



**Convenience Translation Only**  
**The Hebrew immediate report is the binding report-**

17.6.2021

**The Phoenix Holdings Ltd. ("the Company")**

To

The Securities Authority

[www.isa.gov.il](http://www.isa.gov.il)

To

The Tel Aviv Stock Exchange Ltd.

[www.tase.co.il](http://www.tase.co.il)

**Re: Immediate Report**

Notice is hereby given that a derivative claim and motion for leave to file a derivative action was filed with the Economic Department of the District Court in Tel Aviv Jaffa on June 14, 2021 against the Company, its subsidiary The Phoenix Insurance Company Ltd ("**Phoenix Insurance**"), the Chair of the BOD of the Company and Phoenix Insurance, the current members of the companies BOD, and against a longstanding manager of Phoenix Insurance.

According to the plaintiff, the claim concerns alleged breach of the duties to the Company and Phoenix Insurance by members of board and officers, who allowed the Phoenix Insurance to operate for many years (more than 3 decades) to recruit and assist its clients to benefit from guaranteed-yield policies that are backed designated government bonds, despite the instruction issued by the Ministry of Finance that prohibits the sale of such policies from December 31, 1990 onward. The plaintiff alleges that the Phoenix Insurance continued to sell these policies after December 1990, and benefited from government funding, violated the provisions of the law, and performed back-dating of many insurance policies.

The plaintiff assessed the total alleged direct damage caused to the Company and Phoenix Insurance, is in the amount of approx. NIS 124 million (in respect of the difference stemming from the different conversion coefficients used to calculate the benefits that were and will be paid in guaranteed-yield policies and the total benefits that would have been paid had profit-sharing policies been issued according to the law).

The plaintiff also noted that the members of the board exposed the Phoenix Insurance to extensive risks in the event that the state treasury demands that the Phoenix Insurance refund the total unlawfully extracted sums in respect of backdating, and the plaintiff assesses that the potential amount of the recovery is approx. NIS 1.43 billion (after deducting the interest component of approx. NIS 851 million).

At this stage the Company and Phoenix Insurance are studying the details of the claim and therefore are unable to assess the chances that the plaintiff will be granted leave to file a derivative claim, or the prospects of claim if such leave is granted.

The claim was served to the Company and Phoenix Insurance today at 12:45.

Respectfully,

**The Phoenix Holdings Ltd.**

By: Attorney Meni Neeman, Legal Counsel  
and Secretary of the Company