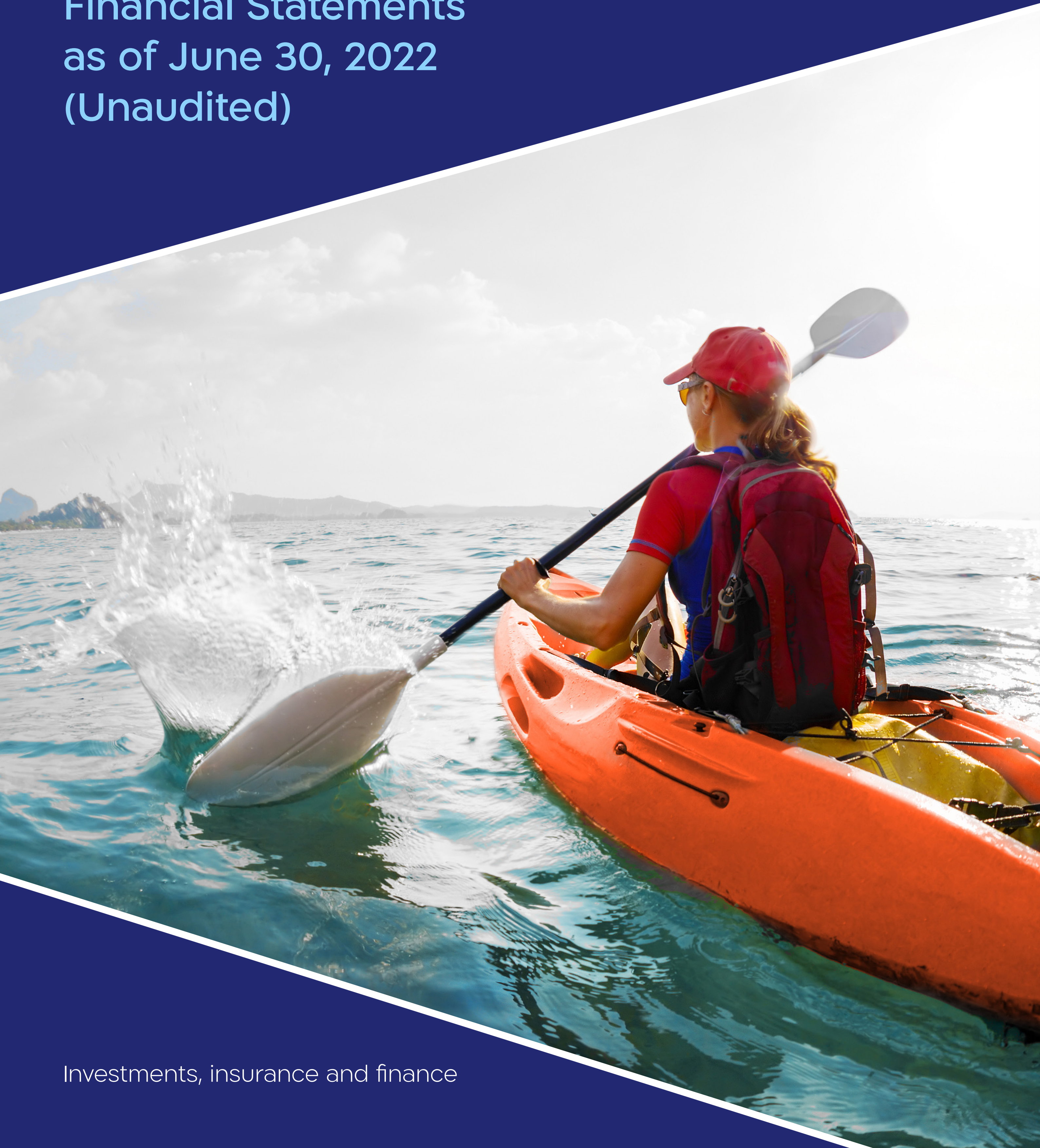
Phoenix

The Phoenix Holdings Ltd.

Consolidated Interim Financial Statements as of June 30, 2022 (Unaudited)



Investments, insurance and finance

Members of the Board

Benjamin Gabbay - Chairman

Ben Langworthy

Dr. Ehud Shapira (Independent Director)

Eliezer Yones

Rachel Levine (External Director)

Rick Kaplan

Roger Abravanel

Zhak Cohen

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Part 1

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

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

June 30, 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 June 30, 2022, outlines the principal changes in the Company's operations in the period from January through June 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 report for first quarter of 2022 as well as the 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

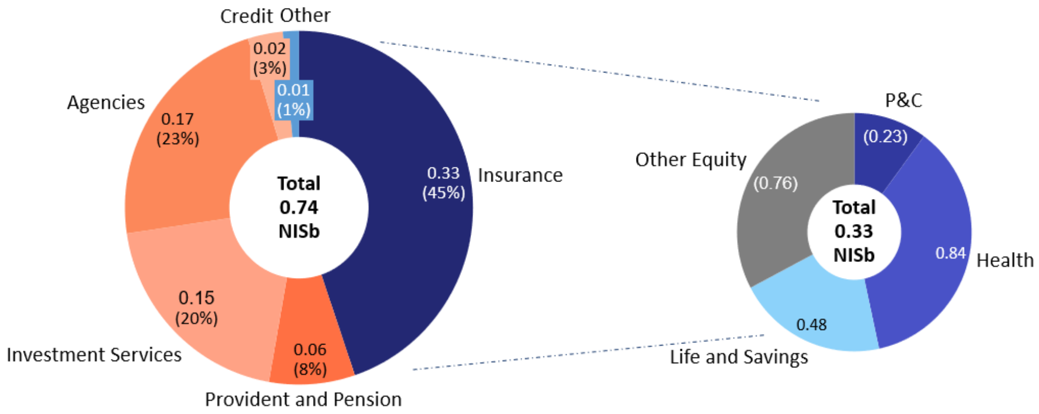
The Company's shareholders

The Company's controlling shareholder is Belenus Lux S.a.r.l. The controlling shareholders of Belenus Lux S.a.r.l are: CP III Cayman GP Ltd., Matthew Botein, Lewis (Lee).

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 361 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. Interest rates, the capital market and inflation

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.

Interest rates - during the reporting period, the Bank of Israel increased its interest rate from 0.1% to 1.25%. Furthermore, in the reporting period, the shekel yield curve increased. The increase in the shekel yield curve has a positive effect both on the Company's financial results, and on The Phoenix Insurance's solvency ratio.

The capital market - during the reporting period, there were slumps in financial markets in Israel and across the world. These slumps have an adverse effect both on the Company's financial results, and on The Phoenix Insurance's solvency ratio.

Inflation - during the reporting period, the inflation rate increased by 3.1%. Inflation forecasts have also increased. The increase in inflation rates has an adverse effect both on the Company's financial results, and on The Phoenix Insurance's solvency ratio.

For more information regarding the effects of changes in the interest rate curve, the capital markets and inflation rates on the Company's financial results, see Section 3 below, and Notes 8B and 8A to the financial statements. As to the effect of the changes in the shekel yield curve and in capital markets on The Phoenix Insurance's solvency ratio, see Section 2.1.5 below, and sensitivity tests in The Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2021.

During the period from reporting date through immediately prior to the financial statements publication date, financial markets in Israel and across the world recovered, the Bank of Israel increased the interest rate by further 0.75%, and inflation and inflation expectations in Israel and globally continued to increase.

For the purpose if using its financial results, the Company uses a real return of 3% (see Section 5.4.1); in view of that, the changes in the CPI, as stated above, affects the classification of amounts between underwriting profits and investment profits.

1.2.4. Dividend distribution

In August 2022, concurrently with the approval of the Company's Financial Statements as of June 30, 2022, which are included in this report, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, which was revised in March 2022[7], totaling NIS 160 million and NIS 0.64 per share. It shall be clarified that to the extent that options are exercised by employees between the dividend declaration date and the record date, the per-share dividend amount shall be adjusted in accordance with the actual number of outstanding shares on the record date. The Company shall publish, as required, a supplementary report in respect of said adjustment on the record date. The said distribution is based, among other things, on a NIS 115 million dividend distribution from The Phoenix Insurance to the Company. Furthermore, the Board of Directors of The Phoenix Insurance also passed a decision as to a change in the minimum solvency ratio target for purposes of dividend distribution from 108% to 111%; for more information, see Section 2.1.4 below.

1.2.5. Actions taken under the multi-year strategic plan

In March 2022, the Company updated the targets of the multi-year strategic plan. As part of the implementation of the strategic plan, the Company took the following steps during the reporting period:

[7] Please see the immediate report dated March 29, 2022 (Ref. No. 2022-01-037000).

1.2.5.1. Completing the restructuring of The Phoenix Advanced Investments Ltd.

The Company took steps to holds all alternative investments of The Phoenix group under The Phoenix Advanced Investments Ltd. Accordingly, in the reporting period, various steps were taken in order to achieve the above, including: The distribution, as a dividend in kind from The Phoenix Advanced Investments Ltd. of Quality Pension Insurance Agency (2017) Ltd., and 16% of The Phoenix Pension and Provident's shares it held, and the sale of The Phoenix IEC Central Fund Ltd. (formerly - Halman-Aldubi IEC Gemel Ltd.) to the Company. Concurrently, the Company's holdings in The Phoenix Advanced Investments were transferred to The Phoenix Investments, and the holdings of The Phoenix Investments in The Phoenix Capital Ltd. (hereinafter - the "**Phoenix Capital**") and the Phoenix Investment Funds Ltd. (which manage the activity of alternative investment funds) were transferred to The Phoenix Advanced Investments.

1.2.5.2. Amendment to a Shareholders Agreement in The Phoenix Capital Ltd.

The Company has an indirect 65% stake in The Phoenix Capital, which is engaged in the establishment, management and distribution of alternative investment funds. The Phoenix Capital's activity constitutes a part of the Company's strategic plan to achieve growth in the area of investment management in general, and in the area of establishing, management and distribution of alternative investment funds in particular.

The remaining holdings in The Phoenix Capital are held by Safra Consultation and Investments Ltd. (hereinafter - "Safra"). The parties have in place a shareholders agreement that regulates the management of The Phoenix Capital; the said agreement stipulates, among other things, that decisions in The Phoenix Capital will be made jointly, despite the fact that the parties' stakes in the company are not equal.

On June 29, 2022, the parties signed an addendum to the agreement, which regulated issues which are not material to the Company; the addendum also regulates the manner by which The Phoenix Capital is managed; among other things, and as part of the implementation of the Company's strategic plan, the addendum made changes to the decision-making processes in The Phoenix Capital, such that decisions are made based on the parties' stake in the company. As a result of the said amendment, the latter changed the recording of its holding in The Phoenix Capital from joint control to control.

In accordance with a valuation of The Phoenix Capital, which was carried out by an independent external appraiser, and which was received on July 27, 2022, the Company recorded in its financial statements as of June 30, 2022, a NIS 86 million one-off post-tax capital gain as a result of assuming control.

For further details, please see immediate report dated July 28, 2022 (Ref. No.: 2022-01-078765).

For further details, please see Section 4 below and Section 4 to the Report of the Board of Directors in the 2021 Periodic Report.

1.2.6. Update regarding mortality assumptions

In June 2022, the Capital Market, Insurance and Savings Authority issued a circular amending the provisions of the consolidated circular regarding updating the demographic assumption system and a mortality improvement model for insurance companies and pension funds (hereinafter - **the "Circular"**). For information regarding the Circular, see Section 2.2 below.

The provisions of the Circular update the assumptions underlying the calculations of liabilities and coefficients in life insurance policies, such that the Circular has an adverse effect on The Phoenix Insurance's financial results and solvency ratio. Following the publication of the Circular, the Company recorded in its financial statements as of June 30, 2022, a NIS 364 million decrease in pre-tax comprehensive income. For further details, including the effect on The Phoenix Insurance's solvency ratio, please see Section 2.1.4 E.(4) and the immediate report dated July 3, 2022 (Ref. No. 2022-01-069297).

1.2.7. Completion of study on retirement age and pension uptake rates

As of the report date, the Company completed a study on retirement age and pension uptake rates (hereinafter - **the "Study"**). Following the Study, the Company recorded in its financial statements as of June 30, 2022, a NIS 462 million gross pre-tax increase in comprehensive income. For further details, including the effect on The Phoenix Insurance's solvency ratio, please see Section 2.1.4 E.(4) and the immediate report dated July 3, 2022 (Ref. No. 2022-01-069297).

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

The Company continues to prepare for applying 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 the roadmap revision paper published in May 2022 by the Capital Market, Insurance and Savings Authority. As part of the implementation of the Standard, during the reporting period, 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.

1.2.9. ESG

In June 2022, the Company published an ESG report for 2021. The report was published on the Company's website and on the websites of the TASE and the Israel Securities Authority. To view the full report, as published on the Company's website, see the Company's website at: https://www.fnx.co.il/sites/docs/genery/for_new_site/esg/fnx-full-esg-2021-eng.pdf

Furthermore, the Company revised its investment policy in accordance with the Institutional Entities Circular No. 13-9-2021 of the Capital Market, Insurance and Savings Authority, which requires that the overall investment policy, that is determined by the group, will set an investment policy in relation to ESG considerations, which are relevant for the performances of the investment portfolio and, which might affect them. For more information in connection with the investment policy, see the Company's website at: https://www.fnx.co.il/sites/docs/genery/for_new_site/mashkiim/Phoenix-Responsible-Investments-eng.pdf

In July 2022, Maala published its 2021 index, in which the Company's overall rating improved from Gold to Platinum, and it was awarded an A rating in the ESG index published by the TASE.

In August 2022, the Company's 2021 Greeneye ESG rating increased to 77/100, and the Company is ranked first among its direct competitors in the insurance and finance sector. to the work plan for 2023.

1.2.10. Publication of a Shelf Prospectus

On August 23, 2022, the Company published a shelf prospectus, which is dated August 24, 2022. For further details, please see immediate report dated August 23, 2022 (Ref. No.: 2022-01-107443).

1.2.11. Engagement with "El Al Frequent Flyer Ltd."

In June 2022, a binding agreement was signed for extending a USD 130 million loan (hereinafter - the "Loan") by The Phoenix Insurance to El Al Frequent Flyer Ltd. (hereinafter - the "Borrower") through the nostro funds. As of the report publication date, the Loan was extended and the charges were placed in favor of The Phoenix Insurance.

Furthermore, under the agreement, The Phoenix Insurance has the option to purchase up to 25% of the Borrower's shares; the option may be exercised at any time until the end of the term of the Loan, and subject to other conditions it may even be exercised one year subsequent to the end of the Loan's term. Under certain conditions, the option may also be exercised by way of offsetting against the Loan's balance or part thereof. For further details, please see the Bank's immediate report dated June 23, 2022 (Ref. No.: 2022-01-077968).

1.2.12. 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, respectively). The additional bonds were rated ilAA by Ma'alot S&P and Aa3.il by Midroog.

In July 2022, The Phoenix Insurance issued - through The Phoenix Capital Raising, by way of issuing the new Series M and expanding Series K of The Phoenix Capital Raising - bonds of NIS 1 par value each at the total amount of NIS 400 million par value. The 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 June 14, 2022, and July 28, 2022 (Ref. Nos.: 2022-01-073339 and 2022-01-078840, respectively). The additional bonds were rated ilAA by Ma'alot S&P and Aa3.il by Midroog.

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*	
	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%**
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***	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 publication date of the solvency ratio report as of that 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*	
	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

Dividend

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

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

The Phoenix Insurance's Board of Directors has 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, was set at 135%, and the minimum solvency ratio target without taking into account the provisions during the Transitional Period is set to reach 135% at the end of the Transitional Period according to the Company's capital plan. On August 24, 2022, the Board of Directors of The Phoenix Insurance increased the minimum economic solvency ratio target by 3 percentage points without taking into account the provisions during the Transitional Period - from a rate of 108% to a rate of 111%, beginning on June 30, 2022.

Therefore, based on the audited results as of December 31, 2021, The Phoenix Insurance meets the minimum capital targets set by the Board of Directors. It is hereby clarified that the aforesaid does not guarantee that The Phoenix Insurance will meet the set capital targets at all times.

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*	
	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 economic solvency target without applying the Transitional Provisions****	**108%**	**105%**
Capital surplus over target	**861,956**	**945,731**

(*) 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 publication date of the solvency ratio report as of that 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).

**** Minimum solvency target, net of the transitional provisions in accordance with the calculation date. For more information, see Section C above.

E. Capital-related measures and significant updates in 2022:

1. 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.
2. During the second quarter of 2022, The Phoenix Insurance conducted an estimate of its solvency ratio as of March 31, 2022; the estimate was not audited or reviewed by the independent auditor, and was conducted based on the outcomes of a full-scale simulation of actuarial calculations, calculation of market risks, credit risks and economic balance sheet as of March 31, 2022. In accordance with the results of this estimate, as of March 31, 2022, and in accordance with the results of the audited calculation of the solvency ratio as of December 31, 2021, on August 24, 2022, The Phoenix Insurance's Board of Directors approved the distribution of a NIS 115 million cash dividend out of the Company's 2022 profits.
3. These dividend distributions, which are described in Sections 1 and 2 above, were approved after the revision of the Company's capital management plan, and indicated that The Phoenix Insurance meets the minimum capital target set by the Board of Directors as of the distribution dates, net of the transitional provisions, and meet the 150%-170% target range, in which The The Phoenix Insurance seeks to be during and after the Transitional Period, given the Deduction During the Transitional Period and its gradual reduction. Therefore, The Phoenix Insurance was in compliance with the requirements of the letter regarding the restrictions on dividend distribution as published by the Commissioner.
4. During the second quarter, the Commissioner issued a circular regarding the updating of the demographic assumption system and a mortality improvement model for insurance companies and pension funds (hereinafter - the "Circular"). In addition, during the second quarter of 2022, The Phoenix Insurance completed a study on retirement age and pension uptake rates (hereinafter - the "Study"). Those changes (as per the Circular and the Study) have opposite effects on the economic solvency ratio. In the Company's opinion a net increase of 12% to 18% in the economic solvency ratio, including the transitional provisions, is expected based on the economic solvency ratio as of December 31, 2021. For further details, please see the Company's immediate report of July 3, 2022 (Ref. No.: 2022-01-069297).
5. During the third quarter, The Phoenix Insurance raised additional Tier 2 capital at the total amount of NIS 400 million. This capital raising is above the quantitative cap for recognition as Tier 2 capital, and therefore does not affect the solvency ratio as of December 31, 2021.

6. For information about the effect of changes in the risk-free interest rate curve, see Section 2.1.5 below.

2.1.5. **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 Phoenix Insurance's economic solvency ratio. During 2022, 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.

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 Phoenix Insurance'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	June 30, 2022	August 18, 2022
Short term	**1-3**	Between (2.39) % and (2.55) %	Between (1.89)% and (0.75)%	Between (0.60) % and (0.37) %
Mid-term	**4-10**	Between (2.23) % and (1.26) %	Between (0.47)% and 0.23%	Between (0.30) % and 0.15 %
Mid-long term	**11-15**	Between (1.11) % and (0.64) %	Between 0.31% and 0.53%	Between 0.24 % and 0.52 %
Long term	**16-25**	Between (0.54) % and 0.01 %	Between 0.57% and 0.78%	Between 0.57 % and 0.86 %

The Phoenix Insurance estimated the sensitivity of the economic solvency ratio to a 50-bps increase in the risk-free interest, after applying the transitional provisions, and including adjusting the stock scenario; the estimation was carried out based on the data and results of the calculation of the economic solvency ratio as of December 31, 2021. The estimation resulted in a 20% increase in the economic solvency ratio (after applying the transitional provisions and adjusting the stock scenario).

It should be noted that the sensitivity is not necessarily linear; i.e., sensitivity at other rates is not necessarily a simple extrapolation of the sensitivity test presented.

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

[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. Arrangements in force

Set forth below are material regulatory directives published during the reporting period and thereafter, and which are not included in the Report on the Corporation's Business for 2021 and the Report of the Board of Directors for the first quarter of 2022. For further details regarding material regulatory directives published during the reporting period, please see Section 4.1.1 to the 2021 Report on the Corporation's Business and Section 2.2 to the Report of the Board of Directors for the first quarter of 2022.

2.2.1. In August 2022, the Knesset Finance Committee approved the **Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses regarding Execution of Transactions (Amendment No. _), 2022,** further to the recommendation of the Yafeh Committee, which was published by the Commissioner in order to review this issue. Set forth below are the key changes set as part of the amendment: (1) Instead of setting a direct fees percentage point cap, each institutional entity will set, in advance, and for each investment track under its management, a cap on the "management fees to external parties" it may charge in a financial year; (2) all other types of direct expenses (such as: securities' sale and purchase fees and custodian fees in respect of securities), shall not be subject to the management fees to external parties cap; (3) the types of direct fees, that may be collected as part of tracks specializing in investment in liquid assets and tracks specializing in tracking indexes, were limited; (4) for new investment tracks, that contain a variable management fees component in accordance with the track's profit, it was determined that entities will not be allowed to collect any direct expenses other than direct expenses in respect of taxes. The amendment will come into effect on January 1, 2023, and the existing arrangement will continue to apply through that date (with retroactive effect as of April 6, 2022).

2.2.2. In June 2022, the **Service to Institutional Entities' Customers - Amendment** circular was published, which revised the section dealing with making proactive telephone calls to senior citizens, as follows: (1) It was clarified that proactive telephone calls will be made only where a policy is canceled by someone other than the policyholder, and where the insurance premium is increased in a manner that is not in line with the insurance details page; (2) it was also determined that in health and long-term care insurance no proactive calls should be made to senior citizens, except in cases where it is expected that the policy will be canceled by a person other than the policyholder.

2.2.3. In June 2022, the **Signing-On to Insurance Plans - Amendment** circular was published, which introduced the following amendments: The effective date of the amendment to the circular dealing with a special sales process to senior citizens and general provisions regarding the sale process was postponed to August 31, 2022; it was determined that in P&C Insurance subsegments a marketing entity shall not set a default insurance plan for an insurance candidate, unless it first presented alternative insurance plans alongside the default plan, and gave the insurance candidate the option make an active selection of such plan; a temporary order was set whereby the circular's provisions shall not apply to the marketing of time-limited P&C insurance plans, which are purchased without proactive marketing; and with regard to senior citizens - in the event of the marketing of a P&C insurance policy, another alternative was given as to the format of the proposed coverage summary document that should be sent to the senior citizen.

2.2.4. In June 2022, the **amendment of the provisions of the Consolidated Circular regarding Measurement of Liabilities - Updating the Demographic Assumptions System in Life Insurance and Pension Funds** was published. The purpose of the circular is to update the measurement chapter of the consolidated circular and lay-down revised default assumptions, on the basis of which insurance companies, pension funds and central provident funds for annuity will make the actuarial calculations (annuity conversion factors, liabilities and actuarial balance sheet). For further details with regard to this issue, see Section 1.2.6.

2.2.5. Further to the publication in the official gazette of the Economic Efficiency Law (Legislative Amendments for the Implementation of the Budgetary Targets for Budget Years 2021 and 2022), as part of which the mechanism of designated bonds to pension funds was replaced with a new mechanism for ensuring the supplementing of returns - in July 2022, a number of circulars were published, whose objective is to adapt existing regulatory provisions in view of the transition to a mechanism for ensuring the supplementing of returns: The circular on **Update to the Provisions of the Consolidated Circular regarding Measurement and Report to the Public - Ensuring the Supplementing of Return to Pension Funds**, the circular on **Rules for Increasing the Rate of Return Credited to Annuity Recipients in New Pension Funds**, and amendment of the circular on **Provisions for Financial Reporting for Old Pension Funds to which no Special Administrator was Appointed**.

2.2.6. In July 2022, the Privacy Protection Authority published a pronouncement on **the duty to inform on the collection and use of personal data.** As part of the pronouncement, the Privacy Protection Authority presents its position on the duty to inform on the collection and use of personal data, while referring to the duty to inform people as part of the process of obtaining their consent for the collection and use of their data, and as part of using algorithm or AI-based decision-making systems.

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 or in the Report of the Board of Directors for the first quarter of 2022. 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 Corporation's Business, as well as Section 2.3 to the Report of the Board of Directors for the first quarter of 2022.

2.3.1. In May 2022 the law memorandum of the **Financial Services Supervision Law (Insurance) (Amendment No. __) (Adding the Health Insurance Subsegment to an Agent's License), 2022**, was published, which suggests that the law is amended, such that a specific license will be issued for engaging in the health insurance subsegment, as in the case of the pension insurance, marine insurance, and P&C insurance subsegments, thereby making the health insurance subsegment an independent segment, rather than part of other subsegments. Furthermore, in order to protect the business of insurance agents that currently work in the market and are already licensed to engage in the health insurance subsegment, it is suggested to determine that those agents will be able to receive a license to engage in this field without having to train or pass exams in connection with this field.

2.3.2. In May 2022, the draft of the **Supervision of Insurance Business Regulations (Terms of Home and Contents Insurance Contracts) (Amendment), 2022** was published. The draft suggests to make a number of amendments to the standard policy set out in the Addendum to the Supervision of Insurance Business Regulations (Terms of Home and Contents Insurance Contracts), 1986, following a number of incidents in which buildings collapsed in Israel for reasons other than an earthquake, and due to lack of clarity as to the insurance coverage of those buildings.

2.3.3. In May 2022, a **Draft Amendment - Circular regarding Life Insurance and Building Insurance as Part of a Housing Loan** was published. The draft suggests to prescribe that an insurance agency owned by a mortgage bank will be allowed to market coverage in respect of third party damages as part of the house insurance policy (in addition to the building insurance policy and coverage for water damages, which such agencies are currently allowed to market); agencies will also be allowed to market a building insurance that includes "coverage for significant damage for any reason whatsoever".

2.3.4. The draft **Amendment to the Consolidated Circular - Supervising Actuary Circular and Chief Actuary** was published in July 2022. As part of the draft, it is suggested that an insurer will appoint a single Chief Actuary, who will head the insurer's actuary science function, and will report directly to the insurer's general manager. It is suggested to prescribe that, among other things, the Chief Actuary will supervise the work of the Supervising Actuaries, be in charge of those professional aspects that require an overall view of the insurer's activity, file an annual actuarial report that will review the implementation of the actuarial aspects of the solvency directives, opine on the underwriting policy and reinsurance arrangements, and report to the management and Board of Directors on the reliability and appropriateness of the calculation of the insurance liabilities.

2.3.5. In August 2022, **the Commissioner published an Amendment to the Provisions of the Consolidated Circular Title 6 Part 2 - Provisions in the Motor Property Insurance Subsegment (Third Draft)**. The purpose of the draft is to adopt a model whereby the number of appraisers and garages, that will be able to provide services to policyholders, will be increased significantly. The key points of the suggested amendment include: (1) Setting provisions that will encourage an increase in the number of existing arrangement garages by setting guidance on adding a garage as an arrangement garage, and naming such a garage as an "Agreed-Upon Garage"; (2) setting out an engagement outline, that includes proper service terms between the insurance company and the Agreed-Upon Garage that makes repairs on its behalf; (3) deciding that the insurance companies shall draw up and publish a rating of the Agree-Upon Garages, based on policyholders and third parties' satisfaction levels; (4) setting provisions that prohibit influencing the garages and the vehicle repair process, and in particular prohibiting insurance agents from receiving any fees or benefits from a garage or an appraiser; (5) requiring the insurance company to inform policyholders - upon the sale of the policy - about the consequences of an insurance claim as to the policy's terms and price in the future; (6) expanding the disclosure to policyholder when marketing the insurance policies regarding his/her options to select the type of garage, including the effect on the premium and the deductible; (7) canceling the appraisers lists and replacing them with a dynamic and extensive appraisers pool, a random selection mechanism, which will oblige insurance companies to allow any appraiser who has no conflict of interest to be included in the insurance company's pool, and to enter into engagement with the insurance company.

2.3.6. In August 2022, the Ministries of Finance and Justice published the **Law Memorandum of the Insurance Contract Law (Amendment No. _) (Insurer's Duty to Pay Insurance Benefits and Monetary Sanction), 2022**. The law memorandum suggests to add Section 21A to the Insurance Contract Law, and to set therein a specific requirement from insurers to pay policyholders the insurance benefits on the dates and at the amounts required in accordance with the provisions of the law and the contract, such that it will be possible to impose an administrative sanction on insurers that do not meet such requirements. At the same time, it is suggested to amend The Supervision Law and vest in the Commissioner of the Capital Market, Insurance and Savings the power to impose a monetary sanction on insurers that failed to pay the insurance benefits in accordance with the provisions of the law, once the Commissioner has investigated the policyholder's complaint in accordance with the powers vested in him by law. Furthermore, it is suggested to specifically enshrine in the law the practice generally accepted in the different insurance subsegments, and to prescribe that insurance compensation may be paid in different manners - in value or in kind, as a one-off payment or in installments. It is also suggested to prescribe in the law's general part, that insurance benefits shall be calculated based on one of two principles: the indemnity principle and the compensation principle.

3. Developments in the Macroeconomic Environment

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

3.1. Financial markets in Israel

During the reporting period, the GDP data for the first quarter were published which reflected a surprising 1.6% contraction of the economy 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. In June, annual inflation increased by 4.1%, which is higher than the upper end of the inflation target. In view of the high inflation rate, the increase in bonds' yields, and the start of a series of interest rate hikes in the USA, the Bank of Israel also opted to increase interest rates (from 0.1% to 0.75%), which was higher than market expectations. The unemployment rate decreased to 3.5% in April, but increased slightly to 3.7% in May. At the end of June, it was decided to prorogate the Knesset. As from the beginning of May, TA 125 Index joined the slumps of capital markets across the world.

The TA 125 Index has fallen by 10.2% in the reporting period; the 10-year yield shot up from 2.16% to 2.70%. The Tel-Bond 60 Index declined by 3.2%. The Shekel has devalued against most of the currencies. The shekel has devalued to a level of NIS 3.49 per USD 1 and a level of NIS 3.59 per EUR 1.

Subsequent to the balance sheet date

The Bank of Israel continued to increase its interest rate, reaching a level of 2.00%; according to the Bank of Israel's estimates, its interest rate will reach 2.75% in the second quarter of 2023. Inflation continued to increase in July, reaching annual levels of 5.2%, which is lower than in other countries across the world, due to, among other things, a higher stability in electricity prices. Inflation expectations regarding the forthcoming year decreased sharply to 2.6%, in view of the continued strengthening of the Shekel, the decrease in commodity prices across the world, and the increasing indications of an economic slowdown going forward. **???** The growth rate for the first quarter was reduced to 2.7%, but the growth rate for the first quarter increased by a surprising 6.8%. The Bank of Israel reduced its growth forecast for 2022 from 5.5% to 5.0%, and for 2023 from 4.0% to 3.5%. Since the beginning of July, the Shekel shot up sharply against the currency basket, and especially against the Euro, which has devalued against many currencies across the world. Subsequent to balance sheet date, a military conflict broke out in the Gaza Strip, which lasted several days; the disruption to the economic activity as a result of the conflict was negligible. The Israeli Consumer Confidence Survey recorded a sharp decline from 99 points to 71 points. The TA 125 Index increased by 11.2% in the period, the yield of 10-year government bonds declined to 2.51%, the TEL-Bond 60 Index increased by 1.1%, and the shekel strengthened against most currencies; against the dollar, the shekel strengthened to levels of NIS 3.26 per one USD, and against the Euro it strengthened to levels of NIS 3.28 per one Euro.

3.2. Capital markets abroad

In the first quarter, the US economy contracted by 1.6%, due to the restrictions placed in order to stop the spread of the Omicron variant; however, according to Bloomberg’s economists survey, growth in the US economy will resume later this year, with growth figures for 2022 projected to reach 2.7%. Surveys conducted among Chief Procurement Officers in the manufacturing sector in May also reflected continued expansion - 55.4 points, and unemployment in the USA decreased in April to 3.6%. In May, inflation rates in the USA increased to 8.6%. 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 1.75%. 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 central bank is extremely cautious with its interest rate hikes due to the fear that the Eurozone’s economies will be adversely affected, and market expectations are 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 period, equity markets managed to recover; this recovery was also triggered by dovish indications from the Federal Reserve.

The yield on 10-year bonds in the USA shot up to 3.01%; the S&P 500 slumped by 16.5%, with technology companies leading the trend, and despite increases in energy sector shares. In Europe, the EURO-STOXX slumped by 11.4%; the Euro has weakened against the Dollar, reaching levels of EUR 1.05 per USD 1.

Subsequent to the balance sheet date

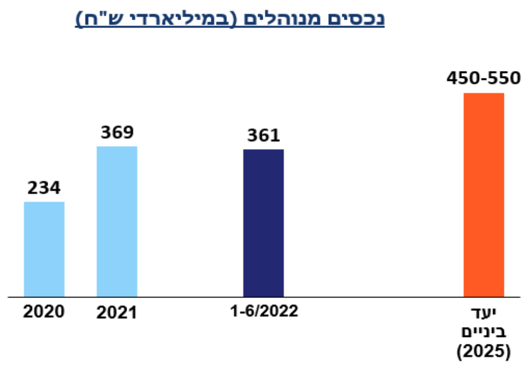
After it contracted in the first quarter, the US economy continued to contract in the second quarter as well (by 0.9%), which meets the criteria for recognizing the US economy in the first half of the year as having fallen into “recession”. However, the current macro data have been surprisingly good again and reflected an expansion of the economy. The labor market was characterized by a higher-than-expected number of jobs were created (528 thousand) compared with only 250 thousand jobs that were expected to be created; factory orders increased by 2%, compared with an expected increase of 1.2%; mortgages given increased by 1.2%, and the survey of procurement managers in the industry (ISM) described a higher-than-expected expansion - 52.8 points. On the other hand, commodity prices continued to decline sharply, inflation in the USA in July was surprisingly static (0.0%) which supported the decrease in yields of bonds in the long tenor of the curve. On the other hand, in the short tenor of the curve, yields continued to increase due to further hikes in the Federal Reserve's interest rate, which reached a level of 2.50%. The opposite trends in yields of short vs. long duration bonds has driven the yield curve deep into negative territory, which indicates that the economy will fall into recession in a time range of a year to two years. The war between Russia and Ukraine has continued, and so did the disruption to the supply of gas from Russia to Europe, which threatens to trigger an even worse slowdown in the Eurozone's economy (which has grown in the second quarter by 0.6% - less than expected). The Euro responded with devaluation, to the extent that its exchange rate was even lower than that of the US Dollar; this was despite the fact that the European Central Bank's hike in interest rate was higher than expected (which moved interest rates away from negative territory), due to the continued hitting up of inflation in the Eurozone - reaching annual levels of 8.9% in July. The IMF reduced its growth forecast for 2022 from 3.6% to 3.2%; 2023 - 2.9%. The geopolitical tensions between China and Taiwan have escalated; this involved threats by the Chinese, which included military drills of the Chinese army around Taiwan, and warnings issued by the west.

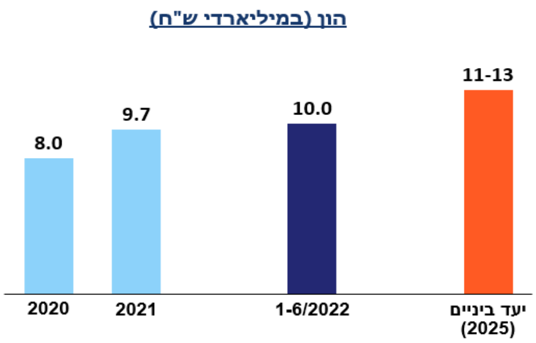
The yield on 10-year US bonds declined slightly to 2.97%, the S&P 500 Index increased by 11.7%, the Euro-STOXX increased by 8.0%; and the euro devalued against the USD, reaching an exchange rate of 1.00.

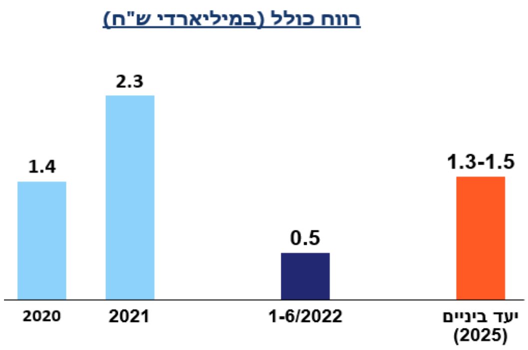
4. Business Targets and Strategy

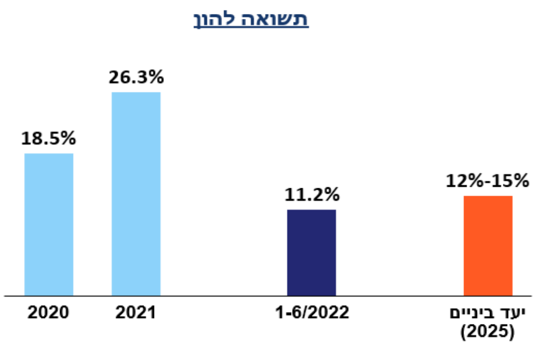
The group's business strategy and targets constitute forward-looking information, as defined in Section 32A of the Securities Law, and are based on the data and information available to the group as of the report date, its plans as a result thereof, the market situation and the group's position. The 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 real 3% return, see Sections 5.4-5.6.

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

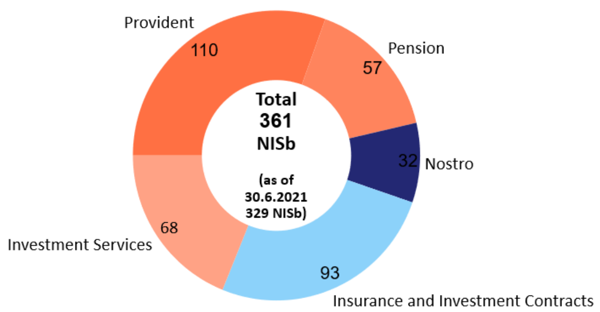
5.1. General

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.

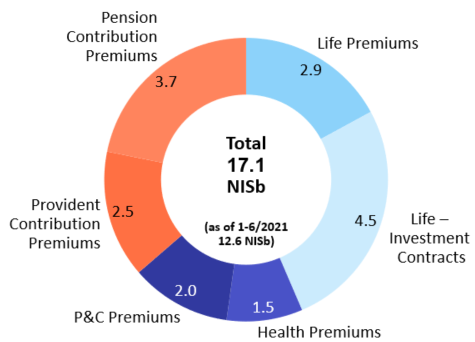
The group's operations and results are significantly affected by the capital markets, including, among other things, the low-interest environment that has implications for its insurance liabilities and on the returns embodied in the group's financial asset portfolios, and consequently - on the management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

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

Assets under management as of June 30, 2022



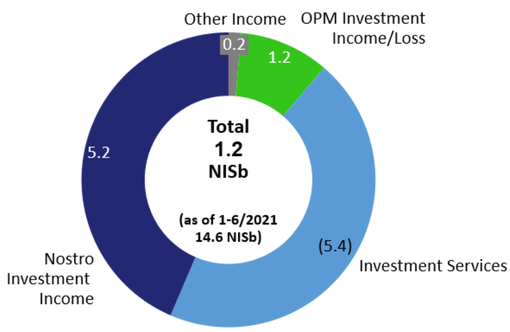
Premiums, gross, contributions towards benefits and proceeds in respect of investment contracts for 1-6/2022



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.

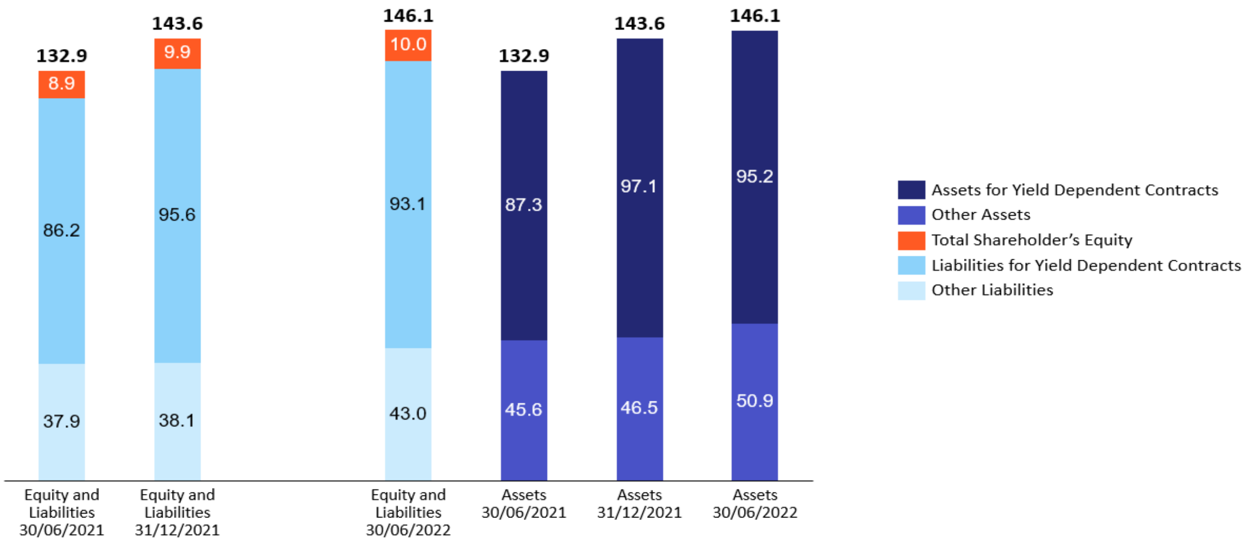
For further details on the premiums in the various operating segments, please see Note 3 to the Financial Statements.

Income for 1-6/2022



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 June 30, 2022, amounted to approximately NIS 95.2 billion, compared to approximately NIS 87.3 billion as of June 30, 2021, and NIS 97.1 billion as of December 31, 2021.

Other assets as of June 30, 2022 amounted to NIS 50.9 billion, compared with NIS 45.6 billion as of June 30, 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 93.1 billion as of June 30, 2022, compared to approximately NIS 86.2 billion as of June 30, 2021, and NIS 95.6 billion as of December 31, 2021.

Other liabilities as of June 30, 2022, amounted to NIS 43.0 billion, compared with NIS 37.9 billion as of June 30, 2021, and NIS 38.1 billion as of December 31, 2021.

The increase in other assets a d ltner liabilities stems, among other things, from Excellence's (a Company subsidiary) performance of spread transactions involving financial instruments; the said transactions are presented at fair value through profit or loss. Those transactions are presented in the Company's books of account at their gross amount. Spread transactions include derivatives, underlying assets, credit and deposits, which are managed by the Company as a single financial transaction, whose purpose is to fix the spread with no exposure to market risk or third party credit risk. These transactions are normally conducted with banking corporations with a maximum ILAAA rating, in dedicated accounts that the bank may offset against one another. As of the financial statements date, the income generated from the said spread transactions is immaterial.

In view of the increase in this activity, the Company is currently assessing the option of entering into an agreement with the bank in connection therewith; such an agreement will be in line with the transaction's characteristics as a single transaction settled on a net cash flow basis.

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 profit 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.

As from the financial statements as of March 31, 2022, the Company takes into account a 3% real return for analysis purposes in the health insurance subsegment also on its LAT reserve for the individual long-term care subsegment; the Company reclassified its comparative figures.

As from the financial statements as of June 30, 2022, the Company separates - for analysis purposes - the UGL component (excess of illiquid assets) in the property and casualty insurance segment from its underwriting profits, and classifies it to interest effects. The Company reclassified the comparative figures.

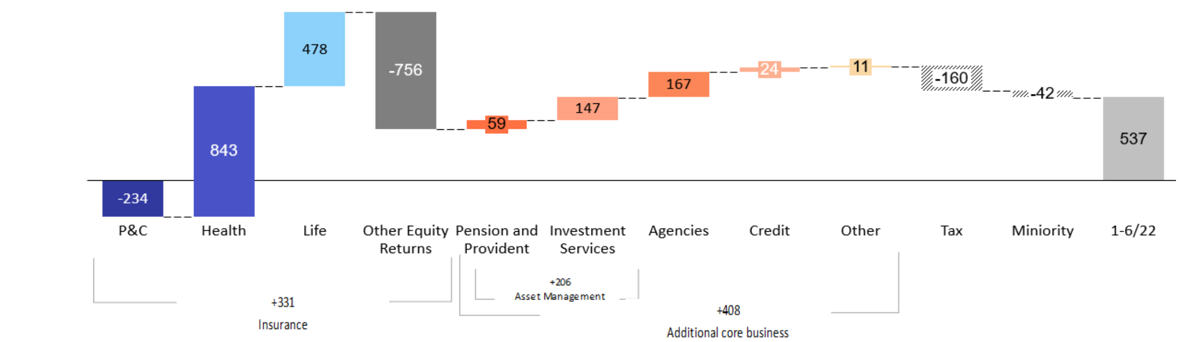
5.4.1.4. In the life insurance and savings segment, the profitability analysis is based on a breakdown to underwriting profits - which assumes a real return of 3%, including income from variable management fees in the profit participating portfolio based on said rate, fixed management fees and a financial 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 profit 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.

The Company allocates the assets which are not measured at fair value in accordance with the provisions of the law and Company's procedures, and specifically the allocation in accordance with the consolidated circular on testing the appropriateness of the LAT reserve (see Note 3 to the financial statements). This allocation may have an effect on investment income allocated to the different segments.

Financial liabilities that serve the Company's equity requirements and finance expenses in respect thereof are not allocated to the operating segments. In the capital segment, the financial margin arises from investment income, with a 3% real return assumption, net of actual finance expenses.

5.4.2. **<u>Set forth below is the composition of the Company's financial performance by segment for the 6-month reporting period and their comparison to the corresponding period last year (in NIS million):</u>**

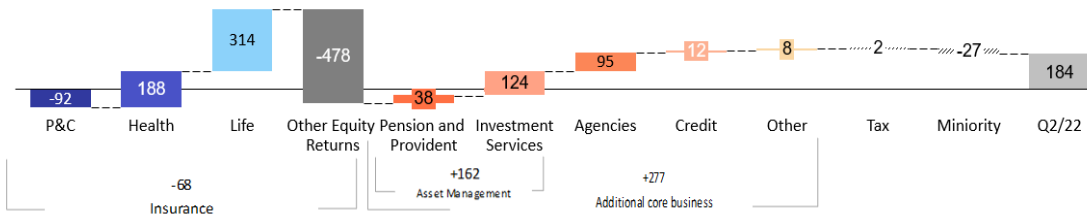


1-6/2021	410	19	662	119	29	64	111	236	2	(476)	(23)	1,153
Diff	(644)	824	(184)	(875)	30	83	56	(212)	9	316	(19)	(616)

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

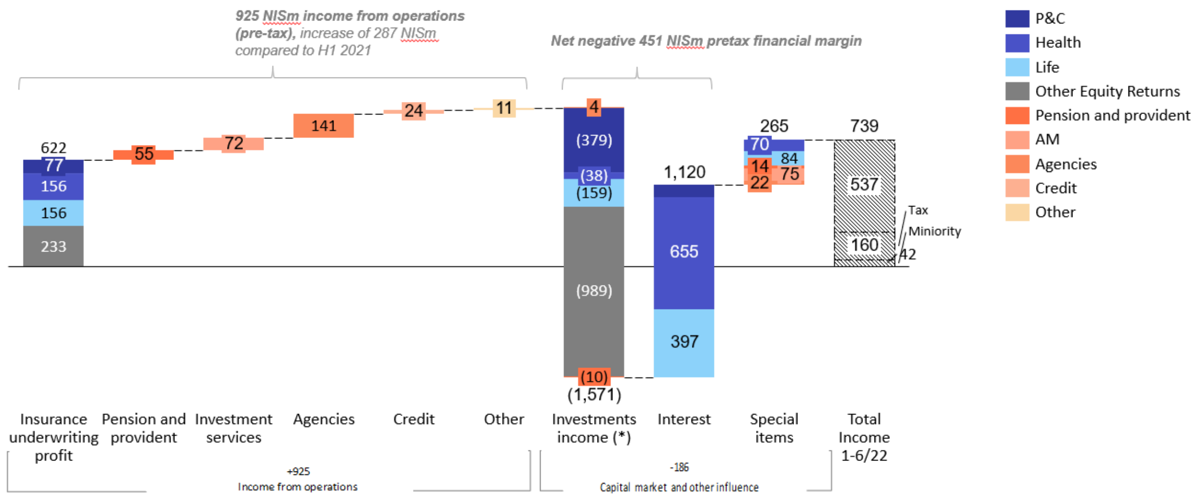
For the effects on the results at the segment level, please see details in Sections 5.5-5.6 below.

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



Q2/2021	232	(4)	386	155	15	31	59	235	(5)	(295)	(12)	797
Diff	(324)	192	(72)	(633)	23	93	36	(223)	13	297	(15)	(613)

5.4.3. **<u>Set forth below is the composition of the sources of the Company's pre-tax income by profit per activity and profit from capital market effects, interest rate and Special Items for a period of 6 months in the reporting period (in NIS million):</u>**



1-6/21	423	28	67	102	16	2	787	(62)	289	1,652
Diff	199	27	5	39	8	9	(2,358)	1,182	(24)	(913)

(*) Please see Section 5.4.1.
(**) For information about the Special Items at segment level, see Section 5.4.5, and results at segment level in Sections 5.5-5.6 below.
(***) Reclassified.

Operating profit after deducting effects of the capital market, Special Items and interest increased by NIS 287 million in the reporting period, compared with the corresponding quarter last year.

In the reporting period, the negative nominal return from nostro investments was (0.4%). After transferring annual real return of 3%, and an amount in respect of variable management fees, which is calculated based on the said real return, the negative effect of the capital market after the said deduction is NIS 1.553 million, see Section 5.4.1 regarding the review of sources of profit.

Total decrease in investment income (in excess of real return of 3%) in the reporting period compared to the corresponding period last year amounted to NIS 2,358 million. The said decrease is in respect of the change in investment income, which decreased in the reporting period by NIS 1,978 million compared to the corresponding period last year (in excess of real return of 3%), in view of the slumps in financial markets in Israel and globally, and a NIS 380 million change in collection of variable management fees (in excess of real return of 3%) in 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 June 30, 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 507 million, before tax (as of the report publication date - NIS 421 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 1,182 million decrease in insurance reserves in the reporting period, compared with the corresponding period last year.

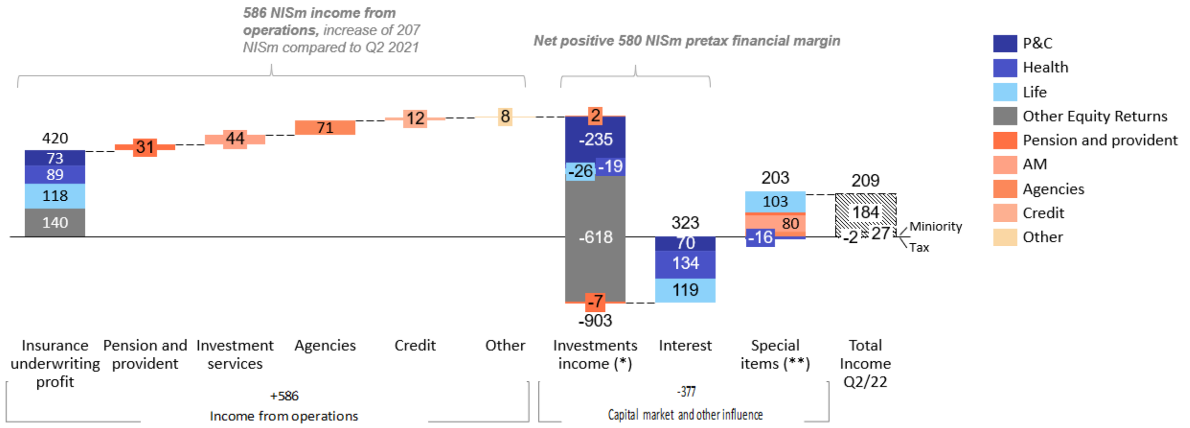
The total net effect of the interest and capital market effects (in excess of a real return of 3%) in the reporting period amounted to a pre-tax loss of NIS 451 million as reflected in the above chart.

During the reporting period, the special items line item decreased by NIS 24 million compared with the corresponding period last year; most of the decrease stemmed from the recognition of a higher one-off earning in the corresponding period last year as a result of assuming control in Gama, and compared to the recognition of a one-off earning from the transfer of the Company's rights in Phoeniclass Ltd. to The Phoenix Insurance and assuming control in Capital (for more information, see Section 1.2.5.1 above) and in a subsidiary agency.

Furthermore, in the reporting period, the special items line item includes the effect of a study on retirement age and pension uptake rates (see Section 1.2.7 above), which was partially offset by revising the assumptions of the mortality schedules (see Section 1.2.6 above).

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

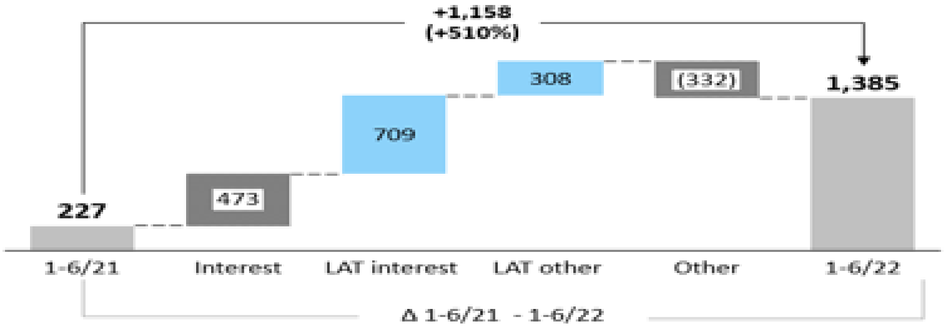
5.4.4. **Set forth below is the composition of the difference between the sources of the Company's pre-tax income by profit per activity and profit from capital market effects, interest and non-recurring effects in the second quarter of 2022 compared to the corresponding period last year (in NIS million):**



Q2/2021	270	17	34	51	12	(5)	440	(31)	316	1,104
Diff	150	14	10	20	0	13	(1,343)	354	(113)	(895)

(*) See Section 5.4.1.
(**) For information about the Special Items at segment level, see Section 5.4.5, and results at segment level in Sections 5.5-5.6 below.

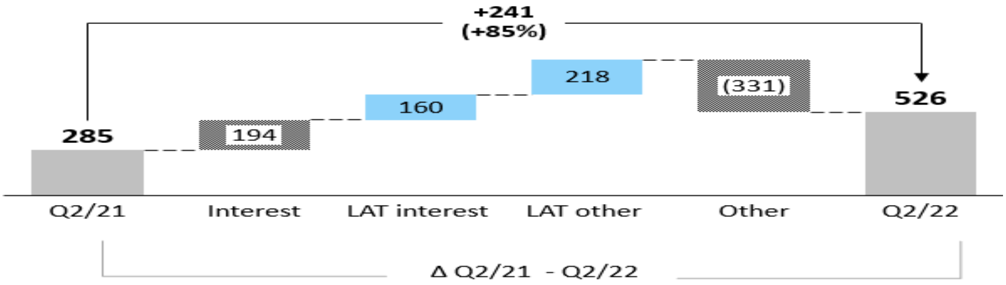
5.4.5. **Set forth below is the composition of the differences between the interest rate effects and main special items on pre-tax insurance liabilities for the 6-month in the reporting period compared to the corresponding period last year (in NIS million):**



Results

	+1,120 Interest		+265 Special items		
1-6/2022	465	655	91	174	1,385
P&C	68	-	-	-	68
Health	-	655	91	(21)	725
Life	397	-	-	84	481
Pension and Provident	-	-	-	14	14
Financial Services	-	-	-	75	75
Agencies	-	-	-	22	22
1-6/2021	(8)	(54)	(217)	506	227
P&C	8	-	-	-	8
Health	-	(54)	(217)	166	(105)
Life	(16)	-	-	128	112
Pension and Provident	-	-	-	(5)	(5)
Financial Services	-	-	-	(3)	(3)
Credit	-	-	-	220	220

<u>Set forth below is the composition of the differences between the interest effects and main special items effects on pre-tax insurance liabilities in the second quarter of 2022 compared with the corresponding quarter last year (in NIS million):</u>



Results	+323 Interest		+203 Special items		
Q2-22	**189**	**134**	**2**	**201**	**526**
P&C	70	-	-	-	70
Health	-	134	2	(18)	118
Life	119	-	-	103	222
Pension and Provident	-	-	-	14	14
Financial Services	-	-	-	80	80
Agencies	-	-	-	22	22
Q2-21	**(5)**	**(26)**	**(216)**	**532**	**285**
P&C	6	-	-	-	6
Health	-	(26)	(216)	176	(66)
Life	(11)	-	-	141	130
Pension and Provident	-	-	-	(5)	(5)
Financial Services	-	-	-	(3)	(3)
Credit	-	-	-	223	223

As of June 30, 2022, the Company's LAT reserve amounts to NIS 477 million. For information on the sensitivity to interest rates, see Section 6 and Section 2.1.5.

5.4.6. <u>Set forth below are data regarding the Company's return on equity:</u>

	1-6/2022	**1-6/2021**	**4-6/2022**	**4-6/2021**	**1-12/2021**
Return on shareholders' equity for the period (based on comprehensive income for the period) (*)	11.4%	29.6%	7.9%	44.2%	26.3%

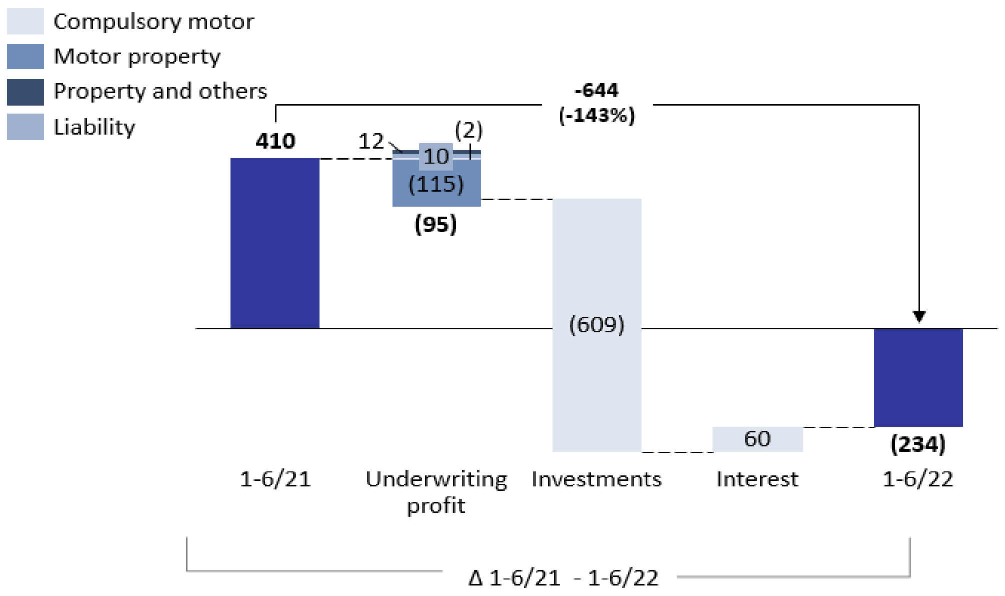
(*) Return on equity is calculated based on the income for the period or comprehensive income for the period attributable to Company's shareholders, adjusted to reflect a one-year period and divided by the average equity for the period.

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

Set forth below is a composition of the main effects and changes on the results of the property and casualty insurance subsegment for the reporting period compared to the corresponding period last year (in NIS million, before tax):



Results

1-6/2022	***77***	***(379)***	***68***	***(234)***
(*) 1-6/2021	*172*	*230*	*8*	*410*

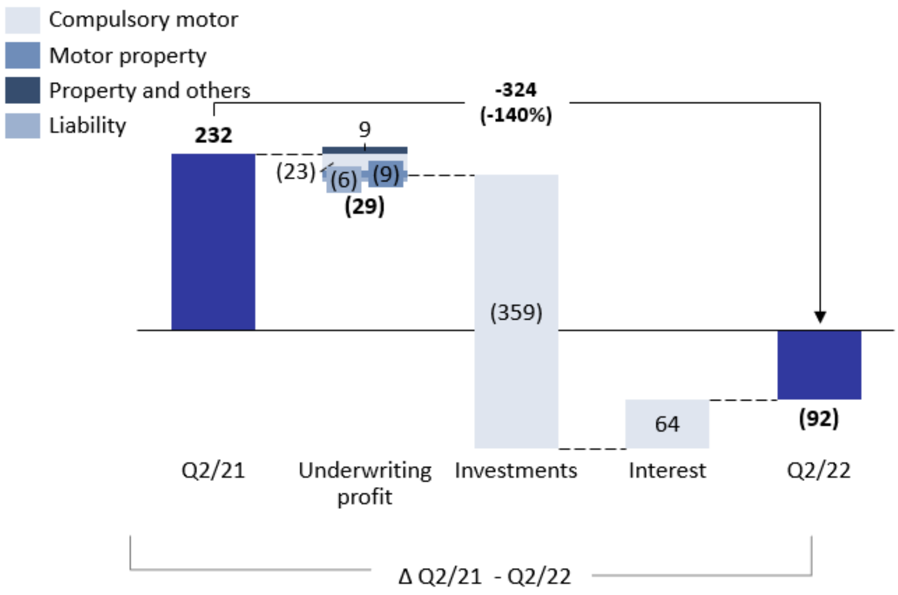
(*) Reclassified, see Section 5.4.1.3 above.

The NIS 95 million decrease in underwriting profits in the reporting period compared with the corresponding period last year stems mainly from the motor property subsegment as a result of an increase in costs of claims and in incidence 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 employers liability insurance subsegment.

The NIS 609 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.

The NIS 60 million increase in the effect of interest stems mainly from the revision of illiquid assets in the motor property subsegment to their fair value, see Section 5.4.1.3 above, and Note 8A(6) to the financial statements.

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



Results

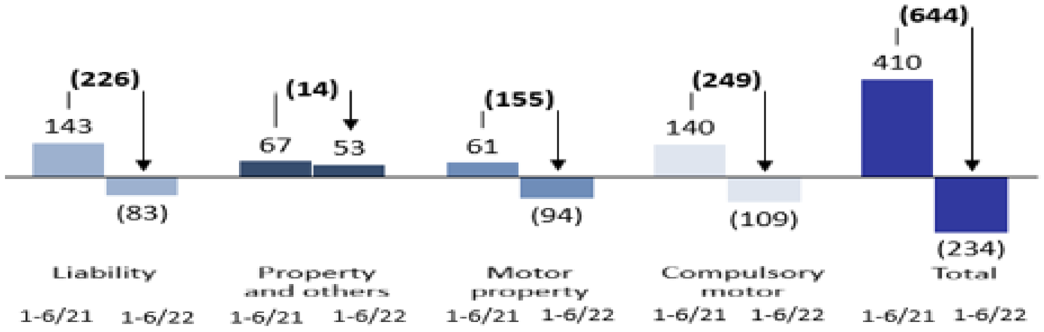
Q2-22	***73***	***(235)***	***70***	***(92)***
Q2-21	*102*	*124*	*6*	*232*

(*) Reclassified, see Section 5.4.1.3 above.

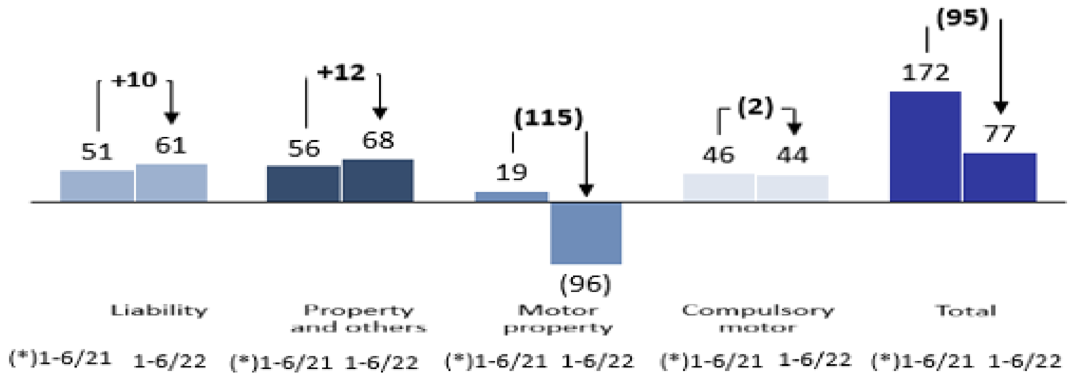
The NIS 29 million decrease in underwriting profits in the second quarter of the reporting period compared with the corresponding quarter last year stems mainly from the motor property subsegment as a result of an increase in costs of claims and in incidence in the reporting period; the Company is taking steps to improve underwriting results in the motor property subsegment. On the other hand, underwriting profits in the other property subsegments improved in the second quarter of the reporting period, compared with the corresponding quarter last year, mainly in the business insurance and personal accidents insurance subsegments.

The NIS 359 million decrease in investment income in the second quarter of the reporting period compared to the corresponding period last year stemmed from slumps in financial markets in Israel and across the world in the second quarter of the reporting period compared with the rallies in the corresponding quarter last year. The NIS 64 million increase in the effect of interest stems mainly from the revision of illiquid assets in the motor property subsegment to their fair value, see Section 5.4.1.3 above, and Note 8A(6) to the financial statements.

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



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



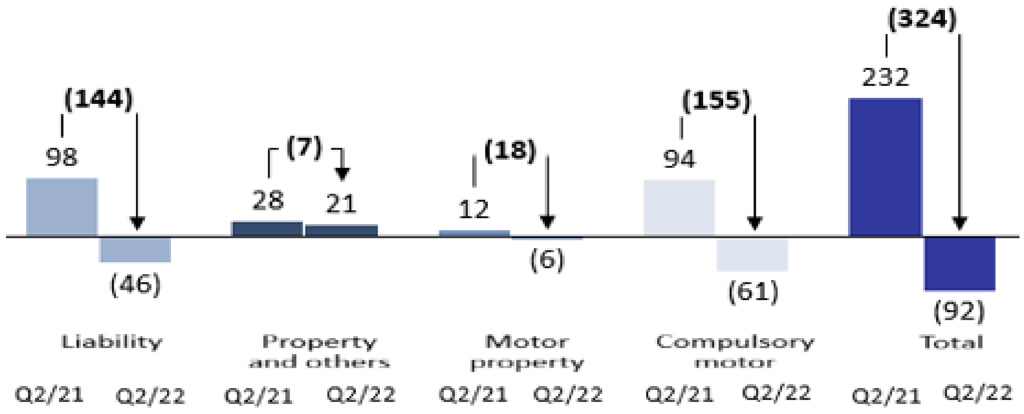
(*) Reclassified, see Section 5.4.1.3 above.

The NIS 95 million decrease in underwriting profits in the reporting period compared with the corresponding period last year stems mainly from the motor property subsegment as a result of an increase in costs of claims and in incidence in the reporting period.

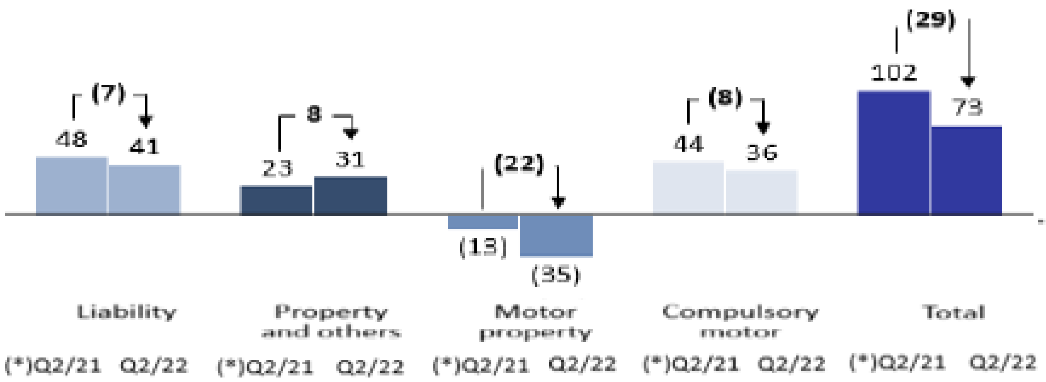
The increase in underwriting profits in the liability subsegments in the reporting period, compared with the corresponding period last year, stems mainly from a positive development in claims in respect of previous years in the employers liability insurance subsegment.

The increase in underwriting profits in other property subsegments compared with the corresponding period last year stems mainly from improvement in underwriting profits in the property loss insurance and home insurance subsegments.

5.5.1.2. **Set forth below is the pre-tax comprehensive income (loss) in the various subsegments of property and casualty insurance for the second quarter of 2022 and their comparison with the corresponding quarter last year (in NIS million):**



Set forth below is the pre-tax underwriting income (loss) in the various subsegments of property and casualty insurance for the second quarter of 2022 and their comparison with the corresponding quarter last year (in NIS million):



(*) Reclassified, see Section 5.4.1.3 above.

The NIS 29 million decrease in underwriting profits in the second quarter of the reporting period compared with the corresponding quarter last year stems mainly from a NIS 22 million decrease in the motor property subsegment as a result of an increase in costs of claims and in incidence. The Company is taking steps to improve its underwriting profits in the motor property subsegment. The NIS 8 million decrease in underwriting profits in the compulsory motor insurance in the second quarter of the reporting period compared with the corresponding quarter last year stems mainly from an increase in losses in respect of the current year compared with the corresponding quarter last year.

On the other hand, underwriting profits in the other property subsegments improved in the second quarter of the reporting period by NIS 8 million, compared with the corresponding quarter last year, mainly in the business insurance and personal accidents insurance subsegments.

5.5.1.3. **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 %				
	1-6/2022	1-6/2021	4-6/2022	4-6/2021	1-12/2021
Gross loss ratio	86.0%	71.0%	69.8%	76.9%	80.3%
Retention loss ratio	86.1%	71.0%	69.9%	76.9%	80.3%
Gross combined ratio	110.7%	98.7%	96.0%	107.7%	108.9%
Retention combined ratio	110.7%	98.7%	96.0%	107.7%	108.9%

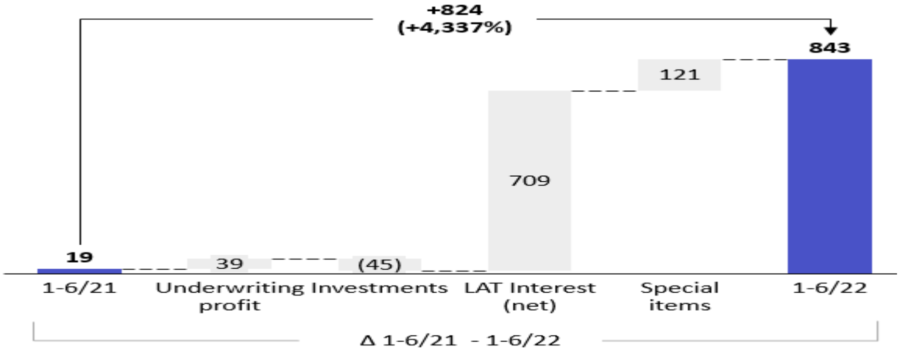
	Property and other subsegments In %				
	1-6/2022	1-6/2021	4-6/2022	4-6/2021	1-12/2021
Gross loss ratio	35.0%	31.1%	34.1%	32.9%	33.2%
Retention loss ratio	21.9%	21.2%	20.8%	22.5%	23.5%
Gross combined ratio	62.5%	57.5%	63.4%	61.4%	61.2%
Retention combined ratio	51.9%	56.6%	59.6%	67.7%	60.4%

(*) Includes UGL (value of illiquid assets); for more information, see Section 5.5.1 above.

5.5.2. Health insurance

Profits 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 profits 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.

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



Results					
1-6/2022	***156***	***(38)***	***655***	***70***	***843***
(*) 1-6/2021	*117*	*7*	*(54)*	*(51)*	*19*

(*) Reclassified, see Section 5.4.1.3 above.

The NIS 39 million increase in underwriting profits in the reporting period compared with the corresponding period last year is mainly due to an increase in underwriting profits from long-term care insurance policies, and specifically underwriting profits from critical illness and personal accidents insurance policies compared with the corresponding period last year.

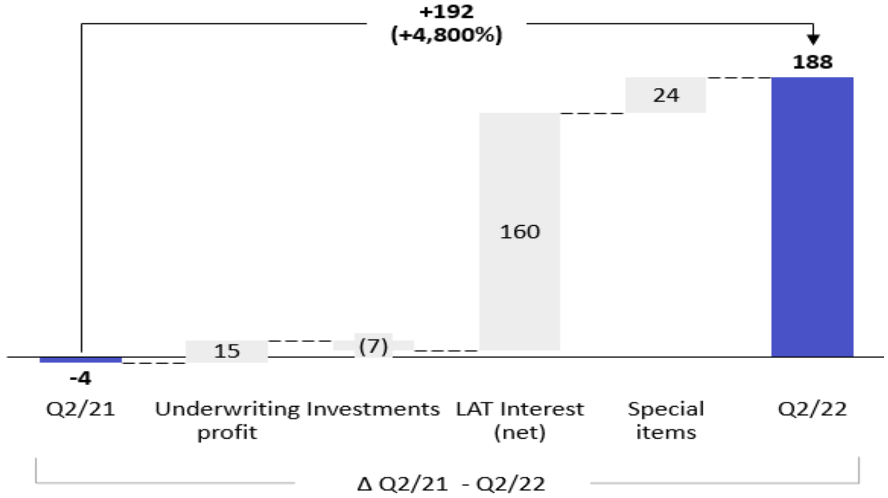
The NIS 45 million decline in investment income in the reporting period compared with the corresponding period last year stems from slumps in financial markets in Israel and globally during the reporting period, compared with the corresponding period last year.

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 709 million increase in profit, 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 121 million increase in profit 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 to the Report of the Board of Directors as of March 31, 2022.

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

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



Results

Q2-22	***89***	***(19)***	***134***	***(16)***	***188***
Q2-21	*74*	*(12)*	*(26)*	*(40)*	*(4)*

(*) Reclassified, see Section 5.4.1.3 above.

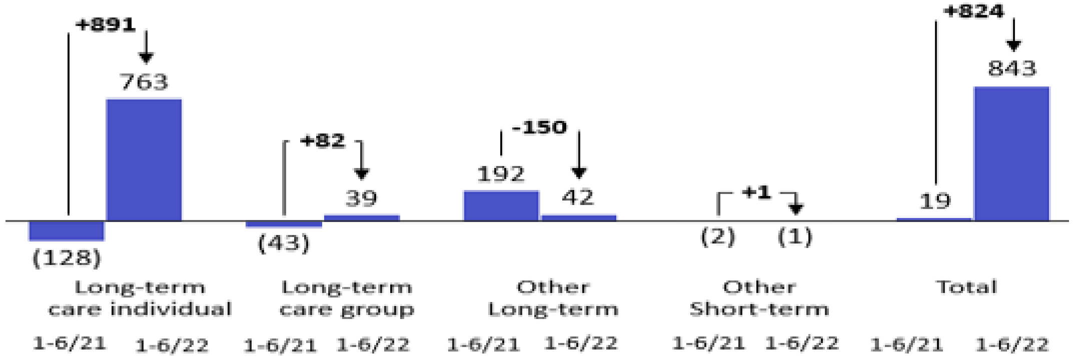
The NIS 15 million increase in underwriting profits in the second quarter of the reporting period compared with the corresponding quarter last year is mainly due to an increase in profit from individual long-term care insurance policies and critical illness insurance policies.

The NIS 7 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.

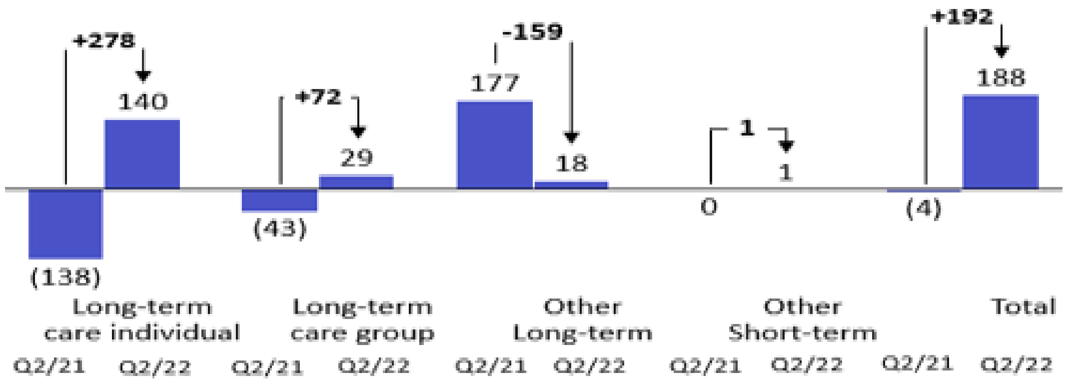
The impact of increase in the risk-free interest rate curve in the reporting period compared with the decline in the risk-free interest rate curve in the corresponding period last year caused a NIS 160 million increase in profit, including the change in excess value of illiquid assets carried to LAT.

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

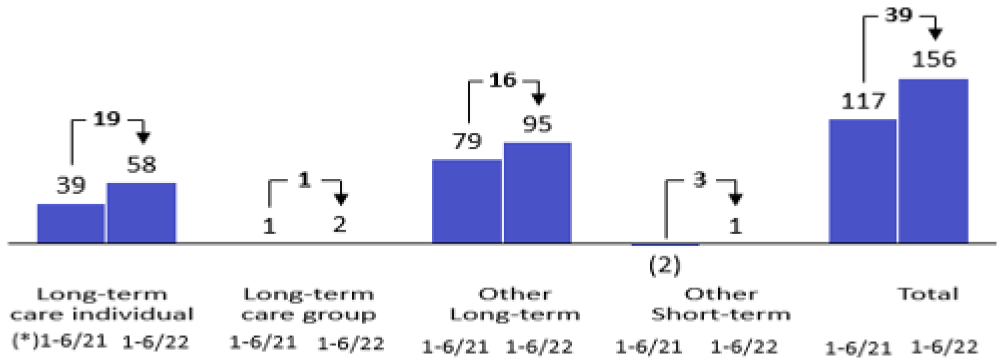
5.5.2.1. **Set forth below is the pre-tax comprehensive income (loss) in the various subsegments of health insurance for the reporting period compared with the corresponding period last year (in NIS million):**



Set forth below is the pre-tax comprehensive income (loss) in the various subsegments of health insurance in the second quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



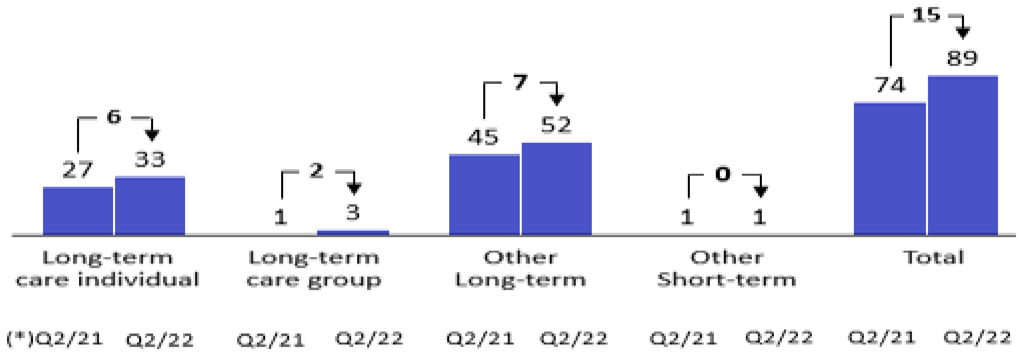
5.5.2.2. **Set forth below is the pre-tax underwriting income (loss) in the various subsegments of health insurance for the reporting period compared with the corresponding period last year (in NIS million):**



(*) Reclassified, see Section 5.4.1.3 above.

The NIS 39 million increase in underwriting profits in the reporting period compared with the corresponding period last year is mainly due to individual long-term care insurance policies (NIS 19 million), stemming mainly from the increase in the CPI. The NIS 16 million increase in underwriting profits from long-term policies in the reporting period compared with the corresponding period last year is mainly due to an increase in underwriting profits from critical illness and personal accidents insurance policies.

<u>Set forth below is the pre-tax underwriting income (loss) in the various subsegments of health insurance in the second quarter of the reporting period compared with the corresponding quarter last year (in NIS million):</u>



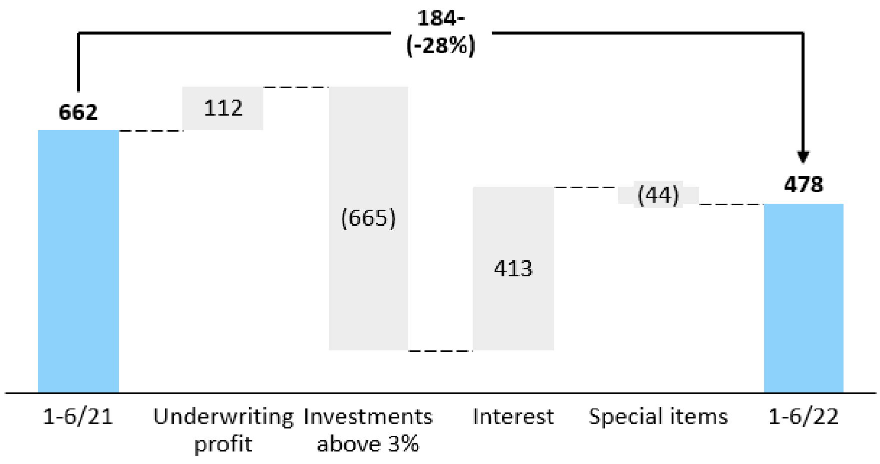
(*) Reclassified, see Section 5.4.1.3 above.

The NIS 15 million increase in underwriting profits in the second quarter of the reporting period compared with the corresponding quarter last year is mainly due to a NIS 6 million increase in profit from individual long-term care insurance policies, mainly due to the increase in the CPI. The NIS 7 million increase in underwriting profits from long-term policies in the reporting period compared with the corresponding period last year is mainly due to an increase in underwriting profits from critical illness insurance policies.

5.5.3. Life insurance and savings

5.5.3.1. Profits on investments have a material effect on the profitability of this segment, which is characterized by accrual of significant reserves over long periods. Investment profit 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.

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



Δ 1-6/21 - 1-6/22

Results

1-6/2022	***156***	***(159)***	***397***	***84***	***478***
1-6/2021	*44*	*506*	*(16)*	*128*	*662*

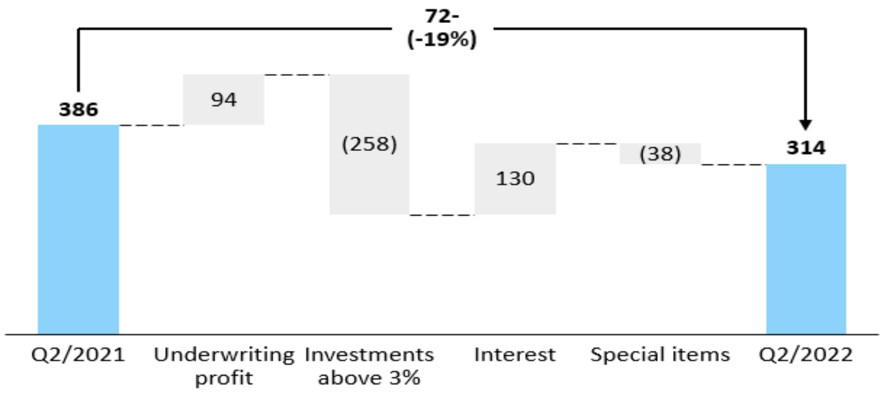
The results in the reporting period were affected by the NIS 112 million increase in underwriting profits, which stemmed mainly from an increase in the fixed management fees that was partially offset against the decrease in the profitability of the life insurance products, and from an improvement in the historical effects as a result of a decrease in annuities uptake rate compared with the expected uptake.

In addition, 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 665 million decrease in investment income (in excess of real return of 3%) stemmed from a NIS 285 million decrease in income from the nostro portfolio, mainly due to the slumps in financial markets in Israel and globally, and from a NIS 380 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 period 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.

The impact of the change in interest in the reporting period compared with the corresponding period last year caused a NIS 413 million increase in profit 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.As of June 30, 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 507 million, before tax (as of the report publication date - NIS 421 million before tax).

The NIS 44 million decrease in the special items line item stems from a NIS 84 million increase in profit in the reporting period mainly as a result of the effects of a study on retirement age and pension uptake rates, which was partially offset by reimplementation regarding the revision of mortality assumptions (for more information, see Sections 1.2.6 and 1.2.7), compared with a NIS 128 million increase in profit in the corresponding period last year as a result of changes in assumptions and model revisions.

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



Δ Q2/21 - Q2/22

<u>Results</u>

Q2-22	***118***	***(26)***	***119***	***103***	***314***
Q2-21	*24*	*232*	*(11)*	*141*	*386*

The results in the second quarter of the reporting period were affected by the NIS 94 million increase in underwriting profits, which 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, and from an improvement in the historical effects as a result of a decrease in annuities uptake rate compared with the expected uptake.

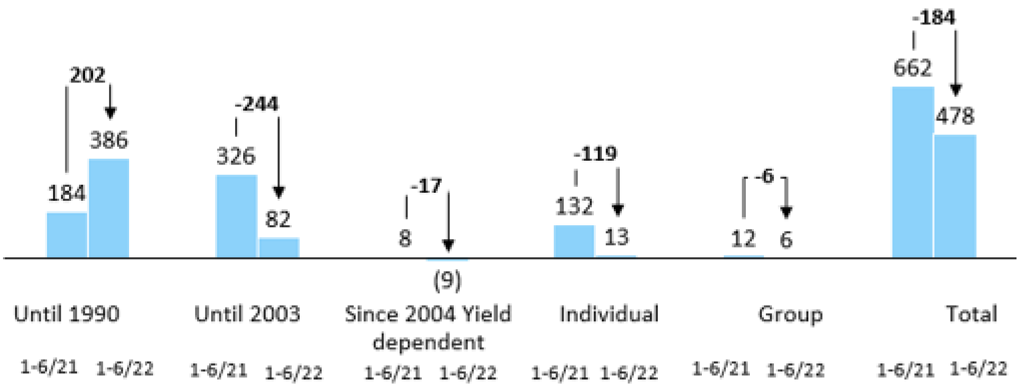
Compared with the corresponding quarter last year, the results in the second quarter of the reporting period were mainly impacted by the decrease in investment income that were offset against the increase in risk-free interest that triggered a decrease in insurance reserves. The NIS 258 million decrease in investment income (in excess of real return of 3%) stemmed from a NIS 82 million decrease in income from the nostro portfolio, mainly due to the slumps in financial markets in Israel and globally, and from a NIS 176 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 second 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 second quarter of the reporting period compared with the corresponding quarter last year.

As of June 30, 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 507 million, before tax (as of the report publication date - NIS 421 million before tax).

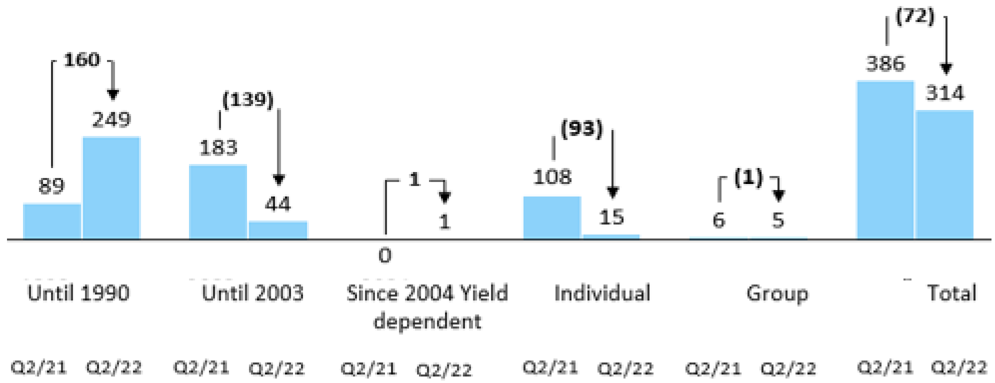
The impact of the change in interest in the second quarter of the reporting period compared with the corresponding quarter last year caused a NIS 130 million increase in profit mainly due to the increase in the interest rate curve in the second quarter of the reporting period compared with the decline in the interest rate curve in the corresponding quarter last year, which had a direct effect on the supplementary retirement pension reserve.

The NIS 38 million decrease in the special items line item stems from a NIS 103 million increase in profit in the second quarter in the reporting period mainly as a result of the effects of a study on retirement age and pension uptake rates, which was partially offset by reimplementation regarding the revision of mortality assumptions (for more information, see Sections 1.2.6 and 1.2.7), compared with a NIS 141 million increase in profit in the corresponding quarter last year as a result of changes in assumptions and model revisions.

5.5.3.2. **<u>Set forth below is the pre-tax comprehensive income (loss) in the various subsegments of life insurance for the reporting period compared with the corresponding period last year (in NIS million):</u>**



Set forth below is the pre-tax comprehensive income (loss) in the various subsegments of life insurance in the second quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



5.5.3.3. The rate of redemptions out of the average reserve (in annual terms) was approximately 5.1% compared with 3.7% 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.

5.5.3.4. Set forth below are details concerning estimated net investment profit 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:

	1-6/2022	1-6/2021	4-6/2022	4-6/2021	1-12/2021
	In NIS million				
Investment gains (losses) credited to policyholders net of management fees	(5,442)	5,916	(4,272)	3,071	10,222
Management fees	300	631	149	307	1,221

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

5.5.3.5. **Weighted returns in participating policies**

Set forth below are the nominal returns on participating policies in respect of policies issued through 2004 (from 1992 to 2003):

	Policies issued up to 2004 (Fund J)				
	1-6/2022	1-6/2021	4-6/2022	4-6/2021	1-12/2021
Nominal returns before payment of management fees	(5.54%)	9.55%	(4.68%)	5.00%	17.40%
Nominal returns after payment of management fees	(5.84%)	8.01%	(4.82%)	4.31%	14.44%

	Policies issued up to 2004 (Fund J)				
	1-6/2022	1-6/2021	4-6/2022	4-6/2021	1-12/2021
Real returns before payment of management fees	(8.41%)	8.03%	(6.48%)	3.65%	14.64%
Real returns after payment of management fees	(8.70%)	6.52%	(6.62%)	2.97%	11.76%

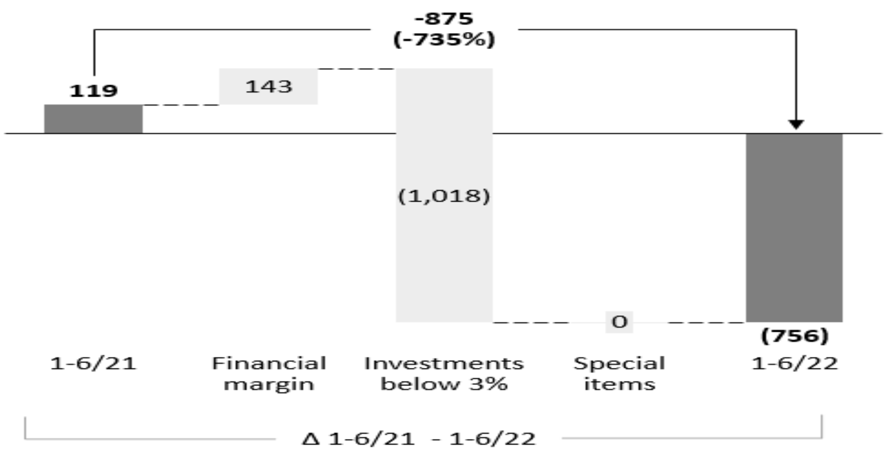
Fluctuations in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

5.5.3.6. **The nominal returns on yield-dependent policies in respect of policies issued from 2004 and thereafter**

	Policies issued from 2004 and thereafter				
	1-6/2022	1-6/2021	4-6/2022	4-6/2021	1-12/2021
Nominal returns before payment of management fees	(6.61%)	8.78%	(5.44%)	4.40%	15.33%
Nominal returns after payment of management fees	(7.05%)	8.25%	(5.66%)	4.15%	14.25%
Real returns before payment of management fees	(9.44%)	7.27%	(7.23%)	3.06%	12.63%
Real returns after payment of management fees	(9.87%)	6.75%	(7.45%)	2.81%	11.57%

5.5.4. Capital gains - other

<u>Set forth below is the composition of the main effects and changes in respect of other capital gains for the reporting period compared to the corresponding period last year (in NIS million):</u>

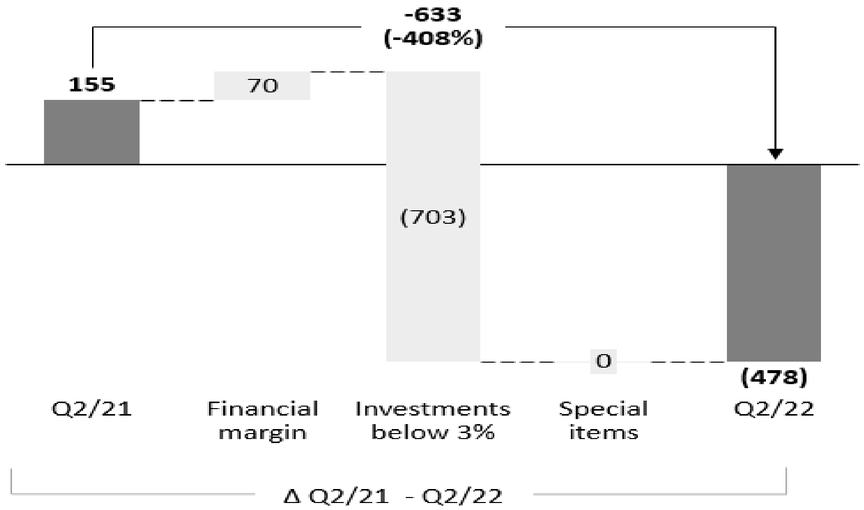


Results

1-6/2022	***233***	***(989)***	***-***	***(756)***
1-6/2021	*90*	*29*	*-*	*119*

The NIS 875 million decrease in other capital gains in the reporting period compared with the corresponding period last year stems mainly from slumps in financial markets in Israel and globally.

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



Results

Q2-22	**140**	**(618)**	**-**	**(478)**
Q2-21	70	85	-	155

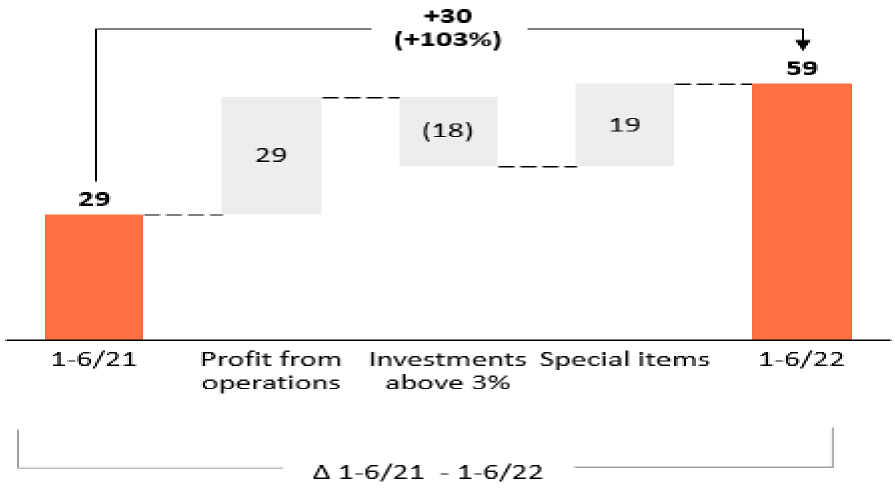
The NIS 633 million decrease in other capital gains in the second quarter of the reporting period compared with the corresponding quarter last year, stems mainly from slumps in financial markets in Israel and globally.

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.

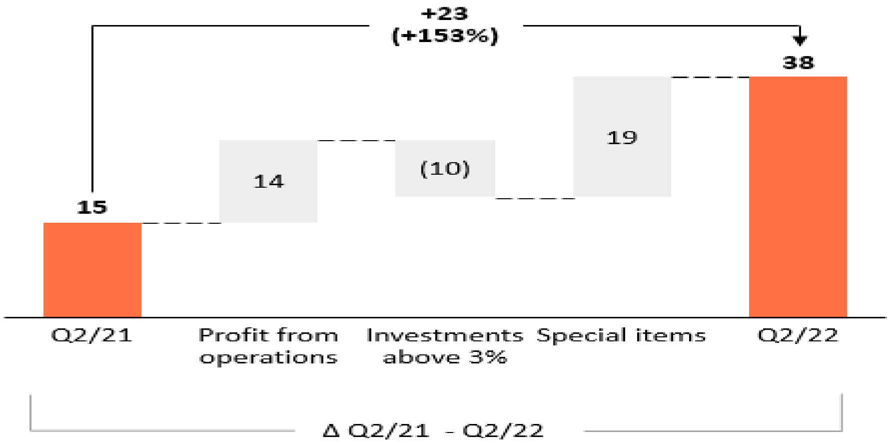
Set forth below is the composition of the main effects and changes on the results of the investment management - pension and provident subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-6/2022	***55***	***(10)***	***14***	***59***
1-6/2021	*26*	*8*	*(5)*	*29*

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 second quarter of 2022 compared to the corresponding quarter last year (in NIS million):



Results

Q2-22	***31***	***(7)***	***14***	***38***
Q2-21	*17*	*3*	*(5)*	*15*

The NIS 29 million and NIS 14 million increase in underwriting profits in the reporting period and in the second quarter, respectively, compared with the corresponding periods last year is mainly due to synergies arising from the acquisition of the Halman Aldubi investment house.

The NIS 18 million and NIS 10 million decline in investment income in the reporting period and in the second quarter, respectively, compared with the corresponding periods last year stems mainly from slumps in financial markets in Israel and globally during the reporting period, compared with rallies in the corresponding periods last year, which impacted the margins of a yield-guaranteed provident fund and the margins of the management company's nostro investments.

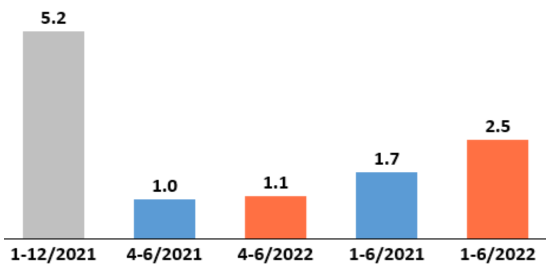
The increase in the special items line item in the reporting period and in the second quarter compared with the corresponding periods last year stems mainly from a one-off pre-tax profit of NIS 14 million as a result of the sale of the IRA portfolio, which was owned by Halman Aldubi.

5.6.1.1. Provident funds subsegment

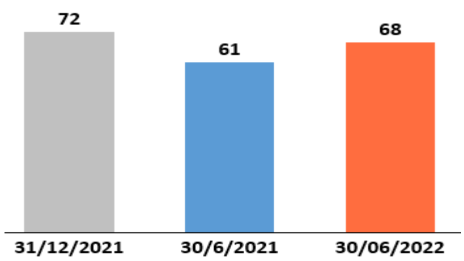
The group manages provident and advanced education funds through The Phoenix Pension and Provident, a wholly owned subsidiary of the Company, which manages benefits and severance pay funds, advanced education funds, a central benefits and severance pay fund, a yield-guaranteed provident fund, an investment 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 54 million compared to approximately NIS 20 million during the corresponding period last year. The pre-tax comprehensive income in the second quarter in the reporting period amounted to approximately NIS 37 million compared to approximately NIS 8 million during the corresponding quarter 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 half of 2022 totaled approximately NIS 27.0 billion, compared to a total of approximately NIS 26.9 billion in the corresponding half last year, reflecting an increase of approximately 0.1%. According to the Ministry of Finance data, as of June 30, 2022, total assets under management in the provident funds subsegment amounted to approximately NIS 644 billion, compared to approximately NIS 638 billion as of June 30, 2021, an increase of approximately 8.2%.

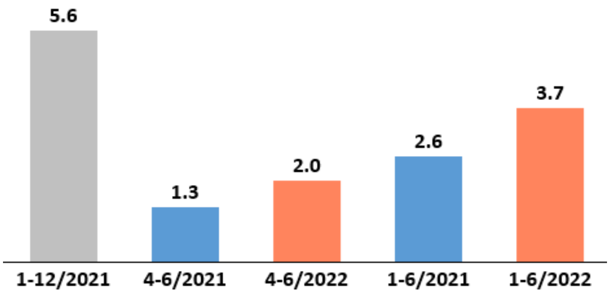
5.6.1.2. Pension funds subsegment

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

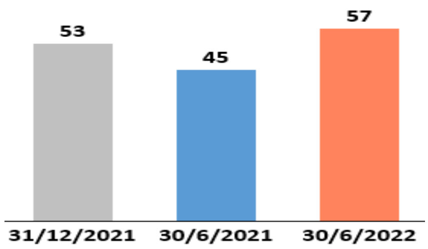
The pre-tax profit in the reporting period amounted to NIS 5 million compared with pre-tax profit of NIS 9 million in the corresponding period last year. the pre-tax comprehensive income in the second quarter in the reporting period amounted to approximately NIS 1 million compared to approximately NIS 7 million during the corresponding quarter 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,[6] aggregate contributions towards benefits in the new comprehensive provident funds subsegment in the first half of 2022 totaled approximately NIS 27.7 billion, compared to a total of approximately NIS 23.7 billion in the corresponding half of last year, reflecting an increase of approximately 16.4%.

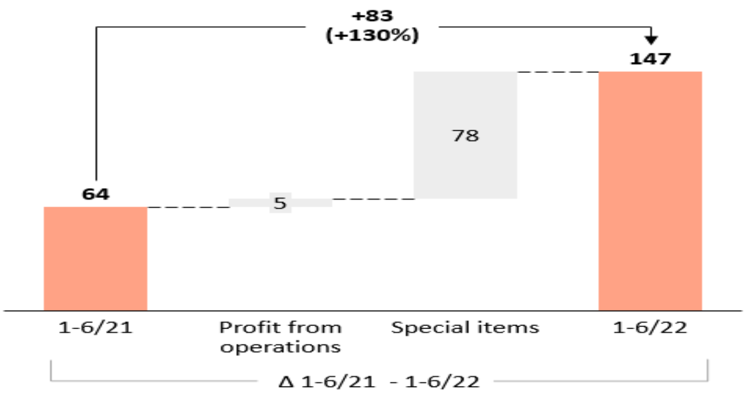
According to Ministry of Finance data, as of June 30, 2022, total assets under management in the new comprehensive pension funds subsegment amounted to a total of approximately NIS 574 billion, compared to approximately NIS 523 billion on June 30, 2021, an increase of approximately 9.6%.

[5] Based on Gemel Net data.
[6] Based on Pension Net data.

5.6.2. Investment management - financial services

Most of the segment’s activities are carried out through Excellence, and as from June 30, 2022, through The Phoenix Advanced Investments.

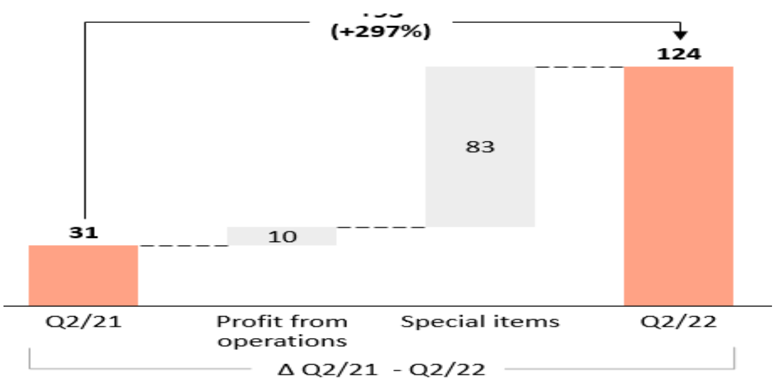
<u>Set forth below is the composition of the main effects and changes on the results of the financial services subsegment for the reporting period compared to the corresponding period last year (in NIS million):</u>



Results			
1-6/2022	**72**	**75**	**147**
1-6/2021	67	(3)	64

The NIS 5 million increase in operating profit in the reporting period compared with the corresponding period last year arises mainly from an increase in the interest spread from deposits and loans, which was offset against non-collection of variable management fees. The NIS 78 million increase in the special items line-item stems mainly from the recognition of a one-off capital gain as a result of assuming control in Capital (for more information, see Section 1.2.5.2), which was offset against an increase in acquisition expenses as a result of the growth strategy in the retail brokerage portfolio, and zero management fees in KSM.

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



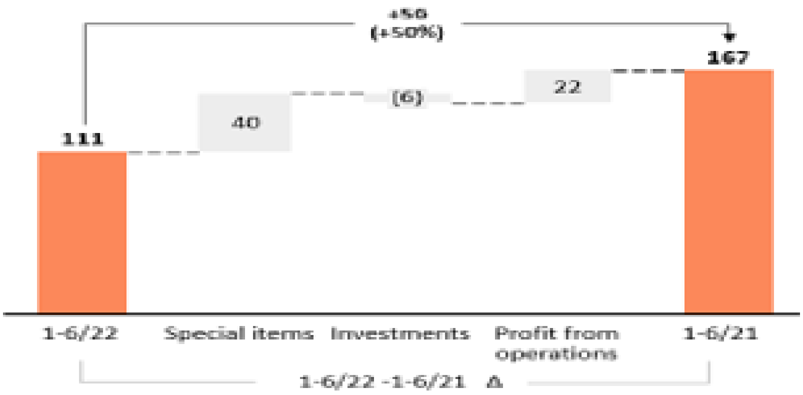
Results			
Q2-22	**44**	**80**	**124**
Q2-21	34	(3)	31

The NIS 10 million increase in underwriting profits in the reporting period compared with the corresponding period last year arises mainly from an increase in the interest spread from deposits and loans, and from an increase in management fees.

The NIS 83 million increase in the special items line-item stems mainly from the recognition of a one-off capital gain as a result of assuming control in Capital (for more information, see Section 1.2.5.2), which was offset against 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

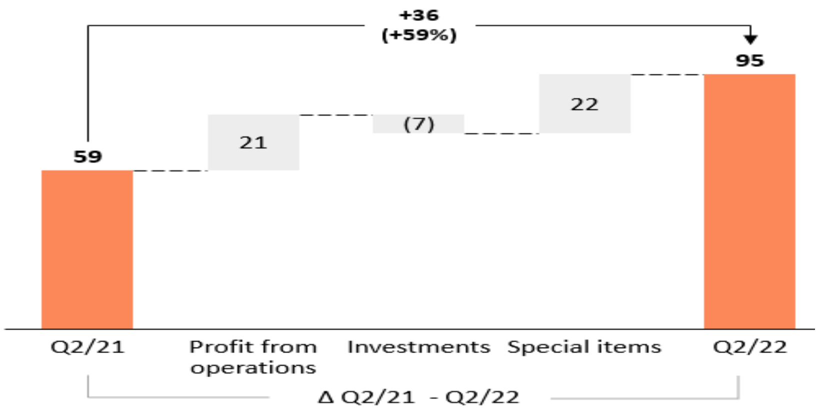
Set forth below is the composition of the main effects and changes on the results of the insurance agencies subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-6/2022	142	3	22	167
1-6/2021	102	9	-	111

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



Results

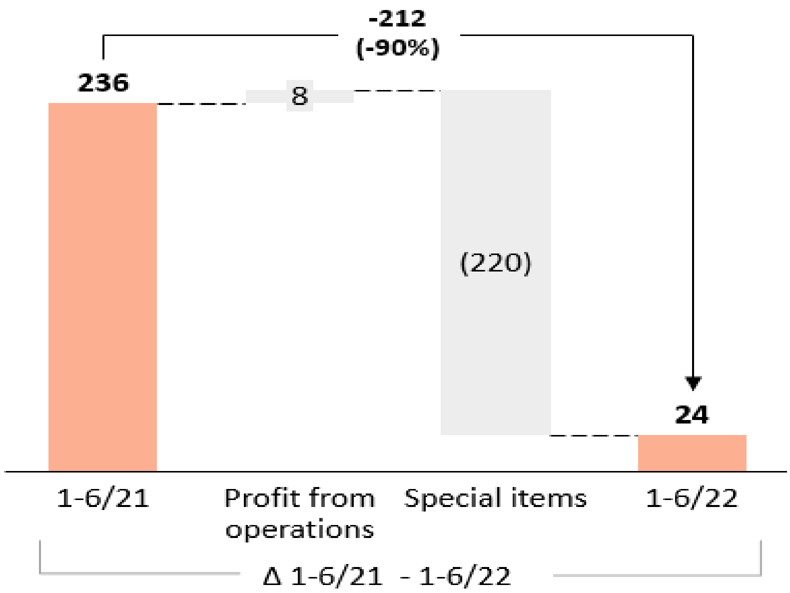
Q2-22	72	1	22	95
Q2-21	51	8	-	59

Most of 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 acquiring new agencies and operations. Furthermore, the NIS 22 million increase in the special items line-item stems from assuming control in an agency held by a subsidiary agency of the Company.

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.

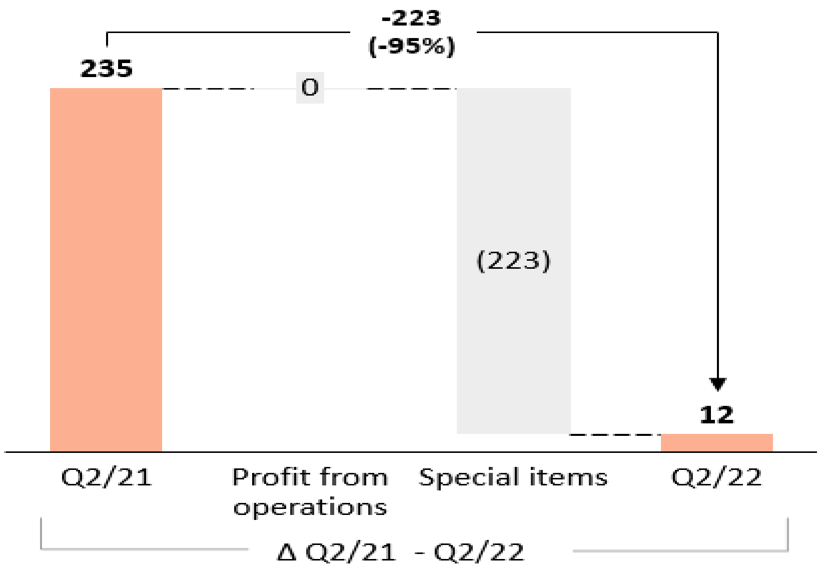
Set forth below is the composition of the main effects and changes on the results of the credit segment subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-6/2022	***24***	***-***	***24***
1-6/2021	*16*	*220*	*236*

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

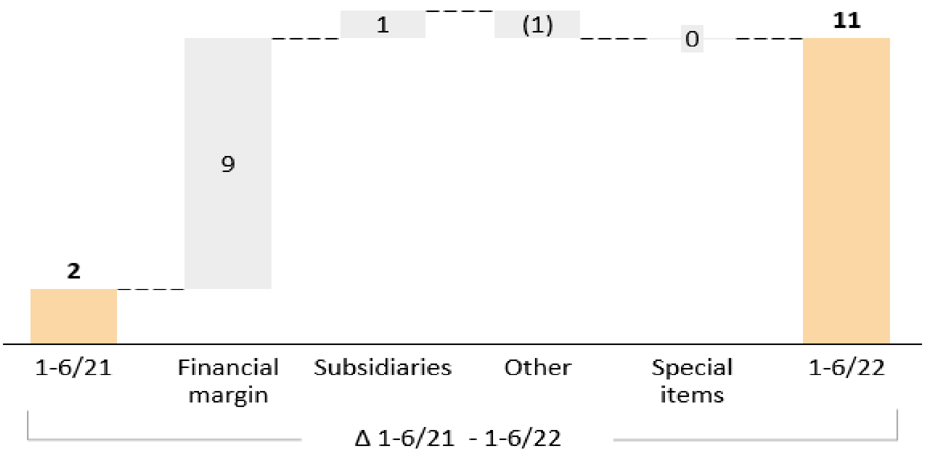


Results			
Q2-22	***12***	***-***	***12***
Q2-21	*12*	*223*	*235*

It should be noted that Gama's operating profit in the reporting period is included based on full consolidation, 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%). The NIS 220 million decrease and the NIS 223 million decrease in the special items line item in the reporting period and in the second quarter of the reporting period, respectively, compared with the corresponding periods last year, arises from the recording of a one-off capital gain in the corresponding period last year as a result of assuming control in Gama.

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

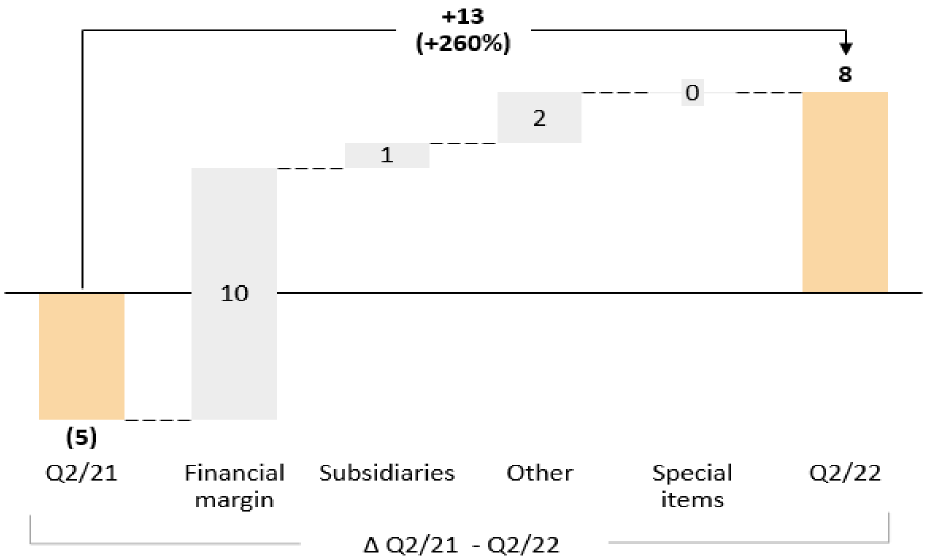
Set forth below is the composition of the main effects and changes on the results of "other" segment and activity that is not attributed to activity segments in the reporting period compared to the corresponding period last year (in NIS million, before tax):



Results

1-6/2022	***20***	***-***	***(9)***	***-***	***11***
1-6/2021	*11*	*(1)*	*(8)*	*-*	*2*

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 second quarter of 2022 compared to the corresponding quarter last year (in NIS million before tax):



Results

Q2-22	***12***	***-***	***(4)***	***-***	***8***
Q2-21	*2*	*(1)*	*(6)*	*-*	*(5)*

5.7. Analysis of cash flow development

5.7.1. Cash flow for the first half of 2022

The consolidated cash flows from operating activities in the reporting period amounted to approximately NIS 839 million. The consolidated cash flows used in investing activities in the reporting period amounted to approximately NIS 241 million and included mainly a total of NIS 147 million used to purchase intangible assets and to capitalize costs of intangible assets, NIS 64 million used to purchase property, plant and equipment, and a total of NIS 58 million arising from investing activities in an associate. The consolidated cash flows provided by financing activities in the reporting period amounted to approximately NIS 711 million; the cash flows included, among other things, a total of NIS 1,306 million arising from the issuance of financial liabilities, a total of NIS 452 million used to repay financial liabilities, a total of NIS 369 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 17,249 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 Company 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):

	June 30, 2022	As of December 31, 2021
Financial assets		
Cash and cash equivalents	184	154
Other financial investments	1,135	1,101
Loans		
Total assets	1,318	1,255
Less current maturities		
Financial liabilities - current (*)	35	316
Current financial assets net of current maturities	**1,284**	**940**
Non-current financial liabilities		
Non-current financial liabilities	1,418	1,130
Other liabilities	5	10
Total liabilities	1,423	1,140
Net financial debt	**(140)**	**(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 970 million (fair value as of June 30, 2022, in accordance with Fair Spread Ltd. data - NIS 992 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 Q1 2022 report.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of June 30, 2022

	NIS		Foreign currency	Other non-monetary items	pension companies in	company in Israel	ETNs - linkage to various	Israeli insurance company	Total
	Non-linked	CPI-linked							
Intangible Assets	-	-	-	1,707,983	442,768	5,950	-	762,425	2,919,126
Deferred tax assets	-	-	-	60,747	63	6,233	-	-	67,043
Deferred acquisition costs	-	-	-	3,535	700,677	-	-	1,576,814	2,281,026
Property, plant & equipment	-	-	-	178,256	8,109	8,461	-	751,439	946,265
Investments in investees	94,367	17,830	-	69,467	-	59	-	1,292,677	1,474,400
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	1,903,600	1,903,600
Investment property - other	-	-	-	-	-	-	-	1,038,015	1,038,015
Reinsurance assets	-	-	-	-	-	-	-	3,167,199	3,167,199
Credit for purchase of securities	695,630	-	58,370	-	-	-	-	-	754,000
Current tax assets	-	25,757	-	-	-	5,210	-	350	31,317
Receivables and debit balances	440,204	-	-	-	31,195	14,899	-	585,866	1,072,164
Premiums collectible	-	-	-	-	-	-	-	933,629	933,629
Held-for-sale assets of disposal group	-	-	-	-	-	-	-	-	-
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	78,267,921	78,267,921
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	217,000	-	217,000
Credit in respect of factoring, clearing and financing	-	-	-	-	-	3,208,322	-	-	3,208,322
Liquid debt assets	10,309	20,328	847	-	57,742	-	-	6,312,247	6,401,473
Non-liquid debt assets	1,588,980	422,019	87,000	-	977,404	11,508	-	14,106,324	17,193,235
Shares	-	-	-	344,823	24,792	-	-	2,144,175	2,513,790
Other	1,000	-	22,309	63,881	25,961	-	-	4,358,036	4,471,187
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	14,789,357	14,789,357
Other cash and cash equivalents	375,328	-	22,000	-	69,233	10,909	-	1,981,770	2,459,240
					-	-			
Total assets	**3,205,818**	**485,934**	**190,526**	**2,428,692**	**2,337,944**	**3,271,551**	**217,000**	**133,971,844**	**146,109,309**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	989,995	-	-	24,325,518	25,315,513
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	93,114,756	93,114,756
Liabilities in respect of deferred taxes	-	-	-	60,490	72,634	-	-	421,249	554,373
Liability for employee benefits, net	20,648	-	-	-	881	6,158	-	55,833	83,520
Liability in respect of current taxes	-	17,961	-	-	8,859	2,085	-	44,561	73,466
Payables and credit balances	536,572	-	-	-	252,697	26,567	-	2,442,802	3,258,638
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	215,058	-	215,058
Payable dividend	-	-	-	-	-	-	-	-	-
Financial liabilities	3,060,659	1,172,337	177,000	-	3,624	2,926,171	-	6,092,210	13,432,001
Total liabilities	**3,617,879**	**1,190,298**	**177,000**	**60,490**	**1,328,690**	**2,960,981**	**215,058**	**126,496,929**	**136,047,325**
Total exposure	**(412,061)**	**(704,364)**	**13,526**	**2,368,202**	**1,009,254**	**310,570**	**1,942**	**7,474,915**	**10,061,984**

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

	NIS		Foreign currency	Other non-monetary items	Provident and pension companies in	Credit companies in Israel	ETNs - linkage to various	Israeli insurance company	Total
	Non-linked	CPI-linked							
Intangible Assets	-	-	-	1,514,265	441,313	3,577	-	696,110	2,655,265
Deferred tax assets	-	-	-	54,992	607	3,239	-	-	58,838
Deferred acquisition costs	-	-	-	-	432,498	-	-	1,437,910	1,870,408
Property, plant & equipment	-	-	-	149,732	21,954	9,242	-	663,770	844,698
Investments in investees	32,118	16,810	-	43,643	762	-	-	482,215	575,548
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	1,938,918	1,938,918
Investment property - other	-	-	-	-	-	-	-	1,060,819	1,060,819
Reinsurance assets	-	-	-	-	-	-	-	2,605,989	2,605,989
Credit for purchase of securities	430,000	-	48,000	-	-	-	-	-	478,000
Current tax assets	-	17,678	-	-	1,702	8,750	-	152	28,282
Receivables and debit balances	207,001	-	-	-	50,099	6,691	-	430,527	694,318
Credit in respect of factoring, clearing and financing	-	-	-	-	-	2,283,531	-	-	2,283,531
Premiums collectible	-	-	-	-	-	-	-	699,620	699,620
Held-for-sale assets of disposal group	-	-	-	40,957	3,447	-	-	1,836,709	1,881,113
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	74,114,354	74,114,354
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	229,000	-	229,000
Liquid debt assets	13,090	13,816	-	-	68,500	-	-	7,167,362	7,262,768
Non-liquid debt assets	537,254	235,656	14,000	-	904,997	11,500	-	12,248,364	13,951,771
Shares	-	-	-	98,619	18,662	994	-	2,570,777	2,689,052
Other	1,000	-	7,400	19,931	37,963	-	-	3,684,537	3,750,831
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	11,098,327	11,098,327
Other cash and cash equivalents	312,301	-	29,712	-	68,458	3,558	-	1,690,949	2,104,978
Total assets	**1,532,764**	**283,960**	**99,112**	**1,922,139**	**2,050,962**	**2,331,082**	**229,000**	**124,427,409**	**132,876,428**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	936,175	-	-	23,360,868	24,297,043
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	86,163,297	86,163,297
Liabilities in respect of deferred taxes	-	-	-	23,670	63,824	-	-	741,093	828,587
Liability for employee benefits, net	17,495	-	-	-	4,736	5,428	-	54,392	82,051
Liability in respect of current taxes	-	18,533	-	-	8,577	-	-	52,996	80,106
Payables and credit balances	295,344	-	-	-	121,972	27,561	-	2,124,333	2,569,210
Held-for-sale liabilities of disposal group	-	-	-	9,113	1,348	-	-	869,904	880,365
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	228,000	-	228,000
Financial liabilities	1,484,427	1,100,411	59,500	-	18,635	2,021,233	-	4,129,544	8,813,750
			-						
Total liabilities	**1,797,266**	**1,118,944**	**59,500**	**32,783**	**1,155,267**	**2,054,222**	**228,000**	**117,496,427**	**123,942,409**
Total exposure	**(264,502)**	**(834,984)**	**39,612**	**1,889,356**	**895,695**	**276,860**	**1,000**	**6,930,982**	**8,934,019**

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	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	-	73,193	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	390,000	224,669	66,000	-	926,127	11,502	-	12,346,143	13,964,441
Shares	-	-	-	130,655	27,549	1,520	-	2,602,173	2,761,897
Other	1,000	-	32,210	27,709	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	**1,330,224**	**295,371**	**191,754**	**2,032,382**	**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	**(247,586)**	**(915,264)**	**117,754**	**1,969,585**	**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 June 30, 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 9 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 June 30, 2022	NIS 338 million	NIS 789 million	NIS 300 million
CPI-linked nominal p.v. as of June 30, 2022	NIS 338 million	NIS 832 million	NIS 300 million
Carrying amount of bonds' outstanding balances as of June 30, 2022	NIS 336 million	NIS 819 million	NIS 297 million
Carrying amount of interest payable as of June 30, 2022	NIS 0.8 million	NIS 0.8 million	-
Market value as of June 30, 2022 (*)	NIS 335 million	NIS 788 million	NIS 268 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 June 30, 2022.

9.3. 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 June 30, 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 June 30, 2022, was approximately NIS 9,708 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 **Chairman of the Board**	**Eyal Ben Simon** **CEO**

August 24, 2022

Part 2

Consolidated Interim Financial Statements

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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 financial statement of financial position as of June 30, 2022, the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six and 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 periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the disclosure requirements set by the Commissioner of the Capital Market, Insurance and Savings and in accordance with the Financial Services (Insurance) Supervision Law, 1981 and they are also responsible for preparing financial information for this interim periods 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 these interim periods based on our review.

We did not review the condensed interim financial information of certain subsidiary, whose assets included in consolidation constitute approximately 2.2% of total consolidated assets as of June 30, 2022, and whose revenues included in consolidation constitute approximately 7.2% and 4% of total consolidated revenues for the six and three-month periods then ended, respectively. Furthermore, we did not review the condensed interim financial information of certain companies accounted for at equity. The investment in which, at equity, amounted to approximately NIS 724,938 thousand as of June 30, 2022, and the Company's share in the earning amounted to approximately NIS 2,070 thousand and 7,988 thousand for the six and three-month periods 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 do not express an audit opinion.

Conclusion

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

In addition to that which is stated in the previous paragraph, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the disclosure provisions of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating 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
August 24, 2022	Certified Public Accountants

	Note	June 30, 2022	June 30, 2021	December 31, 2021
		As of		
		Unaudited		Audited
		NIS thousand		
Assets				
Intangible assets		**2,919,126**	2,655,265	2,775,060
Deferred tax assets		**67,043**	58,838	67,650
Deferred acquisition costs		**2,281,026**	1,870,408	2,010,648
Property, plant & equipment		**946,265**	844,698	902,239
Investments in associates		**1,474,400**	575,548	1,346,383
Investment property in respect of yield-dependent contracts		**1,903,600**	1,938,918	2,062,862
Investment property - other		**1,038,015**	1,060,819	1,124,834
Reinsurance assets		**3,167,199**	2,605,989	2,806,546
Credit for purchase of securities		**754,000**	478,000	497,000
Current tax assets		**31,317**	28,282	108,134
Receivables and debit balances		**1,072,164**	694,318	712,624
Premiums collectible		**933,629**	699,620	672,556
Held-for-sale assets of disposal group		**-**	1,881,113	-
Financial investments in respect of yield-dependent contracts	4A	**78,267,921**	74,114,354	81,098,659
Financial investments for holders of deposit certificates and structured bonds		**217,000**	229,000	206,000
Credit assets in respect of factoring, clearing and financing	4C	**3,208,322**	2,283,531	2,550,392
Other financial investments:				
Liquid debt assets		**6,401,473**	7,262,768	7,472,933
Illiquid debt assets		**17,193,235**	13,951,771	13,964,441
Shares		**2,513,790**	2,689,052	2,761,897
Other		**4,471,187**	3,750,831	4,498,971
Total other financial investments	4B	**30,579,685**	27,654,422	28,698,242
Cash and cash equivalents in respect of yield-dependent contracts		**14,789,357**	11,098,327	13,785,593
Other cash and cash equivalents		**2,459,240**	2,104,978	2,154,153
Total assets		**146,109,309**	132,876,428	143,579,575
Total assets for yield-dependent contracts		**95,216,686**	87,342,815	97,116,663

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

		As of		
		June 30, 2022	June 30, 2021	December 31, 2021
		Unaudited		Audited
	Note	NIS thousand		
Equity				
Share capital		**310,514**	**310,059**	**310,323**
Premium and capital reserves in respect of shares		**845,296**	**839,186**	**849,309**
Treasury shares	7I	**(155,628)**	**(93,271)**	**(99,769)**
Capital reserves		**934,615**	**1,139,769**	**1,261,509**
Retained earnings		**7,773,062**	**6,489,114**	**7,331,992**
Total equity attributable to the Company's shareholders		**9,707,859**	**8,684,857**	**9,653,364**
Non-controlling interests		**354,125**	**249,162**	**269,725**
Total equity		**10,061,984**	**8,934,019**	**9,923,089**
Liabilities				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts		**25,315,513**	**24,297,043**	**25,112,986**
Liabilities in respect of insurance contracts and yield-dependent investment contracts		**93,114,756**	**86,163,297**	**95,628,584**
Liabilities in respect of deferred taxes		**554,373**	**828,587**	**873,302**
Liability for employee benefits, net		**83,520**	**82,051**	**72,401**
Liability in respect of current taxes		**73,466**	**80,106**	**28,528**
Payables and credit balances		**3,258,638**	**2,569,210**	**2,923,003**
Held-for-sale liabilities of disposal group		**-**	**880,365**	**-**
Liabilities in respect of structured products		**215,058**	**228,000**	**205,000**
Financial liabilities	4D	**13,432,001**	**8,813,750**	**8,812,682**
Total liabilities		**136,047,325**	**123,942,409**	**133,656,486**
Total capital and liabilities		**146,109,309**	**132,876,428**	**143,579,575**

Benjamin Gabbay	Eyal Ben Simon	Eli Schwartz
Chairman of the Board	**CEO**	**EVP, CFO**

Date of approval of the financial statements - August 24, 2022

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

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	NIS thousand				
Premiums earned, gross	6,032,809	5,361,420	3,018,421	2,743,098	11,161,431
Premiums earned by reinsurers	791,985	647,233	400,792	336,289	1,345,459
Premiums earned - retention	5,240,824	4,714,187	2,617,629	2,406,809	9,815,972
Investment income (losses), net and finance income	(5,435,372)	8,144,333	(4,753,868)	4,289,738	14,626,925
Income from management fees	762,044	1,015,551	389,199	528,678	2,049,366
Income from fees and commissions	430,265	338,671	197,051	171,044	691,414
Income from other financial services	101,000	76,000	57,000	35,000	154,000
Income from factoring and clearing	63,827	-	35,215	-	52,871
Other income	136,787	263,351	132,104	250,445	708,186
Total income	1,299,375	14,552,093	(1,325,670)	7,681,714	28,098,734
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	(1,282,558)	11,835,806	(2,217,378)	6,029,877	22,658,016
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	607,294	307,691	308,137	103,828	802,092
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	(1,889,852)	11,528,115	(2,525,515)	5,926,049	21,855,924
Fees and commissions, marketing expenses and other purchase expenses	922,167	816,329	458,682	435,906	1,696,075
General and administrative expenses	877,458	788,743	444,592	425,012	1,675,317
Other expenses	31,509	27,923	14,926	17,178	67,454
Finance expenses	150,105	103,433	90,464	61,888	218,002
Total expenses	91,387	13,264,543	(1,516,851)	6,866,033	25,512,772
Share in profits of equity-accounted investees	30,274	23,226	26,355	7,199	111,504
Net income before taxes on income	1,238,262	1,310,776	217,536	822,880	2,697,466
Taxes on income	336,902	359,422	6,367	197,653	673,554
Net income for the period	901,360	951,354	211,169	625,227	2,023,912
Attributed to:					
Company's shareholders	859,963	928,252	184,866	612,848	1,964,696
Non-controlling interests	41,397	23,102	26,303	12,379	59,216
Net income for the period	901,360	951,354	211,169	625,227	2,023,912
Earnings per share attributable to the Company's shareholders (in NIS):					
Basic earnings per share					
Earnings per ordinary share of NIS 1 par value (in NIS)	3.42	3.70	0.74	2.46	7.76
Diluted earnings per share					
Earnings per ordinary share of NIS 1 par value (in NIS)	3.34	3.51	0.71	2.43	7.64

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

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited		Unaudited		Audited
	NIS thousand				
Net income for the period	**901,360**	**951,354**	**211,169**	**625,227**	**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	(634,247)	696,124	(233,659)	442,948	1,176,873
Net change in fair value of financial assets classified as available for sale, carried to the income statement	(300,044)	(393,418)	(102,476)	(163,308)	(811,111)
Gain on impairment of financial assets classified as available for sale, carried to the income statement	414,604	41,036	311,690	5,128	159,522
Adjustments arising from translation of financial statements of foreign operations	18,823	(2,495)	16,416	(3,552)	(18,608)
Tax effect	177,241	(116,657)	8,073	(97,128)	(179,619)
Total components of net other comprehensive income (loss) subsequently reclassified to profit or loss	(323,623)	224,590	44	184,088	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 components of other comprehensive income that shall not be subsequently reclassified to profit or loss	855	-	-	-	24,053
Total other comprehensive income (loss), net	**(322,768)**	**224,590**	**44**	**184,088**	**351,110**
Total comprehensive income for the period	**578,592**	**1,175,944**	**211,213**	**809,315**	**2,375,022**
Attributed to:					
Company's shareholders	536,933	1,152,842	184,910	796,936	2,316,035
Non-controlling interests	41,659	23,102	26,303	12,379	58,987
Comprehensive income for the period	**578,592**	**1,175,944**	**211,213**	**809,315**	**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	Reserve from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	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	269,725	9,923,089
Net income	-	-	-	859,963	-	-	-	-	-	-	859,963	41,397	901,360
Other comprehensive income (loss)	-	-	-	593	-	-	-	-	18,823	(342,446)	(323,030)	262	(322,768)
Total comprehensive income (loss)	-	-	-	860,556	-	-	-	-	18,823	(342,446)	536,933	41,659	578,592
Share-based payment	-	(4,993)	-	-	-		10,035	-	-	-	5,042	-	5,042
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,716)	(8,716)
Acquisition of treasury shares (Note 8I)	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)	-	(55,859)
Exercise of employee options	191	980	-	-	-	-	(1,171)	-	-	-	-	-	-
Commencement of consolidation (Note 4)	-	-	-	-	-	-	-	-	-	-	-	50,624	50,624
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	1,514	-	-	-	(1,514)	-	-	-	-	-
Dividend (Note 8G)	-	-	-	(421,000)	-	-	-	-	-	-	(421,000)	-	(421,000)
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	1,379	-	-	-	-	-	1,379	833	2,212
Acquisition of non-controlling interests	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)	-	(12,000)
Balance as of June 30, 2022 (unaudited)	310,514	845,296	(155,628)	7,773,062	(56,276)	11,000	60,516	129,840	(23,123)	812,658	9,707,859	354,125	10,061,984

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	Reserve 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	-	-	-	928,252	-	-	-	-	-	-	928,252	23,102	951,354
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(2,495)	227,085	224,590	-	224,590
Total comprehensive income (loss)	-	-	-	928,252	-	-	-	-	(2,495)	227,085	1,152,842	23,102	1,175,944
Share-based payment	-	4,638	-	-	-	-	4,315	-	-	-	8,953	-	8,953
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7,549)	(7,549)
Acquisition of treasury shares	-	-	(66,860)	-	-	-	-	-	-	-	(66,860)	-	(66,860)
Dividend	-	-	-	(380,000)	-	-	-	-	-	-	(380,000)	-	(380,000)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	121,701	121,701
Exercise of employee options	108	956	-	-	-	-	(1,064)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	1,108	-	-	-	(1,108)	-	-	-	-	-
Balance as of June 30, 2021 (unaudited)	310,059	839,186	(93,271)	6,489,114	(43,622)	11,000	48,194	113,506	(25,833)	1,036,524	8,684,857	249,162	8,934,019

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	Reserve from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand												
Balance as of April 1, 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	278,224	9,814,047
Net income	-	-	-	184,866	-	-	-	-	-	-	184,866	26,303	211,169
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	16,416	(16,372)	44	-	44
Total comprehensive income (loss)	-	-	-	184,866	-	-	-	-	16,416	(16,372)	184,910	26,303	211,213
Share-based payment	-	(6,568)	-	-	-	-	4,562	-	-	-	(2,006)	-	(2,006)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,780)	(1,780)
Exercise of employee options	148	733	-	-	-	-	(881)	-	-	-	-	-	-
Commencement of consolidation (Note 4)	-	-	-	-	-	-	-	-	-	-	-	50,624	50,624
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	817	-	-	-	(817)	-	-	-	-	-
Transaction with minority interest	-	-	-	-	-	-	-	-	-	-	-	85	85
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	1,132	-	-	-	-	-	1,132	669	1,801
Acquisition of non-controlling interests	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)	-	(12,000)
Balance as of June 30, 2022 (unaudited)	310,514	845,296	(155,628)	7,773,062	(56,276)	11,000	60,516	129,840	(23,123)	812,658	9,707,859	354,125	10,061,984

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	Reserve from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand												
Balance as of April 1, 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**	**117,861**	**8,069,638**
Net income	**-**	**-**	**-**	**612,848**	**-**	**-**	**-**	**-**	**-**	**-**	**612,848**	**12,379**	**625,227**
Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,552)**	**187,640**	**184,088**	**-**	**184,088**
Total comprehensive income (loss)	**-**	**-**	**-**	**612,848**	**-**	**-**	**-**	**-**	**(3,552)**	**187,640**	**796,936**	**12,379**	**809,315**
Share-based payment	**-**	**1,003**	**-**	**-**	**-**	**-**	**2,001**	**-**	**-**	**-**	**3,004**	**-**	**3,004**
Dividend to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,371)**	**(2,371)**
Acquisition of treasury shares	**-**	**-**	**(66,860)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(66,860)**	**-**	**(66,860)**
Commencement of consolidation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**121,293**	**121,293**
Exercise of employee options	**98**	**859**	**-**	**-**	**-**	**-**	**(957)**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	**-**	**-**	**-**	**554**	**-**	**-**	**-**	**(554)**	**-**	**-**	**-**	**-**	**-**
Balance as of June 30, 2021 (unaudited)	**310,059**	**839,186**	**(93,271)**	**6,489,114**	**(43,622)**	**11,000**	**48,194**	**113,506**	**(25,833)**	**1,036,524**	**8,684,857**	**249,162**	**8,934,019**

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	Reserve from translation differences	Capital reserve in respect of available-for-sale assets	Total	Non-controlling interests	Total equity
	NIS thousand												
Balance on January 1, 2021 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922	111,908	8,081,830
Net income	-	-	-	1,964,696	-	-	-	-	-	-	1,964,696	59,216	2,023,912
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 paid 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 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	269,725	9,923,089

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

	Appendix	For the six months ended June 30 2022	For the six months ended June 30 2021	For the three months ended June 30 2022	For the three months ended June 30 2021	For the year ended December 31 2021
		Unaudited				Audited
		NIS thousand				
Cash flows from operating activities						
Net income for the period		901,360	951,354	211,169	625,227	2,023,912
Adjustments required to present cash flows from operating activities	(a)	(62,472)	952,109	47,255	(103,977)	2,523,387
Net cash from operating activities		838,888	1,903,463	258,424	521,250	4,547,299
Cash flows from investing activities						
Purchase of property, plant and equipment		(64,222)	(29,455)	(34,538)	(17,066)	(78,390)
Proceeds from disposal of property, plant and equipment		171	-	10	-	201
Investment in associates		(57,525)	(18,498)	(56,295)	(7,866)	(61,767)
Dividend from associates		19,657	18,124	7,802	6,206	19,405
Receipt of a loan from an associate		705	90	355	-	90
Acquisition of consolidated companies consolidated for the first time	(b)	(6,407)	(457,876)	(6,949)	(120,805)	(475,521)
Proceeds from the sale of pension funds, provident funds, and fees and commissions portfolios		25,049	-	25,014	-	43,934
Sale of previously-consolidated subsidiary		-	-	-	-	596,166
Proceeds from disposal of investment in associate		-	-	-	-	24,288
Acquisition and capitalization of intangible assets costs		(146,623)	(105,575)	(76,936)	(54,193)	(283,387)
Acquisition of minority interest in a consolidated company		(12,000)	-	(12,000)	-	-
Net cash used in investing activities		(241,195)	(593,190)	(153,537)	(193,724)	(214,981)
Cash flows from financing activities						
Acquisition of Company shares		(55,859)	(66,860)	-	(66,860)	(73,358)
Short term credit from banks, net		369,000	348,457	302,000	-	90,000
Repayment of financial liabilities		(452,150)	(187,699)	(37,782)	(117,000)	(207,270)
Dividend to shareholders		(421,000)	(380,000)	(421,000)	(380,000)	(580,000)
Repayment of lease liability principal		(26,028)	(14,836)	(17,652)	(2,331)	(37,347)
Issuance of financial liabilities		1,305,911	193,000	697,568	76,000	829,080
Change in liability for REPO, net		-	3,755	-	(43,665)	(389,315)
Dividend paid to non-controlling interests		(8,716)	(7,549)	(1,780)	(2,372)	(34,481)
Repayment of contingent liability in respect of a put option to non-controlling interests		-	(5,355)	-	-	-
Net cash provided by (used in) financing activities		711,158	(117,087)	521,354	(536,228)	(402,691)
Increase (decrease) in cash and cash equivalents		1,308,851	1,193,186	626,241	(208,702)	3,929,627
Balance of cash and cash equivalents at beginning of period	(c)	15,939,746	12,010,119	16,622,356	13,412,007	12,010,119
Balance of cash and cash equivalents at end of period	(c)	17,248,597	13,203,305	17,248,597	13,203,305	15,939,746

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	NIS thousand				
(a) Adjustments required to present cash flows from operating activities:					
Items not involving cash flows					
Investment losses (income), net on financial investments in respect of insurance contracts and yield-dependent investment contract	6,135,612	(7,071,901)	4,957,622	(3,638,531)	(12,117,791)
Change in fair value of investment property in respect of yield-dependent contracts	-	-	-	-	(228,229)
Losses (income), net on other financial investments					
Liquid debt assets	11,775	(215,324)	(3,435)	(101,735)	(284,661)
Illiquid debt assets	(747,487)	(453,367)	(441,559)	(256,830)	(852,872)
Shares	(199,548)	(206,378)	48,444	(82,970)	(376,472)
Other	622,718	(42,171)	544,721	(120,374)	(444,387)
Depreciation and amortization	194,191	163,133	104,098	86,298	354,191
Profit (loss) from disposal of property, plant and equipment	(2)	13	-	8	-
Gain from sale of provident funds	(14,185)	-	(14,185)	-	-
Change in fair value of investment property	6,286	(36,378)	-	(36,378)	(160,567)
Change in provision for impairment of property, plant and equipment	-	(842)	-	1,387	1,982
Disposal of an associate / assuming control	(108,942)	(240,775)	(108,942)	(240,292)	(645,930)
Change in financial liabilities (*)	3,374,687	(11,386)	3,017,433	(251,813)	30,749
Income tax expenses	336,902	359,422	6,367	197,653	673,554
Company's share in the profits of associates, net	(30,274)	(23,226)	(26,355)	(7,199)	(111,504)
Payroll expenses in respect of share-based payment	10,035	4,315	4,562	2,001	9,715
Changes in other balance sheet line items, net:					
Change in liabilities in respect of non-yield-dependent insurance contracts	202,527	827,156	342,705	392,067	1,643,099
Change in liabilities in respect of yield-dependent contracts	(2,513,828)	9,306,384	(3,489,199)	4,866,894	18,771,671
Change in liabilities for bonds, ETFs	10,058	(10,000)	23,058	-	(33,000)
Change in financial investments for holders of ETFs, certificates of deposit	(11,000)	10,000	(24,000)	2,000	33,000
Change in credit assets in respect of factoring, clearing and financing	(657,930)	-	(497,151)	-	(266,861)
Change in deferred acquisition costs	(270,378)	(138,731)	(124,758)	(50,945)	(278,971)
Change in reinsurance assets	(360,653)	(74,330)	(204,172)	44,220	(274,887)
Change in liabilities for employee benefits, net	11,850	15,973	698	3,710	2,635
Change in accounts receivable and collectible premiums	(623,726)	(219,451)	(401,776)	(108,308)	(219,222)
Change in payables and credit balances	307,484	79,472	234,851	124,441	393,714
Change in credit for purchase of securities	(257,000)	(75,000)	(201,000)	(26,000)	(94,000)
Change in loans granted to associates	2,403	(2,762)	3,479	(1,664)	(3,816)
Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:					
Acquisition of real estate properties	(60,582)	(99,342)	(34,422)	(85,854)	(138,251)
Proceeds on sale of real estate properties	219,844	-	123,045	-	143,194
Sales (acquisitions), net of financial investments	(3,304,874)	(1,472,006)	(1,239,699)	(1,345,761)	(3,410,421)
Financial investments and other investment property:					
Sales (acquisitions), net of financial investments	(2,064,056)	956,935	(2,337,427)	737,356	1,232,033
Acquisition of real estate properties	(38,522)	(56,145)	(18,005)	(42,843)	(99,526)
Proceeds on sale of real estate properties	119,055	-	66,255	-	71,810
Cash paid and received during the period for:					
Taxes paid	(401,238)	(508,936)	(265,070)	(173,818)	(985,771)
Taxes received	36,326	187,757	1,072	9,303	189,179
Total cash flows provided by (used for) operating activities	(62,472)	952,109	47,255	(103,977)	2,523,387

(*) Mainly change in derivatives, see also Note 8O.

		For the six months ended June 30		For the three months ended June 30		For the year ended December 31
		2022	2021	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)	22,346	32,079	21,879	12,120	44,955
	Deferred acquisition costs	-	(19,047)	-	-	(19,047)
	Financial assets	-	(44,915)	-	(12,494)	(44,915)
	Credit in respect of factoring, clearing and financing	-	(2,283,531)	-	(2,283,531)	(2,283,531)
	Property, plant and equipment, net	(783)	(45,105)	(145)	(9,242)	(46,291)
	Goodwill arising from acquisition	(82,272)	(405,347)	(35,741)	(266,694)	(430,593)
	Intangible assets recognized as part of acquisition	(64,925)	(310,552)	(64,925)	(122,235)	(336,031)
	Deferred taxes	6,190	34,968	4,173	25,832	43,559
	Minority interests	50,624	121,701	50,624	121,293	123,564
	Investments in investees	(74,732)	271	(74,732)	-	271
	Disposal of investment in an associate	114,983	340,262	114,983	337,485	342,728
	Financial liabilities	733	2,055,394	733	2,021,233	2,055,394
	Loan from parent company	-	50,000	-	50,000	50,000
	Liability for payment in respect of acquisition of an investee	21,050	5,487	(23,950)	-	13,788
	Liabilities for employee benefits	379	10,459	152	5,428	10,628
		(6,407)	(457,876)	(6,949)	(120,805)	(475,521)
(c)	Sale of previously-consolidated company					
	Working capital (excluding cash and cash equivalents)	-	-	-	-	(14,656)
	Property, plant & equipment	-	-	-	-	81,553
	Investment property	-	-	-	-	1,753,667
	Intangible assets	-	-	-	-	23,848
	Financial liabilities	-	-	-	-	(629,015)
	Liabilities for employee benefits	-	-	-	-	(3,106)
	Deferred taxes	-	-	-	-	(246,153)
	Investment in an associate	-	-	-	-	(710,767)
	Capital gain from the disposal of a consolidated company	-	-	-	-	340,795
		-	-	-	-	596,166
(c)	Cash and cash equivalents					
	Balance of cash and cash equivalents at beginning of period:					
	Cash and cash equivalents	2,154,153	1,545,903	3,380,462	2,249,354	1,545,903
	Cash and cash equivalents in respect of yield-dependent contracts	13,785,593	10,464,216	13,241,894	11,162,653	10,464,216
		15,939,746	12,010,119	16,622,356	13,412,007	12,010,119
	Balance of cash and cash equivalents at end of period:					
	Cash and cash equivalents	2,459,240	2,104,978	2,459,240	2,104,978	2,154,153
	Cash and cash equivalents in respect of yield-dependent contracts	14,789,357	11,098,327	14,789,357	11,098,327	13,785,593
		17,248,597	13,203,305	17,248,597	13,203,305	15,939,746
(d)	Significant non-cash activities					
	Recognition of right-of-use asset against a lease liability	(40,334)	(13,320)	(35,654)	(7,644)	(31,241)
(e)	Breakdown of amounts included in operating activities					
	Interest paid	75,514	59,714	27,690	19,341	125,850
	Interest received	438,572	388,737	318,828	330,155	758,536
	Dividend received	29,591	24,127	21,961	6,440	57,702

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 June 30, 2022, and for the six-month and three-month periods then ended (hereinafter - the "Condensed Consolidated Interim Financial Statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 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 of the Company.
The Phoenix Investments	The Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company.
Excellence	Excellence Investments Ltd., a wholly-owned subsidiary of The Phoenix Investments Ltd.
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 Ltd. (formerly Halman Aldubi Investment House Ltd.) is a wholly-owned subsidiary of The Phoenix Investments (see Section D below).
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 of the Company is Belenus Lux S.à.r.l. (hereinafter - "Belenus"), which is held indirectly by Centerbridge Partners LP and Gallatin Point Capital LLC. Gallatin Point Capital LLC is held by Matthew Botein and Lewis (Lee) Sachs.
Ad 120	Ad 120 Residence Centers for Senior Citizens Ltd. is an investee of The Phoenix Insurance.
Phoeniclass	Phoeniclass Ltd., a subsidiary of The Phoenix Investments, holds approximately 67% of Phoeniclass's share capital.

C. **Effects of inflation and increase in interest rates**

Following global macro-economic developments that took place in the first half of 2022 and in particular in the second quarter of 2022, inflation rates in Israel and across the world have increased. As part of the steps taken to keep inflation under control, central banks across the world, including the Bank of Israel, started announcing interest rates hikes.

Changes in inflation and interest rates affect the financial results of the Company and in particular those of The Phoenix Insurance. For more information regarding the effect on the Company's financial results of the change in interest rate in the reporting periods, see Note 7A below.

The Company calculates and publishes analyses on the financial results' sensitivity to changes in interest and inflation rates in the risk management note to its annual financial statements. The Company estimated the sensitivity of its results to changes in interest rates as of June 30, 2022, and according to this estimation, there is no material change in the sensitivity to changes in interest rates compared with the sensitivity calculated as of December 31, 2021. For further information as to the Company's sensitivity to changes in interest and inflation rates, see Note 41 to the Company's Annual Financial Report as of December 31, 2021.

The Company also tested for impairment assets measured in accordance with IAS 36 and IAS 28 and concluded that their recoverable amount exceeds their fair value.

NOTE 1 – GENERAL (cont.)

D. 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 been received.

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.

E. 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 first quarter of 2022 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.

F. 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 holds through The Phoenix Investments 88.44% of the shares of Excellence and the minority shareholders in KSM Holdings 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 were transferred from Excellence to other group companies as stated in Section D above. For further details, please see immediate report dated March 15, 2022 (Ref. No.: 2022-01-025548).

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the consolidated interim financial statements

The Consolidated Interim Financial Statements have been prepared in accordance with generally accepted accounting principles for the preparation of interim financial statements as prescribed by IAS 34, "Interim Financial Reporting", as well as in accordance with the disclosure requirements set by the Commissioner of the Capital Market, Insurance and Savings in accordance with the Financial Services Supervision Law (Insurance), 1981. In addition, the financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

In preparing the condensed financial statements in accordance with International Financial Reporting Standards (IFRS), the Company is required to exercise discretion in assessments, estimates and assumptions that affect the implementation of the 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 8.A.

The accounting policies applied in the preparation of the Consolidated Interim Financial Statements are consistent with those implemented in the preparation of the Consolidated Annual Financial Statements, with the exception of what is stated below:

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

1. Amendment to IAS 16, Property, Plant, and Equipment

   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. Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets

   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 a day 2 profit 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 text 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 US dollar
	Known CPI %	In lieu CPI %	%
For the six months ended on:			
June 30, 2022	3.1	3.2	12.5
June 30, 2021	1.4	1.6	1.4
For the three months ended on:			
June 30, 2022	1.9	1.7	10.2
June 30, 2021	1.3	0.8	(2.2)
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.

NOTE 3 – OPERATING SEGMENTS (cont.)

4. **Pension and Provident segment (cont.)**

In accordance with the Commissioner’s directives, 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.

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 Advanced Investments.

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 against post-dated checks (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”.
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.
Financial liabilities that serve the Company's equity requirements and finance expenses in respect thereof are not allocated to the operating segments.

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.

It should be noted that the Company allocates the assets which are not measured at fair value in accordance with the provisions of the law and Company’s procedures, and specifically the allocation in accordance with the consolidated circular on testing the appropriateness of the LAT reserve (for more information, see Note 41, Section 5.1 to the consolidated financial statements as of December 31, 2021). This allocation may have an effect on investment income allocated to the different segments.

NOTE 3 – OPERATING SEGMENTS (cont.)

A. Reportable segment

	Life insurance and savings (a)	Health (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 6-month period ended June 30, 2022									
	Unaudited									
	NIS thousand									
Premiums earned, gross	2,916,520	1,479,230	1,637,059	-	-	-	-	-	-	6,032,809
Premiums earned by reinsurers	164,347	106,451	521,187	-	-	-	-	-	-	791,985
Premiums earned - retention	2,752,173	1,372,779	1,115,872	-	-	-	-	-	-	5,240,824
Investment income (losses), net and finance income	(4,652,642)	(665,610)	79,815	50,829	4,417	4,498	29,851	(270,761)	(15,769)	(5,435,372)
Income from management fees	298,435	-	-	328,313	155,826	1,589	-	2,055	(24,174)	762,044
Income from fees and commissions (e)	38,545	26,960	121,265	-	-	353,652	-	-	(110,157)	430,265
Income from financial services	-	-	-	-	101,000	-	-	-	-	101,000
Income from factoring and clearing	-	-	-	-	-	-	63,827	-	-	63,827
Other income	-	-	-	14,853	91,367	31,302	-	2	(737)	136,787
Total income	(1,563,489)	734,129	1,316,952	393,995	352,610	391,041	93,678	(268,704)	(150,837)	1,299,375
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	(2,346,987)	(258,730)	1,269,744	53,415	-	-	-	-	-	(1,282,558)
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	121,965	139,514	345,815	-	-	-	-	-	-	607,294
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	(2,468,952)	(398,244)	923,929	53,415	-	-	-	-	-	(1,889,852)
Fees and commissions and other purchase expenses	277,629	227,294	319,029	150,384	36,500	8,854	2,410	-	(99,933)	922,167
General and administrative expenses	187,477	75,733	60,836	113,535	165,388	204,951	44,538	52,617	(27,617)	877,458
Other expenses (income)	(353)	-	-	10,286	6,453	11,290	4,059	-	(226)	31,509
Finance expenses (income)	1,044	-	19,777	7,627	(2,758)	1,344	19,205	118,306	(14,440)	150,105
Total expenses	(2,003,155)	(95,217)	1,323,571	335,247	205,583	226,439	70,212	170,923	(142,216)	91,387
Company's share in the net results of investees	16,899	12,456	(2,969)	-	1,397	2,491	-	-	-	30,274
Profit (loss) before taxes on income	456,565	841,802	(9,588)	58,748	148,424	167,093	23,466	(439,627)	(8,621)	1,238,262
Other comprehensive income (loss) before taxes on income	20,934	1,249	(224,814)	-	(1,035)	-	850	(296,938)	-	(499,754)
Total comprehensive income (loss) before taxes on income	477,499	843,051	(234,402)	58,748	147,389	167,093	24,316	(736,565)	(8,621)	738,508
	June 30, 2022									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	87,356,951	5,757,805	-	-	-	-	-	-	-	93,114,756
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,340,232	4,661,998	7,323,289	989,994	-	-	-	-	-	25,315,513

(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 6-month period ended June 30, 2021									
	Life insurance and savings (a)	Health (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
	Unaudited									
	NIS thousand									
Premiums earned, gross	2,595,541	1,332,330	1,433,549	-	-	-	-	-	-	5,361,420
Premiums earned by reinsurers	57,817	104,968	484,448	-	-	-	-	-	-	647,233
Premiums earned - retention	2,537,724	1,227,362	949,101	-	-	-	-	-	-	4,714,187
Investment income, net and finance income	7,051,573	659,698	195,043	46,011	2,190	12,294	-	190,156	(12,632)	8,144,333
Income from management fees	630,190	-	-	240,216	166,339	380	-	1,598	(23,172)	1,015,551
Income from fees and commissions (e)	16,522	25,209	107,169	-	-	260,458	-	-	(70,687)(1)	338,671
Income from financial services	-	-	-	-	76,000	-	-	-	-	76,000
Other income	10,944	699	-	408	2,446	8,901	240,292	352	(691)	263,351
Total income	10,246,953	1,912,968	1,251,313	286,635	246,975	282,033	240,292	192,106	(107,182)	14,552,093
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	9,237,222	1,599,697	963,341	35,546	-	-	-	-	-	11,835,806
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	21,982	(25,430)	311,139	-	-	-	-	-	-	307,691
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	9,215,240	1,625,127	652,202	35,546	-	-	-	-	-	11,528,115
Fees and commissions and other purchase expenses	257,693	202,837	283,272	98,624	29,886	2,720	-	-	(58,703)	816,329
General and administrative expenses	199,705	73,347	65,558	116,166	145,586	162,208	3,966	51,634	(29,427)	788,743
Other expenses	7,967	-	-	5,612	6,000	8,267	-	305	(228)	27,923
Finance expenses	17,243	553	3,008	2,072	2,269	558	-	89,003	(11,273)	103,433
Total expenses	9,697,848	1,901,864	1,004,040	258,020	183,741	173,753	3,966	140,942	(99,631)	13,264,543
Company's share in the net results of investees	19,976	1,033	(628)	-	847	2,615	(618)	1	-	23,226
Profit before income tax	569,081	12,137	246,645	28,615	64,081	110,895	235,708	51,165	(7,551)	1,310,776
Other comprehensive income before taxes on income	93,323	6,723	163,052	-	465	-	-	77,684	-	341,247
Total comprehensive income before taxes on income	662,404	18,860	409,697	28,615	64,546	110,895	235,708	128,849	(7,551)	1,652,023
	June 30, 2021									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	80,335,256	5,828,041	-	-	-	-	-	-	-	86,163,297
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,267,371	4,578,695	6,514,802	936,175	-	-	-	-	-	24,297,043

(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 3-month period ended June 30, 2022									
	Life insurance and savings (a)	Health (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
	Unaudited									
	NIS thousand									
Premiums earned, gross	1,418,185	755,168	845,068	-	-	-	-	-	-	3,018,421
Premiums earned by reinsurers	83,068	54,799	262,925	-	-	-	-	-	-	400,792
Premiums earned - retention	1,335,117	700,369	582,143	-	-	-	-	-	-	2,617,629
Investment income (losses), net and finance income	(3,884,676)	(572,269)	(21,967)	27,419	3,431	2,010	16,317	(314,114)	(10,019)	(4,753,868)
Income from management fees	148,360	-	-	168,199	81,024	1,589	-	1,215	(11,188)	389,199
Income from fees and commissions (e)	20,646	12,041	59,286	-	-	180,115	-	-	(75,037)	197,051
Income from financial services	-	-	-	-	57,000	-	-	-	-	57,000
Income from factoring and clearing	-	-	-	-	-	-	35,215	-	-	35,215
Other income	-	-	-	14,538	90,012	27,916	-	-	(362)	132,104
Total income	(2,380,553)	140,141	619,462	210,156	231,467	211,630	51,532	(312,899)	(96,606)	(1,325,670)
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	(2,737,755)	(87,124)	576,971	30,530	-	-	-	-	-	(2,217,378)
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	66,076	85,437	156,624	-	-	-	-	-	-	308,137
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	(2,803,831)	(172,561)	420,347	30,530	-	-	-	-	-	(2,525,515)
Fees and commissions and other purchase expenses	134,920	117,697	172,874	80,489	17,571	4,168	1,123	-	(70,160)	458,682
General and administrative expenses	94,287	36,688	30,321	51,599	85,497	106,270	22,884	29,978	(12,932)	444,592
Other expenses (income)	(1,503)	-	-	4,944	3,453	6,116	2,029	-	(113)	14,926
Finance expenses (income)	425	-	16,175	4,532	(557)	752	13,392	65,099	(9,354)	90,464
Total expenses	(2,575,702)	(18,176)	639,717	172,094	105,964	117,306	39,428	95,077	(92,559)	(1,516,851)
Company's share in the net results of investees	9,766	17,262	(2,221)	-	641	907	-	-	-	26,355
Profit (loss) before taxes on income	204,915	175,579	(22,476)	38,062	126,144	95,231	12,104	(407,976)	(4,047)	217,536
Other comprehensive income (loss) before taxes on income	108,755	12,141	(69,459)	-	(1,269)	(260)	-	(57,937)	-	(8,029)
Total comprehensive income (loss) before taxes on income	313,670	187,720	(91,935)	38,062	124,875	94,971	12,104	(465,913)	(4,047)	209,507
	June 30, 2022									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	87,356,951	5,757,805	-	-	-	-	-	-	-	93,114,756
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,340,232	4,661,998	7,323,289	989,994	-	-	-	-	-	25,315,513

(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 and savings (a)	Health (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 3-month period ended June 30, 2021									
	Unaudited									
	NIS thousand									
Premiums earned, gross	1,333,728	671,700	737,670	-	-	-	-	-	-	2,743,098
Premiums earned by reinsurers	29,799	53,257	253,233	-	-	-	-	-	-	336,289
Premiums earned - retention	1,303,929	618,443	484,437	-	-			-	-	2,406,809
Investment income, net and finance income	3,678,634	333,533	100,856	29,506	1,333	7,899	-	146,228	(8,251)	4,289,738
Income from management fees	306,766	-	-	141,057	89,925	152	-	836	(10,058)	528,678
Income from fees and commissions (e)	7,953	12,854	52,990	-	-	135,144	-	-	(37,897)(1)	171,044
Income from financial services	-	-	-	-	35,000	-	-	-	-	35,000
Other income (expenses)	5,643	360	-	218	1,119	4,599	240,292	(1,300)	(486)	250,445
Total income	5,302,925	965,190	638,283	170,781	127,377	147,794	240,292	145,764	(56,692)	7,681,714
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	4,751,884	755,209	499,310	23,474	-	-	-	-	-	6,029,877
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	11,231	(80,123)	172,720	-	-	-	-	-	-	103,828
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	4,740,653	835,332	326,590	23,474	-	-	-	-	-	5,926,049
Fees and commissions and other purchase expenses	130,474	101,907	156,066	54,788	18,886	2,720	-	-	(28,935)	435,906
General and administrative expenses	101,242	35,609	34,303	70,402	73,098	82,019	1,275	41,765	(14,701)	425,012
Other expenses	3,918	-	-	5,336	3,000	5,036	-	1	(113)	17,178
Finance expenses (income)	13,319	501	(2,496)	2,069	1,189	422	-	54,456	(7,572)	61,888
Total expenses	4,989,606	973,349	514,463	156,069	96,173	90,197	1,275	96,222	(51,321)	6,866,033
Company's share in the net results of investees	9,455	418	539	-	786	1,028	(5,028)	1	-	7,199
Profit (loss) before taxes on income	322,774	(7,741)	124,359	14,712	31,990	58,625	233,989	49,543	(5,371)	822,880
Other comprehensive income (loss) before taxes on income	63,280	3,615	107,816	-	(122)	-	-	106,627	-	281,216
Total comprehensive income (loss) before taxes on income	386,054	(4,126)	232,175	14,712	31,868	58,625	233,989	156,170	(5,371)	1,104,096
	June 30, 2021									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	80,335,256	5,828,041	-	-	-	-	-	-	-	86,163,297
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,267,371	4,578,695	6,514,802	936,175	-	-	-	-	-	24,297,043

(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 and savings (a)	Health (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
Investment income, 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 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 income	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
Profit before income tax	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, gross in respect of insurance contracts and yield-dependent investment contracts	89,264,766	6,363,818	-	-	-	-	-	-	-	95,628,584
Liabilities, gross 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 data regarding the life insurance and long-term savings segment

Breakdown of results by type of policy

For the six-month period ended June 30, 2022:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component Risk insurance sold as a single policy		
			Since 2004			
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Group	Total
	Unaudited					
	NIS thousand					
Gross premiums	29,109	584,954	1,938,463	302,978	61,016	2,916,520
Proceeds in respect of investment contracts credited directly to insurance reserves (4)	-	-	4,522,230	-	-	4,522,230
Financial margin including management fees (2)	(44,355)	100,044 (3)	197,942	-	-	253,631
Payments and change in liabilities in respect of insurance contracts, gross	127,077	(1,540,181) (5)	19,648 (5)	170,031	54,638	(1,168,787)
Payments and change in liabilities for investment contracts	-	-	(1,178,200) (5)	-	-	(1,178,200)
Total payments and change in liabilities from life insurance and long-term savings						(2,346,987)
Total comprehensive income (loss) from life insurance and savings business	386,404 (6)	81,776 (6)	(9,550)	13,365	5,504	477,499

(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 June 30, 2022, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 507 million. As of the report publication date, the estimated management fees which will not be collected amounted to approximately NIS 421 million.

(4) Mainly proceeds of non-recurring deposits.

(5) This amount includes investment income or losses carried to participating policies. For further details, please see Note 8B.

(6) Includes a profit in respect of the effect of the changes in assumptions, life tables, discount interest rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 495 million, before tax. For further details, please see Note 8A.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

Breakdown of results by type of policy (cont.)

For the six-month period ended June 30, 2021:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Since 2004 Yield-dependent	Individual	Group	Total
	Unaudited					
	NIS thousand					
Gross premiums	31,824	558,951	1,656,579	285,272	62,915	2,595,541
Proceeds in respect of investment contracts credited directly to insurance reserves (4)	-	-	2,774,034	-	-	2,774,034
Financial margin including management fees (2)	233,490	464,175 (3)	165,572	-	-	863,237
Payments and change in liabilities in respect of insurance contracts, gross	400,489	3,601,945 (5)	4,240,515 (5)	54,021	57,028	8,353,998
Payments and change in liabilities for investment contracts	-	-	883,224 (5)	-	-	883,224
Total payments and change in liabilities from life insurance and long-term savings						9,237,222
Total comprehensive income from life insurance business	183,754 (6)	326,160 (6)	8,135	132,232	12,123	662,404

(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 six-month period ended June 30, 2021, variable management fees in respect of participating policies in the amount of approximately NIS 372 million were charged.

(4) Mainly proceeds of non-recurring deposits.

(5) This amount includes investment income or losses carried to participating policies.

(6) Including a negligible effect of the changes in assumptions and in the discount, rate used in the calculation of the supplementary retirement pension reserve and paid pensions. For further details, please see Note 8A.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

Breakdown of results by type of policy (cont.)

For the three-month period ended June 30, 2022:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Since 2004 Yield-dependent	Individual	Group	Total
	Unaudited					
	NIS thousand					
Gross premiums	14,772	295,277	924,974	151,921	31,241	1,418,185
Proceeds in respect of investment contracts credited directly to insurance reserves (4)	-	-	1,829,247	-	-	1,829,247
Financial margin including management fees (2)	31,183	49,005 (3)	99,134	-	-	179,322
Payments and change in liabilities in respect of insurance contracts, gross	88,918	(1,420,614) (5)	(569,786) (5)	82,192	27,983	(1,791,307)
Payments and change in liabilities for investment contracts	-	-	(946,448) (5)	-	-	(946,448)
Total payments and change in liabilities from life insurance and long-term savings						(2,737,755)
Total comprehensive income from the life insurance and savings businesses	248,349 (6)	44,286 (6)	317	15,492	5,226	313,670

(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 June 30, 2022, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 507 million. As of the report publication date, the estimated management fees which will not be collected amounted to approximately NIS 421 million.

(4) Mainly proceeds of non-recurring deposits.

(5) This amount includes investment income or losses carried to participating policies. For further details, please see Note 8B.

(6) Includes a profit in respect of the effect of the changes in assumptions, life tables, discount interest rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 217 million, before tax. For further details, please see Note 8A.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

Breakdown of results by type of policy (cont.)

For the three-month period ended June 30, 2021:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Group	Total
	Unaudited					
	NIS thousand					
Gross premiums	15,470	282,469	863,504	142,946	29,339	1,333,728
Proceeds in respect of investment contracts credited directly to insurance reserves (4)	-	-	1,653,225	-	-	1,653,225
Financial margin including management fees (2)	109,201	219,652 (3)	86,884	-	-	415,737
Payments and change in liabilities in respect of insurance contracts, gross	263,129	1,914,382 (5)	2,123,312 (5)	(17,412)	26,709	4,310,120
Payments and change in liabilities for investment contracts	-	-	441,764 (5)	-	-	441,764
Total payments and change in liabilities from life insurance and long-term savings						4,751,884
Total comprehensive income (loss) from life insurance and savings business	88,775 (6)	182,925(6)	(430)	108,473	6,311	386,054

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

(2) The financial margin does not include additional income of the Company collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.

(3) In the three-month period ended June 30, 2021, variable management fees in respect of participating policies in the amount of approximately NIS 173 million were charged.

(4) Mainly proceeds of non-recurring deposits.

(5) This amount includes investment income or losses carried to participating policies.

(6) Including a negligible effect of the changes in assumptions and in the discount, rate used in the calculation of the supplementary retirement pension reserve and paid pensions. For further details, please see Note 8A.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

Breakdown of results by type of policy (cont.)

Data for the year ended December 31, 2021:

	Policies including a savings component (including appendices) by policy issuance date			Policies without a savings component		
			Since 2004	Risk insurance sold as a single policy		
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	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 (4)	-	-	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 (5)	7,778,546 (5)	209,818	118,551	15,492,428
Payments and change in liabilities for investment contracts	-	-	1,595,295 (5)	-	-	1,595,295
Total payments and change in liabilities from life insurance and long-term savings						17,087,723
Total comprehensive income from life insurance business (4)	652,883 (6)	664,113 (6)	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) Mainly proceeds of non-recurring deposits.

(5) This amount includes investment income or losses carried to participating policies.

(6) 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 8A.

NOTE 3 – OPERATING SEGMENTS (cont.)

C. Additional data regarding the health insurance segment

	For the 6-month period ended June 30, 2022				
	Long-term care		Other (2)		
	Individual	Group	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	132,214	541,539	777,055 (1)	54,804 (1)	1,505,612
Payments and change in liabilities in respect of insurance contracts, gross	(614,889)	(187,072)	511,768	31,463	(258,730)
Total comprehensive income from health insurance business	762,668 (3)	39,064 (3)	41,952	(633)	843,051

(1) Of this, individual premiums in the amount of NIS 515,483 thousand and collective premiums in the amount of NIS 316,376 thousand.

	For the 6-month period ended June 30, 2021				
	Long-term care		Other (2)		
	Individual	Collective (3)	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	129,682	483,298	729,028(1)	14,555(1)	1,356,563
Payments and change in liabilities in respect of insurance contracts, gross	331,218	1,090,320	168,333	9,826	1,599,697
Total comprehensive income (loss) from health insurance business	(128,000) (3)	(42,860) (3)	191,386	(1,666)	18,860

(1) Of this, individual premiums in the amount of NIS 436,808 thousand and collective premiums in the amount of NIS 306,775 thousand.

	For the 3-month period ended June 30, 2022				
	Long-term care		Other (2)		
	Individual	Group	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	66,587	273,418	382,285 (1)	35,932 (1)	758,222
Payments and change in liabilities in respect of insurance contracts, gross	(67,282)	(316,064)	276,438	19,784	(87,124)
Total comprehensive income (loss) from health insurance business	139,572 (4)	28,888 (4)	17,737	1,523	187,720

(1) Of this, individual premiums in the amount of NIS 269,033 thousand and collective premiums in the amount of NIS 149,184 thousand.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the 3-month period ended June 30, 2021				
	Long-term care		Other (2)		
	Individual	Collective (3)	Long-term	Short-term (7)	Total
	Unaudited				
	NIS thousand				
Gross premiums	64,785	243,665	356,214 (1)	10,560 (1)	675,224
Payments and change in liabilities in respect of insurance contracts, gross	227,221	585,205	(60,459)	3,242	755,209
Total comprehensive income (loss) from health insurance business	(137,582) (4)	(43,253) (4)	176,969	(260)	(4,126)

(1) Of this, individual premiums in the amount of NIS 222,635 thousand and collective premiums in the amount of NIS 144,139 thousand.

	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

(3) The profit in the six-month period ended June 30, 2022, includes a decrease in the insurance reserves (LAT) in the amount of approximately NIS 761 million, and the loss in the six-month period ended June 30, 2021 - an increase in LAT of NIS 208 million.

(4) The profit in the three-month period ended June 30, 2022, includes a decrease in the insurance reserves (LAT) in the amount of approximately NIS 134 million, and the loss in the three-month period ended June 30, 2021 - an increase in LAT of NIS 168 million.

NOTE 3 – OPERATING SEGMENTS (cont.)

D. Additional data regarding the property and casualty insurance segment

	For the 6-month period ended June 30, 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	373,367	747,043	483,558	352,802	1,956,770
Reinsurance premiums	71,665	6	338,697	167,719	578,087
Premiums - retention	301,702	747,037	144,861	185,083	1,378,683
Change in unearned premium balance, retention	79,415	133,658	21,374	28,364	262,811
Premiums earned - retention	222,287	613,379	123,487	156,719	1,115,872
Investment income, net and finance income	34,101	10,281	3,511	31,922	79,815
Income from fees and commissions	32,325	153	69,628	19,159	121,265
Total income	288,713	623,813	196,626	207,800	1,316,952
Payments and change in liabilities in respect of insurance contracts, gross	329,391	528,245	140,223	271,885	1,269,744
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	84,975	305	113,205	147,330	345,815
Payments and change in liabilities for insurance contracts - retention	244,416	527,940	27,018	124,555	923,929
Fees and commissions, marketing expenses and other purchase expenses	37,693	128,637	93,562	59,137	319,029
General and administrative expenses	13,573	22,828	13,130	11,305	60,836
Finance expenses	9,699	-	999	9,079	19,777
Total expenses	305,381	679,405	134,709	204,076	1,323,571
Company's share in the net results of investees	(1,207)	(508)	(124)	(1,130)	(2,969)
Profit (loss) before taxes on income	(17,875)	(56,100)	61,793	2,594	(9,588)
Other comprehensive loss before taxes on income	(91,373)	(38,500)	(9,407)	(85,534)	(224,814)
Total comprehensive income (loss) for the period before taxes on income	(109,248)	(94,600)	52,386	(82,940)	(234,402)
Liabilities in respect of insurance contracts, gross, as of June 30, 2022 (unaudited)	3,134,450	1,008,282	739,820	2,440,737	7,323,289
Liabilities in respect of insurance contracts - retention - as of June 30, 2022 (unaudited)	1,951,790	1,007,889	201,962	1,797,629	4,959,270

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 83% 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 80% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the 6-month period ended June 30, 2021				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	328,682	590,981	388,696	304,398	1,612,757
Reinsurance premiums	138,432	1,020	258,589	132,284	530,325
Premiums - retention	190,250	589,961	130,107	172,114	1,082,432
Change in unearned premium balance, retention	34,158	69,555	12,139	17,479	133,331
Premiums earned - retention	156,092	520,406	117,968	154,635	949,101
Investment income, net and finance income	79,823	29,247	8,546	77,427	195,043
Income from fees and commissions	38,468	69	56,327	12,305	107,169
Total income	274,383	549,722	182,841	244,367	1,251,313
Payments and change in liabilities in respect of insurance contracts, gross	324,824	369,677	115,416	153,424	963,341
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	168,574	335	90,396	51,834	311,139
Payments and change in liabilities for insurance contracts - retention	156,250	369,342	25,020	101,590	652,202
Fees and commissions, marketing expenses and other purchase expenses	29,373	120,124	84,851	48,924	283,272
General and administrative expenses	14,094	24,357	13,176	13,931	65,558
Finance expenses	1,448	-	155	1,405	3,008
Total expenses	201,165	513,823	123,202	165,850	1,004,040
Company's share in the net results of investees	(256)	(96)	(27)	(249)	(628)
Net income before taxes on income	72,962	35,803	59,612	78,268	246,645
Other comprehensive income before taxes on income	66,546	24,833	7,125	64,548	163,052
Total comprehensive income for the period before taxes on income	139,508	60,636	66,737	142,816	409,697
Liabilities in respect of insurance contracts, gross, as of June 30, 2021 (unaudited)	2,871,543	806,961	673,605	2,162,693	6,514,802
Liabilities in respect of insurance contracts - retention - as of June 30, 2021 (unaudited)	1,756,615	805,986	193,210	1,734,889	4,490,700

(*) 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 83% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the 3-month period ended June 30, 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	167,419	340,430	252,594	180,043	940,486
Reinsurance premiums	32,775	(12)	188,348	92,609	313,720
Premiums - retention	134,644	340,442	64,246	87,434	626,766
Change in unearned premium balance, retention	14,413	21,513	1,191	7,506	44,623
Premiums earned - retention	120,231	318,929	63,055	79,928	582,143
Losses on investments, net and finance income	(7,373)	(6,793)	(529)	(7,272)	(21,967)
Income from fees and commissions	15,541	69	34,880	8,796	59,286
Total income	128,399	312,205	97,406	81,452	619,462
Payments and change in liabilities in respect of insurance contracts, gross	157,808	222,854	69,137	127,172	576,971
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	31,643	74	56,039	68,868	156,624
Payments and change in liabilities for insurance contracts - retention	126,165	222,780	13,098	58,304	420,347
Fees and commissions, marketing expenses and other purchase expenses	19,039	72,027	52,738	29,070	172,874
General and administrative expenses	6,328	11,447	6,604	5,942	30,321
Finance expenses	7,936	-	827	7,412	16,175
Total expenses	159,468	306,254	73,267	100,728	639,717
Company's share in the net results of investees	(904)	(378)	(95)	(844)	(2,221)
Profit (loss) before taxes on income	(31,973)	5,573	24,044	(20,120)	(22,476)
Other comprehensive loss before taxes on income	(28,536)	(11,484)	(3,286)	(26,153)	(69,459)
Total comprehensive income (loss) for the period before taxes on income	(60,509)	(5,911)	20,758	(46,273)	(91,935)
Liabilities in respect of insurance contracts, gross, as of June 30, 2022 (unaudited)	3,134,450	1,008,282	739,820	2,440,737	7,323,289
Liabilities in respect of insurance contracts - retention - as of June 30, 2022 (unaudited)	1,951,790	1,007,889	201,962	1,797,629	4,959,270

(*) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 85% 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 80% of total premiums in these subsegments.

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the 3-month period ended June 30, 2021				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	142,754	261,540	160,150	140,720	705,164
Reinsurance premiums	59,365	439	107,759	69,957	237,520
Premiums - retention	83,389	261,101	52,391	70,763	467,644
Change in unearned premium balance, retention	2,121	(3,885)	(6,929)	(8,100)	(16,793)
Premiums earned - retention	81,268	264,986	59,320	78,863	484,437
Investment income, net and finance income	40,986	15,643	4,502	39,725	100,856
Income from fees and commissions	19,546	53	27,641	5,750	52,990
Total income	141,800	280,682	91,463	124,338	638,283
Payments and change in liabilities in respect of insurance contracts, gross	171,814	203,860	62,700	60,936	499,310
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	99,782	21	49,356	23,561	172,720
Payments and change in liabilities for insurance contracts - retention	72,032	203,839	13,344	37,375	326,590
Fees and commissions, marketing expenses and other purchase expenses	13,963	68,269	48,127	25,707	156,066
General and administrative expenses	6,886	13,389	6,328	7,700	34,303
Finance income	(1,205)	-	(121)	(1,170)	(2,496)
Total expenses	91,676	285,497	67,678	69,612	514,463
Company's share in the net results of investees	220	83	23	213	539
Profit (loss) before taxes on income	50,344	(4,732)	23,808	54,939	124,359
Other comprehensive income before taxes on income	44,009	16,360	4,778	42,669	107,816
Total comprehensive income for the period before taxes on income	94,353	11,628	28,586	97,608	232,175
Liabilities in respect of insurance contracts, gross, as of June 30, 2021 (unaudited)	2,871,543	806,961	673,605	2,162,693	6,514,802
Liabilities in respect of insurance contracts - retention - as of June 30, 2021 (unaudited)	1,756,615	805,986	193,210	1,734,889	4,490,700

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

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

NOTE 3 – OPERATING SEGMENTS (cont.)

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 income	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 - retention - 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 6-month period ended June 30, 2022		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	54,848	(4,019)	50,829
Income from management fees	208,152	120,161	328,313
Other income (see Note 8L)	14,192	661	14,853
Total income	277,192	116,803	393,995
Change in liabilities for investment contracts	53,415	-	53,415
Fees and commissions, marketing expenses and other purchase expenses	81,795	68,589	150,384
General and administrative expenses	72,608	40,927	113,535
Other expenses	9,370	916	10,286
Finance expenses	5,728	1,899	7,627
Total expenses	222,916	112,331	335,247
Total comprehensive income for the period before taxes on income	54,276	4,472	58,748

	For the 6-month period ended June 30, 2021 (*)		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	42,603	3,408	46,011
Income from management fees	142,177	98,039	240,216
Other income	-	408	408
Total income	184,780	101,855	286,635
Change in liabilities for investment contracts	35,546	-	35,546
Fees and commissions, marketing expenses and other purchase expenses	53,651	44,973	98,624
General and administrative expenses	68,936	47,230	116,166
Other expenses	5,083	529	5,612
Finance expenses	1,604	468	2,072
Total expenses	164,820	93,200	258,020
Total comprehensive income for the period before taxes on income	19,960	8,655	28,615

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

NOTE 3 – OPERATING SEGMENTS (cont.)

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

	For the 3-month period ended June 30, 2022		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	31,885	(4,466)	27,419
Income from management fees	103,955	64,244	168,199
Other income (see Note 8L)	14,186	352	14,538
Total income	150,026	60,130	210,156
Change in liabilities for investment contracts	30,530	-	30,530
Fees and commissions, marketing expenses and other purchase expenses	42,936	37,553	80,489
General and administrative expenses	31,310	20,289	51,599
Other expenses	4,486	458	4,944
Finance expenses	3,408	1,124	4,532
Total expenses	112,670	59,424	172,094
Total comprehensive income for the period before taxes on income	37,356	706	38,062

	For the 3-month period ended June 30, 2021 (*)		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	27,570	1,936	29,506
Income from management fees	87,486	53,571	141,057
Other income	-	218	218
Total income	115,056	55,725	170,781
Change in liabilities for investment contracts	23,474	-	23,474
Fees and commissions, marketing expenses and other purchase expenses	31,477	23,311	54,788
General and administrative expenses	45,454	24,948	70,402
Other expenses	4,900	436	5,336
Finance expenses	1,601	468	2,069
Total expenses	106,906	49,163	156,069
Total comprehensive income for the period before taxes on income	8,150	6,562	14,712

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

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 income	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
Total comprehensive income for the period before taxes on income	29,699	18,750	48,449

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

NOTE 4 – BUSINESS COMBINATIONS

A. Assuming control in The Phoenix Capital Ltd.

1. General

In March 2022, the Company updated the targets of the multi-year strategic plan. As part of the implementation of the strategic plan, the Company took the following steps during the reporting period:

A. Completing the restructuring of The Phoenix Advanced Investments.

The Company took steps to holds all alternative investments of The Phoenix group under The Phoenix Advanced Investments Ltd. Accordingly, in the reporting period, various steps were taken in order to achieve the above, including: The distribution, as a dividend in kind from The Phoenix Advanced Investments Ltd. of Quality Pension Insurance Agency (2017) Ltd., and 16% of The Phoenix Pension and Provident's shares it held, and the sale of The Phoenix IEC Central Fund Ltd. (formerly - Halman-Aldubi IEC Gemel Ltd.) to the Company. Concurrently, the Company's holdings in The Phoenix Advanced Investments were transferred to The Phoenix Investments, and the holdings of The Phoenix Investments in The Phoenix Capital Ltd. (hereinafter - the "Phoenix Capital") and the Phoenix Investment Funds Ltd. (which manage the activity of alternative investment funds) were transferred to The Phoenix Advanced Investments.

B. Amendment to a Shareholders Agreement in The Phoenix Capital Ltd.

The Company has an indirect 65% stake in The Phoenix Capital, which is engaged in the establishment, management and distribution of alternative investment funds. The Phoenix Capital's activity constitutes a part of the Company's strategic plan to achieve growth in the area of investment management in general, and in the area of establishing, management and distribution of alternative investment funds in particular. The remaining holdings in The Phoenix Capital are held by Safra Consultation and Investments Ltd. (hereinafter - "Safra"). The parties have in place a shareholders agreement that regulates the management of The Phoenix Capital; the said agreement stipulates, among other things, that decisions in The Phoenix Capital will be made jointly, despite the fact that the parties' stakes in the company are not equal.

On June 29, 2022, the parties signed an addendum to the agreement, which regulated issues which are not material to the Company; the addendum also regulates the manner by which The Phoenix Capital is managed; among other things, and as part of the implementation of the Company's strategic plan, the addendum made changes to the decision-making processes in The Phoenix Capital, such that decisions are made based on the parties' stake in the company. As a result of the said amendment, the latter changed the recording of its holding in The Phoenix Capital from joint control to control.

A valuation of The Phoenix Capital was carried out by an independent external appraiser on July 27, 2022. The valuation was based on the fair value calculated in accordance with the discounted cash flow method (DCF). The value was calculated for each of the segments comprising The Phoenix Capital's activity. The future cash flows that the activity is expected to generate were foretasted based on a reasonable scenario, with a growth assumption of 2%-3%, and were discounted using a 16% discount rate.

The Company recognized in its financial statements as of June 30, 2022, a one-off post-tax capital gain of NIS 86 million as a result of assuming control.

NOTE 4 – BUSINESS COMBINATIONS (cont.)

A. Assuming control in The Phoenix Capital Ltd. (cont.)

2. The Phoenix Capital business combination

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

The fair value of The Phoenix Capital's identifiable assets and identifiable liabilities on consolidation commencement date (June 30, 2022):

	Unaudited NIS thousand
Intangible assets	34,640
Receivables and debit balances	5,226
Investment in an associate	74,732
Cash and cash equivalents	3,800
Total assets	**118,398**
Payables and credit balances	(1,797)
Total liabilities	**(1,797)**
Identifiable assets net of identifiable liabilities	**116,601**
Non-controlling interests	(45,474)
Balance of investment in investee prior to the acquisition	(5,407)
Gain from assuming control	(86,850)
Goodwill arising from the acquisition	21,130
Total acquisition cost	**-**

	Unaudited NIS thousand
Cash arising from the acquisition (used as acquisition proceeds):	
Cash and cash equivalents in the acquiree as of the acquisition date	3,800
Cash paid as acquisition proceeds	-
Cash, net	**3,800**

As stated above, the date on which control was assumed is June 30, 2022, and therefore the results of The Phoenix Capital in the financial services segment for the 6 months period ended June 30, 2022, include the results of The Phoenix Capital in the Company's share in the net results of investees line item. In addition, the one-off gain from assuming control in the amount of NIS 86 million was imputed to other income.

NOTE 4 – BUSINESS COMBINATIONS (cont.)

B. Assuming control in Dorbit Insurance Agency (1999) Ltd.

During the second quarter of 2022, the Company completed a transaction for the acquisition of a further 20% stake in Dorbit Insurance Agency (1999) Ltd. (hereinafter - "Dorbit"), such that subsequent to the acquisition, the Company holds indirectly 70% of Dorbit's shares. Subsequent to the completion of the transaction, and as a result of assuming control in Dorbit, a consolidated company of The Phoenix Agencies (hereinafter - the "Company") recognized a pre- and post-tax profit of NIS 22 million.
As of the report date, the Company recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement. As of the date of approval of the financial statements, a final valuation has not yet been received by an external appraiser in relation to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the purchase as well as the fair value of the assets and liabilities purchased can be carried out up to 12 months from the date of purchase. At the time of the final measurement, the adjustments are made by way of a restating the comparison figures previously reported according to the provisional measurement. Accordingly, as part of the business combination, the Company included intangible assets comprising insurance portfolios totaling NIS 18 million, goodwill totaling NIS 23 million and other net assets whose amount is immaterial.

C. Acquisitions by consolidated companies of The Phoenix Agencies

Further to what is stated in Section B above, during the reporting period, consolidated companies of The Phoenix Agencies acquired insurance agencies/ assumed control for the first time in insurance agencies. As a result of those acquisitions, the Company recognized intangible assets at the total amount of NIS 50 million.

NOTE 5 – FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

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

	As of June 30		As of December 31
	2022	2021	2021
	Unaudited		Audited
	NIS thousand		
Investment property	1,903,600	1,938,918	2,062,862
Financial investments:			
Liquid debt assets	20,988,024	21,930,947	22,194,850
Illiquid debt assets	8,685,245	7,472,594	8,100,882
Shares	21,510,775	21,557,784	24,884,732
Other financial investments	27,083,877	23,153,029	25,918,195
Total financial investments	78,267,921	74,114,354	81,098,659
Cash and cash equivalents	14,789,357	11,098,327	13,785,593
Other	255,808	191,216	169,549
Total assets for yield-dependent contracts	**95,216,686**	**87,342,815**	**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.

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

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

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

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	15,640,223	5,347,801	-	20,988,024
Illiquid debt assets	-	6,573,194	2,112,051	8,685,245
Shares	18,702,517	1,108,956	1,699,302	21,510,775
Other financial investments	9,241,380	1,695,516	16,146,981	27,083,877
Total	**43,584,120**	**14,725,467**	**19,958,334**	**78,267,921**

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	16,320,657	5,610,290	-	21,930,947
Illiquid debt assets	-	5,970,125	1,502,469	7,472,594
Shares	19,400,687	932,836	1,224,261	21,557,784
Other financial investments	9,373,504	1,422,778	12,356,747	23,153,029
Total	**45,094,848**	**13,936,029**	**15,083,477**	**74,114,354**

	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**

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

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

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 recognized in profit or loss (*)	-	15,268	144,922	1,766,457	1,926,647
Purchases	-	945,560	256,614	1,730,951	2,933,125
Proceeds from interest and dividend	-	(15,949)	(11,330)	(362,043)	(389,322)
Redemptions / sales	-	(381,970)	-	(838,449)	(1,220,419)
Transfers into Level 3 (**)	-	85,126	-	-	85,126
Transfers from Level 3 (**)	-	(258,473)	(313,884)	(81,520)	(653,877)
Balance on June 30, 2022	-	2,112,051	1,699,302	16,146,981	19,958,334
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of June 30, 2022	-	4,523	61,625	1,426,085	1,492,233

Transfers into (from) Level 3:

Transfers into Level 3 stem mainly from securities whose rating changed and from securities that were issued for the first time.

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
	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 (*)	-	50,743	62,501	1,432,634	1,545,878
Purchases	-	421,502	146,521	2,199,139	2,767,162
Proceeds from interest and dividend	-	(23,521)	(7,306)	(393,256)	(424,083)
Redemptions / sales	-	(351,186)	(41,597)	(855,374)	(1,248,157)
Transfers from Level 3 (**)	-	(287,250)	(184,862)	(174,521)	(646,633)
Balance on June 30, 2022	-	1,502,469	1,224,261	12,356,747	15,083,477
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of June 30, 2021	-	26,025	55,951	1,090,158	1,172,134

Transfers into (from) Level 3:

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

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

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

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

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of April 1, 2022	-	1,909,722	1,474,869	14,455,133	17,839,724
Total gains recognized in profit or loss (*)	-	32,168	61,786	1,397,196	1,491,150
Purchases	-	594,942	172,984	789,410	1,557,336
Proceeds from interest and dividend	-	(11,337)	(10,337)	(151,389)	(173,063)
Redemptions / sales	-	(240,097)	-	(343,369)	(583,466)
Transfers into Level 3 (**)	-	85,126	-	-	85,126
Transfers from Level 3 (**)	-	(258,473)	-	-	(258,473)
Balance on June 30, 2022	-	2,112,051	1,699,302	16,146,981	19,958,334
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of June 30, 2022	-	6,052	51,949	1,258,529	1,316,530

Transfers into (from) Level 3:

Transfers from Level 3 stem mainly from securities whose rating changed

Transfers from Level 3 stem mainly from securities whose rating changed

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of April 1, 2021	-	1,732,240	1,230,847	11,081,610	14,044,697
Total gains recognized in profit or loss (*)	-	20,180	12,593	769,042	801,815
Purchases	-	64,334	76,863	1,206,658	1,347,855
Proceeds from interest and dividend	-	(9,453)	-	(238,567)	(248,020)
Redemptions / sales	-	(142,310)	-	(461,996)	(604,306)
Transfers from Level 3 (**)	-	(162,522)	(96,042)	-	(258,564)
Balance as of June 30, 2021	-	1,502,469	1,224,261	12,356,747	15,083,477
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of June 30, 2021	-	4,335	12,593	579,891	596,819

Transfers into (from) Level 3:

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

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

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

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

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	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 - balance held as of December 31, 2021	-	(3,628)	374,098	1,381,647	1,752,117

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

B. Other financial investments

1. Illiquid debt assets

Composition:

	June 30, 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables		
Designated bonds and treasury deposits (*)	8,477,307	11,917,819
Other non-convertible debt assets, excluding deposits with banks	6,323,737	6,346,775
Deposits with banks (**)	2,392,191	2,419,840
Total illiquid debt assets	17,193,235	20,684,434
Impairments carried to profit and loss (cumulative)	53,108	

(*) The fair value was calculated according to the contractual repayment date.
(**) For information regarding spread transactions involving financial instruments, see Note 8O.

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

1. Illiquid debt assets (cont.)

	June 30, 2021	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Loans and receivables		
Designated bonds (*)	8,172,977	12,126,233
Other non-convertible debt assets, excluding deposits with banks	4,658,409	4,939,680
Deposits with banks	1,120,385	1,165,755
Total illiquid debt assets	13,951,771	18,231,668
Impairments carried to profit and loss (cumulative)	60,901	

(*) 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 (*)	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 5 – 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.

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,661,233	1,740,240	-	6,401,473
Shares	1,650,443	371,416	491,931	2,513,790
Other	670,203	347,871	3,453,113	4,471,187
Total	6,981,879	2,459,527	3,945,044	13,386,450

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	5,841,444	1,421,324	-	7,262,768
Shares	1,955,956	292,369	440,727	2,689,052
Other	776,680	540,827	2,433,324	3,750,831
Total	8,574,080	2,254,520	2,874,051	13,702,651

	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 5 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

Assets measured at fair value - Level 3

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2022	-	-	498,033	2,863,064	3,361,097
Total gains (losses) recognized:					
In profit and loss (*)	-	-	(3,649)	37,612	33,963
In other comprehensive income	-	-	26,345	331,780	358,125
Purchases	-	-	87,481	463,217	550,698
Proceeds from interest and dividend	-	-	(55)	(71,305)	(71,360)
Redemptions / sales	-	-	-	(153,902)	(153,902)
Transfers from Level 3 (**)	-	-	(116,224)	(17,353)	(133,577)
Balance on June 30, 2022	-	-	491,931	3,453,113	3,945,044
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2022	-	-	(3,699)	(42,895)	(46,594)

Transfers into (from) Level 3:

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

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

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

	Fair value measurement at the reporting date – Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of January 1, 2021	-	-	330,008	2,037,817	2,367,825
Total profits recognized:					
In profit and loss (*)	-	-	16,265	62,180	78,445
In other comprehensive income	-	-	81,985	175,925	257,910
Purchases	-	-	54,172	395,560	449,732
Proceeds from interest and dividend	-	-	(1,388)	(66,015)	(67,403)
Redemptions / sales	-	-	(18,071)	(113,937)	(132,008)
Transfers from Level 3 (**)	-	-	(22,244)	(58,206)	(80,450)
Balance as of June 30, 2021	-	-	440,727	2,433,324	2,874,051
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2021	-	-	(1,311)	(7,960)	(9,271)

Transfers into (from) Level 3:

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

	Fair value measurement at the reporting date – Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of April 1, 2022	-	-	438,387	2,917,650	3,356,037
Total gains (losses) recognized:					
In profit and loss (*)	-	-	(3,649)	(13,938)	(17,587)
In other comprehensive income	-	-	22,140	320,192	342,332
Purchases	-	-	35,108	296,611	331,719
Proceeds from interest and dividend	-	-	(55)	(22,981)	(23,036)
Redemptions / sales	-	-	-	(44,421)	(44,421)
Balance on June 30, 2022	-	-	491,931	3,453,113	3,945,044
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2022	-	-	(3,699)	(34,401)	(38,100)

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

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

	Fair value measurement at the reporting date – Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of April 1, 2021	-	-	328,816	2,186,140	2,514,956
Total profits recognized:					
In profit and loss (*)	-	-	-	24,122	24,122
In other comprehensive income	-	-	75,311	108,239	183,550
Purchases	-	-	36,600	203,076	239,676
Proceeds from interest and dividend	-	-	-	(28,604)	(28,604)
Redemptions / sales	-	-	-	(59,649)	(59,649)
Balance as of June 30, 2021	-	-	440,727	2,433,324	2,874,051
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2021	-	-	-	(5,646)	(5,646)

	Fair value measurement at the reporting date – Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Audited				
	NIS thousand				
Balance as of January 1, 2021	-	-	330,008	2,037,817	2,367,825
Total profits recognized:					
In profit and 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 - balance held as of December 31, 2021	-	-	(339)	(46,271)	(46,610)

Transfers into (from) Level 3:

Transfers into Level 3 stem mainly from securities that were classified from an investment as an associate.
Transfers from Level 3 stem from securities issued for the first time.

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

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

	As of June 30	As of June 30	As of December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	NIS thousand	NIS thousand	NIS thousand
Trade receivables and checks for collection	1,096,544	726,917	845,079
Credit vouchers	19,601	17,807	14,984
Loans and checks for collection	830,736	380,072	608,405
Credit vouchers for sale	1,280,360	1,172,775	1,096,965
Provision for doubtful debts	(18,919)	(14,040)	(15,041)
Total	3,208,322	2,283,531	2,550,392

D. Financial liabilities

1. Breakdown of financial liabilities

	June 30, 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Short-term credit from banking corporations (4)	530,921	530,921
Loans from non-bank entities (see Note 8F)	821,494	821,494
Bonds (see Notes 8C, 8M and 8N)	2,079,078	2,016,153
Subordinated bonds (1) (see Note 8K)	3,675,910	3,693,530
Additional Tier 1 capital subordinated bond (1)	206,145	191,479
Trade receivables for credit cards	1,472,492	1,472,492
Other (2)	34,612	34,612
Total financial liabilities presented at amortized cost	8,820,652	8,760,681
Financial liabilities presented at fair value through profit and loss:		
Derivatives (3)	2,163,418	2,163,418
Liability for short sale of liquid securities (4)	2,319,030	2,319,030
Total financial liabilities presented at fair value through profit and loss	4,482,448	4,482,448
Lease liabilities	128,901	
Total financial liabilities	13,432,001	

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 1,635 million.
4. For information regarding spread transactions involving financial instruments, see Note 8O.

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

D. FINANCIAL LIABILITIES (cont.)

1. Breakdown of financial liabilities (cont.)

	June 30, 2021	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Loans from banks and other corporations	434,932	434,932
Bonds (1)	1,868,831	1,933,050
Subordinated bonds (1)	3,382,991	3,659,031
Liability for REPO	392,549	392,549
Trade receivables for credit cards	1,267,310	1,267,310
Other (2)	24,628	24,628
Total financial liabilities presented at amortized cost	7,371,241	7,711,500
Financial liabilities presented at fair value through profit and loss:		
Derivatives (3)	317,262	317,262
Liability for short sale of liquid securities	1,004,495	1,004,495
Total financial liabilities presented at fair value through profit and loss	1,321,757	1,321,757
Lease liabilities	120,752	
Total financial liabilities	8,813,750	

1. The bonds were issued for the purpose of complying with the capital requirements.
2. Mainly provision in respect of an option to acquire an investee.
3. Including financial liabilities in respect of yield-dependent contracts totaling approximately NIS 220 million.

NOTE 5 – 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 for the purpose of complying 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 286 million.

2. Fair value of financial liabilities by level

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	2,319,030	-	-	2,319,030
Derivatives	314,073	1,849,345	-	2,163,418
Financial liabilities presented at fair value	2,633,103	1,849,345	-	4,482,448

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

D. FINANCIAL LIABILITIES (cont.)

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

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	1,004,495	-	-	1,004,495
Derivatives	176,262	135,251	5,749	317,262
Financial liabilities presented at fair value	1,180,757	135,251	5,749	1,321,757

	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

NOTE 5 – FINANCIAL INSTRUMENTS (cont.)

E. Valuation techniques

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

1. Illiquid debt assets

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

2. Illiquid shares

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

3. Derivatives

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

NOTE 6 – SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS

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

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

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

<u>Economic solvency ratio</u>

The economic solvency ratio is calculated as the ratio between the insurance company's recognized economic equity and the capital required for solvency purposes.
The recognized economic equity is determined as the sum of the core tier 1 capital derived from the economic balance sheet and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital 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 requirements, 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 consolidated interim financial statements as of March 31, 2022.

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. This standard is relevant to audits of solvency calculations and does not constitute part of the auditing standards that apply to financial statements (hereinafter - "Audited for Solvency Purposes").

NOTE 6 – SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

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

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

In their special report, the independent auditors noted that they did not review the appropriateness of the Deduction During the Transitional Period as of December 31, 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.

The Phoenix Insurance's Board of Directors has 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%. In addition, the minimum economic solvency ratio target, taking into account the transitional provisions, is set at 135%. In addition, on August 24, 2022, the Company's Board of Directors increased the minimum economic solvency ratio target by 3 percentage points without taking into account the provisions during the Transitional Period - from a rate of 108% to a rate of 111% beginning on June 30, 2022. This minimum economic solvency ratio target is expected to reach 135% at the end of the transitional period, in accordance with the Company's capital plan.

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.

NOTE 6 – SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

C. Dividend (cont.)

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:

- 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. The dividend was paid in April 2022.

On August 24, 2022, The Phoenix Insurance's Board of Directors approved a dividend distribution in the amount of NIS 115 million in respect of the profits for the six-month period ended June 30, 2022, based on the audited solvency ratio report as of December 31, 2021, and an estimate of the economic solvency ratio as of March 31, 2022, as carried out by the Company. The dividend will be paid in September 2022.
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 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 6 – 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 June 30, 2022, the Company complies with those requirements.

G. For further details regarding the Company's dividend distribution, please see Notes 8G and 9C.

H. For further details regarding the revision of the Company's dividend distribution, please see Note 8H.

I. For information regarding the acquisition of the Company's treasury shares, see Note 8I.

NOTE 7 – 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 (hereinafter - the "Class Actions Law"). 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. 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, 16-24, 26, 28-34, 36-38, 40-45, 56 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, 25, 27, 35, 39, 46-55, 57, 58 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 7 – CONTINGENT LIABILITIES (cont.)

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

Following is more information about the petitions to approve 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
2.	February 2010 Central District Court The Phoenix Insurance (and other insurance companies in a parallel case, in light of filing a consolidated class action statement of claim) Approximately NIS 1.47 billion of all defendants (including the defendants in the corresponding case), of which approximately NIS 238 million is attributed to The Phoenix Insurance.[4]	The cause of the lawsuit, as approved by the District Court (in the corresponding case) was breach of insurance policies due to unlawful collection of handling fees in a manner that reduced the saving amount accrued in favor of the policyholder for a period starting seven years before the claim was filed.	In November 2016, the District Court - in a parallel case filed against several other insurance companies - partially approved motions to approve the claims as class actions. The class action - both in the corresponding case and in the case heard against The Phoenix Insurance - continues to be heard jointly by the District Court. At the same time, the parties conduct a mediation process.

[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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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 July 2022, the parties filed an amended settlement agreement in accordance with the Court's clarifications. The Court has not yet approved the amended 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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.
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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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 December 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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 parties are awaiting the court's decision on the application for approval of the claim as a class action.

[1] The date on which the petition for approval of the claim as a class action 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
The motions to approve the lawsuits as class actions that appear in Sections 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. 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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 has yet to submit its response to the petition to approve the class action lawsuit. The Phoenix Insurance's application for stay of proceedings until a decision is made regarding the appeal motion described in Section 11 to the table above, has not been allowed. 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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. In March 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 (hereinafter - 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. In March 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
16.	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 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
18.	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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
20.	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 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. On June 14, 2022, Excellence Gemel filed a motion for leave to appeal against the decision approving the lawsuit as class action to the National Labor Court. A hearing was scheduled for September 20, 2022. The hearing of the class action by the Regional Court was delayed until a decision is made regarding the motion for leave to appeal.
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. An appeal hearing is scheduled for March 13, 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.

Note 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
22.	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.
23.	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 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. The Phoenix Insurance' motion for stay of proceedings until a decision is made regarding the motion for leave to appeal was not allowed by the Supreme Court, and therefore the class action is heard simultaneously by the District 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.
[4] The petition for approval of the claim as a class action lawsuit was originally filed against The Phoenix Insurance. The plaintiffs filed an amended petition for approval of the claim as a class action lawsuit, in which they changed the identity of the defendant and also added to their previous allegations and to the definition of the class they seek to represent.

Note 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
24.	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.
25.	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.
26.	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. A hearing was scheduled for September 6, 2022. 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
27.	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.
28.	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.
29.	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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
30.	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.
31.	February 2020 Central District Court The Phoenix Insurance The claim amount was not estimated, but it was stated that it is in the millions of shekels or more.	The plaintiff claims that starting in early 2016 or thereabouts, The Phoenix Insurance ceased to fulfill its obligation in health insurance policies marketed prior to February 1, 2016, in which it undertook to provide insurance coverage, at no additional cost, to all children born to the principal policyholder (starting with the fourth child), until they reach the age of 21.	The parties are awaiting the court's decision on the application for approval of the claim as a class action.
32.	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 (alternatively NIS 58 million, and alternatively 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
The petitions to approve claims as class actions listed in Sections 33 and 34 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.			
33.	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 petition for approval of the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for January 3, 2023. 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.
34.	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.	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 only. The plaintiffs' appeal was dismissed in May 2022. The motion for approval of the claim as a class action lawsuit in relation to home insurance continues to be heard in the court. A pre-trial hearing is scheduled for January 3, 2023. 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
35.	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.	In accordance with the Court ruling, the government - the Israel Tax Authority, was added 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. A hearing is scheduled for March 5, 2023.
36.	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 petition for approval of the claim as a class action lawsuit continues to be heard in court and a hearing was scheduled for September 8, 2022. At the same time, the parties are negotiating the plaintiff's withdrawal from the certification motion.
37.	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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
38.	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.
39.	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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
40.	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 September 12, 2022.
41.	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 long-term care policies the full amount due to them under their policies, since it offsets these amounts against proceeds received from the National Insurance Institute; it is also claimed that The Phoenix Insurance does not indemnify policyholders for certain medical treatments.	The parties are awaiting the court's decision on the application for approval of the claim as a class action.
42.	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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
43.	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.
44.	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.
45.	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 parties are in a mediation procedure.
46.	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.

[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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
47.	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 filed its response to the motion to approve the claim as a class action. A pre-trial hearing is scheduled for November 6, 2022.
48.	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 petition for approval of the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for October 31, 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
49.	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 filed its response to the motion to approve the claim as a class action. A hearing was scheduled for September 6, 2022.
50.	August 2021 Tel Aviv District Court Halman Aldubi I2P1, Limited Partnership (currently - The Phoenix Value P2P, 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.	On July 20, 2022, the Partnership filed a joint preliminary response on its behalf and on behalf of all the other defendants, against which a motion to approve the lawsuit as a class action was filed in connection with the said issue. A hearing date has not yet been scheduled.
51.	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 filed its response to the motion to approve the claim as a class action. 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
52.	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.
53.	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 pre-trial hearing is scheduled for January 19, 2023.
54.	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 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 7 – CONTINGENT LIABILITIES (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
55.	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 parties are in a mediation procedure.
56.	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.
57.	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 38 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 pre-trial hearing is scheduled for January 8, 2023.
58.	June 2022 Haifa Regional Labor Court The Phoenix Insurance NIS 5 million	The subject matter of the lawsuit is the claim that The Phoenix Insurance breached its contractual obligation with regard to the insurance period in a permanent health insurance, as reflected in the insurance offer, in contrast to the policy's provisions regarding "age for insurance purposes"; the lawsuit also deals with the claim that as part of the engagement, The Phoenix Insurance did not provide fair disclosure regarding the insurance end date.	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 December 28, 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 7 – CONTINGENT LIABILITIES (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.
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.

[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 7 – CONTINGENT LIABILITIES (cont.)

B. Concluded claims* (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
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 7 – CONTINGENT LIABILITIES (cont.)

B. Concluded claims* (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
5.	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.	On June 16, 2022, the court rendered a judgment which approves the settlement agreement between the parties; as part of the settlement, The Phoenix Pension and Provident will refund 45% of the handling fees that were collected, as defined in the settlement agreement, plus interest and linkage differences; The Phoenix Pension and Provident will also pay compensation to the class action plaintiff and his/her attorneys, at amounts which are immaterial for The Phoenix Pension and Provident. 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.
6.	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.	On August 11, 2022, the Court granted the agreed motion for the plaintiffs 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 7 – CONTINGENT LIABILITIES (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 7 – CONTINGENT LIABILITIES (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]

In October 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. Further to a hearing held in June 2022, the parties are required to notify the court regarding the manner by which the proceedings will continue.

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. On August 11, 2022, a shareholder filed a lawsuit with the Tel Aviv Jaffa District Court (Economic Department) against The Phoenix Holdings, The Phoenix Insurance, and The Phoenix Pension and Provident (hereinafter jointly - the "Defendants"), and against Mr. Eldad Lador Fresher (hereinafter - "Mr. Fresher"), for the issuance of a mandatory injunction that will cancel Mr. Fresher's appointment as Chairman of the Defendants' Investment Committee and/or a declaratory relief whereby Mr. Fresher will not be able to serve in the said office, due to his alleged conflict of interest in view of his service as the Chairman of the Boards of Directors of other companies. Currently, the Defendants are learning the statement of claim.

6. 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 41.74 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.

[1] Since this is a derivative claim accompanied by a petition to approve the claim as a derivative claim, which, if approved, the Company will be entitled to funds thereunder, the total claimed amount does not appear in the following summary table.

NOTE 7 – CONTINGENT LIABILITIES (cont.)

D. Complaints (cont.)

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. 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.

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.

NOTE 7 – CONTINGENT LIABILITIES (cont.)

E. Summary table (cont.)

Type	No. of claims	The claimed amount In NIS thousand Unaudited
Claims approved as a class actions:		
A specific amount was attributed to the Company	6	1,074,743
The claim pertains to several companies and no specific amount was attributed to the Company	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	3,043,417
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	19	-
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	41,740

The total provision amount in respect of class actions, legal proceedings and others, filed against the group as specified above as of June 30, 2022, and December 31, 2021, amounted to approximately NIS 279,475 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 8 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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

1. Effect of interest rate on pension reserves

A decrease (increase) in long-term interest rates may increase (decrease) the paid pension reserve and the supplementary retirement pension reserve is deferred due to the use of a lower (higher) discount rate, to the extent that a change in the discount rate is required due to changes in market interest rates.

In addition, the supplementary retirement pension reserve for deferred pensions is affected by future income expectations (using K factor), so that the decrease (increase) in interest rates may decrease (increase) the expected future income, and if according to the new projection it will be impossible to continue funding the provisions to the reserve, the Company will increase the reserve in order to reduce future provision amounts (or vice versa).

2. K factor values used by the Company

	June 30, 2022	June 30, 2021	December 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).

4. A change to the provisions relating to life insurance plans incorporating savings that include "annuity conversion coefficients taking into account guaranteed life expectancy"

In June 2022, the Commissioner published the Circular "Amendment of the Provisions of the Consolidated Circular regarding Measurement of Liabilities - Updating the Demographic Assumptions System in Life Insurance and Pension Funds" (hereinafter - the "Circular"). The Circular lists updated default assumptions on the basis of which insurance companies will calculate the liabilities in respect of life insurance policies, which allow them to receive an annuity according to guaranteed conversion rates based on up-to-date demographic assumptions.
The Circular refers, among other things, to a change in life expectancy, including future improvements, and the resulting consequences for the level of reserves and how they are created. The circular includes a new life table for retirees of insurance companies, which is based, among other things, on past experience regarding mortality of retirees of insurance companies.

NOTE 8 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

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

4. A change to the provisions relating to life insurance plans incorporating savings that include "annuity conversion coefficients taking into account guaranteed life expectancy" (cont.)

The Company has updated its estimates of pension liabilities based on the new life table and future life expectancy improvements included in the Circular.
As a result, the Company increased the provision for the supplementary pension reserve and paid pensions, and reduced the comprehensive income by NIS 364 million (pre-tax) and NIS 240 million (post-tax).
The said changes in the provisions also affected The Phoenix Insurance's economic solvency ratio; for more information, see Section 2.1 in the Report of the Board of Directors.

5. Completion of the study regarding annuity Take Up Rate (TUR)

Further to Note 41, Section 5.1.5 to the annual financial statements, life insurance contracts containing a saving component, 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 date, the Company completed a study on retirement age and pension take up rates (hereinafter - the "Study"), regarding retirees' tendency to take up an annuity at different rates in accordance with retirement age. Following the Study, the Company recorded in its financial statements as of June 30, 2022, a NIS 462 million gross pre-tax increase in comprehensive income, and a total post-tax increase of NIS 305 million. See Section 6 below.
The completion of the Study also affected The Phoenix Insurance's economic solvency ratio; for more information, see Section 2.1 in the Report of the Board of Directors.

NOTE 8 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

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

6. Set forth below is the effect of the changes in the interest rate curve and the main changes described above on the insurance liabilities:

	For the 6 months ended on June 30		For the 3 months ended on June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	NIS million				
Life insurance segment:					
Effect of updating assumptions regarding rates of annuity uptake (see Section 5 above)	(462)	-	(462)	-	(55)
Effect of updating other assumptions on the supplementary retirement pension reserve and paid pensions	-	-	-	-	(12)
Effect of updating assumptions on the mortality and morbidity rates (see Section 4 above)	364	-	364	-	-
Effect of updating assumptions on the expense rates	-	(16)	-	(16)	(13)
Change in the discount rate used in the calculation of the supplementary retirement pension reserve and paid pensions	(397)	16	(119)	11	46
Change in the supplementary retirement pension reserve following the application of the illiquidity premium circular (*)	-	-	-	-	(66)
Total decrease in liabilities on retention in life insurance segment	**(495)**	**-**	**(217)**	**(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	-	(198)	-	(198)	(204)
Other	-	19	-	19	(23)
Effect of updating assumptions on the mortality and morbidity rates:					
LAT	-	293	-	293	293
Other	-	(121)	-	(121)	(42)
Change in the LAT reserve following a change in the discount rate (**)	(753)	54	(133)	30	429
Change in the LAT reserve following application of the illiquidity premium circular (*)	-	-	-	-	(298)
Total increase (decrease) in liabilities on retention in health insurance segment	**(753)**	**47**	**(133)**	**23**	**293**
P&C insurance segment:					
Change in discount rate (**)	(68)	(8)(***)	(70)	(7)(***)	(8)(***)
Total decrease in liabilities on retention in P&C insurance segment	**(68)**	**(8)**	**(70)**	**(7)**	**(8)**
Total increase (decrease) in liabilities on retention before tax	**(1,316)**	**39**	**(420)**	**11**	**185**
Total increase (decrease) in liabilities on retention, after tax	**(869)**	**26**	**(277)**	**7**	**122**

(*) 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 2021 consolidated annual financial statements.

(**) This effect includes the change in the excess of value of illiquid assets, and the effect of the classification of NIS 80 million in excess of value of illiquid assets in the second quarter of 2022, from the health insurance and capital subsegments to the P&C insurance subsegment. As to the effect of the excess of value of illiquid assets in the health insurance subsegment, see also Note 1E above.

(***) Reclassified.

NOTE 8 – 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 June 30, 2022, management fees that were not collected due to the negative real return and until accumulative positive return is achieved amounted to NIS 507 million before tax. In addition, the slumps in capital markets also had an adverse effect on the Company's liquid nostro investments portfolio; on the other hand, 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. The effect of the increase in interest rates has offset most of the impact of the slumps in capital markets. For further details about the impact of interest, please see Section A above.

For information concerning the effect of interest and the rise in financial markets subsequent to balance sheet date, see Note 9A 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, 2022 (Ref. Nos.: 2021-01-107986, 2022-01-004077).

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 8 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

E. On January 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. Gama 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:

- 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.

NOTE 8 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

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 during 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 shares of Gama 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 (Ref. Nos.: 2022-01-034830 and 2022-01-034836).

K. 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 for this series. Also, on May 1, 2022, Maalot announced that it was reiterating the ilAA- rating for this series. 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.

L. 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. As a result of the sale, the Company recognized in the reporting period a pre-tax profit of NIS 14 million.

M. 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.

NOTE 8 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

N. 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.

O. Spread transactions in Excellence

Excellence performs spread transactions involving financial instruments; the said transactions are presented at fair value through profit or loss. Those transactions are presented in the Company's books of account at their gross amount. Spread transactions include derivatives, underlying assets, credit and deposits, which are managed by the Company as a single financial transaction, whose purpose is to fix the spread with no exposure to market risk or third-party credit risk. These transactions are normally conducted with banking corporations with a maximum ILAAA rating, in dedicated accounts that the bank may offset against one another. As of the financial statements date, the income generated from the said spread transactions is immaterial.

In view of the increase in this activity, the Company is currently assessing the option of entering into an agreement with the bank in connection therewith; such an agreement will be in line with the transaction's characteristics as a single transaction settled on a net cash flow basis. As of June 30, 2022, the balance of deposits backing the financial liabilities due to short sale amounts to NIS 1.5 billion.

P. On June 9, 2022, the Company (through Excellence Investments) entered into an agreement with three partners, Mr. Eyal Greenbaum, Mr. Ehud Toibin, and Mr. Yoav Fogel (all of whom have background and experience in the field of underwriting) for the establishment of a new underwriting company (hereinafter - the "Underwriting Company"). In accordance with the terms of the agreement, the Company will hold (indirectly) 19.99% of the new Underwriting Company's issued and paid-up share capital and voting rights, and the remaining rights shall be held by the above-mentioned partners. The above-mentioned transaction is subject to conditions precedent, including the fulfillment of the requirements and conditions for obtaining an underwriter license and registering with the underwriters registry of the Israel Securities Authority in accordance with the Securities Regulations (Underwriting), 2007 (hereinafter - the "Underwriting Regulations").

Subject to the completion of the transaction as stated above, the Company will use its means of control to cause Excellence Nessuah Underwriting (1993) Ltd. to stop serving as an active underwriter, as this term is defined in the Underwriting Regulations. As of the report date, the conditions precedent have not yet been fulfilled.

NOTE 9 – SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

A. Further to what is stated in Note 8B, during the period from reporting date through the financial statements publication date, financial markets in Israel and globally have rallied; this was offset against the decline in the value of the yield-dependent policies and the assets of provident funds and pension funds. Therefore, the estimated management fees which were not collected due to negative real yield, as of the report publication date, amounted to approximately NIS 421 million (pre-tax). However, at this stage it is impossible to estimate the effect of the rallies in financial markets on the results in the third quarter of 2022 and on the economic solvency ratio. 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.

B. On June 26, 2022, Gama offered, through a shelf offering report, 13,107,120 ordinary shares of the Company NIS 0.01 par value each to shareholders of Gama, who held the securities conferring the rights on July 3, 2022, through 2,621,424 right units. The shares were issued by way of issuance of rights, such that each holder of 21 securities that confer rights on July 3, 2022, was entitled to acquire one right unit comprised of 5 ordinary shares of the Company at a price of NIS 45.8 per unit (NIS 9.16 per one share). Through the rights exercise deadline - July 18, 2022 - the Company received announcements regarding the exercise of 2,609,152 units for the acquisition of 13,045,759 ordinary shares of the company, which constitute approx. 99.5% of the total shares offered in the shelf offering report. In consideration for the exercise of the above right units as stated above, Gama received a total of NIS 119.5 million. The entire issuance proceeds will be used to develop the company's businesses and fund its operating activities. The company's controlling shareholder, The Phoenix Investments, exercised all of its rights to acquire shares as per the shelf offering report, and its stake in the company increased at an immaterial rate as a result of the acquisition of rights in the issuance, such that as of the date of this report its stake in the company is 61%. For information in connection with this matter, see Gama's immediate reports of June 26, 2022, July 19, 2022, and July 20, 2022 (Ref. Nos.: 2022-01-075996, 2022-01-064965, 2022-01-076500).

C. On August 24, 2022, the company's Board of Directors approved a dividend distribution in the amount of NIS 160 million in respect of the profits for the 6-month period ended June 30, 2022. The dividend per share of NIS 1 par value is NIS 0.63659. The record date for the distribution will be September 4, 2022; the dividend will be paid on September 12, 2022.

D. On August 23, 2022, the Company published a shelf prospectus, which is dated August 24, 2022; for more information, see immediate report of August 23, 2022 (Ref. No.: 2022-01-107446).

E. On July 27, 2022, The Phoenix Insurance raised, through The Phoenix Capital Raising, a total of NIS 400 million as part of a public placement (by way of issuance of a new series and expansion of an existing series) of Series M bonds at the total amount of NIS 200 million (of bonds of NIS 1 p.v. each), and Series K bonds at the total amount of NIS 200 million (of NIS 1 p.v. each) (hereinafter- the "Bonds"). The Bonds were issued in accordance with a shelf prospectus of The Phoenix Capital Raising of August 16, 2019, whose term was extended through August 15, 2022, in accordance with a permit issued by the Israel Securities Authority. The Bonds were rated by Midroog at Aa3.il with a stable outlook, and by Maalot at -ilAA. The repayment date of the Series M bonds is October 31, 2032. The Company shall have the right to execute full or partial early redemption of the Series M Bonds on October 31, 2028 (hereinafter - the "Record Date for Additional Interest") when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice; if partial or full early redemption of the Series M Bonds will not be executed, then the Bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Record Date for Additional Interest through the repayment date of the Series M Bonds. The Series M Bonds shall bear the Bank of Israel's quarterly variable interest plus a 1.75% annual margin. The first installment will be paid in October 2022.

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.

NOTE 9 – SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE (cont.)

F. On August 23, 2022, Midroog affirmed The Phoenix Insurance's rating at Aa1.il with a stable outlook. Furthermore, Midroog affirmed at the rating of the Series E, F, H, I, J, K, L and M Bonds, which were raised through The Phoenix Capital Raising, at Aa3.il with a stable outlook, and the rating of Series D Bonds of The Phoenix Insurance at Aa2.il with a stable outlook. For further details, please see the immediate report of The Phoenix Capital Raising dated August 23, 2022 (Ref. No.: 2022-01-107500).

G. In connection with class actions filed and developments in lawsuits after the balance sheet date, please see Note 7 above.

Details of assets for assets and other financial investments

A. Details of other financial investments

	June 30, 2022			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (a1)	380,954	5,931,293	-	6,312,247
Illiquid debt assets	-	-	14,106,324	14,106,324
Shares (a2)	-	2,144,175	-	2,144,175
Other (a3)	433,597	3,924,439	-	4,358,036
Total	814,551	11,999,907	14,106,324	26,920,782

	June 30, 2021			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (a1)	157,315	7,010,047	-	7,167,362
Illiquid debt assets	-	-	12,248,364	12,248,364
Shares (a2)	-	2,570,777	-	2,570,777
Other (a3)	527,881	3,156,656	-	3,684,537
Total	685,196	12,737,480	12,248,364	25,671,040

	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) (*)	236,367	7,136,770	-	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	908,446	13,468,227	12,346,143	26,722,816

(*) Reclassified.

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

a1. Liquid debt assets

	June 30, 2022	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	2,717,777	2,805,869
Other debt assets:		
Other non-convertible debt assets	3,213,516	3,230,546
Other convertible debt assets	380,954	410,952
Total liquid debt assets	6,312,247	6,447,367
Impairments carried to profit and loss (cumulative)	356,873	

	June 30, 2021	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	4,071,847	4,046,080
Other debt assets:		
Other non-convertible debt assets (*)	2,938,200	2,661,023
Other convertible debt assets (*)	157,315	145,372
Total liquid debt assets	7,167,362	6,852,475
Impairments carried to profit and loss (cumulative)	86,162	

(*) Reclassified.

	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 (*)	3,211,538	2,960,183
Other convertible debt assets (*)	236,367	231,789
Total liquid debt assets	7,373,137	6,930,684
Impairments carried to profit and loss (cumulative)	81,553	

(*) Reclassified.

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

a2. Shares

	June 30, 2022	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	1,671,274	1,365,837
Illiquid shares	472,901	288,885
Total shares	2,144,175	1,654,722
Impairments carried to profit and loss (cumulative)	280,643	

	June 30, 2021	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	2,104,837	1,603,626
Illiquid shares	465,940	229,965
Total shares	2,570,777	1,833,591
Impairments carried to profit and loss (cumulative)	175,809	

	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

	June 30, 2022	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	572,658	514,615
Total illiquid financial investments	3,785,378	2,651,937
Total other financial investments	4,358,036	3,166,552
Impairments carried to profit and loss (cumulative)	205,570	

	June 30, 2021	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	714,486	632,229
Total illiquid financial investments	2,970,051	2,258,378
Total other financial investments	3,684,537	2,890,607
Impairments carried to profit and loss (cumulative)	121,812	

	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	

Phoenix

Part 3

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

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Building a better
working world

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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 June 30, 2022, and for the six and three months periods then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion 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 860,273 thousand as of June 30, 2022, and the Company's share in of their earnings amounted to approximately NIS 16,204 thousand and NIS 16,862 thousand for the six and three months periods then ended, respectively. The separate interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and 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,
August 24, 2022

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	As of		
	Jun. 30, 2022	Jun. 30, 2021	Dec. 31, 2021
	Unaudited		Audited
	NIS thousand		
Assets			
Investments in investees	9,381,481	8,757,186	9,353,800
Loans and capital notes to investees	703,950	1,357,394	701,740
Total non-current assets	10,085,431	10,114,580	10,055,540
Other financial investments	982,081	20,152	946,470
Other receivables	10,565	26	16,839
Current tax assets	31	13,039	31
Cash and cash equivalents	105,710	49,431	109,922
Total current assets	1,098,387	82,648	1,073,262
Total assets	11,183,818	10,197,228	11,128,802
Equity attributable to Company's shareholders			
Share capital	310,514	310,059	310,323
Premium on shares and capital reserves	845,296	839,186	849,309
Treasury shares	(155,628)	(93,271)	(99,769)
Capital reserves	934,615	1,139,769	1,261,509
Surplus	7,773,062	6,489,114	7,331,992
Total equity	9,707,859	8,684,857	9,653,364
Liabilities			
Non-current liabilities			
Bonds	1,417,883	1,391,996	1,129,848
Current liabilities			
Payables and credit balances	4,796	11,307	11,448
Liability in respect of deferred taxes	18,600	22,399	18,479
Bonds	34,680	86,669	315,663
Total current liabilities	58,076	120,375	345,590
Total liabilities	1,475,959	1,512,371	1,475,438
Total equity and liabilities	11,183,818	10,197,228	11,128,802

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

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

Date of approval of the financial statements - August 24, 2022

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited		Unaudited		Audited
	NIS thousand				
Company's share in the profits of investees, net of tax	840,839	919,745	172,613	611,574	1,900,306
Investment income, net and finance income	55,302	35,517	31,351	22,955	117,198
Income from management fees of investees	1,500	1,500	750	750	3,000
Total income	897,641	956,762	204,714	635,279	2,020,504
General and administrative expenses	5,437	9,352	2,415	7,355	8,703
Finance expenses	32,241	19,158	17,433	15,076	47,105
Total expenses	37,678	28,510	19,848	22,431	55,808
Profit for the period attributed to the Company’s owners	859,963	928,252	184,866	612,848	1,964,696

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

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	NIS thousand				
Net income for the period	859,963	928,252	184,866	612,848	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	(673)	3,541	(710)	1,878	4,460
Gains (losses) net from disposal of financial assets classified as available for sale, carried to the income statement	87	(1,008)	9	(1,008)	(4,495)
Impairment loss of financial assets classified as available for sale, carried to the income statement	110	-	110	-	-
The Group's share in other comprehensive income of equity-accounted investees	(323,030)	-	(323,623)	-	24,282
Taxes on income relating to components of other comprehensive income	(121)	-	137	-	-
Total components of income (loss) items, subsequently reclassified to profit or loss	(323,627)	2,533	(324,077)	870	24,247
Amount that will not be subsequently reclassified to profit or loss					
The Group's share in other comprehensive income of equity-accounted investees	597	222,057	324,121	183,218	327,092
Other comprehensive income (loss) for the period, net	(323,030)	224,590	44	184,088	351,339
Total comprehensive income for the period	536,933	1,152,842	184,910	796,936	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	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
						NIS thousand					
Balance on 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	-	-	-	859,963	-	-	-	-	-	-	859,963
Other comprehensive income (loss)	-	-	-	593	-	-	-	-	18,823	(342,446)	(323,030)
Total comprehensive income (loss)	-	-	-	860,556	-	-	-	-	18,823	(342,446)	536,933
Share-based payment	-	(4,993)	-	-	-	-	10,035	-	-	-	5,042
Acquisition of treasury shares	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)
Exercise of employee options	191	980	-	-	-	-	(1,171)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,514	-	-	-	(1,514)	-	-	-
Dividend (see Note 8G to the Consolidated Financial Statements)	-	-	-	(421,000)	-	-	-	-	-	-	(421,000)
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	1,379	-	-	-	-	-	1,379
Acquisition of non-controlling interests	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)
Balance as of June 30, 2022 (unaudited)	310,514	845,296	(155,628)	7,773,062	(56,276)	11,000	60,516	129,840	(23,123)	812,658	9,707,859

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

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance as of January 1, 2021 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922
Net income	-	-	-	928,252	-	-	-	-	-	-	928,252
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(2,495)	227,085	224,590
Total comprehensive income (loss)	-	-	-	928,252	-	-	-	-	(2,495)	227,085	1,152,842
Dividend	-	-	-	(380,000)	-	-	-	-	-	-	(380,000)
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,108	-	-	-	(1,108)	-	-	-
Share-based payment		4,638	-	-	-	-	4,315	-	-	-	8,953
Acquisition of treasury shares	-	-	(66,860)	-	-	-	-	-	-	-	(66,860)
Exercise of employee options	108	956	-	-	-	-	(1,064)	-	-	-	-
Balance as of June 30, 2021 (unaudited)	310,059	839,186	(93,271)	6,489,114	(43,622)	11,000	48,194	113,506	(25,833)	1,036,524	8,684,857

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

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
						NIS thousand					
Balance as of April 1, 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
Net income for the period	-	-	-	184,866	-	-	-	-	-	-	184,866
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	16,416	(16,372)	44
Comprehensive income (loss)	-	-	-	184,866	-	-	-	-	16,416	(16,372)	184,910
Share-based payment	-	(6,568)	-	-	-	-	4,562	-	-	-	(2,006)
Exercise of employee options	148	733	-	-	-	-	(881)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	817	-	-	-	(817)	-	-	-
Allocation of shares of a consolidated subsidiary to minority interests	-	-	-	-	1,132	-	-	-	-	-	1,132
Acquisition of non-controlling interests	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)
Balance as of June 30, 2022 (unaudited)	310,514	845,296	(155,628)	7,773,062	(56,276)	11,000	60,516	129,840	(23,123)	812,658	9,707,859

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

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance as of April 1, 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
Net income	-	-	-	612,848	-	-	-	-	-	-	612,848
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(3,552)	187,640	184,088
Total comprehensive income (loss)	-	-	-	612,848	-	-	-	-	(3,552)	187,640	796,936
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	554	-	-	-	(554)	-	-	-
Share-based payment	-	1,003	-	-	-	-	2,001	-	-	-	3,004
Acquisition of treasury shares	-	-	(66,860)	-	-	-	-	-	-	-	(66,860)
Exercise of employee options	98	859	-	-	-	-	(957)	-	-	-	-
Balance as of June 30, 2021 (unaudited)	310,059	839,186	(93,271)	6,489,114	(43,622)	11,000	48,194	113,506	(25,833)	1,036,524	8,684,857

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

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance as of January 1, 2021 (audited)	309,951	833,592	(26,411)	5,939,754	(43,622)	11,000	44,943	114,614	(23,338)	809,439	7,969,922
Net 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 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 six months ended June 30 2022	2021	For the three months ended June 30 2022	2021	For the year ended December 31 2021
		Unaudited		Unaudited		Audited
		NIS thousand				
Cash flows for operating activities						
Gain		859,963	928,252	184,866	612,848	1,964,696
Adjustments required to present cash flows for operating activities	(a)	(869,932)	(934,374)	(199,048)	(639,034)	(1,986,532)
Net cash used for operating activities of the Company		(9,969)	(6,122)	(14,182)	(26,186)	(21,836)
Cash flows from investing activities:						
Loans and capital notes repaid by subsidiaries		5,125	-	5,125	-	70,505
Dividend from investees		500,000	538,000	500,000	538,000	1,063,000
Net sales of financial investments of the Company		10,627	7,319	3,622	14,244	19,888
Investment in investees		(14,925)	(275,000)	(14,925)	-	(275,000)
Loans and capital notes provided to investees		-	(156,633)	-	(63,000)	(428,633)
Net cash from investing activities		500,827	113,686	493,822	489,244	449,760
Cash flows from financing activities						
Dividend paid to shareholders		(421,000)	(380,000)	(421,000)	(380,000)	(580,000)
Share buyback by the Company		(55,859)	(66,860)	-	(66,860)	(73,358)
Repayment of bonds		(315,159)	-	(34,220)	-	(53,371)
Issuance of bonds (less issuance expenses)		296,948	348,457	-	-	348,457
Net cash used in financing activities		(495,070)	(98,403)	(455,220)	(446,860)	(358,272)
Increase (decrease) in cash and cash equivalents		(4,212)	9,161	24,420	16,198	69,652
Balance of cash and cash equivalents at beginning of period		109,922	40,270	81,290	33,233	40,270
Balance of cash and cash equivalents at end of period		105,710	49,431	105,710	49,431	109,922

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

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	NIS thousand				
(a) **Adjustments required to present cash flows (for) from operating activities:**					
Items not involving cash flows:					
Profits from financial investments, net	(46,714)	(1,952)	(26,294)	(1,670)	(62,354)
Income and expenses not involving cash flows:					
Accrued interest and appreciation of bonds	25,263	11,670	12,534	11,015	31,887
Company's share in the profits of investees, net	(840,839)	(919,745)	(172,613)	(611,574)	(1,900,306)
Changes in other balance sheet line items, net:					
Change in other receivables	6,318	(6,721)	(6,647)	(11,592)	(10,456)
Change in payables and credit balances	(6,652)	5,352	(1,658)	(2,561)	(13,490)
Changes in loans to investees	(7,308)	(8,655)	(4,370)	(8,329)	(13,565)
Cash paid and received during the period for:	-	-	-	-	-
Taxes paid, net	-	(14,323)	-	(14,323)	(18,248)
Total cash flows for operating activities	(869,932)	(934,374)	(199,048)	(639,034)	(1,986,532)

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 June 30, 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 totaling NIS 500 million; the dividend was paid on April 5, 2022.

B. For other material events during the reporting period, please see Note 8 to the Consolidated Financial Statements.

NOTE 3 – SUBSEQUENT EVENTS

A. On August 24, 2022, The Phoenix Insurance's board of directors approved a dividend distribution totaling NIS 115 million; the dividend is scheduled to be paid on September 7, 2022.

B. For further details regarding material subsequent events, please see Note 9 to the Consolidated Financial Statements.

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Building a better
working world

August 24, 2022

To
<u>The Board of Directors of The Phoenix Holdings Ltd. (hereinafter - the "Company")</u>

Dear Madam/Sir,

Re: Shelf Prospectus of The Phoenix Holdings Ltd. (hereinafter - the "Shelf Prospectus") published on August 24, 2022

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports outlined below in a shelf offering based on the Shelf Prospectus:

1. The Review Report dated August 24, 2022, on the Condensed Consolidated Financial Information of The Phoenix Holdings Ltd. as of June 30, 2022, and for the six-month and three-month periods then ended.

2. Special report dated August 24, 2022, on the Standalone Interim Financial Information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 of The Phoenix Holdings Ltd. of The Phoenix Holdings Ltd. as of June 30, 2022, and for the six-month and three-month periods then ended.

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Phoenix

Part 4

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

Quarterly Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure in accordance with Regulation 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 quarterly report on the effectiveness of internal control over financial reporting and the disclosure attached to the quarterly report for the period ended March 31, 2022 (hereinafter - the "Last Quarterly Internal Control Report"), the internal control was found to be effective.

As of the report date, the Board of Directors and management have not been informed of any event or matter that may alter the assessment of the effectiveness of internal control, as presented in the Most Recent Annual Report Over Internal Control.

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

Certification
Statement of the 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 second 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.

August 24, 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 second 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.

August 24, 2022

Eli Schwartz, EVP, CFO

Phoenix

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 June 30, 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.

August 24, 2022

Eyal Ben Simon, Chief Executive Officer

The Phoenix Insurance Company Ltd.
Certification

I, Eli Schwartz, hereby certify that:

1. I have reviewed the quarterly report of The Phoenix Insurance Company Ltd. (hereinafter - the "Company") for the quarter ended June 30, 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.

August 24, 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".