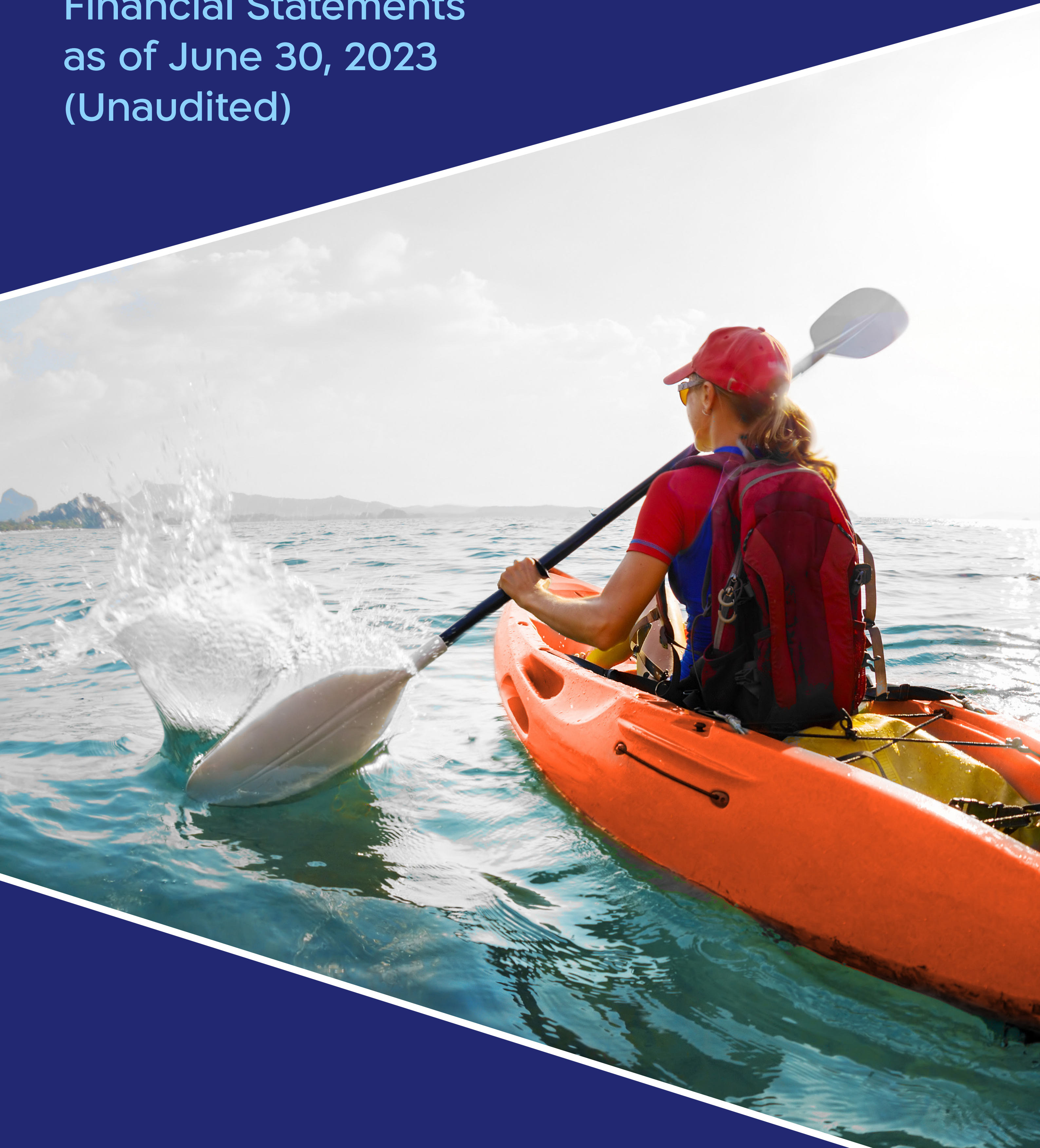
Phoenix

The Phoenix Holdings Ltd.

Consolidated Interim Financial Statements as of June 30, 2023 (Unaudited)



Members of the Board

Benjamin Gabbay - Chairman

Ben Langworthy

Dr. Ehud Shapira (Independent Director)

Eliezer Yones

Rachel Levine (External Director)

Richard Kaplan (External Director)

Roger Abravanel

Stella Amar Cohen

Itzhak Shukri 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 as of June 30, 2023

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, 2023, outlines the principal changes in the Company's operations in the period from January through June 2023 (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 2023 as well as the full 2022 periodic report (hereinafter - the "**Periodic Report**").

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

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

1.1. Group structure

The Company's shareholders

The controlling shareholder of the Company is Belenus Lux S.à.r.l. (hereinafter - "**Belenus**"), which is held indirectly, through a number of companies, by two global funds - Centerbridge Partners LP and Gallatin Point Capital LLC. Centerbridge Partners LP is controlled by CCP III Cayman GP Ltd. and Gallatin Point Capital LLC is controlled by Matthew Botein, Lewis (Lee) Sachs.

In December 2022, the Company reported that a consortium of investors from the United Arab Emirates alongside other international investors are assessing the option of acquiring the control core in the Company from Belenus, and the parties' signing a memorandum of understanding. In July 2023, the Company reported that the parties reached a mutual understanding regarding the cancellation of the memorandum of understanding, and a concurrent execution of a transaction for the sale of shares by Belenus to the consortium, while retaining a stake of at least 30% of its shares on a fully diluted basis.

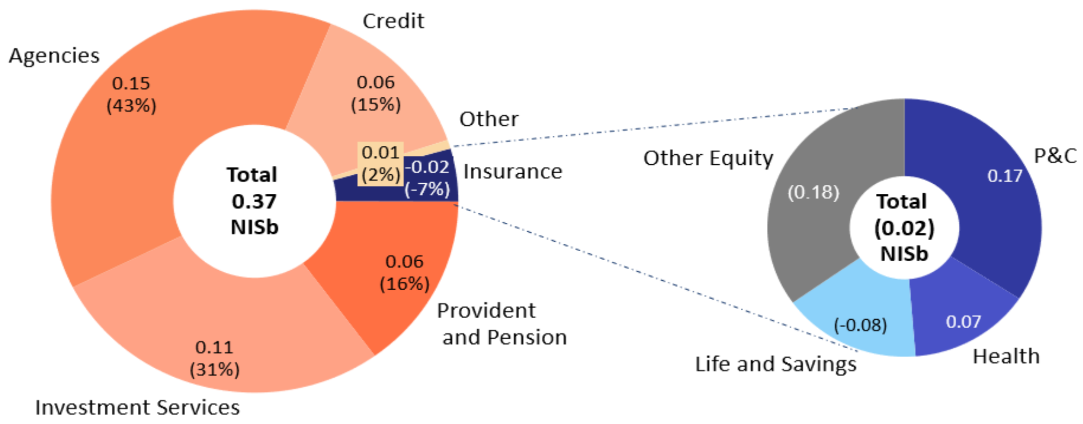
On August 14, 2023, a transaction for the sale of 2% of the Company's shares to a company controlled by an investor from the United Arab Emirates was completed, and as of the report's publication date Belenus holds 31.15% of the Company's shares.

For further details, please see reports dated December 13, 2022, July 23, 2023 and August 15, 2023 (Ref. Nos.: 2022-01-150541, 2023-01-068953 and 2023-01-075799, respectively).

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 2022 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:



* 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 Group is engaged in four core areas of activity: insurance, asset management, credit and distribution, which are divided into seven reporting segments in the financial statements (property and casualty insurance, health insurance, life insurance and savings, asset management - pension and provident, asset management - financial services, insurance agencies and credit). As of the report date, the Group has NIS 406 billion in assets under management. In the **insurance** business, the Company operates through The Phoenix Insurance Company Ltd; in the **asset management** business, the Company operates through The Phoenix Pension and Provident Ltd., The Phoenix Investment House Ltd.,[1] and The Phoenix Advanced Investments Ltd.; in its **credit** business, the Company operates mainly through Gama Management and Clearing Ltd. - a publicly-traded company, whose controlling shareholder is the Company.[2]In its **distribution** activity through The Phoenix Agencies 1989 Ltd., and the agencies owned and held by The Phoenix Agencies.[3]

1.3. Developments in the Group in the reporting period and thereafter

1.3.1. 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 3.25% to 4.75%. Furthermore, in the reporting period, the shekel yield curve increased, and on the other hand the illiquidity premium decreased by 0.16%, which led to a decrease in the discount rate and a negative effect on the financial statements. Changes in the shekel interest rate curve affect both the Company's financial results and The Phoenix Insurance's solvency ratio; in accordance with the provisions for calculating the solvency ratio, the illiquidity premium is not used.

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[1] Formerly Excellence Investment House.

[2] For information about the tender offer for the acquisition of the entire stake in Gama, see Section 1.3.9 below.

[3] For further details regarding the restructuring in The Phoenix Agencies, see Section 1.3.10 below.

The capital market - during the reporting period, there was volatility in financial markets in Israel and across the world. These changes affected 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 2.2%. The increase in inflation rates has an adverse effect both on the Company's financial results, and on The Phoenix Insurance's solvency ratio.

In the period subsequent to the reporting date through immediately prior to the financial statements publication date, financial markets in Israel and across the world continued to be volatile, the Bank of Israel did not raise the interest rate, and inflation continued to rise concurrently with expectations of a decrease in inflation in Israel and globally in 2023.

For more information regarding the effects of changes in the interest rate curve, the capital market and inflation rates on the Company's financial results, see Section 4.4.5 in the Description of the Corporation's Business chapter, and Note 41 to the financial statements for 2022. 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 Section 8 in The Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2022.

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.

1.3.2. The legal reform

In recent months, there has been uncertainty regarding the government's plans to promote changes in the judicial system, and the growing public controversy surrounding this move. During January 2023, the government began promoting a plan to make fundamental changes in the legal system in Israel, which led to controversy and widespread public protests. In July 2023, protesters intensified their protest against the legislation of the Basic Law: The Judiciary (Amendment No. 3) - Abolishing the Standard of Reasonableness, which was passed by the Knesset on July 24, 2023. Against the backdrop of promoting the changes in the judiciary, in April 2023, Moody's - the international rating agency - published Israel's credit rating, leaving the rating unchanged at A1, and changing the credit rating outlook from "positive" to "stable" following its assessments regarding developments that will arise from the implementation of the changes. In May 2023, S&P - the international rating agency published Israel's credit rating. S&P reiterated Israel's AA- rating with a stable outlook, based on the assumption that agreement will be reached regarding the reform in the legal system.

In July 2023, immediately prior to the revocation of the standard of reasonableness, Moody's and S&P published special reports in response to the legislation of the law for the abolishment of the standard of reasonableness, which emphasized the risks and the concerns regarding potential adverse effects on the Israeli economy, which might arise from further unilateral legislation. However, no changes were made to the rating of the State of Israel and/or its rating outlook. In addition, credit rating agency Fitch reiterated Israel's credit rating at A+ and the rating outlook at "stable", but also issued a warning regarding further future developments.

At this stage the Company is unable to assess future developments, or the effect of those events on the Israeli economy in general and the Company's activity in particular.

The insurance activity

1.3.3. Completing the listing of restricted Tier 1 capital of The Phoenix Insurance

In August 2021, The Phoenix Insurance issued - through The Phoenix Capital Raising (2009) Ltd. (hereinafter - "The Phoenix Capital Raising") subordinated bonds to institutional entities and to the Company. The subordinated bonds were recognized by the Commissioner as an Additional Tier 1 capital instrument of The Phoenix Insurance, and listed by The Phoenix Capital Raising for trade on the TACT Institutionals trading platform operated by the TASE.

In April 2023, The Phoenix Capital Raising fulfilled the conditions for listing the subordinated bonds on the main list of the TASE, and at the beginning of May 2023 trading of the subordinated bonds on the main list started. In accordance with the provisions of the deed of trust, the interest in respect of the subordinated bonds was reduced by 0.2% from 2.29% to 2.09%.

As part of the listing on the main list, The Phoenix Insurance undertook to publish data in connection with its economic solvency ratio on a quarterly basis in respect of the quarter preceding the reporting date. For further details, please see Section 2.1.3 below.

For more information in connection with the issuance of the subordinated bonds and their listing on the main list, see the Company's immediate reports dated August 2, 2021, August 3, 2021 August 8, 2021, April 24, 2023 and May 3, 2023 (Ref. Nos.: 2021-01-060658, 2021-01-061159, 2021-01-062515, 2023-01-038554 and 2023-01-040573, respectively).

1.3.4. Completion of a study regarding costs in connection with long-term health insurance coverage

As of the report date, the Company completed a study regarding costs in connection with long-term health insurance coverage (hereinafter - the "**Study**"). Following the Study, the Company recorded in its financial statements as of June 30, 2023, a NIS 59 million pre-tax profit; for more information, see Note 8(a)4 to the financial statements.

1.3.5. FNX Private

As from 2011, The Phoenix Insurance and The Phoenix Pension and Provident (hereinafter - the "**Companies**") operate - together with Saifa Management Services (2013) Ltd. (hereinafter - "**Saifa**") - the "FNX Private" venture (hereinafter - "FNX Private"), which is engaged in the development, adaptation, marketing and direct marketing (rather than through external insurance agents) of The Phoenix's self-directed policies and provident funds (IRA). These are customized services and products with unique characteristics, which are mainly suitable to wealthy customers (hereinafter - the "**Venture**"). Each of the companies' share in the Venture is 50%. In the first quarter of 2023, the Companies and Saifa, entered into an agreement for the incorporation of the Venture as separate legal entities, such that the Companies will continue holding 50% of the joint Venture. In accordance with the Circular on Allocation of Non-Marketable Assets, The Phoenix Insurance carried out a valuation of FNX Private's activity in relation to The Phoenix's self-directed insurance products; the valuation was conducted by an independent external appraiser. In accordance with the valuation, The Phoenix Insurance recognized, during the first quarter of

2023, a pre-tax earning of NIS 113 million from revaluation of excess fair value of the illiquid assets against the LAT reserve in the health insurance segment.
In June 2023, the companies signed an agreement for assuming control over the partnerships of the FNX Private venture; as a result of assuming control over the said venture's partnerships, in the second quarter, the companies recorded a post-tax one-off profit of NIS 129 million; on the other hand, The Phoenix Insurance deducted the profit from revaluation of excess fair value of illiquid assets, which was recognized against the LAT reserve in the first quarter of the reporting period, as stated above.

The asset management activity

1.3.6. Acquisition of assets under management from Psagot Investment House

A. In January 2023, an agreement was signed between KSM Mutual Funds Ltd. (hereinafter - "**KSM**") and Psagot Mutual Funds Ltd. (hereinafter - "**Psagot Funds**"), according to which KSM will acquire from Psagot Funds, in an asset transaction, part of its mutual funds activity, with assets under management of NIS 17.1 billion in consideration for NIS 260 million (hereinafter, respectively - the "**Funds Agreement**" and the "**Sold Funds**").
In July 2023, following discussions regarding the Transaction held with the Israel Competition Authority, the parties received the Israel Competition Authority's position regarding the parties' suggestion to enter into an alternative transaction that includes changes to the sold assets and the consideration compared to the Funds Agreement (hereinafter - the "**Alternative Transaction**"), whereby the Israel Competition Authority will not demand the filing of merger notices in respect of the Alternative Transaction, and therefore the Competition Commissioner (hereinafter - the "**Commissioner**") or the Israel Competition Authority will not take enforcement measures in respect of its execution. The total assets under management that will be acquired in the Alternative Transaction shall stand at NIS 11.1 billion, in consideration for NIS 200 million, instead of the total assets under management and consideration under the Funds Agreement. For further information in connection with an agreed order pursuant to Section 50B to the Economic Competition Law, 1998, see immediate report of July 13, 2023 (Ref. No.: 2023-01-066511).

As of the report publication date, the parties completed the alternative transaction.For further details, please see the immediate report dated July 13, 2023 (Ref. No.: 2023-01-066511).

B. Furthermore, The Phoenix Investment House and Psagot Securities Ltd. (hereinafter - "**Psagot Securities**") signed an agreement, which is independent and unconditional of and separate from the Funds Agreement; under the said agreement, The Phoenix Investment House will acquire the entire portfolio management activity of Psagot Securities, comprising assets under management of approx. NIS 8.1 billion (hereinafter - the "**Portfolio Agreement**"), in consideration for NIS 50 million. As of the report publication date, the entire consideration in respect of the Portfolio Agreement was paid, and all economic rights and liabilities in respect of the activity were transferred to The Phoenix Investment House. The parties applied to the Israel Competition Authority for its approval of the transaction and filed a motion with the court in accordance with Section 350 to the Companies Law, 1999.

In June 2023, the parties agreed an amendment to the Portfolio Agreement whereby the Court's approval in accordance with Section 350 to the Companies Law, 1999, is not a condition precedent to the completion of the transaction. In view of the above, the Company announces that the conditions precedent set in the Portfolio Agreement were fulfilled and the transaction was completed. The actual transfer of the holding in the assets and liabilities sold under the Portfolio Agreement shall be carried out on the Court's approval date or on the date on which the holding thereof shall be transferred to The Phoenix Investment House by way of independent transfer of the portfolio management customers in accordance with the law.

The consideration in respect of the agreements was funded through a loan advanced by the Company to The Phoenix Investment House, further to the expansion of the Series 6 Bonds, that was carried out in January 2023, and the remaining amount will be funded through a loan KSM will take from a financial institution.

For further details regarding the above, please see immediate reports dated January 19, 2023 and July 2, 2023 (Ref. Nos.: 2023-01-009285 and 2023-01-061972).

1.3.7. The Phoenix Pension and Provident Fund

A. Closing down of the retail unit

In May 2023, The Phoenix Insurance closed the activity of the retail unit, which employs 120 employees. This move is part of the promotion of the Company's strategy to cut costs on the one hand, and enhance and develop it distribution channels on the other hand.

B. Loan and credit facility guaranteed by the Company

As part of a strategy for efficient and effective management of the capital at the Group level, in June of 2023 The Phoenix Pension and Provident approved a NIS 330 million loan and a NIS 150 million credit facility from a financial institution in order to refinance an internal debt of The Phoenix Pension and Provident to The Phoenix Insurance and to the Company; the debt arises from the rapid growth in the activity of The Phoenix Pension and Provident. To secure the repayment of the loan and credit facility, the Company provided a guarantee to the financial institution.

1.3.8. The discontinuance of the operations of The Phoenix Value P2P Limited Partnership (formerly - Halman-Aldubi I2P1 Limited Partnership).

In July 2023, The Phoenix Value P2P Limited Partnership (hereinafter - the "**Partnership**") - a publicly-traded limited partnership, whose general partner is The Phoenix Value P2P General Partner Ltd. - which merged into The Phoenix as part of its merger with Halman Aldubi Investment House Ltd., in which the Company has an indirect stake of 47.5% (hereinafter - the "**General Partner**"), announced that the General Partner's Board of Directors decided that it is in the best interest of all holders of participation units in the Partnership (hereinafter - the "**Investors**") to take action to discontinue the Partnership's operations in accordance with the provisions of the partnership agreement, such that the Partnership will stop executing investments in the form of acquisition of new loans, and other the other hand will take steps to distribute to investors the funds that will be received in respect of the existing loans included in the Partnership's portfolio of assets; the Partnership reported that during the said period no success fees will be collected, and the amount of management fees that will be collected will not exceed the actual amount of expenses incurred by the General Partner. The Partnership's decision was made in view of the macro-economic conditions, their worsening and their impact on the Partnership's activity. The General Partner's decision to discontinue the Partnership's operations in accordance with the provisions of the partnership agreement was made based on the assessment that in the foreseeable period there will be no substantial changes in the macroeconomic conditions in the capital and interest markets across the world, and therefore the Partnership will find it difficult in the future to meet the return targets it has set; this, among other things, taking into account the scope of the cumulative redemption requests received by the Partnership, as well as in view of the continued uncertainty regarding the ability to raise additional funds for the Partnership in order to make new investments.

Accordingly, as from the date on which the decision was made, no new transactions will be executed by the General Partner in connection with the Partnership's portfolio of assets, no further funds will be raised for investment in the Partnership, and the Partnership's assets will be used by the General Partner to make payments in an equitable manner. After the completion of the above process, the Partnership will be wound-up, and accordingly it will stop being a reporting corporation.

Credit activity

1.3.9. Full tender offer in respect of Gama shares

In August 2023, The Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company (hereinafter - "The Phoenix Investments") published a full tender offer (whose validity is conditional upon the acquisition of all of the offerees' shares) to acquire all shares of Gama Management and Clearing Ltd. (hereinafter - "Gama").

As of the report's publication date, The Phoenix Investments holds 76.87% of Gama's shares. If the full tender offer will come to fruition, the consideration which The Phoenix Investments is expected to pay will amount to NIS 221 million. It should be clarified that it is uncertain whether the tender offer will, indeed, be completed successfully. For further details, please see the immediate report dated August 10, 2023 (Ref. No. 2023-01-074644).

The distribution activity

1.3.10. Restructuring - The Phoenix Agencies

A. In December 2022, the competent organs of The Phoenix Agencies and Agam Leaderim Holdings (2001) Ltd. (hereinafter - "**Agam Holdings**"), a company in which The Phoenix Agencies has a 60% stake, approved a merger offer between the two aforesaid companies, in accordance with a merger agreement under which Agam Holdings will be wound up and merged with and into The Phoenix Agencies in consideration for allotment of ordinary shares of The Phoenix Agencies that will be issued to the other shareholders of Agam Holdings, such that after the execution of the merger the Company will hold 80% of the shares of The Phoenix Agencies, and the other shareholders will hold the remaining shares. The merger was completed in June 2023. For more information, see the immediate reports dated June 11, 2023, and June 28, 2023 (Ref. Nos.: 2023-01-054346 and 2023-01-060460).

B. Furthermore, in May 2023, the Company and the other shareholders of Agam Holdings signed an agreement whereby, subject to the provisions of any law, immediately after the completion of the merger, The Phoenix Agencies shall distribute a dividend at an amount equal to the distributable profits for tax purposes, in accordance with The Phoenix Agencies' financial statements as of March 31, 2023; such profits are estimated at NIS 675 million (hereinafter - the "**Dividend Distribution**"), of which, as of the publication date of the financial statements, NIS 250 million was paid. In addition, it was decided that if The Phoenix Agencies will require shareholder loans in order to execute the Dividend Distribution, the Company and the other shareholders shall advance shareholder loans at a total maximum amount of up to NIS 500 million, based on their proportionate share in The Phoenix Agencies' issued share capital.

C. As part of the Company's strategy to unlock value in the activities of the Group's subsidiaries, the Company entered into an agreement with an international investment bank in order to assess the introduction of an international strategic investor as a partner in The Phoenix Agencies. As of the report publication date, the Company is negotiating with several global entities that have expressed their interest in investing in The Phoenix Agencies. At this stage, there is no certainty that the said transaction will come to fruition.

1.3.11. Dividend distribution

Distribution from The Phoenix Insurance to the Company

In August 2023, concurrently with the approval of The Phoenix Insurance's Financial Statements as of June 30, 2023, The Phoenix Insurance's Board of Directors decided to distribute a NIS 350 million dividend, at a rate higher than that set in the distribution policy, without detracting from its long-term dividend policy, and given the amount of the distributable profits and the solvency ratio rate of The Phoenix Insurance, and after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

Furthermore, the Board of Directors of The Phoenix Insurance also passed a decision as to a change in the minimum solvency ratio target, net of the transitional provisions, for purposes of dividend distribution from a 111% rate to a 115% rate.

Distribution of dividend by the Company to its shareholders

In August 2023, concurrently with the approval of the Company's Financial Statements as of June 30, 2023, 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,[10] totaling NIS 120 million and NIS 0.5 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 dividend distribution from subsidiaries, including from The Phoenix Insurance, as detailed above.

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

1.3.12. Award of options to employees and officers

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

In June 2023 and August 2023, the Company's Board of Directors approved the award of up to 3,211,588 options to employees and officers of the Company and its subsidiaries, exercisable into ordinary shares of the Company NIS 1.00 par value each, subject to adjustments, without cash consideration. In accordance with the Board of Directors' decision, out of the amount of 3,211,588 options allotted to offerees a total of 57,190 options were allotted to the Company's CEO. The award of options to the Company's CEO was approved in an extraordinary general meeting of the Company on August 2, 2023 (hereinafter - the "**Meeting**").

As part of the Meeting, the shareholders also approved the allocation of 78,771 (illiquid) options of The Phoenix Investment House Ltd. to the Company's CEO and 63,321 (illiquid) options to the Chairman of the Company's Board of Directors[11] in respect of their service as directors in The Phoenix Investment House Ltd. In the Compensation Committee and Board of Directors' reasons for the award of the options to the CEO and the Chairman of the Board of Directors, it is noted, among other things, that the Compensation Committee and Board of Directors believe that the award of the options, which are exercisable into The Phoenix Investment House's shares, and whose vesting depends on the latter's performances, plays an important role in the strengthening of the link between the Company's CEO and Chairman of the Board of Directors in their capacity as directors in The Phoenix Investment House, and the performances of the latter, and constitutes a proper incentive for their continued work and the fulfillment of their role in the future to achieve the objectives, targets and business and strategic plans of The Phoenix Investment House (and consequently also those of the Company). The Board of Directors of The Phoenix Investment House also approved the award of options to other officers and employees of The Phoenix group, which influence and contribute to the activity of The Phoenix Investment House. For further details, please see the immediate reports dated June 28, 2023, July 26, 2023 and August 2, 2023 (Ref. Nos.: 2023-01-060307, 2023-01-060334, 2023-01-072205513 and 2023-01-088974, respectively).

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

The Company continues to prepare for applying IFRS 17, in the Financial Statements of the Company and The Phoenix Insurance. During the second quarter, the Capital Markets Authority published a revised roadmap - third revision (hereinafter - the "Revised Roadmap"). Among other things, the Revised Roadmap postponed the first-time application to January 1 2025. Furthermore, the Revised Roadmap included a requirement for the Company to conduct several quantitative impact studies (hereinafter - "QIS"). Subsequent to the reporting date, the Company completed the first QIS regarding the calculation of the opening balances of selected portfolios on the transition date as of January 1, 2023.

For further details, please see Note 2(FF) to the 2022 Periodic Report. Regarding the deferral of the standard's application date, see Section 2.2.2 below.

[11] The award of the options to the Chairman of the Company's Board of Directors as part of the Meeting was subject to the approval of an amendment to the Compensation Policy, which was also presented for the Meeting's approval.

1.3.14. ESG

In July 2023, the Company published an ESG report for 2022. 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/ESG_BOOK_2022_HEB_Digital_new.pdf

1.3.15. Buyback of Bonds Series 6

In July 2023, the Company executed a buyback of NIS 124 million in bonds (Series 6). The Company's Board of Directors decided to execute the transaction due to its positive effect on the Company's capital structure and liquidity, and due to the fact that the buyback price reflects a bargain purchase. For further details, please see the immediate report dated July 2, 2023 (Ref. No.: 2023-01-061600).

1.3.16. Ratings

Maalot

On July 11, 2023, S&P Maalot announced the upgrading of the Company's rating from ilAA- to ilAA with a stable outlook, and the rating of The Phoenix Insurance Company from ilAA+ to ilAAA with a stable outlook.

Midroog

On August 23, 2023, Midroog announced it is reiterating the rating of The Phoenix Insurance at Aa1.il, and upgrading the outlook from stable to positive. Accordingly, the rating outlook of the subordinated bonds that were issued by The Phoenix Capital Raising (2009) Ltd. were upgraded from stable to positive.

Moody's - Global rating for The Phoenix Insurance

On May 23, 2023 Moody's - the international rating agency - announced the assignment of an A2 international credit rating with a stable outlook to The Phoenix Insurance.

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 Phoenix Insurance 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"). The Deduction During the Transitional Period as of December 31, 2022, amounts to NIS 3,385 million after its linear amortization as at this date (compared with NIS 4,710 million as of December 31, 2021). This amount matches the expected increase rate in The Phoenix Insurance's capital surplus during the Transitional Period, and reflects, at the very least, the expected expiry of the solvency capital requirements (SCR) and the risk margin of the existing portfolio as of the calculation date. For more information, see Section 2A(2) to The Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2022.

2.1.3. Publication of Economic Solvency Ratio Report

The Economic Solvency Ratio Report as of December 31, 2022 was published at the same time as the Financial Statements as of the first quarter, on May 31, 2023 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.

Furthermore, in view of the listing of additional Tier 1 capital on the main list, and in accordance with The Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company will publish to the public an estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by The Phoenix Insurance for the purpose of publishing the estimated ratio are less in scope compared to those executed for the purpose of publishing the solvency ratio report, which is published in accordance with the Commissioner's directives.

2.1.4. **Economic solvency ratio and minimum capital requirement (MCR) as of December 31, 2022:**

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".

Economic solvency ratio:

	As of December 31	
	2022	**2021**
	Audited*	
	NIS thousand	
Shareholders equity in respect of SCR	14,711,664	14,212,110
Solvency capital requirement (SCR)	6,968,263	7,666,458
Surplus	7,773,401	6,545,652
Economic solvency ratio (in %)	**211%**	**185%**
Effect of material capital-related measures taken in the period between the calculation date and the publication date of the solvency ratio report:		
Raising (redemption) of equity instruments**	(410)	346,133
Shareholders equity in respect of SCR	14,711,254	14,558,243
Surplus	7,742,991	6,891,784
Economic solvency ratio (in %)	**211%**	**190%**

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

** Subsequent to December 31, 2022, NIS 411 million in Series F bonds were redeemed (immediate report dated January 15, 2023, Ref. No.: 2023-01-006268). The redemption referred to above does not have a material effect on the solvency ratio results as of December 31, 2022 in view of the unrecognized Tier 2 capital balances due to the quantitative limit on recognizing Tier 2 capital.

For details regarding the economic solvency ratio without applying the transitional provisions for the Transitional Period, and without adjusting the stock scenario, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see below.

For explanations about key changes in the capital surplus and in the economic solvency ratio as of December 31, 2022 compared with December 31, 2021, see Section 1(a) to The Phoenix Insurance's economic solvency ratio report as of December 31, 2022.

Below is a link to the Economic Solvency Ratio Report on The Phoenix Insurance's website.

https://www.fnx.co.il/investors-relations-hebrew/kosherpiraon/

Minimum capital requirement (MCR)

	As of December 31	
	2022	2021
	Audited	
	NIS thousand	
Minimum capital requirement (MCR)	1,843,583	1,916,615
Shareholders equity for MCR	11,596,249	11,024,131

A. 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 Phoenix Insurance 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 23, 2023, the Board of Directors of The Phoenix Insurance increased the minimum economic solvency ratio target by 4 percentage points without taking into account the provisions during the Transitional Period - from a rate of 111% to a rate of 115%, beginning on June 30, 2023.

Therefore, based on the audited results as of December 31, 2022, and on the estimated solvency ratio as of March 31, 2023, which is not audited or reviewed, 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.

B. Solvency ratio without applying the transitional provisions for the Transitional Period, and without adjusting the shares 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 Phoenix Insurance's Board of Directors, as required in the letter referred to above. As of December 31, 2022 and December 31, 2021, this ratio is higher than the target set by the Board of Directors.

	As of December 31	
	2022	2021
	Audited	
	NIS thousand	
Shareholders equity in respect of SCR	12,301,691	11,112,151
Solvency capital requirement (SCR)	8,254,667	9,818,889
Surplus	4,047,024	1,293,262
Economic solvency ratio (in %)	**149%**	**113%**
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	12,301,691	11,466,356
Surplus	4,047,024	1,647,467
Economic solvency ratio (in %)	**149%**	**117%**
Capital surplus after capital-related actions in relation to the Board of Directors' target:		
Minimum solvency ratio target without applying the Transitional Provisions	**111%**	**108%**
Excess capital over target	**3,139,011**	**861,956**

* Subsequent to December 31, 2022, The Phoenix Insurance redeemed NIS 411 million in Series F bonds (immediate report dated January 15, 2023, Ref. No.: 2023-01-006268); the said redemption does not affect the solvency ratio without applying the transitional provisions to the transitional period, and without adjusting the stock scenario as of December 31, 2022, in view of the unrecognized Tier 2 capital balances due to the quantitative limit on the recognition of Tier 2 capital.

2.1.5. Estimation of solvency ratio as of March 31, 2023:

In accordance with the undertakings of The Phoenix Capital Raising (2009) Ltd. under the provisions of the deed of trust for Series L Subordinated Bonds which are part of Additional Tier 1 capital, and which it published on April 24, 2023, the Company made an estimate of its economic solvency ratio as of March 31, 2023 (hereinafter - the "**Estimate**"); the Estimate is not audited or reviewed by the independent auditor. The calculation (of the Estimate) was carried out in accordance with the guidelines of the Solvency II-based Economic Solvency Regime, and 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

"**Provisions of the Economic Solvency Regime**"), which was published on October 14, 2020. The Company carries out the Estimate and publishes this quarterly disclosure in addition to the publication of a mandatory solvency ratio reports as required under the Provisions of the Economic Solvency Regime. It should be noted that the scope of the controls executed by the Company for the purpose of publishing the Estimate is reduced compared to those executed for the purpose of publishing the economic solvency ratio report, which is published in accordance with the Commissioner's guidance.

In accordance with the Estimate, the Company's economic solvency ratio as of March 31, 2023, is 208% (with the implementation of the transitional provisions to the transitional period and adjustment of a stock scenario, and after the dividend distribution as outlined in Section 2.1.6 below.

The said Estimate of the solvency ratio as of March 31, 2023, does not include the changes and effects that took place since March 31, 2023, and through the publication date of this report, including the effect of the business activity of The Phoenix Insurance, changes in the mix and amounts of insurance investments and liabilities, exogenous effects, inter alia changes in the risk-free interest rate curve, and regulatory changes affecting the business environment.

The assessment is based, among other things, on forecasts and estimates of future events, the materialization of which is uncertain and is not under the Company's control, and which should be considered as "forward-looking information" as the term is defined in Section 32A to the Securities Law, 1968.

2.1.6. **Capital-related measures and significant updates in 2023:**

1. On March 22, 2023, The Phoenix Insurance's Board of Directors approved a cash dividend distribution in the amount of NIS 205 million out of 2022's profits. This distribution was taken into account in the results of the solvency ratio as of December 31, 2022.
2. Subsequent to the calculation date s of December 31, 2022, The Phoenix Insurance redeemed NIS 411 million in Series F bonds; this redemption did not have a material effect on the solvency ratio as of December 31, 2022, as stated above.
3. On August 23, 2023, The Phoenix Insurance's Board of Directors approved a cash dividend distribution in the amount of NIS 350 million. This distribution was taken into account in the results of the solvency ratio estimate as of March 31, 2023 (for further details, see Section 1.3.11 above).

2.1.7. **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 2023, there was a substantial increase in the risk-free linked interest rate curve, has had a positive effect on The Phoenix Insurance's solvency ratio.

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

Range/years		December 31, 2022	June 30, 2023	August 17, 2023
Short term	**1-3**	Between 0.68% and 0.86%	Between 1.86% and 1.20%	Between 1.91% and 1.31%
Mid-term	**4-10**	Between 0.88% and 0.86%	Between 1.12% and 1.03%	Between 1.27% and 1.31%
Mid-long term	**11-15**	Between 0.88% and 0.97%	Between 1.03% and 1.06%	Between 1.30% and 1.29%
Long term	**16-25**	Between 1.00% and 1.10%	Between 1.07% and 1.19%	Between 1.29% and 1.33%

The Phoenix Insurance estimated the sensitivity of the economic solvency ratio at a 50 bps decrease 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, 2022. The estimation resulted in a 18% decrease 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, see Section 8 to The Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2022.

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 2022 and the Report of the Board of Directors for the first quarter of 2023. For further details regarding material regulatory directives published during the reporting period, please see Section 4.1.1 to the 2022 Report on the Corporation's Business and Section 2.2 to the Report of the Board of Directors for the first quarter of 2023.

2.2.1. In June 2023, the **Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the Budget Years 2023 and 2024), 2023 (hereinafter - the "Economic Arrangements Law")** was published; it included provisions on the following:

Insurance and pension saving brokering

The amendment prescribes that an institutional entity will not "unreasonably refuse" to engage with a pension advisor in an agreement for the execution of a transaction for a customer, and will not terminate an engagement in such an agreement with a pension advisor under the circumstances listed in the definition of "unreasonable refusal".

Health

The objective of the Amendment is to reduce the incidence of overlapping insurance in the surgical procedures subsegment between Supplementary Healthcare Services (hereinafter - the "SHABAN Plans") of health maintenance organizations and private health insurance policies; the aim is to reach a situation where most of private surgical procedures in Israel will be conducted by the health management organizations as

[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.

part of the SHABAN Plans. In effect, the Amendment implements the recommendations of the public committee for strengthening healthcare services in Israel and regulating the public and private health system (hereinafter - the "Ash Committee"), which were published in November 2022. According to the Amendment, where a policyholder has an health insurance policy that includes insurance coverage that is not dependent on the exercise of the policyholder's rights under the SHABAN Plan, and such policyholder filed a claim to cover a private surgical procedure in Israel under his/her rights by virtue of the SHABAN Plan, and this surgical procedure is covered by the policyholder's insurance policy, the insurer shall pay the health maintenance organization through which the surgical procedure was carried out a total equal to the price of the surgical procedure paid by the health maintenance organization as per the Ministry of Health's price list, or an amount equal to the price of the insurance arrangement as paid by the insurer - the lower of the two. It was also established that on the next renewal date of a first shekel individual surgical procedure policy that was taken out before the amendment came into force (hereinafter - the "Original Policy"), the insurer will be required to add the policyholders of the said policy, who also have SHABAN Plans in place, to a surgical procedures policy of the SHABAN Plan instead of the original policy. This will be the case unless the policyholders informed the insurer that he/she do not wish to be transferred to a SHABAN Plan, all in accordance with the provisions listed in the Amendment to the Law.

2.2.2. Further to the **Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts**, that was published by the Capital Market, Insurance and Savings Authority in June 2020, and which lists the steps that will be required and the time tables to ensure Israeli insurance companies' preparedness for the application of IFRS 17 - Insurance Contracts (whose application date was postponed in April 2022 to January 1, 2024), a third draft revision to the Roadmap was published in June 2023, which postpones the standard's application date in Israel to January 1, 2025; accordingly, the milestones for the application of the standard were revised.

2.2.3. Further to the health insurance reform, which was published in March 2022, **amendments to the health insurance reform** were published in June 2023, which postpone the reform's effective date from May 1, 2023 to December 15, 2023, due to the parallel reform regarding overlapping insurance, which was promoted as part of the Economic Arrangements Law (as detailed in this section above).

2.2.4. The **Circular regarding Directives to Financial Information which are Institutional Entities** was published in June 2023. This circular sets the rules for institutional entities which are sources of information regarding obtaining access to financial information in accordance with the Financial Information Service Law, 2021 (the "Open Banking Reform"). The law requires from various financial institutions that hold information about customers (banks, credit companies, institutional entities) (hereinafter - the "Sources of Information") to allow entities holding the required license ("Financial Information Service Providers") to obtain, at the consent of the customer, online access to financial information about the customer. Based on this information, the Financial Information Service Providers will be able to offer services to the customer through an online system (such as: concentrating all the information in one place for the customer, comparing costs between different financial institutions, brokering, receiving offers for the customers, pension advice, etc.). It should be noted that in relation to institutional entities it was decided that they are only required to give a service provider access to "financial information about credit"; it was also decided that the law will not apply to the transfer of financial information to the pension clearing system. The circular sets provisions that regulate the activities of institutional entities, which are "sources of information" in accordance with the law.

2.2.5. In July 2023, the **Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment), 2023, and Supervision of Financial Services Regulations (Provident Funds) (Transfer of Funds between Provident Funds) (Amendment No), 2023** were published in accordance with the government's resolution of February 24,
2023 dealing with "Increasing the Competition in the Insurance and Savings Brokering Industry", which was included in the economic plan for 2023-2024. According to the Amendment to the Income Tax Regulations, the contribution into an insurance fund will be capped to that portion of the wage that exceeds double the average wage in Israel, such that the portion up to double the average wage in Israel will be deposited with an annuity provident fund which is not an insurance fund. Furthermore, as a complementary step, the Transfer Regulations, were amended such that the transfer of funds to an insurance fund will be limited to that portion of the wage that exceeds double the average wage in Israel.

2.2.6. In July 2023, the **Insurance Contract Law (Amendment No. 12), 2023** was published. The amendment deals with a change of irrevocable beneficiary in a life insurance policy as part of a housing loan, in order to remove barriers from the process of transferring a housing loan from one lender to another ("mortgage recycling"). The amendment prescribes that where an institutional lender serves as an irrevocable beneficiary in a life insurance policy as part of a housing loan (hereinafter - the "First Beneficiary"), and the policyholder wishes to transfer beneficiaries between institutional lenders under the same insurance contract, the policyholder should be allowed to do so even without obtaining the consent of the First Beneficiary, and the change in beneficiaries will come into effect on the repayment date of the housing loan advanced by the First Beneficiary.

2.2.7. **The Manner of Presentation of Annual Expected Cost to Planholders or Policyholders Circular** was published in July 2023. The Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses Incurred as a Result of Execution of Transactions) (Amendment), 2022 stipulate that when planholders join a provident fund, as part of the periodic reports sent to savers and wherever it is required by law to present the management fees, the planholder or policyholder shall also be presented with the expected annual costs comprising the management fees and direct expenses, under the terms and in the manner prescribed by the Commissioner. Accordingly, the circular prescribes provisions that regulate the manner by which institutional entities should present to existing and new customers the expected annual cost in a uniform manner. The circular sets a fixed formula that is supposed to allow calculating the total expected cost, in a manner that will ensure uniformity between institutional entities, and as a result, according to the explanatory notes, the savers will be easily able to compare the rates of total expected costs of the investment alternative he/she assesses. It was also prescribes that the circular shall not apply to insurance policies with a saving component, which were marketed before 2004, or to old funds.

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 2022 Report on the Corporation's Business or in the Report of the Board of Directors for the first quarter of 2023. For further details regarding additional drafts of material regulatory provisions published during the reporting period, please see Section 4.1 to the 2022 Report on the Corporation's Business as well as Section 2.3 of the Report of the Board of Directors for the first quarter of 2023.

2.3.1. In June 2023, the Commissioner published a **Draft Decision in Principle on the Offsetting of Amounts Against Insurance Benefits in Motor (Property) Insurance in respect of a Difference in Spare Parts Prices Where the Vehicle was Repaired in a Garage which is not Included in an Arrangement**. The draft decision deals with a practice implemented by insurance companies regarding motor property insurance policies, as part of which the insurance companies deduct some of the insurance benefits based on the difference between the price list of the spare parts' importer quoted by the appraiser in its appraisal, and the amount the insurance company would have paid for those parts had they been purchased from spare parts suppliers, with whom the insurance company entered into engagement. The draft suggests to set the following provisions: (1) An insurance company that operates in the said manner should display to the policyholder, in a prominent way, the way he/she is expected to conduct himself/herself upon the occurrence of an insured event, both at the stage of the insurance offer, and when the policyholder reports a claim; (2) regarding an existing policy, the insurance company may inform the policyholder if it did not do so when he/she purchased the insurance, so long as an insured event has not taken place, as stated in the draft; (3) an insurance company will not offset or deduct any amount from the insurance benefits in respect of the cost of spare parts without disclosing such deduction or offsetting to the policyholder; (4) an insurance company that deducted from the insurance benefits payable to the policyholder through the date on which this decision was made, is required to assess whether the deduction was made after the policyholder was informed in the manner set in this decision. If the insurance company made such an offset of insurance benefits without disclosing such offsetting to the policyholder, the insurance company will check whether the amount of insurance benefits it paid was lower than the repair amount paid by the policyholder, and any difference should be refunded to the policyholder. Should the Company be required to refund amounts following this draft (if it becomes a binding circular), it will not have a material effect on the Company.

2.3.2. A **Draft Amendment to the Consolidated Circular - Appendix 6.2.1 to Title 6, Part 2, Variables and Categories in Compulsory Motor Insurance** was published in June 2023. The Capital Markets Authority has the power to set the variables, according to which insurance premiums in the compulsory motor insurance subsegment will be calculated, subject to the approval of a joint committee of the Knesset's Constitution, Law and Justice Committee and the Knesset's Finance Committee. According to the draft, based on the recommendations of the operator of the statistical database that operates in the segment, and is charged with the risk assessment, the Capital Markets Authority intends to request the joint committee's approval for the adding the following variables to the list of variables one will be allowed to use in order to determine the insurance premiums in the segment: distance traveled, driving course for motorcyclists, autonomous breaking system, and a support system assisting to keep the vehicle in the traveled lane.

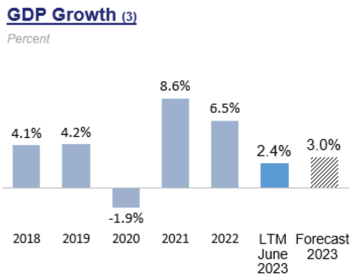
2.3.3. In July 2023, **Draft Circular - Revision of the Consolidated Circular - The Independent Auditor Chapter** was published. The draft suggests to implement in the Consolidated Circular various provisions of the Commissioner that formed a part of previous circulars, and to revise references to the various chapters of the Consolidated Circular following changes that were made therein. The revision of the Independent Auditor Chapter includes, among other things, the following issues: (1) Compromising the independent auditor's independence due to the provision of a related service; (2) the independent auditor's role in connection with Economic Solvency Ratio Reports; (3) revisions to the provisions regarding the issuance of a detailed annual report about annual financial statements; (4) revision to provisions regarding the independent assessment of the pension liabilities of a pension fund.

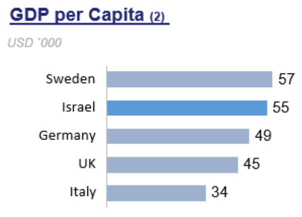
2.3.4. A Draft Amendment to the Consolidated Circular - Title 6, Part 3, Chapter 2 - The Requirement to Offer Supplementary Healthcare Coverage was published in July 2023. The draft was published further to the publication of the provisions of the reform aiming to reduce the incidence of overlapping insurance in health insurances, which was approved as part of the Economic Arrangements Law (see Section 2.2.1 above). As part of the draft, it is suggested to amend Title 6, Part 3, Chapter 2 to the Consolidated Circular, such that a SHABAN policy shall offer only the coverages listed in the draft.

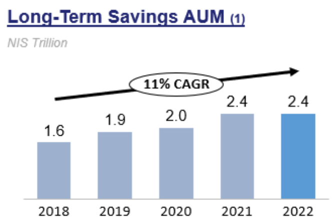
2.3.5. In August 2023, the Commissioner published **Draft Directives regarding Financial Services Supervision (Insurance) (Group Long-Term Care Insurance to Members of Health Maintenance Organizations) (Amendment), 2023**. As part of the draft, it is suggested to revise the existing insurance coverage in order to stabilize the funds of policyholders insured under long-term care insurance for members of a health maintenance organization. The revisions to the coverage include the following changes: (1) extending the waiting period from 60 to 180 days; (2) revising the monthly insurance benefits such that they include linkage differences as from the known CPI as of those directives' effective date, instead of the current situation, where the insurance benefits are linked to the known CPI of July 1, 2016 (the effective date of the key directives). It is also suggested that those directives shall apply to long-term care insurance contracts that will be entered into or renewed as from the commencement date, and that they will also apply to contracts that were entered into prior to that date, if was determined therein that those directives shall apply to them. In addition, the draft suggests to postpone the effective date of the directives pertaining to the extended coverage as of January 1, 2028.

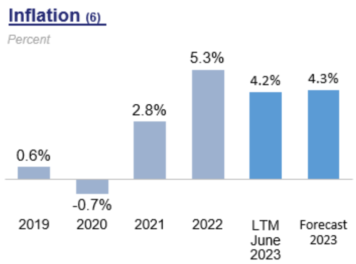
3. Developments in the Macroeconomic Environment

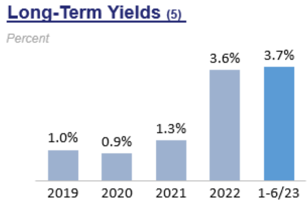
3.1. Key macroeconomic data

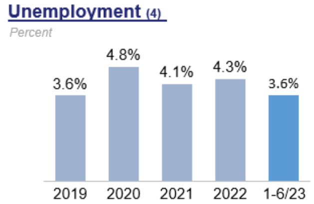












(1) Bank of Israel. The data include funds under the management of institutional entities. The decrease in 2022 stems from redemptions.
(2) The IMF, in accordance with the USD exchange rate in April 2023.
(3) Israel Central Bureau of Statistics, the Bank of Israel (GDP in accordance with adjusted annual return).
(4) Bloomberg and the IMF. The data refer to unemployment rates as of the end of the period.
(5) Bloomberg; returns on bonds are based on returns on 10-year bonds of the government of Israel (unlinked to the CPI), as of the last month at the end of the period.
(6) Bloomberg. The data are annual inflation data for the past 12 months.

3.2. Trends, events and 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.

3.2.1. Financial markets in Israel

Growth forecasts for the Israeli economy in 2023 were revised downwards; those of the Bank of Israel - from 2.8% to 2.5% and those of the International Monetary Fund's forecast - from 2.9% to 2.5%; however, S&P's downwards revision of its forecast was the sharpest - from 2.0% to 1.5%. On the other hand, the average of the economists' forecasts (according to Bloomberg) remained at 2.9%. The key revisions were global downwards revisions to growth and global trade, including by the IMF, further interest rate hikes, and concerns regarding the consequences of the judiciary reform. In connection with the judicial reform, the Bank of Israel described two scenarios: 1. A scenario in which the dispute around the changes to legislation pertaining to the judiciary is resolved in a manner that does not impact the economic activity from now on; 2. A scenario that presents an analysis of potential economic consequences if legislative and institutional changes shall involve an increase in Israel's risk premium, have an adverse effect on exports, and cause a decline in domestic investments and in private consumption. On a different subject - during the balance sheet period, the state budget was approved concurrently with the Economic Arrangements Law for 2023-2024. In the geopolitical arena, Israel launched the "Shield and Arrow" military operation in the Gaza Strip, during which hundreds of rockets were fired into the south and center regions of the country, which resulted in minor disruption to economic activity. S&P reiterated Israel's credit rating outlook at AA-. The unemployment rate was down to 3.6%. On the other hand, the Composite State-of-the-Economy Index of the Bank of Israel stopped deteriorating. Inflation "cooled down" in May more than expected, reaching a level of 4.6%, and the Bank of Israel increased its interest rate to 4.75%, and no longer signals that further hikes are expected. After significant underperformance in the first quarter, during the period subsequent to the balance sheet date the local share indexes recorded overperformance compared with other capital markets across the world:

The TA 125 Index increased by 2.9%, the yield on 10-year government bond was down to 3.66%, the Tel-Bond 60 Index was up by 2.5%, the NIS devalued against the USD and the EUR, reaching a rate of NIS 3.71 per USD 1, and NIS 4.05 per EUR 1.

Subsequent to the balance sheet date

The Bank of Israel upgraded its growth forecast for the Israeli economy for 2023 from 2.5% to 3.0%, apparently ignoring the risks of the judiciary reform and the reactions to it. The Bank of Israel claims that the upgrade stems mainly from the surprisingly positive trend in GDP data in the first quarter - 3.2% compared to an expected increase of 1.8% (according to forecasters' average). At a later date, the Central Bureau of Statistics revised the figure downwards to 2.9%, but on the other hand it published the estimated GDP figure for the second quarter, which was also surprisingly high, and increased by 3% compared with the expected 2.3%. As mentioned above, in May rating agency S&P cut Israel's growth forecast to 1.5%, mainly due to the risks arising from the judicial reform; on the other hand, Citi Bank reaffirmed Israel's growth forecast for 2023 at a relatively high level of 3.1%, arguing that the reform is not expected to have an immediate effect on GDP, since the increase in revenues remains strong and therefore the personal consumption will also remain strong. Citi's assessment of the situation was supported by the unemployment rate data, which was down in July from 3.6% to 3.5%. The Bank of Israel's semi-annual Financial Stability Report referred to the two scenarios regarding the effects of the judicial reform on the Israeli economy; those scenarios had already been presented by the Bank of Israel during the reporting period. Despite the legislation of the abolishment of the standard of reasonableness by the Knesset, Israel's debt risk premium (CDS) did not increase, and even decreased. Similarly, the two rating agencies - S&P and Fitch - affirmed Israel's credit rating and its rating outlook. Inflation rate in July was surprisingly low, for the third consecutive month, with an annual rate of 3.3%.

The TA 125 Index increased by 5.0%, the yield on 10-year government bond increased to 3.93%, the Tel-Bond 60 Index was up by 0.3%, the NIS devalued against the USD and the EUR, reaching a rate of NIS 3.77 per USD 1, and NIS 3.10 per EUR 1.

3.2.2. Capital markets abroad

Growth rate in the USA during the first quarter was in line with expectations - 2.0%, and in Europe growth was disappointing with a contraction of 0.1% (in quarterly terms), that is to say - two consecutive quarters in which the economy contracted. The International Monetary Fund (in its April quarterly update) slashed its 2023 growth forecasts for the USA to 1.6% (and 0.8% for the Eurozone). The banking crisis in the USA - which began in March - continued, which was manifested in further withdrawal of deposits and further declines in prices of small banks' shares; at the same time,

concerns increased about the possibility of the US administration hitting the debt ceiling; this was reflected in a sharp increase in the USA's debt risk premium (CDS). Those concerns were resolved in May, and the debt risk premium declined back to previous levels. The US Federal Reserve has, indeed, increased its interest rate to 5.25%, but in view of the concerns regarding the economy it hinted heavily that this interest rate hike campaign approaches its end, also due to the sharp decline in inflation rate in May leading to annual levels of 4.0%, and expectation that inflation will cool even further, but that core inflation will remain "sticky". In Europe, inflation continued cooling until May, declining to annual levels of 6.1%; the ECB increased the interest on deposits to 3.25% and signaled that there will be further hikes. The relative "hawkishness" of the ECB, together with a correction to the sharp declines in the euro's exchange rates since 2022 (against the backdrop of concerns of an impending energy crisis) led to a sharp increase in the currency's exchange rate. Equity markets were supported by extensive optimism regarding the Artificial Intelligence (AI) revolution, which was reflected - through May - in a sharp rise in rates of a very small number of mega-tech shares, which drove stock indexes up. In June, prices of other shares increased too. The optimism in the markets was also driven by the announcement regarding the resolution of the US debt ceiling crisis, as referred to above.
The yield on 10-year US bonds increased to 3.84%, the S&P 500 Index increased by 10.3%, the EURO-STOXX 50 Index increased by 5.0%; and the EUR strengthened against the USD, reaching an exchange rate of 1.10%.

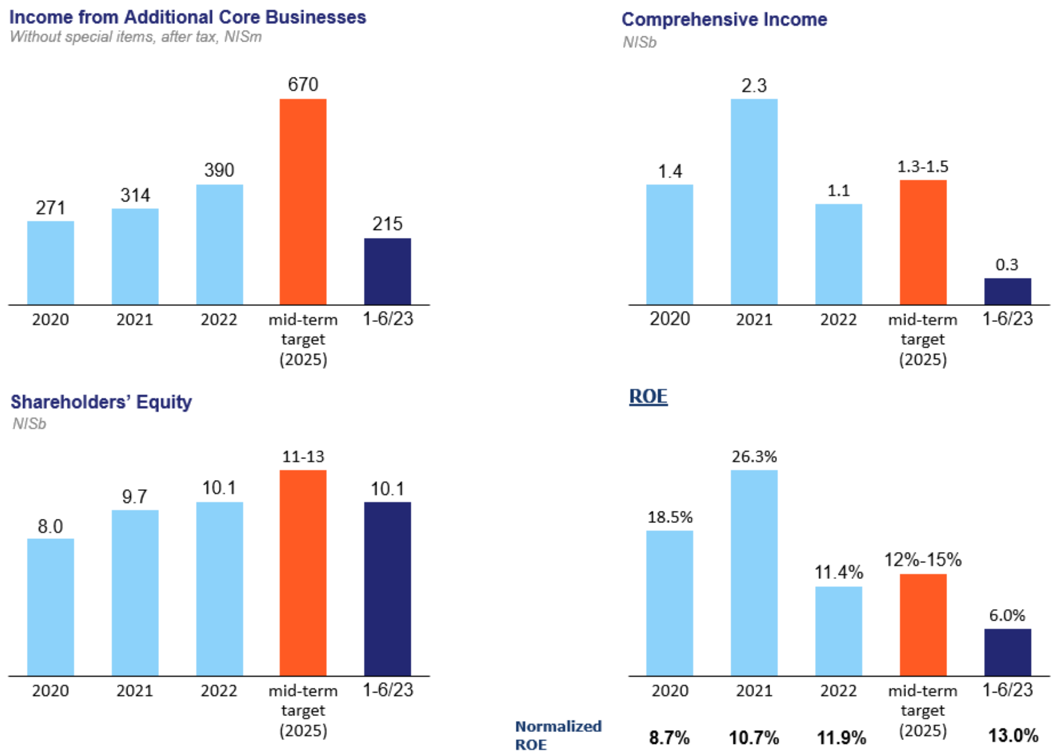
Subsequent to the balance sheet date

Growth in the second quarter was surprisingly good, with a 2.4% increase in the USA compared with expected growth of 1.8%, and in Europe - growth of 0.3% compared with an expectation of 0.2% (QoQ). In addition, Europe's growth rate in the first quarter was upgraded from -0.1% to 0.0%. The global inflation environment cooled faster than expected; in the USA, annual inflation reached 3.0% and in Europe - 5.3%. However, central banks were careful not to sound complacent; interest rates were increased both in the USA and in Europe; in the USA, rates increased to 5.50%, and in Europe to 3.75%; central banks continued to estimate that there may be further interest rate hikes, although in the USA market expectations are that the likelihood of such hikes is lower than 50%, and in Europe only one to two further interest rate hikes are expected. Central banks implement a new approach - a "data dependent" policy based on incoming information. Economic data from across the world indicate a continued slowdown, but expectations are that it will be a "soft landing" change; in the USA, for example, this was reflected in retail sales data and in new positions data. The central bank of Japan, which is normally a staunch supporter of loose monetary policy, made an unexpected move by introducing larger flexibility to its yield on 10-year bonds; the move was initially perceived as a type of "tightening", but at a later stage the central bank clarified that this was not the intended result of this move. Across the world there were many indications that the drop in commodity prices and in prices of physical products has stopped, which was reflected in increases in the prices of most commodities and in some of the marine freight rate indexes. In stock indexes there were increases in other sectors besides those recorded in technology stocks. The Fitch rating agency surprised the markets when it downgraded the USA's perfect credit rating.
The yield on 10-year US bonds increased to 4.27%, the S&P 500 Index decreased by 0.9%, the EURO-STOXX 50 decreased by 2.5%; and the EUR devalued slightly against the USD, reaching an exchange rate of 1.088.

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.



(*) For further details, please see Section 5.4.5 below.

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

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

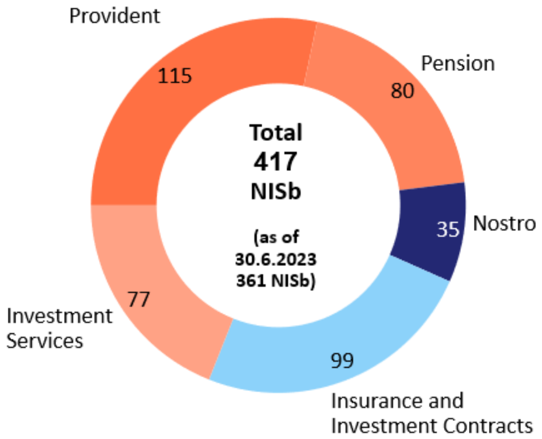
5.1. General

The Group's operations are affected by constant regulatory changes and 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.

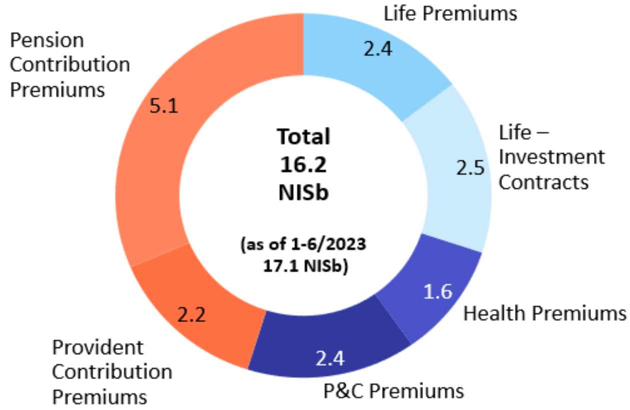
The Group's operations and results are significantly affected by the capital markets, including, among other things, the low-interest environment that has implications for its insurance liabilities and on the returns embodied in the Group's financial asset portfolios, and consequently - on the management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

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

Assets under management as of June 30, 2023



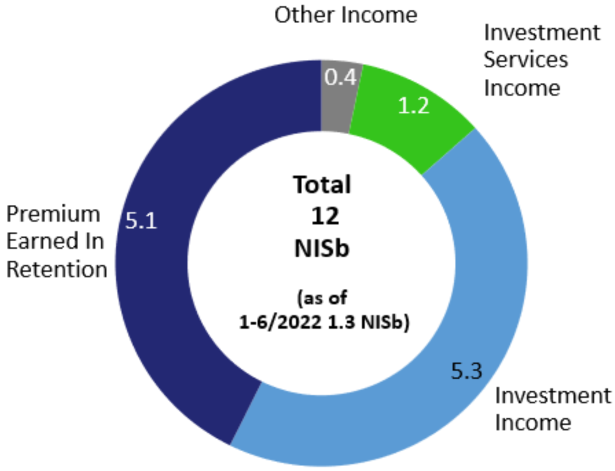
Premiums, gross, contributions towards benefits and proceeds in respect of investment contracts for 1-6/2023



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 the premiums line item; rather, they are charged directly to liabilities in respect of insurance contracts and investment contracts.

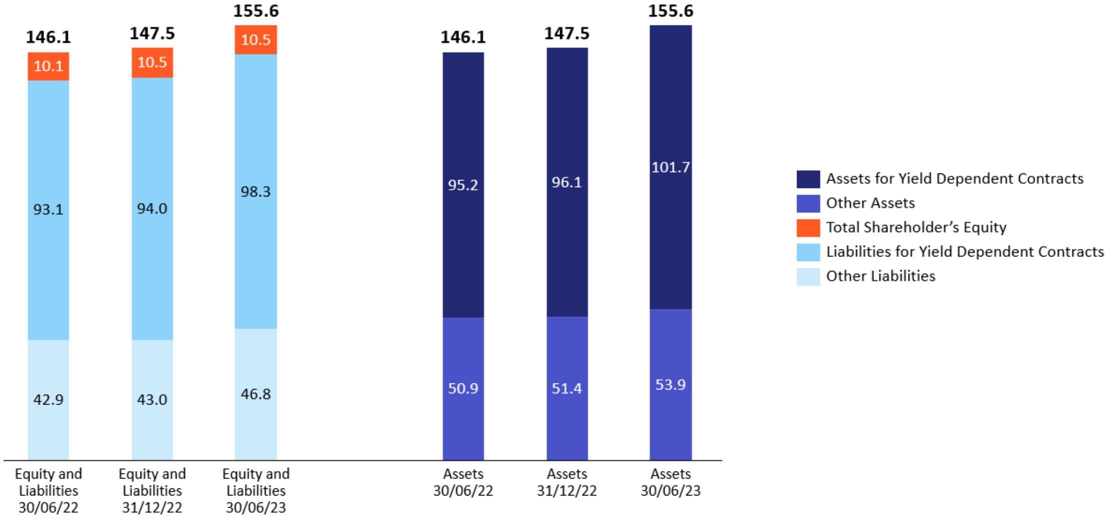
For further details on the premiums in the various operating segments, please see Note 3 to the Financial Statements.

Income for 1-6/2023



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

5.3.1. 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, 2023, amounted to approximately NIS 101.7 billion, compared to approximately NIS 95.2 billion as of June 30, 2022, and NIS 96.1 billion as of December 31, 2022. Other assets as of June 30, 2023 amounted to NIS 53.9 billion, compared with NIS 50.9 billion as of June 30, 2022 and NIS 51.4 billion as of December 31, 2022.

Liabilities:

Liabilities in respect of insurance contracts and yield-dependent investment contracts amounted to approximately NIS 98.3 billion as of June 30, 2023, compared to approximately NIS 93.1 billion as of June 30, 2022, and NIS 94 billion as of December 31, 2022. Other liabilities as of June 30, 2023 amounted to NIS 46.8 billion, compared with NIS 42.9 billion as of June 30, 2022 and NIS 43 billion as of December 31, 2022.

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 assumes 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.

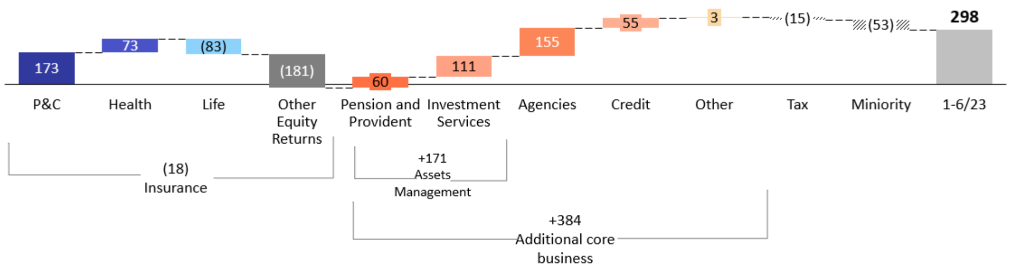
5.4.1.2. Special effects are considered by the Company as changes in profit or loss outside the Company's ordinary course of business, including actuarial changes as a result of studies, changes in actuarial models, exceptional effects due to structural changes and exceptional purchase expenses following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

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

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

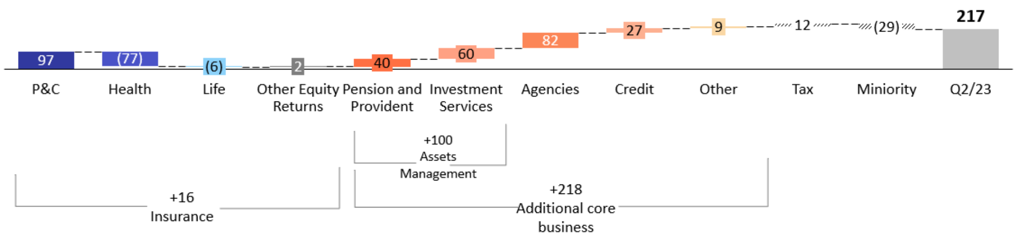
5.4.1.5. In order to separate the financial results between profits attributed to insurance and profits arising from other core activities, the Company splits the "other" segment. The split is made for convenience purposes and the Company views the capital and unattributed segment as a single operating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

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



	P&C	Health	Life	Other Equity Returns	Pension and Provident	Investment Services	Agencies	Credit	Other	Tax	Miniority	1-6/23
1-6/2022	***(234)***	***843***	***478***	***(756)***	***59***	***147***	***167***	***24***	***11***	***(160)***	***(42)***	***537***
Difference	*407*	*(770)*	*(561)*	*575*	*1*	*(36)*	*(12)*	*31*	*(8)*	*145*	*(11)*	*(239)*

<u>Set forth below is the composition of the Company's financial performance by segments in the second quarter of 2023 compared with the corresponding quarter last year (in NIS million):</u>



Q2-22	***(92)***	***188***	***314***	***(478)***	***38***	***124***	***95***	***12***	***8***	***2***	***(27)***	***184***
Difference	*189*	*(265)*	*(320)*	*480*	*2*	*(64)*	*(13)*	*15*	*1*	*10*	*(2)*	*33*

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

5.4.3. Set forth below are the payment balances and changes in insurance liabilities:

	1-6/2023	1-6/2022	1-12/2022
		In NIS million	
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention in the income statement	9,899	(1,890)	1,965
<u>Net of amounts included in the above amounts:</u>			
Investment gains (losses) in respect of yield-dependent policies(*)	4,803	(5,903)	(6,618)
Changes in interest	103	(1,120)	(1,645)
Special items in the insurance segment	(81)	(154)	(85)
Total investment income, changes in interest and special items	4,825	(7,177)	(8,348)
Total payments and change in liabilities in respect of yield-dependent policies, net of investment income, changes in interest and special items	**5,074**	**5,287**	**10,313**

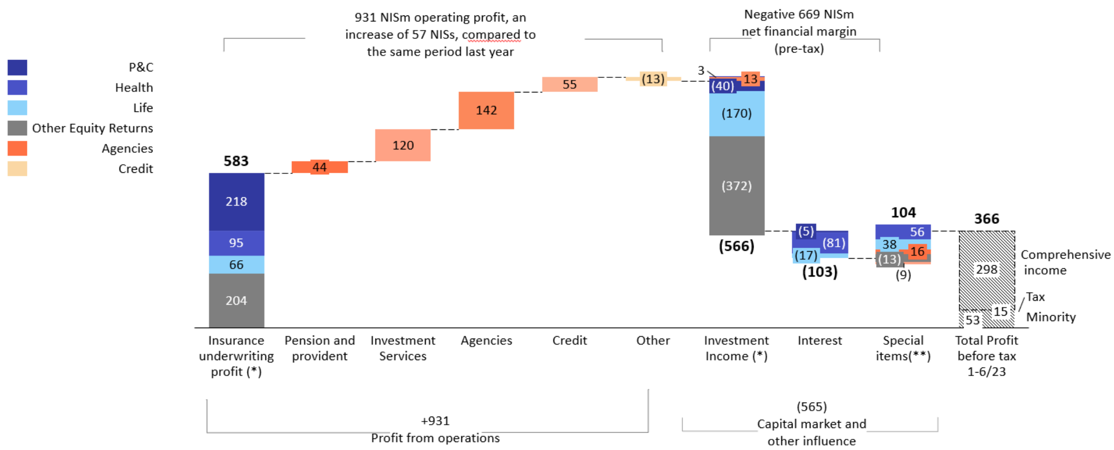
(*) Including health; for further details about the life insurance segment, see Section 5.5.3.5 below.

5.4.4. Set forth below is explanation regarding investment income in the insurance business:

	1-6/2023	1-6/2022	1-12/2022
		In NIS million	
<u>Items from the income statement</u>			
Investment income	5,289	(5,435)	(5,555)
Equity profits	43	30	62
Other comprehensive income	297	(324)	(231)
Tax effect on comprehensive income	141	(177)	(133)
Total	5,770	(5,906)	(5,858)
<u>Less:</u>			
Investment gains (losses) in respect of yield-dependent policies	4,803	(5,903)	(6,618)
Gains (losses) attributable to the credit and financial services segment	168	34	103
	4,971	(5,869)	(6,514)
Total investment income - nostro	799	(37)	657
Income from nostro investments, real return at 3%	1,365	1,483	2,661
Income from nostro investments, over or above real return at 3% (*)	**(566)**	**(1,520)**	**(2,004)**

(*) See Section 5.4.5 below.

5.4.5. **<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>**



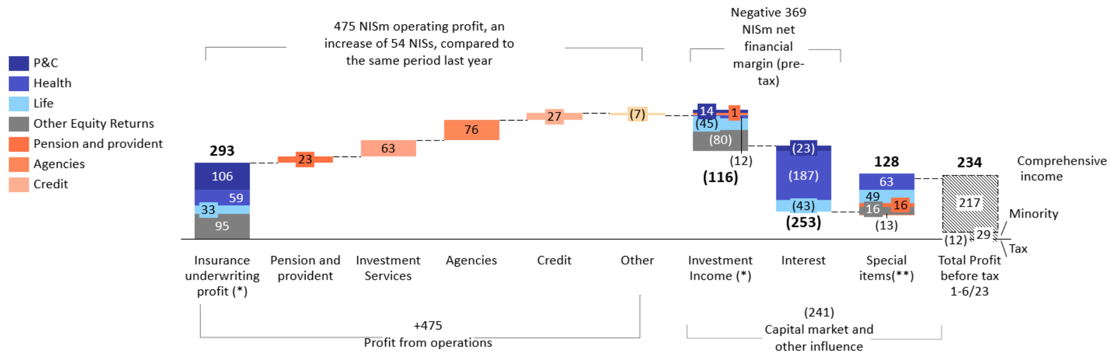
1-6/2022	**572**	**53**	**72**	**142**	**24**	**11**	**(1,520)**	**1,120**	**265**	**739**
Difference	11	(9)	48	-	31	(24)	954	(1,223)	(161)	(373)

(*) Please see Section 5.4.1.
(**) For further details about the Special Items at segment level, see Section 5.4.4, and results at segment level in Sections 5.5-5.6 below.

Operating profit after deducting effects of the capital market, Special Items and interest increased by NIS 57 million in the reporting period, compared with the corresponding period last year.
In the reporting period, the nominal return from nostro investments was an annualized 6.2%, and the real return in the reporting period was an annualized 1.2%. After transferring annual real return of 3%, and an amount in respect of variable management fees, which is calculated based on the real return, the negative effect of the capital market after the said deduction is NIS 566 million, see Section 5.4.1 regarding the review of sources of earnings.
The total positive change in investment income, in excess of a real return of 3% in the reporting period compared with the corresponding period last year totaled NIS 954 million, in view of the lower downturns in financial markets in Israel and across the world. As of June 30, 2023, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 571 million, before tax (as of the report publication date - NIS 529 million before tax).
The change as a result of the effect of the risk-free interest rate curve and the decline in the illiquidity premium in the reporting period compared with the corresponding period last year caused a NIS 1,223 million decrease in profit in the reporting period, compared with the corresponding period last year. The total net negative effect of the interest and capital market effects (in excess of a real return of 3%) in the reporting period amounted to NIS 669 million before tax, as reflected in the above chart.
During the reporting period, the special items line item decreased by NIS 161 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 the transfer of the Company's rights in Phoeniclass Ltd. to The Phoenix Insurance, and a one-off earning from assuming control over The Phoenix Capital net of studies compared with the recognition of one-off capital gain, during the reporting

period, from assuming control in FNX Private Partnerships (for more information, see Section 1.3.5 above), which was partially offset from a study on costs for disability coverage (for further details, see Section 1.3.4 above).
For information about 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 sources of the Company's pre-tax income by operating profit and earnings from capital market effects, interest rate and Special Items in the second quarter of 2023 (in NIS million):</u>

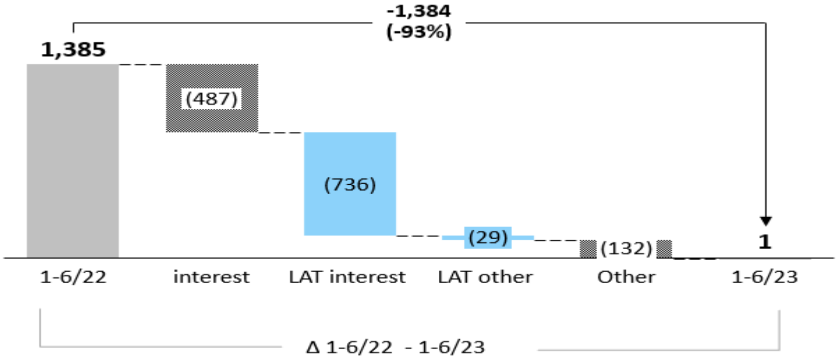


Q2-22	**363**	**31**	**44**	**71**	**12**	**8**	**(846)**	**323**	**203**	**209**
Difference	(70)	(8)	19	5	15	(15)	730	(576)	(75)	25

Operating profit after deducting effects of the capital market, Special Items and interest decreased by NIS 54 million in the second quarter of the reporting period, compared with the corresponding quarter last year.
After transferring annual real return of 3%, and an amount in respect of variable management fees, which is calculated based on the real return, the negative effect of the capital market after the said deduction is NIS 116 million, see Section 5.4.1 regarding the review of sources of earnings.
The total positive change in investment income, in excess of a real return of 3% in the second quarter of the reporting period compared with the corresponding quarter last year totaled NIS 730 million, in view of the lower downturns in financial markets in Israel and across the world.
As of June 30, 2023, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 571 million, before tax (as of the report publication date - NIS 529 million before tax).
The change as a result of the effect of the risk-free interest rate curve and the decline in the illiquidity premium in the second quarter of the reporting period compared with the corresponding quarter last year is a reduction in profit of NIS 576 million. The total net negative effect of the interest and capital market effects (in excess of a real return of 3%) in the second quarter of the reporting period amounted to a pre-tax profit of NIS 369 million as reflected in the above chart.
During the second quarter of the reporting period, the special items line item decreased by NIS 76 million compared with the corresponding quarter 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 the transfer of the Company's rights in Phoeniclass Ltd. to The Phoenix Insurance, and a one-off earning from assuming control, in the second quarter of the reporting period, in The Phoenix Capital compared with the recognition of one-off capital gain from assuming control over FNX Private partnerships (for more information, see Section 1.3.5 above), which was

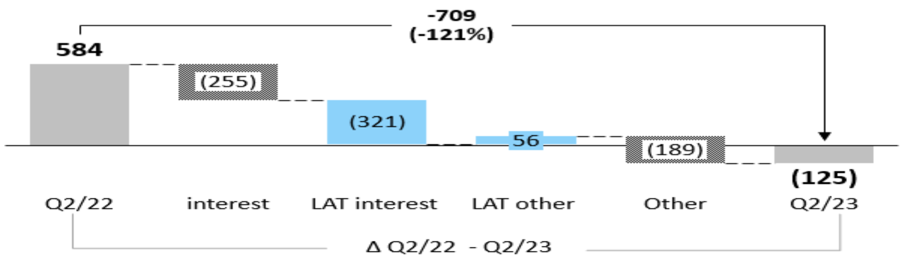
partially offset from a study on costs for disability coverage in the life insurance segment (for further details, see Section 1.3.4 above).

5.4.6. **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	(103) Interest		+104 Special Items		
1-6/2023	(22)	(81)	62	42	1
P&C	(5)	-	-	-	(5)
Health	-	(81)	62	(6)	(25)
Life	(17)	-	-	38	21
Other Equity	-	-	-	(13)	(13)
Pension and provident	-	-	-	16	16
Financial Services	-	-	-	(9)	(9)
Other	-	-	-	16	16
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

5.4.7. **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 2023 compared with the corresponding quarter last year (in NIS million):**



Results	(253) Interest		+128 Special Items		
Q2-23	(66)	(187)	58	70	(125)
P&C	(23)	-	-	-	(23)
Health	-	(187)	58	5	(124)
Life	(43)	-	-	49	6
Other Equity Returns	-	-	-	(13)	(13)
Pension and provident	-	-	-	16	16
Financial Services	-	-	-	(3)	(3)
Other	-	-	-	16	16
Q2-22	189	134	2	259	584
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
Other	-	-	-	58	58

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

	1-6/2023	1-6/2022	4-6/2023	4-6/2022	1-12/2022
Return on shareholders' equity for the period (based on comprehensive income for the period)(*)	6.0%	11.4%	9.0%	7.9%	11.4%
Adjusted return on shareholders' equity for the period (based on comprehensive income for the period)(**)	13.0%	12.3%	15.0%	15.4%	11.9%

(*) Return on equity is calculated based on the 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.

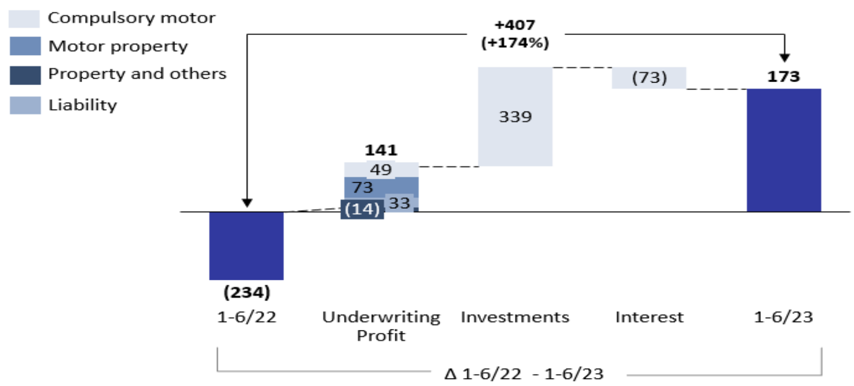
(**) Adjusted return on equity is calculated based on the comprehensive income for the period attributable to Company's shareholders, net of the effect of the capital market and special items (see Section 5.4.1 above), adjusted to reflect a one-year period and divided by the average adjusted equity for 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):



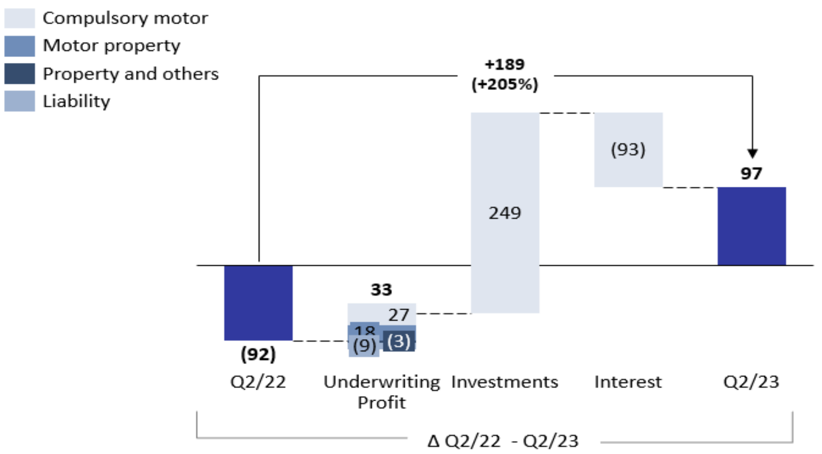
Results

1-6/2023	**218**	**(40)**	**(5)**	**173**
1-6/2022	77	(379)	68	(234)

The NIS 141 million increase in underwriting profits in the reporting period compared with the corresponding period last year stems mainly from the compulsory motor insurance subsegment, motor property insurance subsegment, and other liability subsegments; the said profit is offset against a decrease in profitability in other property subsegments.

The NIS 339 million increase in investment income in the reporting period compared with the corresponding period last year stemmed from a lower negative effect in financial markets in Israel and globally during the reporting period, compared with the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities. The NIS 73 million decrease in interest income in the reporting period compared with the corresponding period last year stems mainly from an increase in insurance liabilities in compulsory motor insurance and from a decrease in liability insurance as a result of a change in the discount rate.

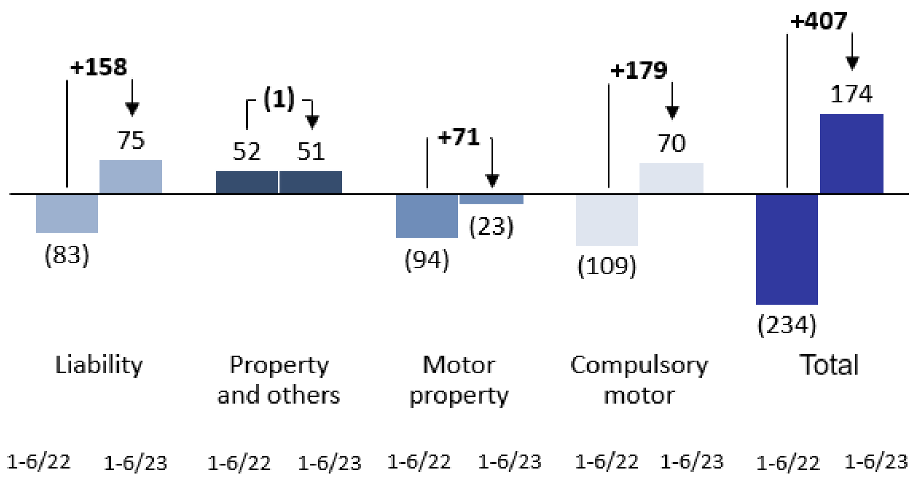
Following is the composition of the main effects and changes on the results of the property and casualty insurance subsegment for the second quarter of 2023 compared to the corresponding quarter last year (in NIS million before tax):



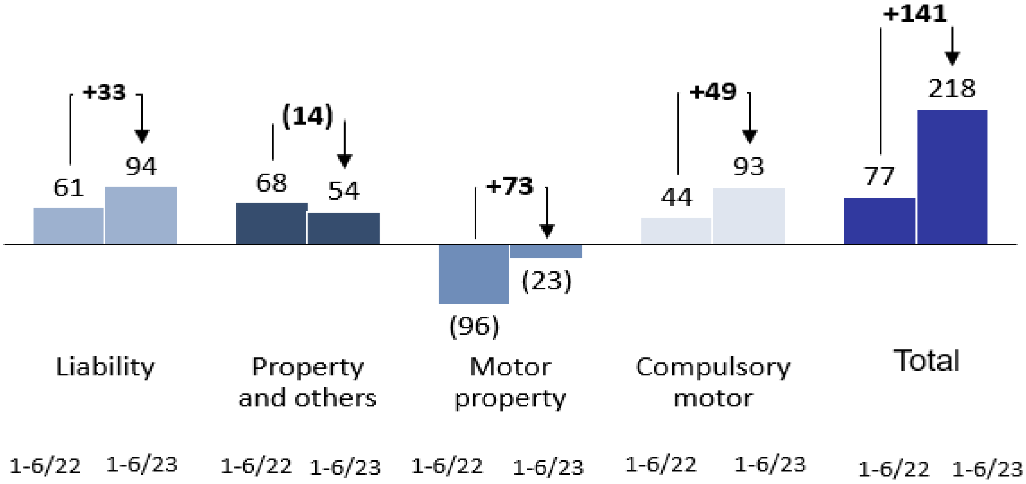
Results

Q2-23	***106***	***14***	***(23)***	***97***
Q2-22	*73*	*(235)*	*70*	*(92)*

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

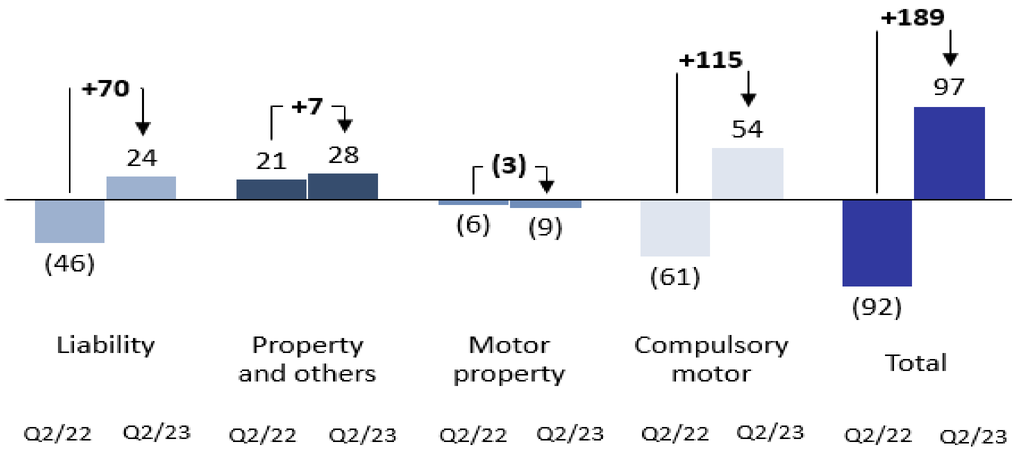


Set forth below is the pre-tax underwriting profit in the various subsegments of property and casualty insurance (P&C) for the reporting period compared with the corresponding period last year (in NIS million):

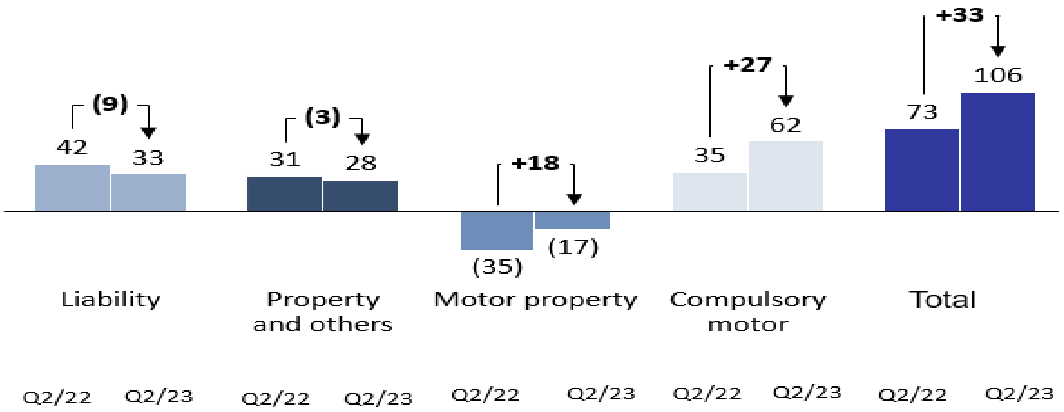


The increase in underwriting profit in the reporting period compared with the corresponding period last year arises mainly from the motor property subsegment, mainly as a result of an improvement of the damage rate, and from the liability subsegment as a result of a NIS 40 million decrease in insurance liabilities in the Sales Law guarantees subsegment; for more information, see Note 8A(4) to the financial statements. The increase in the compulsory motor subsegment stems mainly from an increase in average premium. On the other hand, some of the increase in profitability was offset against a decrease in profitability of other property insurance subsegments as a result of an increase in the cost of claims in home and business insurance.

5.5.1.2. **Following is the pre-tax comprehensive income (loss) in the various subsegments of property and casualty insurance for the second quarter of 2023 compared with the corresponding quarter last year (in NIS million):**



Following is the pre-tax underwriting profit (loss) in the various subsegments of property and casualty insurance for the second quarter of 2023 compared with the corresponding quarter last year (in NIS million):



The increase in underwriting profit in the second quarter of the reporting period compared with the corresponding quarter last year arises mainly from the compulsory motor subsegment as a result of an increase in the average premium and an increase in the underwriting profit in the motor property subsegment, mainly as a result of an improvement in the damage rate from accidents, that was partially offset due to an increase in vehicle thefts.

The increase in profitability was partially offset against a decrease in profitability of other property insurance subsegments as a result of an increase in the cost of claims in home and business insurance, and in the liability subsegment - as a result of an increase in the cost of claims in third party insurance.

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 property subsegments:**

	Motor property (*)				
	In NIS million				
	1-6/2023	1-6/2022	4-6/2023	4-6/2022	1-12/2022
Gross loss ratio	86.0%	86.0%	87.8%	69.8%	91.0%
Retention loss ratio	86.0%	86.1%	87.8%	69.9%	91.1%
Gross combined ratio	107.0%	110.7%	108.2%	96.0%	116.6%
Retention combined ratio	107.0%	110.7%	108.2%	96.0%	116.6%

	Property and other subsegments				
	In NIS million				
	1-6/2023	1-6/2022	4-6/2023	4-6/2022	1-12/2022
Gross loss ratio	63.5%	35.0%	45.8%	34.1%	31.4%
Retention loss ratio	37.0%	21.9%	38.1%	20.8%	22.5%
Gross combined ratio	90.0%	62.5%	71.6%	63.4%	58.9%
Retention combined ratio	68.7%	51.9%	69.4%	59.6%	53.3%

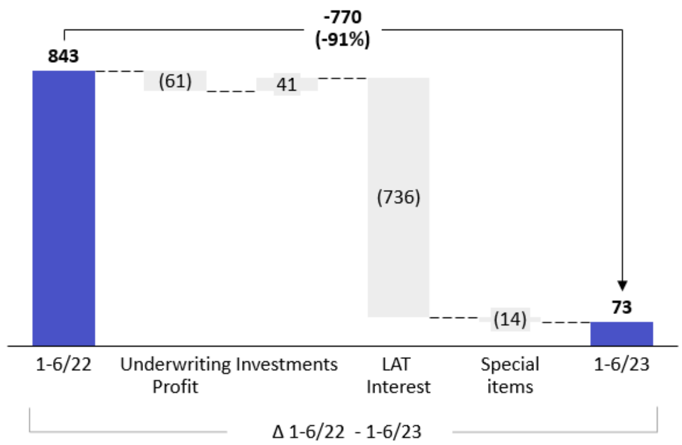
(*) Includes UGL (excess value of illiquid assets); for more information, see Section 5.5.1 above.

5.5.2. Health insurance

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

The agreement and the group long-term health insurance policy for Maccabi members expire on December 31, 2023. The Company informed the policyholder - "Maccabi Healthcare Services" - and the Commissioner that it will not extend the agreement, and that it is making preparations for the expiry of the agreement in accordance with its provisions.

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):



Results

1-6/2023	***95***	***3***	***(81)***	***56***	***73***
1-6/2022	*156*	*(38)*	*655*	*70*	*843*

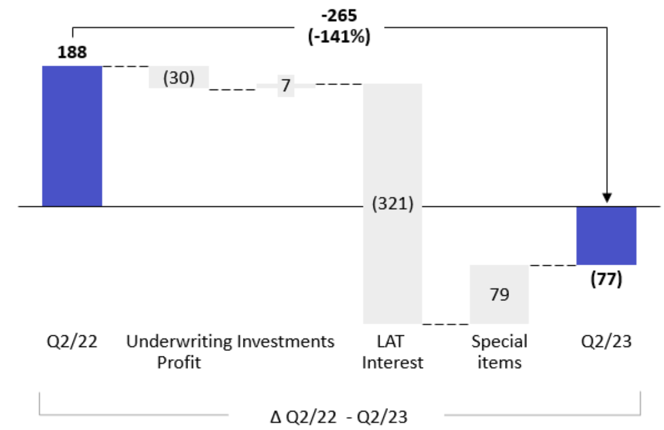
The decrease in underwriting profits in the reporting period compared to the corresponding period last year in the amount of NIS 61 million is mainly due to long-term care insurance policies.

The NIS 41 million increase in investment income in the reporting period compared with the corresponding period last year stemmed mainly from more positive effects in financial markets in Israel and globally, compared with adverse effects in financial markets in Israel and globally in the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities.

The NIS 736 million decrease in interest income in the reporting period compared with the corresponding period last year stems mainly from an increase in insurance liabilities as a result of the decrease in the illiquidity premium in the reporting period compared to the decrease in insurance liability as a result of the effect of the increase in the discount rate in the corresponding period last year, and the change in excess value of illiquid assets, which was recognized in the LAT reserve.

In addition, the results in the reporting period compared with the corresponding period last year were affected from a NIS 14 million decrease in earnings in the Special Items line item. In the reporting period, the Company recognized a NIS 113 million one-off capital gain from assuming control in the FNX Private partnerships (for more information, see Section 1.3.5 above); this gain was partially offset against changes in assumptions, model revisions, and others. In the corresponding period last year, the Company recorded 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 the LAT reserve as part of the excess value of illiquid assets.

Following is a composition of the main effects and changes on the results of the health insurance subsegment for the second quarter of 2023 compared to the corresponding quarter last year (in NIS million):



Results

Q2-23	***59***	***(12)***	***(187)***	***63***	***(77)***
Q2-22	*89*	*(19)*	*134*	*(16)*	*188*

The NIS 30 million decrease in underwriting profit in the second quarter of the reporting period, compared to the corresponding quarter last year, is mainly due to a decrease in profit from long-term health insurance policies, which was partially offset against an increase in travel insurance policies.

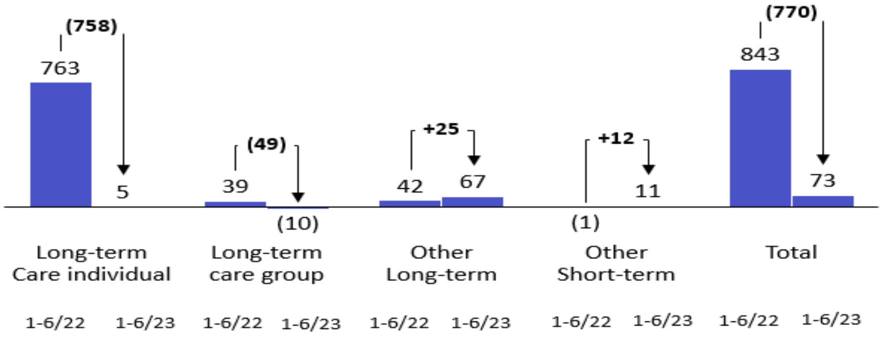
The NIS 7 million increase in investment income in the second quarter of the reporting period compared with the corresponding quarter last year stemmed mainly from positive effects in financial markets in Israel and globally, compared with negative effects in financial markets in Israel and globally in the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities.

The NIS 321 million decrease in interest income in the second quarter of the reporting period compared with the corresponding quarter last year stems mainly from an increase in insurance liability as a result of the effect of the decrease in the illiquidity premium in the second quarter of the reporting period, compared to a decrease in insurance liability in the corresponding quarter last year, and the change in excess value of illiquid assets, which was recognized in LAT reserve (for further details, see Section 1.3.5 above).

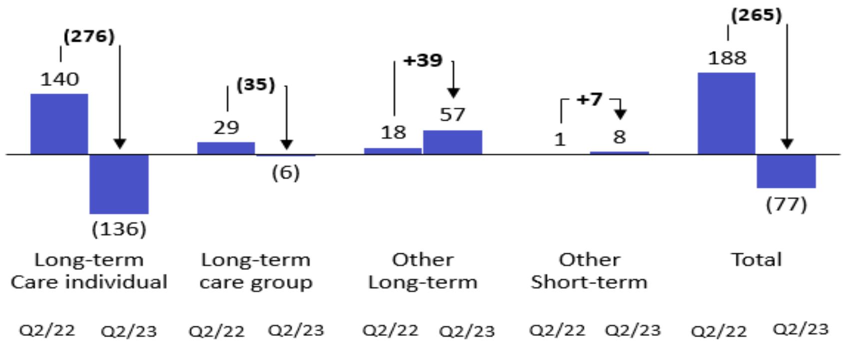
Furthermore, the results in the reporting period compared with the corresponding period last year were impacted by the NIS 79 million increase in the special items line item mainly as a result of the recognition of a NIS 113 million one-off earning in the second quarter of the reporting period as a result of assuming control over the FNX Private partnerships (for further details, see Section 1.3.5 above); the profit was partially offset by changes in assumptions, model revisions, etc.

As of June 30, 2023, the LAT reserve balance amounts to NIS 358 million.

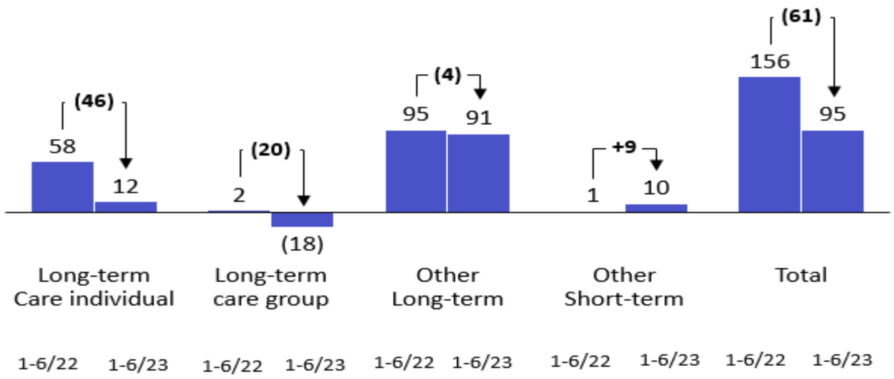
5.5.2.1. **<u>Set forth below is the (pre-tax) comprehensive income (loss) in the various subsegments of health insurance for the reporting period compared with the corresponding period last year (in NIS million):</u>**



5.5.2.2. **<u>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):</u>**

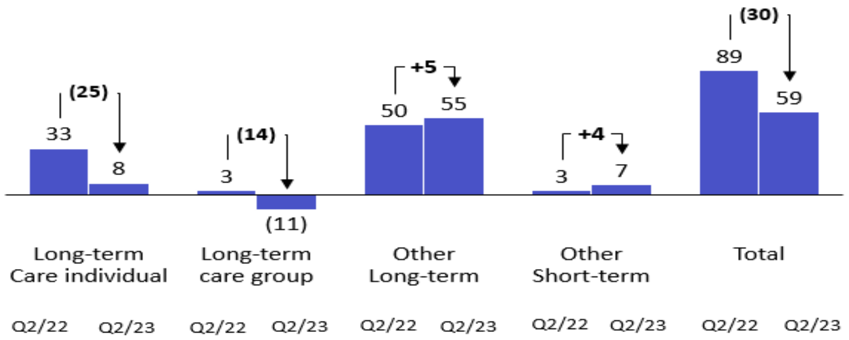


5.5.2.3. **<u>Set forth below is the pre-tax underwriting income (loss) in the various subsegments of health insurance for the reporting period compared with the corresponding period last year (in NIS million):</u>**



The decrease in underwriting profits in the reporting period compared to the corresponding period last year in the amount of NIS 61 million is mainly due to an increase in incidence of claims and a change in LAT reserve for LTC policies compared with last year.

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):

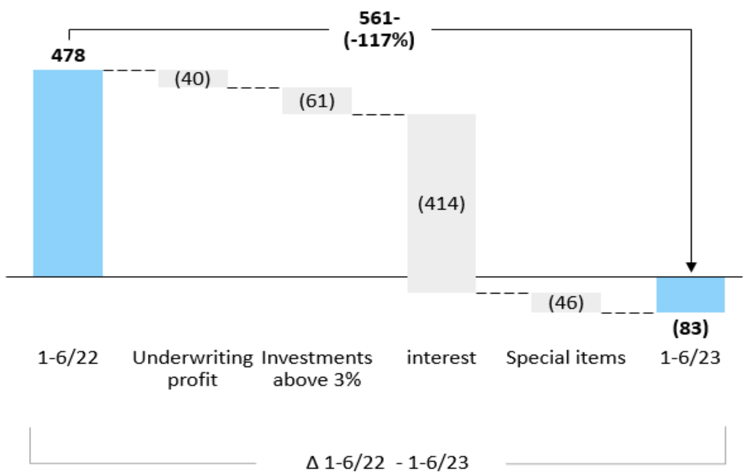


The decrease in underwriting profits in the second quarter of the reporting period, compared to the corresponding quarter last year, in the amount of NIS 30 million is mainly due to an increase in incidence of claims and change in LAT reserve.

5.5.3. Life insurance and savings

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

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):



Results

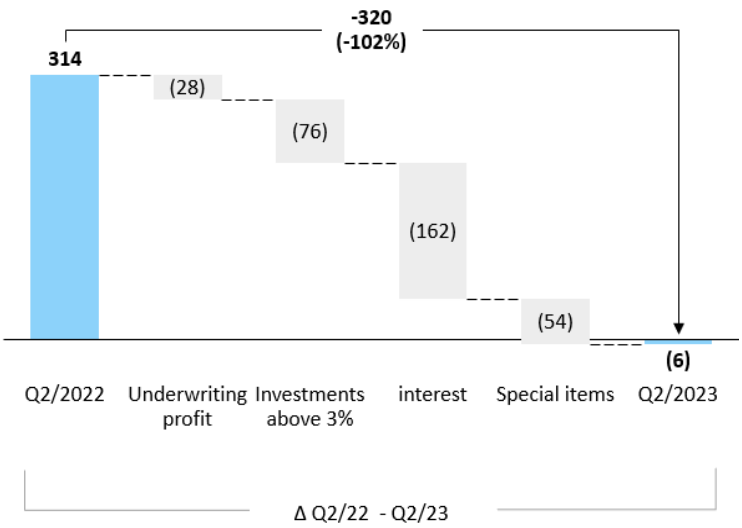
1-6/2023	***66***	***(170)***	***(17)***	***38***	***(83)***
1-6/2022	*106*	*(109)*	*397*	*84*	*478*

The results in the reporting period were affected mainly by a NIS 414 million decrease in profit as a result of the change in the risk-free interest rate curve and illiquidity premium during the reporting period compared with the corresponding period last year. In addition, the results in the reporting period compared with the corresponding period last year were affected by a NIS 40 million decrease in underwriting profit, which stemmed mainly from the decrease in fixed management fees as a result of the negative yields.

Furthermore, in the reporting period, the results were affected - compared with the corresponding period last year - by a NIS 61 million decrease in investment income in excess of a real return of 3%, which mainly arose from lower revenues on nostro investments in the corresponding period last year. As of June 30, 2023, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 571 million, before tax (as of the report publication date - NIS 529 million before tax).

The NIS 46 decrease in profit in the special items line item stems from a NIS 38 million profit in the reporting period, mainly as a result of the effects of the study regarding long-term health insurance (for more information, see Section 1.3.5 above), which was partially offset by model revisions and provisions for class actions, compared with a NIS 84 million profit in the corresponding period last year as a result of the effects of a study on retirement age and pension uptake rates, which was partially offset by the implementation of a circular regarding the revision to mortality assumptions, model revisions and provisions for class actions.

Following is a composition of the main effects and changes on the results of the life insurance subsegment for the second quarter of 2023 compared to the corresponding quarter last year (in NIS million):



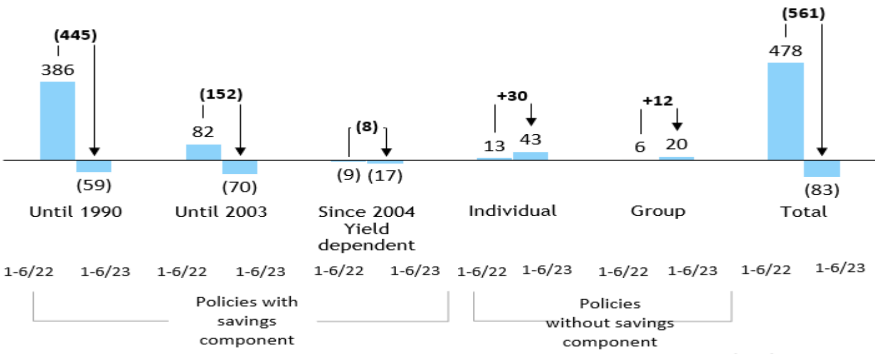
Results					
Q2-23	***33***	***(45)***	***(43)***	***49***	***(6)***
Q2-22	*61*	*31*	*119*	*103*	*314*

The results in the second quarter of the reporting period compared with the corresponding quarter last year were affected mainly by a NIS 162 million decrease in profit as a result of the change in the risk-free interest rate curve and illiquidity premium. In addition, the results in the second quarter of the reporting period compared with the corresponding quarter last year were affected by a NIS 28 million decrease in underwriting profit, which stemmed mainly from the decrease in fixed management fees as a result of the negative yields, and an increase in general and administrative expenses.

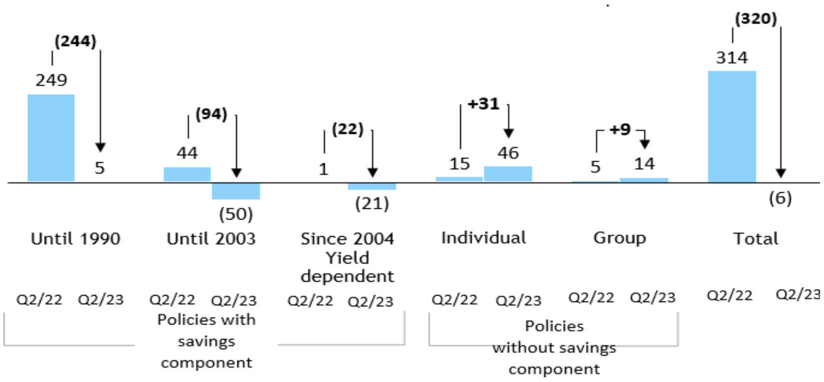
Furthermore, in the second quarter of the reporting period, the results were affected - compared with the corresponding quarter last year - by a NIS 76 million decrease in investment income in excess of a real return of 3%, which mainly arose from lower revenues on nostro investments in the corresponding period last year. As of June 30, 2023, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 571 million, before tax (as of the report publication date - NIS 529 million before tax).

The NIS 54 decrease in profit in the special items line item stems from a NIS 49 million profit in the second quarter of the reporting period, mainly as a result of the effects of the study regarding long-term health insurance (for more information, see Section 1.3.5 above), which was partially offset by model revisions and provisions for class actions, compared with a NIS 103 million profit in the corresponding quarter last year as a result of the effects of a study on retirement age and pension uptake rates, which was partially offset by the implementation of a circular regarding the revision to mortality assumptions, model revisions and provisions for class actions.

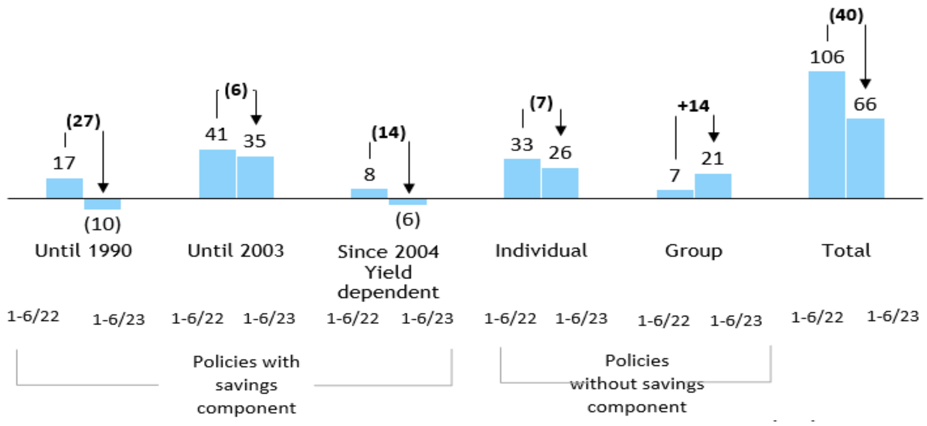
5.5.3.2. **<u>Set forth below is the results of the (pre-tax) comprehensive income (loss) in the various subsegments of life insurance for the reporting period compared with the corresponding period last year (in NIS million):</u>**



5.5.3.3. **<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):</u>**

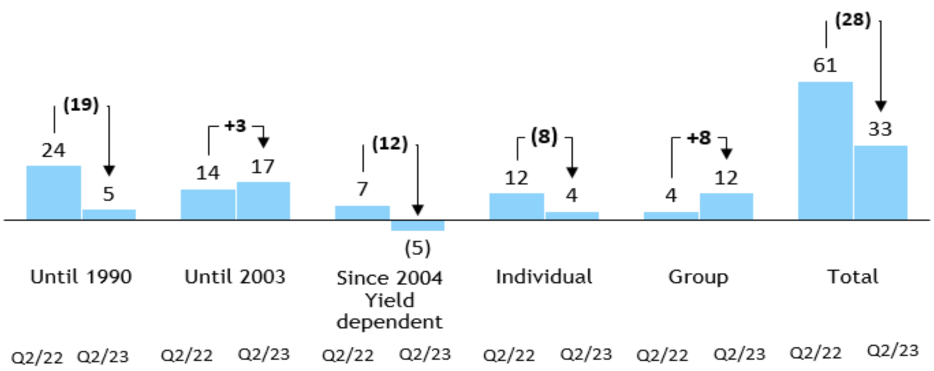


5.5.3.4. **<u>Set forth below is the pre-tax underwriting income (loss) in the various subsegments of life insurance for the reporting period compared with the corresponding period last year (in NIS million):</u>**



The NIS 40 million decrease in underwriting profits in the reporting period, compared with the corresponding period last year is attributed mainly to a decrease in underwriting profit in policies issued through 1990, as a result of a decrease in the financial margin, and the effect of the expenses, and in policies issued as from 2004 - as a result of the decline in fixed management fees and the effect of the expenses.

<u>Set forth below is the pre-tax underwriting 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):</u>



The NIS 28 million decrease in underwriting profits in the second quarter, compared with the corresponding quarter last year is attributed mainly to a decrease in underwriting profit in policies issued through 1990, as a result of a decrease in the financial margin, and the effect of the expenses, and in policies issued as from 2004 - as a result of the decline in fixed management fees and the effect of the expenses.

5.5.3.5. The rate of redemptions out of the average reserve (in annual terms) was approximately 5.9% compared with 5.1% in the corresponding period last year. The increase stems mainly from increase in cancellations of investment policies due to changes in the capital market and 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.

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

	1-6/2023	1-6/2022	4-6/2023	4-6/2022	1-12/2022
	In NIS million				
Investment gains (losses) credited to policyholders net of management fees	4,118	(5,442)	3,447	(4,272)	(6,325)
Management fees	296	300	147	149	591

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

5.5.3.7. **Weighted returns on participating policies**

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

	Policies issued up to 2004 (Fund J)				
	1-6/2023	1-6/2022	4-6/2023	4-6/2022	1-12/2022
Nominal returns before payment of management fees	4.21%	(5.54%)	3.77%	(4.68%)	(5.69%)
Nominal returns after payment of management fees	3.92%	(5.84%)	3.63%	(4.82%)	(6.29%)
Real returns before payment of management fees	1.71%	(8.41%)	2.38%	(6.48%)	(10.42%)
Real returns after payment of management fees	1.42%	(8.70%)	2.24%	(6.62%)	(10.99%)

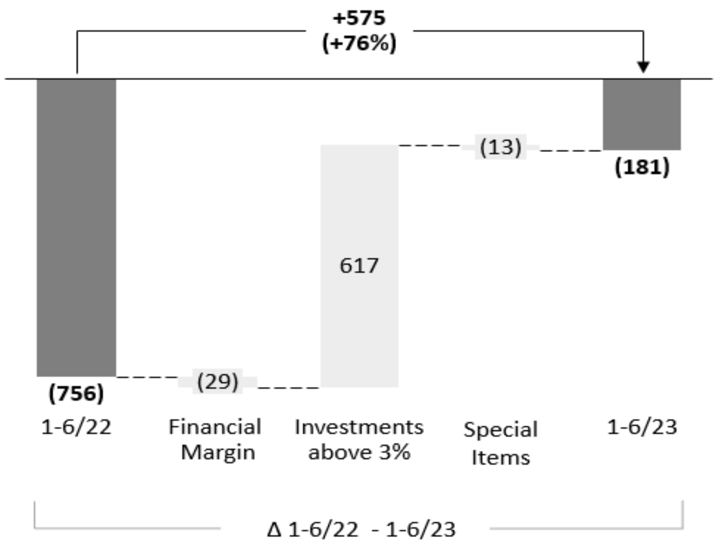
Fluctuations in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

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

	Policies issued from 2004 and thereafter				
	1-6/2023	1-6/2022	4-6/2023	4-6/2022	1-12/2022
Nominal returns before payment of management fees	4.56%	(6.61%)	3.72%	(5.44%)	(6.64%)
Nominal returns after payment of management fees	4.11%	(7.05%)	3.50%	(5.66%)	(7.49%)
Real returns before payment of management fees	2.05%	(9.44%)	2.33%	(7.23%)	(11.32%)
Real returns after payment of management fees	1.61%	(9.87%)	2.11%	(7.45%)	(12.13%)

5.5.4. Capital gains - other

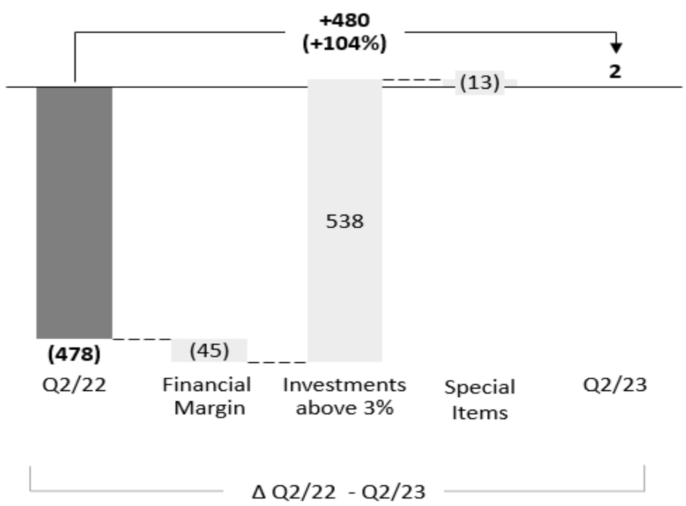
Set forth below is the composition of the main effects and changes in respect of other capital gains for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-6/2023	***204***	***(372)***	***(13)***	***(181)***
1-6/2022	*233*	*(989)*	*-*	*(756)*

Set forth below is the composition of the main effects and changes of other capital gains for the second quarter of 2023 compared to the corresponding quarter last year (in NIS million):



Results

Q2-23	***95***	***(80)***	***(13)***	***2***
Q2-22	*140*	*(618)*	*-*	*(478)*

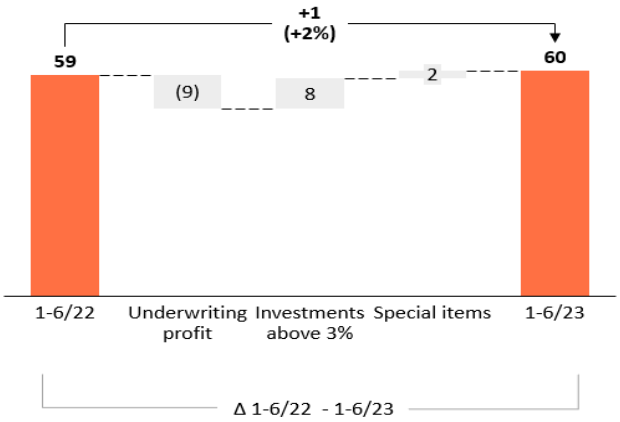
The decrease in loss of NIS 575 million and NIS 480 million, respectively, in other capital gains in the reporting period and the second quarter compared with the corresponding period last year stems mainly from lower declines in financial markets in Israel and globally compared with the corresponding period last year.

5.6. Description of developments in other core activities

5.6.1. The field of asset management - pension and provident

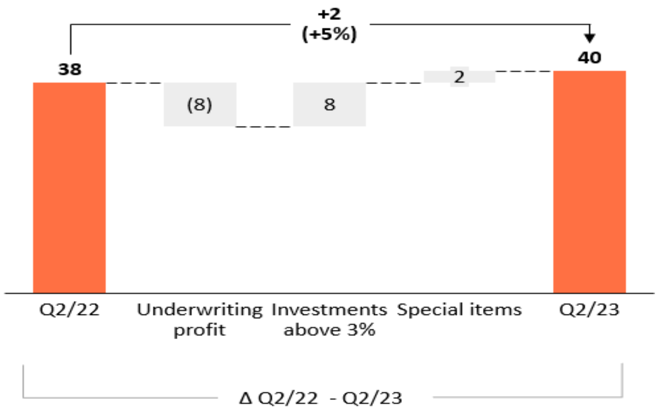
The Group manages various types of pension funds and provident funds through The Phoenix Pension and Provident Fund. In addition, the Group manages - through Halman-Aldubi IEC Gemel Ltd. - the central provident fund for annuity of Israel Electric Corporation employees. As of the report date, the Company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

<u>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):</u>



Results				
1-6/2023	**44**	**-**	**16**	**60**
1-6/2022	53	(8)	14	59

<u>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 2023 compared to the corresponding quarter last year (in NIS million):</u>



Results				
Q2-23	**23**	**1**	**16**	**40**
Q2-22	31	(7)	14	38

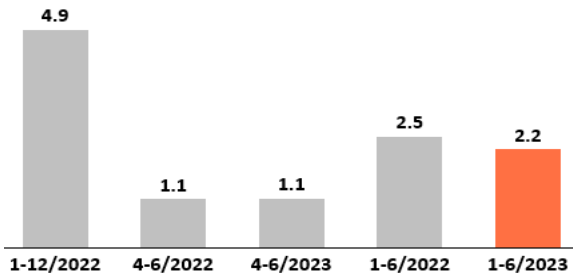
5.6.1.1. Provident funds subsegment

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.

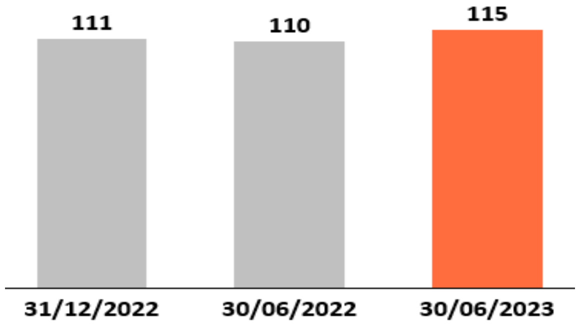
The pre-tax comprehensive income in the reporting period amounted to approximately NIS 53 million compared to approximately NIS 54 million during the corresponding period last year.The pre-tax comprehensive income in the second quarter of the reporting period amounted to approximately NIS 36 million compared to approximately NIS 37 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 2023 totaled approximately NIS 23.1 billion, compared to a total of approximately NIS 27.0 billion in the corresponding quarter last year, reflecting a decrease of approximately 14.14%. According to the Ministry of Finance data, as of June 30, 2023, total assets under management in the provident funds subsegment amounted to approximately NIS 685 billion, compared to approximately NIS 644 billion as of June 30, 2022, an increase of approximately 6.56%.

5.6.1.2. Pension funds subsegment

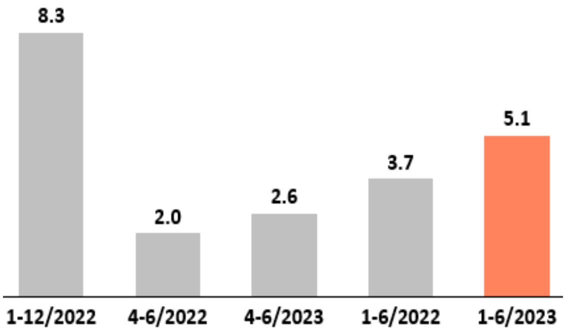
The Group's pension subsegment is conducted through The Phoenix Pension and Provident, a wholly-owned subsidiary of the Company.

The pre-tax earnings in the reporting period amounted to NIS 6 million compared with pre-tax earnings of NIS 5 million in the corresponding period last year. The pre-tax comprehensive income in the second quarter of the reporting period amounted to approximately NIS 3 million compared to approximately NIS 1 million during the corresponding quarter last year.

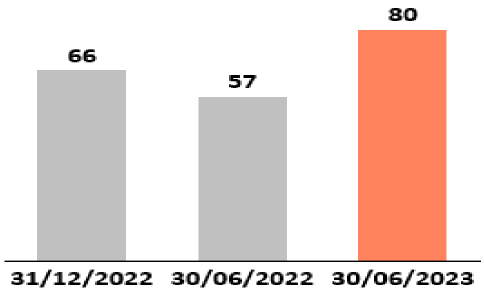
[5] Based on Gemel Net data.

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

Contributions towards benefits (NIS billion)



Assets under management (NIS billion)



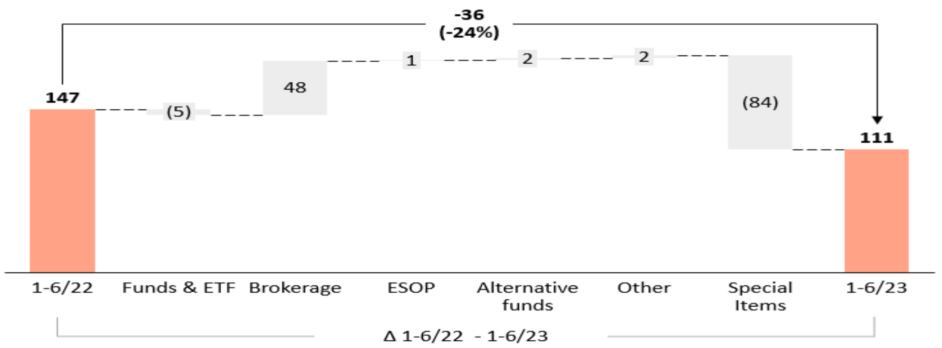
Based on Ministry of Finance data,[6] aggregate contributions towards benefits in the new comprehensive pension funds subsegment in the first half of 2023 totaled approximately NIS 32.2 billion, compared to a total of approximately NIS 27.7 billion in the corresponding quarter last year, reflecting an increase of approximately 16.1%.

According to Ministry of Finance data, as of June 30, 2023, total assets under management in the new comprehensive pension funds subsegment amounted to a total of approximately NIS 671 billion, compared to approximately NIS 574 billion on June 30, 2022, an increase of approximately 17.0%.

5.6.2. Investment management - financial services

The activity in this area is carried out mainly through The Phoenix Investment House (formerly - Excellence Investments), and as from June 30, 2022 partly through The Phoenix Advanced Investments. For more information about the completion of the merger of KSM ETN Holdings Ltd. with The Phoenix Investment House in January 2023, see Note 8G to the financial statements.

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):

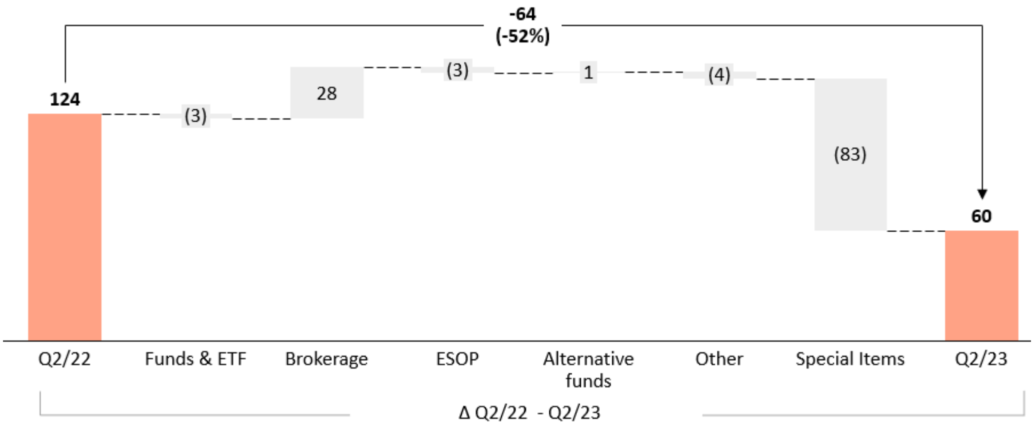


Results							
1-6/2023	25	78	8	4	5	(9)	111
1-6/2022	30	30	7	2	3	75	147

[6] Based on Pension Net data.

The NIS 36 million decrease in profits in the reporting period compared with the corresponding period last year arises mainly from a NIS 48 million improvement in the profitability of the TASE Member, which was partially offset against a NIS 84 million decrease in profits, mainly as a result of the recognition of a one-off capital gain from assuming control in The Phoenix Capital in the corresponding period last year.

Following is the composition of the main effects and changes on the results of the financial services segment for the second quarter of 2023 compared to the corresponding quarter last year (in NIS million):



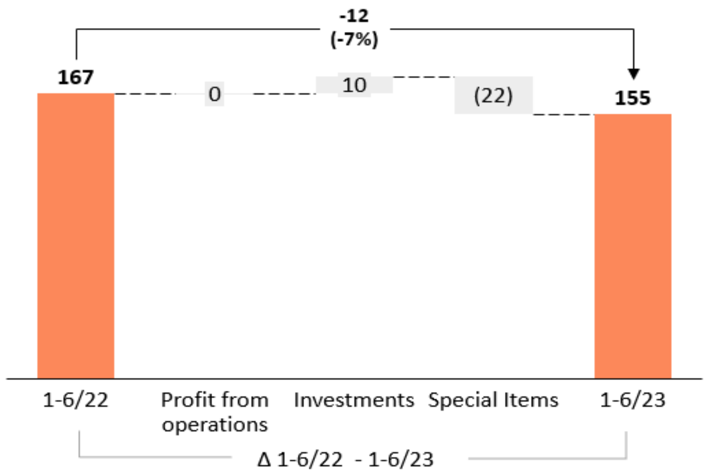
Results

Q2-23	***12***	***47***	***4***	***1***	***(1)***	***(3)***	***60***
Q2-22	*15*	*19*	*7*	*-*	*3*	*80*	*124*

The NIS 64 million decrease in profits in the second quarter of the reporting period compared with the corresponding quarter last year arises mainly from a NIS 28 million improvement in the profitability of the TASE Member, which was offset against a NIS 83 million decrease in profits, mainly as a result of the recognition of a one-off capital gain from assuming control in The Phoenix Capital in the corresponding period last year.

5.6.3. The insurance agencies segment

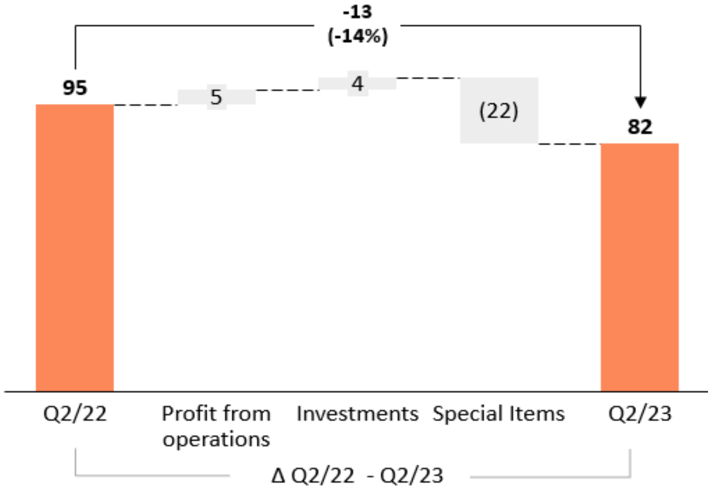
Set forth below is the composition of the main effects and changes on the results of the insurance agencies subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-6/2023	***142***	***13***	***-***	***155***
1-6/2022	*142*	*3*	*22*	*167*

Following is the composition of the main effects and changes on the results of the insurance agencies segment for the second quarter of 2023 compared to the corresponding quarter last year (in NIS million):



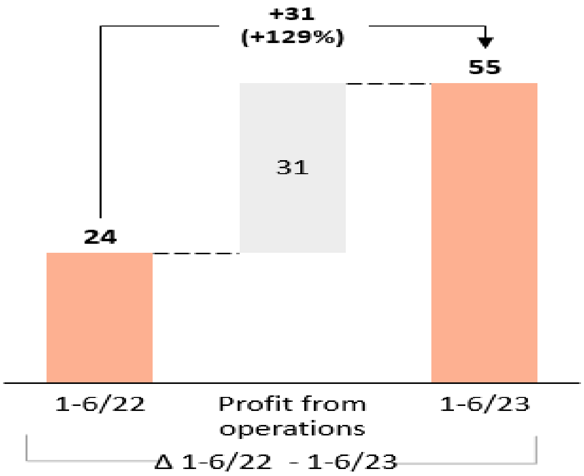
Results

Q2-23	***76***	***6***	***-***	***82***
Q2-22	*71*	*2*	*22*	*95*

In the reporting period, hiring of new employees in Israel was down, which led to a decline in commissions. In the reporting period, EBITDA increased to NIS 167 million compared with NIS 161 million in the corresponding period last year.
As to the option of introducing an international partner to The Phoenix Agencies, see Section 1.3.6(c) above.

5.6.4. The Credit Segment

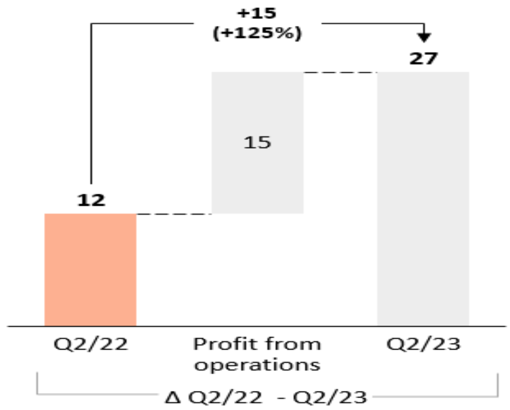
Set forth below is the composition of the main effects and changes on the results of the credit segment subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results

1-6/2023	***55***	***55***
1-6/2022	*24*	*24*

<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 2023 compared to the corresponding quarter last year (in NIS million):</u>



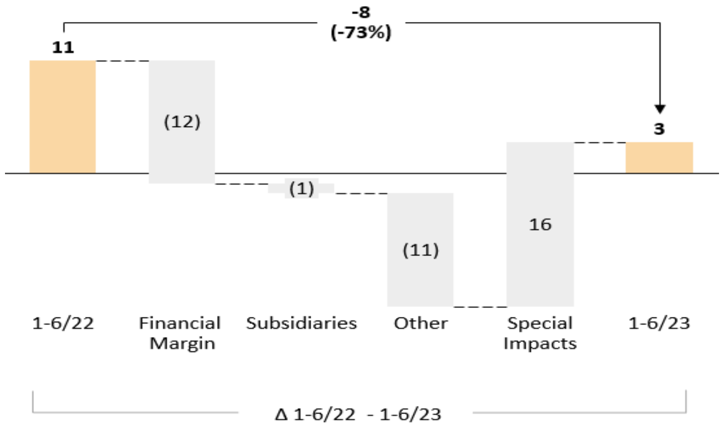
Results

Q2-23	***27***	***27***
Q2-22	*12*	*12*

The increase in operating profit in the reporting period compared with the corresponding period last year stems mainly from an increase in activity turnovers and an increase in credit spreads in the reporting period compared with the corresponding period last year. Gama continued to consistently expand the credit card activity as well as the business credit portfolio and guarantee activity. As part of the Company's responsible growth strategy, and in view of the macroeconomic picture that is reflected in significant interest rate hikes in Israel, Gama reduced its checks factoring activity.
Gama's credit loss expenses in the reporting period amounted to NIS 7.7 million, of which NIS 3.5 million is recorded in respect of a general provision for debts in the credit portfolio, which are ordinary debts.
For more information regarding The Phoenix Investments' tender offer subsequent to the balance sheet date, see Section 1.3.9 above.

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

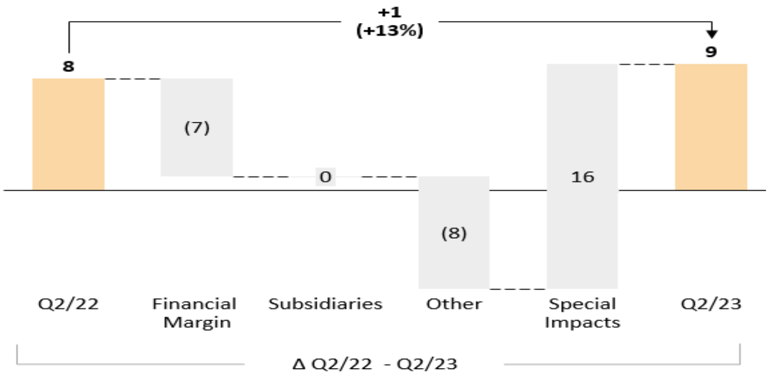
<u>Set forth below is the composition of the main effects and changes on the results of "other" segment and activity that is not attributed to operating segments in the reporting period compared to the corresponding period last year (in NIS million, before tax):</u>



Results

1-6/2023	***8***	***(1)***	***(20)***	***16***	***3***
1-6/2022	*20*	*-*	*(9)*	*-*	*11*

Following is the composition of the main effects and changes on the results of "other" segment and activity that is not attributed to operating segments in the second quarter of 2023 compared to the corresponding quarter last year (in NIS million before tax):



Results					
Q2-23	**5**	**-**	**(12)**	**16**	**9**
Q2-22	12	-	(4)	-	8

The results in the reporting period and in the second quarter compared with the corresponding periods last year were mainly affected by a NIS 5 million decrease and a NIS 7 million decrease, respectively, in the financial margin, and from a NIS 16 million one-off capital gain as a result of buyback of bonds.

5.7. Analysis of cash flow development

5.7.1. Cash flow for the first half of 2023

The consolidated cash flows from operating activities in the reporting period amounted to approximately NIS 2.096 million. The consolidated cash flows used in investing activities in the reporting period amounted to approximately NIS 431 million and included mainly a total of NIS 169 million used to purchase property, plant, and equipment, NIS 200 million used to acquire and capitalize costs of intangible assets, and NIS 88 million used for investment in associates.

The consolidated cash flows used for financing activities in the reporting period amounted to approximately NIS 21 million; the cash flows included, among other things, a total of NIS 772 million arising from a REPO liability, a total of NIS 678 million used to repay financial liabilities, and a total of NIS 227 million arising from issuance of financial liabilities.

The Group's cash and cash-equivalent balances increased from a total of approximately NIS 19,798 million at the beginning of the reporting period to approximately NIS 21,442 million at the end of the reporting period.

5.7.2. Sources of financing and liquidity

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

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

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

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

The Company considers its holding in a Restricted Tier 1 capital instrument of The Phoenix Insurance as a source of liquidity, and classifies this holding as a financial investment (for more details, see Section 1.3.3 above).

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.(For further details, please see Section 1.3.7 below).

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 - for information about restructuring and dividend, see Section 1.3.10.

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 (for information regarding the restructuring in The Phoenix Agencies, see Section 1.3.6 above) and does not include The Phoenix Insurance and The Phoenix Pension and Provident, which are subject to Regulatory Restrictions in addition to the distribution restrictions set out in the Companies Law, 1999):

	as of June 30, 2023	as of June 30, 2022	As of December 31, 2022
		NIS thousand	
Financial assets			
Cash and cash equivalents	245	151	160
Other financial investments	1,094	1,087	1,158
Total assets	1,339	1,238	1,319
Less current maturities			
Financial liabilities - current (*)	71	45	35
Current financial assets net of current maturities	**1,268**	**1,193**	**1,284**
Non-current financial liabilities			
Non-current financial liabilities	1,473	1,429	1,496
Other liabilities	-	5	10
Total liabilities	1,473	1,434	1,506
Net financial debt	**(205)**	**(241)**	**(222)**
LTV	**2%**	**2%**	**2%**

(*) The other financial investments include an investment in a Restricted Tier 1 capital instrument of The Phoenix Insurance, which has been listed on the main list since April 2023, amounting to NIS 1,024 million (fair value as of June 30, 2023 - NIS 979 million). Stock exchange value as of August 22, 2023 is NIS 959 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, 2023. For the calculation of LTV in accordance with financial covenants, please see Section 9.2 below.

(***) The Phoenix Agencies declared a NIS 675 million dividend to the shareholders, of which NIS 250 million were paid as of the report publication date.

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

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

In June 2023, the Company executed a buyback of NIS 124 million par value of bonds (Series 6). The bonds are not linked to the CPI (principal and interest), and bear unlinked annual interest, as stated above, at the rate of 1.94%, which is paid in two annual payments in 2023-2032. Following this acquisition, there has been a change in the exposure to shekel interest rates in relation to the data as of March 30, 2023.

The following table summarizes the results of the sensitivity tests to the non-linked shekel interest rate on profit before tax, as of in June 30, 2023. The results are presented in NIS million, and do not include the insurance company:

	Profit (loss) from changes in the risk factor				Profit (loss) from changes in the risk factor		
Type of instrument	**Absolute increase of 2%**	**10% increase**	**5% increase**	**Fair value**	**5% decrease**	**Decrease of 10%**	**Absolute decrease of 2%**
Government bonds	(0.8)	(0.2)	(0.1)	39.8	0.1	0.2	1.1
Corporate bonds	(2.1)	(0.0)	(0.0)	31.1	0.0	0.0	2.2
Capital note to the insurance company	-	-	-	-	-	-	-
MAOF options	-	-	-	-	-	-	-
Total assets	**(3.0)**	**(0.2)**	**(0.1)**	**70.8**	**0.1**	**0.2**	**3.2**
Loans from banking corporations	-	-	-	-	-	-	-
The Phoenix bonds	24.3	4.8	2.4	(683.1)	(2.5)	(5.0)	(28.0)
Total liabilities	**24.3**	**4.8**	**2.4**	**(683.1)**	**(2.5)**	**(5.0)**	**(28.0)**
Total	**21.4**	**4.6**	**2.3**	**(612.2)**	**(2.4)**	**(4.7)**	**(24.8)**

(*) The value of The Phoenix's bonds under the model is 3.4% lower than their market value.

Assumptions underlying the calculations

Fair value: Fair value was calculated using the discounted cash flow model, using the suitable interest rate for the cash flow period. The discount rate was calculated based on the market interest rate for the cash flow period, plus the risk premium derived from the security's rating.

Scenarios: For the interest risk, the calculation was based on absolute increase/decrease of 2% during the course of a day. This scenario was selected after a study of the yield curve database found that in the past 10 years, no absolute change exceeding 2% was observed in any single day. Scenario outcomes were calculated at the single asset level, so as to avoid distorting results by aggregating different instruments.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of June 30, 2023

	NIS						ETNs - linkage	Israeli	
				Other non-	pension	Credit company	to various	insurance	
	Non-linked	CPI-linked	Foreign currency	monetary items	companies in	in Israel	indices	company	Total
Intangible Assets	-	-	-	1,830,784	476,861	10,618	-	1,008,191	3,326,454
Deferred tax assets	-	-	-	80,623	779	10,036	-	6,448	97,886
Deferred acquisition costs	-	-	-	-	1,034,541	-	-	1,619,991	2,654,532
Property, plant & equipment	-	-	-	147,634	2,100	10,792	-	1,077,415	1,237,941
Investments in investees	23,439	19,929	-	140,995	-	-	-	1,456,411	1,640,774
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	2,206,935	2,206,935
Investment property - other	-	-	-	-	-	-	-	1,186,334	1,186,334
Reinsurance assets	-	-	-	-	-	-	-	3,604,340	3,604,340
Credit for purchase of securities	644,000	-	111,000	-	-	-	-	-	755,000
Current tax assets	-	20,815	-	-	2	6	-	226,554	247,377
Receivables and debit balances	415,725	-	8,013	-	48,818	7,574	-	446,532	926,662
Premiums collectible	-	-	-	-	-	-	-	1,026,855	1,026,855
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	80,603,591	80,603,591
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	194,000	-	194,000
Credit in respect of factoring, clearing and financing	-	-	-	-	-	3,488,853	-	-	3,488,853
Liquid debt assets	9,815	14,417	203	-	140,828	-	-	5,646,108	5,811,371
Illiquid debt assets	502,511	529,446	29,000	-	937,552	12,003	-	15,276,930	17,287,442
Shares	-	-	-	293,821	14,820	-	-	1,909,806	2,218,447
Other	-	-	17,149	55,096	51,722	-	-	5,512,779	5,636,746
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	18,728,467	18,728,467
Other cash and cash equivalents	460,532	-	63,000	-	90,583	33,191	-	2,065,752	2,713,058
					-	-			
Total assets	**2,056,022**	**584,607**	**228,365**	**2,548,953**	**2,798,606**	**3,573,073**	**194,000**	**143,609,439**	**155,593,065**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	1,045,054	-	-	26,204,453	27,249,507
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	98,348,493	98,348,493
Liabilities in respect of deferred taxes	-	-	-	35,623	85,469	-	-	426,280	547,372
Liability for employee benefits, net	24,105	-	-	-	-	4,208	-	47,185	75,498
Liability in respect of current taxes	-	57,186	-	-	4,798	9,491	-	5,636	77,111
Payables and credit balances	482,763	-	429	-	93,776	42,378	-	3,566,793	4,186,139
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	193,000	-	193,000
Financial liabilities (*)	2,329,576	912,655	142,000	-	2,817	3,027,610	-	7,998,480	14,413,138
Total liabilities	**2,836,444**	**969,841**	**142,429**	**35,623**	**1,231,914**	**3,083,687**	**193,000**	**136,597,320**	**145,090,258**
Total exposure	**(780,422)**	**(385,234)**	**85,936**	**2,513,330**	**1,566,692**	**489,386**	**1,000**	**7,012,119**	**10,502,807**

(*) Against CPI-linked financial liabilities, the Company holds The Phoenix Insurance's Bonds (Series L), which is CPI-linked

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

	NIS						ETNs - linkage	Israeli	
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items	pension companies in	companies in Israel	to various indices	insurance company	Total
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
Illiquid 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
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**

(*) Against CPI-linked financial liabilities, the Company holds The Phoenix Insurance's Bonds (Series L), which is CPI-linked.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of December 31, 2022

	NIS						ETNs - linkage	Israeli	
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items	pension companies in	Credit company in Israel	to various indices	insurance company	Total
Intangible Assets	-	-	-	1,718,822	459,186	8,362	-	805,156	2,991,526
Deferred tax assets	-	-	-	63,261	1,250	8,138	-	-	72,649
Deferred acquisition costs	-	-	-	3,598	897,824	-	-	1,551,961	2,453,383
Property, plant & equipment	-	-	-	180,965	2,276	8,534	-	959,668	1,151,443
Investments in investees	15,014	19,409	-	124,838	-	-	-	1,434,476	1,593,737
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	2,142,074	2,142,074
Investment property - other	-	-	-	-	-	-	-	1,147,899	1,147,899
Reinsurance assets	-	-	-	-	-	-	-	3,172,249	3,172,249
Credit for purchase of securities	673,790	-	91,210	-	-	-	-	-	765,000
Current tax assets	-	33,610	-	-	-	-	-	124,225	157,835
Receivables and debit balances	138,963	-	5,805	-	51,000	12,896	-	521,629	730,293
Held-for-sale asset	-	-	-	18,387	-	-	-	-	18,387
Premiums collectible	-	-	-	-	-	-	-	757,329	757,329
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	77,394,271	77,394,271
Financial investments for holders of bonds, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	201,000	-	201,000
Credit in respect of factoring, clearing and financing	-	-	-	-	-	3,443,337	-	-	3,443,337
Liquid debt assets	7,888	6,418	552	-	118,687	-	-	5,526,350	5,659,895
Illiquid debt assets	391,000	428,506	40,000	-	894,368	10,711	-	14,696,915	16,461,500
Shares	-	-	-	513,300	19,364	-	-	1,869,608	2,402,272
Other	400	-	35,439	27,152	49,650	-	-	4,890,182	5,002,823
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	16,358,509	16,358,509
Other cash and cash equivalents	455,507	-	14,000	-	197,177	20,269	-	2,752,813	3,439,766
					-	-			
Total assets	**1,682,562**	**487,943**	**187,006**	**2,650,323**	**2,690,782**	**3,512,247**	**201,000**	**136,105,314**	**147,517,177**
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	1,016,001	-	-	24,442,495	25,458,496
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	94,042,093	94,042,093
Liabilities in respect of deferred taxes	-	-	-	54,652	75,085	-	-	460,160	589,897
Liability for employee benefits, net	19,149	-	-	-	-	5,478	-	42,040	66,667
Liability in respect of current taxes	-	32,333	-	-	23,024	9,251	-	185	64,793
Payables and credit balances	392,948	-	739	-	443,402	45,095	-	2,573,387	3,455,571
Liabilities for bonds, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	200,698	-	200,698
Financial liabilities (*)	2,043,986	1,198,421	108,000	-	4,733	2,986,569	-	6,763,855	13,105,564
Total liabilities	**2,456,083**	**1,230,754**	**108,739**	**54,652**	**1,562,245**	**3,046,393**	**200,698**	**128,324,215**	**136,983,779**
Total exposure	**(773,521)**	**(742,811)**	**78,267**	**2,595,671**	**1,128,537**	**465,854**	**302**	**7,781,099**	**10,533,398**

(*) Against CPI-linked financial liabilities, the Company holds The Phoenix Insurance's Bonds (Series L), which is CPI-linked

8. Corporate Governance Aspects

8.1. Effectiveness of Internal Control over Financial Reporting and Disclosure

8.1.1. The Securities Regulations

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

As from the publication date of the ISOX amendment, and as set out in the Company's previous Reports of the Board of Directors, the Company has acted and is acting on an ongoing basis to implement the required procedure in The Phoenix group in accordance with the provisions of the ISOX amendment. In accordance with the provisions of the ISOX amendment, the Company opted to implement to the internal controls of all of its consolidated institutional entities the provisions of the circulars of the Commissioner of the Capital Market, Insurance and Savings applicable thereto - the Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal 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 Controls over Financial Reporting and Disclosure.
The processes relating to the activities of institutional entities are also addressed in the Insurance Commissioner's Circulars, please see Section 8.1.2 below.

8.1.2. The Insurance Commissioner's Circulars

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

- **Disclosure controls and procedures**
  Managements of the institutional entities, together with their CEOs and CFOs, assessed the effectiveness of the controls and procedures concerning the said institutional entities' disclosure in their Financial Statements as of the end of the period covered in this report. Based on this assessment, the CEOs and CFOs of the institutional entities in The Phoenix group concluded that, as of the end of this period, the controls and procedures as to the institutional entities' disclosure are sufficiently effective for recording, processing, summarizing, and reporting the information that the institutional entities are required to disclose in their quarterly report in accordance with the provisions of the law and the reporting provisions set by the Commissioner of the Capital Market, Insurance, and Savings and on the date set out in these provisions.

- **Internal control over financial reporting**
  During the quarter ending June 30, 2023, 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 / Maalot	Midroog / Maalot	Midroog / Maalot
Rating as of the report date	Aa2.il ilAA /-	Aa2.il ilAA /-	Aa2.il ilAA /-
Par value on issuance date	NIS 487,564,542	NIS 822,616,000	NIS 472,612,000 (*)
Interest type	Unlinked	CPI-linked	Unlinked
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%	4.6% (*)
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% in 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, 2023	NIS 398 million	NIS 756 million	NIS 349 million
CPI-linked nominal p.v. as of June 30, 2023	NIS 398 million	NIS 834 million	NIS 349 million
Carrying amount of bonds' outstanding balances as of June 30, 2023	NIS 397 million	Approx. NIS 822 million	Approx. NIS 324 million
Carrying amount of interest payable as of June 30, 2023	Approx. NIS 3.9 million	Approx. NIS 0.6 million	-
Market value as of June 30, 2023 (*)	Approx. NIS 413 million	Approx. NIS 749 million	Approx. NIS 296 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

(*) Series 6 Bonds - in January 2023, an expansion of NIS 172 million par value was carried out; a buyback of NIS 124 million par value of the original number of Series 6 Bonds was carried out in June 2023.

(**) The market value includes interest accrued as of July 2, 2023.

Contractual restrictions and financial covenants

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 the Series 4 bonds have not been repaid in full, unless it obtains the bondholders' consent in advance and placed on that date a charge of the same rank in favor of the 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 the Series 5 bonds have not been repaid in full, unless it obtains the bondholders' consent in advance and placed on that date a charge of the same rank in favor of the 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 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 of balance sheet date, the Company complies with the financial covenants described above. The net financial debt ratio as of June 30, 2023 was approximately 4.17% (including Restricted Tier 1 capital instrument issued by The Phoenix Insurance through The Phoenix Capital Raising), and the Company's shareholders' equity as per its separate financial statements as of June 30, 2023, was approximately NIS 10,055 million, which is higher than the above required shareholders' equity.
For further details – please see Note 5 to the Company's financial statements as of June 30, 2023.

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

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

August 23, 2023

Phoenix

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 statement of financial position as of June 30, 2023, the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six and three-months periods then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of financial information for this interim periods in accordance with the Israel Securities Regulations (Periodic and Immediate Reports), 1970, which pertain to insurers' holding companies, as described in Note 2(a). Our responsibility is to express a conclusion regarding the financial information for this 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 2.3% of the total consolidated assets as of June 30, 2023 and whose revenues included in consolidation constitutes approximately 1.5% and 1.1% of total consolidated revenues for the six and three-month periods then ended, respectively. Furthermore, we did not review condensed financial information for the interim periods of companies presented on the basis of the equity method. the investment in which, at equity, amounted to approximately NIS 688,475 thousand as of June 30, 2023, and the Company's share in the earning (loss) amounted to approximately NIS 31,224 thousand and (183) thousand for the six and three-month periods then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial information in respect of these companies, is based on the review reports of the other independent auditors.

Scope of the 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 may 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 above-mentioned financial information does not comply, in all material respects, with the Israel Securities Regulations (Periodic and Immediate Reports), 1970, which pertain to insurers' holding companies, as described in Note 2(a) to the financial information.

Emphasis of matter

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

Tel Aviv,	Kost Forer Gabbay & Kasierer
August 23, 2023	Certified Public Accountants

	Note	June 30, 2023	June 30, 2022	December 31, 2022
		As of		
		Unaudited		Audited
		NIS thousand		
Assets				
Intangible assets	4	**3,326,454**	**2,919,126**	**2,991,526**
Deferred tax assets		**97,886**	**67,043**	**72,649**
Deferred acquisition costs		**2,654,532**	**2,281,026**	**2,453,383**
Property, plant & equipment		**1,237,941**	**946,265**	**1,151,443**
Investments in associates		**1,640,774**	**1,474,400**	**1,593,737**
Investment property in respect of yield-dependent contracts		**2,206,935**	**1,903,600**	**2,142,074**
Investment property - other		**1,186,334**	**1,038,015**	**1,147,899**
Reinsurance assets		**3,604,340**	**3,167,199**	**3,172,249**
Credit for purchase of securities		**755,000**	**754,000**	**765,000**
Current tax assets		**247,377**	**31,317**	**157,835**
Receivables and debit balances		**926,662**	**1,072,164**	**730,293**
Held-for-sale asset		**-**	**-**	**18,387**
Premiums collectible		**1,026,855**	**933,629**	**757,329**
Financial investments in respect of yield-dependent contracts	5A	**80,603,591**	**78,267,921**	**77,394,271**
Financial investments for holders of deposit certificates and structured bonds		**194,000**	**217,000**	**201,000**
Credit assets in respect of factoring, clearing and financing	5C	**3,488,853**	**3,208,322**	**3,443,337**
Other financial investments:				
Liquid debt assets		**5,811,371**	**6,401,473**	**5,659,895**
Illiquid debt assets		**17,287,442**	**17,193,235**	**16,461,500**
Shares		**2,218,447**	**2,513,790**	**2,402,272**
Other		**5,636,746**	**4,471,187**	**5,002,823**
Total other financial investments	5B	**30,954,006**	**30,579,685**	**29,526,490**
Cash and cash equivalents in respect of yield-dependent contracts		**18,728,467**	**14,789,357**	**16,358,509**
Other cash and cash equivalents		**2,713,058**	**2,459,240**	**3,439,766**
Total assets		**155,593,065**	**146,109,309**	**147,517,177**
Total assets for yield-dependent contracts		**101,743,507**	**95,216,686**	**96,055,588**

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

		As of		
		June 30, 2023	June 30, 2022	December 31, 2022
		Unaudited		Audited
	Note	NIS thousand		
Equity				
Share capital		**313,168**	**310,514**	**311,640**
Premium and capital reserves in respect of shares		**858,022**	**845,296**	**851,918**
Treasury shares	8F	**(167,733)**	**(155,628)**	**(155,628)**
Capital reserves		**1,210,070**	**934,615**	**1,123,705**
Retained earnings		**7,841,012**	**7,773,062**	**8,013,123**
Total equity attributable to the Company's shareholders		**10,054,539**	**9,707,859**	**10,144,758**
Non-controlling interests		**448,268**	**354,125**	**388,640**
Total equity		**10,502,807**	**10,061,984**	**10,533,398**
Liabilities				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts		**27,249,507**	**25,315,513**	**25,458,496**
Liabilities in respect of insurance contracts and yield-dependent investment contracts		**98,348,493**	**93,114,756**	**94,042,093**
Liabilities in respect of deferred taxes		**547,372**	**554,373**	**589,897**
Liability for employee benefits, net		**75,498**	**83,520**	**66,667**
Liability in respect of current taxes		**77,111**	**73,466**	**64,793**
Payables and credit balances		**4,186,139**	**3,258,638**	**3,455,571**
Liabilities in respect of structured products		**193,000**	**215,058**	**200,698**
Financial liabilities	5D	**14,413,138**	**13,432,001**	**13,105,564**
Total liabilities		**145,090,258**	**136,047,325**	**136,983,779**
Total capital and liabilities		**155,593,065**	**146,109,309**	**147,517,177**

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

Date of approval of the financial statements - August 23, 2023

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
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS thousand				
Premiums earned, gross	**5,939,588**	**6,032,809**	**2,987,989**	**3,018,421**	**12,137,231**
Premiums earned by reinsurers	**797,567**	**791,985**	**405,735**	**400,792**	**1,570,094**
Premiums earned - retention	**5,142,021**	**5,240,824**	**2,582,254**	**2,617,629**	**10,567,137**
Investment income (losses), net and finance income	**5,289,458**	**(5,435,372)**	**4,371,716**	**(4,753,868)**	**(5,554,831)**
Income from management fees	**817,870**	**762,044**	**409,328**	**389,199**	**1,547,728**
Income from fees and commissions	**406,078**	**430,265**	**192,710**	**197,051**	**835,912**
Income from other financial services	**160,000**	**101,000**	**90,000**	**57,000**	**223,000**
Income from factoring and clearing	**90,568**	**63,827**	**44,356**	**35,215**	**142,754**
Other income (Note 4B)	**142,083**	**136,787**	**137,539**	**132,104**	**144,780**
Total income	**12,048,078**	**1,299,375**	**7,827,903**	**(1,325,670)**	**7,906,480**
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**10,639,493**	**(1,282,558)**	**7,089,554**	**(2,217,378)**	**2,988,830**
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**740,826**	**607,294**	**369,803**	**308,137**	**1,023,801**
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**9,898,667**	**(1,889,852)**	**6,719,751**	**(2,525,515)**	**1,965,029**
Fees and commissions, marketing expenses and other purchase expenses	**1,009,544**	**922,167**	**501,784**	**458,682**	**1,933,805**
General and administrative expenses	**1,003,194**	**877,458**	**511,566**	**444,592**	**1,805,284**
Other expenses	**59,846**	**31,509**	**39,191**	**14,926**	**91,096**
Finance expenses	**191,536**	**150,105**	**95,176**	**90,464**	**318,534**
Total expenses	**12,162,787**	**91,387**	**7,867,468**	**(1,516,851)**	**6,113,748**
Share in profits of equity-accounted investees	**43,073**	**30,274**	**37,037**	**26,355**	**61,548**
Profit (loss) before taxes on income	**(71,636)**	**1,238,262**	**(2,528)**	**217,536**	**1,854,280**
Taxes on income (tax benefit)	**(125,984)**	**336,902**	**(90,054)**	**6,367**	**504,336**
Profit for the period	**54,348**	**901,360**	**87,526**	**211,169**	**1,349,944**
Attributed to:					
Company's shareholders	**1,594**	**859,963**	**58,642**	**184,866**	**1,257,124**
Non-controlling interests	**52,754**	**41,397**	**28,884**	**26,303**	**92,820**
Profit for the period	**54,348**	**901,360**	**87,526**	**211,169**	**1,349,944**
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)	**0.01**	**3.42**	**0.24**	**0.74**	**5.00**
Diluted earnings per share					
Earnings per ordinary share of NIS 1 par value (in NIS)	**0.01**	**3.34**	**0.23**	**0.71**	**4.91**

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
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousand				
Profit for the period	**54,348**	**901,360**	**87,526**	**211,169**	**1,349,944**
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	**203,942**	**(634,247)**	**191,480**	**(233,659)**	**(685,971)**
Net change in fair value of financial assets classified as available for sale, carried to the income statement	**(88,771)**	**(300,044)**	**(41,580)**	**(102,476)**	**(318,278)**
Gain on impairment of financial assets classified as available for sale, carried to the income statement	**296,895**	**414,604**	**76,981**	**311,690**	**612,492**
The Group's share in other comprehensive income of equity-accounted investees	**25,734**	**18,823**	**9,904**	**16,416**	**27,511**
Tax effect	**(140,886)**	**177,241**	**(78,052)**	**8,073**	**133,322**
Total components of net other comprehensive income (loss) subsequently reclassified to profit or loss	**296,914**	**(323,623)**	**158,733**	**44**	**(230,924)**
Amounts that shall not be subsequently reclassified to profit or loss					
Revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**124,168**
Actuarial gain (loss) in respect of defined benefit plans	**-**	**1,110**	**-**	**-**	**3,684**
Company's share in other comprehensive income (loss), net of equity-accounted companies	**-**	**-**	**-**	**-**	**-**
Tax effect	**-**	**(255)**	**-**	**-**	**(29,602)**
Total net income components that will not be subsequently reclassified to profit or loss	**-**	**855**	**-**	**-**	**98,250**
Total other comprehensive income (loss), net	**296,914**	**(322,768)**	**158,733**	**44**	**(132,674)**
Total comprehensive income for the period	**351,262**	**578,592**	**246,259**	**211,213**	**1,217,270**
Attributed to:					
Company's shareholders	**298,508**	**536,933**	**217,375**	**184,910**	**1,123,907**
Non-controlling interests	**52,754**	**41,659**	**28,884**	**26,303**	**93,363**
Comprehensive income for the period	**351,262**	**578,592**	**246,259**	**211,213**	**1,217,270**

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, 2023 (audited)	311,640	851,918	(155,628)	8,013,123	(56,503)	11,000	62,920	224,054	(14,435)	896,669	10,144,758	388,640	10,533,398
Effect of first-time application of IFRS 9 (*)	-	-	-	1,522	-	-	-	-	-	(1,522)	-	-	-
Balance as of January 1, 2023 after first-time application of IFRS 9	311,640	851,918	(155,628)	8,014,645	(56,503)	11,000	62,920	224,054	(14,435)	895,147	10,144,758	388,640	10,533,398
Net profit	-	-	-	1,594	-	-	-	-	-	-	1,594	52,754	54,348
Total other comprehensive income	-	-	-	-	-	-	-	-	25,734	271,180	296,914	-	296,914
Total comprehensive income	-	-	-	1,594	-	-	-	-	25,734	271,180	298,508	52,754	351,262
Share-based payment	-	(216)	-	-	-		9,489	-	-	-	9,273	-	9,273
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(176,639)	(176,639)
Acquisition of treasury shares	-	-	(12,105)	-	-	-	-	-	-	-	(12,105)	-	(12,105)
Exercise of employee options	1,528	6,320	-	-	-	-	(7,848)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,945	-	-	-	(1,945)	-	-	-	-	-
Dividend (Note 8H)	-	-	-	(177,172)	-	-	-	-	-	-	(177,172)	-	(177,172)
Acquisition of minority interests (see Note 1H)	-	-	-	-	(10,848)	-	-	-	-	-	(10,848)	(43,089)	(53,937)
Commencement of consolidation (Note 4B)	-	-	-	-	-	-	-	-	-	-	-	27,309	27,309
Allocation of shares of a consolidated company to minority interests	-	-	-	-	1,730	-	-	-	-	-	1,730	2,781	4,511
Transaction with minority interest (see Note 1F and 8J)	-	-	-	-	(199,605)	-	-	-	-	-	(199,605)	196,512	(3,093)
Balance as of June 30, 2023 (unaudited)	313,168	858,022	(167,733)	7,841,012	(265,226)	11,000	64,561	222,109	11,299	1,166,327	10,054,539	448,268	10,502,807

(*) See Note 2B regarding first-time application of IFRS 9 (Financial Instruments) regarding financial instruments that do not relate to The Phoenix Insurance, which falls within the scope of the definition of insurer. According to the transition method that was selected, the comparative figures were not restated.

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 profit	-	-	-	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	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)	-	(55,859)
Dividend	-	-	-	(421,000)	-	-	-	-	-	-	(421,000)	-	(421,000)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	50,624	50,624
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)	-	-	-	-	-
Acquisition of non-controlling interests					(12,000)		-		-		(12,000)	-	(12,000)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	1,379	-	-	-	-	-	1,379	833	2,212
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, 2023 (unaudited)	311,817	851,225	(161,926)	7,781,449 (*)	(135,725)	11,000	67,407	223,030	1,395	1,017,498 (*)	9,967,170	449,122	10,416,292
Net profit	-	-	-	58,642	-	-	-	-	-	-	58,642	28,884	87,526
Total other comprehensive income	-	-	-	-	-	-	-	-	9,904	148,829	158,733	-	158,733
Total comprehensive income	-	-	-	58,642	-	-	-	-	9,904	148,829	217,375	28,884	246,259
Share-based payment	-	1,428	-	-	-	-	3,874	-	-	-	5,302	-	5,302
Dividend to non-controlling interests (see Note 1F)	-	-	-	-	-	-	-	-	-	-	-	(148,818)	(148,818)
Acquisition of treasury shares	-	-	(5,807)	-	-	-	-	-	-	-	(5,807)	-	(5,807)
Exercise of employee options	1,351	5,369	-	-	-	-	(6,720)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	921	-	-	-	(921)	-	-	-	-	-
Acquisition of minority interests (see Note 1H)	-	-	-	-	(9,985)	-	-	-	-	-	(9,985)	(30,479)	(40,464)
Commencement of consolidation (Note 4B)	-	-	-	-	-	-	-	-	-	-	-	27,309	27,309
Allocation of shares of a consolidated company to minority interests	-	-	-	-	896	-	-	-	-	-	896	1,838	2,734
Transaction with minority interest (see Note 1F)	-	-	-	-	(120,412)	-	-	-	-	-	(120,412)	120,412	-
Balance as of June 30, 2023 (unaudited)	313,168	858,022	(167,733)	7,841,012	(265,226)	11,000	64,561	222,109	11,299	1,166,327	10,054,539	448,268	10,502,807

(*) Reclassified.

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 profit	-	-	-	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)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	50,624	50,624
Exercise of employee options	148	733	-	-	-	-	(881)	-	-	-	-	-	-
Transaction with minority interest	-	-	-		-	-	-	-	-	-	-	85	85
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	817	-	-	-	(817)	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)	-	(12,000)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	1,132	-	-	-	-	-	1,132	669	1,801
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 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, 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 profit	-	-	-	1,257,124	-	-	-	-	-	-	1,257,124	92,820	1,349,944
Total other comprehensive income (loss)	-	-	-	2,097	-	-	-	95,610	27,511	(258,435)	(133,217)	543	(132,674)
Total comprehensive income (loss)	-	-	-	1,259,221	-	-	-	95,610	27,511	(258,435)	1,123,907	93,363	1,217,270
Share-based payment	-	(2,362)	-	-	-	-	17,556	-	-	-	15,194	-	15,194
Exercise of employee options	1,317	4,971	-	-	-	-	(6,288)	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)	-	(55,859)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(74,665)	(74,665)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	53,886	53,886
Dividend	-	-	-	(581,000)	-	-	-	-	-	-	(581,000)	-	(581,000)
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,910	-	-	-	(2,910)	-	-	-	-	-
Allocation of shares of a consolidated company to minority interests	-	-	-	-	3,587						3,587	49,713	53,300
Transaction with minority interest	-	-	-	-	(14,435)	-	-	-	-	-	(14,435)	(3,382)	(17,817)
Balance on December 31, 2022 (audited)	**311,640**	**851,918**	**(155,628)**	**8,013,123**	**(56,503)**	**11,000**	**62,920**	**224,054**	**(14,435)**	**896,669**	**10,144,758**	**388,640**	**10,533,398**

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

	Appendix	For the six months ended June 30 2023	For the six months ended June 30 2022	For the three months ended June 30 2023	For the three months ended June 30 2022	For the year ended December 31 2022
		Unaudited				Audited
		NIS thousand				
Cash flows from operating activities						
Profit for the period		54,348	901,360	87,526	211,169	1,349,944
Adjustments required to present cash flows from operating activities	(a)	1,694,335	(62,472)	2,527,725	47,255	1,379,463
Net cash from operating activities		1,748,683	838,888	2,615,251	258,424	2,729,407
Cash flows from investing activities						
Purchase of property, plant and equipment		(168,618)	(64,222)	(85,146)	(34,538)	(190,135)
Proceeds from disposal of property, plant and equipment		8	171	6	10	342
Investment in associates		(88,032)	(57,525)	(64,212)	(56,295)	(160,281)
Dividend from associates		11,749	19,657	10,448	7,802	41,580
Change in loans granted to associates		530	705	1,056	355	(3,688)
Acquisition of consolidated companies consolidated for the first time	(b)	(48,000)	(6,407)	-	(6,949)	(9,775)
Proceeds from the sale of pension funds, provident funds, and fees and commissions portfolios		45	25,049	-	25,014	30,372
Acquisition of minority interest in a consolidated company		(39,925)	(12,000)	(27,395)	(12,000)	(17,817)
Proceeds from disposal of investment in associate		101,209	-	81,457	-	108,158
Acquisition and capitalization of intangible assets costs		(200,128)	(146,623)	(117,376)	(76,936)	(334,726)
Net cash used for investing activities		(431,162)	(241,195)	(201,162)	(153,537)	(535,970)
Cash flows from financing activities						
Issuance of shares to non-controlling interests in a consolidated company		-	-	-	-	49,713
Acquisition of Company shares		(12,105)	(55,859)	(5,807)	-	(55,859)
Short-term credit from banks, net		(93,000)	369,000	(129,000)	302,000	420,000
Repayment of financial liabilities		(661,079)	(452,150)	(181,719)	(37,782)	(651,637)
Dividend to shareholders		(177,172)	(421,000)	(177,172)	(421,000)	(581,000)
Repayment of lease liability principal		(21,842)	(26,028)	(11,071)	(17,652)	(50,082)
Issuance/receipt of financial liabilities		557,038	1,305,911	408,670	697,568	1,910,320
Change in liability for REPO, net		771,559	-	(273,461)	-	708,302
Dividend paid to non-controlling interests		(37,670)	(8,716)	(9,849)	(1,780)	(74,665)
Repayment of contingent liability in respect of a put option to non-controlling interests		-	-	-	-	(10,000)
Net cash provided by (used in) financing activities		325,729	711,158	(379,409)	521,354	1,665,092
Increase in cash and cash equivalents		1,643,250	1,308,851	2,034,680	626,241	3,858,529
Balance of cash and cash equivalents at beginning of period	(c)	19,798,275	15,939,746	19,406,845	16,622,356	15,939,746
Balance of cash and cash equivalents at end of period	(c)	21,441,525	17,248,597	21,441,525	17,248,597	19,798,275

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
		2023	2022	2023	2022	2022
		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	(4,317,567)	6,135,612	(3,480,401)	4,957,622	7,404,308
	Change in fair value of investment property in respect of yield-dependent contracts	8,571	-	-	-	(199,182)
	Losses (income), net on other financial investments					
	Liquid debt assets	67,891	11,775	(46,459)	(3,435)	137,976
	Illiquid debt assets	(886,428)	(747,487)	(448,521)	(441,559)	(1,449,128)
	Shares	48,849	(199,548)	21	48,444	(155,913)
	Other	362,726	622,718	91,722	544,721	691,349
	Depreciation and amortization	218,262	194,191	106,835	104,098	408,658
	Loss from disposal of property, plant and equipment	-	(2)	-	-	-
	Profit from sale of provident funds	-	(14,185)	-	(14,185)	(14,185)
	Change in fair value of investment property	4,676	6,286	-	-	(96,200)
	Gain on notional disposal as a result of gaining control of an investee	(129,096)	(108,942)	(129,096)	(108,942)	(109,586)
	Change in financial liabilities	726,529	3,374,687	(201,922)	3,017,433	1,899,625
	Expenses on income tax (tax benefit)	(125,984)	336,902	(90,054)	6,367	504,336
	Company's share in the profits of associates, net	(43,073)	(30,274)	(37,037)	(26,355)	(61,548)
	Payroll expenses in respect of share-based payment	9,489	10,035	3,874	4,562	17,556
	Changes in other balance sheet line items, net:					
	Change in liabilities in respect of non-yield-dependent insurance contracts	1,791,011	202,527	1,140,304	342,705	345,510
	Change in liabilities in respect of yield-dependent contracts	4,306,400	(2,513,828)	3,741,443	(3,489,199)	(1,586,491)
	Change in liabilities for bonds, ETFs	(7,698)	10,058	7,543	23,058	(4,302)
	Change in financial investments for holders of ETFs, certificates of deposit	7,000	(11,000)	(9,000)	(24,000)	5,000
	Change in credit assets in respect of factoring, clearing and financing	(45,516)	(657,930)	(50,074)	(497,151)	(892,945)
	Change in deferred acquisition costs	(201,149)	(270,378)	(60,474)	(124,758)	(442,735)
	Change in reinsurance assets	(432,091)	(360,653)	(225,141)	(204,172)	(365,703)
	Change in liabilities for employee benefits, net	8,831	11,850	2,006	698	(2,469)
	Change in accounts receivable and collectible premiums	(449,948)	(623,726)	90,418	(401,776)	(123,460)
	Change in payables and credit balances	558,719	307,484	637,889	234,851	506,544
	Change in credit for purchase of securities	10,000	(257,000)	(46,000)	(201,000)	(268,000)
	Revaluation of loans granted to associates	453	2,403	-	3,479	(1,100)
	Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:					
	Acquisition of real estate properties	(73,432)	(60,582)	(65,455)	(34,422)	(99,874)
	Proceeds on sale of real estate properties	-	219,844	-	123,045	219,844
	Sales (acquisitions), net of financial investments	1,108,247	(3,304,874)	1,107,704	(1,239,699)	(3,699,920)
	Financial investments and other investment property:					
	Sales (acquisitions), net of financial investments	(592,115)	(2,064,056)	576,970	(2,337,427)	(540,903)
	Acquisition of real estate properties	(42,130)	(38,522)	(37,470)	(18,005)	(58,419)
	Proceeds on sale of real estate properties	-	119,055	-	66,255	119,054
	Cash paid and received during the period for:					
	Taxes paid	(262,132)	(401,238)	(51,899)	(265,070)	(765,600)
	Taxes received	65,040	36,326	(1)	1,072	57,366
	Total cash flows provided by (used for) operating activities	1,694,335	(62,472)	2,527,725	47,255	1,379,463

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
		2023	2022	2023	2022	2022
		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)	(3,000)	22,346	-	21,879	27,944
	Property, plant and equipment, net	-	(783)	-	(145)	(877)
	Goodwill arising from acquisition	(149,793)	(82,272)	(113,793)	(35,741)	(79,216)
	Intangible assets	(115,277)	(64,925)	(103,277)	(64,925)	(111,217)
	Deferred taxes	38,310	6,190	35,310	4,173	23,020
	Minority interests	27,309	50,624	27,309	50,624	53,886
	Investments in investees	-	(74,732)	-	(74,732)	(72,109)
	Disposal of investment in an associate	129,096	114,983	129,096	114,983	115,627
	Financial liabilities	-	733	-	733	8,614
	Liability for payment in respect of acquisition of an investee	-	21,050	-	(23,950)	24,134
	Liabilities for employee benefits	-	379	-	152	419
	Payables for acquisition of a subsidiary	25,355	-	25,355	-	-
		(48,000)	(6,407)	-	(6,949)	(9,775)
(c)	Cash and cash equivalents					
	Balance of cash and cash equivalents at beginning of period:					
	Cash and cash equivalents	3,439,766	2,154,153	2,267,523	3,380,462	2,154,153
	Cash and cash equivalents in respect of yield-dependent contracts	16,358,509	13,785,593	17,139,322	13,241,894	13,785,593
		19,798,275	15,939,746	19,406,845	16,622,356	15,939,746
	Balance of cash and cash equivalents at end of period:					
	Cash and cash equivalents	2,713,058	2,459,240	2,713,058	2,459,240	3,439,766
	Cash and cash equivalents in respect of yield-dependent contracts	18,728,467	14,789,357	18,728,467	14,789,357	16,358,509
		21,441,525	17,248,597	21,441,525	17,248,597	19,798,275
(d)	Significant non-cash activities					
	Recognition of right-of-use asset against a lease liability	(17,147)	(40,334)	(9,317)	(35,654)	(52,319)
	Dividend declared for non-controlling interests	(138,969)	-	(138,969)	-	-
	Sale of a consolidated company consolidated for the first time	(25,355)	-	(25,355)	-	-
	Acquisition of minority interest in a consolidated company	(11,231)	-	(11,231)	-	-
(e)	Breakdown of amounts included in operating activities					
	Interest paid	135,581	75,514	63,261	27,690	178,990
	Interest received	609,626	438,572	446,202	318,828	957,447
	Dividend received	34,672	29,591	14,084	21,961	47,571

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

NOTE 1 - GENERAL

A. The Phoenix Holdings Ltd. (hereinafter - the "Company") is an Israeli resident company incorporated in Israel, whose official address is 53 Derech Hashalom St., Givatayim, Israel. These financial statements were prepared in condensed format as of June 30, 2023 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, 2022 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 Group	-	The Phoenix Holdings Ltd. and its consolidated companies.
The Phoenix Insurance	-	The Phoenix Insurance Company Ltd., a wholly-owned subsidiary.
The Phoenix Investments	-	The Phoenix Investments and Finances Ltd., a wholly-owned subsidiary.
The Phoenix Investment House	-	The Phoenix Investment House Ltd. (formerly Excellence Investments Ltd.), a subsidiary of The Phoenix Investments, is a wholly-owned subsidiary of the Company.
The Phoenix Advanced Investments	-	The Phoenix Advanced Investments Ltd., a wholly-owned subsidiary of The Phoenix Investments.
Gama		Gama Management and Clearing Ltd., a subsidiary in which The Phoenix Investments is a controlling shareholder.
The Phoenix Agencies	-	The Phoenix Insurance Agencies 1989 Ltd. is held by the Company at 80%. For further details, please see Note 1F.
The Phoenix Pension and Provident Fund	-	The Phoenix Pension and Provident Funds Ltd., a wholly-owned subsidiary of the Company.
The Phoenix Capital Raising	-	The Phoenix Capital Raising (2009) Ltd., a wholly-owned subsidiary of The Phoenix Insurance.
Belenus Lux S.a.r.l	-	The controlling shareholder, held indirectly by Centerbridge Partners LP and Gallatin Point Capital LLC (hereinafter - the "Funds"). Centerbridge Partners LP is controlled by CCP III Cayman GP Ltd. and Gallatin Point Capital LLC is controlled by Matthew Botein, Lewis (Lee) Sachs.
Phoeniclass	-	Phoeniclass Ltd., an investee of The Phoenix Insurance and The Phoenix Investments.
The Commissioner		The Commissioner of the Capital Market, Insurance and Savings.

NOTE 1 - GENERAL (cont.)

C. Control of The Phoenix Holdings

The controlling shareholder of the Company is Belenus Lux S.à.r.l. (hereinafter - "Belenus"), which is held indirectly, through a number of companies, by Centerbridge Partners LP and Gallatin Point Capital LLC. Centerbridge Partners LP is controlled by CCP III Cayman GP Ltd. and Gallatin Point Capital LLC is controlled by Matthew Botein, Lewis (Lee) Sachs.

In December 2022, the Company reported that a consortium of investors from the United Arab Emirates alongside other international investors are assessing the option of acquiring the control core in the Company from Belenus, and the parties' signing a memorandum of understanding. In July 2023, the Company reported that the parties reached a mutual understanding regarding the cancellation of the memorandum of understanding and concurrently, on the execution of a transaction for the sale of Belenus shares to the consortium, with Belenus retaining a stake of at least 30% of its shares, fully diluted. On August 14, a transaction for the sale of 2% of the Company's shares to a company controlled by an investor from the United Arab Emirates was completed, and as of the report's publication date Belenus holds 31.15% of the Company's shares. For further details, please see reports dated December 13, 2022, July 23, 2023 and August 15, 2023 (Ref. Nos.: 2022-01-150541, 2023-01-068953 and 2023-01-075799, respectively).

D. Effects of inflation and increase in interest rates

Further to global macroeconomic developments, which started in 2022 and continued through the report publication date, inflation rates in Israel and across the world have exceeded inflation targets of central banks. Further to steps taken to curb price increases, central banks across the world, including the Bank of Israel, continued to increase interest rates. Changes in inflation rates, interest rates and the illiquidity premium (which is calculated based on the average up-to-date and historical spreads of the bonds included in the Tel-Bond 60 Index) affect the Company's financial results, and mainly those of The Phoenix Insurance. For information about the effect of the change in interest rates in the reporting periods on the Company's financial results, see Note 8A. For information about the financial results' sensitivity to changes in interest and inflation rates, see Note 41 Section 3.2 to the Consolidated Annual Financial Statements.

E. The legal reform

In recent months, there has been uncertainty regarding the government's plans to promote changes in the judicial system, and the growing public controversy surrounding this move. During January 2023, the government began promoting a plan to make fundamental changes in the legal system in Israel, which led to controversy and widespread public protests. In July 2023, protesters intensified their protest against the legislation of the Basic Law: The Judiciary (Amendment No. 3) - Abolishing the Standard of Reasonableness, which was passed by the Knesset on July 24, 2023. Against the backdrop of promoting the changes in the judiciary, in April 2023, Moody's - the international rating agency - published Israel's credit rating, leaving the rating unchanged at A1, and changing the credit rating outlook from "positive" to "stable" following its assessments regarding developments that will arise from the implementation of the changes. In May 2023, S&P - the international rating agency published Israel's credit rating. S&P reiterated Israel's AA- rating with a stable outlook, based on the assumption that agreement will be reached regarding the reform in the legal system.

In July 2023, immediately prior to the revocation of the standard of reasonableness, Moody's and S&P published special reports in response to the legislation of the law for the abolishment of the standard of reasonableness, which emphasized the risks and the concerns regarding potential adverse effects on the Israeli economy, which might arise from further unilateral legislation. However, no changes were made to the rating of the State of Israel and/or its rating outlook. In addition, credit rating agency Fitch reiterated Israel's credit rating at A+ and the rating outlook at "stable", but also issued a warning regarding further future developments.

At this stage the Company is unable to assess future developments, or the effect of those events on the Israeli economy in general and the Company's activity in particular.

NOTE 1 - GENERAL (cont.)

F. In December 2022, the competent organs of The Phoenix Agencies and Agam Leaderim Holdings (2001) Ltd. (hereinafter - "Agam Holdings"), a company in which The Phoenix Agencies has a 60% stake, approved a merger offer between the two aforesaid companies, in accordance with a merger agreement under which Agam Holdings will be wound up and merged with and into The Phoenix Agencies in consideration for allotment of ordinary shares of The Phoenix Agencies that will be issued to the other shareholders of Agam Holdings, such that after the execution of the merger the Company will hold 80% of the shares of The Phoenix Agencies, and the other shareholders will hold the remaining shares. Furthermore, the Company and the other shareholders signed an agreement whereby, subject to the provisions of any law, immediately after the completion of the merger, The Phoenix Agencies shall distribute a dividend at an amount equal to the distributable profits for tax purposes, in accordance with The Phoenix Agencies' financial statements as of March 31, 2023; the profit is estimated at NIS 670 million.

The merger was completed in June 2023 after the fulfillment of all conditions precedent; accordingly, The Phoenix Agencies declared a NIS 675 million cash dividend, of which NIS 250 million were paid as of the publication date of the financial statements. In addition, it was decided that if The Phoenix Agencies will require shareholder loans in order to execute the said Dividend Distribution, the Company and the other shareholders shall advance shareholder loans at a total maximum amount of up to NIS 500 million, based on their proportionate share in The Phoenix Agencies' issued share capital. As a result of the merger, the equity attributed to the Company's shareholders decreased by NIS 120 million. For further details, please see Note 8E(3) to the Annual Financial Statements.

G. Global rating for The Phoenix Insurance

On May 23, 2023 Moody's - the international rating agency - announced the assignment of an A2 international credit rating with a stable outlook to The Phoenix Insurance.

H. Full tender offer in respect of Gama shares

During the reporting period, The Phoenix Investments purchased 4.2 million Gama shares for a total consideration of NIS 42 million. Subsequent to the reporting period, The Phoenix Investments purchased further 6.6 million Gama shares for a total consideration of NIS 73 million. As of June 30, 2023 and the report's publication date, The Phoenix Investments holds 67.15% and 76.87% of Gama's shares, respectively.

Subsequent to these acquisitions, in August 2023, The Phoenix Investments published a full tender offer (whose validity is conditional upon the acquisition of all of the offerees' shares) to acquire all of Gama's shares.

If the full tender offer will come to fruition, the consideration which The Phoenix Investments is expected to pay will amount to NIS 220 million. It should be clarified that it is uncertain whether the tender offer will, indeed, be completed successfully. For further details, please see the immediate report dated August 10, 2023 (Ref. No. 2023-01-074644).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the consolidated interim financial statements

The consolidated interim financial statements of the Company have been drawn up in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 1970. In accordance with these provisions, those financial statements data that relate to a consolidated subsidiary, which falls within the scope of the definition of insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, are drawn up in accordance with the requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981.

In accordance with requirements set by the Commissioner, the first-time application date of IFRS 17 regarding Insurance Contracts and IFRS 9 regarding Financial Instruments was postponed to January 1, 2025 (instead of the first-time application date that was set in the standard itself - January 1, 2023). Consequently, during the periods through the date of first-time application in Israel, those data in the financial statements that relate to The Phoenix Insurance, as stated above, continue to be drawn up in accordance with IFRS 4 regarding Insurance Contracts, and IAS 39 (of 2017) regarding Financial Instruments.

In addition, data included in The Phoenix Insurance’s consolidated financial statements, which do not relate to IFRS 17 and IFRS 9 as stated above, and the remaining data in the consolidated financial statements, are drawn up in accordance with IAS 34 - “Interim Financial Reporting”. In addition, the financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

In preparing the condensed financial statements in accordance with the above, 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 Consolidated 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:

<u>IFRS 9 - Financial Instruments</u>:

As described in Note 2.B.1 below regarding the first-time application of IFRS 9 - Financial Instruments (hereinafter - the “Standard”) in respect of the financial instruments that do not belong to a consolidated subsidiary, which falls within the scope of the definition of insurer, the Company opted to apply the provisions of the Standard retrospectively, without restating comparative figures.
For information regarding the accounting policy that was applied through December 31, 2022 in respect of all financial instruments, and for information regarding the accounting policy that is applied in respect of the financial instruments that belong to a consolidated subsidiary, which falls within the scope of the definition of insurer - see Note 2K - to the Company’s Consolidated Annual Financial Statements.
The accounting policy applied as from January 1, 2023 regarding financial instruments that do not belong to a consolidated subsidiary, which falls within the scope of the definition of insurer, is as follows:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the consolidated interim financial statements (cont.)

IFRS 9 - Financial Instruments (cont.)

1. Financial assets

Financial assets under the scope of the standard are measured on initial recognition at fair value plus transaction costs that are directly attributable to the purchase of the financial asset, except for financial assets that are measured at fair value through profit or loss, for which transaction costs are carried to profit or loss.

The Company classifies and measures the debt instruments in its financial statements based on the following criteria:
(a) The Company's business model for managing financial assets, and
(b) Contractual cash flow characteristics of the financial asset.

1a) Measurement of debt instruments at amortized cost

The Company's financial model is to hold the financial assets in order to collect contractual cash flows; furthermore, the contractual terms and conditions of the financial asset provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount.
Subsequent to initial recognition, instruments included in this group shall be presented according to their terms at cost, plus direct transaction costs, using the amortized cost method.
Furthermore, an entity may designate a financial instrument irrevocably on initial recognition as measured at fair value through profit or loss, if such designation eliminates or significantly reduces a measurement or recognition inconsistency. For example, where the relating financial liabilities are also measured at fair value through profit or loss.

1b) Measurement of debt instruments at fair value through other comprehensive income

The Company's business model is both to hold the financial assets in order to collect contractual cash flows and to sell the financial assets; furthermore, the contractual terms and conditions of the financial asset provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount.
Subsequent to initial recognition, instruments in this group are measured at fair value. Gains or losses arising from fair value adjustments, except for interest and exchange rate differentials are recognized in other comprehensive income.

1c) Measurement of debt instruments at fair value through profit or loss

A financial asset that constitutes a debt instrument does not comply with the criteria for measurement at amortized cost or at fair value through other comprehensive income, including a financial asset that constitutes a debt instrument, which, under certain conditions, is designated to be subsequently measured at fair value through profit or loss.
Subsequent to initial recognition, the financial asset is measured at fair value; gains or losses arising from fair value adjustments are charged to profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the consolidated interim financial statements (cont.)

IFRS 9 - Financial Instruments (cont.)

1. Financial assets (cont.)

1d) Measurement of equity instruments

Financial assets that constitute investments in equity instruments do not comply with the said criteria and are therefore measured at fair value through profit or loss.
In connection with equity instruments that are not held for trading the Company may, on initial recognition, irrevocably opt to present in other comprehensive income subsequent changes in fair value, which would have otherwise been measured at fair value through profit or loss. These changes will not be recognized in profit or loss in the future, even when the investment is derecognized.

2. Impairment of financial assets

At each reporting date, the Company tests the provision for loss in respect of financial debt instruments that are not measured at fair value through profit or loss should be estimated.
The Company differentiates between two situations of recognition of a provision for loss:

A) Debt instruments with no significant impairment in credit quality since initial recognition or with a low credit risk - the provision for loss recognized for this debt instrument will take into account expected credit losses in the 12 months period after the reporting date; or

B) Debt instruments with significant deterioration in credit quality since initial recognition and their credit risk is not low, the provision for loss recognized will take into account the expected credit losses - over the balance of the useful life of the instrument.
The Company applies the expedient, according to which it assumes that the credit risk of a debt instrument has not increased significantly since its initial recognition, if it is determined, at the reporting date, that the instrument has low credit risk, for example - if the instrument has an external "investment grade" rating.
The impairment in respect of debt instruments measured at amortized cost shall be recognized in profit or loss against a provision, whereas the impairment in respect of debt instruments measured at fair value through other comprehensive income shall be recognized against capital reserve, and will not reduce the carrying amount of the financial asset in the statement of financial position.
The Company has financial assets with short credit periods, to which it may apply the expedient set forth in the model, i.e., the Company measures the impairment provision at an amount equal to expected credit losses throughout the entire life of the instrument. The Company opted to apply the expedient available in respect of these financial assets.

A. Preparation format of the consolidated interim financial statements (cont.)

IFRS 9 - Financial Instruments (cont.)

3. Derecognition of financial assets

The Company derecognizes a financial asset if and only if:

A. The contractual rights to the cash flows from the financial asset have expired, or
B. The Company transfers substantially all the risks and rewards arising from the contractual rights to receive the cash flows from the financial asset or when some of the risks and rewards upon the transfer of the financial asset remain in the hands of the entity but the Company can be said to have transferred control over the asset.
C. The Company retains the contractual rights to receive the cash flows arising from the financial asset, but assumes a contractual obligation to pay these cash flows in full to a third party, without any substantial delay.

Transactions for the sale of financial assets are accounted for as a derecognition when the conditions specified above are fulfilled.

If the Company transfers its rights to receive cash flows from an asset and neither transfers nor retains substantially all the risks and rewards of the asset or transfers control thereof, a new asset is recognized in accordance with the Company's continuing involvement therein. Continuing involvement by way of providing a guarantee for the transferred asset is measured at the lower of the original balance of the asset in the financial statements and the maximum amount of consideration that the Company may be required to repay (the guarantee amount).

When the Company continues to recognize an asset to the extent of its continuing involvement, the entity also recognizes an associated liability. The associated liability is measured in such a way that the net carrying amount of the transferred asset and the associated liability is:

(a) The amortized cost of the rights and obligations retained by the entity, if the transferred asset is measured at amortized cost; or
(b) Equal to the fair value of the rights and obligations retained by the company when measured on a stand-alone basis, if the transferred asset is measured at fair value.

4. Financial liabilities

At initial recognition, the Company measures the financial liabilities that fall within the scope of the standard at fair value net of transaction costs that are directly attributable to the issue of the financial liability, except for financial liability measured at fair value through profit or loss, for which transaction costs are recognized in profit or loss.

Upon initial recognition, the Company designated a financial liability as a liability measured at fair value through profit or loss. Changes in the fair value of the financial liability that are attributable to changes in the Company’s credit risk are presented in other comprehensive income.

A. Preparation format of the consolidated interim financial statements (cont.)

IFRS 9 - Financial Instruments (cont.)

4. Financial Liabilities (cont.)

Subsequent to initial recognition, the Company measures all financial liabilities at amortized cost, except for:

(a) Financial liabilities measured at fair value through profit or loss, such as: derivatives;
(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or the continuing involvement approach applies;
(c) financial guarantee contracts;
(d) Commitment to advance a loan at an interest rate which is lower than the market interest rate;
(e) contingent consideration recognized by an acquirer in a business combination that falls within the scope of IFRS 3.

5. Derecognition of financial liabilities

The Company derecognizes a financial liability if and only if it is extinguished - that is to say, when the obligation established in a contract is repaid or canceled or expires.
A financial liability is extinguished when the debtor repays the liability by a cash payment, other financial assets, goods or services, or is legally released from the liability.
If the terms of an existing financial liability change, the Company assesses whether the terms of the liability are materially different than the existing terms.
When a material change has been made to the terms of an existing financial liability, the change is accounted for as a derecognition of the original liability and a recognition of a new liability. The difference between the balance of the two liabilities in the financial statements is carried to profit or loss.
In the event that the change is immaterial, the Company is required to update the liability amount, that is to say, to discount the new cash flows at the original effective interest rate, and the differences will be recognized in profit or loss.
When determining whether a change has occurred in the substantive terms and conditions of an existing liability, the Company takes qualitative and quantitative considerations into account.

6. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intent to dispose of the asset and liability on a net basis or realize the asset and dispose of the liability simultaneously. The right to offset must be legally enforceable not only in the ordinary course of business of the parties to the contract, but also in the event of bankruptcy or insolvency of one of the parties. In order for the offset right to be readily available, it must not be contingent on a future event, or have periods of time in which it is inapplicable, nor events that may cause it to expire.

A. Preparation format of the consolidated interim financial statements (cont.)

IFRS 9 - Financial Instruments (cont.)

7. Compound financial instruments

Convertible bonds, that include an equity conversion component and a liability component are split into two components. Such a split is calculated by first determining the value of the liability component based on the fair value of a similar liability without a conversion option; the value of the equity conversion component is determined as residual value. Direct transaction costs were allocated between the equity component and the liability component based on the allocation of the consideration between the equity component and the liability component.

8. Issuance of a package of securities

When a package of securities is issued, the consideration received (before issuance expenses) is allocated to the securities issued as part of the package in accordance with the following allocation order: financial derivatives and other financial instruments presented periodically at fair value. Thereafter, the fair value is determined for financial liabilities measured at amortized cost, and the consideration allocated to equity instruments is determined as residual value. Issuance costs are allocated to each component in accordance with the ratio of the amounts that was determined for each component of the package.

9. Put option granted to non-controlling interests

When the Group grants a put option to non-controlling interests, the option is classified as a financial liability and the non-controlling interests' share in the profits of the consolidated company is not conferred upon them. At each reporting date, the financial liability is measured at the present value of the estimated consideration to be transferred when the put option or is exercised based on the fair value of the consideration determined. Changes in the liabilities are recognized in profit or loss.

10. Settlement of financial liabilities through equity instruments

Equity instruments that were issued in order to replace debt are measured at the fair value of the equity instruments that were issued, if it may be reliably estimated. If the fair value of the issued equity instrument cannot be reliably measured, the equity instruments are measured in accordance with the fair value of the settled financial liability on its settlement date. The difference between the financial statement balance of the extinguished financial liability and the fair value of the issued equity instruments is recognized in profit or loss.

11. Embedded derivatives

In accordance with the provisions of the standard, derivatives embedded into financial assets shall not be separated from a host contract. These hybrid contracts shall be measured as a whole at amortized cost or at fair value, in accordance with the criteria of the business model and the contractual cash flows.
When a host contract does not falls within the scope of the definition of financial asset, an embedded derivative is separated from the host contract and is accounted for as a derivative, if the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristics and risks of the host contract, the embedded instrument meets the definition of a derivative, and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.
The need to bifurcate an embedded derivative is only reassessed if there is a change in the terms and conditions of the contract that significantly modifies the cash flows from the contract.

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

1. First-time application of IFRS 9 - Financial Instruments

In July 2014, the IASB published the full and final version of IFRS 9 - Financial Instruments, which replaces IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 (hereinafter - the "New Standard") focuses mainly on the classification and measurement of financial assets and is applicable to all financial assets that fall within the scope of IAS 39.

The New Standard is applied for the first time in these financial statements to the financial instruments that are not owned by a consolidated subsidiary, which falls within the scope of the definition of insurer.

The New Standard is applied retrospectively without restating the comparative figures, as allowed under the provisions of the New Standard. The Company recognizes any difference between the previous carrying amount and the carrying amount on the first-time application date in the opening balance of retained earnings.

The New Standard's effect on the Company's financial statements, other than a consolidated subsidiary, which falls within the scope of the definition of insurer, is immaterial.

2. Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

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

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

The Amendment was applied prospectively to annual periods beginning on January 1, 2023 and shall apply to changes in accounting policies and accounting estimates that occur at the beginning of that period or thereafter.
The above Amendment did not have a material effect on the Consolidated Interim Financial Statements of the Company.

3. Amendment to IAS 12 - Taxes on Income

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

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

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

3. Amendment to IAS 12 - Taxes on Income (cont.)

The Amendment was applied as from annual periods beginning on January 1, 2023. The above Amendment did not have a material effect on the Consolidated Interim Financial Statements of the Company.

4. Amendment to IAS 1, Disclosure of Accounting Policies

In February 2021, the IASB issued an amendment to IAS 1: Presentation of Financial Statements (hereinafter - the "Amendment"). In accordance with the Amendment, companies are required to disclose their material accounting policies; this will replace the requirement to disclose companies' significant accounting policies. One of the main reasons for this amendment stems from the fact that the term "significant" is not defined in IFRS, whereas the term "material" is defined in various standards, and specifically in IAS 1.
The Amendment was applied as from annual periods beginning on January 1, 2023.

The above Amendment did not have a material effect on the condensed consolidated interim financial statements of the Company; however, it is expected to affect the accounting policy in the Company's Consolidated Annual Financial Statements.

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

IFRS 17 - Insurance Contracts and IFRS 9 Financial Instruments

Further to what is stated in Note 2FF to the Company's Annual Financial Statements - disclosure of the new IFRSs in the period prior to their application - IFRS 17 - "Insurance Contracts" (hereinafter - "IFRS 17") and IFRS 9 - "Financial Instruments" (hereinafter - "IFRS 9"), on June 1, 2023, the Commissioner of the Capital Market, Insurance and Savings Authority published a third revision of the "Roadmap for the Adoption of International Accounting Standard (IFRS) 17 - Insurance Contracts" (hereinafter - the "Third Revision"), which includes a number of amendments compared with the "Roadmap - Second Revision", that was published on December 14, 2022.
As part of the Third Revision the first-time application date of IFRS 17 and IFRS 9 in Israel was postponed to the quarterly and annual periods beginning on January 1, 2025; (accordingly, the transition date shall be January 1, 2024).
In accordance with the Third Revision, in 2024, as part of the financial statements for the third quarter, the companies will be required to include, as part of a dedicated note in the financial statements, only a pro forma statement of financial position as of January 1, 2024 (opening balances data as of the transition date, without comparative figures), drawn up in accordance with the provisions of IFRS 17 and IFRS 9. In their 2024 Annual Financial Statements, companies will be required to include key proforma statements (statement of financial position as of January 1, 2024 and selected line items from the statement of comprehensive income for 2024 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 Third Revision. Furthermore, as part of the Third Revision, the milestones for the implementation of the standards in 2023 and 2024 were amended in line with the postponement of the first-time application date of IFRS 17 and IFRS 9, and in order to ensure the preparedness of Israeli insurance companies for a fair and reliable application of the standards. The key amendments pertain to the reporting requirements to the Capital Market, Insurance and Savings Authority before the first-time application date, the time table for adapting the IT systems, the completion of the formulation of the accounting policy, the preparations for the calculation of the risk adjustment for a non-financial risk, the involvement of the independent auditors, and the disclosure of high-quality supplementary information for the dedicated note as from the financial statements for the first quarter of 2024.

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

IFRS 17 - Insurance Contracts and IFRS 9 Financial Instruments (cont.)

The Company continues to assess the effects of the adoption of the said standards on its financial statements, and is preparing for their implementation according to said schedule.

As part of the standard's adoption process, the Company is implementing and integrating IT systems that are necessary for the implementation of the standard's provisions. In addition, the Company is testing and mapping the required controls and the flow of information to the financial statements.

Furthermore, in accordance with the Third Revision, by August 31, 2023 the Company will report to the Capital Markets Authority the results of the first Quantitative Impact Study (hereinafter - "QIS") for assessing the effect of the first-time application of IFRS 17. As part of the first QIS, the Company conducted quantitative tests in order to check the methodology employed to calculate the opening balances, based on the opening balances as of January 1, 2023 of certain insurance contracts set in the Third Revision.

D. Reclassification

Reclassifications were made in the Condensed Consolidated Interim Financial Statements and in the notes to the financial statements. The reclassifications did not have an effect on the equity, profit and loss and comprehensive income.

E. 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, 2023	2.5	2.2	5.1
June 30, 2022	3.1	3.2	12.5
For the three months ended on:			
June 30, 2023	1.4	1.0	2.4
June 30, 2022	1.9	1.7	10.2
For the year ended December 31, 2022	5.3	5.3	13.2

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 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, product liability and other subsegments.

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

4. Pension and Provident segment

The pension and provident segment includes the management of pension funds and provident funds through The Phoenix Pension and Provident, which is a wholly-owned subsidiary of the Company.
In accordance with the Commissioner's directives, segment activity is described separately for the pension activity and the provident activity.

NOTE 3 - OPERATING SEGMENTS (cont.)

5. Financial services segment

The financial services segment includes the results of The Phoenix Investment House (formerly Excellence). 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 including The Phoenix group's alternative investment funds.

6. Insurance agencies segment

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

7. Credit segment

The credit segment includes Gama. Gama is a credit aggregator providing financing 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.

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.

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 and the Commissioner's Position - Best Practice for Calculation of Reserves in Property and Casualty Insurance (for more information, see Note 41, Sections 5.1 and 5.2 to the Annual Financial Statements). 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, 2023									
	Unaudited									
	NIS thousand									
Premiums earned, gross	2,352,787	1,638,610	1,948,191	-	-	-	-	-	-	5,939,588
Premiums earned by reinsurers	138,246	116,624	542,697	-	-	-	-	-	-	797,567
Premiums earned - retention	2,214,541	1,521,986	1,405,494	-	-	-	-	-	-	5,142,021
Investment income (losses), net and finance income	4,750,212	464,406	89,425	55,835	16,521	11,525	74,461	(160,123)	(12,804)	5,289,458
Income from management fees	294,599	-	-	361,442	177,543	1,030	-	2,162	(18,906)	817,870
Income from fees and commissions (e)	17,474	21,243	117,841	-	-	385,599	-	-	(136,079)	406,078
Income from financial services	-	-	-	-	160,000	-	-	-	-	160,000
Income from factoring and clearing	-	-	-	-	-	-	90,568	-	-	90,568
Other income (see Note 4B)	255	113,454	-	16,826	3,241	8,874	-	8	(575)	142,083
Total income	7,277,081	2,121,089	1,612,760	434,103	357,305	407,028	165,029	(157,953)	(168,364)	12,048,078
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	7,148,603	1,981,131	1,459,815	49,944	-	-	-	-	-	10,639,493
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	134,217	219,337	387,272	-	-	-	-	-	-	740,826
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	7,014,386	1,761,794	1,072,543	49,944	-	-	-	-	-	9,898,667
Fees and commissions and other purchase expenses	301,480	253,314	356,182	181,637	29,468	-	2,822	63	(115,422)	1,009,544
General and administrative expenses	203,855	88,611	73,461	118,879	205,054	237,754	51,533	46,276	(22,229)	1,003,194
Other expenses (income)	(662)	-	-	17,107	13,613	13,078	4,059	12,877	(226)	59,846
Finance expenses	13,854	-	8,400	7,183	3,944	2,231	51,761	115,638	(11,475)	191,536
Total expenses	7,532,913	2,103,719	1,510,586	374,750	252,079	253,063	110,175	174,854	(149,352)	12,162,787
Company's share in the net results of investees	10,413	26,984	747	362	5,396	1,289	-	(2,118)	-	43,073
Profit (loss) before taxes on income	(245,419)	44,354	102,921	59,715	110,622	155,254	54,854	(334,925)	(19,012)	(71,636)
Other comprehensive income before taxes on income	162,053	28,512	69,665	-	-	-	-	177,570	-	437,800
Total comprehensive income (loss) before taxes on income	(83,366)	72,866	172,586	59,715	110,622	155,254	54,854	(157,355)	(19,012)	366,164
	June 30, 2023									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	92,392,142	5,956,351	-	-	-	-	-	-	-	98,348,493
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,806,395	5,560,457	7,837,601	1,045,054	-	-	-	-	-	27,249,507

(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 fees and commissions 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, 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	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 fees and commissions 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, 2023									
	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	1,145,188	830,869	1,011,932	-	-	-	-	-	-	2,987,989
Premiums earned by reinsurers	69,676	58,727	277,332	-	-	-	-	-	-	405,735
Premiums earned - retention	1,075,512	772,142	734,600	-	-	-	-	-	-	2,582,254
Investment income, net and finance income	3,842,791	366,709	65,665	34,084	5,524	5,938	39,117	19,698	(7,810)	4,371,716
Income from management fees	146,727	-	-	183,154	89,512	595	-	1,167	(11,827)	409,328
Income from fees and commissions (e)	2,634	10,821	58,507	-	-	194,314	-	-	(73,566)	192,710
Income from financial services	-	-	-	-	90,000	-	-	-	-	90,000
Income from factoring and clearing	-	-	-	-	-	-	44,356	-	-	44,356
Other income (see Note 4B)	-	113,454	-	16,356	2,118	5,772	-	8	(169)	137,539
Total income	5,067,664	1,263,126	858,772	233,594	187,154	206,619	83,473	20,873	(93,372)	7,827,903
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	5,002,336	1,321,485	739,092	26,641	-	-	-	-	-	7,089,554
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	87,656	136,440	145,707	-	-	-	-	-	-	369,803
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	4,914,680	1,185,045	593,385	26,641	-	-	-	-	-	6,719,751
Fees and commissions and other purchase expenses	143,036	130,510	183,705	92,694	12,597	-	1,232	63	(62,053)	501,784
General and administrative expenses	105,413	43,599	37,551	61,685	107,287	116,524	25,591	27,240	(13,324)	511,566
Other expenses	404	-	-	9,300	8,037	6,657	2,029	12,877	(113)	39,191
Finance expenses	8,785	-	3,851	4,227	1,593	1,468	27,803	54,594	(7,145)	95,176
Total expenses	5,172,318	1,359,154	818,492	194,547	129,514	124,649	56,655	94,774	(82,635)	7,867,468
Company's share in the net results of investees	7,325	2,358	25,009	362	2,120	388	-	(525)	-	37,037
Profit (loss) before taxes on income	(97,329)	(93,670)	65,289	39,409	59,760	82,358	26,818	(74,426)	(10,737)	(2,528)
Other comprehensive income before taxes on income	91,348	16,269	31,543	-	-	-	-	97,625	-	236,785
Total comprehensive income (loss) before taxes on income	(5,981)	(77,401)	96,832	39,409	59,760	82,358	26,818	23,199	(10,737)	234,257
	June 30, 2023									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	92,392,142	5,956,351	-	-	-	-	-	-	-	98,348,493
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,806,395	5,560,457	7,837,601	1,045,054	-	-	-	-	-	27,249,507

(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 fees and commissions 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)(e)	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 fees and commissions 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, 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
	Audited									
	NIS thousand									
Premiums earned, gross	5,611,196	3,054,811	3,471,224	-	-	-	-	-	-	12,137,231
Premiums earned by reinsurers	282,181	222,363	1,065,550	-	-	-	-	-	-	1,570,094
Premiums earned - retention	5,329,015	2,832,448	2,405,674	-	-	-	-	-	-	10,567,137
Investment income (losses), net and finance income	(4,716,483)	(693,537)	105,630	90,823	14,526	10,632	87,879	(432,161)	(22,140)	(5,554,831)
Income from management fees	587,708	-	-	670,387	337,279	469	-	3,868	(51,983)	1,547,728
Income from fees and commissions (e)	68,306	48,549	247,245	-	-	723,577	-	-	(251,765)	835,912
Income from financial services	-	-	-	-	223,000	-	-	-	-	223,000
Income from factoring and clearing	-	-	-	-	-	-	142,754	-	-	142,754
Other income	4,204	-	-	15,864	90,919	35,228	-	2	(1,437)	144,780
Total income	1,272,750	2,187,460	2,758,549	777,074	665,724	769,906	230,633	(428,291)	(327,325)	7,906,480
Increase in insurance liabilities and payments in respect of insurance contracts	(73,812)	730,355	2,234,066	98,221	-	-	-	-	-	2,988,830
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	180,954	272,140	570,707	-	-	-	-	-	-	1,023,801
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	(254,766)	458,215	1,663,359	98,221	-	-	-	-	-	1,965,029
Fees and commissions and other purchase expenses	573,176	481,619	701,452	315,325	71,433	8,854	5,696	-	(223,750)	1,933,805
General and administrative expenses	379,479	152,882	122,715	229,351	345,900	423,455	92,667	117,618	(58,783)	1,805,284
Other expenses	1,187	-	-	31,879	17,583	32,782	8,118	-	(453)	91,096
Finance expenses (income)	8,483	-	24,161	13,315	(2,054)	7,472	52,907	233,734	(19,484)	318,534
Total expenses	707,559	1,092,716	2,511,687	688,091	432,862	472,563	159,388	351,352	(302,470)	6,113,748
Company's share in the net results of investees	26,648	26,017	4,213	-	2,494	2,735	(57)	(502)	-	61,548
Profit (loss) before taxes on income	591,839	1,120,761	251,075	88,983	235,356	300,078	71,188	(780,145)	(24,855)	1,854,280
Other comprehensive income (loss) before taxes on income	18,923	(860)	(222,399)	-	(333)	70	1,593	(33,388)	-	(236,394)
Comprehensive income (loss) before taxes on income	610,762	1,119,901	28,676	88,983	235,023	300,148	72,781	(813,533)	(24,855)	1,617,886
	As of December 31, 2022									
	Audited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	88,307,936	5,734,157	-	-	-	-	-	-	-	94,042,093
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,517,305	4,784,707	7,140,483	1,016,001	-	-	-	-	-	25,458,496

(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 fees and commissions income received from agencies owned by the group, mainly from activities in the life insurance and savings.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

Breakdown of results by type of policy

For the six-month period ended June, 2023:

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		
	Until 1990 (1)	Until 2003	From 2004 Yield-dependent	Individual	Group	Total
	Unaudited					
	NIS thousand					
Gross premiums	26,975	587,453	1,334,485	340,843	63,031	2,352,787
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	2,506,919	-	-	2,506,919
Financial margin including management fees (2)	(32,941)	101,643 (3)	192,365	-	-	261,067
Payments and change in liabilities in respect of insurance contracts, gross	549,754	2,083,421 (4)	3,097,176 (4)	168,950	44,881	5,944,182
Payments and change in liabilities for investment contracts	-	-	1,204,421 (4)	-	-	1,204,421
Total payments and change in liabilities from life insurance and long-term savings						7,148,603
Total comprehensive income (loss) from life insurance and savings business	(59,337) (5)	(70,227) (5)	(16,639)	42,495 (5)	20,342	(83,366)

(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, 2023, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 571 million. As of the report publication date, the estimated management fees which were not be collected amounted to approximately NIS 529 million.

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

(5) Includes a profit in respect of the effect of the changes in the discount rate and in the assumptions regarding the cost of claims in long-term health insurance totaling approximately NIS 42 million, before tax. For further details, please see Note 8A.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional information 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, 2022:

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		
			From 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	-	-	4,522,230	-	-	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) (4)	19,648 (4)	170,031	54,638	(1,168,787)
Payments and change in liabilities for investment contracts	-	-	(1,178,200) (4)	-	-	(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 (5)	81,776 (5)	(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.

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

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

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional information 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, 2023:

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		
	Until 1990 (1)	Until 2003	From 2004 Yield-dependent	Individual	Group	Total
	Unaudited NIS thousand					
Gross premiums	13,237	288,280	637,098	174,576	31,997	1,145,188
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	1,309,549	-	-	1,309,549
Financial margin including management fees (2)	58,971	51,132 (3)	95,221	-	-	205,324
Payments and change in liabilities in respect of insurance contracts, gross	324,077	1,598,478 (4)	2,049,775 (4)	79,049	22,458	4,073,837
Payments and change in liabilities for investment contracts	-	-	928,499 (4)	-	-	928,499
Total payments and change in liabilities from life insurance and long-term savings						5,002,336
Total comprehensive income (loss) from life insurance and savings business	4,797 (5)	(50,048) (5)	(21,190)	46,520 (5)	13,940	(5,981)

(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, 2023, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 571 million. As of the report publication date, the estimated management fees which were not be collected amounted to approximately NIS 529 million.

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

(5) Includes a profit in respect of the effect of the changes in the discount rate and in the assumptions regarding the cost of claims in long-term health insurance totaling approximately NIS 16 million, before tax. For further details, please see Note 8A.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional information 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 saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		
	Until 1990 (1)	Until 2003	From 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	-	-	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) (4)	(569,786) (4)	82,192	27,983	(1,791,307)
Payments and change in liabilities for investment contracts	-	-	(946,448) (4)	-	-	(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 (5)	44,286 (5)	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, management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 507 million.

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

(5) Includes a profit in respect of the effect of the change 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 information 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, 2022:

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		
			From 2004			
	Until 1990 (1)	Until 2003	Yield-dependent	Individual	Group	Total
	Audited					
	NIS thousand					
Gross premiums	58,871	1,182,140	3,630,606	617,400	122,179	5,611,196
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	7,335,455	-	-	7,335,455
Financial margin including management fees (2)	57,890	206,820 (3)	380,001	-	-	644,711
Payments and change in liabilities in respect of insurance contracts, gross	465,040	(915,658) (4)	1,178,225 (4)	337,718	104,553	1,169,878
Payments and change in liabilities for investment contracts	-	-	(1,243,690) (4)	-	-	(1,243,690)
Total payments and change in liabilities from life insurance and long-term savings						(73,812)
Total comprehensive income from the life insurance and savings businesses	585,610 (5)	(11,979) (5)	9,058	13,341	14,732	610,762

(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 December 31, 2022, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approximately NIS 643 million.

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

(5) Includes a profit in respect of the effect of the changes in assumptions and the effect of the change in the discount rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approximately NIS 671 million. For details, see Note 8A.

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the health insurance segment

	For the 6-month period ended June 30, 2023				
	Long-term care		Other (2)		
	Individual (5)	Group (6)	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	139,891	613,328	826,336(1)	56,905(1)	1,636,460
Payments and change in liabilities in respect of insurance contracts, gross	337,211	1,089,391	534,174	20,355	1,981,131
Total comprehensive income (loss) from health insurance business	5,293(3)	(9,959)(3)	66,407	11,125	72,866

(1) Of this, individual premiums in the amount of NIS 570.651 thousand and collective premiums in the amount of NIS 312,590 thousand.

	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 (loss) 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 3-month period ended June 30, 2023				
	Long-term care		Other (2)		
	Individual	Group (6)	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	70,017	309,372	423,456(1)	29,741(1)	832,586
Payments and change in liabilities in respect of insurance contracts, gross	350,671	695,294	266,053	9,467	1,321,485
Total comprehensive income (loss) from health insurance business	(136,178)(4)	(6,202)(4)	56,895	8,084	(77,401)

(1) Of this, individual premiums in the amount of NIS 289.523 thousand and collective premiums in the amount of NIS 163,674 thousand.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	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 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.

	For the year ended December 31, 2022				
	Long-term care		Other (2)		
	Individual	Group	Long-term	Short-term	Total
	Audited				
	NIS thousand				
Gross premiums	268,396	1,107,617	1,545,413(1)	139,110(1)	3,060,536
Payments and change in liabilities in respect of insurance contracts, gross	(660,586)	304,476	1,014,645	71,820	730,355
Total comprehensive income (loss) from health insurance business	966,680	46,978	90,821	15,422	1,119,901

(1) Of this, individual premiums in the amount of NIS 1084435 thousand and collective premiums in the amount of NIS 600,088 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 loss in the six-month period ended June 30, 2023, includes an increase in the insurance reserves (LAT) in the amount of NIS 117 million, and the profit in the six-month period ended June 30, 2022 includes a decrease in LAT of NIS 761 million.

(4) The profit in the three-month period ended June 30, 2023, includes an increase in the insurance reserves (LAT) in the amount of NIS 222 million, and the profit in the three-month period ended June 30, 2022 includes a decrease in LAT of NIS 134 million.

(5) For information about gain from assuming control in the FNX Private, which was recognized in the 6- and 3-months periods ended on June 30, 2023, see Note 4B.

(6) The agreement and the collective long-term health insurance policy for Maccabi members expire on December 31, 2023. The Company informed the policyholder - "Maccabi Healthcare Services" - and the Commissioner of the Capital Market that it will not extend the agreement, and that it is making preparations for the expiry of the agreement in accordance with its provisions. In accordance with the provisions of the policy and the Capital Markets Authority, as from January 1, 2024 The Phoenix Insurance is required to add all policyholders that were insured under the said policy, to a mutual collective long-term health insurance policy, without an insurance risk component for The Phoenix Insurance.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the property and casualty insurance segment

	For the 6-month period ended June 30, 2023				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	388,714	997,604	554,322	417,882	2,358,522
Reinsurance premiums	26,800	-	387,603	192,410	606,813
Premiums - retention	361,914	997,604	166,719	225,472	1,751,709
Change in unearned premium balance, retention	63,772	219,119	22,175	41,149	346,215
Premiums earned - retention	298,142	778,485	144,544	184,323	1,405,494
Investment income, net and finance income	37,636	16,490	3,659	31,640	89,425
Income from fees and commissions	15,689	9	78,547	23,596	117,841
Total income	351,467	794,984	226,750	239,559	1,612,760
Payments and change in liabilities in respect of insurance contracts, gross	286,838	669,482	298,322	205,173	1,459,815
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	33,674	(57)	244,856	108,799	387,272
Payments and change in liabilities for insurance contracts - retention	253,164	669,539	53,466	96,374	1,072,543
Fees and commissions, marketing expenses and other purchase expenses	37,828	137,093	109,003	72,258	356,182
General and administrative expenses	15,568	26,183	15,310	16,400	73,461
Finance expenses	4,334	-	422	3,644	8,400
Total expenses	310,894	832,815	178,201	188,676	1,510,586
Company's share in the net results of investees	307	152	30	258	747
Profit (loss) before taxes on income	40,880	(37,679)	48,579	51,141	102,921
Other comprehensive income before taxes on income	28,633	14,178	2,783	24,071	69,665
Total comprehensive income (loss) for the period before taxes on income	69,513	(23,501)	51,362	75,212	172,586
Liabilities in respect of insurance contracts, gross, as of June 30, 2023 (unaudited)	3,140,226	1,262,198	894,524	2,540,653	7,837,601
Liabilities in respect of insurance contracts - retention - as at June 30, 2023 (unaudited)	2,083,847	1,262,186	229,278	1,712,529	5,287,840

(*) Property and other 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 79% 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, 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 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 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, 2023				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	187,934	469,401	270,637	199,008	1,126,980
Reinsurance premiums	13,248	-	199,255	99,548	312,051
Premiums - retention	174,686	469,401	71,382	99,460	814,929
Change in unearned premium balance, retention	18,508	61,371	(3,429)	3,879	80,329
Premiums earned - retention	156,178	408,030	74,811	95,581	734,600
Investment income, net and finance income	27,425	12,578	2,725	22,937	65,665
Income from fees and commissions	7,373	13	39,331	11,790	58,507
Total income	190,976	420,621	116,867	130,308	858,772
Payments and change in liabilities in respect of insurance contracts, gross	136,460	358,206	111,304	133,122	739,092
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	7,782	(56)	82,783	55,198	145,707
Payments and change in liabilities for insurance contracts - retention	128,678	358,262	28,521	77,924	593,385
Fees and commissions, marketing expenses and other purchase expenses	20,290	71,650	55,106	36,659	183,705
General and administrative expenses	8,945	11,709	7,652	9,245	37,551
Finance expenses	1,994	-	208	1,649	3,851
Total expenses	159,907	441,621	91,487	125,477	818,492
Company's share in the net results of investees	10,246	5,093	940	8,730	25,009
Profit (loss) before taxes on income	41,315	(15,907)	26,320	13,561	65,289
Other comprehensive income before taxes on income	13,016	6,415	1,354	10,758	31,543
Total comprehensive income (loss) for the period before taxes on income	54,331	(9,492)	27,674	24,319	96,832
Liabilities in respect of insurance contracts, gross, as of June 30, 2023 (unaudited)	3,140,226	1,262,198	894,524	2,540,653	7,837,601
Liabilities in respect of insurance contracts - retention - as at June 30, 2023 (unaudited)	2,083,847	1,262,186	229,278	1,712,529	5,287,840

(*) Property and other 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 subsegments mainly include data from the following segments: third-party insurance, professional liability insurance and employers' liability insurance, the activity of which constitutes 77% 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 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 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 year ended December 31, 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments (*)	Other liability subsegments (**)	Total
	Audited				
	NIS thousand				
Gross premiums	721,382	1,445,963	892,080	657,496	3,716,921
Reinsurance premiums	138,769	8	611,459	311,648	1,061,884
Premiums - retention	582,613	1,445,955	280,621	345,848	2,655,037
Change in unearned premium balance, retention	85,034	132,141	18,905	13,283	249,363
Premiums earned - retention	497,579	1,313,814	261,716	332,565	2,405,674
Investment income, net and finance income	45,588	12,991	5,192	41,859	105,630
Income from fees and commissions	55,428	209	149,590	42,018	247,245
Total income	598,595	1,327,014	416,498	416,442	2,758,549
Payments and change in liabilities in respect of insurance contracts, gross	443,736	1,196,545	263,456	330,329	2,234,066
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	118,598	342	204,498	247,269	570,707
Payments and change in liabilities for insurance contracts - retention	325,138	1,196,203	58,958	83,060	1,663,359
Fees and commissions, marketing expenses and other purchase expenses	80,481	288,221	203,887	128,863	701,452
General and administrative expenses	26,755	47,818	26,314	21,828	122,715
Finance expenses	11,890	-	1,354	10,917	24,161
Total expenses	444,264	1,532,242	290,513	244,668	2,511,687
Company's share in the net results of investees	1,743	672	198	1,600	4,213
Profit (loss) before taxes on income	156,074	(204,556)	126,183	173,374	251,075
Other comprehensive loss before taxes on income	(91,992)	(35,462)	(10,477)	(84,468)	(222,399)
Total comprehensive income (loss) for the period before taxes on income	64,082	(240,018)	115,706	88,906	28,676
Liabilities in respect of insurance contracts, gross, as of December 31, 2022 (audited)	3,025,588	1,061,880	670,253	2,382,762	7,140,483
Liabilities in respect of insurance contracts - retention - as of December 31, 2022 (audited)	1,902,667	1,061,809	196,571	1,663,974	4,825,021

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

(**) Other liability 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, 2023		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	51,865	3,970	55,835
Income from management fees	214,073	147,369	361,442
Other income (see Note 4B)	15,616	1,210	16,826
Total income	281,554	152,549	434,103
Change in liabilities for investment contracts	49,944	-	49,944
Fees and commissions, marketing expenses and other purchase expenses	94,414	87,223	181,637
General and administrative expenses	69,698	49,181	118,879
Other expenses	9,823	7,284	17,107
Finance expenses	4,647	2,536	7,183
Total expenses	228,526	146,224	374,750
Company's share in the net results of an investee	362	-	362
Total comprehensive income for the period before taxes on income	53,390	6,325	59,715

	For the 6-month period ended June 30, 2022		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income (losses), net and finance income	54,848	(4,019)	50,829
Income from management fees	208,152	120,161	328,313
Other income	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

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the 3-month period ended June 30, 2023		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	30,719	3,365	34,084
Income from management fees	107,946	75,208	183,154
Other income (see Note 4B)	15,616	740	16,356
Total income	154,281	79,313	233,594
Change in liabilities for investment contracts	26,641	-	26,641
Fees and commissions, marketing expenses and other purchase expenses	48,482	44,212	92,694
General and administrative expenses	35,442	26,243	61,685
Other expenses	5,240	4,060	9,300
Finance expenses	2,578	1,649	4,227
Total expenses	118,383	76,164	194,547
Company's share in the net results of an investee	362	-	362
Total comprehensive income for the period before taxes on income	36,260	3,149	39,409

	For the 3-month period ended June 30, 2022		
	Provident funds	Pension	Total
	Unaudited		
	NIS thousand		
Investment income (losses), net and finance income	31,885	(4,466)	27,419
Income from management fees	103,955	64,244	168,199
Other income	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

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the year ended December 31, 2022		
	Provident funds	Pension	Total
	Audited		
	NIS thousand		
Investment income (losses), net and finance income	95,052	(4,229)	90,823
Income from management fees	415,822	254,565	670,387
Other income	14,215	1,649	15,864
Total income	525,089	251,985	777,074
Change in liabilities for investment contracts	98,221	-	98,221
Fees and commissions, marketing expenses and other purchase expenses	175,411	139,914	315,325
General and administrative expenses	143,534	85,817	229,351
Other expenses	20,344	11,535	31,879
Finance expenses	9,862	3,453	13,315
Total expenses	447,372	240,719	688,091
Total comprehensive income for the period before taxes on income	77,717	11,266	88,983

NOTE 4 - BUSINESS COMBINATIONS

A. Acquisition of control in Epsilon Investment House Ltd.

In November 2022, The Phoenix Investment House signed an agreement with Mr. Shmuel Frenkel, Flaming Star Ltd. (a wholly-owned company of Mr. Frenkel) and Mr. Lior Aviani (hereinafter, jointly - the "Sellers"), for the acquisition of the entire issued share capital of Epsilon Investment House Ltd. (hereinafter - "Epsilon"), which holds, among other things, Epsilon Mutual Funds Management (1991) Ltd. (hereinafter - "Epsilon Funds") and Epsilon Investment Portfolio Management Ltd. (hereinafter - "Epsilon Portfolios") in consideration for NIS 44.5 million plus an amount equal to Epsilon's liquid capital amount (as this term was defined in the agreement), and net of dividends that will be distributed after the calculation date of the liquid capital and through the completion date (hereinafter - the "Transaction").

The Transaction was completed on February 13, 2023, after obtaining a permit to hold means of control in Epsilon Funds from the Israel Securities Authority, and after obtaining the approval of the Competition Commissioner. The consolidation commencement date is January 1, 2023.
As part of the completion of the Transaction, The Phoenix Investment House paid the Sellers a total of NIS 89 million.

For the purpose of the acquisition, the Company advanced a NIS 60 million loan to The Phoenix Investment House by way of expansion of the lender's Bonds (Series 4); for information regarding the terms of the bonds - see Note 27E to the Consolidated Annual Financial Statements.

Under agreements between the parties, The Phoenix Investment House intends to take steps to sell the funds owned by Epsilon Funds to KSM Mutual Funds; the activity of Epsilon Portfolio will continue to be conducted independently under the management of the Sellers, and management agreements for a period of 5 years from the completion date were signed with them for that purpose.

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, an acquisition cost allocation work has not yet been received from 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 acquisition 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.

<u>The fair value of Epsilon's identified assets and identified liabilities as of the consolidation commencement date (January 1, 2023) is as follows:</u>

	NIS thousand
Intangible assets	12,000
Working capital, net (excluding cash and cash equivalents)	3,000
Cash and cash equivalents	41,000
Liabilities in respect of deferred taxes	(3,000)
Total identifiable assets net of identifiable liabilities	**53,000**
Goodwill arising from the acquisition	36,000
Total acquisition cost	**89,000**

As stated above, the date on which control was assumed is January 1, 2023; therefore, Epsilon's financial results are included in the financial services segment as from January 1, 2023.

NOTE 4 - BUSINESS COMBINATIONS (cont.)

B. Assuming control of FNX Private

1. General

As from 2011, The Phoenix Insurance and The Phoenix Pension and Provident (hereinafter - the "Companies") operate - together with Saifa Management Services (2013) Ltd. (hereinafter - "Saifa") - the "FNX Private" venture (hereinafter - "FNX Private"), which is engaged in the development, adaptation, marketing and direct marketing (rather than through external insurance agents) of The Phoenix's self-directed policies and provident funds (IRA). These are customized services and products with unique characteristics, which are mainly suitable to wealthy customers (hereinafter - the "Venture"). The Companies share in the Venture is 50%.
In the first quarter of 2023, the Companies and Saifa, entered into an agreement for the incorporation of the Venture as two separate legal entities (hereinafter - "FNX Private Partnerships"), such that the Companies will continue holding 50% of the joint Venture.

2. Assuming control

In the second quarter of 2023, the Group completed a transaction for the acquisition of further 10% in the joint Venture's partnerships in consideration for NIS 25 million, such that subsequent to the acquisition the Group holds (directly and indirectly) 60% of the venture. Subsequent to the completion of the transaction, and as a result of assuming control in the Venture, the Company recognized a pre- and post-tax profit of NIS 129 million, which is included in the other income line item (in the health insurance segment - NIS 114 million, and in the pension and provident segment - NIS 15 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 acquisition 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 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 FNX Private Partnerships' identified assets and identified liabilities as of the consolidation commencement date (June 30, 2023) is as follows:

	NIS thousand
Intangible assets	103,277
Liabilities in respect of deferred taxes	(35,310)
Total identifiable assets net of identifiable liabilities	**67,967**
Non-controlling interests	(27,309)
Profit from assuming control	(129,096)
Goodwill arising from the acquisition	113,793
Total acquisition cost	**25,355**

NOTE 4 - BUSINESS COMBINATIONS (cont.)

B. Assuming control of FNX Private (cont.)

2. Assuming control (cont.)

According to the terms of the agreement, the total acquisition cost shall be paid by August 31, 2023. As stated above, the date on which control was assumed is June 30, 2023, and therefore the financial results of FNX Private Partnerships are included in the profits of investees accounted for by the equity method for the 3 months period ended on June 30, 2023.

3. Excess value of illiquid assets against the LAT reserve

In accordance with the Circular on Allocation of Non-Marketable Assets, in the first quarter of 2023, The Phoenix Insurance carried out a valuation of FNX Private's activity in relation to The Phoenix's self-directed insurance products; the valuation was conducted by an independent external appraiser. In accordance with the valuation, in the first quarter, The Phoenix Insurance recognized a pre-tax profit of NIS 114 million from revaluation of excess fair value of the illiquid assets against the LAT reserve in the health insurance segment. As a result of assuming control in the FNX Private, as stated above, the profit from revaluation of excess fair value in the second quarter was derecognized.

4. As part of assuming control, The Phoenix Investments also acquired 18% of the shares of Tehuda Management Services and 9% of the shares of Safra Consultation and Investments Ltd.; the said acquisitions include an indirect acquisition of 6% of the shares of The Phoenix Capital, such that subsequent to the acquisition the Company holds - through The Phoenix Investments - 71% of The Phoenix Capital’s shares. The consideration for the acquisition amounts to NIS 7 million.

C. For information regarding the acquisition of portfolio management activity from Psagot, see Note 8G.

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
	2023	2022	2022
	Unaudited		Audited
	NIS thousand		
Investment property	2,206,935	1,903,600	2,142,074
Financial investments:			
Liquid debt assets	22,297,970	20,988,024	21,252,417
Illiquid debt assets	8,131,412	8,685,245	8,306,926
Shares	19,755,597	21,510,775	19,610,785
Other financial investments	30,418,612	27,083,877	28,224,143
Total financial investments	80,603,591	78,267,921	77,394,271
Cash and cash equivalents	18,728,467	14,789,357	16,358,509
Other	204,514	255,808	160,734
Total assets for yield-dependent contracts	**101,743,507**	**95,216,686**	**96,055,588**

2. Fair value of financial assets by level:

The following table presents
an analysis of assets held against insurance contracts and investment contracts presented at fair value through profit and loss. The different levels were defined as follows:

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

For financial instruments periodically recognized at fair value, the Company estimates, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.
During the reporting periods there were no material transfers between Level 1 and Level 2.

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

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	15,941,467	6,356,503	-	22,297,970
Illiquid debt assets	-	5,484,598	2,646,814	8,131,412
Shares	17,267,570	339,715	2,148,312	19,755,597
Other financial investments	10,485,451	1,096,654	18,836,507	30,418,612
Total	**43,694,488**	**13,277,470**	**23,631,633**	**80,603,591**

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

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

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

	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**

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Financial investments:				
Liquid debt assets (*)	15,871,715	5,380,702	-	21,252,417
Illiquid debt assets	-	6,390,528	1,916,398	8,306,926
Shares	17,047,803	686,686	1,876,296	19,610,785
Other financial investments	9,989,631	965,706	17,268,806	28,224,143
Total	**42,909,149**	**13,423,622**	**21,061,500**	**77,394,271**

(*) Reclassified

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
	NIS thousand				
Balance on January 1, 2023 (audited)	-	1,916,398	1,876,296	17,268,806	21,061,500
Total gains recognized in profit or loss (*)	-	176,470	14,342	1,151,755	1,342,567
Purchases	-	709,408	349,235	1,917,563	2,976,206
Proceeds from interest and dividend	-	(46,434)	(13,085)	(448,352)	(507,871)
Redemptions / sales	-	(574,341)	(78,476)	(1,053,265)	(1,706,082)
Transfers into Level 3 (**)	-	569,646	-	-	569,646
Transfers from Level 3 (**)	-	(104,333)	-	-	(104,333)
Balance as of June 30, 2023 (unaudited)	-	2,646,814	2,148,312	18,836,507	23,631,633
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of June 30, 2023	-	108,850	847	802,446	912,143

(**) Transfers into (from) Level 3 stem mainly from securities whose rating changed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

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

2. Fair value of financial assets by level: (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
	NIS thousand				
Balance on January 1, 2022 (audited)	-	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 as of June 30, 2022 (unaudited)	-	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 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 April 1, 2023	-	2,251,160	1,798,085	17,973,706	22,022,951
Total gains recognized in profit or loss (*)	-	104,840	22,357	809,367	936,564
Purchases	-	441,207	342,815	956,352	1,740,374
Proceeds from interest and dividend	-	(25,496)	(5,553)	(265,229)	(296,278)
Redemptions / sales	-	(422,539)	(9,392)	(637,689)	(1,069,620)
Transfers into Level 3 (**)	-	297,642	-	-	297,642
Balance on June 30, 2023	-	2,646,814	2,148,312	18,836,507	23,631,633
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of June 30, 2023	-	65,623	16,338	592,169	674,130

(**) Transfers into (from) Level 3 stem mainly from securities whose rating changed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

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

2. Fair value of financial assets by level: (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 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
	Audited				
	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 (*)	-	59,255	324,560	1,879,089	2,262,904
Purchases	-	1,538,352	283,383	4,239,798	6,061,533
Proceeds from interest and dividend	-	(42,028)	(36,666)	(703,959)	(782,653)
Redemptions / sales	-	(804,657)	(4,077)	(1,982,255)	(2,790,989)
Transfers from Level 3 (**)	-	(557,013)	(313,884)	(95,452)	(966,349)
Balance as of December 31, 2022	-	1,916,398	1,876,296	17,268,806	21,061,500
(*) Of which: Total unrealized gains (losses) for the period included in profit and loss in respect of assets - balance held as of December 31, 2022	-	(11,021)	228,762	1,332,466	1,550,207

(**) Transfers into (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.)

1. Illiquid debt assets

Composition:

	June 30, 2023	
	Carrying amount	Fair value (**)
	Unaudited	
	NIS thousand	
Loans and receivables		
Designated bonds and treasury deposits (*)	8,808,980	11,439,046
Other non-convertible debt assets, excluding deposits with banks	7,179,943	7,112,671
Deposits with banks	1,298,519	1,306,702
Total illiquid debt assets	17,287,442	19,858,419

	June 30, 2023	
	Carrying amount	Fair value (**)
	Unaudited	
	NIS thousand	
Impairments carried to profit and loss (cumulative)	69,365	

(*) The fair value was calculated according to the contractual repayment date.
(**) The change in fair value in the reporting period is mainly attributed to the increase in the risk-free interest rate. See also Note 1D above.

	June 30, 2022	
	Carrying amount	Fair value (**)
	Unaudited	
	NIS thousand	
Loans and receivables		
Designated bonds (*)	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.
(**) The change in fair value in the reporting period is mainly attributed to the increase in the risk-free interest rate. See also Note 1D above.

	As of December 31, 2022	
	Carrying amount	Fair value (**)
	Audited	
	NIS thousand	
Loans and receivables		
Designated bonds (*)	8,562,862	11,336,672
Other non-convertible debt assets, excluding deposits with banks	6,783,963	6,640,304
Deposits with banks	1,114,675	1,128,407
Total illiquid debt assets	16,461,500	19,105,383
Impairments carried to profit and loss (cumulative)	50,454	

(*) The fair value was calculated according to the contractual repayment date.
(**) The change in fair value in the reporting period is mainly attributed to the increase in the risk-free interest rate. See also Note 1D above.

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, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,312,769	1,498,602	-	5,811,371
Shares	1,555,503	135,082	527,862	2,218,447
Other	506,941	377,009	4,752,796	5,636,746
Total	6,375,213	2,010,693	5,280,658	13,666,564

	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

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liquid debt assets (*)	3,930,950	1,728,945	-	5,659,895
Shares	1,662,972	252,507	486,793	2,402,272
Other	585,574	305,766	4,111,483	5,002,823
Total	6,179,496	2,287,218	4,598,276	13,064,990

(*) Reclassified

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (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
	NIS thousand				
Balance on January 1, 2023 (audited)	-	-	486,793	4,111,483	4,598,276
Total profits recognized:					
In profit and loss (*)	-	-	1,958	125,125	127,083
In other comprehensive income	-	-	17,470	201,771	219,241
Purchases	-	-	23,168	605,450	628,618
Proceeds from interest and dividend	-	-	(1,527)	(127,962)	(129,489)
Redemptions / sales	-	-	-	(163,071)	(163,071)
Balance as of June 30, 2023 (unaudited)	-	-	527,862	4,752,796	5,280,658
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2023	-	-	(1,000)	(24,415)	(25,415)

	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
	NIS thousand				
Balance on January 1, 2022 (audited)	-	-	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 as of June 30, 2022 (unaudited)	-	-	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 from Level 3 stem primarily from securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (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, 2023	-	-	503,089	4,403,232	4,906,321
Total gains (losses) recognized:					
In profit and loss (*)	-	-	(973)	70,822	69,849
In other comprehensive income	-	-	7,660	127,554	135,214
Purchases	-	-	18,086	281,484	299,570
Proceeds from interest and dividend	-	-	-	(78,214)	(78,214)
Redemptions / sales	-	-	-	(52,082)	(52,082)
Balance on June 30, 2023	-	-	527,862	4,752,796	5,280,658
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2023	-	-	(1,000)	(7,930)	(8,930)

	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.)

2. Fair value of financial assets by level (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
			Audited		
			NIS thousand		
Balance as of January 1, 2022	-	-	498,033	2,863,064	3,361,097
Total gains (losses) recognized:					
In profit and loss (*)	-	-	(804)	154,348	153,544
In other comprehensive income	-	-	47,457	500,197	547,654
Purchases	-	-	60,189	1,211,807	1,271,996
Proceeds from interest and dividend	-	-	(1,858)	(140,728)	(142,586)
Redemptions / sales	-	-	-	(459,852)	(459,852)
Transfers from Level 3 (**)	-	-	(116,224)	(17,353)	(133,577)
Balance as of December 31, 2022	-	-	486,793	4,111,483	4,598,276
(*) Of which: Total unrealized losses for the period included in profit and loss in respect of assets - balance held as of December 31, 2022	-	-	(8,321)	(75,807)	(84,128)

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

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

	As of June 30		As of December 31
	2023	2022	2022
	Unaudited		Audited
	NIS thousand		
Trade receivables and checks for collection	1,024,287	1,096,544	1,105,547
Credit vouchers	18,866	19,601	17,064
Loans and checks for collection	1,023,219	830,736	1,010,058
Credit vouchers for sale	1,454,634	1,280,360	1,335,486
Provision for doubtful debts	-	(18,919)	(24,818)
Loan loss provision (*)	(32,153)	-	-
Total	**3,488,853**	**3,208,322**	**3,443,337**

(*) See Note 2A and B regarding first-time application of IFRS 9 (Financial Instruments) regarding financial instruments that do not relate to The Phoenix Insurance, which falls within the scope of the definition of insurer. According to the transition method that was selected, the comparative figures were not restated.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities

1. Breakdown of financial liabilities

	June 30, 2023	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Loans and credit from banking corporations (see Note 8K and 8O)	815,705	815,705
Loans from non-bank entities	797,806	797,806
Bonds (see Note 8C and 8N)	2,141,941	2,051,986
Subordinated bonds (1)	3,679,246	3,547,009
Additional Tier 1 capital subordinated bond (1)	215,044	190,731
Trade receivables for credit cards	1,637,003	1,637,003

REPO in respect of non-yield-dependent contracts (2)	753,384	753,384
Other (3)	27,362	27,362
Total financial liabilities presented at amortized cost	10,067,491	9,820,986
Financial liabilities presented at fair value through profit and loss:		
Derivatives held for yield-dependent contracts	1,501,978	1,501,978
Derivatives held for non-yield-dependent contracts	611,717	611,717
REPO in respect of yield-dependent contracts (2)	855,992	855,992
Liability for short sale of liquid securities	1,269,828	1,269,828
Total financial liabilities presented at fair value through profit and loss	4,239,515	4,239,515
Lease liabilities (4)	106,132	
Total financial liabilities	14,413,138	

(1) The bonds were issued for the purpose of complying with the capital requirements.
  A. See Note 8E regarding full early redemption of Series F Bonds.
  B. See Note 8I regarding listing for trading of Series L Bonds.

(2) During the present quarter, The Phoenix Insurance entered into repo and reverse repo agreements with foreign banks. The term of those transactions was up to one year, against liquid debt assets of the Government of Israel; they include a mechanism for the adjustment of the value of the collateral that will be provided against the consideration that was received in the transaction.

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

(4) Disclosure of fair value was not required.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	June 30, 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Short-term credit from banking corporations	530,921	530,921
Loans from non-bank entities	821,494	821,494
Bonds (see Note 8C)	2,079,078	2,016,153
Subordinated bonds (1)	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 held for yield-dependent contracts	1,635,376	1,635,376
Derivatives held for non-yield-dependent contracts	528,042	528,042
Liability for short sale of liquid securities	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 (3)	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 an option to acquire an investee and an undertaking to acquire portfolios.
(3) Disclosure of fair value was not required.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	As of December 31, 2022	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Financial liabilities presented at amortized cost:		
Short-term credit from banking corporations	577,658	577,658
Loans from non-bank entities	827,333	827,333
Bonds	2,128,984	2,004,364
Subordinated bonds (1)	4,074,461	3,946,156
Subordinated bonds - Additional Tier 1 capital (1)	210,536	174,768
Trade receivables for credit cards	1,571,513	1,571,513
REPO in respect of non-yield-dependent contracts (2)	477,606	477,606
Other (3)	35,477	35,477
Total financial liabilities presented at amortized cost	9,903,568	9,614,875
Financial liabilities presented at fair value through profit and loss:		
Derivatives held for yield-dependent contracts	1,177,929	1,177,929
Derivatives held for non-yield-dependent contracts	479,909	479,909
REPO in respect of yield-dependent contracts (2)	244,764	244,764
Liability for short sale of liquid securities	1,189,653	1,189,653
Total financial liabilities presented at fair value through profit and loss	3,092,255	3,092,255
Lease liabilities (4)	109,741	
Total financial liabilities	13,105,564	

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

(2) In 2022, The Phoenix Insurance entered into repo and reversed repo agreements with foreign banks. The term of those transactions was up to one year, against liquid debt assets of the Government of Israel; they include a mechanism for the adjustment of the value of the collateral that will be provided against the consideration that was received in the transaction.

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

(4) Disclosure of fair value was not required.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

2. Fair value of financial liabilities by level

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	1,269,828	-	-	1,269,828
REPO in respect of yield-dependent contracts		855,992		855,992
Derivatives	167,902	1,935,410	10,383	2,113,695
Financial liabilities presented at fair value	1,437,730	2,791,402	10,383	4,239,515

	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

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liability for short sale of liquid securities	1,189,653	-	-	1,189,653
REPO in respect of yield-dependent contracts		244,764		244,764
Derivatives	313,204	1,333,978	10,656	1,657,838
Financial liabilities presented at fair value	1,502,857	1,578,742	10,656	3,092,255

3. Valuation techniques

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

A) Illiquid debt assets

The fair value of illiquid debt assets, which are measured at fair value through profit and loss, and the fair value of illiquid financial debt assets, for which fair value information is provided solely for disclosure purposes, is determined by discounting the estimated future cash flows from those assets. The discount rates are based primarily on yields on government bonds and spreads of corporate bonds as measured on the Tel Aviv Stock Exchange. 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.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

3. Valuation techniques (cont.)

B) Illiquid shares

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

C) Derivatives

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

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS

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 Phoenix Investment House group, pension and provident funds management company and other institutional entities consolidated in the financial statements are subject to capital requirements set by the Commissioner.

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

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

Economic solvency ratio

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

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

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

Furthermore, further to Note 8I, in view of the listing of Additional Tier 1 capital for trading on the Tel Aviv Stock Exchange's main list, and in accordance with The Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company will publish to the public, in the framework of the Report of the Board of Directors, the estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by The Phoenix Insurance for the purpose of publishing the estimated ratio are less in scope compared to those executed for the purpose of publishing the solvency ratio report, which is published in accordance with the Commissioner's directives.

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

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

According to the above, the Company made an estimate of its economic solvency ratio as of March 31, 2023 (hereinafter - the "Estimate"); the Estimate is not audited or reviewed by the independent auditor. The calculation (of the Estimate) was carried out in accordance with the guidelines of the Solvency II-based Economic Solvency Regime, and 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 "Provisions of the Economic Solvency Regime"), which was published on October 14, 2020. The Company carries out the Estimate and publishes the quarterly disclosure in addition to the publication of a mandatory solvency ratio reports as required under the Provisions of the Economic Solvency Regime.

In accordance with the Solvency Ratio Report as of December 31, 2022, and the estimated quarterly solvency ratio as of March 31, 2023 as stated above, 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 As at December 31, 2022 made by The Phoenix Insurance 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.

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, 2022, 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, 2022 published on The Phoenix Insurance's website.

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

B. 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 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 23, 2023, the Company's Board of Directors increased the minimum economic solvency ratio target by 4 percentage points without taking into account the provisions during the Transitional Period - from a rate of 111% to a rate of 115% beginning on June 30, 2023. 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.
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.

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

B. Dividend (cont.)

On March 22, 2023, The Phoenix Insurance's Board of Directors approved a cash dividend distribution in the amount of NIS 205 million. This dividend distribution was taken into account in the results of the solvency ratio as of December 31, 2022.

In August 2023, concurrently with the approval of The Phoenix Insurance's Financial Statements as of June 30, 2023, The Phoenix Insurance's Board of Directors decided to distribute a NIS 350 million dividend, at a rate higher than that set in the distribution policy, without detracting from its long-term dividend policy, and given the amount of the distributable profits and the solvency ratio rate of The Phoenix Insurance, and after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

The dividend distributions described 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 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.
The solvency ratio as of December 31, 2022 does not include the effect of the business activity of The Phoenix Insurance subsequent to December 31, 2022 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.

C. 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. In January 2023, the Company reported its Own Risk and Solvency Assessment of an Insurance Company to the Commissioner for the first time, in accordance with the requirements of the Amendment.

D. The Company undertook to supplement, at any time, the own capital of The Phoenix Pension and Provident to the amount prescribed by 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.

E. The Phoenix Pension and Provident Funds Ltd. is required to maintain minimum equity in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Minimum Equity Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the Commissioner's directives, the directives of the Israel Securities Authority and/or the TASE Rules and Regulations. As of June 30, 2023, the Company complies with those requirements.

F. For information regarding the share buyback, see Note 8F.

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

H. For information about The Phoenix Insurance's international rating, see Note 1G.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS

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

In recent years, there has been a significant increase in the number of motions to certify class actions filed against the group and in the number of lawsuits recognized as class actions. This is part of an overall increase in motions to certify 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.

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

In Sections 1-9, 11-22, 24-29, 31-33, 35-41, 43-46, 48, 49, 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 motions to certify lawsuits as class actions (including lawsuits certified 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 motions to certify 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 10, 23, 30, 34, 42, 47, 50-55, 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 AND COMMITMENTS (cont.)

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

Following is more information about the motions to certify 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 to certify 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. In July 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 motion to certify 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. The parties are in mediation.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify 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 certify 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 AND COMMITMENTS (cont.)

A. Class actions - motions to certify lawsuits as class actions and lawsuits certified 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 "policy factor" commission 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 certified 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. In June 2023, the parties filed with the Court a motion to approve a settlement agreement. According to the settlement agreement that was filed, the considerations paid to the class members (as defined in the settlement agreement), are: Refund at the rate of 42% in respect of the past for the "policy factor"; future discount of 50% in respect of the "policy factor"; and payment of compensation and legal fees to the class action plaintiff and his attorney (for more information, see immediate report of June 21, 2023, Ref No.: 2023-01-057877). The settlement agreement is subject to the Court's approval.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify 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 defendant insurance companies sued in the corresponding case and against The Phoenix. It should be noted that the amounts in the motion to certify of the claim as a class action were different and higher.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
3.	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 insured 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 certified 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 November 2022, the motion for leave to appeal filed by The Phoenix Insurance to the Supreme Court in connection with the partial judgment was rejected, noting that the appropriate instance to hear The Phoenix Insurance's claims is an appeal against the final judgment, should such an appeal be filed. The proceeding was returned to the District Court and continues to be heard there, and in accordance with what is stated above an expert was appointed on behalf of the courts, whose identity was agreed by the parties.
4.	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.	In March 2022, the District Court certified the claim as a class action lawsuit. 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, and a pre-trial hearing was scheduled for December 6, 2023.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify 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 insured 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.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
5.	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 class 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 certified 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 insured event occurred from June 25, 2012 through June 25, 2015. In January 2023, the parties filed with the Court a settlement agreement approval motion at amounts which are immaterial for The Phoenix Insurance. The settlement agreement is subject to the Court's approval.
6.	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.	In November 2022, the Court rejected the motion to certify the claim as a class action. In January 2023, the plaintiffs filed an appeal to the Supreme Court. An appeal hearing is scheduled for November 9, 2023.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
7.	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 to certify 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. In July 2023, the position of the Capital Market, Insurance and Savings Authority was filed to the Supreme Court, which is consistent with the position of The Phoenix Insurance. The appeal continues to be heard in the Supreme Court.
8.	February 2016 Central District Court The Phoenix Insurance NIS 100 million.	The plaintiffs argue that The Phoenix Insurance does not link the payments it is required to pay policyholders under life insurance policies (which it issued until July 19 1984) to the base index due to an insured event or due to the redemption of the policy, to the correct base index in accordance with the linkage terms and conditions set out in the policies; i.e., the latest CPI published before the first 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.	In May 2023, the parties filed with the Court a settlement agreement approval motion at amounts which are immaterial for The Phoenix Insurance. The settlement agreement is subject to the Court's approval.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Class actions - motions to certify lawsuits as class actions and lawsuits certified 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 9-12 below were submitted on the grounds of unlawful collection of investment management expenses which are not sanctioned by the policies or bylaws.			
9.	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 certify 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 certify as class actions claims filed for similar causes of action against The Phoenix Insurance, among others. In June 2023, the Supreme Court handed down its judgment (hereinafter the "Judgment"), whereby the motion for leave to appeal was allowed, and the motions to certify the claims as class actions were dismissed (see Section B(2) below). According to the Court's decision, The Phoenix announced its position, whereby the motion to certify should be disallowed in view of the Judgment.
10.	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 motion to certify the class action lawsuit. In October 2022, the Court stayed the proceedings until after a judgment is rendered in the motion to appeal described in Section B(2) below. In June 2023, a judgment was rendered, as outlined in Section 9 above and in Section B(2) below. The Phoenix informed the Court that the Judgment was handed down, and that its position is that the motion to certify should be disallowed in view of the Judgment.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
11.	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 by laws.	Halman Aldubi has yet to submit its response to the motion to certify the class action lawsuit. In March 2022, the Court stayed the proceedings until after a judgment is rendered in the motion to appeal described in Section B(2) below. In June 2023, a judgment was rendered, as outlined in Section 9 above and in Section B(2) below.
12.	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 yet to submit its response to the motion to certify the class action lawsuit. In March 2022, the Court stayed the proceedings until after a judgment is rendered in the motion to appeal described in Section B(2) below. In June 2023, a judgment was rendered, as outlined in Section 9 above and in Section B(2) below.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
13.	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 to certify 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 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).
14.	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 motion to certify 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 class action continues to be heard in court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
15.	June 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction). 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 motions to certify the claim as a class action lawsuit continues to be heard in court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
16.	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.	In March 2022, the court certified 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. In June 2022, Excellence Gemel filed a motion for leave to appeal against the decision approving the lawsuit as class action to the National Labor Court. The hearing of the class action by the Regional Court was delayed until a decision is made regarding the motion for leave to appeal. At the same time, the parties conduct a mediation process.
17.	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.	In January 2022, the District Court issued a judgment rejecting the motion to certify of the claim as a class action lawsuit. In April 2022 the plaintiff filed an appeal to the Supreme Court. A hearing was scheduled for September 27, 2023.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
18.	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 to certify 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.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
[4] The motion to certify the claim as a class action lawsuit was originally filed against The Phoenix Insurance. The plaintiffs filed an amended motion to certify 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 AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
19.	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 insured 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 motion to certify 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 class 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 class members are entitled due to that. In May 2022, The Phoenix Insurance filed a motion for leave to appeal to the Supreme Court against the decision approving the class action lawsuit. At the same time, the class action continues to be heard in the District Court, and the parties are concurrently conducting a mediation process.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
20.	December 2018 Tel Aviv District Court The Phoenix Insurance, other insurance companies and banks NIS 280 million from all defendants.	According to the 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 motion to certify the claim as a class action lawsuit continues to be heard in court.
21.	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 defendant also claims that The Phoenix Insurance refrains from repaying full linkage when refunding the relative portion of the insurance premiums.	The motion to certify the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for November 22, 2023.
22.	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 motion to certify the claim as a class action lawsuit continues to be heard in court. It should be noted that the plaintiff stated that a similar motion to certify of a claim as class action, which was filed against another insurance company, had recently been approved.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
23.	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 motion to certify 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 3 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.
24.	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 motion to certify 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.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
25.	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.	In April 2023, the Court approved a settlement agreement between The Phoenix Insurance and the plaintiff in relation with The Phoenix Insurance's travel insurance policy, according to which The Phoenix Insurance will make a donation to a dedicated fund set up pursuant to the Class Actions Law; The Phoenix Insurance will regulate its future conduct as set out in the settlement agreement and in the judgment, and pay the lead plaintiff's compensation and his counsels' legal fees at amounts which are immaterial to The Phoenix Insurance. The motion to certify of the claim as a class action lawsuit against PassportCard in connection with its policies continues to be heard by the Court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
26.	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 motion to certify the claim as a class action lawsuit continues to be heard in court.
27.	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.	In January 2023, a decision was issued, granting the motion to certify the claim as a class action. Under the approval decision, the class on whose behalf the class action will be administered is all The Phoenix Insurance policyholders who had joined the health insurance plan, as, with respect to that plan, The Phoenix Insurance pledged that from the fourth child they have, they will have insurance coverage for no extra charge, and The Phoenix Insurance did not provide such a coverage or it provided it for a fee; it was also found that the issue all class members have in common is whether The Phoenix Insurance is obligated to continue to allow the primary policyholders to buy policies for children from their fourth-oldest child and after for free even after January 31, 2016, or if it could have canceled this acquisition option for the primary policyholders' children, as it had, even though they had entered into the insurance contract with it before the termination. The class action continues to be heard in the District Court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
28.	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 motion to certify the claim as a class action lawsuit continues to be heard in court.
29.	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 motion to certify the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for January 10, 2024. It should be noted that a motion to certify a similar claim as a class action, which was filed against The Phoenix Insurance and other insurance companies was rejected in August 2021, and another motion to certify a similar claim as a class action, which was filed against The Phoenix Insurance and other insurance companies was concluded by its withdrawal by the plaintiffs in February 2023.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
[4] The motion to certify the claim as a class action includes two motions to certify 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 AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
30.	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 certify the lawsuit as a class action. The motion to certify the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for January 21, 2024. At the same time, the parties agreed to conduct a mediation procedure.
31.	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.	In September 2022, the Court handed down a ruling approving the agreed motion for the plaintiff's withdrawing the motion to certify the lawsuit as a class action lawsuit in relation to The Phoenix Insurance's travel insurance policies. The motion to certify of the claim as a class action lawsuit against PassportCard in connection with its policies continues to be heard by the Court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
32.	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.	In March 2023, the parties filed with the Court a settlement agreement approval motion at amounts which are immaterial for The Phoenix Insurance. The settlement agreement is subject to the Court's approval.
33.	June 2020 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) 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 index, the defendants collect the linkage differences due to the increase; however, if the CPI decreases below the base index, the defendants do not credit their customers for the said decrease.	The motion to certify the claim as a class action lawsuit continues to be heard in court.
34.	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 insured 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 motion to certify the class action lawsuit.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
35.	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 motion to certify the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for September 13, 2023.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
36.	September 2020 Tel Aviv District Court The Phoenix Insurance NIS 92.7 million.	According to the claim, The Phoenix Insurance does not pay policyholders insured under a long-term care policies the full amount due to them under their policies, since it offsets these amounts against proceeds received from the National Insurance Institute; it is also claimed that The Phoenix Insurance does not indemnify policyholders for certain medical treatments.	In September 2022, the District Court partially certified the motion to approve the action as a class action lawsuit. As part of the approval ruling, the Court dismissed the class action approval motion in connection with the claim that The Phoenix Insurance does not indemnify policyholders under their long-term care policies for certain medical treatments, and allowed the class action approval motion in connection with offsetting of funds the policyholders receive from the National Insurance Institute. The group in whose name the class action shall be conducted comprises all policyholders holding long-term care insurance policies of The Phoenix Insurance (or their successors for that purpose), who did not receive the compensation payable to them due to offsetting of National Insurance proceeds they received due to their long-term care needs; that the limitation period is 7 years; and that the joint question raised by class members is whether, under the terms of the policy, one may take into account the funds the policyholder receives from the National Insurance Institute and deduct them from the proceeds The Phoenix Insurance pays the policyholder. The class action continues to be heard in the District Court. The parties agreed to refer the proceeding to mediation.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
37.	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 insured 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.	In October 2022, the parties filed with the Court a motion to certify a settlement agreement at amounts which are immaterial for The Phoenix Insurance. In view of the clarifications and supplementary information requested by the court in connection with the settlement agreement, the parties are considering the amendment of the settlement agreement.
38.	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 insured 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 insured event nor its manner of calculation.	The motion to certify the claim as a class action lawsuit continues to be heard in court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
39.	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.
40.	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 parties are in a mediation procedure.
41.	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 motion to certify the claim as a class action lawsuit continues to be heard in court. A hearing was scheduled for September 14, 2023. At the same time, the parties conduct a mediation process.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
42.	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 motion to certify the claim as a class action lawsuit continues to be heard in court.
43.	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 parties agreed to conduct a mediation procedure.
44.	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 motion to certify the claim as a class action lawsuit continues to be heard in court. A hearing is scheduled for December 10, 2023. At the same time, the parties agreed to subject the proceeding to mediation.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
45.	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 home insurance policy automatically while increasing the premium, allegedly without obtaining policyholders' consent.	The parties are in a mediation procedure.
46.	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 19 in the table above).	The Phoenix Insurance has yet to submit its response to the motion to certify the class action lawsuit. A pre-trial hearing is scheduled for December 28 2023. The motion filed by The Phoenix Insurance to stay the proceeding until a decision is made regarding the class action against The Phoenix Insurance and another insurance company (see Section 19 to the table) has not been allowed by the Court.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
47.	May 2022 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) 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 certify lawsuits as class actions are pending, which they claim give rise to joint issues against three other companies, including The Phoenix Insurance (see Section 33 in the table above).	The Phoenix Pension and Provident has yet to submit its response to the motion to certify the class action lawsuit.
48.	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 motion to certify the claim as a class action lawsuit continues to be heard in court.
49.	September 2022 Tel Aviv District Court Excellence Nessuah Brokerage Services Ltd. (Currently: Excellence Investment Management and Securities Ltd.) NIS 26.5 million.	The lawsuit deals with a claim of overcharging 2 agorot above the conversion rate in respect of conversion of shekels into foreign currency, and without such overcharging being set in an agreement between the parties.	The motion to certify the claim as a class action lawsuit continues to be heard in court. A pre-trial hearing is scheduled for November 1, 2023.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
50.	October 2022 Tel Aviv District Court The Phoenix Insurance and other insurance companies The claim amount was not estimated but it was stated as being more than NIS 2.5 million.	The lawsuit deals with alleged discrimination of the defendants against male policyholders, who have a health insurance policy, based solely on their sex. According to the plaintiffs, the defendants prevent men who pay an additional premium for the ambulatory insurance appendix from receiving reimbursement in connection with amounts they expensed in connection with their babies, claiming that only women are entitled to reimbursement of expenses in connection with babies.	The Phoenix Insurance has yet to submit its response to the motion to certify the class action lawsuit. A pre-trial hearing is scheduled for November 15, 2023.
51.	November 2022 Haifa District Court The Phoenix Insurance The claim amount was not estimated but it was stated as being more than NIS 2.5 million.	According to the plaintiff, The Phoenix Insurance rejected a claim filed by a policyholder with a "Long-Term Care Gift" long-term care policy, under which insurance benefits are payable upon the occurrence of a long-term care event, with the reason for rejecting the claim being that the policy is an "indemnity" policy rather than a "compensation" policy; the plaintiff also claimed that The Phoenix Insurance allegedly made the payment of the insurance benefits conditional on the presentation of receipts in respect of actual payments made.	The parties agreed to conduct a mediation procedure.
52.	April 2023 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 lawsuit concerns the claim that when a policyholder of a comprehensive motor insurance policy has an insured event, due to which they file insurance claims and/or demands and/or request for insurance benefits, and decides to repair his/her car at an auto-repair shop that is not among the auto-repair shops that "participate" in The Phoenix Insurance's arrangement, The Phoenix Insurance offsets various amounts from the insurance benefits even though it had authorized the appraiser's assessment, claiming that the auto-repair shop can purchase spare parts from its own vendors for a lower price than these spare parts' consumer prices, and thus, the policyholder allegedly ends up receiving insurance compensation that does not cover the true cost of the damage they incurred as determined in the appraiser's assessment.	The Phoenix Insurance has yet to submit its response to the motion to certify the class action lawsuit. A pre-trial hearing is scheduled for January 8, 2024.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
53.	April 2023 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 lawsuit concerns the claim that in an insured event in which the policyholder's and/or a third party's vehicle is damaged, The Phoenix Insurance underpays the appraiser's fees, as paid by the policyholder and/or the third party.	The Phoenix Insurance has yet to submit its response to the motion to certify the class action lawsuit. A hearing date has not yet been scheduled.
54.	April 2023 Haifa District Court The Phoenix Insurance and another insurance company No estimate was provided for the claim amount, but it was stated that the damage amounts to millions of shekels.	The lawsuit concerns the claim that in work disability policies, the defendants collected monthly insurance fees immediately prior to the stipulated insurance end date, for the last several months that overlap with the duration of the last possible waiting period stipulated in every work disability insurance contract, a period in which, allegedly, according to the insurance contracts, the defendants are under no obligation to pay any insurance benefit.	The Phoenix Insurance has yet to submit its response to the motion to certify the class action lawsuit. A pre-trial hearing is scheduled for October 23, 2023.
55.	July 2023 Tel Aviv District Court The Phoenix Insurance, The Phoenix Pension and Provident and additional companies NIS 297 million from all defendants	The lawsuit concerns the plaintiffs' claim, whereby starting on January 1, 2012, when Amendment 190 to the Income Tax Ordinance [New Version] came into effect, as alleged, the defendants did not ensure that the recipients of annuities from one of the new pension funds and/or provident funds and/or insurance funds they manage would receive the tax exemption for those entitled due to the component known as a "recognized annuity," as defined in the Income Tax Ordinance.	The Phoenix Insurance and The Phoenix Pension and Provident have yet to submit their response to the motion to certify the class action lawsuit. A pre-trial hearing is scheduled for March 17, 2024.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

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

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
56.	July 2023 Tel Aviv District Court The Phoenix Insurance NIS 3.18 million	The lawsuit concerns the claim that callers to The Phoenix Insurance's call center to purchase comprehensive motor / third party insurance were allegedly treated differently than other callers due to their ethnic background, in that they had been asked to submit a no claims confirmation, while other callers allegedly had the option to present the confirmation retroactively, after entering into the insurance policy.	On July 16, 2023, concurrently with the filing of the motion to certify the claim as a class action, the parties filed with the Court a motion to certify a settlement agreement at amounts which are immaterial for The Phoenix Insurance. The settlement agreement is subject to the Court's approval.
57.	August 2023 Tel Aviv Regional Labor Court The Phoenix Insurance and The Phoenix Pension and Provident The claim amount was not estimated but it was stated as being more than NIS 2.5 million.	The lawsuit concerns the claim that the defendants allegedly act contrary to the provisions of the law by transferring the redemption funds of their policyholders or planholders under a pension fund and/or executive insurance and/or annuity provident fund to an annuity after the stipulated date for this purpose under the law. Thus, the defendants are unjustly enriched, overcharge management fees, and do not compensate their policyholders / planholders with the interest on arrears plus the returns with respect to the alleged delay.	The Phoenix Insurance and The Phoenix Pension and Provident have yet to submit their response to the motion to certify the class action lawsuit. A pre-trial hearing is scheduled for February 18, 2024.
58.	August 2023 Central District Court The Phoenix Insurance The claim amount was not estimated but it was stated that it is higher than NIS 3 million (potentially tens of millions of NIS).	The claim deals with a claim that in cases where customers had a credit balance, The Phoenix Insurance has allegedly acted unlawfully by not transferring those funds to the customers - whether by transferring the funds to the customers by way of a check that was not paid-in, rather than by way of bank transfer or by crediting the amount to the customer's credit card, or due to any other reason; by not informing the customers of the funds they are entitled to; and by not acting to recover those funds. It was further claimed that damage was allegedly caused to customers to whom The Phoenix Insurance transferred funds in respect of a credit balance through checks that were paid-in, rather than by way of bank transfer or by crediting the amount to the customer's credit card.	The Phoenix Insurance's response to the motion to certify the claim as a class action has yet to be filed. A hearing date has not yet been scheduled.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Concluded claims*

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
1.	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 motion to certify a derivative lawsuit that was filed against the Defendants and which deals with events that took place at the beginning of the 1990s and was concluded with the plaintiff's withdrawal (see Section 3 in Chapter C below under Legal and Other Proceedings). According to the plaintiffs, the subject matter of the claim is an alleged misleading report and non-disclosure by the Company of material facts that caused damage to buyers of the share. According to the plaintiffs, at the beginning of the 1990s, the Company took steps, in which it managers were involved, to recruit customers and help them to benefit from guaranteed return policies; such steps were allegedly carried out in breach of guidance.	On May 15, 2023, the Court handed down a judgment approving the plaintiffs' withdrawal from the motion to certify the claim as a class action.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
* For additional claims concluded between January 1, 2023 and March 23, 2023, please see Note 43A.2, Sections 11-13 of the table of concluded claims in the Company's financial statements as of December 31, 2022, published on March 23 (Ref. No. 2023-01-026428).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Concluded claims* (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
2.	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 certified the motion to certify 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 to certify 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. In June 2023, the Supreme Court allowed the defendants’ motion for leave to appeal and dismissed the motions to certify the claims as class actions. It should be noted that requests for approval of class actions regarding investment management expenses are also pending against Excellence Gemel (please see Section A(9) above in the table), The Phoenix Insurance (see Section A(10) above in the table) and Halman Aldubi Provident and Pension Funds Ltd. (see Sections A(11-12) above in the table).

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
* For additional claims concluded between January 1, 2023 and March 23, 2023, please see Note 43A.2, Sections 11-13 of the table of concluded claims in the Company's financial statements as of December 31, 2022, published on March 23 (Ref. No. 2023-01-026428).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Concluded claims* (cont.)

No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
3.	April 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Tel Aviv District Court due to substantive jurisdiction) Shekel Insurance Agency (2008) Ltd. (hereinafter - "Shekel"), Agam Leaderim (Israel) Insurance Agency (2003) Ltd. (hereinafter - " Agam Leaderim"), 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 Leaderim 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 Regional Court issued a ruling rejecting the motion to certify of the claim as a class action. In September 2022, the National Court dismissed the plaintiffs' appeal. In December 2022, the plaintiffs filed a petition to the Supreme Court, in its capacity as the High Court of Justice, requesting the reversal of the judgment that dismissed the appeal. In June 2023, the Supreme Court, sitting as the High Court of Justice, denied the plaintiffs' petition to reverse the judgment.

[1] The date on which the motion to certify the claim as a class action was originally filed.
[2] The court with which the motion to certify the claim as a class action lawsuit was originally filed.
[3] The claim amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
* For additional claims concluded between January 1, 2023 and March 23, 2023, please see Note 43A.2, Sections 11-13 of the table of concluded claims in the Company's financial statements as of December 31, 2022, published on March 23 (Ref. No. 2023-01-026428).

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) (hereinafter - "Halman Aldubi" and "Hadas Provident", respectively) - which was merged into The Phoenix Pension and Provident on October 1, 2021 - 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, which concealing from the ISA data and documents reflecting cooperation between the parties. In addition, allegations were made regarding a series of appointments and interested party transactions made in Pilat Group in violation of the law, which allegedly 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; in addition, declaratory reliefs are requested against Oracle Group and Hadas Provident. In June 2023, the Court approved a mediation agreement between the plaintiffs and all of the other defendants other than Halman Aldubi. The lawsuit against Halman Aldubi continues to be heard in court. A hearing is scheduled for October 24 2023.

3. 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.

NOTE 7 - CONTINGENT LIABILITIES (cont.)

C. Legal and other proceedings (cont.)

3. (cont.)

   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.

4. In April 2023, a letter was received from the Capital Markets Authority, along with a draft audit report regarding the collective long-term care insurance plan administered by The Phoenix Insurance for members of the Meuhedet HMO. The draft audit report focuses on the adequacy of the management of the money held in the fund between 2017 and 2019, and mainly concerns the manner in which contingent claims funds were managed.

   In June 2023, The Phoenix Insurance responded to the letter and to the draft audit report. In July 2023, The Phoenix Insurance added upon its response. The Authority's decision has yet to be issued.

5. The group is a party to legal and other proceedings, which are not insurance claims, including, among other things, claims made by customers, former customers, agents and various third parties in immaterial amounts and for a total amount of approximately NIS 24.7 million. The causes of action against the Group in these proceedings are different.

D. Complaints

Complaints are filed against the group from time to time, including complaints to the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "Commissioner") in relation to policyholders' rights under insurance policies and/or the law. These complaints are handled on an ongoing basis by the group's Public Complaints Department. The Commissioner's decisions with regard to these complaints, to the extent that a decision has been made in respect thereof, are sometimes issued as sweeping decisions relating to a group of policyholders. Before issuing a final version of his decisions, the Commissioner usually issues a draft decision.

Furthermore, as part of the Commissioner's inquiries with the group, following complaints and/or audits on his behalf, demands are made from time to time to receive various data regarding the group's handling of insurance policies in the past and/or a demand to reimburse funds to groups of policyholders and/or other guidelines. In addition, the Commissioner has the power, among other things, to impose monetary sanctions on the group in accordance with the data that was and/or will be transferred thereto following inquiries as described above. In addition to the motions to certify 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.

NOTE 7 - CONTINGENT LIABILITIES (cont.)

D. Complaints (cont.)

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

Type	No. of claims	The amount claimed in NIS thousand
Claims certified as a class actions:		
A specific amount was attributed to the Company	6	1,152,743
The claim pertains to several companies and no specific amount was attributed to the Company	1	48,000
The amount of the claim was not specified	4	-
Pending motions to certify lawsuits as class actions:		
A specific amount was attributed to the Company	18	2,691,892
The claim pertains to several companies and no specific amount was attributed to the Company	6	3,067,875
The amount of the claim was not specified	23	-
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 demands	20	24,725

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as specified above as of June 30, 2023 and December 31, 2022, amounted to approximately NIS 380,596 thousand (of which a total of approximately NIS 2,370 thousand is for concluded class actions) and approximately NIS 354,703 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, 2023	June 30, 2022	December 31, 2022
	Unaudited	Unaudited	Audited
	%		
In respect of guaranteed return insurance policies	-	-	-
In respect of yield-dependent insurance policies	0.85	0.85	0.85

3. Reserve in respect of liability adequacy test (LAT)

The Company tests the adequacy of the reserves for life insurance and LTC and where necessary, increases the reserves. Testing is performed according to the regulatory guidelines and on the basis of actuarial assumptions and a risk-free yield curve plus an illiquidity premium. To the extent that there are changes in these assumptions, the supplement required according to the test will change.

A decrease (increase) in the risk-free interest rate curve and/or in the rate of illiquidity premium will increase (decrease) the supplement for the reserves required according to the LAT test (to the extent that a supplement is required).

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

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

4. 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 June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS million				
Life insurance segment:					
Effect of updating assumption regarding rates of annuity uptake	-	(462)	-	(462)	(462)
Effect of updating other assumptions on the supplementary retirement pension reserve and paid pensions	-	-	-	-	(12)
The effect of the changes in the assumptions regarding the cost of claims in long-term health insurance	(59)	-	(59)	-	-
Effect of updating assumptions on the expense rates	-	-	-	-	(1)
Effect of updating assumptions on the mortality rates	-	364	-	364	364
Change in the discount rate used in the calculation of the supplementary retirement pension reserve and paid pensions	17	(397)	43	(119)	(560)
Total decrease in liabilities on retention in life insurance segment	**(42)**	**(495)**	**(16)**	**(217)**	**(671)**
Health insurance segment:					
Effect of updating of assumptions on the cancellation rates:					
LAT	-	-	-	-	(16)
Other	-	-	-	-	25
Effect of updating assumptions on the expense rates:					
LAT	-	-	-	-	(21)
Other	-	-	-	-	(63)
Effect of updating assumptions on the mortality and morbidity rates:					
Other	-	-	-	-	38
Change in LAT reserve following a change in the discount rate (*)	81	(753)	187	(133)	(919)
Total increase (decrease) in liabilities on retention in health insurance segment	**81**	**(753)**	**187**	**(133)**	**(956)**
P&C insurance segment:					
Change in discount rate (*)	5	(68)	23	(70)	(264)
Total decrease in liabilities on retention in P&C insurance segment	**5**	**(68)**	**23**	**(70)**	**(264)**
Total decrease in liabilities on retention before tax	**44**	**(1,316)**	**194**	**(420)**	**(1,891)**
Total decrease in liabilities on retention, after tax	**29**	**(869)**	**128**	**(277)**	**(1,244)**

(*) This effect includes the change in the excess of value of illiquid assets, and the effect of the classification of excess value illiquid assets. For further details, please see Note 41 (5.2.2.5) A to the Consolidated Annual Financial Statements, and Note 4B(3).

Furthermore, in the first quarter of 2023, the Company revised the estimate of the insurance liabilities in the guarantees under the Sale Law line of business under the property and casualty insurance subsegment, such that the liabilities shall reflect the policyholders' weighted credit risks. As a result of the said revision, the pre-tax profit from property and casualty insurance increased by NIS 40 million, and post-tax comprehensive income increased by NIS 26 million.

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

B. Transfer of the construction projects' financing activity to a separate company wholly-owned by The Phoenix Insurance - As from January 1, 2023, the construction projects' financing activity, which is funded solely by nostro funds, was separated from the activity of The Phoenix Insurance and transferred to a separate company wholly-owned by The Phoenix Insurance - The Phoenix Construction Finance Ltd. (hereinafter - the "The Phoenix Construction Financing"). In this framework, in the reporting period, the NIS 2.25 billion credit portfolio was transferred from The Phoenix Insurance to The Phoenix Construction Financing. The transfer of the credit portfolio was carried out against an investment in the share capital of The Phoenix Construction Financing (approx. 10%), and the remaining share was transferred against a shareholder loan. It should be noted that all exposure limits and regulatory provisions shall continue to apply in relation to The Phoenix Construction Financing, and that the Company's policy and procedures, as approved by the organs of The Phoenix Insurance shall continue to apply to The Phoenix Construction Financing, mutatis mutandis.

C. In January 2023, the Company issued, by way of expansion, NIS 172,612 thousand par value in Series 6 registered bonds of NIS 1 par value each; the bonds were issued according to the Company's shelf offering report dated January 26, 2023 (Ref. No.: 2023-01-003042) in consideration for NIS 148,391 thousand. The Bonds (Series 6) are rated ilAA- with a stable outlook by Ma'alot, and Aa2.il with a stable outlook by Midroog Ltd.
The consideration from the said expansion of the series of bonds was used as a loan advanced to The Phoenix Investment House for the acquisition of the portfolio management activity and mutual funds from Psagot. For more information, see Section G below.

D. On January 19, 2023, Midroog announced it assigns the Company an issuer rating of Aa2.il with a stable outlook, and upgrades the rating of the Company's bonds from Aa3.il with a stable outlook to Aa2.il with a table outlook.

E. On January 31, 2023, The Phoenix Capital Raising executed a full early redemption of the principal of the Series F Bonds and the interest accrued thereon at the total amount of NIS 410 million, in accordance with the conditions precedent of the deed of trust, and the approval of the Capital Market, Insurance and Savings Authority. In view of the early redemption, the Series F bonds were delisted from trade on the TASE.

F. On January 31, 2023, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 100 million. During the reporting period, the Company purchased approximately 333,141 shares at a total cost of approximately NIS 12.1 million. Subsequent to the purchase, the Company holds 5,729 thousand Company shares.

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

G. Acquisition of the portfolio management activity and mutual funds from Psagot by The Phoenix Investment House

1. In January 2023, KSM Mutual Funds Ltd. (hereinafter - "KSM") and Psagot Mutual Funds Ltd. (hereinafter - "Psagot Funds") signed an agreement where under KSM will acquire from Psagot Funds part of its mutual funds activity as part of an assets' transaction comprising assets under management of NIS 17.1 billion in consideration for NIS 260 million (hereinafter, respectively - the "Funds Agreement" and the "Sold Funds").
   In July 2023, following discussions regarding the Transaction held with the Israel Competition Authority, the parties received the Israel Competition Authority's position regarding the parties' suggestion to enter into an alternative transaction that includes changes to the sold assets and the consideration compared to the Funds Agreement (hereinafter - the "Alternative Transaction"), whereby the Israel Competition Authority will not demand the filing of merger notices in respect of the Alternative Transaction, and therefore the Competition Commissioner (hereinafter - the "Commissioner") or the Israel Competition Authority will not take enforcement measures in respect of its execution. The total assets under management that will be acquired in the Alternative Transaction shall stand at NIS 11.1 billion, in consideration for NIS 200 million, instead of the total assets under management and consideration under the Funds Agreement. For further information in connection with an agreed order pursuant to Section 50B to the Economic Competition Law, 1998, see immediate report of July 13, 2023 (Ref. No.: 2023-01-066511).
   As of the report publication date, the parties completed the alternative transaction. For further details, please see the immediate report dated July 13, 2023 (Ref. No.: 2023-01-066511).

2. Furthermore, The Phoenix Investment House and Psagot Securities Ltd. (hereinafter - "Psagot Securities") signed an agreement, which is independent and unconditional of and separate from the Funds Agreement; under the said agreement, The Phoenix Investment House will acquire the entire portfolio management activity of Psagot Securities, comprising assets under management of approx. NIS 8.1 billion (hereinafter - the "Portfolio Agreement"), in consideration for NIS 50 million. As of the report publication date, the entire consideration in respect of the Portfolio Agreement was paid, and all economic rights and liabilities in respect of the activity were transferred to The Phoenix Investment House. The parties applied to the Israel Competition Authority for its approval of the transaction and filed a motion with the court in accordance with Section 350 to the Companies Law, 1999.
   In June 2023, the parties agreed an amendment to the Portfolio Agreement whereby the Court's approval in accordance with Section 350 to the Companies Law, 1999, is not a condition precedent to the completion of the transaction. In view of the above, the conditions precedent set in the Portfolio Agreement were fulfilled and the transaction was completed.
   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 acquisition 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.
   For further details regarding the above, please see immediate reports dated January 19, 2023 and July 2, 2023 (Ref. Nos.: 2023-01-009285 and 2023-01-061972).

As of June 30, 2023, The Phoenix Investment House paid the entire consideration amount to Psagot Securities, and paid a NIS 160 million advance to Psagot Funds; this advance was recorded under the receivables line item in the Company's balance sheet. For said acquisitions, the Company advanced a NIS 149 million loan to The Phoenix Investment House for the acquisition of the activities as stated above. This loan was advanced against the expansion of the Company's Series 6 bonds. For further details regarding the above, please see immediate report dated January 19, 2023 (Ref. No.: 2023-01-009285). In addition, KSM and a bank entered into a loan agreement for the purpose of paying the outstanding consideration amount.

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

H. On March 22, 2023, the Company's Board of Directors approved a dividend distribution in the amount of NIS 177 million. The dividend per share of NIS 1 par value is NIS 0.7. The record date for the distribution is March 30, 2023; the dividend was paid on April 10, 2023.

I. In August 2021, The Phoenix Insurance issued - through The Phoenix Capital Raising subordinated bonds to institutional entities and to the Company. The subordinated bonds were recognized by the Commissioner of the Capital Market, Insurance and Savings as an Additional Tier 1 capital instrument of The Phoenix Insurance, and listed by The Phoenix Capital Raising for trade on the TACT Institutionals trading platform operated by the TASE.
In April 2023, The Phoenix Capital Raising fulfilled the conditions for listing the subordinated bonds on the main list of the TASE, such that in May 2023, trading of the subordinated bonds on the main list started. In accordance with the provisions of the deed of trust, the interest in respect of the subordinated bonds was reduced by 0.2%. As part of the listing on the main list, The Phoenix Insurance undertook to publish data in connection with its economic solvency ratio on a quarterly basis in respect of the quarter preceding the reporting date.
For further details in connection with the issuance of the subordinated bonds and their listing on the main list, see the Company's immediate reports dated August 2, 2021, August 3, 2021 August 8, 2021, April 24, 2023 and May 3, 2023 (Ref. Nos.: 2021-01-060658, 2021-01-061159, 2021-01-062515, 2023-01-038554 and 2023-01-040573, respectively).

J. Further to what is stated in Note 8E(6) to the Consolidated Annual Financial Statements regarding the merger of KSM ETN Holdings Ltd. (hereinafter - "KSM Holdings") with The Phoenix Investment House, in January 2023, all of the required approvals were obtained and the merger was completed. As a result of the merger, the equity attributed to the Company's shareholders decreased by NIS 79 million.

K. On May 9, 2023, the Board of Directors of The Phoenix Pension and Provident approved the taking of a two-year bank loan at the total amount of NIS 330 million; most of the loan amount is to be used to repay the outstanding debt to The Phoenix Insurance; the Board of Directors also approved a one-year bank credit facility at the total amount of NIS 150 million; this amount will be used in operating activities. Furthermore, the Board of Directors of The Phoenix Pension and Provident passed a resolution whereby The Phoenix Pension and Provident will undertake not to pledge its assets in order to secure the repayment of the loan and the credit facility. The loan and the credit facility include a guarantee provided by the Company. The loan agreement with the bank was signed in June 2023.

L. In May 2023, The Phoenix Insurance closed the activity of the retail unit, which employs 120 employees. As part of the costs incurred due to the closure of the said unit, The Phoenix Insurance recognized a one-off expense of NIS 13 million in the other expenses line item.

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

M. On June 27, 2023, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation to employees of the Company and its subsidiaries, some of whom are Company officers (including the Company's CEO), and to service providers of the Company (hereinafter- the "Offerees") of up to 3,211,588 unlisted options (including options that were awarded in a private placement that was approved by the Board of Directors on August 1, 2023), which are offered without cash consideration (but in consideration of work or services provided to the Company by the Offerees), under the theoretical assumption of all allocatable options being exercised taking into consideration the cap price and the cashless exercise mechanism 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 0.37% of the issued and paid-up capital of the Company and approximately 0.37% of its voting rights (and approximately 0.36% and 0.36%, respectively, fully diluted). 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 6.1, and the total value of the options allotted was estimated at that date at approximately NIS 20 million.

In accordance with the Board of Directors' decision, out of the amount of 3,211,588 options allotted to offerees a total of 57,190 options were allotted to the Company's CEO. The award of options to the Company's CEO was approved in an extraordinary general meeting of the Company held on August 2, 2023 (hereinafter - the "Meeting").

For further details regarding the vesting terms and conditions, see Note 37B to the Consolidated Annual Financial Statements. In addition, please see the immediate reports dated June 28, 2023, July 26, 2023 and August 2, 2023 (Ref. Nos.: 2023-01-060307, 2023-01-060334, 2023-01-072205513 and 2023-01-088974, respectively).

N. In June 2023, the Company executed a buyback of NIS 124 million par value of bonds (Series 6). The bonds are not linked to the CPI (principal and interest), and bear unlinked annual interest, as stated above, at the rate of 1.94%, which is paid in two annual payments in 2023-2032. Following this buyback, the Company recorded in the second quarter a NIS 16 million gain from early redemption.

O. In April 2023, Gama and a banking corporation (which is not an interested party in the Company) entered into a loan agreement, whereby Gama will receive a NIS 75 million loan, that will be repaid in a single installment on April 30, 2026. The interest on the outstanding balance of the loan's principal shall be repaid in quarterly installments as from July 30, 2023 through April 30, 2026, and its effective rate will range between Prime minus 1.5% and Prime plus 1.5%.

P. In connection with class actions filed and developments in lawsuits in the reporting period, please see Note 7.

NOTE 9 - SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

A. During the reporting period, the profit-participating policies marketed through 2004 achieved positive real returns. After the achievement of those returns, the estimated management fees which were not collected due to negative real yield immediately prior to the publication date of the financial statements, amounted to approximately NIS 529 million (pre-tax).

B. On August 23, 2023, the company's Board of Directors approved a dividend distribution in the amount of NIS 120 million in respect of the Company's profits for the 6-month period ended June 30, 2023. The dividend per share of NIS 1 par value is NIS 0.47. The record date is August 31, 2023, and the payment date is September 7, 2023.

C. On July 11, 2023, S&P Maalot announced the upgrading of the Company's rating from ilAA- to ilAA with a stable outlook, and the upgrading of The Phoenix Insurance Company's rating from ilAA+ to ilAAA with a stable outlook.

D. On August 23, 2023, Midroog announced it is affirming the rating of The Phoenix Insurance Company at Aa1.il, and upgrading the rating outlook from stable to positive. Accordingly, the rating outlook of the subordinated bonds that were issued by The Phoenix Capital Raising were upgraded from stable to positive.

E. In August 2023, after approval by the Board of Directors of The Phoenix Investment House, the Company's Board of Directors and their respective Compensation Committees, (illiquid) options were allocated to employees of The Phoenix Investment House and other Company subsidiaries, some of whom are Company officers (including the Company's Chairman of the Board of Directors and CEO) and to service providers of the Company (hereinafter - the "Offerees"); the total number of options that were allocated did not exceed 1,471,716 (each option is convertible into one ordinary share), which constitute approx. 7.2% of the fully diluted issued capital of The Phoenix Investment House.
The fair value at the Award Date is calculated based on an appraisal received from an external appraiser, which amounted to approximately NIS 23 million. The vesting period shall be spread over 4 years.
Out of the total number of options allocated as described above, 63,321 options were allocated to the Chairman of the Company's Board of Directors, and 78,771 options were allocated to the Company's CEO. The award of options to the Company's Chairman and CEO was approved in an extraordinary general meeting of the Company held on August 2, 2023. For further details, please see the immediate reports dated June 28, 2023 and August 2, 2023 (Ref. Nos.: 2023-01-060334 and 2023-01-088974, respectively).

F. In connection with class actions filed and developments in lawsuits subsequent to 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, 2023			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Unaudited			
	NIS thousand			
Liquid debt assets (a1)	220,947	5,425,161	-	5,646,108
Illiquid debt assets	-	-	15,276,930	15,276,930
Shares (a2)	18,086	1,891,720	-	1,909,806
Other (a3)	298,160	5,214,619	-	5,512,779
Total	537,193	12,531,500	15,276,930	28,345,623

	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

	As of December 31, 2022			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	Audited			
	NIS thousand			
Liquid debt assets (a1)	394,299	5,132,051	-	5,526,350
Illiquid debt assets	-	-	14,696,915	14,696,915
Shares (a2)	-	1,869,608	-	1,869,608
Other (a3)	311,906	4,578,276	-	4,890,182
Total	706,205	11,579,935	14,696,915	26,983,055

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

A1. Liquid debt assets

	June 30, 2023	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	2,242,513	2,406,740
Other debt assets:		
Other non-convertible debt assets	3,182,648	3,436,603
Other convertible debt assets	220,947	239,606
Total liquid debt assets	5,646,108	6,082,949
Impairments carried to profit and loss (cumulative)	499,998	

	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	

	As of December 31, 2022	
	Carrying amount	Amortized cost
	Audited	
	NIS thousand	
Government bonds	1,814,653	1,628,926
Other debt assets:		
Other non-convertible debt assets	3,317,398	3,367,254
Other convertible debt assets	394,299	441,759
Total liquid debt assets	5,526,350	5,437,939
Impairments carried to profit and loss (cumulative)	357,288	

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

A2. Shares

	June 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	1,410,317	1,500,481
Illiquid shares	499,489	333,657
Total shares	1,909,806	1,834,138
Impairments carried to profit and loss (cumulative)	338,101	

	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	

	As of December 31, 2022	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Liquid shares	1,407,424	1,173,073
Illiquid shares	462,184	289,471
Total shares	1,869,608	1,462,544
Impairments carried to profit and loss (cumulative)	345,963	

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

A3. Other financial investments

	June 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	550,952	509,214
Total illiquid financial investments	4,961,827	3,841,533
Total other financial investments	5,512,779	4,350,747
Impairments carried to profit and loss (cumulative)	255,228	

	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	

	As of December 31, 2022	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Total liquid financial investments	511,235	443,876
Total illiquid financial investments	4,378,947	3,172,645
Total other financial investments	4,890,182	3,616,521
Impairments carried to profit and loss (cumulative)	245,426	

Phoenix

Part 3

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

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To
The Shareholders of The Phoenix Holdings Ltd.

Dear Madam/Sir,

Re: Special Report on 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, 2023 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 review the separate interim financial information taken from the interim information of investees, in which the total amounted to approximately NIS 951,675 thousand as of June 30, 2023, and the Company's share in of their earnings amounted to approximately NIS 60,082 thousand and NIS 14,240 thousand for the six and three-months periods then ended, respectively. The separate interim financial statements of these companies were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial statements in respect of these companies, is based on the review reports of the other auditors.

Scope of the 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 Regulations 38D to the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
August 23, 2023

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	June 30, 2023	June 30, 2022	December 31, 2022
	As of		
	Unaudited		Audited
	NIS thousand		
Assets			
Investments in investees	9,162,290	9,381,481	9,842,459
Loans and capital notes to investees	881,387	689,681 (*)	805,201 (*)
Total non-current assets	10,043,677	10,071,162	10,647,660
Investments and capital notes for investees	1,038,168	985,155 (*)	1,009,673 (*)
Other financial investments	10,610	11,194 (*)	10,603 (*)
Receivables and debit balances	10,452	10,565	10,791
Dividend receivable (see Note 2F)	486,031	-	-
Current tax assets	-	31	31
Deferred tax assets	11,511	-	-
Cash and cash equivalents	15,174	105,710	16,959
Total current assets	1,571,946	1,112,656	1,048,057
Total assets	11,615,623	11,183,818	11,695,717
Equity attributable to Company's shareholders			
Share capital	313,168	310,514	311,640
Premium on shares and capital reserves	858,022	845,296	851,918
Treasury shares	(167,733)	(155,628)	(155,628)
Capital reserves	1,210,070	934,615	1,123,705
Surplus	7,841,012	7,773,062	8,013,123
Total equity	10,054,539	9,707,859	10,144,758
Liabilities			
Non-current liabilities			
Bonds	1,506,993	1,417,883	1,495,505
Current liabilities			
Liability in respect of current taxes	5,556	-	-
Payables and credit balances	12,262	4,796	10,362
Liability in respect of deferred taxes	-	18,600	9,689
Short-term bonds	36,273	34,680	35,403
Total current liabilities	54,091	58,076	55,454
Total liabilities	1,561,084	1,475,959	1,550,959
Total equity and liabilities	11,615,623	11,183,818	11,695,717

(*) Reclassified.

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

Date of approval of the financial statements - August 23, 2023

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
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
			NIS thousand		
Company's share in the profits (losses) of investees, net of tax	(38,264)	840,839	28,917	172,613	1,216,360
Investment income, net and finance income	53,199	55,302	28,573	31,351	101,271
Income from management fees of investees	1,500	1,500	750	750	3,000
Total income	16,435	897,641	58,240	204,714	1,320,631
General and administrative expenses	6,654	5,437	2,770	2,415	9,897
Finance expenses	23,787	32,241	5,628	17,433	62,710
Total expenses	30,441	37,678	8,398	19,848	72,607
Profit (loss) before taxes on income	(14,006)	859,963	49,842	184,866	1,248,024
Income tax expenses	(15,600)	-	(8,800)	-	(9,100)
Profit for the period attributable to the Company's owners	1,594	859,963	58,642	184,866	1,257,124

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
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS thousand				
Profit for the period	1,594	859,963	58,642	184,866	1,257,124
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)	-	(710)	(754)
Net gains from disposal of financial assets classified as available for sale, carried to the income statement	-	87	-	9	(111)
Gain on impairment of financial assets classified as available for sale, carried to the income statement	-	110	-	110	208
The Group's share in other comprehensive income (loss) of investees	296,914	(323,030)	158,733	(323,623)	(230,419)
Taxes on income relating to components of other comprehensive income	-	(121)	-	137	152
Total components of income (loss) items, subsequently reclassified to profit or loss	296,914	(323,627)	158,733	(324,077)	(230,924)
Amount that will not be subsequently reclassified to profit or loss					
The Group's share in other comprehensive income of equity-accounted investees	-	597	-	324,121	97,707
Other comprehensive income (loss) for the period, net	296,914	(323,030)	158,733	44	(133,217)
Total comprehensive income for the period	298,508	536,933	217,375	184,910	1,123,907

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, 2023 (audited)	311,640	851,918	(155,628)	8,013,123	(56,503)	11,000	62,920	224,054	(14,435)	896,669	10,144,758
Effect of first-time application of IFRS 9 (*)	-	-	-	1,522	-	-	-	-	-	(1,522)	-
Balance as of January 1, 2023 after first-time application of IFRS 9	311,640	851,918	(155,628)	8,014,645	(56,503)	11,000	62,920	224,054	(14,435)	895,147	10,144,758
Net profit	-	-	-	1,594	-	-	-	-	-	-	1,594
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	25,734	271,180	296,914
Total comprehensive income (loss)	-	-	-	1,594	-	-	-	-	25,734	271,180	298,508
Share-based payment	-	(216)	-	-	-	-	9,489	-	-	-	9,273
Acquisition of treasury shares	-	-	(12,105)	-	-	-	-	-	-	-	(12,105)
Exercise of employee options	1,528	6,320	-	-	-	-	(7,848)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,945	-	-	-	(1,945)	-	-	-
Dividend	-	-	-	(177,172)	-	-	-	-	-	-	(177,172)
Acquisition of minority interests	-	-	-	-	(10,848)	-	-	-	-	-	(10,848)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	1,730	-	-	-	-	-	1,730
Transaction with minority interest	-	-	-	-	(199,605)	-	-	-	-	-	(199,605)
Balance as of June 30, 2023 (unaudited)	313,168	858,022	(167,733)	7,841,012	(265,226)	11,000	64,561	222,109	11,299	1,166,327	10,054,539

(*) See Note 2B to the condensed consolidated financial statements regarding first-time application of IFRS 9 (Financial Instruments) regarding financial instruments that do not relate to The Phoenix Insurance, which falls within the scope of the definition of insurer. According to the transition method that was selected, the comparative figures were not restated.

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
Profit 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)
Dividend	-	-	-	(421,000)	-	-	-	-	-	-	(421,000)
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)	-	-	-
Allocation of shares of a consolidated company 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 April 1, 2023 (unaudited)	311,817	851,225	(161,926)	7,781,449 (*)	(135,725)	11,000	67,407	223,030	1,395	1,017,498 (*)	9,967,170
Net profit	-	-	-	58,642	-	-	-	-	-	-	58,642
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	9,904	148,829	158,733
Comprehensive income (loss)	-	-	-	58,642	-	-	-	-	9,904	148,829	217,375
Share-based payment	-	1,428	-	-	-	-	3,874	-	-	-	5,302
Treasury shares	-	-	(5,807)	-	-	-	-	-	-	-	(5,807)
Exercise of employee options	1,351	5,369	-	-	-	-	(6,720)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	921	-	-	-	(921)	-	-	-
Acquisition of minority interests	-	-	-	-	(9,985)	-	-	-	-	-	(9,985)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	896	-	-	-	-	-	896
Transaction with minority interest	-	-	-	-	(120,412)	-	-	-	-	-	(120,412)
Balance as of June 30, 2023 (unaudited)	313,168	858,022	(167,733)	7,841,012	(265,226)	11,000	64,561	222,109	11,299	1,166,327	10,054,539

(*) Reclassified.

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
Profit for the period	-	-	-	184,866	-	-	-	-	-	-	184,866
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	16,416	(16,372)	44
Total comprehensive income (loss)	-	-	-	184,866	-	-	-	-	16,416	(16,372)	184,910
Transfer from revaluation reserve in respect of revaluation of property, plant and equipment, at the depreciation amount	-	-	-	817	-	-	-	(817)	-	-	-
Share-based payment	-	(6,568)	-	-	-	-	4,562	-	-	-	(2,006)
Acquisition of non-controlling interests	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)
Exercise of employee options	148	733	-	-	-	-	(881)	-	-	-	-
Allocation of shares of a consolidated company to minority interests	-	-	-	-	1,132	-	-	-	-	-	1,132
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 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
Profit for the year	-	-	-	1,257,124	-	-	-	-	-	-	1,257,124
Other comprehensive income (loss)	-	-	-	2,097	-	-	-	95,610	27,511	(258,435)	(133,217)
Total comprehensive income (loss)	-	-	-	1,259,221	-	-	-	95,610	27,511	(258,435)	1,123,907
Share-based payment	-	(2,362)	-	-	-	-	17,556	-	-	-	15,194
Acquisition of treasury shares	-	-	(55,859)	-	-	-	-	-	-	-	(55,859)
Exercise of employee options	1,317	4,971	-	-	-	-	(6,288)	-	-	-	-
Dividend	-	-	-	(581,000)	-	-	-	-	-	-	(581,000)
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,910	-	-	-	(2,910)	-	-	-
Transaction with minority interest	-	-	-	-	(14,435)	-	-	-	-	-	(14,435)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	3,587	-	-	-	-	-	3,587
Balance on December 31, 2022 (audited)	311,640	851,918	(155,628)	8,013,123	(56,503)	11,000	62,920	224,054	(14,435)	896,669	10,144,758

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

	Appendix	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
		2023	2022	2023	2022	2022
		Unaudited		Unaudited		Audited
		NIS thousand				
Cash flows for operating activities						
Profit		1,594	859,963	58,642	184,866	1,257,124
Adjustments required to present cash flows for operating activities	(a)	14,409	(869,932)	(42,331)	(199,048)	(1,271,235)
Net cash used for operating activities of the Company		16,003	(9,969)	16,311	(14,182)	(14,111)
Cash flows from investing activities:						
Loans and capital notes repaid by subsidiaries		61,922	5,125	18,708	5,125	5,125
Dividend from investees		255,000	500,000	255,000	500,000	615,000
Sales (acquisitions) of financial investments by the Company, net		346	10,627	(5,588)	3,622	22,652
Investment in investees		(1,750)	(14,925)	(1,750)	(14,925)	(16,675)
Loans and capital notes provided to subsidiaries		(149,405)	-	-	-	(109,500)
Net cash from investing activities		166,113	500,827	266,371	493,822	516,602
Cash flows from financing activities						
Dividend paid to shareholders		(177,172)	(421,000)	(177,172)	(421,000)	(581,000)
Acquisition of Company shares		(12,105)	(55,859)	(5,807)	-	(55,859)
Repayment of bonds		(143,015)	(315,159)	(143,015)	(34,220)	(356,564)
Issuance of bonds (less issuance expenses)		148,391	296,948	-	-	397,968
Net cash used in financing activities		(183,901)	(495,070)	(325,994)	(455,220)	(595,455)
Increase (decrease) in cash and cash equivalents		(1,785)	(4,212)	(43,312)	24,420	(92,963)
Balance of cash and cash equivalents at beginning of period		16,959	109,922	58,486	81,290	109,922
Balance of cash and cash equivalents at end of period		15,174	105,710	15,174	105,710	16,959

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
	2023	2022	2023	2022	2022
	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	(353)	(695)	(477)	268	367
Income and expenses not involving cash flows:					
Accrued interest and appreciation of bonds	6,982	25,263	(3,513)	12,534	43,992
Tax expenses (income)	(15,600)	-	(8,800)	-	(9,100)
Company's share in the losses (profits) of investees, net	38,264	(840,839)	(28,917)	(172,613)	(1,216,361)
Changes in other balance sheet line items, net:					
Change in receivables and debit balances	245	6,318	(5,348)	(6,647)	7,948
Change in payables and credit balances	2,070	(6,652)	(72)	(1,658)	(1,086)
Change in loans to investees	(17,199)	(53,327)	4,796	(30,932)	(96,995)
Total cash flows for operating activities	14,409	(869,932)	(42,331)	(199,048)	(1,271,235)
Significant non-cash activities:					
Dividend receivable from subsidiaries	486,031	-	-	-	-

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, 2022 and in conjunction with the Condensed Consolidated Interim Financial Statements as of June 30, 2023 (hereinafter - the "Consolidated Financial Statements").

Further to that detailed in Note 2 to the condensed consolidated financial statements, as of January 1, 2023, the Company applies to the condensed interim separate financial information IFRS 9, Financial Instruments (hereinafter - "IFRS 9") excluding the financial data related to The Phoenix Insurance, which meets the definition of an insurer.

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 22, 2023, the Company's Board of Directors approved a dividend distribution in the amount of NIS 177 million. The dividend per share of NIS 1 par value is NIS 0.7. The record date for the distribution is March 30, 2023; the dividend was paid on April 10, 2023.

B. On March 22, 2023, The Phoenix Insurance's Board of Directors approved a dividend distribution in the amount of NIS 205 million. The dividend per NIS 1 p.v. share and per NIS 5 p.v. share was NIS 1.3 and NIS 6.5, respectively. The dividend was paid in April 2023. The dividend distribution is with respect to the 2022 profits.

C. On January 30, 2023, The Phoenix repaid NIS 43 million in capital notes to the Company.

D. In January 2023, the Company issued, by way of expansion, NIS 172,612 thousand par value in Series 6 registered bonds of NIS 1 par value each; the bonds were issued according to the Company's shelf offering report dated January 26, 2023 (Ref. No.: 2023-01-003042) in consideration for NIS 148,391 thousand. See Note 8C to the consolidated financial statements.

E. On February 9, 2023, the Company gave KSM Mutual Funds Ltd., a subsidiary of The Phoenix Investment House, a loan of NIS 149 million, repayable in 9 unequal installments and bearing an annual interest rate of 1.94%. This loan was advanced against the expansion of the Company's Series 6 bonds. See Note 8G2 to the consolidated financial statements.

F. In June 2023, as part of the merger of Agam Leaderim Holdings (2001) Ltd. with and into The Phoenix Agencies, The Phoenix Agencies declared a cash dividend of NIS 675 million. The Phoenix Holdings' share of the dividend is approximately NIS 536 million; as of June 30, 2023, NIS 50 million has been paid. Subsequent to the balance sheet date, the Company was paid an additional NIS 150 million; in addition, it was decided that if The Phoenix Agencies will require shareholder loans in order to execute the Dividend Distribution, the Company and the other shareholders shall advance shareholder loans at a total maximum amount of up to NIS 500 million, based on their proportionate share in The Phoenix Agencies' issued share capital. For further details, please see Note 4F to the Consolidated Financial Statements.

G. In June 2023, the Company executed a buyback of NIS 124 million par value of bonds (Series 6). The bonds are not linked to the CPI (principal and interest), and bear unlinked annual interest, as stated above, at the rate of 1.94%, which is paid in two annual payments in 2023-2032. Following this buyback, the Company recorded in the second quarter a NIS 16 million gain from early redemption.

NOTE 2 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

H. On May 9, 2023, the Board of Directors of The Phoenix Pension and Provident approved the taking of a two-year bank loan at the total amount of NIS 330 million; most of the loan amount is to be used to repay the outstanding debt to The Phoenix Insurance; the Board of Directors also approved a one-year bank credit facility at the total amount of NIS 150 million; this amount will be used in operating activities. Furthermore, the Board of Directors of The Phoenix Pension and Provident passed a resolution whereby the said company will undertake not to pledge its assets in order to secure the repayment of the loan and the credit facility. The loan and the credit facility include a guarantee provided by the Company. The loan agreement with the bank was signed in June 2023.

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

NOTE 3 - SUBSEQUENT EVENTS

A. On August 23, 2023, the company's Board of Directors approved a dividend distribution in the amount of NIS 120 million in respect of the Company's profits for the 6-month period ended June 30, 2023. The dividend per share of NIS 1 par value is NIS 0.47. The record date for the distribution is August 31, 2023, and the payment date is September 7, 2023.

B. In August 2023, concurrently with the approval of The Phoenix Insurance's Financial Statements as of June 30, 2023, The Phoenix Insurance's Board of Directors decided to distribute a NIS 350 million dividend, at a rate higher than that set in the distribution policy, without detracting from its long-term dividend policy, and given the amount of the distributable profits and the solvency ratio rate of The Phoenix Insurance, and after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

C. For other significant events subsequent to the reporting period, see Note 9 to the consolidated financial statements.

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August 23, 2023

To
The Board of The Phoenix Holdings Ltd. (Hereinafter: the "Company")

Dear Madam/Sir,

Subject: 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, as listed below, in a shelf offering based on the Shelf Prospectus in the subject:

1. The Review Report dated August 23, 2023 on the Condensed Consolidated Financial Information of The Phoenix Holdings Ltd. as of June 30, 2023 and for the six-month and three-month periods then ended.

2. Special report dated August 23, 2023 on the Standalone Interim Financial Information in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of The Phoenix Holdings Ltd. of The Phoenix Holdings Ltd. as of June 30, 2023 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 38C(a):

Management, under the supervision of the Board of Directors of The Phoenix Holdings Ltd. (hereinafter - the "Corporation") is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

For this matter, the members of management are as follows:

1. Eyal Ben Simon, CEO of the Company and The Phoenix Insurance.
2. Eli Schwartz, EVP, CFO of the Company and The Phoenix Insurance.
3. Haggai Schreiber, EVP, Chief Investment Manager, CEO of The Phoenix Investments Ltd.
4. Meni Neeman, EVP, Chief Legal Counsel and Corporate Secretary and The Phoenix Insurance.
5. Michal Leshem, EVP, Chief Internal Auditor of the Company and The Phoenix Insurance.
6. David Alexander, EVP, Head of Business Development of the Company and The Phoenix Insurance.
7. Eilon Dachbash, EVP, Head of Retail Credit of the Company.
8. Amit Netanel, EVP, Chief Risk Officer of the Company and The Phoenix Insurance.

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

Among other things, internal controls include controls and procedures planned to ensure that all information that the Corporation is required to disclose as aforesaid is collected and transferred to the Corporation's management, including the chief executive officer and the most senior financial officer, or the equivalent acting officers, in order to allow decision making on a timely basis with respect to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the financial statements shall be prevented or detected.

The Phoenix Insurance Ltd., a subsidiary of the Corporation, is an institutional entity which is subject to the directives of the Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance regarding the assessment of the effectiveness of internal controls over financial reporting.

With respect to the internal control of the said subsidiary, the Corporation implements the following provisions:
Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Controls over Financial Reporting"; Institutional Entities Circular 2010-9-6, "Management's Responsibility for internal control over financial reporting - Amendment"; Circular 2010-9-7, "internal control over financial reporting - Statements, Reports and Disclosures"; and Circular 2015-9-15, "internal control over financial reporting - Statements, Reports, Disclosures and Management's Responsibility for internal control over financial reporting - Amendments".

In the quarterly report on the effectiveness of internal control over financial reporting and the disclosure attached to the quarterly report for the period ended March 31, 2023 (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 2023 (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 23, 2023

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 2023 (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 23, 2023

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, 2023 (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 23, 2023

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, 2023 (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 23, 2023

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".