSLT) arises mainly from the Economic Arrangements Law and a cancellation rate, which is lower than that taken into account in the models as of December 31, 2023.

For details regarding own funds for purposes of the solvency capital requirement without applying the Provisions for the Transitional Period see Section 8 “Restrictions on dividend distribution”, below.

Section 6 - Minimum capital requirement (MCR)

A. Minimum capital requirement (MCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	NIS thousand
MCR based on the formula (MCR linear)	1,389,931	1,315,136
Lower band (25% of solvency capital requirement in the Transitional Period)	1,038,158	1,076,507
Upper band (45% of solvency capital requirement in the Transitional Period)	1,868,684	1,937,713
MCR	1,389,931	1,315,136

B. Own funds in respect of MCR

	As of June 30, 2024			As of December 31, 2023		
	Tier 1 capital	Tier 2 capital	Total	Tier 1 capital	Tier 2 capital	Total
	Unaudited			Audited		
	NIS thousand			NIS thousand		
Own funds in respect of SCR according to Section 4	5,863,330	1,959,083	7,822,412	5,576,489	1,948,027	7,524,516
Deviation from quantitative limitations due to minimum capital requirement (*)		(1,681,097)	(1,681,097)		(1,684,999)	(1,684,999)
Own funds in respect of MCR	**5,863,330**	277,986	**6,141,316**	**5,576,489**	**263,027**	**5,839,516**

(*) In accordance with the provisions of Chapter 3 in Part B to the Economic Solvency Regime Appendix, Tier 2 capital shall not exceed 20% of MCR.

Section 7 - Effect of the application of the directives for the Transitional Period

Effect of the application of the directives for the Transitional Period	Including applying the Provisions for the Transitional Period for the Transitional Period and adjusting the stock scenario	Effect of Deduction during the Transitional Period	Effect of a 50% rate Tier 2 capital during the Transitional Period	Excluding applying the Provisions for the Transitional Period for the Transitional Period and adjusting the stock scenario
	Unaudited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	43,621,866	(399,885)	-	44,021,751
Basic Tier 1 capital	5,563,134	260,925	-	5,302,209
Own funds in respect of SCR	7,822,412	260,925	242,446	7,319,041
Solvency capital requirement (SCR)	4,152,631	(138,960)	-	4,291,591

Effect of the application of the directives for the Transitional Period	Including applying the Provisions for the Transitional Period for the Transitional Period and adjusting the stock scenario	Effect of Deduction during the Transitional Period	Effect of a 50% rate Tier 2 capital during the Transitional Period	Excluding applying the Provisions for the Transitional Period for the Transitional Period and adjusting the stock scenario
	Unaudited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	43,298,885	(490,864)	-	43,789,749
Basic Tier 1 capital	5,288,907	323,037	-	4,965,870
Own funds in respect of SCR	7,524,515	323,037	158,484	7,042,994
Solvency capital requirement (SCR)	4,306,029	(167,826)	-	4,473,855

Section 8 - Dividend Distribution Restrictions

The Company's policy is to hold a solid capital base to ensure its solvency and its ability to meet its obligations to policyholders and allow flexibility in its business activities to generate a return for its shareholders. The Company is subject to the capital requirements and regulation set for dividend distribution. Therefore, according to the letter published by the Commissioner, 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 Solvency Circular) of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by the Company's Board of Directors; the Company approved a capital management plan which includes capital targets.

Solvency ratio target set by the Board of Directors

In February 2018, the Company's Board of Directors resolved to set a "target capital" for dividend distribution. The target capital is an addition to own funds and over and above the solvency capital requirement (SCR). The Company set the target capital at a rate of 115%, which will increase linearly until the end of 2024. Due to the transition to the Transitional Period until 2032, as set out in Section 1C above, in November 2023, the Company's Board of Directors revised the target capital for dividend distribution starting from 2024 onwards, such that it will gradually increase linearly to a rate of 130% at the end of 2032. As of June 30, 2024, the target capital that was set amounted to 114.6% of the total capital requirements.

The following are data on the Company's economic solvency ratio, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by the Company's Board of Directors. The ratio is higher than the solvency ratio required by the letter.

Economic Solvency Ratio Report as of June 30, 2024

Restrictions on dividend distribution
Excluding applying the Provisions for the Transitional Period

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
Excluding applying the Provisions for the Transitional Period	NIS thousand	
Own funds in respect of SCR (in NIS thousand)	7,319,041	7,042,994
Solvency capital requirement (SCR) (in NIS thousand)	4,291,591	4,473,864
Surplus (deficit)	3,027,450	2,569,130
Solvency ratio (in %)	170.5%	157.4%
Effect of material equity transactions taken in the period between the calculation date and publication date of the Solvency Ratio Report		
Raising (redemption) of capital instruments	(63,674)	-
Own funds in respect of SCR	**7,255,367**	**7,042,994**
Surplus	2,963,776	2,569,130
Economic solvency ratio (%)	169.1%	157.4%
Capital surplus after equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report, compared with the Board of Directors' target		
Target of the Board of Directors for the period (in percent)	114.6%	114.3%
Capital surplus over target	2,335,364	1,930,007

* Subsequent to the balance sheet date, the Company redeemed an approx. NIS 306 million Note (Series D), some of which was recognized as a Tier 2 capital instrument. Out of the redeemed amount, the effect on the eligible capital stood at only approx. NIS 64 million, due to exceeding the quantitative cap of eligible Tier 2 capital, which stood at approx. NIS 243 million as of June 30, 2024.

<u>**Material changes from the previous year:**</u>

- **For an explanation about changes in the recognized capital, capital requirement, and surplus capital in the Transitional Period, see Section 2A.**
- **For an explanation about changes in the capital requirements in the Transitional Period, see Section 5.**

November 27, 2024				
Date	Yehuda Ben Assayag	Michael Kalman	Shai Kompel	Ruty Yehudayoff Cohen
	Chairman of the Board of Directors	CEO	Deputy CEO	EVP, Chief Risk Officer

Economic Solvency Ratio Report

Shomera Insurance Company Ltd.

As of June 30, 2024

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Economic Solvency Ratio Report

Shomera Insurance Company Ltd.

As of June 30, 2024

Kost Forer Gabbay & Kasierer
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To:
The Board of Directors of Shomera Insurance Company Ltd.

Dear Sir/Madam,

Re: **Independent Auditor's Report on the Solvency II-based Economic Solvency Ratio Report of Shomera Insurance Company Ltd. (hereinafter - the "Company") as of June 30, 2024**

Introduction

We have performed the procedures set out below regarding the Solvency II-based Economic Solvency Ratio Report of the Company as of June 30, 2024 (hereinafter - the "**Report**" or the "**Solvency Ratio Report**"). Our report refers only to solvency ratio calculations and the presentation method of the Solvency Ratio Report and does not refer to any other activity of the Company.

Responsibility

The Board of Directors and management are responsible for the preparation and presentation of the Report in accordance with the Directives of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") regarding the Solvency II-Based Provisions of the Economic Solvency Regime for Insurance Companies as set out in Chapter 2, Part 2, Section 5 of the consolidated circular and the related guidelines (hereinafter collectively - the "**Commissioner's Directives**"). The calculations, forecasts and assumptions on which the preparation of the Information was based fall under the responsibility of the Board of Directors and management. This responsibility includes the selection and application of appropriate methods for the preparation of the information and the use of assumptions and estimates for individual disclosures, which are reasonable under the circumstances. Moreover, this responsibility includes the planning, implementation, and maintenance of systems and processes relevant to preparation of the information in a way that is free from material misstatement.

Review scope

We conducted our engagement in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information published by the IAASB, and in accordance with the Commissioner's Directives as included in Chapter 7, Section 5, Part 1 to the Consolidated Circular - Independent Auditor - which lists directives regarding review of a quarterly Economic Solvency Ratio Report. The work procedures included the procedures set out below, to assess whether the Company's calculations for this subject, as of June 30, 2024, in all material respects, do not comply with the Commissioner's Directives. However, we do not provide a separate conclusion for each disclosure.

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The work procedures included the following procedures:

- Review of the Solvency Ratio Report and the explanations in the Report;
- Clarifications, mainly with those responsible for producing the Solvency Ratio Report and calculations for the solvency ratio; including clarifications for the material changes in the models, methodologies, calculation processes, and systems;
- Review of material changes in studies affecting the Report;
- Performing analytical review procedures, including assessing the likelihood of the material changes in the main sections of the Report.

Our work is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards 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 the procedures performed, nothing has come to our attention that causes us to believe that the calculation of the solvency ratio and the presentation of the Company's Solvency Ratio Report for June 30, 2024, are not prepared in accordance with the Commissioner’s Directives, in all material respects.

It should be emphasized that the projections and assumptions are based mainly on past experience, as arising from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and the changes in the economic environment, past data do not necessarily reflect future results. The information is sometimes based on assumptions regarding future events, steps taken by management, and the pattern of the future development of the risk margin, that will not necessarily materialize or will materialize in a manner different than the assumptions used in the information. Furthermore, actual results may materially vary from the information, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the information.

We draw attention to Section 1(d)(2) - Comments and clarifications regarding the solvency ratio, the uncertainty arising from regulatory changes, and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated, as well as regarding the uncertainty embodied in the actuarial and financial assumptions and forecasts to be used in the preparation of the Report.

Tel Aviv,
November 21, 2024

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Section 1 - General

A. Overview and disclosure requirements

1. Solvency II-based Economic Solvency Regime

The information provided below was calculated in accordance with the provisions of Circular 2020-1-15 of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") - "Amendment to the Consolidated Circular concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies" (hereinafter - the "**Solvency Circular**"), was prepared and presented in accordance with Chapter 1, Part 4 Section 5 of the Consolidated Circular as recently revised in Circular 2020-1-17 (hereinafter - the "**Disclosure Provisions**").

The Solvency Circular sets a standard model for calculating existing own funds and the solvency capital requirement, aiming to bring insurance companies to a situation where they have the capacity to absorb losses arising from the materialization of unexpected risks to which they are exposed. The solvency ratio is the ratio between an insurance company's existing own funds and its regulatory solvency capital requirement. The existing own funds shall be composed of Tier 1 capital and Tier 2 capital. Tier 1 Capital includes own funds calculated through assessing the value of an insurance company's assets and liabilities in accordance with the circular's provisions, and Additional Tier 1 Capital. Additional Tier 1 capital and Tier 2 capital include equity instruments with loss absorption mechanisms, including Subordinated Tier 2 capital, Hybrid Tier 2 capital and Tier 3 capital, which were issued prior to the circular's effective date. The circular includes restrictions on the composition of own funds for SCR purposes (see below), such that the rate of components included in Tier 2 Capital shall not exceed 40% of the SCR (during the Transitional Period, as described below - 50% of the SCR in the Transitional Period).

The eligible capital should be compared to the capital requirement when there are two levels of capital requirements:

- The capital requirement to maintain an insurance company's solvency (hereinafter - "**SCR**") is risk-sensitive, and is based on a forward-looking calculation of the effect of the various scenarios' materialization, while taking into account the correlation of the various risk factors, based on the application guidance of the New Solvency Regime. This requirement aims to guarantee the precise and timely involvement of the regulatory authorities.
- Minimum capital requirement (hereinafter "**MCR**" or "**Capital Threshold**"). In accordance with the Solvency Circular, the minimum capital requirement shall be equal to the highest of the amount of the minimum Tier 1 capital requirement under the "Requirements of the Previous Capital Regime" and an amount derived from insurance reserves and premiums (as defined in the Solvency Circular), with a floor of 25% and a cap of 45% of the SCR.

The eligible capital and the capital requirement are calculated using data and models for calculating the economic solvency ratio, which are based, among other things, on forecasts and assumptions that rely mainly on past experience. The calculations performed as part of the economic capital calculation and the economic capital requirement are highly complex.

2. Provisions during the Transitional Period

The Solvency Circular includes, among other things, Transitional Provisions in connection with compliance with capital requirement, as follows:

Selecting on of the following alternatives:

1. Gradual transition to the capital requirement until the end of 2024 (hereinafter - the "**Transitional Period**"), such that the capital requirement shall increase gradually by 5% per year, starting with 60% of the SCR up to the full SCR amount. The solvency capital requirement of an insurance company during the Transitional Period, to be calculated based on data as of June 30, 2024 will not fall below 95% of the SCR (as of December 31, 2023 - 95%).

2. Increasing the economic capital by deducting from the insurance reserves an amount calculated in accordance with the Solvency Circular (hereinafter - the "**Deduction**"). The Deduction will decrease gradually until 2032. (hereinafter - "**Deduction during the Transitional Period**").

In that context, it should be noted that the Company does not hold liabilities in the life and health insurance segments, and therefore option 2 above becomes redundant, i.e., the Company implements the first option regarding the Transitional Period.

Forward-looking information
The data contained in this Economic Solvency Ratio Report, including the eligible own funds and solvency capital requirement are based, among other things, on forecasts, assessments, and estimates of future events, the materialization of which is uncertain and is not under the Company's control, and which should be considered as "forward-looking information" as the term is defined in Section 32A to the Securities Law, 1968. Actual results may differ from the results reflected in this Economic Solvency Ratio Report, if such forecasts, assessments and estimates, either in whole or in part, fail to materialize or materialize in a manner different than anticipated, including, among other things, with respect to actuarial assumptions (including cancellations, expenses, and underwriting income rate), assumptions regarding future management actions, risk-free interest rates, capital market returns, future revenue, and damage in catastrophe scenarios.

3. Disclosure and Reporting Provisions in connection with Economic Solvency Ratio Report

The disclosure provisions stipulate, among other things, that the Economic Solvency Ratio Report will be posted on the Company's website, and will be included in the first periodic report published after the calculation date. The Economic Solvency Ratio Report in respect of December 31 of each year shall be audited by the Company's independent auditor, and the semi-annual report shall be reviewed by the independent auditor. In addition, the disclosure provisions include provisions regarding the structure of the Economic Solvency Ratio Report, its approval by the relevant organs in the Company, the requirement that it will be audited by the Company's independent auditor, and the disclosure requirements in respect thereof.
In accordance with the Commissioner's letter to insurance companies' managers of March 14, 2022 regarding "Reporting and Publication of Economic Solvency Ratio Report as of December 31, 2021 and

June 30, 2021", an insurance company is required to include information regarding the implementation of sensitivity tests of the economic solvency ratio to various risk factors, which are material for the Company. In addition, as from the Economic Solvency Ratio Report as of December 31, 2022, insurance companies are also required to include quantitative information regarding changes in relation to the economic solvency ratio, that will provide the details of the key causes for changes in the capital surplus compared to the previous year. This information is reported once a year within the annual report.

B. Definitions

Best estimate	-	Expected future cash flows from insurance contracts throughout their term, without conservatism margins and discounted by an adjusted risk-free interest.
Short-term health insurance (non-similar to life techniques - NSLT)	-	Health insurance that is deemed to be written on a similar technical basis as property and casualty insurance.
Basic solvency capital requirement (BSCR)	-	The capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Provisions of the Economic Solvency Regime Directives, without taking into account the capital requirement due to operational risk, and loss absorption adjustment due to deferred tax.
Solvency capital requirement (SCR)	-	Total capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime.
Eligible own funds	-	Total Tier 1 capital and Tier 2 capital of an insurance company, after deductions and amortization in accordance with the provisions of Part B of the Appendix to the Solvency Circular.
Basic Tier 1 capital	-	Accounting own funds plus the change in the excess assets over liabilities stemming from discrepancies between the manner of assessing the value of assets and liabilities as part of the transition to economic balance sheet, net of unrecognized assets and dividend declared subsequent to balance sheet date until the Report publication date.
Additional Tier 1 capital	-	Perpetual capital note, non-performing preferred shares, Restricted Tier 1 capital instrument, additional Tier 1 capital instrument.
Tier 2 capital	-	Tier 2 capital instruments, Subordinated Tier 2 Capital, Hybrid Tier 2, and Hybrid Tier 3 Capital - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.
Effect of diversification of risk-weighted components	-	Correlation between the various risks of the model - The greater the diversification between operating segments in the portfolio and the diversification between risks, the greater is the effect of the correlation, which reduces the overall risk.
Solvency ratio	-	The ratio between the eligible own funds and the solvency capital requirement of an insurance company.
Stock scenario adjustment	-	Reduced capital requirement for certain types of investments that will gradually increase until 2023 when the capital requirement for these investments reaches its full rate.
Economic balance sheet	-	The Company's balance sheet when the value of the assets and liabilities is adjusted in accordance with the provisions of Part A in the appendix to the Solvency Circular.
Risk margin (RM)	-	An amount in addition to the best estimate reflecting the total cost of capital that another insurance company or reinsurer would require to assume the Company's insurance liabilities.
Minimum capital requirement (MCR)	-	The minimum capital requirement from an insurance company.
Transitional Period	-	As part of the transitional provisions for the implementation of the economic solvency regime, from 2017 to 2024, the solvency capital requirement (SCR) of the insurance company will increase gradually from 60% in 2017 to full compliance with the solvency capital requirement (100%) in 2024.
UFR	-	The ultimate forward rate derived from the expected long-term real interest rate and the long-term inflation expectations to which the adjusted interest rate curve converges, in accordance with the Provisions of the Economic Solvency Regime.
The Commissioner	-	Commissioner of the Capital Market, Insurance and Savings Authority of the Ministry of Finance.

C. Calculation methodology

The Economic Solvency Ratio Report as of June 30, 2024 was calculated and prepared in accordance with the directives for the economic solvency of a Solvency II-based insurance company (hereinafter - the "**Directives**") as set out in the Solvency Circular. Below are the key points of the provisions:

Economic balance sheet

The economic balance sheet is calculated in accordance with the detailed rules and directives published by the Commissioner, which are based on the European Solvency II rules, with adjustments to reflect the characteristics of the economic environment and products in Israel. The purpose of the rules is to reflect the economic value of the balance sheet items in accordance with the Commissioner's approach. In accordance with the Directives, the insurance liabilities are calculated based on the best estimate of all expected future cash flows from existing businesses, without conservatism margins and plus a risk margin, which represents the addition to the insurance liabilities that is expected to be required from another insurance company to assume the insurance company's insurance liabilities. In accordance with the Directives, the risk margin is calculated using the cost of capital method, at a rate of 6% per year of the expected capital requirement in respect of insurance risks over the life of the existing businesses as described below. The economic balance sheet is prepared based on the Company's separate financial statements and include an investee, which constitutes a real estate arm. The economic balance sheet does not include the economic value of insurance agencies under the insurance company and also attributes zero value to intangible assets and deferred acquisition costs.

Solvency capital requirement (SCR)

The calculation of the solvency capital requirement is based on an assessment of the economic own funds's exposure to the following risk-weighted components set in the Provisions of the Economic Solvency Regime: property and casualty insurance risks, market risks and counter-party default risks. These risk-weighted components include sub-risk-weighted components with respect to specific risks to which the insurance company is exposed. The exposure assessment of the economic own funds to each sub-risk component is carried out based on a defined scenario set out in the guidance. The determination of the solvency capital requirement is based on the sum of the capital requirements in respect of the risk-weighted components and risk-weighted sub-components and the sub-risk weighted components, as stated above, net of the effect of the risk diversification in the Company in accordance with the correlations assigned to them under the Directives, and net of the loss absorption adjustment due to deferred tax, as detailed in the Provisions of the Economic Solvency Regime.

Furthermore, the calculation of the solvency capital requirement includes components of capital required in respect of operational risk. The capital requirement in respect of each of the risks are calculated in accordance with the Company's exposures to that risk, taking into account the parameters set in the Directives. In accordance with the Directives, the amount of own funds requirement represents the scope of equity that will allow the insurance company to absorb unexpected losses in the forthcoming year and meet its obligations to policyholders and beneficiaries on time, with a 99.5% certainty level.

The loss absorption adjustment with respect to deferred tax assets beyond the balance of the deferred tax reserve as per the economic balance sheet is limited to 5% of the basic solvency capital requirement (BSCR), provided that the following conditions are met:

- The insurance company is able to demonstrate to the Commissioner that it is probable that it will have future taxable income against which the tax assets may be utilized.
- Future income will arise only from property and casualty insurance or from Not Similar to Life Techniques (NSLT) health insurance.

It should be emphasized that the results of the models used in the calculation of the eligible own funds and the solvency capital requirement are highly sensitive to the forecasts and assumptions included therein, as well as to the manner by which the Directives are implemented. The economic solvency ratio is highly sensitive to market variables and other variables, and accordingly may be volatile.

D. Comments and clarifications

1. General

The Economic Solvency Ratio Report includes, among other things, forecasts based on assumptions and parameters based on past experience, as they arise from actuarial studies conducted from time to time, and on Company's assessments regarding the future, to the extent that it has relevant and concrete information which can be relied upon. The information and studies are similar to those used as the basis for the Company's periodic report as of as of June 30, 2024. In addition, any information or studies obtained or completed after the publication date of the parent company's periodic report were not taken into account.

This Solvency Ratio Report was prepared based on the conditions and the best estimate as they were known to the Company on the publication date of the report as of June 30, 2024. It should be emphasized that in view of the reforms in the capital, insurance and savings market and the changes in the economic environment, past data are not necessarily indicative of future results, and the Company is unable to accurately assess the effect of the reform and the changes.

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 to be used in the calculation. Furthermore, actual results may materially vary from the calculation, since combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

2. <u>Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities</u>

a) In recent years the field of insurance has been subject to frequent changes in relevant legislation and frequent regulatory directives. See Section 4.1 in Chapter A (Description of the Corporation's Business) in the 2023 Periodic Report, and in Section 4 "Minimum Capital Required from Insurer" to the Report of the Board of Directors for the period ended June 30, 2024. Legislation and regulatory measures affect the Company's profitability and its cash flows and consequently - its economic solvency ratio.

The calculation of the solvency ratio does not reflect all potential effects of the aforesaid legislation and regulatory measures and of other developments that are not yet reflected in practice in the data; this is since to date the Company is unable to assess their entire effect on its business results and solvency ratio.

b) In accordance with the Solvency Circular, the value of contingent liabilities in the economic balance sheet is determined based on their value in the accounting balance sheet in accordance with the provisions of IAS 37; this measurement does not reflect their economic value. It is impossible to assess the effect of the uncertainty arising from the exposure to contingent liabilities described in Note 7 to the Consolidated Financial Statements as of June 30, 2024, including the effect of such an exposure on the Company's future profitability and solvency ratio.

c) 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 change in VAT applied to the calculation of the economic solvency ratio as of June 2024 and did not affect the capital surplus.

Section 2 - Economic solvency ratio and minimum capital requirement (MCR)

A. Economic solvency ratio and minimum capital requirement (MCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited (*)	Audited (**)
	NIS thousand	
Shareholders equity in respect of SCR - see Section 4 (in NIS thousand)	678,092	627,488
Solvency capital requirement (SCR) - see Section 5 (in NIS thousand)	450,194	438,908
Surplus (in NIS thousand)	227,898	188,580
Economic solvency ratio (in %)	150.6%	143.0%

*) In this Report, the term "unaudited" refers to a review conducted in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

**) Any reference made in this report to the term "audited", shall be construed as an audit held in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.

Following are the main changes in the economic solvency ratio compared to December 31, 2023:

- Dividend distributed subsequent to the balance sheet date - In July 2024, the Company Board of Directors approved a dividend distribution of NIS 50 million. In accordance with the Solvency Circular Directives, dividends distributed subsequent to the balance sheet date and up to the Report publication date are deducted from the Company's eligible capital.
- An increase in underwriting income had a materially positive effect on capital surplus. On the other hand, there was an increase in capital requirements, due to an increase in expected premiums in the Motor Property and the Compulsory Motor Subsegments, and due to an increase in Compulsory Motor reserves for new years in view of a new business activity, which is not covered under reinsurance (LPT). Furthermore, during the year, the Company made acquisitions of agencies, which led to a decrease in eligible capital due to write-off of the intangible assets in the companies' economic value in accordance with the Solvency Directives; for details about the acquisitions, see Note 4 to the Consolidated Financial Statements as of June 30, 2024. These aggregate effects had an overall positive impact on the capital surplus.
- **Implication of the Iron Swords War – the ramifications of the war at this stage are immaterial.** As this involves an ongoing incident characterized by a considerable degree of uncertainty, and as of the Report approval date the Company has no information concerning its duration, intensity and impact on the economy, the Company is unable to reliably evaluate the full future impact of the War on the

Company’s economic solvency ratio.

For details regarding the economic solvency ratio without applying the Transitional Provisions for the Transitional Period, and without adjusting the stock scenario, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Section 8.

B. Minimum capital requirement (MCR)

	As of June 30, 2024	**As of December 31, 2023**
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR) - see Section 6.A.	193,399	138,093
Own funds for MCR - see Section 6B	678,092	627,488

Section 3 - Economic Balance Sheet

The fair value of assets and liabilities in the economic balance sheet was calculated in accordance with the provisions included in the chapter dealing with measurement of assets and liabilities for financial statements purposes. In the Consolidated Circular (Chapter 1, Part 2 of Section 5) (hereinafter - the "**Measurement Chapter in the Consolidated Circular**"), except for items for which it was provided otherwise in the Provisions of the Economic Solvency Regime, as follows:

	Information about the economic balance sheet	As of June 30, 2024		As of December 31, 2023	
		Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
		Unaudited		Audited	
		NIS thousand			
Assets:					
Intangible assets	(2)	2,238	-	1,708	-
Deferred acquisition costs	(3)	111,035	-	98,879	-
Property, plant & equipment		38,342	38,342	37,698	37,698
Other investees		76,953	22,616	69,879	25,747
Total investments in investees that are not insurance companies		**76,953**	**22,616**	**69,879**	**25,747**
Investment property		27,175	27,175	22,739	22,739
Reinsurance assets		850,432	746,182	943,342	838,831
Receivables and debit balances		332,483	332,483	379,862	379,862
Financial investments:					
Liquid debt assets		910,467	910,467	786,330	786,330
Illiquid debt assets	(5)	668,629	654,221	643,228	628,549
Shares		150,576	150,576	130,082	130,082
Other		342,480	342,480	337,522	337,522
Total financial investments		**2,072,152**	**2,057,744**	**1,897,162**	**1,882,483**
Other cash and cash equivalents		237,496	237,496	246,867	246,867
Total assets		**3,748,306**	**3,462,038**	**3,698,136**	**3,434,227**
Equity					
Basic Tier 1 capital		698,181	729,353	661,928	678,672
Total equity	(1)	**698,181**	**729,353**	**661,928**	**678,672**
Liabilities:					
Total liabilities in respect of insurance contracts	(1)	2,258,533	1,878,602	2,105,757	1,788,495
Risk margin (RM)	(6)	-	67,392	-	61,044
Liabilities in respect of deferred taxes, net		9,796	55,335	10,435	42,061
Payables and credit balances		73,905	73,905	73,581	73,581
Financial liabilities		6,878	6,878	1,903	1,903
Other liabilities		701,013	650,572	844,532	788,471
Total liabilities		**3,050,125**	**2,732,684**	**3,036,208**	**2,755,555**
Total equity and liabilities		**3,748,306**	**3,462,038**	**3,698,136**	**3,434,227**

A. Information about the economic balance sheet

The fair value of assets and liabilities in the economic balance sheet was calculated in accordance with the provisions included in the chapter dealing with measurement of assets and liabilities for financial statements purposes in the Consolidated Circular (Code of Regulations), except for items for which other provisions apply as per the Solvency Circular, as follows:

(1) Liabilities in respect of insurance contracts

Liabilities in respect of insurance contracts are calculated in accordance with Part A Chapter 4 of the Solvency Circular based on a best estimate (hereinafter - "**BE**" or "**Best Estimate**") on the basis of assumptions that are mainly a result of projecting to the future existing experience relating to past events, within the environment in which the Company operates, and without conservatism factors. In addition, in accordance the part referring to BE in the "Commissioner's Position - Best Practice for Calculation of Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes", it is likely that the actual cash flows will vary to some extent from the estimates made on a "best estimate" basis. For further details, See Note 14 to the Consolidated Financial Statements as of December 31, 2023.

Limitations and qualifications with regard to calculation of the best estimate

Generally, the underlying assumptions of the models were formulated mainly on the basis of studies and analyses which are based on Company's experience over the past few years, which did not include extreme events. Although there is low probability that extreme events will occur, the Company is unable to estimate this probability or the extent of the effect of those events. Accordingly, such events were not taken into account in the determination of the models' underlying assumptions.

Assumptions underlying the insurance liabilities calculation - manner of determining the assumptions

The calculation's underlying assumptions were set in accordance with the Company's best estimates of relevant operational factors, and reflect the Company's expectations as to the future in respect of these factors. The operational assumptions (general and administrative expenses) were calculated in accordance with the results of the Company's internal pricing model applied to expenses relating to the relevant insurance liabilities, including: allocation of expenses to the different segments and activities (issuance, current management, investments, claims management, etc.) and assumptions regarding their future development (in accordance with the CPI, scope of premiums, assets under management, etc.).

Following are the key assumptions on which the Company relied in the calculations:

a) Economic assumptions

Discount rate - risk-free interest rate curve based on the yield to maturity of bonds of the Government of Israel ("risk-free interest"), with convergence in the long-term to a fixed rate of 2.6% (UFR) plus a margin (VA) - all as set by the Commissioner.

b) Assumptions underlying property and casualty insurance

The cost of claims in respect of future damages and damages that had already occurred but claims for which have not yet been paid, were estimated based on the Company's past experience in the different subsegments in connection with the rate of claims, the amounts of claims, and the rate of payment of claims in the different insurance subsegments.

The cost of claims in the different subsegments is based on an assessment of the reserves that were recorded in the consolidated financial statements as of June 30, 2024, minus the risk margins and other non-specific margins.

(2) Intangible assets

In accordance with principles set in the Solvency Circular - Part A Chapter 2 Appendix A, an insurance company shall assess the value of intangible assets (including goodwill) at zero.

(3) Deferred acquisition costs

In accordance with principles set in the Solvency Circular - Part A Chapter 4, Appendix C, Sub-Appendix 3, the deferred acquisition costs are taken into account in the best estimate calculation.

(4) Investment in investees that are not insurance companies

In accordance with Part A Chapter 2 Appendix B, the calculation was carried out using the adjusted equity method, in accordance with the circular on investees which are not insurance companies. In accordance with this method, the Company's stake in investees was included based on its relative share in the excess of their assets over their liabilities, calculated in accordance with the economic value of the assets and liabilities in accordance with the circular's provisions. In investees where the economic balance sheet reflects an excess of liabilities over assets, the value of the investment will be zero rather than a negative amount, when its value in the accounting balance sheet is a positive amount. The economic value of the investees does not include the profits implicit in those companies.

(5) Illiquid debt assets

In accordance with Part A, Chapter 1, the fair value of non-marketable debt assets is calculated on the basis of a discounted cash flow model; the discount rates are determined by a company providing price and interest rate quotes for institutional entities.

(6) Liabilities in respect of deferred taxes, net

In accordance with Part A Chapter 2 Appendix C, the calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet and the value attributed to those assets and liabilities for tax purposes, in accordance with the recognition, measurement and presentation provisions of IAS 12. Deferred tax assets may be recognized only if the Company shall meet the criteria included in the Solvency Circular, in addition to the criteria included in the above-mentioned accounting standard.

(7) Other liabilities

In accordance with Part A Chapter 1, some of the balances in this item were calculated in accordance with the general principles regarding the economic balance sheet.

B. Composition of liabilities in respect of insurance contracts

	As of June 30, 2024		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Unaudited		
	NIS thousand		
Liabilities in respect of insurance contracts:			
NSLT property & casualty insurance and health insurance contracts	1,878,602	746,182	1,132,420
Total liabilities in respect of insurance contracts	**1,878,602**	**746,182**	**1,132,420**

*) For further details, see Section 2A above.

	As of December 31, 2023		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Audited		
	NIS thousand		
Liabilities in respect of insurance contracts:			
NSLT property & casualty insurance and health insurance contracts	1,788,495	838,831	949,664
Total liabilities in respect of insurance contracts	**1,788,495**	**838,831**	**949,664**

Material changes compared with comparative figures in a previous period:

Economic Solvency Ratio Report as of June 30, 2024

During the reporting period, there were no material changes in gross liabilities. The increase in liabilities in respect of insurance contracts (retention) arises mainly from an increase in liabilities in respect of insurance contracts in the Compulsory Motor Subsegment for early years, which are not covered under the LPT contract, which also led to an increase in insurance capital requirements. For further details, See Note 1 to the Consolidated Financial Statements as of December 31, 2023.

Section 4 - Shareholders equity in respect of SCR

Own funds in respect of SCR

	As of June 30, 2024			
	Tier 1 capital			
	Basic Tier 1 capital	Additional	Tier 2 capital	Total
	Unaudited			
	NIS thousand			
Own funds	729,353	-	-	729,353
Deductions from Tier 1 capital (a)	(51,262)	-	-	(51,262)
Own funds in respect of SCR (b)	678,092	-	-	678,092

	As of December 31, 2023			
	Tier 1 capital			
	Basic Tier 1 capital	Additional	Tier 2 capital	Total
	Audited			
	NIS thousand			
Own funds	678,672	-	-	678,672
Deductions from Tier 1 capital (a)	(51,184)	-	-	(51,184)
Own funds in respect of SCR (b)	627,488	-	-	627,488

(a) **Deductions from Tier 1 capital** - Amounts deducted from Tier 1 capital - in accordance with the definitions of “Basic Tier 1 capital” in Appendix B, Chapter 2, Part 2 of Section 5 in the Consolidated Circular - “Economic Solvency Regime” (hereinafter - the “**Economic Solvency Regime Appendix**”), these deductions include the amount of assets held against liabilities in respect of non-yield dependent insurance contracts in breach of the Investment Rules Regulations, amount invested by the Company in buyback of ordinary shares, and the amount of dividend declared subsequent to the report date and through the publication date of the report for the first time. As stated in Section 2 above, the Company distributed a NIS 50 million dividend in July 2024, in addition to the NIS 50 million dividend, which was distributed in March 2024 and reflected in the solvency ratio report as of December 31, 2023.

(b) **Composition of own funds in respect of SCR**

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
Tier 1 capital:		
Basic Tier 1 capital	678,092	627,488
Total Tier 1 capital	**678,092**	**627,488**
Total own funds in respect of SCR	**678,092**	**627,488**

The main changes in own funds for the purpose of the solvency capital requirement stemmed from the positive impact of the increase in returns in the financial portfolio, and from underwriting income in the insurance portfolio, offset by the dividend declared subsequent to the balance sheet date.

Section 5 - Solvency capital requirement (SCR)

Solvency capital requirement (SCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
Basic solvency capital requirement (BSCR)		
Capital requirement in respect of market risk component	241,453	248,846
Capital requirement in respect of counterparty risk component	45,077	45,665
Capital requirement in respect of underwriting risk component in health insurance (SLT+NSLT)	20,166	17,582
Capital requirement in respect of underwriting risk component in P&C insurance	347,865	314,248
Total	**654,561**	**626,341**
Effect of diversification of risk-weighted components	(156,809)	(152,220)
Total basic solvency capital requirement (BSCR)	**497,753**	**474,121**
Capital requirement in respect of operational risk	56,358	53,656
Loss absorption adjustment due to deferred tax asset (minus)	(80,223)	(65,768)
Total solvency capital requirement (SCR), taking into account the stock scenario adjustment	**473,888**	**462,009**
The rate of solvency capital requirement in the Transitional Period of SCR (in percentages)	95%	95%
Total solvency capital requirement (SCR)	**450,194**	**438,908**

The main changes in the capital requirement in respect of Property and Casualty insurance risks arose from the effect of the increase in Property and Casualty insurance reserves, mainly in the Compulsory Motor Subsegment, which are not covered under the LPT agreement. On the other hand, the increase - offset by the tax reserve - reduced the total change in capital requirements.

For information about own funds for purposes of solvency capital requirement without applying the Transitional Provisions to the Transitional Period and without applying a stock scenario adjustment, see Section 7 - "Effect of Application of Directives for the Transitional Period", below.

Section 6 - Minimum capital requirement (MCR)

A. Minimum capital requirement (MCR)	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
MCR based on the formula (MCR linear)	193,399	138,093
Lower band (25% of solvency capital requirement in the Transitional Period)	112,548	109,727
Upper band (45% of solvency capital requirement in the Transitional Period)	202,587	197,509
MCR	193,399	138,093

Own funds for MCR	**As of June 30, 2024**			**As of December 31, 2023**		
	Tier 1 capital	Tier 2 capital	Total	Tier 1 capital	Tier 2 capital	Total
	Unaudited			Audited		
	NIS thousand			NIS thousand		
Own funds in respect of SCR according to Section 4	678,092	-	678,092	627,488	-	627,488
Own funds for MCR	**678,092**	-	**678,092**	**627,488**	-	**627,488**

*) In accordance with the provisions of Chapter 3 in Part B2 to the Economic Solvency Regime Appendix, Tier 2 capital shall not exceed 20% of MCR.

Section 7 - Effect of the application of the directives for the Transitional Period

As of June 30, 2024

Effect of the application of the directives for the Transitional Period	**Including applying the Transitional Provisions for the Transitional Period**	**Effect of a gradual increase in the solvency capital requirement in the Transitional Period**	**Excluding applying the Provisions for the Transitional Period**
		Unaudited	
Total insurance liabilities, including risk margin (RM)	1,945,994	-	1,945,994
Basic Tier 1 capital	678,092	-	678,092
Own funds in respect of SCR	678,092	-	678,092
Solvency capital requirement (SCR)	450,194	(23,694)	473,888

As of December 31, 2023

Effect of the application of the directives for the Transitional Period	**Including applying the Transitional Provisions for the Transitional Period**	**Effect of a gradual increase in the solvency capital requirement in the Transitional Period**	**Excluding applying the Provisions for the Transitional Period**
		Audited	
Total insurance liabilities, including risk margin (RM)	1,849,539	-	1,849,539
Basic Tier 1 capital	627,488	-	627,488
Own funds in respect of SCR	627,488	-	627,488
Solvency capital requirement (SCR)	438,908	(23,101)	462,009

Section 8 - Dividend Distribution Restrictions

The Company's policy is to hold a solid capital base to ensure its solvency and its ability to meet its obligations to policyholders and allow flexibility in its business activities to generate a return for its shareholders. The Company is subject to the capital requirements and regulation set for dividend distribution. Therefore, according to the letter published by the Commissioner, 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 Solvency Circular) of at least 100%, calculated without taking into account the Transitional Provisions and subject to the solvency ratio target set by the Company's Board of Directors; the Company approved a capital management plan which includes capital adequacy targets.

Solvency ratio target set by the Board of Directors

In March 2018, the Company's Board of Directors set an annual capital target of 102%, where the "buffer" increases by approx. 0.86% every year, up to 108% at the end of 2024. In October 2020, he Company revised the capital target for the purpose of dividend distribution to 110%. In June 2021, the Company once again revised the capital target for the purpose of dividend distribution, such that it will increase gradually from 105.6% to 113% at the end of the adjustment period in 2024. The following are data on the Company's economic solvency ratio, calculated without taking into account the Transitional Provisions and subject to the solvency ratio target set by the Company's Board of Directors. The ratio is higher than the solvency ratio required by the letter.

Economic Solvency Ratio Report as of June 30, 2024

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
Without applying the Transitional Provisions for the Transitional Period, and without adjusting the shares scenario	NIS thousand	
Own funds in respect of SCR (in NIS thousand)	678,092	627,488
Solvency capital requirement (SCR) (in NIS thousand)	473,888	462,009
Surplus (in NIS thousand)	204,204	165,479
Solvency ratio (in %)	143.1%	135.8%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Own funds in respect of SCR	**678,092**	**627,488**
Surplus	204,204	165,479
Economic solvency ratio (%)	143.1%	135.8%
Capital surplus after equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report, compared with the Board of Directors' target		
Target of the Board of Directors for the period (in percent)	111.9%	110.9%
Excess capital over target (in NIS thousand)	147,608	115,186

November 21, 2024	__________	__________	__________
Approval date of the report	Ari Kalman, Chairman of the Board	Dani Izhaki, CEO	Ruty Yehudayoff Cohen, Chief Risk Officer