Consolidated Interim Financial Statements as of September 30 2021

(Unaudited)

The Phoenix Holdings Ltd.

Table of Contents

Phoenix
Insurance, investment and finance

Members of the Board

- Benjamin Gabbay - Chairman
- Roger Abravanel
- Ben Langworthy
- Marilyn Victoria Hirsch
- Zhak Cohen
- Rachel Levine (External Director)
- Zohar Tal (External Director)
- Dr. Ehud Shapira (Independent Director)
- Eliezer Yones

Report of the Board of Directors on the State of the Corporation's Affairs as of September 30, 2021

Phoenix

Table of Contents

Report of the Board of Directors on the State of the Corporation's Affairs As of September 30, 2021

The Report of the Board of Directors of The Phoenix Holdings Ltd. (hereinafter - "**The Phoenix Holdings**" or the "**Company**" or the **Corporation**") as of September 30, 2021, outlines the principal changes in the Company's operations in the period from January through September 2021 (hereinafter - the "**Reporting Period**").

The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. With regard to the insurance, pension, and provident fund operations of the Group, the Report was prepared pursuant to the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the directives issued by the Commissioner of the Capital Market, Insurance and Savings Authority (the "**Supervisor**" or the "**Commissioner**"). The report was prepared assuming that the reader also has at his/her disposal the Company's first and second quarters of 2021 financial statements as well as the full 2020 periodic report (hereinafter - the "**Periodic Report**").

The Report of the Board of Directors is an integral part of the quarterly report, and the quarterly report should be read in its entirety, as a single unit (hereinafter - the "**Financial Report**" or the "**Financial Statements**").

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

1.1 Group structure

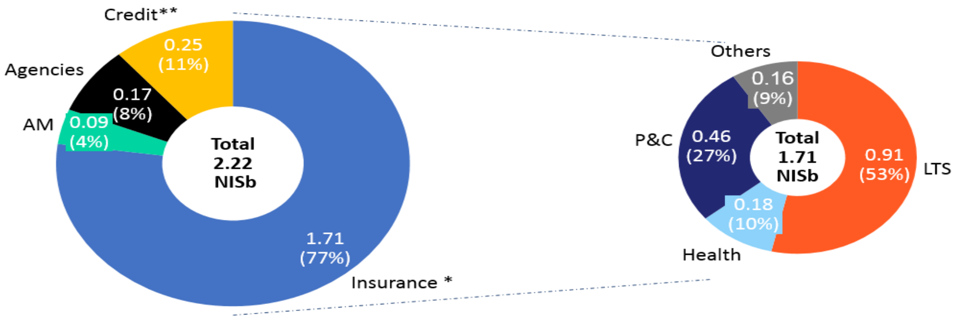
The Company's shareholders

The controlling shareholder of the Company is Belenus Lux S.à.r.l. (hereinafter - "**Belenus**"), which is held by Centerbridge Partners LP and Gallatin Point Capital LLC (hereinafter - the "**Funds**"). For further details regarding the holding stakes and structure, please see Section 1.1 under "Description of the Corporation's Business" in the Periodic Report.

1.2 Areas of activity

1.2.1 For a description of the Group's areas of activity and its holding structure, please see Section 1.2 in the chapter entitled Description of the Corporation's Business in the Periodic Report.

1.2.2 The Company has various sources of income from the activities of its subsidiaries, as outlined in the sections dealing with the various operating segments. Set forth below is the pre-tax comprehensive income attributed to the shareholders in the reporting period (for further details, please see Note 3 to the Financial Statements as of September 30, 2021 (hereinafter - the "**Financial Statements**", "**Financial Report**"):



(*) The income includes intra-group adjustments.

(**) Upon assuming control over Gama, the Company decided to launch a new segment - credit.

1.3 Developments in the Group

1.3.1 Share buyback

In September 2020, the Company's Board of Directors approved a share buyback plan for the purchase of Company shares for a period of one year, totaling up to NIS 100 million. As of the report publication date, the Company completed the share buyback plan at a total amount of NIS 100 million (3,983,092 shares of NIS 1 par value each). For further details, please see the Company's immediate reports dated October 1, 2020 and July 15, 2021 (Ref Nos.: 2020-01-112356 and 2021-01-053326, respectively).

On August 24, 2021, the Company's Board of Directors approved an additional share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year. It should be noted that similarly to the buyback plan approved in September 2020, in the future some of the shares purchased as part of the share buyback plan may serve for the purpose of exercising the options awarded to officers and employees of the Company and subsidiaries. It shall be clarified that the amounts purchased under the additional share buyback plan will be considered a dividend distribution under the dividend distribution policy approved by the Company in October 2020.

1.3.2 Dividend distribution

In November 2021, concurrently with the approval of the Company's Financial Statements as of September 30, 2021, which are included in this Report, the Company's Board of Directors decided to distribute an interim dividend in accordance with the Company's dividend distribution policy, which was approved in 2020,[1] totaling NIS 200 million, which reflects a NIS 0.79 divided per share of NIS 1 p.v.

Considering the buybacks performed by the Company in the amount of NIS 74 million during the reporting period, as detailed above, the total distribution in 2021 is NIS 274 million. It shall be clarified that to the extent that options are exercised by employees between the dividend declaration date and the record date, the per-share dividend amount shall be adjusted in accordance with the actual number of outstanding shares on the record date. The Company shall publish, as required, a supplementary report in respect of said adjustment on the record date. It should be noted that, in respect of the Company's profits for 2020, the Company distributed a dividend of NIS 380 million in April 2021.

According to the Company's Financial Statements as of September 30, 2021, which are included in this Report, the Company has positive retained earnings of approximately NIS 6,913 million; for the avoidance of doubt, the amount takes into account the NIS 380 million dividend distributed in April, 2021 and the NIS 200 million interim dividend specified in this section.

1.3.3 Options to officers and employees

On May 26, 2021, the Company's Board of Directors approved the award of up to 3,937,000 options to employees and officers of the Company and its subsidiaries, exercisable into up to 3,937,000 ordinary shares of the Company NIS 1.00 par value each, subject to adjustments, without cash consideration. The award of options to the Company's CEO was approved in an extraordinary annual general meeting of the Company on July 5, 2021. For further details, see Note 8 to the financial statements and immediate reports of: May 27, 2021, July 6, 2021 and July 8, 2021 (Ref. Nos. 2021-01-031390, 2021-01-048694 and 2021-01-050455, respectively).

[1] Please see the Company's immediate report dated October 28, 2020 (Ref. No. 2020-01-107812).

1.3.4 Gama IPO

In June 2021, Gama Management and Clearing Ltd. (hereinafter - **"Gama**"), an associate in which the Company has a 49% ownership stake, completed an IPO on the Tel Aviv Stock Exchange (TASE), pursuant to the Supplementary Prospectus for of the sale offer and initial public offering of shares (hereinafter - the "**Offering**"), and listing of Gama shares on the TASE, dated May 31, 2021 (the Prospectus together with the Supplementary Notice will be hereinafter referred to as the "**Prospectus**"). Simultaneously with the execution of the Offering in accordance with the Prospectus, The Phoenix Investments purchased additional Gama shares (hereinafter - the "**Purchased Shares**"), such that after the Offering and the acquisition of the Purchased Shares, The Phoenix Investments holds approximately 61.6% of Gama's issued and paid-up share capital and voting rights therein (approximately 60% on a fully diluted basis) and became the controlling shareholder in Gama. In exchange for the Purchased Shares, The Phoenix Investments paid a total of NIS 124 million. Following the execution of the Offering and the acquisition of the Purchased Shares, the Company recorded a one-off post-tax profit of NIS 220 million in the second quarter, as a result of becoming the controlling shareholder in Gama. For further details, please see Note 1F to the Company's Financial Report and the immediate report dated June 16, 2021 (Ref. No. 2021-01-039979).

1.3.5 Sale of control in Ad 120

In October 2021, after the fulfillment of all conditions precedent for the completion of the sale of control in Ad 120 Residence Centers for Senior Citizens Ltd. (hereinafter - "**Ad 120**") - that was wholly-owned (directly and indirectly) by The Phoenix Insurance Company (a Company subsidiary) (hereinafter - the "**Phoenix Insurance**") - to Shapir Housing and Building Ltd. a wholly-owned subsidiary of Shapir Engineering and Industry Ltd. (hereinafter - "**Shapir**"), such that upon completion of the transaction as aforesaid Shapir holds (directly and indirectly) 53% of the issued and paid-up share capital of Ad 120, and The Phoenix Insurance holds 47% (directly and indirectly) of the issued and paid-up share capital of Ad 120. Furthermore, upon completion of the transaction as aforesaid, wholly-owned limited partnerships of Ad 120 hold two plots of land under development which were previously held by Shapir, one in Jerusalem and the other is in Ness Ziona; the land is designated for sheltered accommodation, offices and commerce.

As of the report date, the Company has classified the assets and liabilities of Ad 120 as held-for-sale assets and liabilities. In accordance with the circular regarding the Measurement of Liabilities - Liability Adequacy Test (LAT) Reserve, the Company recognizes the excess value of illiquid assets against the LAT reserve. In the current quarter, following the completion of the sale transaction in October 2021, The Phoenix Insurance presents the investment in Ad 120 in the separate financial statements as a held-for-sale company; therefore, and in accordance with the said circular, the Company recognized, in the third quarter, a profit for the excess fair value against the long-term care LAT reserve in the amount of NIS 120 million before tax, stated under the health insurance segment.

Upon completion of the said transaction, the Company will recognize, in the fourth quarter, an additional profit of approximately NIS 268 million before tax; the profit will be stated under the life insurance and long-term savings segment and the health insurance segment.

For further details about the key points of the Purchase Offer, please see Note 1E to the Financial Report and the immediate reports dated August 1, 2021 (Ref. No.: 2021-01-059806) and September 22, 2021 (Ref. No.: 2021-01-147942).

1.3.6 Acquisition of the Halman Aldubi Investment House

The Halman Aldubi transaction

As part of the implementation of its business strategy and its wish to expand its asset management activities in general and its pension and provident funds activities in particular, on February 28, 2021, the merger transaction - under which the Company acquired Halman Aldubi Investment House Ltd. (hereinafter - "**Halman Aldubi**"), by way of a reverse triple merger transaction - was completed. Upon completion of the transaction, Halman Aldubi became a privately-held company wholly-owned by the Company. The proceeds of the transaction paid to Halman Aldubi totaled NIS 275 million.

Merger of Halman Provident into The Phoenix Excellence

On May 23, 2021, the board of directors of Phoenix Excellence Pension and Provident Funds Ltd. decided to merge Halman Aldubi Provident and Pension Funds Ltd. (hereinafter - "**Halman Provident**" with and into Phoenix Excellence. According to the merger outline, the provident funds and the old pension funds managed by Halman Provident will be transferred to the management of Phoenix Provident. The merger between the companies - including the merger of the provident funds and the provident funds' investment tracks - was completed on September 30, 2021, subject to obtaining the approvals required by law.

For further details, please see the immediate reports from the following dates: December 8, 2020, January 28, 2021, February 3, 2021, February 18, 2021, February 23, 2021, February 24, 2021, February 28, 2021 and July 1, 2021, Ref. Nos.: 2020-01-133119, 2021-01-011467, 2021-01-013942, 2021-01-020860, 2021-01-022078, 2021-01-021813 and 2021-01-023697, respectively.

1.3.7 Restructuring of companies in The Phoenix Group

During the 3rd quarter of 2021, Company's management assessed options to optimize the Group's structure while improving the synergies between Group companies, cutting costs and improving profitability. In November, at the end of the assessment process, two decisions were made in connection of the restructuring of Group companies.

Phoeniclass Ltd.

Phoeniclass, a privately-held company, signed an agreement with Kibbutzim College for the purchase of land zoned for construction and for the sale of 450 residential units in Tel Aviv. As of the report publication date, 67% of the share capital of Phoeniclass is held by The Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company (hereinafter - "The Phoenix Investments") and 33% of the share capital of Phoeniclass is held by a partner. The Phoenix Investments and the partner have an agreement governing their relationship as shareholders in Phoeniclass, under which the partner, having the relevant knowledge and expertise, is responsible for project management, construction, and marketing. As part of a restructuring approved in November 2021 by the organs in the Company and its subsidiaries, as required by law, 49% of the equity and voting rights of The Phoenix Investments in Phoeniclass will be transferred to The Phoenix Insurance, and The Phoenix Investments will hold the remaining equity rights (18%) in Phoeniclass, which will not confer voting rights. The change of holding stake is in accordance with the structure described above, in order to meet the holding limit imposed on real estate corporations, which governs The Phoenix Insurance. The transfer of the interest in Phoeniclass' shares to The Phoenix Insurance shall be executed subject to the Israel Tax Authority's approval, as a tax-exempted transfer in accordance with Section 104 b(f) to the Income Tax Ordinance.

The completion of this transaction is subject to non-objection by the Insurance Commissioner and receipt of approvals from the Israel Tax Authority; as of the financial statements publication date, such an approval has not yet been received and there is no certainty that it will be received and that the transaction will be completed.

Halman Aldubi Investment House Ltd.

In November 2021, the Board of Directors of Halman Aldubi gave its approval to consider a restructuring of companies under its control and a distribution of a dividend in kind to The Phoenix Holdings of the agencies held by Halman Aldubi - Halman Aldubi Pension Insurance Agency (2005) Ltd. and Quality Pension Insurance Agency (2017) Ltd., held by Halman Aldubi IEC Gemel Ltd. and 16% of the shares of The Phoenix Pension and Provident Ltd. it held. It should be noted that the decision regarding the distribution by Halman Aldubi's Board of Directors, if any, is subject to the Court's approval since it does not meet the profit criteria. At the same time, the Company approved the transfer of its interest in Halman Aldubi to The Phoenix Investments, and The Phoenix Investments approved the transfer to Halman Aldubi of its interest in the alternative funds. At the end of this process, all alternative investments held by the Company will be managed under Halman Aldubi. The completion of this process is subject to receipt the Court's approval of the distribution and the Israel Tax Authority's approval of the process; as of the financial statements publication date, such approvals have not yet been received and there is no certainty that they will be received.

The abovementioned information in connection with the restructuring in The Phoenix Group constitutes forward-looking information, as defined in the Securities Law, 1968, and is based on the information and estimates of the Company as of this date. Such information and assessments may also not materialize, due to factors that are unknown to the Company and The Phoenix Insurance as of the date of this report and are not under their control, including, inter alia, obtaining the approval of the Israel Tax Authority, the Court's approval of the capital reduction process in Halman Aldubi, and non-objection by the Capital Market, Insurance and Savings Authority with regard to Phoeniclass, etc.

1.3.8 The Phoenix Mortgages (Gold) Ltd.

In February 2021, the Board of Directors of The Phoenix Insurance approved a new activity, which includes the establishment of a new company, The Phoenix Mortgages (Gold) Ltd. (hereinafter - "**The Phoenix Mortgages**"), which is owned by The Phoenix Insurance (51%) and a number of other partners holding different percentages of the remaining shares. The Phoenix Mortgages began operations at the end of Q2 2021 and its core operation is providing loans to the over 60s against a first degree lien on their apartment The operations of The Phoenix Mortgages are financed by The Phoenix Insurance through loans. In respect of the said activity and the establishment of The Phoenix Mortgages, the approval of the Capital Market, Insurance and Savings Authority was obtained in accordance with Regulation 33 to the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012 (hereinafter: the "**Holding Permit**"). On November 7, 2021 an application was submitted to amend the Holding Permit in order to expand the activity such that it will be possible to give mortgages that are not restricted to the terms of "reverse mortgages".

1.3.9 ESG work plan

In recent years, companies have become increasingly aware of the fact that ESG risks impact their business activity. In view of the above, in July 2021 the Company's Board of Directors approved a work plan for the implementation of work processes which incorporate ESG considerations and measurement of ESG risks in The Phoenix Group. Furthermore, the Board of Directors appointed a dedicated ESG sub-committee that will supervise the implementation of the ESG work plan and report periodically to the Board of Directors.

1.3.10 Financial services

During the reporting period, Excellence investment house - as part of the implementation of the strategy - increased the retail brokerage portfolio, which led to an increase in acquisition expenses. In July, 2021, KSM launched a campaign to increase total assets under management, which offered zero management fees for a fixed period of time for several mutual funds. The Company believes that during the campaign period, the number of customers and amount of assets under management will increase, while revenues will decrease relative to the assets under management amount. See also Section 4.4.1.2 below.

1.3.11 Interest

Changes in the risk-free interest rate curve affect The Phoenix Insurance's assets, liabilities, financial performance, and solvency ratio. Subsequent to the Report date, there was a decline in the risk-free interest rate curve; for further details on changes in the interest rate curve and its effect, please see Note 8A to the Financial Statements, Note 40 to the Periodic Report; regarding the interest's effect on the solvency ratio - please see Section 2.1.5 below.

1.3.12 Issuance of Restricted Tier 1 capital (RT1) by The Phoenix Insurance

In August 2021, The Phoenix Insurance issued - through The Phoenix Capital Raising (2009) Ltd. (hereinafter - **"The Phoenix Capital Raising**") an Additional Tier 1 capital instrument (hereinafter - the "**Capital Instrument**") totaling approximately NIS 200 million - recognized as regulatory capital under the Economic Solvency Regime, in order to strengthen its capital and improve its solvency ratio. The Capital Instrument is currently traded on the TACT-Institutionals trading platform. The terms and conditions of the instrument, including the redemption period, are in accordance with the provisions of Part B ("Provisions in respect of Equity Capital of Insurance Companies") to Insurance Circular 2020-1-15, "Provisions for Applying Economic Solvency Regime Based on Solvency II for Insurance Companies." Tier 1 capital instrument rated A+ by Maalot S&P. As part of the issuance, in addition to the aforesaid amount that was issued and after obtaining the approval of the relevant organs in The Phoenix Group and the approval of the Capital Market, Insurance and Savings Authority, The Phoenix Capital Raising issued to the Company NIS 1.02 billion of the Capital Instrument in exchange for Tier 1 capital notes previously issued to the Company by The Phoenix Insurance. For further details, please see the Company's reports dated May 27, 2021 and August 8, 2021 (Ref. Nos.: 2021-01-031384 and 2021-01-062515, respectively).

1.3.13 Ratings

On July 27, 2021, Maalot S&P announced an A+ rating for the Tier 1 capital instrument issued by the Company as stated in Section 1.3.12 above.

On October 24 2021 S&P Maalot announced the ratification of an AA- rating for the Company and an AA+ rating for The Phoenix Insurance. For further details, please see the Company's report dated October 25 2021 (Ref. No. 2021-01-091045).

On November 25, 2021, Midroog announced that it was reiterating its Aa1.il rating of the insurer financial strength (IFS) of The Phoenix Insurance, and reiterating its Aa2.il rating for the subordinated bonds (hybrid hybrid Tier 3 capital) and its Aa3.il rating for the subordinated bonds (hybrid Tier 2 capital and Tier 2 capital instruments) issued by The Phoenix Capital Raising (2009) Ltd., a sub-subsidiary of the CompanThe rating outlook is stable. For further details, please see the Company's report dated November 25, 2021 (Ref. No. 2021-01-102049).

1.3.14 The Company's preparation for the application of IFRS 17

As part of the preparations of The Phoenix for application of IFRS 17 (hereinafter - the "**Standard**"), in the financial statements of the Company and The Phoenix Insurance as from the quarterly and annual periods beginning on January 1, 2023, and following the agreements of The Phoenix Insurance with software and application suppliers for the purpose of applying the Standard, in the first 9 months of 2021, reviews and training sessions were held for the Balance Sheet Committee in connection with assimilation of the Standard. For further details, please see Note 2(ee)(1) to the Financial Statements as of December 31, 2020.

1.3.15 Riskified Transaction

In February 2016 and July 2017, The Phoenix Insurance (together with its wholly-owned subsidiaries) invested a cumulative amount of NIS 30 million in Riskified (hereinafter - "Riskified") (nostro and planholders). The Company re-evaluates the investment from time to time in accordance with an independent external valuation. Following the listing of Riskified on NASDAQ in July 2021, the Company performed a valuation by an independent external appraiser as of June 30, 2021. According to the valuation, the Company recorded a profit before tax of approximately NIS 76 million in the second quarter of 2021 (nostro). Following the IPO, the Company measures the investment in Riskified based on the share price including the Discount for Lack of Marketability (DLOM)). It should be clarified that Riskified shares are under lockup for a period of 180 days from the date of initial listing. Subsequent to the report date and until its publication date, Riskified's share price dropped significantly; as a result, a loss of approximately NIS 110 million before tax is expected. It should be noted that the share price may be highly volatile and there is no certainty of the loss or profit to be recorded by the Company in the future due to, inter alia, the lockup period. For further details, see Note 8M to the financial statements and the immediate report dated August 1, 2021 (Ref. No. 2021-01-059863).

1.4 Covid-19 and its impact

For details regarding the extent of the Covid-19 crisis's impact on the Company's various business activities, please see Note 1 to the Financial Statements as of December 31, 2020. Towards the end of the second quarter of 2021, the rate of morbidity began to increase (hereinafter - the "**Fourth Surge**"), following the penetration of the Delta variant of Covid-19 and its spread in Israel. During the third quarter of 2021, the fourth wave of Covid-19 infections started to recede, due to, among other things, the roll out of the booster vaccine. Towards the end of November 2021, a new variant of Covid-19 was discovered; the Omicron variant originated in South Africa. Following concerns of the new variant's spread, the Government imposed entry restrictions on non-residents into Israel, and the quarantine policy for returning travelers was tightened. As of the report publication date, to the best of the Company's knowledge, the Fourth Surge and/or the Omicron variant have had no effect on the Company's operations. It is hereby clarified that the renewed spread of Covid-19 in Israel, including the Delta variant, the Omicron variant and/or other variants, and the guidance issued by the competent agencies in Israel and abroad in connection with tackling that spread, the imposition of various restrictions in connection with the virus and the period and conditions under which the Israeli economy will fully recover are not controlled by the Company, and there is uncertainty as to the direct and/or indirect effects of Covid-19 and the different variants that evolved therefrom on the different markets, and especially on the Israeli economy. Accordingly, the Company is unable to predict or estimate with any certainty the future effects of the renewed spread of Covid-19 and any variants that may evolve therefrom, if any, and/or the long-term effects on the Company's activity of Covid-19 outbreaks that have occurred so far.

2. Description of the Business Environment

2.1 Implementation of the Economic Solvency Regime provisions applicable to The Phoenix Insurance Company Ltd.

2.1.1 Provisions regarding the implementation of the Economic Solvency Regime

The Phoenix Insurance is subject to the Solvency II-based Economic Solvency Regime 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 "Economic Solvency Regime"), which was published on October 14, 2020. The Economic Solvency Regime is a regulatory directive that regulates capital requirements and risk management processes among insurance companies. The Economic Solvency Regime sets a standard model for calculating eligible capital and the regulatory solvency capital requirement, with the aim of bringing insurance companies to hold buffers 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 economic shareholders' equity recognized for solvency purposes and the required capital.

2.1.2 Increasing economic capital according to the transitional provisions:

The Company opted for the alternative provided by the Economic Solvency Regime regarding the transitional provisions, whereby the economic capital may be increased by gradually deducting from the insurance reserves until 2032 (hereinafter - the "Deduction during the Transitional Period"). 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 (net of the difference between the fair value and the carrying amount 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 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.

2.1.3 Publication of Economic Solvency Ratio Report

The Economic Solvency Ratio Report as of December 31, 2020 was published at the same time as the Financial Statements as of the first quarter, on May 27, 2021, and was prepared and presented in accordance with the provisions of Chapter 1, Part 4, Section 5 of the Consolidated Circular, according to Circular 2020-1-17 (hereinafter - the "Disclosure Provisions"). In accordance with the Consolidated Circular, the economic solvency ratio report in respect of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date. On March 14, 2021, a letter from the Commissioner was published, Ref. No. 2021-423, stating that the deadline for publication of the economic solvency ratio report as of December 31, 2020, as well as the accompanying files reported to the Commissioner, shall be filed no later than June 30, 2021.

In addition, the letter states that an insurance company may refrain from publishing an economic solvency ratio report as of June 30, 2021. During the third quarter of 2021, The Phoenix Insurance carried a calculation, that was not audited or reviewed by and independent auditor, of the economic solvency ratio as of June 30, 2021 (hereinafter - "Economic Solvency Ratio Calculation as of June 30, 2021"), and reported to the Commissioner the results of the calculation, in accordance with the letter described above. For further details regarding the calculation and its results, please see Section 2.1.4 (e) below.

2.1.4 Economic solvency ratio and minimum capital requirement (MCR):

The meaning of the terms in this section is the same as in Appendix B to Chapter 2 in Part 2 of Section 5 of the Consolidated Circular - "Economic Solvency Regime".

A. Economic solvency ratio:

	As of December 31	
	2020	**2019****
	Audited*	
	In NIS thousand	
Shareholders equity in respect of SCR (1)	12,770,842	12,086,505
Solvency capital requirement (SCR)	6,661,640	7,455,885
Surplus	6,109,203	4,630,620
Economic solvency ratio (in %)	**192%**	**162%**
<u>Effect of material capital-related measures taken in the period between the calculation date and the publication date of the solvency ratio report:</u>		
Raising of capital instruments	-	220,000
Shareholders equity in respect of SCR	12,770,842	12,306,505
Surplus	6,109,203	4,850,620
Economic solvency ratio (in %)	**192%**	**165%**

(*) "Audited" refers to an audit held in accordance International Standard on Assurance Engagement (ISAE) 3400 – "The Examination of Prospective Financial Information."

** The solvency ratio calculation as of December 31 2019 does not include the effect of retrospective application following a policy change regarding LAT in life and health insurance.

(1) The above audited solvency ratio includes a NIS 200 million dividend distribution performed between the calculation date and report publication date. For the avoidance of doubt, it should be clarified that an additional dividend distribution and distribution of dividend in kind carried out in June 2021, as described in Section e. above, were not included in the results of the solvency ratio calculation as of December 31, 2020, since they were carried out after the publication date of the Economic Solvency Ratio Report. See Section E below.

<u>Main changes in the capital surplus and in the economic solvency ratio as of December 31, 2019 compared with December 31, 2020:</u>

- Positive returns on risk-free interest in planholders' portfolios (which have a positive effect on Company's management fees income from these portfolios) and in the nostro portfolio caused an increase in the Company's Tier 1 Capital, and on the other hand increased the capital requirement. On a cumulative basis, these returns have had a significant positive effect on the Company's economic solvency ratio.
- During 2020, the Company conducted studies and revised criteria in its actuarial model and the expenditure model, which had a positive effect on the solvency ratio.
- A substantial positive effect on the solvency ratio was recorded as a result of an increase in accordance with the loss absorption adjustment due to a deferred tax asset, in

accordance with the Company’s estimate regarding utilizable tax credits. This effect reduced the capital requirement and, accordingly, increased the capital surplus.

- A decline in the risk-free interest rate curve (in the mid- to long-term) has had a negative effect on the Company’s capital surplus and solvency ratio.
- In December 2020, the Company and a reinsurer rated AA entered into an agreement aimed at providing the Company with partial protection against a mass lapse scenario in its life and health insurance business. The effect of the transaction on the capital surplus is an increase of approximately NIS 290 million, which increases the solvency ratio by approximately 7% (taking into account the transitional provisions and the adjustment of the stock scenario). For further details regarding the transaction, please see the Company's immediate report dated December 27, 2020.
- In March 2021, the Company’s Board of Directors approved a dividend distribution in the amount of NIS 200 million, which reduces the capital surpluses at this amount. According to the guidelines, the dividend amount will be deducted from the economic capital balance as of December 31, 2020. For the avoidance of doubt, it should be clarified that additional dividend distributions and distribution of dividend in kind carried out in June and November 2021, as described in Section e. above, were not included in the results of the solvency ratio calculation as of December 31, 2020, since they were carried out after the publication date of the Economic Solvency Ratio Report.

<u>The deduction amount</u>

In March 2020, the Commissioner published an amendment to the provisions of the Consolidated Circular regarding the Liability Adequacy Testing (hereinafter - the “LAT Circular”). The amendment included changes in the way insurance liabilities are calculated as part of the Liability Adequacy Test (LAT), and determined that these changes would apply from the financial statements as of March 31, 2020 as a change in accounting policies by way of retrospective application. In accordance with the Commissioner’s Directives, the said amendment is not reflected in the calculation of the Deduction during the Transitional Period as of December 31 2019.

In March 2021, the Commissioner published a clarification in connection with this issue, stipulating that the calculation of the LAT Circular’s effect on the Deduction during the Transitional Period as of December 31, 2020 shall be carried out retrospectively, as follows: The Deduction during the Transitional Period will be calculated as of December 31 2019 using the same method as the one used to calculate the Economic Solvency Ratio Report for that date; the accounting-based insurance liabilities include the effect of the LAT Circular, and the economic-based insurance liabilities (best estimate plus risk margin) and added fair value of the designated bonds include the effect derived therefrom.

The Deduction during the Transitional Period as of December 31, 2020 shall be based on the Deduction during the Transitional Period that was calculated retrospectively and will be deducted as described above. The effect of the LAT circular’s application, as explained above, is to increase the amount of the Deduction during the Transitional Period by approximately NIS 382 million as of as of December 31 2019. Were it not for the capital surplus circular as of December 31, 2020, it would have been NIS 5,816 million and the solvency ratio - 186%, after the Deduction as stated in the Letter of Principles.For details regarding the economic solvency ratio without applying the transitional provisions for the Transitional Period, and without adjusting the stock scenario, and for details regarding the solvency ratio target and restrictions imposed on the Company with respect to dividend distribution, please see Section C below.

B. Minimum capital requirement (MCR)

	As of December 31	
	2020	2019**
	Audited*	
	In NIS thousand	
Minimum capital requirement (MCR)	1,665,410	1,863,971
Shareholders equity for MCR	9,773,104	8,919,336

(*) "Audited" refers to an audit held in accordance International Standard on Assurance Engagement (ISAE) 3400 – "The Examination of Prospective Financial Information."

** The calculation does not include the effect of retrospective application following a policy change regarding LAT in life and health insurance.

Below is a link to the Economic Solvency Ratio Report on the Company's website.

https://investor-relations.fnx.co.il/about-us/solvency-report/

C. Limitations on dividend distribution and solvency ratio without the implementation of the transitional provisions

The Company's policy is to have a solid capital base to ensure its solvency and ability to meet its liabilities to policyholders, to preserve the Company's ability to continue its business activity such that it is able to provide returns to its shareholders. The Company is subject to capital requirements set by the Commissioner.

On October 27, 2020, The Phoenix Insurance's Board of Directors set a minimum economic solvency ratio target and target range based on Solvency II.

The minimum economic solvency ratio target, taking into account the transitional provisions, is set at 135% while the minimum solvency ratio target without taking into account the provisions during the Transitional Period is set at 105% set to reach 135% at the end of the Transitional Period according to the Company's capital plan.

Furthermore, The Phoenix Insurance's Board of Directors approved an economic solvency ratio target range of 150%-170%, within which the Company seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction. On November 29, 2021, the Company's Board of Directors increased the minimum economic solvency ratio target without taking into account the provisions during the Transitional Period by 3 percentage points - from the 105% rate a 108% rate as of June 30, 2021.

As of December 31, 2020 and as of June 30, 2021, the Company meets the set capital target. It is hereby clarified that the aforesaid does not guarantee that the Company will meet the set capital target at all times.

<u>Dividend</u>

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 provisions of the Economic Solvency Regime - of at least 100%, calculated without taking into account the transitional provisions and subject to the solvency ratio target set by the Company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

The following are data on the Company's economic solvency ratio, calculated without taking into account the transitional provisions and the solvency ratio target set by the Company's Board of Directors, as required by the letter. As of December 31, 2020, the ratio is higher than the target set by the Board of Directors.

D. Solvency ratio without applying the transitional provisions for the Transitional Period, and without adjusting the stock scenario:

	As of December 31	
	2020**	**2019****
	Audited*	
	In NIS thousand	
Shareholders' equity for SCR (in NIS thousand)	9,931,007	9,161,522
Solvency capital requirement (SCR) (in NIS thousand)(1)	8,557,405	8,896,554
Economic solvency ratio (in %)	**116%**	**103%**
<u>Effect of material capital-related measures taken in the period between the calculation date and the publication date of the solvency ratio report:</u>		
Raising of capital instruments	-	220,000
Shareholders equity in respect of SCR	9,931,007	9,381,522
Surplus	1,373,602	484,967
Economic solvency ratio (in %)	**116%**	**105%**
<u>Capital surplus after capital-related actions in relation to the Board of Directors' target:</u>		
Minimum economic solvency target without applying the Transitional Provisions***	**105%**	**105%**
Capital surplus over target****	**945,731**	**40,140**

(*) "Audited" refers to an audit held in accordance International Standard on Assurance Engagement (ISAE) 3400 – "The Examination of Prospective Financial Information."

** The capital surplus includes 35% of the original difference attributed to the purchase of the activity of provident funds and management companies amounting to approximately NIS 15 million as of December 31, 2020 and 2019. The difference is not recognized for dividend distribution purposes.

*** Minimum solvency target, net of the transitional provisions relevant on the calculation date. For an update on this target, please see Section C above.

**** The solvency ratio calculation as of December 31 2019 does not include the effect of retrospective application following a proactive policy change regarding LAT in life and health insurance.

The above audited solvency ratio includes a NIS 200 million dividend distribution performed during the first quarter of 2021, between the calculation date and report publication date. See Section E below.

E. Capital-related measures in 2021

During the first quarter of 2021, The Phoenix Insurance distributed a dividend in the amount of NIS 200 million, in accordance with the audited results as of December 31 2019, and in accordance with the results of an estimate to calculate the Solvency II-based economic solvency ratio as of December 31, 2020 (hereinafter - the "Estimate"). As stated in Section 2.1.4 a. Above, the solvency ratio as of December 31, 2020 already includes this dividend distribution. For further details regarding the Estimate, please see the Company's immediate report dated March 25, 2021.

In June 2021, and based on the profits of 2020 and the audited economic solvency ratio results as of December 31, 2020, The Phoenix Insurance distributed a cash dividend in the amount of NIS 200 million. Furthermore, The Phoenix Insurance completed the distribution of a dividend in kind of the Phoenix Excellence Pension and Provident Funds Ltd. further to the Company's report of December 31 2019. For further details about the distribution of the cash dividend and the distribution of the dividend in kind, see the Company's immediate report of June 6, 2021.

These distributions, described above, meet the capital targets set out by the Board of Directors as well as the requirements of the letter published by the Commissioner in October 2017 regarding the restrictions on dividend distribution.

On August 5, 2021, a Tier 1 Capital instrument totaling NIS 200 million was issued (see Section 1.3.12 above).

F. Economic Solvency Ratio Calculation as of June 30, 2021

As stated above, The Phoenix Insurance calculated the Economic Solvency Ratio Calculation as of June 30, 2021 based on the results of complete runs of actuarial calculations, market risk calculations, credit risks and economic balance sheet as of June 30, 2021.

In accordance with the results of the calculation of the Economic Solvency Ratio Calculation as of June 30, 2021 and in accordance with the results of the audited calculation of the solvency ratio as of December 31, 2020 (for details, see Section D above), the Company's Board of Directors approved on November 29, 2021, a cash dividend of NIS 300 million in respect of 2021 profits.

Following the dividend distribution, as stated above, the economic solvency ratio of The Phoenix Insurance as of June 30, 2021 is 196%, and the economic solvency ratio net of the transitional provisions for the Transitional Period and without adjusting the stock scenario is 120%. For further details, see the Company's immediate report dated November 29, 2021. Therefore, these results, after the dividend distribution, meet the capital targets set out by the Board of Directors as well as the requirements of the letter published by the Commissioner in October 2017 regarding the restrictions on dividend distribution.

2.1.5 The changes in the risk free CPI-linked shekel yield curve - especially in the medium and long tenors - have an effect on the Company’s economic solvency ratio.

In the period spanning from December 30, 2021 to the report publication date, there was a substantial decrease in the risk-free linked interest rate curve, that may have an adverse effect on The Phoenix Insurance's solvency ratio. On the other hand, during this period, positive returns were recorded in the nostro and planholders’ portfolios, which positively affect the Company's solvency ratio. Based on this information, the Company is not expected to fall below the capital targets set by the Board of Directors following the dividend distribution, as stated above.

The following table summarizes the positive (negative) risk-free linked interest (“spot") rates:[4]

Range/years		Dec. 31 2020	Jun. 30 2021	Sep. 30, 2021	Nov. 22 2021
Short term	**1-3**	Between 0.13 % and (0.85) %	Between (1.81) % and (1.64) %	Between (2.27) % and (2.19) %	Between (2.28)% and (2.15)%
Mid-term	**4-10**	Between (0.94) % and (0.58) %	Between (1.48) % and (0.58) %	Between (2.00) % and (0.89) %	Between (2.00) % and (1.24) %
Mid-long term	**11-15**	Between (0.49) % and (0.23) %	Between (0.47) % and (0.12) %	Between (0.73) % and (0.23) %	Between (1.12) % and (0.73) %
Long term	**16-25**	Between (0.18) % and 0.23 %	Between (0.05) % and 0.39 %	Between (0.14) % and (0.34) %	Between (0.65) % and (0.05) %

4 The risk-free linked interest rate curves were taken from Fair Spread Ltd. To calculate the solvency ratio, the Company takes into account other components in addition to the risk-free interest rate. For further details, please see the solvency ratio report published on October 28, 2020 (Ref. No.: 2019-01-126082).

The Company performed a sensitivity analysis of the solvency ratio results as of December 31, 2020, for a corresponding decrease of 50 basis points along the risk-free linked shekel interest rate curve. The effect of such a scenario on the economic solvency ratio is a 13% decrease in the solvency ratio, taking into account the transitional provisions and 8% and excluding a transitional provision or adjusting a stock scenario. This scenario reflects the effects on equity, including the quantitative restrictions that apply to equity, on the economic solvency ratio and capital required for solvency purposes.

The sensitivity test only reflects direct effects on the economic solvency ratio, holding all other factors fixed, and do not include effects derived from changes arising from other risk factors. It should be noted that the sensitivity is not necessarily linear; i.e., sensitivity at other rates is not necessarily a simple extrapolation of the sensitivity test presented. The calculation of the solvency ratio is 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.

2.2 Arrangements in force

Set forth below are material regulatory directives published during the reporting period and thereafter, and which are not included in the Report on the Corporation's Business for 2020 and the Reports of the Board of Directors for the first quarter and second quarter of 2021. For further details regarding material regulatory directives published during the reporting period, please see Section 4.1.1 to the 2020 Report on the Corporation's Business as well as Section 2.2 of the Reports of the Board of Directors for the first quarter and second quarter of 2021.

2.2.1 In August 2021, **Amendment to the Provisions of the Consolidated Circular - Title 6, Part 3 - Long-Term Care Insurance -** was published. This amendment sets out assumptions for the purpose of determining the premium for the basic and extended tiers of the LTC insurance; this is carried out further to the amendment to the circular of June 2020, which regulated the management and operation of the funds providing LTC insurance to health maintenance funds.

2.2.2 In October 2021, the Capital Market, Insurance and Savings Authority published Non-Enforcement Position - Pension Consulting by a Banking Corporation Outside the Banking Corporation's Branches for Existing Customers in the Field of Pension Consulting - Extension, which extended by three further months (through January 20, 2022) the term of the Commissioner's position on this issue of December 2020, whereby it will not take enforcement measures against banks that will provide pension consulting services digitally or via the phone, despite the provisions of the Pension Advice Law which prohibits banking corporations from providing pension consulting services outside their permanent branches.

2.2.3 In October 2021 the Capital Market, Insurance and Savings Authority published the **Circular on Standard Bylaws of Provident Fund for Savings - Amendment** As part of the amendment, it was determined that a planholder of a provident fund for saving will be allowed to carry out an unauthorized withdrawal only if the employer-employee relationship between the planholder and the employer were terminated or if the planholder reached the minimum entitlement age for retirement pension and he/she is entitled to the monies in accordance with the provisions of the legislative arrangement, as in the case of the arrangement in place for planholders of new comprehensive pension funds.

2.2.4 In October 2021, the Israel Securities Authority published a document dealing with **Suggested Best Practice for Directors in Order to Improve the Quality of Financial Statements Audit**. The document includes recommendations for best practice regarding various topics that may improve the quality of financial statements' audit by independent auditors, including the importance of communication between the independent auditor and various organs in the corporations, criteria for selecting an independent auditor, considerations for determining fees, the importance of the independent auditor's independence and more.

2.2.5 In November 2021 and as part of the 2021-2022 state budget, the government published the Economic Efficiency Law (Legislative Amendments for Achievement of Budgetary Targets for Budget Years 2021 and 2022), 2021, which includes, inter alia, a chapter on **regulating the netting mechanism for road accidents between the National Insurance Institute and the insurance companies.** According to the law, all insurers, other than Karnit, shall be required to transfer to Karnit - every month - a certain rate of the insurance fees they collected in the previous month; this will be an alternative to the option now available to the National Insurance Institute, whereby it can submit a claim against insurers which are liable to pay damages. In the first stage, the amount to be transferred as above shall constitute 10% of insurance fees collected by insurers, and as from January 1 2025, the said rate will be 10.95%.

2.2.6 In November 2021 and as part of the 2021-2022 state budget, the government published the Economic Efficiency Law (Legislative Amendments for Achievement of Budgetary Targets for Budget Years 2021 and 2022), 2021, which includes, inter alia, a chapter on "**Ensuring the Stability of Yields in Pension Funds**". The law supersedes the existing mechanism for ensuring the stability of pension fund savings through designated bonds with a new mechanism that ensures stability by supplementing returns. According to the law, for pension fund assets accrued as from the effective date of the amendment, the state will undertake to supplement pension fund returns up to a rate of 5.15%, and the pension fund assets underlying the commitment to supplement the returns will be invested in the capital market.

2.2.7 In November 2021, the Commissioner published the amendment to the provisions of the Consolidated Circular - "Management of Investment Assets" (Investment Considerations relating to Environmental, Social and Corporate Governance Aspects and Material Emerging Risks). The circular stipulates that an investment committee of an institutional investor shall set an investment policy in relation of ESG considerations as part of its overall investment policy - where such considerations are relevant to the performance of its investment portfolio. It was further stipulated that an investment committee shall formulate rules and procedures for the development of the institutional investor's expertise for assessing such aspects, considerations and risks. The circular also stipulates that an institutional investor shall provide details - in its published policy - as to the corporate governance considerations it takes into account in its investment management and the emerging risks pertaining to those considerations.

2.3 Draft laws, regulations and bills

Set forth below are draft material regulatory directives published during the reporting period and thereafter, and which are not included in the Report on the Corporation's Business for 2020 and the Reports of the Board of Directors for the first quarter and second quarter of 2021. For further details regarding additional drafts of material regulatory provisions published during the reporting period, please see Section 4.1 to the 2020 Report on the Corporation's Business as well as Section 2.3 of the Reports of the Board of Directors for the first quarter and second quarter of 2021.

2.3.1 In September 2021 **Draft Circular on Amendment of the Provisions of the Consolidated Circular - Reporting to the Commissioner of Capital Market - Own Risk and Solvency Assessment of an Insurance Company (ORSA)** was published. As part of the draft it is suggested that an insurance Company shall report its ORSA to the Commissioner of Capital Market once a year. The draft includes rules and principles regarding the said report, the content of the reports' parts and provisions relating to the manner of reporting. Further to the above, in September 2021 a draft letter dealing with **Principles for the Implementation of an Insurance Company's ORSA** was published, which suggests the setting of complementary principles for an insurance company's risk and capital management framework, which will be taken into account in the preparation of the ORSA report and which will be reflected therein.

2.3.2 In September 2021, a second draft of the **Q&A File for Implementing IFRS 17 in Israel** was published. This draft includes a number of wording revisions compared with the latest published draft. The Q&A file is designed to assist insurance companies in their preparations for the implementation of IFRS 17. Furthermore, In September 2021 the fourth draft of the circular **Professional Issues in the Implementation of IFRS 17 in Israel** was published. The draft circular provides guidance on professional issues in accordance with the Roadmap for the Adoption of International Accounting Standard (IFRS) 17 published by the Capital Market, Insurance and Savings Authority in June 2020.

2.3.3 In September 2021, a second draft of the **Circular Amending the Provisions of the Consolidated Circular regarding the Transfer of Funds to Reinsurers Outside Israel** was published. Israeli insurance companies purchase reinsurance from foreign reinsurers; as part of this process they are required to transfer some of the insurance premiums to reinsurers outside Israel. The draft suggests setting conditions for the transfer of funds to reinsurers outside Israel and to reintroduce the regulations requiring insurance companies to retain the collateral in reinsurance contracts in order to reduce their exposure to credit risk with reinsurers. It is also suggested to reduce the amount of the collateral amount required in the case of a credit letter from a banking corporation such that it is in line with the amount of collateral required as a deposit.

2.3.4 In September 2021, the Draft Supervision of Financial Services Regulations (Provident Funds) (Insurance Coverages in Provident Funds) (the Novel Covid-19) (Temporary Order), 2021 was published. Following the Covid-19 pandemic, pension contributions in respect of many employees were discontinued or reduced, which may have an adverse effect on the insurance coverage for risks of death and disability and the insurance coverage for the release of those employees from payment out of their balance accumulated in the funds. In order to address this problem, the Supervision of Financial Services Regulations (Provident Funds) (Insurance Coverages in Provident Funds) (the Novel Covid-19) (Temporary Order), 2020 were promulgated in June 2020 for a limited period.

In view of the continuation of the Covid-19 crisis, the draft suggests to extend until December 31, 2021 the said temporary order which stipulates that a management company shall continue deducting contributions towards insurance coverages for twelve months after the month in which the contributions had stopped; the draft also stipulates that a planholder whose insured salary was cut may retain the insurance coverage he/she would have been entitled to had his/her salary not been reduced, in accordance with the conditions set out in the regulations.

2.3.5 In October 2021 the Israel Money Laundering and Terror Financing Prohibition Authority distributed to the different financial institutions a letter dealing with the **Promotion of the Reform to the Prohibition on Money Laundering Ordinance**; the **Draft of the Prohibition on Money Laundering Ordinance (Identification, Reporting and Record-Keeping Obligations of Financial Services Providers to Prevent Money Laundering and Financing of Terrorism), 2021** was attached to the said letter. In accordance with the letter, the Israel Money Laundering and Terror Financing Prohibition Authority intends to promote the enactment of a uniform Prohibition on Money Laundering Ordinance that will apply to all different financial entities. The key amendments suggested in the draft ordinance are as follows: requirement to receive documents as to the nature of a customer's business and occupation; requirement to perform a proactive know-your-customer process over the engagement period with the customer (under the circumstances listed in the draft) rather than only upon entering into such engagement; requirement to conduct an enhanced know-your-customer process and giving the option to perform a simplified know-your-customer process under the circumstances listed in the ordinance; transfer of virtual currency; shortening the record-keeping period from 7 to 5 years and requirement to have in place a group policy that will also apply to subsidiaries and branches.

2.3.6 In October 2021 the **Draft Circular on Management of Money Laundering and Financing of Terrorism Risks in Institutional Entities - Amendment** was published. The draft suggests, among other things, the adding of provisions regarding the management of money laundering and financing of terrorism risks in branches and foreign offices of the institutional entity - both in Israel and abroad; determining that when money laundering or financing of terrorism concerns arise, an institutional entity will not allow the beneficiary to redeem funds from the customer's account before a know-your-customer process is conducted, and adding a provision regarding the handling of international transfers.

2.3.7 The **Draft Reform in Health Insurance** was published in October 2021. As part of the reform, it is suggested to create a basic health insurance policy that will be composed of three uniform policies that define a uniform and comprehensive coverage in their respective areas: (1) a policy covering transplants and special treatments abroad; (2) a policy covering medicines that are not included in the Israeli health care basket; and (3) a policy covering surgical procedures and alternative treatments to surgical procedures abroad. Furthermore, it is suggested, among other things, to define a basic health insurance policy, the purchase of which will be a precondition for the purchase of other health insurance products, such that the additional products shall be sold on the proviso that the policyholder has taken out a basic health insurance policy with any insurance company, and not necessarily with the company from which the policyholder wishes to purchase the additional health insurance products. Furthermore, in order to prevent a situation where products offer overlapping coverages, it is suggested to define the content and names of the additional health insurance products and to prohibit the sale of health insurance policies to an insurance candidate that has a policy providing him/her with a similar insurance coverage.

Three drafts were published for the purpose of implementing the reform: (a) The draft of the Directives regarding Financial Services Supervision (Insurance) (Terms in Basic Health Insurance Policy), 2021; (b) The draft of Amendment to the Provisions of the Consolidated Circular - Title 6, Part 3, Chapters 1, 2, 3, 4 and 6 - Drawing up a Health Insurance Plan; and (c) The draft of the Directives regarding Financial Services Supervision (Insurance) (Terms in Insurance Contract for Surgical Procedures and Alternative Treatments for Surgery in Israel) (Amendment), 2021.

3. Developments in the Macroeconomic Environment

Set forth below is a summary description of trends, events and developments in the Group's macroeconomic environment, that have or are expected to have an effect on the Group.

3.1 Financial markets in Israel

During the quarter, it was reported that Israel's GDP soared in the second quarter at a surprising annual rate of 16.6%; in addition, the Central Bureau of Statistics upgraded its growth estimates several years back. The drop in the unemployment rate in the second quarter was halted during the third quarter, with the unemployment rate stabilizing at about 5% in July and August. The Consumer Confidence Survey conducted by the Central Bureau of Statistics fell sharply, to a negative level of -15%, similar to the global trend, against the background of sharp price increases. On the other hand, the Composite State-of-the-Economy Index of the Bank of Israel continued to depict a stable expansion, rising by 0.21% in July. The minutes of the Bank of Israel's September interest rate decision described, for the first time, openness by one of the committee members to a gradual winding down of the monetary expansion, had it not been for the surge of Covid-19. The other members of the committee continued to estimate that "there are no signs of an inflation outbreak" in Israel and that the increase is mainly related to the temporary effect of reopening the economy. By August, the consumer price index was up to 2.2%, led by an acceleration in the prices of home furniture and equipment, cars, housing, fuel, food, and more. Forward inflation expectations also continued to soar, reaching 2.3% for one year and 1.9% for 10 years (OTC). The rise in inflation expectations came against the backdrop of a global energy crisis, and a hike in prices of all energy goods. The rise in inflation expectations also led to an increase in the expected interest rate path. In July, the government deficit fell to 9.3% of GDP, following a year-to-date 30% hike in state tax revenues. In the background, the Economic Arrangements Law that is currently being drawn up is set to include a number of reforms that may have a considerable effect on price levels; the law includes suggestions to tax disposable tableware, reducing the rates of customs payable on produce, recognizing European and American standards, kashrut reforms, and more. Covid-19's Delta variant is spreading in Israel, leading to the imposition of proximity restrictions and stricter requirements for obtaining a "green badge" and "purple badge". The TA 125 index was up by 5.4%, the Tel Bond 60 index was up by 2.6%, the 10-year yield increased to 1.40%; the real 10-year yield was down to -0.9%. The USD has weakened by 2.5% against the shekel.

Subsequent to the balance sheet date

Subsequent to the balance sheet date, the Bank of Israel also upgraded its growth forecast for 2021 to 7.0%, but revised upwards its estimate of the output gap expected at the end of 2022 to -2.1, due to an increase in Israel's potential GDP assumption. The state budget for 2021 and 2022 was approved by the Knesset, as was the Economic Arrangements Law, which includes a number of notable reforms, including raising the retirement age for women. The government deficit fell in September to 7.4% of GDP. The unemployment rate remained relatively stable with a slight upward trajectory - to 5.2%. The shekel rose sharply against the currency basket, with the Bank of Israel increasing its foreign exchange purchases to USD 207.5 billion. The Central Bureau of Statistics' Consumer Confidence Survey depicted a marked increase - from 93 points to 126 points. The surging inflation environment subsided slightly, with the consumer price index in October down to an annualized change of 2.3%, and the inflation expectations implicit in the OTC market for the year were up - reaching 2.55% for one year and 2.25% for ten years. A global outbreak of the Covid-19 variant known as Omicron has led the Israeli government to issue restrictions on entry into Israel; these, along with fears of global adverse effects, have led the local market to dump risk assets. Despite the inflationary pressures, the trend in yields on government bonds was one of a decline, especially real returns: The TA 125 index was up by 5.2%, the Tel Bond 60 index was up by 1.2%, the 10-year yield was down to 1.2%; the real 10-year yield was down to -1.3%. The USD has weakened by 1% against the shekel.

3.2 Capital markets abroad

Despite the continued spread of Covid-19's Delta variant, the global economy was able to accelerate growth in the second quarter. The US economy expanded at an annual rate of 6.6% and the European economy was up 2.0% during the quarter. Locally, price increases continued to stand out, led by rising commodity prices and transportation costs and the chip crisis. The price increases have begun to be reflected in consumer confidence (e.g., the Michigan University Survey) and companies' expansion (ISM Purchasing Managers' Survey). In July, the US's Leading Economic Indicators (LEI) slowed down to 0.7%. On the other hand, the second quarter reporting season was exceptionally good for many companies; 87% of S&P 500 companies showed surprisingly positive results. On the other hand, in China it appears that the government had decided to "discipline" the country's tech giants through, among other things, fines, investigations, sanctions, regulation and nationalization, and along with insolvency of real estate giant Avantgarde - Chinese indices fell sharply. The OPEC oil cartel reached agreements to increase quotas, and along with concerns of Covid-19 restrictions, contributed to the fall in oil prices during the period - to USD 67; however, strong data on the economy and companies, along with strong demand, pushed the price up to USD 75. Inflation rates continued to increase; in the USA, annual inflation increased in July and August to 5.4%, but the 10-year average inflation remained relatively stable at 2.3%. In terms of monetary policies, the Chair of the Federal Reserve, Jerome Powell, said to a Congress committee that he still views high inflation levels as temporary, and that in case of an error the downside risk is higher than the upside risk, since in such a scenario his arsenal of policy tools is restricted. However the Fed's Dots survey showed increasing hawkishness among market participants. In the USA, the S&P 500 increased by 0.2%; in Europe, the Euro Stoxx was down by 0.4%; and the emerging markets index MSCI EM was down 8.8%. The 10-year yield in the US was up slightly to 1.49% and in Germany rose to -0.20%.

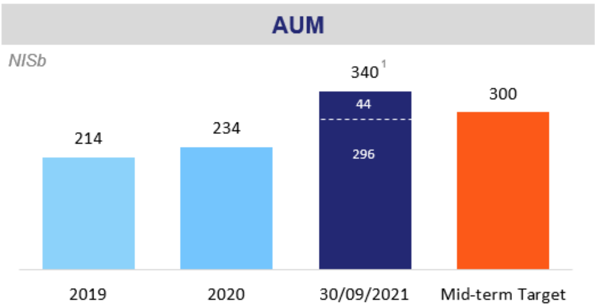
Subsequent to the balance sheet date

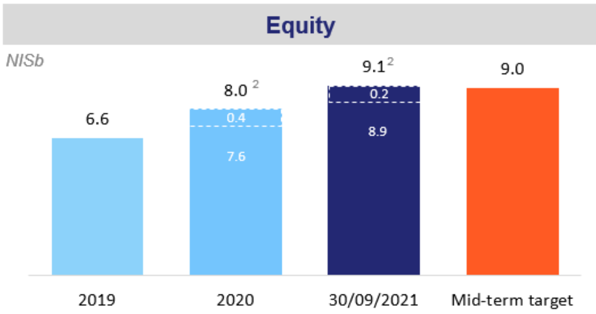
The International Monetary Fund lowered its global growth forecast to 5.9% and specifically - the US's growth rate from 7% (in July) to 6%, mainly due to the effects of Covid-19 and supply chain disruptions. However, the IMF's forecasts were issued prior to the global outbreak of the Omicron variant, which may still lead to movement restrictions that may have adverse impacts on the global economy. The rise in marine shipping prices of containers was down sharply and marine shipping prices of goods (the Baltic Dry index) recorded a sharp decline of almost 50%, but the index is still 150% higher than its pre-Covid-19 crisis level. Inflation in the US accelerated to 6.2% and in the Eurozone - accelerated from 3.5% to 4.1%. The oil price fell to USD 68. The 10-year US inflation expectations in the US rose to 2.6%. Against the backdrop of inflation and the recovery from Covid-19 crisis, the US Federal Reserve announced it had begun to gradually reduce bond purchases by USD 15 billion per month for the next two months. The US unemployment rate fell beyond expectations - to 4.6%. Expectations for raising interest rates have soared worldwide; in the US, the market has already priced in an interest rate increase for the third quarter of 2022. Several countries have raised interest rates during the period, including Poland and the Czech Republic, with increases beyond expectations. Stock markets around the world - in the US, the S&P 500 was up 6.7%, in Europe - the EURO STOXX rose by 1.0%, and in emerging markets - the MSCI EM index was down 2.4%; the 10-year yield in the US remained relatively stable at 1.47% and in Germany - dropped to -0.34%.

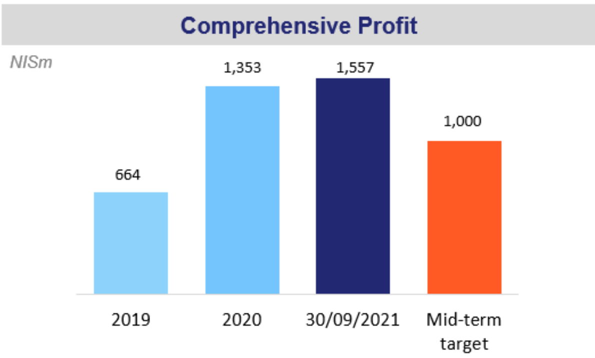
4. Business Targets and Strategy

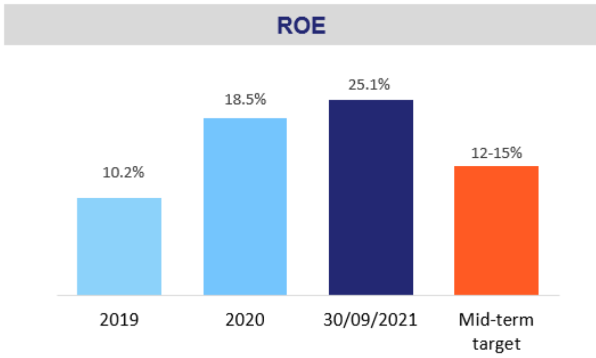
The Group's business strategy and targets constitute forward-looking information, as defined in Section 32A of the Securities Law, and are based on the data and information available to the Group as of the report date, its plans as a result thereof, the market situation and the Group's position. The Group's business strategy and targets may change from time to time. In addition, the achievement of the Group's targets and strategy is uncertain and is not under the sole control of the Group. The Group's business strategy and targets may not materialize due to, among other things, changes in the Group's priorities, new needs of the Group, market developments, other business opportunities, etc.

The strategic plan is based on four fundamental principles: yield-focused growth, technological innovation and efficiency, maximization of the portfolio's value and capital management.









(1) The assets under management include NIS 44 billion in assets of the IEC provident funds.

(2) 2020 - before the NIS 0.4 billion dividend distribution, which was distributed during the second half of 2021
2021 - before the NIS 0.2 billion declaration, which was made in November 2021.

The intermediate target is based on 5-year work plans and on the assumption of a 3% return on investment. Actual results are based on the returns in the financial markets in Israel and around the world, macroeconomic growth, the Company's results and other variables. For the Company's results taking into account a 3% return, see Section 5.4.3 and Section 5.4.4 below.

The Phoenix Group is in the process of implementing its strategic plan. Due to the results and to market opportunities, the Company decided to move further in its strategic plan and to re-examine the intermediate targets of the plan.

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

5.1 General

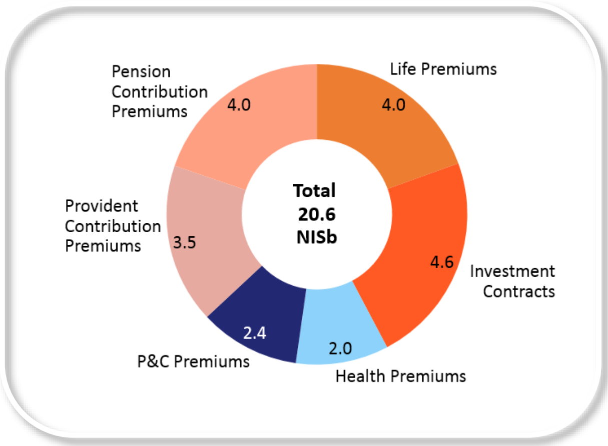
The Group's operations are affected by constant changes in regulations and regulatory reforms that are executed gradually. The Group operates in a complex, changing reality in which it must prepare for such regulatory changes.

In addition, as the controlling shareholder of institutional entities, the Group must also deal with proposed changes in the minimum capital requirements that apply to its institutional entities, which impose, among other things, restrictions on dividend distribution by institutional entities.

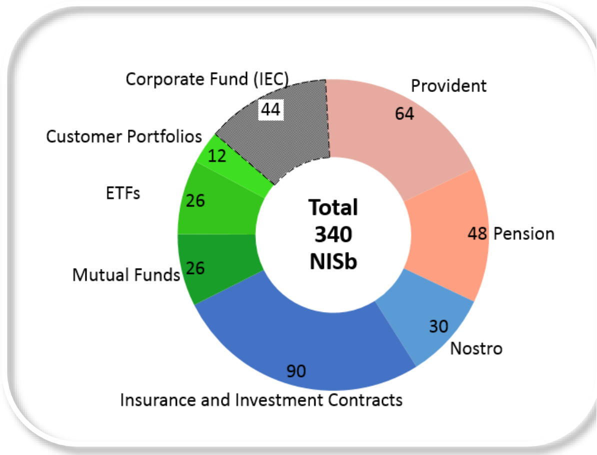
The Group's operations and results are significantly affected by the capital markets, including, among other things, the low-interest environment that has implications for its insurance liabilities and on the returns embodied in the Group's financial asset portfolios, and consequently - on the management fees and financial margins from investments as well.

5.2 Summary of data from the Group's consolidated Financial Statements

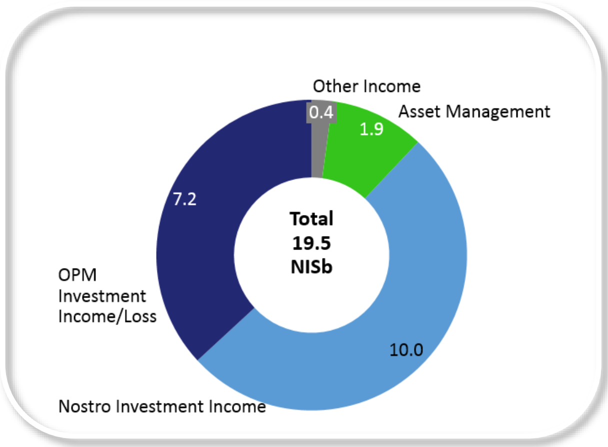
Assets under management as of September 30, 2021



Premiums, gross, contributions towards benefits and proceeds in respect of investment contracts for 1-9/2021



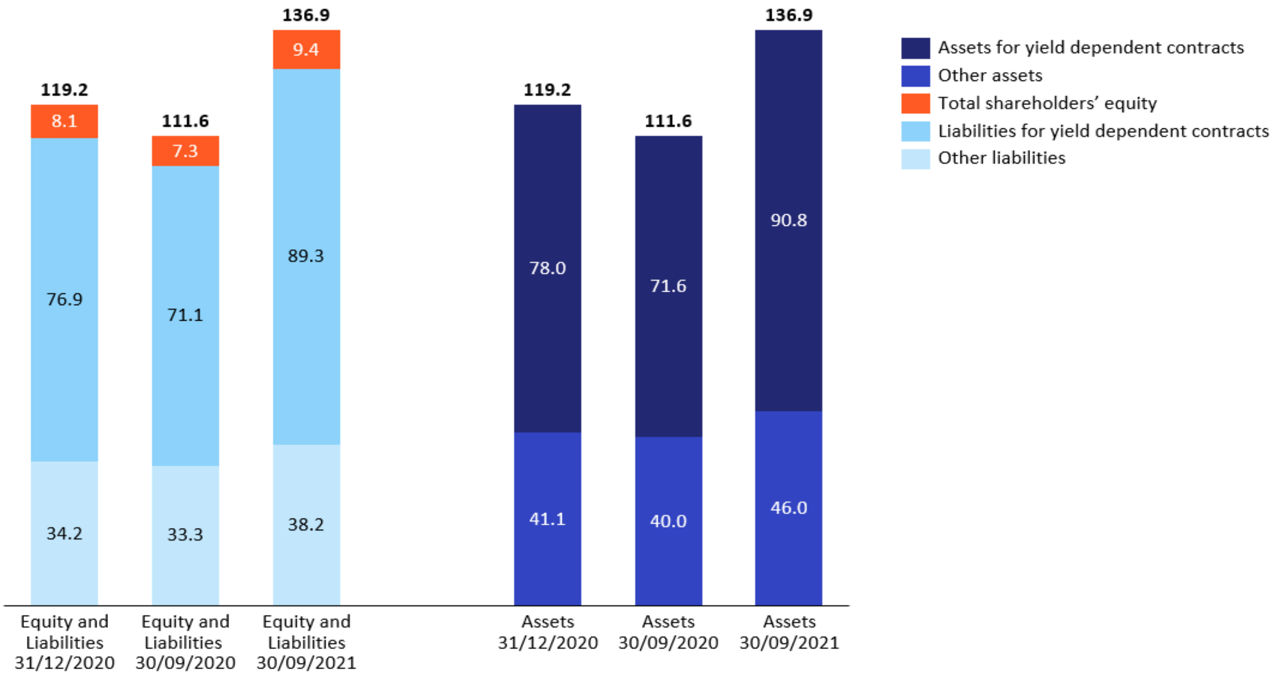
Income for 1-9/2021



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

5.3 Description of the development of the Group's financial position

Set forth below are key data from the consolidated balance sheets (in NIS billion):



Assets:

Total financial assets in respect of yield-dependent contracts and cash and cash equivalents in respect of yield-dependent contracts as of September 30, 2021, amounted to approximately NIS 90.8 billion, compared to approximately NIS 78 billion as of December 31, 2020. The increase in assets is mainly due to rallies in financial markets in Israel and around the world during the reporting period.

Other assets as of September 30, 2021 amounted to NIS 46.1 billion, compared with NIS 41.1 billion as of December 31, 2020. The increase was mainly due to the first-time consolidation of the Gama's assets in the amount of approximately NIS 2.3 billion; for further details about the IPO and the Company's becoming a controlling shareholder in Gama, please see Section 1.3.4 above.

Liabilities:

Liabilities in respect of insurance contracts and yield-dependent investment contracts amounted to approximately NIS 89.3 billion as of September 30, 2021, compared to approximately NIS 76.9 billion as of December 31, 2020. The increase in liabilities for insurance contracts and yield-dependent investment contracts is mainly due to rallies in financial markets in Israel and around the world during the reporting period.

Other liabilities as of September 30, 2021 amounted to NIS 38.2 billion, compared with NIS 34.2 billion as of December 31, 2020. The increase was mainly due to the first-time consolidation of the Gama's liabilities in the amount of approximately NIS 2.1 billion; for further details about the IPO and the Company's becoming a controlling shareholder in Gama, please see Section 1.3.4 above.

5.4 Description of the development of the Group's comprehensive income:

5.4.1 General

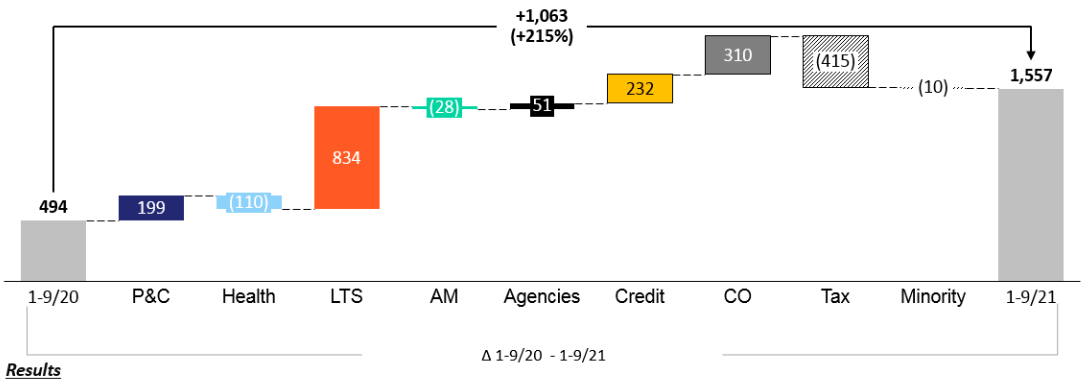
5.4.1.1 At each reporting period, the Company reviews its sources of income, according to the segments breakdown, as outlined in Section 5.4.2. The Company also reviews its profitability by separating gains from activity which assume a real return of 3%, and gain from capital market effects above or below a real return of 3%, effects of interest and other special items as described in Sections 5.4.1.2, 5.4.3-5.4.4.

5.4.1.2 Special effects are considered by the Company as changes in profit or loss outside the ordinary course of the Company's business, including actuarial changes as a result of studies, changes in actuarial models, exceptional effects due to structural changes and exceptional purchase expenses following the implementation of the strategy of increasing the market share in the financial services segment (hereinafter - "**Special Items**").

5.4.1.3 In the health insurance and in property and casualty insurance segments, the profitability analysis is based on a breakdown to underwriting earnings, which assumes a real return of 3%, and earnings stemming from capital market effects, which include income from nostro investments above or below a real return of 3%, the effect of the interest rate curve and other Special Items.

5.4.1.4 In the life insurance and long-term savings segment, the profitability analysis is based on a breakdown to underwriting earnings - which assumes a real return of 3%, including income from variable management fees in the profit participating portfolio based on said rate, fixed management fees and a financial margin in guaranteed return policies, which assumes said return both for the free portion and non-free portion of the portfolio, investment income after offsetting return credited to policyholders, and earnings stemming from capital market effects, which include income from nostro investments and management fees calculated above or below a real return of 3%, the effect of the interest rate curve, including changes in the K factor, and other Special Items.

5.4.2 **Set forth below is an analysis of the Company's financial performance by segment for the 9-month reporting period compared to the corresponding period last year (in NIS million):**



Results

1-9/2021	***459***	***180***	***910***	***93***	***173***	***246***	***155***	***(618)***	***(41)***	***1,557***
1-9/2020	*260*	*290*	*76*	*121*	*122*	*14*	*(155)*	*(203)*	*(31)*	*494*

In the reporting period, investment income, including pre-tax other comprehensive income, amounted to earnings of NIS 10,317 million compared with a loss of NIS 891 million in the corresponding period last year. The loss last year was due to the declines in financial markets in Israel and around the world following the spread of Covid-19.

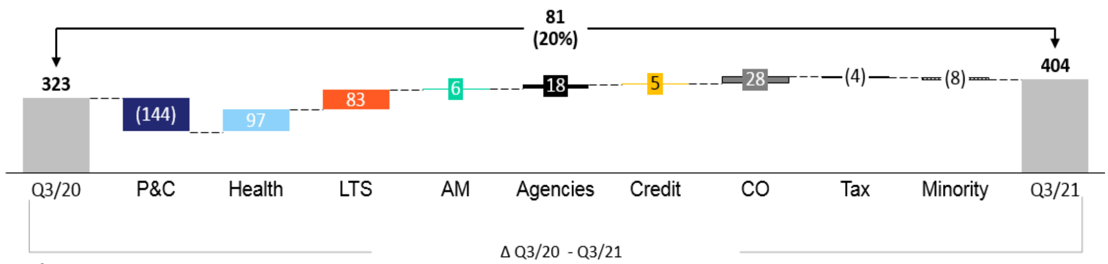
It should be noted that a significant portion of the said investment gains or losses was carried to participating policies and had no direct effect on the Company's results. The Company's results are mainly impacted by investment income from its nostro portfolio, as reflected in Sections 5.4.3-5.4.4 below.

Income from management fees increased in the reporting period by approximately NIS 632 million compared to the corresponding period last year. Most of the increase stems from the collection - during the reporting period - of NIS 428 million in variable management fees as a result of the rallies in financial markets in Israel and across the world, whereas during the corresponding period last year such management fees were not collected and the K factor was adversely affected in the amount of NIS 101 million, due to the negative trend in financial markets in Israel and across the world as a result of the Covid-19 crisis.

During the reporting period, the Company recorded a NIS 220 million profit from obtaining control in Gama; for further details, see Section 1.3.4. Furthermore, during the reported period the Company recognized excess fair value against the long-term care LAT reserve in the amount of NIS 120 million before tax, following the sale of control in Ad 120; for further details, see Section 1.3.5 above.

For the effects on the results at the segment level, please see details in Sections 5.6-5.12 below.

Set forth below is an analysis of the Company's financial performance by segment in the third quarter of 2021 compared with the same period last year (in NIS million):



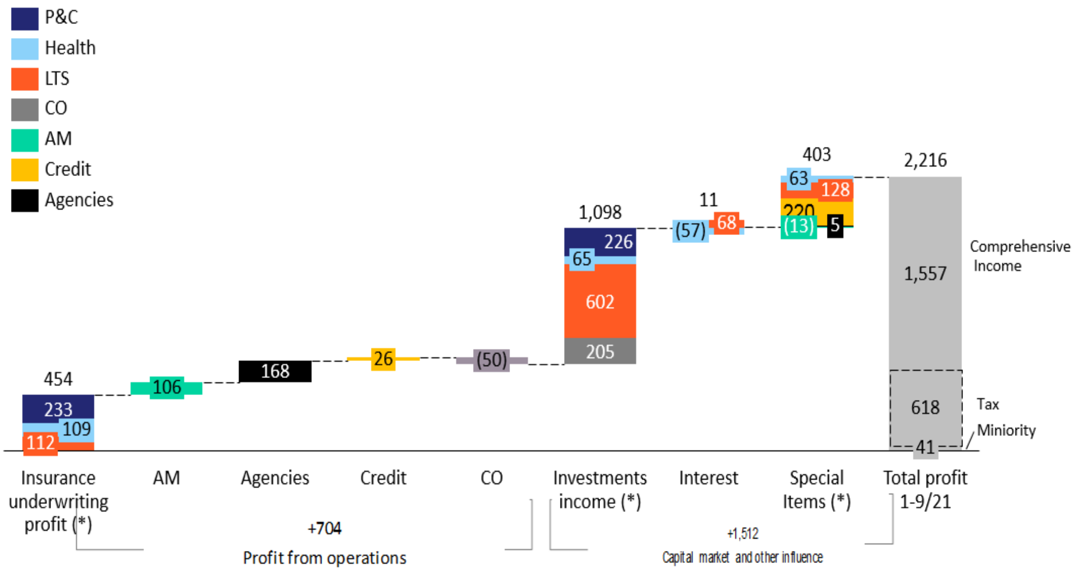
Results

Q3-21	**49**	**161**	**219**	**32**	**62**	**10**	**31**	**(142)**	**(18)**	**404**
Q3-20	193	64	136	26	44	5	3	(138)	(10)	323

In the third quarter, investment income (including pre-tax other comprehensive income) amounted to a profit of approximately NIS 1,832 million, compared with an income of approximately NIS 3,459 million in the corresponding quarter last year.

Income from management fees increased in the second quarter by approximately NIS 143 million compared to the corresponding period last year. The increase stems primarily from collection of variable management fees at a total amount of NIS 55 million in the third quarter, whereas during the corresponding quarter last year such management fees were not collected due to the offsetting of the sharp decline in variable management fees in the first quarter of 2020 as a result of the Covid-19 crisis and the increase in management fees from provident funds following the acquisition of Halman Investment House.

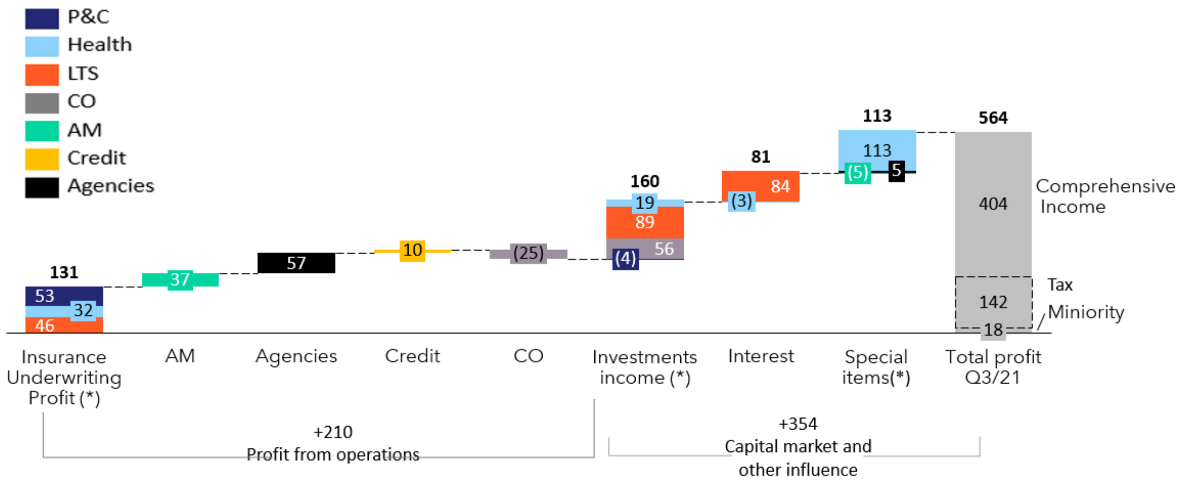
5.4.3 **<u>Set forth below is an analysis of the sources of the Company's pre-tax income by earnings per activity and earnings from capital market effects, interest rate and Special Items for the 9-month period ended in September 2021 (in NIS million):</u>**



(*) Please see Section 5.4.1.

The special items line item mainly includes the profit recognized by the Company for the reporting period in respect of the sale of control in Ad 120 and the non-recurring profit resulting from assuming control over Gama. For further details, please see Section 1.3.4 and 1.3.5.

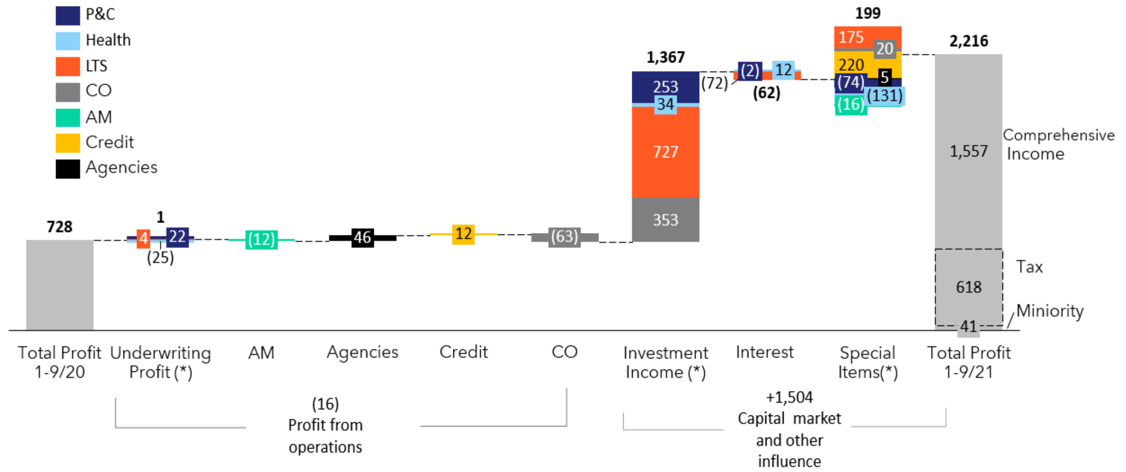
<u>Set forth below is an analysis of the sources of the Company's pre-tax income by earnings per activity and earnings from capital market effects, interest rate and Special Items in the third quarter of 2021 (in NIS million):</u>



(*) Please see Section 5.4.1.

The special items line item for the third quarter mainly includes the profit recognized by the Company for the reporting period in respect of the sale of control in Ad 120. For further details, please see Section 1.3.5 above.

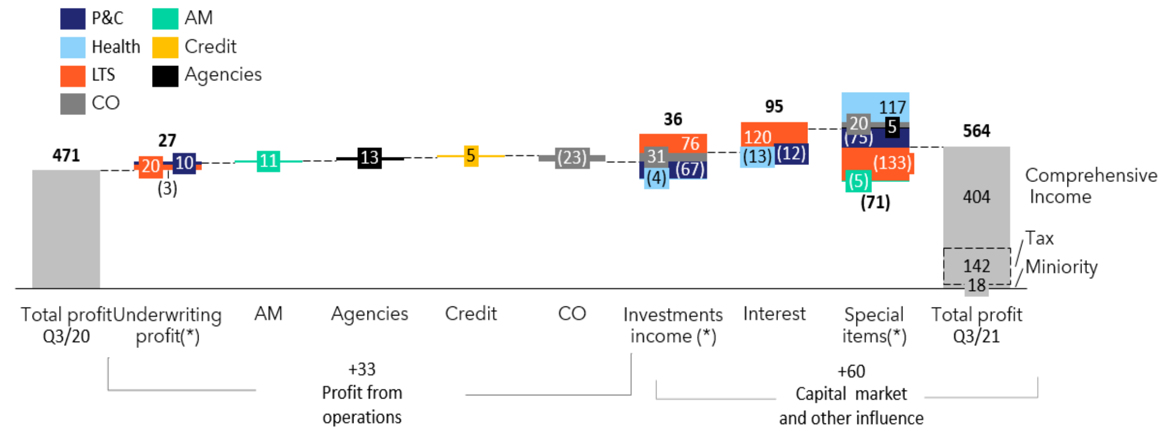
5.4.4 **<u>Set forth below is an analysis of the difference between the sources of the Company's pre-tax income by earnings per activity and earnings from capital market effects, interest and Special Items for the 9-month period in the reporting period relative to the corresponding period last year (in NIS million):</u>**



1-9/2021	**454**	**106**	**168**	**26**	**(50)**	**1,098**	**11**	**403**	**2,216**
1-9/2020	453	118	122	14	13	(269)	73	204	728

(*) Please see Section 5.4.1.

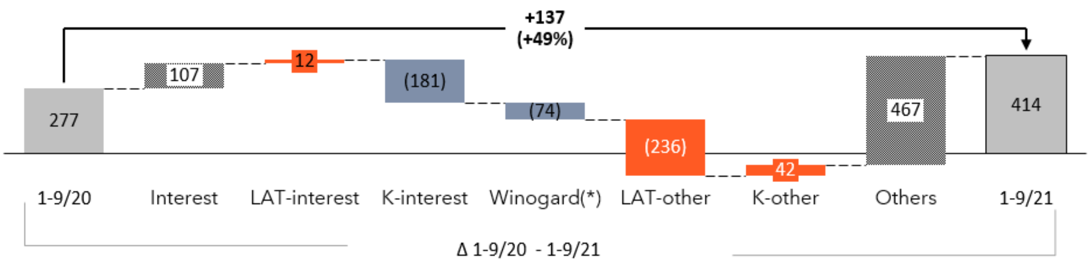
<u>Set forth below is an analysis of the difference between the sources of the Company's pre-tax income by earnings per activity and earnings from capital market effects, interest and Special Items in the third quarter of 2021 compared to the corresponding period last year (in NIS million):</u>



Q3-21	**131**	**37**	**57**	**10**	**(25)**	**160**	**81**	**113**	**564**
Q3-20	104	26	44	5	(2)	124	(14)	184	471

(*) Please see Section 5.4.1.

5.4.5 **Set forth below is an analysis of the differences between the interest rate effects and main special items on pre-tax insurance liabilities between the 9 months in the reporting period and the corresponding period last year (in NIS million):**



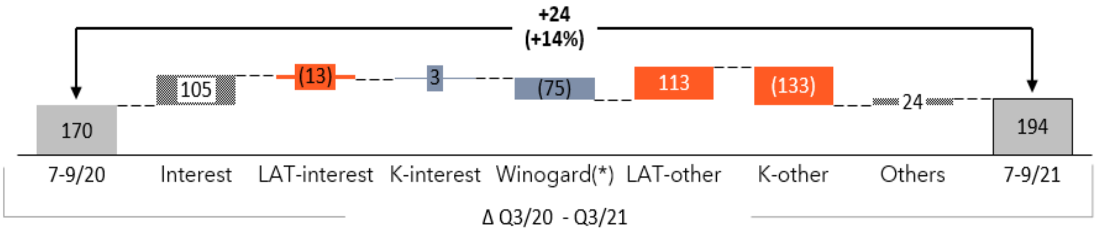
Results

+11 Interest

+ 403 Special items

1-9/2021	68	(57)	-	-	(103)	-	506	414
P&C	-	-	-	-	-	-	-	-
Health	-	(57)	-	-	(103)	-	166	6
LTS	68	-	-	-	-	-	128	196
AM	-	-	-	-	-	-	(13)	(13)
Agencies	-	-	-	-	-	-	5	5
Credit	-	-	-	-	-	-	220	220
1-9/2020	(39)	(69)	181	74	133	(42)	39	277
P&C	2	-	-	74	-	-	-	76
Health	-	(69)	-	-	133	-	61	125
LTS	(41)	-	181	-	-	(42)	(5)	93
AM	-	-	-	-	-	-	3	3
CO	-	-	-	-	-	-	(20)	(20)

Set forth below is an analysis of the difference between the interest effects and main special items on pre-tax insurance liabilities in the third quarter of 2021 compared with the corresponding quarter last year (in NIS million):



Results

+81 Interest

+113 Special items

Q3-21	84	(3)	-	-	113	-	-	194
P&C	-	-	-	-	-	-	-	-
Health	-	(3)	-	-	113	-	-	110
LTS	84	-	-	-	-	-	-	84
AM	-	-	-	-	-	-	(5)	(5)
Agencies	-	-	-	-	-	-	5	5
Credit	-	-	-	-	-	-	-	-
Q3-20	(21)	10	(3)	75	-	133	(24)	170
P&C	12	-	-	75	-	-	-	87
Health	-	10	-	-	-	-	(4)	6
LTS	(33)	-	(3)	-	-	133	-	97
AM	-	-	-	-	-	-	-	-
CO	-	-	-	-	-	-	(20)	(20)

5.5 **Set forth below are data regarding the Company's return on equity:**

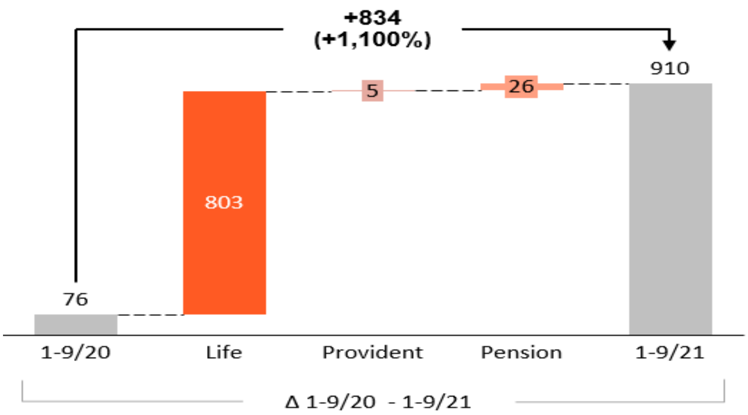
	1-9/2021	1-9/2020	7-9/2021	7-9/2020	1-12/2020
Return on shareholders' equity for the period (based on comprehensive income for the period)(*)	25.1%	9.7%	19.5%	19.9%	18.5%

(*) Return on equity is calculated based on the income for the period or comprehensive income for the period attributable to Company's shareholders, adjusted to reflect a one-year period and divided by the average equity for the period.

Developments in the life Set forth below is a description of the developments in the Group's financial performance, by operating segment (in NIS million, before tax):

5.6 **Description of developments in the insurance and long-term savings (LTS) operating segment**

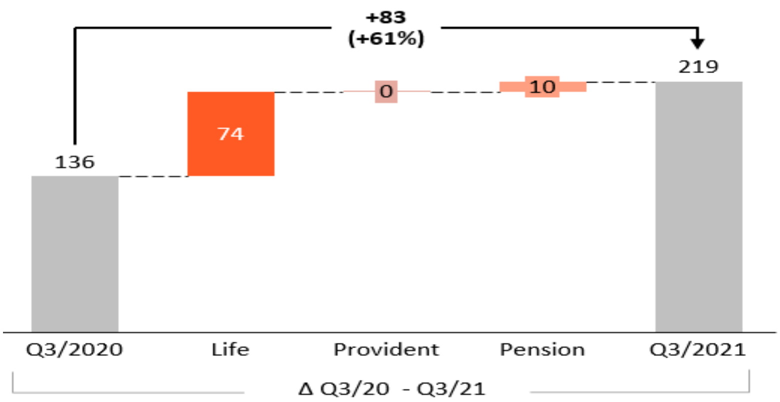
5.6.1 **Set forth below is an analysis of the main effects and changes on the results of the life insurance and long-term savings subsegment for the reporting period compared to the corresponding period last year (in NIS million):**



Results

1-9/2021	***866***	***27***	***17***	***910***
1-9/2020	*63*	*22*	*(9)*	*76*

5.6.2 **Set forth below is an analysis of the main effects and changes on the results of the life insurance and long-term savings subsegment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):**



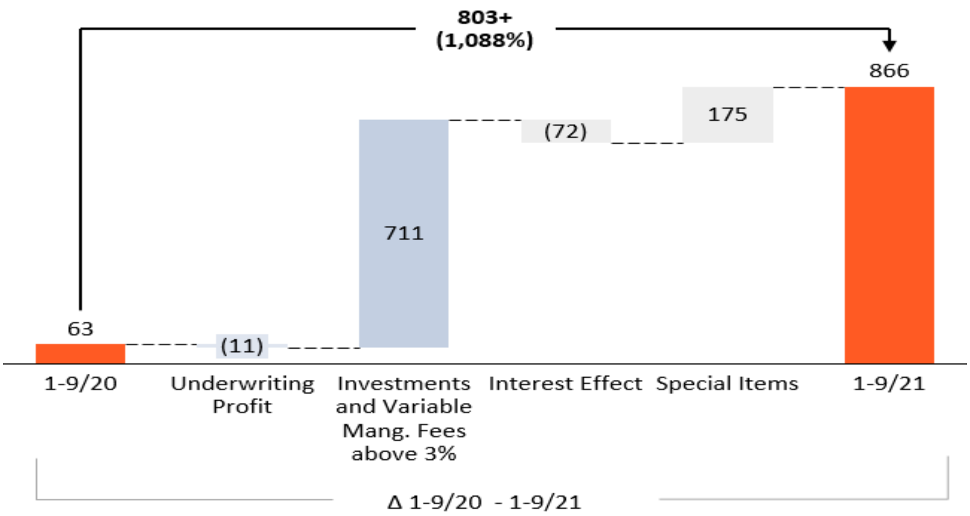
Results

Q3-21	***204***	***7***	***8***	***219***
Q3-20	*130*	*7*	*(2)*	*136*

5.6.3 Life insurance subsegment

Earnings on investments have a material effect on the profitability of this segment, which is characterized by accrual of significant reserves over long periods. Investment earnings are affected by capital market fluctuations, as well as changes in interest rates and the rate of change in the Israeli consumer price index, which affect the yields on liquid financial asset portfolios held against insurance and contingent claims reserves. It should be noted that a significant portion of the investment income was carried to participating policies and has no direct effect on the Company's results.

Set forth below is an analysis of the main effects and changes on the results of the life insurance subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-9/2021	***78***	***592***	***68***	***128***	***866***
1-9/2020	*89*	*(119)*	*140*	*(47)*	*63*

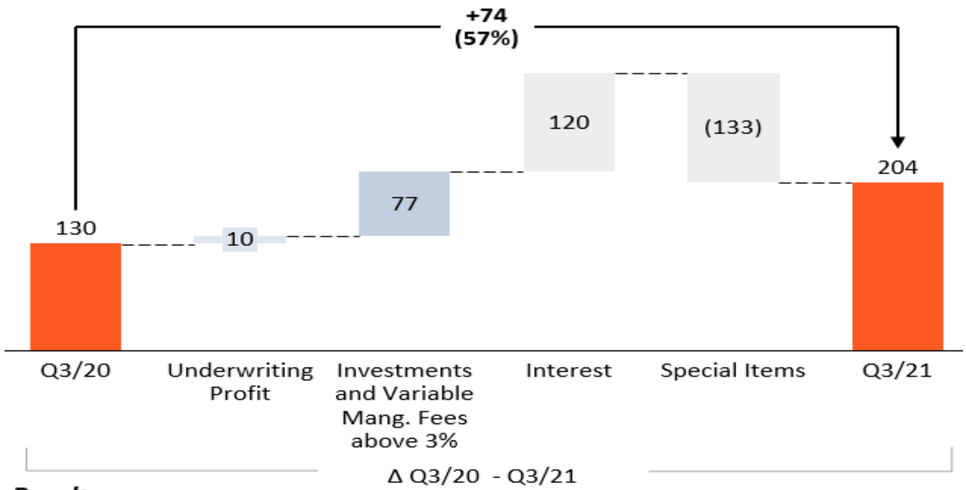
Compared with the corresponding quarter last year, the results in the reporting period were mainly impacted by the increase in income from investments, variable management fees, and Special Items. The NIS 711 million increase in income from nostro investments stemmed mainly from the positive trend in financial markets in Israel and across the world which resulted with collection of variable management fees at a total amount of NIS 428 million in the reporting period, whereas during the corresponding period last year such management fees were not collected due to the Covid-19 crisis; the said increase in income from nostro investments was also caused by an increase in the financial margins on guaranteed return policies.

The impact of interest in the reporting period compared with the corresponding period last year caused a NIS 72 million decrease in earnings mainly due to the increase in the interest curve in the corresponding period last year, compared with a more moderate increase in the interest curve in the reporting period.

The NIS 175 million increase in Special Items stemmed from changes to model assumptions and updates in the reporting period that caused a NIS 128 million decrease in insurance liabilities compared with the corresponding period last year, with the sharp decline in variable management fees impacting the K factor and triggering a NIS 47 million increase in insurance liabilities.

For further details regarding sensitivity of the insurance liabilities to a change in the interest rates, please see Note 40 to the Annual Financial Statements.

<u>Set forth below is an analysis of the main effects and changes on the results of the life insurance subsegment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):</u>



<u>Results</u>

Q3-21	***34***	***86***	***84***	***-***	***204***
Q3-20	*24*	*9*	*(36)*	*133*	*130*

Compared with the corresponding quarter last year, the results in the third quarter were impacted by the increase in income from investments in the amount of NIS 77 million. The increase in investment income stemmed mainly from the rallies in financial markets in Israel and across the world, which resulted with collection of variable management fees at a total amount of NIS 55 million, whereas during the corresponding period last year such management fees were not collected due to the Covid-19 crisis.

The impact of interest in the reporting period compared with the corresponding period last year caused a NIS 120 million increase in earnings mainly due to the increase in the interest curve in the third quarter compared to a decrease in the interest curve in the corresponding quarter last year.

The decrease in Special Items compared with the corresponding quarter last year, stemmed from the offset of the sharp decline in variable management fees as a result in the recovery of financial markets in the corresponding quarter last year which impacted the K factor and triggered a NIS 133 million decrease in insurance liabilities.

5.6.4 The rate of redemptions out of the average reserve (in annual terms) was approximately 3.7% compared with 2.9% in the corresponding period last year. Most of the increase in the redemption rate is due to transfer from one provident fund product to another within the Company. It should be noted that the general state of the economy, transition from product to product, employment rates, the Covid-19 crisis, employees' wages, and market competition all affect this rate.

5.6.5 Weighted returns on participating policies

Set forth below are details concerning estimated net investment earnings attributed to policyholders of participating policies and management fees calculated according to the Insurance Commissioner's guidelines, based on insurance reserve balances and returns:

	1-9/2021	1-9/2020	7-9/2021	7-9/2020	1-12/2020
	In NIS million				
Investment gains (losses) attributed to policyholders after management fees	6,986	(1,535)	1,070	2,689	3,333
Management fees	819	322	188	110	740

(*) Excluding investment income (losses) credited (debited) to policyholders in the health insurance segment.

Set forth below are the nominal returns on participating policies in respect of policies issued from 1992 to 2003:

	Policies issued up to 2004 (Fund J)				
	1-9/2021	1-9/2020	7-9/2021	7-9/2020	1-12/2020
Nominal returns before payment of management fees	11.77%	-2.27%	2.02%	4.60%	6.61%
Nominal returns after payment of management fees	9.87%	-2.72%	1.72%	4.45%	4.99%
Real returns before payment of management fees	9.36%	-1.68%	1.22%	4.50%	7.25%
Real returns after payment of management fees	7.50%	-2.14%	0.92%	4.35%	5.61%

Fluctuations in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

Set forth below are the nominal returns on participating policies in respect of policies issued from 2004 and thereafter:

	Policies issued from 2004 and thereafter				
	1-9/2021	1-9/2020	7-9/2021	7-9/2020	1-12/2020
Nominal returns before payment of management fees	10.30%	-1.92%	1.40%	4.69%	7.03%
Nominal returns after payment of management fees	9.52%	-2.65%	1.17%	4.42%	5.97%
Real returns before payment of management fees	7.92%	-1.33%	0.61%	4.58%	7.67%
Real returns after payment of management fees	7.16%	-2.07%	0.38%	4.32%	6.61%

5.6.6 Provident funds subsegment

The Group manages provident and advanced education funds through The Phoenix Pension and Provident, a wholly owned subsidiary of the Company, which manages benefits and severance pay funds, advanced education funds, a central benefits and severance pay fund, a yield-guaranteed provident fund, an investment provident fund, a child long-term investment provident fund for savings, a self-directed benefits provident fund, and a personally managed advanced education fund.

For further details regarding the transfer of the shares of The Phoenix Pension and Provident by way of distributing a dividend in kind to the Company in the reporting period, please see Note 1C to the Financial Report.

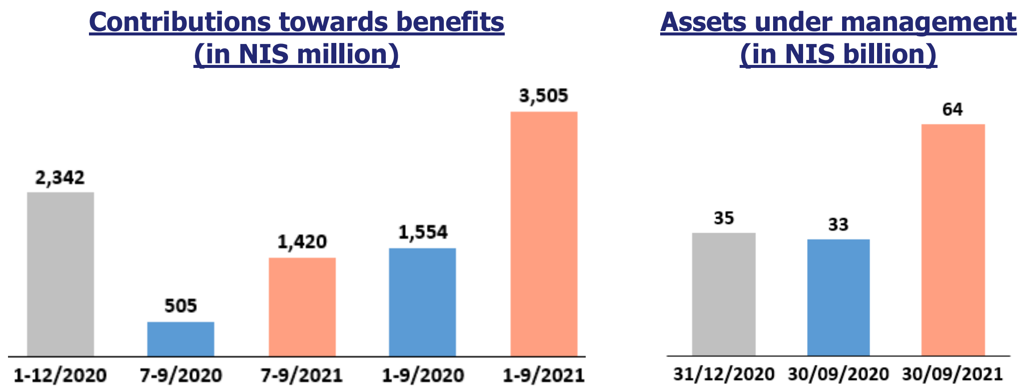
As part of the implementation of its strategy and its wish to expand its asset management activities, in provident and pension funds activities in particular, on February 28, 2021, the merger transaction - under which the Company acquired Halman Aldubi - was completed. For further details, please see Section 1.3.6 above.

Set forth below are key data as to the financial results of the provident funds subsegment; for further details please see Note 3 to the Financial Statements.

The pre-tax comprehensive income in the reporting period amounted to approximately NIS 27 million compared to approximately NIS 23 million during the corresponding period last year.

The increase in profit over the corresponding period last year is mainly due to the increase in capital market yields, which affected both the margin in guaranteed return provident funds and in the investment income from the management company's nostro portfolio. The effect was partially offset by the increase in general and administrative expenses and in marketing and purchase expenses.

Set forth below are developments in contributions towards benefits and total assets under management:



(*) Excluding the assets of the IEC provident funds in the amount of NIS 44 billion).

Based on Ministry of Finance data,[5] aggregate contributions towards benefits in the provident funds subsegment in the first three quarters of 2021 totaled approximately NIS 40.6 billion, compared to a total of approximately NIS 31.6 billion in the corresponding period last year, reflecting an increase of approximately 28.3%. According to the Ministry of Finance data, as of September 30, 2021, total aggregate assets under management in the provident funds subsegment amounted to approximately NIS 650 billion, compared to approximately NIS 539 billion as of September 30, 2020, an increase of approximately 20.5%.

5 Based on Gemel Net data.

5.6.7 **Pension funds subsegment**

The Group's pension subsegment is conducted through The Phoenix Pension and Provident, a wholly-owned subsidiary of the Company.

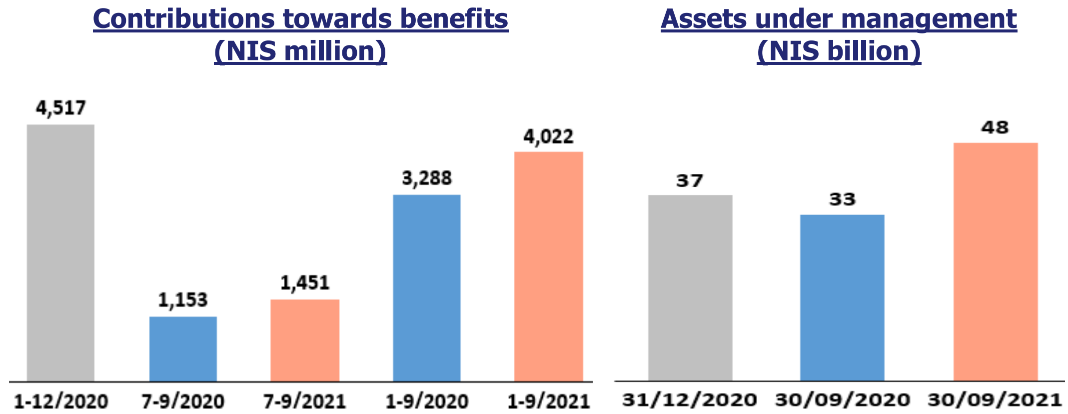
For further details regarding the transfer of the shares of The Phoenix Pension and Provident by way of a distribution of a dividend in kind to the Company in the reporting period, please see Note 1C to the Financial Report.

As part of the implementation of its strategy and its wish to expand its asset management activities in general and its pension funds activities in particular, on February 28, 2021, the merger transaction - under which the Company acquired Halman Aldubi - was completed. The sale to Meitav Dash Provident of the new pension funds managed by Halman Provident was completed on June 30, 2021. For further details, please see Section 1.3.6 above.

Set forth below are key data as to the financial results of the pension subsegment; for further details please see Note 3 to the Financial Statements.

The pre-tax earnings in the reporting period amounted to NIS 16 million compared with a pre-tax loss of NIS 9 million in the corresponding period last year. The increase in earnings stemmed mainly from increase in returns in the capital markets, which resulted in a NIS 4 million increase in the management company's income from nostro investments compared with the corresponding period last year, and from a NIS 23 million increase in management fees, offset by the NIS 2 million increase in general and administrative expenses and marketing and purchase expenses.

Set forth below are developments in contributions towards benefits and total assets under management:



Based on Ministry of Finance data,[6] aggregate contributions towards benefits in the new comprehensive provident funds subsegment in the first three quarters of 2021 totaled approximately NIS 36.9 billion, compared to a total of approximately NIS 33.3 billion in the first half of last year, reflecting an increase of approximately 10.6%.

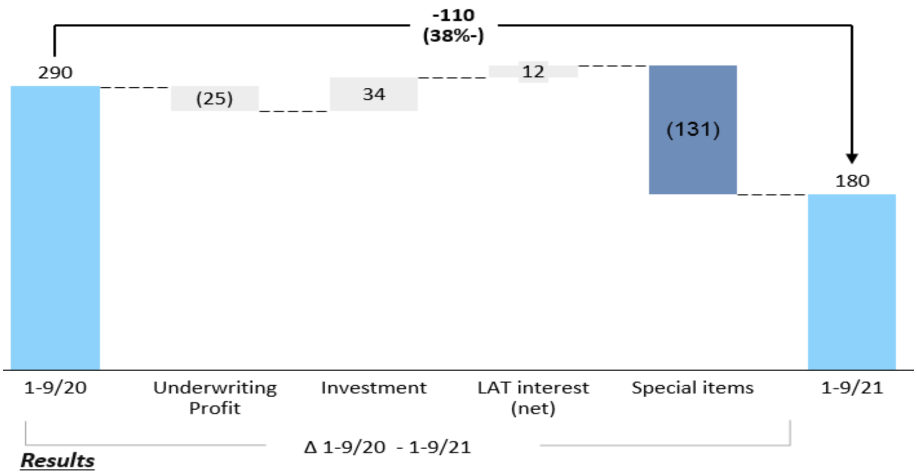
According to Ministry of Finance data, as of September 30, 2021, total aggregate assets under management in the new comprehensive pension funds subsegment amounted to a total of approximately NIS 542 billion, compared to approximately NIS 425 billion on September 30, 2020, an increase of approximately 27.5%.

[6] Based on Pension Net data.

5.7 Health insurance

Earnings on investments affects the profitability of this segment, some of whose products (such as long-term care insurance) are characterized by accrual of significant reserves over long periods. Investment earnings are affected by capital market fluctuations, as well as changes in interest rates and the rate of change in the Israeli consumer price index, which affect the yields on liquid financial asset portfolios held against insurance and contingent claims reserves. It should be noted that at this stage, the Company has ceased to market long-term care insurance policies in view of the guaranteed return in long-term care insurance plans, and the complexity of the related reinsurance in this area.

5.7.1 **<u>Set forth below is an analysis of the main effects and changes on the results of the health insurance subsegment for the reporting period compared to the corresponding period last year (in NIS million):</u>**



Results					
1-9/2021	***109***	***65***	***(57)***	***63***	***180***
1-9/2020	*134*	*31*	*(69)*	*194*	*290*

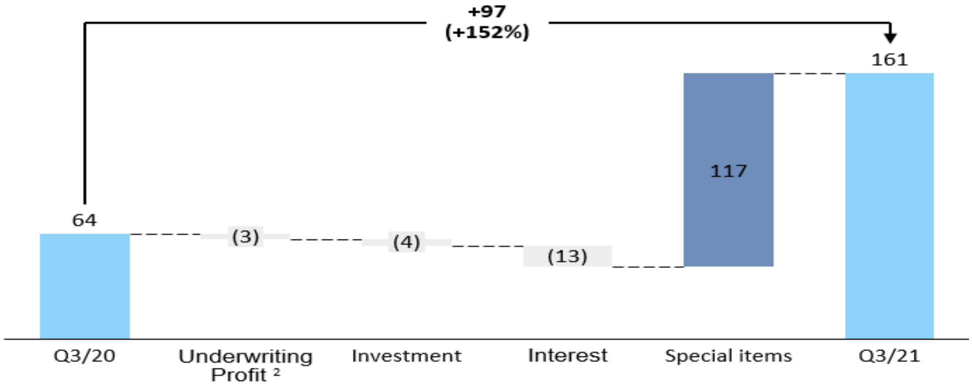
The results in the reporting period compared with the corresponding period last year were mainly from a NIS 131 million decrease in earnings in the Special Items line item. During the reporting period, the Company increased individual and collective long-term care reserves as a result of changes in morbidity assumptions and model updates in the amount of NIS 159 million. Following the completion of the sale transaction of Ad 120 (for further details, please see Section 1.3.5 above), the Company recognized the excess fair value, which decreased the individual and collective long-term care reserve by a total of NIS 120 million; in total, the net individual and collective long-term care reserve increased by NIS 39 million in the reporting period, compared with the corresponding period last year, in which the Company reduced the individual and collective long-term care reserves as a result of changes in expense assumptions and model updates in the amount of NIS 133 million.

Furthermore, during the reporting period, the Company reduced the individual health insurance reserve as a result of changes in morbidity assumptions and model updates in the amount of NIS 107 million, compared with a decrease in the individual health insurance reserve in the amount of approximately NIS 19 million in the corresponding period last year. In addition, the profit in the corresponding period last year includes a decrease in the individual long-term care and health insurance reserve due to the profitability embodied in the present value of the current fees and commissions in respect of agencies owned by the Company in the amount of NIS 46 million, compared with a NIS 5 million increase in the reserve during the reporting period.

For further details, please see Note 8 to the Financial Statements.

Except for the said effect, the decrease in the underwriting earnings in the reporting period compared to the corresponding period last year is mainly due to a decrease in the profitability of individual and collective long-term care policies, as a result of an increase in the claims settlement rate in the reporting period and a decrease in profit from travel insurance policies.

Set forth below is an analysis of the main effects and changes on the results of the health insurance subsegment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):



Δ Q3/20 - Q3/21

Results

Q3-21	**32**	**19**	**(3)**	**113**	**161**
Q3-20	35	23	10	(4)	64

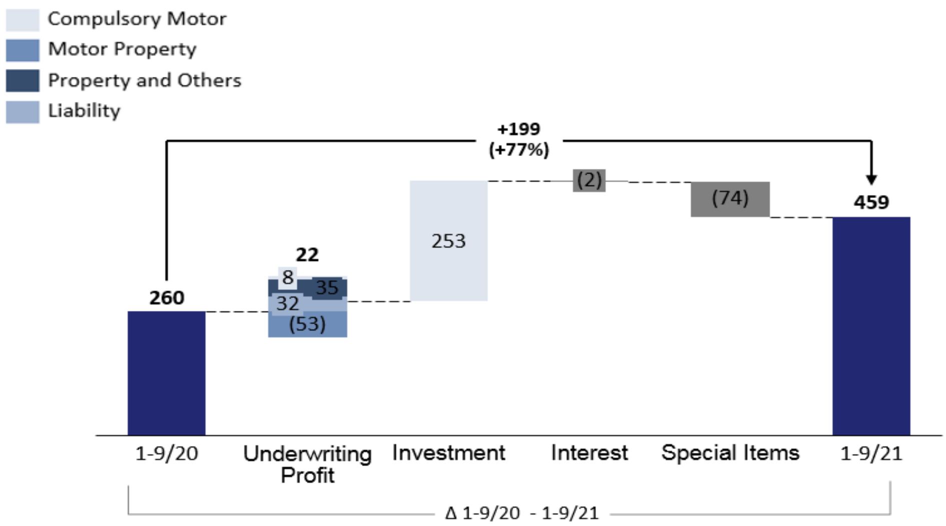
The results in the third quarter compared to the corresponding quarter last year were mainly affected by an increase in the speical items line item in the amount of NIS 117 million; the increase was due to the completion of the sale transaction of Ad 120, as a result of which the Company recognized in the third quarter of the reporting year, an excess fair value which decreased the individual and collective long-term care reserve by a total of approximately NIS 120 million; for further details, see Section 1.3.5 above.

In addition, the results of the current quarter compared with the corresponding quarter last year were affected by the changes in the interest rate curve and illiquidity premium compared with the corresponding quarter last year, which decreased the profit by a total of totaled NIS 13 million.

For further details, please see Note 8 to the Financial Statements.

5.8 Property and casualty insurance

5.8.1 <u>Set forth below is an analysis of the main effects and changes on the results of the property and casualty insurance subsegment for the reporting period compared to the corresponding period last year (in NIS million):</u>



<u>Results</u>

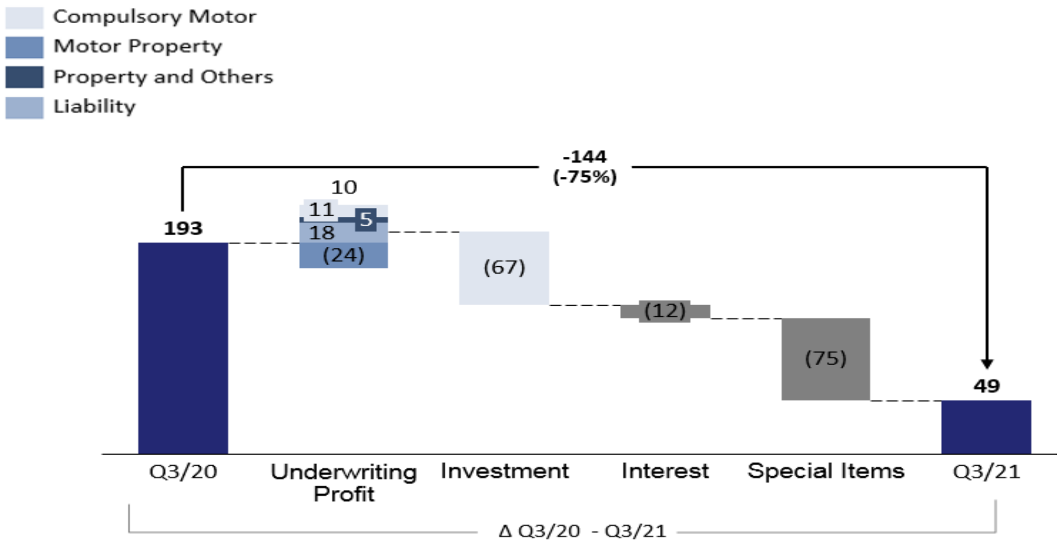
1-9/2021	***233***	***226***	-	-	***459***
1-9/2020	*211*	*(27)*	*2*	*74*	*260*

The increase in investment income in the reporting period in the amount of NIS 253 million, compared with the corresponding period last year, was due to the rally in financial markets in Israel and around the world compared with the decline therein in the corresponding period last year, mainly on the back of the spread of Covid-19.

The increase in underwriting earnings in the reporting period, compared to the corresponding period last year, is mainly due to a positive development for previous years in the professional liability subsegment, improved underwriting earnings in other property subsegments, due in part to loss in the flight cancellation subsegment following the spread of Covid-19 in the corresponding period last year and the effect of the damages of the winter storm in the first quarter of last year. The increase in earnings in the reporting period was partially offset by a decrease in the underwriting earnings in the motor property subsegment, as a result of an increase in the cost of claims, a decrease in average premiums and a positive effect of last year’s travel restrictions due to Covid-19.

The NIS 74 million decrease in profit of compared to the corresponding period last year in the special items line item, is due to the reduction of the insurance liabilities in the compulsory motor insurance and liability insurance last year as a result of changes in the discount rate of National Insurance Institute allowances (Winograd Commission).

5.8.2 **<u>Set forth below is an analysis of the main effects and changes on the results of the P&C insurance subsegment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):</u>**



<u>Results</u>

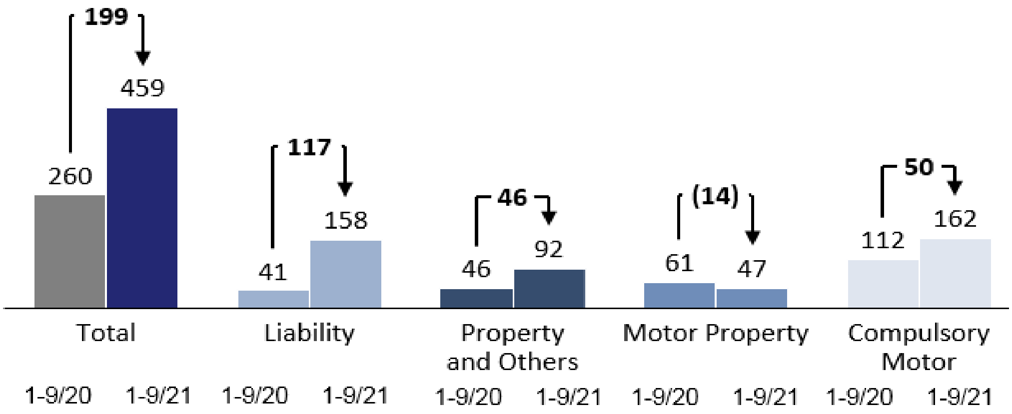
Q3-21	***53***	***(4)***	***-***	***-***	***49***
Q3-20	*43*	*63*	*12*	*75*	*193*

Compared with the results of the corresponding period last year, the results in the third quarter were affected mainly by a NIS 67 million decrease in investment income since the rallies in financial markets in Israel and across the world was more positive in the third quarter last year compared with the third quarter this year.

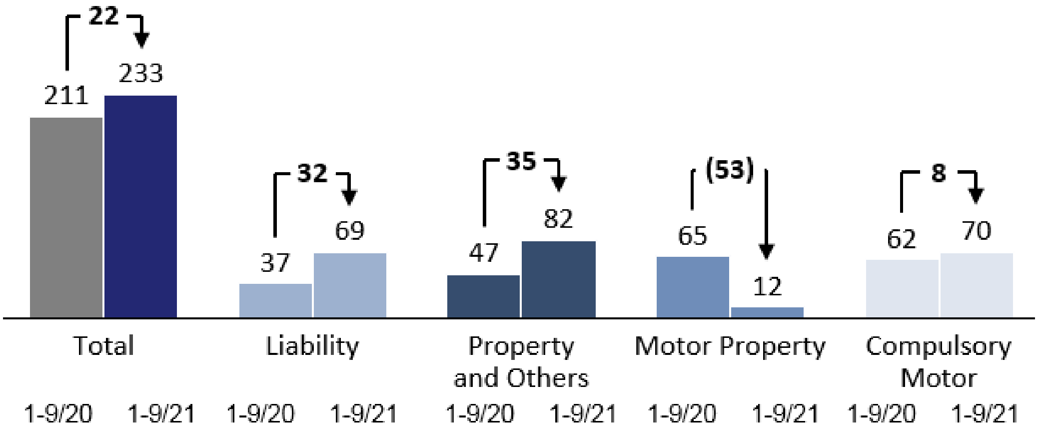
The NIS 75 million decrease in profit of compared to the corresponding quarter last year in the special items line item, is due to the reduction of the insurance liabilities in the compulsory motor insurance and liability insurance last year as a result of changes in the discount rate of National Insurance Institute allowances (Winograd Commission).

The increase in underwriting profit in the third quarter compared to the corresponding quarter last year is mainly due to a positive development for previous years in other liability insurance and compulsory motor insurance subsegments, which was partially offset by a decrease in underwriting earnings in the motor property subsegment as a result of an increase in claims costs and a decrease in the average premium.

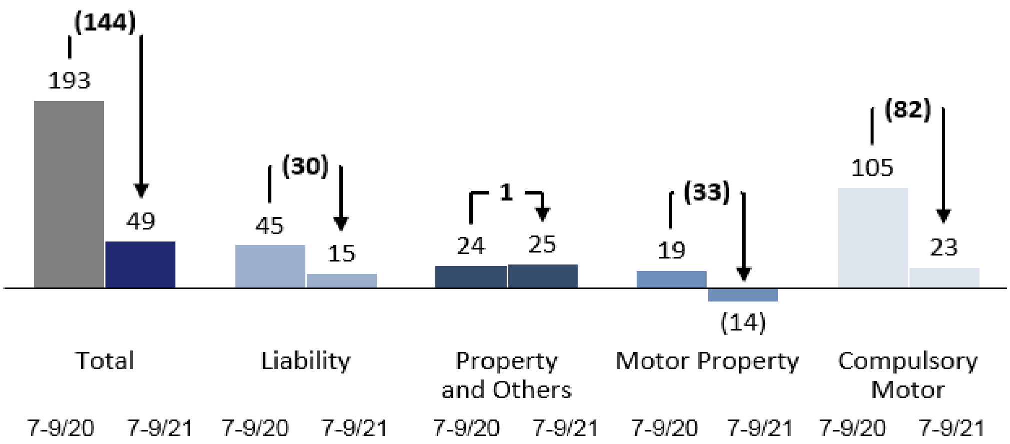
5.8.3 **<u>Set forth below is the pre-tax comprehensive income in the various subsegments of property and casualty insurance (P&C) for the reporting period compared with the corresponding period last year (in NIS million):</u>**



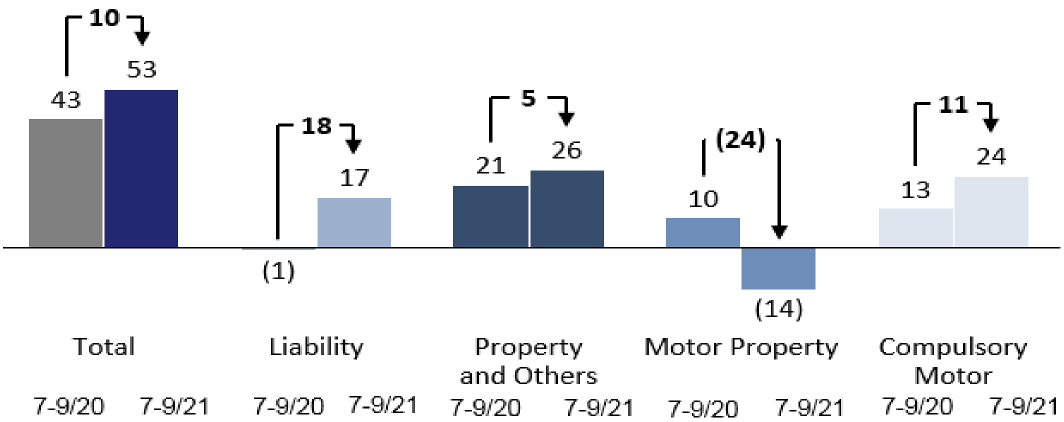
<u>Set forth below are the results of the (pre-tax) underwriting earnings in the various subsegments of property and casualty insurance for the reporting period compared with the corresponding period last year (in NIS million):</u>



5.8.4 **<u>Set forth below is the pre-tax comprehensive income in the various subsegments of property and casualty insurance for the third quarter of 2021 compared with the corresponding quarter last year (in NIS million):</u>**



<u>Set forth below are the results of the (pre-tax) underwriting earnings in the various subsegments of property and casualty insurance for the third quarter of 2021 compared with the corresponding quarter last year (in NIS million):</u>



5.8.5 **<u>Set forth below is the gross loss ratio and combined ratio, and retention loss ratio in the motor property and other subsegments:</u>**

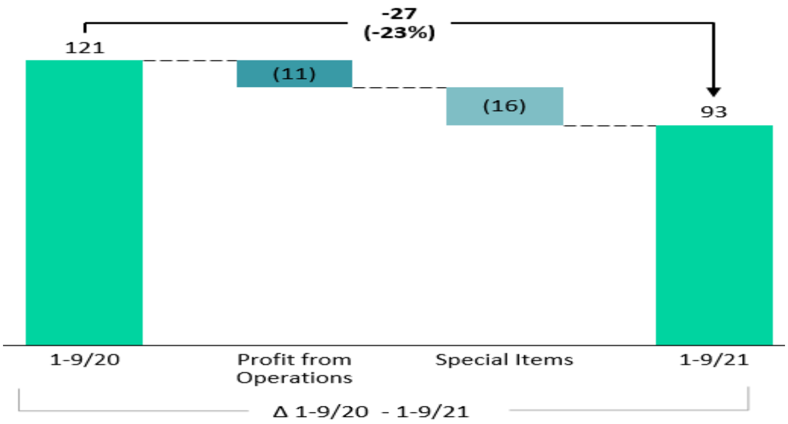
	Motor property				
	In NIS million				
	1-9/2021	**1-9/2020**	**7-9/2021**	**7-9/2020**	**1-12/2020**
Gross loss ratio	74.4%	64.8%	80.9%	69.6%	66.8%
Retention loss ratio	74.4%	64.8%	80.8%	69.6%	66.9%
Gross combined ratio	102.3%	93.1%	109.0%	98.2%	96.4%
Retention combined ratio	102.3%	93.1%	109.0%	98.3%	96.4%

	Property and other subsegments				
	In NIS million				
	1-9/2021	**1-9/2020**	**7-9/2021**	**7-9/2020**	**1-12/2020**
Gross loss ratio	33.8%	43.9%	38.9%	30.2%	40.7%
Retention loss ratio	22.5%	41.4%	24.9%	23.6%	37.8%
Gross combined ratio	60.9%	71.5%	67.5%	60.6%	68.9%
Retention combined ratio	59.4%	76.8%	64.8%	67.5%	76.4%

5.9 Financial services segment

Most of the segment's activities are carried out through Excellence.

Set forth below is an analysis of the main effects and changes on the results of the financial services segment for the reporting period compared to the corresponding period last year (in NIS million):

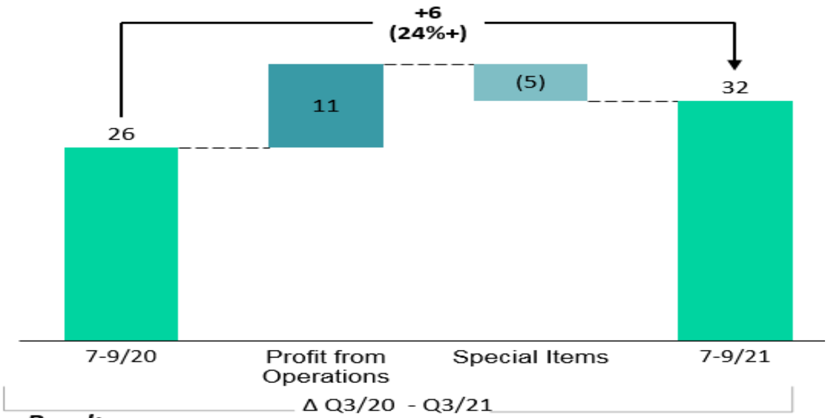


Results

1-9/2021	***106***	***(13)***	***93***
1-9/2020	*118*	*3*	*121*

The decrease in profit in the reporting period compared to the corresponding period last year was mainly due to a significant gain in market-making activity as a result of the outbreak of Covid-19 and volatility in capital markets in the corresponding period last year in the amount of NIS 20 million; it was also due to a decline in the spreads on foreign currency deposits in the amount of NIS 16 due to declining interest rates; these effects were partially offset by an increase in income from management fees during the reporting period. The decrease in special items stems mainly from an increase in the acquisition expenses as a result of the growth strategy in the retail brokerage portfolio and zero management fees in KSM; for further details, see Section 1.3.8 above.

Set forth below is an analysis of the main effects and changes on the results of the financial services segment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):



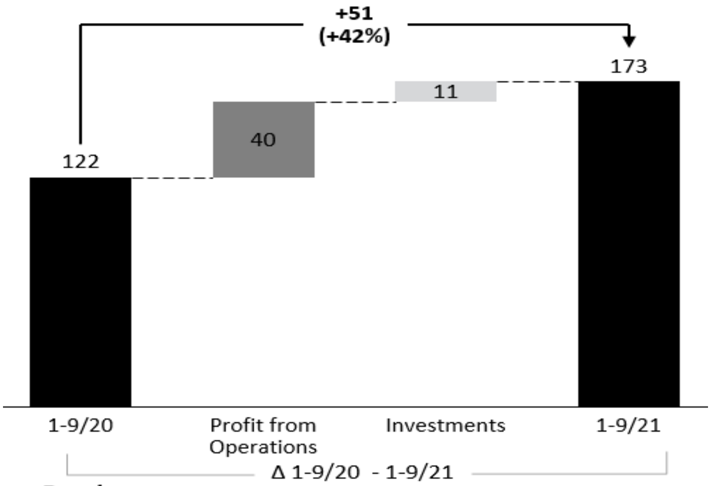
Results

Q3-21	***37***	***(5)***	***32***
Q3-20	*26*	*-*	*26*

Profit in the third quarter compared with the corresponding quarter last year was up mainly as a result of an increase in income from management fees. The decrease in special items stems mainly from an increase in the acquisition expenses as a result of the growth strategy in the retail brokerage portfolio and zero management fees in KSM; for further details, see Section 1.3.8 above.

5.10 The insurance agencies segment

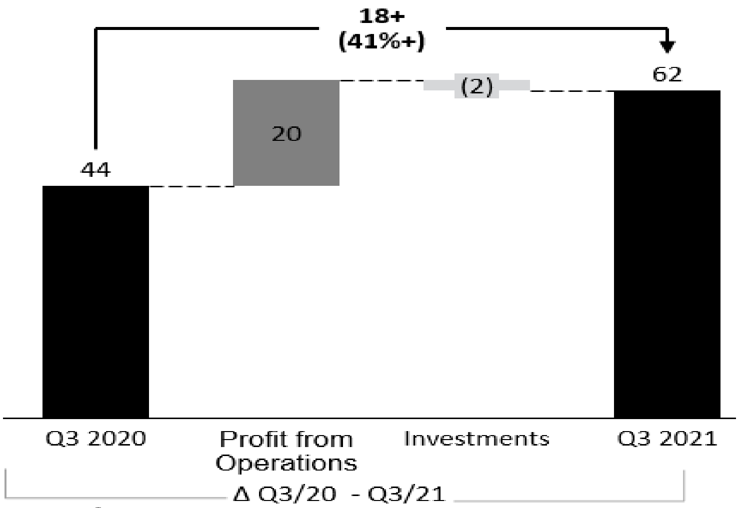
Set forth below is an analysis of the main effects and changes on the results of the insurance agencies segment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-9/2021	***165***	***8***	***173***
1-9/2020	*125*	*(3)*	*122*

Set forth below is an analysis of the main effects and changes on the results of the insurance agencies segment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):



Results

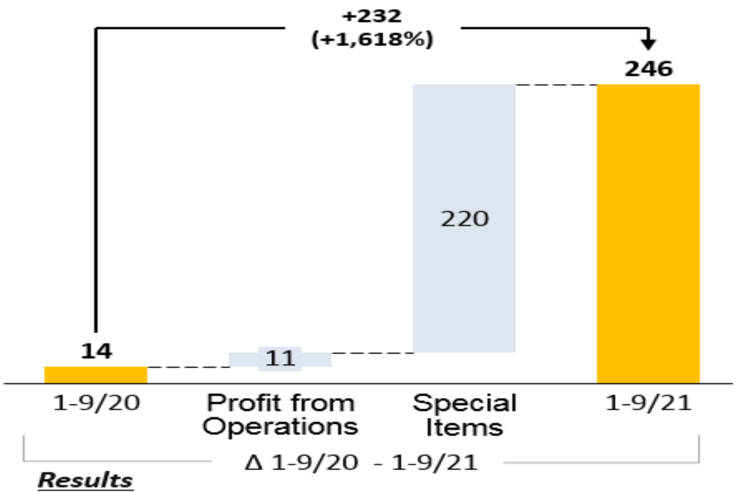
Q3-21	***63***	***(1)***	***62***
Q3-20	*43*	*1*	*44*

The increase in the Agencies Segment's profits stems primarily from continued growth, increase in agencies' sales further to the continued implementation of the Company's strategy of purchasing new agencies.

5.11 The credit segment

In June 2021, Gama Management and Clearing Ltd. completed its IPO on the TASE following the Supplementary Prospectus for of the sale offer and initial public offering of shares, and listing of its shares on the TASE, dated May 31, 2021. Simultaneously with the execution of the Offering in accordance with the Prospectus, The Phoenix Investments purchased additional Gama shares, such that after the Offering and the acquisition of the Purchased Shares, The Phoenix Investments holds approximately 61.6% of Gama's issued and paid-up share capital and voting rights therein (approximately 60% on a fully diluted basis) and became the controlling shareholder in Gama. During the reporting period, the Company consolidated Gama's financial statements for the first time.

Set forth below is an analysis of the main effects and changes on the results of the credit segment for the reporting period compared to the corresponding period last year (in NIS million):

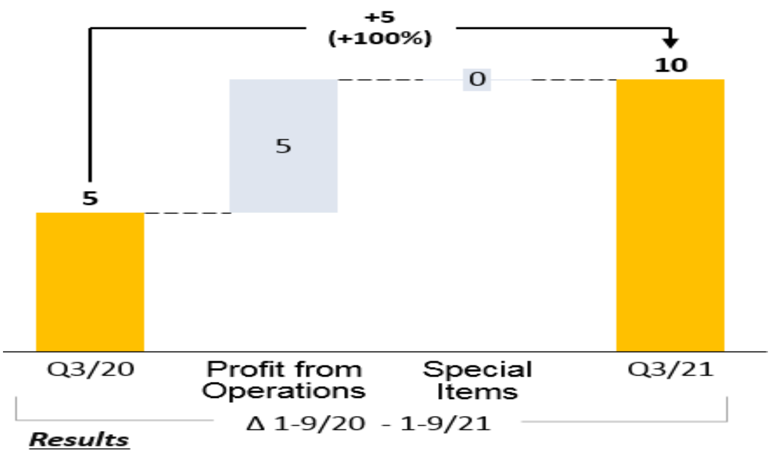


Results

1-9/2021	***26***	***220***	***246***
1-9/2020	*14*	*-*	*14*

It should be noted that Gama's operating profit includes a pro rata profit, in accordance with the Company's holding rates during the reporting period. Until June 30, 2021 at a holding rate of 49% and as of July 1, 2021 - at full consolidation and amortization of intangible assets subsequent to assuming control (60%) as mentioned above.

Set forth below is an analysis of the main effects and changes on the results of the credit segment for the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):

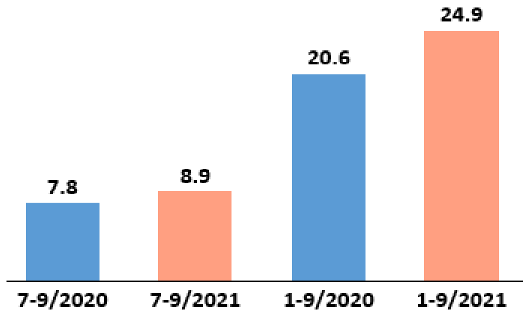


Results

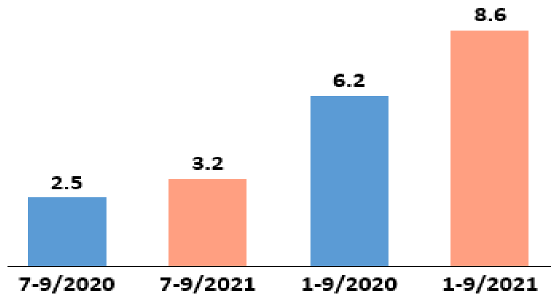
Q3-21	***10***	***-***	***10***
Q3-20	*5*	*-*	*5*

Following are key data from Gama's results:

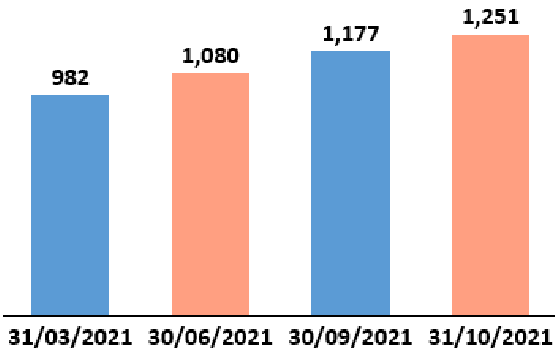
Gama's total turnover
(in NIS billions):



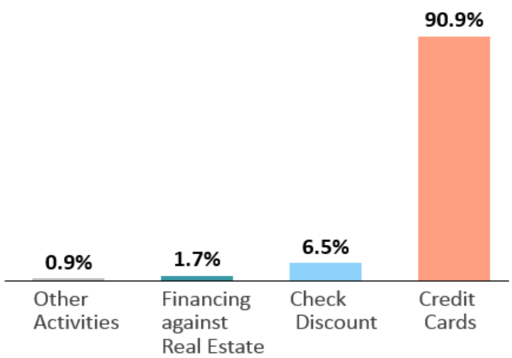
Gama's cumulative turnover
(in NIS billions):



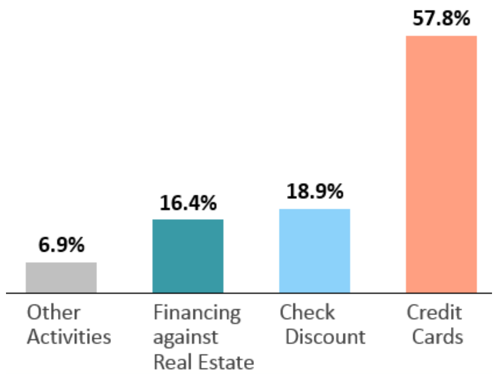
Analysis of the development of Gama's credit portfolio
Net of credit card operations
(in NIS million):



Breakdown of Gama's turnover by type of activity For the reporting period



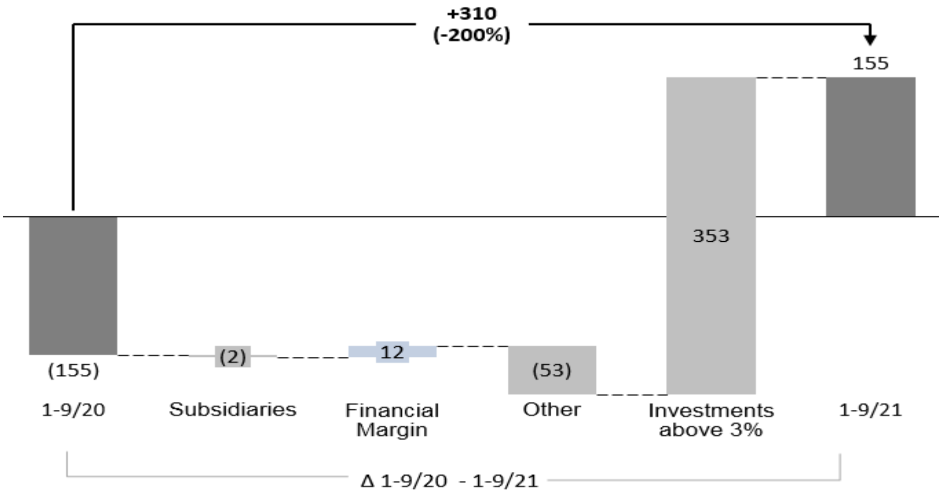
Breakdown of Gama's gross profit by type of activity For the reporting period



(*) The percentages are presented without taking into account loan loss expenses (inco)me

5.12 Other segments and operation not attributed to the operating segments

<u>Set forth below is an analysis of the main effects and changes on the results of "other" segment and activity that is not attributed to activity segments in the reporting period compared to the corresponding period last year (in NIS million):</u>

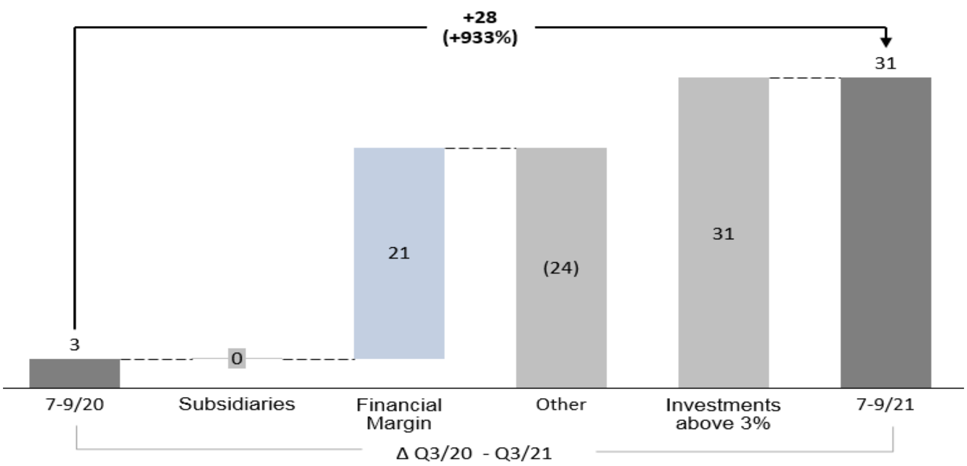


Results

1-9/2021	***(2)***	***43***	***(91)***	***205***	***155***
1-9/2020	*-*	*31*	*(38)*	*(148)*	*(155)*

The increase in investment income in the reporting period was due to the rally in financial markets in Israel and around the world compared with the decline therein in the corresponding period last year, mainly on the back of the spread of Covid-19.

<u>Set forth below is an analysis of the main effects and changes on the results of "other" segment and activity that is not attributed to activity segments in the third quarter of 2021 compared to the corresponding quarter last year (in NIS million):</u>



Results

Q3-21	***-***	***13***	***(38)***	***56***	***31***
Q3-20	*-*	*(8)*	*(14)*	*25*	*3*

The increase in investment income in the third quarter compared to the corresponding quarter last year is due to a higher increase in earnings in the third quarter last year as a result of the rallies in financial markets in Israel and across the world compared to the corresponding quarter last year quarter.

5.13 Analysis of cash flow development

The consolidated cash flows from operating activities in the reporting period amounted to approximately NIS 3,516 million. The consolidated cash flows used for investing activities in the reporting period amounted to NIS 623 million and mainly included a total of NIS 184 million used for software development and purchase, a total of NIS 45 million used to purchase property, plant and equipment, and a total of NIS 472 million used to acquire companies consolidated for the first time.

The consolidated cash flow provided by financing activities in the reporting period amounted to approximately NIS 100 million; the cash flows included, among other things, a total of NIS 188 million used to repay financial liabilities, and a total of NIS 691 million used to assume financial liabilities, as well as a total of NIS 380 million used for a dividend distribution to the Company's shareholders.

The Group's cash and cash-equivalent balances increased from a total of approximately NIS 12,010 million at the beginning of the reporting period to approximately NIS 15,003 million at the end of the reporting period.

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

During the reporting period, there were no material changes in exposure to market risks and management methods thereof in relation that which is described in the 2020 Periodic Report, except as follows:

In August 2021, the Company expanded Subordinated Bonds (Series L) by 1,225 thousand bonds of NIS 1 p.v. each, for a total of NIS 1,225 thousand, gross. The Subordinated Bonds (principal and interest) are linked to the CPI, and carry a linked annual interest, as stated, of 2.29%, payable in two semi-annual installments, in February and August of each calendar year from 2022 to 2071. This issuance replaced the Additional Tier 1 capital notes previously issued by The Phoenix Insurance. Following the expansion, there has been a change in the exposure to linked interest rates in relation to the data as of December 31, 2020.

The following table summarizes the results of the sensitivity tests to the linked interest rate on comprehensive income before tax, as of in September 30, 2021. The results are presented in NIS million, and do not include the insurance company:

	Profit (loss) from changes in the risk factor				Profit (loss) from changes in the risk factor		
Type of instrument	**Absolute increase of 2%**	**10% increase**	**5% increase**	**Fair value**	**5% decrease**	**10% decrease**	**Absolute decrease of 2%**
Government bonds	(0.2)	-	-	4.6	-	-	0.3
Corporate bonds	(1.7)	(0.1)	(0.1)	22	0.1	0.1	2.1
Subordinated bonds	(105.2)	(9.5)	(4.7)	1,140.7	4.7	9.4	119.2
Total assets	**(107.1)**	**(9.6)**	**(4.8)**	**1,167.3**	**4.8**	**9.5**	**121.6**
The Phoenix bonds	74.5	6.0	3.0	(864.1)	(3.0)	(5.9)	(86.0)
Total liabilities	**74.5**	**6.0**	**3.0**	**(864.1)**	**(3.0)**	**(5.9)**	**(86.0)**
Total	**(32.7)**	**(3.6)**	**(1.8)**	**303.2**	**1.8**	**3.6**	**35.5**

(*) The value of The Phoenix's bonds under the model is 1.5% lower than their market value (877.3).

Following the issuance of the Subordinated Bonds that replaced the Tier 1 Capital Notes, there has been a change in the exposure to non-linked shekel interest rates in relation to the data as of December 31, 2020.

The following table summarizes the results of the sensitivity tests to the non-linked shekel interest rate on comprehensive income before tax, as of in September 30, 2021. The results are presented in NIS million, and do not include the insurance company:

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Absolute increase of 2%	10% increase	5% increase		5% decrease	10% decrease	Absolute decrease of 2%
Government bonds	-	-	-	3.6	-	-	-
Corporate bonds	(0.6)	-	-	9.7	-	-	0.6
Capital note to the insurance company	-	-	-	-	-	-	-
Total assets	**(0.6)**	**(0.0)**	**(0.0)**	**13.3**	**0.0**	**0.0**	**0.6**
The Phoenix bonds	17.7	0.4	0.2	(620.8)	(0.2)	(0.4)	(19.5)
Total liabilities	**17.7**	**0.4**	**0.2**	**(620.8)**	**(0.2)**	**(0.4)**	**(19.5)**
Total	**17.1**	**0.4**	**0.2**	**(607.5)**	**(0.2)**	**(0.4)**	**(18.9)**

(*) The value of The Phoenix's bonds under the model is 1.14% lower than their market value (628).

Assumptions underlying the calculations

Fair value: Fair value was calculated using the discounted cash flow model, using the appropriate interest rate for the cash flow period. The discount rate was calculated based on the market interest rate for the cash flow period, plus the risk premium derived from the security's rating. Market interest rate data was taken from the Reuters' database, that feeds The Phoenix's risk management system, and risk premium data (credit spreads) were taken from Fair Spread.

Scenarios: Daily historical changes in the past ten years were tested for each of the relevant risk factors (such as exchange rates and shares). The maximum and minimum daily changes were calculated for each risk factor, excluding interest rate risk, for which the calculation was based on a 2% absolute increase/decrease during a single day. This scenario was selected after a study of the yield curve database found that in the past 10 years, no absolute change exceeding 2% was observed in any single day. These changes served as scenarios for potential changes in each of the risk factors. Scenario outcomes were calculated at the single asset level, so as to avoid distorting results by aggregating different instruments.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of September 30, 2021

	NIS		Foreign currency	Other non-monetary items	pension companies in	Credit company in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked							
Intangible Assets	-	-	-	1,530,301	447,008	3,861	-	702,287	2,683,457
Deferred tax assets	-	-	-	55,287	143	3,791	-	-	59,221
Deferred acquisition costs	-	-	-	-	481,080	-	-	1,457,147	1,938,227
Property, plant & equipment	-	-	-	160,334	25,533	9,357	-	658,833	854,057
Investments in investees	23,096	17,152	6,170	45,530	3,366	12	-	483,623	578,949
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	1,982,330	1,982,330
Investment property - other	-	-	-	-	-	-	-	1,083,581	1,083,581
Reinsurance assets	-	-	-	-	-	-	-	2,710,526	2,710,526
Credit for purchase of securities	417,000	-	56,000	-	-	-	-	-	473,000
Current tax assets	-	25,313	-	-	4,602	9,221	-	14,940	54,076
Receivables and debit balances	284,764	-	-	-	35,827	8,581	-	286,153	615,325
Premiums collectible	-	-	-	-	-	-	-	737,969	737,969
Held-for-sale assets of disposal group	-	-	-	-	-	-	-	1,872,096	1,872,096
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	76,032,702	76,032,702
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	210,000	-	210,000
Credit in respect of factoring, clearing and financing	-	-	-	-	-	2,134,463	-	-	2,134,463
Liquid debt assets	13,917	22,954	1,507	-	61,771	-	-	7,558,116	7,658,265
Non-liquid debt assets	481,140	159,354	65,000	-	917,393	11,501	-	12,176,583	13,810,971
Shares	-	-	-	63,859	23,088	1,151	-	2,414,279	2,502,377
Other	-	-	-	34,924	40,099	-	-	3,818,810	3,893,833
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	12,603,655	12,603,655
Other cash and cash equivalents	264,175	-	22,876	-	125,204	11,053	-	1,975,672	2,398,980
					-	-			
Total assets	**1,484,092**	**224,773**	**151,553**	**1,890,235**	**2,165,114**	**2,192,991**	**210,000**	**128,569,302**	**136,888,060**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	946,250	-	-	23,747,868	24,694,118
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	89,280,728	89,280,728
Liabilities in respect of deferred taxes	-	-	-	56,953	69,967	-	-	710,586	837,506
Liability for employee benefits, net	15,820	-	-	-	1,330	5,182	-	38,595	60,927
Liability in respect of current taxes	-	22,516	-	-	2,338	998	-	-	25,852
Payables and credit balances	406,865	-	-	-	166,112	21,257	-	2,048,529	2,642,763
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	208,000	-	208,000
Held-for-sale liabilities of disposal group	-	-	-	-	-	-	-	904,542	904,542
Financial liabilities	1,329,061	1,028,161	78,000	1,000	26,091	1,878,639	-	4,533,349	8,874,301
Total liabilities	**1,751,746**	**1,050,677**	**78,000**	**57,953**	**1,212,088**	**1,906,076**	**208,000**	**121,264,197**	**127,528,737**
Total exposure	**(267,654)**	**(825,904)**	**73,553**	**1,832,282**	**953,026**	**286,915**	**2,000**	**7,305,105**	**9,359,323**

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of September 30, 2020

	NIS		Foreign currency	Other non-monetary items	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked					
Intangible Assets	-	-	-	815,633	-	979,027	1,794,660
Deferred tax assets	-	-	-	43,521	-	-	43,521
Deferred acquisition costs	-	-	-	-	-	1,716,704	1,716,704
Property, plant & equipment	-	-	-	130,257	-	673,600	803,857
Investments in investees	73,134	15,516	-	164,275	-	497,056	749,981
Investment property in respect of yield-dependent contracts	-	-	-	-	-	1,758,996	1,758,996
Investment property - other	-	-	-	-	-	2,665,173	2,665,173
Reinsurance assets	-	-	-	-	-	2,479,189	2,479,189
Credit for purchase of securities	318,000	-	29,000	-	-	-	347,000
Current tax assets	-	25,964	-	-	-	10,023	35,987
Receivables and debit balances	150,281	-	-	-	-	298,751	449,032
Premiums collectible	-	-	-	-	-	706,264	706,264
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	59,584,985	59,584,985
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	252,000	-	252,000
Liquid debt assets	7,558	30,356	2,040		-	8,292,994	8,332,948
Non-liquid debt assets	390,268	194,914	41,685	-	-	13,104,115	13,730,982
Shares	-	-	-	48,091	-	1,604,275	1,652,366
Other	-	-	-	15,107	-	2,728,677	2,743,784
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	10,063,324	10,063,324
Other cash and cash equivalents	638,493	-	24,712	-	-	1,046,334	1,709,539
Total assets	**1,577,734**	**266,750**	**97,437**	**1,216,884**	**252,000**	**108,209,487**	**111,620,292**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	-	23,405,142	23,405,142
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	71,098,973	71,098,973
Liabilities in respect of deferred taxes	-	-	-	4,839	-	648,792	653,631
Liability for employee benefits, net	11,620	-	-	-	-	43,004	54,624
Liability in respect of current taxes	-	12,522	-	-	-	6,293	18,815
Payables and credit balances	326,581	-	-	-	-	1,865,943	2,192,524
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	250,000	-	250,000
Financial liabilities	1,008,500	830,819	38,023	-	-	4,807,037	6,684,379
Total liabilities	**1,346,701**	**843,341**	**38,023**	**4,839**	**250,000**	**101,875,184**	**104,358,088**
Total exposure	**231,033**	**(576,591)**	**59,414**	**1,212,045**	**2,000**	**6,334,303**	**7,262,204**

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of December 31 2020

	NIS		Foreign currency	Other non-monetary items	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked					
Intangible Assets	-	-	-	1,013,232	-	1,003,436	2,016,668
Deferred tax assets	-	-	-	55,104	-	-	55,104
Deferred acquisition costs	-	-	-	-	-	1,712,630	1,712,630
Property, plant & equipment	-	-	-	138,924	-	722,941	861,865
Investments in investees	81,320	15,319	6,170	150,933	-	503,127	756,869
Investment property in respect of yield-dependent contracts	-	-	-	-	-	1,839,576	1,839,576
Investment property - other	-	-	-	-	-	2,728,710	2,728,710
Reinsurance assets	-	-	-	-	-	2,531,659	2,531,659
Credit for purchase of securities	374,000	-	29,000	-	-	-	403,000
Current tax assets	-	6,226	-	-	-	196	6,422
Receivables and debit balances	129,220	-	-	-	-	400,572	529,792
Premiums collectible	-	-	-	-	-	651,825	651,825
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	65,570,447	65,570,447
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	239,000	-	239,000
Liquid debt assets	12,809	29,326	2,067	-	-	8,051,266	8,095,468
Non-liquid debt assets	579,900	195,392	-	-	-	13,231,897	14,007,189
Shares	-	-	-	39,520	-	1,860,473	1,899,993
Other	21,597	511	-	25,297	-	3,200,064	3,247,469
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	10,464,216	10,464,216
Other cash and cash equivalents	557,159	-	26,596	-	-	962,148	1,545,903
Total assets	**1,756,005**	**246,774**	**63,833**	**1,423,010**	**239,000**	**115,435,183**	**119,163,805**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	-	23,469,887	23,469,887
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	76,856,913	76,856,913
Liabilities in respect of deferred taxes	-	-	-	50,567	-	847,237	897,804
Liability for employee benefits, net	14,035	-	-	-	-	45,327	59,362
Liability in respect of current taxes	-	20,422	-	-	-	43,022	63,444
Payables and credit balances	228,498	-	-	-	-	2,224,353	2,452,851
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	238,000	-	238,000
Financial liabilities	1,267,180	864,958	45,500	8,000	-	4,858,076	7,043,714
Total liabilities	**1,509,713**	**885,380**	**45,500**	**58,567**	**238,000**	**108,344,815**	**111,081,975**
Total exposure	**246,292**	**(638,606)**	**18,333**	**1,364,443**	**1,000**	**7,090,368**	**8,081,830**

8. Corporate Governance Aspects

8.1 Effectiveness of Internal Control over Financial Reporting and Disclosure

8.1.1 The Securities Regulations

Amendment No. 3 to the Securities Regulations (Periodic and Immediate Reports), 2009 (hereinafter - "ISOX"), which deals with internal controls over financial reporting and the disclosure thereof (hereinafter - the "**Regulations**"), was published in December 2009. The amendment enacts a number of changes aimed at improving the quality of financial reporting and disclosure by reporting corporations.

As from the publication date of the ISOX amendment, and as set out in the Company's previous Reports of the Board of Directors, the Company has acted and is acting on an ongoing basis to implement the required procedure in The Phoenix Group in accordance with the provisions of the ISOX amendment. In accordance with the provisions of the ISOX amendment, the Company opted to implement to the internal controls of all of its consolidated institutional entities the provisions of the circulars of the Commissioner of the Capital Market, Insurance and Savings applicable thereto - the Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Controls over Financial Reporting"; Institutional Entities Circular 2010-9-6, "Management's Responsibility for Internal Controls over Financial Reporting - Amendment"; Circular 2010-9-7 "Internal Controls over Financial Reporting - Statements, Reports and Disclosures"; Circular 2012-9-5 "Internal Controls over Financial Reporting - Statements, Reports, Disclosures and Management's Responsibility for Internal Controls over Financial Reporting - Amendments"; and Circular 2015-9-15, "Internal Controls over Financial Reporting - Statements, Reports, Disclosures and Management's Responsibility for Internal Controls over Financial Reporting - Amendments" (hereinafter - "**Management's Responsibility Circulars**").

The reports and statements required in accordance with the ISOX amendment are attached below to the periodic financial statements, please see Part 5 - Report on the Effectiveness of Internal Controls over Financial Reporting and Disclosure.

The processes relating to the activities of institutional entities are also addressed in the Insurance Commissioner's Circulars, please see Section 8.1.2. below.

8.1.2 The Insurance Commissioner's Circulars

Alongside the process described in Section 8.1.1 above, The Phoenix Group's institutional entities apply the provisions of Management's Responsibility Circulars pertaining to controls and procedures regarding disclosure and internal controls over financial reporting of an institutional entity, and implement the procedures required in connection therewith, as described below; this is done in accordance with the stages and dates set out in the above-mentioned circulars and in collaboration with external consultants engaged for that purpose. As part of this process, the Group's institutional entities adopted the internal control model of COSO - the Committee of Sponsoring Organization of the Treadway Commission - which is a generally accepted framework for assessment of internal controls.

- **Disclosure controls and procedures**

  Managements of the institutional entities, together with their CEOs and CFOs, assessed the effectiveness of the controls and procedures concerning the said institutional entities' disclosure in their financial statements as of the end of the period covered in this report. Based on this assessment, the CEOs and CFOs of the institutional entities in The Phoenix Group 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 entities are required to disclose in their quarterly report in accordance with the provisions of the law and the reporting provisions set by the Commissioner of the Capital Market, Insurance, and Savings and on the date set out in these provisions.

- **Internal control over financial reporting**

  During the quarter ending June 30, 2021, no changes took place in the internal control over financial reporting of the Group's institutional entities that had a material effect, or is expected to have a material effect, on the institutional entities' internal control over financial reporting. Furthermore, the Group's institutional entities are improving and streamlining processes and/or internal controls and/or customer service.

  The reports and statements relating to the relevant processes are attached to the financial statements of The Phoenix Group's institutional entities, in accordance with the provisions of Management's Responsibility Circulars.

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

9.1 Events subsequent to the balance sheet date

For further details regarding events subsequent to the balance sheet date, please see Note 9 to the Financial Statements.

9.2 Dedicated disclosure for the Company's bondholders

Series/issuance date	Bonds Series 3	Bonds Series 4	Bonds Series 5
Rating agency	Midroog / Ma'alot	Midroog / Ma'alot	Midroog / Ma'alot
Rating as of the report date	Aa3.il ilAA /-	Aa3.il ilAA /-	Aa3.il ilAA /-
Par value on issuance date	NIS 272,191,000	NIS 391,384,000	NIS 822,616,000
Interest type	Non-linked	Non-linked	CPI-linked
Nominal interest	2.22%	The Bank of Israel's variable quarterly interest rate plus a 1.28% spread	0.44%
Effective interest rate on issuance date	Approximates the nominal interest	1.7%	0.55%
Listed on the TASE	Yes	Yes	Yes
Principal payment dates	5 equal annual installments of 16.66% on July 31 of each of the years 2022 through 2026, and one installment of 16.7% on July 31 2027.	2 equal annual installments of 12% on July 31 of each of the years 2020 and 2021 and 4 equal annual installments of 19% on July 31 of each of the years 2025 through 2028.	3 equal annual installments of 4% on July 1 of each of the years 2022 through 2024, one installment of 28% on May 1 2028, and 2 equal annual installments of 30% on May 1 of each of the years 2029 through 2030.
Interest payment dates	Semi-annual interest on January 31 and July 31	Quarterly interest on January 31, April 30, July 31, and October 31	Semi-annual interest on May 1 and November 1
Nominal p.v. as of September 30, 2021	NIS 272 million	NIS 338 million	NIS 822 million
CPI-linked nominal p.v. as of September 30, 2021	NIS 272 million	NIS 338 million	NIS 839 million
Carrying amount of bonds' outstanding balances as of September 30, 2021	NIS 271 million	NIS 336 million	NIS 826 million
Carrying amount of interest payable as of September 30, 2021	NIS 1 million	NIS 0.8 million	NIS 1.7 million
Market value as of September 30, 2021 (*)	NIS 285 million	NIS 342 million	NIS 877 million
Series' materiality	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970.	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970.	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970.

(*) The market value includes interest accrued as of September 30, 2021.

Contractual restrictions and financial covenants

As part of the deed of trust of the Company's Series 3 Bonds, the Company undertook not to place a general floating charge on its assets as long as Series 3 bonds are not repaid in full, unless it obtained the bondholders' consent in advance and placed on that date a lien of the same rank in favor of Series 3 bondholders. Furthermore, with respect to Series 3 bonds, the Company assumed restrictions on distribution of dividends and expansion of the Bonds (Series 3); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 2.5 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 50% for two consecutive quarters. For further details, please see the Shelf Offering Report dated January 22 2018.

As part of the deed of trust of the Company's Series 4 bonds, the Company undertook not to place a general floating charge on its assets as long as Series 4 bonds are not repaid in full, unless it has obtained the bondholders' consent in advance and placed on that date a lien of the same rank in favor of Series 4 bondholders. Furthermore, with respect to Series 4 bonds, the Company assumed restrictions on distribution of dividends and expansion of the Bonds (Series 4); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 2.9 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 50% for two consecutive quarters. For further details, please see the Shelf Offering Report dated May 7 2019.

As part of the deed of trust of the Company's Series 5 Bonds, the Company undertook not to place a general floating charge on its assets as long as Series 5 bonds are not repaid in full, unless it has obtained the bondholders' consent in advance and placed on that date a lien of the same rank in favor of Series 5 bondholders.

Furthermore, with respect to Series 5 bonds, the Company assumed restrictions on dividend distribution; the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 3.2 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 50% for two consecutive quarters. In addition, a mechanism for adjusting the rate of change in interest rate due to noncompliance with financial covenants was set: In the event that the Company's shareholders' equity falls below NIS 3.5 billion, the annual interest rate will increase by the rate set in Section 5.9 of the Deed of Trust. For further details, please see the shelf offering report dated February 20, 2020.

As of balance sheet date, the Company complies with the financial covenants described above. The net financial debt ratio as of September 30, 2021 was approximately 5% (including Series N bonds issued by The Phoenix Insurance through Phoenix Capital Raising), and the Company's shareholders' equity as per its separate financial statements as of September 30, 2021, was approximately NIS 9,087 million, which is higher than the above required shareholders' equity.

For further details – please see Note 26 to the Company's financial statements as of December 31, 2020.

The members of the Board of Directors thank the Company's management, employees and agents for their contribution to the Company.

Benjamin Gabbay Chairman of the Board of Directors	Eyal Ben Simon Chief Executive Officer

November 29, 2021

Part 2

Condensed Consolidated Interim Financial Statements

Table of Contents

Page

Building a better working world

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Auditors' Review Report to the Shareholders of The Phoenix Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of The Phoenix Holdings Ltd. and subsidiaries ("the Company"), the condensed consolidated statement of financial statement of financial position as of September 30, 2021 the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine and three months periods then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the disclosure requirements set by the Commissioner of the Capital Market, Insurance and Savings and in accordance with the Financial Services (Insurance) Supervision Law, 1981 and they are also responsible for preparing financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation that consolidates insurance companies. Our responsibility is to express a conclusion regarding the financial information for these interim periods based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 1% of a total consolidated assets as of September 30, 2021 and whose revenues included in consolidation constitute approximately 1.1% and 2.9% of total consolidated revenues for the nine and three months periods then ended, respectively. Furthermore, we did not review the condensed interim financial information of certain companies accounted for at equity. The investment in which, at equity, amounted to approximately NIS 185,719 thousand as of September 30, 2021 and the Company's share of their earnings (losses) amounted to approximately NIS 24,030 thousand and NIS 17,043 thousand for the nine and three months periods then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with 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 less in scope than an audit performed pursuant to Israeli GAAP and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and in accordance with the disclosure requirements prescribed by the Commissioner of the Capital Market, Insurance and Savings, pursuant to the Financial Services Supervision Law (Insurance), 1981.

In addition to that which is stated in the previous paragraph, based on our review and the review reports of other 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 disclosure provisions of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating insurance companies.

Emphasis of matter

Without qualifying the above conclusion, we draw attention to Note 7 to the financial statements regarding exposure to contingent liabilities.

Tel Aviv,	**Kost Forer Gabbay & Kasierer**
November 29, 2021	**Certified Public Accountants**

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

		As of		
		Sep. 30, 2021	Sep. 30, 2020	Dec. 31, 2020
		Unaudited		Audited
	Note	NIS thousand		
Assets				
Intangible assets	4	**2,683,457**	**1,794,660**	**2,016,668**
Deferred tax assets		**59,221**	**43,521**	**55,104**
Deferred acquisition costs		**1,938,227**	**1,716,704**	**1,712,630**
Property, plant & equipment		**854,057**	**803,857**	**861,865**
Investments in associates	4B	**578,949**	**749,981**	**756,869**
Investment property in respect of yield-dependent contracts		**1,982,330**	**1,758,996**	**1,839,576**
Investment property - other	1E	**1,083,581**	**2,665,173**	**2,728,710**
Reinsurance assets		**2,710,526**	**2,479,189**	**2,531,659**
Credit for purchase of securities		**473,000**	**347,000**	**403,000**
Current tax assets		**54,076**	**35,987**	**6,422**
Receivables and debit balances		**615,325**	**449,032**	**529,792**
Premiums collectible		**737,969**	**706,264**	**651,825**
Credit assets in respect of factoring, clearing and financing	4B, 5C	**2,134,463**	**-**	**-**
Held-for-sale assets of disposal group	1E	**1,872,096**	**-**	**-**
Financial investments in respect of yield-dependent contracts	5A	**76,032,702**	**59,584,985**	**65,570,447**
Assets for holders of bonds, ETFs, short ETFs, composite ETNs, deposit certificates and structured bonds.		**210,000**	**252,000**	**239,000**
Other financial investments:				
Liquid debt assets		**7,658,265**	**8,332,948**	**8,095,468**
Illiquid debt assets		**13,810,971**	**13,730,982**	**14,007,189**
Shares		**2,502,377**	**1,652,366**	**1,899,993**
Other		**3,893,833**	**2,743,784**	**3,247,469**
Total other financial investments	5B	**27,865,446**	**26,460,080**	**27,250,119**
Cash and cash equivalents in respect of yield-dependent contracts		**12,603,655**	**10,063,324**	**10,464,216**
Other cash and cash equivalents		**2,398,980**	**1,709,539**	**1,545,903**
Total assets		**136,888,060**	**111,620,292**	**119,163,805**
Total assets in respect of yield-dependent contracts		**90,808,508**	**71,617,260**	**78,034,084**

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

	Note	As of Sep. 30, 2021	As of Sep. 30, 2020	As of Dec. 31, 2020
		Unaudited	Unaudited	Audited
		NIS thousand	NIS thousand	NIS thousand
Equity				
Share capital		**310,215**	**309,951**	**309,951**
Premium and capital reserves in respect of shares		**845,812**	**826,010**	**833,592**
Treasury shares	8 M	**(99,769)**	**-**	**(26,411)**
Capital reserves		**1,117,973**	**700,952**	**913,036**
Retained earnings		**6,913,182**	**5,290,820**	**5,939,754**
Total equity attributed to the Company's shareholders		**9,087,413**	**7,127,733**	**7,969,922**
Non-controlling interests		**271,910**	**134,471**	**111,908**
Total equity		**9,359,323**	**7,262,204**	**8,081,830**
Liabilities				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts		**24,694,118**	**23,405,142**	**23,469,887**
Liabilities in respect of insurance contracts and yield-dependent investment contracts		**89,280,728**	**71,098,973**	**76,856,913**
Liabilities in respect of deferred taxes		**837,506**	**653,631**	**897,804**
Liability for employee benefits, net		**60,927**	**54,624**	**59,362**
Liability in respect of current taxes		**25,852**	**18,815**	**63,444**
Payables and credit balances		**2,642,763**	**2,192,524**	**2,452,851**
Held-for-sale liabilities of disposal group (please see Note 1E)	1E, 4A	**904,542**	**-**	**-**
Liabilities in respect of bonds, ETFs, short ETNs, composite ETNs, deposit certificates and structured bonds		**208,000**	**250,000**	**238,000**
Financial liabilities	4B, 5D	**8,874,301**	**6,684,379**	**7,043,714**
Total liabilities		**127,528,737**	**104,358,088**	**111,081,975**
Total equity and liabilities		**136,888,060**	**111,620,292**	**119,163,805**

Eli Schwartz	Eyal Ben Simon	Benjamin Gabbay
Executive Vice President, CFO	Chief Executive Officer	Chairman of the Board of Directors

Date the financial statements were approved: November 29, 2021

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS thousand				
Premiums earned, gross	8,198,838	7,800,186	2,837,418	2,551,986	10,382,652
Premiums earned by reinsurers	987,866	1,002,469	340,633	324,262	1,328,978
Premiums earned - retention	7,210,972	6,797,717	2,496,785	2,227,724	9,053,674
Gains (losses) on investments, net and finance income	10,000,420	(846,935)	1,856,087	3,333,706	5,479,706
Income from management fees (see Note 4A)	1,419,051	787,006	403,500	260,024	1,357,189
Income from fees and commissions	513,328	416,063	174,657	140,825	556,051
Income from other financial services	115,000	125,000	39,000	35,000	159,000
Income from factoring and clearing (see Note 4B)	24,959	-	24,959	-	-
Other income	280,993	42,782	17,642	9,487	131,846
Total income	19,564,723	7,321,633	5,012,630	6,006,766	16,737,466
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	15,577,258	4,780,090	3,741,452	4,996,650	12,529,564
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	544,829	644,547	237,138	158,802	826,690
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	15,032,429	4,135,543	3,504,314	4,837,848	11,702,874
Fees and commissions, marketing expenses and other purchase expenses	1,251,205	1,321,440	434,876	434,243	1,750,103
General and administrative expenses	1,215,914	971,299	427,171	323,771	1,360,028
Other expenses	54,056	26,680	26,133	5,530	54,885
Finance expenses	160,213	115,577	56,780	60,651	146,509
Total expenses	17,713,817	6,570,539	4,449,274	5,662,043	15,014,399
Company's share in the net results of investees	48,362	20,606	25,136	(276)	39,697
Profit before taxes on income	1,899,268	771,700	588,492	344,447	1,762,764
Taxes on income	506,971	220,160	147,549	96,552	553,829
Profit	1,392,297	551,540	440,943	247,895	1,208,935
Attributed to:					
The Company's shareholders	1,351,766	520,924	423,514	238,275	1,169,023
Non-controlling interests	40,531	30,616	17,429	9,620	39,912
Profit	1,392,297	551,540	440,943	247,895	1,208,935
Earnings per share attributable to the Company's shareholders (in NIS):					
Basic earnings per share					
Earnings per ordinary share of NIS 1 par value (NIS)	5.33	2.03	1.63	0.93	4.57
Diluted earnings per share					
Earnings per ordinary share of NIS 1 par value (NIS)	5.26	2.03	1.60	0.93	4.57

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
			NIS thousand		
Profit	**1,392,297**	**551,540**	**440,943**	**247,895**	**1,208,935**
Other comprehensive income (loss):					
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met					
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	**784,837**	**(55,526)**	**88,713**	**217,048**	**455,703**
Net change in fair value of financial assets classified as available for sale, carried to the income statement	**(550,538)**	**(305,394)**	**(157,120)**	**(117,448)**	**(516,761)**
Impairment loss of financial assets classified as available for sale, carried to the income statement	**90,815**	**308,680**	**49,779**	**21,083**	**324,220**
Company's share in other comprehensive income (loss), net, of equity-accounted companies	**(8,190)**	**6,711**	**(5,695)**	**5,177**	**(3,412)**
Tax effect	**(111,455)**	**17,438**	**5,202**	**(41,139)**	**(89,697)**
Total components of net other comprehensive income (loss) subsequently reclassified to profit or loss	**205,469**	**(28,091)**	**(19,121)**	**84,721**	**170,053**
Amounts that shall not be subsequently reclassified to profit or loss					
Revaluation of property, plant and equipment	**-**	**1,621**	**-**	**-**	**17,314**
Actuarial loss in respect of defined benefit plans	**-**	**-**	**-**	**-**	**497**
Tax effect	**-**	**(373)**	**-**	**-**	**(4,190)**
Total components of other comprehensive income, net, that shall not be subsequently reclassified to profit or loss	**-**	**1,248**	**-**	**-**	**13,621**
Total other comprehensive income (loss), net	**205,469**	**(26,843)**	**(19,121)**	**84,721**	**183,674**
Total comprehensive income for the period	**1,597,766**	**524,697**	**421,822**	**332,616**	**1,392,609**
Attributed to:					
The Company's shareholders	**1,557,235**	**494,081**	**404,393**	**322,996**	**1,352,697**
Non-controlling interests	**40,531**	**30,616**	**17,429**	**9,620**	**39,912**
Comprehensive income	**1,597,766**	**524,697**	**421,822**	**332,616**	**1,392,609**

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

	Attributed to Company's shareholders												
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder - bonus	Capital reserve from share-based payment	Revaluation reserve	Principal from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand												
Balance on January 1, 2021 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922	111,908	8,081,830
Net income	-	-	-	1,351,766	-	-	-	-	-	-	1,351,766	40,531	1,392,297
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(8,190)	213,659	205,469	-	205,469
Total comprehensive income (loss)	-	-	-	1,351,766	-	-	-	-	(8,190)	213,659	1,557,235	40,531	1,597,766
Share-based payment	-	10,176	-	-	-	-	6,922	-	-	-	17,098	-	17,098
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7,889)	(7,889)
Purchase of treasury shares (see Note 8L)	-	-	(73,358)	-	-	-	-	-	-	-	(73,358)		(73,358)
Commencement of consolidation (please see Note 4)	-	-	-	-	-	-	-	-	-	-	-	123,876	123,876
Exercise of employee options	264	2,044	-	-	-	-	(2,308)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	1,662	-	-	-	(1,662)	-	-	-	-	-
Cash dividend (see Note 8J)	-	-	-	(380,000)	-	-	-	-	-	-	(380,000)	-	(380,000)
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	(3,484)	-	-	-	-	-	(3,484)	3,484	-
As of September 30, 2021 (unaudited)	310,215	845,812	(99,769)	6,913,182	(47,106)	11,000	49,557	112,952	(31,528)	1,023,098	9,087,413	271,910	9,359,323

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

	Attributed to Company's shareholders											
	Share capital	Premium and capital reserves in respect of shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder - bonus	Capital reserve from share-based payment	Revaluation reserve	Principal from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand											
Balance on January 1, 2020 (audited)	309,951	830,437	4,768,261	(43,622)	11,000	40,047	103,463	(19,926)	635,974	6,635,585	106,939	6,742,524
Net income	-	-	520,924	-	-	-	-	-	-	520,924	30,616	551,540
Other comprehensive income (loss)	-	-	-	-	-	-	1,248	6,711	(34,802)	(26,843)	-	(26,843)
Total comprehensive income (loss)	-	-	520,924	-	-	-	1,248	6,711	(34,802)	494,081	30,616	524,697
Share-based payment	-	(4,427)	-	-		2,494	-	-	-	(1,933)	-	(1,933)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,084)	(3,084)
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	1,635	-	-	-	(1,635)	-	-	-	-	-
As of September 30, 2020 (unaudited)	309,951	826,010	5,290,820	(43,622)	11,000	42,541	103,076	(13,215)	601,172	7,127,733	134,471	7,262,204

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

	Attributed to Company's shareholders												
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder - bonus	Capital reserve from share-based payment	Revaluation reserve	Principal from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand												
Balance on July 1, 2021 (unaudited)	310,059	839,186	(93,271)	6,489,114	(43,622)	11,000	48,194	113,506	(25,833)	1,036,524	8,684,857	249,162	8,934,019
Net income	-	-	-	423,514	-	-	-	-	-	-	423,514	17,429	440,943
Other comprehensive loss	-	-	-	-	-	-	-	-	(5,695)	(13,426)	(19,121)	-	(19,121)
Total comprehensive income (loss)	-	-	-	423,514	-	-	-	-	(5,695)	(13,426)	404,393	17,429	421,822
Share-based payment	-	5,538	-	-	-	-	2,607	-	-	-	8,145	-	8,145
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(340)	(340)
Purchase of treasury shares (see Note 8L)	-	-	(6,498)	-	-	-	-	-	-	-	(6,498)	-	(6,498)
Commencement of consolidation (please see Note 4)	-	-	-	-	-	-	-	-	-	-	-	2,175	2,175
Exercise of employee options	156	1,088	-	-	-	-	(1,244)	-	-	-	-	-	-
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	(3,484)	-	-	-	-	-	(3,484)	3,484	-
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	554	-	-	-	(554)	-	-	-	-	-
As of September 30, 2021 (unaudited)	310,215	845,812	(99,769)	6,913,182	(47,106)	11,000	49,557	112,952	(31,528)	1,023,098	9,087,413	271,910	9,359,323

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

	Attributed to Company's shareholders											
	Share capital	Premium and capital reserves in respect of shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder - bonus	Capital reserve from share-based payment	Revaluation reserve	Principal from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand											
Balance on July 1, 2020 (unaudited)	309,951	823,281	5,052,000	(43,622)	11,000	41,623	103,621	(18,392)	521,628	6,801,090	125,014	6,926,104
Net income	-	-	238,275	-	-	-		-	-	238,275	9,620	247,895
Other comprehensive income	-	-	-	-	-	-	-	5,177	79,544	84,721	-	84,721
Total comprehensive income	-	-	238,275	-	-	-	-	5,177	79,544	322,996	9,620	332,616
Share-based payment	-	2,729	-	-	-	918	-	-	-	3,647	-	3,647
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(163)	(163)
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	545	-	-	-	(545)	-	-	-	-	-
As of September 30, 2020 (unaudited)	309,951	826,010	5,290,820	(43,622)	11,000	42,541	103,076	(13,215)	601,172	7,127,733	134,471	7,262,204

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

	Attributed to Company's shareholders												
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholders	Capital reserve from share-based payment	Revaluation reserve	Principal from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand												
Balance on January 1, 2020 (audited)	309,951	830,437	-	4,768,261	(43,622)	11,000	40,047	103,463	(19,926)	635,974	6,635,585	106,939	6,742,524
Net income	-	-	-	1,169,023	-	-	-	-	-	-	1,169,023	39,912	1,208,935
Other comprehensive income (loss)	-	-	-	290	-	-	-	13,331	(3,412)	173,465	183,674	-	183,674
Total comprehensive income (loss)	-	-	-	1,169,313	-	-	-	13,331	(3,412)	173,465	1,352,697	39,912	1,392,609
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,180	-	-	-	(2,180)	-	-	-	-	-
Share-based payment	-	3,155	-	-	-	-	4,896	-	-	-	8,051	-	8,051
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(31,971)	(31,971)
Acquisition of treasury shares	-	-	(26,411)	-	-	-	-	-	-	-	(26,411)	-	(26,411)
Acquisition of non-controlling interests	-			-	-	-	-	-	-	-	-	(3,000)	(3,000)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	28	28
Balance on December 31, 2020 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922	111,908	8,081,830

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

	Appendix	For the nine months ended September 30 2021	2020	For the three months ended September 30 2021	2020	For the year ended December 31 2020
		Unaudited				Audited
		NIS thousand				
Cash flows from operating activities						
Net income for the period		1,392,297	551,540	440,943	247,895	1,208,935
Adjustments required to present cash flows from operating activities	(a)	2,123,826	3,760,056	1,171,717	494,800	3,562,529
Net cash provided by operating activities		3,516,123	4,311,596	1,612,660	742,695	4,771,464
Cash flows from investing activities						
Purchase of property, plant and equipment		(45,191)	(79,011)	(15,736)	(10,959)	(137,587)
Proceeds from disposal of property, plant and equipment		-	-	-	-	1,158
Investment in associates		(21,184)	(42,523)	(2,686)	(10,248)	(44,845)
Dividend from associates		19,146	11,503	1,022	6,263	13,089
Receipt (repayment) of a loan from an associate		90	(534)	-	(152)	(8,173)
Acquisition of companies consolidated for the first time (*)	(b)	(471,938)	(39,958)	(14,062)	-	(86,665)
Acquisition of minority interest in a consolidated subsidiary		-	-	-	-	(3,000)
Proceeds from disposal of investment in an associate		24,897	19,747	24,897	302	19,746
Acquisition and capitalization of intangible assets costs		(184,499)	(152,723)	(78,924)	(54,526)	(233,430)
Disposal of intangible assets		55,329	-	55,329	-	-
Net cash used in investing activities		(623,350)	(283,499)	(30,160)	(69,320)	(479,707)
Cash flows from financing activities						
Dividend to shareholders		(380,000)	-	-	-	-
Acquisition of Company shares		(73,358)	-	(6,498)	-	(26,411)
Change in liability for REPO, net		2,552	338,006	(1,203)	(13,471)	388,837
Change in short term credit from banks, net		92,000	(10,000)	83,000	11,000	(21,000)
Repayment of financial liabilities		(187,968)	(479,102)	(184,269)	(360,791)	(479,024)
Repayment of lease liability principal		(31,543)	(30,631)	(16,707)	(10,096)	(41,646)
Assumption of financial liability		691,304	585,433	342,847	367,922	585,433
Dividend to non-controlling interests in a consolidated subsidiary		(7,889)	(3,084)	(340)	(163)	(31,971)
Repayment of contingent liability in respect of a put option to non-controlling interests		(5,355)	-	-	-	-
Net cash provided by (used in) financing activities		99,743	400,622	216,830	(5,599)	374,218
Increase in cash and cash equivalents		2,992,516	4,428,719	1,799,330	667,776	4,665,975
Balance of cash and cash equivalents at beginning of period	(c)	12,010,119	7,344,144	13,203,305	11,105,087	7,344,144
Balance of cash and cash equivalents at end of period	(c)	15,002,635	11,772,863	15,002,635	11,772,863	12,010,119

(*) For further information, please see Note 4.

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS thousand				
(a) Adjustments required to present cash flows from operating activities:					
Items not involving cash flows					
Losses (gains), net on financial investments in respect of insurance contracts and yield-dependent investment contract	(8,352,232)	1,306,789	(1,280,331)	(3,037,167)	(4,356,557)
Change in fair value of investment property in respect of yield-dependent contracts	(29,672)	36,039	(29,672)	22,183	(25,857)
Losses (gains), net on other financial investments					
Liquid debt assets	(271,423)	(131,391)	(56,099)	(85,701)	(166,427)
Illiquid debt assets	(676,647)	(439,061)	(223,280)	(185,283)	(581,800)
Shares	(445,496)	167,878	(239,118)	(31,065)	24,735
Other	(42,168)	(3,850)	3	1,875	(228,807)
Depreciation and amortization	256,208	220,561	93,075	79,754	300,140
Loss from disposal of property, plant and equipment	80	1,279	67	1,273	-
Change in fair value of investment property	(51,903)	22,971	(15,525)	15,921	(53,004)
Change in provision for impairment of property, plant and equipment	(262)	(11,763)	580	-	(7,957)
Capital gain on disposal of an investment in an associate (*)	(249,646)	-	(8,871)	-	(67,268)
Change in financial liabilities	(221,034)	537,637	(209,648)	74,359	853,786
Income tax expenses	506,971	220,160	147,549	96,552	553,829
Company's share in the results of associates, net	(48,362)	(20,606)	(25,136)	276	(39,697)
Payroll expenses in respect of share-based payment	6,922	2,494	2,607	918	4,896
Changes in other balance sheet line items, net:					
Change in liabilities in respect of non-yield-dependent insurance contracts	1,224,231	212,952	397,075	17,114	277,697
Change in liabilities in respect of yield-dependent contracts	12,423,815	8,096	3,117,431	3,268,125	5,766,036
Change in liabilities for bonds, ETFs	(30,000)	(32,000)	(20,000)	(20,000)	(44,000)
Change in financial investments for holders of ETFs, certificates of deposit	29,000	32,000	19,000	19,000	45,000
Change in credit assets in respect of factoring, clearing and financing	149,068	-	149,068	-	-
Change in deferred acquisition costs	(206,550)	16,843	(67,819)	7,317	20,917
Change in reinsurance assets	(178,867)	(131,468)	(104,537)	65,743	(183,938)
Change in liabilities for employee benefits, net	(5,318)	2,071	(21,291)	(9,676)	7,306
Change in accounts receivable, debit balances and collectible premiums	(175,778)	47,634	43,673	35,177	28,325
Change in payables and credit balances	166,740	43,073	87,268	151,846	306,867
Change in credit for purchase of securities	(70,000)	(40,000)	5,000	(22,000)	(96,000)
Revaluation of loans granted to associates	(3,353)	(985)	(591)	(255)	(1,938)
Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:					
Acquisition of real estate properties	(113,082)	(240,970)	(13,740)	(21,757)	(259,654)
Sales (acquisitions), net of financial investments	(2,110,023)	3,413,141	(638,017)	426,375	3,091,025
Financial investments and other investment property:					
Sales (acquisitions), net of financial investments	1,245,777	(1,289,312)	288,842	(257,563)	(1,264,985)
Acquisition of real estate properties	(63,012)	(140,788)	(6,867)	(15,562)	(128,350)
Cash paid and received during the period for:					
Taxes paid	(728,317)	(191,618)	(219,381)	(104,287)	(354,687)
Taxes received	188,159	142,250	402	1,308	142,896
Total cash flows provided by operating activities	2,123,826	3,760,056	1,171,717	494,800	3,562,529

(*) For further details, please see Note 4B.

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

		For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2021	2020	2021	2020	2020
		Unaudited				Audited
		NIS thousand				
(b)	Acquisition of companies consolidated for the first time					
	Assets and liabilities of the consolidated companies as of acquisition date:					
	Working capital (excluding cash and cash equivalents)	36,717	(2,011)	4,638	-	(4,288)
	Encumbered cash and cash equivalents for bond holders	(19,047)	-	-	-	-
	Other financial investments	(44,915)	-	-	-	-
	Credit assets in respect of factoring, clearing and financing	(2,283,531)	-	-	-	-
	Property, plant and equipment, net	(45,465)	(24)	(360)	-	(10,710)
	Goodwill arising from acquisition	(411,006)	(22,000)	(5,659)	-	(154,549)
	Intangible assets	(334,538)	(15,923)	(23,986)	-	(83,796)
	Deferred taxes	37,513	-	2,545	-	22,012
	Minority interests	123,876	-	2,175	-	28
	Accounts payable in respect of acquisition of consolidated companies	271	-	-	-	-
	Disposal of investment in an associate	342,532	-	2,270	-	78,677
	Financial liability	2,055,394	-	-	-	12,309
	Loan from parent company	50,000	-	-	-	46,911
	Liabilities for employee benefits	10,626	-	167	-	-
	Liability for payment in respect of acquisition of an investee	9,635	-	4,148	-	6,741
		(471,938)	(39,958)	(14,062)	-	(86,665)
(c)	Cash and cash equivalents					
	Balance of cash and cash equivalents at beginning of period:					
	Other cash and cash equivalents	1,545,903	1,731,709	2,104,978	1,919,512	1,731,709
	Cash and cash equivalents in respect of yield-dependent contracts	10,464,216	5,612,435	11,098,327	9,185,575	5,612,435
		12,010,119	7,344,144	13,203,305	11,105,087	7,344,144
	Balance of cash and cash equivalents at end of period:					
	Other cash and cash equivalents	2,398,980	1,709,539	2,398,980	1,709,539	1,545,903
	Cash and cash equivalents in respect of yield-dependent contracts	12,603,655	10,063,324	12,603,655	10,063,324	10,464,216
		15,002,635	11,772,863	15,002,635	11,772,863	12,010,119
(d)	Breakdown of amounts included in operating activities					
	Interest paid	3,001	5,151	1,780	436	1,611
	Interest received	496,483	443,606	107,746	128,418	608,612
	Dividend received	41,745	17,781	17,618	5,151	32,215
(d)	Material non-cash activities					
	Recognition of right-of-use asset against a lease liability	(33,830)	(8,011)	(20,510)	(3,192)	(8,383)
	Appreciation (impairment) of available-for-sale assets against a capital reserve	325,114	(52,240)	(18,628)	120,683	263,162
	Appreciation (impairment) of deferred taxes in respect of available for sale assets against a capital reserve	(111,455)	17,438	5,202	(41,139)	(89,697)

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

NOTE 1 - GENERAL

A. The Phoenix Holdings Ltd. (hereinafter - the “Company”) is an Israeli resident company incorporated in Israel, whose official address is 53 Derech Hashalom St., Givatayim, Israel. These financial statements were prepared in condensed format as of September 30, 2021 and for the nine-month and three-month periods then ended (hereinafter - the “Condensed Consolidated Interim Financial Statements”). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2020 and for the year then ended and the accompanying notes (hereinafter - the “Consolidated Annual Financial Statements”).

B. Definitions

The Company	The Phoenix Holdings Ltd.
The Phoenix Insurance	The Phoenix Insurance Company Ltd., a wholly-owned subsidiary of the Company.
The Phoenix Investments	The Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company.
Excellence	Excellence Investments Ltd., a wholly-owned subsidiary of The Phoenix Investments Ltd.
The Phoenix Pension and Provident Fund	The Phoenix Pension and Provident Fund Ltd. (formerly The Phoenix Excellence Pension and Provident Funds Ltd.), a wholly-owned subsidiary of the Company.
Halman Aldubi	Halman Aldubi Investment House Ltd. is a wholly-owned subsidiary of the Company. For further details, please see Note 4A.
Halman Aldubi Provident	Halman Aldubi Provident and Pension Funds Ltd. is a wholly-owned subsidiary of Halman Aldubi.
Gama	Gama Management and Clearing Ltd., a subsidiary in which The Phoenix Investments is a controlling shareholder. For further information regarding gaining control, please see Note 4B.
The Phoenix Capital Raising	The Phoenix Capital Raising (2009) Ltd., a wholly-owned subsidiary of The Phoenix Insurance.
Belenus Lux S.a.r.l	The controlling shareholder, held indirectly by Centerbridge Partners LP and Gallatin Point Capital LLC (hereinafter - the "Funds"). The said control is jointly held with Leolin Lux S.a.r.l, a sister company of Belenus.
Ad 120	Ad 120 Residence Centers for Senior Citizens Ltd. is a wholly-owned subsidiary of The Phoenix Insurance. For further details regarding the sale of Ad 120, please see Section E below.
The Phoenix Agencies	The Phoenix Insurance Agency 1989 Ltd. - a company wholly-owned by the Company.
Phoeniclass	Phoeniclass Ltd., a subsidiary of The Phoenix Investments, holds approximately 67% of Phoeniclass’s share capital.

NOTE 1 - GENERAL (CONT.)

C. Transfer of The Phoenix Pension and Provident's shares

On December 30, 2019, the Board of Directors of The Phoenix Insurance approved the distribution of the shares of The Phoenix Pension and Provident, constituting approximately 100% of the issued and paid-up share capital of The Phoenix Pension and Provident as dividend in kind to the Company. The actual distribution of the dividend is subject to approval by the Israel Tax Authority and the Capital Market, Insurance and Savings Authority. During 2020, the Capital Market Authority received approval to carry out the distribution. On June 1, 2021, the Israel Tax Authority gave its approval. Consequently, The Phoenix Insurance executed the distribution on June 30, 2021. The balance of the investment as of the distribution date is approximately NIS 656 million. For further information, please see the Company's immediate report dated June 6, 2021 (Ref. No. 2021-01-035731).

D. Acquisition of Halman Aldubi Investment House Ltd.

On December 7, 2020, the Company entered into a merger agreement with Halman Aldubi. Under the merger agreement, a reverse triple merger was carried out, with Halman Aldubi becoming a privately-held company wholly owned by the Company. The consideration of the transaction is approximately NIS 275 million. On February 28, 2021, upon meeting the conditions precedent, the merger was completed, and beginning in March 31, 2021, Halman Aldubi is consolidated in the Group's financial statements. For further details regarding the transaction, please see Section G below and Note 4A, "Business Combinations".

E. Sale of control stake in Ad 120

In January 2021, The Phoenix Insurance's Board of Directors decided to examine the possibility of selling its control stake in Ad 120, as part of the execution of the Company's multi-year strategic plan.

On September 19, 2021, The Phoenix Insurance entered into an agreement with Shapir Housing and Building Ltd. - a wholly owned subsidiary of Shapir Engineering and Industry Ltd. (hereinafter - the "Acquirer") - for the sale of control over Ad 120. The sale agreement reflects a valuation of NIS 1,350 million for Ad 120.

According to the said agreement, the Acquirer will acquire approximately 44% of Ad 120 in exchange for a cash payment of NIS 600 million; this amount will bear a non-linked annual interest of 3% until the transaction completion date.

In addition to the acquisition of the shares, the Acquirer will sell land plots it owns to Ad 120, according to a valuation of NIS 245 million; in consideration for these land plots, the Acquirer will be allotted new shares in Ad 120, such that after completing the acquisition of the new shares, the Acquirer will hold 53% of Ad 120.

The land purchase agreements include a consideration adjustment mechanism, as well as a development fee for improving the land plots for the Acquirer; these amounts will be paid by Ad 120.

On October 14, 2021, the Israel Competition Authority gave its approval for the said sale of the control stake.

On October 27, 2021, after all the conditions precedent for its completion were met, the sale transaction was completed.

For further details, please see the immediate reports dated August 1, 2021 (Ref. No.: 2021-01-059806), September 22, 2021 (Ref. No.: 2021-01-147942), October 14, 2021 (Ref. No.: 2021-01-088000) and October 27, 2021 (Ref. No.: 2021-01-091774).

NOTE 1 - GENERAL (CONT.)

E. Sale of control stake in Ad 120 (cont.)

The Company estimates the expected profit from the sale of control over Ad 120 to be NIS 388 million before tax and NIS 270 million after tax.
Accordingly, as of the report date, the Company has classified the assets and liabilities of Ad 120 as held-for-sale assets and liabilities.

The balance of held-for-sale assets amounts to NIS 1,872 million, and the balance of held-for-sale liabilities amounts to NIS 905 million.

As of the second quarter of 2020, the Company attributes the results of Ad 120 to the life insurance and long-term savings segment and to the health insurance segment.

In accordance with the circular regarding the Measurement of Liabilities - Liability Adequacy Test (LAT) Reserve, the Company recognizes the excess value of illiquid assets against the LAT reserve.

Following the completion of the sale transaction in October as detailed above, in the current quarter, The Phoenix Insurance presents the investment in Ad 120 in the separate financial statements as a held-for-sale company; therefore, and in accordance with the said circular, the Company recognized the excess fair value against the long-term care LAT reserve in the amount of NIS 120 million before tax, stated under the health insurance segment.

In the fourth quarter, subsequent to the completion of the said transaction, the Company is expected to recognize an additional profit, which is not attributed to long-term care insurance, totaling NIS 268 million before tax. This profit will be stated under the life insurance and long-term savings segment and under the health insurance segment.

In addition, as a result of the aforesaid, the Company increased - for the periods of 9 months and 3 months ended on September 30, 2021 - the tax reserve by approximately NIS 45 million and NIS 18 million, respectively. As a result, the balance of the tax reserve for the investment in Ad 120 as of September 30, 2021 is approximately NIS 79 million.

F. Gama - IPO and assuming control

In June 2021, Gama issued a supplementary notice, following the Supplementary Prospectus for of the sale offer and initial public offering of shares (hereinafter - the "Offering"), and listing of Gama shares on the TASE, which was published by Gama on May 31, 2021 (the Prospectus together with the Supplementary Notice will be hereinafter referred to as the "Prospectus"). Simultaneously with the execution of the Offering in accordance with the Prospectus, The Phoenix Investments purchased additional Gama shares (hereinafter - the "Purchased Shares"), such that after the Offering and the acquisition of the Purchased Shares, The Phoenix Investments holds approximately 61.6% of Gama's issued and paid-up share capital and voting rights therein (approximately 60% on a fully diluted basis) and became the controlling shareholder in Gama. In exchange for the Purchased Shares, The Phoenix Investments paid a total of NIS 124 million. Following the execution of the Offering and the acquisition of the Purchased Shares, in Q2 the Company recorded a one-off post-tax profit of NIS 220 million, net of issuance expenses, as a result of becoming the controlling shareholder in Gama. For further details, please see Note 4B and the Company’s report dated June 16, 2021 (Ref. No. 2021-01-039979).

NOTE 1 - GENERAL (CONT.)

G. Merger of Halman Aldubi Provident into The Phoenix Pension and Provident

As part of the process of merging Halman Investment House into the Company, which was approved in December 2020, on October 1, 2021, the merger of Halman Aldubi Provident into The Phoenix Pension and Provident was completed, subject to conditions precedent, including approval by the Capital Market Commissioner and the Registrar of Companies.

Upon completion of the merger, the older provident funds and pension funds managed by Halman Aldubi Provident were transferred to the management of The Phoenix Pension and Provident, as were the provident funds and investment tracks of the transferred provident funds. As part of the said merger, the Company allotted Halman Aldubi Investment House 1.3 million shares, which constitute 16% of the investment in The Phoenix Pension and Provident, post-merger.

As of October 1, 2021, the Company directly holds a 84% stake of The Phoenix Pension and Provident and another 16% through its investment in Halman Aldubi Investment House.

H. Transfer of Phoeniclass from The Phoenix Investments to The Phoenix Insurance

Phoeniclass, a privately-held company, signed an agreement with Kibbutzim College for the purchase of land zoned for construction and for the sale of 450 residential units in Tel Aviv. As of the report publication date, 67% of the share capital of Phoeniclass is held by The Phoenix Investments and 33% of the share capital of Phoeniclass is held by a partner. The Phoenix Investments and the partner have an agreement governing their relationship as shareholders in Phoeniclass, under which the partner, having the relevant knowledge and expertise, is responsible for project management, construction, and marketing. As part of a restructuring approved in November 2021 by the organs in the Company and its subsidiaries, as required by law, 49% of the equity and voting rights of The Phoenix Investments in Phoeniclass will be transferred to The Phoenix Insurance, and The Phoenix Investments will hold the remaining equity rights (18%) in Phoeniclass, which will not confer voting rights. The change of holding stake is in accordance with the structure described above, in order to meet the holding limit imposed on real estate corporations, which governs The Phoenix Insurance. The transfer of the interest in Phoeniclass' shares to The Phoenix Insurance shall be executed subject to the Israel Tax Authority's approval, as a tax-exempted transfer in accordance with Section 104 B(f) to the Income Tax Ordinance.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the consolidated interim financial statements

The Consolidated Interim Financial Statements have been prepared in accordance with generally accepted accounting principles for the preparation of interim financial statements as prescribed by IAS 34, "Interim Financial Reporting", as well as in accordance with the disclosure requirements set by the Commissioner of the Capital Market, Insurance and Savings in accordance with the Financial Services Supervision Law (Insurance), 1981. 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.

In preparing the condensed financial statements in accordance with International Financial Reporting Standards (IFRS), the Company is required to exercise discretion in assessments, estimates and assumptions that affect the implementation of the policies and the amounts of assets and liabilities, income and expenses. It is clarified that the actual results may differ from those estimates. Management's discretion in applying the Group's accounting policies and the key assumptions used in assessments involving uncertainty is consistent with that which is applied in the preparation of the annual financial statements. For further information regarding changes in critical estimates and assumptions used to calculate the insurance reserves, please see Note 8.A.

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, with the exception of new standards that entered into force on January 1, 2021, as detailed below:

B. First-time application of amendment to existing accounting standards

Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 due to the IBOR reform

In August 2020, the IASB issued amendments to IFRS 9, "Financial Instruments", IFRS 7, "Financial Instruments: Disclosures", IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 4, "Insurance Contracts" and IFRS 16, "Leases" (Hereinafter - the "Amendments").

The amendments provide practical expedients that address the effects the replacement of Interbank Offered Rates ((IBORs) by Risk Free Interest Rates (RFRs) on accounting treatment in the financial statements.

According to one of the practical reliefs, the Company will account for contractual amendments or amendments to cash flows resulting directly from the implementation of the reform similarly to the accounting treatment for changes in variable interest rates. In other words, companies are required to recognize the changes in interest rates by adjusting the effective interest rate without changing the book value of the financial instrument. The use of this practical expedient depends on the fact that the transition from IBOR to RFR takes place on the basis of equal economic conditions.

In addition, the amendments allow the changes required by the IBOR reform to be made for hedging designation and documentation purposes without causing hedging relationships to discontinue when certain terms and conditions are met. The amendments also provided temporary practical expedient for the application of hedge accounting relating to the identification of the hedged risk as 'separately identifiable'.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. First-time application of amendment to existing accounting standards (cont.)

The amendments added disclosure requirements regarding the effect of the expected reform on the Company's financial statements, including reference to the manner in which the Company manages the implementation of the interest rate reform, the risks to which it is exposed as a result of the expected reform and quantitative disclosures regarding financial instruments in IBOR interest rates that are expected to change.

The Amendments were applied as from annual periods beginning on January 1, 2021. The Amendments were applied retrospectively, however restatement of comparative figures is not required.

At this stage - since the some of the contractual amendments have yet to be agreed upon - the Company is unable to estimate the accounting implications, if any, of the transition from IBOR interest rates to RFR interest rates on financial instrument contracts that are expected to be in place on the transition date, including the effects of the above Amendments.

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

In February 2021, the IASB issued an amendment to IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" (hereinafter - the "Amendment). The purpose of the amendment is to introduce a new definition of the term "accounting estimates".

Accounting estimates are defined as "financial amounts in the financial statements subject to measurement uncertainty." The Amendment clarifies what changes in accounting estimates are and how they differ from changes in accounting policies and corrections of errors.

The Amendment will be applied prospectively to annual periods beginning on January 1, 2023 and shall apply to changes in accounting policies and accounting estimates that occur at the beginning of that period or thereafter. Early application is permitted.

Amendment to IAS 12 - Taxes on Income

In May 2021, the IASB issued an amendment to IAS 12, Taxes on Income (hereinafter - "IAS 12" or the "Standard"), which narrows down the scope of the "initial recognition exemption" for deferred taxes set forth in Sections 15 and 24 to IAS 12 (hereinafter - the "Amendment").

Under the guidelines for recognition of deferred tax assets and liabilities, IAS 12 exempts recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from initial recognition of assets and liabilities in certain transactions. This exemption is termed the 'initial recognition exemption' (IRE). The Amendment narrows the scope of the 'initial recognition exemption' and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from a transaction that is not a business combination and for which equal temporary differences are generated in debit and credit, even if they meet the other terms and conditions of the IRE.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

The Amendment shall be applied as from annual periods beginning on January 1, 2023. Early application is permitted. Regarding lease transactions and recognition of a liability for decommissioning and restoration - the Amendment will be applied as of the beginning of the earliest reporting period presented in the financial statements in which the amendment was first applied, imputing the cumulative effect of the first-time application to the opening balance of the retained earnings (or other capital component, as applicable) as of that date.

The Company believes that the above amendment is not expected to have a material effect on the Company' financial statements.

D. Changing the designation of Ad 120 from the health segment to the life insurance and long-term savings segment

Beginning in second quarter of 2020 - in light of the publication of the LAT circular regarding the allocation of assets other than at fair value when performing the liability adequacy test (LAT) - the Company allocated the results of Ad 120 to the life insurance and long-term savings segment as well (rather than only to the health insurance segment). The following table presents the segments' results, under the assumption that the Company would have designated Ad 120 to the life insurance and long-term savings and health segment retrospectively:

For the 9-month period ended September 30, 2020	**Life insurance and long-term savings segment**	**Health insurance segment**
	Unaudited	
	NIS thousand	
Premiums earned, gross	3,568,906	2,115,363
Premiums earned by reinsurers	73,083	228,085
Premiums earned - retention	3,495,823	1,887,278
Investment income, net and finance income	(831,571)	(37,952)
Income from management fees	596,877	-
Income from fees and commissions	28,118	31,614
Other income	18,119	12,079
Total income	**3,307,367**	**1,893,019**
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	2,262,608	1,278,790
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	32,341	203,954
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	2,230,267	1,074,836
Fees and commissions and other purchase expenses	549,011	389,288
General and administrative expenses	405,597	116,128
Other expenses	8,114	-
Finance expenses	(3,729)	(1,168)
Total expenses	**3,189,260**	**1,579,084**
Company's share in the net results of investees	(2,386)	(168)
Profit before taxes on income	**115,721**	**313,767**
Other comprehensive loss before taxes on income	**(24,042)**	**(39,962)**
Total comprehensive loss before taxes on income	**91,679**	**273,805**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

E. Details of the change rates in the Consumer Price Index and US dollar representative exchange rate

	Consumer price index		Representative exchange rate of US dollar
	Known CPI %	In lieu CPI %	%
For the nine months ended on:			
September 30, 2021	2.2	2.5	0.4
September 30, 2020	(0.6)	(0.7)	(0.4)
For the three months ended on:			
September 30, 2021	0.8	0.9	(1.0)
September 30, 2020	0.1	0.1	(0.7)
For the year ended December 31, 2020	(0.6)	(0.7)	(7.0)

NOTE 3 - OPERATING SEGMENTS

The Company operates in the following operating segments:

1. **The life insurance and long-term savings segment**
   The life insurance and long-term savings segment includes the following subsegments: life insurance, related coverages and pension and provident funds management. The segment includes long-term savings (under various categories of insurance policies, pension funds and provident funds), as well insurance coverages in respect of various risks such as: death, disability, permanent health insurance, and more. In accordance with the Commissioner's directives, the long-term savings segment is broken down into life insurance, pension funds and provident funds. For information regarding the allocation of operating results of Ad 120 following the application of the circular regarding the procedure for allocating illiquid assets, please see Notes 2D above.

2. **Health insurance segment**
   The health insurance segment includes the Group's health insurance activity. The segment includes long-term care, medical expenses, surgery and transplants, dental, travel and foreign workers insurance and more.
   For information regarding the allocation of operating results of Ad 120 following the application of the circular regarding the procedure for allocating illiquid assets, please see Notes 2D above.

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 insurance subsegment
     The compulsory motor insurance 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.

   - 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, employers' liability, professional liability and product liability.

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

4. **Financial services segment**
   The financial services segment includes Excellence's results. The segment includes investment management activity, including mutual funds, ETFs, brokerage services, underwriting services, market making in various securities and other services.
   In addition, the results of this segment include the investment fund management operations.

NOTE 3 – OPERATING SEGMENTS (CONT.)

5. **Insurance agencies segment**
   The insurance agencies segment includes the activity of the pension arrangement agencies and other consolidated insurance agencies.

6. **Credit segment**
   The credit segment includes Gama. Gama is a credit aggregator providing financing, factoring, clearing, and management of credit vouchers services, financing against real estate properties, loans and credit, equipment financing and supplier financing.
   As of June 2021, as a result of assuming control over Gama, the Company presents the company's results as a reportable segment. For further details, please see Note 4B.

7. **Other segment**
   This segment includes operating segments that do not meet the quantitative threshold for reporting.

8. **The activity is not attributed to operating segments**
   This activity includes part of the Group's HQ function that is not attributed to the operating segments and holding assets and liabilities against the Company's share capital in accordance with the Capital Regulations.

NOTE 3 – OPERATING SEGMENTS (CONT.)

A. Reportable segment

	For the 9-month period ended September 30, 2021									
	Life insurance and long-term savings (a)	Health (b)	Property and casualty insurance (c)	Financial services	Insurance agencies	Credit (e)	Other	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited									
	NIS thousand									
Premiums earned, gross	3,966,516	2,032,357	2,199,965	-	-	-	-	-	-	8,198,838
Premiums earned by reinsurers	87,595	156,919	743,352	-	-	-	-	-	-	987,866
Premiums earned - retention	3,878,921	1,875,438	1,456,613	-	-	-	-	-	-	7,210,972
Gains (losses) on investments, net and finance income	8,606,458	761,881	308,738	(94)	11,654	11,250	2,562	312,168	(14,197)	10,000,420
Income from management fees	1,202,704	-	-	215,768	380	-	27,624	2,380	(29,805)	1,419,051
Income from fees and commissions (d)	27,482	39,406	168,133	-	405,361	-	-	-	(127,054)	513,328
Income from financial services	-	-	-	115,000	-	-	-	-	-	115,000
Income from factoring and clearing	-	-	-	-	-	24,959	-	-	-	24,959
Other income	16,741	2,939	-	4,288	16,661	240,292	618	423	(969)	280,993
Total income	13,732,306	2,679,664	1,933,484	334,962	434,056	276,501	30,804	314,971	(172,025)	19,564,723
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	11,935,925	2,118,615	1,522,718	-	-	-	-	-	-	15,577,258
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	33,257	32,479	479,093	-	-	-	-	-	-	544,829
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	11,902,668	2,086,136	1,043,625	-	-	-	-	-	-	15,032,429
Fees and commissions and other purchase expenses	548,365	315,826	444,827	44,973	4,522	663	-	370	(108,341)	1,251,205
General and administrative expenses	483,457	110,965	98,521	188,535	239,047	21,610	27,704	87,681	(41,606)	1,215,914
Other expenses	21,529	-	-	9,000	20,168	3,394	-	305	(340)	54,056
Finance expenses	27,047	2,607	2,440	3,139	1,165	3,908	297	131,768	(12,158)	160,213
Total expenses	12,983,066	2,515,534	1,589,413	245,647	264,902	29,575	28,001	220,124	(162,445)	17,713,817
Company's share in the net results of investees	34,223	8,411	(93)	4,145	3,760	(618)	(1,466)	-	-	48,362
Profit before taxes on income	783,463	172,541	343,978	93,460	172,914	246,308	1,337	94,847	(9,580)	1,899,268
Other comprehensive income (loss) before taxes on income	126,146	7,517	115,442	-	-	-	169	67,650	-	316,924
Total comprehensive income (loss) before taxes on income	909,609	180,058	459,420	93,460	172,914	246,308	1,506	162,497	(9,580)	2,216,192
	As of September 30, 2021									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	83,332,337	5,948,391	-	-	-	-	-	-	-	89,280,728
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,307,134	4,640,525	6,746,459	-	-	-	-	-	-	24,694,118

(a) For additional data regarding the life insurance and long-term savings subsegments, please see Section b below. (b) For additional data regarding the health insurance subsegments, please see Section c below.

(c) For additional data regarding the property and casualty insurance subsegments, please see Section d below.

(d) Adjustments and offsets arise from fees and commissions income received from agencies owned by the Group, mainly from activities in the life insurance and long-term savings segment.

(e) For further details, please see Section 6 above.

NOTE 3 – OPERATING SEGMENTS (CONT.)

A. Reportable segment (cont.)

	Life insurance and long-term savings (a)	Health (b)	Property and casualty insurance (c)	Financial services	Insurance agencies	Credit (e)	Other	Not attributed to operating segments	Adjustments and offsets	Total
	For the 9-month period ended September 30, 2020									
	Unaudited									
	NIS thousand									
Premiums earned, gross	3,568,906	2,115,363	2,115,917	-	-	-	-	-	-	7,800,186
Premiums earned by reinsurers	73,083	228,085	701,301	-	-	-	-	-	-	1,002,469
Premiums earned - retention	3,495,823	1,887,278	1,414,616	-	-	-	-	-	-	6,797,717
Gains (losses) on investments, net and finance income	(839,997)	(29,526)	35,716	-	(1,953)	-	669	(8,859)	(2,985)	(846,935)
Income from management fees	596,877	-	-	190,000	684	-	33,241	2,318	(36,114)	787,006
Income from fees and commissions	28,118	31,614	163,705	-	284,479	-	-	-	(91,853)(1)	416,063
Income from financial services	-	-	-	125,000	-	-	-	-	-	125,000
Other income	6,857	23,342	-	7,000	8,592	-	(93)	(37)	(2,879)	42,782
Total income	3,287,678	1,912,708	1,614,037	322,000	291,802	-	33,817	(6,578)	(133,831)	7,321,633
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	2,262,608	1,278,790	1,238,692	-	-	-	-	-	-	4,780,090
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	32,341	203,954	408,252	-	-	-	-	-	-	644,547
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	2,230,267	1,074,836	830,440	-	-	-	-	-	-	4,135,543
Fees and commissions and other purchase expenses	548,256	390,043	432,719	28,000	-	-	-	-	(77,578)	1,321,440
General and administrative expenses	401,134	120,591	100,299	164,000	169,329	-	28,112	29,294	(41,460)	971,299
Other expenses	8,114	-	-	8,000	7,915	-	-	2,651	-	26,680
Finance expenses (income)	(2,517)	(2,380)	1,056	3,000	971	-	297	116,345	(1,195)	115,577
Total expenses	3,185,254	1,583,090	1,364,514	203,000	178,215	-	28,409	148,290	(120,233)	6,570,539
Company's share in the net results of investees	(2,386)	(168)	(777)	1,780	8,792	14,319	(954)	-	-	20,606
Net income (loss) before taxes on income	100,038	329,450	248,746	120,780	122,379	14,319	4,454	(154,868)	(13,598)	771,700
Other comprehensive income (loss) before taxes on income	(24,042)	(39,962)	11,570	-	-	-	621	7,905	-	(43,908)
Total comprehensive income (loss) before taxes on income	75,996	289,488	260,316	120,780	122,379	14,319	5,075	(146,963)	(13,598)	727,792
	As of September 30, 2020									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	66,325,133	4,773,840	-	-	-	-	-	-	-	71,098,973
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,116,039	4,050,980	6,238,123	-	-	-	-	-	-	23,405,142

(a) For additional data regarding the life insurance and long-term savings subsegments, please see Section b below.

(b) For additional data regarding the health insurance subsegments, please see Section c below.

(c) For additional data regarding the property and casualty insurance subsegments, please see Section d below.

(1) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the life insurance and long-term savings segment.

NOTE 3 – OPERATING SEGMENTS (CONT.)

A. Reportable segment (cont.)

	Life insurance and long-term savings (a)	Health (b)	Property and casualty insurance (c)	Financial services	Insurance agencies	Credit (e)	Other	Not attributed to operating segments	Adjustments and offsets	Total
	For the 3-month period ended September 30, 2021									
	Unaudited									
	NIS thousand									
Premiums earned, gross	1,370,975	700,027	766,416	-	-	-	-	-	-	2,837,418
Premiums earned by reinsurers	29,778	51,951	258,904	-	-	-	-	-	-	340,633
Premiums earned - retention	1,341,197	648,076	507,512	-	-	-	-	-	-	2,496,785
Investment income, net and finance income	1,508,874	102,183	113,695	(36)	(640)	11,250	314	122,012	(1,565)	1,856,087
Income from management fees	332,298	-	-	73,226	-	-	3,827	782	(6,633)	403,500
Income from fees and commissions (d)	10,960	14,197	60,964	-	144,903	-	-	-	(56,367)	174,657
Income from financial services	-	-	-	39,000	-	-	-	-	-	39,000
Income from factoring and clearing	-	-	-	-	-	24,959	-	-	-	24,959
Other income	5,389	2,240	-	2,288	7,760	-	172	71	(278)	17,642
Total income	3,198,718	766,696	682,171	114,478	152,023	36,209	4,313	122,865	(64,843)	5,012,630
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	2,663,157	518,918	559,377	-	-	-	-	-	-	3,741,452
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	11,275	57,909	167,954	-	-	-	-	-	-	237,138
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	2,651,882	461,009	391,423	-	-	-	-	-	-	3,504,314
Fees and commissions and other purchase expenses	192,048	112,989	161,555	15,087	1,802	663	-	370	(49,638)	434,876
General and administrative expenses	167,586	37,618	32,963	64,694	76,839	17,644	5,959	36,047	(12,179)	427,171
Other expenses	7,950	-	-	3,000	11,901	3,394	-	-	(112)	26,133
Finance expenses (income)	7,732	2,054	(568)	1,072	607	3,908	95	42,765	(885)	56,780
Total expenses	3,027,198	613,670	585,373	83,853	91,149	25,609	6,054	79,182	(62,814)	4,449,274
Company's share in the net results of investees	14,247	7,378	535	1,678	1,145	-	154	(1)	-	25,136
Net income (loss) before taxes on income	185,767	160,404	97,333	32,303	62,019	10,600	(1,587)	43,682	(2,029)	588,492
Other comprehensive income (loss) before taxes on income	32,823	794	(47,610)	-	-	-	(296)	(10,034)	-	(24,323)
Total comprehensive income (loss) before taxes on income	218,590	161,198	49,723	32,303	62,019	10,600	(1,883)	33,648	(2,029)	564,169
	As of September 30, 2021									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	83,332,337	5,948,391	-	-	-	-	-	-	-	89,280,728
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,307,134	4,640,525	6,746,459	-	-	-	-	-	-	24,694,118

(a) For additional data regarding the life insurance and long-term savings subsegments, please see Section b below. (b) For additional data regarding the health insurance subsegments, please see Section c below.
(c) For additional data regarding the property and casualty insurance subsegments, please see Section d below.
(d) Adjustments and offsets arise from fees and commissions income received from agencies owned by the Group, mainly from activities in the life insurance and long-term savings segment.
(e) For further details, please see Section 6 above.

NOTE 3 – OPERATING SEGMENTS (CONT.)

A. Reportable segment (cont.)

	Life insurance and long-term savings (a)	Health (b)	Property and casualty insurance (c)	Financial services	Insurance agencies	Credit (e)	Other	Not attributed to operating segments	Adjustments and offsets	Total
	For the 3-month period ended September 30, 2020									
	Unaudited									
	NIS thousand									
Premiums earned, gross	1,175,451	665,916	710,619	-	-	-	-	-	-	2,551,986
Premiums earned by reinsurers	26,442	62,200	235,620	-	-	-	-	-	-	324,262
Premiums earned - retention	1,149,009	603,716	474,999	-		-	-	-	-	2,227,724
Investment income, net and finance income	2,959,235	260,597	61,044	-	1,264	-	288	52,194	(916)	3,333,706
Income from management fees	204,212	-	-	55,000	228	-	14,766	768	(14,950)	260,024
Income from fees and commissions (d)	10,024	10,713	55,987	-	96,586	-	-	-	(32,485)(1)	140,825
Income from financial services	-	-	-	35,000	-	-	-	-	-	35,000
Other income	3,963	2,641	-	-	4,105	-	205	(1,223)	(204)	9,487
Total income	4,326,443	877,667	592,030	90,000	102,183	-	15,259	51,739	(48,555)	6,006,766
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	3,927,449	732,386	336,815	-	-	-	-	-	-	4,996,650
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	16,878	55,624	86,300	-	-	-	-	-	-	158,802
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	3,910,571	676,762	250,515	-	-	-	-	-	-	4,837,848
Fees and commissions and other purchase expenses	186,672	110,587	152,525	10,000	-	-	-	-	(25,541)	434,243
General and administrative expenses	139,098	36,464	34,795	51,000	57,440	-	12,690	9,442	(17,158)	323,771
Other expenses (income)	(351)	-	-	2,000	2,986	-	-	895	-	5,530
Finance expenses (income)	3,071	(360)	(244)	1,000	295	-	105	57,106	(322)	60,651
Total expenses	4,239,061	823,453	437,591	64,000	60,721	-	12,795	67,443	(43,021)	5,662,043
Company's share in the net results of investees	(6,161)	(856)	(452)	148	2,747	4,755	(457)	-	-	(276)
Net income (loss) before taxes on income	81,221	53,358	153,987	26,148	44,209	4,755	2,007	(15,704)	(5,534)	344,447
Other comprehensive income (loss) before taxes on income	54,572	10,250	39,222	-	-	-	(45)	21,861	-	125,860
Total comprehensive income (loss) before taxes on income	135,793	63,608	193,209	26,148	44,209	4,755	1,962	6,157	(5,534)	470,307
	As of September 30, 2020									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	66,325,133	4,773,840	-	-	-	-	-	-	-	71,098,973
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,036,515	4,130,504	6,238,123	-	-	-	-	-	-	23,405,142

(a) For additional data regarding the life insurance and long-term savings subsegments, please see Section b below. (b) For additional data regarding the health insurance subsegments, please see Section c below.

(c) For additional data regarding the property and casualty insurance subsegments, please see Section d below.

(1) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the life insurance and long-term savings segment.

NOTE 3 – OPERATING SEGMENTS (CONT.)

A. Reportable segment (cont.)

	For the year ended December 31, 2020									
	Life insurance and long-term savings (a)	Health (b)	Property and casualty insurance (c)	Financial services	Insurance agencies	Credit (e)	Other	Not attributed to operating segments	Adjustments and offsets	Total
	Audited									
	NIS thousand									
Premiums earned, gross	4,765,553	2,781,698	2,835,401	-	-	-	-	-	-	10,382,652
Premiums earned by reinsurers	99,195	286,671	943,112	-	-	-	-	-	-	1,328,978
Premiums earned - retention	4,666,358	2,495,027	1,892,289	-	-	-	-	-	-	9,053,674
Gains (losses) on investments, net and finance income	4,632,824	482,269	130,873	(91)	37	-	127	239,167	(5,500)	5,479,706
Income from management fees	1,106,546	-	-	248,930	1,361	-	44,915	3,084	(47,647)	1,357,189
Income from fees and commissions (d)	39,119	44,170	214,717	-	389,025	-	-	-	(130,980)	556,051
Income from financial services	-	-	-	159,000	-	-	-	-	-	159,000
Other income	11,673	23,999	-	9,000	89,102	-	1,137	19	(3,084)	131,846
Total income	10,456,520	3,045,464	2,237,879	416,839	479,525	-	46,179	242,270	(187,211)	16,737,466
Increase in insurance liabilities and payments in respect of insurance contracts	8,517,055	2,371,630	1,640,879	-	-	-	-	-	-	12,529,564
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	49,450	234,439	542,801	-	-	-	-	-	-	826,690
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	8,467,605	2,137,191	1,098,078	-	-	-	-	-	-	11,702,874
Fees and commissions and other purchase expenses	727,330	498,524	597,354	40,000	-	-	-	-	(113,105)	1,750,103
General and administrative expenses	543,566	161,986	144,083	222,078	237,974	-	39,466	66,210	(55,335)	1,360,028
Other expenses	26,303	-	-	12,000	9,123	-	409	7,505	(455)	54,885
Finance expenses (income)	3,397	(2,324)	(8,021)	5,000	3,314	-	402	147,191	(2,450)	146,509
Total expenses	9,768,201	2,795,377	1,831,494	279,078	250,411	-	40,277	220,906	(171,345)	15,014,399
Company's share in the net results of investees	12,006	2,055	(3,592)	3,159	8,670	18,488	(1,089)	-	-	39,697
Net income (loss) before taxes on income	700,325	252,143	402,793	140,920	237,784	18,488	4,813	21,364	(15,866)	1,762,764
Other comprehensive income (loss) before taxes on income	6,732	(33,485)	121,690	-	(332)	-	1,467	181,489	-	277,561
Total comprehensive income (loss) before taxes on income	707,057	218,658	524,483	140,920	237,452	18,488	6,280	202,853	(15,866)	2,040,325
	As of December 31, 2020									
	Audited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	71,540,354	5,316,559	-	-	-	-	-	-	-	76,856,913
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,047,252	4,237,911	6,184,724	-	-	-	-	-	-	23,469,887

(a) For additional data regarding the life insurance and long-term savings subsegments, please see Section b below. (b) For additional data regarding the health insurance subsegments, please see Section c below.

(c) For additional data regarding the property and casualty insurance subsegments, please see Section d below.

(d) Adjustments and offsets arise from fees and commissions income received from agencies owned by the Group, mainly from activities in the life insurance and long-term savings segment.

(e) For further details, please see Section 6 above.

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment

	For the 9-month period ended September 30, 2021			
	Life insurance	Provident fund management (*)	Pension fund management (*)	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	3,966,516	-	-	3,966,516
Premiums earned by reinsurers	87,595	-	-	87,595
Premiums earned - retention	3,878,921	-	-	3,878,921
Investment income, net and finance income	8,538,394	63,774	4,290	8,606,458
Income from management fees	817,091	237,976	147,637	1,202,704
Income from fees and commissions	27,482	-	-	27,482
Other income	14,306	-	2,435	16,741
Total income	13,276,194	301,750	154,362	13,732,306
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	11,881,527	54,398	-	11,935,925
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	33,257	-	-	33,257
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	11,848,270	54,398	-	11,902,668
Fees and commissions, marketing expenses and other purchase expenses	394,331	84,964	69,070	548,365
General and administrative expenses	293,010	122,979	67,468	483,457
Other expenses	10,528	10,034	967	21,529
Finance expenses	24,060	2,448	539	27,047
Total expenses	12,570,199	274,823	138,044	12,983,066
Company's share in the net results of investees	34,223	-	-	34,223
Profit before taxes on income	740,218	26,927	16,318	783,463
Other comprehensive income before taxes on income	126,146	-	-	126,146
Total comprehensive income for the period before taxes on income	866,364	26,927	16,318	909,609

(*) As of April 1, 2021, the operating results of provident fund and pension fund management include the results of Halman Aldubi Provident. For further details, please see Note 4A.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

	For the 9-month period ended September 30, 2020			
	Life insurance	Provident fund management	Pension fund management	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	3,568,906	-	-	3,568,906
Premiums earned by reinsurers	73,083	-	-	73,083
Premiums earned - retention	3,495,823	-	-	3,495,823
Gains (losses) on investments, net and finance income	(863,108)	23,429	(318)	(839,997)
Income from management fees	321,910	149,054	125,913	596,877
Income from fees and commissions	28,118	-	-	28,118
Other income	6,856	1	-	6,857
Total income	2,989,599	172,484	125,595	3,287,678
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	2,234,936	27,672	-	2,262,608
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	32,341	-	-	32,341
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	2,202,595	27,672	-	2,230,267
Fees and commissions, marketing expenses and other purchase expenses	418,121	61,626	68,509	548,256
General and administrative expenses	275,135	60,023	65,976	401,134
Other expenses	7,283	549	282	8,114
Finance expenses (income)	(2,573)	15	41	(2,517)
Total expenses	2,900,561	149,885	134,808	3,185,254
Company's share in the net results of investees	(2,386)	-	-	(2,386)
Profit (loss) before income taxes	86,652	22,599	(9,213)	100,038
Other comprehensive loss before taxes on income	(24,042)	-	-	(24,042)
Total comprehensive income (loss) for the period before taxes on income	62,610	22,599	(9,213)	75,996

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

	For the 3-month period ended September 30, 2021			
	Life insurance	Provident fund management (*)	Pension fund management (*)	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	1,370,975	-	-	1,370,975
Premiums earned by reinsurers	29,778	-	-	29,778
Premiums earned - retention	1,341,197	-	-	1,341,197
Investment income, net and finance income	1,486,821	21,171	882	1,508,874
Income from management fees	186,901	95,799	49,598	332,298
Income from fees and commissions	10,960	-	-	10,960
Other income	3,362	-	2,027	5,389
Total income	3,029,241	116,970	52,507	3,198,718
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	2,644,305	18,852	-	2,663,157
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	11,275	-	-	11,275
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	2,633,030	18,852	-	2,651,882
Fees and commissions, marketing expenses and other purchase expenses	136,638	31,313	24,097	192,048
General and administrative expenses	93,305	54,043	20,238	167,586
Other expenses	2,561	4,951	438	7,950
Finance expenses	6,817	844	71	7,732
Total expenses	2,872,351	110,003	44,844	3,027,198
Company's share in the net results of investees	14,247	-	-	14,247
Profit before taxes on income	171,137	6,967	7,663	185,767
Other comprehensive income before taxes on income	32,823	-	-	32,823
Total comprehensive income for the period before taxes on income	203,960	6,967	7,663	218,590

(*) As of April 1, 2021, the operating results of provident fund and pension fund management include the results of Halman Aldubi Provident. For further details, please see Note 4A.

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

	For the 3-month period ended September 30, 2020			
	Life insurance	Provident fund management	Pension fund management	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	1,175,451	-	-	1,175,451
Premiums earned by reinsurers	26,442	-	-	26,442
Premiums earned - retention	1,149,009	-	-	1,149,009
Investment income, net and finance income	2,949,366	9,140	729	2,959,235
Income from management fees	110,058	48,564	45,590	204,212
Income from fees and commissions	10,024	-	-	10,024
Other income	3,962	1	-	3,963
Total income	4,222,419	57,705	46,319	4,326,443
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	3,919,167	8,282	-	3,927,449
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	16,878	-	-	16,878
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	3,902,289	8,282	-	3,910,571
Fees and commissions, marketing expenses and other purchase expenses	140,557	20,394	25,721	186,672
General and administrative expenses	95,649	21,354	22,095	139,098
Other expenses (income)	(628)	183	94	(351)
Finance expenses	3,050	8	13	3,071
Total expenses	4,140,917	50,221	47,923	4,239,061
Company's share in the net results of investees	(6,161)	-	-	(6,161)
Profit (loss) before income taxes	75,341	7,484	(1,604)	81,221
Other comprehensive income before taxes on income	54,572	-	-	54,572
Total comprehensive income (loss) for the period before taxes on income	129,913	7,484	(1,604)	135,793

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

	For the year ended December 31, 2020			
	Life insurance	Provident fund management	Pension fund management	Total
	Audited			
	NIS thousand			
Premiums earned, gross	4,765,553	-	-	4,765,553
Premiums earned by reinsurers	99,195	-	-	99,195
Premiums earned - retention	4,666,358	-	-	4,666,358
Investment income, net and finance income	4,592,667	37,459	2,698	4,632,824
Income from management fees	736,673	199,220	170,653	1,106,546
Income from fees and commissions	39,119	-	-	39,119
Other income	11,673	-	-	11,673
Total income	10,046,490	236,679	173,351	10,456,520
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	8,478,358	38,697	-	8,517,055
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	49,450	-	-	49,450
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	8,428,908	38,697	-	8,467,605
Fees and commissions, marketing expenses and other purchase expenses	554,421	85,389	87,520	727,330
General and administrative expenses	378,758	80,118	84,690	543,566
Other expenses	20,762	733	4,808	26,303
Finance expenses (income)	3,393	21	(17)	3,397
Total expenses	9,386,242	204,958	177,001	9,768,201
Company's share in the net results of investees	12,006	-	-	12,006
Profit (loss) before income taxes	672,254	31,721	(3,650)	700,325
Other comprehensive income before taxes on income	6,732	-	-	6,732
Total comprehensive income (loss) for the period before taxes on income	678,986	31,721	(3,650)	707,057

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

Breakdown of results by type of policy

Data for the nine-month period ended September 30, 2021:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Collective	Total
	Unaudited					
	NIS thousand					
Gross premiums	47,702	846,478	2,544,699	432,548	95,089	3,966,516
Proceeds in respect of investment contracts credited directly to insurance reserves (4)	-	-	4,643,151	-	-	4,643,151
Financial margin including management fees (2)	312,402	568,766 (3)	247,652	-	-	1,128,820
Payments and change in liabilities in respect of insurance contracts, gross	597,133	4,538,832	5,527,064	116,582	83,664	10,863,275
Payments and change in liabilities for investment contracts	-	-	1,018,252	-	-	1,018,252
Payments and change in liabilities for guaranteed return provident fund tracks						54,398
Total liabilities from life insurance and long-term savings						11,935,925
Total comprehensive income from life insurance business	253,470 (5)	432,986 (5)	(3,896)	165,490	18,314	866,364
Profit from pension and provident funds (6)						43,283
Total profit from life insurance and long-term savings						909,647

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

(2) Th financial margin does not include additional income of the Company 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, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. 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.

(3) In the nine-month period ended September 30, 2021, variable management fees in respect of participating policies in the amount of approximately NIS 427 million were charged.

(4) Mainly proceeds of non-recurring deposits.

(5) Includes a profit in respect of the effect of the changes in assumptions and the effect of the change in the discount rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 84 million before tax.

(6) As of April 1, 2021, the operating results of provident fund and pension fund management include the results of Halman Aldubi Provident. For further details, please see Note 4A.

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

Breakdown of results by type of policy

Data for the nine-month period ended September 30, 2020:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Collective	Total
	Unaudited					
	NIS thousand					
Gross premiums	55,365	856,676	2,141,051	426,136	90,678	3,569,906
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	1,193,282	-	-	1,193,282
Financial margin including management fees	44,444(2)	127,196 (3)	194,151	-	-	365,791
Payments and change in liabilities in respect of insurance contracts, gross	358,978	18,899	1,745,523	180,885	80,162	2,384,447
Payments and change in liabilities for investment contracts	-	-	(149,511)	-	-	(149,511)
Payments and change in liabilities for guaranteed return provident fund tracks						27,672
Total liabilities from life insurance and long-term savings						2,262,608
Comprehensive income (loss) from life insurance business	(59,716) (5)	146,147 (4)(5)	(76,882)	45,513	7,548	62,610
Profit from pension and provident funds						13,386
Total profit from life insurance and long-term savings						75,996

(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 the Company 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, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. 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.

(3) For the 9-month period ended September 30, 2020, the Company did not charge variable management fees due to the negative return on participating policies. The margin includes fixed management fees only.

(4) Includes profit due to a change in the K-value for a period of 9 months ended on September 30, 2020 in the amount of approximately NIS 139 million, before tax.

(5) Includes a loss in respect of the effect of the change in the discount rate in the calculation of the supplementary retirement pension reserve and paid pensions for a period of 9 months ended on September 30, 2020, totaling approximately NIS 40 million before tax.

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

Breakdown of results by type of policy (cont.)

Data for the three-month period ended September 30, 2021:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Collective	Total
	Unaudited					
	NIS thousand					
Gross premiums	15,878	287,527	888,120	147,276	32,174	1,370,975
Proceeds in respect of investment contracts credited directly to insurance reserves (4)	-	-	1,869,117	-	-	1,869,117
Financial margin including management fees (2)	78,912	104,591 (3)	82,080	-	-	265,583
Payments and change in liabilities in respect of insurance contracts, gross	196,644	936,887	1,286,549	62,561	26,636	2,509,277
Payments and change in liabilities for investment contracts	-	-	135,028	-	-	135,028
Payments and change in liabilities for guaranteed return provident fund tracks						18,852
Total liabilities from life insurance and long-term savings						2,663,157
Comprehensive income (loss) from life insurance business	69,716 (5)	106,826 (5)	(12,031)	33,258	6,191	203,960
Profit from pension and provident funds (6)						14,668
Total profit from life insurance and long-term savings						218,628

(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 the Company 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, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. 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.

(3) In the three-month period ended September 30, 2021, variable management fees in respect of participating policies in the amount of approximately NIS 55 million were charged.

(4) Mainly proceeds of non-recurring deposits.

(5) Includes a profit in respect of the effect of the changes in assumptions and the effect of the change in the discount rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 84 million before tax.

(6) As of April 1, 2021, the operating results of provident fund and pension fund management include the results of Halman Aldubi Provident. For further details, please see Note 4A.

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

Breakdown of results by type of policy (cont.)

Data for the three-month period ended September 30, 2020:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Collective	Total
	Unaudited					
	NIS thousand					
Gross premiums	17,462	283,907	699,098	141,783	33,201	1,175,451
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	381,350	-	-	381,350
Financial margin including management fees	75,279(2)	42,207 (3)	67,659	-	-	185,145
Payments and change in liabilities in respect of insurance contracts, gross	176,873	1,473,185	1,821,684	66,783	29,313	3,567,838
Payments and change in liabilities for investment contracts	-	-	351,329	-	-	351,329
Payments and change in liabilities for guaranteed return provident fund tracks						8,282
Total liabilities from life insurance and long-term savings						3,927,449
Comprehensive income (loss) from life insurance business	3,833 (5)	104,235 (4)	(13,542)	30,423	4,964	129,913
Profit from pension and provident funds						5,880
Total profit from life insurance and long-term savings						135,793

(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 the Company 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, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. 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.

(3) For the 3-month period ended September 30, 2020, the Company did not charge variable management fees due to the negative return on participating policies. The margin includes fixed management fees only.

(4) Includes profit due to a change in the K-value for a period of 3 months ended on September 30, 2020 in the amount of approximately NIS 131 million, before tax.

(5) Includes a loss in respect of the effect of the change in the discount rate in the calculation of the supplementary retirement pension reserve and paid pensions for a period of 3 months ended on September 30, 2020, totaling approximately NIS 33 million before tax.

NOTE 3 – OPERATING SEGMENTS (CONT.)

B. Additional data regarding the life insurance and long-term savings segment (cont.)

Breakdown of results by type of policy (cont.)

Data for the year ended December 31, 2020:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 [1]	Until 2003	Yield-dependent	Individual	Collective	Total
	Unaudited					
	NIS thousand					
Gross premiums	73,020	1,133,432	2,870,641	563,776	124,684	4,765,553
Proceeds in respect of investment contracts credited directly to insurance reserves [6]	-	-	1,945,751	-	-	1,945,751
Financial margin including management fees [2]	185,503	466,855 [3]	269,041	-	-	921,399
Payments and change in liabilities in respect of insurance contracts, gross	439,848	2,783,738	4,457,267	261,625	112,290	8,054,768
Payments and change in liabilities for investment contracts	-	-	423,590	-	-	423,590
Payments and change in liabilities for guaranteed return provident fund tracks						38,697
Total liabilities from life insurance and long-term savings						8,517,055
Comprehensive income (loss) from life insurance business [4]	108,190 [5]	560,657 [4][5]	(74,902)	71,566	13,475	678,986
Profit from pension and provident funds						28,071
Total profit from life insurance and long-term savings						707,057

(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 the Company 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, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. 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.

(3) As of September 30, 2020, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 101 million; this amount was offset against management fees in the fourth quarter of 2020.

(4) Including a profit in respect of a change in the K value, amounting to approximately NIS 261 million, before tax.

(5) Includes a profit in respect of the effect of the changes in assumptions and the effect of the change in the discount rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 41 million before tax. For further details, please see Note 8A(4).

(6) Mainly proceeds of non-recurring deposits.

NOTE 3 – OPERATING SEGMENTS (CONT.)

C. Additional data regarding the health insurance segment

	For the 9-month period ended September 30, 2021				
	Long-term care		Other [(2)]		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	195,027	730,712	1,084,428[(1)]	42,129[(1)]	2,052,296
Payments and change in liabilities in respect of insurance contracts, gross	316,727	1,390,803	386,285	24,800	2,118,615
Total comprehensive income (loss) from health insurance business	(9,084)[(4)]	(40,570)[(4)]	228,799	913	180,058

(1) Of this, individual premiums in the amount of NIS 682,999 thousand and collective premiums in the amount of NIS 443,558 thousand. The decrease in individual premiums is mainly due to a decrease in travel insurance activity following the Covid-19 crisis and ceasing to market health insurance policies for Israelis staying abroad permanently or for prolonged periods (relocation) beginning in the second quarter of 2020. In January 2021, the relocation insurance portfolio was transferred from the Company to the DavidShield Insurance Company Ltd.

	For the 9-month period ended September 30, 2020				
	Long-term care		Other [(2)]		
	Individual	Collective[(3)]	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	195,175	666,428	1,180,527 [(1)]	79,148[(1)]	2,121,278
Payments and change in liabilities in respect of insurance contracts, gross	35,707	550,296	616,480	76,307	1,278,790
Total comprehensive income (loss) from health insurance business	169,417 [(4)]	(20,909) [(3)]	157,378	(16,398)	289,488

(1) Of this, individual premiums in the amount of NIS 777,887 thousand and collective premiums in the amount of NIS 481,788 thousand.

	For the 3-month period ended September 30, 2021				
	Long-term care		Other [(2)]		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	65,345	247,414	355,400[(1)]	27,574[(1)]	695,733
Payments and change in liabilities in respect of insurance contracts, gross	(14,491)	300,483	217,952	14,974	518,918
Total comprehensive income (loss) from health insurance business	118,916[(5)]	2,290	37,413	2,579	161,198

(1) Of this, individual premiums in the amount of NIS 246,191 thousand and collective premiums in the amount of NIS 136,783 thousand.

NOTE 3 – OPERATING SEGMENTS (CONT.)

C. Additional data regarding the health insurance segment (cont.)

	For the 3-month period ended September 30, 2020				
	Long-term care		Other (2)		
	Individual	Collective(3)	Long-term	Short-term(7)	Total
	Unaudited				
	NIS thousand				
Gross premiums	64,701	223,104	369,846(1)	4,537(1)	662,188
Payments and change in liabilities in respect of insurance contracts, gross	66,200	437,401	218,139	10,646	732,386
Total comprehensive income (loss) from health insurance business	20,105(5)	(2,035)	50,584	(5,046)	63,608

(1) Of this, individual premiums in the amount of NIS 228,323 thousand and collective premiums in the amount of NIS 146,060 thousand.

	For the year ended December 30, 2021				
	Long-term care		Other (2)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	259,764	891,730	1,521,350 (1)	83,378(1)	2,756,222
Payments and change in liabilities in respect of insurance contracts, gross	271,231	1,224,983	796,511	78,905	2,371,630
Total comprehensive income (loss) from health insurance business	41,730	(33,016)	228,886	(18,942)	218,658

(1) Of this, individual premiums in the amount of NIS 1,001,573 thousand and collective premiums in the amount of NIS 603,155 thousand.

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

(3) The change in the liabilities and loss for the 9-month period ended September 30, 2020 stem mainly from the effect of the decline in the financial markets in Israel and around the world following the Covid-19 crisis.

(4) The loss in the nine-month period ended September 30, 2021 includes an increase in the insurance reserve (LAT) in the amount of approximately NIS 160 million (including continuity reserve). The profit in the nine-month period ended September 30, 2020 includes a NIS 94 million decrease in the insurance reserve (LAT).

For details regarding the recognition of the excess fair value against the insurance reserve (LAT) in respect of the investment in Ad 120, please see Note 1E.

(5) The profit in the three-month period ended September 30, 2021 includes a decrease in the insurance reserve (LAT) in the amount of approximately NIS 110 million, and the profit in the three-month period ended September 30, 2020 - a decrease in LAT of NIS 11 million.

For details regarding the recognition of the excess fair value against the insurance reserve (LAT) in respect of the investment in Ad 120, please see Note 1E.

NOTE 3 – OPERATING SEGMENTS (CONT.)

D. Additional data regarding the property and casualty insurance segment

	For the 9-month period ended September 30, 2021				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	503,129	891,442	571,177	447,485	2,413,233
Reinsurance premiums	208,972	1,413	380,850	196,552	787,787
Premiums - retention	294,157	890,029	190,327	250,933	1,625,446
Change in unearned premium balance, retention	49,947	91,246	11,514	16,126	168,833
Premiums earned - retention	244,210	798,783	178,813	234,807	1,456,613
Investment income, net and finance income	126,037	47,360	14,198	121,143	308,738
Income from fees and commissions	60,733	58	87,506	19,836	168,133
Total income	430,980	846,201	280,517	375,786	1,933,484
Payments and change in liabilities in respect of insurance contracts, gross	483,385	595,050	191,171	253,112	1,522,718
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	238,883	689	151,008	88,513	479,093
Payments and change in liabilities for insurance contracts - retention	244,502	594,361	40,163	164,599	1,043,625
Fees and commissions, marketing expenses and other purchase expenses	48,764	185,896	133,786	76,381	444,827
General and administrative expenses	21,323	37,083	19,723	20,392	98,521
Finance expenses	1,177	-	132	1,131	2,440
Total expenses	315,766	817,340	193,804	262,503	1,589,413
Company's share in the net results of investees	(39)	(14)	(4)	(36)	(93)
Profit before taxes on income	115,175	28,847	86,709	113,247	343,978
Other comprehensive income before taxes on income	47,059	17,850	5,301	45,232	115,442
Total comprehensive income for the period before taxes on income	162,234	46,697	92,010	158,479	459,420
Liabilities in respect of insurance contracts, gross, as of September 30, 2021 (unaudited)	2,974,776	877,976	676,234	2,217,473	6,746,459
Liabilities in respect of insurance contracts - retention - as of September 30, 2021 (unaudited)	1,809,831	876,801	193,420	1,759,649	4,639,701

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 81% of total premiums in these subsegments.

(**) Other liability insurance subsegments mainly include data from the following segments: third-party insurance, professional liability insurance and employers' liability insurance, the activity of which constitutes 83% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (CONT.)

C. Additional data regarding the property and casualty insurance segment (cont.)

	For the 9-month period ended September 30, 2020				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	461,880	812,296	566,139	377,983	2,218,298
Reinsurance premiums	227,876	101	373,921	125,536	727,434
Premiums - retention	234,004	812,195	192,218	252,447	1,490,864
Change in unearned premium balance, retention	31,649	24,254	2,105	18,240	76,248
Premiums earned - retention	202,355	787,941	190,113	234,207	1,414,616
Investment income, net and finance income	15,121	5,141	1,546	13,908	35,716
Income from fees and commissions	64,965	-	85,566	13,174	163,705
Total income	282,441	793,082	277,225	261,289	1,614,037
Payments and change in liabilities in respect of insurance contracts, gross	319,538	510,771	243,544	164,839	1,238,692
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	212,696	(7)	164,902	30,661	408,252
Payments and change in liabilities for insurance contracts - retention	106,842	510,778	78,642	134,178	830,440
Fees and commissions, marketing expenses and other purchase expenses	46,170	184,676	130,756	71,117	432,719
General and administrative expenses	21,410	37,897	22,126	18,866	100,299
Finance expenses	523	-	53	480	1,056
Total expenses	174,945	733,351	231,577	224,641	1,364,514
Company's share in the net results of investees	(326)	(116)	(33)	(302)	(777)
Profit before taxes on income	107,170	59,615	45,615	36,346	248,746
Other comprehensive income before taxes on income	4,873	1,716	498	4,483	11,570
Total comprehensive income for the period before taxes on income	112,043	61,331	46,113	40,829	260,316
Liabilities in respect of insurance contracts, gross, as of September 30, 2020 (unaudited)	2,756,588	751,316	671,169	2,059,050	6,238,123
Liabilities in respect of insurance contracts - retention - as of September 30, 2020 (unaudited)	1,770,770	751,316	204,721	1,736,807	4,463,614

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 80% of total premiums in these subsegments.

(**) Other liability insurance subsegments mainly include data from the following segments: third-party insurance, professional liability insurance and employers' liability insurance, the activity of which constitutes 83% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (CONT.)

C. Additional data regarding the property and casualty insurance segment (cont.)

	For the 3-month period ended September 30, 2021				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
			Unaudited		
			NIS thousand		
Gross premiums	174,447	300,461	182,481	143,087	800,476
Reinsurance premiums	70,540	393	122,261	64,268	257,462
Premiums - retention	103,907	300,068	60,220	78,819	543,014
Change in unearned premium balance, retention	15,789	21,691	(625)	(1,353)	35,502
Premiums earned - retention	88,118	278,377	60,845	80,172	507,512
Investment income, net and finance income	46,214	18,113	5,652	43,716	113,695
Finance income (expenses) from fees and commissions	22,265	(11)	31,179	7,531	60,964
Total income	156,597	296,479	97,676	131,419	682,171
Payments and change in liabilities in respect of insurance contracts, gross	158,561	225,373	75,755	99,688	559,377
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	70,309	354	60,612	36,679	167,954
Payments and change in liabilities for insurance contracts - retention	88,252	225,019	15,143	63,009	391,423
Fees and commissions, marketing expenses and other purchase expenses	19,391	65,772	48,935	27,457	161,555
General and administrative expenses	7,229	12,726	6,547	6,461	32,963
Finance income	(271)	-	(23)	(274)	(568)
Total expenses	114,601	303,517	70,602	96,653	585,373
Company's share in the net results of investees	217	82	23	213	535
Profit (loss) before income taxes	42,213	(6,956)	27,097	34,979	97,333
Other comprehensive loss before taxes on income	(19,487)	(6,983)	(1,824)	(19,316)	(47,610)
Total comprehensive income (loss) for the period before taxes on income	22,726	(13,939)	25,273	15,663	49,723
Liabilities in respect of insurance contracts, gross, as of September 30, 2021 (unaudited)	2,974,776	877,976	676,234	2,217,473	6,746,459
Liabilities in respect of insurance contracts - retention - as of September 30, 2021 (unaudited)	1,809,831	876,801	193,420	1,759,649	4,639,701

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 80% of total premiums in these subsegments.

(**) Other liability insurance subsegments mainly include data from the following segments: third-party insurance, professional liability insurance and employers' liability insurance, the activity of which constitutes 84% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (CONT.)

C. Additional data regarding the property and casualty insurance segment (cont.)

	For the 3-month period ended September 30, 2020				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	145,233	265,867	155,446	113,822	680,368
Reinsurance premiums	70,762	33	98,986	39,062	208,843
Premiums - retention	74,471	265,834	56,460	74,760	471,525
Change in unearned premium balance, retention	2,843	2,171	(3,506)	(4,982)	(3,474)
Premiums earned - retention	71,628	263,663	59,966	79,742	474,999
Investment income, net and finance income	25,721	9,056	2,606	23,661	61,044
Income from fees and commissions	21,732	-	29,719	4,536	55,987
Total income	119,081	272,719	92,291	107,939	592,030
Payments and change in liabilities in respect of insurance contracts, gross	55,547	183,560	55,487	42,221	336,815
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	48,007	-	41,330	(3,037)	86,300
Payments and change in liabilities for insurance contracts - retention	7,540	183,560	14,157	45,258	250,515
Fees and commissions, marketing expenses and other purchase expenses	15,785	61,793	48,856	26,091	152,525
General and administrative expenses	7,594	13,696	7,157	6,348	34,795
Finance income	(121)	-	(11)	(112)	(244)
Total expenses	30,798	259,049	70,159	77,585	437,591
Company's share in the net results of investees	(189)	(68)	(19)	(176)	(452)
Profit before taxes on income	88,094	13,602	22,113	30,178	153,987
Other comprehensive income before taxes on income	16,549	5,782	1,666	15,225	39,222
Total comprehensive income for the period before taxes on income	104,643	19,384	23,779	45,403	193,209
Liabilities in respect of insurance contracts, gross, as of September 30, 2020 (unaudited)	2,756,588	751,316	671,169	2,059,050	6,238,123
Liabilities in respect of insurance contracts - retention - as of September 30, 2020 (unaudited)	1,770,770	751,316	204,721	1,736,807	4,463,614

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 79% of total premiums in these subsegments.

(**) Other liability insurance subsegments mainly include data from the following segments: third-party insurance, professional liability insurance and employers' liability insurance, the activity of which constitutes 81% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (CONT.)

C. Additional data regarding the property and casualty insurance segment (cont.)

	For the year ended December 31, 2020				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	584,123	1,031,838	772,728	486,363	2,875,052
Reinsurance premiums	288,266	135	527,646	164,581	980,628
Premiums - retention	295,857	1,031,703	245,082	321,782	1,894,424
Change in unearned premium balance, retention	19,988	(15,965)	(6,996)	5,108	2,135
Premiums earned - retention	275,869	1,047,668	252,078	316,674	1,892,289
Investment income, net and finance income	46,101	22,236	6,334	56,202	130,873
Income from fees and commissions	86,229	-	111,679	16,809	214,717
Total income	408,199	1,069,904	370,091	389,685	2,237,879
Payments and change in liabilities in respect of insurance contracts, gross	405,449	700,372	302,746	232,312	1,640,879
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	271,132	(7)	207,374	64,302	542,801
Payments and change in liabilities for insurance contracts - retention	134,317	700,379	95,372	168,010	1,098,078
Fees and commissions, marketing expenses and other purchase expenses	66,377	255,818	176,843	98,316	597,354
General and administrative expenses	30,616	54,182	32,096	27,189	144,083
Finance income	(3,964)	-	(411)	(3,646)	(8,021)
Total expenses	227,346	1,010,379	303,900	289,869	1,831,494
Company's share in the net results of investees	(1,519)	(519)	(157)	(1,397)	(3,592)
Profit before taxes on income	179,334	59,006	66,034	98,419	402,793
Other comprehensive income before taxes on income	51,449	17,583	5,334	47,324	121,690
Total comprehensive income for the period before taxes on income	230,783	76,589	71,368	145,743	524,483
Liabilities in respect of insurance contracts, gross, as of December 31, 2020 (audited)	2,731,581	717,570	677,415	2,058,158	6,184,724
Liabilities in respect of insurance contracts - retention - as of December 31, 2020 (audited)	1,725,755	717,570	190,626	1,710,351	4,344,302

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 81% of total premiums in these subsegments.

(**) Other liability insurance subsegments mainly include data from the following segments: third-party insurance, professional liability insurance and employers' liability insurance, the activity of which constitutes 84% of total premiums in these subsegments.

NOTE 4 - BUSINESS COMBINATIONS

A. Acquisition of Halman Aldubi

1. General

On December 7, 2020, the Company entered into a merger agreement with Halman Aldubi. Under the merger agreement, a reverse triple merger was carried out, with Halman Aldubi becoming a privately-held company wholly owned by the Company. The consideration of the transaction for Halman Aldubi is NIS 275 million. On February 28, 2021, upon meeting the conditions precedent, the merger was completed. As of that date, the Company wholly-owns (100%) Halman Aldubi. The consolidation commencement date is March 31, 2021.

Total assets under management by Halman Aldubi - net of the assets under management by the default pension fund sold to Meitav Dash (please see Section 4 below) - as of the consolidation date is approximately NIS 66 billion.

2. Grant of a loan to Halman Aldubi and to Halman Aldubi Provident

On February 18, 2021, the Company entered into an agreement with Halman Aldubi Provident according to which the Company would extend Halman Aldubi a loan in the amount of approximately NIS 88,633 thousand. The loan principal will be repaid in six unequal annual installments on May 1 of each year. From 2022 to 2024 - 4% of the principal in each payment; in 2028 - 28% of the principal; and in 2029- 2030 - 30% of the principal in each payment. The loan (principal and interest) is linked to the consumer price index; the loan principal will bear a fixed interest rate of 0.45% (base interest rate). If Halman Aldubi Provident does not meet the financial covenants specified in the loan agreement, the interest rate will increase by up to 0.5%. The loan to Halman Aldubi Provident, for the purpose of financing the full early redemption of all bonds (Series A) issued by Halman Aldubi Provident, in the amount of approximately NIS 73.6 million (hereinafter, respectively - the "Bonds" and the "Early Redemption"), as well as to finance the full early repayment of a loan totaling approximately NIS 15 million (hereinafter - the "Bank Loan Amount"), taken by Halman Aldubi Provident from a local banking corporation. On March 8, 2021, the early redemption of the bonds was executed and the Bank Loan Amount was transferred to the local banking corporation.

In addition, on March 25, 2021, the Company entered into an agreement with Halman Aldubi to grant an additional loan in the amount of NIS 5 million. The loan principal will be repaid in one lump sum on March 31, 2022. The principal will bear a fixed annual interest rate of Prime + 1%. The loan is intended to cover Halman Aldubi's credit facility liabilities to a local bank.

3. Merger of Halman Aldubi Provident into The Phoenix Pension and Provident

On October 1, 2021, the merger of Halman Aldubi Provident with and into The Phoenix Pension and Provident Fund was completed. For further details, please see Note 1G.

NOTE 4 - BUSINESS COMBINATIONS (CONT.)

A. Acquisition of Halman Aldubi (cont.)

4. Default pension sale - Meitav-Dash transaction

On February 22, 2021, the Company entered into an agreement with Meitav Dash Provident Funds and Pension Ltd. (hereinafter - "Meitav Dash Provident"), according to which following the completion of the agreement with Halman Aldubi, as aforesaid, such that Halman Provident will sign an agreement for the sale to Meitav Dash Provident of the new pension funds managed by Halman Provident for NIS 45 million, to be paid in one lump sum on the completion date. On March 10, 2021, Halman Provident signed the said agreement. After the conditions precedent have been satisfied, the transaction was completed on July 1, 2021.

The said transaction had a negligible effect on the Company's results in the reporting period.

5. The Halman Aldubi business combination

The Company recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement. As of the date of approval of the financial statements, a final valuation has not yet been received by an external appraiser in relation to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the purchase as well as the fair value of the assets and liabilities purchased can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments were made by way of a restating the comparative results previously reported according to the provisional measurement. The Company has opted to measure the non-controlling interests in the acquired company according to the proportionate share of the non-controlling interests in the fair value of the net identified assets of the acquiree.

The fair value of the identified assets and identifiable liabilities of Halman Aldubi at the consolidation commencement date (March 31, 2021) is as follows:

NOTE 4 - BUSINESS COMBINATIONS (CONT.)

A. Acquisition of Halman Aldubi (cont.)

5. The Halman Aldubi business combination (cont.)

	Unaudited NIS thousand
Intangible assets	205,760
Deferred tax assets	2,380
Deferred acquisition costs	19,047
Property, plant & equipment	34,901
Investments in associates	(271)
Current tax assets	1,952
Receivables and debit balances	18,056
Financial investments	32,421
Cash and cash equivalents	35,239
Total assets	**349,485**
Liabilities in respect of deferred taxes	(55)
Liability for employee benefits, net	(5,018)
Liability in respect of current taxes	(2,637)
Payables and credit balances	(35,205)
Financial liabilities	(34,161)
Total liabilities	**(77,076)**
Total assets less liabilities in Halman's books of accounts	**272,409**
Non-controlling interests	206
Intangible assets arising from the acquisition, net of tax	96,018
Total acquisition cost, including loan to Halman Provident	**368,633**

The total cost of the business combination amounted to NIS 369 million, as detailed below. In addition, there are direct acquisition costs attributed to the transaction in the amount of approximately NIS 5.5 million, charged as an expense and included in the general and administrative expenses line item.

	Unaudited NIS thousand
Total acquisition cost in cash	275,000
Loan to Halman Provident (*)	93,633
Total investment	368,633
Cash arising from the acquisition/used for the acquisition:	
Cash and cash equivalents in the acquiree as of the acquisition date	35,239
Cash paid as acquisition proceeds	(368,633)
Cash, net	**(333,394)**

(*) For further details regarding the terms and conditions of the loans, please see Section 2 above.

NOTE 4 - BUSINESS COMBINATIONS (CONT.)

A. Acquisition of Halman Aldubi (cont.)

5. The Halman Aldubi business combination (cont.)

As stated above, the consolidation commencement date of Halman Aldubi is March 31, 2021 and therefore, Halman Aldubi's results include the profit for the six-month period ended September 30, 2021.

It should be noted that the total income included (mainly management fees) in the financial statements for the six- and three months ended September 30, is NIS 99 million and NIS 48 million, respectively. Total expenses for these periods are NIS 88 million and about NIS 40 million, respectively.

Had the business combination taken place at the beginning of the year, the effect of the comprehensive income after tax and the income of Halman Aldubi on the Group's income would have been immaterial.

B. IPO and assuming control over Gama Management and Clearing Ltd.

1. General

In June 2021, Gama issued a supplementary notice, following the Supplementary Prospectus for of the sale offer and initial public offering of shares (hereinafter - the "**Offering**"), and listing of Gama shares on the TASE, which was published by Gama on May 31, 2021 (the Prospectus together with the Supplementary Notice will be hereinafter referred to as the "**Prospectus**"). Simultaneously with the execution of the Offering in accordance with the Prospectus, The Phoenix Investments purchased additional Gama shares (hereinafter - the "**Purchased Shares**"), such that after the Offering and the acquisition of the Purchased Shares, The Phoenix Investments holds approximately 61.6% of Gama's issued and paid-up share capital and voting rights therein (approximately 60% on a fully diluted basis) and became the controlling shareholder in Gama. In exchange for the Purchased Shares, The Phoenix Investments paid a total of NIS 124 million. Following the execution of the Offering and the acquisition of the Purchased Shares, in Q2 the Company recorded a one-off post-tax profit of NIS 220 million, net of issuance expenses, as a result of becoming the controlling shareholder in Gama.

2. Business combination - Gama

The Company recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement. As of the date of approval of the financial statements, a final valuation has not yet been received by an external appraiser in relation to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the purchase as well as the fair value of the assets and liabilities purchased can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments were made by way of a restating the comparative results previously reported according to the provisional measurement. The Company has opted to measure the non-controlling interests in the acquired company according to the proportionate share of the non-controlling interests in the fair value of the net identified assets of the acquiree.

NOTE 4 - BUSINESS COMBINATIONS (CONT.)

B. IPO and assuming control over Gama Management and Clearing Ltd. (cont.)

2. Business combination – Gama (cont.)

The fair value of Gama's identified assets and identified liabilities as of the consolidation commencement date (June 30, 2021) is as follows:

	Unaudited NIS thousand
Intangible assets	3,577
Deferred tax assets	3,239
Property, plant & equipment	9,242
Current tax assets	8,750
Receivables and debit balances	6,691
Financial investments	12,494
Credit assets in respect of factoring, clearing and financing	2,283,531
Cash and cash equivalents	3,558
Total assets	**2,331,082**
Liability for employee benefits, net	(5,428)
Payables and credit balances	(27,561)
Financial liabilities (*)	(2,021,233)
Total liabilities	**(2,054,222)**
Assets less liabilities in Gama's books of accounts	**276,860**
Non-controlling interests	(121,293)
Investment in an investee	(147,193)
Gain from assuming control	(240,292)
Intangible assets arising from the acquisition, net of tax	356,281
Total acquisition cost	**124,363**

(*) See Section 3 below.

NOTE 4 - BUSINESS COMBINATIONS (CONT.)

2. Business combination – Gama (cont.)

The total cash cost of the business combination amounted to NIS 124 million. In addition, there are direct acquisition costs attributed to the transaction in the amount of approximately NIS 4 million, charged as an expense and included in the general and administrative expenses line item.

	Unaudited NIS thousand
Cash arising from the acquisition (used as acquisition proceeds):	
Cash and cash equivalents in the acquiree as of the acquisition date	3,558
Cash paid as acquisition proceeds	(124,363)
Cash, net	**(120,805)**

As stated above, the date of assuming control is June 30, 2021; therefore, Gama's results in the credit segment, for the 9-month period ended September 30, 2021 include Gama's results for the six-month period ended September 30, 2021 in the net results of investees line item. In addition, the one-off gain from assuming control in the amount of NIS 220 million was imputed to other income.

In July and August 2021, Gama issued to Gama's CEO, officers and employees, shares that reflect, after dilution, 1.67% of Gama's share capital.

Following the said issue, the Company, through The Phoenix Investments, holds 60% of Gama's issued and paid-up capital and voting rights.

3. Details of Gama's financial liabilities

Bonds

As of the date of assuming control, Gama's outstanding Bonds (Series A) total approximately NIS 260 million. Bonds listed for trading on TACT Institutional. The bonds' principal will be repaid in 2 installments - on March 30, 2022 and September 30, 2022. The bonds bear an annual interest of 1.34%; the principal and interest are not CPI-linked. Gama's Bonds (Series A) are rated Aa3.il by Midroog Ltd.

Under the Deed of Trust for the Bonds (Series A), Gama undertook to meet the following financial covenants:

1. The Company's tangible common equity will not fall below NIS 100 million.
2. The ratio of shareholders' equity to total assets shall not fall below 2%

As of the financial statements date, the Company meets the financial covenants.

NOTE 4 - BUSINESS COMBINATIONS (CONT.)

2. Business combination – Gama (cont.)

Loans from other entities

On August 20, 2020, Gama entered into an agreement with an institutional entity to receive a loan of NIS 250 million, which will be repaid in 9 equal installments starting in February 2023. On June 25, 2020, Gama and a subsidiary thereof entered into an agreement with another institutional entity, to receive a loan of NIS 100 million, of which a total of NIS 25 million will be repaid in eleven equal quarterly installments and the outstanding balance of NIS 75 million will be repaid in one lump sum on July 8, 2023. The interest rate on these loans ranges from Prime and Prime + 1%.

Trade receivables for credit cards

The balance represents a liability for trade receivables in respect of credit vouchers that have been transferred to Gama by credit card companies as part of its factoring and clearing agreements as an aggregator and have yet to be paid to Gama's customers. The balance is short-term and will be repaid several days after the reporting period, according to the payment date agreed upon with each customer.

NOTE 5 - FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

1. Following is a breakdown of assets held against insurance contracts and investment contracts presented at fair value through profit and loss:

	As of September 30 2021	As of September 30 2020	As of December 31 2020
	Unaudited	Unaudited	Audited
	NIS thousand		
Investment property	1,982,330	1,758,996	1,839,576
Financial investments:			
Liquid debt assets	21,686,303	21,728,111	21,761,391
Illiquid debt assets	7,560,379	6,679,471	7,119,613
Shares	22,064,132	15,436,360	18,045,043
Other financial investments	24,721,888	15,741,043	18,644,400
Total financial investments	76,032,702	59,584,985	65,570,447
Cash and cash equivalents	12,603,655	10,063,324	10,464,216
Other	189,821	209,955	159,845
Total assets for yield-dependent contracts	**90,808,508**	**71,617,260**	**78,034,084**

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

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

2. Fair value of financial assets by level:

The following table presents an analysis of assets held against insurance contracts and investment contracts 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, the Company estimates, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

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

The Company holds the financial instruments measured at fair value according to the following classifications:

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	16,173,693	5,512,610	-	21,686,303
Illiquid debt assets	-	5,981,991	1,578,388	7,560,379
Shares	19,754,206	1,077,591	1,232,335	22,064,132
Other financial investments	9,934,979	1,522,653	13,264,256	24,721,888
Total	**45,862,878**	**14,094,845**	**16,074,979**	**76,032,702**

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets (*)	16,918,479	4,809,632	-	21,728,111
Illiquid debt assets	-	5,308,877	1,370,594	6,679,471
Shares (*)	13,939,216	421,949	1,075,195	15,436,360
Other financial investments	5,627,145	730,273	9,383,625	15,741,043
Total	**36,484,840**	**11,270,731**	**11,829,414**	**59,584,985**

(*) Reclassified from on fair value level to another.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

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

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

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	16,507,724	5,253,667	-	21,761,391
Illiquid debt assets	-	5,427,432	1,692,181	7,119,613
Shares	16,277,954	518,085	1,249,004	18,045,043
Other financial investments	7,395,216	1,101,059	10,148,125	18,644,400
Total	**40,180,894**	**12,300,243**	**13,089,310**	**65,570,447**

Assets measured at fair value - Level 3

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2021	-	1,692,181	1,249,004	10,148,125	13,089,310
Total gains recognized in profit and loss (*)	-	35,371	202,494	1,915,076	2,152,941
Purchases	-	728,119	248,032	3,035,608	4,011,759
Proceeds from interest and dividend	-	(35,988)	(9,841)	(523,083)	(568,912)
Redemptions / sales	-	(554,045)	(85,215)	(1,136,949)	(1,776,209)
Transfers from Level 3 (**)	-	(287,250)	(372,139)	(174,521)	(833,910)
Balance on September 30, 2021	-	1,578,388	1,232,335	13,264,256	16,074,979
(*) Of which:					
Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2021	-	5,530	190,984	1,455,256	1,651,770

(**) Transfers from level to level stem mainly from securities whose rating has changed and from securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

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

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

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance on January 1, 2020	-	599,815	945,002	8,082,717	9,627,534
Total gains (losses) recognized in profit and loss (*)	-	434	48,456	526,378	575,268
Purchases	-	883,529	174,560	1,984,393	3,042,482
Proceeds from interest and dividend	-	(8,561)	(10,627)	(231,779)	(250,967)
Redemptions / sales	-	(229,401)	(82,196)	(993,629)	(1,305,226)
Transfers into Level 3 (**)	-	124,778	-	15,545	140,323
Balance on September 30, 2020	-	1,370,594	1,075,195	9,383,625	11,829,414
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2020	-	(11,006)	30,865	330,684	350,543

(**) Transfer from level to level arises primarily in respect of securities the rating of which has changed.

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance on July 1, 2021	-	1,502,469	1,224,261	12,356,747	15,083,477
Total gains (losses) recognized in profit and loss (*)	-	(15,372)	139,993	482,442	607,063
Purchases	-	306,617	101,511	836,469	1,244,597
Proceeds from interest and dividend	-	(12,467)	(2,535)	(129,827)	(144,829)
Redemptions / sales	-	(202,859)	(43,618)	(281,575)	(528,052)
Transfers from Level 3 (**)	-	-	(187,277)	-	(187,277)
Balance on September 30, 2021	-	1,578,388	1,232,335	13,264,256	16,074,979
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2021	-	(8,970)	137,795	384,487	513,312

(**) Transfers from level to level stem mainly from securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

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

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

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance on July 1, 2020	-	1,211,116	1,042,317	8,658,766	10,912,199
Total gains recognized in profit and loss (*)	-	16,696	3,648	437,422	457,766
Purchases	-	230,381	29,291	586,204	845,876
Proceeds from interest and dividend	-	(2,755)	(11)	(64,324)	(67,090)
Redemptions / sales	-	(84,844)	(50)	(234,443)	(319,337)
Balance on September 30, 2020	-	1,370,594	1,075,195	9,383,625	11,829,414
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2020	-	14,095	4,442	384,714	403,251

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2020	-	599,815	945,002	8,082,717	9,627,534
Total gains recognized in profit and loss (*)	-	87,999	149,858	1,072,694	1,310,551
Purchases	-	1,274,640	285,357	2,804,880	4,364,877
Proceeds from interest and dividend	-	(21,774)	(20,877)	(439,476)	(482,127)
Redemptions / sales	-	(373,618)	(51,059)	(1,390,789)	(1,815,466)
Transfers into Level 3 (**)	-	125,119	-	18,099	143,218
Transfers from Level 3 (***)	-	-	(59,277)	-	(59,277)
Balance as of December 31, 2020	-	1,692,181	1,249,004	10,148,125	13,089,310
(*) Of which:					
Total unrealized gains for the period included in profit and loss in respect of assets held as of December 31, 2020	-	54,547	119,291	606,432	780,270

(**) Transfers to Level 3 stem mainly from securities the rating of which was revised.

(***) Transfers from Level 3 stem from securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

B. Other financial investments

3. Illiquid debt assets

Composition:

	As of September 30, 2021	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables:		
Designated bonds and treasury deposits (*)	8,190,387	12,678,180
Other non-convertible debt assets, excluding deposits with banks	4,609,668	4,917,392
Deposits with banks	1,010,916	1,057,739
Total illiquid debt assets	13,810,971	18,653,311
Impairments carried to profit and loss (cumulative)	61,885	

(*) The fair value was calculated according to the contractual repayment date.

	As of September 30, 2020	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables:		
Designated bonds and treasury deposits (*)	8,259,031	12,156,488
Other non-convertible debt assets, excluding deposits with banks	4,571,975	4,734,789
Deposits with banks	899,976	941,943
Total illiquid debt assets	13,730,982	17,833,220
Impairments carried to profit and loss (cumulative)	65,211	

(*) The fair value was calculated according to the contractual repayment date.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

B. Other financial investments (cont.)

	As of December 31, 2020	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables:		
Designated bonds and treasury deposits (*)	8,190,398	12,193,361
Other non-convertible debt assets, excluding deposits with banks	4,708,119	5,039,280
Deposits with banks	1,108,672	1,153,929
Total illiquid debt assets	14,007,189	18,386,570
Impairments carried to profit and loss (cumulative)	60,343	

(*) The fair value was calculated according to the contractual repayment date.

4. Fair value of financial assets by level

The tables below depict an analysis of the financial instruments presented at fair value.

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

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	6,238,137	1,420,128	-	7,658,265
Shares	1,665,744	535,840	300,793	2,502,377
Other	697,927	575,470	2,620,436	3,893,833
Total	8,601,808	2,531,438	2,921,229	14,054,475

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (*)	7,093,868	1,239,080	-	8,332,948
Shares (*)	1,244,103	115,866	292,397	1,652,366
Other	498,800	366,880	1,878,104	2,743,784
Total	8,836,771	1,721,826	2,170,501	12,729,098

(*) Reclassified from on fair value level to another.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

B. Other financial investments (cont.)

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	6,732,438	1,363,030	-	8,095,468
Shares	1,414,649	155,336	330,008	1,899,993
Other	716,580	493,072	2,037,817	3,247,469
Total	8,863,667	2,011,438	2,367,825	13,242,930

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				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2021	-	-	330,008	2,037,817	2,367,825
Total profits recognized:					
In profit and loss (*)	-	-	16,265	82,719	98,984
In other comprehensive income	-	-	78,440	226,106	304,546
Purchases	-	-	96,414	588,985	685,399
Proceeds from interest and dividend	-	-	(1,388)	(90,735)	(92,123)
Redemptions / sales	-	-	(18,071)	(166,250)	(184,321)
Transfers from Level 3 (**)	-	-	(200,875)	(58,206)	(259,081)
Balance on September 30, 2021	-	-	300,793	2,620,436	2,921,229
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2021	-	-	(1,311)	(12,797)	(14,108)

(**) Transfers from Level 3 stem primarily from a securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

B. Other financial investments (cont.)

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				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2020	-	-	241,569	1,498,494	1,740,063
Total profits recognized:					
In profit and loss (*)	-	-	13,105	11,450	24,555
In other comprehensive income	-	-	20,187	42,545	62,732
Purchases	-	-	65,541	447,194	512,735
Proceeds from interest and dividend	-	-	(2,273)	(27,670)	(29,943)
Redemptions / sales	-	-	(45,732)	(103,627)	(149,359)
Transfers into Level 3 (**)	-	-	-	9,718	9,718
Balance on September 30, 2020	-	-	292,397	1,878,104	2,170,501
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2020	-	-	(1,856)	(19,157)	(21,013)

(**) Securities classified from investment in an associate.

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance on July 1, 2021	-	-	440,727	2,433,324	2,874,051
Gains (losses) recognized:					
In profit and loss (*)	-	-	-	20,539	20,539
In other comprehensive income	-	-	(3,545)	50,181	46,636
Purchases	-	-	42,242	193,425	235,667
Proceeds from interest and dividend	-	-	-	(24,720)	(24,720)
Redemptions / sales	-	-	-	(52,313)	(52,313)
Transfers from Level 3 (**)	-	-	(178,631)	-	(178,631)
Balance on September 30, 2021	-	-	300,793	2,620,436	2,921,229
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2021	-	-	-	(4,837)	(4,837)

(**) Transfers from Level 3 stem from a securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

B. Other financial investments (cont.)

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				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance on July 1, 2020	-	-	283,762	1,717,087	2,000,849
Gains (losses) recognized:					
In profit and loss (*)	-	-	(898)	24,281	23,383
In other comprehensive income	-	-	961	58,521	59,482
Purchases	-	-	8,572	123,265	131,837
Proceeds from interest and dividend	-	-	-	(10,121)	(10,121)
Redemptions / sales	-	-	-	(34,929)	(34,929)
Balance on September 30, 2020	-	-	292,397	1,878,104	2,170,501
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2020	-	-	(898)	14,439	13,541

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2020	-	-	241,569	1,498,494	1,740,063
Total profits recognized:					
In profit and loss (*)	-	-	15,954	65,621	81,575
In other comprehensive income	-	-	30,695	90,028	120,723
Purchases	-	-	98,720	619,384	718,104
Proceeds from interest and dividend	-	-	(6,250)	(81,452)	(87,702)
Redemptions / sales	-	-	(33,570)	(163,976)	(197,546)
Transfers into Level 3 (**)	-	-	-	9,718	9,718
Transfers from Level 3 (***)	-	-	(17,110)	-	(17,110)
Balance as of December 31, 2020	-	-	330,008	2,037,817	2,367,825
(*) Of which:					
Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of December 31, 2020	-	-	(6,574)	(13,350)	(19,924)

(**) Securities classified from investment in an associate.

(***) Securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

C. Credit assets in respect of factoring, clearing and financing

	As of September 30
	2021
	Unaudited
	NIS thousand
Trade receivables and checks for collection	744,819
Credit vouchers	24,702
Loans and checks for collection	500,662
Provision for doubtful debts	(14,408)
Credit vouchers for sale	878,688
Total	2,134,463

For further details regarding Gama's business combination, please see Note 4B.

D. Financial liabilities

1. Breakdown of financial liabilities

	As of September 30, 2021	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Loans from banks and others (1)	662,531	662,531
Bonds (1)	1,693,155	1,761,792
Subordinated bonds (2)	3,387,725	3,648,915
Subordinated bonds with a loss-absorption mechanism (2) (3)	199,380	203,545
Liability for REPO	391,441	391,441
Trade receivables for credit cards (1)	1,111,160	1,111,160
Other (4)	29,400	29,400
Total financial liabilities presented at amortized cost	7,474,792	7,808,784
Financial liabilities presented at fair value through profit and loss		
Derivatives (5)	530,714	530,714
Liability for short sale of liquid securities	736,325	736,325
Total financial liabilities presented at fair value through profit and loss	1,267,039	1,267,039
Lease liabilities	132,470	
Total financial liabilities	8,874,301	

(1) For information regarding the terms and conditions of the bonds and loans from others, please see Note 4B(3).

(2) The bonds were issued in order to comply with the capital requirements. Disclosure regarding fair value, net of interest accrued since the date of the last installment.

(3) Issuance of Additional Tier 1 capital bonds; for further details, please see Note 6F.

(4) Mainly in respect of an option to acquire an investee.

(5) Including financial liabilities in respect of yield-dependent contracts totaling approximately NIS 452 million.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

D. Financial Liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	As of September 30, 2020	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Loans from banking corporations	10,019	10,019
Short-term credit from banking corporations	78,000	78,000
Bonds	1,117,901	1,123,873
Subordinated bonds (1)	3,372,953	3,659,757
Deposits from tenants	599,563	599,563
Repurchase commitment (REPO) (2)	338,395	338,395
Other	20,232	20,232
Total financial liabilities presented at amortized cost	5,537,063	5,829,839
Financial liabilities presented at fair value through profit and loss		
Derivatives (3)	433,053	433,053
Liability for short sale of liquid securities	610,104	610,104
Total financial liabilities presented at fair value through profit and loss	1,043,157	1,043,157
Lease liabilities	104,159	
Total financial liabilities	6,684,379	

(1) The bonds were issued in order to comply with the capital requirements. Disclosure regarding fair value, net of interest accrued since the date of the last installment.

(2) In view of the effect of the Event, in March 2020 the Bank of Israel extended to authorized entities (pension funds, provident funds, mutual funds and insurance companies) a proposal to enter into a repurchase transaction (REPO) - for the sale and repurchase of government bonds and T-bills. As of the balance sheet date, The Phoenix Insurance engaged in a REPO transaction totaling approximately NIS 338 million.

(3) Including financial liabilities in respect of yield-dependent contracts totaling approximately NIS 354 million.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

D. Financial Liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	As of December 31, 2020	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Loans from non-bank entities	80,796	80,796
Bonds	1,118,538	1,146,475
Subordinated bonds (1)	3,374,460	3,675,933
Liability for REPO	389,315	389,315
Deposits from tenants	589,726	589,726
Other (2)	24,583	24,583
Total financial liabilities presented at amortized cost	5,577,418	5,906,828
Financial liabilities presented at fair value through profit and loss		
Derivatives (3)	436,818	436,818
Liability for short sale of liquid securities	924,088	924,088
Total financial liabilities presented at fair value through profit and loss	1,360,906	1,360,906
Lease liabilities	105,390	
Total financial liabilities	7,043,714	

(1) The bonds were issued in order to comply with the capital requirements. Disclosure regarding fair value, net of interest accrued since the date of the last installment.

(2) Mainly provision in respect of an option to acquire an investee.

(3) Including financial liabilities in respect of yield-dependent contracts totaling approximately NIS 362 million.

2. Fair value of financial liabilities by level

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	736,325	-	-	736,325
Derivatives	183,293	338,236	9,185	530,714
Financial liabilities presented at fair value	919,618	338,236	9,185	1,267,039

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

D. Financial Liabilities (cont.)

3. Fair value of financial liabilities by level

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	610,104	-	-	610,104
Derivatives	133,883	299,170	-	433,053
Financial liabilities presented at fair value	743,987	299,170	-	1,043,157

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	924,088	-	-	924,088
Derivatives	148,018	283,617	5,183	436,818
Financial liabilities presented at fair value	1,072,106	283,617	5,183	1,360,906

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.)

E. Valuation techniques

The fair value of investments traded actively in regulated financial markets is determined based on market prices as of the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using transactions that were recently made at market terms, reference to the current market value of another instrument which is substantially the same, discounting of cash flows, or other valuation methods.

1. Illiquid debt assets

The fair value of illiquid debt assets, which are measured at fair value through profit and loss, and the fair value of illiquid financial debt assets, for which fair value information is provided solely for disclosure purposes, is determined by discounting the estimated future cash flows from those assets. The discount rates are based primarily on yields on government bonds and spreads of corporate bonds as measured on the TASE. The quoted prices and interest rates used for discounting purposes are determined by a company which won the tender, published by the Ministry of Finance, for the setting up and operating a database of quoted prices and interest rates for institutional entities.

2. Illiquid shares

The fair value of the investment in illiquid shares was estimated using the discounted cash flow model (DCF). The estimate requires management to make certain assumptions regarding the model's data, including expected cash flows, discount rates, credit risk and volatility. The probabilities in respect of the estimates in the range can be measured reliably, and management uses them to determine and evaluate the fair value of these investments in illiquid shares.

3. Derivatives

The Company enters into transactions involving derivative financial instruments with multiple parties, especially financial institutions. The derivatives were valued using valuation models with observable market inputs are mainly interest rate swap contracts and foreign currency forwards. The most frequently used valuation techniques include prices of forwards and swap models using present value calculations. The models combine a number of inputs, including the credit rating of the parties to the financial transaction, spot/forward exchange rates, prices of forward contracts and interest rate curves. All derivative contracts are fully back against cash; therefore, there is no counterparty credit risk and non-performance risk of the Company itself in respect thereof.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS

A. It is management's policy to maintain a strong capital base in order to retain Company's ability to continue its activities such that it will be able to generate returns to its shareholders and support future business activities. The Phoenix Insurance, the Excellence Group, pension and provident funds management companies and other institutional entities consolidated in the financial statements are subject to capital requirements set by the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "Commissioner").

For further details regarding minimum economic solvency ratio targets and target range based on Solvency II set by the Board of Directors of The Phoenix Insurance, please see Section C below.

B. **<u>Principles of the Solvency II-based Economic Solvency Regime</u>**

The Phoenix Insurance is 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 "Economic Solvency Regime").

<u>Economic solvency ratio</u>

The economic solvency ratio is calculated as the ratio between the insurance company's recognized economic equity and the capital required for solvency purposes.
The recognized economic equity is determined as the sum of the core tier 1 capital derived from the economic balance sheet and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital, Tier 2 capital instruments, Subordinated Tier 2 capital, hybrid Tier 2 capital and Tier 3 capital).
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.

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

The Economic Solvency Regime includes, among other things, transitional provisions in connection with compliance with capital requirements, and which allow increasing the economic capital by deducting from the insurance reserves an amount calculated in accordance with the Economic Solvency Regime provisions (hereinafter - the "Deduction"). The Deduction will decrease gradually until 2032 (hereinafter - the "Transitional Period"). In addition to a reduced capital requirement, that will increase gradually until 2023, in respect of certain investment types.

In accordance with the Solvency Ratio Report as of December 31, 2020, The Phoenix Insurance has surplus capital, both when calculation is made having no regard to the transitional provisions and when it is made taking into account the transition provisions. The calculation made by The Phoenix Insurance as described above, was reviewed by The Phoenix Insurance's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3400) - the Examination of Prospective Financial Information. This standard is relevant to audits of economic solvency calculations and does not constitute part of the auditing standards applicable to financial statements.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (CONT.)

B. Principles of the Solvency II-based Economic Solvency Regime (cont.)

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, actual results may materially vary from the calculation, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

In their special report, the independent auditors noted that they did not review the appropriateness of the Deduction During the Transitional Period as of December 31, 2020, except for verifying that the Deduction amount does not exceed the expected discounted amount of the risk margin and the capital required 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 required capital, 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. Furthermore, attention is drawn to what is stated in the Economic Solvency Ratio Report regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

On March 14, 2021, the Commissioner issued a letter to the senior executives of the insurance companies, which allows them to refrain from publishing an economic solvency ratio report as of June 30, 2021. As a result, and in accordance with the provisions of the consolidated circular, the Company performed an unaudited, unreviewed internal calculation of the economic solvency ratio as of June 30, 2021 - which was reported to the Commissioner.

For further details, please see Section 2.1 to the Report of the Board of Directors, and the Economic Solvency Ratio Report as of December 31, 2020 published on The Phoenix Insurance's website.

C. Dividend

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 provisions of the Economic Solvency Regime - of at least 100%, calculated without taking into account the transitional provisions and subject to the economic solvency ratio target set by the Company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (CONT.)

C. Dividend (cont.)

In October 2020, The Phoenix Insurance's Board of Directors set a minimum economic solvency ratio target and target range based on Solvency II. The minimum economic solvency ratio target, taking into account the transitional provisions, is set at 135% while the minimum solvency ratio target without taking into account the provisions during the Transitional Period is set at 105%, set to reach 135% at the end of the Transitional Period according to The Phoenix Insurance's capital plan.

Furthermore, The Phoenix Insurance's Board of Directors approved an economic solvency ratio target range of 150%-170%, within which The Phoenix Insurance aspires to be during and at the end of the Transitional Period, taking into account the Deduction During the Transitional Period and its gradual reduction.

On November 29, 2021, the Company's Board of Directors increased the minimum economic solvency ratio target without taking into account the provisions during the Transitional Period - from the 105% rate a 108% rate - as of June 30, 2021.

On October 27, 2020, The Phoenix Insurance's Board of Directors approval of the dividend distribution whereby, as from 2021, The Phoenix Insurance shall distribute an annual dividend at a rate of 30% to 50% of its distributable comprehensive income as per its audited annual consolidated financial statements for the relevant year, so long as The Phoenix Insurance meets the minimum economic solvency ratio targets in accordance with Solvency II, as described above.

It is hereby clarified that this policy should not be viewed as an undertaking by The Phoenix Insurance to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors of The Phoenix Insurance may decide on actual distribution at different (higher or lower) rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of the law applicable to any dividend distribution, including, among other things, the provisions of the Companies Law, 1999, and to compliance with the financial covenants The Phoenix Insurance has undertaken or/or will undertake to comply with, to The Phoenix Insurance's having sufficient distributable profits on the relevant dates, to the condition that the distribution shall not adversely affect the terms and conditions of The Phoenix Insurance's bonds and/or its cash flows, and to the extent to which The Phoenix Insurance needs cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities.

The Board of Directors of The Phoenix Insurance may review the dividend distribution policy from time to time and decide, at any given time, taking into account business considerations and the legal and regulatory provisions applicable to The Phoenix Insurance, to change the dividend distribution policy, including the rate of dividend to be distributed.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (CONT.)

C. Dividend (cont.)

On March 24, 2021, The Phoenix Insurance's Board of Directors approved a dividend distribution in the amount of NIS 200 million; the dividend was paid in April 2021. In June 2021, The Phoenix Insurance paid and distributed a cash dividend in the amount of NIS 200 million. These dividends are for the 2020 profits. Furthermore, The Phoenix Insurance completed the distribution of the dividend in kind from The Phoenix Pension and Provident in the amount of NIS 656 million.

On November 29, 2021, The Phoenix Insurance's Board of Directors approved the distribution of an interim dividend, in respect of the profits accrued during the reporting period, totaling NIS 300 million. The dividend will be paid to the Company on November 30, 2021.

These distributions, described above, meet the capital targets set out by the Board of Directors as well as the requirements of the letter published by the Commissioner in October 2017 regarding the restrictions on dividend distribution.

D. The Company has undertaken to supplement, at any given time, The Phoenix Pension and Provident's equity to the amount set in the Income Tax (Rules for the Authorization and Management of Provident Funds) Regulations, 1964. The Phoenix Insurance will be required to fulfill this commitment only when The Phoenix Pension and Provident's equity will be negative, provided that the supplement amount does not exceed the liabilities limit as aforesaid; the commitment will be in effect so long as The Phoenix Insurance is the controlling shareholder of this entity.

E. The Phoenix Pension and Provident and Halman Aldubi Provident are required to maintain minimum equity in accordance with 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 Commissioner's Directives, the directives of the Israel Securities Authority and/or the TASE Rules and Regulations. As of September 30, 2021, the companies meet these requirements.

F. In August, The Phoenix Insurance issued - through The Phoenix Capital Raising - subordinated bonds totaling NIS 200 million. The subordinated bonds include a loss-absorption mechanism for absorbing losses by writing down the principal of the Subordinated Bonds (Series L), in full or in part, under certain circumstances, in exchange for their par value. In the event that, after the principal is written down, the amount of The Phoenix Insurance's recognized share capital exceeds the solvency capital requirement (SCR), the Company may - at its discretion and subject to prior approval by the Commissioner - notify that the principal would be repaid in whole or in part.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (CONT.)

F. (cont.)

The subordinated bonds are recognized as an Additional Tier 1 capital instrument (hereinafter - the "Capital Instrument"), recognized as regulatory capital under the Economic Solvency Regime's regulatory requirements, aimed at strengthening capital and improving the solvency ratio. The Capital Instrument is currently traded on the TACT-Institutionals trading platform. The Capital Instrument issued is linked to the CPI and carries an annual interest rate of 2.29%. The other terms and conditions of the instrument, including the redemption period, are in accordance with the provisions of Part B ("Provisions in respect of Equity Capital of Insurance Companies") to Insurance Circular 2020-1-15, "Provisions for Applying Economic Solvency Regime Based on Solvency II for Insurance Companies." As part of the issuance, in addition to the aforesaid amount that was issued and after obtaining the approval of the relevant organs in The Phoenix Group and the approval of the Capital Market, Insurance and Savings Authority, The Phoenix Capital Raising issued to the Company NIS 1.02 billion of the Capital Instrument in exchange for Additional Tier 1 capital notes previously issued to the Company by The Phoenix Insurance. For further details, please see the Company's reports dated May 27, 2021 and August 8, 2021 (Ref. Nos.: 2021-01-031384 and 2021-01-062515, respectively). The Tier 1 capital instrument was rated A+ by Ma'alot S&P.

G. For further details regarding the acquisition of the Company's shares, please see Note 8K below.

H. For further details regarding the Company's dividend distributions, please see Notes 8J and 9A below.

NOTE 7 - CONTINGENT LIABILITIES

A. **Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions**

In recent years, there has been a significant increase in the number of petitions to approve class actions filed against the Group and in the number of lawsuits recognized as class actions. This is part of an overall increase in petitions to approve lawsuits 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. This trend substantially increases the Group's potential exposure to losses in the event of a ruling against the Group companies in class actions.

Petitions to approve lawsuits as class actions are filed through the hearing procedure mechanism set forth in the Class Action Law 2006 (hereinafter - the "Class Actions Law"). The hearings procedure for petitions to approve lawsuits as class actions is divided into two main stages: The first stage is the approval petition (hereinafter - the “approval petition" or the "approval stage”, respectively.) If the approval petition 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 request for appeal to the appellate courts. In the second stage, if the approval petition 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, inter alia, specific settlement agreements, both in the approval stage and in the class action stage, as well as arrangements with regard to the plaintiff's withdrawal of the approval petition or class action lawsuit.

In the State of Israel, filing class action lawsuits does not entail payment of a fee derived from the claim amount; therefore the amounts of such claims may be significantly higher than the actual exposure for that claim.

Petitions to approve lawsuits as class actions (including lawsuits approved as class actions and the approval of which is under appeal) are set out in Sections 1-13, 17-27, 29, 31-38, 40, 41, 44, 46, 48, 50-54, 57 to the following table; for such lawsuits, which, in management's opinion - that is based, inter alia, on legal opinions whereby the Group's defense claims are more likely than not to be accepted and the petitions to approve the lawsuit as class actions will be rejected - no provision was included in the financial statements, except for petitions to approve class actions in which the Group is willing to reach a settlement. For petitions to approve lawsuits as class actions (including lawsuits approved as class actions and the approval of which is under appeal), in which the Group’s defense claims - in whole or in part - are more likely than not to be rejected, and in which the Group is willing to reach a compromise, provisions were included in the financial statements to cover the exposure as assessed by the Group or a provision in the amount for which the Group is willing to settle, as the case may be.

Management's assessment, which is based, inter alia, on legal opinions received, is included in the financial statements under adequate provisions, where such provisions were required, to cover the exposure as assessed by the Group or the amount for which the Group is willing to settle, as the case may be.

Many of the petitions to approve lawsuits as class actions have been filed against the Group on various matters related to insurance contracts and the Group's ordinary course of business, for which the Group has allocated insurance reserves.

In petitions to approve lawsuits as class actions as set out in Sections 14-16, 28, 30, 39, 42, 43, 45, 47, 49, 55, 56, 58-62 to the table below, at this preliminary stage, the chances of the petitions to approve lawsuits as class actions cannot be assessed and therefore no provision is included in respect thereof in the Financial Statements.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

Following is more information about the petitions to approve lawsuits as class actions:

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
1.	January 2008 Tel Aviv District Court The Phoenix Insurance and other insurance companies Approximately NIS 1.67 billion of all defendants, with about NIS 277 million attributed to The Phoenix Insurance.[4]	Unlawful collection of payments known as "sub-annuals" for life insurance policies, in an amount that exceeds the permitted one.	In May 2018, the Supreme Court granted the defendants' motion for leave to appeal and dismissed the plaintiffs' appeal, such that the District Court's judgment was quashed and the motion for approval of the claim as a class action was denied. In July 2019, the Supreme Court upheld the plaintiffs' request for a further hearing on the question set forth in the Judgment regarding the regulator's position filed with the court regarding its instructions, and on the question of de minimis defense in a monetary class action. On July 4, 2021, the Supreme Court handed down its judgment in respect of the further hearing by the Supreme Court (which was concluded at a 4 to 3 majority), whereby the Supreme Court's judgment will be canceled and the District Court's judgment will be reinstated, the approval petition will be allowed and the class action will be heard by the District Court, excluding the specific claims that were raised against The Phoenix Insurance (and another insurance company) regarding the collection of "sub-annuals" in an amount that exceeds the amount permitted by law - claims which were rejected by the court and therefore will not be discussed again by the District Court, and the legal proceedings in respect thereof has ended.

1 The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

2 The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

3 The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

4 The amounts were assessed by the plaintiffs in the class action statement of claim. It should be noted that the amounts in the motion to approve the claim as a class action were different and higher; those amounts also referred to the claim of collecting handling fees on policies and interest on annual premium, which is paid in installments, at a rate higher than the rate permitted by law, which, as stated, has been rejected.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
2.	February 2010 Central District Court The Phoenix Insurance (and other insurance companies in a parallel case, in light of filing a consolidated class action statement of claim) Approximately NIS 1.47 billion of all defendants (including the defendants in the corresponding case), of which approximately NIS 238 million is attributed to The Phoenix Insurance.[4]	The cause of the lawsuit, as approved by the District Court (in the corresponding case) was breach of insurance policies due to unlawful collection of handling fees in a manner that reduced the saving amount accrued in favor of the policyholder for a period starting seven years before the claim was filed.	In November 2016, the District Court - in a parallel case filed against several other insurance companies - partially approved motions to approve the claims as class actions. The class action - both in the corresponding case and in the case heard against The Phoenix Insurance - continues to be heard jointly by the District Court. At the same time, the parties conduct a mediation process.
3.	April 2010 Central District Court The Phoenix Insurance and other insurance companies NIS 225.2 million from all the defendants.	Non-refund of premium for the relative portion of the month in which the insurance ended (due to cancellation by the policyholder) and/or refund of premium (where the premium is refunded) at nominal values (without linkage differences and interest).	In June 2015, the district court partially affirmed the petition to approve the claim as a class action lawsuit. In September 2016, the parties filed with the District Court an application for approval of a settlement agreement, at amounts that are immaterial to The Phoenix Insurance, which includes: the appointment of an examining party who will review the collection amounts in respect of which the claim was approved as a class action; consent to a contribution of 80% of the amount of the refund to be determined by the examining party; provisions regarding future conduct in cases of cancellation of policies that are the subject matter of the lawsuit and a recommendation regarding the payment of compensation to the plaintiffs, legal fees, etc. The settlement agreement is subject to the Court's approval. In June 2017, the Court appointed a reviewer to review the settlement agreement; the reviewer filed the review on The Phoenix Insurance in December 2020. In August 2021, the Attorney General submitted his position regarding the examiner's report filed with the court, according to which there is no need to approve the settlement agreement in the format in which it was submitted in connection with the compensation payment mechanism and with excluding certain groups from the settlement. The Court has yet to rule on the settlement agreement.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

[4] The amounts are the amounts assessed by the plaintiffs in the consolidated class action statement of claim filed in March 2019 against the insurance companies sued in the corresponding case and against The Phoenix. It should be noted that the amounts in the motion for approval of the claim as a class action were different and higher.

[5] The amounts are the amounts assessed by the plaintiffs in the consolidated class action statement of claim filed in March 2019 against the insurance companies sued in the corresponding case and against The Phoenix. It should be noted that the amounts in the motion for approval of the claim as a class action were different and higher.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
4.	May 2013 Tel Aviv District Court The Phoenix Insurance Approximately NIS 220 million or alternatively NIS 90 million.[4]	Non-payment of interest in respect of insurance benefits from the date of the insurance event, or alternatively from the end of 30 days from the date on which the claim was filed and until actual payment date.	In February 2021, the District Court handed down a partial judgment, according to which it has approved the class action, in respect of any entitled party (policyholder, beneficiary or third party), who - during the period starting three years prior to the filing of the lawsuit and ending on judgment date - received insurance benefits from The Phoenix Insurance (not in accordance with a judgment rendered in his case) without being duly paid interest thereon. It was also established that, for the purpose of implementing the judgment, calculation and manner of restitution, an expert will be appointed and that the class plaintiffs will be awarded legal expenses and legal fees. In May 2021, The Phoenix Insurance filed a motion to appeal with the Supreme Court against the judgment handed down by the District Court as well as a motion to stay the execution of the judgment. In June 2021 the Supreme Court issued a motion to stay the execution of the judgment and ruled that the motion to appeal requires a reply (the latter was submitted in September 2021).
5.	July 2014 Central District Court The Phoenix Pension and Provident Fund Ltd. and management companies of additional pension funds. NIS 48 million from all defendants.	Acting in bad faith when using the right - under the pension fund's rules and regulations - to increase management fees paid by pensioners from the accrual to the maximum amount allowed, as from the date they become pensioners.	The parties are awaiting the court's decision on the application for approval of the claim as a class action.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.
[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
6.	June 2015 Beer Sheva District Court The Phoenix Insurance Approximately NIS 125 million.	The cause of action, as approved by the District Court, is a violation of the provisions of the policy regarding special compensation (reimbursement) for performing surgery in a private hospital funded by "additional insurance services" (SHABAN) and the questions common to the group members are: what is the value of the commitment form on behalf of a health maintenance organization in respect of a privately-owned hospital (Form 17), according to which the amount to be reimbursed to the policyholder is calculated; how The Phoenix Insurance in effect calculated the amount reimbursed to policyholders who underwent surgeries as part of SHABAN; and whether The Phoenix Insurance violated the provisions of the policy, and did not reimburse the full amount to the policyholders.	In December 2019, the District Court approved the petition to approve the claim as a class action lawsuit. The group on whose behalf the class action will be conducted will include all policyholders who were insured under a health insurance policy with The Phoenix Insurance, which included a reimbursement arrangement for performing surgery at a private hospital funded by SHABAN, based on a commitment form/Form 17, and in respect of whom an insurance event occurred from June 25, 2012 through June 25, 2015. The parties are in a mediation procedure.
7.	September 2015 Tel Aviv District Court The Phoenix Pension (currently: The Phoenix Pension and Provident Funds Ltd.) and management companies of additional pension funds. Approximately NIS 300 million per year since 2008 of all the defendants.	The claim is that the defendants pay agents fees and commissions calculated as a percentage of the management fees charged by them, thus allegedly violating their fiduciary duties, and that, as a result, the management fees that planholders are charged are higher than the appropriate rate.	The petition for approval of the claim as a class action lawsuit continues to be heard in court.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
8.	December 2015 Tel Aviv District Court The Phoenix Insurance and another insurance company Approximately NIS 100 million from all defendants, of which NIS 50 million is attributed to The Phoenix Insurance.	Alleged unlawful collection of "sub-annuals" in life insurance at a rate that is higher than the permitted one.	In May 2020, the court issued a ruling rejecting the motion for approval of the claim as a class action, on the grounds that the plaintiffs do not have a cause of action. In September 2020, the plaintiff filed an appeal with the Supreme Court. A hearing on the appeal is scheduled for July 11, 2022.
9.	February 2016 Central District Court The Phoenix Insurance NIS 100 million.	The plaintiffs argue that The Phoenix Insurance does not link the payments it must pay policyholders under life insurance policies (which it issued until July 19 1984) due to an insurance event or due to the redemption of the policy, to the correct basic CPI in accordance with the linkage terms and conditions set out in the policies; i.e., the latest CPI published before the first day of the month in which the insurance term begins; the plaintiffs argue that this has a significant effect on the benefits to which the policyholders will be entitled.	The parties are in a mediation procedure.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
10.	February 2016 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) The Phoenix Pension and Provident Fund Ltd. and management companies of additional pension funds. Approximately NIS 1 billion of all the defendants.	The plaintiffs argue that the defendants are acting inappropriately by charging management fees in respect of disability and survivors benefits, and do not disclose that fact, and that the rate of management fees collected from such benefit recipients is the maximum permitted rate, taking advantage of the fact that benefit recipients cannot transfer their funds and/or entitlement to such benefits elsewhere.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A hearing is scheduled for December 14, 2021.
11.	September 2016 Tel Aviv District Court The Phoenix Insurance and other insurance companies NIS 4.45 billion from all defendants, of which NIS 943 million is attributed to The Phoenix Insurance.	Collection of premiums on health insurance policies, for unnecessary coverages that the policyholders do not need, and alleged sale of health insurance policies despite being aware that they include coverages that the policyholders have no need for, since they have supplementary health insurance from the health maintenance organization they are a member of. In addition, according to the defendants, they also tied services since customers were unable to purchase a reduced-coverage policy that will include only coverages that are not included in the supplementary health insurance of their health maintenance organizations, thus creating "overlapping insurance".	In October 2020, the District Court ruled that the motion for approval of the claim as a class action was denied. In November 2020, the plaintiffs filed an appeal to the Supreme Court. An appeal hearing is scheduled for March 28, 2022.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
The motions to approve the lawsuits as class actions that appear in Sections 12-16 below were submitted on the grounds of unlawful collection of investment management expenses which are not sanctioned by the policies or bylaws.			
12.	September 2016 Central District Court The Phoenix Insurance NIS 14.7 million.	Collecting investment management expenses in the individual saving policy Excellence Invest in addition to collecting management fees, without a provision in the policy expressly permitting to do so.	In May 2019, the District Court approved the petition to approve the claim as a class action lawsuit filed against The Phoenix Insurance and three other insurance companies (hereinafter - the "Defendants"), for breaching the provisions of the insurance policy due to unlawful collection of investment management expenses. The class on whose behalf the class action lawsuit against The Phoenix Insurance will be conducted includes all policyholders of the individual savings policy Excellence Invest issued by The Phoenix Insurance at present and in the seven years prior to the date of submission of the motion for approval as class action. The remedies claimed are the reimbursement of the investment management expenses that were overcharged in addition to interest differentials; and an order directing the defendants to stop collecting such fees. In September 2019, The Phoenix Insurance (along with the other defendants) filed a motion for leave to appeal to the Supreme Court against the decision approving the class action lawsuit. At the request of the Supreme Court, on August 13, 2020, the Attorney General submitted his position on the proceedings and announced his attendance. According to the position, the Attorney General is of the opinion that the court should accept the motion for leave to appeal and the appeal itself and order the rejection of the motions for approval as class actions, for the reasons set out in the position. A hearing on the request for leave to appeal took place on February 11, 2021, and the parties are awaiting the decision of the Supreme Court. In July 2021, the Attorney General submitted to the Supreme Court the (draft) Interim Report of the Advisory Committee to the Commissioner of the Capital Market, Insurance and Savings on the examination of direct expenses, which was published for public comment in June 2021, noting that he believes that the issue has no bearing on the decision in the proceeding and does not alter his legal position that has already been filed in the proceeding, and has requested to file a position with respect to the report. The Supreme Court allowed the Attorney General and the other parties to submit their positions regarding the Interim Report. Even prior to submitting his position, on November 16, 2021, the Attorney General requested to submit his position regarding the committee's final report, in lieu of submitting his position in respect to the Interim Report. The Supreme Court granted this request and accordingly allowed the other parties to submit their positions with respect to the final report. The final report was published on November 24, 2021. As of the date of the financial statements, the positions have yet to be submitted. At this point, the hearing on the class action in the District Court was postponed. It should be noted that requests for approval of class actions regarding investment management expenses are also pending against Excellence Gemel (please see Section 13 in the table below), The Phoenix Insurance (see Section 14 in the table below) and Halman Aldubi Provident and Pension Funds Ltd. (see Sections 15 and 16 in the table below).

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
13.	November 2016 Jerusalem Regional Labor Court Excellence Nessuah Gemel Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) Approximately NIS 215 million.	The plaintiffs argue that under the rules and regulations of the Excellence Gemel provident fund, which were in effect until January 1, 2016, and according to the rules and regulations of the Excellence Advanced Education fund, Excellence Gemel may not collect investment management expenses from planholders, since collection of such expenses had to stipulated clearly and expressly in the rules and regulations of the funds.	The parties filed a motion for a hearing arrangement with the court, according to which the hearings to approve the claim as a class action will be postponed until a decision has been made in connection with the motion for leave to appeal against the May 2019 District Court decision to approve as petitions to approve lawsuits as class actions filed for similar causes of action against The Phoenix Insurance, among others (see Section 12 above, in the table).
14.	June 2019 Tel Aviv Regional Labor Court The Phoenix Insurance Approximately NIS 351 million.	According to the plaintiff, The Phoenix Insurance charges policyholders of insurance policies which combine a life insurance component and a pension saving component (executive insurance) for investment management expenses without such charges being included in the terms and conditions of the policy.	The Phoenix Insurance has not yet submitted its response to the motion to approve the claim as a class action, and on October 2019, it submitted a motion for stay of proceedings until a decision is made in connection with the motion for leave to appeal against the May 2019 District Court decision to approve as class actions claims filed for similar causes of action (see Section 12 above, in the table). A final decision has yet to be made in connection with the stay of proceedings motion.
15.	June 2019 Jerusalem Regional Labor Court Halman Aldubi Provident and Pension Funds Ltd. NIS 17.5 million.	The statement of claim alleges that IBI Provident and Study Fund Management Company Ltd. (which was merged with Halman Aldubi on July 1, 2018) charged the plaintiff and the other planholders of the advance education fund under its management, investment management expenses, in addition to the fund management fees, contrary to the fund's bylaws.	Halman Aldubi has not yet submitted its response to the petition for approval of the claim as a class action lawsuit; in September 2019, it submitted a motion for a stay of proceedings until a final decision has been made on ten petitions for approval of claims as class action lawsuits which are being heard in Labor Court (including against Excellence Nessuah (see Section 13 above in the table) regarding the collection of management expenses in provident funds and advanced education funds. A final decision has yet to be made in connection with the stay of proceedings motion.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
16.	July 2019 Jerusalem Regional Labor Court Halman Aldubi Provident and Pension Funds Ltd. No estimate was provided, but it was noted that the damage to all class members exceeds NIS 3 million.	According to the statement of claim, Halman Aldubi charged the plaintiff and the other planholders of the Halman Aldubi comprehensive pension fund (the "Fund") investment management expenses, in addition to the management fees charged by the Fund, contrary to the Fund's bylaws; the practice continued until May 2017, at which time the Fund's bylaws were changed so as to include the specific provision for charging direct investment management expenses.	Halman Aldubi has not yet submitted its response to the petition for approval of the claim as a class action lawsuit; in September 2019, it submitted a motion for a stay of proceedings until a final decision has been made on ten petitions for approval of claims as class action lawsuits which are being heard in Labor Court (including against Excellence Nessuah (see Section 13 above in the table) regarding the collection of management expenses in provident funds and advanced education funds. A final decision has yet to be made in connection with the stay of proceedings motion.
17.	January 2017 Central District Court The Phoenix Insurance and other insurance companies At least approximately NIS 12.25 million in respect of each of the defendants.	According to the plaintiffs, insurance companies overcharge insurance premiums since they do not disclose to policyholders a "practice" in the motor insurance subsegment that allows updating the age of the young driver insured under the policy and/or the years of driving experience when moving into another age bracket and/or years of driving experience bracket which can potentially result in a reduction of the insurance premium. It should be noted that the plaintiffs refer in their claim to a decision approving a motion for approval of a claim as a class action dealing with the same issue and filed against another insurance company, in which the said practice had allegedly been proven.	The petition for approval of the claim as a class action lawsuit continues to be heard in court.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
18.	April 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Tel Aviv District Court due to substantive jurisdiction) Shekel Insurance Agency (2008) Ltd. (hereinafter - "Shekel"), Agam Liderim (Israel) Insurance Agency (2003) Ltd. (hereinafter - " Agam Liderim"), second-tier companies of The Phoenix Holdings, and other insurance agencies. Approximately NIS 357 million of all defendants, of which NIS 47.81 million is attributed to Agam Liderim and NIS 89.64 million to Shekel.	According to the plaintiffs, until the regulator intervened and legislative changes were made in connection with this issue, managers of pension arrangements in general and the defendants in particular, provided employers with operating services involving preparing and managing pension insurance for employees without the employers paying any consideration in respect thereof to the pension arrangement managers, and that all costs pertaining to the operating services are paid by the employees through management fees they pay for the products marketed to them by the managers of the pension arrangement.	In August 2020, the court issued a ruling rejecting the motion for approval of the claim as a class action. In October 2020, the plaintiffs filed an appeal with the National Labor Court. In July 2021, a hearing on the appeal took place and the parties are awaiting the ruling of the National Court on the appeal.
19.	June 2017 Central District Court The Phoenix Insurance The amount of the claim was not estimated.	The lawsuit is concerned with a claim that service level agreements are marketed and sold, either directly or through agents on behalf of The Phoenix Insurance, in violation of the provisions of the law regarding the marketing and sale procedure of such agreements.	In August 2021, the District Court issued a ruling approving the petition to approve the claim as a class action. The group on behalf of which the class action will be conducted is anyone who had purchased from The Phoenix Insurance, whether directly or through its agents, service level agreements as part of the comprehensive car insurance policy, with The Phoenix Insurance violating the law regarding the marketing and sale of service level agreements, in the period ranging from June 30, 2016 until the date of the ruling. The parties are in a mediation procedure.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
20.	June 2017 Central District Court (sitting as an Administrative Court). The National Insurance Institute (hereinafter - the "National Insurance Institute") The Phoenix Insurance and additional insurance companies (hereinafter, jointly: the "Official Respondents") The amount of the claim was not estimated.	According to the plaintiffs, the National Insurance Institute collects national insurance contributions and health insurance contributions illegally from the tax-exempt income of class members as defined below, in addition to collecting the minimum rate of health insurance contributions from class members' disability annuity. According to the plaintiffs, the National Insurance Institute overcharges class members for these contributions through the pension fund, the employer or any other third party. The plaintiffs point out that the Official Respondents are entities through which the insurance premiums were collected from the plaintiffs, and clarify that any employer and any entity paying an early pension and any entity paying a PHI benefit in Israel may be in a similar position to that of the Official Respondents. According to the plaintiffs, it is impossible to add all the parties as respondents and the court is asked to consider the Official Respondents that were added and which are related to the plaintiffs' case as class action defendants. The plaintiffs also stated that no operative remedy is requested in the case of the Official Respondents in the framework of the above claim.	The petition for approval of the claim as a class action lawsuit continues to be heard in court.
21.	August 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) Excellence Gemel & Hishtalmut Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) The claim amount was not estimated but it was stated as approximately NIS 1 million or more than NIS 2.5 million.	Increasing management fees without sending advance notice as required by law.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. At the same time, the parties conduct a mediation process.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
22.	September 2017 Jerusalem District Court The Phoenix Insurance and other insurance companies The claim amount was not estimated, but it was stated that it was in the tens of millions of shekels or more.	According to the plaintiffs, the defendants breach the provisions of Section 5(b) of the Adjudication of Interest and Linkage Differentials Law, 1961, by implementing a policy whereby they do not add any linkage differences and/or interest and/or linked interest to amounts ruled against them by a judicial authority, in cases where the defendants pay such amounts to class members at a later date than the date set for such payment.	In March 2021, the parties submitted to the court a motion for approval of a settlement agreement for an amount that is immaterial to The Phoenix Insurance, under which The Phoenix Insurance will amend the settlement deeds as outlined in the settlement agreement; the parties also recommended the payment of compensation to the class action plaintiff and legal fees for his/her attorneys. The settlement agreement has not yet been approved by the court. A hearing is scheduled for December 27, 2021.
23.	January 2018 Central District Court The Phoenix Insurance and other insurance companies Approximately NIS 82.2 million per year from all the defendants, of which approximately NIS 22.3 million per year is attributed to The Phoenix Insurance.	According to the plaintiff, The Phoenix Insurance unlawfully refrains from paying its policyholders and third parties the VAT component applicable to the cost of damages when the damages have not been effectively repaired.	The parties are awaiting the court's decision on the application for approval of the claim as a class action.
24.	February 2018 Tel Aviv District Court Excellence Nessuah Gemel Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) and additional companies NIS 21 million from all defendants, of which NIS 6 million is attributed to Excellence Gemel.	According to the plaintiffs, the claim deals with the unlawful collection of handling fees /collection fees/operating fees/fees and commissions/early repayment fees or any other payment (whatever its name may be) collected by the defendants from planholders thereof to whom they extended loans.	In October 2021, the parties submitted to the court a motion for approval of a settlement agreement for an amount that is immaterial to The Phoenix Pension and Provident, under which The Phoenix Pension and Provident will refund 45% of the handling fees, as defined in the settlement agreement, plus interest and linkage differences; the parties also recommended the payment of compensation to the class action plaintiff and his/her attorneys. The settlement agreement has not yet been approved by the court. It should be noted that similar motions for approval of claims as class actions filed against The Phoenix Pension (currently: The Phoenix Pension and Provident Fund Ltd.) and The Phoenix Insurance were concluded with a settlement agreement.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
25.	May 2018 Haifa Regional Labor Court The Phoenix Pension and Provident Fund Ltd.[4] NIS 200 million.	According to the plaintiffs, contrary to that which is stated in its rules and regulations, The Phoenix Pension has refrained from paying or from paying in full the partial contributions towards benefits to anyone who does not receive a full disability pension. In any case, The Phoenix Pension refrained from reporting to policyholders - either in pay slips or in annual statements - about the payments it made, to the extent that it did, indeed, make such payments.	In August 2021, the Regional Labor Court issued a resolution approving the motion for approval of the claim as a class lawsuit. As part of the above resolution, the Court approved causes of action in connection with the failure to pay contributions towards benefits in respect of planholders receiving a partial disability pension during the period from May 1, 2012 through May 1, 2019; the Court ordered a remedy whereby the rules and regulations should be abided by and the planholders' accumulated balance should be credited with current monthly contributions towards benefits based on a value date as of the original entitlement date, plus the yield accrued on the fund as from the said date. The Court also ruled that no separate pecuniary damages has been proven in addition to what is stated above, and that no monetary damages should be paid. The class action continues to be heard in court.
26.	June 2018 Jerusalem District Court The Phoenix Insurance and another insurance company The amount of the claim was not estimated.	According to the plaintiff, the claim deals with the defendants' unjustified refusal to recognize a surgical procedure that had medical justification as an insurance event according to the health policies issued, by claiming that it is a "preventive surgical procedure".	In February 2021, the position of the Capital Market, Insurance and Savings Authority was submitted. The Phoenix Insurance replied to this position. The petition for approval of the claim as a class action lawsuit continues to be heard in court.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

[4] The petition for approval of the claim as a class action lawsuit was originally filed against The Phoenix Insurance. The plaintiffs filed an amended petition for approval of the claim as a class action lawsuit, in which they changed the identity of the defendant and also added to their previous allegations and to the definition of the class they seek to represent.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
27.	December 2018 Tel Aviv District Court The Phoenix Insurance, other insurance companies and banks NIS 280 million from all defendants.	According to he plaintiffs, the claim deals with unlawful overcharging of insurance premiums for unnecessary building insurance policies issued to building owners (who took out a mortgage loan and were required to insure the building with a building policy in favor of the lending bank), despite the fact that at the time of issuance of such policies, there was already and insurance policy covering that building, regardless of whether that policy was taken out with the same insurance company or with another insurance company.	The petition for approval of the claim as a class action lawsuit continues to be heard in court.
28.	March 2019 Central District Court The Phoenix Insurance Approximately NIS 2.6 million.	According to the plaintiff, the claim deals with The Phoenix Insurance's practice to delay the repayment of the relative portion of insurance premiums upon cancellation of compulsory motor and property insurance policies rather than paying it within the period set by law; the plaintiff also claims that The Phoenix Insurance repays the said amount without adding linked interest. The plaintiff also claims that The Phoenix Insurance refrains from repaying full linkage when refunding the relative portion of the insurance premiums.	The parties are in a mediation procedure.
29.	May 2019 Tel Aviv District Court The Phoenix Insurance Approximately NIS 766.8 million.	According to the plaintiff, the claim deals with The Phoenix Insurance's not paying policyholders in participating life insurance policies which include an Rm formula their full share of the profits and full payments to which they are entitled under the insurance contracts; the plaintiff also claims that The Phoenix Insurance does not fulfill its reporting and disclosure obligations towards policyholders regarding their policies and rights.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. It should be noted that the plaintiff stated that a similar motion for approval of a claim as class action, which was filed against another insurance company, had recently been approved.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.
[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
30.	July 2019 Tel Aviv District Court The Phoenix Insurance and other insurance companies Approximately NIS 264.5 million from all the defendants, of which approximately NIS 67.5 million is attributed to The Phoenix Insurance.	The plaintiffs claim that the defendants do not pay their policyholders interest as required by law in respect of insurance benefits for the period starting 30 days after the date of delivery of the claim until the date of actual payment.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. It should be noted that according to the plaintiffs, this claim is based on the same cause of action as the class action described in Section 4 above in the table; however, it was nevertheless decided to file this claim for the sake of caution only, given the doubt as to whether the class of plaintiffs seeking the approval of this motion is included in the previous class action. In light of this, the proceedings in this claim were stayed until a judgment is rendered in the previous claim.
31.	May 2019 Nazareth Magistrate Court The Phoenix Insurance The amount of the claim was not estimated.	According to the plaintiff, this claim deals with The Phoenix Insurance's failure to pay in full insurance benefits under the insurance policy in respect of damage caused to a vehicle, on the grounds that the ownership class of the vehicle is "leasing - sale of a new vehicle with 0 km or formerly" even though the ownership of the vehicle is not and/or never was of such ownership class, and the permanent owner of the vehicle's license as "Owner 00" was the first purchaser, who is not the leasing company.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A hearing is scheduled for December 22, 2021.
32.	August 2019 Central District Court The Phoenix Insurance and other insurance companies The claim amount was not estimated, but it was stated that it was NIS 1 million or more.	The claim is that in insurance polices covering mechanical engineering equipment the defendants determine the value of the equipment for the purpose of determining the premium according to the value of new equipment, disregarding the age of the equipment; however, in the event of total loss of equipment the defendants pay the policyholders insurance benefits in accordance with the equipment's actual value upon the occurrence of the insurance event, taking into consideration the age of the equipment.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for December 15, 2021.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
33.	August 2019 Central District Court The Phoenix Insurance and other insurance companies The claim amount was not estimated, but it was stated that it was in the tens of millions of shekels or more.	The plaintiffs claim that in case of vehicle theft or total loss as a result of an accident, the defendants refuse to reimburse policyholders for the proportionate share of the insurance premiums (the premium) paid for service contracts (road recovery services, windscreen repair, towing, etc.) in respect of the period subsequent to the theft or total loss, despite the fact that the service contract is canceled and the risk it covers no longer exists.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for January 9, 2022. In February 2020, the position of the Capital Market, Insurance and Savings Authority was submitted, which is not in line with the plaintiffs' position.
34.	December 2019 Central District Court PassportCard Israel General Insurance Agency (2014) (hereinafter - "PassportCard") and The Phoenix Insurance The amount of the claim was not estimated.	According to the plaintiff, the defendants sell travel insurance without informing their customers - at the time of issuing the insurance policy - about the fact that the "search and rescue" component can be excluded if it is not required by the customers; the plaintiff also claims that the defendants do not inform customers about price changes they make in insurance policies' components; furthermore, the defendants do not inform customers in a clear manner about the right to reimbursement of a proportionate share of the insurance premiums in the event that the actual trip is shorter than planned, and in the event that the insurance period is shortened for any reason whatsoever (including due to cancellation of the insurance policy). The plaintiff also claims that even when the defendants reimburse insurance premiums to policyholders who shortened their travel period and at the same time also shortened the insurance period for any reason whatsoever, they do not reimburse the full insurance premium for the shortened insurance period, contrary to law and the insurance policy.	The parties are in a mediation procedure.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
35.	January 2020 Central District Court The Phoenix Insurance, other insurance companies and a road recovery and towing services company. The claim amount was not estimated but it was stated that it significantly exceeds NIS 2.5 million.	The plaintiff claims that, in cases where vehicles' windscreens broke, the defendants had provided and still provide alternative windscreens, which do not meet Israeli standards and are not manufactured by the same maker as the car; by doing so, the defendants allegedly breach their obligations under the insurance policies and coverage contracts.	The petition for approval of the claim as a class action lawsuit continues to be heard in court.
36.	February 2020 Central District Court The Phoenix Insurance The claim amount was not estimated, but it was stated that it is in the millions of shekels or more.	The plaintiff claims that starting in early 2016 or thereabouts, The Phoenix Insurance ceased to fulfill its obligation in health insurance policies marketed prior to February 1, 2016, in which it undertook to provide insurance coverage, at no additional cost, to all children born to the principal policyholder (starting with the fourth child), until they reach the age of 21.	The parties are in a mediation procedure.
37.	February 2020 Tel Aviv Regional Labor Court The Phoenix Insurance No less than NIS 25 million.	The claim is that The Phoenix Insurance refuses to pay its life insurance policyholders the benefit they are entitled to in respect of the first month after the end of the insurance period (the first month of their retirement).	The petition for approval of the claim as a class action lawsuit continues to be heard in court.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
38.	February 2020 Central District Court PassportCard Israel General Insurance Agency (2014) (hereinafter - "PassportCard") and The Phoenix Insurance NIS 6.125 million.	The claim is that the defendants violate the provisions of the travel insurance policy, since when an insurance event occurs to a policyholder and insurance benefits are claimed in respect of expenses of a person who traveled with the policyholder or accompanied him/her on their trip, the defendants deduct from the insurance benefits double the deductible - one for the policyholder and the other for another person covered by the insurance, i.e. the policyholder or person who traveled with the policyholder or the person who accompanied him/her. The plaintiff also claims that the defendants violate various provisions of insurance circulars regarding the claim filing form, the data included therein, receiving a copy thereof; the plaintiff further claims that the defendants refrain from informing policyholders who file claims of their right to obtain a copy of the decision made regarding their claim and/or appeal against the decision to various parties, nor do they inform policyholders of the period of time they have to do so.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A hearing is scheduled for December 9, 2021.
39.	February 2020 Tel Aviv Regional Labor Court (the hearing was transferred from the Tel Aviv District Court) Halman Aldubi Provident and Pension Funds Ltd. NIS 335 million (or alternatively, NIS 58 million or NIS 36 million).	The claim is that Halman Aldubi allegedly violated its duty to the plaintiff and to all beneficiaries in the provident funds of Halman Aldubi, of deceased planholders, and any planholder of the Halman Aldubi provident funds with whom contact was lost, to locate and inform the said beneficiaries, as well as the planholders with whom contact was lost, that they are entitled to funds in the Halman Aldubi funds, on the dates set forth to that effect in the Supervision of Financial Services Regulations (Provident Funds) (Locating Planholders and Beneficiaries), 2012, in the period beginning on January 1, 2013 until the date of the ruling in the lawsuit.	Halman Aldubi has filed its response to the amended approval petition filed by the plaintiff. A hearing is scheduled for February 3, 2022.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
The petitions to approve claims as class actions listed in Sections 40 and 41 below were filed following the Covid-19 pandemic which broke out in March 2020. The petitions were submitted in the motor and home insurance subsegments; the plaintiffs argue in these motions that insurance companies in general and The Phoenix Insurance in particular should reimburse policyholders for premiums paid during the period in which restrictions were in place due to the Covid-19 pandemic in view of the reduced insurance risk in these fields during that period.			
40.	April 2020 Tel Aviv District Court The Phoenix Insurance, other insurance companies and the managing corporation of the Compulsory Motor Insurance Pool (the "Pool") Ltd. Approximately NIS 1.2 billion of all the defendants, of which NIS 145 million is attributed to The Phoenix Insurance or, alternatively, NIS 719 million of all the defendants, of which NIS 113 million is attributed to The Phoenix Insurance.	The subject matter of the lawsuit[4] is that the defendants unjustly profited, allegedly, by failing to reduce car insurance premiums (for compulsory and/or comprehensive and/or third party policies) during the mobility restrictions imposed due to the Covid-19 pandemic. This was done, argued the plaintiffs, despite a decrease in mileage traveled and the level of risk to which the defendants are exposed.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. It should be noted that a petition to approve a similar claim as a class action, which was filed against The Phoenix Insurance and other insurance companies was rejected in August 2021 (see section 5 in the concluded claims table below).

1 The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

2 The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

3 The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

4 The petition to approve the claim as a class action includes two petitions to approve claims as class actions filed against The Phoenix Insurance and other defendants, which were merged into a single claim in February 2021 by the Tel Aviv District Court (see Note 42(a) (1) in Sections 42 and 44 of the class actions table in the Company's financial statements as of December 31, 2020, published on March 25, 2021 (Ref. No. 2021-01-044709).

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
41.	April 2020 Tel Aviv District Court The Phoenix Insurance and other insurance companies Approximately NIS 886 million of all the defendants, approximately NIS 107 million is attributed to The Phoenix Insurance.	The argument is that the defendants must reimburse premiums they overcharged policyholders in motor and home insurance, due to a decrease in the risk they are exposed to as a result of the restrictions imposed following the Covid-19 pandemic, which led to a decline in mileage traveled and a decline in bodily harm and damage to property.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. On February 2021, the court ruled that the petition to approve the claim as a class action in relation to motor insurance was dismissed and will continue to be heard in relation to home insurance. On April 25, 2021, the plaintiff filed an appeal with the Supreme Court against the decision regarding the dismissal of the petition to approve the claim as a class action regarding car insurance. An appeal hearing is scheduled for May 25, 2022. As for home insurance, The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. It should be noted that a petition to approve a similar claim as a class action, which was filed against The Phoenix Insurance and other insurance companies was rejected in August 2021 (see section 5 in the concluded claims table below).
42.	May 2020 Tel Aviv District Court Phoenix Excellence Pension and Provident Funds Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) and additional management companies The claim amount was not estimated, but it was stated that it is estimated, at a minimum, in the hundreds of millions of shekels.	According to the plaintiffs, the claim deals with the defendants' classifying some of the contributions transferred to an advanced education fund on behalf of their customers as taxable provisions, even though they are not taxable.	Phoenix Excellence filed its response to the petition for approval of the claim as a class action lawsuit as well as a motion for leave to file a third-party notice against the State - the Israel Tax Authority. A decision is yet to be issued on the request. A pre-trial hearing is scheduled for January 26, 2022.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
43.	May 2020 Tel Aviv District Court Halman Aldubi Provident and Pension Funds Ltd. and other management companies and additional management companies The claim amount was not estimated, but it was stated that it is estimated, at a minimum, in the hundreds of millions of shekels.	According to the plaintiffs, the claim deals with the defendants' classifying some of the contributions transferred to an advanced education fund on behalf of their customers as taxable provisions, even though they are not taxable.	Halman Aldubi filed its response to the petition for approval of the claim as a class action lawsuit as well as a motion for leave to file a third-party notice against the State - the Israel Tax Authority. A decision is yet to be issued on the request. A pre-trial hearing is scheduled for January 26, 2022. It should be noted that a similar petition to approve a claim as class action was filed against Phoenix Excellence Pension and Provident Funds Ltd. (see Section 42 above in the table).
44.	June 2020 Tel Aviv District Court PassportCard Israel General Insurance Agency (2014) (hereinafter - "PassportCard") and The Phoenix Insurance At least NIS 10 million.	According to the plaintiff, the claim deals with non-payment of insurance benefits in respect of cancellation of a trip due to a pandemic (the Covid-19 pandemic) under travel insurance that the plaintiff purchased through PassportCard.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit.
45.	June 2020 Tel Aviv Regional Labor Court The Phoenix Insurance The amount of the claim was not estimated.	According to the claim, after a policyholder passes away, The Phoenix Insurance links the funds accrued in the policy to the consumer price index, instead of linking them to the investment track selected by the policyholder, as it previously did.	The parties are in a mediation procedure.
46.	June 2020 Central District Court The Phoenix Insurance and another insurance company Approximately NIS 10.5 million for each defendant.	According to the claim, the defendants overcharge customers in loan agreements they enter into with their customers; overcharging takes place due to a one-way linkage mechanism, which is in place under those agreements, whereby if the CPI increases above the base CPI, the defendants collect the linkage differences due to the increase; however, if the CPI decreases below the base index, they do not credit their customers for the said decrease.	The petition for approval of the claim as a class action lawsuit continues to be heard.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
47.	July 2020 Haifa Magistrate Court PassportCard Israel General Insurance Agency (2014) (hereinafter - "PassportCard") and The Phoenix Insurance NIS 1.84 million.	According to the claim, when travel insurance benefits are paid late, the defendants do not pay interest in respect of the delay; the plaintiff also claims that the defendants usually pay the insurance benefits according to the exchange rate on the day of the insurance event rather than the exchange rate on repayment date. In addition, it was argued that the disclosure duty regarding the deductible and the limitation of the insurer's liability with regard to the "winter sports" component is violated as part of a representation made prior to entering into the insurance contract.	The Phoenix Insurance has not yet submitted its response to the motion to approve the claim as a class action, and on January 10, 2021, it submitted a motion for stay of proceedings until a final decision has been made in connection with the class action outlined in Section 4 above in the table. A final decision has yet to be made in connection with the stay of proceedings motion.
48.	July 2020 Central District Court The Phoenix Insurance and other insurance companies About 1.9 billion of all defendants, with the share of each of the defendants being in accordance with its market segment; according to the plaintiffs, The Phoenix's share is approximately 19%.	According to the claim, the defendants must charge reduced insurance premiums in cases of insurance policies with exclusions due to an existing medical condition compared to policies in which no such exclusion is present, since exclusions mitigate the defendants' insurance risk.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for January 25, 2022.
49.	September 2020 Tel Aviv District Court (the hearing was transferred from the Tel Aviv Regional Labor Court) Phoenix Excellence Pension and Provident Funds Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) No estimate was provided for the claim amount.	The subject matter of the lawsuit, according to the plaintiff, is the following: provision of incorrect statements and/or incorrect calculations of the linkage differences credited to planholders; incorrect calculations and presentation of real profits; incorrect recording of deposits, causing the profits in respect thereof to be taxed unlawfully; causing pecuniary damage to planholders due to failure to monitor employers inadequate contributions and failure to require them to complete such contributions, whether by sending appropriate notices to employers and planholders or by making up the difference by the fund itself; and recording deposit dates that are different than the actual ones.	Excellence Gemel has not yet submitted its response to the petition for approval of the claim as a class action lawsuit. At the request of Excellence Gemel, in March 2021 the Court forwarded the hearing of the petition for approval of the claim as a class action lawsuit to the Tel Aviv District Court and to the panel which heard a similar motion for approval as a class action lawsuit filed against it (see Section 42 above in the table); a hearing regarding the next stage of the proceeding was set to January 26, 2022.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
50.	September 2020 Tel Aviv District Court The Phoenix Insurance NIS 92.7 million.	According to the claim, The Phoenix Insurance does not pay policyholders insured under a long-term care policies the full amount due to them under their policies, since it offsets these amounts against proceeds received from the National Insurance Institute; it is also claimed that The Phoenix Insurance does not indemnify policyholders for certain medical treatments.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A hearing is scheduled for December 2, 2021.
51.	September 2020 Central District Court The Phoenix Insurance and another insurance company NIS 84 million from all the defendants, of which NIS 67.2 million is attributed to The Phoenix Insurance (a total of NIS 16.8 million in respect of critical illness insurance and a total of NIS 50.4 million in respect of permanent health insurance).	According to the claim, the defendants acted in violation of the provisions of critical illness insurance policies when they continued to charge policyholders the full amount of the monthly premium even after the first insurance event had occurred. It was also alleged against The Phoenix Insurance that contrary to its obligations, it charges its policyholders a monthly PHI insurance premium, even after the period of insurance coverage has ended.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. A pre-trial hearing is scheduled for January 20, 2022.
52.	October 2020 Tel Aviv District Court The Phoenix Insurance It is noted that the amount of the claim cannot be estimated accurately for all groups as defined in the claim; however, it is noted that the amount of the claim in relation to the cosmetic surgery cause of action is NIS 7.53 million.	According to the plaintiff, The Phoenix Insurance does not link the liability limits in its health insurance policies to the Consumer Price Index, thereby preventing policyholders from obtaining full recovery of their damages; the plaintiff also claims that The Phoenix Insurance does not provide insurance coverage to policyholders, claiming that the procedure in question is a cosmetic surgery, thereby breaching the provisions of the insurance contract; the plaintiff further claims that The Phoenix Insurance does not provide fair disclosure of the definition of cosmetic surgery and of the fact that it is excluded from the policy.	The Phoenix filed its response to the motion to approve the claim as a class action. The parties are in talks to end the procedure by way of withdrawal from the proceeding.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
53.	December 2020 Central District Court The Phoenix Insurance The aggregate claim amount was not estimated but it was stated that it exceeds NIS 2.5 million.	According to the plaintiff, The Phoenix Insurance allegedly does not indemnify its policyholders in motor insurance policies relating to vehicles other than private and commercial cars weighing up to 3.5 tons (such as trucks, taxis, etc.), in respect of the damage caused to their vehicle due to the insurance event - which, the plaintiff claims, is in breach of the policy and the law. It is further claimed that The Phoenix Insurance does not provide its policyholders with an appraiser's report, which includes an estimate of the impairment to the vehicle's value due to the insurance event nor its manner of calculation.	The petition for approval of the claim as a class action lawsuit continues to be heard in court. A hearing is scheduled for April 12, 2022.
54.	February 2021 Central District Court The Phoenix Insurance No estimate was provided for the claim amount, but it was stated that the damage exceeds NIS 2.5 million.	According to the plaintiff, the claim deals with the increasing of insurance premiums by more than 75% than the agreed premiums in life, long-term care, and PHI insurance policies taken out as part of a special deal for members of the Israel Bar Association (and potentially in other insurance policies) in 2016, without informing policyholders, obtaining their consent and providing them with any explanations.	The petition for approval of the claim as a class action lawsuit continues to be heard in court.
55.	March 2021 Tel Aviv District Court The Phoenix Insurance and other insurance companies Approximately NIS 79 million from all defendants	The subject matter of the claim, according to the plaintiffs, is that the defendants refuse to pay for the policyholders' expenses for the purchase of medical cannabis, contrary to the provisions of the policy to cover drugs excluded from the Healthcare Services Basket, and since medical cannabis is recognized for medical use in Western countries.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. A pre-trial hearing is scheduled for January 5, 2022.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
56.	March 2021 Central District Court The Phoenix Insurance No estimate was provided for the claim amount, but it was stated that the damage exceeds NIS 2.5 million.	The subject matter of the claim, according to the plaintiff, is that The Phoenix Insurance allegedly unlawfully rejects claims by its policyholders in "personal accident" policies to pay for hospitalization at a "non-general hospital", claiming that a "hospital", as defined in the policy, is a medical institution whose underlying meaning is a "general hospital only".	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. A pre-trial hearing is scheduled for January 12, 2022.
57.	April 2021 Central District Court The Phoenix Insurance Approximately NIS 36.25 million.	The subject matter of the claim, according to the plaintiff, is failure to reduce management fees for a savings policy, contrary to the agreement between the policyholders and The Phoenix Insurance.	The Phoenix Insurance filed its response to the motion to approve the claim as a class action. A pre-trial hearing is scheduled for January 26, 2022.
58.	April 2021 Central District Court The Phoenix Insurance, banks, investment houses, credit card companies and other insurance companies The claim amount was not estimated but it was stated that it amounts to millions of shekels.	According to the plaintiffs, when using the defendants' digital services (while browsing their personal accounts), customers' private, personal and confidential information is transferred to third parties without the customers' consent, violating their privacy.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. A hearing date has not yet been scheduled.
59.	June 2021 Tel Aviv District Court The Phoenix Holdings, The Phoenix Insurance, the Chairman of the Board of Directors of The Phoenix Holdings and The Phoenix Insurance, serving board members of The Phoenix Holdings and the Phoenix Insurance and a long-serving manager in The Phoenix Insurance (hereinafter - the "Defendants"). NIS 137 million.	This lawsuit relies on the facts as presented in a petition to approve a derivative lawsuit that was filed against the Defendants and which deals with events that took place at the beginning of the 1990s (see Section 4 below in the chapter Legal Proceedings). According to the plaintiffs, the subject matter of the claim is an alleged misleading report and non-disclosure by the Company of material facts that caused damaged to buyers of the share. According to the plaintiffs, at the beginning of the 1990s the Company took steps, in which it managers were involved, to recruit customers and help them to benefit from guaranteed return insurance policies; such steps were allegedly carried out in breach of guidance.	The defendants have not yet filed their response to the petition to approve the claim as a class action. A hearing date has not yet been scheduled.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.
[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

A. Class actions - petitions to approve lawsuits as class actions and lawsuits approved as class actions (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
60.	July 2021 Tel Aviv District Court The Phoenix Insurance Approximately NIS 4.8 million.	According to the plaintiff, the subject matter of the claim is The Phoenix Insurance's refusal to fund the cost of a surgical procedure; the plaintiff claims that The Phoenix refrained from making fair disclosure of the insurance coverage and any exclusions thereto in some of the health insurance polices marketed subsequent to October 1, 2001.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. A hearing date has not yet been scheduled.
61.	July 2021 Tel Aviv District Court The Phoenix Insurance The claim amount was not estimated, but it was stated that it exceeds NIS 2.5 million.	According to the plaintiffs, the subject matter of the claim is that the defendants deduct interest at the rate of 2.5% (or any other rate) from the monthly yield accrued for policyholders to whom a monthly benefit is paid under participating life insurance policies issued in 1991-2004; according to the plaintiffs, such a deduction is not established in the contractual terms of the relevant insurance policies.	The Phoenix Insurance has yet to submit its response to the petition to approve the class action lawsuit. A hearing date has not yet been scheduled.
62.	August 2021 Tel Aviv District Court Halman Aldubi I2P1, Limited Partnership (hereinafter - the "Partnership"). NIS 7.5 million	The subject matter of the lawsuit is the claim that the Partnership's filings posted on the Israel Securities Authority and the TASE's websites (the MAGNA and the MAYA, respectively) are not accessible to people with disabilities; accordingly the plaintiff claims that the Partnership prevents or reduces disabled people's capability to obtain information from those reports.	The Partnership has yet to submit its response to the petition to approve the class action lawsuit. A hearing date has not yet been scheduled. The plaintiff noted that he filed a number of petitions to approve claims as class actions, whose subject matter is similar to that of this claim; such petitions were filed against a number of companies, including another insurance company. In light of the aforesaid, instructions have yet to be given by the court regarding the manner in which the proceedings will go forward.

[1] The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

[3] The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

B. Concluded claims*

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
1.	May 2020 Tel Aviv District Court Excellence Gemel & Hishtalmut Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) and additional insurance companies and management companies The amount of the claim was not estimated.	The claim is that the Law Enforcement and Collection Authority overcharges those who submit foreclosure applications in respect of financial instruments managed by the defendants; overcharging is allegedly carried out through an automated system and amounts overcharged are transferred to the defendants.	On April 7, 2021, the Court handed down a decision to strike the petition to approve the claim as a class action.
2.	May 2020 Tel Aviv District Court Halman Aldubi Provident and Pension Funds Ltd. and additional insurance companies and management companies The amount of the claim was not estimated.	The claim is that the Law Enforcement and Collection Authority overcharges those who submit foreclosure applications in respect of financial instruments managed by the defendants; overcharging is allegedly carried out through an automated system and amounts overcharged are transferred to the defendants.	On April 7, 2021, the Court handed down a decision to strike the petition to approve the claim as a class action. It should be noted that a similar petition to approve a claim as class action was filed and withdrawn against Phoenix Excellence (see Section 1 above in the table).
3.	February 2018 Jerusalem District Court The Phoenix Insurance The amount of the claim was not estimated.	According to the plaintiffs, The Phoenix Insurance continues to charge life insurance premiums from its deceased policyholders.	In January 2021, the parties submitted a motion for approval of a settlement agreement for an amount that is immaterial to The Phoenix Insurance, under which The Phoenix Insurance committed to reimburse insurance premiums to the class members, as outlined in the settlement agreement; the parties also recommended the payment of compensation to the class action plaintiff and legal fees for his/her attorneys. On June 30, 2021 the Court handed down a judgment approving the settlement agreement.

1 The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

2 The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

3 The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2021 and March 25, 2021, please see Note 42(a)(2), Sections 10 and 11 of the table of concluded claims in the Company's financial statements as of December 31, 2020, published on March 25, 2021 (Ref. No. 2021-01-044709).

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

B. Concluded claims (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
4.	July 2017 Jerusalem District Court PassportCard Israel General Insurance Agency (2014) (hereinafter - "PassportCard") and The Phoenix Insurance The claim amount was not estimated, but it was stated that it exceeds NIS 2.5 million of all the defendants.	The plaintiff claims that as part of travel insurance it provides PassportCard effectively records confidential medical conversations held between its policyholders and physicians, listens to these conversations and transfers them to The Phoenix Insurance, while breaching policyholders' privacy without their consent and while conducting wiretapping. In addition, the plaintiff claims that the defendants retain the recorded conversations, maintain an illegal database and even use the recordings.	In October 2019, the District Court issued a judgment rejecting the motion for approval of the claim as a class action lawsuit. In January 2020, the plaintiff filed an appeal against the judgment with the Supreme Court. On July 12, 2021 the Supreme Court handed down a judgment rejecting the plaintiff's appeal.
5.	April 2020 Haifa District Court The Phoenix Insurance and other insurance companies Approximately NIS 81 million of all the defendants, of which approximately NIS 13 million is attributed to The Phoenix Insurance.	The plaintiff claims that the defendants overcharged insurance premiums in their employer liability insurance and third-party insurance (as part of business insurance policies), despite the drop in the number of employees, suppliers, customers, etc. who attend businesses due to the Covid-19 pandemic and the restrictions imposed as a result thereof, which constitutes is a material decrease in the risk to which the defendants are exposed.	On August 4, 2021, the District Court ruled that the motion for approval of the claim as a class action was denied, among other things, due to the fact that the plaintiffs do not have cause, have not proven risk mitigation, and that the claim is not worthy of being heard as a class action lawsuit. It should be noted that petitions to approve similar claims against The Phoenix Insurance (and other insurance companies) as class actions are outstanding (see Sections 40 and 41 above in the table).
6.	March 2018 Tel Aviv Regional Labor Court The Phoenix Pension Ltd. (currently: The Phoenix Pension and Provident Fund Ltd.) and additional companies The amount of the claim was not estimated.	According to the plaintiffs, the claim deals with collection of insurance premiums in respect of survivors' insurance (life insurance coverage) from policyholders who have no survivors; which results with the policyholders paying insurance premiums without receiving anything in return.	On September 24, 2021, the court issued a judgment rejecting the petition to approve the claim as a class action, inter alia, due to the fact that The Phoenix Pension acted lawfully and in accordance with the regulation.

1 The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

2 The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

3 The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2021 and March 25, 2021, please see Note 42(a)(2), Sections 10 and 11 of the table of concluded claims in the Company's financial statements as of December 31, 2020, published on March 25, 2021 (Ref. No. 2021-01-044709).

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

B. Concluded claims (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
7.	November 2020 Tel Aviv District Court The Phoenix Insurance The amount of the claim was not estimated.	According to the plaintiff, in the event of a flight cancellation, The Phoenix Insurance conditions the payment of insurance benefits upon a onerous condition whereby the policyholder is required to present an official confirmation on the flight cancellation from the airline; the plaintiff claims that insurance benefits are not paid due to a concealed, unlawful reason, whereby the policy only covers the cancellation of scheduled flights. By doing so, The Phoenix Insurance allegedly sold a product that has no value and does not cover the flight cancellation risk.	On October 5, 2021, the District Court granted the agreed motion for the plaintiff to withdraw from the motion to approve the claim as a class action.
8.	February 2018 Tel Aviv District Court The Phoenix Insurance The Group's aggregate damage was not estimated, but it was stated that it can be assumed to exceed NIS 2.5 million.	According to the plaintiffs, The Phoenix Insurance misleads those who purchased health insurance and/or those for whom health insurance was purchased, where such insurance is in effect only, or also, during the policyholder's time in mandatory military service, career military service or reserve military service and/or when the policyholder is a policeman and/or a member of the security forces of the State of Israel; the plaintiffs claim that The Phoenix Insurance sells to the class members in general and IDF soldiers in particular an insurance product that is almost impossible to use due to various reasons as specified in the lawsuit.	On October 26, 2021, a judgment was rendered by the District Court dismissing the motion to approve the petition to approve the claim as a class action, while accepting The Phoenix Insurance's claims, which were supported by the position of the Capital Market, Insurance and Savings Authority filed in the case.
9.	December 2020 Haifa Magistrate Court The Phoenix Insurance NIS 1.75 million	According to the plaintiff, who is insured in a health insurance policy comprising of a list of surgical procedures, The Phoenix Insurance does not pay insurance benefits in respect of invasive surgical procedure involving a further medical procedure to policyholders who took out the insurance before 2014.	On October 31, 2021, the Magistrates' Court granted the agreed motion for the plaintiff to withdraw from the motion to approve the claim as a class action.

1 The date on which the petition for approval of the claim as a class action lawsuit was originally filed.

2 The court with which the petition for approval of the claim as a class action lawsuit was originally filed.

3 The claim amount as assessed (if assessed) by the plantiff(s) in the petition for approval of the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2021 and March 25, 2021, please see Note 42(a)(2), Sections 10 and 11 of the table of concluded claims in the Company's financial statements as of December 31, 2020, published on March 25, 2021 (Ref. No. 2021-01-044709).

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

B. Concluded claims (cont.)

No.	Date, court, defendants and claim amount	Main arguments	Details
10.	September 2018 Tel Aviv Regional Labor Court The Phoenix Insurance The amount of the claim was not estimated.	According to the plaintiff, The Phoenix Insurance breached its good faith and fiduciary duties towards its policyholders by automatically depositing the additional contributions it received following the expansion order that required an increase in contributions towards benefits for all Israeli workers, for policyholders in managers insurance policies taken out before June 1, 2001 (with guaranteed annuity conversion factors) in new policies referred to by the plaintiff as "contribution policies", without carrying out a pension marketing procedure that includes a justification document, and also by determining the management fees in the policy unilaterally at the maximum rate permitted by law.	On November 3, 2021, the Regional Labor Court issued a ruling confirming the plaintiff's withdrawal from the motion to approve the claim as a class action.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

C. Legal proceedings

Set forth below is a description of legal and other proceedings against the Group. For proceedings where, in the opinion of management - which is based, among other things, on the legal opinion it has received - it is more likely than not that the Group's defense claims will be allowed and the proceeding will be dismissed, no provision was included in the financial statements.

For proceedings where it is more likely than not that the Group's defense claims will be dismissed, in whole or in part, the financial statements include provisions to cover the exposure estimated by the Group. In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group.

1. On November 11, 2020, an insurance agency filed a lawsuit in the amount of approximately NIS 17.6 million against The Phoenix Insurance and nine other defendants, including an agency which consolidated in The Phoenix Group’s financial statements, alleging misuse of the plaintiff's trade secrets and list of customers. It should be noted that the plaintiff had previously filed a motion for a temporary injunction in respect of the subject matter of the claim - and the motion was dismissed. The lawsuit continues to be heard in court.

2. On December 30, 2020, a lawsuit was filed against Excellence Nessuah Services Ltd. (hereinafter in this section - "Excellence") and Ms. Hanna Hollander by OSR R&D Israel (hereinafter - the “Plaintiff" or "OSR") for a restraining order and monetary remedy in the amount of NIS 5,167,962, with the Tel Aviv District Court, claiming that Excellence breached the lease agreement with it (hereinafter - the “OSR Lawsuit”). Excellence, on the other hand, demanded that the plaintiff evict the leased premises since it violated the terms of the lease, including failure to pay rent on time. The plaintiff rejected the claim, and Excellence filed an eviction notice against OSR with the Magistrates Court (hereinafter - the “Excellence Lawsuit”). In June 2021, a joint hearing was held on the two lawsuits, in which OSR Lawsuit was dismissed without a costs order; regarding Excellence's claim, the court decided that OSR will provide Excellence with a bank guarantee in accordance with the lease agreement; regarding the past debt of OSR to Excellence, it was determined that OSR will deposit with the court a total of NIS 125,403. The bank guarantee was provided to Excellence, and the debt amount was deposited with the court; thus, the eviction remedy was effectively made redundant. In August 2021, the court approved the parties' agreement whereby the said debt amount will be transferred to Excellence, thus concluding the case.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

C. Legal proceedings (cont.)

3. On January 29, 2017, Pilat Group Ltd. (hereinafter - "Pilat Group") and Pilat Holdings (1986) Ltd. (jointly, - "Pilat Group" and/or the "Plaintiffs") filed a lawsuit with the District Court, against Halman Aldubi Provident and Pension Funds Ltd. (by virtue of its merger with Hadas Arazim Provident Funds Ltd. on April 30, 2013), and against 17 other defendants, including Oracle Solutions Ltd. (hereinafter - "Oracle"). The main arguments of the claim was that some of the defendants joined Oracle in purchasing shares of the Pilat Group, constituting approximately 17.9% of the voting rights in Pilat Group (hereinafter - the "Oracle Group"), and that Hadas Provident joined forces with the Oracle Group to acquire control of Pilat Group, such that Oracle would hold 20% of the voting rights, and Hadas Provident - approximately 17%, while obtaining the approval of the Israel Securities Authority (ISA) that the Oracle Group and Hadas Provident not be considered "joint holders" under the Securities Law, 1968. At the same time, the plaintiffs claim, data and documents regarding collaboration between the parties were concealed from the ISA. In addition, allegations were made regarding a series of appointments and interested party transactions made in Pilat Group in violation of the law, which contributed significantly to the collapse of Pilat Group.

In the statement of claim, the Court is requested to order the defendants, jointly and severally, to compensate the plaintiffs for the damage caused to them, according to the claim, due to the impairment of Pilat Group's value, in the total amount of NIS 35.9 million. The lawsuit continues to be heard in court.

4. On June 14, 2021, a derivative lawsuit and a motion to approve the filing of a derivative lawsuit to the Economic Department at the Tel Aviv-Jaffa District Court (hereinafter - the "Lawsuit") was filed against The Phoenix Holdings, The Phoenix Insurance, the Chairman of the Board of Directors of The Phoenix Holdings and The Phoenix Insurance, serving board members of The Phoenix Holdings and the Phoenix Insurance and a long-serving manager in The Phoenix Insurance (hereinafter jointly - the "Defendants").

According to the plaintiff, the subject matter of the claim is the alleged breach of duty towards the Company by the board members and officers, who allegedly allowed the Company to recruit customers and help them over more than three decades to benefit from guaranteed return insurance policies; such steps were allegedly carried out in breach of guidance prohibiting the marketing of such policies as from December 31 1990.

The claim amount, as claimed and estimated by the plaintiff, is NIS 124 million, which - according to the plaintiff - is the total direct damage caused to the Company as a result of El Al employees added to the guaranteed-return policies enjoying better conversion coefficients.[1]

On October 27, 2021, the defendants filed a motion to dismiss the claim in limine. The court has not yet ruled in this dismissal in limine motion. A pre-trial hearing is scheduled for January 10, 2022.

[1] Since this is a derivative claim accompanied by a petition to approve the claim as a derivative claim, which, if approved, the Company will be entitled to funds thereunder, the total claimed amount does not appear in the following summary table.

NOTE 7 - CONTINGENT LIABILITIES (CONT.)

C. Legal Proceedings (cont.)

5. The Group is a party to legal and other proceedings, which are not insurance claims, including, among other things, claims made by customers, former customers, agents and various third parties in immaterial amounts and for a total amount of approximately NIS 43.65 million. The causes of action against the Group in these proceedings are different.

D. Complaints

Complaints are filed against the Group from time to time, including complaints to the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "Commissioner") in relation to policyholders' rights under insurance policies and/or the law. These complaints are handled on an ongoing basis by the Group's Public Complaints Department. The Commissioner's decisions with regard to these complaints, to the extent that a decision has been made in respect thereof, are sometimes issued as sweeping decisions relating to a group of policyholders. Before issuing a final version of his decisions, the Commissioner usually issues a draft decision.

Furthermore, as part of the Commissioner's inquiries with the group, following complaints and/or audits on his behalf, demands are made from time to time to receive various data regarding the Group's handling of insurance policies in the past and/or a demand to reimburse funds to groups of policyholders and/or other guidelines. In addition, the Commissioner has the power, among other things, to impose monetary sanctions on the Group in accordance with the data that was and/or will be transferred thereto following inquiries as described above.

In addition to the motions for approval of claims as class actions filed against the Group and the legal and other proceedings, there is a general 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 services 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 reflected, among other things, in the areas of pension savings and long-term insurance, including health and long-term care insurance, in which the Group operates. Insurance policies in these areas of activity are assessed over many years in which policies, regulation and legislation change and new court rulings are issued. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and the application of the changes over many years lead to an increased operational exposure. In addition, allowing new interpretations for the provisions of insurance policies and long-term pension products sometimes affects the Group's future profits in respect of its existing portfolio, in addition to the exposure embodied in claims for compensation for customers in respect of past activity.

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.

NOTE 7 - CONTINGENT LIABILITIES (cont.)

D. Complaints (cont.)

In addition, some of the Group's products have long terms and are particularly complex in light of the various legislative arrangements both in the field of product management and in the field of taxation, attribution of contributions, investment management, the policyholder's employment status, his contributions and more.

The Wage Protection Law, 1958 'mposes a liability on the Group's institutional entities, in accordance with the circumstances specified in the law, in respect of employers' debts to the institutional bodies, where such debts have not been repaid on time. The Group is in the process of improving the data on employers' debts and policyholders' rights, during the course of which lawsuits were filed against employers and the debts of other employers were rescheduled. Once this process is completed, the Group will complete the handling of employers' debts in accordance with the provisions of the law.

E. Summary table

The following table summarizes the amounts claimed in pending petitions to approve lawsuits as class actions, claims approved 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 amounts claimed do not necessarily reflect the amounts of exposure assessed by the Group, since these are assessments on behalf of the plaintiffs which will be resolved 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 compromise agreement was approved in respect thereof.

Type	No. of claims	Amount claimed in NIS thousand (unaudited)
Claims approved as a class actions:		
A specific amount was attributed to the Company	6	1,074,743
The claim pertains to several companies and no specific amount was attributed to the Company.	1	225,200
The amount of the claim was not specified	1	-
Pending petitions to approve lawsuits as class actions:		
A specific amount was attributed to the Company	26	4,161,302
The claim pertains to several companies and no specific amount was attributed to the Company.	8	3,825,000
The amount of the claim was not specified	20	-
Other material claims:		
A specific amount was attributed to the Company	-	-
The claim pertains to several companies and no specific amount was attributed to the Company.	1	35,900
The amount of the claim was not specified	-	-
Claims and other requirements	32	43,613

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as specified above as of September 30, 2021 and December 31, 2020, amounted to approximately NIS 204,712 thousand (of which a total of approximately NIS 4,891 thousand is in respect of concluded class actions) and approximately NIS 185,444 thousand, respectively.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

A. Changes in estimates and principal assumptions used to calculate the insurance reserves:

1. Effect of interest rate on pension reserves

   A decrease (increase) in long-term interest rates may increase (decrease) the paid pension reserve and the supplementary retirement pension reserve is deferred due to the use of a lower (higher) discount rate, to the extent that a change in the discount rate is required due to changes in market interest rates.

   In addition, the supplementary retirement pension reserve for deferred pensions is affected by future income expectations (using K factor), so that the decrease (increase) in interest rates may decrease (increase) the expected future income, and if according to the new projection it will be impossible to continue funding the provisions to the reserve, the Company will increase the reserve in order to reduce future provision amounts (or vice versa).

2. K factor values used by the Company

	As of September 30		As of December 31
	2021	2020	2020
	Unaudited		Audited
	%		
In respect of guaranteed return insurance policies	-	-	-
In respect of yield-dependent insurance policies	0.85	0.76	0.85

   For further details regarding changes in the K factor for the reporting period and prior periods, please see Section 4 below.

3. Reserve in respect of liability adequacy test (LAT)

   The Company tests the adequacy of the reserves for life insurance and LTC and where necessary, increases the reserves. Testing is performed according to the regulatory guidelines and on the basis of actuarial assumptions and a risk-free yield curve plus an illiquidity premium. To the extent that there are changes in these assumptions, the supplement required according to the test will change.

   A decrease (increase) in the risk-free interest rate curve and/or in the rate of illiquidity premium will increase (decrease) the supplement for the reserves required according to the LAT test (to the extent that a supplement is required).

   Regarding the retrospective application of Insurance Circular 2020-1-5, Amendment of the Provisions of the Consolidated Circular regarding Measurement of Liabilities - Liability Adequacy Test (LAT) (hereinafter – the "LAT Circular "- please see Note 2.DD to the Annual Financial Statements.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

A. Changes in estimates and principal assumptions used to calculate the insurance reserves: (cont.)

3. Set forth below is the effect of the changes in the interest rate curve and the main changes described above on the insurance liabilities:

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS million				
Life insurance segment:					
Effect of updating other assumptions on the supplementary pension reserve and paid pensions	-	-	-	-	(12)
Effect of updating assumptions on the expense rates	(16)	5	-	-	(54)
Change in the discount rate used in the calculation of the supplementary retirement pension reserve and paid pensions.	(68)	40	(84)	33	25
Change in K value	-	(139)	-	(131)	(261)
Total increase (decrease) in liabilities on retention in the life insurance segment	**(84)**	**(94)**	**(84)**	**(98)**	**(302)**
Health insurance segment:					
Effect of updating of assumptions on the cancellation rates:					
LAT	-	-	-	-	(24)
Other	-	-	-	-	(43)
Effect of updating assumptions on the expense rates:					
LAT	(198)	(46)	-	-	(54)
Other	19	(17)	-	-	(12)
Effect of updating assumptions on the mortality and morbidity rates:					
LAT	293	-	-	-	-
Other	(121)	-	-	-	-
Change in reserve (LAT) following a change in the discount rate	(63)(*)	179 (**)	(117)(*)	(11)	173(**)
Change in the LAT reserve following application of the illiquidity premium circular	-	(110)	-	-	(110)
Total increase (decrease) in liabilities on retention in health insurance segment	**(70)**	**6**	**(117)**	**(11)**	**(70)**
P&C insurance segment:					
Change in discount rate	-	(2)	-	(12)	1
Effect of the discount rate applied to National Insurance allowances	-	(74)	-	(74)	(74)
Total increase (decrease) in liabilities on retention in P&C insurance segment	**-**	**(76)**	**-**	**(86)**	**(73)**
Total increase (decrease) in liabilities on retention before tax	**(154)**	**(164)**	**(201)**	**(195)**	**(445)**
Total increase (decrease) in liabilities after tax	**(101)**	**(108)**	**(132)**	**(128)**	**(293)**

(*) This effect includes excess fair value in respect of the investment in Ad 120 in the amount of NIS 120 million before tax; for further details, please see Note 1E.

(**) This effect includes the effect of classifying the excess value of assets from the life insurance segment to the health insurance segment in the amount of approximately NIS 121 million, with the addition of approximately NIS 47 million from excess value of other illiquid assets as a result of the amendment of the LAT Circular and the amendment of the Circular on Allocation of Illiquid Assets. For more information, please see Note 2DD(2) to the 2020 Annual Financial Statements.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

B. On January 11, 2021, Midroog announced it is reiterating the rating of Series 3 and 4 bonds at Aa3.il, with a stable outlook. For further details, please see the Company’s immediate report dated January 11, 2021 (Ref. No.: 2021-15-004746).

C. On January 20, 2021, Universal Motors Israel Ltd. (hereinafter - “UMI”), a related party, purchased from a third party and as part of an off-floor transaction 12,478,168 ordinary Company shares in consideration for NIS 26 per share - for a total of approximately NIS 324.43 million, which constitute 4.9% of the Company’s share capital. For additional details see the Company's immediate report dated January 20, 2021 (Ref. No. 2021-01-009007). On July 26, 2021, the Commissioner of the Capital Market, Insurance and Savings granted the ultimate shareholders of Universal Motors Israel Ltd. (hereinafter - “UMI”) a permit to hold up to 15% of the means of control in the Company and the institutional entities under its control. As of September 30, 2021, UMI, the permit holders and Mr. Benjamin Gabbay - who is the chairman of the Company's Board of Directors and also serves as co-CEO and most senior financial officer at UMI and is related to one of the permit holders - jointly hold approximately 4.98% of the Company's shares. For further details regarding the sale of the Company's shares, please see Note 9B.

D. Regarding the acquisition of Halman Aldubi and sale of the default pension funds, please see Notes 1D and 4A regarding the above business combinations.

E. Regarding the sale of the control stake in Ad 120, please see Note 1E above.

F. As to the Company’s gaining control in Gama, please see Notes 1F and 4B above regarding business combinations.

G. On February 9, 2021, Ma’alot S&P reiterated The Company’s and The Phoenix Insurance's rating at -ilAA and +ilAA, respectively. For further information, please see the Company's immediate report dated February 9, 2021 (Ref. No. 2021-01-016203).

H. In February 2021, the Company extended, by NIS 127,384 thousand, registered Series 4 bonds of NIS 1 par value each and NIS 222,616 thousand of NIS 1 par value each registered (Series 5) bonds, which were issued pursuant to the Company’s shelf offering report dated February 3, 2021 (Ref. No. 2021-01-013684). The proceeds of the offering were used by the Company for its ongoing needs and those of its subsidiaries, including the acquisition of Halman Aldubi’s entire share capital. On January 31, 2021, Midroog announced it was reiterating the rating at Aa3.il, with a stable outlook, for the extension. Also, on February 9, 2021, Maalot announced that it was reiterating the ilAA.il rating with a stable outlook.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

I. In February 2021, the Company's Board of Directors approved the adoption of a voluntary reporting policy in English on the English-language MAYA website of the Tel Aviv Stock Exchange, beginning on the date of publication of the Company's annual Financial Statements for 2020. The adoption of the said policy is based, inter alia, on a notice published by the Israel Securities Authority on June 30, 2020 - "Notice to Companies: Voluntary Publication of Translations of Reports into English." For further details, please see the Company's immediate report dated February 25, 2021 (Ref. No. 2021-01-023287). The Company follows the said policy and on April 22, 2021, published its 2020 Periodic Report in English for the first time.

J. On March 24, 2021, the Company’s Board of Directors approved a dividend distribution in the amount of NIS 380 million. The dividend per share of NIS 1 par value is NIS 1.49213. The record date for the distribution is April 5, 2021. The dividend will be paid on April 18, 2021.

K. In September 2020, the Company’s Board of Directors approved a share buyback plan for the Company’s shares for a period of one year, totaling up to NIS 100 million. As of the report publication date, the Company completed the share buyback plan at a total amount of NIS 100 million (3,983,092 shares of NIS 1 par value each). For further details, please see the Company's immediate reports dated October 1, 2020 and July 15, 2021 (Ref Nos.: 2020-01-112356 and 2021-01-053326, respectively). On August 24, 2021, the Company’s Board of Directors approved an additional share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year. It should be noted that similarly to the buyback plan approved in September 2020, in the future some of the shares purchased as part of the share buyback plan may serve for the purpose of exercising the options awarded to officers and employees of the Company and subsidiaries.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

L. On May 26, 2021, the Company's Board of Directors approved, after receiving the approval of Compensation Committee, to allocate the employees of the Company and its subsidiaries - some of whom are officers of the Company (including the Company's CEO) as well as some of the Company's service providers (hereinafter - the "Offerees") a total of up to 3,937,000 options, not listed for trading, offered at no cash monetary consideration (offered in consideration for work performed or service rendered to the Company by the Offerees) exercisable into up to 3,937,000 registered ordinary shares of NIS 1 par value each of the Company, out of the Company's reserved shares. Under the theoretical assumption of all allocatable options being exercised under this outline, immediately after exercise thereof and taking into account the issued and paid-up capital of the Company, the shares arising from the exercise of the options as of the Board of Directors' approval, shall constitute approximately 2.6% of the issued and paid-up capital of the Company and approximately 2.5% of its voting rights (and approximately 1.6% and 1.5%, respectively, fully diluted). In practice, no allotment will be made to the offerees who will realize the full stock options arising from them, but only shares in an amount that reflects the amount of the monetary benefit inherent in the options. In accordance with the Board of Directors' decision, out of the amount of 3,937,000 options offered to offerees a total of 88,000 options will be allotted to the Company's CEO. The fair value at the Award Date is calculated based on a appraisal received from an external appraiser who used the binomial model. The average value of one option was estimated at approximately NIS 3.2, and the total value of the options allotted was estimated at that date at approximately NIS 13 million (taking into account the attrition rate). The award of options to the Company's CEO was approved in an extraordinary annual general meeting of the Company on July 5, 2021.

For further details regarding the vesting terms and conditions, see Note 36B(2) to the Annual Financial Statements.
For more information, please see the immediate reports dated May 27, 2021, July 6, 2021 and July 8, 2021 (Ref. Nos. 2021-01-031390, 2021-01-048694 and 2021-01-050455, respectively).

M. In February 2016 and July 2017, The Phoenix Insurance (together with its wholly-owned subsidiaries) invested a cumulative amount of NIS 30 million in Riskified (hereinafter - "**Riskified**") (nostro and planholders). The Company re-evaluates the investment from time to time in accordance with an independent external valuation. As of December 31, 2020, the balance of the investment amounted to approximately NIS 160 million.

Following the listing of Riskified on NASDAQ in July 2021, the Company performed a valuation by an independent external appraiser as of June 30, 2021. Accordingly, the Company recorded a profit before tax of approximately NIS 76 million in the second quarter of 2021. The effect on the investment through the participant's assets is on the income from management fees; this effect is negligible.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

M. (cont.)

As of the IPO date, the Company measures the investment in Riskified based on the share price including the Discount for Lack of Marketability (DLOM)). It should be clarified that Riskified shares are under lockup for a period of 180 days from the date of initial listing.

In the 9-month and 3-month periods ended September 30, 2021, the Company recorded a profit before tax of NIS 135 million and NIS 59 million, respectively.
Subsequent to the report date and until its publication date, Riskified's share price fell significantly; as a result, a loss of approximately NIS 110 million before tax is expected. The said effects during the reporting period and thereafter are mainly in the property and casualty insurance segment. It should be noted that the share price may be highly volatile and there is no certainty of the loss or profit to be recorded by the Company in the future due to, inter alia, the lockup period. For further details, please see the immediate report dated August 1, 2021 (Ref. No. 2021-01-059863).

N. The Phoenix Mortgages (Gold) Ltd. - In February 2021, the Board of Directors of The Phoenix Insurance approved a new activity, which includes the establishment of a new company, The Phoenix Mortgages (Gold) Ltd. (hereinafter - "The Phoenix Mortgages"), which is owned by The Phoenix Insurance (51%) and a number of other partners holding different percentages of the remaining shares. The Phoenix Mortgages commenced operations at the end of the second quarter. This activity focuses on granting loans to people over 60 against a first lien on their apartment (reverse mortgage loan).

In respect of the said activity, the approval of the Capital Market, Insurance and Savings Authority was obtained in accordance with Regulation 33 to the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012 (hereinafter: the "Holding Permit"). On November 7, 2021 an application was submitted to amend the Holding Permit in order to expand the activity such that it will also be possible to give mortgages that are not restricted to the terms of "reverse mortgages".

O. In August, The Phoenix Insurance issued - through The Phoenix Capital Raising - an Additional Tier 1 capital instrument; for further details, please see Note 6F.

NOTE 9 - SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

A. On November 29, 2021, the Company's Board of Directors approved an interim dividend distribution in the amount of NIS 200 million. The dividend per share of NIS 1 par value is NIS 0.79. The record date for the distribution is December 7, 2021.

B. On October 19, 2021, UMI sold, in an off-floor transaction, approximately 6.5 million ordinary shares of the Company to a third party, in consideration for NIS 37.6 per share - for a total of approximately NIS 250 million. Subsequent to the sale, UMI holds 2.6% of the Company's share capital. For further details, please see the Company's immediate report dated October 19, 2021 (Ref. No. 2021-01-157485).

C. Regarding the transfer of Phoeniclass from The Phoenix Investments to The Phoenix Insurance, please see Note 1H.

D. On December 25, 2021, Midroog reiterated The Phoenix Insurance's rating at Aa1.il, the Aa2.il rating of subordinated bonds (hybrid Tier 3 capital) at Aa3.il, and the rating of the subordinated bonds (hybrid Tier 2 and Tier 2 capital instruments) at Aa3.il(hyb). For further details, please see the Company's immediate report dated November 25 ת2021 (Ref. No.: 2021-01-102049).

E. Subsequent to the reporting date and until shortly before the financial statements' publication date, there was a decline in the risk-free interest rate curve, which is expected to lead to an increase in liabilities in respect of insurance contracts. On the other hand, a netting effect is expected as a result of the rallies in capital markets during the period, which positively affect the nostro investment portfolio and the participating portfolio managed by the Company. For further details regarding sensitivity tests on interest rates relating to market risks, please see Note 40, sections 3.1 and 3.2 to the Annual Financial Statements.

F. Towards the end of the second quarter of 2021, the rate of morbidity began to increase (hereinafter - the "Fourth Surge"), following the penetration of the Delta strain of the Covid-19 and spread in Israel. During the third quarter of 2021, the fourth wave of Covid-19 infections started to recede, due to, among other things, the roll out of the booster vaccine. Towards the end of November 2021, a new variant of Covid-19 was discovered; the Omicron variant originated in South Africa. Following concerns of the new variant's spread, the Government imposed entry restrictions on non-residents into Israel, and the quarantine policy for returning travelers was tightened. As of the report publication date, to the best of the Company's knowledge, the Fourth Surge and/or the Omicron variant have had no effect on the Company's operations.
It is hereby clarified that the renewed spread of Covid-19 in Israel, including the Delta variant, the Omicron variant and/or other variants, and the guidance issued by the competent agencies in Israel and abroad in connection with tackling that spread, the imposition of various restrictions in connection with the virus and the period and conditions under which the Israeli economy will fully recover are not controlled by the Company, and there is uncertainty as to the direct and/or indirect effects of Covid-19 and the different variants that evolved therefrom on the different markets, and especially on the Israeli economy. Accordingly, the Company is unable to predict or estimate with any certainty the future effects of the renewed spread of Covid-19 and any variants that may evolve therefrom, if any, and/or the long-term effects on the Company's activity of Covid-19 outbreaks that have occurred so far.

G. In connection with class actions filed and developments in lawsuits after the balance sheet date, please see Note 7 above.

DETAILS OF ASSETS FOR ASSETS AND OTHER FINANCIAL INVESTMENTS

A. Details of other financial investments

	As of September 30, 2021			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (A1)	208,855	7,349,261	-	7,558,116
Illiquid debt assets	-	-	12,176,583	12,176,583
Shares (A2)	-	2,414,279	-	2,414,279
Other (A3)	553,089	3,265,721	-	3,818,810
Total	761,944	13,029,261	12,176,583	25,967,788

	As of September 30, 2020			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (A1)	81,705	8,211,289	-	8,292,994
Illiquid debt assets	-	-	13,104,115	13,104,115
Shares (A2)	4,622	1,599,653	-	1,604,275
Other (A3)	378,477	2,350,200	-	2,728,677
Total	464,804	12,161,142	13,104,115	25,730,061

	As of December 31, 2020			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Audited			
	NIS thousand			
Liquid debt assets (A1)	108,809	7,942,457	-	8,051,266
Illiquid debt assets	-	-	13,231,897	13,231,897
Shares (A2)	5,860	1,854,613	-	1,860,473
Other (A3)	604,573	2,595,491	-	3,200,064
Total	719,242	12,392,561	13,231,897	26,343,700

Details of assets for assets and other financial investments (cont.)

A1. Liquid debt assets

	As of September 30, 2021	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	4,287,593	4,253,534
Other debt assets:		
Other non-convertible debt assets	3,095,061	2,780,730
Other convertible debt assets	175,462	172,995
Total liquid debt assets	7,558,116	7,207,259
Impairments carried to profit and loss (cumulative)	87,411	

	As of September 30, 2020	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	5,125,721	4,999,049
Other debt assets:		
Other non-convertible debt assets	3,129,336	2,992,229
Other convertible debt assets	37,937	46,868
Total liquid debt assets	8,292,994	8,038,146
Impairments carried to profit and loss (cumulative)	127,144	

	As of December 31, 2020	
	Carrying amount	Amortized cost
	Audited	
	NIS thousand	
Government bonds	4,974,270	4,817,279
Other debt assets:		
Other non-convertible debt assets	3,008,147	2,597,370
Other convertible debt assets	68,849	49,863
Total liquid debt assets	8,051,266	7,464,512
Impairments carried to profit and loss (cumulative)	98,984	

Details of assets for assets and other financial investments (cont.)

A2. Shares

	As of September 30, 2021	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	2,124,331	1,500,951
Illiquid shares	289,948	246,580
Total shares	2,414,279	1,747,531
Impairments carried to profit and loss (cumulative)	191,804	

	As of September 30, 2020	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	1,328,160	1,131,636
Illiquid shares	276,115	155,399
Total shares	1,604,275	1,287,035
Impairments carried to profit and loss (cumulative)	293,369	

	As of December 31, 2020	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Liquid shares	1,545,485	1,177,687
Illiquid shares	314,988	185,520
Total shares	1,860,473	1,363,207
Impairments carried to profit and loss (cumulative)	213,115	

Details of assets for assets and other financial investments (cont.)

A3. Other financial investments

	As of September 30, 2021	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	625,780	571,817
Total illiquid financial investments	3,193,030	2,404,894
Total other financial investments	3,818,810	2,976,711
Impairments carried to profit and loss (cumulative)	105,176	

	As of September 30, 2020	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	481,934	444,540
Total illiquid financial investments	2,246,743	1,884,281
Total other financial investments	2,728,677	2,328,821
Impairments carried to profit and loss (cumulative)	112,841	

	As of December 31, 2020	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Total liquid financial investments	660,178	503,235
Total illiquid financial investments	2,539,886	1,880,737
Total other financial investments	3,200,064	2,383,972
Impairments carried to profit and loss (cumulative)	116,453	

Part 3

Data from the Consolidated Interim Financial Statements Attributed to the Company As of September 30, 2021 (Unaudited)

Table of Contents

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To

the Shareholders of The Phoenix Holdings Ltd.

Dear Sir/Madam,

Re: Special report to the review of the separate interim financial information in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of The Phoenix Holdings Ltd. ("the Company") as of September 30, 2021 and for the nine and three months periods then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information for these interim periods based on our review.

We did not review the separate interim financial information taken from the interim financial information of investees, which the total investment in them, amounted to approximately NIS 1,870,341 thousand as of September 30, 2021 and the Company's share in of their earnings amounted to approximately NIS 61,170 thousand and NIS 25,366 thousand for the nine and three months periods then ended, respectively. The separate interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with 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 less in scope than an audit conducted pursuant to Israeli GAAP and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,

November 29, 2021

Kost Forer Gabbay & Kasierer

Certified Public Accountants

	30.09.2021	30.09.2020	Dec. 31, 2020
	Unaudited		Audited
	NIS thousand		
Assets			
Investments in investees	8,899,165	6,967,003	7,861,266
Loans and capital notes to investees	700,238	1,192,212	1,192,107
Total non-current assets	9,599,403	8,159,215	9,053,373
Other financial investments (for further details, please see Note 2F)	942,580	26,763	22,986
Receivables and debit balances	3,281	987	14,482
Current tax assets	-	1,163	1,159
Cash and cash equivalents	9,458	64,395	40,270
Total current assets	955,319	93,308	78,897
Total assets	10,554,722	8,252,523	9,132,270
Equity attributable to Company's shareholders			
Share capital	310,215	309,951	309,951
Premium on shares and capital reserves	845,812	826,010	833,592
Treasury shares	(99,769)	-	(26,411)
Capital reserves	1,117,973	700,952	913,036
Retained earnings	6,913,182	5,290,820	5,939,754
Total equity	9,087,413	7,127,733	7,969,922
Liabilities			
Non-current liabilities			
Bonds	**1,354,790**	**1,084,342**	**1,082,538**
Current liabilities			
Payables and credit balances	10,922	6,866	5,955
Liability in respect of deferred taxes	18,479	-	37,855
Bonds	78,252	33,582	36,000
Total current liabilities	112,519	40,448	79,810
Total liabilities	1,467,309	1,124,790	1,162,348
Total equity and liabilities	10,554,722	8,252,523	9,132,270

The attached additional information is an integral part of the Company's separate interim financial information.

Eli Schwartz Executive Vice President, CFO	Eyal Ben Simon Chief Executive Officer	Benjamin Gabbay Chairman of the Board of Directors

Date the financial statements were approved: November 29, 2021

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
	NIS thousand				
Company's share in the profits of investees, net of tax	1,298,049	532,840	378,304	256,891	1,210,661
Investment income, net and finance income	102,815	30,132	67,298	11,793	42,353
Income from management fees of investees	2,250	2,250	750	750	3,000
Total income	1,403,114	565,222	446,352	269,434	1,256,014
General and administrative expenses	15,811	6,987	6,459	4,142	8,164
Finance expenses	30,641	37,311	11,483	27,017	40,972
Total expenses	46,452	44,298	17,942	31,159	49,136
Profit before taxes on income	1,356,662	520,924	428,410	238,275	1,206,878
Taxes on income	4,896	-	4,896	-	37,855
Profit for the period attributed to the Company's owners	1,351,766	520,924	423,514	238,275	1,169,023

The attached additional information is an integral part of the Company's separate interim financial information.

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
	NIS thousand				
Profit for the period	1,351,766	520,924	423,514	238,275	1,169,023
Other comprehensive income (loss):					
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met					
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	3,735	(2,880)	194	448	(1,307)
Losses, net from disposal of financial assets classified as available for sale, carried to the income statement	(4,382)	506	(3,374)	(74)	585
Impairment (income) loss of financial assets classified as available for sale, carried to the income statement	-	937	-	-	937
The Group's share in other comprehensive income (loss) of equity-accounted investees	206,116	(26,654)	(15,941)	84,347	169,838
Total components of income (loss) items, subsequently reclassified to profit or loss	205,469	(28,091)	(19,121)	84,721	170,053
Amounts that shall not be subsequently reclassified to profit or loss					
The Group's share in other comprehensive income of equity-accounted investees	-	1,248	-	-	13,621
Other comprehensive income (loss) for the period, net	205,469	(26,843)	(19,121)	84,721	183,674
Total comprehensive income for the period	1,557,235	494,081	404,393	322,996	1,352,697

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance as of January 1, 2021 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922
Net profit	-	-	-	1,351,766	-	-	-	-	-	-	1,351,766
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(8,190)	213,659	205,469
Total comprehensive income (loss)	-	-	-	1,351,766	-	-	-	-	(8,190)	213,659	1,557,235
Dividend	-	-	-	(380,000)	-	-	-	-	-	-	(380,000)
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	1,662	-	-	-	(1,662)	-	-	-
Share-based payment		10,176	-	-	-	-	6,922	-	-	-	17,098
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	(3,484)	-	-	-	-	-	(3,484)
Acquisition of treasury shares	-	-	(73,358)	-	-	-	-	-	-	-	(73,358)
Exercise of employee options	264	2,044	-	-	-	-	(2,308)	-	-	-	-
As of September 30, 2021 (unaudited)	310,215	845,812	(99,769)	6,913,182	(47,106)	11,000	49,557	112,952	(31,528)	1,023,098	9,087,413

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand									
Balance as of January 1, 2020 (audited)	309,951	830,437	4,768,261	(43,622)	11,000	40,047	103,463	(19,926)	635,974	6,635,585
Net profit	-	-	520,924	-	-	-	-	-	-	520,924
Other comprehensive income (loss)	-	-	-	-	-	-	1,248	6,711	(34,802)	(26,843)
Total comprehensive income (loss)	-	-	520,924	-	-	-	1,248	6,711	(34,802)	494,081
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	1,635	-	-	-	(1,635)	-	-	-
Share-based payment	-	(4,427)	-	-	-	2,494	-	-	-	(1,933)
As of September 30, 2020 (unaudited)	309,951	826,010	5,290,820	(43,622)	11,000	42,541	103,076	(13,215)	601,172	7,127,733

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance on July 1, 2021 (unaudited)	310,059	839,186	(93,271)	6,489,114	(43,622)	11,000	48,194	113,506	(25,833)	1,036,524	8,684,857
Net profit	-	-	-	423,514	-	-	-	-	-	-	423,514
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(5,695)	(13,426)	(19,121)
Total comprehensive income (loss)	-	-	-	423,514	-	-	-	-	(5,695)	(13,426)	404,393
Share-based payment	-	5,538	-	-	-	-	2,607	-	-	-	8,145
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	(3,484)	-	-	-	-		(3,484)
Acquisition of treasury shares	-	-	(6,498)	-	-	-	-	-	-	-	(6,498)
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	554	-	-	-	(554)	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-	-
Exercise of employee options	156	1,088	-	-	-	-	(1,244)	-	-	-	-
As of September 30, 2021 (unaudited)	310,215	845,812	(99,769)	6,913,182	(47,106)	11,000	49,557	112,952	(31,528)	1,023,098	9,087,413

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand									
Balance on July 1, 2020 (unaudited)	309,951	823,281	5,052,000	(43,622)	11,000	41,623	103,621	(18,392)	521,628	6,801,090
Net profit	-	-	238,275	-	-	-	-	-	-	238,275
Other comprehensive income	-	-	-	-	-	-	-	5,177	79,544	84,721
Total comprehensive income	-	-	238,275	-	-	-	-	5,177	79,544	322,996
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	545	-	-	-	(545)	-	-	-
Share-based payment	-	2,729	-	-	-	918	-	-	-	3,647
As of September 30, 2020 (unaudited)	309,951	826,010	5,290,820	(43,622)	11,000	42,541	103,076	(13,215)	601,172	7,127,733

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance as of January 1, 2020 (audited)	309,951	830,437	-	4,768,261	(43,622)	11,000	40,047	103,463	(19,926)	635,974	6,635,585
Net profit	-	-	-	1,169,023	-	-	-	-	-	-	1,169,023
Other comprehensive income (loss)	-	-	-	290	-	-	-	13,331	(3,412)	173,465	183,674
Total comprehensive income (loss)	-	-	-	1,169,313	-	-	-	13,331	(3,412)	173,465	1,352,697
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	2,180	-	-	-	(2,180)	-	-	-
Share-based payment	-	3,155	-	-	-	-	4,896	-	-	-	8,051
Acquisition of treasury shares	-	-	(26,411)	-	-	-	-	-	-	-	(26,411)
Balance as of December 31, 2020 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922

The attached additional information is an integral part of the Company's separate interim financial information.

	Appendix	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2021	2020	2021	2020	2020
		Unaudited		Unaudited		Audited
		NIS thousand				
Cash flows from operating activities						
Profit		1,351,766	520,924	423,514	238,275	1,169,023
Adjustments required to present cash flows for operating activities	(a)	(1,373,323)	(513,841)	(439,129)	(235,085)	(1,163,853)
Net cash provided by (used in) operating activities of the Company		(21,557)	7,083	(15,615)	3,190	5,170
Cash flows from investing activities						
Loans and capital notes repaid by subsidiaries		70,505	12,000	3,505		12,000
Dividend from investees		763,000	-	225,000	-	-
Investment in capital note of The Phoenix Insurance		-	(220,000)	-	-	(220,000)
Acquisition of a subsidiary (*)		(275,000)		-	-	-
Loans and capital notes provided to subsidiaries		(428,633)	-	(205,000)	-	-
Sales (acquisitions) of financial investments by the Company, net		19,145	78,886	11,826	12,232	83,085
Net cash used in investing activities		149,017	(129,114)	35,331	12,232	(124,915)
Cash flows for financing activities						
Dividend paid to shareholders		(380,000)	-	-	-	-
Share buyback by the Company		(73,358)	-	(73,358)	-	(26,411)
Repayment of bonds		(53,371)	(477,101)	(53,371)	(388,810)	(477,101)
Issuance of bonds (less issuance expenses)		348,457	585,433	-	367,922	585,433
Net cash provided by (used in) financing activities		(158,272)	108,332	(59,869)	-	81,921
Increase (decrease) in cash and cash equivalents		(30,812)	(13,699)	(39,973)	(5,466)	(37,824)
Balance of cash and cash equivalents at beginning of period		40,270	78,094	49,431	69,861	78,094
Balance of cash and cash equivalents at end of period		9,458	64,395	9,458	64,395	40,270

(*) For further details see Note 4A to the Consolidated Financial Statements

The attached additional information is an integral part of the Company's separate interim financial information.

		For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
		2021	2020	2021	2020	2020
		Unaudited				Audited
		NIS thousand				
(a)	**Adjustments required to present cash flows (for) from operating activities:**					
	Items not involving cash flows:					
	Net (gains) losses on financial investments	(77,326)	116	(75,374)	(137)	1,346
	Income and expenses not involving cash flows:					
	Accrued interest and appreciation (erosion) of bonds	19,418	10,674	7,748	10,891	11,289
	Income (expenses) for income tax	4,896	-	4,896	-	37,859
	Company's share in the profits (losses) of investees, net	(1,298,048)	(532,835)	(378,303)	(256,886)	(1,210,661)
	Changes in other balance sheet line items, net:					
	Change in receivables and debit balances	3,051	10,532	9,772	13,529	(562)
	Change in payables and credit balances	4,967	(4,632)	(565)	(2,248)	(5,543)
	Changes in loans to investees	(12,064)	2,304	(3,409)	(234)	2,419
	Cash paid and received during the period for:					
	Taxes paid, net	(18,217)	-	(3,894)	-	-
	Total cash flows for operating activities	(1,373,323)	(513,841)	(439,129)	(235,085)	(1,163,853)
(b)	**Material non-cash activities:**					
	Appreciation of available-for-sale assets against a capital reserve	213,659	-	(13,426)	79,544	173,465

The attached additional information is an integral part of the Company's separate interim financial information.

NOTE 1 - GENERAL

The Interim Separate Financial Information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 and does not include all the information required under Regulation 9C and the Tenth Addendum to the Securities Regulation (Periodic and Immediate Reports), 1970, "Separate Financial Information of the Corporation".
This separate financial information should be read in conjunction with the separate financial information as of the date and year ended December 31, 2020 and in conjunction with the condensed consolidated interim financial statements as of September 30, 2021 (hereinafter - the "Consolidated Financial Statements").

Definitions

The "**Company**"	-	The Phoenix Holdings Ltd.
"**Investee companies**"	-	Consolidated companies and companies the Company's investment in which is included, whether directly or indirectly, in the financial statements based on the equity method.

NOTE 2: SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

A. On January 27, 2021, the Company's Board of Directors approved a credit facility agreement for subsidiary The Phoenix Pension and Provident. The credit facility will be used by The Phoenix Pension and Provident according to its needs, for a total of up to NIS 100 million for a period of two years. The credit terms and conditions shall be identical, back to back, in respect of Series 5 Bonds issued by the Company. As of September 19, 2021, the credit facility was fully utilized. The principal will be repaid by six variable annual payments, which will be paid on May 1 in each of the years 2022 to 2024, on May 1, 2028 and May 1 in each of the years 2029 to 2030, with each of the first payments up to and including the third payment repaying 4% of the principal, and the fourth payment repaying 28% of the principal. The fifth and sixth payment will repay 30% of the principal. Interest on the outstanding balance of the credit amounts to be granted, from time to time, shall be paid in semi-annual installments on May 1 of each of the years 2021 to 2030 (inclusive), and on November 1 of each of the years 2020 to 2029 (inclusive).
In September 2021, the Company's Board of Directors approved an additional loan in the amount of NIS 105 million; the loan principal will bear an annual interest rate at the higher of the following: (1) the interest rate will be according to the provisions of Section 3(J) to the Income Tax Ordinance (New Version), 1961; or (2) if subsequent to the loan date, the Company will issue bonds - in accordance with the prescribed interest rate. Repayment of the loan, including the accrued interest, will be no later than September 19, 2030.
On August 11, the Board of Directors of The Phoenix Pension and Provident approved a dividend distribution in the amount of NIS 190 million. The dividend was paid on September 19, 2021.

B. On March 21, 2021 The Phoenix Agencies' Board of Directors approved a dividend distribution in the amount of NIS 138 million. The dividend was paid on April 11, 2021. In July 2021, the Board of Directors of The Phoenix Agencies distributed an additional dividend in the amount of NIS 35 million. The dividend was paid on July 22, 2021.
For these dividends, profit tax in the amount of NIS 19 million was paid.

C. On March 24, The Phoenix Insurance's Board of Directors approved a dividend distribution in the amount of NIS 200 million. The dividend was paid on April 11, 2021.
On June 6, 2021, The Phoenix Insurance's Board of Directors approved another dividend distribution in the amount of NIS 200 million. The dividend was paid on April 7, 2021.
These dividends are for 2020 profits.

NOTE 2: SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

D. On March 24, 2021, the Company's Board of Directors approved a dividend distribution in the amount of NIS 380 million. The dividend per share of NIS 1 par value is NIS 1.49213. The record date for the distribution is April 5, 2021. The dividend will be paid on April 18, 2021.

E. On April 28, 2021, a total of approximately NIS 67 million in capital notes issued by The Phoenix Investments to the Company was repaid.

On June 13, 2021, the Company invested in the Phoenix Investments an amount of NIS 130 million against the issue of a capital note. The capital notes, which are not linked to the CPI and do not bear interest, are repayable in 5 years.

F. Subsequent to Note 6F of the Consolidated Financial Statements, The Phoenix Capital Raising issued to the Company NIS 1.02 billion of the capital instrument in exchange for Additional Tier 1 capital notes previously issued to the Company by The Phoenix Insurance. As a result of the replacement of Additional Tier 1 capital notes, and in accordance with a substantial replacement of the debt instruments, The Phoenix Insurance recorded a loss arising from early redemption of NIS 45 million (before tax); on the other hand, the Company recorded, in its separate financial statements, a profit of NIS 45 million (before tax).

G. For other material events during the reporting period, please see Note 8 to the Consolidated Financial Statements.

NOTE 3 - SUBSEQUENT EVENTS

A. On November 29, 2021, the Company's Board of Directors approved the distribution of an interim dividend, in respect of the profits accrued during the reporting period, totaling NIS 200 million.

B. The dividend per share of NIS 1 par value is NIS 0.79. The record date for the distribution is December 7, 2021.

C. For further details regarding material subsequent events, please see Note 9 to the Consolidated Financial Statements.

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Kost Forer Gabbay & Kasierer
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November 29, 2021

To
The Board of Directors of The Phoenix Holdings Ltd. (hereinafter: the "Company")

Dear Madam/Sir,

Re: Shelf Prospectus of The Phoenix Holdings Ltd. (hereinafter - the "Shelf Prospectus") published on August 15, 2019

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports outlined below in a shelf offering based on the Shelf Prospectus:

1. The Review Report dated November 29, 2021 on the Condensed Consolidated Financial Information of The Phoenix Holdings Ltd. as of September 30, 2021 and for the six-month and nine-month periods then ended.

2. Special report dated November 29, 2021 on the Standalone Interim Financial Information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 of The Phoenix Holdings Ltd. of The Phoenix Holdings Ltd. as of September 30, 2021 and for the nine-month and three-month periods then ended.

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Part 4

Report and Statements regarding the Internal Controls 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 The Phoenix 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. Eyal Ben Simon, CEO of the Company and The Phoenix Insurance.
2. Eli Schwartz, Executive Vice President, Chief Financial Officer of the Company and The Phoenix Insurance.
3. Daniel Cohen, Executive Vice President and Head of Long Term Savings and Life at The Phoenix Insurance
4. Haggai Schreiber, Executive Vice President, Chief Investment Manager, CEO The Phoenix Investments Ltd.
5. Dafna Shapira-Layla, Executive Vice President, Head of Health Insurance at The Phoenix Insurance.
6. Keren Granit, Executive Vice President, Head of Claims System & Head of Customers' Division at The Phoenix Insurance.
7. Moti Mor, Executive Vice President, Head of General Insurance at The Phoenix Insurance.
8. Meni Neeman, Executive Vice President, Chief Legal Counsel and Corporate Secretary of the Company and The Phoenix Insurance.
9. Michal Leshem, Executive Vice President, Chief Internal Auditor.
10. Amit Netanel, Senior Vice President, Chief Risk Officer of the Company and The Phoenix Insurance.
11. Ron Shvili, Executive Vice President of The Phoenix Insurance, Chief Technology, IT Systems and Innovation Officer of The Phoenix Insurance.
12. Raanan Saad, Executive Vice President at The Phoenix Insurance, Head of The Phoenix SMART.
13. Anat Cohen-Toledano, Executive Vice President at The Phoenix Insurance, Chief Actuary - Property and Casualty, The Phoenix Insurance.
14. Roman Reidman, Executive Vice President at The Phoenix Insurance, Chief Actuary - Life and Health.
15. Erez Orly, Executive Vice President, Head of Human Resources at The Phoenix Insurance.
16. Orr Harush, Vice President, Chief Of Staff at The Phoenix Insurance.

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.

The Phoenix Insurance Ltd., a subsidiary of the Corporation, is an institutional entity which is subject to the directives of the Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance regarding the assessment of the effectiveness of internal controls over financial reporting.

With respect to the internal control of the said subsidiary, the Corporation implements the following provisions:

Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Controls over Financial Reporting"; Institutional Entities Circular 2010-9-6, "Management's Responsibility for internal control over financial reporting - Amendment"; Circular 2010-9-7, "internal control over financial reporting - Statements, Reports and Disclosures"; Circular 2012-9-5, "internal control over financial reporting - Statements, Reports, Disclosures and Management's Responsibility for internal control over financial reporting - Amendments"; and Circular 2015-9-15, "internal control over financial reporting - Statements, Reports, Disclosures and Management's Responsibility for internal control over financial reporting - Amendments".

In the quarterly report on the effectiveness of internal control over financial reporting and the disclosure attached to the quarterly report for the period ended June 30 2021 (hereinafter - the "Last Quarterly Internal Control Report"), the internal control was found to be effective.

As of the report date, the Board of Directors and management have not been informed of any event or matter that may alter the assessment of the effectiveness of internal control, as presented in the Most Recent Annual Report Over Internal Control.

As of the report date, based on the Most Recent Quarterly Report over 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

Statement of the Chief Executive Officer

I, Eyal Ben Simon, hereby certify that:

(1) I have reviewed quarterly report of The Phoenix Holdings Ltd. (hereinafter - the "Corporation") for the third quarter of 2021 (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 fairly represent, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;

(4) I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:

(a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation's ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

(b) Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, severally or jointly with others in the Corporation:

(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 (Preparation of 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 report date (quarterly or periodic, as the case may be) and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the effectiveness of internal controls over the corporation's financial reporting and disclosure.

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

November 29, 2021

Eyal Ben Simon, Chief Executive Officer

Certification

Statement of the Most Senior Financial Officer

I, Eli Schwartz, hereby certify that:

(1) I have reviewed interim financial statements and other financial information included in the interim report of The Phoenix Holdings Ltd. (hereinafter - the "Corporation") for the third quarter of 2021 (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 Board of Directors' audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure insofar as it relates to the 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, severally or jointly with others in the Corporation:

   (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 (Preparation of 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 report date (quarterly or periodic, as the case may be) and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the effectiveness of internal controls over the corporation's financial reporting and disclosure.

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

November 29, 2021

Eli Schwartz, Executive Vice President, Chief Financial Officer

Part 5

Statements regarding Controls and Procedures over Financial Reporting and Disclosure of The Phoenix Insurance Company Ltd.

Phoenix

The Phoenix Insurance Company Ltd.

Certification

I, Eyal Ben Simon, hereby certify that:

1. I have reviewed the quarterly report of The Phoenix Insurance Company Ltd. (hereinafter - the "Company") for the quarter ended September 30 2021 (hereinafter - the "Report").

2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.

3. To my knowledge, the quarterly financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as at the dates and for the periods covered by the report.

4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure and internal control over financial reporting of the Company; and

   (A) We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;

   (B) We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;

   (C) We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and

   (D) The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and

5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:

   (A) All significant deficiencies and material weaknesses in the establishment or implementation of the internal control over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and

   (B) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

November 29, 2021

Eyal Ben Simon, Chief Executive Officer

The Phoenix Insurance Company Ltd.
Certification

I, Eli Schwartz, hereby certify that:

1. I have reviewed the quarterly report of The Phoenix Insurance Company Ltd. (hereinafter - the "Company") for the quarter ended September 30 2021 (hereinafter - the "Report").

2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.

3. To my knowledge, the quarterly financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as at the dates and for the periods covered by the report.

4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure and internal control over financial reporting[1] of the Company; and

   (A) We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;

   (B) We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;

   (C) We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and

   (D) The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and

5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:

   (A) All significant deficiencies and material weaknesses in the establishment or implementation of the internal control over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and

   (B) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

November 29, 2021

Eli Schwartz, Executive VP, Chief Financial Officer

[1] As defined in the provisions of the institutional entities circular titled "Internal Control over Financial Reporting - Statements, Reports and Disclosures".