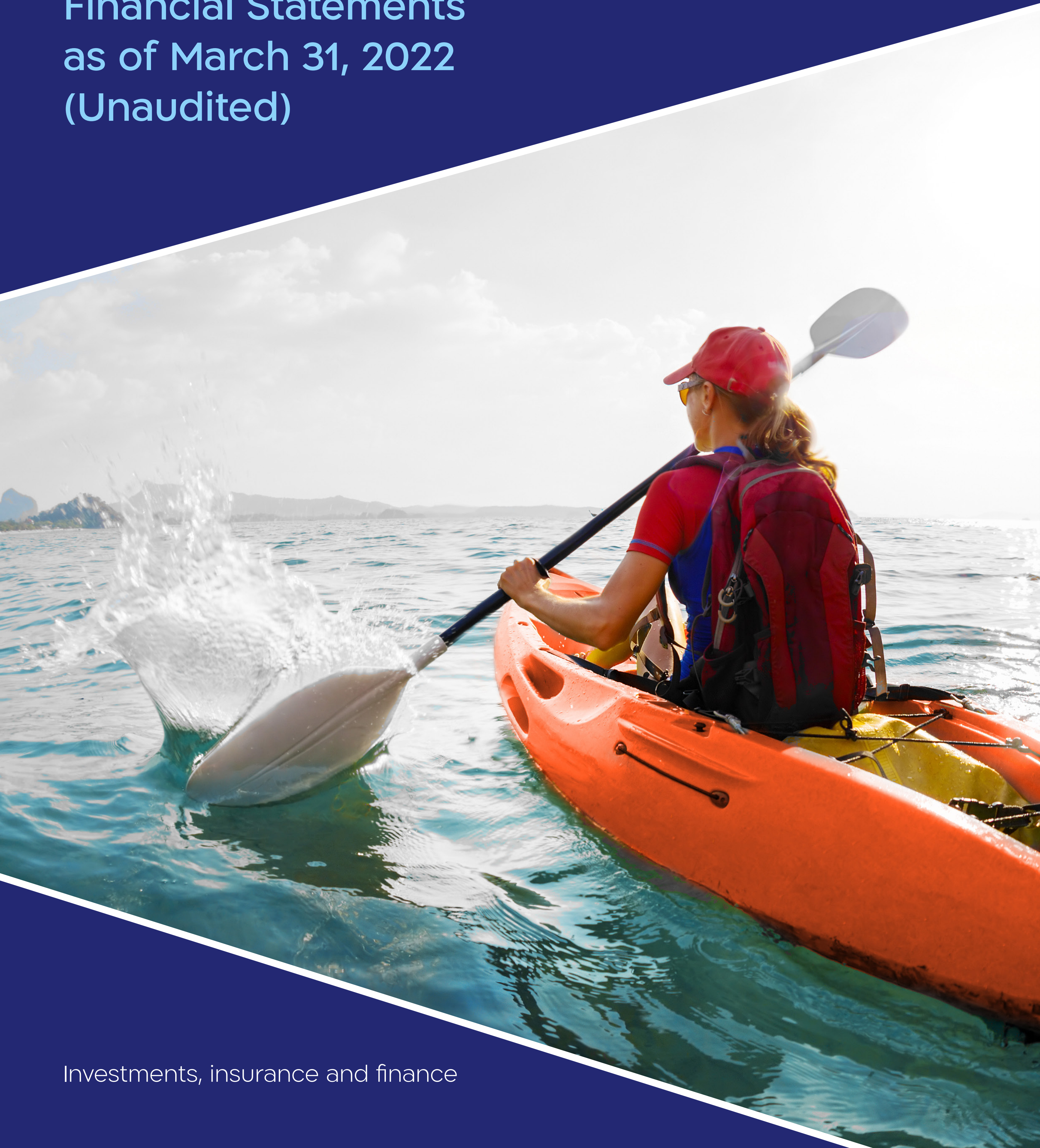
Phoenix

The Phoenix Holdings Ltd.

Consolidated Interim Financial Statements as of March 31, 2022 (Unaudited)



Investments, insurance and finance

Members of the Board

Table of Contents

Phoenix

Part 1

Report of the Board of Directors on the State of the Corporation's Affairs

Table of Contents

Report of the Board of Directors on the State of the Corporation's Affairs
As of March 31 2022

The Report of the Board of Directors of The Phoenix Holdings Ltd. (hereinafter, "**The Phoenix Holdings**" or the "**Company**" or the **Corporation**") as of March 31, 2022, outlines the principal changes in the Company's operations in the period from January through March 2022 (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 (hereinafter - the "**Supervisor**" or the "**Commissioner**"). The report was prepared assuming that the reader also has at his/her disposal the Company's full 2021 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

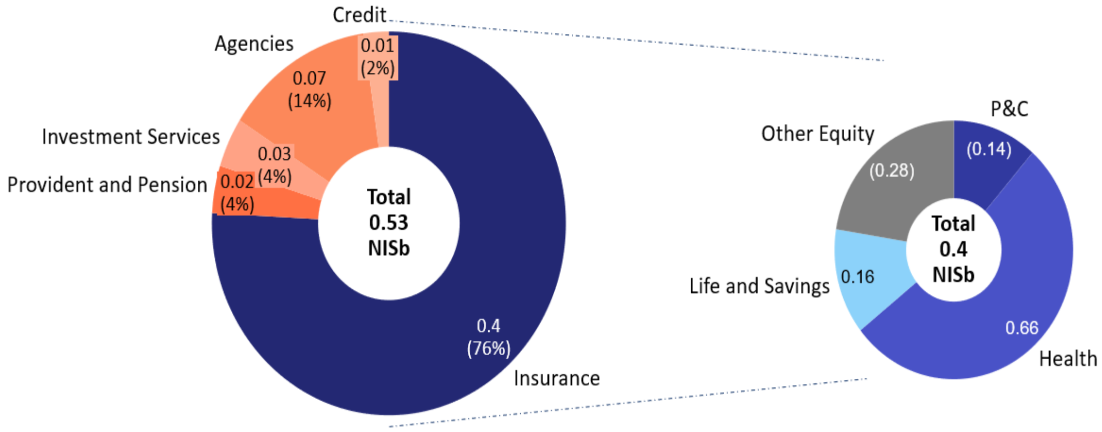
The Company's shareholders

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 2021 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 2021 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 Report:



The group is engaged in the fields of insurance, investment management, holding of insurance agencies, provision of credit and other financial services, including the setting up and sale of alternative products. The group manages approx. NIS 370 billion and is considered to be one of the five largest insurance and finance groups in Israel. The Company operates in the field of insurance through The Phoenix Insurance Company; in the field of asset management, the Company operates through The Phoenix Pension and Provident Fund Ltd., The Phoenix Investments Ltd., and Excellence Investments Ltd.; in the field of holding of insurance agencies, the Company operates through The Phoenix Agencies 1989 Ltd.; in the field of credit provision, the Company operates through Gama Management and Clearing Ltd.

Developments in the group in the reporting period and thereafter

1.2.3. Effect of interest and the capital market

Changes in the risk-free interest rate curve and capital market affect The Phoenix Insurance's assets, liabilities, financial performance, and solvency ratio. The Company manages the interest risks of all of its assets and liabilities, and therefore reviews the exposure jointly. During the reporting period, there were slumps in financial markets in Israel and across the world, and the risk-free interest rate curve increased. The effect of the increase in the risk-free interest rate curve offset the slumps in capital markets in the reporting period. During the period from reporting date through the financial statements publication date, slumps in financial markets in Israel and across the world continued; on the other hand, there was a significant increase in the risk-free interest rate curve, inflation and inflation expectations in Israel and globally. For further details regarding changes in the interest rate curve and their effect, please see Note 41(5) to the financial statements included in the 2021 Periodic Report, and Note 7B and 8E to the Financial Statements. For information about the interest's effect on the solvency ratio, please see Section 2.1.6 below.

1.2.4. Revising the targets of the multi-year strategic plan

In December 2020, the Company's Board of Directors decided to adopt a multi-year strategic plan for the Company and its group subsidiaries - The Phoenix with a Look Ahead - based on joint work with the Company's management and work teams, in collaboration with an international consulting firm specializing in strategy and restructuring. In March 2022, the Company updated the targets of the multi-year strategic plan. For further details, please see Section 4 below and Section 4 to the Report of the Board of Directors in the 2021 Periodic Report.

1.2.5. Revising the dividend distribution policy and actual distribution

On March 28, 2022, the Company's Board of Directors approved an update to the dividend distribution policy that was approved by the Board of Directors in October 2020; the policy will apply in connection with future dividend distributions that will be executed in connection with the Company's financial results for 2022 and thereafter. According to the update, the rate of dividend will not change (will not be lower than 30% of the Company's distributable comprehensive income as per its financial statements in a relevant year); however, the Company will take steps to distribute a dividend twice a year:

- Interim dividend at the discretion of the Board of Directors on the approval date of the Financial Statements for the second quarter of each calendar year;

- Supplementary dividend in accordance with the policy on the annual report's approval date of each calendar year.

Furthermore, the Company will not include in the amount of the dividend any amounts that were used for the execution of the share buyback plan. It is stipulated that the foregoing policy is not intended to derogate from the power of the Board of Directors to determine and approve the dividend to be distributed, as it deems appropriate at any given time.

Actual dividend distribution

On March 28, 2022, concurrently with the approval of the Company's Financial Statements as of December 31, 2021, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 421 million in respect of the Company's profits in 2021. The dividend was paid on April 13, 2022.

1.2.6. Share buyback

In August 2021, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**Plan for 2021**"). As of the report publication date, the Company has made share buybacks under the 2021 plan, as of January 2022, totaling NIS 56 million. Furthermore, 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. For further details, please see the Company's immediate reports dated August 25, 2021, and February 27, 2022 (Ref Nos.: 2021-01-070186 and 2022-01-019347, respectively).

1.2.7. Award of options to employees and officers

In December 2018, the Company adopted an option plan for employees and officers. Pursuant to the option plan, the Company grants, from time to time and without consideration, option warrants (hereinafter - "**Options**") to employees and officers of the Company and companies under its control.

In January 2022, the Company's Board of Directors approved the award of up to 4,883,593 options to employees and officers of the Company and its subsidiaries, exercisable into up to 4,883,593 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 general meeting of the Company on March 8, 2022. For further details, see Note 37B to the 2021 periodic report and immediate reports of: February 1, 2022, and March 9, 2022 (Ref. Nos. 2022-01-012510, 2022-01-012513 and 2022-01-028288, respectively).

1.2.8. Completion of steps pertaining to the acquisition of the Halman Aldubi Investment House

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, in 2021 the Company completed a merger transaction for the acquisition of Halman-Aldubi Investment House Ltd. (hereinafter - "**Halman-Aldubi**").

Sale of IRA funds - In September 2021, the Board of Directors of The Phoenix Pension and Provident approved the sale of the "Phoenix Provident and Self-Managed Advanced Education", formerly - IRA funds that were under the management of Halman Aldubi Provident and Pension Funds Ltd. (hereinafter - "**Halman Provident**"). Accordingly, on September 30, 2021, an agreement was signed for the sale of the provident funds as aforesaid between Halman Provident and Global Net Provident Fund Management (G.N.P.F.M) Ltd. After the fulfillment of the conditions precedent and the receipt of the required approvals, the sale was completed on May 1, 2022.

1.2.9. Reinsurance transaction - effect on the solvency ratio of The Phoenix Insurance

In December 2021, The Phoenix Insurance entered into a contingent reinsurance treaty, and in February 2022, The Phoenix Insurance completed checks and processes, including with the Capital Market, Insurance and Savings Authority for the recognition as part of the Economic Solvency Regime of a proportional reinsurance transaction involving an existing portfolio of permanent health insurance businesses, with a reinsurer rated AA- by an international rating agency (hereinafter - the "**Transaction**"). This transaction improved The Phoenix Insurance's Economic Solvency Ratio as of December 31, 2021. For more information, see Section 2 below and the Company's Economic Solvency Ratio Report as of December 31, 2021.

Restructuring in the Group:

1.2.10. Transfer of the Company's rights in Phoeniclass Ltd. to The Phoenix Insurance and recognition of a one-off earning

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 were transferred to The Phoenix Insurance, and the remaining equity rights (18%) in Phoeniclass were retained by the Company (prior to this step The Phoenix held 67% of Phoeniclass). The Company classifies the investment in The Phoenix Insurance under the liabilities of the health insurance segment. As of the report date, approval has been received from the Israel Tax Authority for the structural change that constituted a condition precedent to the completion of the transaction, and it was completed. As part of the completion of the transfer of Phoeniclass' shares to The Phoenix Insurance, and in accordance with the accounting principles applicable to The Phoenix Insurance, the latter carried out a valuation of Phoeniclass' shares through an external and independent appraiser. In accordance with the valuation, The Phoenix Insurance recorded a one-off pre-tax earning at the total amount of NIS 99 million (NIS 65 million after tax) in its financial statements as of March 31, 2022. It should also be noted that the transfer of Phoeniclass' shares is considered to be an equity transaction in the financial statements of The Phoenix Insurance as of March 31, 2022, and that has improved The Phoenix Insurance's Economic Solvency Ratio as of December 31, 2021, by an immaterial rate. For further details, see Section 2.1.4 and Section 5.5.2 below and immediate report of May 17, 2022 (Ref. No.: 2022-01-048462).

1.2.11. The Halman-Aldubi restructuring, including changing its name to The Phoenix Advanced Investments Ltd.

In January 2022, the board of directors of The Phoenix Advanced Investments (previously called Halman-Aldubi Investment House Ltd.) (hereinafter - "**The Phoenix Advanced Investments**") authorized a restructuring of the companies it controls and the distribution, as a dividend in kind to The Phoenix Holdings, the following agencies that it holds: Halman-Aldubi Pension Insurance Agency (2005) Ltd., Quality Pension Insurance Agency (2017) Ltd., 16% of The Phoenix Pension and Provident's shares it holds, and sale of Halman-Aldubi IEC Gemel Ltd.

It should be noted that the decision by The Phoenix Advanced Investments' Board of Directors is subject to the Court's approval since it does not meet the profit criteria. At the same time, the Company authorized the transfer of its holding in The Phoenix Advanced Investments to The Phoenix Investments, and The Phoenix Investments authorized the transfer of its holdings in the alternative funds it holds to The Phoenix Advanced Investments. At the end of this process, all alternative investments held by the Company will be managed under The Phoenix Advanced Investments. In May 2022, the Court's approval for the distribution was received. As of the report publication date, The Israel Tax Authority's approval of the process has not yet been received, and there is no certainty that it will be received and that the process will be completed as stated above. For further details, please see Note 1C to the Financial Statements.

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, etc.

1.2.12. Excellence Investments Ltd.

For information about restructuring in Excellence investment house and changes in its human capital, see the Company's report of March 15, 2022 (Ref. No.: 2022-01-025548). It should be noted that subsequent to the report date, in May 2022, the parties signed binding agreements, and an application for a statutory merger of KSM ETN Holdings Ltd. (hereinafter - "**KSM Holdings**") with Excellence Investments Ltd. (hereinafter - the "**Investment House**") was filed. Following the merger and further actions, the Company is expected to hold (indirectly) 88.44% of the shares of the Investment House and the Minority Shareholders in KSM Holdings will hold approximately 11.56% of the shares of the Investment House, of which the share of Avner Hadad and Boaz Nagar will be 7.5%. For further details, please see Note 1B to the Financial Statements.

1.2.13. Collaboration with the global investment company BlackRock

During 2021, The Phoenix Insurance entered into an agreement with the global investment company BlackRock for the management of investments offered under The Phoenix Insurance’s savings policies. At the beginning of 2022, The Phoenix Insurance launched two investment tracks, the investment management in which will be carried out by BlackRock. This is a unique collaboration that allows policyholders, which hold savings policies to benefit from the option to select an investment track that combines global investments in the investment of the policies’ assets.

1.2.14. The Company's preparation for the application of IFRS 17

The Company is preparing to apply 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, 2024, in accordance with a draft published in January 2022 by the Capital Market, Insurance and Savings Authority. As part of its preparations, The Phoenix Insurance entered into agreements with software and applications suppliers. Furthermore, for the purpose of implementing the Standard, during the reporting year, reviews and training sessions were held for the Balance Sheet Committee in connection with the application of the Standard. For further details, please see Note 2(FF) to the 2021 Periodic Report.

1.2.15. Publication of an ESG Report

In 2021 the Company’s Board of Directors approved a work plan for the implementation and measurement of ESG (Environmental, Social & Governance) risks in The Phoenix group. The Company intends to publish its first ESG report for 2021 during Q2 2022.

1.2.16. Ratings

Midroog

On January 17, 2022, Midroog announced it was reiterating the rating of Series 3, 4, 5 and 6 bonds at Aa3.il, and altering the outlook from stable to positive.

Maalot

On December 14, 2021, Ma’alot S&P announced that the new series of bonds issued by the Company (Series 6) will be rated at ilAA-.

1.2.17. Issuance of Series 6 bonds and early redemption of Series 3 bonds

In January 2022, the Company issued NIS 300 million par value in Series 6 registered bonds of NIS 1 par value each; the bonds were issued according to the Company's shelf offering report dated January 5, 2022 (Ref. No.: 2022-01-003042) in consideration for NIS 300,000 thousands. The Series 6 bonds are rated ilAA- with a stable outlook by Ma'alot, and Aa3.il with a positive outlook by Midroog Ltd. The issuance proceeds were used by the Company to execute a full early redemption of Series 3 bonds in the total amount of NIS 283,770 thousand, which was implemented on January 18, 2022. For further details, please see Note 27E to the Financial Statements to the Financial Statements and the Company's immediate reports dated December 9, 2021, January 11, 2022, and January 18, 2022 (Ref. Nos.: 2021-01-107986, 2022-01-005313 2022-01-008097).

1.2.18. Issuance of Hybrid Tier 2 Capital by The Phoenix Insurance

In May 2022, The Phoenix Insurance issued - through The Phoenix Capital Raising (2009) Ltd. (hereinafter - "**The Phoenix Capital Raising**") - additional bonds of NIS 1 par value each at the total amount of NIS 293 million par value by way of expanding Series K Bonds of The Phoenix Capital Raising. The terms of the bonds are the identical to the terms of the existing Series K bonds. The additional bonds were recognized by the Capital Market, Insurance and Savings Authority as a Tier 2 capital instrument in The Phoenix Insurance. For more information, see the Company's immediate reports dated March 29, 2022, May 3, 2022, and May 8, 2022 (Ref. Nos.: 2022-01-037171, 2022-01-044334 and 2022-01-055336). The additional bonds were rated ilAA by Ma'alot S&P and Aa3.il by Midroog.

1.2.19. 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 2021 Financial Statements.

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. In accordance with the provisions of the Economic Solvency Regime, the Deduction during the Transitional Period as of December 31, 2021, was recalculated two years after it was calculated for the first time. The Company obtained the Commissioner's approval to recalculate the Deduction Amount as of December 31, 2021. For more information, see Section 2A(2) to the Company's Economic Solvency Ratio Report as of December 31, 2021.

2.1.3. **Publication of Economic Solvency Ratio Report**

The Economic Solvency Ratio Report as of December 31, 2021, was published at the same time as the Financial Statements as of the first quarter, on May 31, 2022, 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.

2.1.4. **Economic solvency ratio and minimum capital requirement (MCR) as of December 31 2021:**

Set forth below are details regarding the economic solvency ratio as published in the latest economic solvency ratio report published by The Phoenix Insurance. 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	
	2021	**2020**
	Audited*	
	In NIS thousand	
Shareholders equity in respect of SCR**	14,212,110	12,770,842
Solvency capital requirement (SCR)	7,666,458	6,661,640
Surplus	6,545,652	6,109,203
Economic solvency ratio (in %)	**185%**	**192%**
<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***	346,133	-
Shareholders equity in respect of SCR	14,558,243	12,770,842
Surplus	6,891,784	6,109,203
Economic solvency ratio (in %)	**190%**	**192%**

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

** The solvency ratio as of December 31, 2021, includes a NIS 500 million dividend distribution performed between the calculation date and report publication date.

*** Composed of raising of Tier 2 capital at the total amount of NIS 270 million, of which NIS 8 million were not recognized, since they were in excess of the quantitative cap under the transitional provisions, and a capital injection at the total amount of NIS 84 million, which arises from the transfer of Phoeniclass Ltd. from The Phoenix Holdings to The Phoenix Insurance, net of the capital requirements. For further details in connection with the transfer of Phoeniclass Ltd., see immediate report dated May 17, 2022 (Ref. No. 2022-02-048480).

For explanations about key changes in the capital surplus and in the economic solvency ratio as of December 31, 2020, compared with December 31, 2021, see Section 1(a) to the Company's economic solvency ratio report as of December 31, 2021.

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/

B. Minimum capital requirement (MCR)

	As of December 31	
	2021	2020
	Audited*	
	In NIS thousand	
Minimum capital requirement (MCR)	1,916,615	1,665,410
Shareholders equity for MCR	11,024,131	9,773,104

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

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 economic solvency ratio target range, 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 is 150%-170%.

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. 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, 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 target at all times.

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 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[1]. In addition, the letter set out provisions for reporting to the Commissioner.

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

The following are data as published in the latest economic solvency ratio report published by The Phoenix Insurance, about the 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 in the letter referred to above. As of December 31, 2021, and December 31, 2020, this ratio is higher than the target set by the Board of Directors.

	As of December 31	
	2021	**2020**
	Audited*	
	In NIS thousand	
Shareholders' equity for SCR (in NIS thousand)**	11,112,151	9,931,007
Capital required for SCR (in NIS thousand)	9,818,889	8,557,405
Surplus	1,293,262	1,373,602
Economic solvency ratio (in %)	**113%**	**116%**
Effect of material capital-related measures taken in the period between the calculation date and the publication date of the solvency ratio report:		
Raising of capital instruments***	354,205	-
Shareholders equity in respect of SCR	11,466,356	9,931,007
Surplus	1,647,467	1,373,602
Economic solvency ratio (in %)	**117%**	**116%**
Capital surplus after capital-related actions in relation to the Board of Directors' target:		
Minimum solvency target, net of the transitional provisions	**108%**	**105%**
Capital surplus over target	**861,956**	**945,731**

[1] The amount of this relief is immaterial. See comment (**) to Section D below.

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

** The solvency ratio as of December 31, 2021, includes a NIS 500 million dividend distribution performed between the calculation date and report publication date.

*** Composed of raising of Tier 2 capital at the total amount of NIS 270 million and a capital injection at the total amount of NIS 84 million, which arises from the transfer of Phoeniclass Ltd. from The Phoenix Holdings to The Phoenix Insurance, net of the capital requirements. For further details in connection with the transfer of Phoeniclass Ltd., see immediate report dated May 17, 2022 (Ref. No. 2022-02-048480).

2.1.5. **Capital-related measures in 2022:**

On March 28 2022, The Phoenix Insurance's Board of Directors approved the distribution of a NIS 500 million dividend (this distribution was taken into account in the solvency ratio as of December 31 2021 as described above) based on the audited solvency ratio report as of December 31 2020, and on the Company's estimate of the solvency ratio as of December 31 2021. These results that were integrated into a revised capital management plan indicated that the Company meets the minimum capital target set by the Board of Directors, which is 108% net of the transitional provisions and meets the 150%-170% target range, in which the Company seeks to be during and after the Transitional Period, given the Deduction During the Transitional Period and its gradual reduction. Therefore, the Company met the requirements of the letter published by the Commissioner in October 2017 regarding the restrictions on dividend distribution.

2.1.6. **Sensitivity to changes in the interest curves:**

Changes in the linked shekel risk-free yield curve affect the Company's economic solvency ratio, especially in the mid- to long-terms, affect the Company's economic solvency ratio. During the last quarter of 2021, there was a substantial decrease in the risk-free linked interest rate curve, that had an adverse effect on The Phoenix Insurance's solvency ratio. On the other hand, during the first quarter of 2022 and until the publication of the report, there was a substantial increase in the risk-free linked interest rate curve, that may have a positive effect on The Phoenix Insurance's solvency ratio.

During the period between the calculation date and the publication date of the solvency ratio report there was a significant increase in risk-free interest, which is expected to have a positive effect on the Company's capital surplus and solvency ratio.

However, the economic solvency ratio is also sensitive to a wide range of other effects, including equity markets in Israel and across the world, which suffered significant slumps in this period, and the Consumer Price Index that increased during this period, and are expected to have a negative effect on the Company's capital surpluses and solvency ratio.

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

Range/years		December 31, 2021	March 31, 2022	May 24, 2022
Short term	**1-3**	Between (2.39) % and (2.55) %	Between (1.83) % and (1.99) %	Between (2.10) % and (0.82) %
Mid-term	**4-10**	Between (2.23) % and (1.26) %	Between (1.66) % and (0.54) %	Between (0.53) % and 0.34 %
Mid-long term	**11-15**	Between (1.11) % and (0.64) %	Between (0.41) % and (0.02) %	Between 0.44 % and 0.72 %
Long term	**16-25**	Between (0.54) % and 0.01 %	Between 0.06 % and 0.52 %	Between 0.77 % and 0.96 %

For the results of the sensitivity tests of economic solvency ratio to various risk factors, including sensitivity to interest rates, see Section 8 to the Company's Economic Solvency Ratio Report as of December 31, 2021.

2.2. Arrangements in force

Following are material regulatory provisions published during the reporting period and thereafter, which are not included in the 2021 Report on the Corporation's Business. For further details regarding additional material regulatory provisions published during the reporting period, see Section 4.1.1 to the 2021 Report on the Corporation's Business.

2.2.1. In March 2022, the Commissioner published a **revision to the Provisions of the Consolidated Circular regarding Report to the Public - Appendix 5.1.4.5 - "Economic Solvency Ratio Report".** This circular revises the structure of the "report on changes in capital surplus", that was included in the Economic Solvency Ratio Report, in order to better reflect the effects on capital surplus.

2.2.2. In March 2022, the Commissioner published an **Amendment of the Consolidated Circular regarding Report to the Public - Disclosure about the Independent Auditor in the Report on the Corporation's Business**. The circular amends the scope of the disclosure required in the "Report on the Corporation's Business", including the requirement to report the number of audit hours invested by an independent auditor; the amendment to the circular also reduced the scope of details reported in connection with independent auditors' fees by types of services rendered by the independent auditor. Furthermore, alongside the circular, the Commissioner published a letter addressed to Chairpersons of Board of Directors and Audit Committees of the institutional entities regarding the "**importance of discussing the quality of audit in institutional entities"**, which clarifies the importance of conducting a thorough discussion in Board of Directors' committees about the quality and scope of the work of independent auditors.

[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.

2.2.3. In March 2022, the Commissioner published the **Circular regarding a Procedure for Locating Planholders and Beneficiaries - Amendment**. The "Procedure for Locating Planholders and Beneficiaries" Circular stipulates that nine years after its effective date institutional entities will start transferring to the Administrator General information regarding the existence of funds of planholders, the contact with whom was discontinued, and funds of planholders who passed away. As part of the amendment to the circular, the implementation of the provision regarding reporting to the Administrator General was postponed by two years in order to formulate an orderly outline for transferring the reports to the Administrator General that will address a potential adverse effect on the rights of savers, the contact with whom was discontinued.

2.2.4. In March 2022, the **health insurance reform** was published. As part of the reform, a basic health insurance policy was put in place 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.

Set forth are the key points of the reform: (1) a uniform market structure was decided upon with an underlying uniform policy to which various riders were added, whose fixed structure was defined in a circular; (2) it was decided that the sale of additional products beyond the basic policy will only be allowed if the policyholder holds 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; (3) as part of the process of selling a policy covering surgical procedures in Israel, the marketing entity was required to disclose the deductible amount; (4) the sale of overlapping insurance in individual indemnity health insurance products was prohibited; (5) insurance companies were prohibited from giving short-term discounts, and a fixed discount rate was set for a period of at least ten years.

It was stipulated that the reform shall apply to individual health insurance policies that will be taken out as from the effective date of the provisions and thereafter, and to collective health insurance policies that will be taken out or renewed as from the effective date of the provisions and thereafter.

Three provisions were published for the purpose of implementing the reform: (a) The Directives regarding Financial Services Supervision (Insurance) (Terms in Basic Health Insurance Policy), 2021; (b) The 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 Supervision of Financial Services Regulations (Insurance) (Terms in Insurance Contract for Surgical Procedures and Alternative Treatments for Surgery in Israel) (Amendment), 2021.

2.2.5. **The Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses regarding Execution of Transactions) (Temporary Order), 2022** were published in March 2022; under those regulations, the term of the Temporary Order regarding the cap on direct expenses was extended through April 6, 2022, with retroactive application to July 7, 2021.

2.2.6. In March 2022, an amendment to the provisions of the **Consolidated Circular - Chapter 4 of Title 5 "Management of Investment Assets" (Designated Bonds)** was published. Set forth below are the key topics included in the amendment: Making adjustments to the legislative amendments regarding the replacement of the designated bonds mechanism in pension funds with a mechanism for guaranteeing a supplementary return; amendments regarding the management of investment baskets; a stipulation whereby holding cash in an index-tracking investment track shall also be possible in a bank operating outside Israel; and a stipulation whereby a 20% to 49% investment in a real estate corporation will be allowed only if the means of control in the real estate corporation are illiquid.

2.2.7. **The Companies Regulations (Rules Concerning Compensation and Expenses for an External Director) (Temporary Order), 2021** were published in March 2022, whereby a Company's board of directors may set criteria according to which the participation of an external director in a meeting held via means of communications while Covid-19 restrictions are in place shall be classified as an ordinary meeting.

2.2.8. In April 2022, an amendment to the provisions of the **Consolidated Circular - Board of Directors of an Institutional Entity** - was published. The "Board of Directors of an Institutional Entity" circular sets restrictions on the appointment and service of directors, including, among other things, a provision prohibiting officers in a financial entity from serving as directors in an institutional entity, in accordance with the classification of the financial entity and the scope of the entities' assets. According to the amendment, the said restriction shall not apply to anyone who serves at the same time both as a director in an institutional entity and as an officer in a financial entity or a corporation controlling a financial entity, so long as the two entities in which he/she serves are controlled by the same controlling shareholder.

2.2.9. Further to the publication of the Economic Efficiency Law (Legislative Amendments for Achievement of Budgetary Targets for Budget Years 2021 and 2022), 2021, as part of which, among other things, the designated bonds mechanism in pension funds was replaced with a new mechanism that ensures an undertaking for supplementing returns, in May 2022, the Knesset Finance Committee approved the **Supervision of Financial Services**

Regulations (Provident Funds) (Transfer of Funds between Provident Funds) (Amendment), 2022, the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities (Amendment), 2022, and the Supervision of Financial Services Regulations (Provident Funds) (Crediting Yields in a New Comprehensive Pension Fund) (Amendment), 2022. The purpose of the said amendments is to adjust the wording of the regulations to the new mechanism. As part of the promulgation of the regulations, it is stipulated, among other things, that for the purpose of complying with restrictions calculated as a percentage of the value of the institutional investor's assets (hereinafter - the "**Track-Related Restrictions**"), the assets invested as part of the yield-guaranteed track (a separate investment track in which the assets for which the fund is entitled to supplemental yield are managed) will not be taken into account in the calculation of total assets invested in practice (hereinafter - the **"Numerator**"), out of total institutional investor's assets that will include assets that are invested as part of a yield-guaranteed track (hereafter - the "**Denomininator**").

2.2.10. In May 2022, a circular on **Reporting Cyber Events and Technological Failure** was published. The circular sets out the types of incidents in which an institutional entity is required to report to the Commissioner as cyber events and technological failure, and provisions regarding those reports, so as to ensure that the entity takes the steps required to mitigate the damage caused by such incidents, to ensure the performance of appropriate recovery processes, and to allow the Capital Market, Insurance and Savings Authority to take supplementary steps when there are concerns that an incident will have an extensive impact.

2.2.11. Further to the **Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts**, that was published by the Capital Market, Insurance and Savings Authority in June 2020, and which lists the steps that will be required and the time tables to ensure Israeli insurance companies' preparedness for the implementation of IFRS 17 - Insurance Contracts; an update to the roadmap was published in May 2022, which deferred the Standard's application date in Israel, such that the first-time application of the Standard in Israel will be from the quarterly and annual periods beginning on January 1 2024.

2.3. Draft laws, regulations and bills

Following are drafts of material regulatory provisions published during the reporting period and thereafter, which are not included in the 2021 Report on the Corporation's Business. For further details regarding additional drafts of material regulatory provisions published during the reporting period, please see Section 4.1 to the 2021 Report on the Company's Business.

2.3.1. The **Draft Circular regarding the Provision of Riders and the Manner of Marketing Thereof - (Amendment)** was published in March 2022. As part of the draft circular, it is suggested to make the following revisions: To determine that windscreen and other car windows' fixing and replacing services shall only be rendered as part of an insurance policy; to set new conditions regarding the provision of riders that were marketed by private companies, which are not supervised by the Capital Market, Insurance and Savings Authority; to allow insurance companies to request the Capital Market, Insurance and Savings Authority not to give policyholders a choice between service providers since there is a single service provider; to instruct that a three-day waiting period be observed between the sale of an insurance policy and the sale of a rider without the involvement of an insurance company.

2.3.2. A **Draft Amendment to the Consolidated Circular - Title 6, Part 3, Chapter 1 - Revising Tariffs in Automatically Renewed Health Insurance Policies** was published in March 2022. In accordance with the provisions of the Consolidated Circular, the revision of the tariffs of health insurance policies marketed after 2016 is subject to the approval of the Commissioner of the Capital Market, Insurance and Savings. As part of the draft, it is suggested to decide that insurance companies will be allowed to revise the premium without being obliged to obtain the Commissioner's approval, if a number of criteria are met which, the draft suggests to include in the circular.

2.3.3. **A Draft of the Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses regarding Execution of Transactions (Amendment No. _), 2022** was published in April 2022. The draft suggests to set a new mechanism whereby for each track or provident fund under its management the institutional entity will set the cap on the external management fees for the next calendar year; this cap will replace the percentage point cap currently set under the regulations (as set in the temporary order that has been in effect since 2014). All other types of direct expenses (such as: securities' sale and purchase fees, custodian fees in respect of securities), regardless of whether they stem from direct liquid investments or direct illiquid investments, shall not be subject to the external management fees cap. In addition, it is suggested to determine that for new investment tracks that contain a variable management fees component, and which are tracks where the amount payable to the institutional entity is also dependent on the performance of the investment track, entities will not be allowed to collect any direct expenses of any type whatsoever.

2.3.4. In May 2022, a draft circular on **Management of Investment Tracks in Provident Funds** - was published. As part of the circular, it is suggested to determine that, as from the effective date it will be possible to enroll new planholders, who did not opt for any other investment tracks, on age-dependent tracks based only of "cohorts" characteristics, and it will no longer be possible to enroll them on age-dependent tracks based on the "tiers" model; this step is designed, as set out in the explanations to the circular, to overcome the problem of "moving" between tiers, which exists in the "tiers" model; this is since under the "cohorts" model the planholder does not switch tracks; rather, he/she changes the investment mix within a track that develops over the years in accordance with the planholder's retirement target. In addition, in accordance with the recommendations of the Yafeh Committee, it is suggested to require institutional entities to offer an index-tracking investment track, an investment track that specializes in investment in liquid assets (without collecting management fees to external party), and an index-tracking investment track for annuity recipients; it is also suggested to allow institutional entities to set up investment tracks with performance-based management fees (without collecting direct expenses), an investment track that focuses on sustainability, and an investment track that focuses on the environment.

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

GDP data for 2021 were published and were surprisingly strong - representing annual growth of 8.1%. The spread of the Omicron variant led to relatively minor disruptions in the economy. Inflation rates in Israel were notable; as of February, annual inflation increased to 3.5% - breaching the ceiling of the inflation target. In view of the developments, the Bank of Israel started preparing the ground for interest rate increases in the forthcoming months. IRSs started factoring in 3-4 interest rate increases this year. The Israeli government launched an action plan to mitigate the increase in the cost of living; the plan includes, among other things, subsidizing the planned increase in electricity prices, tax credits to families with children, reducing customs duty on some consumption products, and more. In February, the unemployment rate continued to decline, reaching a level of 3.9%. Political crisis - when Member of Knesset Idit Silman announced that she will no longer support the coalition government, the government lost its majority; this calls into question the government's ability to pass legislation in the Knesset, as well as the future of public spending. The TA 125 Index increased by 2.0%, which is a higher rate compared to other share indexes across the world. The 10-year yield shot up to 2.2%. The Tel-Bond 60 Index declined by 2.7%. The Shekel started devaluing against most currencies. The shekel has devalued to a level of NIS 3.19 per 1 Dollar and a level of NIS 3.53 per EUR 1.

Subsequent to the balance sheet date

Published GDP data for the first quarter were surprising; the economy contracted by 1.6% due to the spread of the Omicron variant in Israel and globally during that period, and a significant cut in government spending. Government deficit decreased to 0.6% in April. Inflation rates in Israel were notable; as of April, annual inflation increased to 4.0% - breaching the ceiling of the inflation target. In view of the developments, the Bank of Israel started raising interest rates from 0.1% to 0.75%. Unemployment continued to decline, reaching 3.5% in April; as from the beginning of May, TA 125 joined the slumps of capital markets across the world.

The TA 125 Index has fallen by 7.5%; the 10-year yield shot up from 2.16% to 2.55%. The Tel-Bond 60 Index declined by 5.1%. The Shekel started devaluing against most currencies. The shekel has devalued to a level of NIS 3.35 per 1 Dollar and a level of NIS 3.59 per EUR 1.

3.2. Capital markets abroad

In January and February equity markets across the world experienced slumps, also as a result of the spread of the Omicron variant; in February, Russia invaded Ukraine, and western countries responded by imposing sanctions on Russia; the conflict disrupted the trade of commodities, mainly energy products. Oil prices reached nearly USD 130 per barrel in March, which triggered another increase in inflation levels across the world. Inflation in the US (CPI) for April soared to an annual change of 7.9%. The rising inflation environment caused central banks to recognize the threat posed by inflation and issue "hawkish" messages regarding interest rate hikes and sale of bonds purchased during the Covid-19 pandemic; and, indeed, in March, the Federal Reserve hiked interest rates (by 0.25%) for the first time in the present cycle. The Federal Reserve's surprising determination led to increasing concerns that the US economy might plunge into recession in 2023, and sectors sensitive to the interest rates continued to suffer, mainly the technology sector, which is considered to be relatively sensitive to changes in interest rates. The concerns about recession were also supported by the inverted yield curve in the USA. Despite the war in Ukraine and the concerns regarding the effect of interest rate hikes, in March the equities market managed to recover, also as a result of good financial results published by corporations.

In the first quarter, the S&P 500 was 5.0% down, the Euro Stoxx 50 index decreased by 9.2%; the yield on 10-year US bonds spiked from 1.51% to 2.34%; and the USD strengthened significantly against most currencies across the world, reaching levels of USD 1.11 per EUR 1.

Subsequent to the balance sheet date

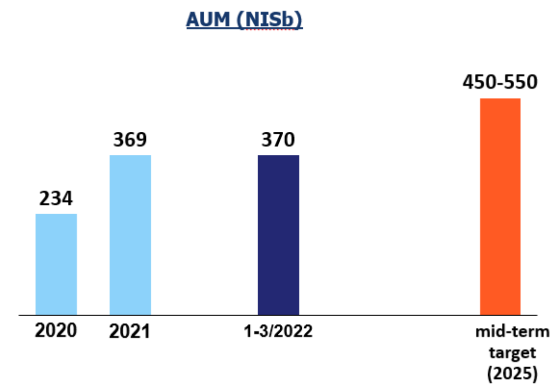
In the first quarter, the US economy contracted by 1.5%; according to Bloomberg's economists survey, the US economy will start growing again later this year, with growth figures for the entire year in 2022 projected to reach 2.7%. Surveys conducted among Chief Procurement Officers in the manufacturing sector in April also reflected continued expansion - 55.4 points, and unemployment in the USA decreased in April to 3.6%. In March inflation rates in the USA hit record levels of 8.5%, which was to some extent moderated in April (decreasing to 8.3%). Companies' reports for the first quarter were mostly better than expected; 78% of S&P 500 companies presented results that were better than expected; however, the results of prominent retailers, such as Walmart and Target, were disappointing, and this caused slumps in equity markets. Despite the weakness in equity markets, the Federal Reserve increased the interest to 1.00%. The contracts in respect of the Federal Reserve interest started factoring in hikes of up to 3.00% at the end of the year. In the Eurozone, the European Central Bank is cautious about the timing of rate hikes, due to the concern that local economies may be damaged; the market estimates that a first hike will only take place in July. The pressure to increase interest rates alongside companies' difficulty to pass on price increases to consumers, and the damage to the economy due to the war between Russia and Ukraine weighed on equity markets for most of the period. However, towards the end of the reporting period, the Federal Reserve started sending messages indicating of higher tolerance, with a limitation of 50 base points per each hike. This step supported a certain correction in the market.

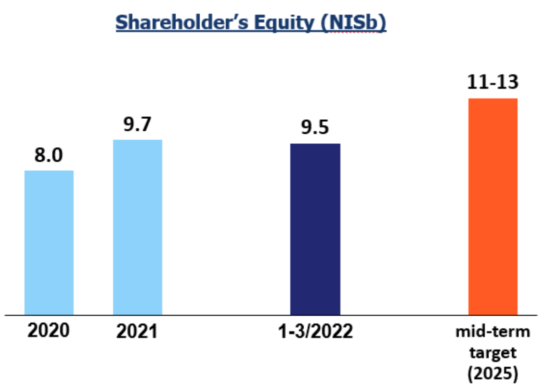
The yield on 10-year bonds in the USA shot up to 2.74%; the S&P 500 slumped by 8.2%, with technology companies leading the trend, and despite increases in energy sector shares. In Europe, the EURO-STOXX slumped by 2.4%; the Euro has weakened against the Dollar, reaching levels of EUR 1.07 per USD 1.

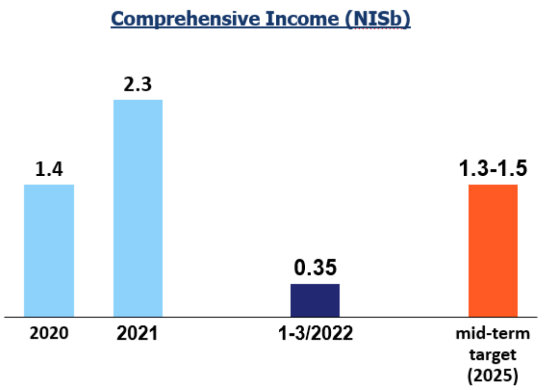
4. Business Targets and Strategy

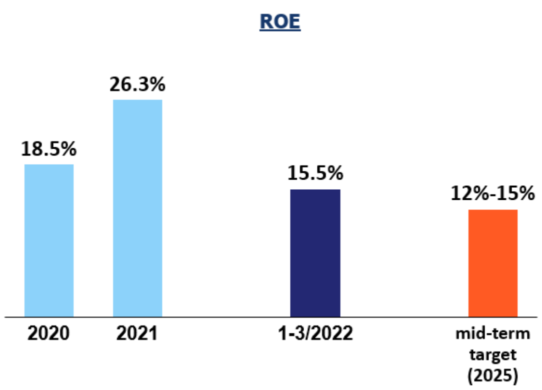
The group's business strategy and targets constitute forward-looking information, as defined in Section 32A of the Securities Law, and are based on the data and information available to the group as of the report date, its plans as a result thereof, the market situation and the group's position. The 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, macro changes, other business opportunities, etc.

The multi-year strategic plan - which was approved in December 2020 - is based on four fundamental principles: yield-focused growth, technological innovation and efficiency, maximization of the portfolio's value and capital management, all of which are relevant to the group's key areas of activity: insurance, asset management, agencies and credit. Since the publication of the plan, the Company has acted consistently to implement and execute it. The Company reviews its targets from time to time in the light of its achievements and market conditions; accordingly, in March 2022, the Company's Board of Directors adopted an update to the strategic plan (hereinafter - the "Strategic Plan"), as part of which the Company's targets for the plan's period were updated as described in the chart below.









The interim targets are based on (a) multi-year work plans for a 5-year period (from its approval date); (b) an assumption of net return on investment of 3%. Compared to the plan's objective, actual results are based on the actual returns in the financial markets in Israel and around the world, macroeconomic growth, the Company's results and other variables. For the Company's actual results taking into account a 3% return, see Sections 5.4-5.6.

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

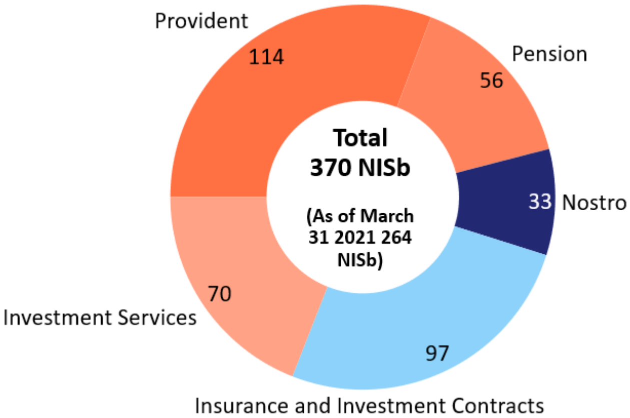
5.1. General

The group's operations are affected by constant changes in regulations and regulatory reforms. In addition, as the controlling shareholder of institutional entities, the group must also deal with the minimum capital requirements that apply to the activity of the institutional entities, which impose, among other things, restrictions on dividend distribution by the institutional entities.

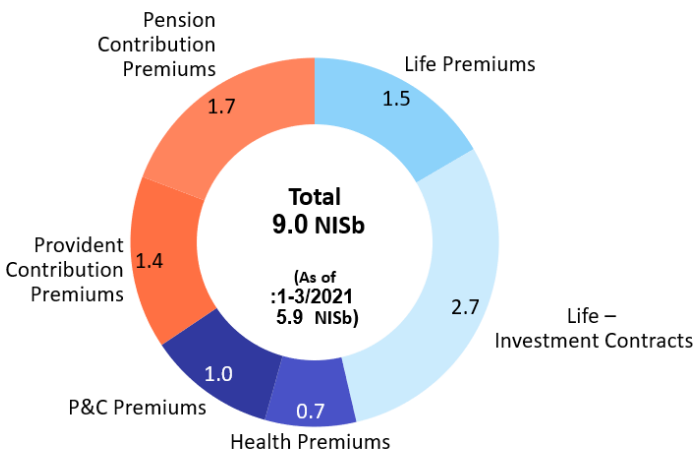
The group's operations and results are significantly affected by the capital markets, including, among other things, the low-interest environment that has implications for its insurance liabilities and on the returns embodied in the group's financial asset portfolios, and consequently - on the management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

5.2. Condensed data from the group's consolidated Financial Statements

Assets under management as of March 31 2022



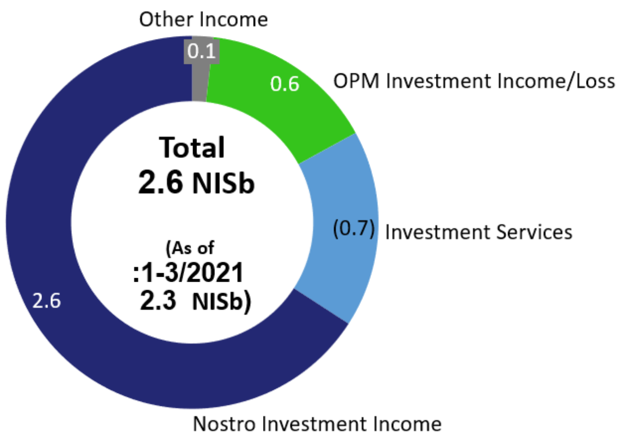
Premiums, gross, contributions towards benefits and proceeds in respect of investment contracts for 1-3/2022



Total assets under management by provident funds, excluding guaranteed return provident fund tracks, pension funds, ETFs, and customers' investment portfolios are not included in the 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.

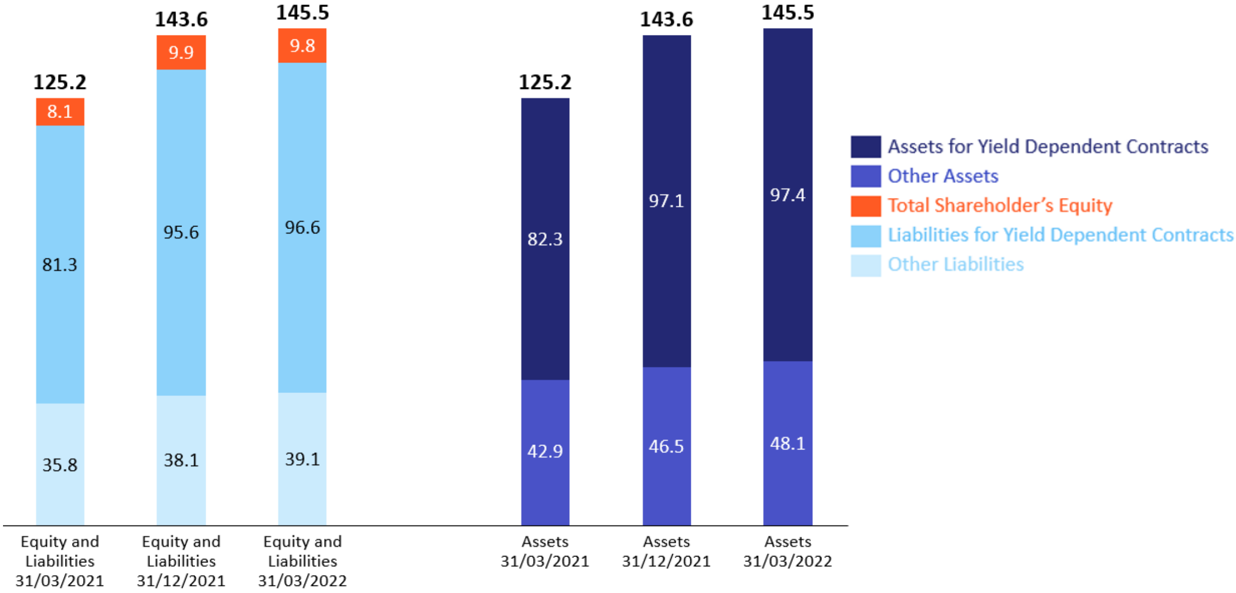
For further details on the premiums in the various operating segments, please see Note 3 to the Financial Statements.

Income for 1-3/2022



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 March 31, 2022, amounted to approximately NIS 97.4 billion, compared to approximately NIS 82.3 billion as of March 31, 2021, and NIS 97.1 billion as of December 31, 2021.

Other assets as of March 31, 2022, amounted to NIS 48.1 billion, compared with NIS 42.9 billion as of March 31, 2021, and NIS 46.5 billion as of December 31, 2021.

Liabilities:

Liabilities in respect of insurance contracts and yield-dependent investment contracts amounted to approximately NIS 96.6 billion as of March 31, 2022, compared to approximately NIS 81.3 billion as of March 31, 2021, and NIS 95.6 billion as of December 31, 2021.

Other liabilities as of March 31, 2022, amounted to NIS 39.1 billion, compared with NIS 35.8 billion as of March 31, 2021, and NIS 38.1 billion as of December 31, 2021.

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 below. The Company also reviews its profitability by separating operating profit which assume a real return of 3% net (less bonuses to employees and managers from excess returns), and gain from capital market effects above or below a real return of 3%, effects of interest and other special items as described below.

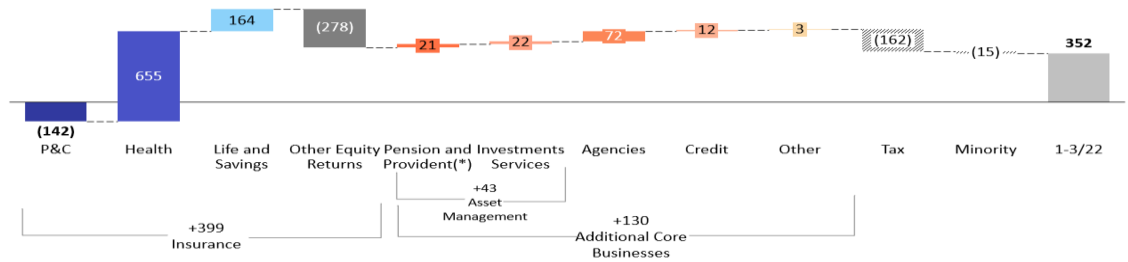
5.4.1.2. Special effects are considered by the Company as changes in profit or loss outside the ordinary course of the Company's business, including actuarial changes as a result of studies, changes in actuarial models, exceptional effects due to structural changes and exceptional purchase expenses following the implementation of the strategy of increasing the market share in the (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 profits, which assumes a real return of 3%, and earnings stemming from capital market effects (hereinafter - the "**underwriting profits**"), 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 savings segment, the profitability analysis is based on a breakdown to underwriting profits - 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.

5.4.1.5. In order to separate the financial results between profits attributed to insurance and profits arising from other core activities, the Company splits the "other" segment. The split is made for convenience purposes and the Company views the capital and unattributed segment as a single operating segment.

5.4.2. **<u>Set forth below is the composition of the Company's financial performance by segment in the first quarter of 2022 compared with the corresponding quarter last year (in NIS million):</u>**

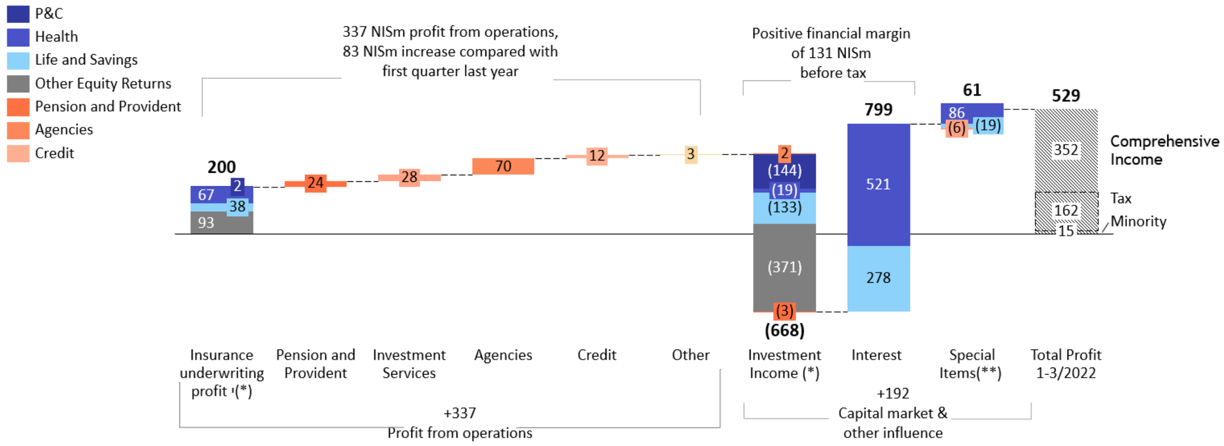


1-3/2021	*178*	*23*	*276*	*(36)*	*14*	*32*	*52*	*2*	*7*	*(181)*	*(11)*	*356*
Diff	*(320)*	*632*	*(112)*	*(242)*	*7*	*(10)*	*20*	*10*	*(4)*	*19*	*(4)*	*(4)*

(*) Pension and provident - the Company decided to launch a new operating segment - "asset management - pension and provident" as from December 2021.

For the effects on the results at the segment level, please see details in Sections 5.5-5.6 below.

5.4.3. **<u>Set forth below is the composition of the sources of the Company's pre-tax income by operating profit and earnings from capital market effects, interest rate and Special Items in the first quarter of 2022 (in NIS million):</u>**



1-3/2021	*153*	*10*	*32*	*48*	*4*	*7*	*368*	*(33)*	*(41)*	*548*
Diff	*47*	*14*	*(4)*	*22*	*8*	*(4)*	*(1,036)*	*832*	*102*	*(19)*

(*) Please see Section 5.4.1.

(**) For information about the Special Items at segment level, see Section 5.4.4, and results at segment level in Sections 5.5-5.6 below.

Operating profit after deducting effects of the capital market, Special Items and interest increased by NIS 83 million in the first quarter of the reporting period, compared with the first quarter last year.

In the reporting period, the negative yield from nostro investments was 0.2%. After transferring annual real return of 3%, and an amount in respect of variable management fees, which is calculated based on the real return, the negative effect of the capital market after the said deduction is NIS 668 million, see Section 5.4.1 regarding the review of sources of earnings.

The total decrease in investment income, in excess of a real return of 3% in the first quarter of the reporting period compared with the corresponding quarter last year totals NIS 1,036 million. The said decrease is in respect of the change in investment income, which decreased in the first quarter of the reporting period by NIS 832 million compared to the first quarter last year (below real return of 3%), in view of the slumps in financial markets in Israel and globally, and a NIS 204 million change in collection of variable management fees (below real return of 3%) in the first quarter of the reporting period compared to the collection in the corresponding quarter last year, due to the slumps in financial markets in Israel and globally, which caused a decrease in the value of planholders' portfolio in the reporting period compared with the corresponding period last year.

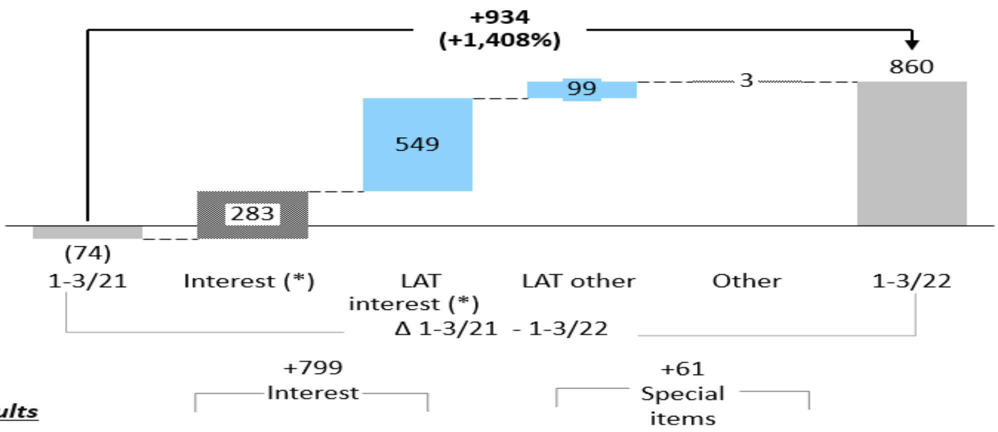
As of March 31, 2022, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 113 million, before tax (as of the report publication date - NIS 340 million before tax).

The decrease in investment income was partially offset against an increase in the risk-free interest rate curve in the reporting period compared with the corresponding period last; this increase caused a NIS 832 million decrease in insurance reserves in the reporting period, compared with the corresponding period last year. The total net effect of the interest and capital market effects (in excess of a real return of 3%) in the reporting period amounted to a pre-tax profit of NIS 131 million as reflected in the above chart.

During the reporting period, the special items line item increased by NIS 102 million compared to the corresponding period last year; most of the increase stemmed from the recognition of a one-off earning of NIS 99 million as a result of the transfer of the Company's rights in Phoeniclass Ltd. to The Phoenix Insurance; for more information, see Section 1.2.10 above.

For further details regarding the effects on the results at the segment level, please see Sections 5.5-5.6 below.

5.4.4. **<u>Following is the composition of the differences between interest effects and main non-recurring effects on pre-tax insurance liabilities in the first quarter of 2022 compared with the corresponding quarter last year (in NIS million):</u>**



Results

1-3/2022	***278***	***521***	***89***	***(28)***	***860***
Health	*-*	*521*	*89*	*(3)*	*607*
Life	*278*	*-*	*-*	*(19)*	*259*
Financial Services	*-*	*-*	*-*	*(6)*	*(6)*
1-3/2021	***(5)***	***(28)***	***(10)***	***(31)***	***(74)***
Health	*-*	*(28)*	*(10)*	*(10)*	*(48)*
Life	*(5)*	*-*	*-*	*(19)*	*(24)*
Financial Services	*-*	*-*	*-*	*(2)*	*(2)*

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

	1-3/2022	1-3/2021	1-12/2021
Return on shareholders' equity for the period (based on comprehensive income for the period) (*)	15.5%	19.1%	26.3%

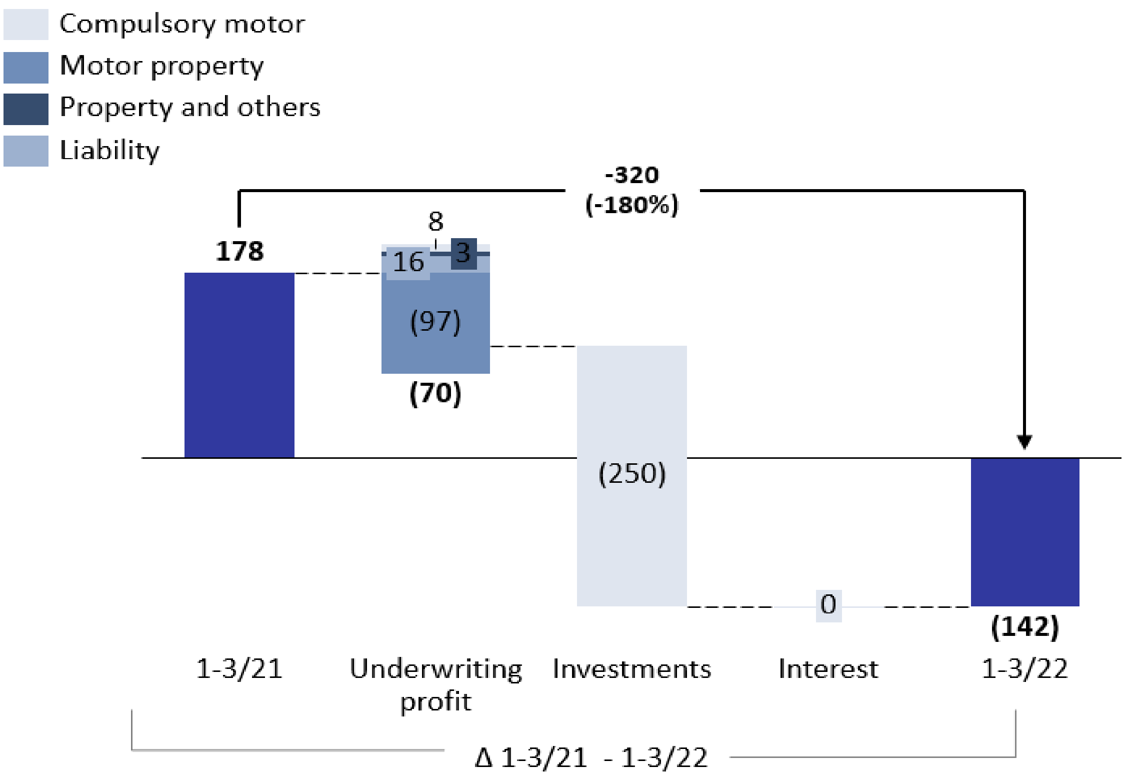
(*) Return on equity is calculated based on the income for the period or comprehensive income for the period attributable to Company's shareholders, adjusted to reflect a one-year period and divided by the average equity for the period.

Following is a description of the developments in the group's financial performance, by operating segment:

5.5. Description of developments in core areas - insurance

5.5.1. Property and casualty insurance

Following is the composition of the main effects and changes on the results of the property and casualty insurance subsegment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million before tax):



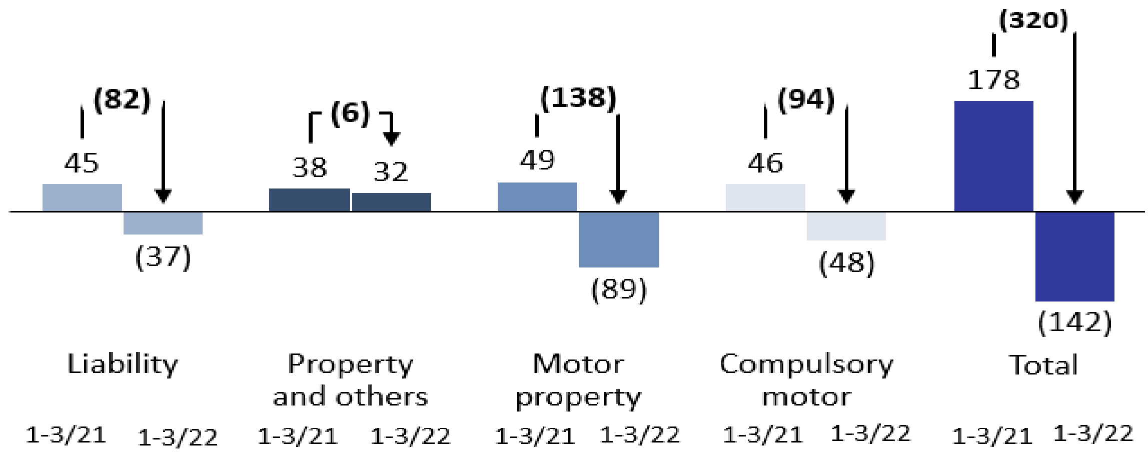
Results

1-3/2022	***2***	***(144)***	***-***	***(142)***
1-3/2021	*72*	*106*	*-*	*178*

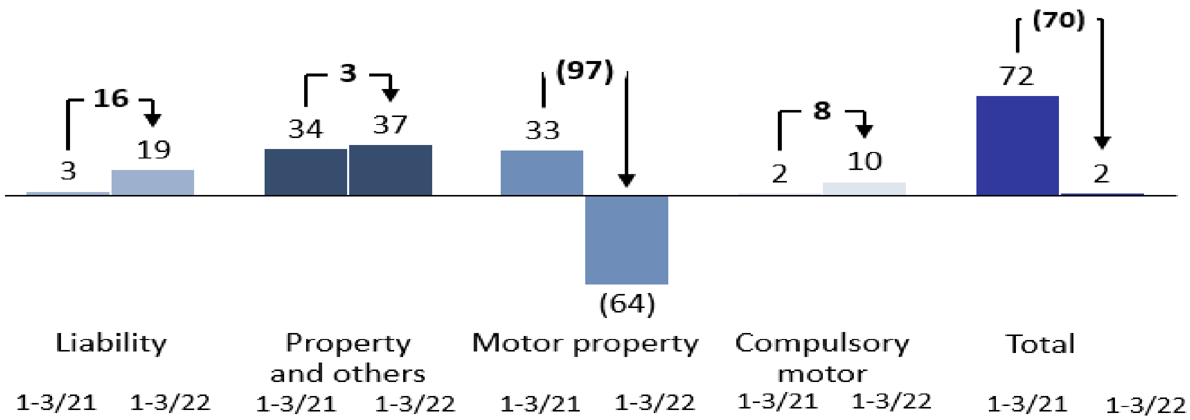
The NIS 70 million decrease in underwriting profits in the reporting period compared with the corresponding period last year stems mainly from the motor property subsegment, where there was an increase in costs of claims and in incidence, which resulted in a further recognition of premium deficiency at the total amount of NIS 23 million in the reporting period; the Company is taking steps to improve underwriting results in the motor property subsegment. The increase in underwriting profits in the liability subsegments in the reporting period, compared with the corresponding period last year, stems mainly from a positive development in claims in respect of previous years in the professional liability and employers liability insurance subsegment.

The NIS 250 million decrease in investment income in the reporting period compared to the corresponding period last year stemmed from slumps in financial markets in Israel and across the world during the reporting period compared with the corresponding period last year.

5.5.1.1. **<u>Following is the pre-tax comprehensive income (loss) in the various subsegments of property and casualty insurance for the first quarter of 2022 compared with the corresponding quarter last year (in NIS million):</u>**



<u>Following is the pre-tax underwriting profit (loss) in the various subsegments of property and casualty insurance for the first quarter of 2022 compared with the corresponding quarter last year (in NIS million):</u>



5.5.1.2. **Set forth below is the gross loss ratio and combined ratio, and retention loss ratio in the motor property and other subsegments:**

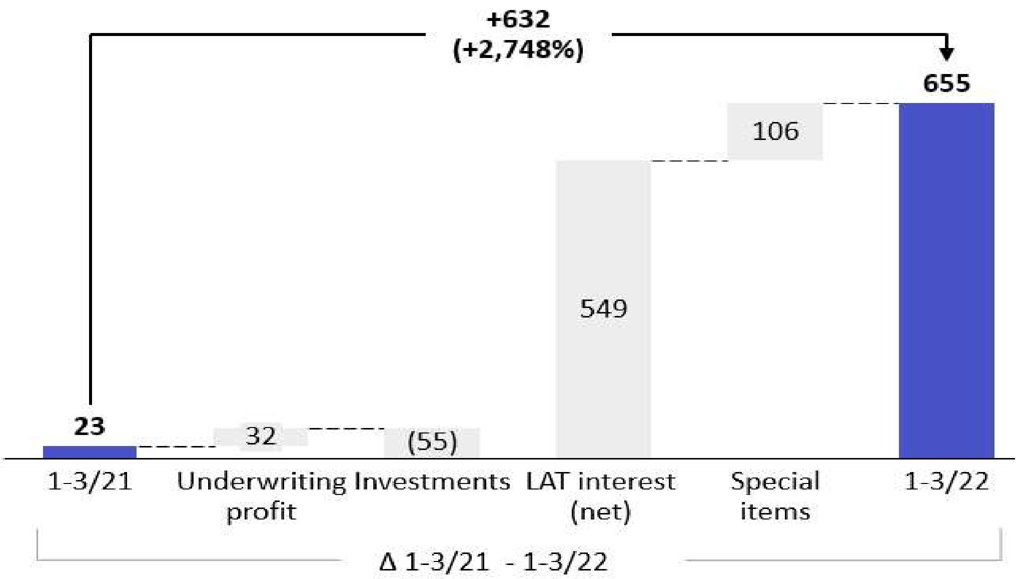
	Motor property In NIS million		
	1-3/2022	**1-3/2021**	**1-12/2021**
Gross loss ratio	103.6%	64.9%	80.3%
Retention loss ratio	103.6%	64.8%	80.3%
Gross combined ratio	126.7%	89.5%	108.9%
Retention combined ratio	126.7%	89.4%	108.9%

	Property and other subsegments In NIS million		
	1-3/2022	**1-3/2021**	**1-12/2021**
Gross loss ratio	36.9%	29.2%	33.2%
Retention loss ratio	23.0%	19.9%	23.5%
Gross combined ratio	61.6%	53.4%	61.2%
Retention combined ratio	43.9%	45.3%	60.4%

5.5.2. Health insurance

Earnings on investments affects the profitability of this segment, some of whose products (such as long-term care coverage) are characterized by accrual of significant reserves over long periods. Investment earnings are affected by financial 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.

Following is a composition of the main effects and changes on the results of the health insurance subsegment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):



Results

1-3/2022	***67***	***(19)***	***521***	***86***	***655***
1-3/2021	*35*	*36*	*(28)*	*(20)*	*23*

The increase in underwriting profits in the reporting period compared to the corresponding period last year in the amount of NIS 32 million is mainly due to an increase in profit from long-term care insurance policies compared with the corresponding period last year.

The NIS 55 million decline in investment income in the reporting period compared with the corresponding period last year stems from slumps in financial markets in Israel and globally during the reporting period, compared with the corresponding period last year.

The impact of increase in the risk-free interest rate curve in the reporting period compared with the decline in the risk-free interest rate curve in the corresponding period last year caused a NIS 549 million increase in earnings, including the change in excess value of illiquid assets carried to LAT.

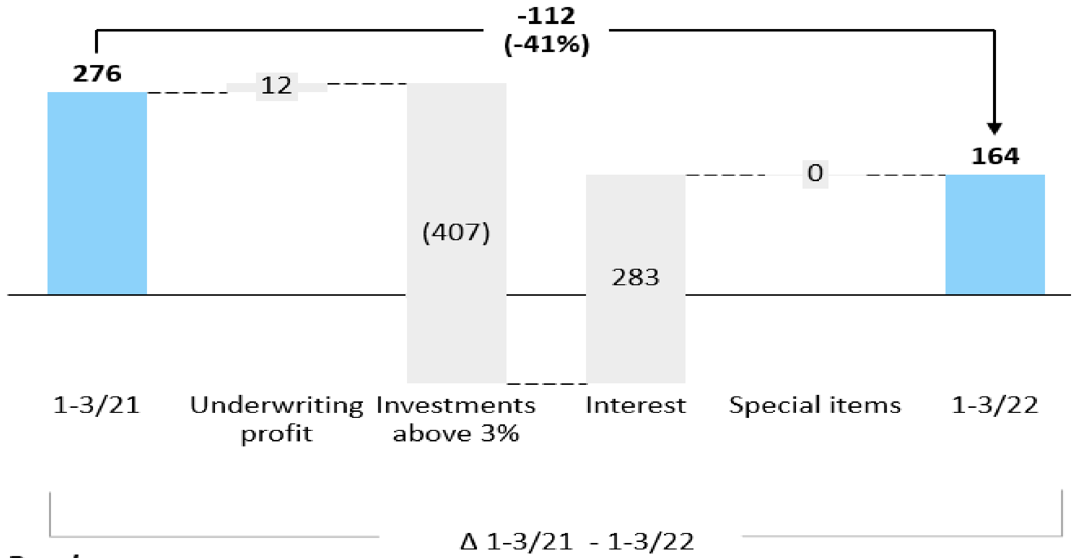
In addition, the results in the reporting period compared with the corresponding period last year were affected from a NIS 106 million increase in earnings in the Special Items line item. Most of the increase is attributed to the recognition of a one-off earning of NIS 99 million as a result of the transfer of the Company's rights in Phoeniclass Ltd. to The Phoenix Insurance; this one-off earning was recognized in LAT as part of the excess value of illiquid assets; for more information, see Section 1.2.10 above.

For further details, please see Note 7 to the Financial Statements.

5.5.3. Life insurance and savings

5.5.3.1. 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 financial 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.

<u>Following is the composition of the main effects and changes on the results of the life insurance subsegment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):</u>



Results					
1-3/2022	***38***	***(133)***	***278***	***(19)***	***164***
1-3/2021	*26*	*274*	*(5)*	*(19)*	*276*

Compared with the corresponding period last year, the results in the reporting period were mainly impacted by the decrease in investment income that were offset against the increase in risk-free interest that triggered a decrease in insurance reserves. The NIS 407 million decrease in investment income (in excess of real return of 3%) stemmed from a NIS 203 million decrease in income from the nostro portfolio, mainly due to the slumps in financial markets in Israel and globally, and from a NIS 204 million decrease in variable management fees (in excess of real return of 3%) as a result of non-collection of variable management fees in the first quarter of the reporting period compared to the collection in the corresponding quarter last year, due to the slumps in financial markets in Israel and globally, which caused a decrease in the value of planholders' portfolio in the reporting period compared with the corresponding period last year.

As of March 31, 2022, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 113 million, before tax (as of the report publication date - NIS 340 million before tax).

The impact of the change in interest in the reporting period compared with the corresponding period last year caused a NIS 283 million increase in earnings mainly due to the increase in the interest rate curve in the reporting period compared with the decline in the interest rate curve in the corresponding period last year, which had a direct effect on the supplementary retirement pension reserve.

The NIS 12 million increase in underwriting profit stemmed mainly from an increase in the fixed management fees that was partially offset against the decrease in the profitability of the life insurance products.

The rate of redemptions out of the average reserve (in annual terms) was approximately 4.6% compared with 3.6% in the corresponding period last year. The increase stemmed in part from internal transfers to The Phoenix Pension and Provident's provident funds. It should be noted that the general state of the economy, transition from product to product, employment rates, employees' wages, and market competition all affect this rate.

5.5.3.2. Life insurance contracts containing a saving component in respect of funds deposited by 2008, offered two tracks for funds withdrawal: equity track (one-off withdrawal), or an annuity track (with a secured annuity conversion factor), which also offers various tracks that can be selected (such as: life-long, policyholder and spouse, annuity secured for 10 years, and more). In some of the contracts, the policyholder may select the manner of receiving the funds at the time of their withdrawal. Since the insurance liability amount differs in each of these two tracks, the Company must determine the rate of policyholders opting for annuity, and the track that will be selected. This rate was determined based on Company's experience.

As of the report publication date, the Company is conducting a research regarding the retirement age and the rate of policyholders opting for annuity; this is the first time the Company conducts such a research. In the opinion of the Company and to the best of its knowledge, based on preliminary indications and based on the results of similar researches published in the past by other insurance companies, the research may cause a decrease in the liabilities for supplementing the annuity reserve; however, at this stage, the Company is unable to estimate the amount of the said effect. The research is expected to be completed during 2022.

The abovementioned information 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; however, since the research has not yet been completed, what is stated above may not materialize.

5.5.3.3. Set forth below are details concerning estimated net investment earnings attributed to policyholders of yield-dependent insurance policies and management fees calculated according to the Insurance Commissioner's guidelines, based on the return and the insurance reserves balances:

	1-3/2022	1-3/2021	1-12/2021
	In NIS million		
Investment gains (losses) credited to policyholders net of management fees (*)	(1,170)	2,845	10,222
Management fees	151	324	1,221

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

5.5.3.4. **Weighted returns on participating policies**

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)		
	1-3/2022	1-3/2021	1-12/2021
Nominal returns before payment of management fees	(0.91%)	4.33%	17.40%
Nominal returns after payment of management fees	(1.06%)	3.55%	14.44%
Real returns before payment of management fees	(2.06%)	4.23%	14.64%
Real returns after payment of management fees	(2.21%)	3.45%	11.76%

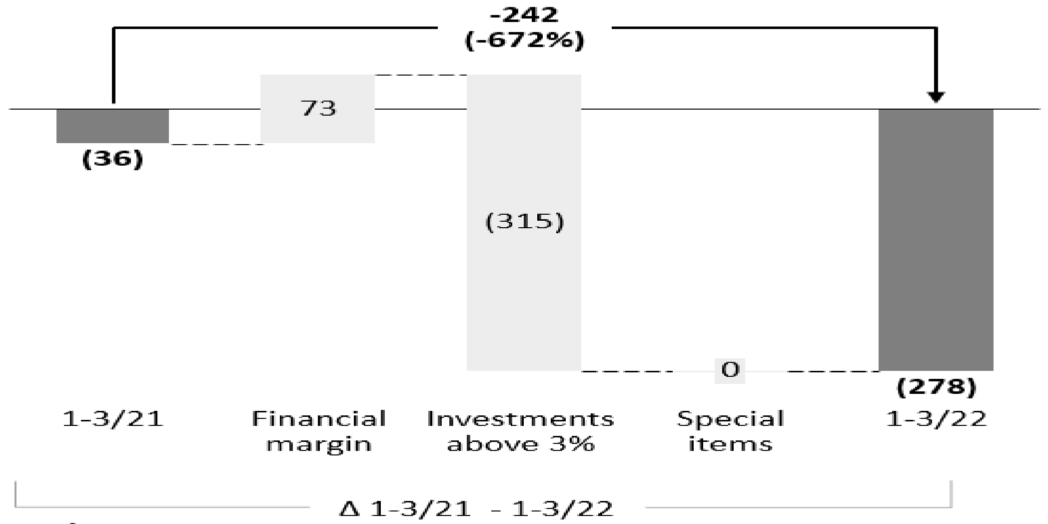
Fluctuations in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

5.5.3.5. **Set forth below are the nominal returns on yield-dependent policies in respect of policies issued from 2004 and thereafter**

	Policies issued from 2004 and thereafter		
	1-3/2022	1-3/2021	1-12/2021
Nominal returns before payment of management fees	(1.24%)	4.19%	15.33%
Nominal returns after payment of management fees	(1.47%)	3.93%	14.25%
Real returns before payment of management fees	(2.38%)	4.09%	12.63%
Real returns after payment of management fees	(2.61%)	3.83%	11.57%

5.5.4. Capital gains - other

Set forth below is the composition of the main effects and changes of other capital gains for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):



Results

1-3/2022	***93***	***(371)***	***-***	***(278)***
1-3/2021	*20*	*(56)*	*-*	*(36)*

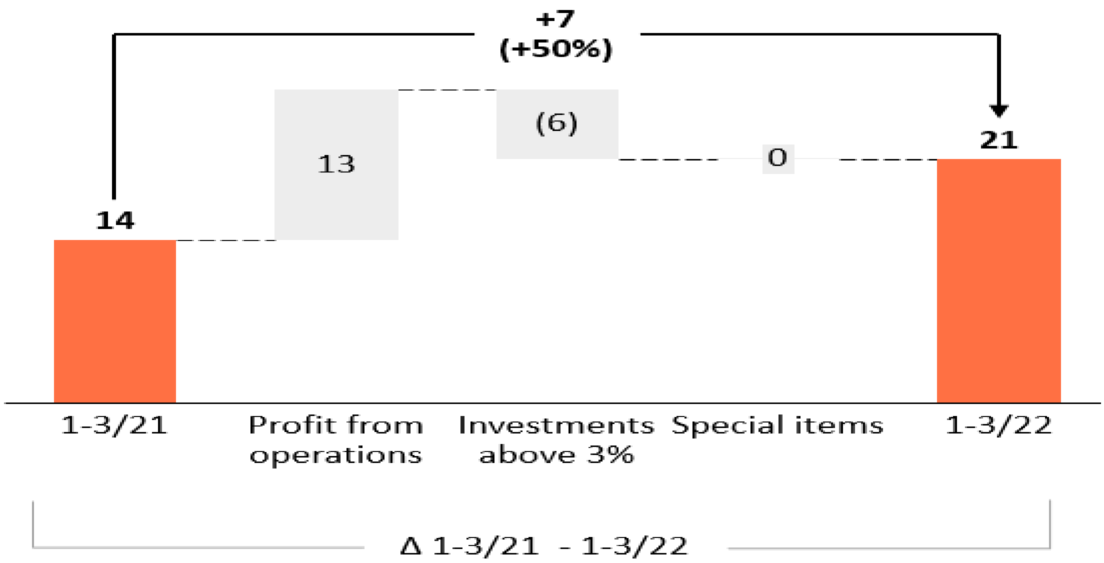
The NIS 242 million decrease in other capital gains stems from slumps in financial markets in Israel and globally during the reporting period, compared with the corresponding period last year.

5.6. Description of developments in other core activities

5.6.1. The field of asset management - pension and provident

The group manages various types of pension funds and provident funds through The Phoenix Pension and Provident Fund. In addition, the group manages - through Halman-Aldubi IEC Gemel Ltd. - the central provident fund for annuity of Israel Electric Corporation employees. As of the report date, the Company holds - directly and indirectly - 100% of the shares of The Phoenix Pension and Provident, and 100% of the shares of Halman-Aldubi IEC Gemel Ltd.

Set forth below is the composition of the main effects and changes on the results of the asset management - pension and provident segment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):



Results				
1-3/2022	24	(3)	-	21
1-3/2021	11	3	-	14

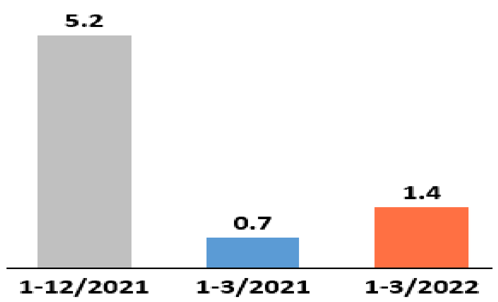
5.6.1.1. Provident funds subsegment

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.

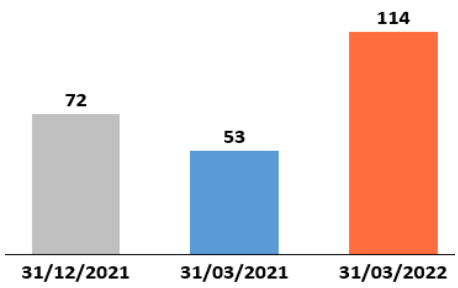
The pre-tax comprehensive income in the reporting period amounted to approximately NIS 17 million compared to approximately NIS 12 million during the corresponding period last year.

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

Contributions towards benefits (NIS billion)



Assets under management (NIS billion)



Based on Ministry of Finance data[5], aggregate contributions towards benefits in the provident funds subsegment in the first quarter of 2022 totaled approximately NIS 14.9 billion, compared to a total of approximately NIS 13.6 billion in the corresponding quarter last year, reflecting an increase of approximately 9.7%. According to the Ministry of Finance data, as of March 31, 2022, total aggregate assets under management in the provident funds subsegment amounted to approximately NIS 682 billion, compared to approximately NIS 608 billion as of March 31 2021, an increase of approximately 12.2%.

5.6.1.2. Pension funds subsegment

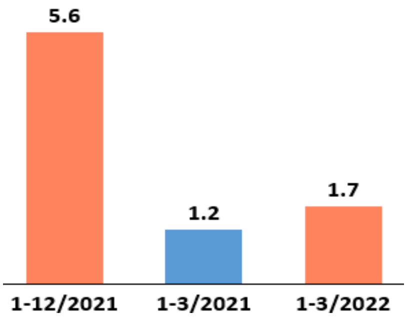
The group's pension subsegment is conducted through The Phoenix Pension and Provident, a wholly-owned subsidiary of the Company.

The pre-tax earnings in the reporting period amounted to NIS 4 million compared with pre-tax earnings of NIS 2 million in the corresponding period last year.

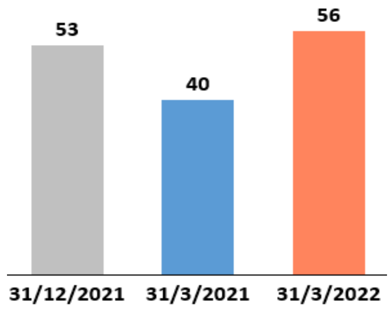
Set forth below are developments in contributions towards benefits and total assets under management:

[5] Based on Gemel Net data.

Contributions towards benefits (NIS billion)



Assets under management (NIS billion)



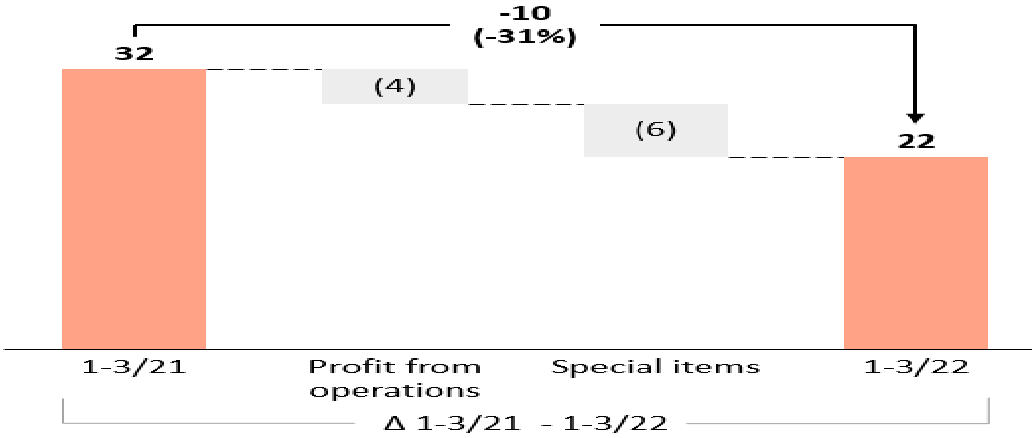
Based on Ministry of Finance data,[6] aggregate contributions towards benefits in the new comprehensive pension funds subsegment in the first quarter of 2022 totaled approximately NIS 13.4 billion, compared to a total of approximately NIS 11.4 billion in the corresponding quarter last year, reflecting an increase of approximately 17.5%.

According to Ministry of Finance data, as of March 31, 2021, total assets under management in the new comprehensive pension funds subsegment amounted to a total of approximately NIS 587 billion, compared to approximately NIS 493 billion on March 31, 2021, an increase of approximately 19.2%.

5.6.2. Investment management - financial services

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

Following is the composition of the main effects and changes on the results of the financial services segment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):



Results

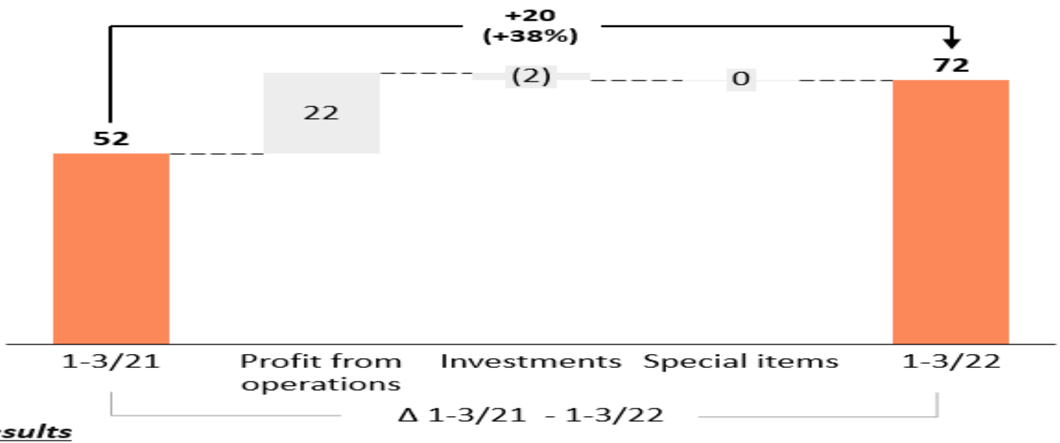
1-3/2022	28	(6)	22
1-3/2021	32	-	32

[6] Based on Pension Net data.

The NIS 6 million decrease in profit in the special items line-item stems mainly from an increase in acquisition expenses as a result of the growth strategy in the retail brokerage portfolio, and zero management fees in KSM.

5.6.3. The insurance agencies segment

<u>Following is the composition of the main effects and changes on the results of the insurance agencies segment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):</u>



Results

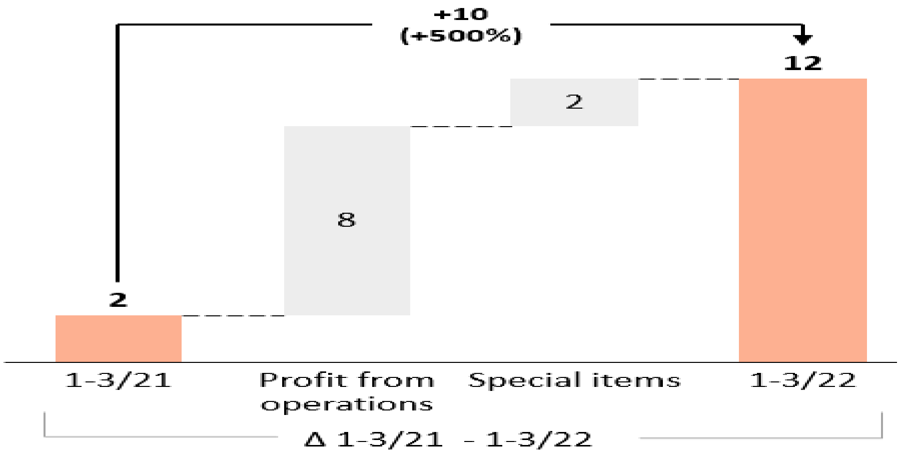
1-3/2022	***70***	***2***	***-***	***72***
1-3/2021	*48*	*4*	*-*	*52*

the increase in the Insurance Agencies Segment’s operating profit stems primarily from continued growth, increase in agencies’ sales further to the continued implementation of the Company's strategy of purchasing new agencies and operations.

5.6.4. 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 60% of Gama's issued and paid-up share capital and voting rights therein and became the controlling shareholder in Gama. During the reporting period, the Company consolidated Gama's financial statements for the first time.

<u>Set forth below is the composition of the main effects and changes on the results of the credit segment for the first quarter of 2022 compared to the corresponding quarter last year (in NIS million):</u>

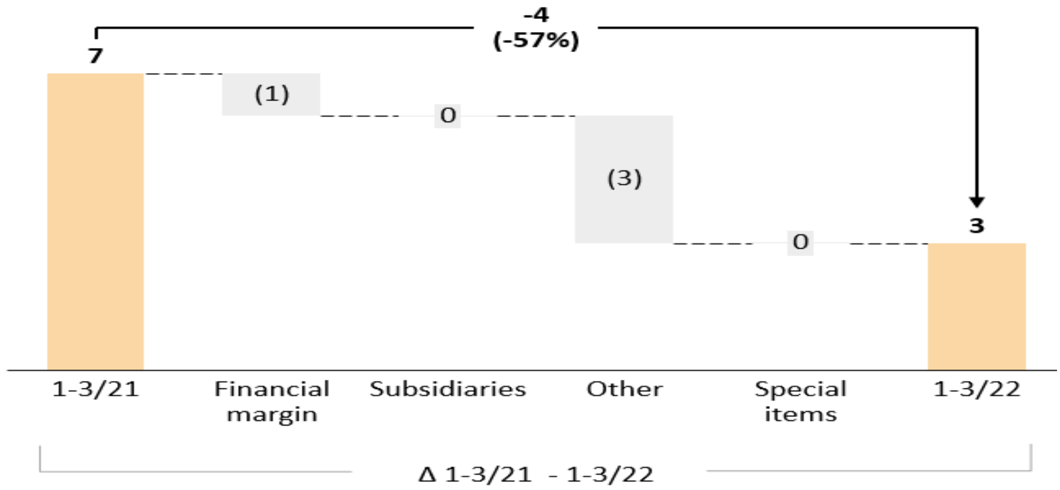


Results			
1-3/2022	12	-	12
1-3/2021	4	(2)	2

It should be noted that Gama's operating profit in the reporting period is included based on full consolidation, recording of minority interest, and amortization of intangible assets subsequent to assuming control (60%), as described above, compared with the profit in the corresponding period last year, which was included in accordance with the Company's stake in Gama at the time (49%).

5.6.5. Other segments and operation not attributed to the operating segments

<u>Following is the composition of the main effects and changes on the results of "other" segment and activity that is not attributed to activity segments in the first quarter of 2022 compared to the corresponding quarter last year (in NIS million before tax):</u>



Results

1-3/2022	***8***	***-***	***(5)***	***-***	***3***
1-3/2021	*9*	*-*	*(2)*	*-*	*7*

5.7. Analysis of cash flow development

5.7.1. Cash flow for the first quarter of 2022

The consolidated cash flows from operating activities in the reporting period amounted to approximately NIS 580 million. The consolidated cash flows used in investing activities in the reporting period amounted to approximately NIS 88 million and included mainly a total of NIS 70 million used to purchase intangible assets and to capitalize costs of intangible assets, NIS 30 million used to purchase property, plant and equipment, and a total of NIS 12 million arising from a dividend from an associate.

The consolidated cash flows provided by financing activities in the reporting period amounted to approximately NIS 190 million; the cash flows included, among other things, a total of NIS 608 million arising from the issuance of financial liabilities, a total of NIS 414 million used to repay financial liabilities, a total of NIS 67 million arising from short-term credit from banking corporations, and a total of NIS 56 million used to purchase Company's shares.

The group's cash and cash-equivalent balances increased from a total of approximately NIS 15,940 million at the beginning of the reporting period to approximately NIS 16,622 million at the end of the reporting period.

5.7.2. Funding sources and liquidity

For liquidity purposes, the Company relies, among other things, on net financial assets and on distribution of dividends by some of its investees. Set forth below is a breakdown of the material investees for liquidity purposes.

It is hereby clarified that some of the investees are subject to regulatory provisions in addition to the distribution restrictions set in the Companies Law, 1999:

A. The Phoenix Insurance - the dividends from The Phoenix Insurance depend on the solvency ratio target set by the Board of Directors, which is higher than the minimum target set by the Banking Supervision Department; the dividends also depend on the policy set by the Board of Directors of The Phoenix Insurance, see Section 2.1 above.

   For the purpose of making a conservative assessment of the Company's future cash flows, the Company assumes a payment of dividend by The Phoenix Insurance to the Phoenix Holdings in accordance with the work plan.

   The Company considers its holding in a Restricted Tier 1 capital instrument of The Phoenix Insurance, which is traded on the TACT-Institutionals trading platform as a source of liquidity, and classifies this holding as a financial investment.

B. The Phoenix Pension and Provident - the dividend paid by The Phoenix Pension and Provident depend on the capital requirements set by the Banking Supervision Department, and on The Phoenix Pension and Provident's dividend distribution policy. The Company does not expect payment of dividend by The Phoenix Pension and Provident in the next two years. However, for purposes of the future cash flow, the Company takes into account the repayment of the loan it extended to The Phoenix Pension and Provident.

Furthermore, the Company controls the following entities which are not subject to special Regulatory Restrictions in addition to the Companies Law:

A. The Phoenix Agencies - the Company presents the net financial assets of The Phoenix Agencies within its net financial assets. These assets include a short-term loan extended by The Phoenix Agencies or agencies under its control to The Phoenix Insurance for the purpose of central management of the net financial assets.

B. The Phoenix Investments - the Company presents the net financial assets of The Phoenix Investments as part of its net financial assets. The Company assumes a payment of dividend by Excellence to The Phoenix Investments in accordance with the work plan.

It should be noted that such work plans are reflected in the Company's targets as stated in Section 4 above.

Set forth below is a table providing a breakdown of the net financial debt (the table includes the following companies: the Company, The Phoenix Investments and The Phoenix Agencies as stated above, and does not include The Phoenix Insurance and The Phoenix Pension and Provident, which are subject to Regulatory Restrictions in addition to the distribution restrictions set out in the Companies Law, 1999):

	As of March 31 2022	As of December 31 2021
Financial assets		
Cash and cash equivalents	151	154
Other financial investments	1,087	1,101
Total assets	**1,239**	**1,255**
Less current maturities		
Financial liabilities - current (*)	45	316
Current financial assets net of current maturities	**1,194**	**940**
Non-current financial liabilities		
Non-current financial liabilities	1,429	1,130
Other liabilities	5	10
Total liabilities	**1,434**	**1,140**
Net financial debt	**-241**	**-200**
LTV	**2%(**)**	**2%**

(*) The other financial investments include an investment in a Restricted Tier 1 capital instrument of The Phoenix Insurance, which is traded on the TACT-Institutionals trading platform, amounting to NIS 951 million (fair value as of March 31, 2022 - NIS 1,421 million).
(**) The Company LTV is calculated as net financial debt as described above, in relation to the Company's market value as of March 31, 2022. For the calculation of LTV in accordance with financial covenants, please see Section 9.2 below.

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

Generally, during the reporting period there were no material changes in the exposure to market risks and the manner of management of those risks compared to what is described in the 2022 Periodic Report. except as follows:

In January 2022, the Company issued NIS 300 million p.v. in Series 6 bonds that replaced the series 3 bonds of NIS 1 p.v. each for a total gross consideration of NIS 300 million. The bonds (principal and interest) are not linked to the CPI, and bear non-linked annual interest, as stated, of 1.94%, payable in two semi-annual installments, in June and December of each calendar year from 2022 to 2032. This issuance replaced the series 3 bonds previously issued by The Phoenix Insurance. Following this expansion, there has been a change in the exposure to shekel interest rates in relation to the data as of December 31, 2021.

The following table summarizes the results of the sensitivity tests to the non-linked shekel interest rate on comprehensive income before tax, as of March 31, 2022. 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**	**Decrease of 10%**	**Absolute decrease of 2%**
Government bonds	(0.4)	-	-	3.3	-	-	0.4
Corporate bonds	(0.9)	-	-	8.7	-	-	1.0
MAOF options	-	-	-	-	-	-	-
Total assets	**(1.3)**	**-**	**-**	**12**	**-**	**-**	**1.4**
The Phoenix bonds	30.7	3.1	1.5	(610.7)	(1.6)	(3.1)	(36.1)
Total liabilities	**30.7**	**3.1**	**1.5**	**(610.7)**	**(1.6)**	**(3.1)**	**(36.1)**
Total	**(30.7)**	**(3.1)**	**(1.5)**	**(598.8)**	**(1.6)**	**(3.1)**	**(34.7)**

(*) The value of The Phoenix's bonds under the model is 1% lower than their market value (616.6).

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 March 31 2022

	NIS								
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items	pension companies in	Credit company in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
Intangible Assets	-	-	-	1,616,227	458,663	5,162	-	743,107	2,823,159
Deferred tax assets	-	-	-	63,478	121	5,480	-	-	69,079
Deferred acquisition costs	-	-	-	-	607,748	-	-	1,548,520	2,156,268
Property, plant & equipment	-	-	-	167,611	23,007	8,979	-	715,387	914,984
Investments in investees	28,039	16,208	6,170	69,371	-	59	-	1,198,431	1,318,278
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	1,992,223	1,992,223
Investment property - other	-	-	-	-	-	-	-	1,086,264	1,086,264
Reinsurance assets	-	-	-	-	-	-	-	2,963,027	2,963,027
Credit for purchase of securities	491,930	-	61,070	-	-	-	-	-	553,000
Current tax assets	-	33,945	-	-	475	5,102	-	91	39,613
Receivables and debit balances	303,821	-	-	-	58,860	11,809	-	385,748	760,238
Premiums collectible	-	-	-	-	-	-	-	845,689	845,689
Held-for-sale assets of disposal group	-	-	-	-	-	-	-	-	-
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	81,985,844	81,985,844
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	193,000	-	193,000
Credit in respect of factoring, clearing and financing	-	-	-	-	-	2,711,171	-	-	2,711,171
Liquid debt assets	12,573	6,611	1,407	-	58,460	-	-	6,313,485	6,392,536
Non-liquid debt assets	543,894	208,995	-	-	948,524	11,501	-	13,216,906	14,929,820
Shares	-	-	-	115,180	28,404	-	-	2,485,923	2,629,507
Other	-	-	13,240	36,141	35,667	-	-	4,377,963	4,463,011
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	13,241,894	13,241,894
Other cash and cash equivalents	386,494	-	61,000	-	83,117	10,232	-	2,839,619	3,380,462
					-	-			
Total assets	**1,766,751**	**265,759**	**142,887**	**2,068,008**	**2,303,046**	**2,769,495**	**193,000**	**135,940,121**	**145,449,067**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	965,270	-	-	24,007,538	24,972,808
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	96,603,955	96,603,955
Liabilities in respect of deferred taxes	-	-	-	60,793	70,186	-	-	540,256	671,235
Liability for employee benefits, net	21,026	-	-	-	1,599	5,850	-	54,195	82,670
Liability in respect of current taxes	-	13,569	-	-	3,542	1,553	-	204,499	223,163
Payables and credit balances	425,289	-	-	-	247,139	16,415	-	2,333,305	3,022,148
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	192,000	-	192,000
Payable dividend	-	-	-	-	-	-	-	421,000	421,000
Financial liabilities	1,465,060	1,174,652	81,000	-	25,961	2,448,168	-	4,251,200	9,446,041
Total liabilities	**1,911,375**	**1,188,221**	**81,000**	**60,793**	**1,313,697**	**2,471,986**	**192,000**	**128,415,948**	**135,635,020**
Total exposure	**(144,624)**	**(922,462)**	**61,887**	**2,007,215**	**989,349**	**297,509**	**1,000**	**7,524,173**	**9,814,047**

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of March 31 2021

	NIS		Foreign currency	Other non-monetary items	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked					
Intangible Assets	-	-	-	1,300,040	-	998,579	2,298,619
Deferred tax assets	-	-	-	57,245	-	-	57,245
Deferred acquisition costs	-	-	-	-	-	1,819,463	1,819,463
Property, plant & equipment	-	-	-	197,283	-	719,468	916,751
Investments in investees	81,728	15,651	6,170	144,725	-	522,836	771,110
Investment property in respect of yield-dependent contracts	-	-	-	-	-	1,853,064	1,853,064
Investment property - other	-	-	-	-	-	2,721,934	2,721,934
Reinsurance assets	-	-	-	-	-	2,650,209	2,650,209
Credit for purchase of securities	399,000	-	53,000	-	-	-	452,000
Current tax assets	-	17,148	-	-	-	9,749	26,897
Receivables and debit balances	140,467	-	3,371	-	-	408,464	552,302
Premiums collectible	-	-	-	-	-	739,902	739,902
Held-for-sale assets of disposal group	-	-	-	44,473	-	-	44,473
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	69,130,062	69,130,062
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	231,000	-	231,000
Liquid debt assets	31,444	68,830	385	-	-	7,390,646	7,491,305
Non-liquid debt assets	612,892	196,307	-	-	-	13,524,006	14,333,205
Shares	-	-	-	61,228	-	2,056,370	2,117,598
Other	-	-	817	43,663	-	3,490,678	3,535,158
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	11,162,653	11,162,653
Other cash and cash equivalents	374,449	-	32,585	-	-	1,842,320	2,249,354
Total assets	**1,639,980**	**297,936**	**96,328**	**1,848,657**	**231,000**	**121,040,403**	**125,154,304**
			-				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	-	23,904,976	23,904,976
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	81,296,403	81,296,403
Liabilities in respect of deferred taxes	-	-	-	22,311	-	912,100	934,411
Liability for employee benefits, net	22,526	-	-	-	-	54,130	76,656
Liability in respect of current taxes	-	18,688	-	-	-	51,916	70,604
Payables and credit balances	309,240	-	2,841	-	-	2,123,096	2,435,177
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	228,000	-	228,000
Payable dividend	180,000	-	-	-	-	200,000	380,000
Financial liabilities	1,457,362	1,118,319	59,000	-	-	5,113,299	7,747,980
Held-for-sale liabilities of disposal group	-	-	-	10,458	-	-	10,458
Total liabilities	**1,969,128**	**1,137,007**	**61,841**	**32,769**	**228,000**	**113,655,920**	**117,084,665**
Total exposure	**(329,148)**	**(839,071)**	**34,487**	**1,815,888**	**3,000**	**7,384,483**	**8,069,639**

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of December 31 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	-	-	-	1,571,622	461,337	4,264	-	737,837	2,775,060
Deferred tax assets	-	-	-	63,049	93	4,508	-	-	67,650
Deferred acquisition costs	-	-	-	-	541,050	-	-	1,469,598	2,010,648
Property, plant & equipment	-	-	-	166,154	23,844	9,489	-	702,752	902,239
Investments in investees	35,208	17,399	6,170	67,023	1,606	59	-	1,218,918	1,346,383
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	2,062,862	2,062,862
Investment property - other	-	-	-	-	-	-	-	1,124,834	1,124,834
Reinsurance assets	-	-	-	-	-	-	-	2,806,546	2,806,546
Credit for purchase of securities	426,000	-	71,000	-	-	-	-	-	497,000
Current tax assets	-	28,037	-	-	5,064	6,237	-	68,796	108,134
Receivables and debit balances	144,879	-	-	-	46,565	13,478	-	507,702	712,624
Premiums collectible	-	-	-	-	-	-	-	672,556	672,556
Held-for-sale assets of disposal group	-	-	-	-	-	-	-	-	-
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	81,098,659	81,098,659
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	206,000	-	206,000
Credit in respect of factoring, clearing and financing	-	-	-	-	-	2,550,392	-	-	2,550,392
Liquid debt assets	8,061	25,266	1,623	-	64,846	-	-	7,373,137	7,472,933
Non-liquid debt assets	345,000	335,669	-	-	926,127	11,502	-	12,346,143	13,964,441
Shares	-	-	-	130,655	27,549	1,520	-	2,602,173	2,761,897
Other	-	-	22,210	38,709	36,689	-	-	4,401,363	4,498,971
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	13,785,593	13,785,593
Other cash and cash equivalents	325,076	-	20,921	-	93,605	13,006	-	1,701,545	2,154,153
					-	-			
Total assets	**1,284,224**	**406,371**	**121,924**	**2,037,212**	**2,228,375**	**2,614,455**	**206,000**	**134,681,014**	**143,579,575**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	949,349	-	-	24,163,637	25,112,986
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	95,628,584	95,628,584
Liabilities in respect of deferred taxes	-	-	-	62,797	70,390	-	-	740,115	873,302
Liability for employee benefits, net	17,406	-	-	-	1,918	6,064	-	47,013	72,401
Liability in respect of current taxes	-	25,669	-	-	1,868	991	-	-	28,528
Payables and credit balances	282,447	-	-	-	220,394	21,483	-	2,398,679	2,923,003
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	205,000	-	205,000
Financial liabilities	1,277,957	1,184,966	74,000	-	24,760	2,287,842	-	3,963,157	8,812,682
Total liabilities	**1,577,810**	**1,210,635**	**74,000**	**62,797**	**1,268,679**	**2,316,380**	**205,000**	**126,941,185**	**133,656,486**
Total exposure	**(293,586)**	**(804,264)**	**47,924**	**1,974,415**	**959,696**	**298,075**	**1,000**	**7,739,829**	**9,923,089**

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 Commissioner's circulars applicable thereto - the Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Control 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" (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 Control 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 March 31 2022, 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 8 to the Financial Statements.

9.2. Dedicated disclosure for the Company's bondholders

Series/issuance date	Bonds Series 4	Bonds Series 5	Bonds Series 6
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 391,384,000	NIS 822,616,000	NIS 300,000,000
Interest type	Non-linked	CPI-linked	CPI-linked
Nominal interest	The Bank of Israel's variable quarterly interest rate plus a 1.28% spread	0.44%	1.94%
Effective interest rate on issuance date	1.7%	0.55%	2.01%
Listed on the TASE	Yes	Yes	Yes
Principal payment dates	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.	9 annual installments: 1 installment of 4% on December 31, 2024, 3 equal installments of 12% on December 31 of each of the years 2025 through 2027, 3 equal installments of 10% on December 31 of each of the years 2028 through 2030, and 2 installments of 15% on December 31 of each of the years 2031 through 2032.
Interest payment dates	Quarterly interest on January 31, April 30, July 31, and October 31	Semi-annual interest on May 1 and November 1	Semi-annual interest on June 30 and December 31
Nominal p.v. as of March 31, 2022	NIS 338 million	NIS 822 million	NIS 300 million
CPI-linked nominal p.v. as of March 31, 2022	NIS 338 million	NIS 850 million	NIS 300 million
Carrying amount of bonds' outstanding balances as of March 31, 2022	NIS 336 million	NIS 839 million	NIS 297 million
Carrying amount of interest payable as of March 31, 2022	NIS 0.8 million	NIS 1.7 million	NIS 1.2 million
Market value as of March 31, 2022 (*)	NIS 339 million	NIS 847 million	NIS 277 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 March 31, 2022.

Contractual restrictions and financial covenants

As part of the deed of trust of the Company's Series 6 Bonds, the Company undertook not to place a general floating charge on its assets as long as Series 6 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 6 bondholders. Furthermore, with respect to Series 6 bonds, the Company assumed restrictions on distribution of dividends and expansion of the Bonds (Series 6); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 3.6 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 48% for two consecutive quarters. For further details, please see the Shelf Offering Report dated January 5, 2022.

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 March 31, 2022, was approximately 3% (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 March 31, 2022, was approximately NIS 9,536 million, which is higher than the above required shareholders' equity.

For further details – please see Note 27 to the Company's Financial Statements as of December 31, 2021.

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

Benjamin Gabbay	**Eyal Ben Simon**
Chairman of the Board	**CEO**

May 30, 2022

Part 2

Consolidated Interim Financial Statements

Table of Contents

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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 March 31, 2022, the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of interim financial information for this interim period 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 this interim period under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation that consolidates an insurance company. Our responsibility is to express a conclusion regarding the financial information for this interim period based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 1.9% of total consolidated assets as of March 31, 2022, and whose revenues included in consolidation constitute approximately 1.6% of total consolidated revenues for the three-month period then ended. 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 765,738 thousand as of March 31, 2022, and the Company's share in the losses of which amounted to approximately NIS 4,800 thousand for the three-month period then ended. 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 of 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 are 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 an insurance company.

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
May 30, 2022	Certified Public Accountants

		As of		
		March 31 2022	March 31 2021	December 31, 2021
		Unaudited		Audited
	Note	NIS thousand		
Assets				
Intangible assets		2,823,159	2,298,619	2,775,060
Deferred tax assets		69,079	57,245	67,650
Deferred acquisition costs		2,156,268	1,819,463	2,010,648
Property, plant & equipment		914,984	916,751	902,239
Investments in associates		1,318,278	771,110	1,346,383
Investment property in respect of yield-dependent contracts		1,992,223	1,853,064	2,062,862
Investment property - other		1,086,264	2,721,934	1,124,834
Reinsurance assets		2,963,027	2,650,209	2,806,546
Credit for purchase of securities		553,000	452,000	497,000
Current tax assets		39,613	26,897	108,134
Receivables and debit balances		760,238	552,302	712,624
Premiums collectible		845,689	739,902	672,556
Held-for-sale assets of disposal group		-	44,473	-
Financial investments in respect of yield-dependent contracts	4A	81,985,844	69,130,062	81,098,659
Financial investments for holders of deposit certificates and structured bonds		193,000	231,000	206,000
Credit assets in respect of factoring, clearing and financing	4C	2,711,171	-	2,550,392
Other financial investments:				
Liquid debt assets		6,392,536	7,491,305	7,472,933
Illiquid debt assets		14,929,820	14,333,205	13,964,441
Shares		2,629,507	2,117,598	2,761,897
Other		4,463,011	3,535,158	4,498,971
Total other financial investments	4B	28,414,874	27,477,266	28,698,242
Cash and cash equivalents in respect of yield-dependent contracts		13,241,894	11,162,653	13,785,593
Other cash and cash equivalents		3,380,462	2,249,354	2,154,153
Total assets		145,449,067	125,154,304	143,579,575
Total assets in respect of yield-dependent contracts		97,385,124	82,335,416	97,116,663

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

		As of		
		March 31 2022	March 31 2021	December 31, 2021
		Unaudited		Audited
	Note	NIS thousand		
Equity				
Share capital		**310,366**	**309,961**	**310,323**
Premium and capital reserves in respect of shares		**851,131**	**837,324**	**849,309**
Treasury shares	7I	**(155,628)**	**(26,411)**	**(99,769)**
Capital reserves		**942,575**	**955,191**	**1,261,509**
Retained earnings		**7,587,379**	**5,875,712**	**7,331,992**
Total equity attributable to the Company's shareholders		**9,535,823**	**7,951,777**	**9,653,364**
Non-controlling interests		**278,224**	**117,862**	**269,725**
Total equity		**9,814,047**	**8,069,639**	**9,923,089**
Liabilities				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts		**24,972,808**	**23,904,976**	**25,112,986**
Liabilities in respect of insurance contracts and yield-dependent investment contracts		**96,603,955**	**81,296,403**	**95,628,584**
Liabilities in respect of deferred taxes		**671,235**	**934,411**	**873,302**
Liability for employee benefits, net		**82,670**	**76,656**	**72,401**
Liability in respect of current taxes		**223,163**	**70,604**	**28,528**
Payable dividend	7G	**421,000**	**380,000**	**-**
Held-for-sale liabilities of disposal group		**-**	**10,458**	**-**
Payables and credit balances		**3,022,148**	**2,435,177**	**2,923,003**
Liabilities in respect of structured products		**192,000**	**228,000**	**205,000**
Financial liabilities	4D	**9,446,041**	**7,747,980**	**8,812,682**
Total liabilities		**135,635,020**	**117,084,665**	**133,656,486**
Total equity and liabilities		**145,449,067**	**125,154,304**	**143,579,575**

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

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

Date of approval of the financial statements - May 30, 2022

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited		Audited
	NIS thousand		
Premiums earned, gross	3,014,388	2,618,322	11,161,431
Premiums earned by reinsurers	391,193	310,944	1,345,459
Premiums earned - retention	2,623,195	2,307,378	9,815,972
Gains (losses) on investments, net and finance income	(681,504)	3,854,595	14,626,925
Income from management fees	372,845	486,873	2,049,366
Income from fees and commissions	233,214	167,627	691,414
Income from financial and other services	44,000	41,000	154,000
Income from factoring and clearing	28,612	-	52,871
Other income	4,683	12,906	708,186
Total revenue	2,625,045	6,870,379	28,098,734
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	934,820	5,805,929	22,658,016
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	299,157	203,863	802,092
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	635,663	5,602,066	21,855,924
Fees and commissions, marketing expenses and other purchase expenses	463,485	380,423	1,696,075
General and administrative expenses	432,866	363,731	1,675,317
Other expenses	16,583	10,745	67,454
Finance expenses	59,641	41,545	218,002
Total expenses	1,608,238	6,398,510	25,512,772
Company's share in results of equity-accounted investees	3,919	16,027	111,504
Profit before income tax	1,020,726	487,896	2,697,466
Taxes on income	330,535	161,769	673,554
Net income for the period	690,191	326,127	2,023,912
Attributed to:			
Company's shareholders	675,097	315,404	1,964,696
Non-controlling interests	15,094	10,723	59,216
Net income for the period	690,191	326,127	2,023,912
Earnings per share attributable to the Company's shareholders (in NIS):			
Basic earnings per share			
Net income for ordinary shares of NIS 1 par value (in NIS)	2.68	1.24	7.76
Diluted earnings per share			
Net income for ordinary shares of NIS 1 par value (in NIS)	2.63	1.23	7.64

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited		Audited
	NIS thousand		
Net income for the period	**690,191**	**326,127**	**2,023,912**
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	**(400,588)**	**253,176**	**1,176,873**
Net change from disposal of financial assets classified as available for sale, carried to the income statement	**(197,568)**	**(230,110)**	**(811,111)**
Gain on impairment of financial assets classified as available for sale, carried to the income statement	**102,914**	**35,908**	**159,522**
The Group's share in other comprehensive income of equity-accounted investees	**2,407**	**1,057**	**(18,608)**
Tax effect	**169,168**	**(19,529)**	**(179,619)**
Total components of net other comprehensive income (loss) subsequently reclassified to profit or loss	**(323,667)**	**40,502**	**327,057**
Amounts that shall not be subsequently reclassified to profit or loss			
Revaluation of property, plant and equipment	**-**	**-**	**29,342**
Actuarial gain (loss) in respect of defined benefit plans	**1,110**	**-**	**(2,882)**
Company's share in other comprehensive income (loss), net of equity-accounted companies	**-**	**-**	**3,479**
Tax effect	**(255)**	**-**	**(5,886)**
Total net income components that will not be subsequently reclassified to profit or loss	**855**	**-**	**24,053**
Total other comprehensive income (loss), net	**(322,812)**	**40,502**	**351,110**
Total comprehensive income for the period	**367,379**	**366,629**	**2,375,022**
Attributed to:			
Company’s shareholders	**352,023**	**355,906**	**2,316,035**
Non-controlling interests	**15,356**	**10,723**	**58,987**
Comprehensive income for the period	**367,379**	**366,629**	**2,375,022**

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 as of January 1, 2022	310,323	849,309	(99,769)	7,331,992	(45,655)	11,000	51,652	131,354	(41,946)	1,155,104	9,653,364	269,725	9,923,089
Net income	-	-	-	675,097	-	-	-	-	-	-	675,097	15,094	690,191
Total other comprehensive income (loss)	-	-	-	593	-	-	-	-	2,407	(326,074)	(323,074)	262	(322,812)
Total comprehensive income	-	-	-	675,690	-	-	-	-	2,407	(326,074)	352,023	15,356	367,379
Share-based payment	-	1,575	-	-	-		5,473	-	-	-	7,048	-	7,048
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,936)	(6,936)
Purchase of treasury shares (see Note 7I)	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)	-	(55,859)
Exercise of employee options	43	247	-	-	-	-	(290)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	697	-	-	-	(697)	-	-	-	-	-
Dividend (Note 7G)	-	-	-	(421,000)	-	-	-	-	-	-	(421,000)	-	(421,000)
Transaction with minority interest	-	-	-	-	-	-	-	-	-	-	-	(85)	(85)
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	247	-	-	-	-	-	247	164	411
Balance on March 31 2022	310,366	851,131	(155,628)	7,587,379	(45,408)	11,000	56,835	130,657	(39,539)	829,030	9,535,823	278,224	9,814,047

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	-	-	-	315,404	-	-	-	-	-	-	315,404	10,723	326,127
Total other comprehensive income	-	-	-	-	-	-	-	-	1,057	39,445	40,502	-	40,502
Total comprehensive income	-	-	-	315,404	-	-	-	-	1,057	39,445	355,906	10,723	366,629
Share-based payment	-	3,635	-	-	-	-	2,314	-	-	-	5,949	-	5,949
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,177)	(5,177)
Dividend	-	-	-	(380,000)	-	-	-	-	-	-	(380,000)	-	(380,000)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	408	408
Exercise of employee options	10	97	-	-	-	-	(107)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	554	-	-	-	(554)	-	-	-	-	-
Balance as of March 31, 2021 (unaudited)	309,961	837,324	(26,411)	5,875,712	(43,622)	11,000	47,150	114,060	(22,281)	848,884	7,951,777	117,862	8,069,639

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 as of January 1, 2021	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	-	-	-	1,964,696	-	-	-	-	-	-	1,964,696	59,216	2,023,912
Total other comprehensive income (loss)	-	-	-	(1,787)	-	-	-	26,069	(18,608)	345,665	351,339	(229)	351,110
Total comprehensive income (loss)	-	-	-	1,962,909	-	-	-	26,069	(18,608)	345,665	2,316,035	58,987	2,375,022
Share-based payment	-	13,083	-	-	-		9,715	-	-	-	22,798	-	22,798
Exercise of employee options	372	2,634	-	-	-	-	(3,006)	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(73,358)	-	-	-	-	-	-	-	(73,358)	-	(73,358)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(34,481)	(34,481)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	123,564	123,564
Dividend	-	-	-	(580,000)	-	-	-	-	-	-	(580,000)	-	(580,000)
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	9,329	-	-	-	(9,329)			-	-	-
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	(3,256)	-	-	-	-	-	(3,256)	4,115	859
Transaction with minority interest	-	-	-	-	1,223	-	-	-	-	-	1,223	5,632	6,855
Balance as of December 31 2021	310,323	849,309	(99,769)	7,331,992	(45,655)	11,000	51,652	131,354	(41,946)	1,155,104	9,653,364	269,725	9,923,089

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

	Appendix	For the three months ended March 31 2022	For the three months ended March 31 2021	For the year ended December 31 2021
		Unaudited	Unaudited	Audited
		NIS thousand	NIS thousand	NIS thousand
Cash flows from operating activities				
Net income for the period		690,191	326,127	2,023,912
Adjustments required to present cash flows (for) from operating activities:	(a)	(109,727)	1,056,086	2,523,387
Net cash from operating activities		580,464	1,382,213	4,547,299
Cash flows from investing activities				
Purchase of property, plant and equipment		(29,684)	(12,389)	(78,390)
Proceeds from disposal of property, plant and equipment		161	-	201
Investment in associates		(1,230)	(10,632)	(61,767)
Dividend from an associate		11,855	11,918	19,405
Acquisition of consolidated companies consolidated for the first time	(b)	542	(337,071)	(475,521)
Sale of previously consolidated subsidiary	(c)	-	-	596,166
Receipt (repayment) of a loan from an associate		350	90	90
Proceeds from disposal of investment in associate		-	-	24,288
Proceeds from the sale of pension funds and fees and commissions portfolios		35	-	43,934
Acquisition and capitalization of intangible assets costs		(69,687)	(51,382)	(283,387)
Net cash used in investing activities		(87,658)	(399,466)	(214,981)
Cash flows from financing activities				
Acquisition of Company shares		(55,859)	-	(73,358)
Short term credit from banks, net		67,000	50,000	90,000
Repayment of financial liabilities		(414,368)	(3,699)	(207,270)
Dividend to shareholders		-	-	(580,000)
Repayment of lease liability principal		(8,376)	(12,505)	(37,347)
Assumption of financial liabilities		608,343	348,457	829,080
Liability for REPO		-	47,420	(389,315)
Repayment of contingent liability in respect of a put option to minority interest		-	(5,355)	-
Dividend paid to non-controlling interests		(6,936)	(5,177)	(34,481)
Net cash provided by (used in) financing activities		189,804	419,141	(402,691)
Increase in cash and cash equivalents		682,610	1,401,888	3,929,627
Balance of cash and cash equivalents at beginning of period	(d)	15,939,746	12,010,119	12,010,119
Balance of cash and cash equivalents at end of period	(d)	16,622,356	13,412,007	15,939,746

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

		For the three months ended March 31		For the year ended December 31
		2022	2021	2021
		Unaudited		Audited
		NIS thousand		
(a)	<u>Adjustments required to present cash flows from operating activities:</u>			
	<u>Items not involving cash flows</u>			
	Net (gains) losses on financial investments in respect of insurance contracts and yield-dependent investment contract	1,177,990	(3,433,370)	(12,117,791)
	Change in fair value of investment property in respect of yield-dependent contracts	-	-	(228,229)
	<u>Net (gains) losses on other financial investments</u>			
	Liquid debt assets	15,210	(113,589)	(284,661)
	Illiquid debt assets	(305,928)	(196,537)	(852,872)
	Shares	(247,992)	(123,408)	(376,472)
	Other	77,997	78,203	(444,387)
	Depreciation and amortization	90,093	76,835	354,191
	Loss (gain) on disposal of property, plant, and equipment	(2)	5	-
	Change in fair value of investment property	6,286	-	(160,567)
	Change in provision for impairment of property, plant and equipment	-	(2,229)	1,982
	Gain on notional disposal as a result of gaining control of an investee	-	(483)	(645,930)
	Change in financial liabilities	357,254	240,427	30,749
	Income tax expenses	330,535	161,769	673,554
	Company's share in the profits of associates, net	(3,919)	(16,027)	(111,504)
	Payroll expenses in respect of share-based payment	5,473	2,314	9,715
	<u>Changes in other balance sheet line items, net:</u>			
	Change in liabilities in respect of non-yield-dependent insurance contracts	(140,178)	435,089	1,643,099
	Change in liabilities in respect of yield-dependent contracts	975,371	4,439,490	18,771,671
	Change in liabilities for bonds, ETNs	(13,000)	(10,000)	(33,000)
	Change in financial investments for holders of ETFs, certificates of deposit	13,000	8,000	33,000
	Change in credit assets in respect of factoring, clearing and financing	(160,779)	-	(266,861)
	Change in deferred acquisition costs	(145,620)	(87,786)	(278,971)
	Change in reinsurance assets	(156,481)	(118,550)	(274,887)
	Change in liabilities for employee benefits, net	11,152	12,263	2,635
	Change in accounts receivable and collectible premiums	(221,950)	(111,143)	(219,222)
	Change in payables and credit balances	72,633	(44,969)	393,714
	Change in credit for purchase of securities	(56,000)	(49,000)	(94,000)
	Revaluation of loans granted to associates	(1,076)	(1,098)	(3,816)
	<u>Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:</u>			
	Acquisition of real estate properties	(26,160)	(13,488)	(138,251)
	Proceeds on sale of real estate properties	96,799	-	143,194
	Acquisitions of financial investments, net	(2,065,175)	(126,245)	(3,410,421)
	<u>Financial investments and other investment property:</u>			
	Acquisitions of financial investments, net	273,371	219,579	1,232,033
	Acquisition of real estate properties	(20,517)	(13,302)	(99,526)
	Proceeds on sale of real estate properties	52,800	-	71,810
	<u>Cash paid and received during the period for:</u>			
	Taxes paid	(136,168)	(335,118)	(985,771)
	Taxes received	35,254	178,454	189,179
	Total cash flows provided by operating activities	(109,727)	1,056,086	2,523,387

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

		For the three months ended March 3		For the year ended December 31
		2022	2021	2021
		Unaudited		Audited
		NIS thousand		
(b)	Acquisition of consolidated companies consolidated for the first time			
	Assets and liabilities of the consolidated companies as of acquisition date:			
	Working capital (excluding cash and cash equivalents)	467	19,959	44,955
	Deferred acquisition costs	-	(19,047)	(19,047)
	Other financial investments	-	(32,421)	(44,915)
	Credit in respect of factoring, clearing and financing	-	-	(2,283,531)
	Property, plant and equipment, net	(638)	(35,863)	(46,291)
	Goodwill arising from acquisition	(46,531)	(138,653)	(430,593)
	Intangible assets	-	(188,317)	(336,031)
	Deferred taxes	2,017	9,136	43,559
	Financial liabilities	-	34,161	2,055,394
	Minority interests	-	408	123,564
	Investments in investees	-	271	271
	Disposal of investment in an associate	-	2,777	342,728
	Loan from parent company	-	-	50,000
	Liability for payment in respect of acquisition of an investee	45,000	5,487	13,788
	Liabilities for employee benefits	227	5,031	10,628
		542	(337,071)	(475,521)
(c)	Sale of previously consolidated company			
	Working capital (excluding cash and cash equivalents)	-	-	(14,656)
	Investment in an associate	-	-	(710,767)
	Property, plant & equipment	-	-	81,553
	Deferred taxes	-	-	(246,153)
	Investment property	-	-	1,753,667
	Liabilities for employee benefits	-	-	(3,106)
	Financial liabilities	-	-	(629,015)
	Capital gain from the disposal of a consolidated company	-	-	340,795
	Intangible assets	-	-	23,848
		-	-	596,166
(d)	Cash and cash equivalents			
	Balance of cash and cash equivalents at beginning of period:			
	Cash and cash equivalents	2,154,153	1,545,903	1,545,903
	Cash and cash equivalents in respect of yield-dependent contracts	13,785,593	10,464,216	10,464,216
		15,939,746	12,010,119	12,010,119
	Balance of cash and cash equivalents at end of period:			
	Cash and cash equivalents	3,380,462	2,249,354	2,154,153
	Cash and cash equivalents in respect of yield-dependent contracts	13,241,894	11,162,653	13,785,593
		16,622,356	13,412,007	15,939,746
(e)	Significant non-cash activities			
	Payable dividend	(421,000)	(380,000)	-
	Recognition of right-of-use asset against a lease liability	(4,680)	(5,676)	(31,241)
	Appreciation (impairment) of available-for-sale assets against a capital reserve	(495,242)	58,974	525,284
	Appreciation (impairment) of deferred taxes in respect of available for sale assets against a capital reserve	169,168	(19,529)	(179,619)
(f)	Breakdown of amounts included in operating activities			
	Interest paid (*)	47,824	37,897	125,850
	Interest received	94,358	58,482	758,536
	Dividend received	7,842	17,687	57,702

(*) Reclassified.

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 March 31, 2022, and for the three-month period 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, 2021, 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.
The Phoenix Investments	-	The Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company.
Excellence	-	Excellence Investments Ltd., a subsidiary of The Phoenix Investments.
Gama		Gama Management and Clearing Ltd., a subsidiary in which The Phoenix Investments is a controlling shareholder
The Phoenix Agencies	-	The Phoenix Insurance Agencies 1989 Ltd. - a company wholly-owned by the Company.
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.
The Phoenix Advanced Investments	-	The Phoenix Advanced Investments (formerly Halman Aldubi Investment House Ltd.) is a wholly-owned subsidiary of the Company.
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 an investee of The Phoenix Insurance.
Phoeniclass	-	Phoeniclass Ltd., an investee of The Phoenix Insurance and The Phoenix Investments.

C. Restructuring - The Phoenix Advanced Investments

In January 2022, the board of directors of The Phoenix Advanced Investments authorized a restructuring of the companies it controls and the distribution of the following companies that it holds to the Company, as a dividend in kind: Halman-Aldubi Pension Insurance Agency (2005) Ltd. and Quality Pension Insurance Agency (2017) Ltd., and 16% of the shares it holds in The Phoenix Pension and Provident.It should be noted that the decision by The Phoenix Advanced Investments' Board of Directors is subject to the Court's approval since it does not meet the profit criteria. In May 2022, the Court's approval for the distribution was received. As of the report publication date, the Israel Tax Authority's approval for the restructuring has not yet been received.

NOTE 1 – GENERAL (cont.)

C. Restructuring - The Phoenix Advanced Investments (cont.)

Furthermore, The Phoenix Advanced Investments’ Board of Directors approved the sale of Halman-Aldubi IEC Gemel Ltd. to the Company; this sale was completed in March 2022.

At the same time, the Company authorized the transfer of its holding in The Phoenix Advanced Investments to The Phoenix Investments, and The Phoenix Investments authorized the transfer of its holdings in the alternative funds it holds to The Phoenix Advanced Investments. When this process is complete, the alternative investments activities will be managed in its entirety under The Phoenix Advanced Investments.

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

Further to what is stated in Note 1K to the Consolidated Annual Financial Statements regarding the transfer of 49% of the issued and paid up share capital of Phoeniclass from The Phoenix Insurance to The Phoenix Insurance, on March 31 2022, the said transfer of shares was completed upon receipt of the approval of the Israel Tax Authority, which was a condition precedent for the completion of the transaction.

As part of the completion of the transfer of Phoeniclass’ shares to The Phoenix Insurance, and in accordance with the illiquid assets allocation circular applicable to The Phoenix Insurance, the latter carried out a valuation of Phoeniclass’ shares through an external, independent appraiser. In accordance with the valuation, during the reporting period The Phoenix Insurance recognized a one-off pre-tax earning of NIS 99 million from revaluation of excess fair value of the investment against LAT in the health insurance subsegment.

E. Restructuring Excellence Investment House

As of the report date, Excellence holds approximately 84% of the shares of KSM ETN Holdings Ltd. (hereinafter - “KSM Holdings"), and 16% of the shares of KSM are held by three partners (hereinafter - the “Minority Shareholders in KSM Holdings"), of which approximately 9.55% of the shares are held by Avner Hadad and Boaz Nagar, pari passu (hereinafter - the "Managers"). In May 2022, the parties signed binding agreements, and an application for a statutory merger of KSM ETN Holdings Ltd. (hereinafter - ”KSM Holdings”) with Excellence. Following the merger and further actions, the Company is expected to hold through The Phoenix Investments 88.44% of the shares of Excellence and the Minority Shareholders in KSM Holdings will hold approximately 11.56% of the shares of Excellence, of which the share of Avner Hadad and Boaz Nagar will be 7.5%. Furthermore, options arrangements were established to execute transactions, from 2016 to 2029, between The Phoenix Investments and the Managers in connection with their holdings in Excellence at the market price to be determined, in accordance with an agreed-upon mechanism, based on valuations. The said arrangements enable the Company to pay the Managers the consideration by allotting them shares of the Company by way of a private placement, provided the options are exercised and at the Company's discretion. In accordance with the agreements that were signed, Excellence intends to focus on managing the core business of Excellence, which includes the activity of KSM Mutual Funds, the TASE member, portfolio management and ESOP. Other activities will be transferred from Excellence to other Group companies. For further details, please see immediate report dated March 15, 2022 (Ref. No.: 2022-01-025548).

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

A. <u>Preparation format of the consolidated interim financial statements</u>

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 policy 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 7.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 what is stated below:

B. <u>First-time application of amendment to existing accounting standards</u>

1. <u>Amendment to IAS 16, Property, Plant, and Equipment</u>

In May 2020, the IASB published an amendment to IAS 16 (hereinafter - the "Amendment"). The amendment prohibits the deduction of proceeds received from the sale of items manufactured while a company is preparing its property, plant and equipment for its designated use from its cost. Rather, the Company should recognize the proceeds from the sale and the related costs in profit or loss.
The Amendment shall be applied as from annual periods beginning on January 1, 2022. The Amendment was applied retrospectively, but only to property, plant, and equipment items that are brought to the location and condition necessary for them to operate in the manner intended by management at the beginning of the earliest annual reporting period presented in the financial statements in which the Company first applies the Amendment.
The cumulative effect of the first-time application of the Amendment is recognized as an adjustment to the opening balance of the retained earnings (or other equity component, where relevant) at the beginning of the earliest period presented.

The above Amendment did not have a material effect on the consolidated interim financial statements of the Company.

2. <u>Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets</u>

In May 2020, the IASB issued an amendment to IAS 37 regarding costs that a company must include in assessing whether a contract is an onerous contract (hereinafter - the "Amendment").
According to the amendment, the testing should include both incremental costs (such as raw materials and direct working hours) and the allocation of other costs directly related to the fulfillment of the contract (such as amortization of property, plant, and equipment used to fulfill the contract).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets (cont.)

The Amendment shall be applied to annual reporting periods starting on January 1, 2022; the Amendment will apply to contracts for which the obligations have not yet been fulfilled as of January 1, 2022.
The Company believes that the above amendments are not expected to have a material effect on the financial statements.

3. IFRS 3 - Business Combinations

In May 2020, the IASB published an amendment to IFRS 3 - Business Combinations - which updated the reference to the Conceptual Framework. The amendment was designed to replace a reference to the Conceptual Framework for Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting published in March 2018 without significantly changing its requirements.
The amendment adds an exception to the principle of recognizing a liability in accordance with IFRS 3, in order to avoid recognizing day 2 gain or loss stemming from liabilities and contingent liabilities, that would have been within the scope of IAS 37 or IFRIC 21, had they been recognized separately.
In accordance with the exception, liabilities or contingent liabilities which are within the scope of IAS 37 or IFRIC 21 shall be recognized on acquisition date in accordance with the provisions of IAS 37 or IFRIC 21, rather than in accordance with the Conceptual Framework.
The amendment also clarifies that contingent assets will not be recognized on the business combination date.
The amendment will be applied prospectively for annual reporting periods beginning on January 1, 2022.
The above Amendment did not have a material effect on the interim financial statements of the Company.

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

IFRS 17 - Insurance Contracts

Further to what is stated in Note 2FF(1) to the Annual Financial Statements regarding the draft "Revised Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts", published by the Capital Market, Insurance and Savings Authority on January 5 2022 (hereinafter - the "Roadmap"), on May 23 2022, the Capital Market, Insurance and Savings Authority published the final version of the said Roadmap (hereinafter - the "Revised Roadmap"). The Revised Roadmap did not change the first-time application date of IFRS 17 in Israel, that will take place starting with the quarterly and annual periods beginning on January 1, 2024; (accordingly, the transition date shall apply on January 1, 2023). However, the Revised Roadmap includes a small number of updates in relation to the draft Roadmap. In accordance with the Revised Roadmap, as part of the financial statements for the second quarter of 2023 and the 2023 annual financial statements companies will be required to include - in a dedicated note to the financial statements - key proforma statements (statement of financial position and statement of comprehensive income at the very least, and without comparative figures), that will be prepared in accordance with the provisions of IFRS 17 and IFRS 9 according to the disclosure format attached to the Revised Roadmap.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

IFRS 17 - Insurance Contracts (cont.)

Furthermore, the Revised Roadmap lists the key preparations and time tables that the Capital Market, Insurance and Savings Authority believes should be taken and met in order to ensure Israeli insurance companies' preparedness for a successful application of the standard, including, among other things, in connection with the adaptation of the IT system, completion of the formulation of accounting policies and preparations for the various required disclosures, conducting a quantitative assessment as to fair value in the lead up to the transition date, preparations for the calculation of the risk adjustment for non-financial risk, and preparations for the independent auditors' audit.

The Company continues assessing the effects of the adoption of the said standards on its financial statements, and is preparing for the adoption of the standard.

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

	CPI		Representative exchange rate of the US dollar
	Known CPI	In lieu CPI	
	%	%	%
For the three months ended on:			
March 31 2022	1.17	1.46	2.1
March 31 2021	0.1	0.8	3.7
For the year ended December 31 2021	2.4	2.8	(3.3)

NOTE 3 – OPERATING SEGMENTS

The Company operates in the following operating segments:

1. **Life insurance and savings segment**
The life insurance and savings segment includes the life insurance subsegments and related coverages. The segment includes various categories of insurance policies as well insurance coverages in respect of various risks such as: death, disability, permanent health insurance, and more.

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.

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 in Israel is broken down into compulsory motor insurance, motor property, other property and other liability subsegments:

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

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

   - 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. **Pension and Provident segment**

As from December 31, 2021, the Company presents the pension and provident activity as a reportable segment for the first time; through the said date, the activity was presented as part of the long-term savings segment. The comparative figures in the operating segments note were revised retrospectively as required under accounting standards.
As part of the implementation of the Company's strategy in the field of asset management in general and in the pension and provident activities in particular, on December 7 2020 the Company entered into a merger agreement with Halman-Aldubi, such that as from March 31 2021, upon the completion of the transaction, the Company consolidates Halman-Aldubi's results in its financial statements.
The pension and provident segment includes the management of pension funds and provident funds through The Phoenix Pension and Provident, which is a wholly-owned subsidiary of the Company.
In accordance with the provisions of the Banking Supervision Department, segment activity is described separately for the pension activity and the provident activity.
For more information, see Note 4A to the consolidated financial statements as of December 31, 2021.

NOTE 3 – OPERATING SEGMENTS (cont.)

5. **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 those of The Phoenix Investments and The Phoenix Group's alternative investment funds.

6. **Insurance agencies segment**

The insurance agencies segment includes the activity of the pension arrangement agencies and other insurance agencies in the Group.

7. **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. Until this date, Gama's results were presented under the "Other segment". The comparative figures in the operating segments note were revised retrospectively as required under accounting standards. For more information, please see Note 4B to the 2021 consolidated financial statements.

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, activities which are ancillary/overlapping with the Group's activity and holding assets and liabilities against the Company's share capital in accordance with the Capital Regulations.

9. **Other segment - reclassification**

As of the fourth quarter of 2021, the Company has classified the operations included under the "Other segment" to the "Financial services segment". The comparative figures have been reclassified. The said reclassification has no material effect on the financial services segment.

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Reportable segment

	Life insurance (a)	Health insurance (b)	Property and casualty insurance (c)	Pension and provident funds (d)	Financial services	Insurance agencies	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	For the three-month period ended March 31 2022									
	Unaudited									
	NIS thousand									
Premiums earned, gross	1,498,335	724,062	791,991	-	-	-	-	-	-	3,014,388
Premiums earned by reinsurers	81,279	51,652	258,262	-	-	-	-	-	-	391,193
Premiums earned - retention	1,417,056	672,410	533,729	-	-	-	-	-	-	2,623,195
Gains (losses) on investments, net and finance income	(767,966)	(93,341)	101,782	23,410	986	2,488	13,534	43,353	(5,750)	(681,504)
Income from management fees	150,075	-	-	160,114	74,802	-	-	840	(12,986)	372,845
Income from fees and commissions (e)	17,899	14,919	61,979	-	-	173,537	-	-	(35,120)	233,214
Income from financial and other services	-	-	-	-	44,000	-	-	-	-	44,000
Income from factoring and clearing	-	-	-	-	-	-	28,612	-	-	28,612
Other income	-	-	-	315	1,355	3,386	-	2	(375)	4,683
Total revenue	817,064	593,988	697,490	183,839	121,143	179,411	42,146	44,195	(54,231)	2,625,045
Increase (decrease) in insurance liabilities and payments in respect of insurance contracts	390,768	(171,606)	692,773	22,885	-	-	-	-	-	934,820
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	55,889	54,077	189,191	-	-	-	-	-	-	299,157
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	334,879	(225,683)	503,582	22,885	-	-	-	-	-	635,663
Fees and commissions and other purchase expenses	142,709	109,597	146,155	69,895	18,929	4,686	1,287	-	(29,773)	463,485
General and administrative expenses	93,190	39,045	30,515	61,936	79,891	98,681	21,654	22,639	(14,685)	432,866
Other expenses	1,150	-	-	5,342	3,000	5,174	2,030	-	(113)	16,583
Finance expenses (income)	619	-	3,602	3,095	(2,201)	592	5,813	53,207	(5,086)	59,641
Total expenses	572,547	(77,041)	683,854	163,153	99,619	109,133	30,784	75,846	(49,657)	1,608,238
Company's share in the net results of investees	7,133	(4,806)	(748)	-	756	1,584	-	-	-	3,919
Profit (loss) before taxes on income	251,650	666,223	12,888	20,686	22,280	71,862	11,362	(31,651)	(4,574)	1,020,726
Other comprehensive income (loss) before taxes on income	(87,821)	(10,892)	(155,355)	-	234	260	850	(239,001)	-	(491,725)
Total comprehensive income (loss) before taxes on income	163,829	655,331	(142,467)	20,686	22,514	72,122	12,212	(270,652)	(4,574)	529,001
	As of March 31 2022									
	Unaudited									
	NIS thousand									
Liabilities in respect of insurance contracts and yield-dependent investment contracts	90,278,191	6,325,764	-	-	-	-	-	-	-	96,603,955
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,288,383	4,587,207	7,131,949	965,269	-	-	-	-	-	24,972,808

(a) For additional data regarding the life insurance and 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) For more information regarding the pension and provident subsegments, please see Section E below.
(e) Arises from commission income received from agencies owned by the Group, mainly from activities in the life insurance and savings.

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Reportable Segment (cont.)

	Life insurance (a)	Health insurance (b)	Property and casualty insurance (c)	Pension and provident funds (d)	Financial services	Insurance agencies	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	For the three-month period ended March 31 2021									
	Unaudited									
	NIS thousand									
Premiums earned, gross	1,261,813	660,630	695,879	-	-	-	-	-	-	2,618,322
Premiums earned by reinsurers	28,018	51,711	231,215	-	-	-	-	-	-	310,944
Premiums earned - retention	1,233,795	608,919	464,664	-	-	-	-	-	-	2,307,378
Gains (losses) on investments, net and finance income	3,372,939	326,165	94,187	16,505	857	4,395	-	43,928	(4,381)	3,854,595
Income from management fees	323,424	-	-	99,159	76,414	228	-	762	(13,114)	486,873
Income from fees and commissions (e)	8,569	12,355	54,179	-	-	125,314	-	-	(32,790)	167,627
Income from financial and other services	-	-	-	-	41,000	-	-	-	-	41,000
Other income	5,302	338	-	190	1,327	4,302	-	1,652	(205)	12,906
Total revenue	4,944,029	947,777	613,030	115,854	119,598	134,239	-	46,342	(50,490)	6,870,379
Increase in insurance liabilities and payments in respect of insurance contracts	4,485,338	844,488	464,031	12,072	-	-	-	-	-	5,805,929
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	10,751	54,693	138,419	-	-	-	-	-	-	203,863
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	4,474,587	789,795	325,612	12,072	-	-	-	-	-	5,602,066
Fees and commissions and other purchase expenses	127,219	100,930	127,206	43,836	11,000	-	-	-	(29,768)	380,423
General and administrative expenses	98,463	37,738	31,255	45,764	75,179	80,189	-	9,869	(14,726)	363,731
Other expenses	4,049	-	-	276	3,000	3,231	-	304	(115)	10,745
Finance expenses	3,925	51	5,504	3	1,080	136	-	34,547	(3,701)	41,545
Total expenses	4,708,243	928,514	489,577	101,951	90,259	83,556	-	44,720	(48,310)	6,398,510
Company's share in the net results of investees	10,521	615	(1,167)	-	2,484	1,587	1,987	-	-	16,027
Net income before taxes on income	246,307	19,878	122,286	13,903	31,823	52,270	1,987	1,622	(2,180)	487,896
Other comprehensive income (loss) before taxes on income	30,043	3,108	55,236	-	587	-	-	(28,943)	-	60,031
Total comprehensive income (loss) before taxes on income	276,350	22,986	177,522	13,903	32,410	52,270	1,987	(27,321)	(2,180)	547,927
	As of March 31 2021									
	Unaudited									
	NIS thousand									
Liabilities in respect of insurance contracts and yield-dependent investment contracts	75,600,323	5,696,080	-	-	-	-	-	-	-	81,296,403
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,150,192	4,372,914	6,462,764	919,106	-	-	-	-	-	23,904,976

(a) For additional data regarding the life insurance and 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) For more information regarding the pension and provident subsegments, please see Section E below.
(e) Arises from commission income received from agencies owned by the Group, mainly from activities in the life insurance and savings.

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Reportable Segment (cont.)

	For the year ended December 31 2021									
	Life insurance (a)	Health insurance (b)	Property and casualty insurance (c)	Pension and provident funds (d)	Financial services	Insurance agencies	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	Audited									
	NIS thousand									
Premiums earned, gross	5,422,835	2,735,295	3,003,301	-	-	-	-	-	-	11,161,431
Premiums earned by reinsurers	117,372	212,807	1,015,280	-	-	-	-	-	-	1,345,459
Premiums earned - retention	5,305,463	2,522,488	1,988,021	-	-	-	-	-	-	9,815,972
Gains on investments, net and finance income	12,538,375	1,134,567	357,247	87,687	3,342	21,453	25,033	482,791	(23,570)	14,626,925
Income from management fees	1,217,741	-	-	542,942	335,707	380	-	4,112	(51,516)	2,049,366
Income from fees and commissions (e)	37,401	51,859	233,640	-	-	569,036	-	-	(200,522)	691,414
Income from financial and other services	-	-	-	-	154,000	-	-	-	-	154,000
Income from factoring and clearing	-	-	-	-	-	-	52,871	-	-	52,871
Other income	224,543	188,680	-	2,712	8,526	44,485	240,292	123	(1,175)	708,186
Total revenue	19,323,523	3,897,594	2,578,908	633,341	501,575	635,354	318,196	487,026	(276,783)	28,098,734
Increase in insurance liabilities and payments in respect of insurance contracts	17,087,723	3,442,141	2,060,741	67,411	-	-	-	-	-	22,658,016
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	50,414	115,238	636,440	-	-	-	-	-	-	802,092
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	17,037,309	3,326,903	1,424,301	67,411	-	-	-	-	-	21,855,924
Fees and commissions and other purchase expenses	531,826	424,718	629,755	219,693	62,862	8,905	1,754	196	(183,634)	1,696,075
General and administrative expenses	399,875	150,508	132,198	274,197	313,769	337,422	43,347	81,170	(57,169)	1,675,317
Other expenses	15,127	-	-	16,185	12,000	18,691	4,059	1,845	(453)	67,454
Finance expenses (income)	28,877	2,607	(1,507)	7,406	6,706	2,049	10,610	182,784	(21,530)	218,002
Total expenses	18,013,014	3,904,736	2,184,747	584,892	395,337	367,067	59,770	265,995	(262,786)	25,512,772
Company's share in the net results of investees	93,614	8,624	497	-	4,860	4,539	(630)	-	-	111,504
Net income before taxes on income	1,404,123	1,482	394,658	48,449	111,098	272,826	257,796	221,031	(13,997)	2,697,466
Other comprehensive income (loss) before taxes on income	130,548	6,756	90,708	-	2,060	(645)	(425)	307,613	-	536,615
Total comprehensive income before taxes on income	1,534,671	8,238	485,366	48,449	113,158	272,181	257,371	528,644	(13,997)	3,234,081
	As of December 31 2021									
	Audited									
	NIS thousand									
Liabilities in respect of insurance contracts and yield-dependent investment contracts	89,264,766	6,363,818	-	-	-	-	-	-	-	95,628,584
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,350,253	5,104,796	6,708,588	949,349	-	-	-	-	-	25,112,986

(a) For additional data regarding the life insurance and 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) For more information regarding the pension and provident subsegments, please see Section E below.
(e) Arises from commission income received from agencies owned by the Group, mainly from activities in the life insurance and savings.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional information regarding the life insurance and savings segment

Breakdown of results by type of policy

Data for the three-month period ended March 31 2022:

	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	Non-yield-dependent	Yield-dependent	Individual	Group	Total
	Unaudited						
	NIS thousand						
Gross premiums:	14,337	289,677	-	1,013,489	151,057	29,775	1,498,335
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	2,692,983	-	-	2,692,983
Financial margin including management fees (2)	(75,538)	51,039 (3)	-	98,808	-	-	74,309
Payments and change in liabilities in respect of insurance contracts, gross	38,159	(119,567) (4)	-	589,434 (4)	87,839	26,655	622,520
Payments and change in liabilities for investment contracts	-	-	-	(231,752) (4)	-	-	(231,752)
Total payments and change in liabilities from life insurance and savings							390,768
Total comprehensive income (loss) from life insurance and savings business	138,055 (5)	37,490 (5)	-	(9,867)	(2,127)	278	163,829

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 March 31, 2022, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 113 million. As of the report publication date, the estimated management fees which will not be collected amounted to approximately NIS 340 million.
4. This amount includes gains or losses on investments carried to participating policies. For further details, please see Note 7B.
5. Includes a profit in respect of the effect of the change in the discount interest rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 278 million, before tax. For further details, please see Note 7A.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional information regarding the life insurance and savings segment (cont.)

Breakdown of results by type of policy

Data for the three-month period ended March 31 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	Non-yield-dependent	Yield-dependent	Individual	Group	Total
	Unaudited						
	NIS thousand						
Gross premiums:	16,354	276,482	-	793,075	142,326	33,576	1,261,813
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	1,120,809	-	-	1,120,809
Financial margin including management fees (2)	124,289	244,523 (3)	-	78,688	-	-	447,500
Payments and change in liabilities in respect of insurance contracts, gross	137,360	1,687,563 (4)	-	2,117,203 (4)	71,433	30,319	4,043,878
Payments and change in liabilities for investment contracts	-	-	-	441,460 (4)	-	-	441,460
Total payments and change in liabilities from life insurance and savings							4,485,338
Total comprehensive income from the life insurance and savings businesses	94,979	143,235	-	8,565	23,759	5,812	276,350

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 first quarter of 2021, variable management fees in respect of participating policies in the amount of approximately NIS 199 million were charged.
4. This amount includes gains or losses on investments carried to participating policies.

NOTE 3 – OPERATING SEGMENTS (cont.)

B. Additional information regarding the life insurance and savings segment (cont.)

Breakdown of results by type of policy

Data for the year ended December 31, 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	Non-yield-dependent	Yield-dependent	Individual	Group	Total
	Audited						
	NIS thousand						
Gross premiums:	64,365	1,137,563	-	3,514,704	579,192	127,011	5,422,835
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	-	7,757,707	-	-	7,757,707
Financial margin including management fees (2)	824,875	869,244 (3)	-	347,578	-	-	2,041,697
Payments and change in liabilities in respect of insurance contracts, gross	767,923	6,617,590 (4)	-	7,778,546 (4)	209,818	118,551	15,492,428
Payments and change in liabilities for investment contracts	-	-	-	1,595,295 (4)	-	-	1,595,295
Total payments and change in liabilities from life insurance and savings							17,087,723
Total comprehensive income from the life insurance and savings businesses	652,883 (5)	664,113 (5)	-	9,322	183,359	24,994	1,534,671

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 2021, variable management fees in respect of participating policies in the amount of approximately NIS 681 million were charged.
4. This amount includes gains or losses on investments carried to participating policies.
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 100 million. For further details, please see Note 7A.

NOTE 3 – OPERATING SEGMENTS (cont.)

C. Additional data regarding the health insurance segment

	Data for the period ended March 31 2022				
	Long-term care		Other (2)		
	Individual	Group	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	65,627	268,121	394,770 (1)	18,872(1)	747,390
Payments and change in liabilities in respect of insurance contracts, gross	(547,607)	128,992	235,330	11,679	(171,606)
Total comprehensive income (loss) from health insurance business	623,096 (3)	10,176 (3)	24,215	(2,156)	655,331

(1) Of this, individual premiums in the amount of NIS 246.450 thousand and collective premiums in the amount of NIS 167,192 thousand.

	Data for the period ended March 31 2021				
	Long-term care		Other (2)		
	Individual	Group	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	64,897	239,633	372,814 (1)	3,995 (1)	681,339
Payments and change in liabilities in respect of insurance contracts, gross	103,997	505,115	228,792	6,584	844,488
Total comprehensive income (loss) from health insurance business	9,582 (3)	393 (3)	14,417	(1,406)	22,986

(1) Of this, individual premiums in the amount of NIS 214.173 thousand and collective premiums in the amount of NIS 162,636 thousand.

	Data for the year ended December 31 2021				
	Long-term care		Other (2)		
	Individual	Group	Long-term	Short-term	Total
	Audited				
	NIS thousand				
Gross premiums	260,543	982,052	1,433,829 (1)	61,440 (1)	2,737,864
Payments and change in liabilities in respect of insurance contracts, gross	760,897	1,967,249	677,734	36,261	3,442,141
Total comprehensive income (loss) from health insurance business	(226,341)	(13,965)	249,234	(690)	8,238

(1) Of this, individual premiums in the amount of NIS 924.266 thousand and collective premiums in the amount of NIS 571,003 thousand.

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

(3) The profit in the three-month period ended March 31, 2022, includes a decrease in the insurance reserve (LAT) in the amount of approximately NIS 627 million, and in the three-month period ended March 31, 2021 - an increase in LAT of NIS 37 million.

NOTE 3 – OPERATING SEGMENTS (cont.)

D. Additional data regarding the property and casualty insurance segment

	For the three-month period ended March 31 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	205,948	406,613	230,964	172,759	1,016,284
Reinsurance premiums	38,890	18	150,349	75,110	264,367
Premiums - retention	167,058	406,595	80,615	97,649	751,917
Change in unearned premium balance, retention	65,002	112,145	20,183	20,858	218,188
Premiums earned - retention	102,056	294,450	60,432	76,791	533,729
Investment income, net and finance income	41,474	17,074	4,040	39,194	101,782
Income from fees and commissions	16,784	84	34,748	10,363	61,979
Total revenue	160,314	311,608	99,220	126,348	697,490
Payments and change in liabilities in respect of insurance contracts, gross	171,583	305,391	71,086	144,713	692,773
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	53,332	231	57,166	78,462	189,191
Payments and change in liabilities for insurance contracts - retention	118,251	305,160	13,920	66,251	503,582
Fees and commissions, marketing expenses and other purchase expenses	18,654	56,610	40,824	30,067	146,155
General and administrative expenses	7,245	11,381	6,526	5,363	30,515
Finance expenses	1,763	-	172	1,667	3,602
Total expenses	145,913	373,151	61,442	103,348	683,854
Company's share in the net results of investees	(303)	(130)	(29)	(286)	(748)
Profit (loss) before taxes on income	14,098	(61,673)	37,749	22,714	12,888
Other comprehensive income before taxes on income	(62,837)	(27,016)	(6,121)	(59,381)	(155,355)
Total comprehensive income (loss) for the period before taxes on income	(48,739)	(88,689)	31,628	(36,667)	(142,467)
Liabilities in respect of insurance contracts, gross, as of March 31, 2022 (unaudited)	3,079,299	1,026,322	696,117	2,330,211	7,131,949
Liabilities in respect of insurance contracts - retention - as of March 31, 2022 (unaudited)	1,875,454	1,025,543	203,387	1,772,113	4,876,497

(*) 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 81% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the three-month period ended March 31 2021				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	185,928	329,441	228,546	163,678	907,593
Reinsurance premiums	79,067	581	150,830	62,327	292,805
Premiums - retention	106,861	328,860	77,716	101,351	614,788
Change in unearned premium balance, retention	32,037	73,440	19,068	25,579	150,124
Premiums earned - retention	74,824	255,420	58,648	75,772	464,664
Investment income, net and finance income	38,837	13,604	4,044	37,702	94,187
Income from fees and commissions	18,922	16	28,686	6,555	54,179
Total revenue	132,583	269,040	91,378	120,029	613,030
Payments and change in liabilities in respect of insurance contracts, gross	153,010	165,817	52,716	92,488	464,031
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	68,792	314	41,040	28,273	138,419
Payments and change in liabilities for insurance contracts - retention	84,218	165,503	11,676	64,215	325,612
Fees and commissions, marketing expenses and other purchase expenses	15,410	51,855	36,724	23,217	127,206
General and administrative expenses	7,208	10,968	6,848	6,231	31,255
Finance expenses	2,653	-	276	2,575	5,504
Total expenses	109,489	228,326	55,524	96,238	489,577
Company's share in the net results of investees	(476)	(179)	(50)	(462)	(1,167)
Net income before taxes on income	22,618	40,535	35,804	23,329	122,286
Other comprehensive income before taxes on income	22,537	8,473	2,347	21,879	55,236
Total comprehensive income for the period before taxes on income	45,155	49,008	38,151	45,208	177,522
Liabilities in respect of insurance contracts, gross, as of March 31, 2021 (unaudited)	2,819,358	796,742	703,203	2,143,461	6,462,764
Liabilities in respect of insurance contracts - retention - as of March 31, 2021 (unaudited)	1,759,836	795,910	203,665	1,751,326	4,510,737

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 82% 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 82% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the year ended December 31 2021				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Audited				
	NIS thousand				
Gross premiums	653,843	1,155,436	759,375	586,698	3,155,352
Reinsurance premiums	270,705	1,759	512,033	263,550	1,048,047
Premiums - retention	383,138	1,153,677	247,342	323,148	2,107,305
Change in unearned premium balance, retention	44,160	66,392	3,322	5,410	119,284
Premiums earned - retention	338,978	1,087,285	244,020	317,738	1,988,021
Investment income, net and finance income	146,709	52,820	17,077	140,641	357,247
Income from fees and commissions	80,703	101	124,803	28,033	233,640
Total revenue	566,390	1,140,206	385,900	486,412	2,578,908
Payments and change in liabilities in respect of insurance contracts, gross	611,086	874,384	254,462	320,809	2,060,741
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	314,908	1,035	197,238	123,259	636,440
Payments and change in liabilities for insurance contracts - retention	296,178	873,349	57,224	197,550	1,424,301
Fees and commissions, marketing expenses and other purchase expenses	69,940	262,071	188,009	109,735	629,755
General and administrative expenses	29,325	48,447	27,020	27,406	132,198
Finance income	(726)	-	(85)	(696)	(1,507)
Total expenses	394,717	1,183,867	272,168	333,995	2,184,747
Company's share in the net results of investees	204	73	24	196	497
Profit (loss) before taxes on income	171,877	(43,588)	113,756	152,613	394,658
Other comprehensive income before taxes on income	37,278	13,354	4,339	35,737	90,708
Total comprehensive income (loss) for the period before taxes on income	209,155	(30,234)	118,095	188,350	485,366
Liabilities in respect of insurance contracts, gross, as of December 31, 2021 (audited)	2,974,669	875,937	654,312	2,203,670	6,708,588
Liabilities in respect of insurance contracts, gross, as of December 31, 2021 (audited)	1,772,342	874,770	184,621	1,724,198	4,555,931

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 82% 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 82% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (cont.)

E. Additional data regarding the pension and provident segment

	For the three-month period ended March 31 2022		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	22,963	447	23,410
Income from management fees	104,197	55,917	160,114
Other income	6	309	315
Total revenue	127,166	56,673	183,839
Change in liabilities for investment contracts	22,885	-	22,885
Fees and commissions, marketing expenses and other purchase expenses	38,859	31,036	69,895
General and administrative expenses	41,298	20,638	61,936
Other expenses	4,884	458	5,342
Finance expenses	2,320	775	3,095
Total expenses	110,246	52,907	163,153
Comprehensive income before taxes on income	16,920	3,766	20,686

	For the 3-month period ended March 31 2021 (*)		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	15,033	1,472	16,505
Income from management fees	54,691	44,468	99,159
Other income	-	190	190
Total revenue	69,724	46,130	115,854
Change in liabilities for investment contracts	12,072	-	12,072
Fees and commissions, marketing expenses and other purchase expenses	22,174	21,662	43,836
General and administrative expenses	23,482	22,282	45,764
Other expenses	183	93	276
Finance expenses	3	-	3
Total expenses	57,914	44,037	101,951
Comprehensive income before taxes on income	11,810	2,093	13,903

NOTE 3 – OPERATING SEGMENTS (cont.)

E. Additional data regarding the pension and provident segment (cont.)

	For the year ended December 31 2021 (*)		
	Provident funds	Pension	Total
		Audited	
		NIS thousand	
Investment income, net and finance income	77,103	10,584	87,687
Income from management fees	338,699	204,243	542,942
Other income	-	2,712	2,712
Total revenue	415,802	217,539	633,341
Change in liabilities for investment contracts	67,411	-	67,411
Fees and commissions, marketing expenses and other purchase expenses	123,118	96,575	219,693
General and administrative expenses	177,343	96,854	274,197
Other expenses	15,383	802	16,185
Finance expenses	2,848	4,558	7,406
Total expenses	386,103	198,789	584,892
Comprehensive income before taxes on income	29,699	18,750	48,449

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

NOTE 4 – 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 March 31		As of December 31
	2022	2021	2021
	Unaudited		Audited
	NIS thousand		
Investment property	1,992,223	1,853,064	2,062,862
Financial investments:			
Liquid debt assets	22,073,675	20,920,260	22,194,850
Illiquid debt assets	8,512,686	7,513,185	8,100,882
Shares	25,067,408	19,514,158	24,884,732
Other financial investments	26,332,075	21,182,459	25,918,195
Total financial investments	81,985,844	69,130,062	81,098,659
Cash and cash equivalents	13,241,894	11,162,653	13,785,593
Other	165,163	189,637	169,549
Total assets for yield-dependent contracts	97,385,124	82,335,416	97,116,663

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 March 31 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	16,563,065	5,510,610	-	22,073,675
Illiquid debt assets	-	6,602,964	1,909,722	8,512,686
Shares	22,296,040	1,296,499	1,474,869	25,067,408
Other financial investments	10,014,542	1,862,400	14,455,133	26,332,075
Total	48,873,647	15,272,473	17,839,724	81,985,844

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

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

	As of March 31 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	15,606,411	5,313,849	-	20,920,260
Illiquid debt assets	-	5,780,945	1,732,240	7,513,185
Shares	17,616,224	667,087	1,230,847	19,514,158
Other financial investments	8,692,736	1,408,113	11,081,610	21,182,459
Total	41,915,371	13,169,994	14,044,697	69,130,062

	As of December 31 2021			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Financial investments:				
Liquid debt assets	16,866,619	5,328,231	-	22,194,850
Illiquid debt assets	-	6,378,393	1,722,489	8,100,882
Shares	22,087,156	1,174,596	1,622,980	24,884,732
Other financial investments	10,190,662	1,795,948	13,931,585	25,918,195
Total	49,144,437	14,677,168	17,277,054	81,098,659

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, 2022	-	1,722,489	1,622,980	13,931,585	17,277,054
Total gains (losses) recognized in profit or loss (*)	-	(16,900)	83,136	369,261	435,497
Purchases	-	350,618	83,630	941,541	1,375,789
Proceeds from interest and dividend	-	(4,612)	(993)	(210,654)	(216,259)
Redemptions / sales	-	(141,873)	-	(495,080)	(636,953)
Transfers from Level 3 (**)	-	-	(313,884)	(81,520)	(395,404)
Balance on March 31 2022	-	1,909,722	1,474,869	14,455,133	17,839,724
(*) Of which: Total unrealized gains (losses) for the period included in profit and loss in respect of assets held as of March 31 2022	-	(2,639)	9,674	158,215	165,250

(**) Transfers from Level 3 stem mainly from securities whose rating changed and from securities issued for the first time

NOTE 4 – 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 as of January 1, 2021	-	1,692,181	1,249,004	10,148,125	13,089,310
Total gains recognized in profit or loss (*)	-	30,563	49,908	663,592	744,063
Purchases	-	357,168	69,658	992,481	1,419,307
Proceeds from interest and dividend	-	(14,068)	(7,306)	(154,689)	(176,063)
Redemptions / sales	-	(208,876)	(41,597)	(393,378)	(643,851)
Transfers from Level 3 (**)	-	(124,728)	(88,820)	(174,521)	(388,069)
Balance on March 31 2021	-	1,732,240	1,230,847	11,081,610	14,044,697
(*) Of which Total unrealized gains for the period included in profit and loss in respect of assets held as of March 31 2021	-	25,022	42,660	519,689	587,371

(**) Transfers from Level 3 stem mainly from securities whose rating changed and from securities issued for the first time.

	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
	Audited				
	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 or loss (*)	-	40,119	521,932	2,225,084	2,787,135
Purchases	-	1,173,964	359,500	4,280,637	5,814,101
Proceeds from interest and dividend	-	(44,814)	(9,948)	(890,187)	(944,949)
Redemptions / sales	-	(851,711)	(125,369)	(1,657,553)	(2,634,633)
Transfers from Level 3 (**)	-	(287,250)	(372,139)	(174,521)	(833,910)
Balance as of December 31 2021	-	1,722,489	1,622,980	13,931,585	17,277,054
(*) Of which: Total unrealized gains (losses) for the period included in profit and loss in respect of assets held as of December 31 2021	-	(3,628)	374,098	1,381,647	1,752,117

(**) Transfers from Level 3 stem mainly from securities whose rating changed and from securities issued for the first time.

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments

1. Illiquid debt assets

Composition:

	As of March 31 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables		
Designated bonds and treasury deposits (*)	8,367,691	12,474,212
Other non-convertible debt assets, excluding deposits with banks	5,500,701	5,678,082
Deposits with banks	1,061,428	1,098,287
Total illiquid debt assets	14,929,820	19,250,581
Impairments carried to profit and loss (cumulative)	59,557	

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

	As of March 31 2021	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables		
Designated bonds and treasury deposits (*)	8,300,630	12,268,566
Other non-convertible debt assets, excluding deposits with banks	4,887,646	5,186,548
Deposits with banks	1,144,929	1,193,076
Total illiquid debt assets	14,333,205	18,648,190
Impairments carried to profit and loss (cumulative)	62,066	

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

	As of December 31 2021	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Loans and receivables		
Designated bonds and treasury deposits (*)	8,166,309	12,915,459
Other non-convertible debt assets, excluding deposits with banks	4,806,398	5,084,555
Deposits with banks	991,734	1,034,477
Total illiquid debt assets	13,964,441	19,034,491
Impairments carried to profit and loss (cumulative)	62,220	

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

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. 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 March 31 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,694,271	1,698,265	-	6,392,536
Shares	1,876,237	314,883	438,387	2,629,507
Other	1,104,857	440,504	2,917,650	4,463,011
Total	7,675,365	2,453,652	3,356,037	13,485,054

	As of March 31 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	6,128,980	1,362,325	-	7,491,305
Shares	1,551,492	237,290	328,816	2,117,598
Other	848,678	500,340	2,186,140	3,535,158
Total	8,529,150	2,099,955	2,514,956	13,144,061

	As of December 31 2021			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liquid debt assets	6,078,689	1,394,244	-	7,472,933
Shares	1,782,305	481,559	498,033	2,761,897
Other	1,020,779	615,128	2,863,064	4,498,971
Total	8,881,773	2,490,931	3,361,097	14,733,801

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

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

Assets measured at fair value - Level 3

	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 2022	-	-	498,033	2,863,064	3,361,097
Total profits recognized:					
in profit or loss (*)	-	-	-	51,550	51,550
In other comprehensive income	-	-	4,205	11,588	15,793
Purchases	-	-	52,373	192,169	244,542
Proceeds from interest and dividend	-	-	-	(48,324)	(48,324)
Redemptions / sales	-	-	-	(135,044)	(135,044)
Transfers from Level 3 (**)	-	-	(116,224)	(17,353)	(133,577)
Balance on March 31 2022	-	-	438,387	2,917,650	3,356,037
(*) Of which: Total unrealized losses for the period included in profit and loss in respect of assets held as of March 31 2022	-	-	-	(8,494)	(8,494)

(**) Transfers from Level 3 stem mainly from securities whose rating changed and from securities issued for the first time.

	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 or loss (*)	-	-	16,265	38,058	54,323
In other comprehensive income	-	-	6,674	67,686	74,360
Purchases	-	-	17,572	192,484	210,056
Proceeds from interest and dividend	-	-	(1,388)	(37,411)	(38,799)
Redemptions / sales	-	-	(18,071)	(54,288)	(72,359)
Transfers from Level 3 (**)	-	-	(22,244)	(58,206)	(80,450)
Balance on March 31 2021	-	-	328,816	2,186,140	2,514,956
(*) Of which: Total unrealized gains (losses) for the period included in profit and loss in respect of assets held as of March 31 2021	-	-	(1,311)	18,242	16,931

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

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

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

	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
	Audited				
	NIS thousand				
Balance as of January 1, 2021	-	-	330,008	2,037,817	2,367,825
Total profits recognized:					
in profit or loss (*)	-	-	18,658	120,906	139,564
In other comprehensive income	-	-	162,902	256,973	419,875
Purchases	-	-	121,831	907,353	1,029,184
Proceeds from interest and dividend	-	-	(1,526)	(156,899)	(158,425)
Redemptions / sales	-	-	(29,189)	(244,880)	(274,069)
Transfers into Level 3 (**)	-	-	96,224	-	96,224
Transfers from Level 3 (**)	-	-	(200,875)	(58,206)	(259,081)
Balance as of December 31 2021	-	-	498,033	2,863,064	3,361,097
(*) Of which: Total unrealized losses for the period included in profit and loss in respect of assets held as of December 31 2021	-	-	(339)	(46,271)	(46,610)

(**) Securities issued for the first time and securities classified from investment in an associate

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

	As of March 31	As of December 31
	2022	2021
	Unaudited	Audited
	NIS thousand	NIS thousand
Trade receivables and checks for collection	1,010,089	845,079
Credit vouchers	12,320	14,984
Loans and checks for collection	696,378	608,405
Credit vouchers for sale	1,009,336	1,096,965
Provision for doubtful debts	(16,953)	(15,041)
Total	2,711,171	2,550,392

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities

1. Breakdown of financial liabilities

	As of March 31 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Short-term credit from banking corporations	225,640	225,640
Loans from non-bank entities (see Note 7F)	896,492	896,492
Bonds (see Note 7C)	1,603,126	1,590,391
Subordinated bonds (1)	3,396,455	3,484,381
Subordinated bonds - additional Tier 1 capital (1)	202,195	212,056
Trade receivables for credit cards	1,419,134	1,419,134
Other (2)	41,215	41,215
	7,784,257	7,869,309
Financial liabilities presented at fair value through profit and loss:		
Derivatives (3)	624,241	624,241
Liability for short sale of liquid securities	918,096	918,096
Total financial liabilities presented at fair value through profit and loss	1,542,337	1,542,337
Lease liabilities	119,447	
Total financial liabilities	9,446,041	

(1) The bonds were issued for the purpose of complying with the capital requirements.

(2) Mainly provision in respect of deferred consideration and an undertaking to acquire portfolios.

(3) Including financial liabilities in respect of yield-dependent contracts totaling approximately NIS 476 million.

For information concerning issuances and expansions carried out after balance sheet date, see Note 8C and 8D.

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	As of March 31 2021	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Short-term credit from banking corporations	128,673	128,673
Bonds (1)	1,467,650	1,513,765
Subordinated bonds (1)	3,376,344	3,631,801
Liability for REPO	434,113	434,113
Deposits from tenants	578,621	578,621
Other (2)	26,434	26,434
Total financial liabilities presented at amortized cost	6,011,835	6,313,407
Financial liabilities presented at fair value through profit and loss:		
Derivatives (3)	652,113	652,113
Short sale of securities	952,406	952,406
Total financial liabilities presented at fair value through profit and loss	1,604,519	1,604,519
Lease liabilities	131,626	
Total financial liabilities	7,747,980	

(1) The bonds were issued in order to comply with the capital requirements.

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

(3) Including financial liabilities in respect of yield-dependent contracts totaling approximately NIS 533 million.

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	As of December 31 2021	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Short-term credit from banking corporations	159,195	159,195
Loans from non-bank entities	587,500	587,500
Bonds	1,705,853	1,787,052
Subordinated bonds (1)	3,390,114	3,651,204
Subordinated bonds - Additional Tier 1 capital (1)	199,810	216,995
Trade receivables for credit cards	1,433,827	1,433,827
Other (2)	23,428	23,428
Total financial liabilities presented at amortized cost	7,499,727	7,859,201
Financial liabilities presented at fair value through profit and loss:		
Derivatives (3)	361,150	361,150
Liability for short sale of liquid securities	828,576	828,576
Total financial liabilities presented at fair value through profit and loss	1,189,726	1,189,726
Lease liabilities	123,229	
Total financial liabilities	8,812,682	

(1) The bonds were issued in order to comply with the capital requirements.

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

(3) Including financial liabilities in 2021 in respect of yield-dependent contracts totaling approximately NIS 286 million.

2. Fair value of financial liabilities by level

	As of March 31 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	918,096	-	-	918,096
Derivatives	179,588	444,653	-	624,241
Financial liabilities presented at fair value	1,097,684	444,653	-	1,542,337

	As of March 31 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	952,406	-	-	952,406
Derivatives	165,869	482,181	4,063	652,113
Financial liabilities presented at fair value	1,118,275	482,181	4,063	1,604,519

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

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

	As of December 31 2021			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liability for short sale of liquid securities	834,576	-	-	834,576
Derivatives	143,941	211,209	-	355,150
Financial liabilities presented at fair value	978,517	211,209	-	1,189,726

3. 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.

a) 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.

b) 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.

NOTE 4 – FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

3. Valuation techniques (cont.)

c) 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 5 – 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").

B. Principles of the Solvency II-based Economic Solvency Regime

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").

Economic solvency ratio

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 and Tier 2 capital instrument).

Economic balance sheet items are calculated based on economic value, with insurance liabilities calculated on the basis of a best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin.

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 provisions of the Economic Solvency Regime, the economic solvency ratio report as of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date.
The Phoenix Insurance published its Solvency Ratio Report as of December 31, 2021, along with the publication of the Financial Statements.
In accordance with the Solvency Ratio Report as of December 31, 2021, 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.

NOTE 5 – SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

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

This standard is relevant to audits of solvency calculations and does not constitute part of the auditing standards that apply to financial statements.

It should be emphasized that the projections and assumptions on the basis of which the economic solvency 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, 2021, 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.

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, 2021 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.

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 economic solvency ratio target range, 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 is 150%-170%. 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. 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.

NOTE 5 – SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

C. Dividend (cont.)

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.

On March 28, 2022, The Phoenix Insurance's Board of Directors approved a revision of the dividend distribution policy that will apply to future dividend distributions to be made in connection with The Phoenix Insurance's financial results for 2022 and thereafter. According to the update, the rate of dividend will not change, but The Phoenix Insurance will take steps to distribute a dividend twice a year:

- Interim dividend at the discretion of the Board of Directors on the approval date of the Financial Statements for the second quarter of each calendar year.
- Supplementary dividend in accordance with the policy on the annual report's approval date of each calendar year.

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 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.

On March 28, 2022, The Phoenix Insurance's Board of Directors approved the distribution of a NIS 500 million dividend based on the audited solvency ratio report as of December 31, 2020, and on the Company's estimate of the economic solvency ratio as of December 31, 2021. These results, that were integrated into a revised capital management plan, indicated that the Company meets the minimum capital target set by the Board of Directors as described above. Therefore, the Company met the requirements of the letter published by the Commissioner in October 2017 regarding the restrictions on dividend distribution. The dividend was paid in April 2022.

The solvency ratio as of December 31, 2021, does not include the effect of the business activity of The Phoenix Insurance subsequent to December 31, 2021, until the report publication date, changes in the mix and amounts of insurance investments and liabilities, exogenous effects - including changes in the risk-free interest rate curve, and regulatory changes affecting the business environment.

NOTE 5 – SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

D. Own Risk and Solvency Assessment of an Insurance Company (ORSA)
On January 5 2022, the Commissioner published an Amendment to 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 (hereinafter - the "Amendment"); the Amendment stipulates that an insurance company shall report to the Commissioner about Own Risk and Solvency Assessment of an Insurance Company (ORSA) once a year - in January. In accordance with the Amendment, the Company shall provide the Commissioner with a report that will include a summary of its results, status of its business and interactions, risk exposure, assessment of solvency and capital requirement, forward-looking valuation, scenarios and sensitivity analyses. The circular's effective date is January 1, 2023.

E. The Company has undertaken to supplement at any time The Phoenix Pension and Provident's equity to the amount set in the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964.This undertaking will be fulfilled 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 Company is the controlling shareholder of this entity.

F. The Phoenix Pension and Provident Funds Ltd. is required to maintain minimum equity in accordance with the Regulations Concerning Supervision of Financial Services (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 March 31, 2022, the companies meet these requirements.

G. For further details regarding the Company's dividend distribution, please see Note 7.J.

H. For information regarding the revision of the dividend distribution policy, see Note 7H.

I. For information regarding the acquisition of treasury shares, see Note 7I.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS

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 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 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 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 1-12, 16-25, 27, 29-36, 38-40, and 42-47 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 13-15, 26, 28, 37, 41, and 48-59 in 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 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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 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. The class action continues to be heard in the district court. A pre-trial hearing is scheduled for January 5, 2023.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(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 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(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.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
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 motion to approve the action 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.
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).

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.
[4] The amounts are those amounts that were estimated by the plaintiff in the class action statement of claim - NIS 220 million (if it was ruled that interest should be calculated from the date of occurrence of the insurance event) and NIS 90 million (if it is ruled that interest should be calculated starting 30 days from the delivery date of the claim). It should be noted that the amounts in the motion for approval of the class action lawsuit were different and higher and also related to the linkage claim, which was rejected as described above.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
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.	On March 18, 2022, the District Court approved the motion to approve the claim as a class action. As part of the approval process it was determined that the group on behalf of which the class action will be conducted will include any person who is a planholder in a new comprehensive pension fund, which is among the defendants, where such planholder is entitled to receive old-age pension; it was also determined that the questions for discussion are whether the defendants should have given planholders advance notice regarding the management fees that will be collected from them during the pension period, and if so - what is the damage caused as a result of not issuing such notice. The class action continues to be heard in the district court. A hearing is scheduled for July 11, 2022.
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 motion 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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
7.	September 2015 Tel Aviv District Court The Phoenix Pension (currently - The Phoenix Pension and Provident Fund 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 parties are awaiting the court's decision on the application for approval of the claim as a class action.
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. An appeal hearing is scheduled for July 11, 2022.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
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.
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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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 11-15 below were submitted on the grounds of unlawful collection of investment management expenses which are not sanctioned by the policies or bylaws.			
11.	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 motion to approve as a class action the claim 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. In January 2022, the Attorney General submitted his position regarding the proceeding following a final report submitted by the advisory committee to the Capital Market, Insurance and Savings Authority, on the issue of direct expenses, as published in November 2021; the Attorney General noted that the request for leave to appeal and the appeal itself should be allowed, and in this respect, the motions for certification of the lawsuits as class actions must be rejected, and that there is nothing in the report that affects the decision made in the proceeding and it may even support his position. The other parties have also submitted their response to the position of the Attorney General and to the committee's report. In April 2022, the Capital Market, Insurance and Savings Authority published a draft of new regulations in connection with the direct expenses. The Court allowed the defendants to file the said draft regulations, and also allowed the other parties to submit their response to the draft. The parties await the judgment. 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 12 in the table below), The Phoenix Insurance (see Section 13 in the table below) and Halman Aldubi Provident and Pension Funds Ltd. (see Sections 14 and 15 in the table below).

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
12.	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 court approved the hearing arrangement filed by the parties, 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 class actions claims filed for similar causes of action against The Phoenix Insurance, among others (see Section 11 above in the table).
13.	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 is yet to submit its response to the petition to approve the class action lawsuit, since a stay of proceedings was requested until a decision is made regarding the appeal motion described in Section 11 to the table above. A hearing is scheduled for December 12, 2022.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
14.	June 2019 Jerusalem Regional Labor Court Halman Aldubi Provident and Pension Funds Ltd. (which was merged into The Phoenix Pension and Provident Fund 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 12 above in the table) regarding the collection of management expenses in provident funds and advanced education funds. On March 21, 2022, the Court stayed the proceedings until after a decision is made regarding the motion to appeal described in Section 11 in the table above.
15.	July 2019 Jerusalem Regional Labor Court Halman Aldubi Provident and Pension Funds Ltd. (which was merged into The Phoenix Pension and Provident Fund 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 12 above in the table) regarding the collection of management expenses in provident funds and advanced education funds. On March 21, 2022, the Court stayed the proceedings as stated above.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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.	On March 20, 2022, the Court stayed the proceedings in this case until a judgment is handed down in the appeal that has been filed in a similar class action lawsuit against another insurance company that was rejected (to which the plaintiffs referred in the certification motion).
17.	April 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Tel Aviv Central District 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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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.
19.	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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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 NIS 1 million or more than NIS 2.5 million.	Increasing management fees in 2007 without sending prior notice as required by law.	On March 20, 2022, the court approved the motion to approve the claim as a class action. As part of the certification decision, it is decided that the group on behalf of which the class action will be conducted is as requested in the certification motion. Excellence Gemel intends to file a motion for leave to appeal against the decision approving the lawsuit as class action to the National Labor Court.
21.	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.	On January 4, 2022, the District Court issued a judgment rejecting the motion for approval of the claim as a class action lawsuit. In April 2022 the plaintiff filed an appeal to the Supreme Court. A hearing date has not yet been scheduled.
22.	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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
23.	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.
24.	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 January 2022, the District Court issued a ruling approving the petition to approve the claim as a class action. As part of the certification decision it was determined that the group on whose behalf the class action will be conducted will include any person who engaged in an health insurance contract with the defendants, including insurance coverage for surgical procedures, whose claim to have such procedure done was rejected for the reason that it is a preventative procedure which is not covered by the policy (even if the reason was presented differently in the letter rejecting the claim), and the joint questions for the group members are: Did the defendants breach the insurance contracts when they rejected the claims for insurance coverage by stating that the surgical procedure is a "preventative" one, and what are the remedies to which group members are entitled due to that? On May 24, The Phoenix Insurance filed a motion for leave to appeal to the Supreme Court against the decision approving the class action lawsuit.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(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 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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.
26.	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.
27.	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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
28.	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.
29.	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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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. In February 2020, the position of the Capital Market, Insurance and Savings Authority was submitted, which is not in line with the plaintiffs' position.
31.	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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
32.	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. A hearing was scheduled for September 7, 2022.
33.	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 petition for approval of the claim as a class action lawsuit continues to be heard in court. The parties' summations were filed, and at the same time the Court was moved to delay its decision in the certification motion pending the success of the mediation procedure taking place between the parties.
34.	February 2020 Tel Aviv Regional Labor Court (the hearing was transferred from the Tel Aviv District Court) Halman Aldubi Provident and Pension Funds Ltd. (which was merged into The Phoenix Pension and Provident Fund 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.	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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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 35 and 36 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.			
35.	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 filed its response to the motion to approve the claim as a class action. A hearing is scheduled for July 18, 2022. 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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(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 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
36.	April 2020 Tel Aviv District Court The Phoenix Insurance and other insurance companies Approximately NIS 18.14 million from all the defendants, of which approximately NIS 2.2 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. The appeal was dismissed on May 25, 2022. As for home insurance, The Phoenix Insurance has submitted its response to the petition to approve the class action lawsuit. A hearing is scheduled for July 18, 2022. 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.

[1] The date on which the petition for approval of the claim as a class action was originally filed.
[2] The court with which the petition for approval of the claim as a class action lawsuit was originally filed.
[3] This amount refers only to house insurance. The original amount claimed, before the settlement of the claim in relation to motor insurance, was estimated at NIS 886 million of all the defendants, of which approximately NIS 107 million is attributed to The Phoenix Insurance.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
37.	May 2020 Tel Aviv District Court Phoenix Excellence Pension and Provident Funds Ltd. (currently - The Phoenix Pension and Provident Fund Ltd.), Halman Aldubi Provident and Pension Funds Ltd. (which was merged into 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 and Halman Aldubi filed their 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. The Court ruled that the government - the Israel Tax Authority, shall be joined as a further defendant to the motion to approve the lawsuit as a class action. 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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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 filed its response to the motion to approve the claim as a class action. An appeal hearing is scheduled for July 14, 2022.
39.	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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
40.	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 in court.
41.	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 yet to submit its response to the petition to approve the class action lawsuit. The proceedings in this lawsuit were stayed until a final decision is made in connection with the class action outlined in Section 4 above in the table.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
42.	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 hearing is scheduled for June 28, 2022.
43.	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 policy 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.
44.	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 November 10, 2022. At the same time, the parties are negotiating to conclude the procedure.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
45.	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.
46.	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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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.	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 petition for approval of the claim as a class action lawsuit continues to be heard in court.
48.	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 petition for approval of the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for June 15, 2022.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
49.	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 pre-trial hearing is scheduled for November 6, 2022.
50.	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 3 below in the Legal and Other Proceedings section). 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 its 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 filed their response to the petition to approve the claim as a class action. A pre-trial hearing is scheduled for September 8, 2022.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
51.	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.
52.	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.
53.	November 2021 Tel Aviv District Court The Phoenix Insurance NIS 4 million.	According to the plaintiff, the lawsuit deals with The Phoenix Insurance' refusal to fund the cost of a consultation in an ambulatory health insurance, stating as the reason for refusal the exclusions section in the general terms of health insurance plans, whereas the plaintiff claims that these exclusions are not included in the terms of the ambulatory insurance, and that The Phoenix Insurance did not provide fair disclosure of this matter.	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 September 22, 2022.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
54.	December 2021 Central District Court ESOP Management and Trust Services Ltd. The claim amount was not estimated, but it was stated that it may reach many tens of millions of shekels.	The plaintiff claims that as part of the tender offer regarding the shares of the Company in which he was employed and which he held by virtue of options awarded to him, ESOP allegedly breached various obligations as part of the operation of the sale of shares in the tender offer.	ESOP has yet to submit its response to the petition to approve the class action lawsuit. A pre-trial hearing is scheduled for December 13, 2022.
55.	December 2021 Tel Aviv District Court The Phoenix Insurance The claim amount was not estimated, but it was stated that it was in the millions of shekels or more.	The plaintiff argues that in claims pertaining to damages caused to vehicles (of a policyholder or a third party), The Phoenix Insurance allegedly reduces the insurance benefits unlawfully due to failure to fix the vehicles or transfer the damaged parts to The Phoenix Insurance.	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.
56.	January 2022 Central District Court The Phoenix Insurance The claim amount was not estimated but it was stated as being more than NIS 2.5 million.	The plaintiff claims that in 2019 The Phoenix Insurance renewed a group health insurance policy to members of the Secondary Schools and Colleges Teachers Union and their families, while making changes, reducing the scope of the insurance coverage and increasing the premium, allegedly without informing policyholders and obtaining their consent.	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.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (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
57.	January 2022 Central District Court The Phoenix Insurance and another insurance company The claim amount was not estimated but it was stated that it exceeds NIS 3 million.	According to the plaintiffs, the defendants renewed a house insurance policy automatically while increasing the premium, allegedly without obtaining policyholders' consent.	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 November 13, 2022.
58.	April 2022 Tel Aviv District Court The Phoenix Insurance The claim amount was not estimated but it was stated as being (much) more than NIS 2.5 million.	The lawsuit deals with the claim that The Phoenix Insurance has collected and is still collecting from policyholders an additional premium for the expansion of insurance coverage in respect of preventative surgical procedures, despite the fact that those procedures are allegedly covered by the basic tier of The Phoenix Insurance's health insurance policies. According to the lawsuit, the plaintiff's claim is based on a decision of the Jerusalem District Court, to approve a lawsuit against The Phoenix Insurance and another insurance company as a class action (see Section 24 in the table above).	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 11, 2023.
59.	May 2022 Central District Court The Phoenix Pension and Provident (formerly - "The Phoenix Excellence Pension and Provident Funds Ltd.") and another management company The claim amount was not estimated but it was stated that it exceeds NIS 3 million.	The lawsuit deals with the claim that with regard to CPI-linked loans, the defendants adopted a practice of a one-way linkage mechanism, whereby when the CPI increases compared with the base index, the customer's monthly payment is increased accordingly, and when the CPI decreases, the monthly payment does not change; the plaintiffs claim that this practice was adopted despite the fact that this is not mentioned in the provisions of the agreement. The plaintiffs noted that three motions to approve lawsuits as class actions are pending, which they claim give rise to joint issues against three other companies, including The Phoenix Insurance (see Section 40 in the table above).	The Phoenix Pension and Provident has yet to submit its response to the petition to approve the class action lawsuit. A hearing date has not yet been scheduled.

[1] The date on which the petition for approval of the claim as a class action 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Concluded claims*

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
1.	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. On March 28, 2022, the Supreme Court handed down a judgment dismissing the appeal filed by the plaintiffs against the District Court’s judgment.
2.	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).	On April 19, 2022, the court issued a ruling confirming the plaintiff's withdrawal 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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.
* For additional claims concluded between January 1, 2022, and March 29, 2022, please see Note 43A.2, Sections 11-16 of the table of concluded claims in the Company's financial statements as of December 31, 2021, published on March 29, 2022 (Ref. No. 2022-01-036997).

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Concluded claims* (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
3.	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.	On May 16, 2022, the Magistrates' Court granted the agreed motion for the plaintiff to withdraw from the motion to approve the claim as a class action.
4.	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.	On May 17, 2022, the District 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 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 claimant(s) in the petition for approval of the claim as a class action lawsuit.
* For additional claims concluded between January 1, 2022, and March 29, 2022, please see Note 43A.2, Sections 11-16 of the table of concluded claims in the Company's financial statements as of December 31, 2021, published on March 29, 2022 (Ref. No. 2022-01-036997).

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Legal and other 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 January 29, 2017, Pilat Group Ltd. (hereinafter - "Pilat Group") and Pilat Holdings (1986) Ltd. (hereinafter, 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.

3. 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.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Legal and other proceedings (cont.)

3. (cont.)

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. The defendants' response to the motion to approve the lawsuit as a derivative lawsuit was also submitted. A hearing is scheduled for June 29, 2022.

4. In December 2021, The Phoenix Insurance received a letter from the Capital Market, Insurance and Savings Authority in connection with the restriction of insurance coverages in accordance with Regulation 45 to the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964. As part of the said letter, The Phoenix Insurance was requested to transfer information and check whether it acted in accordance with provisions of the law referred to in the letter, and should it failed to act in accordance with the said provisions, to repay the cost of insurance coverage allegedly collected not in accordance with the relevant provisions.
The letter states that it was sent, among other things, against the backdrop of a legal proceeding currently being conducted against another insurance company in connection with this issue. On April 28, 2022, The Phoenix Insurance responded in writing to this letter. The Authority's decision has yet to be issued.

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 40.7 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 petitions to approve lawsuits filed against the Group as class actions.

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.

[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 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Complaints (cont.)

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.

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 imposes 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.

NOTE 6 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

E. Summary table

The following table summarizes the amounts claimed in pending motions for approval of claims 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 action:		
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	2	273,200
The amount of the claim was not specified	3	-
Pending petitions to approve lawsuits as class actions:		
A specific amount was attributed to the Company	22	3,044,417
The claim pertains to several companies and no specific amount was attributed to the Company	6	3,770,875
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	24	40,692

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as specified above as of March 31, 2022, and December 31, 2021, amounted to approximately NIS 281,623 thousand (of which a total of approximately NIS 4,335 thousand is in respect of concluded class actions) and approximately NIS 263,312 thousand, respectively.

NOTE 7 – 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

	March 31,		December
	2022	2021	31, 2021
	Unaudited		Audited
	%		
In respect of yield-dependent insurance policies	-	-	-
In respect of yield-dependent insurance policies	0.85	0.85	0.85

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).

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

A. Changes in estimates and principal assumptions used to calculate the insurance reserves: (cont.)

4. Following is the effect of the main changes described above on retention insurance liabilities:

	For the 3 months ending March 31		For the year ended December 31
	2022	2021	2021
	Unaudited		Audited
	NIS million		
Life insurance segment:			
Effect of updating assumption regarding rates of annuity uptake	-	-	(55)
Effect of updating other assumptions on the supplementary pension reserve and paid pensions	-	-	(12)
Effect of updating assumptions on the expense rates	-	-	(13)
Change in the discount rate used in the calculation of the supplementary retirement pension reserve and paid pensions	(278)	5	46
Change in the supplementary retirement pension reserve following the application of the illiquidity premium circular (*)	-	-	(66)
Total increase (decrease) in liabilities on retention in the life insurance segment	**(278)**	**5**	**(100)**
Health insurance segment:			
Effect of updating of assumptions on the cancellation rates:			
LAT	-	-	159
Other	-	-	(21)
Effect of updating assumptions on the expense rates:			
LAT	-	-	(204)
Other	-	-	(23)
Effect of updating assumptions on the mortality and morbidity rates:			
LAT	-	-	293
Other	-	-	(42)
Change in reserve (LAT) following a change in the discount rate	(620) (**)	24	429
Change in reserve (LAT) following re-application of illiquidity premium (*)	-	-	(298)
Total increase (decrease) in liabilities on retention in health insurance segment	**(620)**	**24**	**293**
P&C insurance segment:			
Change in discount rate	-	-	-
Total decrease in liabilities on retention in P&C insurance segment	**-**	**-**	**-**
Total increase (decrease) in liabilities on retention before tax	**(898)**	**29**	**193**
Total increase (decrease) in liabilities on retention, after tax	**(591)**	**19**	**127**

(*) For information about the Amendment to the Provisions of the Consolidated Circular regarding Measurement of Liabilities - Illiquidity Premium, see Note 41(5.1.10)D to the Consolidated Annual Financial Statements.

(**) This effect includes the effect of excess value of illiquid assets; for more information, see Note 1D above.

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

B. Fluctuations in financial markets and changes in the risk-free interest curves affect the Group's results. During the reporting period, there were slumps in capital markets; those slumps intensified upon the breakout of the war between Russia and Ukraine. Consequently, the participating life insurance policies marketed through 2004 achieved negative real yields. Therefore, during the reporting period the Company did not record variable management fees; rather, it only recorded fixed management fees. So long as the policies do not achieve a positive real yield that will cover the investment losses accrued by the policyholder, the Company will not be able to collect variable management fees. As of March 31, 2022, management fees that were not collected due to the negative real return and until accumulative positive return is achieved amounted to NIS 113 million before tax. In addition, there was an increase in the risk-free interest rate curve during the period, which caused a decrease in liabilities in respect of insurance contracts. Furthermore, the slump in financial markets also had an adverse effect on the Company's liquid nostro investment portfolio; this decline has slightly offset the effect of the increase in interest. For further details about the impact of interest, please see Section A above.
For information concerning the effect of interest and the slumps in financial markets subsequent to balance sheet date, see Note 8E below.

C. Early redemption of Series 3 Bonds and issuance of Series 6 Bonds

1. On December 9, 2021, the Company's Board of Directors decided to make a full conditional early redemption of the bonds (Series 3) at the total amount of NIS 284 million, which was implemented on January 18, 2022. The full early redemption was conditional upon the completion of a debt raising considered by the Company, through the issuance of its Series 6 bonds by way of a series expansion (hereinafter: the " Condition Precedent") which were offered by way of a uniform offering to the public pursuant to the Company's shelf prospectus published on December 9, 2021. On January 5, 2022, the Condition Precedent for the full early redemption was met; on January 16, 2022, the bonds (Series 3) were removed from the indices on the Tel Aviv Stock Exchange. In order to reflect the expected exercise of the early redemption option, the Company revised the carrying amount of Series 3 Bonds as of December 31, 2021. Following the above, the Company recognized a loss of approximately NIS 10 million in 2021.
   For further details, please see the Company's immediate reports of December 9, 2021, and January 6, 2021 (Ref. Nos.: 2021-01-107986, 2021-01-142551).

2. On January 9, 2022, the Company issued NIS 300 million in NIS 1 p.v each registered bonds (Series 6), which were issued pursuant to the Company's shelf offering report dated August 15, 2019, in consideration for NIS 300,000 thousand. The principal of the bonds shall be repayable in nine (9) annual unequal installments, that will be paid on December 31 of each of the years 2024 to 2032; the first installment will be paid on December 31, 2024, and the last installment will be paid on December 31, 2032. The first installment will account for 4% of the principal; each of the second through the fourth installments will account for 12% of the principal; each of the fifth through the seventh installments will account for 10% of the principal, and each of the eighth and ninth installments will account for 15% of the principal. The Series 6 bonds are not linked to any linkage basis.
   The outstanding balance of the bonds' principal bears a fixed annual interest rate of 1.94%. The interest payable on the outstanding balance of the bonds' principal shall be paid in semi-annual installments, on June 30 and December 31 of each of the years 2022 through 2032; the last interest installment will be paid on December 31, 2032. The Series 6 bonds were rated by Midroog at Aa3.il with a stable outlook, and by Maalot at ilAA-.
   The issuance proceeds are designed to be used for early redemption of Series 3 bonds and for the Company's operating activities.

D. On January 17, 2022, Midroog reiterated the rating of the Series 3-6 bonds at Aa3.il, and changed the outlook from stable to positive.

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

E. On May 31, 2022, 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 4,883,593 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 4,883,593 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 the 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 1.94% of the issued and paid-up capital of the Company and approximately 1.94% of its voting rights (and approximately 1.85% and 1.85%, 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 4,883,593 options offered to offerees a total of 90,000 options were allotted to the Company's CEO. The fair value at the Award Date is calculated based on an appraisal received from an external appraiser who used the binomial model.

The average value of one option was estimated at approximately NIS 4.18, and the total value of the options allotted was estimated at that date at approximately NIS 20 million. The award of options to the Company's CEO was approved in an extraordinary annual general meeting of the Company on March 8, 2022. For further details regarding the vesting terms and conditions, see Note 37B(4) to the annual financial statements. For more information, please see immediate reports dated February 1, 2022, and March 8, 2022 (Ref. Nos.: 2022-01-012510, 2022-01-023133 and 2022-01-023208, respectively).

F. On February 6, 2022, and March 7, 2022, Gama raised from an institutional entity, which is not an interested party in Gama, a total of NIS 200 million and NIS 100 million, respectively, through an illiquid commercial security (hereinafter - the "CSs"), the proceeds in respect of which were used to fund the Company's operating activities. The CSs bears Prime interest plus a 0.4%-1.4% spread. The term of the CSs is one year, with an option to renew for further one-year periods, up to a maximum period of five years. During the period, each of the parties may shorten the term of the CSs by giving a 60-day advance notice. The Company did not provide any collateral, and no financial covenants were set.

G. On March 28, 2022, the Company's Board of Directors approved a dividend distribution in the amount of NIS 421 million. The dividend per share of NIS 1 par value is NIS 1.68. The record date for the distribution is April 5, 2022; the dividend was paid on April 13, 2022.

H. On March 28, 2022, the Company's Board of Directors approved an update to the dividend distribution policy that was approved by the Board of Directors in October 2020; the policy will apply in connection with future dividend distributions that will be executed in connection with the Company's financial results for 2022 and thereafter. According to the update, the rate of dividend will not change (will not be lower than 30% of the Company's distributable comprehensive income as per its financial statements in a relevant year); however, the Company will take steps to distribute a dividend twice a year:

- Interim dividend at the discretion of the Board of Directors on the approval date of the financial statements for the second quarter of each calendar year;
- Supplementary dividend in accordance with the policy on the annual report's approval date of each calendar year.

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

H. (cont.)

Furthermore, the Company will not include in the amount of the dividend any amounts that were used for the execution of the share buyback plan. It is stipulated that the foregoing policy is not intended to derogate from the power of the Board of Directors to determine and approve the dividend to be distributed, as it deems appropriate at any given time.

I. Following the Company's share buyback plan of up to NIS 100 million as of August 24, 2021, the Company purchased a total of 1,412 thousand shares from January to March of 2022, for a total of approximately NIS 56 million; the plan’s cumulative performance percentage is 55.9%. Subsequent to those buybacks, the Company holds 5,396 thousand Company shares.

J. In February 2022, Gama’s Board of Directors approved a plan for the allocation of up to 4,045,251 options to employees and officers of Gama. These options, which are not listed for trading, may be offered for no cash monetary consideration (they will be offered in consideration for work performed or service rendered to Gama by the offerees), and are exercisable into up to 4,045,251 registered ordinary Gama shares of NIS 0.01 p.v. each.

On March 30 2022, up to 3,761,841 options were offered to employees and officers of Gama (hereinafter - the “Offerees”), under the theoretical assumption of all allocatable options being exercised under the outline (see Gama’s immediate report of April 1 2022, Ref. No.: 2022-01-034830); immediately after exercise thereof and taking into account the issued and paid up capital of Gama as of the approval by Gama’s Board of Directors, the shares arising from the exercise of the options shall constitute approximately 6.17% of the issued and paid up capital and voting rights of Gama. 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.

For further details, see Gama's immediate reports dated April 1, 2022 (Reference Nos.: 2022-01-034830 and 2022-01-034836).

NOTE 8 – SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

A. In May 2022, The Phoenix Insurance issued, through The Phoenix Capital Raising, NIS 293,361 thousand p.v. in Series K registered Bonds of NIS 1 p.v. each; the Bonds were issued pursuant to The Phoenix Capital Raising's shelf offering report dated May 8, 2022 (Ref. No. 2022-01-054814). On April 27, 2022, Midroog announced it was reiterating the rating at Aa3.il, with a stable outlook. Also, on May 1, 2022, Maalot announced that it was reiterating the ilAA- rating. These bonds shall be recognized as a Tier 2 capital instrument by The Phoenix Insurance, subject to the Commissioner's directives on restricting recognized capital.

B. In September 2021 the Phoenix Pension and Provident signed an agreement for the sale of IRA funds to Global Net Provident Fund Management (G.N.P.F.M) Ltd., subject to the fulfillment of conditions precedent and after obtaining all of the required regulatory approvals. The sale was completed on May 1, 2022. Total assets under management in the IRA funds that were sold to Global Net amount to NIS 2.3 billion.

C. On April 18, 2022, Gama issued NIS 216,273 par value of registered Series B bonds of NIS 1 par value each; the bonds, were issued pursuant to Gama's shelf offering report of May 30, 2021 (Ref. No. 2021-01-032896) in consideration for NIS 216,273 thousand. The bonds shall be repayable (principal) in three unequal annual installments; the first installment, constituting 30% of the principal amount, shall be made on October 18 2024; the second installment, constituting 30% of the principal amount, shall be made on April 18 2025, and the third and last installment, constituting 40% of the principal amount, shall be made on October 18 2025. The outstanding balance of the bonds' principal shall bear fixed annual interest of 3%; the interest on the outstanding balance of the bonds' principal will be paid in semi-annual installments, on April 18 and October 18 of each of the years 2022 through 2025. The first interest payment will be paid on October 18, 2022, and the last principal and interest payments will be paid on October 18, 2025. The bonds were rated by Midroog at Aa3.il with a stable outlook.

D. On April 18, 2022, the Company issued NIS 283,010 par value of registered Series C bonds of NIS 1 par value each; the bonds, which are linked to the CPI, were issued pursuant to the Company's shelf offering report of May 30, 2021 (Ref. No. 2021-01-032896) in consideration for NIS 283,010 thousand. The bonds shall be repayable (principal) in three unequal annual installments; the first installment, constituting 30% of the principal amount, shall be made on October 18 2024; the second installment, constituting 30% of the principal amount, shall be made on April 18 2025, and the third and last installment, constituting 40% of the principal amount, shall be made on October 18 2025. The outstanding balance of the bonds' principal shall bear variable annual interest at the rate of the Bank of Israel interest, plus a 1.35% spread; the interest on the outstanding balance of the bonds' principal will be paid in semi-annual installments, on April 18 and October 18 of each of the years 2022 through 2025. The first interest payment will be paid on October 18, 2022, and the last principal and interest payments will be paid on October 18, 2025. The bonds were rated by Midroog at Aa3.il with a stable outlook.

E. Following on Note 7B, during the period from reporting date through the financial statements publication date, the slump in financial markets in Israel and globally continued, triggering a decline in the value of the assets of yield-dependent policies (hereinafter - the "participating portfolio"), and the assets of provident funds and pension funds. Consequently, the participating policies marketed through 2004 achieved negative yields. Therefore, The Phoenix Insurance did not record variable management fees since the beginning of 2022; rather, it only recorded fixed management fees. So long as the policies do not achieve a positive real yield that will cover the investment losses accrued by the policyholder, The Phoenix Insurance will not be able to collect variable management fees. The estimated management fees which were not collected due to negative real yield, as of the report publication date, amounted to approximately NIS 340 million (pre-tax). Furthermore, there was a significant increase in the risk-free interest rate curve, which is expected to reduce the insurance liabilities.

NOTE 8 – SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE (cont.)

E. (cont.)
Furthermore, the sharp slump in financial markets in the reporting period is also expected to have an adverse effect on the Company's liquid nostro investment portfolio. However, at this stage it is impossible to estimate the effect of the slumps in financial markets and the increase of the risk-free interest rate curve on the results in the second quarter of 2022. For additional information on the market risks to which the Company is exposed and on the results of sensitivity tests relating to market risks, please see Note 41, Sections 3.1 and 3.2 to the 2021 annual financial statements.

F. In connection with class actions filed and developments in lawsuits after the balance sheet date, please see Note 6 above.

Details of assets for assets and other financial investments

A. Details of other financial investments

	As of March 31 2022			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (a1)	350,238	5,963,247	-	6,313,485
Illiquid debt assets	-	-	13,216,906	13,216,906
Shares (a2)	-	2,485,923	-	2,485,923
Other (A3)	490,751	3,887,212	-	4,377,963
Total	840,989	12,336,382	13,216,906	26,394,277

	As of March 31 2021			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (a1)	119,151	7,271,495	-	7,390,646
Illiquid debt assets	-	-	13,524,006	13,524,006
Shares (a2)	7,791	2,048,579	-	2,056,370
Other (A3)	581,679	2,908,999	-	3,490,678
Total	708,621	12,229,073	13,524,006	26,461,700

	As of December 31 2021			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Audited			
	NIS thousand			
Liquid debt assets (a1)	202,640	7,170,497	-	7,373,137
Illiquid debt assets	-	-	12,346,143	12,346,143
Shares (a2)	-	2,602,173	-	2,602,173
Other (A3)	672,079	3,729,284	-	4,401,363
Total	874,719	13,501,954	12,346,143	26,722,816

Details of assets for assets and other financial investments (cont.)

A1. Liquid debt assets

	As of March 31 2022	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	2,623,646	2,700,497
Other debt assets:		
Other non-convertible debt assets	3,372,525	3,236,101
Other convertible debt assets	317,314	311,216
Total liquid debt assets	6,313,485	6,247,814
Impairments carried to profit and loss (cumulative)	131,939	

	As of March 31 2021	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	4,308,126	4,294,987
Other debt assets:		
Other non-convertible debt assets	2,994,773	2,768,550
Other convertible debt assets	87,747	82,677
Total liquid debt assets	7,390,646	7,146,214
Impairments carried to profit and loss (cumulative)	93,385	

	As of December 31 2021	
	Carrying amount	Amortized cost
	Audited	
	NIS thousand	
Government bonds	3,925,232	3,738,712
Other debt assets:		
Other non-convertible debt assets	3,245,265	2,993,910
Other convertible debt assets	202,640	198,062
Total liquid debt assets	7,373,137	6,930,684
Impairments carried to profit and loss (cumulative)	81,553	

Details of assets for assets and other financial investments (cont.)

A2. Shares

	As of March 31 2022	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	2,063,565	1,553,827
Illiquid shares	422,358	277,618
Total shares	2,485,923	1,831,445
Impairments carried to profit and loss (cumulative)	204,600	

	As of March 31 2021	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	1,738,462	1,308,569
Illiquid shares	317,908	201,263
Total shares	2,056,370	1,509,832
Impairments carried to profit and loss (cumulative)	186,848	

	As of December 31 2021	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Liquid shares	2,120,169	1,513,615
Illiquid shares	482,004	354,577
Total shares	2,602,173	1,868,192
Impairments carried to profit and loss (cumulative)	216,277	

Details of assets for assets and other financial investments (cont.)

A3. Other financial investments

	As of March 31 2022	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	1,040,838	987,788
Total illiquid financial investments	3,337,125	2,430,771
Total other financial investments	4,377,963	3,418,559
Impairments carried to profit and loss (cumulative)	181,619	

	As of March 31 2021	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	815,655	753,094
Total illiquid financial investments	2,675,023	2,124,970
Total other financial investments	3,490,678	2,878,064
Impairments carried to profit and loss (cumulative)	121,315	

	As of December 31 2021	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Total liquid financial investments	942,070	878,257
Total illiquid financial investments	3,459,293	2,583,864
Total other financial investments	4,401,363	3,462,121
Impairments carried to profit and loss (cumulative)	153,113	

Part 3

Standalone Financial Data from the Consolidated Interim Financial Statements Attributed to the Company

Phoenix

Table of Contents

Page

Kost Forer Gabbay & Kasierer
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To
The Shareholders of The Phoenix Holdings Ltd.
Dear Madam/Sir,

Re: Special report to the review of the separate interim financial Information pursuant 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 March 31, 2022, and for the three months period 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 regarding the separate interim financial information based on our review.

We did not audit the separate interim financial information taken from the interim information of investees, in which the total investment amounted to approximately NIS 887,591 thousand as of March 31, 2022, and the Company's share in of their earnings amounted to approximately NIS 939 thousand for the three months period 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 of 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 are 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,	Kost Forer Gabbay & Kasierer
May 30, 2022	Certified Public Accountants

	As of		
	March 31 2022	March 31 2021	December 31 2021
	Unaudited		Audited
	NIS thousand		
Assets			
Investments in investees	9,221,266	8,159,355	9,353,800
Loans and capital notes to investees	699,529	1,286,069	701,740
Total non-current assets	9,920,795	9,445,424	10,055,540
Dividend receivable from investees	500,000	338,000	-
Other financial investments	960,000	31,856	946,470
Current tax assets	31	1,159	31
Receivables and debit balances	3,919	1,479	16,839
Cash and cash equivalents	81,290	33,233	109,922
Total current assets	1,545,240	405,727	1,073,262
Total assets	11,466,035	9,851,151	11,128,802
Equity attributable to Company's shareholders			
Share capital	310,366	309,961	310,323
Premium on shares and capital reserves	851,131	837,324	849,309
Treasury shares	(155,628)	(26,411)	(99,769)
Capital reserves	942,575	955,191	1,261,509
Surplus	7,587,379	5,875,712	7,331,992
Total equity	9,535,823	7,951,777	9,653,364
Liabilities			
Non-current liabilities			
Bonds	1,428,901	1,414,279	1,129,848
Current liabilities			
Short-term bonds	45,347	53,371	315,663
Payables and credit balances	16,228	13,869	11,448
Liabilities in respect of deferred taxes	18,736	37,855	18,479
Payable dividend	421,000	380,000	-
Total current liabilities	501,311	485,095	345,590
Total liabilities	1,930,212	1,899,374	1,475,438
Total equity and liabilities	11,466,035	9,851,151	11,128,802

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 CEO	Benjamin Gabbay Chairman of the Board

Date of approval of the financial statements - May 30, 2022

Condensed Separate Financial Information on Comprehensive Income

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited		Audited
	NIS thousand		
Company's share in the profits of investees, net of tax	668,226	308,171	1,900,306
Investment income, net and finance income	23,951	12,562	117,198
Income from management fees of investees	750	750	3,000
Total revenue	692,927	321,483	2,020,504
General and administrative expenses	3,022	1,997	8,703
Finance expenses	14,808	4,082	47,105
Total expenses	17,830	6,079	55,808
Profit for the period attributed to the Company’s owners	675,097	315,404	1,964,696

The attached additional information is an integral part of the Company's separate interim financial information.

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited		Audited
		NIS thousand	
Profit for the period attributed to the Company's owners	675,097	315,404	1,964,696
Other comprehensive income:			
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	37	1,663	4,460
Net change from disposal of financial assets classified as available for sale, carried to the income statement	78	-	-
Net change in fair value of financial assets classified as available for sale, carried to the income statement	-	-	(4,495)
Tax effect	(258)	-	-
The Group's share in other comprehensive income (loss) of investees	(323,524)	38,839	327,092
	(323,667)	40,502	327,057
Amount that will not be subsequently reclassified to profit or loss			
The Group's share in other comprehensive income of equity-accounted investees	593	-	24,282
Other comprehensive income (loss) for the period, net	(323,074)	40,502	351,339
Total comprehensive income for the period	352,023	355,906	2,316,035

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	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 January 1, 2022 (audited)	310,323	849,309	(99,769)	7,331,992	(45,655)	11,000	51,652	131,354	(41,946)	1,155,104	9,653,364
Net income for the period	-	-	-	675,097	-	-	-	-	-	-	675,097
Total other comprehensive income (loss)	-	-	-	593	-	-	-	-	2,407	(326,074)	(323,074)
Comprehensive income	-	-	-	675,690	-	-	-	-	2,407	(326,074)	352,023
Share-based payment	-	1,575	-	-	-	-	5,473	-	-	-	7,048
Purchase of treasury shares (see Note 7I to the consolidated financial statements)	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)
Exercise of employee options	43	247	-	-	-	-	(290)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	697	-	-	-	(697)	-	-	-
Dividend (see Note 7G to the consolidated financial statements)	-	-	-	(421,000)	-	-	-	-	-	-	(421,000)
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	247	-	-	-	-	-	247
Balance as of March 31, 2022 (unaudited)	310,366	851,131	(155,628)	7,587,379	(45,408)	11,000	56,835	130,657	(39,539)	829,030	9,535,823

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	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 income for the period	-	-	-	315,404	-	-	-	-	-	-	315,404
Total other comprehensive income	-	-	-	-	-	-	-	-	1,057	39,445	40,502
Comprehensive income	-	-	-	315,404	-	-	-	-	1,057	39,445	355,906
Share-based payment		3,635	-	-	-	-	2,314	-	-	-	5,949
Dividend	-	-	-	(380,000)	-	-	-	-	-	-	(380,000)
Exercise of employee options	10	97	-	-	-	-	(107)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	554	-	-	-	(554)	-	-	-
Balance as of March 31, 2021 (unaudited)	309,961	837,324	(26,411)	5,875,712	(43,622)	11,000	47,150	114,060	(22,281)	848,884	7,951,777

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	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 income for the year	-	-	-	1,964,696	-	-	-		-	-	1,964,696
Other comprehensive income (loss)	-	-	-	(1,787)	-	-	-	26,069	(18,608)	345,665	351,339
Total other comprehensive income (loss)	-	-	-	1,962,909	-	-	-	26,069	(18,608)	345,665	2,316,035
Share-based payment	-	13,083	-	-	-	-	9,715	-	-	-	22,798
Acquisition of treasury shares	-	-	(73,358)	-	-	-	-	-	-	-	(73,358)
Exercise of employee options	372	2,634	-	-	-	-	(3,006)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	9,329	-	-	-	(9,329)	-	-	-
Dividend	-	-	-	(580,000)	-	-	-	-	-	-	(580,000)
Transaction with minority interest	-	-	-	-	1,223	-	-	-	-	-	1,223
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	(3,256)	-	-	-	-	-	(3,256)
Balance on December 31, 2021 (audited)	310,323	849,309	(99,769)	7,331,992	(45,655)	11,000	51,652	131,354	(41,946)	1,155,104	9,653,364

The attached additional information is an integral part of the Company's separate interim financial information.

	Appendix	For the three months ended March 31 2022	2021	For the year ended December 31 2021
		Unaudited		Audited
		NIS thousand		
Cash flows for operating activities				
Gain		675,097	315,404	1,964,696
Adjustments required to present cash flows for operating activities	(a)	(670,884)	(295,340)	(1,986,532)
Net cash provided by (used in) operating activities of the Company		4,213	20,064	(21,836)
Cash flows from investing activities:				
Repayment of capital notes and loans from investees		-	-	70,505
Dividend from an investee		-	-	1,063,000
Sales (acquisitions) of financial investments by the Company, net		7,005	(6,925)	19,888
Acquisition of a subsidiary		-	(275,000)	(275,000)
Capital note/loan to a subsidiary		-	(93,633)	(428,633)
Net cash provided by (used for) investing activities		7,005	(375,558)	449,760
Cash flows for financing activities				
Dividend to shareholders		-	-	(580,000)
Acquisition of Company shares		(55,859)	-	(73,358)
Issuance of bonds		296,948	348,457	348,457
Repayment of debentures		(280,939)	-	(53,371)
Net cash provided by (used for) financing activities		(39,850)	348,457	(358,272)
Increase (decrease) in cash and cash equivalents		(28,632)	(7,037)	69,652
Balance of cash and cash equivalents at beginning of period		109,922	40,270	40,270
Balance of cash and cash equivalents at end of period		81,290	33,233	109,922

The attached additional information is an integral part of the Company's separate interim financial information.

		For the three months ended March 31		For the year ended December 31
		2022	2021	2021
		Unaudited		Audited
		NIS thousand		
(a)	**Adjustments required to present cash flows (for) from operating activities:**			
	Items not involving cash flows:			
	Losses (gains), net on financial investments	(20,420)	(282)	(62,354)
	Income and expenses not involving cash flows:			
	Accrued interest and appreciation of bonds	12,729	655	31,887
	Taxes paid, net	-	-	(18,248)
	Company's share in the profits of investees, net	(668,226)	(308,171)	(1,900,306)
	Changes in other balance sheet line items, net:			
	Change in accounts receivable and collectible premiums	12,965	4,871	(10,456)
	Change in payables and credit balances	(4,994)	7,913	(13,490)
	Change in loans to investees	(2,938)	(326)	(13,565)
	Total cash flows for operating activities	(670,884)	(295,340)	(1,986,532)
(b)	**Material non-cash activities:**			
	Dividend declared and not yet paid	(421,000)	(380,000)	-
	Dividend receivable from subsidiaries	500,000	338,000	-

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, 2021, and in conjunction with the consolidated condensed interim financial statements as of March 31, 2022 (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 March 28, 2022, The Phoenix Insurance's Board of Directors approved a dividend distribution in the amount of NIS 500 million; the dividend per NIS 1 p.v. share and per NIS 5 p.v. share was NIS 3.01 and NIS 15.04, respectively. The dividend was paid on April 5, 2022.
B. For other material events during the reporting period, please see Note 7 to the consolidated financial statements.

NOTE 3 - SUBSEQUENT EVENTS

For further details regarding subsequent events, please see Note 8 to the consolidated financial statements.

Building a better
working world

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May 30, 2022

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. Review Report dated May 30, 2022, on the Condensed Consolidated Financial Information of The Phoenix Holdings Ltd. as of March 31, 2022, and for the three-month period then ended.

2. Special report dated May 30 on the Separate 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 March 31, 2022, and for the three-month period ended on that date.

Kost Forer Gabbay & Kasierer

Certified Public Accountants

Part 4

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

Annual Report on Effectiveness of Control over Financial Reporting and Disclosure in accordance with Regulation 9B(a)

Management, under the supervision of the Board of Directors of The Phoenix Holdings Ltd. (hereinafter: the "Corporation"), and the management of The Phoenix Insurance Company Ltd., are responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation. For that purpose, members of the Corporation and The Phoenix Insurance's managements are as follows:

1. Eyal Ben Simon, CEO of the Company and The Phoenix Insurance.
2. Eli Schwartz, EVP, CFO of the Company and The Phoenix Insurance.
3. Daniel Cohen, EVP and Head of Long Term Savings and Life at The Phoenix Insurance
4. Haggai Schreiber, EVP, Chief Investment Manager, CEO The Phoenix Investments Ltd.
5. Dafna Shapira-Layla, EVP, Head of Health Insurance at The Phoenix Insurance.
6. Keren Granit, EVP, Head of Claims System & Head of Customers' Division at The Phoenix Insurance.
7. Moti Mor, EVP, Head of General Insurance at The Phoenix Insurance.
8. Meni Neeman, EVP, Chief Legal Counsel and Corporate Secretary of the Company and The Phoenix Insurance.
9. Amit Netanel, EVP, Chief Risk Officer of the Company and The Phoenix Insurance.
10. Ron Shvili, EVP of The Phoenix Insurance, Chief Technology, IT Systems and Innovation Officer of The Phoenix Insurance.
11. Anat Cohen-Toledano, EVP at The Phoenix Insurance, Chief Actuary - Property and Casualty, The Phoenix Insurance.
12. Roman Reidman, EVP at The Phoenix Insurance, Chief Actuary - Life and Health.
13. Orly Pascal, EVP at The Phoenix Insurance, Head of the Human Resources Department.

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, summated 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.

Management, under the supervision of the Corporation's Board of Directors, performed an examination and assessment of the Corporation's internal control over financial reporting and disclosure and their effectiveness; the assessment of the effectiveness of internal control over financial reporting and disclosure as performed by management under the supervision of the Board of Directors included the following:

Entity-level controls, controls on the process for compiling and closing the financial statements, general information technology controls (ITGC), and controls over processes which are highly material to financial reporting and disclosure (these processes are carried out within The Phoenix Insurance Company Ltd. and its subsidiaries, The Phoenix Pension and Provident Fund Ltd. - which are institutional entities to which the following provisions relating to institutional entities apply):

The Phoenix Insurance Ltd. and The Phoenix Pension and Provident Fund Ltd., subsidiaries of the Corporation, are institutional entities which are 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.

Regarding the said subsidiary, management - under the supervision of the Board of Directors - examined and assessed the internal control over financial reporting and the effectiveness thereof, based on Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Control 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".

In the annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure attached to the periodic report for the period ended December 31 2021 (hereinafter - the "Most Recent Annual Report Over Internal Control"), the Board of Directors and management assessed the internal control in the corporation. Based on this assessment, the Corporation's Board of Directors and management have concluded that the said internal control, as of December 31 2021, is 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 CEO

I, Eyal Ben Simon, hereby certify that:

(1) I have reviewed the periodic report of The Phoenix Holdings Ltd. (hereinafter - the "Corporation") for the first quarter of 2022 (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, alone or together with others in the Corporation, state that:

   (a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (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 derogate from my responsibility or the responsibility of any other person, under any law.

May 30, 2022

Eyal Ben Simon, CEO

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 first quarter of 2022 (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, alone or together with others in the Corporation, state that:

(a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (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 derogate from my responsibility or the responsibility of any other person, under any law.

May 30, 2022

Eli Schwartz, EVP, CFO

Part 5

Statements Regarding Controls and Procedures in respect of Disclosure in the Financial Statements of The Phoenix Insurance Company Ltd.

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 March 31, 2022 (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 controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   (b) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

May 30, 2022

Eyal Ben Simon, CEO

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 March 31, 2022 (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 controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -

    (b) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

May 30, 2022

Eli Schwartz, EVP, CFO

[1]As defined in the provisions of the institutional entities circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".