



Link to an accessible
version of this document



Phoenix Financial Ltd.

Consolidated Interim Financial Statements as of September 30, 2024 (Unaudited)



Phoenix Insurance, Asset Management, Agencies and Credit



Members of the Board

Benjamin Gabbay – Chairman

Dr. Ehud Shapira (Independent Director)

Rachel Levine (External Director)

Richard Kaplan (External Director)

Roger Abravanel

Stella Amar Cohen



Table of Contents

Part 1	Report of the Board of Directors on the State of the Corporation's Affairs
Part 2	Consolidated Interim Financial Statements
Part 3	Standalone Financial Data from the Consolidated Interim Financial Statements Attributed to the Company
Part 4	Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure
Part 5	Statements Regarding Controls and Procedures in respect of Disclosure in the Financial Statements of The Phoenix Insurance Company Ltd.
Part 6	The Phoenix Insurance Solvency Report





Part 1

Report of the Board of Directors on the
State of the Corporation's Affairs
as of September 30, 2024



Table of Contents

1.	GROUP'S STRUCTURE, ITS AREAS OF ACTIVITY, AND DEVELOPMENTS THEREIN.....	2
2.	KEY POTENTIAL EFFECTS OF THE INITIAL APPLICATION OF IFRS 17 AND IFRS 9 ON THE COMPANY'S FINANCIAL STATEMENTS:.....	16
3.	DESCRIPTION OF THE BUSINESS ENVIRONMENT.....	21
4.	DEVELOPMENTS IN THE MACROECONOMIC ENVIRONMENT.....	35
5.	BUSINESS TARGETS AND STRATEGY.....	38
6.	BOARD OF DIRECTORS' EXPLANATIONS FOR THE STATE OF THE CORPORATION'S BUSINESS.....	40
7.	MARKET RISKS AND MANAGEMENT THEREOF.....	76
8.	CORPORATE GOVERNANCE ASPECTS.....	79
9.	DISCLOSURE PROVISIONS RELATING TO THE CORPORATION'S FINANCIAL REPORTING.....	82

Report of the Board of Directors on the State of the Corporation's Affairs as of September 30, 2024

The Report of the Board of Directors of Phoenix Financial Ltd. (formerly - "**The Phoenix Holdings Ltd.**", hereinafter - "**Phoenix Financial**" or the "**Company**" or the "**Corporation**") as of September 30, 2024, outlines the principal changes in the Company's operations in the nine- and three-month ended September 30, 2024 (hereinafter - the "**Reporting Period**").

In light of the Company's diverse activities in the fields of Insurance, Asset Management, Distribution and Credit, it took steps to change its name such that it will match its business activities. On August 14, 2024, the Company's General Meeting approved the change of its name to Phoenix Financial Ltd. On August 19, 2024 the Registrar of Companies approved the name change as requested.

The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. With regard to the insurance, Retirement (Pension and Provident) 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 the first and second quarters of 2024 as well as the full 2023 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. Group's Structure, its Areas of Activity, and Developments Therein

1.1. Group structure

Transforming the Company into a company without a controlling core

During the third quarter, the Company's controlling shareholder sold shares of the company, such that as of July 17, 2024, the Company no longer has a controlling core. Immediately prior to the sale of the shares, the controlling shareholder held approx. 31% of the Company's shares, and as of the report publication date it holds 10.62% and its ownership interest may decline to approx. 5.6% if a transaction for the sale of 4.95% of the Company's shares to the Affinity Partners fund

(hereinafter - "**Affinity**") will be completed.¹ This transaction depends on the receipt of a holding permit by the fund, as detailed below:

Through July 17, 2024 was Belenus Lux S.à.r.l. (hereinafter - "**Belenus**"), which is indirectly held through a chain of companies, by CCP III Cayman GP Ltd., Matthew Botein, Lewis (Lee) Sachs the Company's controlling shareholders (hereinafter - the "**Controlling Shareholder**").

On April 21, 2024, Belenus informed the Company that the Capital Market, Insurance and Savings Authority awarded the controlling shareholders a permit to hold means of control in the Company and in Phoenix Insurance at a rate of up to 10% of the means of control in the Company (hereinafter - the "**New Holding Permit**").

The New Holding Permit includes various provisions, including provisions regarding the structure of the board of directors in the Company and in the subsidiaries, which are regulated by the Capital Market, Insurance and Savings Authority, and regarding maintaining the control structure of the controlling shareholders; provisions regarding sale or transfer - by Belenus - of means of control in the Company; as from the date on which the control permit will come into effect, the controlling shareholders are precluded from using their votes in relation to appointment and termination of service of Company directors if their holding is higher than 10% of the Company's share capital;

The New Holding Permit also includes restrictions on the controlling shareholders in connection with transactions and holdings for various periods involving the Company and competing entities;

In addition, as from the date on which the New Holding Permit took effect the controlling shareholders' undertaking in connection with the outline for supplementing the insurer's shareholders' equity will be canceled, including the requirement to hold in trust Company shares at a rate of 4.5% of the Company's share capital in order to supplement the shareholders' equity, in the event that Phoenix Insurance fails to meet the capital requirements it is subject to.

On July 15, 2024, Belenus informed the Company that it engaged in several transactions for the sale of up to approx. 21.4% of its holdings in the Company.

Consequently, the New Holding Permit came into effect on July 17, 2024, on which the holding rate of the controlling shareholders through Belenus fell below 30% (fully diluted). On the effective date of the New Holding Permit, the control permit expired.

In addition, in accordance with provisions of the permit, on October 14, 2024, Mr. Ben Langworthy, Mr. Eliezer Yones and Mr. Itzhak Shukrie Cohen ended their service as Company directors.

For further details, see the immediate reports dated April 21, 2024, July 16, 2024, August 8, 2024 and October 14, 2024 (Ref. Nos.: 2024-01-044958, 2024-01-074239, 2024-01-085306 and 2024-01-610485 respectively).

¹ The additional acquisition transaction with Affinity (which holds - as of the report publication date - 4.95% of the Company's shares) is conditional Affinity receiving of a holding permit from the Capital Market, Insurance and Savings Authority. The deadline for the completion of the additional transaction with Affinity is six months from its signing date (i.e., July 15, 2024).

Corporate Governance in the Company

At the Company's Board meeting on September 30, 2024, there was a discussion regarding the composition of the Board of Directors appropriate for the Company's diverse activities in view of the Company's transformation into a company without a controlling core and the resignation of the directors as mentioned above.

The Board of Directors decided on the following guidelines:

1. Board members should collectively possess a wide range of competencies, expertise, reputation and integrity, knowledge in the various areas in which the Group operates, as well as business experience that is expected to be beneficial for effective supervision of the Company's business. It was also resolved that, in accordance with the Company's strategic objectives and roadmap, the Board of Directors, in tandem with management, will further work to reinforce the Company's corporate governance as it was until now, while meeting corporate governance standards generally accepted in Israel and abroad. As part of this process, the Company's Board of Directors must include Board members with an international business orientation, as was the case before the Company became a company without a controlling core.
2. At least 33% of the Board of Directors will include female representation.
3. The Company's Board of Directors will consist of a majority of independent directors (including external directors).

In order to act in accordance with the guidelines set and approved by the Board of Directors, the Board decided to establish an appointment committee whose role will be to identify and recommend several candidates to serve as Company directors. The Appointment Committee members are as follows: Ms. Rachel Levine (External Director serving as Chairperson of the Committee), Dr. Ehud Shapira (Independent Director) and Mr. Benjamin Gabbay, Chairman of the Board. The Board of Directors also gave its approval for the Committee to employ an external placement consultant to identify and recommend candidates to serve as directors.

The Appointment Committee met several times where it determined the needs of the Board of Directors and assessed several candidates in accordance with those needs, conducted introductory meetings with shortlisted candidates, and is currently formulating its recommendation as to candidates considering the adequate and appropriate composition of the Company's Board of Directors and its committees, in accordance with the experience and expertise of the candidates. The committee's recommendations will be brought for approval by the Board of Directors and General Meeting.

1.2. **Areas of activity**

- 1.2.1. For convenience purposes, the Group divided its operating results into two key activities: The first - Insurance; and the second - Asset Management and Credit.

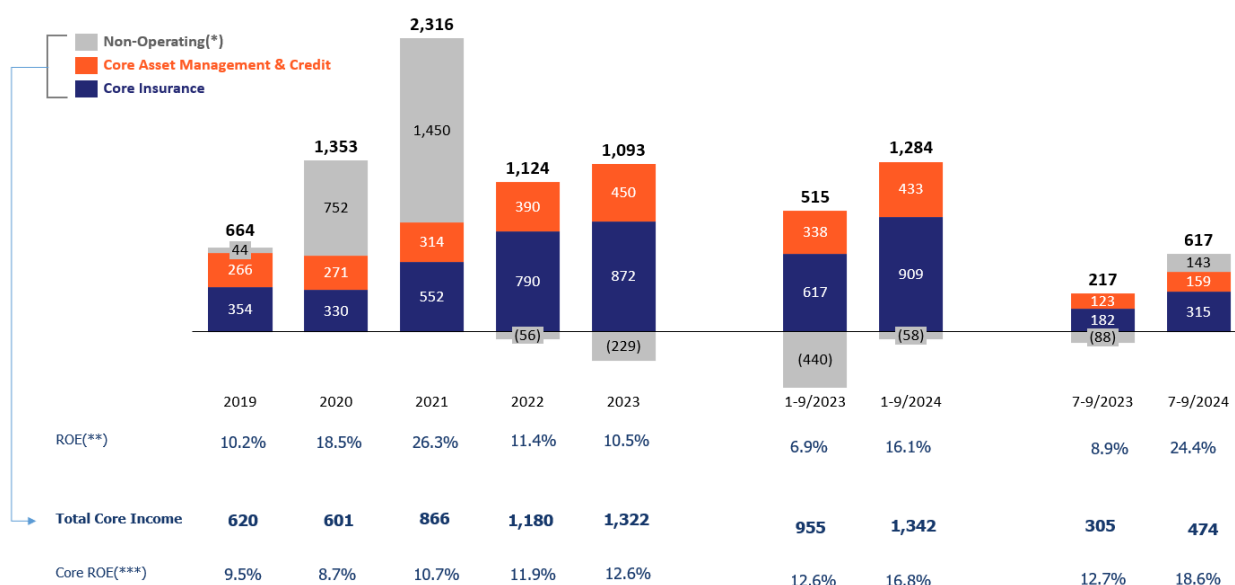


The said activity is divided in the Report into seven reporting segments. **The Insurance Activity** is divided into three segments - Property and Casualty Insurance, Health Insurance, Life and Savings. **The Asset Management and Credit Activity** is divided into four further segments - Retirement (Pension and Provident), Investment House and Wealth, Distribution (Agencies) and Credit.

In the **insurance** businesses, the Company operates through Phoenix Insurance Company Ltd.;

In the **Asset Management and Credit Activity**, the Company operates through Phoenix Pension and Provident Funds Ltd., Phoenix Investment House Ltd., and Phoenix Advanced Investments Ltd.; in its **Distribution** (Agencies) Segment it operates through Phoenix Agencies 1989 Ltd. and the agencies it owns; and in its **Credit Segment** - mainly through Gama Management and Clearing Ltd. - a reporting corporation, all of the shares of which are owned by the Company (hereinafter - "**Phoenix Gama**"); for information about the Group's areas of activity and its holding structure, see Section 1.4 under the Description of the Corporation's Business in the Periodic Report.

- 1.2.2. On September 8, 2024, the Company's Board of Directors approved and published a strategic objective map for the Company and the Group subsidiaries for 2027, based on the Company's multi-year strategic plan and joint work for the management and work teams of the Company and the Group subsidiaries. For further details, see Section 5 below and the immediate report dated September 9, 2024 (Ref. No. 2024-01-601901).
- 1.2.3. The Company has various sources of operating income of its subsidiaries, as detailed in the sections dealing with the various operating segments. Following is the breakdown of the comprehensive income attributable to the shareholders in the reporting year (in NIS million post-tax); for further details, see Note 3 to the Financial Statements and Section 6 below:



(*) Non-operating income - income from capital market effects above or below a real return of 3%, effects of the interest rate curve changes and other Special Items. (For further details, see Section 6.4.1 below).

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

1.3. Developments in the Group

General

1.3.1. Interest rates, capital markets and inflation

Changes in the risk-free interest rate curve and capital market affect Phoenix Insurance's assets, liabilities, and results of operations. The Company manages the interest risks by taking an overall look of its asset and liability management.

Interest rates - during the reporting period, the Bank of Israel left its interest rate unchanged - 4.5%. In addition, in the reporting period, the NIS interest rate curve was up significantly beyond the decrease in the illiquidity premium and in the third quarter of the year the NIS interest rate curve decreased beyond the increase in the illiquidity premium; in addition to their impact on the assets, these changes led to a change in insurance liabilities and the K-value; for further details, see Section 6.4 below and Note 8A to the Financial Statements.

The capital market - during the reporting period, there was volatility in financial markets in Israel and across the world. This volatility affects the nostro assets and the planholders' assets. For details regarding the effects on investment income and variable management fees, see Section 6.4 below.

Inflation - during the reporting period, the inflation rate increased by 3.5% compared to an increase of 3.2% in the corresponding period last year.

In the period subsequent to the report date through immediately prior to the Financial Statements' publication date, hikes continued in financial markets in Israel and across the world, concurrently with an 0.5% increase in inflation in October; these changes brought about real profits in the nostro liquid portfolio. On the other hand, there was a decrease in the risk-free interest rate curve and liquidity premium, which may trigger an increase in insurance liabilities. For the effect of the above on the shortfall in variable management fees, see Section 6.4 below.

At this stage, it is impossible to assess future developments in the market and the interest rate curve and their effect on the results of the fourth quarter of 2024, and therefore the above does not constitute an assessment of the Company's results in the fourth quarter of 2024.

For further details regarding the changes in the interest rate and in the interest rate curve, the capital markets and inflation rates, see Section 4 below; for effects on the Company's financial results and sensitivity tests, see Section 6 below, Note 8 to the Financial Statements, and Note 41 to the Periodic Report. As to the effect of the changes in the NIS yield curve and in capital markets on Phoenix Insurance's solvency ratio, see Section 3.1.5 below, and Section 8 in Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2023. For the purpose of using its financial results, the Company uses a real return of 3% (see Section 6.4.1); in view of that, the changes in the CPI, as stated above, affects the classification of amounts between underwriting income and investment income.

1.3.2. **Iron Swords War**

On October 7, 2023, the Iron Swords War between the State of Israel and the Gaza-based "Hamas" terror organization broke out (hereinafter - the "**War**"), following a murderous attack by Hamas on localities in southern Israel. Based on published data, as of the report publication date, more than 1,780 Israeli citizens, soldiers and members of the defense and rescue forces were killed in the line of duty or murdered as part of the War, 101 citizens and soldiers are held as hostages in the Gaza Strip, and approx. 20,000 sustained various injuries. In addition to the War in Gaza, Israel is involved in an armed conflict and military operational activity of varying intensities and in a number of fronts, the main of which is the conflict in the north of Israel, which has also driven tens of thousands of Israelis from their homes. The War and all of the activities in the various fronts have an adverse effect on the Israeli economy.

Following the above, the rating agency Moody's placed the State of Israel's credit rating on the Rating Watch Negative list, and thereafter, on February 9, 2024, downgraded the State of Israel's credit rating to A2 with a negative outlook (on May 11, 2024, Moody's reiterated the rating and outlook). On September 27, 2024, Moody's rating agency announced that it was again downgrading the State of Israel's rating to Baa1 with a negative outlook.

Rating agency S&P announced on April 18, 2024 it was downgrading the State of Israel's rating from AA- to A+, with a negative outlook. On October 1, 2024, S&P announced that it was again downgrading the State of Israel's rating to A with a negative outlook, among other things, due to the continuation and escalation of the fighting against Hezbollah.

Fitch rating agency announced on August 12, 2024 it was downgrading the State of Israel's rating from A+ to A with a negative outlook.

Following Moody's downgrade of Israel's rating, it also downgraded Phoenix Insurance's international rating. For further details, see Section 1.3.15 below.

Due to its activity, the Phoenix group is exposed to slumps on the financial markets and to slowdown, as well as to other risks arising from the War. For further details on sensitivity and exposure to risk factors, see also Note 41 to the Periodic Report.

At this stage, there is uncertainty as to the development of the War, its scope and duration. Therefore, at this stage it is impossible to assess the full effect of the War on the Company and its results in the medium term; however, as of the report publication date, this effect is not expected to be material.

The potential risks associated with the War include slumps in the Israeli capital market, decline in investments in the Israeli economy, including foreign investments and investments in high-tech companies, decline in GDP, budget deficit, downgrade of Israel's credit rating, higher inflation, changes in yield curves and in central bank's interest rate, materialization of insurance risks, reducing the exposure of reinsurers to the State of Israel, and more.

Further to Note 1C(2)(a) to the Periodic Report regarding the effects of the Iron Swords War on the Life and Long-Term Savings Segment, in the reporting period claims were assessed and filed in life and permanent health insurance amounting to approx. NIS 29 million (retention). For further details, see Section 6.5.3 below.

Insurance Activity

1.3.3. The Company's preparation for the application of IFRS 17 and IFRS 9

The Company continues to prepare for applying IFRS 17 (hereinafter - the "**Standard**") and IFRS 9 (hereinafter - "**IFRS 9**") (hereinafter, jointly - the "**Standards**"), in the Financial Statements of the Company and Phoenix Insurance; for further details, see Section 2 below.

1.3.4. Completion of the take-up rate (TUR) study

As of the report date, the Company completed a study on the subject of retirement age and pension uptake rates (hereinafter - the "**Study**") regarding the tendency for pension uptake at different rates in accordance with the retirement age. Following the Study, in the third quarter of the year, the Company recorded pre-tax income of approx. NIS 195 million and post-tax income of approx. NIS 128 million.

Asset Management and Credit

1.3.5. Planned restructuring within Asset Management and Credit

As part of the implementation of the strategic plan regarding the Asset Management and Credit Activity, and the Company's wish to concentrate each of activities under separate arms, on July 30, 2024, the Company's Board of Directors passed an in-principle resolution regarding a restructuring, which will include statutory mergers in accordance with the Eighth Part of the Companies Law, and the transfer of activities and assets of various group companies, as follows:

Approval of mergers of companies in Phoenix group

The Company's Board of Directors approved in principle that statutory mergers will be carried out as part of the restructuring between the Company and Phoenix Investments and Finances Ltd., a wholly-owned (100%) privately-held subsidiary of the Company (hereinafter - "**Phoenix Investments**"; the "**First Merger**") and between the Company and Platinum Finance and Factoring Ltd., a wholly-owned (100%) privately-held subsidiary of the Company (hereinafter - "**Platinum**"; the "**Second Merger**"). As a result of the mergers all of the assets and liabilities of Phoenix Investments and Platinum (which will be the merging entities in the mergers, as this term is defined in the Companies Law) will be transferred to the Company (which will be the surviving entity in the mergers, as this term is defined in the Companies Law), and they will cease to exist as separate companies. In November 2024, simultaneously with the approval of the Company's financial statements, the Company's Board of Directors and the relevant bodies in the Group companies approved the mergers.

The completion of the mergers will be conditional, among other things, on the fulfillment of all of the following conditions: (a) Receipt of the Israel Tax Authority's approval for a restructuring and merger, which is exempted from corporate income tax in respect of each of the mergers, in accordance with Section 103I to the Income Tax Ordinance; and (b) the execution of the actions required to complete each of the mergers in accordance with the Companies Law and Companies Regulations (Merger), 2000.

Approval of additional structural changes to be executed subject to completion of the mergers

Subject to the completion of the First Merger, the Company will transfer to a new privately-held subsidiary, which will be established and wholly-owned by the Company (hereinafter - the "**New Company**") the entire asset management activity, which was carried out in Phoenix Investments prior to the merger date; its holding in all of Phoenix Advanced Investments Ltd.'s shares (hereinafter - "**Phoenix Advanced Investments**"; and its 19.9% stake in the shares of Phoenix Underwriting Ltd. In addition, the Company's holdings

in the shares of Tehuda Management Service 1999 Ltd. and Safra Ltd., which were held by Phoenix Investments, will be transferred to Phoenix Advanced Investments.

Phoenix Retail Credit Ltd.

Subject to the completion of the Second Merger and receipt of the required approvals by Phoenix Gama, the Company will transfer to Phoenix Gama all shares of Phoenix Retail Credit Ltd., a company indirectly wholly-owned by the Company (hereinafter - "**Phoenix Retail Credit**"). In that context, it is noted that in the reporting period Phoenix Retail Credit started marketing retail credit in a fully digital process.

The abovementioned information in connection with the restructuring of the Company's holdings in the Asset Management and Credit Activity of Phoenix group includes forward-looking information as defined in the Securities Law, 1968, and is based on the intentions of the Company, Phoenix Investments and Finances and Platinum. The completion of the move, including the abovementioned mergers, require, among other things, the approval of the mergers by the organs in the various group companies, the Israel Tax Authority's approval of the merger as a tax-exempt merger, other regulatory approvals, where required, and receipt of merger certificates from the Registrar of Companies. Therefore, there is no certainty as to the completion of the move, and the information included in this immediate report may not materialize in practice as a result of factors beyond the Company's control, including the option that the abovementioned conditions will not be fulfilled.

1.3.6. Retirement (Pension and Provident) - Slice

In September 2024, Phoenix Pension and Provident Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with Slice Gemel Ltd. (under authorized administration) (hereinafter - "**Slice**"), whereunder Phoenix Pension and Provident will purchase from Slice several provident funds and an advanced education fund (hereinafter - the "**Funds**"). The agreement is subject to approval by the court, the Capital Market, Insurance and Savings Authority, and any other authority, if required. On October 30, 2024, the court handed down a ruling, which approves the sale of the Funds to Phoenix Pension and Provident in the manner and under the terms and conditions listed in the agreement. As of the report publication date, the Capital Market Authority's approval has not yet been received. The completion of the agreement is set to take place on February 28, 2025, unless another date is set at the prior agreement of the parties. On the agreement completion date, the Funds will be transferred to Phoenix Pension and Provident and merged into existing funds under its management, all subject to the approval of the Commissioner of Capital Market, Insurance and Savings Authority.

1.3.7. **Phoenix Investment House**

In November 2024, subsequent to the reporting period, an addendum was signed to the shareholders agreement of The Phoenix Investment House Ltd. - Phoenix Investments and Finances, Mssrs. Boaz Nagar (Chairman of the Board of Directors of the Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of the Investment House and KSM Mutual Funds Ltd.); (Boaz and Avner hereinafter jointly - the "**Managers**"), which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Managers' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. That is to say, the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. For further details regarding the arrangements relating to Investment House options awarded to the Managers, see the Company's immediate report of March 15, 2022 (Ref. No.: 2022-01-025548).

1.3.8. **Oren Mizrach transaction**

In August 2024 Phoenix Agencies signed an agreement for the purchase from companies owned by Mr. Oren Cohen - both directly and indirectly - of approx. 16% further ownership interest in Oren Mizrach Insurance Agency Ltd. (hereinafter - "**Oren Mizrach**"), such that subsequent to this acquisition, Phoenix Agencies holds - directly and indirectly - approx. 84% of the ownership interest in Oren Mizrach instead of approx. 68% before of the abovementioned transaction. Furthermore, in accordance with the agreement, Phoenix Agencies issued to a company owned by Oren Cohen shares constituting approx. 1.75% of Phoenix Agencies' share capital, Following the issuance, the Company holds approx. 78% of the issued and paid-up share capital of Phoenix Agencies.

1.3.9. **Phoenix Agencies**

As part of the Company's strategy of maximizing value from the activities of the Group subsidiaries, it continues to assess opportunities to unlock value in Phoenix Agencies and will report in accordance with any developments that may occur.

1.3.10. **Acquisition of ownership interests from partners by Phoenix Advanced Investments**

In August 2024 Phoenix Advanced Investments increased its share in the alternative investments activity by acquiring ownership interests from several partners in various companies operating in the area of Wealth and IRA totaling approx. NIS 90 million. For further details, see Note 8Y to the Financial Statements.

Further developments during and subsequent to the reporting period at the group level

1.3.11. Sustainability and ESG

In July 2024 the Company published Phoenix group's Sustainability Report for 2023. The report was published in the Company's Investor Relations website, and in the Israel Securities Authority's website.

For the full report, see the following link:

fnx.co.il/sites/docs/genery/for_new_site/esg/ESG_Phoenix_2023_HEB.pdf

1.3.12. Dividend distribution

Distribution from Phoenix Insurance to the Company

In August 2024, concurrently with the approval of Phoenix Insurance's Financial Statements as of June 30, 2024, which are included in this report, Phoenix Insurance's Board of Directors decided to distribute a NIS 250 million dividend, after reviewing the compliance of Phoenix Insurance with the solvency ratio targets and the distribution tests as per the Companies Law. The distribution took place on August 25, 2024.

Furthermore, the Board of Directors of Phoenix Insurance also passed a decision as to an increase in the minimum solvency ratio target, net of the Transitional Provisions, for purposes of dividend distribution from a 115% rate to a 118% rate.

Distribution of dividend by the Company to its shareholders

In August 2024, concurrently with the approval of the Company's Financial Statements as of June 30, 2024, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, which was revised in May 2024,² totaling NIS 270 million, which constitutes approx. NIS 1.07 per share.

The said distribution was based, among other things, on a dividend distribution from subsidiaries, including from The Phoenix Insurance, as detailed above. The actual distribution was on September 11, 2024.

1.3.13. Share buyback

In January 2024, the Company's Board of Directors approved an additional share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**Plan for 2024**"). In June 2024, the Company's Board of Directors approved the increase of the Plan for 2024 by further NIS 100 million to NIS 200 million in total. As part of the Plan for 2024, as of the report publication date, the Company made buybacks totaling approx. NIS 176 million.

² For further details regarding the revision of the dividend distribution policy, see the Company's Report of the Board of Directors as of June 30, 2024.

As of the report publication date, there are approx. 11.1 million dormant shares constituting 4.27% of the Company's issued and paid-up share capital. For further details, see the Company's immediate reports dated January 31, 2024, June 6, 2024, and November 3, 2024 (Ref. Nos.: 2024-01-012186, 2024-01-057664 and 2024-01-613492, respectively).

1.3.14. Allocation of restricted share units (RSUs) to employees and officers

In December 2018, the Company adopted an option plan for employees and officers. In June 2024, the Company's Board of Directors approved a revision to the option plan, which allows the Company to allocate restricted share units (RSUs) too.

On August 21, 2024, the Company's Board of Directors approved the allocation of up to 760 thousand RSUs to the Company's CEO, and to officers and employees of the Company and its subsidiaries, without cash consideration. On September 29, 2024, the General Meeting approved the allocation of 3,098 restricted share units (RSUs) for the Company's CEO. For further details, see Note 8T to the Financial Statements.

1.3.15. Allocation of options in Phoenix Insurance Agencies 1989 Ltd.

In December 2023, the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**") approved a compensation plan comprising non-marketable options to officers and employees of Phoenix Agencies, its subsidiaries and affiliates. Non-marketable options were allocated by virtue of the plan to officers of Phoenix Agencies and subsidiaries thereof.

On August 18, 2024, the Board of Directors of Phoenix Agencies approved the allocation of options to officers in Phoenix group, which influenced on and contributed to the activity of Phoenix Agencies, including the Company's CEO and Chairman of the Board of Directors in respect of their service as directors in Phoenix Agencies. This allocation was also approved as part of the compensation terms of the Company's CEO and Chairman of the Board at meetings of the Company's Compensation Committee and Board of Directors, and on September 29, 2024 - the general meeting approved the allocation of the options in Phoenix Agencies to the Company's CEO and Chairman of the Board.

1.3.16. Debt raising

Extending the term of a shelf prospectus

On August 15, 2024, the Israel Securities Authority approved the extension of the term of the Company's shelf prospectus by one further year, through August 23, 2025. For further details, see the immediate report dated August 15, 2024 (Ref. No.: 2024-01-083445). Concurrently, the Israel Securities Authority also approved the extension of the shelf prospectus of Phoenix Capital Raising (2009) Ltd., a wholly owned subsidiary of Phoenix Insurance, which is raising debt for Phoenix Insurance.

1.3.17. **Shareholders' meetings**

On August 14, 2024, a first session of the annual General Meeting of the Company was held, with the following items on its agenda, which were brought for discussion and/or approval: 1) discussing the Periodic Report of 2023; 2) reappointing the Company's independent auditor and authorizing the Company's Board of Directors to set its fees; 3) Changing the Company's name to Phoenix Financial Ltd.). For further details, see the Company's immediate reports dated July 31, 2024 and August 14, 2024 (Ref. Nos.: 2024-01-078429 and 2024-01-082707).

On September 29, 2024, a second session of the Company's annual general meeting was held, and on the agenda the following items were brought for approval: (1) Reappointment of Mr. Benjamin Gabbay as a director of the Company; (2) Reappointment of Mr. Roger Abravanel as a director of the Company; (3) Reappointment of Dr. Ehud Shapira as an independent director of the Company; (4) Allocation of restricted share units (RSUs) of the Company and options (non-marketable) of Phoenix Agencies to the Company's CEO, Mr. Eyal Ben Simon; (5) Allocation of options (non-marketable) of Phoenix Agencies to the Company's Chairman of the Board, Mr. Benjamin Gabbay. For further details, see the Company's immediate reports dated August 22, 2024 and September 30, 2024 (Ref. Nos.: 2024-01-086865 and 2024-01-607009).

1.3.18. **Renewal of liability insurance for officers and board members**

On October 30, 2024 the Company's Compensation Committee approved the engagement in a professional liability insurance policy for officers serving in the Company and in subsidiaries for an insurance period of one year starting on November 3, 2024, in accordance with Regulation 1B1 to the Companies Regulations (Exemptions for Interested Party Transactions), 2000. The limit of liability coverage is USD 165 million per case and in total per annual insurance period, together with reimbursement of reasonable legal expenses.

1.3.19. **Ratings**

Israeli rating

Maalot

In July 2024, S&P Maalot reiterated the Company's ilAA rating with a stable outlook, and Phoenix Insurance Company's ilAAA rating with a stable outlook.

Midroog

On August 19, 2024, Midroog announced that it upgrades the rating of Phoenix Insurance from Aa1 to Aaa.

Global rating for The Phoenix Insurance

Moody's

In May 2024, international credit rating agency Moody's (hereinafter - "**Moody's**") reiterated the existing A2 rating of Phoenix Insurance with a negative rating outlook.

In October 2024, following the downgrade of the State of Israel's credit rating, Moody's announced that it was downgrading the international credit rating of Phoenix Insurance from A2 to Baa1 with a negative outlook, with Moody's noting that the independent financial strength of Phoenix Insurance remained at A2.

S&P

In July 2024, international credit rating agency S&P Global Ratings (hereinafter - "**S&P**") reiterated Phoenix Insurance's 'A-' international rating with a stable outlook.

2. Key Potential Effects of the Initial Application of IFRS 17 and IFRS 9 on the Company's Financial Statements:

2.1. General

IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" stipulates, among other things, the disclosure required in connection with changes in accounting policies. Section 30 to IAS 8 stipulates that when an entity has not applied a new IFRS which has been issued but is not yet effective, the entity shall disclose this fact and known or reasonably estimable information relevant to assessing the possible impact that the application of the new IFRS will have on the entity's financial statements in the period of initial application. Section 31 to IAS 8 details the disclosure that an entity is required to consider disclosing to achieve compliance with Section 30. This disclosure includes, among other things, the nature of the changes in accounting policies, the date by which application of the new IFRS is required, the date as of which the entity plans to apply the IFRS initially, and a disclosure regarding the impact that initial application of the IFRS is expected to have on the entity's financial statements, or, if that impact is not known or reasonably estimable, a statement to that effect.

According to the above. In view of the expected material effects of the application of the standard on financial statements of insurance companies, as from the first quarter of 2025 the Company has included qualitative information regarding the key changes in accounting policies and the standard's key effects in Note 10 to the financial statements.

2.2. Initial application date and the Company's assessments regarding the implementation of IFRS 17 (hereinafter - the "Standard") and IFRS 9 (hereinafter - "IFRS 9") (hereinafter - the "Standards") in the Company's Financial Statements

On June 1, 2023, the Capital Market, Insurance and Savings Authority published a third revision to the "Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - "Insurance Contracts" (hereinafter - the "**Third Revision**"). 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). The Third Revision included a requirement to conduct a number of quantitative impact surveys (hereinafter - "**QIS**") by the Company and the publication of pro-forma reports regarding IFRS 17 and IFRS 9 as part of the 2024 Financial Statements.

During June, the Authority published a Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts - Fourth Revision - Draft (hereinafter - "**Roadmap Fourth Draft**"); as part of the Roadmap Fourth Draft, the insurance companies were required to report - by July 10, 2024 - the opening balance data as of January 1, 2024 for life and health insurance portfolios. In addition, the Insurance Company is required to file - by September 15, 2024 - a report about the

financial data for 1st quarter of 2024 in accordance with IFRS 17 and IFRS 9 (Quantitative Impact Studies, hereinafter - "**QIS2**").

On August 12 the Commissioner published a final version of the Fourth Revision to the Roadmap, whereby it is not mandatory (but rather voluntary) for the Company to disclose the opening balances data as of the transition date in the Financial Statements of the third quarter of 2024.

According to the Roadmap, in the Annual Financial Statements for 2024 - the Insurance Company is required to provide disclosure regarding the line items of the statement of financial position (pro-forma balance sheet) as of January 1, 2024; that is to say, opening balance data as of the transition date, including separate disclosure of the contractual service margin (CSM) and risk adjustment (RA) for each of the operating segments and disclosure of the balance of the provision for credit losses, as well as disclosure of main line items of the comprehensive income statement for the six-month period ended June 30, 2024.

During the reporting year, the Company completed the key milestones in the revised roadmap, including the first QIS regarding the calculation of the opening balances of selected portfolios on the transition date as of January 1, 2023 as well as reporting opening balance data as of January 1, 2024 for life and health insurance portfolios. Furthermore, the Company reported the data for first quarter of 2024 in accordance with IFRS 17 and IFRS 9 (Quantitative Impact Studies, hereinafter - "**QIS2**"). It is noted that the above financial statements are neither reviewed nor audited by the independent auditors.

In the reporting year, the Company focused on the process of implementation and integration of a new IT system, and on the mapping of the required controls and the manner of flow of information to the Financial Statements. This process is still ongoing. Furthermore, the Company held reviews and training sessions to the business teams and members of the Balance Sheet Committee in connection with the implementation of IFRS 17.

The Standards will affect the reported results and financial position of the Company's Insurance Activity, with no effect on its financial reporting on other activities; the main activities which will be affected are the Life Insurance and Health Insurance Activities. The underlying concept of IFRS 17 is looking forward upon the contract's inception, over the policy's coverage period, and spreading the unearned income, the "contractual service margin" (hereinafter - "**CSM**") over the coverage period according to the various products - with changes in estimates attributed to the Insurance Activity revising the CSM until it is reduced to zero.

IFRS 9 sets categories for classification of investments in financial assets and classification of debt instruments in accordance with the Company's model for the management of its financial assets, and in accordance with the question of whether the contractual terms of the cash flows reflect solely payments of principal and interest ("SPPI").

The Standards are expected to make the financial statements of the insurance companies more transparent and clearer; they simplify the insurance business by, among other things, creating a separation between the different sources of income of the insurance companies, while separating the income from insurance services from investment income. In addition, the application of the Standard is expected to reduce the financial results' volatility as a result of revising studies. Furthermore, the Standards will bring about a better alignment of the financial assets held against insurance liabilities and their measurement at fair value through profit and loss. The Standards are not expected to affect the strategy, the restrictions set in the dividend distribution policy, and the Company's level of leveraging.

The Company is making preparations for the adoption of IFRS 17 in accordance with the time frames, which were set. For further details, see Note 2V to the Periodic Report.

2.3. Analysis of the Company's sources of income as from the first quarter of 2025, upon the coming into force of IFRS 17 and IFRS 9

Further to Section 6.4.1, at each reporting period, the Company reviews its sources of income, according to the segment breakdown. Furthermore, the Company reviews its profitability based on a breakdown into operating income assuming a real 3% return assumption and non-operating income. With the introduction of IFRS 17, the Company examined its analysis method of sources of income and is expected to report, as from the first quarter of 2025, on operating income assuming a return based on a risk-free interest rate - including an illiquidity premium as of the beginning of the reporting period, with the addition of a margin that reflects the Phoenix Insurance's mix of the nostro investment portfolio.

2.4. Below is the expected effect of the application of IFRS 17 and IFRS 9 on statement of financial position line items as of January 1, 2024 (opening balances data as of the transition date)

The Company has made preparations for the adoption of IFRS 17 and IFRS 9 and assessed the material effects, which are expected to arise to the Company as a result of the adoption of the Standards. Information regarding the preparations made by the Company for reporting in accordance with IFRS 17 and IFRS 9, and qualitative information regarding key changes in accounting policies and the key effects of the Standard is provided in Note 10 to the Financial Statements.

Based on this assessment, the Company's management made initial estimates as to the material effects which are expected due to the transition. It is noted that the Company's preparations have not yet been completed, including discrepancies in identifying quantitative effects and assessing presentation and disclosure issues. In addition, changes may arise from Directives of the Commissioner of the Capital Market, Insurance and Savings.

Below is a initial preliminary estimate of the material effects of the application of IFRS 17 and IFRS 9 on the Company's statement of financial position as of January 1, 2024.

This initial preliminary estimate was made based on the status of preparedness as of the reporting date, and is subject to changes, which may arise from further collection and improvement of, and adjustments to, information, processes of implementing controls as well as changes which may arise from developments regarding the interpretation of the application of IFRS 17 and IFRS 9.

Since the financial statements in which IFRS 17 and IFRS 9 will be applied for the first time are those for the first quarter of 2025, and the Company is still processing and studying the matter, changes may also be made to the accounting policies on which the information is based.

Following the Company's assessment, below is an estimate of the effects, as of the transition date, on the capital, contractual service margin (CSM) and risk adjustment (RA) balance as of January 1, 2024.

It is emphasized that the following information is neither reviewed nor audited by the independent auditor.

	Phoenix Insurance				The Company		
	As of December 31, 2023, as reported in accordance with the current standards	A preliminary estimate of the expected effect in accordance with new standards IFRS 17 and IFRS 9	As of January 1, 2024 (expected restatement) in accordance with new standards IFRS 17 and IFRS 9		As of December 31, 2023, as reported in accordance with the current standards	A preliminary estimate of the expected effect in accordance with new standards IFRS 17 and IFRS 9	As of January 1, 2024 (expected restatement) in accordance with new standards IFRS 17 and IFRS 9
	<u>Audited</u>	<u>Unaudited and unreviewed</u>	<u>Unaudited and unreviewed</u>		<u>Audited</u>	<u>Unaudited and unreviewed</u>	<u>Unaudited and unreviewed</u>
In NIS billion							
Total equity attributable to Company's shareholders	6.4	(0.4-0.8)	5.6-6		10.6	(0.4-0.8)	9.8-10.2
Balance of contractual service margin (CSM), net of reinsurance(*), (**)	N/A	9.5-10	9.5-10		N/A	9.5-10	9.5-10
Balance of risk adjustment (RA), net of reinsurance (*), (**)	N/A	1.5-2	1.5-2		N/A	1.5-2	1.5-2

(*) The said balances form part of the Company's insurance and reinsurance liabilities and assets in accordance with IFRS 17. The reported balances are pretax.

(**) Out of the said balances, the portion of the CSM and RA attributed to the individual LTC portfolio (a subsegment the Company has discontinued), net of reinsurance, ranges from a total of approx. NIS 1.5-2 billion to a total of approx. NIS 0.5-1 billion, respectively. It is noted that the rate of recognition in profit or loss of the contractual service margin in the individual LTC portfolio is expected to be slower compared to other insurance portfolios, mainly due to a significantly longer remaining coverage period in insurance contracts issued in said portfolio.

We note that the CSM balance as of the transition date shall be stated gradually - in accordance with the Company's product mix - in profit and recognized as income from insurance services, which may lead to a higher profit for the Company's and to improvement in the return on equity relative to the results based on the current accounting standards.

According to the initial preliminary estimate made by the Company's management, out of the total CSM balance - net of reinsurance as of the transition date - approx. 35% to 45% is expected to be stated in profit during the next five years after the transition date.

It is noted that the rate of recognition and recognition amounts of the CSM, after the transition date, to profit or loss - as they may be - are uncertain and depend, among other things, on changes in developments and actuarial estimates relating to future service. In addition, the total contractual service margin amounts to be recognized as part of the income from insurance activities in profit or loss after the transition date, depend not only on the contractual service margin as of the transition date, but also on additional contractual service margin which may be created as a result of the sale of insurance policies to be sold and recognized for the first time subsequent to the transition date.

It should be emphasized that the above expected CSM estimate refers solely to the contractual service margin for the insurance activity with respect to long-term life and health products as of the transition date at the time the Standard is applied, and does not include future profitability for additional insurance activities, including short-term health and P&C insurance or investment income nor other Company activities that do not arise from its insurance activity.

The manner by which the standard will be applied may also be subject to changes or adjustments following clarifications or revisions to IFRSs, changes to existing practices abroad and the emerging practice in Israel, regulatory changes, tax changes or changes and adjustments to various estimates made by Phoenix Insurance in accordance with professional judgment. Therefore, the above data or results should not be deemed binding. Therefore all the information included above constitutes forward-looking information as defined in the Securities Law, 1968. It is clarified that the above data do not cover or reflect the full effects of the Standards, including any potential effects on the relevant tax regime and on Phoenix Insurance's Solvency 2-based economic solvency ratio. These matters have not yet been fully settled, are not under full control of Phoenix Insurance, and are under review as of the report publication date.

3. Description of the Business Environment

3.1. Implementation of the Provisions of the Economic Solvency Regime applicable to Phoenix Insurance Company Ltd.

3.1.1. Provisions regarding the implementation of the Economic Solvency Regime

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 shareholders' equity 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 capital requirement.

3.1.2. Increasing economic capital according to the Transitional Provisions

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**"). This amount matches the expected increase rate in 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 further details about the recalculation of the Deduction in respect of the Transitional Period, see Section 3.1.5 below and 2A(2) in the Solvency Ratio Report dated June 30, 2024.

3.1.3. Publication of Economic Solvency Ratio Report

The Economic Solvency Ratio Report as of June 30, 2024, 2024 is published at the same time as the Financial Statements as of the end of the third quarter of 2024, approved on November 26, 2024, 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 30 and September 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 Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes 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 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. If the Company's solvency ratio goes down to 120% or less, it will publish a full Solvency Ratio Report each quarter in a semi-annual format, instead of an estimated ratio.

3.1.4. **Economic solvency ratio and minimum capital requirement (MCR) as of June 30, 2024:**

Following are details regarding the economic solvency ratio as published in the latest economic Solvency Ratio Report. 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 June 30, 2024	As of December 31, 2023
	Unaudited (1)	Audited (2)
	NIS thousand	
Shareholders equity in respect of SCR	15,242,482	14,823,584
Solvency capital requirement (SCR)	7,707,246	7,640,211
Surplus	7,535,236	7,183,373
Economic solvency ratio (in %)	198%	194%

Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:

Redemption of capital instruments ⁽³⁾	(251,328)	-
Shareholders equity in respect of SCR	14,991,154	14,823,584
Surplus	7,283,908	7,183,373
Economic solvency ratio (in %)	195%	194%

- (1) Any reference made in this report to the term "unaudited" refers to a review conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
- (2) Any reference made in this report to the term "audited", shall be construed as an audit held by an independent auditor in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.
- (3) Subsequent to the report date as of June 30, 2024, approx. NIS 298 million in Bonds (Series J) were redeemed (immediate report dated October 14, 2024, Ref. No.: 2024-01-610850). The redemption referred to above affected the balance of excess Tier 2 capital in the Company in the amount of approx. NIS 251,328 thousand, in accordance with the quantitative limit.

Subsequent to the balance sheet date as of December 31, 2023, approx. NIS 400 million in Bonds (Series D) were redeemed (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765). The redemption referred to above does not affect the solvency ratio as of December 31, 2023 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

For details regarding the economic solvency ratio without applying the Provisions for the Transitional Period 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 June 30, 2024 compared with December 31, 2023, see Section 1(a) to Phoenix Insurance's Economic Solvency Ratio Report as of June 30, 2024.

Below is a link to the Economic Solvency Ratio Report as of June 30, 2024 on Phoenix Insurance's website.

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

Minimum capital requirement (MCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR)	2,008,345	1,995,718
Shareholders equity for MCR	11,790,528	11,402,622

3.1.4.1. Restrictions 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 attributable to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

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 Phoenix Insurance's ability to continue its business activity such that it is able to provide returns to its shareholders. Phoenix Insurance is subject to capital requirements set by the Commissioner.

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 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 21, 2024, the Board of Directors of Phoenix Insurance increased the minimum economic solvency ratio target by 3 percentage points without taking into account the provisions during the Transitional Period - from a rate of 115% to a rate of 118%, beginning on September 30, 2024.

Therefore, as of June 30, 2024, the calculation date, the Company has capital surplus in relation to the set targets, as described in the table set forth below. It is hereby clarified that the aforesaid does not guarantee that Phoenix Insurance will meet the set capital targets at all times.

3.1.4.2. Solvency ratio without applying the Provisions for the Transitional Period

The following are data as published in the latest economic Solvency Ratio Report published by Phoenix Insurance, about the economic solvency ratio calculated without taking into account the Transitional Provisions and the solvency ratio target set by Phoenix Insurance's Board of Directors, as required in the letter referred to above. As of June 30, 2024 and December 31, 2023, this ratio is higher than the target set by the Board of Directors.

	As of June 30, 2024 Unaudited	As of December 31, 2023 Audited
	NIS thousand	
Shareholders equity in respect of SCR	13,638,076	12,848,471
Solvency capital requirement (SCR)	8,271,422	8,434,457
Surplus	5,366,654	4,414,014
Economic solvency ratio (in %)	165%	152%
<u>Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:</u>		
Redemption of capital instruments*	-	-
Shareholders equity in respect of SCR	13,638,076	12,848,471
Surplus	5,366,654	4,414,014
Economic solvency ratio (in %)	165%	152%
<u>Capital surplus after equity transactions in relation to the Board of Directors' target:</u>		
Minimum solvency ratio target without applying the Transitional Provisions	118%	115%
Excess capital over target	3,877,798	3,148,846

- * Subsequent to the report date as of June 30, 2024, approx. NIS 298 million in Bonds (Series J) were redeemed (immediate report dated October 14, 2024, Ref. No.: 2024-01-610850). The redemption referred to above does not affect the solvency ratio as of June 30, 2024 without applying the Provisions for the Transitional Period in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

Subsequent to the balance sheet date as of December 31, 2023, approx. NIS 400 million in Bonds (Series D) were redeemed (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765).

Subsequent to the balance sheet date as of December 31, 2022, the Company redeemed approx. NIS 411 million in Bonds (Series F) (immediate report dated January 15, 2023, Ref. No.: 2023-01-006268); the said redemptions does not affect the solvency ratio without applying the Transitional Provisions for the Transitional Periods, and without adjusting the stock scenario as of December 31, 2022, in view of the unrecognized Tier 2 capital balance due to the quantitative limit on the recognition of Tier 2 capital.

3.1.5. **Equity transactions and significant updates in 2024:**

- 3.1.5.1. Subsequent to the report date as of December 31, 2023, approx. NIS 400 million in Bonds (Series D) were redeemed; the redemption referred to above does not affect the solvency ratio as of December 31, 2023 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765).
- 3.1.5.2. In August 2024, Phoenix Insurance's Board of Directors decided - given Phoenix Insurance's distributable retained earnings and solvency ratio, to distribute a NIS 250 million dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law. This action was taken into account in the results of the solvency ratio as of June 30, 2024 as stated above.
- 3.1.5.3. Subsequent to the report date as of June 30, 2024, approx. NIS 298 million in Bonds (Series J) were redeemed (immediate report dated October 14, 2024, Ref. No.: 2024-01-610850). The redemption referred to above does not affect the solvency ratio as of June 30, 2024 without applying the Provisions for the Transitional Period in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

3.1.6. **Sensitivity to changes in the interest rate curves**

Changes in the linked risk-free yield curve affect the Company's economic solvency ratio, especially in the mid- to long-terms, affect 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 Phoenix Insurance's solvency ratio.

The following table summarizes the risk-free linked interest ("spot") rates:³

³ 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.

Range/years		December 31, 2023	September 30, 2024	November 24, 2024
Short term	1-3	Between 1.25% and 1.13%	Between 1.30% and 1.75%	Between 1.61% and 1.88%
Mid-term	4-10	Between 1.15% and 1.50%	Between 1.87% and 2.29%	Between 1.90% and 2.02%
Mid-long term	11-15	Between 1.53% and 1.63%	Between 2.31% and 2.35%	Between 2.04% and 2.07%
Long term	16-25	Between 1.64% and 1.76%	Between 2.36% and 2.42%	Between 2.07% and 2.15%

Phoenix Insurance estimated the sensitivity of the economic solvency ratio - taking into account the Transitional Provisions and adjusting the stock scenario in the risk-free interest (both in Israel and abroad) - at a 50-bps decrease, based on the results of the calculation and data of the economic solvency ratio as of December 31, 2023. The estimation resulted in a decrease of approx. 13% in the economic solvency ratio (after applying the Transitional Provisions).

It is 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 Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2023.

3.2. Arrangements in force

Following 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 2023 and the Report of the Board of Directors for the first quarter and second quarter of 2024. For details regarding material regulatory directives published during the reporting period, see Section 4.1.1 to the 2023 Report on the Corporation's Business and Section 2 to the Report of the Board of Directors for the first quarter and second quarter of 2024.

- 3.2.1. A circular entitled **Provisions Regarding Selecting Provident Funds** and a document dealing with a **Procedure for Selecting Default Funds** were published in August 2024. In accordance with these publications, the Capital Market Authority intends to launch a procedure for the selection of new default pension funds for the period ranging from November 1, 2024 through October 31, 2028. The key principles are as follows: (1) No change in the parameters for the selection of the default fund - management fees only; (2) the prioritization mechanism for low market share funds ("infant industry protection") will be maintained, with emphasis on market share by contribution (it is suggested to give an "advantage" to funds, whose market share is lower than 10%, and an "enhanced advantage" to funds, whose market share is lower than 5%); (3) the management fees floor - the management fees rate will not fall below 0.5% of the contribution and will not fall below 0.15% of the balance; (4) management fee cap - the rate of management fees of contributions will not exceed 1%; (5) planholders of a default fund will be able to contact

the management company at their initiative to request change in the composition of management fees in their account, and to opt to reduce the rate of management fees of accrual against the increase of management fees of contributions, subject to compliance with the conversion formula as per the circular; (6) a distribution mechanism was set, according to which an employer will sign-on to one of the default funds each of their new employees, who did not exercise their right to select a provident fund after they were given the opportunity to do so; (7) it was stipulated that, as from November 1, 2024, the process of selecting default pension funds will be carried out every four years instead of every three years.

Following this, in September 2024, a letter was published entitled **Results of the Fourth Procedure for Selecting Default Pension Funds**. In the letter, the Authority outlines the results of the procedure for selecting default pension funds, with the selected proposals being from the following entities: Infinity Provident Funds Management Ltd.; Altshuler Shaham Provident Funds and Pensions Ltd.; Mor Provident Funds Ltd.; and Meitav Provident Funds and Pension Ltd. Accordingly, these four pension funds will be selected as default funds for 4 years, from November 1, 2024 through October 31, 2028. The management fee rates from the accrued balance and deposits charged by each of the management companies of the default funds will not exceed 0.22% of the accrued balance and 1% of the deposits. These management fees are guaranteed to the employee for 10 years from the date of signing up for the pension fund. The letter also stated that an active planholder in a default pension fund may contact the management company of the default fund with a request to convert part of the management fees from accrual to management fees from a deposit, in accordance with the conversion alternatives detailed in the document.

- 3.2.2. In August 2024, a circular was published entitled **Objection to a Payment Notice with respect of First Shekel Surgical Procedures Policy**. The circular was published further to the overlapping health insurance reform, as part of which it was stipulated, among other things, that if a policyholder, who holds a First Shekel surgical procedures policy and underwent a surgical procedure, which was carried out by the SHABAN, the health maintenance organization will be able to demand from the insurance company a payment for the surgical procedure, and that the Company may contest with the Capital Market Authority a payment notice it received, if it believes that the policyholder's insurance policy does not cover the surgical procedure, which is the subject matter of the notice.

The objective of the circular is to set rules for investigating and settling objections by an insurance companies regarding the requirement to pay the health maintenance funds, including documents and information, which insurance companies are required to attach when filing an objection, provisions regarding receipt of the health maintenance organization's response to the insurance company's objection, and time frames for the various phases.

3.2.3. In September 2024, a circular was published entitled **Revision of Consolidated Circular Provisions - Capital Requirement of a Management Company**. The Circular incorporates the provisions of the Institutional Entities Circular 2012-9-2 - "Capital Requirements of Management Companies" (February 16, 2012) within the Consolidated Circular. The Circular sets forth provisions regarding the minimum equity required of a management company for an old pension fund, a provident fund which guarantees a return and for a central annuity provident fund. The Circular also refers to the possibility of reducing the minimum own required for insurance, when a management company has taken out professional liability insurance or insurance to cover breach of trust by employees, provided that the terms and conditions set forth in the Circular are met.

3.2.4. In September 2024, a circular was published entitled **Amendment of Consolidated Circular Provisions regarding the Management of Investment Assets - Rules for Investing Insurance Company Assets**. The provisions of the Circular replace the provisions set forth in the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2024, regarding insurer investments against liabilities that are not yield-dependent (Chapter E of the Investment Rules Regulations), the power to determine which was transferred to the Commissioner of the Capital Market. Following are the main changes set forth in the Circular: (1) Revision of the term "equity capital" - as recorded in the insurance company's most recent financial statements; (2) Regulation 39 of the Investment Rules Regulations stipulates that an insurance company must hold at least 30% of the capital requirement amount in liquid assets. The Circular revokes this quantitative limit and stipulates that an insurance company will establish quantitative rules and limitations which will ensure that the cash flow provided by its assets is appropriate for the cash flow for its liabilities, and that it has sufficient liquid assets which can be used in its operating activities under various scenarios; (3) The Circular amends and increases the investment limitation rates regarding capital, revokes the exclusion of the existing limitation on excess capital regarding investment in property rights, clarifies that the provisions set forth regarding options and futures will also apply in a short sale, and revokes the cap on total estimated value of call options; (4) Regulation 32 of the Investment Rules Regulations sets forth limitations on investments in related parties. The Circular supersedes the regulation with an identical provision in accordance with the change in the definition of "equity capital". In addition, the limit on the rate of investment in relation to capital was increased.

Following this, in September 2024, the **Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities) (Amendment) 2024** was published. The regulations revoke some of the provisions

regarding insurer investments against liabilities that are not yield-dependent because they were replaced by provisions set forth in the Circular as detailed above. In addition, sections were added that relate to investments in various related parties, transactions with them and control and holding of means of control in a management company.

- 3.2.5. In September 2024, the Privacy Protection Authority published a directive entitled **Role of the Board of Directors in the Meeting of the Corporation's Obligations in Accordance with the Privacy Protection Regulations (Information Security)**. The Privacy Protection Regulations (Information Security), 2017, establish a series of obligations and actions required of a database owner and a database holder in order to meet the responsibilities imposed on them under the Privacy Protection Law regarding the database's information security. According to the ISA's position, in companies where the processing of personal information is at the core of their activity, or companies whose activity creates an increased risk of privacy violations, the board of directors must have substantial involvement in the implementation of the following requirements, including holding a discussion in their regard: (1) Determination of the database definition document that the company must prepare; (2) Approval of the main principles in the organizational information security procedure; (3) Determination of the actions required following the results of the risk survey, penetrability tests, and the periodic audit that the company is obligated to conduct in accordance with the level of security of its databases according to regulations, and following an examination of security incidents which occurred in the company. Furthermore, according to the directive, in companies to which the directive applies, the board of directors is obligated to supervise the company's compliance with the provisions of the Privacy Protection Law and the regulations thereunder. As part of the supervisory duty, the board of directors must ensure the formulation of organizational policy by the company regarding effective supervision, control and compliance procedures, such as an internal compliance program, and regarding the use and management of personal information regarding material topics. In this context, it should be noted that the Company has an internal compliance program with respect to privacy and information protection laws.
- 3.2.6. In November 2024, an amendment was published to the provisions of the **Consolidated Circular in the Compulsory Motor Insurance Industry – Appendices 6.2.2 and 6.2.3 to Section 6 Part 2 of the Consolidated Circular, Residual Insurance Rates**. The purpose of the amendment is to update the net insurance premium in the Pool, in order to adjust the net insurance premiums in the Pool to the policyholder's risk, based on the recommendations of the operator of the statistical database in the compulsory motor insurance industry. In the amendment, net insurance premiums were updated for private and commercial vehicles up to 3.5 tons, privately owned and company-owned, and for

privately owned and company-owned motorcycles. In addition, net insurance premiums were updated such that a rate of 0.95% will be deducted following the update of the total netting rate between the Pool and the National Insurance Institute from 10% to 10.95% from January 1, 2025, in accordance with the amendment of Section 328A of the National Insurance Law [Combined Version] 1995, and the netting mechanism for road accident claims between the National Insurance Institute and the Pool and insurance companies. Given the Company's share in the Pool, the amendment may affect the Company, but the Company estimates that this effect is not expected to be material.

3.3. **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 2023 Report on the Corporation's Business or in the Report of the Board of Directors for the first quarter and second quarter of 2024. For details regarding additional drafts of material regulatory provisions published during the reporting period, see Section 4.1 to the 2023 Report on the Corporation's Business as well as Section 2 of the Report of the Board of Directors for the first quarter and second quarter of 2024.

3.3.1. In October 2024, a draft was published of the **Supervision of Financial Services Regulations (Provident Funds) (Imputation of Return in a Comprehensive New Pension Fund) (Amendment), 2024**. The Supervision of Financial Services Regulations (Provident Funds) (Imputation of Return in a Comprehensive New Pension Fund), 2017 established provisions regarding the method of imputation of return to planholders and pensioners in a comprehensive new pension fund, including establishment of a different allocation of the designated bonds according to three classes: planholders who are 50 years old or less, planholders who are 50 years old or more and pension recipients. Section 8 of the regulations sets forth a temporary order according to which the different allocation to planholders who are 50 or more and to planholders who are 50 or less will enter into effect from January 1, 2025. During the temporary order period, allocation of the designated bonds to the 50 or more planholders group and to the 50 or less planholders group will be the same. Due to developments and changes in the Pension Funds Subsegment in recent years, including replacement of the designated bond mechanism for the new pension funds and for the old pension funds with a new mechanism guaranteeing a complete return, the Capital Market Commissioner's directives regarding a default track adjusted for the planholder's age and the entry into effect of the investment track reform, the draft proposes to amend the regulations and determine that the allocation of a guaranteed 30% return will only apply to the 50 or more planholder group in the age-dependent track adjusted for their age and in the general track. According to the draft, allocation of a guaranteed return will be determined as follows: (1) Allocation of a guaranteed 60% return to pension recipients; (2) Allocation of

a guaranteed 30% return to those in the 50 and more track who are in the age-dependent track and in the general track; (3) Allocation of the guaranteed return to those in the People Aged 50 or Under track in the age-dependent track and in the general track, as well as to all specialized tracks. In order to allow the market to prepare for the proposed amendment, it is suggested to extend the Temporary Order by one further year through December 31, 2025.

Further to the above, in October 2024, a draft was published of the **Supervision of Financial Services Regulations (Provident Funds) (Transfer of Planholders in Default Tracks to a Track Suitable for Their Age), 2024**. Under the regulations, it is suggested to prescribe that a planholder will not be allowed to opt for an age-based investment track, which is not suitable for their age, and that the funds of a planholder, which are currently invested in an age-based investment track, which is not suitable for their age, will be transferred to an investment track, which is suitable for their age; this, in order for the guaranteed return rate to be fully compatible with the age of a planholder in an age-based investment track. Furthermore, it is suggested that a management company will transfer the funds of planholders, who invest in an investment track, which is not suitable for their age, to a default investment track, which is suitable for their age, no later than December 31, 2025; prior to such transfer, the management company will be required to inform planholders of the transfer as detailed in the draft.

- 3.3.2. In October 2024, a **draft circular** was published entitled **Manner of Making Contributions to Provident Funds - Amendment**. Under the draft, it is suggested to amend the provisions of the circular regarding refund of excess employer contributions, revise the information accessible by an employer in an online employer account, the manner of transferring funds to a management company, and the feedback dates regarding reports about contributions. Following are the key suggested changes: (1) Prescribing that a management company will deliver to the employer a summarizing feedback regarding the registration of rights based on a report received, and regarding the receipt of a report, as detailed in the draft, no later than the next business day after the date on which the report was delivered; (2) a management company is required to display to a planholder - in their personal zone on the website - all the information as to the components of their account, including regarding funds, which were refunded to the employer; (3) determining the manner of displaying the information regarding an alert about an employer's debt, including a report about interest on arrears in an online employer account in accordance with Appendix C to the circular; (4) prescribing that an online employer account will include, at the very least, information about payments, which were refunded or are about to be refunded to the employer's account; (5) determining the information, which will be displayed in an online employer account regarding the details of funds refunded into the employer's bank account;

(6) prescribing that an application for the refund to an employer of excess contributions by an institutional entity, which was transferred through an "employer's interface - negative report", will be executed no later than 4 business days from the end of the month in which such an application was transferred (instead of 15 days).

3.3.3. In October 2024, a draft was published of the **National Insurance Regulations (Capitalization) (Amendment - Revision of Interest and Cancellation - Revision of Mechanism, Revision of the Life Tables and Determining Disabled Life Tables), 2024**. Following are the key changes suggested in the draft: (1) Currently, the National Insurance Institute's subrogation requirements are calculated based on the high interest rate set by the Supreme Court in its judgement in Civil Appeal 3751/17 - Israel Motor Insurance Database (the Pool) vs. John Doe et al., whereas capitalized payments made by the National Insurance Institute to its policyholders (capitalized rehabilitation allowance), are made using the low interest rate prescribed in the regulations. In order for the wording of the regulations to be in line with the ruling of the Supreme Court, which stipulated that the discount rate used will be 3%, and in order for the interest rate according to which the National Insurance Institute makes its payments to correspond to the interest rate used to calculate the payments it receives from the insurance companies, it is suggested to amend the regulations and prescribe that the interest rate will stand at 3%; (2) it is suggested to pass into law the interest rate, which is normally used, without setting a revision mechanism; (3) it is suggested to prescribe that from now on the life tables will be revised every four years, based on the assumption that the interest rate will remain constant; (4) it is suggested to revise the table pertaining to general disability and regarding the working-age disabled population - to create a new table consisting of two separate columns - one for men and one for women. In the opinion of the Company, if the Draft Regulations will be approved, their effect on the Company is not expected to be material.

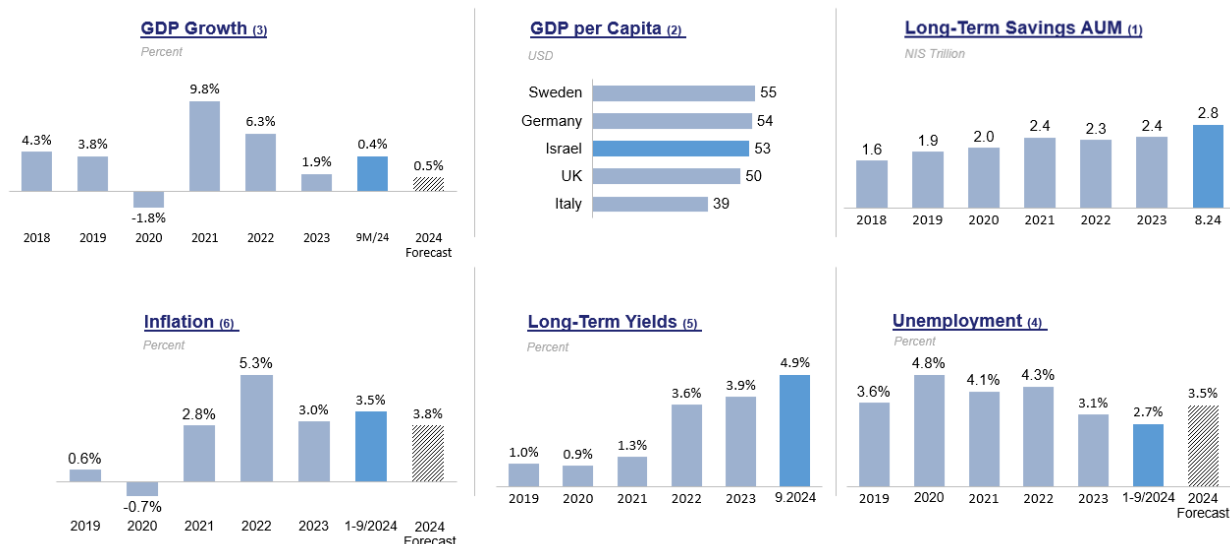
3.3.4. In November 2024, **the Economic Efficiency Law Bill (Legislative Amendments for the Implementation of the Budgetary Targets for the Budget Year 2025) (Suspension of Tax Revisions and Surtax), 2024** was published. As part of the steps taken by the Government to make adjustments in order to comply with the fiscal frameworks set for 2025 to 2027 in view of the Iron Swords War, the bill suggests, among other things, to introduce an amendment to the tax legislation, which will stop the increase in the tax benefit available on the withdrawal of an annuity. Section 9A to the Income Tax Ordinance stipulates that upon the withdrawal of an annuity, a benefit in the form of a tax exemption will be available up to an amount, which will not exceed a certain rate of the ceiling of the entitling annuity as defined in the aforesaid section. Through 2012, the said benefit stood at 35% of the entitling annuity, up to the ceiling amount of the entitling annuity. As from 2012,

an outline for a gradual increase in the exemption rates has been applied, such that the exemption rate increased gradually from 35% to 67% in 2025. Due to the Government's fiscal needs, it is suggested to prescribe that from now on the exemption rate will stand at its current rate (52%), and will not increase in accordance with the gradual increase outline, which is currently set in the Ordinance.

- 3.3.5. In November 2024, the Capital Market Authority published a **Draft Supervision of Financial Services Directives (Insurance) (Collective Long-Term Care Insurance to Members of Health Maintenance Organizations) (Amendment)**. The draft suggests to revise the definition of insured event and the eligibility criteria for insurance benefits under collective long-term care insurance to members of health maintenance organizations. These directives are suggested in view of the increase in the incidence of claims filed and claims paid, and their adverse effect on the policyholders' funds, and consequently, the insurance companies' unwillingness to issue such insurance; the directives are designed to increase health maintenance organizations' chances of entering into an agreement with an insurance company for the issuance of a collective long-term care insurance to their members. Following are the key changes suggested in the Amendment: (1) It is suggested to prescribe that only policyholders who are unable to perform 4 out of 6 activities of daily living (ADL) will be eligible; (2) it is suggested that the use of medical accessories will not be deemed as inability to perform a certain action; (3) for policyholders who live at home, it is suggested that the eligibility for insurance benefits will be subject to the provision of a certificate to the effect that the policyholder actually uses a personal carer, who provides care services during most hours of the day; (4) it is suggested to allow the calculation of the insurance premiums not only based on the policyholder's age but also based on the date on which they signed-on to the collective long-term care insurance, such that insurance premiums may be collected from children, who will sign-up to the insurance as from the date on which the Amendment comes into effect.

4. Developments in the Macroeconomic Environment

4.1. Key macroeconomic data



(*) Publicly-available data as of November 26, 2024.

(1) Bank of Israel. The data include funds under the management of institutional entities.

(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.

4.2. Trends, events and developments in the macroeconomic environment

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

4.2.1. Financial markets in Israel

The Israeli economy continued to operate under the shadow of the Iron Swords War during the third quarter of 2024; there was continued fighting in Gaza, escalation on the northern border and threats of attack from Iran and its proxies. The continued fighting and concerns of further spread of the conflict resulted in Israel's credit rating being downgraded once again by rating agency Moody's, which announced a double downgrade from A2 to Baa1 (equivalent to BBB+), with a negative outlook. Although growth data for the third quarter have not yet been published, current data indicate a slight recovery in economic activity, as indicated by total credit card purchases, following a growth rate of a mere 0.3% in the second quarter. That said, the level of activity remains low compared to the long-term trend, among other things due to supply constraints which are also reflected in the tight labor market. Contrary to the global trend, the inflation environment in Israel is on an upward trajectory, with annual inflation again crossing the upper band of the price target at the beginning of the third quarter,

reaching a level of 3.6% in August. The Bank of Israel left the interest rate unchanged, at 4.50%, in August, amid the growing uncertainty, as reflected in the 5Y CDS price (risk premium) which reached a level of approx. 150 basis points, alongside uncertainty in the fiscal sector. According to Ministry of Finance data, the deficit in August reached 8.3% of GDP, with the budget for 2024, according to the budget bill, expected to reach 6.6% of GDP.

In the capital market, despite the continued fighting in Gaza and escalation on the northern border, the stock market showed impressive resilience in the third quarter of the year, when the balance of the War changed significantly in Israel's favor with the elimination of Nasrallah and Hezbollah's top command. The local stock indices were up during the period under review, with the TA 125 rising by 8.4%. In the bonds market, yields on government bonds decreased along the entire curve during the period under review, with the 10-year yield decreasing by approx. 14 basis points to approx. 4.90%. In the corporate market, the Tel Bond 60 rose by 2.6%. In the foreign currency market - during the period under review, the NIS strengthened by approx. 1.3% against the USD, reaching a level of approx. NIS 3.72 per USD 1 while devaluing by approx. 2.6% against the EUR reaching a level of NIS 4.14 per EUR 1.

Subsequent to the balance sheet date and through the report publication date

In its interest decision made on October 9, the Bank of Israel left the interest rate unchanged at 4.5%. In the interest rate announcement, emphasis was placed on the supply constraints, which are responsible for the increase in the inflation environment, the tight labor market, and the fact that economic activity is struggling to return to pre-War levels. The interest rate announcement also included a revision to the Research Department's economic forecasts, indicating that interest rates are not expected to decline - at least during the coming year, with an upward revision of the interest rate forecast from 4.25% to 4.50%. Furthermore, the growth forecast for 2024 was revised downward - from 1.5% to 0.5%. Regarding 2025, the growth forecast was revised downward from 4.2% to 3.8%, with the Bank of Israel assuming that the War will only continue into "early 2025". The deficit forecast for 2024 was also revised upward from 6.6% to 7.2%. The Bank of Israel's Composite State-of-the-Economy Index recorded a contraction of 2.1% in the third quarter (annualized). The International Monetary Fund (IMF) also published a revision to its economic forecasts, aligning itself with other entities. The IMF revised the growth forecast for 2024 downward from 1.6% to 0.7% and from 5.4% to 2.7% for 2025. The state budgetary deficit remains high, and in October the accumulated deficit for the past 12 months amounted to approx. 7.9% of GDP. The Consumer Price Index increased in October by 0.5%, and annual inflation remained stable at 3.5%. The state budget was approved by the government with a budget framework of NIS 607 billion and budgetary adjustments totaling 37 billion. Growth in the third quarter of the year amounted to 3.8% (annualized quarterly change rate).

In the markets, summing up the reviewed period (October 1, 2024 to November 15, 2024), the TA 125 Index increased by 6.8%, the yield on 10-year government bonds declined by approx. 5 base points to 4.83%, the Tel Bond 60 Index was up by 0.8%, the NIS devalued by approx. 0.7% against the USD, reaching a level of NIS 3.74 per USD 1 but appreciated by approx. 4.7% against the EUR reaching a level of NIS 3.94 per EUR 1.

4.2.2. **Capital markets abroad**

The United States economy continued its growth trend during the third quarter, as reflected in various indicators, following rapid growth of 3.0% in the second quarter of the year. In the job market, job creation continued to cool during the third quarter, with approx. 142 thousand jobs added in August, alongside a decline in the number of job vacancies and an unemployment rate of 4.2%. Inflation continued its downward trend, with the annual rate in August reaching 2.5% compared to an annual rate of 3.0% at the end of the second quarter of the year. In the interest rate decision made at the end of the third quarter, the Fed opened the cycle of interest rate cuts in a sharp move of 50 basis points, to a level of 4.75%-5.00%. According to the Fed's latest forecast, this is only the beginning of the process - the interest rate is expected to decrease by another 50 basis points at the end of 2024 (in the last quarter of the year), and in 2025 - an additional decrease of 100 basis points is expected in the aggregate.

In Europe, in the interest rate decision made in September, the European Central Bank (ECB) reduced the interest rate by 25 basis points to 3.50% (interest on deposits), with the announcement noting that the interest rate reduction is "*another step towards easing the level of monetary tightening.*" The ECB has updated its economic forecasts - growth forecasts have been revised downward by 0.1 percentage points each year to 0.8% in 2024, 1.3% in 2025 and 1.5% in 2026. Core inflation was revised slightly upward for 2024/2025, due to higher inflation in services than expected.

Average inflation is expected to be 2.4% this year, 2.2% in 2025, and 1.9% in 2026. In terms of economic activity, the purchasing managers index in the industry sectors continued to indicate a contraction in activity during the third quarter, but activity in the services sectors continued to expand.

In sum, during the third quarter, the positive trend in stock indices continued. During the third quarter, the S&P 500 rose by 5.5%. In the US bonds market, the yield on 10-year government bonds decreased by approx. 55 base points to approx. 3.81%. In Europe, the EURO-STOXX 600 index was up by 2.2%. In the third quarter, the EUR appreciated by approx. 3.9% against the USD, reaching a level of 1.11.

Subsequent to the balance sheet date and through the report publication date

The Fed reduced the interest rate by 25 basis points to a level of 4.50%-4.75%. The US economy grew by 2.8% in the third quarter, a high growth rate compared to the long-term rate estimated at approx. 1.8%, with private consumption continuing to be the main driver of the economy. The Consumer Price Index increased in October by 0.2% reaching an annual increase of 2.6%.

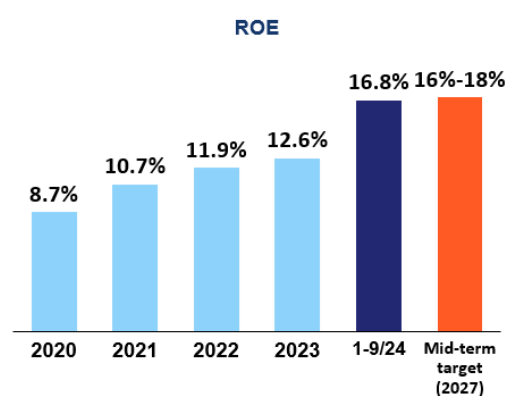
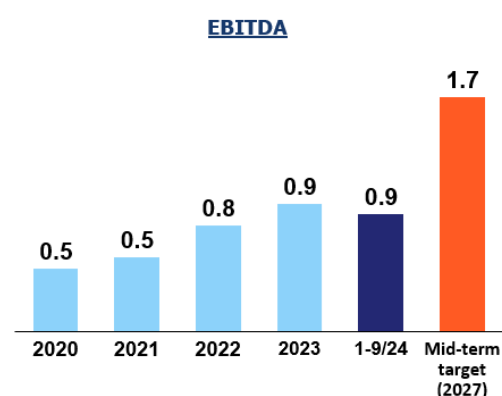
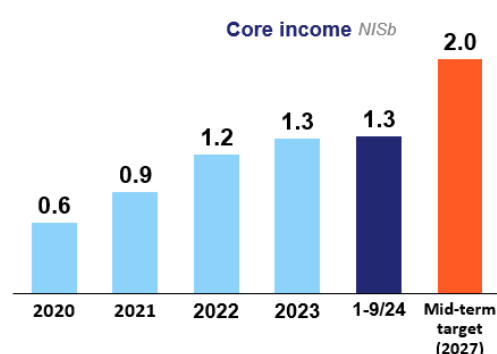
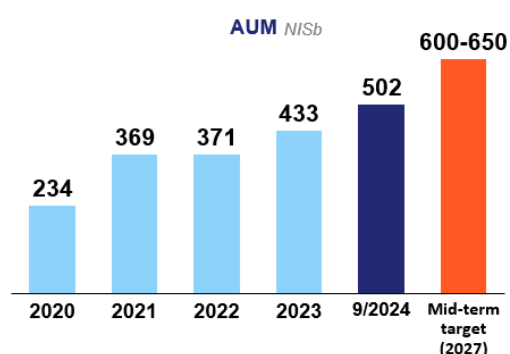
In Europe, the European Central Bank (ECB) cut interest rates once again by 25 basis points to 3.40%, with annual inflation in October completing an increase of 2.0%, right on target.

In the USA, as of the end of the reviewed period (October 1, 2024 to November 15, 2024), the 10-year yield decreased by approx. 62 base points to 4.43%, and the S&P 500 increased by 1.9%. In Europe, the EURO-STOXX 600 index was down by 3.8%, and the EUR devalued by 5.3% against the USD, reaching a rate of 1.05.

5. **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, macroeconomic changes, other business opportunities, etc.

The Company's strategy is based on four fundamental value generators: yield-focused growth, technological innovation and efficiency, effective management and capital management, all of which are relevant to the Group's growth drivers: Insurance, Financial Asset Management, Distribution and Credit. The Company reviews its targets from time to time in the light of its achievements, market conditions and other effects; accordingly, in September 2024, the Company's Board of Directors adopted revised roadmap and strategic targets as part of its multi-year strategic plan (hereinafter - the "**Strategic Plan**"), as detailed in the charts below.



The plan is based on accelerated growth in the asset management, distribution and credit growth drivers on the one hand, and on strengthening the competitive advantages and optimizing the insurance activities on the other hand. These two activities can potentially increase return on equity and cash flows without the need to invest significant capital, thereby enabling dividend distributions and buybacks.

For further details about the Strategic Plan, see the presentation regarding the [Strategic Targets Map for 2027](#) as published by the Company on September 9, 2024.

The targets are based on multi-year work plans and an assumption of a 3% real return on investments. 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 6.4-6.6.

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

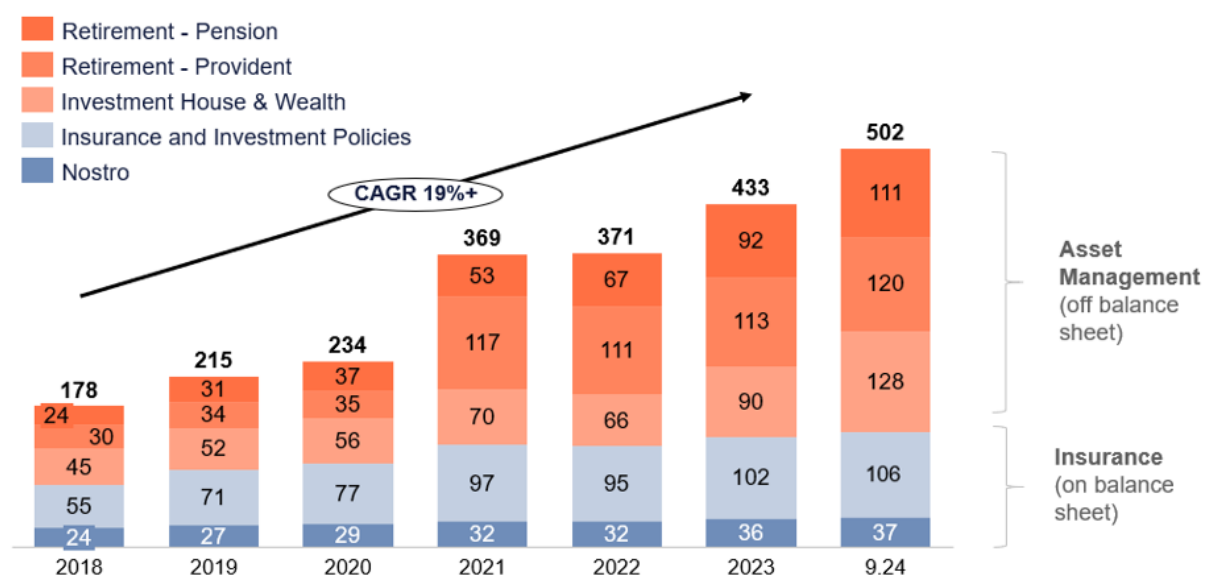
6.1. General

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 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.

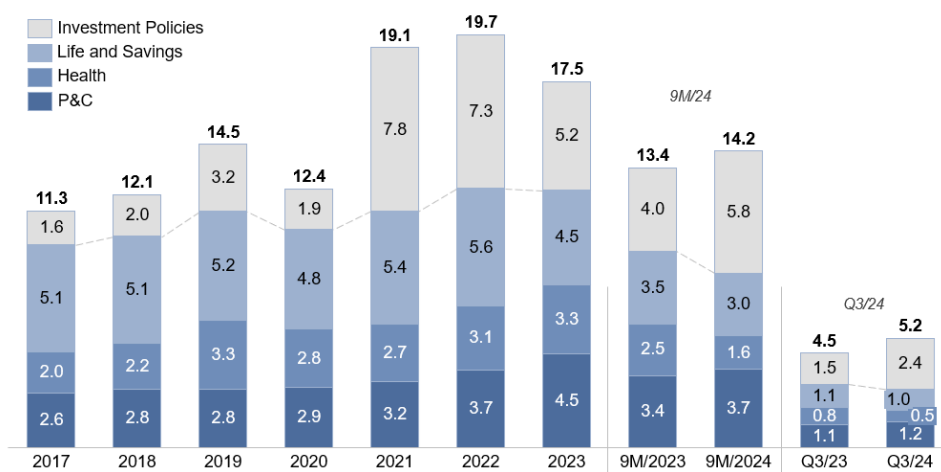
6.2. Assets under management, premiums and proceeds in respect of investment contracts

Assets under management



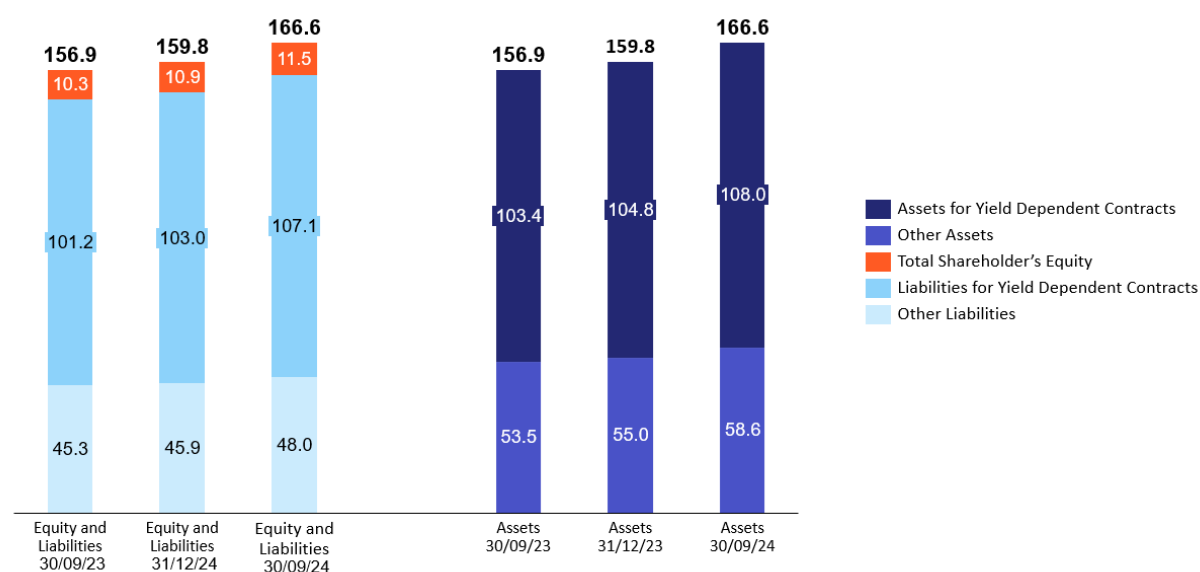
Total assets under management by provident funds, excluding guaranteed return provident fund tracks, pension funds, ETFs, and customers' investment portfolios are not included in the Financial Statements. Proceeds in respect of investment contracts are not included in the premiums line item; rather,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

Premiums, gross and proceeds in respect of investment contracts



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

Following are key data from the consolidated balance sheets (in NIS billion):



Assets:

Total financial assets in respect of yield-dependent contracts and cash and cash equivalents in respect of yield-dependent contracts as of September 30, 2024, amounted to approx. NIS 108 billion, compared to approx. NIS 103.4 billion as of September 30, 2023, and approx. NIS 104.8 billion as of December 31, 2023. Other assets amounted to approx. NIS 58.6 billion as of September 30, 2024, compared with approx. NIS 53.5 billion as of September 30, 2023 and approx. NIS 55.0 billion as of December 31, 2023.

Liabilities:

Liabilities in respect of insurance contracts and yield-dependent investment contracts amounted to approx. NIS 107.1 billion as of September 30, 2024, compared to approx. NIS 101.2 billion as of September 30, 2023, and approx. NIS 103.0 billion as of December 31, 2023. Other liabilities amounted to approx. NIS 48 billion as of September 30, 2024, compared with approx. NIS 45.3 billion as of September 30, 2023 and approx. NIS 45.9 billion as of December 31, 2023.

The increase in assets and liabilities arises from continued contributions by policyholders and a persistent increase in the volumes of activity in all of the Company's operating segments.

6.4. Description of the development of the Group's comprehensive income

6.4.1. General

- 6.4.1.1. At each reporting period, the Company reviews its sources of income, according to the segments breakdown, as detailed in Section 6.4.2 below. The Company also reviews its profitability by separating operating income 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 detailed below.
- 6.4.1.2. Special Items 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**").
- 6.4.1.3. In the Health Insurance and in Property and Casualty Insurance segments, the profitability analysis is based on a breakdown to underwriting income, which assumes a real return of 3% and earnings stemming from capital market effects (hereinafter - the "**underwriting income**"), which include revenue from nostro investments above or below a real return of 3%, the effect of the interest rate curve and other Special Items.
- 6.4.1.4. In the Life and Savings Segment, the profitability analysis is based on a breakdown to underwriting income - which assumes a real return of 3%, including revenue 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 revenue arising from capital market effects, which include revenue 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.
- 6.4.1.5. In order to separate the financial results between income attributed to insurance and income 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.

6.4.1.6. The Company allocates the assets which are not measured at fair value in accordance with the provisions of the law and Company's procedures, and specifically the allocation in accordance with the consolidated circular on testing the appropriateness of the LAT reserve (see Note 3 to the Financial Statements). This allocation may have an impact on investment income attributed to the various segments. Financial liabilities that serve the Company's capital requirements and finance expenses in respect thereof are not allocated to the operating segments. In the Other Equity Returns Segment, the financial margin arises from investment income, with a 3% real return assumption, net of actual finance expenses.

6.4.1.7. For details regarding an expected change in the analysis of income sources as from the application of IFRS 17 and IFRS 9, see Section 2 above.

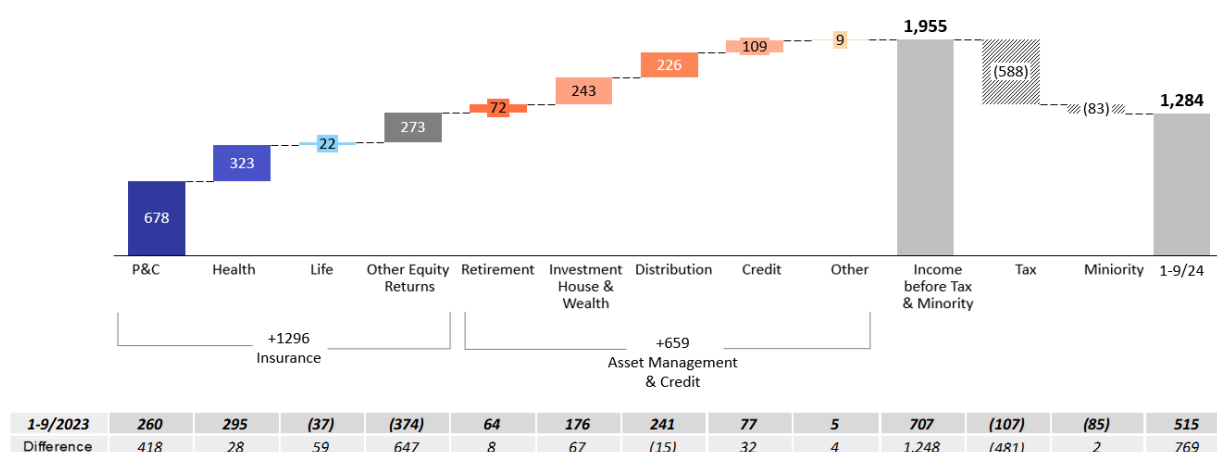
6.4.1.8. **Adjusted EBITDA** - calculated as income before finance, taxes, depreciation and amortization in the relevant areas of activity. Adjustment of EBITDA as detailed below:
Insurance segments - N/A.

Retirement (Pension and Provident) - IFRS 16 adjustment and amortization of DAC and Special Items.

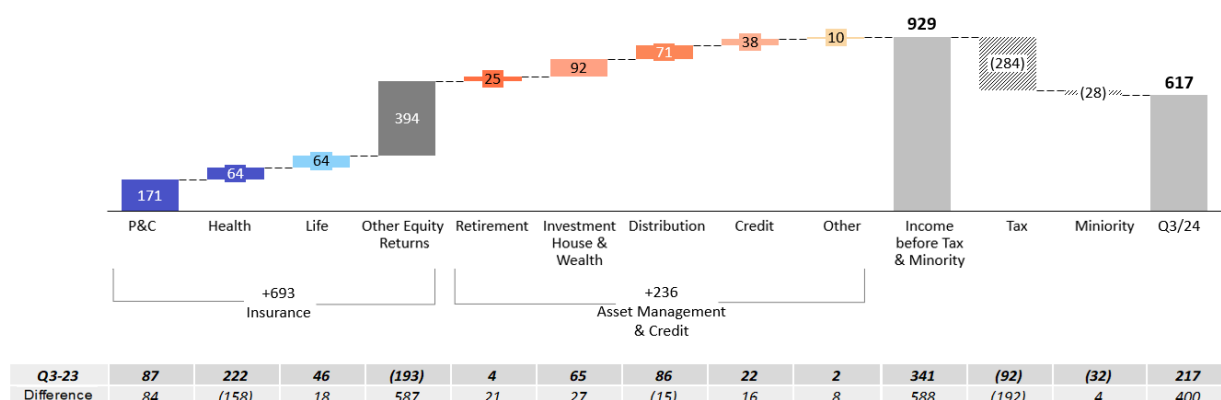
Distribution (Agencies), Investment House and Credit - IFRS 16 adjustment and Special Items.

For further details regarding the calculation of the EBITDA, see Section 6.4.6 below.

6.4.2. **Following is the composition of the Company's operating results by segment for the 9-month reporting period and their comparison to the corresponding period last year (in NIS million):**



Following is a composition of the Company's operating results by segments in the third quarter of 2024 compared with the corresponding quarter last year (in NIS million):



For the effects on the results at the segment level, see details in Sections 6.5-6.6 below.

6.4.3. Following are the payment balances and changes in insurance liabilities:

	1-9/2024	1-9/2023	1-12/2023
	In NIS million		
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention in the statement of profit and loss	16,058	13,394	17,623
<u>Net of amounts included in the above amounts:</u>			
Investment income (losses) in respect of yield-dependent policies ^(*)	10,360	6,130	8,531
Changes in interest	(441)	(175)	(379)
Special Items in the insurance segment	67	(62)	(35)
Total investment income, changes in interest and Special Items	9,986	5,893	8,117
Total payments and change in liabilities in respect of yield-dependent policies, net of investment income, changes in interest and Special Items	6,071	7,501	9,505

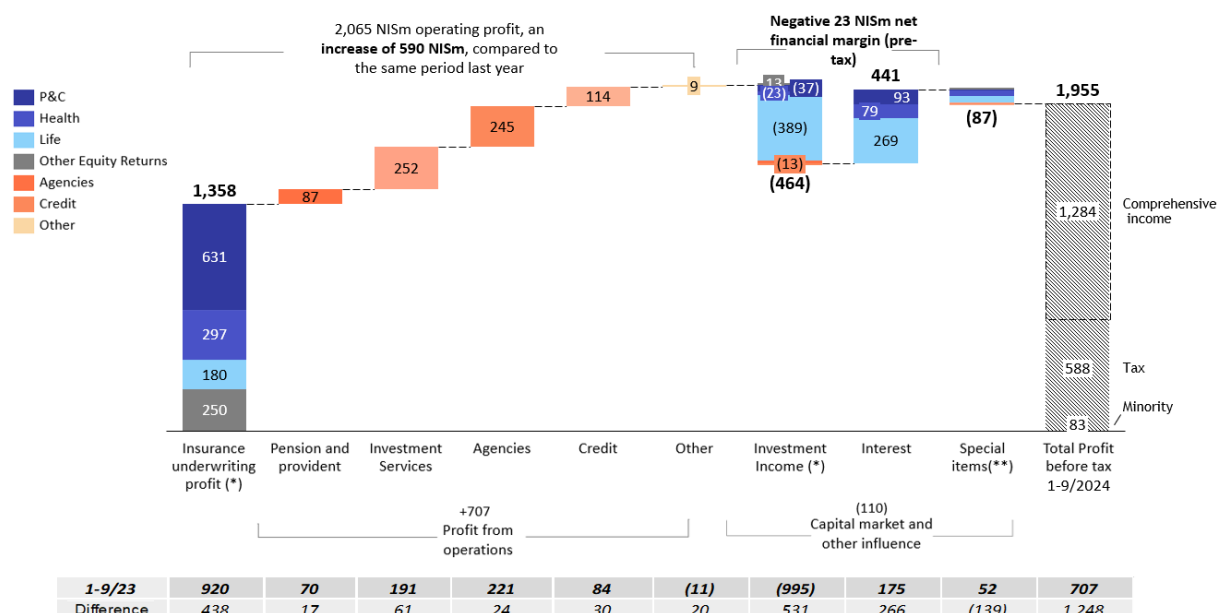
(*) Including health; for further details about the Life Insurance Subsegment, see Section 6.5.3.7 below.

6.4.4. Following is explanation regarding investment income in the Insurance Activity:

	1-9/2024	1-9/2023	1-12/2023
	In NIS million		
<u>Items from the statement of profit and loss</u>			
Investment income	11,992	6,748	9,910
Equity profits	84	60	42
Other comprehensive income	168	401	306
Tax effect on comprehensive income	97	190	147
Total	12,341	7,400	10,404
<u>Less:</u>			
Investment income (losses) in respect of yield-dependent policies	10,359	6,130	8,531
Gains (losses) attributable to the Credit Segment and Investment House and Wealth Segment	351	259	349
	10,710	6,389	8,881
Total investment income - nostro	1,631	1,011	1,526
Separate investment income, CPI-linked at 3%	2,095	2,006	2,291
Revenue from nostro investments, CPI-linked at over 3% (*)	(464)	(995)	(765)

(*) See Section 6.4.5 below.

6.4.5. **Following is the composition of the Company's sources of pre-tax income by operating income and income from capital market effects, interest rate and Special Items for a period of 9 months in the reporting period (in NIS million):**



(*) See Section 6.4.1.

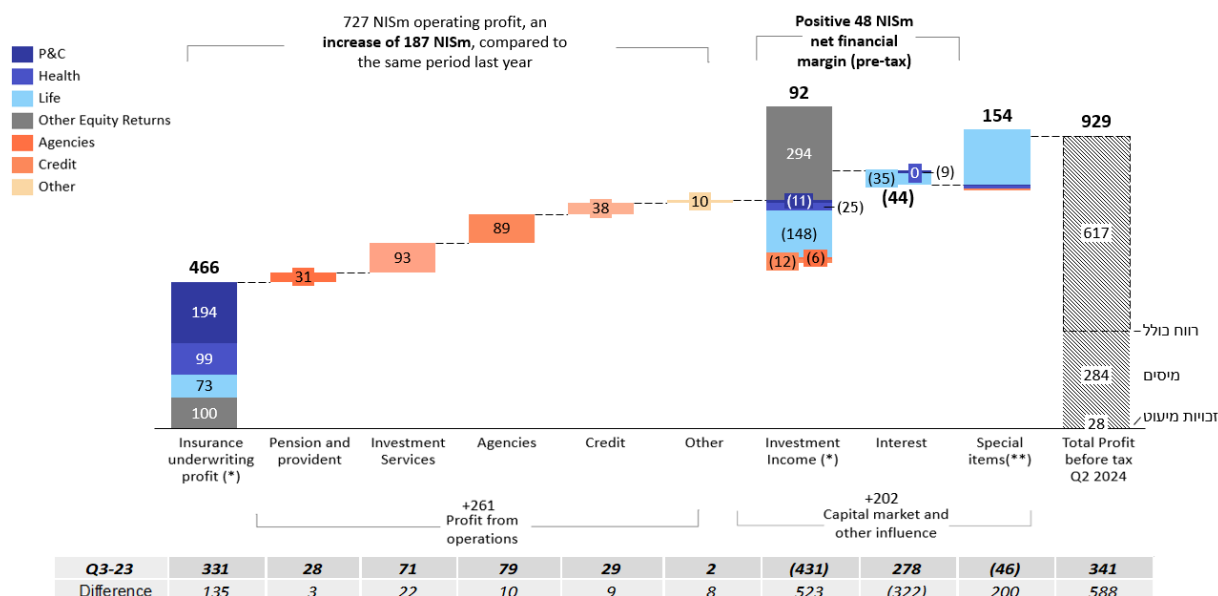
(**) For details about the Special Items at the segment level, see Section 6.4.7 and segment-level results in Sections 6.5-6.6 below.

Operating income after deducting capital market effects, Special Items and interest increased by approx. NIS 590 million in the reporting period, compared with the corresponding period last year. During the reporting period, annualized nominal return on nostro investments stood at 6.7% and annualized real return stood at 1.8%; 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 capital market effect after the said deduction is NIS 464 million, see Section 6.4.1 regarding the review of sources of earnings.

The change in investment income in excess of a real return of 3% in the reporting period compared with the corresponding period last year totaled approx. NIS 531 million. As of September 30, 2024, the effect of the decline in planholders' portfolios will lead to non-collection of future variable management fees in the amount of approx. NIS 165 million, before tax (as of the report publication date - approx. NIS 58 million before tax). The change as a result of the effect of the risk-free interest rate curve and the change in the K factor (for further details see Section 6.5.3 below) in the reporting period compared to the corresponding period last year caused an increase of approx. NIS 266 million in income in the reporting period, compared to 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 approx. NIS 23 million before tax, as reflected in the above chart. During the reporting period, income from Special Items decreased by approx. NIS 139 million compared to the corresponding period last year; most of the decrease arose from the recognition of a higher one-off capital gain in the corresponding period last year as a result of assuming control in the FNX Private Partnerships, compared to the recognition of an income in life insurance as a result of the completion of a study regarding the annuity uptake rate in the third quarter of the reporting year (for further details, see Section 1.3.4 above), which was offset against a loss recognized in the reporting period as a result of the revision of the set of demographic assumptions in life insurance and the filing of claims due to the Iron Swords War.

For details regarding the effects on the results at the segment level, see details in Sections 6.5-6.6 below.

Following is the composition of the Company's sources of pre-tax income by operating income and income from capital market effects, interest rate and Special Items in the third quarter of 2024 (in NIS million):



(*) See Section 6.4.1.

(**) For details about the Special Items at the segment level, see Section 6.4.8 and segment-level results in Sections 6.5-6.6 below.

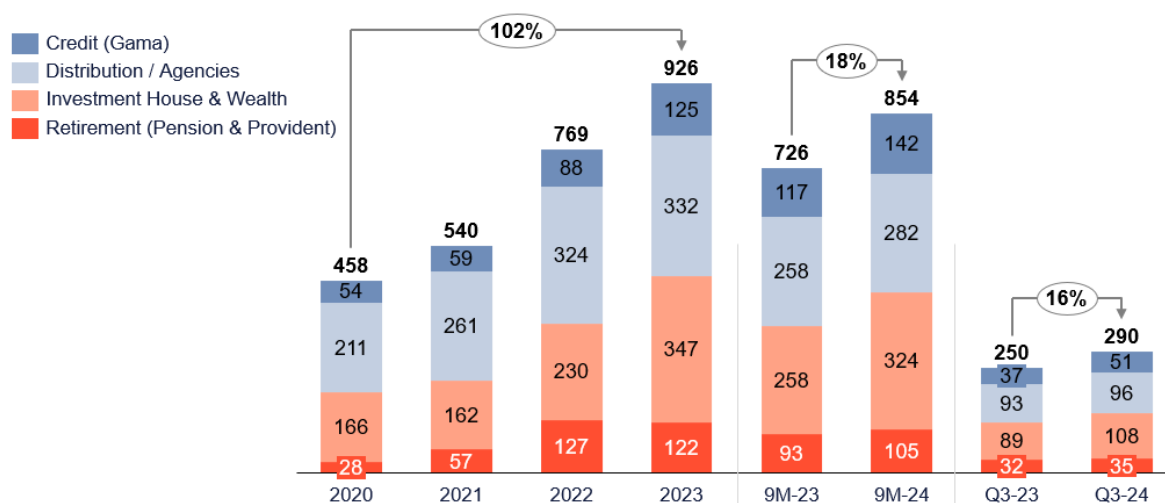
Operating income after deducting effects of the capital market, Special Items and interest increased by approx. NIS 187 million in the third quarter of the reporting year, compared with the corresponding quarter last year.

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 positive capital market effect after the said deduction is NIS 92 million, see Section 6.4.1 regarding the review of sources of earnings. The increase in investment income in excess of a real return of 3% in the third quarter of the reporting year compared to the decrease in the corresponding quarter last year totaled approx. NIS 523 million, in view of rallies in financial markets in Israel and across the world compared to the slumps last year.

The change as a result of the effect of the risk-free interest rate curve in the third quarter of the reporting year compared to the corresponding quarter last year caused a decrease of approx. NIS 322 million in income. The total net positive effect of the interest and capital market effects (in excess of a real return of 3%) in the third quarter of the reporting period amounted to a pre-tax income of approx. NIS 48 million as reflected in the above chart.

During the third quarter of the reporting year, income from Special Items increased by approx. NIS 200 million compared to the corresponding quarter last year; most of the increase arose from the recognition of a one-off capital gain in life insurance as a result of the completion of a study regarding the annuity uptake rate (for further details, see Section 1.3.4 above).

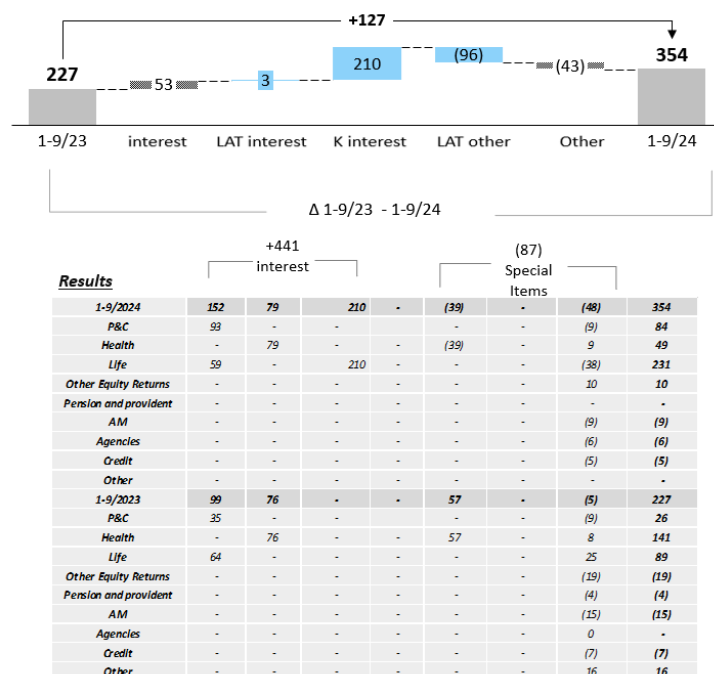
6.4.6. **Below is the adjusted EBITDA for the 9-month period in the reporting period for the Asset Management, Distribution (agencies) & Credit Activity (in NIS million):**



1-9/24 In NIS million					
	Distribution (Agencies)	Asset Management	Retirement (Pension and Provident)	Credit	Total
Core income	118	177	55	83	433
Minority share in profit	57	26	-	-	83
Finance expenses, net	13	13	27	-	53
Equity loss (income)	(2)	(2)	-	-	(4)
Income tax	53	48	27	34	162
Depreciation and amortization	59	51	13	8	131
Other expenses (revenues) (*)	(2)	3	(4)	3	-
EBITDA - Reported	296	315	118	129	858
IFRS 16	(20)	(4)	-	(4)	(28)
Equity compensation	5	5	-	6	16
One-off expenses (income), net	2	7	(13)	12	9
EBITDA - Adjusted	282	324	105	142	854
EBITDA - Minority shareholders	73	53	-	-	126
EBITDA - Phoenix	209	272	105	142	743

(*) Includes, among other things, adjustments in respect of consolidation entries.

6.4.7. **Following is the composition of the differences between the interest rate effects and main Special Items effects on income as a result of the change in pre-tax insurance liabilities for the 9-month in the reporting period compared to the corresponding period last year (in NIS million):**



6.4.8. **Following is the composition of the differences between the interest rate effects and main Special Items effects on income as a result of the change in pre-tax insurance liabilities in the third quarter of 2024 compared with the corresponding quarter last year (in NIS million):**

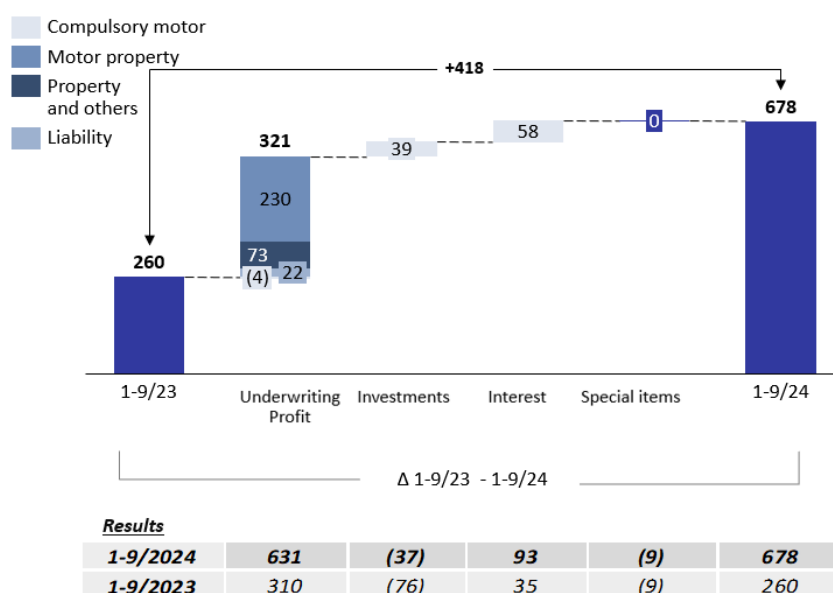


Following is a description of the developments in the Group's financial performance, by operating segment:

6.5. Description of developments in core areas - insurance

6.5.1. Property and casualty insurance

Following is a composition of the main effects and changes on the results of the Property and Casualty Segment for the reporting period compared to the corresponding period last year (in NIS million, before tax):

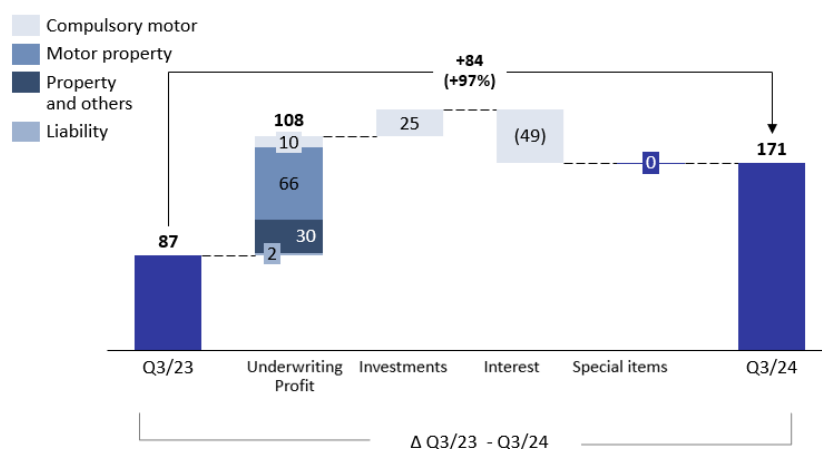


The increase of approx. NIS 321 million in underwriting income in the reporting period compared to the corresponding period last year stems mainly from the Motor Property Subsegments, Other Property Subsegments, and Other Liability Subsegments, offset against a decrease in profitability in the Compulsory Motor Subsegment.

The decrease of approx. NIS 39 million in investment losses in the reporting period compared to the corresponding period last year stemmed from a lower negative effect in financial markets in Israel and globally during the reporting period, compared to the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities.

The increase in interest income of approx. NIS 58 million in the reporting period compared to the corresponding period last year stems mainly from the effect of the increase in the risk-free interest rate curve over insurance liabilities and from reclassification of approx. NIS 18 million in excess value of illiquid assets in the first quarter from the Health Insurance Segment to the P&C Segment.

Following is a composition of the main effects and changes on the results of the Property and Casualty Segment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million before tax):



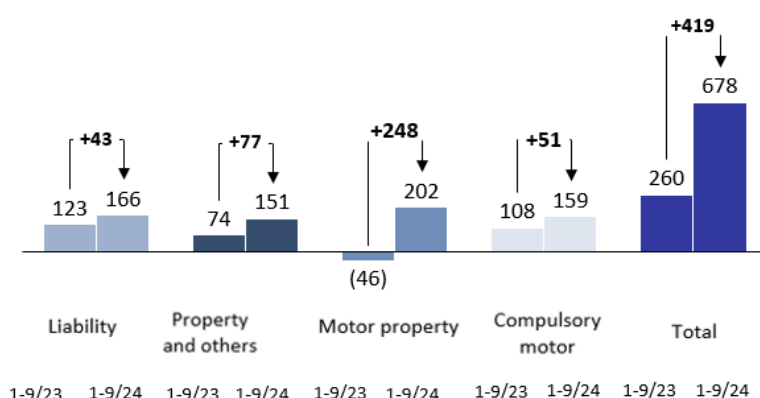
Results

Q3-24	194	(11)	(9)	(3)	171
Q3-23	86	(36)	40	(3)	87

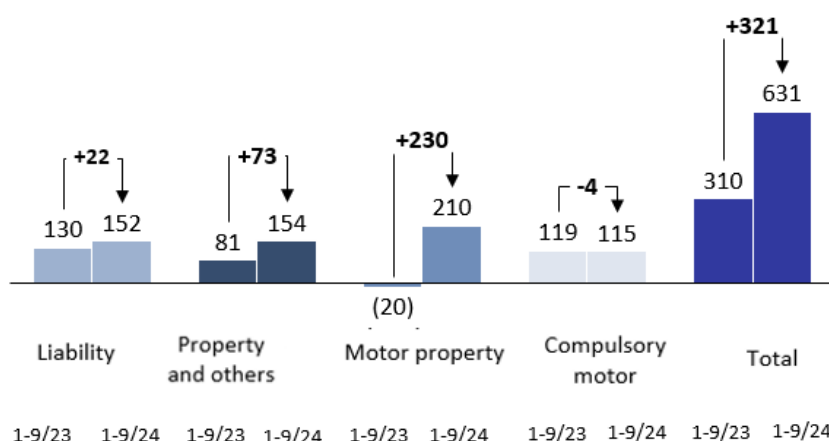
The increase of approx. NIS 108 million in underwriting income in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from the Motor Property Subsegments, and Other Property Subsegments.

The decrease of approx. NIS 25 million in investment losses in the third quarter of the reporting period compared to the corresponding quarter last year arises from a lower negative effect in financial markets in Israel and globally during the third quarter of the reporting period, compared to the corresponding quarter last year, in relation to the mix of the portfolio against the segment's liabilities. The decrease in interest loss of approx. NIS 49 million in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from the effect of the change in the risk-free interest rate curve over insurance liabilities compared to the corresponding quarter last year.

6.5.1.1. Following are the results of 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):

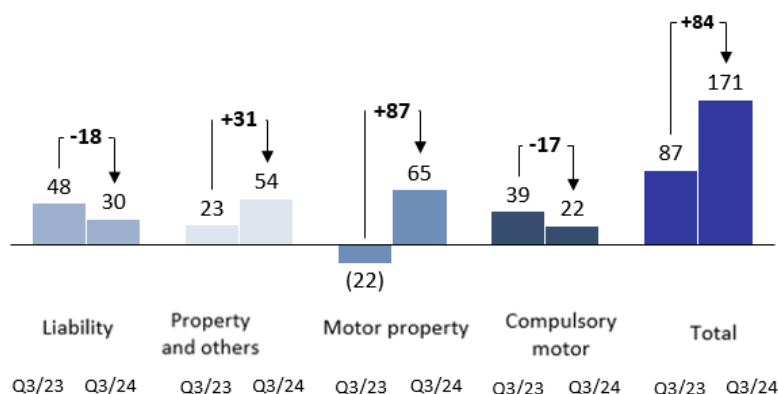


Following are the results of the (pre-tax) underwriting income in the various subsegments of property and casualty insurance (P&C) for the reporting period compared with the corresponding period last year (in NIS million):

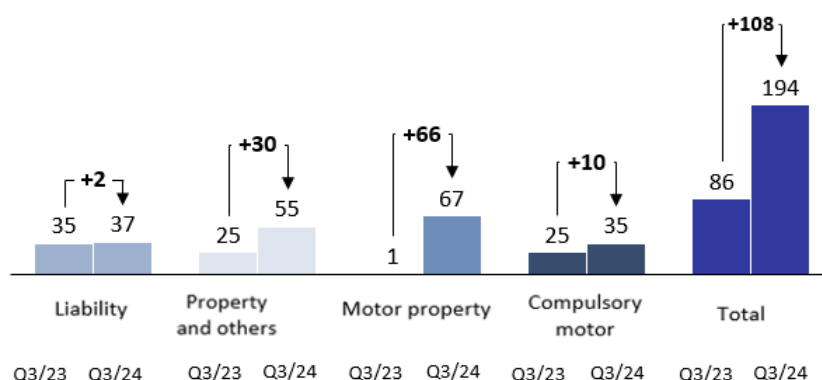


The increase in underwriting income in the reporting period compared to the corresponding period last year arises from the Motor Property Subsegment, as a result of an increase in the average premium and an improvement in the LR rate, from Other Property Subsegments as a result of an underwriting improvement across all subsegments, and from the Liability Subsegment as a result of a positive development in claims in respect of previous years, mainly in the Third-Party Liability Subsegment and Employers Liability Subsegment compared to an approx. NIS 40 million decrease in insurance liabilities in the corresponding period last year in the Sales Law Guarantee Subsegment. The decrease in income in the Compulsory Motor Subsegment stems mainly from a lower positive development in claims in respect of previous years compared to last year.

6.5.1.2. Following are the results of the (pre-tax) comprehensive income (loss) in the various subsegments of property and casualty insurance for the third quarter of 2024 compared with the corresponding quarter last year (in NIS million):



6.5.1.3. Following are the results of the (pre-tax) underwriting income (loss) in the various subsegments of property and casualty insurance for the third quarter of 2024 compared with the corresponding quarter last year (in NIS million):



The increase in underwriting income in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from the Motor Property Subsegment as a result of an increase in the average premium and an improvement in the LR rate, and from Other Property Subsegments, mainly as a result of a positive development in claims in respect of previous years in all subsegments.

6.5.1.4. Following is the gross loss ratio and combined ratio, and retention loss ratio in the Motor Property and Property and Other Subsegments:

	Motor property (*)				
	In NIS million				
	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Gross loss ratio	68.7%	85.4%	70.4%	84.2%	79.2%
Retention loss ratio	68.7%	85.4%	70.4%	84.2%	79.2%
Gross combined ratio	90.2%	107.0%	92.5%	106.9%	101.6%
Retention combined ratio	90.2%	107.0%	92.5%	106.9%	101.6%

	Property and Other Subsegments				
	In NIS million				
	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Gross loss ratio	33.2%	58.0%	31.9%	47.7%	87.1%
Retention loss ratio	27.3%	36.1%	32.6%	34.3%	35.6%
Gross combined ratio	58.6%	85.2%	58.3%	76.2%	114.7%
Retention combined ratio	47.8%	70.5%	49.4%	73.9%	68.6%

(*) Includes UGL (excess value of illiquid assets); for further details, see Section 6.5.1 above.

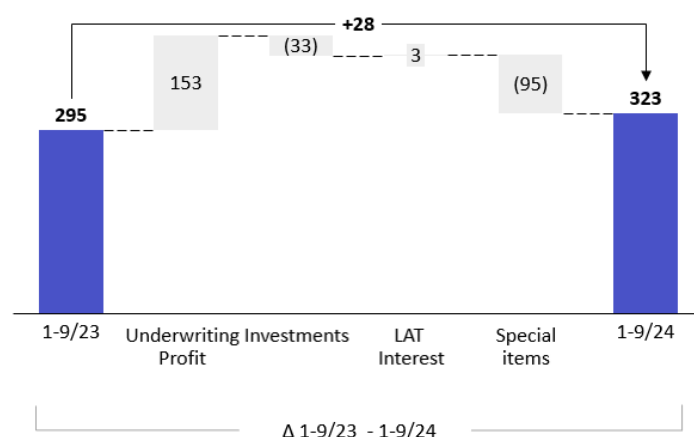
6.5.2. Health Insurance Segment

Investment profitability 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 income is affected by financial market fluctuations, as well as by 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 collective long-term care insurance agreement for members of Maccabi Healthcare Services expired on December 31, 2023. For further details, see Section 2.3.6 to the Description of the Corporation's Business Report.

In accordance with the provisions regarding the transfer of policyholders from "First Shekel" surgical procedures insurance policies (which came into force in 2016) to "Supplementary SHABAN" surgical procedures insurance policies, on September 1, 2024 the relevant policyholders were transferred to a "Supplementary SHABAN" coverage. Consequently, there was an increase in "Supplementary SHABAN" policies in the Company, which affected the surgical procedures insurance portfolio mix.

Following is a composition of the main effects and changes on the results of the Health Insurance Segment for the reporting period compared to the corresponding period last year (in NIS million):



Results

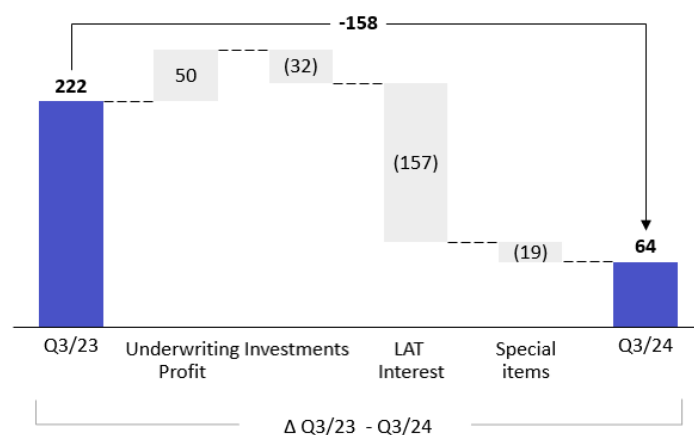
1-9/2024	297	(23)	79	(30)	323
1-9/2023	144	10	76	65	295

The increase in underwriting income in the reporting period compared to the corresponding period last year in the amount of approx. NIS 153 million is mainly due to an improvement in the LR rate, from an improvement in the individual health portfolio and improvement of the profitability of collectives.

The decrease of approx. NIS 33 million in investment income in the reporting period compared to the corresponding period last year arises from a negative effect in financial markets in Israel and globally during the reporting period, compared to an increase in the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities.

Furthermore, the results in the reporting period compared to the corresponding period last year were affected by the approx. NIS 95 million decrease in income in the Special Items line item; this decrease arises mainly from the adjustment of the individual long-term care reserve in the reporting period in respect of income implicit in the present value of current fees and commissions in respect of agencies owned by the Company, in view of the reduction to zero of the LAT reserve as of June 30, 2024. This decrease was partially offset against changes in assumptions, model revisions and other.

Following is a composition of the main effects and changes on the results of the Health Insurance Segment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):

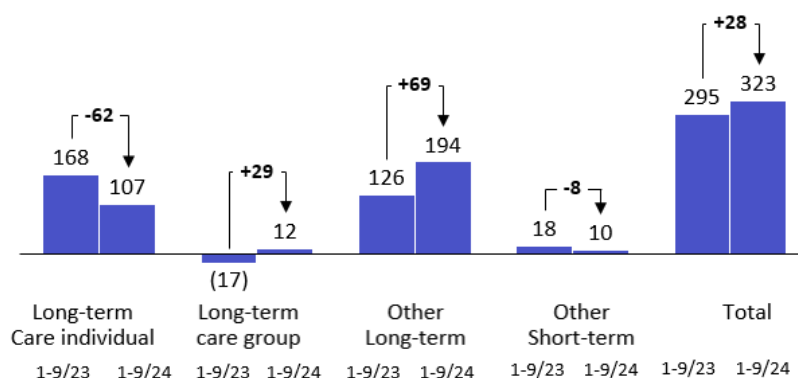


Results

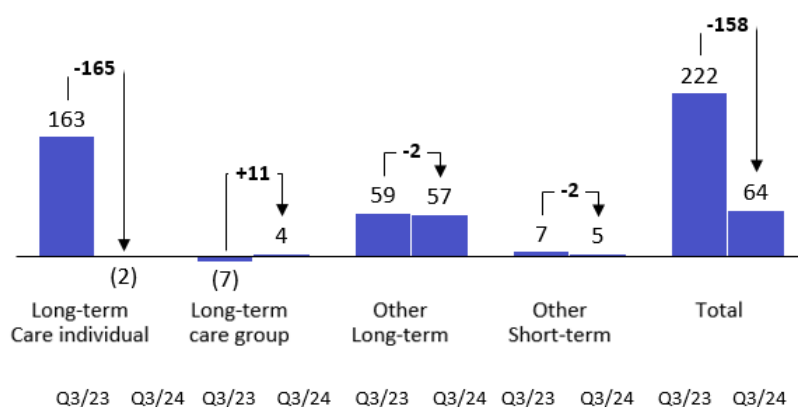
Q3-24	99	(25)	0	(10)	64
Q3-23	49	7	157	9	222

The increase in underwriting income in the third quarter of the reporting period compared to the corresponding quarter last year in the amount of approx. NIS 50 million is mainly due to an improvement in the LR rate, from an improvement in the individual health portfolio and improvement of profitability of collectives. The approx. NIS 32 million decrease in investment income in the third quarter of the reporting period compared to the corresponding quarter last year stemmed mainly from adverse effects in financial markets in Israel and globally, compared to the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities. The NIS 157 million decrease in interest income in the third quarter of the reporting period compared to the corresponding quarter last year arises from the decrease in insurance liabilities following the increase in the discount rate in the third quarter last year.

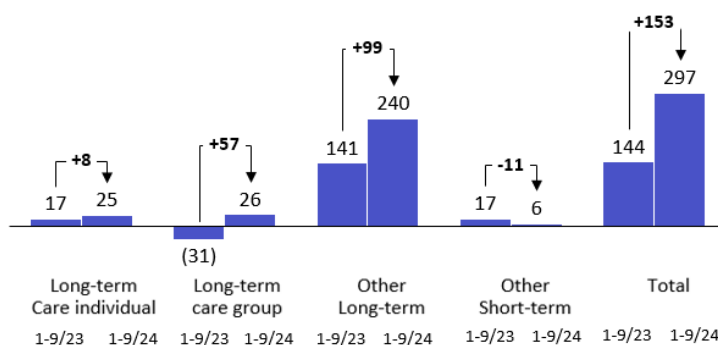
6.5.2.1. Following are the results of the (pre-tax) comprehensive income (loss) in the various Health Insurance subsegments for the reporting period compared with the corresponding period last year (in NIS million):



6.5.2.2. Following are the results of the (pre-tax) comprehensive income (loss) in the various Health Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



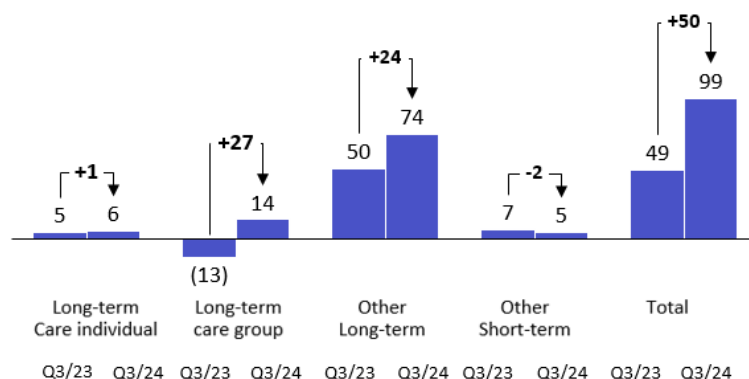
6.5.2.3. Following are the results of the (pre-tax) underwriting income (loss) in the various Health Insurance subsegments for the reporting period compared with the corresponding period last year (in NIS million):



The increase in underwriting income in the reporting period compared to the corresponding period last year in the amount of approx. NIS 153 million is mainly due to an improvement in the LR rate

and from an improvement in the individual health portfolio in the Other Long-Term Subsegment and improvement of profitability of collectives.

6.5.2.4. Following are the results of the (pre-tax) underwriting income (loss) in the various Health Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):

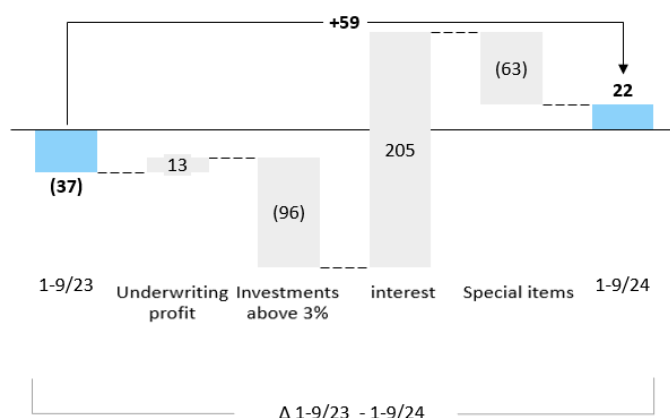


The increase in underwriting income in the reporting period compared to the corresponding period last year in the amount of approx. NIS 50 million is mainly due to an improvement in the LR rate and from an improvement in the individual health portfolio in the Other Long-Term Subsegment and improvement of profitability of collectives.

6.5.3. Life and Savings Segment

6.5.3.1. Investment profitability has a material effect on the profitability of this segment, which is characterized by accrual of significant reserves over long periods. Investment income is affected by financial market fluctuations, as well as by 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.

Following is a 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**

1-9/2024	180	(389)	269	(38)	22
1-9/2023	167	(293)	64	25	(37)

The results in the reporting period compared to the corresponding period last year were affected mainly by an increase of approx. NIS 205 million in income as a result of the change in the discount rate and the increase in the expected return on the existing and expected asset portfolio, which led to revision of the assumptions as to the discount rates used to calculate the pension reserves, including the change in K factor.⁴ This increase was partially offset against an approx. NIS 63 million decrease in income in the Special Items line item compared to the corresponding period last year. During the reporting period, the Special Items line item was affected by the recognition of a loss as a result of an approx. NIS 168 million revision of the set of demographic assumptions and of mortality tables assumptions, the filing of claims in life and permanent health insurance due to the Iron Swords War totaling approx. NIS 29 million, and by the revision of assumptions, model revisions, and provisions for class actions for a total of approx. NIS 36 million. This loss was partially offset against the recognition of an approx. NIS 195 million income as a result of the completion of a study regarding the annuity uptake rate in the third quarter of the reporting period (for further details, see Section 1.3.4 above). In the corresponding period last year, a one-off capital gain was recognized from assuming control in the FNX Private Partnerships, which was partially offset by a revision of assumptions, model revisions and provisions for class actions.

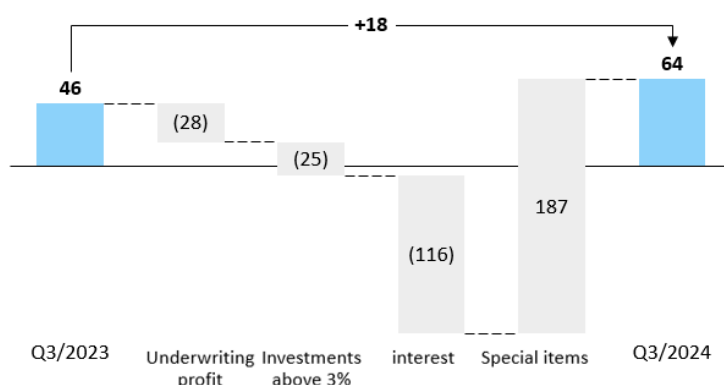
In addition, the results in the reporting period compared to the corresponding period last year were affected by an approx. NIS 13 million increase in underwriting income, which stemmed mainly from an increase in fixed management fees, which was partially offset against an increase in general and administrative expenses and a decrease in the profitability of individual life insurance. Furthermore, in the reporting period, the results were affected - compared with the corresponding period last year - by a decrease of approx. NIS 96 million in investment income in excess of a real return of 3%, which mainly arose from lower revenue on nostro investments. As of September 30, 2024, the effect of the decline in planholders' portfolios will lead to non-collection of future variable

⁴ The provision for the supplementary retirement pension reserve is made gradually using the K discount factor. For further details, see Note 8A in the Financial Statements.

management fees in the amount of approx. NIS 165 million, before tax (as of the report publication date - approx. NIS 58 million before tax).

For further details regarding sensitivity to interest and CPI risks, see Note 8B to the Financial Statements.

Following is a composition of the main effects and changes on the results of the Life Insurance Subsegment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):



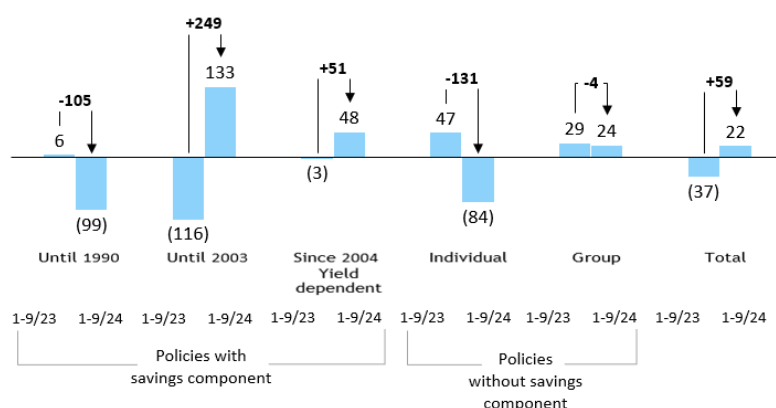
Δ Q3/23 - Q3/24					
Results					
Q3-24	73	(148)	(35)	174	64
Q3-23	101	(123)	81	(13)	46

The results in the third quarter of the reporting period compared to the corresponding quarter last year were affected mainly by a NIS 116 million decrease in profit as a result of the change in the risk-free interest rate curve in the reporting period compared to the corresponding period last year. This decrease was offset against an approx. NIS 187 million increase in income in the Special Items line item compared to the corresponding quarter last year, mainly as a result of the recognition of income totaling approx. NIS 195 million as a result of the completion of a study regarding the annuity uptake rate in the third quarter of the reporting period (for further details, see Section 1.3.4 above), this income was partially offset by the filing of claims totaling approx. NIS 9 million in life and permanent health insurance due to the Iron Swords War, and revision of assumptions, model revisions, and provisions for class actions in the reporting period compared to the corresponding period last year.

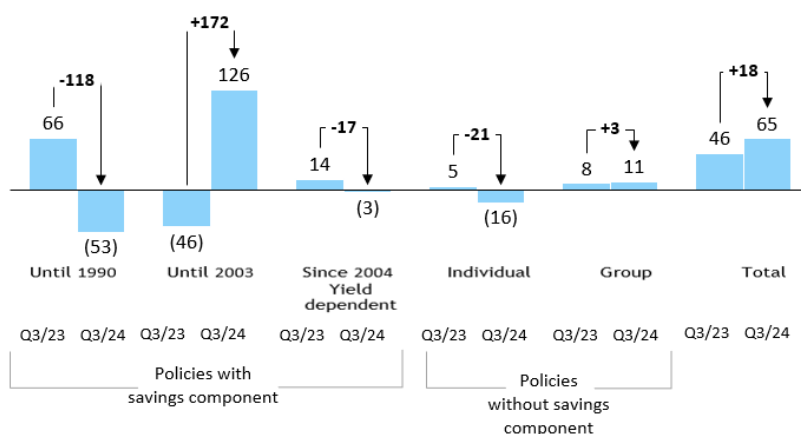
In addition, the results in the third quarter of the reporting period compared to the corresponding quarter last year were affected by an approx. NIS 28 million decrease in underwriting income, which arose mainly from individual life insurance products.

Furthermore, in the third quarter of the reporting period, the results were affected - compared with the corresponding quarter last year - by a decrease of approx. NIS 25 million in investment income in excess of a real return of 3%, which mainly arose from lower income on nostro investments.

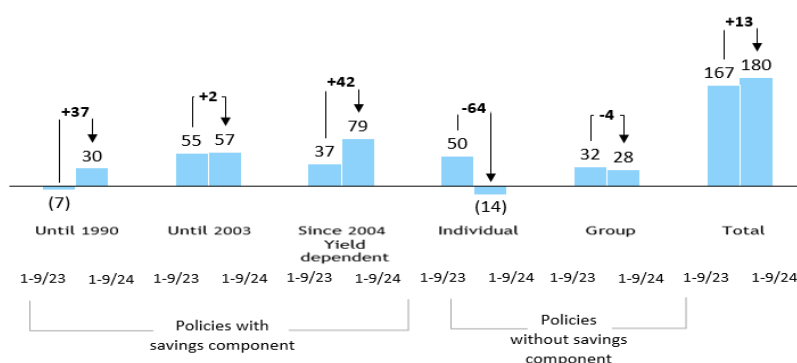
6.5.3.2. Following are the results of the (pre-tax) comprehensive income (loss) in the Life Insurance subsegments for the reporting period compared with the corresponding period last year (in NIS million):



6.5.3.3. Following are the results of the (pre-tax) comprehensive income (loss) in the various Life Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):

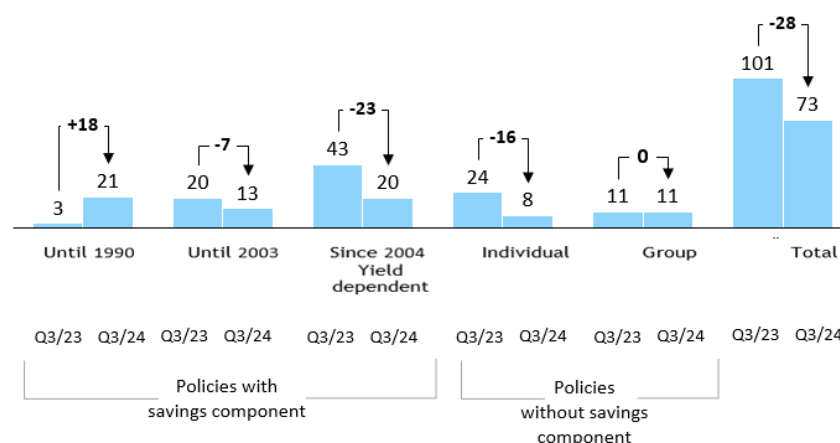


6.5.3.4. Following are the results of the (pre-tax) underwriting income (loss) in the various Life Insurance subsegments for the reporting period compared with the corresponding period last year (in NIS million):



The increase of approx. NIS 13 million in underwriting income in the reporting period, compared to the corresponding period last year is attributed mainly to the increase in underwriting income in policies issued through 1990, as a result of the effect of the expenses, and in policies of 2004 - as a result of the increase in profitability from fixed management fees and the effect of the expenses; this increase was partially offset by a decrease in income from individual life insurance policies, due to the increase in LR and the effect of the expenses.

Following are the results of the (pre-tax) underwriting income (loss) in the various Life Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



The decrease of approx. NIS 28 million in underwriting income in the third quarter of the reporting period, compared to the corresponding quarter last year is attributed mainly to policies issued since 2004, as a result of the effect of the expenses, and the approx. NIS 16 million decrease in income from individual life insurance policies, due to the increase in LR and the effect of the expenses; this loss was partially offset against the approx. NIS 18 million increase in income in policies issued through 1990.

6.5.3.5. The rate of redemptions out of the average reserve (annualized) was approx. 7.3% compared with approx. 6.4% 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 provident funds of Phoenix Pension and Provident. It is noted that the general state of the economy, transition from product to product, employment rates, employees' wages, and market competition all affect this rate.

6.5.3.6. Following are details concerning estimated net investment income 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:

	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
	In NIS million				
Investment income credited to policyholders net of management fees	9,257	5,215	3,291	1,097	7,156
Management fees	503	454	176	158	611

(*) Excluding investment income credited (debited) to policyholders in the Health Insurance Segment.

6.5.3.7. Weighted returns on participating policies

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

	Policies issued up to 2004 (Fund J)				
	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Nominal returns before payment of management fees	9.46%	5.65%	3.50%	1.38%	7.99%
Nominal returns after payment of management fees	9.01%	5.21%	3.35%	1.22%	7.39%
Real returns before payment of management fees	5.73%	2.32%	1.88%	0.61%	4.50%
Real returns after payment of management fees	5.30%	1.90%	1.73%	0.45%	3.92%

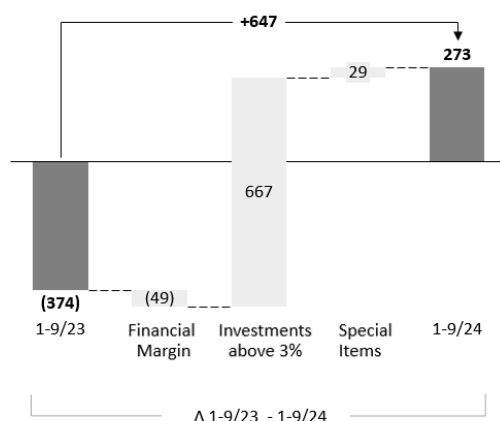
The volatility in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

6.5.3.8. Following are the nominal returns on yield-dependent insurance policies in respect of policies issued from 2004 and thereafter

	Policies issued from 2004 and thereafter				
	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Nominal returns before payment of management fees	9.85%	5.72%	3.69%	1.11%	8.70%
Nominal returns after payment of management fees	9.13%	5.02%	3.46%	0.87%	7.74%
Real returns before payment of management fees	6.12%	2.39%	2.07%	0.34%	5.18%
Real returns after payment of management fees	5.42%	1.71%	1.84%	0.10%	4.26%

6.5.4. Other Equity Returns

Following is a composition of the main effects and changes in Other Equity Returns for the reporting period compared to the corresponding period last year (in NIS million):

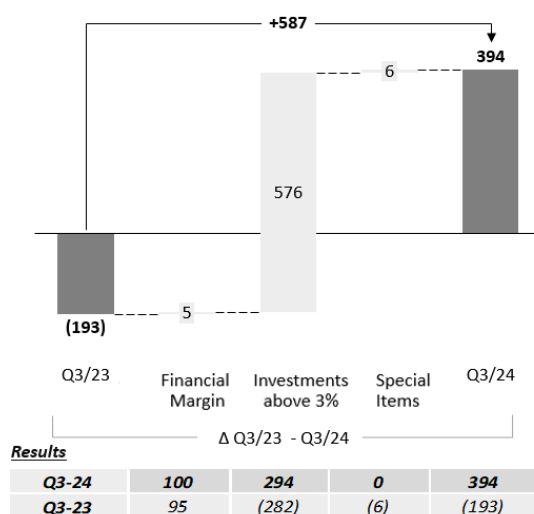


Results

1-9/2024	250	13	10	273
1-9/2023	299	(654)	(19)	(374)

The increase in income in Other Equity Returns Segment in the reporting period, compared to the corresponding period last year, totaling approx. NIS 647 million, arises mainly from hikes in financial markets in Israel and globally compared with slumps in the corresponding period last year.

Following is a composition of the main effects and changes in other equity returns for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):



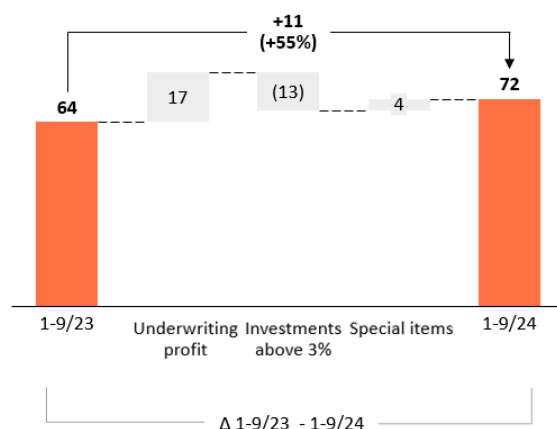
The results in the third quarter of the reporting period compared to the corresponding quarter last year were mainly affected by the increase in investment income in excess of 3%, which totaled approx. NIS 576 million, in view of the rallies in financial markets in Israel and across the world compared to the slumps in the corresponding quarter last year.

6.6. Description of developments in other core activities

6.6.1. Asset Management - Retirement (Pension and Provident)

The Group manages various types of pension funds and provident funds through 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 Phoenix Pension and Provident, and 100% of the shares of Halman-Aldubi IEC Gemel Ltd.

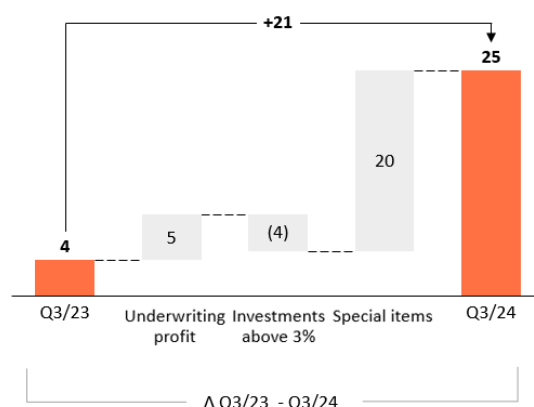
Following is a composition of the main effects and changes on the results of the Asset Management - Retirement (Pension and Provident) Subsegment for the reporting period compared to the corresponding period last year (in NIS million):



Results				
1-9/2024	87	(15)	-	72
1-9/2023	70	(2)	(4)	64

The increase in profitability in the reporting period compared to the corresponding periods last year arises mainly from an approx. NIS 17 million increase in underwriting income; this income was partially offset against an approx. NIS 13 million increase in investment losses.

Following is a composition of the main effects and changes on the results of the Asset Management - Retirement (Pension and Provident) Subsegment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):



Results				
Q3-24	31	(6)	0	25
Q3-23	26	(2)	(20)	4

6.6.1.1. **Provident Funds Subsegment**

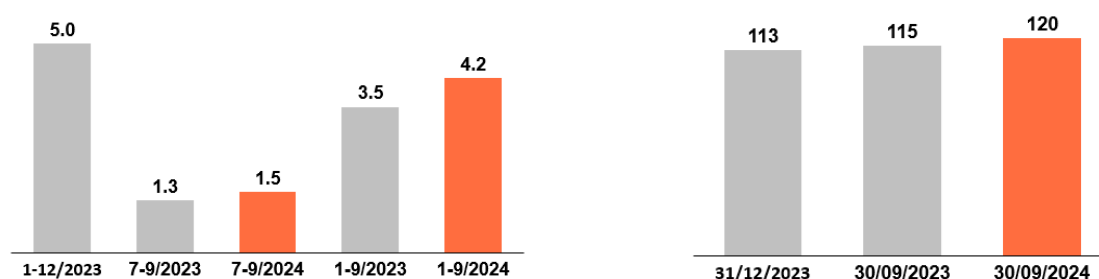
The Group manages provident funds and advanced education funds through Phoenix Pension and Provident, a wholly owned subsidiary of the Company, which manages benefits and severance pay funds, advanced education funds, a central benefits and severance pay fund, a guaranteed-return

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 approx. NIS 54 million compared to approx. NIS 53 million in the corresponding period last year. The pre-tax comprehensive income in the third quarter in the reporting period amounted to approx. NIS 15 million compared to an approx. NIS 1 million loss in the corresponding quarter last year; most of the increase in income compared with last year in the third quarter stems from an increase in a provision for a class action in the corresponding quarter last year.

Following 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 three quarters of 2024 totaled approx. NIS 42.8 billion, compared to a total of approx. NIS 36.2 billion in the corresponding period last year, reflecting a decrease of approx. 6.4%. According to the Ministry of Finance data, as of September 30, 2024, total assets under management in the provident funds subsegment amounted to approx. NIS 820 billion, compared to approx. NIS 695 billion as of September 30, 2023, an increase of approx. 17.9%.

6.6.1.2. Pension Funds Subsegment

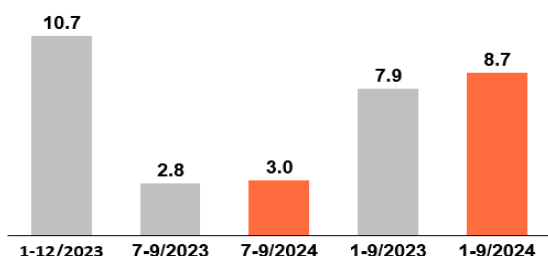
The Group's Pension Funds Subsegment is conducted through Phoenix Pension and Provident, a wholly-owned subsidiary of the Company.

The pre-tax income in the reporting period amounted to approx. NIS 18 million compared with pre-tax income of approx. NIS 11 million in the corresponding period last year. The pre-tax comprehensive income in the third quarter in the reporting period amounted to approx. NIS 10 million compared to an income of approx. NIS 5 million during the corresponding quarter last year.

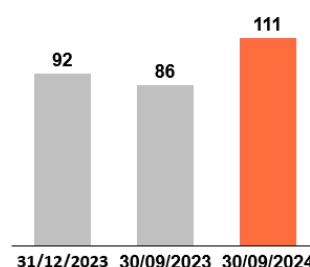
⁵ Based on Gemel Net data.

Following are developments in contributions towards benefits and total assets under management:

Contributions towards benefits (NIS billion)



Assets under management (NIS billion)



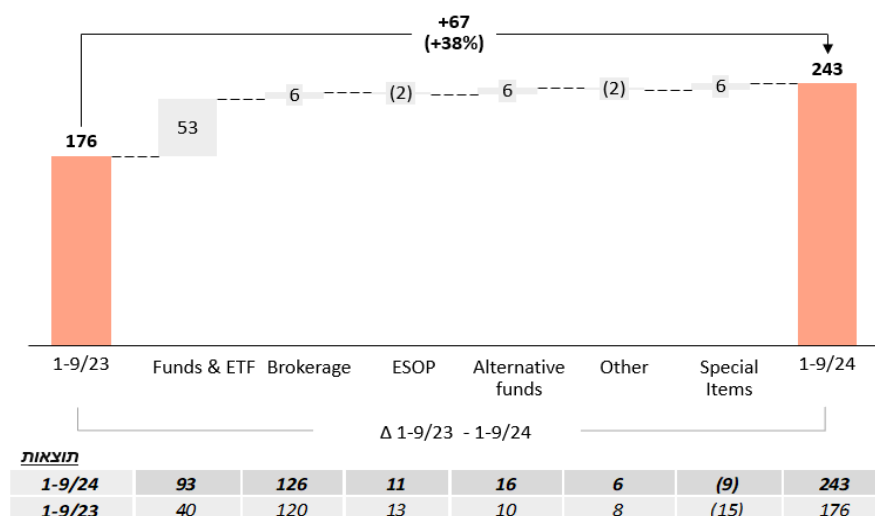
Based on Ministry of Finance data,⁶ aggregate contributions towards benefits in the new comprehensive pension funds subsegment in the first three quarters of 2024 totaled approx. NIS 55.2 billion, compared to a total of approx. NIS 49.7 billion in the corresponding period last year, reflecting an increase of approx. 11.0%.

According to Ministry of Finance data, as of September 30, 2024, total assets under management in the new comprehensive pension funds subsegment amounted to a total of approx. NIS 859 billion, compared to approx. NIS 695 billion on September 30, 2022, an increase of approx. 23.7%.

6.6.2. **Asset Management - Investment House and Wealth**

The activity in this area is carried out mainly through Phoenix Investment House (formerly - Excellence Investments) through Phoenix Advanced Investments. For details regarding a planned restructuring see Section 1.3.7 above.

Following is a composition of the main effects and changes on the results of the Investment House and Wealth Segment for the reporting period compared to the corresponding period last year (in NIS million):



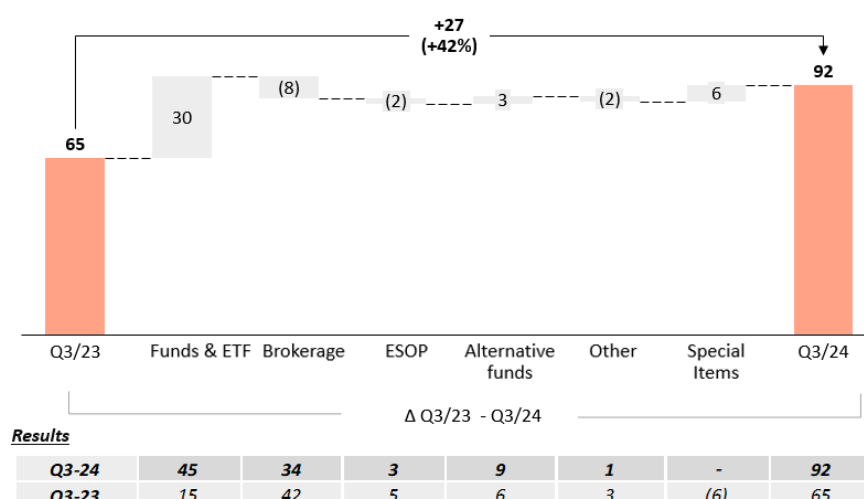
⁶ Based on Pension Net data.

The approx. NIS 67 million increase in profitability in the reporting period compared to the corresponding period last year arises mainly from an approx. NIS 53 million improvement in the income in the Funds & Portfolios Subsegment, mainly as a result of the acquisition of Psagot's activity at the end of 2023, which was reflected in the reporting period.

For further details regarding the changes to agreements with the partners in the Investment House, see Section 1.3.7 above.

In August 2024 Phoenix Advanced Investments increased its share in the alternative investments activity by acquiring ownership interests from several partners in various companies operating in the area of Wealth and IRA. For further details, see Note 1.3.10 above.

Following is a composition of the main effects and changes on the results of the Investment House and Wealth Segment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):

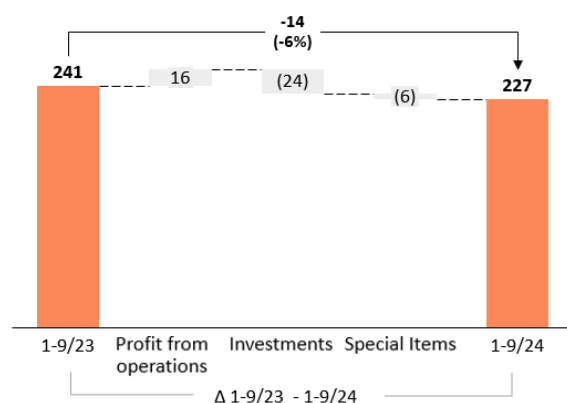


The approx. NIS 27 million increase in income in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from an improvement of approx. NIS 25 million in the income in the Funds & Portfolios Subsegment as a result of the acquisition of Psagot's activity; this income was partially offset against a decrease in income in the Brokerage Subsegment, mainly as a result of a decrease in the credit spread compared to the corresponding quarter last year.

6.6.3. **Distribution (Agencies)**

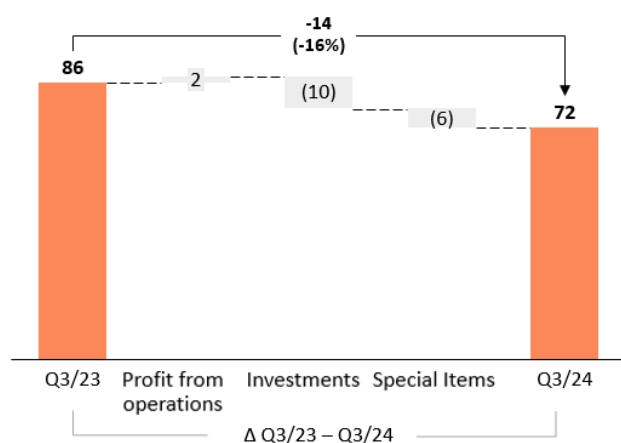
For further details regarding the restructuring of Phoenix Agencies and Oren Mizrach, see Section 1.3.8 above. For further details regarding the compensation plan and allocation of non-marketable options in Phoenix Agencies, see Section 1.3.15 above.

Following is a composition of the main effects and changes on the results of the Distribution (Agencies) Segment for the reporting period compared to the corresponding period last year (in NIS million):

**Results**

Q3-24	246	(13)	(6)	227
Q3-23	230	11	-	241

Following is a composition of the main effects and changes on the results of the Distribution (Agencies) Segment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):

**Results**

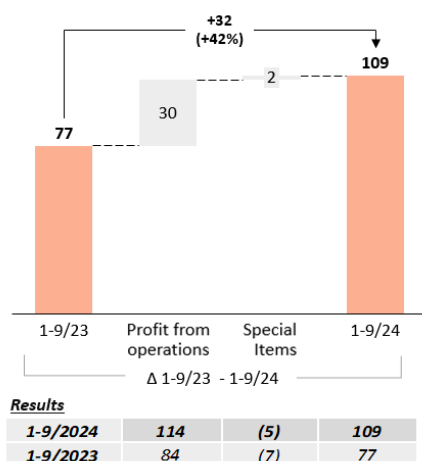
Q3-24	83	(5)	(6)	72
Q3-23	81	5	-	86

The decrease in income in the reporting period and in the third quarter arises mainly from an increase in operating income, which was offset against the effect of the decrease in net investment income and the increase in finance expenses in the reporting period and the third quarter compared to the corresponding periods last year.

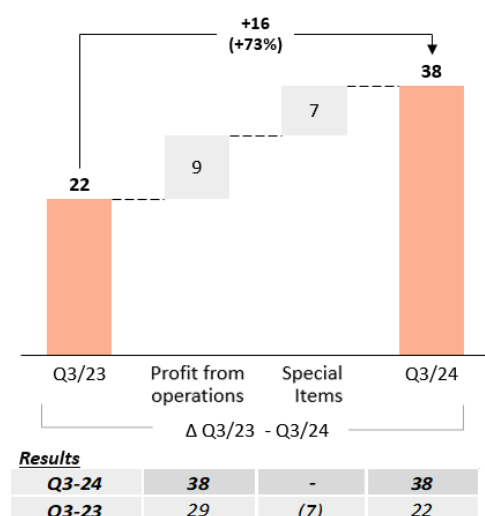
6.6.4. **Credit Segment**

In August 2023, Phoenix Investments executed a full tender offer in respect of Gama's shares; after the acquisition of all the offerees' shares, Gama became a privately-held company (reporting corporation), which is wholly-owned by Phoenix Investments.

Following is a 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):



Following is a composition of the main effects and changes on the results of the Credit Segment for the third quarter of 2024 compared to the corresponding quarter last year (in NIS million):



The increase in operating income in the reporting period and the third quarter compared to the corresponding periods last year arises mainly from the consolidation - in Gama - of the results of the activity of Phoenix Construction Financing as from January 1, 2024, and from an increase in credit spreads in the reporting period compared to the corresponding period last year.

In the reporting period, Gama experienced a further decline in demand for credit by businesses and developers. Furthermore, in such a period, Gama - in its capacity as an entity providing credit to companies and businesses - is extremely cautious in its assessment of the credit it provides, and weighs the increase in the credit risk arising from the above alongside the protracted War and uncertainty as to the macroeconomic consequences. The above affects the development of the

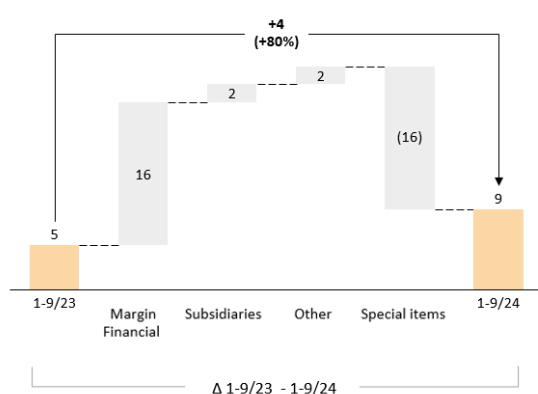
growth rate of the Company's credit portfolio, and is expected to continue to have an effect in the future as well.

On April 16, 2024, Mr. Ariel Genut ceased serving as a director and CEO in Gama (for further details, see the Company's immediate reports dated April 16, 2024 (Ref. No. 2024-01-038563). On April 10, 2024, Gama announced the appointment of a Company CEO - Mr. Adiri Ben Zion - as from July 1, 2024.

For details regarding a planned restructuring and the transfer of a consumer credit company to Gama's control, see Section 1.3.5 above.

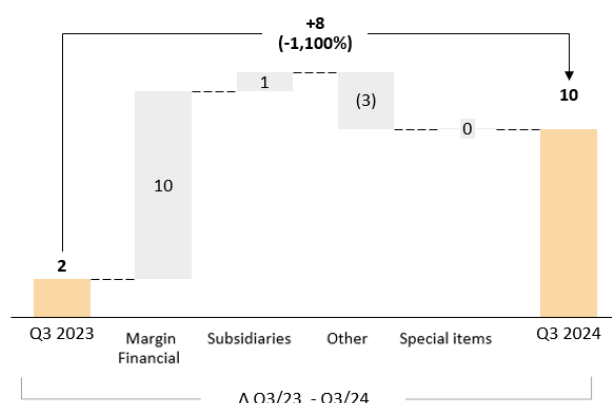
6.6.5. **Other segments and operation not attributed to the operating segments**

Following is a composition of the main effects and changes on the results of the 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):



Results					
1-9/2024	27	-	(18)	-	9
1-9/2023	11	(2)	(20)	16	5

Following is the composition of the effects on the Other Segment and activity that is not attributed to operating segments in the third quarter of 2024 compared to the corresponding quarter last year (in NIS million before tax):



Results					
Q3-24	13	-	(3)	-	10
Q3-23	3	(1)	0	-	2

The results in the reporting period and in the third quarter compared to the corresponding periods last year were mainly affected by an increase in the financial margin of approx. NIS 16 million and approx. NIS 10 million, respectively, and by an approx. NIS 16 million one-off capital gain in the corresponding period last year as a result of buyback of bonds.

6.7. **Analysis of cash flow development**

6.7.1. **The cash flow for the first three quarters of 2024**

The consolidated cash flows used for operating activities in the reporting period amounted to approx. NIS 684 million. The consolidated cash flows used for investing activities in the reporting period amounted to approx. NIS 1,005 million and included mainly a total of approx. NIS 415 million used to purchase intangible assets and to capitalize costs of intangible assets, approx. NIS 440 million used to acquire the non-controlling interests in associates, and a total of approx. NIS 258 million used to purchase property, plant, and equipment.

The consolidated cash flows provided by financing activities in the reporting period amounted to approx. NIS 357 million; the cash flows included, among other things, a total of approx. NIS 767 million arising from a REPO liability, a total of approx. NIS 1,267 million used to repay financial liabilities, and a total of approx. NIS 535 million used for distributing a dividend to the shareholders. The Group's cash and cash-equivalent balances increased from a total of approx. NIS 22,357 million at the beginning of the reporting period to approx. NIS 21,346 million at the end of the reporting period.

6.7.2. **Sources of financing and liquidity**

For liquidity purposes, the Company relies, among other things, on net financial assets and on dividend distribution by some of its investees. Following 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. Phoenix Insurance - the dividends from 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 Phoenix Insurance, see Section 3 above.

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

The Company considers its holding in a Restricted Tier 1 capital instrument of The Phoenix Insurance as a source of liquidity, and classifies this holding as a financial investment.

- B. Phoenix Pension and Provident - the dividend paid by Phoenix Pension and Provident depends on the capital requirements set by the Banking Supervision Department, and the dividend distribution policy of Phoenix Pension and Provident. The Company does not expect payment

of dividend by 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 Phoenix Pension and Provident.

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

- A. Phoenix Agencies - for information about the agencies transaction, see Section 1.3.9.
- B. Phoenix Investments - the Company presents the net financial assets of Phoenix Investments as part of its net financial assets. The Company assumes a payment of dividend by Excellence to Phoenix Investments in accordance with the work plan.

It is noted that such work plans are reflected in the Company's targets as stated in Section 5 above. Following is a table providing a breakdown of the net financial debt (the table includes the following companies: the Company, Phoenix Investments and Phoenix Agencies (for information regarding the restructuring in Phoenix Agencies, see Section 1.3.8 above) and does not include Phoenix Insurance and 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 September 30 2024	As of September 30 2023	As of December 31 2023
	NIS thousand		
Financial assets			
Cash and cash equivalents	142	209	525
Associate ^(***)	175	-	-
Other financial investments ^(*)	1,547	1,116	1,447
Total assets	1,864	1,325	1,971
<u>Less current maturities</u>			
Current financial liabilities	149	37	68
Current financial assets net of current maturities	1,715	1,288	1,903
Non-current financial liabilities			
Non-current financial liabilities	2,046	1,514	1,829
Total liabilities^(***)	2,046	1,514	1,829
Net financial debt	(331)	(226)	74
LTV^(**)	3%	2%	-

(*) Other financial investments include an investment in a Restricted Tier 1 capital instrument of Phoenix Insurance, which is traded on the Tel Bond Index, amounting to NIS 1,247 million, after the sale of approx. NIS 141 million in par value (fair value as of September 30, 2024 - approx. NIS 1,229 million).

(**) The Company LTV is calculated as net financial debt as described above, in relation to the Company's market value as of September 30, 2024. For the calculation of LTV in accordance with financial covenants, see Section 9.2 below.

(***) For further details, see disclosure regarding the KKR transaction in Note 8P to the Financial Statements.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of September 30, 2024

	NIS								
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items	pension companies in	Credit company in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
Intangible Assets	-	-	-	2,251,030	482,739	16,732	-	1,087,011	3,837,512
Deferred tax assets	-	-	-	81,096	-	12,724	-	941	94,761
Deferred acquisition costs	-	-	-	-	1,210,447	-	-	1,609,747	2,820,194
Property, plant & equipment	-	-	-	238,130	1,171	16,420	-	1,471,195	1,726,916
Investments in investees	32,825	22,761	175,371	211,596	-	-	-	1,497,300	1,939,853
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	2,350,695	2,350,695
Investment property - other	-	-	-	-	-	-	-	1,291,056	1,291,056
Reinsurance assets	-	-	-	-	-	-	-	4,083,740	4,083,740
Credit for purchase of securities	831,000	-	72,000	-	-	-	-	-	903,000
Current tax assets	-	26,037	-	-	4,325	480	-	-	30,842
Receivables and debit balances	379,267	-	398	-	68,831	12,286	-	1,010,358	1,471,140
Premiums collectible	-	-	-	-	-	-	-	973,628	973,628
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	87,308,239	87,308,239
Financial investments for holders of notes, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	134,000	-	134,000
Credit in respect of factoring, acquiring and financing	-	-	-	-	-	4,763,724	-	-	4,763,724
Liquid debt assets	70,738	24,285	-	-	216,136	-	-	5,809,181	6,120,340
Illiquid debt assets	153,010	594,872	248,000	-	978,761	-	-	14,428,412	16,403,055
Shares	-	-	-	219,900	28,880	-	-	2,626,163	2,874,943
Other	10,000	-	43,580	13,386	30,847	-	-	5,950,259	6,048,072
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	19,009,002	19,009,002
Other cash and cash equivalents	393,581	-	23,008	-	72,358	227,819	-	1,669,785	2,386,551
Total assets	1,870,421	667,955	562,357	3,015,138	3,094,495	5,050,185	134,000	152,176,712	166,571,263
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	1,100,244	-	-	25,441,518	26,541,762
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	107,092,424	107,092,424
Liabilities in respect of deferred taxes	-	-	-	24,809	94,033	-	-	700,564	819,406
Liability for employee benefits, net	28,814	-	-	-	-	7,593	-	43,304	79,711
Liability in respect of current taxes	-	42,440	-	-	101	6,726	-	47,986	97,253
Payables and credit balances	402,199	-	321	-	123,897	72,467	-	3,236,310	3,835,194
Liabilities for notes, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	134,000	-	134,000
Payable dividend	-	-	-	-	-	-	-	-	-
Financial liabilities (*)	2,311,397	1,550,307	625,045	5,000	591,078	4,117,188	-	7,325,700	16,525,715
Total liabilities	2,742,410	1,592,747	625,366	29,809	1,909,353	4,203,974	134,000	143,887,806	155,125,465
Total exposure	(871,989)	(924,792)	(63,009)	2,985,329	1,185,142	846,211	-	8,288,906	11,445,798

(*) Against CPI-linked financial liabilities, the Company holds Series PHONIX B12 Bonds, which is CPI-linked.

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

	NIS		Foreign currency	Other non-monetary items	pension companies in	companies in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked							
Intangible Assets	-	-	-	2,036,275	473,533	11,725	-	1,026,837	3,548,370
Deferred tax assets	-	-	-	91,576	712	9,890	-	11,192	113,370
Deferred acquisition costs	-	-	-	-	1,103,374	-	-	1,619,292	2,722,666
Property, plant & equipment	-	-	-	145,414	1,902	20,528	-	1,158,406	1,326,250
Investments in investees	23,936	20,330	-	144,027	-	-	-	1,498,750	1,687,043
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	2,233,796	2,233,796
Investment property - other	-	-	-	-	-	-	-	1,206,719	1,206,719
Reinsurance assets	-	-	-	-	-	-	-	3,575,463	3,575,463
Credit for purchase of securities	650,000	-	110,000	-	-	-	-	-	760,000
Current tax assets	-	26,855	-	-	-	7	-	235,124	261,986
Receivables and debit balances	270,563	-	4,419	-	60,242	6,591	-	517,877	859,692
Premiums collectible	-	-	-	-	-	-	-	1,063,398	1,063,398
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	81,748,485	81,748,485
Financial investments for holders of notes, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	180,000	-	180,000
Credit in respect of factoring, acquiring and financing	-	-	-	-	-	3,485,801	-	-	3,485,801
Liquid debt assets	7,560	5,797	163	-	169,204	-	-	5,749,401	5,932,125
Illiquid debt assets	212,397	466,945	31,000	-	931,902	12,008	-	14,821,493	16,475,745
Shares	-	-	-	137,244	16,047	-	-	2,126,899	2,280,190
Other	-	-	30,431	24,999	47,726	-	-	5,765,473	5,868,629
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	19,093,748	19,093,748
Other cash and cash equivalents	413,791	-	30,000	-	72,146	7,937	-	1,939,997	2,463,871
Total assets	1,578,247	519,927	206,013	2,579,535	2,876,788	3,554,487	180,000	145,392,350	156,887,347
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	1,055,848	-	-	24,502,350	25,558,198
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	101,246,899	101,246,899
Liabilities in respect of deferred taxes	-	-	-	34,983	85,944	-	-	470,641	591,568
Liability for employee benefits, net	22,422	-	-	-	-	13,516	-	37,993	73,931
Liability in respect of current taxes	-	63,334	-	-	3,271	12,250	-	11,301	90,156
Payables and credit balances	316,278	-	-	-	121,557	68,796	-	3,028,202	3,534,833
Liabilities for notes, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	176,000	-	176,000
Payable dividend	-	-	-	-	-	-	-	-	-
Financial liabilities (*)	1,861,072	915,860	122,000	-	2,775	2,953,456	-	9,449,421	15,304,584
Total liabilities	2,199,772	979,194	122,000	34,983	1,269,395	3,048,018	176,000	138,746,807	146,576,169
Total exposure	(621,525)	(459,267)	84,013	2,544,552	1,607,393	506,469	4,000	6,645,543	10,311,178

(*) Against CPI-linked financial liabilities, the Company holds Series PHONIX B12 Bonds, which is CPI-linked.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of December 31, 2023

	NIS		Foreign currency	Other non-monetary items	pension companies in	Credit company in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked							
Intangible Assets	-	-	-	2,031,620	495,623	12,916	-	1,057,709	3,597,868
Deferred tax assets	-	-	-	98,043	-	10,055	-	1,232	109,330
Deferred acquisition costs	-	-	-	-	1,149,413	-	-	1,536,857	2,686,270
Property, plant & equipment	-	-	-	135,009	1,706	39,922	-	1,283,755	1,460,392
Investments in investees	-	-	-	184,695	-	-	-	1,467,137	1,651,832
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	2,283,063	2,283,063
Investment property - other	-	-	-	-	-	-	-	1,238,524	1,238,524
Reinsurance assets	-	-	-	-	-	-	-	4,028,261	4,028,261
Credit for purchase of securities	637,000	-	80,000	-	-	-	-	-	717,000
Current tax assets	-	13,844	-	-	-	5	-	143,813	157,662
Receivables and debit balances	112,575	-	-	-	69,477	4,025	-	861,015	1,047,092
Premiums collectible	-	-	-	-	-	-	-	998,295	998,295
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	82,817,937	82,817,937
Financial investments for holders of notes, ETNs, short ETNs, composite ETNs, deposit certificates and structured bonds	-	-	-	-	-	-	173,000	-	173,000
Credit in respect of factoring, acquiring and financing	-	-	-	-	-	3,700,349	-	-	3,700,349
Liquid debt assets	13,550	23,804	-	-	192,694	-	-	5,543,389	5,773,437
Illiquid debt assets	515,151	484,326	-	-	938,313	-	-	14,656,131	16,593,921
Shares	-	-	-	96,873	14,888	-	-	2,175,831	2,287,592
Other	-	-	29,804	21,561	35,407	-	-	6,029,562	6,116,334
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	19,303,547	19,303,547
Other cash and cash equivalents	860,754	-	35,008	-	58,080	14,667	-	2,084,514	3,053,023
Total assets	2,139,030	521,974	144,812	2,567,801	2,955,601	3,781,939	173,000	147,510,572	159,794,729
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	-	-	-	-	1,063,094	-	-	24,534,102	25,597,196
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	102,973,291	102,973,291
Liabilities in respect of deferred taxes	-	-	-	34,489	88,789	-	-	641,044	764,322
Liability for employee benefits, net	24,867	-	-	-	-	6,541	-	42,998	74,406
Liability in respect of current taxes	-	65,539	-	-	3,497	4,977	-	395	74,408
Payables and credit balances	502,310	-	-	-	-	61,615	-	3,105,240	3,669,165
Liabilities for notes, ETNs, short ETNs, composite ETNs and structured bonds	-	-	-	-	-	-	171,000	-	171,000
Payable dividend	-	-	-	-	-	-	-	-	-
Financial liabilities (*)	2,392,420	1,026,119	101,000	-	449,884	3,193,170	-	8,413,316	15,575,909
Total liabilities	2,919,597	1,091,658	101,000	34,489	1,605,264	3,266,303	171,000	139,710,386	148,899,697
Total exposure	(780,567)	(569,684)	43,812	2,533,312	1,350,337	515,636	2,000	7,800,186	10,895,032

(*) Against CPI-linked financial liabilities, the Company holds Series PHONIX B12 Bonds, which is CPI-linked.

8. Corporate Governance Aspects

8.1. Effectiveness of Internal Control over Financial Reporting and Disclosure

8.1.1. 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 detailed 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 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, 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, see Section 8.1.2 below.

8.1.2. 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 detailed below; this is done in accordance with the stages and dates set out in the abovementioned 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 reporting period ending September 30, 2024, 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 Financial Statements relating to the relevant processes are attached to the Financial Statements of Phoenix group's institutional entities, in accordance with the provisions of Management's Responsibility Circulars.

8.2. **Disclosure on the Financial Statements' approval process in a reporting entity**

Pursuant to the Israel Securities Authority's directive on disclosures required in the Report of the Board of Directors as to the Financial Statements' approval process in a reporting entity, the corporate organs charged with governance in the corporation should be identified, and disclosure must be made of the procedures implemented by those charged with governance in the corporation, prior to the Financial Statements' approval. The directive does not apply to insurance companies. The Group's institutional entities are subject to the Supervisor's directives, and accordingly follow Sections 302 and 404 to the Sarbanes-Oxley Act of 2002 (hereinafter - "**SOX**"), including review of work processes and internal controls in institutional entities. The Financial Statements of the said institutional entities include managers' statements as to the fairness of the financial data presented in the Financial Statements and the existence and effectiveness of internal controls in relation

to these Financial Statements. For further details, see Section 5.4 to the Report on the Corporation's Business.

As part of the review of the financial results, meetings are held which are attended by the CEO, the CFO, division heads and other relevant officers, in which participants discuss material issues concerning financial reporting, including material transactions outside the ordinary course of business, material valuations used in the Financial Statements, the reasonability of the data and the accounting policies applied.

The Company's Board of Directors is the organ charged with governance and approval of the Financial Statements. The Company's Board of Directors has appointed a Financial Statements Review Committee (hereinafter - the "**Balance Sheet Committee**" or the "**Committee**"); the Committee submits to the Board of Directors its recommendations concerning the approval of the Financial Statements, prior to their approval by the Board. The Committee is not an Audit Committee.

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, see Note 9 to the Financial Statements.

9.2. Dedicated disclosure for the Company's bond holders

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 iIAA /	Aa2.il iIAA /	Aa2.il iIAA /
Par value on issuance date	NIS 487,564,542	NIS 957,578,000	NIS 737,650,000
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 30 of each of the years 2020 and 2021 and 4 equal annual installments of 19% on July 30 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 30, 2024, 3 equal installments of 12% on December 30 of each of the years 2025 through 2027, 3 equal installments of 10% on December 30 of each of the years 2028 through 2030, and 2 installments of 15% in each of the years 2030 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 September 30 and December 31
Nominal p.v. as of September 30, 2024	NIS 398 million	NIS 853 million	NIS 613 million
CPI-linked nominal p.v. as of September 30, 2024	NIS 398 million	NIS 981 million	NIS 613 million
Carrying amount of bonds' outstanding balances as of September 30, 2024	Approx. NIS 397 million	Approx. NIS 949 million	Approx. NIS 548 million
Carrying amount of interest payable as of September 30, 2024	Approx. NIS 3.8 million	Approx. NIS 1.7 million	Approx. NIS 3 million
Market value as of September 30, 2024 (1)	Approx. NIS 407 million	Approx. NIS 889 million	Approx. NIS 531 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

1) The market value includes interest accrued as of September 30, 2024.

Contractual restrictions and financial covenants

As part of the deed of trust of the Company's Bonds (Series 4), the Company undertook not to place a general floating charge on its assets as long as Bonds (Series 4) are not repaid in full, unless it has obtained the bond holders' consent in advance and placed on that date a lien of the same rank in favor of Series 4 bond holders. Furthermore, with respect to Bonds (Series 4), the Company assumed restrictions on dividend distribution 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, see the Shelf Offering Report dated May 7, 2019.

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

Furthermore, with respect to Bonds (Series 5), 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, see the shelf offering report dated February 20, 2020.

As part of the deed of trust of the Company's Bonds (Series 6), the Company undertook not to place a general floating charge on its assets as long as Bonds (Series 6) are not repaid in full, unless it has obtained the bond holders' consent in advance and placed on that date a lien of the same rank in favor of Series 6 bond holders. Furthermore, with respect to Bonds (Series 6), the Company assumed restrictions on dividend distribution 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, 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 September 30, 2024 was approx. 3.42% (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 September 30, 2024, was approx. NIS 11,121 million, which is higher than the above required shareholders' equity.

For further details – see Note 5 to the Company's Financial Statements as of September 30, 2024.

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

Benjamin Gabbay
Chairman of the Board of Directors

Eyal Ben Simon
CEO

November 26, 2024



Part 2

Consolidated Interim Financial Statements



Table of Contents

	<u>Page</u>
Review Report of the Independent Auditors.....	2
Condensed Consolidated Interim Statements of Financial Position.....	3-4
Condensed Consolidated Interim Statement of Profit or Loss	5
Condensed Consolidated Interim Statements of Comprehensive Income.....	6
Condensed Consolidated Interim Statements of Changes in Equity.....	7-11
Condensed Consolidated Interim Statements of Cash Flow.....	12-14
Notes to the Condensed Consolidated Interim Financial Statements.....	15-115
Appendix to the Condensed Consolidated Interim Financial Statements.....	116-119

Auditors' Review Report to the Shareholders of The Phoenix Financial Ltd.
(Formerly: Phoenix Holdings Ltd.)

Introduction

We have reviewed the accompanying financial information of The Phoenix Financial Ltd. (formerly Phoenix Holdings Ltd.) And subsidiaries (the "Company"), the condensed consolidated statement of financial position as of September 30, 2024, the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine and three-months periods then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of financial information for these 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 these interim periods based on our review.

We did not review the condensed interim financial information of certain subsidiary, whose assets included in consolidation constitute approximately 3.1% of the total consolidated assets as of September 30, 2024 and whose revenues included in consolidation constitutes approximately 1.9% and 2.6% of total consolidated revenues for the nine and three months 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 894,559 thousand as of September 30, 2024, and the Company's share in the earning amounted to approximately NIS 27,037 thousand and 22,414 thousand for the nine and three months periods then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial information in respect of 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,
November 26, 2024

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of		
		September 30, 2024	September 30, 2023	December 31, 2023
		Unaudited		Audited
		NIS thousand		
Assets				
Intangible assets	4	3,837,512	3,548,370	3,597,868
Deferred tax assets		94,761	113,370	109,330
Deferred acquisition costs		2,820,194	2,722,666	2,686,270
Property, plant & equipment		1,726,916	1,326,250	1,460,392
Investments in associates		1,939,853	1,687,043	1,651,832
Investment property in respect of yield-dependent contracts		2,350,695	2,233,796	2,283,063
Investment property - other		1,291,056	1,206,719	1,238,524
Reinsurance assets		4,083,740	3,575,463	4,028,261
Credit for purchase of securities		903,000	760,000	717,000
Current tax assets		30,842	261,986	157,662
Receivables and debit balances		1,471,140	859,692	1,047,092
Premiums collectible		973,628	1,063,398	998,295
Financial investments in respect of yield-dependent contracts	5A	87,308,239	81,748,485	82,817,937
Financial investments for holders of certificates of deposit and structured bonds		134,000	180,000	173,000
Credit assets in respect of factoring, acquiring and financing	5C, 8E	4,763,724	3,485,801	3,700,349
Other financial investments:				
Liquid debt assets		6,120,340	5,932,125	5,773,437
Illiquid debt assets	8E	16,403,055	16,475,745	16,593,921
Shares		2,874,943	2,280,190	2,287,592
Other		6,048,072	5,868,629	6,116,334
Total other financial investments	5B	31,446,410	30,556,689	30,771,284
Cash and cash equivalents in respect of yield-dependent contracts		19,009,002	19,093,748	19,303,547
Other cash and cash equivalents		2,386,551	2,463,871	3,053,023
Total assets		166,571,263	156,887,347	159,794,729
Total assets for yield-dependent contracts		108,924,003	103,358,148	104,769,512

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

	Note	As of		
		September 30, 2024	September 30, 2023	December 31, 2023
		Unaudited		Audited
NIS thousand				
Equity				
Share capital		315,173	313,331	313,340
Premium and capital reserves in respect of shares		880,200	861,565	860,345
Treasury shares	8C, 9B	(320,290)	(178,102)	(193,866)
Capital reserves		1,167,438	1,187,224	1,101,414
Retained earnings		9,078,746	7,834,311	8,499,062
Total equity attributable to the Company's shareholders				
		11,121,267	10,018,329	10,580,295
Non-controlling interests		324,531	292,849	314,737
Total equity		11,445,798	10,311,178	10,895,032
Liabilities				
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts		26,541,762	25,558,198	25,597,196
Liabilities in respect of insurance contracts and yield-dependent investment contracts		107,092,424	101,246,899	102,973,291
Liabilities in respect of deferred taxes		819,406	591,568	764,322
Liability for employee benefits, net		79,711	73,931	74,406
Liability in respect of current taxes		97,253	90,156	74,408
Payables and credit balances		3,835,194	3,534,833	3,669,165
Liabilities in respect of structured products		134,000	176,000	171,000
Financial liabilities	5D	16,525,715	15,304,584	15,575,909
Total liabilities		155,125,465	146,576,169	148,899,697
Total equity and liabilities		166,571,263	156,887,347	159,794,729

Eli Schwartz
 EVP, CFO

Eyal Ben Simon
 CEO

Benjamin Gabbay
 Chairman of the Board

Approval date of the financial statements: November 26, 2024

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS thousand				
Premiums earned, gross	8,055,291	8,975,134	2,737,220	3,035,546	11,988,386
Premiums earned by reinsurers	1,237,278	1,210,266	430,415	412,699	1,632,527
Premiums earned - retention	6,818,013	7,764,868	2,306,805	2,622,847	10,355,859
Investment income, net and finance income	11,993,100	6,748,037	4,401,111	1,458,579	9,910,316
Income from management fees	1,470,256	1,265,824	516,973	447,954	1,721,616
Income from fees and commissions	760,592	656,814	278,712	250,736	887,730
Income from other financial services	275,000	242,000	89,000	82,000	329,000
Income from factoring and acquiring	168,774	138,615	75,321	48,047	178,784
Other income	20,795	149,150	5,518	7,067	156,137
Total income	21,506,530	16,965,308	7,673,440	4,917,230	23,539,442
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	16,776,524	14,440,557	5,905,694	3,801,064	19,296,717
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	718,599	1,046,089	280,757	305,263	1,673,990
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	16,057,925	13,394,468	5,624,937	3,495,801	17,622,727
Fees and commissions, marketing expenses and other					
purchase expenses	1,711,532	1,580,476	601,924	570,932	2,175,699
General and administrative expenses	1,637,026	1,545,056	579,104	541,862	2,105,868
Other expenses	69,740	95,171	23,274	35,325	136,160
Finance expenses	430,545	294,484	171,464	102,948	393,717
Total expenses	19,906,768	16,909,655	7,000,703	4,746,868	22,434,171
Share in income of equity- accounted investees	83,592	60,280	43,628	17,207	42,413
Profit before taxes on income	1,683,354	115,933	716,365	187,569	1,147,684
Income tax expense (tax benefit)	489,113	(83,273)	213,310	42,711	262,747
Income for the period	1,194,241	199,206	503,055	144,858	884,937
Attributable to:					
Company's shareholders	1,111,646	114,059	475,570	112,465	777,403
Non-controlling interests	82,595	85,147	27,485	32,393	107,534
Income for the period	1,194,241	199,206	503,055	144,858	884,937
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)	4.40	0.45	1.89	0.44	3.07
Diluted earnings per share					
Earnings per ordinary share of NIS 1 par value (in NIS)	4.37	0.45	1.87	0.44	3.04

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
	NIS thousand				
Income for the period	1,194,241	199,206	503,055	144,858	884,937
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	412,308	294,158	210,864	90,216	245,739
Net change in fair value of financial assets classified as available for sale, carried to the statement of profit and loss	(336,575)	(195,647)	(46,934)	(106,876)	(290,390)
Gain on impairment of financial assets classified as available for sale, carried to the statement of profit and loss	177,573	458,027	37,584	161,132	476,005
Group's share in other comprehensive income of investees	12,079	35,022	4,520	9,288	22,476
Tax effect	(97,295)	(190,282)	(68,898)	(49,396)	(147,481)
Total components of net other comprehensive income subsequently reclassified to profit or loss	168,090	401,278	137,136	104,364	306,349
Amounts that shall not be subsequently reclassified to profit or loss					
Revaluation of property, plant and equipment	6,001	-	6,001	-	11,558
Actuarial gain (loss) in respect of defined benefit plans	-	-	-	-	291
Tax effect	(1,380)	-	(1,380)	-	(2,754)
Total net income components that will not be subsequently reclassified to profit or loss	4,621	-	4,621	-	9,095
Total other comprehensive income, net	172,711	401,278	141,757	104,364	315,444
Total comprehensive income for the period	1,366,952	600,484	644,812	249,222	1,200,381
Attributable to:					
Company's shareholders	1,284,357	515,337	617,327	216,829	1,092,824
Non-controlling interests	82,595	85,147	27,485	32,393	107,557
Comprehensive income for the period	1,366,952	600,484	644,812	249,222	1,200,381

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

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	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		
					NIS thousand								
Balance as of January 1, 2024 (audited)	313,340	860,345	(193,866)	8,499,062	(395,095)	11,000	69,507	228,941	8,041	1,179,020	10,580,295	314,737	10,895,032
Net income	-	-	-	1,111,646	-	-	-	-	-	-	1,111,646	82,595	1,194,241
Total other comprehensive income	-	-	-	-	-	-	-	4,621	12,079	156,011	172,711	-	172,711
Total comprehensive income	-	-	-	1,111,646	-	-	-	4,621	12,079	156,011	1,284,357	82,595	1,366,952
Share-based payment	-	3,846	-	-	-	-	16,114	-	-	-	19,960	-	19,960
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(77,032)	(77,032)
Purchase of treasury shares (Note 8C)	-	-	(126,424)	-	-	-	-	-	-	-	(126,424)	-	(126,424)
Commencement of consolidation (see Note 4)	-	-	-	-	-	-	-	-	-	-	-	22,204	22,204
Exercise of employee options	1,833	16,009	-	-	-	-	(17,842)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	3,038	-	-	-	(3,038)	-	-	-	-	-
Dividend (Note 8D and Q)	-	-	-	(535,000)	-	-	-	-	-	-	(535,000)	-	(535,000)
Allocation of options of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	-	15,459	15,459
Acquisition of minority interests (Notes 8W and W)	-	-	-	-	(79,410)	-	-	-	-	-	(79,410)	(33,432)	(112,842)
Transaction with minority interest	-	-	-	-	(22,511)	-	-	-	-	-	(22,511)	-	(22,511)
Balance as of September 30, 2024 (unaudited)	315,173	880,200	(320,290)	9,078,746	(497,016)	11,000	67,779	230,524	20,120	1,335,031	11,121,267	324,531	11,445,798

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

	Attributable to Company's shareholders												Non-con- trolling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from tran- sactions with non- controlling interests	Capital reserve from transaction with controlling shareholder - bonus	Capital reserve from share- based payment	Re- valuation reserve	Reserve from tran- slation diffe- rences	Capital reserve in respect of available- for-sale assets	Total			
	NIS thousand													
Balance as of 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 income	-	-	-	114,059	-	-	-	-	-	-	114,059	85,147	199,206	
Total other comprehensive income	-	-	-	-	-	-	-	-	35,022	366,256	401,278	-	401,278	
Total comprehensive income	-	-	-	114,059	-	-	-	-	35,022	366,256	515,337	85,147	600,484	
Share-based payment	-	1,833	-	-	-	-	12,815	-	-	-	14,648	-	14,648	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(196,844)	(196,844)	
Acquisition of treasury shares	-	-	(22,474)	-	-	-	-	-	-	-	(22,474)	-	(22,474)	
Exercise of employee options	1,691	7,814	-	-	-	-	(9,505)	-	-	-	-	-	-	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	28,907	28,907	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,779	-	-	-	(2,779)	-	-	-	-	-	
Dividend	-	-	-	(297,172)	-	-	-	-	-	-	(297,172)	-	(297,172)	
Allocation of options of a consolidated company to minority interests	-	-	-	-	3,341	-	-	-	-	-	3,341	3,012	6,353	
Acquisition of non-controlling interests	-	-	-	-	(140,504)	-	-	-	-	-	(140,504)	(212,525)	(353,029)	
Transaction with minority interest	-	-	-	-	(199,605)	-	-	-	-	-	(199,605)	196,512	(3,093)	
Balance as of September 30, 2023 (unaudited)	313,331	861,565	(178,102)	7,834,311	(393,271)	11,000	66,230	221,275	20,587	1,261,403	10,018,329	292,849	10,311,178	

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

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	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		
	NIS thousand												
Balance as of July 1, 2024 (unaudited)	314,728	865,504	(310,101)	8,872,143	(422,204)	11,000	72,575	226,936	15,600	1,202,415	10,848,596	349,680	11,198,276
Net income	-	-	-	475,570	-	-	-	-	-	-	475,570	27,485	503,055
Total other comprehensive income	-	-	-	-	-	-	-	4,621	4,520	132,616	141,757	-	141,757
Total comprehensive income	-	-	-	475,570	-	-	-	4,621	4,520	132,616	617,327	27,485	644,812
Share-based payment	-	6,869	-	-	-	-	3,476	-	-	-	10,345	-	10,345
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,657)	(33,657)
Acquisition of treasury shares	-	-	(10,189)	-	-	-	-	-	-	-	(10,189)	-	(10,189)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	(101)	(101)
Exercise of employee options	445	7,827	-	-	-	-	(8,272)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,033	-	-	-	(1,033)	-	-	-	-	-
Dividend (Note 8Q)	-	-	-	(270,000)	-	-	-	-	-	-	(270,000)	-	(270,000)
Allocation of options of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	-	8,027	8,027
Acquisition of minority interests (Notes 8X and Y)	-	-	-	-	(74,812)	-	-	-	-	-	(74,812)	(26,903)	(101,715)
Balance as of September 30, 2024 (unaudited)	315,173	880,200	(320,290)	9,078,746	(497,016)	11,000	67,779	230,524	20,120	1,335,031	11,121,267	324,531	11,445,798

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

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	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		
Balance as of July 1, 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
Net income	-	-	-	112,465	-	-	-	-	-	-	112,465	32,393	144,858
Total other comprehensive income	-	-	-	-	-	-	-	-	9,288	95,076	104,364	-	104,364
Total comprehensive income	-	-	-	112,465	-	-	-	-	9,288	95,076	216,829	32,393	249,222
Share-based payment	-	2,049	-	-	-	-	3,326	-	-	-	5,375	-	5,375
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(20,205)	(20,205)
Acquisition of treasury shares	-	-	(10,369)	-	-	-	-	-	-	-	(10,369)	-	(10,369)
Exercise of employee options	163	1,494	-	-	-	-	(1,657)	-	-	-	-	-	-
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	1,598	1,598
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	834	-	-	-	(834)	-	-	-	-	-
Dividend	-	-	-	(120,000)	-	-	-	-	-	-	(120,000)	-	(120,000)
Allocation of options of a consolidated company to minority interests	-	-	-	-	1,611	-	-	-	-	-	1,611	231	1,842
Acquisition of non-controlling interests	-	-	-	-	(129,656)	-	-	-	-	-	(129,656)	(169,436)	(299,092)
Balance as of September 30, 2023 (unaudited)	313,331	861,565	(178,102)	7,834,311	(393,271)	11,000	66,230	221,275	20,587	1,261,403	10,018,329	292,849	10,311,178

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

	Attributable to Company's shareholders										Non-controlling interests	Total equity	
	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
	NIS thousand												
Balance as of 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 (audited)	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 income	-	-	-	777,403	-	-	-	-	-	-	777,403	107,534	884,937
Total other comprehensive income	-	-	-	172	-	-	-	8,900	22,476	283,873	315,421	23	315,444
Total comprehensive income	-	-	-	777,575	-	-	-	8,900	22,476	283,873	1,092,824	107,557	1,200,381
Share-based payment	-	493	-	-	-	-	16,221	-	-	-	16,714	-	16,714
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(214,488)	(214,488)
Acquisition of treasury shares	-	-	(38,238)	-	-	-	-	-	-	-	(38,238)	-	(38,238)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	-	38,687	38,687
Sale of previously-consolidated company	-	-	-	-	-	-	-	-	-	-	-	5,228	5,228
Exercise of employee options	1,700	7,934	-	-	-	-	(9,634)	-	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount (audited)	-	-	-	4,013	-	-	-	(4,013)	-	-	-	-	-
Dividend	-	-	-	(297,171)	-	-	-	-	-	-	(297,171)	-	(297,171)
Allocation of options of a consolidated company to minority interests	-	-	-	-	(2,184)	-	-	-	-	-	(2,184)	6,781	4,597
Acquisition of non-controlling interests	-	-	-	-	(136,803)	-	-	-	-	-	(136,803)	(214,180)	(350,983)
Transaction with minority interest	-	-	-	-	(199,605)	-	-	-	-	-	(199,605)	196,512	(3,093)
Balance as of December 31, 2023 (audited)	313,340	860,345	(193,866)	8,499,062	(395,095)	11,000	69,507	228,941	8,041	1,179,020	10,580,295	314,737	10,895,032

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

Appendix	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS thousand				
<u>Cash flows from operating activities</u>					
Income for the period	1,194,241	199,206	503,055	144,858	884,937
Adjustments required to present cash flows from operating activities	(a) (769,887)	2,140,233	(1,256,839)	445,898	1,296,692
Net cash provided by operating activities	424,354	2,339,439	(753,784)	590,756	2,181,629
<u>Cash flows used for investing activities</u>					
Purchase of property, plant and equipment	(258,260)	(253,929)	(88,351)	(85,311)	(389,181)
Proceeds from disposal of property, plant and equipment	1,647	964	1,147	956	1,032
Investment in associates	(440,616)	(112,857)	(15,399)	(24,825)	(115,865)
Dividend from associates	15,978	15,053	6,904	3,304	23,497
Change in loans granted to associates	5,442	1,306	5,000	776	(290)
Acquisition of consolidated companies consolidated for the first time	(b) (69,918)	(82,361)	(13,575)	(34,361)	(90,340)
Sale of previously-consolidated company	(c) -	-	-	-	(828)
Proceeds on sale of fees and commissions portfolios	1,881	45	594	-	1,723
Acquisition of minority interest in a consolidated company	(112,842)	(350,017)	(112,842)	(310,092)	(344,202)
Proceeds from disposal of investment in associate	266,148	101,209	108,788	-	101,258
Acquisition and capitalization of intangible assets costs	(414,671)	(505,195)	(93,618)	(305,067)	(648,882)
Net cash used for investing activities	(1,005,211)	(1,185,782)	(201,352)	(754,620)	(1,462,078)
<u>Cash flows provided by financing activities</u>					
Acquisition of Company shares	(126,424)	(22,474)	(10,189)	(10,369)	(38,238)
Short-term credit from banks, net	45,445	(245,000)	(20,555)	(152,000)	(408,000)
Repayment of financial liabilities	(1,267,014)	(768,967)	(553,011)	(107,888)	(751,162)
Dividend to shareholders	(535,000)	(297,172)	(270,000)	(120,000)	(297,171)
Repayment of lease liability principal	(39,907)	(36,352)	(11,618)	(14,510)	(54,467)
Issuance/receipt of financial liabilities	2,391,535	774,651	1,345,106	217,613	2,440,322
Change in liability for Repo, net	(766,752)	1,320,720	558,906	549,161	1,161,948
Dividend paid to non-controlling interests	(77,032)	(109,345)	(33,657)	(71,675)	(214,488)
Payment of contingent liability to minority shareholders	(5,011)	(10,374)	-	(10,374)	-
Net cash provided by (used for) financing activities	(380,160)	605,687	1,004,982	279,958	1,838,744
<u>Increase in cash and cash equivalents</u>	(961,017)	1,759,344	49,846	116,094	2,558,295
<u>Balance of cash and cash equivalents at beginning of period</u>	(d) 22,356,570	19,798,275	21,345,707	21,441,525	19,798,275
<u>Balance of cash and cash equivalents at end of period</u>	(d) 21,395,553	21,557,619	21,395,553	21,557,619	22,356,570

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS thousand				
(a) <u>Adjustments required to present cash flows from operating activities:</u>					
<u>Items not involving cash flows</u>					
Net losses on financial investments in respect of insurance contracts and yield-dependent investment contract	(8,816,468)	(5,390,603)	(2,527,872)	(1,073,036)	(7,714,268)
Change in fair value of investment property in respect of yield-dependent contracts	(6,821)	8,571	-	-	(20,609)
<u>Losses (income), net on other financial investments</u>					
Liquid debt assets	(41,283)	73,303	(156,658)	5,412	(29,270)
Illiquid debt assets	(1,300,420)	(1,205,947)	(484,707)	(319,519)	(1,510,938)
Shares	(142,463)	9,676	(34,610)	(39,173)	26,296
Other	(93,205)	598,543	(144,345)	235,817	143,072
Depreciation and amortization	377,506	332,467	127,422	114,205	499,147
Gain on disposal of property, plant & equipment	(516)	-	(516)	-	3
Change in fair value of investment property	(3,409)	4,676	-	-	(14,513)
Loss (gain) on notional disposal as a result of gaining control of an investee	966	(129,096)	-	-	(128,989)
Change in financial liabilities	515,705	1,111,309	276,996	384,780	(29,749)
Income tax expense (tax benefit)	489,113	(83,273)	213,310	42,711	262,747
Company's share in the profits of associates, net	(83,592)	(60,280)	(43,628)	(17,207)	(42,413)
Payroll expenses in respect of share-based payment	16,114	12,815	3,476	3,326	16,221
Issue of options to non-controlling interests in a consolidated subsidiary	15,459	-	8,027	-	-
<u>Changes in other on-balance sheet line items, net:</u>					
Change in liabilities in respect of non-yield-dependent insurance contracts	944,566	1,410,557	467,351	35,308	1,449,555
Change in liabilities in respect of yield-dependent contracts	8,374,067	5,893,951	3,580,601	1,171,789	7,620,343
Change in liabilities for notes, ETFs	(37,000)	(24,698)	(24,000)	(17,000)	(29,698)
Change in financial investments for holders of ETFs, certificates of deposit	39,000	21,000	25,000	14,000	28,000
Change in credit assets in respect of factoring, acquiring and financing	(471,370)	(42,464)	(318,233)	3,052	(257,012)
Change in deferred acquisition costs	(133,924)	(269,283)	(46,551)	(68,134)	(232,887)
Change in reinsurance assets	(55,479)	(403,214)	(9,887)	28,877	(856,012)
Change in liabilities for employee benefits, net	4,141	6,841	(15,893)	(1,990)	7,014
Change in receivables, debit balances and collectible premiums	(411,235)	(425,927)	(529,622)	24,021	(565,939)
Change in payables and credit balances	93,581	499	(992)	(558,220)	251,832
Change in credit for purchase of securities	(186,000)	5,000	(150,000)	(5,000)	48,000
Change in loans granted to associates	(3,503)	(1,482)	(1,236)	(1,935)	(1,148)
<u>Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:</u>					
Acquisition of real estate properties	(60,811)	(100,293)	(26,249)	(26,861)	(120,380)
Sales (acquisitions), net of financial investments	71,232	1,036,389	(1,159,538)	(71,858)	2,290,602
<u>Financial investments and other investment property:</u>					
Sales (acquisitions), net of financial investments	552,489	67,137	(107,794)	659,252	573,770
Acquisition of real estate properties	(47,776)	(62,515)	(21,895)	(20,385)	(76,112)
<u>Cash paid and received during the period for:</u>					
Taxes paid	(518,058)	(318,757)	(270,043)	(56,625)	(357,754)
Taxes received	149,507	65,331	115,247	291	67,781
Total cash flows provided by (used for) operating activities	<u>(769,887)</u>	<u>2,140,233</u>	<u>(1,256,839)</u>	<u>445,898</u>	<u>1,296,692</u>

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS thousand				
(b) Acquisition of consolidated companies consolidated for the first time					
<u>Assets and liabilities of the consolidated companies as of acquisition date:</u>					
Working capital (excluding cash and cash equivalents)	8,467	(2,241)	(11,302)	759	(5,078)
Other financial investments	(3,238)	-	-	-	-
Property, plant and equipment, net	(4,190)	(121)	(873)	(121)	(685)
Goodwill arising from acquisition	(38,212)	(159,102)	(1,344)	(9,309)	(156,520)
Intangible assets	(79,386)	(124,509)	(435)	(9,232)	(161,439)
Deferred taxes	17,194	40,309	(313)	1,999	53,943
Minority interests	22,204	28,907	(101)	1,598	38,687
Investments in investees	-	-	-	-	-
Disposal of investment in an associate	-	129,096	-	-	129,030
Financial liabilities	1,854	-	793	-	-
Loan from parent company	4,225	-	-	-	-
Liability for payment in respect of acquisition of an investee	-	4,877	-	4,877	10,706
Liabilities for employee benefits	1,164	423	-	423	1,016
Payables for acquisition of a subsidiary	-	-	-	(25,355)	-
	<u>(69,918)</u>	<u>(82,361)</u>	<u>(13,575)</u>	<u>(34,361)</u>	<u>(90,340)</u>
(c) Sale of previously-consolidated company					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(6,056)
Minority interests	-	-	-	-	5,228
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(828)</u>
(d) <u>Cash and cash equivalents</u>					
Balance of cash and cash equivalents at beginning of period:					
Cash and cash equivalents	3,053,023	3,439,766	2,659,974	2,713,058	3,439,766
Cash and cash equivalents in respect of yield-dependent contracts	<u>19,303,547</u>	<u>16,358,509</u>	<u>18,685,733</u>	<u>18,728,467</u>	<u>16,358,509</u>
	<u>22,356,570</u>	<u>19,798,275</u>	<u>21,345,707</u>	<u>21,441,525</u>	<u>19,798,275</u>
Balance of cash and cash equivalents at end of period:					
Cash and cash equivalents	2,386,551	2,463,871	2,386,551	2,463,871	3,053,023
Cash and cash equivalents in respect of yield-dependent contracts	<u>19,009,002</u>	<u>19,093,748</u>	<u>19,009,002</u>	<u>19,093,748</u>	<u>19,303,547</u>
	<u>21,395,553</u>	<u>21,557,619</u>	<u>21,395,553</u>	<u>21,557,619</u>	<u>22,356,570</u>
(e) <u>Significant non-cash activities</u>					
Recognition of right-of-use asset against a lease liability	(119,164)	(47,466)	(7,818)	(30,319)	(90,780)
Purchase of intangible assets	-	-	-	-	(8,161)
Dividend declared for non-controlling interests	-	(87,499)	-	51,470	-
<u>Breakdown of amounts included in operating activities</u>					
Interest paid	313,137	196,957	125,250	61,376	280,810
Interest received	832,593	800,689	161,914	191,063	1,224,477
Dividend received	38,240	41,975	11,250	7,303	49,193

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

NOTE 1 - GENERAL

- A.** Phoenix Financial Ltd., formerly Phoenix Holdings Ltd. (hereinafter - the "**Company**") is an Israeli resident company incorporated in Israel, whose official address is 53 Derech Hashalom St., Givatayim, Israel. These financial statements were prepared in condensed format as of September 30, 2024 and for the nine- 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, 2023 and for the year then ended and the accompanying notes (hereinafter - the "**Consolidated Annual Financial Statements**").

B. Definitions

The Company	- Phoenix Financial Ltd. (Formerly: Phoenix Holdings Ltd.).
The Group	- Phoenix Financial Ltd. and its consolidated companies.
Phoenix Insurance	- Phoenix Insurance Company Ltd., a wholly-owned subsidiary of the Company.
Phoenix Investments	- Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company.
Phoenix Investment House	- Phoenix Investment House Ltd., a subsidiary of Phoenix Investments.
Gama	- Gama Management and Clearing Ltd., a subsidiary of Phoenix Investments.
Phoenix Agencies	- Phoenix Insurance Agencies 1989 Ltd. - a company under the Company's control.
Phoenix Pension and Provident Funds	- Phoenix Pension and Provident Funds Ltd., a wholly-owned subsidiary of the Company.
Phoenix Capital Raising	- Phoenix Capital Raising (2009) Ltd., a wholly-owned subsidiary of Phoenix Insurance.
Phoenix Construction Financing	- Phoenix Construction Financing and Guarantees Ltd. is a wholly-owned subsidiary of Gama. For further details, see Note 8E.
Platinum	- Platinum Finance and Factoring Ltd., a wholly-owned subsidiary of the Company.
Phoenix Retail Credit	- Phoenix Retail Credit Ltd. a wholly-owned subsidiary of Platinum
Phoenix Advanced Investments	- Phoenix Advanced Investments Ltd., a wholly-owned subsidiary of Phoenix Investments.
Belenus Lux S.a.r.l	- The controlling shareholder until July 17, 2024, 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 (for further details, see Section 1D).

C. A change to the Company's name

On August 14, 2024, the Company's General Meeting approved the change of its name from Phoenix Holdings Ltd. to Phoenix Financial Ltd., such that it shall reflect all of its diverse activities: Insurance, Asset Management, Distribution (Agencies) and Credit.

On August 19, 2024 the Registrar of Companies approved the name change.

NOTE 1 - GENERAL (cont.)

D. Control of Phoenix Financial

During the Reporting Period, the Company's controlling shareholder sold shares of the Company, such that as of July 17, 2024, the Company no longer has a controlling core. Immediately prior to the sale of the shares, the controlling shareholder held approx. 31% of the Company's shares, and as of the report publication date it holds 10.62% and its ownership interest may decline to approx. 5.6% if a transaction for the sale of 4.95% of the Company's shares to the Affinity Partners fund (hereinafter - "**Affinity**") will be completed.¹ This transaction depends on the receipt of a holding permit by the fund, as detailed below:

Through July 17, 2024 was Belenus Lux S.à.r.l. (hereinafter - "**Belenus**"), which is indirectly held through a chain of companies, by CCP III Cayman GP Ltd., Matthew Botein, Lewis (Lee) Sachs the Company's controlling shareholders (hereinafter - the "**Controlling Shareholder**").

On April 21, 2024, Belenus informed the Company that the Capital Market, Insurance and Savings Authority awarded the controlling shareholders a permit to hold means of control in the Company and in Phoenix Insurance at a rate of up to 10% of the means of control in the Company (hereinafter - the "**New Holding Permit**").

The New Holding Permit includes various provisions, including provisions regarding the structure of the board of directors in the Company and in the subsidiaries, which are regulated by the Capital Market, Insurance and Savings Authority, and regarding maintaining the control structure of the controlling shareholders; provisions regarding sale or transfer - by Belenus - of means of control in the Company; as from the date on which the control permit will come into effect, the controlling shareholders are precluded from using their votes in relation to appointment and termination of service of Company directors if their holding is higher than 10% of the Company's share capital;

On July 15, 2024, Belenus informed the Company that it engaged in several transactions for the sale of up to approx. 21.4% of its holdings in the Company.

Consequently, the New Holding Permit came into effect on July 17, 2024 on which the holding rate of the controlling shareholders through Belenus fell below 30% (fully diluted). On the effective date of the New Holding Permit, the control permit expired.

For further details, see the immediate reports dated April 21, 2024, July 16, 2024 and August 8, 2024 (Ref. Nos.: 2024-01-044958, 2024-01-074239 and 2024-01-085306, respectively).

E. Restructuring in Asset Management and Credit

As part of the implementation of the strategic plan regarding the Asset Management and Credit Activity, and the Company's wish to concentrate each of activities under separate arms, in July 2024, the Company's Board of Directors passed an in-principle resolution regarding a restructuring, which will include statutory mergers in accordance with the Eighth Part of the Companies Law, and the transfer of activities and assets of various group companies, as follows:

¹ The additional acquisition transaction with Affinity (which holds - as of the report publication date - 4.95% of the Company's shares) is conditional Affinity receiving of a holding permit from the Capital Market, Insurance and Savings Authority. The deadline for the completion of the additional transaction with Affinity is six months from its signing date (i.e., July 15, 2024).

NOTE 1 - GENERAL (cont.)

E. Restructuring in Asset Management and Credit (cont.)

Approval of mergers of companies in the Phoenix group

The Company's Board of Directors approved that statutory mergers will be carried out between the Company and Phoenix Investments (hereinafter - the "**First Merger**") and between the Company and Platinum (hereinafter - the "**Second Merger**"). As a result of the mergers all of the assets and liabilities of Phoenix Investments and Platinum, and they will cease to exist as separate companies.

In November 2024, simultaneously with the approval of the Company's financial statements, the Company's Board of Directors and the relevant bodies in the Group companies approved the mergers.

The completion of the mergers will be conditional, among other things, on the fulfillment of all of the following conditions: (a) Receipt of the Israel Tax Authority's approval for a restructuring and merger, which is exempted from corporate income tax in respect of each of the mergers, in accordance with Section 103I to the Income Tax Ordinance; and (b) the execution of the actions required to complete each of the mergers in accordance with the Companies Law and Companies Regulations (Merger), 2000.

Approval of additional structural changes to be executed subject to completion of the mergers

Subject to the completion of the First Merger, the Company will transfer to a privately-held subsidiary, which will be established and wholly-owned by the Company (hereinafter - the "**New Company**") the entire asset management activity, which was carried out in Phoenix Investments prior to the merger date; its holding in all shares of Phoenix Advanced Investments Ltd.' (hereinafter - "Phoenix Advanced Investments"); and its entire 19.9% stake in the shares of Phoenix Underwriting Ltd. In addition, the Company's holdings in the shares of Tehuda Management Service Ltd. and Safra Ltd., which were held by Phoenix Investments, will be transferred to Phoenix Advanced Investments.

Subject to the completion of the Second Merger and subject to receipt of the required approvals by Gama, the Company will transfer to Gama all shares of Phoenix Retail Credit Ltd.

As of the report publication date, the Israel Tax Authority's approval to the effect that the merger is tax-exempt has not yet been received, and not all actions required for the completion of the merger have been carried out.

F. The Iron Swords War

On October 7, 2023, the Iron Swords War between the State of Israel and the Gaza-based " Hamas " terror organization broke out (hereinafter - the "**War**"), following a murderous attack by Hamas on localities in southern Israel. Based on published data, as of the report publication date, more than 1,780 Israeli citizens, soldiers and members of the defense and rescue forces were killed in the line of duty or murdered as part of the War, 101 citizens and soldiers are held as hostages in the Gaza Strip, and approx. 19,900 sustained various injuries. In addition to the War in Gaza, Israel is involved in an armed conflict and military operational activity of varying intensities and in a number of fronts, the main of which is the conflict in the north of Israel, which has also driven tens of thousands of Israelis from their homes. The War and all of the activities in the various fronts have an adverse effect on the Israeli economy.

Following the above, the rating agency Moody's placed the State of Israel's credit rating on the Rating Watch Negative list, and thereafter, on February 9, 2024, it downgraded the State of Israel's credit rating to A2 with a negative outlook.

On September 27, 2024, Moody's rating agency announced that it was again downgrading the State of Israel's rating to Baa1 with a negative outlook.

NOTE 1 - GENERAL (cont.)

F. The Iron Swords War (cont.)

Rating agency S&P announced on April 18, 2024 it was downgrading the State of Israel's rating from AA- to A+, with a negative outlook. On October 1, 2024, S&P announced that it was again downgrading the State of Israel's rating to A with a negative outlook, among other things, due to the continuation and escalation of the fighting on the northern front.

Fitch rating agency announced on August 12, 2024 it was downgrading the State of Israel's rating from A+ to A with a negative outlook.

Following the downgrade of the State of Israel's credit rating, in October 2024, Moody's announced that it was downgrading the international credit rating of Phoenix Insurance from A2 to Baa1 with a negative outlook, while Moody's noted that the independent financial strength of Phoenix Insurance remained at A2.

Due to its activity, Phoenix group is exposed to declines in the financial markets, a slowdown in activity, and to other risks arising from the War. For further details on sensitivity and exposure to risk factors, see also Note 41 to the Consolidated Annual Financial Statements.

At this stage, there is uncertainty as to the development of the War, its scope and duration. Therefore, at this stage it is impossible to assess the full effect of the War on the Company and its results in the medium term; however, as of the report publication date, this effect is not expected to be material.

The potential risks associated with the War include slumps in the Israeli capital market, decline in investments in the Israeli economy, including foreign investments and investments in high-tech companies, decline in GDP, budget deficit, downgrade of Israel's credit rating, higher inflation, changes in yield curves and in central bank's interest rate, materialization of insurance risks, reducing the exposure of reinsurers to the State of Israel, and more.

Further to Note 1C(2)a to the Consolidated Annual Financial Statements regarding the effects of the Iron Swords War on the Life Insurance and Long-Term Savings Segment, in the reporting period claims were assessed and filed in life and disability insurance amounting to approx. NIS 29 million (retention).

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 Phoenix Insurance, as stated above, continue to be drawn up in accordance with IFRS 4 regarding Insurance Contracts, and IAS 39, Financial Instruments (of 2017).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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 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, 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.

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

1. IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) published IFRS 18 - Presentation and Disclosure in Financial Statements (hereinafter - the "**New Standard**") - which supersedes IAS 1 - Presentation of Financial Statements (hereinafter - "**IAS 1**").

The New Standard is aimed at improving the comparability and transparency of communication of financial statements.

The New Standard includes requirements previously included in IAS 1, and introduces new requirements on presentation within the statement of profit or loss, including the presentation of totals and subtotals required under the New Standard, disclosure of management-defined performance measures, and new requirements for the aggregation and disaggregation of financial information.

The New Standard does not change the provisions regarding recognition and measurement of items in the financial statements. However, since items in the statement of profit or loss must be classified into one of five categories (operating, investing, financing, income taxes, and discontinued operations), it may change the structure of the Company's statement of profit or loss. In addition, the publication of the New Standard triggered limited amendments to other accounting standards, including IAS 7 - Statement of Cash Flows - and IAS 34 - Interim Financial Reporting.

The New Standard was applied retrospectively as from annual periods beginning on January 1, 2027 or thereafter. In accordance with the resolution of the Israel Securities Authority, early application is permitted as from the period starting on January 1, 2025, provided a disclosure is made.

The Company is studying the effect - on the consolidated financial statements - of the New Standard, including the effect of consequential amendments to other accounting standards.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Details of the change rates in the Consumer Price Index and USD representative exchange rate

	Known CPI %	CPI In lieu CPI %	Representative exchange rate of USD %
<u>For the nine months ended on:</u>			
September 30, 2024	3.5	3.4	2.3
September 30, 2023	3.2	2.9	8.7
<u>For the three months ended on:</u>			
September 30, 2024	1.6	1.3	(1.3)
September 30, 2023	0.8	0.7	3.3
<u>For the year ended December 31, 2023</u>	3.0	3.3	3.1

NOTE 3 - OPERATING SEGMENTS

The Company operates in the following operating segments:

1. Life and Savings Segment

The Life 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. Furthermore, as from July 1, 2023, the results of FNX Private Policy Profits - are consolidated in the results of this segment (for further details, see Note 4B to the Consolidated Annual Financial Statements).

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 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.

NOTE 3 - OPERATING SEGMENTS (cont.)**3. Property and Casualty Segment (cont.)****▪ 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, employer liability, professional liability, product liability and other subsegments.

▪ Property and Other Segment

Property subsegments other than Motor and Liability as well as other insurance subsegments.

4. Retirement (Pension and Provident) Segment

The Retirement (Pension and Provident) Segment includes the management of pension funds and provident funds through Phoenix Pension and Provident, which is a wholly-owned subsidiary of the Company. Furthermore, as from July 1, 2023, the results of "FNX Private Funds Profits, General Partnership" - are consolidated in the results of this segment. (For further details, see Note 4B to the Consolidated Annual Financial Statements).

In accordance with the Commissioner's directives, segment activity is described separately for the Retirement (Pension and Provident) Activity.

5. Investment House and Wealth Segment

The Investment House and Wealth Segment includes the results of Phoenix Investment House. The segment includes investment management activity, including mutual funds, ETFs, execution services on the Stock Exchange, brokerage services, underwriting services, market making in various securities and other services.

In addition, the results of this segment include those of Phoenix Investments including Phoenix group's alternative investment funds.

6. Distribution (Agencies) Segment

The Distribution (Agencies) Segment includes the activity of the pension arrangement agencies and other insurance agencies in the group.

7. Credit Segment

The Credit Segment mostly includes Gama. Gama is a credit aggregator providing financing against acquiring and factoring of debit vouchers, financing against post-dated checks (check factoring), financing against real estate properties, loans and credit, equipment financing and factoring. Further to Note 8E(8) to the Consolidated Annual Financial Statements, on January 1, 2024, Phoenix Financing and Construction was transferred from the Company to Gama, such that, as of that date, the segment includes the operating results of Phoenix Financing and Construction. In addition, the results of the segment include the consumer credit activity under an investee, providing all-purpose loans.

NOTE 3 - OPERATING SEGMENTS (cont.)**8. Activity 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 capital 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 further details, see Note 41, Sections 5.1 and 5.2 to the Consolidated Annual Financial Statements). This allocation may have an effect on investment income attributable to the various segments.

NOTE 3 - OPERATING SEGMENTS (cont.)**A. Reportable segment**

	For the 9-month period ended September 30, 2024									
	Life and Savings (a)	Health (b)	P&C (c)	Retirement (Pension and Provident) (d)	Investment House and Wealth	Distribution (Agencies)	Credit	Not attributed to operating segments	Adjustments and offsets	Total
Unaudited										
NIS thousand										
Premiums earned, gross	3,007,403	1,592,740	3,455,148	-	-	-	-	-	-	8,055,291
Premiums earned by reinsurers	198,869	117,088	921,321	-	-	-	-	-	-	1,237,278
Premiums earned - retention	2,808,534	1,475,652	2,533,827	-	-	-	-	-	-	6,818,013
Investment income, net and finance income	10,370,523	757,055	240,841	89,511	11,463	13,730	150,048	400,703	(40,774)	11,993,100
Income from management fees	499,667	-	-	606,837	408,779	6,227	660	18,144	(70,058)	1,470,256
Income from fees and commissions (e)	39,480	27,160	213,841	-	-	654,266	-	-	(174,155)	760,592
Income from Investment House and Wealth	-	-	-	-	275,000	-	-	-	-	275,000
Income from factoring and acquiring	-	-	-	-	-	-	168,774	-	-	168,774
Other income	538	-	-	1,617	1,319	14,857	-	3,273	(809)	20,795
Total income	13,718,742	2,259,867	2,988,509	697,965	696,561	689,080	319,482	422,120	(285,796)	21,506,530
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	13,122,294	1,598,155	1,979,410	76,665	-	-	-	-	-	16,776,524
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	207,009	115,887	395,703	-	-	-	-	-	-	718,599
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	12,915,285	1,482,268	1,583,707	76,665	-	-	-	-	-	16,057,925
Fees and commissions and other purchase expenses	447,647	378,358	654,128	306,206	73,761	-	4,340	-	(152,908)	1,711,532
General and administrative expenses	302,654	101,111	99,513	194,179	373,787	411,111	108,677	121,398	(75,404)	1,637,026
Other expenses	10,084	-	3,785	22,971	4,286	22,865	6,089	-	(340)	69,740
Finance expenses	37,096	-	6,545	26,317	32,866	31,690	91,586	243,223	(38,778)	430,545
Total expenses	13,712,766	1,961,737	2,347,678	626,338	484,700	465,666	210,692	364,621	(267,430)	19,906,768
Company's share in the net results of investees	(1,129)	21,288	29,906	-	31,099	2,494	-	(66)	-	83,592
Profit before taxes on income	4,847	319,418	670,737	71,627	242,960	225,908	108,790	57,433	(18,366)	1,683,354
Other comprehensive income before income tax	17,566	3,209	7,172	-	-	-	-	243,439	-	271,386
Total comprehensive income (loss) before taxes on income	22,413	322,627	677,909	71,627	242,960	225,908	108,790	300,872	(18,366)	1,954,740
	As of September 30, 2024									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	104,265,254	2,827,170	-	-	-	-	-	-	-	107,092,424
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,257,804	3,812,943	8,370,771	1,100,244	-	-	-	-	-	26,541,762

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty insurance subsegments, see Section d below.

(d) For more data regarding the Retirement (Pension and Provident) subsegments, see Section E below.

(e) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the Life and Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

For the 9-month period ended September 30, 2023										
	Life and Savings (a)	Health (b)	P&C (c)	Retirement (Pension and Provident) (d)	Investment House and Wealth	Distribution (Agencies)	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited									
	NIS thousand									
Premiums earned, gross	3,461,247	2,479,344	3,034,543	-	-	-	-	-	-	8,975,134
Premiums earned by reinsurers	206,260	175,452	828,554	-	-	-	-	-	-	1,210,266
Premiums earned - retention	3,254,987	2,303,892	2,205,989	-	-	-	-	-	-	7,764,868
Investment income (losses), net and finance income	6,150,077	586,239	136,983	81,524	24,650	15,876	116,719	(345,747)	(18,284)	6,748,037
Income from management fees	451,802	-	-	554,368	287,643	2,881	-	2,984	(33,854)	1,265,824
Income from fees and commissions (e)	28,944	32,123	177,550	-	-	590,584	-	-	(172,387)	656,814
Income from Investment House and Wealth	-	-	-	-	242,000	-	-	-	-	242,000
Income from factoring and acquiring	-	-	-	-	-	-	138,615	-	-	138,615
Other income	255	113,454	-	17,489	6,080	12,495	-	101	(724)	149,150
Total income (expenses)	9,886,065	3,035,708	2,520,522	653,381	560,373	621,836	255,334	(342,662)	(225,249)	16,965,308
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	9,582,644	2,611,588	2,175,733	70,592	-	-	-	-	-	14,440,557
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	196,725	316,595	532,769	-	-	-	-	-	-	1,046,089
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	9,385,919	2,294,993	1,642,964	70,592	-	-	-	-	-	13,394,468
Fees and commissions and other purchase expenses	446,038	389,645	568,376	276,989	45,503	-	4,290	-	(150,365)	1,580,476
General and administrative expenses	304,428	129,956	107,523	202,185	314,270	359,693	86,907	78,903	(38,809)	1,545,056
Other expenses (income)	(1,106)	-	-	25,805	26,075	19,733	6,089	18,913	(338)	95,171
Finance expenses	19,627	-	12,486	14,182	6,932	2,991	81,221	173,335	(16,290)	294,484
Total expenses	10,154,906	2,814,594	2,331,349	589,753	392,780	382,417	178,507	271,151	(205,802)	16,909,655
Company's share in the net results of investees	11,989	35,550	4,317	362	8,835	1,266	-	(2,039)	-	60,280
Profit (loss) before taxes on income	(256,852)	256,664	193,490	63,990	176,428	240,685	76,827	(615,852)	(19,447)	115,933
Other comprehensive income before income tax	219,839	38,127	66,306	-	-	-	-	267,288	-	591,560
Total comprehensive income (loss) before taxes on income	(37,013)	294,791	259,796	63,990	176,428	240,685	76,827	(348,564)	(19,447)	707,493
As of September 30, 2023										
Unaudited										
NIS thousand										
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	93,380,877	7,866,022	-	-	-	-	-	-	-	101,246,899
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,829,943	3,826,871	7,845,536	1,055,848	-	-	-	-	-	25,558,198

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty insurance subsegments, see Section d below.

(d) For more data regarding the Retirement (Pension and Provident) subsegments, see Section E below.

(e) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the Life and Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)**A. Reportable segment (cont.)**

	For the 3-month period ended September 30, 2024									
				Retirement (Pension and Provident) (d)	Invest- ment House and Wealth	Distri- bution (Agen- cies)		Not attri- buted to operating segments	Adjust- ments and offsets	
	Life and Savings (a)	Health (b)	P&C (c)				Credit			Total
	Unaudited									
	NIS thousand									
Premiums earned, gross	992,283	548,497	1,196,440	-	-	-	-	-	-	2,737,220
Premiums earned by reinsurers	67,912	41,182	321,321	-	-	-	-	-	-	430,415
Premiums earned - retention	924,371	507,315	875,119	-	-	-	-	-	-	2,306,805
Investment income, net and finance income	3,728,505	156,132	103,326	35,945	4,096	5,735	35,209	344,786	(12,623)	4,401,111
Income from management fees	175,183	-	-	208,655	148,783	2,439	127	5,556	(23,770)	516,973
Income from fees and commissions (e)	18,621	9,537	80,427	-	-	227,243	-	-	(57,116)	278,712
Income from Investment House and Wealth	-	-	-	-	89,000	-	-	-	-	89,000
Income from factoring and acquiring	-	-	-	-	-	-	75,321	-	-	75,321
Other income	294	-	-	647	443	3,814	-	516	(196)	5,518
Total income	4,846,974	672,984	1,058,872	245,247	242,322	239,231	110,657	350,858	(93,705)	7,673,440
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	4,592,882	482,853	799,616	30,343	-	-	-	-	-	5,905,694
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	87,806	35,573	157,378	-	-	-	-	-	-	280,757
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	4,505,076	447,280	642,238	30,343	-	-	-	-	-	5,624,937
Fees and commissions and other purchase expenses	157,648	132,897	228,319	105,191	28,930	-	1,638	-	(52,699)	601,924
General and administrative expenses	101,256	32,666	34,142	67,538	120,162	147,148	38,647	58,281	(20,736)	579,104
Other expenses	3,116	-	62	7,588	1,429	9,164	2,030	-	(115)	23,274
Finance expenses	17,158	-	2,679	10,135	22,583	12,259	30,265	93,455	(17,070)	171,464
Total expenses	4,784,254	612,843	907,440	220,795	173,104	168,571	72,580	151,736	(90,620)	7,000,703
Company's share in the net results of investees	2,420	3,010	14,809	-	22,758	631	-	-	-	43,628
Profit before taxes on income	65,140	63,151	166,241	24,452	91,976	71,291	38,077	199,122	(3,085)	716,365
Other comprehensive income (loss) before income tax	(347)	87	4,361	-	-	-	-	207,934	-	212,035
Total comprehensive income before taxes on income	64,793	63,238	170,602	24,452	91,976	71,291	38,077	407,056	(3,085)	928,400
	As of September 30, 2024									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	104,265,254	2,827,170	-	-	-	-	-	-	-	107,092,424
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	13,257,804	3,812,943	8,370,771	1,100,244	-	-	-	-	-	26,541,762

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty insurance subsegments, see Section d below.

(d) For more data regarding the Retirement (Pension and Provident) subsegments, see Section E below.

(e) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the Life and Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)**A. Reportable segment (cont.)**

	For the 3-month period ended September 30, 2023									
	Life and Savings (a)	Health (b)	P&C (c)	Retirement (Pension and Provident) (d)	Investment House and Wealth	Distribution (Agencies)	Credit	Not attributed to operating segments	Adjustments and offsets	Total
Unaudited NIS thousand										
Premiums earned, gross	1,108,460	840,734	1,086,352	-	-	-	-	-	-	3,035,546
Premiums earned by reinsurers	68,014	58,828	285,857	-	-	-	-	-	-	412,699
Premiums earned - retention	1,040,446	781,906	800,495	-	-	-	-	-	-	2,622,847
Investment income, net and finance income	1,399,865	121,833	47,558	25,689	8,129	4,351	42,258	(185,624)	(5,480)	1,458,579
Income from management fees	157,203	-	-	192,926	110,100	1,851	-	822	(14,948)	447,954
Income from fees and commissions (e)	11,470	10,880	59,709	-	-	204,985	-	-	(36,308)(e)	250,736
Income from Investment House and Wealth	-	-	-	-	82,000	-	-	-	-	82,000
Income from factoring and acquiring	-	-	-	-	-	-	48,047	-	-	48,047
Other income	-	-	-	663	2,839	3,621	-	93	(149)	7,067
Total income	2,608,984	914,619	907,762	219,278	203,068	214,808	90,305	(184,709)	(56,885)	4,917,230
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	2,434,041	630,457	715,918	20,648	-	-	-	-	-	3,801,064
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	62,508	97,258	145,497	-	-	-	-	-	-	305,263
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	2,371,533	533,199	570,421	20,648	-	-	-	-	-	3,495,801
Fees and commissions and other purchase expenses	144,558	136,331	212,194	95,352	16,035	-	1,468	(63)	(34,943)	570,932
General and administrative expenses	100,573	41,345	34,062	83,306	109,216	121,939	35,374	32,627	(16,580)	541,862
Other expenses (income)	(444)	-	-	8,698	12,462	6,655	2,030	6,036	(112)	35,325
Finance expenses	5,773	-	4,086	6,999	2,988	760	29,460	57,697	(4,815)	102,948
Total expenses	2,621,993	710,875	820,763	215,003	140,701	129,354	68,332	96,297	(56,450)	4,746,868
Company's share in the net results of investees	1,576	8,566	3,570	-	3,439	(23)	-	79	-	17,207
Profit (loss) before taxes on income	(11,433)	212,310	90,569	4,275	65,806	85,431	21,973	(280,927)	(435)	187,569
Other comprehensive income (loss) before taxes on income	57,786	9,615	(3,359)	-	-	-	-	89,718	-	153,760
Total comprehensive income (loss) before taxes on income	46,353	221,925	87,210	4,275	65,806	85,431	21,973	(191,209)	(435)	341,329
	As of September 30, 2023									
	Unaudited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	93,380,877	7,866,022	-	-	-	-	-	-	-	101,246,899
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,829,943	3,826,871	7,845,536	1,055,848	-	-	-	-	-	25,558,198

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

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

(d) For more data regarding the Retirement (Pension and Provident) subsegments, see Section E below.

(e) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the Life and Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the year ended December 31, 2023									
	Life and Savings (a)	Health (b)	P&C (c)	Retirement (Pension and Provident) (d)	Investment House and Wealth	Distribution (Agencies)	Credit	Not attributed to operating segments	Adjustments and offsets	Total
Audited										
NIS thousand										
Premiums earned, gross	4,542,139	3,308,850	4,137,397	-	-	-	-	-	-	11,988,386
Premiums earned by reinsurers	273,029	234,511	1,124,987	-	-	-	-	-	-	1,632,527
Premiums earned - retention	4,269,110	3,074,339	3,012,410	-	-	-	-	-	-	10,355,859
Investment income, net and finance income	8,510,675	913,918	192,026	100,985	27,750	18,361	160,590	6,407	(20,396)	9,910,316
Income from management fees	607,839	-	-	750,982	399,068	4,624	824	3,110	(44,831)	1,721,616
Income from fees and commissions (e)	38,166	42,817	248,594	-	-	777,872	-	-	(219,719)	887,730
Income from Investment House and Wealth	-	-	-	-	329,000	-	-	-	-	329,000
Income from factoring and acquiring	-	-	-	-	-	-	178,784	-	-	178,784
Other income	854	113,454	-	18,386	6,754	17,996	-	98	(1,405)	156,137
Total income	13,426,644	4,144,528	3,453,030	870,353	762,572	818,853	340,198	9,615	(286,351)	23,539,442
Increase in insurance liabilities and payments in respect of insurance contracts	12,782,987	3,576,357	2,848,452	88,921	-	-	-	-	-	19,296,717
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	274,686	419,814	979,490	-	-	-	-	-	-	1,673,990
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	12,508,301	3,156,543	1,868,962	88,921	-	-	-	-	-	17,622,727
Fees and commissions and other purchase expenses	597,982	517,803	805,041	376,687	67,375	-	5,776	-	(194,965)	2,175,699
General and administrative expenses	398,244	169,824	143,210	274,776	412,520	481,680	126,933	150,590	(51,909)	2,105,868
Other expenses	3,252	-	-	36,620	42,072	25,773	8,118	20,779	(454)	136,160
Finance expenses	28,687	-	12,679	20,639	12,747	5,473	108,045	223,185	(17,738)	393,717
Total expenses	13,536,466	3,844,170	2,829,892	797,643	534,714	512,926	248,872	394,554	(265,066)	22,434,171
Company's share in the net results of investees	9,150	25,970	(3,601)	306	12,688	1,055	-	(3,155)	-	42,413
Profit (loss) before taxes on income	(100,672)	326,328	619,537	73,016	240,546	306,982	91,326	(388,094)	(21,285)	1,147,684
Other comprehensive income before income tax	109,507	21,293	83,888	-	792	30	-	250,169	-	465,679
Comprehensive income (loss) before income tax	8,835	347,621	703,425	73,016	241,338	307,012	91,326	(137,925)	(21,285)	1,613,363
	As of December 31, 2023									
	Audited									
	NIS thousand									
Liabilities, gross in respect of insurance contracts and yield-dependent investment contracts	94,693,723	8,279,568	-	-	-	-	-	-	-	102,973,291
Liabilities, gross in respect of insurance contracts and non-yield-dependent investment contracts	12,871,690	3,811,834	7,850,579	1,063,093	-	-	-	-	-	25,597,196

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty insurance subsegments, see Section d below.

(d) For more data regarding the Retirement (Pension and Provident) subsegments, see Section E below.

(e) Arises from fees and commissions income received from agencies owned by the Group, mainly from activities in the Life and Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)**B. Additional information regarding the Life Insurance and Long-Term Savings Segment****Breakdown of results by type of policy****Data for the nine-month period ended September 30, 2024:**

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		Total
	Until 1990 (1)	Until 2003	From 2004	Individual	Collective	
			Yield- dependent			
			Unaudited			
			NIS thousand			
Gross premiums	34,481	835,726	1,516,108	538,745	82,343	3,007,403
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	5,832,931	-	-	5,832,931
Financial margin including management fees (2)	(182,816)	168,727 (3)	329,961	-	-	315,872
Payments and change in liabilities in respect of insurance contracts, gross	703,598	4,104,703 (4)	4,883,295 (4)	403,881	57,179	10,152,656
Payments and changes in liabilities in respect of investment contracts	-	-	2,969,638 (4)	-	-	2,969,638
Total payments and change in liabilities from Life Insurance and Savings Segment						13,122,294
Total comprehensive income (loss) from Life Insurance and Savings Business	(99,200) (5)	132,977 (5) (6)	48,391 (5)	(83,908) (7)	24,153	22,413

- (1) Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies that were backed mainly by designated bonds.
- (2) The financial margin does not include additional income of the Company collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
- (3) As of September 30, 2024, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 165 million. As of the report publication date, the estimated management fees which will not be collected amounted to approx. NIS 58 million.
- (4) This amount includes investment income or losses carried to participating policies.
- (5) Includes a profit in respect of the effect of changes in the discount rate and in the assumptions regarding mortality rates and annuity uptake totaling approx. NIS 86 million, before tax. For further details, see Note 8A.
- (6) Including income in respect of the change in the K value, amounting to approx. NIS 210 million, before tax. For further details, see Note 8A.
- (7) The loss includes, among other things, the effect of the Iron Swords War amounting to approx. NIS 29 million (retention); for further details, see Note 1F.

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 nine-month period ended September 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	Individual	Collective	Total
			Yield- dependent			
			Unaudited NIS thousand			
Gross premiums	39,616	880,976	1,931,869	515,251	93,535	3,461,247
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	3,980,720	-	-	3,980,720
Financial margin including management fees (2)	(41,774)	153,698 (3)	297,122	-	-	409,046
Payments and change in liabilities in respect of insurance contracts, gross	677,881	2,879,277 (4)	4,244,854 (4)	260,483	65,895	8,128,390
Payments and changes in liabilities in respect of investment contracts	-	-	1,454,254 (4)	-	-	1,454,254
Total payments and change in liabilities from Life Insurance and Savings Segment						9,582,644
Total comprehensive income (loss) from Life Insurance and Savings Business	6,239 (5)	(116,301) (5)	(3,054)	47,466 (5)	28,637	(37,013)

- (1) Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies that were backed mainly by designated bonds.
- (2) The financial margin does not include additional income of the Company collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
- (3) As of September 30, 2023, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 552 million.
- (4) This amount includes investment income or losses carried to participating policies.
- (5) Includes income in respect of the effect of the changes in the discount rate and in the assumptions regarding the cost of claims for permanent insurance totaling approx. NIS 123 million, before tax. For further details, 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 three-month period ended September 30, 2024:**

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		Total
	Until 1990 (1)	Until 2003	From 2004	Individual	Collective	
			Yield- dependent			
			Unaudited			
	NIS thousand					
Gross premiums	10,850	274,427	495,659	181,282	30,065	992,283
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	2,423,667	-	-	2,423,667
Financial margin including management fees (2)	(59,730)	57,355 (3)	117,604	-	-	115,229
Payments and change in liabilities in respect of insurance contracts, gross	307,311	1,513,350 (4)	1,619,505 (4)	140,629	19,741	3,600,536
Payments and changes in liabilities in respect of investment contracts	-	-	992,346 (4)	-	-	992,346
Total payments and change in liabilities from Life Insurance and Savings Segment						4,592,882
Total comprehensive income (loss) from Life Insurance and Savings Business	(52,901) (5)	126,312 (5)	(3,386) (5)	(16,100) (6)	10,868	64,793

- (1) Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies that were backed mainly by designated bonds.
- (2) The financial margin does not include additional income of the Company collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
- (3) As of September 30, 2024, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 165 million. As of the report publication date, the estimated management fees which will not be collected amounted to approx. NIS 58 million.
- (4) This amount includes investment income or losses carried to participating policies.
- (5) Includes a profit in respect of the effect of changes in the discount rate and in the assumptions regarding annuity uptake totaling approx. NIS 160 million, before tax. For further details, see Note 8A.
- (6) The loss includes, among other things, the effect of the Iron Swords War amounting to approx. NIS 9 million (retention); for further details, see Note 1F.

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 three-month period ended September 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	Individual	Collective	Total
			Yield-			
			dependent			
			Unaudited			
NIS thousand						
Gross premiums	12,641	293,523	597,384	174,408	30,504	1,108,460
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	1,473,801	-	-	1,473,801
Financial margin including management fees (2)	(8,833)	52,055 (3)	104,757	-	-	147,979
Payments and change in liabilities in respect of insurance contracts, gross	128,127	795,856 (4)	1,147,678 (4)	91,533	21,014	2,184,208
Payments and changes in liabilities in respect of investment contracts	-	-	249,833 (4)	-	-	249,833
Total payments and change in liabilities from Life Insurance and Savings Segment						2,434,041
Total comprehensive income (loss) from Life Insurance and Savings Business	65,576 (5)	(46,074) (5)	13,585	4,971	8,295	46,353

- (1) Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies that were backed mainly by designated bonds.
- (2) The financial margin does not include additional income of the Company collected as a percentage of the premium and is calculated before deducting investment management expenses. The financial margin in guaranteed return policies is based on actual investment income, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In this matter, investment income also includes the change in the fair value of available-for-sale financial assets that is charged to the statement of comprehensive income. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
- (3) As of September 30, 2023, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 552 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 discount rate in the calculation of the supplementary retirement pension reserve and paid pensions totaling approx. NIS 81 million, before tax. For further details, 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, 2023:**

	Policies including a saving component (including appendices) by policy issuance date			Policies without a savings component sold as a single policy		Total
	Until 1990 (1)	Until 2003	From 2004	Individual	Collective	
			Yield-			
			dependent			
			Audited			
NIS thousand						
Gross premiums	51,910	1,164,959	2,500,462	694,165	130,643	4,542,139
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	5,241,397	-	-	5,241,397
Financial margin including management fees (2)	(22,071)	205,548 (3)	400,947	-	-	584,424
Payments and change in liabilities in respect of insurance contracts, gross	793,692	3,993,585 (3)	5,415,055(4)	407,795	89,489	10,699,616
Payments and changes in liabilities in respect of investment contracts	-	-	2,083,371(4)	-	-	2,083,371
Total payments and change in liabilities from Life Insurance and Savings Segment						12,782,987
Total comprehensive income (loss) from Life Insurance and Savings Business	32,814 (5)	(102,532) (5)	27,244	12,037(5)(6)	39,272	8,835

- (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, 2023, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 449 million.
- (4) This amount includes investment income or losses carried to participating policies.
- (5) Includes income in respect of the effect of the changes in the discount rate and in the assumptions regarding the cost of claims for permanent insurance totaling approx. NIS 153 million, before tax. For details, see Note 8A.
- (6) The income includes, among other things, the effect of the Iron Swords War amounting to approx. NIS 40 million (retention). For details, see Note 1C to the Consolidated Annual Financial Statements.

NOTE 3 - OPERATING SEGMENTS (cont.)**C. Additional data regarding the Health Insurance Segment**

	For the 9-month period ended September 30, 2024				
	LTC		Other (2)		Total
	Individual	Collective (5)	Long-term Unaudited	Short-term	
NIS thousand					
Gross premiums	211,004	-	1,362,170(1)	71,415(1)	1,644,589
Payments and change in liabilities in respect of insurance contracts, gross	267,235	567,157	732,402	31,361	1,598,155
Total comprehensive income from the Health Insurance Business	106,559(3)	12,001	194,290	9,777	322,627

(1) Of this, individual premiums in the amount of NIS 901,305 thousand and collective premiums in the amount of NIS 532,280 thousand.

	For the 9-month period ended September 30, 2023				
	LTC		Other (2)		Total
	Individual	Collective	Long-term Unaudited	Short-term	
NIS thousand					
Gross premiums	209,676	927,144	1,290,939(1)	98,971(1)	2,526,730
Payments and change in liabilities in respect of insurance contracts, gross	288,026	1,522,967	763,090	37,506	2,611,589
Total comprehensive income from the Health Insurance Business	168,170(3)	(17,068)(3)	125,527	18,162	294,791

(1) Of this, individual premiums in the amount of NIS 876,897 thousand and collective premiums in the amount of NIS 513,013 thousand.

	For the 3-month period ended September 30, 2024				
	LTC		Other (2)		Total
	Individual	Collective (5)	Long-term Unaudited	Short-term	
NIS thousand					
Gross premiums	70,578	-	466,832(1)	33,056(1)	570,466
Payments and change in liabilities in respect of insurance contracts, gross	126,156	84,011	257,409	15,277	482,853
Total comprehensive income from Health Insurance Business	(1,899)	3,897	56,516	4,724	63,238

(1) Of this, individual premiums in the amount of NIS 317,297 thousand and collective premiums in the amount of NIS 182,591 thousand.

NOTE 3 - OPERATING SEGMENTS (cont.)**C. Additional data regarding the Health Insurance Segment (cont.)**

	For the 3-month period ended September 30, 2023				
	LTC		Other (2)		Total
	Individual	Collective	Long-term	Short-term	
			Unaudited		
			NIS thousand		
Gross premiums	69,785	313,816	464,603(1)	42,066(1)	890,270
Payments and change in liabilities in respect of insurance contracts, gross	(49,185)	433,576	228,916	17,151	630,458
Total comprehensive income (loss) from Health Insurance Business	162,877(4)	(7,109)(4)	59,120	7,037	221,925

- (1) Of this, individual premiums in the amount of NIS 306,246 thousand and collective premiums in the amount of NIS 200,423 thousand.

	For the year ended December 31, 2023				
	LTC		Other (2)		Total
	Individual	Collective	Long-term	Short-term	
			Audited		
			NIS thousand		
Gross premiums	<u>280,228</u>	<u>1,245,009</u>	<u>1,674,467(1)</u>	<u>112,245(1)</u>	<u>3,311,949</u>
Payments and change in liabilities in respect of insurance contracts, gross	<u>306,712</u>	<u>2,184,549</u>	<u>1,035,069</u>	<u>50,026</u>	<u>3,576,356</u>
Total comprehensive income (loss) from Health Insurance Business	218,675	(36,973)	149,900	16,020	347,621

- (1) Of this, individual premiums in the amount of NIS 1160951 thousand and collective premiums in the amount of NIS 625,761 thousand.
- (2) The most material coverage included in Other Long-Term Health Insurance in each of the years is medical expenses; in Short-Term Health Insurance - travel insurance.
- (3) The income in the nine-month period ended September 30, 2024 includes an approx. NIS 74 million decrease in the insurance reserves (LAT) until the reserve was zeroed out, and the income in the nine-month period ended September 30, 2023 includes an approx. NIS 42 million decrease in the insurance reserves (LAT).
- (4) The profit (loss) in the three-month period ended September 30, 2023, includes a decrease in the insurance reserves (LAT) in the amount of approx. NIS 159 million.
- (5) Until December 31, 2023, Phoenix Insurance provided collective long-term care insurance services to the members of Maccabi Healthcare Services (hereinafter - "**Maccabi**"), including operational services for long-term care policyholders of Maccabi Magen - Mutual Medical Insurance Association Ltd. In accordance with the agreement with Maccabi, Phoenix Insurance will continue paying insurance benefits in the existing claims, and will deal with new claims that will be filed as long as the insured event took place through December 31, 2023. For that purpose, Phoenix Insurance will retain under its management a claims reserve, that will include the reserves amount, plus a margin of conservatism of 20%, in accordance with the provisions of the agreement. In accordance with the above, most of the decrease in liabilities in respect of insurance contracts and yield-dependent investment contracts in the Health Insurance Segment arises from the discontinuation of long-term care insurance for Maccabi members.

NOTE 3 - OPERATING SEGMENTS (cont.)**D. Additional data regarding the Property and Casualty Insurance Segment**

	For the 9-month period ended September 30, 2024				
	Com- pulsory Motor	Motor Property	Property and Other Segment (*)	Other Liability Sub- segments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	626,061	1,582,979	876,982	660,839	3,746,861
Reinsurance premiums	21,316	-	591,955	335,528	948,799
Premiums - retention	604,745	1,582,979	285,027	325,311	2,798,062
Change in unearned premium balance, retention	72,325	150,482	23,640	17,788	264,235
Premiums earned - retention	532,420	1,432,497	261,387	307,523	2,533,827
Investment income, net and finance income	100,484	53,584	12,970	73,803	240,841
Income from fees and commissions	8,427	-	161,911	43,503	213,841
Total income	641,331	1,486,081	436,268	424,829	2,988,509
Payments and change in liabilities in respect of insurance contracts, gross	417,628	983,423	282,024	296,335	1,979,410
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	1,306	(41)	210,729	183,709	395,703
Payments and change in liabilities for insurance contracts - retention	416,322	983,464	71,295	112,626	1,583,707
Fees and commissions, marketing expenses and other					
purchase expenses	59,394	269,160	194,934	130,640	654,128
General and administrative expenses	16,491	38,761	20,711	23,550	99,513
Other expenses	1,579	865	187	1,154	3,785
Finance expenses	3,512	-	454	2,579	6,545
Total expenses	497,298	1,292,250	287,581	270,549	2,347,678
Company's share in the net results of investees	12,375	6,843	1,599	9,089	29,906
Profit before taxes on income	156,408	200,674	150,286	163,369	670,737
Other comprehensive income before income tax	2,968	1,641	384	2,179	7,172
Total comprehensive income for the period before taxes on income	159,376	202,315	150,670	165,548	677,909
Liabilities in respect of insurance contracts, gross, as of September 30, 2024 (unaudited)	3,086,379	1,391,563	1,219,644	2,673,185	8,370,771
Liabilities in respect of insurance contracts - retention - as of September 30, 2024 (unaudited)	2,289,510	1,391,556	267,037	1,603,427	5,551,530

(*) Property and Other Segment mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 77% 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 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 9-month period ended September 30, 2023				
	Com- pulsory Motor	Motor Property	Property and Other Segment (*)	Other Liability Sub- segments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	574,369	1,450,629	798,725	626,100	3,449,823
Reinsurance premiums	39,687	-	548,371	297,184	885,242
Premiums - retention	534,682	1,450,629	250,354	328,916	2,564,581
Change in unearned premium balance, retention	60,846	225,982	27,405	44,359	358,592
Premiums earned - retention	473,836	1,224,647	222,949	284,557	2,205,989
Investment income, net and finance income	57,851	25,038	5,948	48,146	136,983
Income from fees and commissions	21,565	9	120,250	35,726	177,550
Total income	553,252	1,249,694	349,147	368,429	2,520,522
Payments and change in liabilities in respect of insurance contracts, gross	418,473	1,045,299	419,896	292,065	2,175,733
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	33,362	(50)	339,525	159,932	532,769
Payments and change in liabilities for insurance contracts - retention	385,111	1,045,349	80,371	132,133	1,642,964
Fees and commissions, marketing expenses and other purchase expenses	59,245	225,301	174,137	109,693	568,376
General and administrative expenses	23,390	39,206	22,922	22,005	107,523
Finance expenses	6,453	-	663	5,370	12,486
Total expenses	474,199	1,309,856	278,093	269,201	2,331,349
Company's share in the net results of investees	1,783	868	184	1,482	4,317
Income (loss) before taxes on income	80,836	(59,294)	71,238	100,710	193,490
Other comprehensive income before income tax	27,374	13,335	2,815	22,782	66,306
Total comprehensive income (loss) for the period before taxes on income	108,210	(45,959)	74,053	123,492	259,796
Liabilities in respect of insurance contracts, gross, as of September 30, 2023 (unaudited)	3,155,990	1,291,227	809,990	2,588,329	7,845,536
Liabilities in respect of insurance contracts - retention - as of September 30, 2023 (unaudited)	2,145,902	1,291,188	236,214	1,713,333	5,386,637

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

NOTE 3 - OPERATING SEGMENTS (cont.)**D. Additional data regarding the Property and Casualty Insurance Segment (cont.)**

	For the 3-month period ended September 30, 2024				
	Com- pulsory Motor	Motor Property	Property and Other Segment (*)	Other Liability Sub- segments (**)	Total
	Unaudited				
	NIS thousand				
Gross premiums	217,310	515,564	292,486	223,803	1,249,163
Reinsurance premiums	7,544	-	194,362	107,030	308,936
Premiums - retention	209,766	515,564	98,124	116,773	940,227
Change in unearned premium balance, retention	23,674	26,236	5,087	10,111	65,108
Premiums earned - retention	186,092	489,328	93,037	106,662	875,119
Investment income, net and finance income	42,878	23,228	6,068	31,152	103,326
Income from fees and commissions	2,355	-	63,298	14,774	80,427
Total income	231,325	512,556	162,403	152,588	1,058,872
Payments and change in liabilities in respect of insurance contracts, gross	211,354	344,472	95,272	148,518	799,616
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	22,339	(12)	64,908	70,143	157,378
Payments and change in liabilities for insurance contracts - retention	189,015	344,484	30,364	78,375	642,238
Fees and commissions, marketing expenses and other purchase expenses	21,365	93,852	71,821	41,281	228,319
General and administrative expenses	5,535	14,050	7,053	7,504	34,142
Other expenses	19	43	-	-	62
Finance expenses	1,434	-	205	1,040	2,679
Total expenses	217,368	452,429	109,443	128,200	907,440
Company's share in the net results of investees	6,104	3,411	848	4,446	14,809
Profit before taxes on income	20,061	63,538	53,808	28,834	166,241
Other comprehensive income before income tax	1,800	1,002	244	1,315	4,361
Total comprehensive income for the period before taxes on income	21,861	64,540	54,052	30,149	170,602
Liabilities in respect of insurance contracts, gross, as of September 30, 2024 (unaudited)	3,086,379	1,391,563	1,219,644	2,673,185	8,370,771
Liabilities in respect of insurance contracts - retention - as of September 30, 2024 (unaudited)	2,289,510	1,391,556	267,037	1,603,427	5,551,530

(*) Property and Other Segment mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 73% 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 September 30, 2023				
	Com- pulsory Motor	Motor Property	Property and Other Segment (*)	Other Liability Subsegments (**)	Total
	Unaudited NIS thousand				
Gross premiums	185,655	453,025	244,403	208,218	1,091,301
Reinsurance premiums	12,887	-	160,768	104,774	278,429
Premiums - retention	172,768	453,025	83,635	103,444	812,872
Change in unearned premium balance, retention	(2,926)	6,863	5,230	3,210	12,377
Premiums earned - retention	175,694	446,162	78,405	100,234	800,495
Investment income, net and finance income	20,215	8,548	2,289	16,506	47,558
Income from fees and commissions	5,876	-	41,703	12,130	59,709
Total income	201,785	454,710	122,397	128,870	907,762
Payments and change in liabilities in respect of insurance contracts, gross	131,635	375,817	121,574	86,892	715,918
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(312)	7	94,669	51,133	145,497
Payments and change in liabilities for insurance contracts - retention	131,947	375,810	26,905	35,759	570,421
Fees and commissions, marketing expenses and other purchase expenses	21,417	88,208	65,134	37,435	212,194
General and administrative expenses	7,822	13,023	7,612	5,605	34,062
Finance expenses	2,119	-	241	1,726	4,086
Total expenses	163,305	477,041	99,892	80,525	820,763
Company's share in the net results of investees	1,476	716	154	1,224	3,570
Income (loss) before taxes on income	39,956	(21,615)	22,659	49,569	90,569
Other comprehensive income before income tax	(1,259)	(843)	32	(1,289)	(3,359)
Total comprehensive income (loss) for the period before taxes on income	38,697	(22,458)	22,691	48,280	87,210
Liabilities in respect of insurance contracts, gross, as of September 30, 2023 (unaudited)	3,155,990	1,291,227	809,990	2,588,329	7,845,536
Liabilities in respect of insurance contracts - retention - as of September 30, 2023 (unaudited)	2,145,902	1,291,188	236,214	1,713,333	5,386,637

(*) Property and Other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 75% 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 85% 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, 2023				
	Com- pulsory Motor	Motor Property	Property and Other Segment (*)	Other Liability Subseg- ments (**)	Total
			Audited		
			NIS thousand		
Gross premiums	726,648	1,840,326	1,102,867	799,166	4,469,007
Reinsurance premiums	50,617	-	771,906	380,906	1,203,429
Premiums - retention	676,031	1,840,326	330,961	418,260	3,265,578
Change in unearned premium balance, retention	39,064	158,245	27,501	28,358	253,168
Premiums earned - retention	636,967	1,682,081	303,460	389,902	3,012,410
Investment income, net and finance income	80,939	35,226	8,951	66,910	192,026
Income from fees and commissions	25,971	5	172,429	50,189	248,594
Total income	743,877	1,717,312	484,840	507,001	3,453,030
Payments and change in liabilities in respect of insurance contracts, gross	383,635	1,332,795	861,869	270,153	2,848,452
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	7,584	(60)	753,983	217,983	979,490
Payments and change in liabilities for insurance contracts - retention	376,051	1,332,855	107,886	52,170	1,868,962
Fees and commissions, marketing expenses and other purchase expenses	86,058	324,285	242,397	152,301	805,041
General and administrative expenses	31,227	52,220	30,424	29,339	143,210
Finance expenses	6,545	-	724	5,410	12,679
Total expenses	499,881	1,709,360	381,431	239,220	2,829,892
Company's share in the net results of investees	(1,494)	(707)	(165)	(1,235)	(3,601)
Profit before taxes on income	242,502	7,245	103,244	266,546	619,537
Other comprehensive income before income tax	34,797	16,477	3,848	28,766	83,888
Total comprehensive income for the period before taxes on income	277,299	23,722	107,092	295,312	703,425
Liabilities in respect of insurance contracts, gross, as of December 31, 2023 (audited)	2,985,505	1,176,543	1,213,941	2,474,590	7,850,579
Liabilities in respect of insurance contracts - retention - as of December 31, 2023 (audited)	2,043,714	1,176,505	241,380	1,571,803	5,033,402

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

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement (Pension and Provident) Segment

	For the 9-month period ended September 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	80,298	9,213	89,511
Income from management fees	343,582	263,255	606,837
Other income	35	1,582	1,617
Total income	423,915	274,050	697,965
Change in liabilities for investment contracts	76,665	-	76,665
Fees and commissions, marketing expenses and other purchase expenses	160,300	145,906	306,206
General and administrative expenses	109,459	84,720	194,179
Other expenses	11,596	11,375	22,971
Finance expenses	11,515	14,802	26,317
Total expenses	369,535	256,803	626,338
Total comprehensive income for the period before taxes on income	54,380	17,247	71,627

	For the 9-month period ended September 30, 2023		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	74,101	7,423	81,524
Income from management fees	325,131	229,237	554,368
Other income	15,616	1,873	17,489
Total income	414,848	238,533	653,381
Change in liabilities for investment contracts	70,592	-	70,592
Fees and commissions, marketing expenses and other purchase expenses	143,506	133,483	276,989
General and administrative expenses	126,806	75,379	202,185
Other expenses	14,161	11,644	25,805
Finance expenses	7,499	6,683	14,182
Total expenses	362,564	227,189	589,753
Company's share in the net results of an investee	362	-	362
Total comprehensive income for the period before taxes on income	52,646	11,344	63,990

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement (Pension and Provident) Segment (cont.)

	For the 3-month period ended September 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	30,453	5,492	35,945
Income from management fees	116,981	91,674	208,655
Other income	(3)	650	647
Total income	147,431	97,816	245,247
Change in liabilities for investment contracts	30,343	-	30,343
Fees and commissions, marketing expenses and other purchase expenses	55,973	49,218	105,191
General and administrative expenses	38,640	28,898	67,538
Other expenses	3,303	4,285	7,588
Finance expenses	4,651	5,484	10,135
Total expenses	132,910	87,885	220,795
Total comprehensive income for the period before taxes on income	14,521	9,931	24,452

	For the 3-month period ended September 30, 2023		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Investment income, net and finance income	22,236	3,453	25,689
Income from management fees	111,058	81,868	192,926
Other income	-	663	663
Total income	133,294	85,984	219,278
Change in liabilities for investment contracts	20,648	-	20,648
Fees and commissions, marketing expenses and other purchase expenses	49,092	46,260	95,352
General and administrative expenses	57,108	26,198	83,306
Other expenses	4,338	4,360	8,698
Finance expenses	2,852	4,147	6,999
Total expenses	134,038	80,965	215,003
Total comprehensive income (loss) for the period before taxes on income	(744)	5,019	4,275

	For the year ended December 31, 2023		
	Provident	Pension	Total
	Audited		
	NIS thousand		
Investment income, net and finance income	91,840	9,145	100,985
Income from management fees	438,935	312,047	750,982
Other income	15,904	2,482	18,386
Total income	546,679	323,674	870,353
Change in liabilities for investment contracts	88,921	-	88,921
Fees and commissions, marketing expenses and other purchase expenses	195,455	181,232	376,687
General and administrative expenses	170,409	104,367	274,776
Other expenses	20,934	15,686	36,620
Finance expenses	9,501	11,138	20,639
Total expenses	485,220	312,423	797,643
Company's share in the net results of an investee	306	-	306
Total comprehensive income for the period before taxes on income	61,765	11,251	73,016

NOTE 4 - BUSINESS COMBINATIONS

A. Acquisition of the active mutual funds activity from Psagot by Phoenix Investment House (including through subsidiaries)

On December 19, 2023, Phoenix Investment House engaged with companies of the Psagot Investment House group in a binding agreement for a total consideration of approx. NIS 150 million (hereinafter - the "**Consideration Amount**"), as detailed below:

The agreement between Phoenix Investment House and KSM Mutual Funds Ltd., Psagot Finance and Investment Group Ltd., and Psagot Mutual Funds Ltd. (hereinafter - "**Psagot Funds**"), whereunder Psagot Funds will sell all the active funds, that are currently under the management of Psagot Funds with assets under management of approx. NIS 22.2 billion (hereinafter - the "**Active Funds**"); the agreement includes a non-compete undertaking by Psagot Group and Psagot Investment House with respect to Active Funds for a period of 4 years (hereinafter jointly - the "**Funds Sale Agreement**").

On March 21, 2024, after the fulfillment of all the conditions precedent, the transaction was completed in consideration for approx. NIS 151 million and assets under management of active funds at the total value of approx. NIS 22.8 billion were transferred to Phoenix Investment House.

For the purpose of the said acquisition, Phoenix Investment House took a bank loan totaling approx. NIS 100 million for a period of 7 years. The loan principal will bear an interest of Prime minus 0.5%.

Phoenix Investment House 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 approval date 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 acquired can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments are made by way of a restating the comparative figures previously reported according to the provisional measurement.

As a result of this purchase, Phoenix Investment House recorded intangible assets, which include customer relations and non-compete agreement in the amount of approx. NIS 41 million, and goodwill in the amount of approx. NIS 110 million.

B. Assuming control in Yoram Zilberman Insurance Agency N.S.R (2000) Ltd.

In August 2023, a subsidiary of Phoenix Agencies and Yoram Zilberman Insurance Agency N.S.R (2000) Ltd. (hereinafter - "**Zilberman**") entered into a binding agreement for the purchase of 70% of Zilberman's shares, in consideration for a total of approx. NIS 46 million.

In June 2024, after all conditions precedent have been met, the agreement was completed in consideration for approx. NIS 46 million.

Phoenix Agencies recognized the fair value of the assets acquired and the liabilities taken as part of the business combination according to a provisional measurement. As of the approval date 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 acquired can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments are made by way of a restating the comparative figures previously reported according to the provisional measurement.

NOTE 4 - BUSINESS COMBINATIONS (cont.)

B. Assuming control in Yoram Zilberman Insurance Agency N.S.R (2000) Ltd. (cont.)

As a result of the acquisition, Phoenix Agencies recognized intangible assets comprising mainly customer portfolios totaling approx. NIS 46 million and goodwill totaling approx. NIS 18 million.

C. Additional acquisitions in consolidated companies of Phoenix Agencies (excluding Section B above)

During the reporting period, consolidated companies of Phoenix Agencies purchased insurance portfolios/ a controlling stake in insurance agencies. As a result of these acquisitions, consolidated companies of Phoenix Agencies recognized intangible assets comprising mainly customer portfolios totaling approx. NIS 30 million and goodwill totaling approx. NIS 20 million.

NOTE 5 - FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

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

	As of September 30		As of
	2024	2023	December 31
	Unaudited		Audited
	NIS thousand		
Investment property	2,350,695	2,233,796	2,283,063
Financial investments:			
Liquid debt assets	23,209,315	21,811,901	22,136,113
Illiquid debt assets	8,250,525	7,812,630	7,849,659
Shares	20,641,656	20,503,430	19,844,102
Other financial investments	35,206,743	31,620,524	32,988,063
Total financial investments	87,308,239	81,748,485	82,817,937
Cash and cash equivalents	19,009,002	19,093,748	19,303,547
Other	256,067	282,119	364,965
Total assets for yield-dependent contracts	108,924,003	103,358,148	104,769,512

- Fair value of financial assets by level:

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

Level 1 - fair value measured using quoted prices (unadjusted) in an active market for identical instruments.

Level 2 - fair value measured using observable inputs, either directly or indirectly, that are not included in Level 1 above.

Level 3 - fair value measured using inputs that are not based on observable market inputs.

For financial instruments periodically recognized at fair value, the Company estimates, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

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

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)**A. Assets for yield-dependent contracts (cont.)**2. Fair value of financial assets by level (cont.)

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

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	16,732,161	6,477,154	-	23,209,315
Illiquid debt assets	-	5,354,802	2,895,723	8,250,525
Shares	18,208,197	56,215	2,377,244	20,641,656
Other financial investments	11,695,712	1,521,588	21,989,443	35,206,743
Total	46,636,070	13,409,759	27,262,410	87,308,239

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	15,127,693	6,684,208	-	21,811,901
Illiquid debt assets	-	5,007,002	2,805,628	7,812,630
Shares	18,116,550	235,179	2,151,701	20,503,430
Other financial investments	10,990,660	986,137	19,643,727	31,620,524
Total	44,234,903	12,912,526	24,601,056	81,748,485

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Financial investments:				
Liquid debt assets	16,876,330	5,259,783	-	22,136,113
Illiquid debt assets	-	5,154,886	2,694,773	7,849,659
Shares	17,550,366	189,265	2,104,471	19,844,102
Other financial investments	11,902,152	1,855,238	19,230,673	32,988,063
Total	46,328,848	12,459,172	24,029,917	82,817,937

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

	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 as of January 1, 2024 (audited)	-	2,694,773	2,104,471	19,230,673	24,029,917
Total gains recognized in profit or loss (*)	-	276,258	27,277	1,924,320	2,227,855
Purchases	-	772,886	366,797	3,171,224	4,310,907
Proceeds from interest and dividend	-	(91,472)	(32,462)	(683,123)	(807,057)
Redemptions / sales	-	(737,926)	(88,839)	(1,653,651)	(2,480,416)
Transfers from Level 3 (**)	-	(18,796)	-	-	(18,796)
Balance as of September 30, 2024 (unaudited)	-	<u>2,895,723</u>	<u>2,377,244</u>	<u>21,989,443</u>	<u>27,262,410</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024 (unaudited)	-	<u>129,412</u>	<u>(6,774)</u>	<u>1,264,803</u>	<u>1,387,441</u>

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

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	NIS thousand				
Balance as of January 1, 2023 (audited)	-	1,916,398	1,876,296	17,268,806	21,061,500
Total gains recognized in profit or loss (*)	-	260,203	30,990	1,938,347	2,229,540
Purchases	-	1,001,980	378,611	2,854,603	4,235,194
Proceeds from interest and dividend	-	(70,090)	(26,018)	(784,283)	(880,391)
Redemptions / sales	-	(768,602)	(108,178)	(1,633,746)	(2,510,526)
Transfers into Level 3 (**)	-	570,072	-	-	570,072
Transfers from Level 3 (**)	-	(104,333)	-	-	(104,333)
Balance as of September 30, 2023 (unaudited)	-	<u>2,805,628</u>	<u>2,151,701</u>	<u>19,643,727</u>	<u>24,601,056</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2023 (unaudited)	-	<u>172,190</u>	<u>21,359</u>	<u>1,293,445</u>	<u>1,486,994</u>

(**) 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 July 1, 2024	-	2,824,193	2,408,959	21,703,396	26,936,548
Total gains recognized in profit or loss (*)	-	118,675	16,285	230,176	365,136
Purchases	-	304,938	52,869	894,036	1,251,843
Proceeds from interest and dividend	-	(21,813)	(12,168)	(244,737)	(278,718)
Redemptions / sales	-	(330,270)	(88,701)	(593,428)	(1,012,399)
Balance as of September 30, 2024	-	<u>2,895,723</u>	<u>2,377,244</u>	<u>21,989,443</u>	<u>27,262,410</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2024	-	<u>80,995</u>	<u>3,717</u>	<u>28,190</u>	<u>112,902</u>

	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 July 1, 2023	-	2,646,814	2,148,312	18,836,507	23,631,633
Total gains recognized in profit or loss (*)	-	83,733	16,648	786,592	886,973
Purchases	-	292,572	29,376	937,040	1,258,988
Proceeds from interest and dividend	-	(23,656)	(12,933)	(335,931)	(372,520)
Redemptions / sales	-	(194,261)	(29,702)	(580,481)	(804,444)
Transfers into Level 3 (**)	-	426	-	-	426
Balance as of September 30, 2023	-	<u>2,805,628</u>	<u>2,151,701</u>	<u>19,643,727</u>	<u>24,601,056</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2023	-	<u>45,537</u>	<u>20,473</u>	<u>527,820</u>	<u>593,830</u>

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

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
	Audited				
	NIS thousand				
Balance as of January 1, 2023	-	1,916,398	1,876,296	17,268,806	21,061,500
Total gains recognized in profit or loss (*)	-	283,440	94,851	1,442,721	1,821,012
Purchases	-	1,505,591	288,034	3,671,319	5,464,944
Proceeds from interest and dividend	-	(122,986)	(27,331)	(1,011,022)	(1,161,339)
Redemptions / sales	-	(1,233,422)	(127,379)	(2,082,158)	(3,442,959)
Transfers into Level 3 (**)	-	665,478	-	-	665,478
Transfers from Level 3 (**)	-	(319,726)	-	(58,993)	(378,719)
Balance as of December 31, 2023	-	2,694,773	2,104,471	19,230,673	24,029,917
(*) Of which: Total unrealized gains for the period included in profit and loss in respect of assets					
- balance held as of December 31, 2023	-	71,551	88,863	510,766	671,180

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

B. Other financial investments1. Illiquid debt assets

Composition:

	As of September 30, 2024	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
<u>Government bonds</u>		
Presented as loans and receivables:		
Designated bonds and treasury deposits (*)	8,533,658	10,349,384
<u>Other non-convertible debt assets</u>		
Presented at fair value through profit and loss	22,620	22,620
Presented as loans and receivables:		
Other non-convertible debt assets, excluding deposits with banks	6,833,848	6,825,097
Deposits with banks	1,012,929	1,016,051
Total other non-convertible debt assets	7,869,397	7,863,768
Total illiquid debt assets	16,403,055	18,213,152
Impairments carried to profit and loss (cumulative)	64,261	

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

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)**B. Other financial investments (cont.)**1. Illiquid debt assets (cont.)

Composition: (cont.)

	As of September 30, 2023	
	Carrying	Fair value
	amount	Unaudited
	NIS thousand	
<u>Government bonds</u>		
Presented as loans and receivables:		
Designated bonds and treasury deposits (*)	8,364,876	10,668,210
<u>Other non-convertible debt assets</u>		
Presented as loans and receivables:		
Other non-convertible debt assets, excluding deposits with banks	7,309,970	7,225,953
Deposits with banks	800,899	807,389
Total other non-convertible debt assets	8,110,869	8,033,342
Total illiquid debt assets	16,475,745	18,701,552
Impairments carried to profit and loss (cumulative)	82,617	
(*) The fair value was calculated according to the contractual repayment date.		

	As of December 31, 2023	
	Carrying	Fair value
	amount	Audited
	NIS thousand	
<u>Government bonds</u>		
Presented as loans and receivables:		
Designated bonds and treasury deposits (*)	8,300,538	10,586,670
<u>Other non-convertible debt assets</u>		
Presented at fair value through profit and loss	21,060	21,060
Presented as loans and receivables:		
Other non-convertible debt assets, excluding deposits with banks	7,494,386	7,473,444
Deposits with banks	777,937	784,524
Total other non-convertible debt assets	8,293,383	8,279,028
Total illiquid debt assets	16,593,921	18,865,698
Impairments carried to profit and loss (cumulative)	103,271	
(*) The fair value was calculated according to the contractual repayment date.		

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)**B. Other financial investments (cont.)**2. Fair value of financial assets by level

The tables below depict an analysis of the financial instruments presented at fair value. During the reporting periods there were no material transfers between Level 1 and Level 2.

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,821,810	1,298,530	-	6,120,340
Illiquid debt assets	-	-	22,620	22,620
Shares	2,256,431	35,063	583,449	2,874,943
Other	651,256	56,035	5,340,781	6,048,072
Total	<u>7,729,497</u>	<u>1,389,628</u>	<u>5,946,850</u>	<u>15,065,975</u>

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,433,419	1,498,706	-	5,932,125
Shares	1,665,735	89,449	525,006	2,280,190
Other	617,682	282,174	4,968,773	5,868,629
Total	<u>6,716,836</u>	<u>1,870,329</u>	<u>5,493,779</u>	<u>14,080,944</u>

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liquid debt assets	4,913,289	860,148	-	5,773,437
Illiquid debt assets	-	-	21,060	21,060
Shares	1,696,440	65,547	525,605	2,287,592
Other	550,136	532,275	5,033,923	6,116,334
Total	<u>7,159,865</u>	<u>1,457,970</u>	<u>5,580,588</u>	<u>14,198,423</u>

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 as of January 1, 2024 (audited)	-	21,060	525,605	5,033,923	5,580,588
Total gains (losses) recognized:					
In profit and loss (*)	-	1,560	43,333	237,405	282,298
In other comprehensive income	-	-	(26,960)	138,349	111,389
Purchases	-	-	102,000	723,422	825,422
Proceeds from interest and dividend	-	-	(5,778)	(172,608)	(178,386)
Redemptions / sales	-	-	(46,819)	(619,710)	(666,529)
Transfers from Level 3 (**)	-	-	(7,932)	-	(7,932)
Balance as of September 30, 2024 (unaudited)	-	<u>22,620</u>	<u>583,449</u>	<u>5,340,781</u>	<u>5,946,850</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024 (unaudited)	-	<u>67</u>	<u>1,132</u>	<u>(21,728)</u>	<u>(20,529)</u>

(**) Transfers from Level 3 stem mainly from securities classified to investment as an associate.

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	NIS thousand				
Balance as of January 1, 2023 (audited)	-	-	486,793	4,111,483	4,598,276
Total gains (losses) recognized:					
In profit and loss (*)	-	-	(7,763)	217,843	210,080
In other comprehensive income	-	-	28,051	280,877	308,928
Purchases	-	-	25,081	839,277	864,358
Proceeds from interest and dividend	-	-	(6,867)	(214,346)	(221,213)
Redemptions / sales	-	-	(289)	(266,361)	(266,650)
Balance as of September 30, 2023 (unaudited)	-	-	<u>525,006</u>	<u>4,968,773</u>	<u>5,493,779</u>
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2023 (unaudited)	-	-	<u>(18,377)</u>	<u>(39,535)</u>	<u>(57,912)</u>

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 July 1, 2024	-	21,127	591,853	5,274,031	5,887,011
Total gains (losses) recognized:					
In profit and loss (*)	-	1,493	18,168	66,137	85,798
In other comprehensive income	-	-	1,517	(15,919)	(14,402)
Purchases	-	-	4,600	230,461	235,061
Proceeds from interest and dividend	-	-	(4,455)	(65,584)	(70,039)
Redemptions / sales	-	-	(20,302)	(148,345)	(168,647)
Transfers from Level 3 (**)	-	-	(7,932)	-	(7,932)
Balance as of September 30, 2024	-	22,620	583,449	5,340,781	5,946,850
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2024	-	1,493	(1,112)	(16,011)	(15,630)
(**) Transfers from Level 3 stem mainly from securities classified to investment as an associate.					

	Fair value measurement at the reporting date				
	Financial assets at fair value through profit and loss and available-for-sale financial assets				
	Liquid debt assets	Illiquid debt assets	Shares	Other financial investments	Total
	Unaudited				
	NIS thousand				
Balance as of July 1, 2023	-	-	527,862	4,752,796	5,280,658
Total gains (losses) recognized:					
In profit and loss (*)	-	-	(9,721)	92,718	82,997
In other comprehensive income	-	-	10,581	79,106	89,687
Purchases	-	-	1,913	233,827	235,740
Proceeds from interest and dividend	-	-	(5,340)	(86,384)	(91,724)
Redemptions / sales	-	-	(289)	(103,290)	(103,579)
Balance as of September 30, 2023	-	-	525,006	4,968,773	5,493,779
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2023	-	-	(17,377)	(13,965)	(31,342)

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, 2023	-	-	486,793	4,111,483	4,598,276
Total gains (losses) recognized:					
In profit and loss (*)	-	2,974	(16,455)	310,049	296,568
In other comprehensive income	-	-	44,079	159,098	203,177
Purchases	-	18,086	18,576	1,079,251	1,115,913
Proceeds from interest and dividend	-	-	(6,978)	(277,485)	(284,463)
Redemptions / sales	-	-	(410)	(321,957)	(322,367)
Transfers from Level 3 (**)	-	-	-	(26,516)	(26,516)
Balance as of December 31, 2023	-	21,060	525,605	5,033,923	5,580,588
(*) Of which: Total unrealized losses for the period included in profit and loss in respect of assets - balance held as of December 31, 2023	-	2,974	(26,269)	(45,060)	(68,355)

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

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

	As of September 30		As of December 31
	2024	2023	2023
	Unaudited		Audited
	NIS thousand		
Trade receivables and checks for collection (*)	1,188,546	990,378	858,113
Credit vouchers	31,601	25,568	10,539
Loans and checks for collection (*)	1,564,612	1,092,375	1,016,231
Credit vouchers for sale	2,012,328	1,413,485	1,851,336
Loan loss provision (*)	(33,363)	(36,005)	(35,870)
Total	4,763,724	3,485,801	3,700,349

(*) For details regarding the restructuring in the Credit Segment, see Note 8E.

As a result of the restructuring, Gama has off-balance sheet credit provision liabilities, whose total amount as of September 30, 2024 is approx. NIS 1.2 billion; for details regarding the total amount of the Group's credit provision liabilities, see Note 43C(3) to the Annual Financial Statements.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)**D. Financial liabilities****1. Breakdown of financial liabilities**

	As of September 30, 2024	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Short-term credit and loans from banking corporations	2,272,981	2,272,981
Loans from non-bank entities	1,109,271	1,109,271
Bonds	2,496,614	2,429,394
Subordinated notes (1)	4,115,099	3,966,430
Additional Tier 1 capital subordinated bond (1)	373,366	347,294
Trade receivables for credit cards	1,777,534	1,777,534
Repo in respect of non-yield-dependent contracts (2)	937,657	937,657
Other (3)	39,781	39,781
Total financial liabilities presented at amortized cost	<u>13,122,303</u>	<u>12,880,342</u>
<u>Financial liabilities presented at fair value through profit and loss:</u>		
Derivatives held for yield-dependent contracts	939,481	939,481
Derivatives held for non-yield-dependent contracts	381,943	381,943
Repo liability in respect of yield-dependent contracts (2)	363,854	363,854
Liability for short sale of liquid securities	1,544,485	1,544,485
Total financial liabilities presented at fair value through profit and loss	<u>3,229,763</u>	<u>3,229,763</u>
<u>Lease liabilities (4)</u>	<u>173,649</u>	
Total financial liabilities	<u>16,525,715</u>	

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

(2) Phoenix Insurance has 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 collaterals 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.)

	As of September 30, 2023	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Short-term credit and loans from banking corporations	764,982	764,982
Loans from non-bank entities	806,703	806,703
Bonds	2,149,660	2,051,356
Subordinated notes (1)	3,684,738	3,534,172
Additional Tier 1 capital subordinated bond (1)	216,791	187,250
Trade receivables for credit cards	1,536,277	1,536,277
Repo in respect of non-yield-dependent contracts (2)	955,192	955,192
Other (3)	31,449	31,449
Total financial liabilities presented at amortized cost	<u>10,145,792</u>	<u>9,867,381</u>
<u>Financial liabilities presented at fair value through profit and loss:</u>		
Derivatives held for yield-dependent contracts	1,954,617	1,954,617
Derivatives held for non-yield-dependent contracts	782,564	782,564
Repo in respect of yield-dependent contracts (2)	1,287,696	1,287,696
Liability for short sale of liquid securities	<u>1,013,470</u>	<u>1,013,470</u>
Total financial liabilities presented at fair value through profit and loss	<u>5,038,347</u>	<u>5,038,347</u>
<u>Lease liabilities (3)</u>	<u>120,445</u>	
<u>Total financial liabilities</u>	<u>15,304,584</u>	

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

(2) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks. The term of those transactions is 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 collaterals 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.)

	As of December 31, 2023	
	Carrying	Fair value
	amount	
	Audited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Short-term credit and loans from banking corporations	1,011,800	1,011,800
Loans from non-bank entities	886,621	886,621
Bonds	2,495,765	2,439,861
Subordinated notes (1)	4,480,493	4,388,401
Notes - additional Tier 1 capital	217,644	240,359
Trade receivables for credit cards	1,754,711	1,754,711
Repo in respect of non-yield-dependent contracts (2)	833,501	833,501
Other (3)	54,069	54,069
Total financial liabilities presented at amortized cost	11,734,604	11,609,323
<u>Financial liabilities presented at fair value through profit and loss:</u>		
Derivatives held for yield-dependent contracts	1,052,783	1,052,783
Derivatives held for non-yield-dependent contracts	439,993	439,993
Repo in respect of yield-dependent contracts (2)	1,180,841	1,180,841
Liability for short sale of liquid securities	1,038,609	1,038,609
Other	6,000	6,000
Total financial liabilities presented at fair value through profit and loss	3,718,226	3,718,226
<u>Lease liabilities (4)</u>	123,079	
Total financial liabilities	15,575,909	

- (1) The notes were issued for the purpose of complying with the capital requirements.
- (2) Phoenix Insurance has 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 collaterals 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

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	1,544,485	-	-	1,544,485
Repo in respect of yield-dependent contracts		363,854		363,854
Derivatives	164,302	1,147,847	9,275	1,321,424
Financial liabilities presented at fair value	<u>1,708,787</u>	<u>1,511,701</u>	<u>9,275</u>	<u>3,229,763</u>

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liability for short sale of liquid securities	1,013,470	-	-	1,013,470
Repo in respect of yield-dependent contracts	-	1,287,696	-	1,287,696
Derivatives	1,308,692	1,417,902	10,587	2,737,181
Financial liabilities presented at fair value	<u>2,322,162</u>	<u>2,705,598</u>	<u>10,587</u>	<u>5,038,347</u>

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liability for short sale of liquid securities	1,044,609	-	-	1,044,609
Repo in respect of yield-dependent contracts	-	1,180,841	-	1,180,841
Derivatives	160,897	1,321,446	10,433	1,492,776
Financial liabilities presented at fair value	<u>1,205,506</u>	<u>2,502,287</u>	<u>10,433</u>	<u>3,718,226</u>

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, discounted cash flows, or other valuation methods.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)**D. Financial liabilities (cont.)****3. Valuation techniques (cont.)****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.

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.

d) Liability for Repo

The Company enters into Repo transactions with multiple parties, especially financial institutions. The underlying assets of these transactions are not derecognized from the Company's statements of financial position, since the Company is still exposed to the risks and economic benefits arising therefrom. Accordingly, the consideration received in the transaction is presented against a financial liability. The differences between the consideration received in the transaction and the future purchase price represents the transaction's implicit effective interest rate, which is used by the Company in the subsequent measurement of the financial liability in the statements of financial position.

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. Phoenix Insurance, Phoenix Investment House group, Retirement (Pension and Provident) 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

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 solvency capital requirement.

The recognized economic equity capital 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 Provisions of the Economic Solvency Regime, and which reflect insurance risks, market and credit risks as well as operational risks.

The Economic Solvency Regime includes, among other things, Provisions for the Transitional Period 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 Provisions of the Economic Solvency Regime (hereinafter - the "**Deduction**"). The Deduction will decrease gradually until 2032 (hereinafter - the "**Transitional Period**").

In accordance with the Provisions of the Economic Solvency Regime Report, 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 27F(3) to the Consolidated Annual Financial Statements, 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 Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes, 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 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. In addition, if the Company's solvency ratio falls to 120% or below, it will publish a Full Solvency Ratio Report on a quarterly basis in a semi-annual format, instead of an estimated ratio.

Phoenix Insurance published its Solvency Ratio Report as of June 30, 2024, along with the publication of the Financial Statements. In accordance with the Solvency Ratio Report as of June 30, 2024, The Phoenix Insurance has excess capital, net of the Provisions for the Transitional Period and taking into account the Provisions for the Transitional Period.

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

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

Economic solvency ratio (cont.)

The calculation carried out by Phoenix Insurance as of June 30, 2024 was reviewed by the Company's independent auditors in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard is relevant for the execution of the engagement to assess whether the Company's solvency calculations as of June 30, 2024, comply, in all material respects, with the Commissioner's Directives, and are not part of the audit or review 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 June 30, 2024, 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 the 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, see Section 2.1 to the Report of the Board of Directors, and the Economic Solvency Ratio Report as of June 30, 2024.

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 Provisions for the Transitional Period and subject to the economic solvency ratio target set by the Company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

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

B. Dividend (cont.)

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 Provisions for the Transitional Period, is set at 135%. In addition, on August 21, 2024, the Company's Board of Directors increased the minimum economic solvency ratio target by 3 percentage points without taking into account the provisions during the Transitional Period - from a rate of 115% to a rate of 118% beginning on June 30, 2024. 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, Phoenix Insurance's Board of Directors approval of the dividend distribution whereby, as from 2021, Phoenix Insurance shall distribute an annual dividend at a rate of 30% to 50% of its distributable comprehensive income as per its audited Consolidated Annual Financial Statements for the relevant year, as long as Phoenix Insurance meets the minimum economic solvency ratio targets in accordance with Solvency II, as described above.

On March 28, 2022, 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 Phoenix Insurance's financial results for 2022 and thereafter. According to the update, the rate of dividend will not change, but 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.

On May 28, 2024, Phoenix Insurance's Board of Directors approved a revision of its dividend distribution policy whereby, as from 2024, Phoenix Insurance shall distribute an annual dividend at a rate of 40% to 60%.

On August 21, 2024, Phoenix Insurance's Board of Directors approved a cash dividend distribution in the amount of NIS 250 million. This dividend distribution was taken into account in the results of the quarterly solvency ratio as of March 31, 2024 as well as the results of the solvency ratio as of June 30, 2024.

It is hereby clarified that this policy should not be viewed as an undertaking by 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 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 Phoenix Insurance has undertaken or/or will undertake to comply with, to Phoenix Insurance's having sufficient distributable profits on the relevant dates, to the condition that the distribution shall not adversely affect the terms of Phoenix Insurance's bonds and/or its cash flows, and to the extent to which 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 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 Phoenix Insurance, to change the dividend distribution policy, including the rate of dividend to be distributed.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)**C. 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 "**ORSA Circular**"); the ORSA Circular 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 ORSA Circular, Phoenix Insurance 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. As from January 2023, Phoenix Insurance reports its Own Risk and Solvency Assessment of an Insurance Company to the Commissioner for the first time, in accordance with the requirements of the ORSA Circular.

- D.** The Company undertook to supplement, at any time, the equity capital of Phoenix Pension and Provident Funds 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 Phoenix Pension and Provident Funds' equity capital will be negative, provided that the supplement amount does not exceed the liabilities limit as aforesaid; the commitment will be in effect as long as the Company is the controlling shareholder of this entity.
- E.** Phoenix Pension and Provident Funds 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, guidance issued by the Israel Securities Authority and/or the TASE Rules and Regulations. As of the financial statements date, Phoenix Pension and Provident complies with those requirements.
- F.** For details regarding the Company's dividend distribution, see Notes 8D and 8Q.
- G.** For details regarding the share buyback, see Notes 8C and 9B.
- H.** For details regarding the Company's dividend distribution policy, see Note 8L.
- I.** For details regarding the award of restricted share units (RSUs), see Note 8T.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent liabilities

1. 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 the claim as a class action (hereinafter - the "**motion to certify**" or the "**certification 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 certification stage may be subject to a motion for leave to 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 certification 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 the motions to certify claims as class actions and/or claims certified as class actions, as detailed in Note 43A(1) to the Company's Financial Statements as of December 31, 2023 and/or in the table below, 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 motion to certify will be rejected - no provision was included in the Financial Statements, except for motions to certify 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 motions to certify lawsuits as class actions as set out in Sections 20, 27, 45, 49, 52, 57-59 to Note 43A1 to the Company's Financial Statements as of December 31, 2023 and Sections 8, 11, 12, 14-20 in the table below, at this preliminary stage, the chances of the motions to certify 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. Contingent liabilities (cont.)

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

Except as detailed in the table below, as of the report publication date, there were no material changes in the motions to certify lawsuits as class actions, and lawsuits, which were certified as class actions, detailed in Note 43A1 to the Company's financial statements as of December 31, 2023.

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
1.	43A1(12)	June 2017 Central District Court 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 Phoenix Insurance, in violation of the provisions of the law regarding the marketing and sale procedure of such agreements.	<p>In August 2021, the District Court issued a ruling granting the motion to certify the claim as a class action.</p> <p>The class on behalf of which the class action will be conducted is anyone who had purchased from Phoenix Insurance, whether directly or through its agents, service level agreements as part of the comprehensive car insurance policy, with 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.</p> <p>On July 17, 2024, the parties filed with the Court a settlement agreement approval motion at amounts which are immaterial for Phoenix Insurance.</p> <p>The settlement agreement is subject to the Court's approval.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
2.	43A1(13)	<p>June 2017</p> <p>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").</p> <p>Phoenix Insurance and additional insurance companies (hereinafter, jointly: the "Official Respondents")</p> <p>The amount of the claim was not estimated.</p>	<p>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.</p> <p>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.</p>	<p>On June 6, 2024, the Regional Labor Court issued a resolution granting the motion to certify the claim as a class action against the National Insurance Institute only, and not against the Official Respondents including Phoenix Insurance.</p> <p>On October 29, 2024, the National Insurance Institute filed a motion for leave to appeal the certification ruling to the National Court.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
3.	43A1(16)	June 2018 District Court - Jerusalem 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".	<p>In January 2022, the District Court issued a ruling granting the motion to certify the claim as a class action.</p> <p>As part of the certification ruling it was determined that the class 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 what are the remedies to which class members are entitled due to that.</p> <p>In January 2023, a motion to for leave to appeal submitted to the Supreme Court by Phoenix Insurance regarding the certification ruling was dismissed. The class action continues to be heard in the District Court.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
4.	43A1(21)	<p>August 2019</p> <p>Central District Court</p> <p>Phoenix Insurance and other insurance companies</p> <p>The claim amount was not estimated, but it was stated that it was in the tens of millions of shekels or more.</p>	<p>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 riders (road recovery services, windscreen repair, towing, etc.) in respect of the period subsequent to the theft or total loss, despite the fact that the rider is canceled and the risk it covers no longer exists.</p>	<p>On December 5, 2023, a decision was issued by the District Court, granting the motion to certify the claim as a class action.</p> <p>Under the certification ruling, the class on whose behalf the class action will be litigated is anyone who purchased from the defendants, in addition to comprehensive insurance, services under a rider - as defined in Section 40 to the Financial Services Supervision Law (Insurance), 1981; the vehicle for which the rider was issued had been stolen or suffered total loss (including constructive total loss) as a result of the accident (or for another reason) and who did not receive a refund of the relative portion of the premium they had paid for the riders in respect of the remaining term of the engagement under the rider after the event, in relation to the service period which spanned, in whole or in part, as from seven years before the motion to certify was filed until the class action was filed, once it is certified. It was also found that the main questions common to the class members are whether, in the applicable legal and factual situation, the defendants are obligated to refund a relative portion of the payment they had collected in respect of the riders in cases of total loss; and whether a change to the clause stipulated on this matter in the riders issued by some of the defendants - denying refund for the remaining period - should be mandated in such cases.</p> <p>On May 23, 2024, the motion for leave to appeal filed by Phoenix Insurance to the Supreme Court against the certification ruling was struck out, while maintaining the parties' arguments, and the class action itself continues to be heard by the District Court. A pre-trial hearing is scheduled for February 17, 2025.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
5.	43A1(28)	June 2020 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) Phoenix Insurance and another insurance company Approx. NIS 10.5 million for each defendant.	According to the claim, the defendants overcharge customers in loan agreements they enter into with their customers; overcharging takes place due to a one-way linkage mechanism, which is in place under those agreements, whereby if the CPI increases above the base CPI, the defendants collect the linkage differences due to the increase; however, if the CPI decreases below the base index, the defendants do not credit their customers for the said decrease.	The motion to certify of the claim as a class action continues to be heard in court.
6.	43A1(32)	September 2020 Central District Court Phoenix Insurance and another insurance company NIS 84 million from all the defendants, of which NIS 67.2 million is attributed to 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 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 approve a settlement agreement. In view of clarifications and supplementary information requested by the Court in connection with the proposed settlement agreement, on July 18, 2024, the parties filed with the Court an amended settlement agreement at amounts which are immaterial for Phoenix Insurance. The settlement agreement is subject to the Court's approval.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
7.	43A1(33)	December 2020 Central District Court Phoenix Insurance The aggregate claim amount was not estimated but it was stated that it exceeds NIS 2.5 million.	According to the plaintiff, 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 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.	On July 10, 2024, the parties filed with the Court a settlement agreement approval motion at amounts which are immaterial for Phoenix Insurance. The settlement agreement is subject to the Court's approval.
8.	43A1(37)	July 2021 Tel Aviv District Court 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 parties agreed to conduct a mediation procedure.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
9.	43A1(40)	January 2022 Central District Court 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.	On April 7, 2024, the parties filed with the Court a settlement agreement approval motion at amounts which are immaterial for Phoenix Insurance. The settlement agreement is subject to the Court's approval.
10.	43A1(41)	April 2022 Tel Aviv District Court 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 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 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 certify a lawsuit against Phoenix Insurance and another insurance company as a class action (see Section 3 in the table above).	The motion to certify is not being heard at this stage in view of the proceeding in the class action against Phoenix Insurance and against another insurance company (see Section 3 above in the table). At the same time, the parties agreed to conduct a mediation proceeding.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
11.	43A1(43)	June 2022 Haifa Regional Labor Court Phoenix Insurance NIS 5 million.	The subject matter of the lawsuit is the claim that Phoenix Insurance breached its contractual obligation with regard to the insurance period in disability 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, Phoenix Insurance did not provide fair disclosure regarding the insurance end date.	<p>On May 24, 2024, the Court issued a resolution approving the motion to certify the claim as a class lawsuit.</p> <p>The certification ruling stipulated, among other things, that the group on whose behalf the class action will be pursued comprises all Phoenix Insurance's policyholders, who were insured under a disability insurance with Phoenix Insurance between May 19, 2015 (seven years prior to the lawsuit filing date) and through May 19, 2022, and only with respect to two appendices as defined in the certification ruling, and the definition of the "age for insurance purposes" condition, as raised in the proceeding by Phoenix Insurance, applies to their case, in accordance with the conditions set in the certification ruling.</p> <p>On June 30, 2024, Phoenix Insurance filed a motion for leave to appeal the certification ruling with the National Court, and a hearing was scheduled for February 24, 2025.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
12.	43A1(51)	<p>August 2023</p> <p>Tel Aviv Regional Labor Court</p> <p>Phoenix Insurance and Phoenix Pension and Provident</p> <p>The claim amount was not estimated but it was stated as being more than NIS 2.5 million.</p>	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 parties are in a mediation procedure.
13.	43A1(53)	<p>September 2023</p> <p>Haifa District Court</p> <p>Phoenix Insurance</p> <p>The claim amount was not estimated but it was stated as being more than NIS 2.5 million.</p>	The lawsuit concerns the claim that Phoenix Insurance did not return the insurance premium to policyholders who had frozen their motor insurance policies, allegedly, for the period after the policy had been frozen and until the date of its retroactive cancellation, on the motor insurance policy's original termination date (with the lawful linkage differences and interest). It was further claimed that these policyholders who had been forced to contact Phoenix Insurance to receive a refund, and encountered difficulties, and that, as a result of this, they allegedly suffered non-pecuniary damage.	<p>Phoenix Insurance's response to the motion to certify the claim as a class action has yet to be filed.</p> <p>The parties are in a mediation procedure.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
14.	-	<p>May 2024</p> <p>Haifa District Court</p> <p>Phoenix Insurance and other insurance companies</p> <p>The claim amount was assessed in relation to all plaintiffs at much more than NIS 2.5 million, and in relation to some of the class members, it is claimed that the estimated damage is NIS 27 million per year (since they claim that the period in question is seven years) (in relation to all defendants).</p>	<p>The subject matter of the lawsuit is the claim whereby in the case of policyholders, who hold a rider dealing with the fixing of windscreens, and who activated the rider, the installers of windscreens on behalf of the defendants did not conduct any testing and/or calibration of the safety system in their vehicle as part of the process of replacing the front windscreen, and if such a test and/or calibration was conducted, they were charged for that. Furthermore, according to the claim, when the policyholders purchased the rider, the defendants did not inform them that the coverage will not include the testing and calibration of the safety system during the replacement of the front windscreen.</p>	<p>Phoenix Insurance's response to the motion to certify the claim as a class action has yet to be filed.</p> <p>A hearing date has not yet been scheduled.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
15.	-	<p>June 2024</p> <p>Tel Aviv District Court</p> <p>Phoenix Insurance, three other insurance companies, and an insurance agency</p> <p>NIS 250,000 (in relation to all the defendants) and punitive compensation of NIS 26 billion (in relation to all the defendants)</p>	The lawsuit concerns the plaintiff's claim of discrimination when providing services or products in travel insurance policies, since they do not include insurance coverage for "mental illness".	<p>Phoenix Insurance's response to the motion to certify the claim as a class action has yet to be filed.</p> <p>Without derogating from the other claims, it is noted that according to Phoenix Insurance's estimate, the claimed punitive compensation remedy has no basis in the law or facts.</p>
16.	-	<p>May 2024</p> <p>Central District Court</p> <p>Phoenix Insurance, Phoenix Pension and Provident and additional companies</p> <p>The claim amount was assessed in relation to all of the defendants at more than NIS 2.5 million, and in relation to some of the class members, it is claimed that the estimated damage is NIS 17.95 million (in relation to some of the defendants).</p>	The lawsuit concerns the claim that unreasonable expenses were imposed on the borrowers in execution procedures the defendants brought to collect a debt due to loans from the credit companies, borrowed by borrowers (such as the plaintiff), against which the borrowers had pledged their vehicles. With regard to Phoenix, the lawsuit refers to the loan agreements for loans granted by Direct Finance and that were assigned to Phoenix, whereas Direct Finance continued to manage them.	<p>Phoenix Insurance and Phoenix Pension and Provident have yet to submit their response to the motion to certify the claim as a class action.</p> <p>A pre-trial hearing is scheduled for January 1, 2025.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
17.	-	June 2024 Tel Aviv District Court 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 Phoenix Insurance renewed home insurance policies (structure and/or structure and contents) without the policyholders' knowledge of and/or consent for the policy's renewal, including changes in the premium price and/or material changes to the policy itself.	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.
18.	-	June 2024 Tel Aviv District Court 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 Phoenix Insurance sends the plaintiffs and the class members advertising materials without obtaining their express approval for sending advertising materials and/or sending advertising materials that deviate from the services they had agreed to receive.	Phoenix Insurance's response to the motion to certify the claim as a class action has yet to be filed. A pre-trial hearing is scheduled for March 26, 2025.
19.	-	August 2024 Central District Court Phoenix Insurance The claim amount was not estimated but it was stated that it significantly exceeds NIS 2.5 million.	The lawsuit concerns collective health insurance, claiming that Phoenix Insurance does not publish on its website, or anywhere else, the price list for preferred physicians, nor does it indemnify the policyholders with the entire refund amount to which they were entitled with respect to surgeries conducted by non-preferred physicians or for an alternative non-surgical procedure with a non-preferred service provider.	Phoenix Insurance's response to the motion to certify the claim as a class action has yet to be filed. A pre-trial hearing is scheduled for February 20, 2025.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)

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

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
20.	-	<p>September 2024</p> <p>Tel Aviv District Court</p> <p>A.A. Quality Pension Insurance Company (2022) Ltd., additional insurance agencies, additional companies and additional defendants.</p> <p>The claim amount was estimated at NIS 500 million in relation to all of the defendants.</p>	<p>The lawsuit concerns the allegation that the defendants and/or anyone on their behalf, unlawfully and in exchange for a financial incentive, switched the class members' funds to a self-managed provident funds program (IRA) at the Slice Gemel Ltd., and that as a result, their funds were transferred to overseas funds that do not comply with legal requirements, thereby causing the class members to lose their savings.</p>	<p>A.A. Quality's response to the motion to certify the claim as a class action has yet to be filed.</p> <p>A pre-trial hearing is scheduled for May 18, 2025.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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. Contingent liabilities (cont.)****2. Concluded claims***

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
1.	43A1(8)	November 2016 Jerusalem Regional Labor Court Excellence Nessuah Gemel Ltd. (currently: Phoenix Pension and Provident Fund Ltd.) Approx. NIS 215 million.	The plaintiffs argue that under the bylaws of the Excellence Gemel provident fund, which were in effect until January 1, 2016, and according to the bylaws 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.	On March 27, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the claim as a class action.
2.	43A1(10)	June 2019 Jerusalem Regional Labor Court Halman Aldubi Provident and Pension Funds Ltd. (which was merged into Phoenix Pension and Provident Fund Ltd.) NIS 17.5 million.	The statement of claim alleges that IBI Provident and Study Fund Management Company Ltd. (which was merged with Halman Aldubi on July 1, 2018) charged the plaintiff and the other planholders of the advance education fund under its management, investment management expenses, in addition to the fund management fees, contrary to the fund's bylaws.	On April 7, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the claim as a class action.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
3.	43A1(9)	June 2019 Tel Aviv Regional Labor Court Phoenix Insurance Approx. NIS 351 million.	According to the plaintiff, 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.	On April 21, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the claim as a class action.
4.	43A1(25)	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 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.	On April 25, 2024, the Court handed down a judgment dismissing the motion to certify the claim as a class action.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
5.	43A1(18)	March 2019 Central District Court Phoenix Insurance Approx. NIS 2.6 million.	According to the plaintiff, the claim deals with 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 Phoenix Insurance repays the said amount without adding linked interest. The defendant also claims that Phoenix Insurance refrains from repaying full linkage when refunding the relative portion of the insurance premiums.	On June 2, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the claim as a class action.
6.	43A1(50)	July 2023 Tel Aviv District Court Phoenix Insurance NIS 3.18 million.	The lawsuit concerns the claim that callers to 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 June 16, 2024, a judgment was rendered, approving the settlement agreement between the parties at amounts which are immaterial for Phoenix Insurance. In accordance with the settlement agreement, Phoenix will clarify and refine its procedures and guidelines and ensure its continued equal and non-discriminatory service, make a donation to the class action fund, and pay the representative plaintiff a compensation and his counsel's legal fees.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
7.	43A1(5)	June 2015 Beer Sheva District Court Phoenix Insurance Approx. 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 Phoenix Insurance in effect calculated the amount reimbursed to policyholders who underwent surgeries as part of SHABAN; and whether Phoenix Insurance violated the provisions of the policy, and did not reimburse the full amount to the policyholders.	In December 2019, the District Court granted the motion to certify the claim as a class action. On June 30, 2024, a judgment was rendered, approving the settlement agreement between the parties in the class action at amounts which are immaterial for Phoenix Insurance. In accordance with the approved settlement agreement, Phoenix Insurance will pay each one of the class members (as defined in the settlement agreement) a total equal to 7.225% of the value of the compensation it originally paid in practice to each class member in respect of the surgical procedure they underwent at the expense of the health maintenance organization in the relevant period; as to the future regulation, starting on the settlement agreement's approval date, Phoenix Insurance will add an amount equal to 7.225% of the value of the compensation to the special compensation, which will be paid to policyholders in the relevant policies as defined in the settlement agreement. In addition, it was agreed that Phoenix Insurance will pay compensation to the representative plaintiffs and their counsels' legal fees.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
8.	43A1(23)	January 2020 Central District Court Phoenix Insurance, other insurance companies and Drachim Road Side. 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.	On July 5, 2024, the judgment was rendered dismissing the motion to certify the claim as a class action.
9.	43A1(11)	January 2017 Central District Court Phoenix Insurance and other insurance companies At least approx. 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 is noted that the plaintiffs refer in their claim to a decision to grant the motion to certify the 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 July 16, 2024, the court issued a ruling confirming the plaintiffs' withdrawal from the motion to certify the claim as a class action.

¹ The date on which the motion to certify the class action was originally filed.² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

2. Concluded claims* (cont.)

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
10.	43A1(2)	February 2010 Central District Court Phoenix Insurance (and other insurance companies in a parallel case, in light of filing a consolidated class action statement of claim) Approx. NIS 1.47 billion of all defendants (including the defendants in the corresponding case), of which approx. NIS 238 million is attributed to 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 Phoenix Insurance - continued 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 representative plaintiff and his attorney (for further details, see immediate report of June 21, 2023, Ref No.: 2023-01-057877). On May 5, 2024 the Attorney General presented her position, whereby she does not object to the rate of refund to the class members in respect of the past (42%) and leaves this to the Court to decide, provided that the revaluation of the refund amounts shall be made by adding actual returns also from 2013 and thereafter; she also does not object to the future reduction of the policy factor, and leaves this to the Court to decide.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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 Phoenix. It is noted that the amounts in the motion to certify the claim as a class action were different and higher.

*For additional claims concluded between January 1, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
10. (cont.)	43A1(2)			<p>Furthermore, the position included an objection and comments regarding other clauses in the settlement agreement, including the legal fees to the representative plaintiff's attorneys, the manner by which refunds will be paid to the class members, and the manner of reducing the policy factor.</p> <p>In June 2024, the Court heard the motion for approval of the settlement agreement, including regarding the position of the Attorney General.</p> <p>On August 15, 2024, a judgment was rendered by the District Court confirming the settlement agreement filed by the parties.</p> <p>As part of the approval of the settlement agreement, the Court approved, among other things, the parties' agreements regarding the refund to class members in respect of the past, including the rate of refund (42%), and ruled, by the power vested in it by the parties with regard to the revaluation of the refund amounts, that a total will be added to the refund amounts, which constitutes 90% of the returns in the period starting at the beginning of 2013 and through the date of the reduction of the future collection of the policy factor; the rate of reduction of the future collection of the policy factor (50%); the legal fees of the representative plaintiff's counsels at the rate agreed in the settlement agreement; the Court also ruled that the compensation to the representative plaintiff will be paid out of the said legal fees.</p> <p>The proceeding was thus concluded and Phoenix Insurance works to implement the settlement agreement.</p> <p>It is noted that Phoenix Insurance has an adequate provision in its books of accounts in respect of the settlement agreement, which was approved by the Court.</p>

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
11.	43A1(7)	February 2016 Central District Court 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.	On September 20, 2024, a judgment was rendered approving the settlement agreement between the parties in the motion to certify at amounts which are immaterial for Phoenix Insurance. In accordance with the approved settlement agreement, Phoenix Insurance will pay class members, who are policyholders, and who engaged in policies between January 1, 1980 and August 31, 1982 (Class A), and policyholders, who engaged in policies between September 1, 1982 and July 19, 1984 (Class B) (all in accordance with the definitions as per the settlement agreement) compensation at a rate of 15% or 25% (in accordance with the above classes) of the difference between the amounts calculated in accordance with the policy's terms and conditions in accordance with the CPI that was actually set in the policy and the calculation of those amounts in accordance with the CPI, which should have been set as claimed in the motion to certify. In addition, it was agreed that Phoenix Insurance will pay compensation to the representative plaintiffs and their counsels' legal fees.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
12.	43A1(54)	<p>September 2023</p> <p>Tel Aviv-Jaffa District Court</p> <p>Phoenix Insurance and seven other insurance companies</p> <p>The claim amount was estimated at NIS 80 million in relation to all of the defendants.</p>	The lawsuit concerns the claim that policyholders whose vehicles require optional flatbed towing or must be towed using this method when the vehicle requires repair (and must be towed to an auto-repair shop), and who had purchased a rider for the defendants to provide towing services, had allegedly paid the defendants premiums in vain, as the defendants only provide conventional towing services, and they charge an additional, separate fee for flatbed towing, without disclosing this in the rider.	On September 22, 2024, the Court handed down a judgment granting the plaintiff's withdrawal from the motion to certify the class action against Phoenix Insurance.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
13.	43A1(22)	December 2019 Central District Court Phoenix Insurance and PassportCard Israel General Insurance Agency (2014) (hereinafter - " PassportCard ") 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. This settlement agreement was implemented in full. The motion to certify against PassportCard continued to be heard, and on October 10, 2024, a judgment was rendered approving the settlement agreement between PassportCard and the plaintiff with respect to PassportCard's overseas travel insurance policies. Note that this settlement arrangement does not establish any liability towards Phoenix Insurance.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
14.	43A1(48)	April 2023 Central District Court 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.	On October 11, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the class action.
15.	43A1(47)	March 2023 Central District Court 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.	On November 4, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the claim as a class action.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**A. Contingent liabilities (cont.)****2. Concluded claims* (cont.)**

Serial No.	Reference to the Company's financial statements as of December 31, 2023	Date, ¹ court, ² defendants and claim amount ³	Main arguments	Details
16.	43A1(42)	<p>May 2022</p> <p>Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction)</p> <p>Phoenix Pension and Provident (formerly - "Phoenix Excellence Pension and Provident Funds Ltd.") and another management company</p> <p>The claim amount was not estimated but it was stated that it exceeds NIS 3 million.</p>	<p>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.</p> <p>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 Note 7A1 above, in Section 5 to the table above).</p>	On November 19, 2024, the court issued a ruling confirming the plaintiff's withdrawal from the motion to certify the claim as a class action against Phoenix Pension and Provident.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action 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, 2024 and March 27, 2024, see Note 43A.2, Sections 8-10 of the table of concluded claims in the Company's Financial Statements as of December 31, 2023, published on March 27 (Ref. No. 2024-01-026677).

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

3. Legal and other proceedings

For legal and other proceedings against the Group 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.

Except as detailed below, as of the report publication date, there were no material changes in legal and other proceedings detailed in Note 43A3 to the Company's financial statements as of December 31, 2023.

1. On September 11, 2024, a lawsuit was received against ESOP Management and Trust Services Ltd. (hereinafter - "**ESOP**") regarding events that mainly occurred in the years 2015-2017, when ESOP was the trustee under Section 104H of the Income Tax Ordinance [New Version], and in accordance with a tax ruling issued in the case. Under the tax ruling, the plaintiff's shares were deposited with ESOP in trust, and ESOP who was meant to hold the shares until they are sold and the withholding tax is paid, in accordance with the terms of the ruling and Section 104H of the Ordinance. According to the plaintiff, EESOP ought to have paid the withholding tax and sold the shares, of its own initiative, when the taxes became due in accordance with the provisions of the Ordinance. Subsequently, the plaintiff received an assessment from the Israel Tax Authority together with a deficit fine; therefore, as part of the lawsuit they request that ESOP is charged a total of approx. NIS 22 million. ESOP has not yet filed a statement of defense in the case.

It is noted that 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 approx. NIS 39 million (a total of approx. NIS 31.3 million as of December 31, 2023). The causes of action against the Group in these proceedings are different.

4. 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.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

4. Complaints (cont.)

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

In addition to the motions to certify claims as class actions filed against the Group and the legal and other proceedings, there is a general exposure, which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these services inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with a long list of commercial and regulatory terms. This exposure is reflected, among other things, in the areas of pension savings and long-term insurance, including Health and LTC, 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 income in respect of its existing portfolio, in addition to the exposure embodied in claims for compensation for customers in respect of past activity.

It is impossible to anticipate the types of claims that will be raised in this area or the exposure arising from these and other claims in connection with insurance contracts - claims which are raised through, among other things, the procedural mechanism set forth in the Class Actions Law.

In addition, some of the Group's products have long terms and are particularly complex in light of the various legislative arrangements both in the field of product management and in the field of taxation, attribution of contributions, investment management, the policyholder's employment status, his contributions and more.

The Wage Protection Law, 1958 imposes a liability on the Group's institutional entities, in accordance with the circumstances specified in the law, in respect of employers' debts to the institutional 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. The Company continues with the ongoing treatment and improvement of employers' debts in accordance with the provisions of the law.

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

5. 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 settlement agreement was approved in respect thereof.

Type	No. of lawsuits	The amount claimed in NIS thousand (unaudited)
<u>Certified class actions:</u>		
A specific amount was attributed to the Company	5	794,743
The claim pertains to several companies and no specific amount was attributed to the Company	2	328,000
No claim amount was specified.	6	-
<u>Pending motions to certify lawsuits as class actions:</u>		
A specific amount was attributed to the Company	11	1,720,502
The claim pertains to several companies and no specific amount was attributed to the Company	9	3,495,095
No claim amount was specified.	17	-
<u>Other material claims:</u>		
A specific amount was attributed to the Company	1	21,820
The claim pertains to several companies and no specific amount was attributed to the Company	1	35,900
No claim amount was specified.	-	-
<u>Claims and other demands</u>	22	38,998

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as detailed above as of September 30, 2024 and December 31, 2023, amounted to approx. NIS 499,024 thousand (of which a total of approx. NIS 241,673 thousand is for concluded class actions) and approx. NIS 449,468 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), such 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).

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

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

2. K factor values used by the Company

	September 30		December 31
	2024	2023	2023
	Unaudited		Audited
	%		

In respect of guaranteed return insurance policies	-	-	-
In respect of yield-dependent insurance policies	0.97	0.85	0.85

In the reporting period there was a substantial increase in the risk-free interest, which resulted in a revision to the K value (to a rate of 0.97%). The total effect of the abovementioned revision to the K value in the reporting period is an approx. NIS 210 million decrease in the supplementary pension reserve, and an approx. NIS 138 million increase in post-tax comprehensive income during the reporting period.

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 interest rate 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). As of June 30, 2024 and September 30, 2024 the LAT reserve balance in Individual LTC insurance is zero. For details regarding the sensitivity tests pertaining to interest rate risks, see Section b. below.

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

In July 2024, the Capital Market Authority published a circular entitled Amendment of the Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds (hereinafter - the "**Circular**").

The Circular lists updated default assumptions on the basis of which insurance companies will calculate the liabilities in respect of life insurance policies, which allow them to receive an annuity according to guaranteed conversion rates based on up-to-date demographic assumptions.

The Circular refers, among other things, to a change in life expectancy, including future improvements, and the resulting consequences for the level of reserves and how they are created. In addition, the circular includes a new life table for retirees of insurance companies, which is based, among other things, on past experience regarding mortality of retirees of insurance companies. The Company has updated its estimates of pension liabilities based on the new mortality table and future life expectancy improvements included in the Circular. As a result, in the second quarter, the Company increased the provision for a supplementary pension reserve and reduced the comprehensive income by approx. NIS 168 million before tax and approx. NIS 111 million after tax.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)**A. Changes in estimates and principal assumptions used to calculate the insurance reserves: (cont.)****5. Completion of the take-up rate (TUR) study**

Further to Note 41 Section 5.1.5 to the Annual Financial Statements, life insurance contracts, which include a savings component, had in place two tracks for withdrawal of funds: a capital track (lump sum) or an annuity track (with a guaranteed annuity conversion factor), which offers various tracks (such as: Lifetime, My Other Half, 10-Year Guarantee, etc.). In some of the contracts, the policyholder may select the manner of receiving the funds at the time of their withdrawal. Since the insurance liability amount differs in each of these two tracks, the Company must determine the annuity takeup rate upon retirement and the track which will be selected. This rate was determined based on Company's experience.

As of the report date, the Company completed a study on the subject of retirement age and pension uptake rates (hereinafter - the "**Study**") regarding the tendency for pension uptake at different rates in accordance with the retirement age. Following the Study, in the third quarter of the year, the Company recorded pre-tax income of approx. NIS 195 million and post-tax income of approx. NIS 128 million.

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)
A. Changes in estimates and principal assumptions used to calculate the insurance reserves: (cont.)

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

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS million				
<u>Life Insurance Subsegment:</u>					
Effect of updating other assumptions on the supplementary retirement pension reserve and paid pensions	-	-	-	-	(5)
The effect of the changes in the assumptions regarding the cost of claims in long-term health insurance	-	(59)	-	-	(59)
Effect of updating assumption regarding rates of annuity uptake (**)	(195)	-	(195)	-	-
Effect of updating assumptions on the mortality rates (*)	168	-	-	-	-
Change in the discount rate used in the calculation of the supplementary retirement pension reserve and paid pensions	(59)	(64)	35	(81)	(89)
Change in the K value (see Section 2 above)	(210)	-	-	-	-
Total decrease in liabilities on retention in Life Insurance Segment	(296)	(123)	(160)	(81)	(153)
<u>Health Insurance Segment:</u>					
<u>Effect of updating of assumptions on the cancellation rates:</u>					
LAT	-	-	-	-	(8)
Other	-	-	-	-	-
<u>Effect of updating assumptions on the expense rates:</u>					
LAT	5	-	-	-	-
Other	6	-	-	-	8
<u>Effect of updating assumptions on the mortality and morbidity rates:</u>					
Other	-	-	-	-	-
Change in LAT reserve following a change in the discount rate (***)	(79)	(76)	-	(157)	(147)
Total decrease in liabilities on retention in health insurance segment	(68)	(76)	-	(157)	(147)
<u>P&C insurance segment:</u>					
Change in discount rate (***)	(93)	(35)	9	(40)	(143)
Total increase (decrease) in liabilities on retention in P&C insurance segment	(93)	(35)	9	(40)	(143)
Total decrease in liabilities on retention before tax	(457)	(234)	(151)	(278)	(443)
Total decrease in liabilities on retention, after tax	(301)	(154)	(99)	(183)	(292)

(*) For further details, see Section 4 above.

(**) For further details, see Section 5 above.

(***) This effect includes the change in the excess of value of illiquid assets, and the effect of the classification of excess value illiquid assets from the Health Insurance Segment to the Property and Casualty Segment. For further details, see Note 41 (5.2.2.5) A to the Consolidated Annual Financial Statements.

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

B. Sensitivity tests pertaining to interest and CPI risks

Further that which is stated in Note 41(3) to the Consolidated Annual Financial Statements, in view of increase in the risk-free interest rates, which led to a change in the K value for insurance liabilities for yield-dependent policies and the zeroing of the LAT reserve in long-term care, the Company assessed the sensitivity of its financial results as of September 30, 2024 to changes in interest rates. Phoenix Insurance is of the opinion that as of September 30, 2024, its total sensitivity (assets and liabilities) to a corresponding 1% increase in the risk-free interest rate curve is an approx. NIS 225 million post-tax comprehensive loss compared to an approx. NIS 120 million post-tax comprehensive loss as a result of a corresponding 1% decrease in the risk-free interest rate curve. The abovementioned sensitivity does not include the effect on the K value of the increase or decrease in the risk-free interest rate curve.

- C. On January 31, 2024, the Company's Board of Directors approved an additional share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year. On June 5, 2024, the Board of Directors approved the revision of the 2024 plan, such that a further amount of up to NIS 100 million will be added to the overall cost of the existing buyback plan, without change to the expiry date of the existing buyback plan, i.e., through January 31, 2025. Subsequent to the abovementioned change, the total cost of the plan will be up to NIS 200 million. During the reporting period, the Company purchased approx. 3,512 thousand shares at a total cost of approx. NIS 126.4 million. Subsequent to the purchase, the Company holds, as of the report date, a total of approx. 9,964 thousand Company shares. For details about an acquisition subsequent to the reporting period, see Note 9B below.
- D. On March 26, 2024, the Company's Board of Directors approved a dividend distribution in respect of income for 2023, in the amount of NIS 265 million. The dividend per share of NIS 1 p.v. is NIS 1.04. The dividend was paid on April 11, 2024.
- E. On January 1, 2024, as part of the restructuring of the Credit Segment, the Company transferred all of its holdings in Phoenix Financing and Construction to Gama. As a result of the above, credit assets in respect of factoring, acquiring and financing increased by approx. NIS 600 million, against a corresponding decrease in illiquid debt assets in the other financial investments line item. For further details, see Note 8E(8) to the Consolidated Annual Financial Statements.
- F. In January and March 2024, Gama's Board of Directors approved an award of 6,083,198 options to Gama's shares to employees and officers of Gama and other Group companies. The total value of the options is estimated at approx. NIS 25 million. The options will vest over a period of 4 years. A quarter of the options will vest at the end of two years, half of the options will vest at the end of three years, and the remaining quarter will vest at the end of four years. The fair value of the offered options was calculated by an external appraiser by using the binomial model, and estimated at NIS 4.142 per option. Out of the total number of options allocated as described above, 156,325 options were allocated to the Chairman of the Company's Board of Directors, and 223,322 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 March 2, 2024. For further details, see Note 37C to the Consolidated Annual Financial Statements and the immediate report dated March 7, 2024 (Ref. No. 2024-01-020488).
- G. On January 28, 2024, Midroog announced that it is reiterating the Company's rating and that of the bonds issued by it at Aa2.il, with a stable outlook.

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

- H. In March 2024 an amendment was published to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "**Order**"), which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the profit generated.
The deferred tax balances included in the financial statements as of September 30, 2024 take into account the effects, which arise from the increase in tax rates as described above. The effect of the change in tax rates in the first quarter led to an approx. NIS 9 million increase in the balances of deferred tax liability.
- I. On January 31, 2024, Phoenix Capital Raising executed a full early redemption of the principal of the Bonds (Series D) (hereinafter - the "**Early Redemption Date**") totaling approx. NIS 399 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 Bonds (Series D) were delisted from trade on the TASE. (Ref. No. 2024-01-000765).
- J. On April 24, 2024, the Company's Board of Directors approved - after the approval of the Compensation Committee - the postponement of the deadline for the exercise of approx. 1.4 million options out of option warrants awarded in 2022 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**"). The said deadline was postponed from June 1, 2024 to April 10, 2025. These options vested on April 1, 2023.
The incremental fair value as of April 24, 2024 was calculated based on an appraisal received from an external appraiser calculated using the binomial model. The incremental fair value per one option was estimated at approx. NIS 2.7 and the total value of the benefit, which was recognized as an expense in the reporting period, was estimated at approx. NIS 3.8 million as of that date. Out of this amount, the value of the benefit to the CEO is approx. NIS 82 thousand; the Compensation Committee decided in respect of the CEO that the suggested change regarding the extension of the exercise period constitutes an immaterial change in relation to his existing service and employment terms.
For further details about the postponement of the exercise date, see the Company's report of April 24, 2024 (Ref. No.: 2024-01-040690). For further details regarding the option terms and conditions, see Note 37B(4) to the Consolidated Annual Financial Statements.
- K. In April 2024, the Company sold approx. NIS 140 million of its holdings in the subordinated notes recognized as Tier 1 capital instrument by Phoenix Insurance and listed on the main list of the TASE, to entities listed in the First Addendum to the Securities Law, 1968.
The abovementioned sale was accounted for as debt issuance in the Company's financial statements.
For details about the terms of the PHONIX B12 Bonds, see Note 27E to the Consolidated Annual Financial Statements.
- L. On May 28, 2024, the Company's Board of Directors approved a dividend distribution policy, which will apply to future dividend distributions as from 2024, whereby the Company shall distribute an annual dividend at a minimum rate of 40% of the Company's distributable comprehensive income as per its audited Consolidated Annual Financial Statements for the relevant year. All other provisions of the Company's dividend distribution policy and distribution timing have not changed. For details regarding the revision of Phoenix Insurance's dividend policy, see Note 6B above.

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

- M. In December 2023, Phoenix Agencies' Board of Directors approved an award of 1,022,789 options to Phoenix Agencies' shares to employees and officers of Phoenix Agencies and other Group companies. The total value of the options is estimated at approx. NIS 60 million. The options will vest over a period of 4 years. The options will vest in equal tranches at the end of two, three and four years. The average fair value of the offered options was calculated by an external appraiser by using the binomial model, and estimated at approx. NIS 59 per option. During the reporting period and subsequent to the reporting period approx. 928 thousand options were allocated at the total value of approx. NIS 55 million; of the value of the abovementioned allocation, options at the value of approx. NIS 350 thousand were allocated to the Chairman of the Company's Board of Directors, and options at the value of NIS 500 thousand were allocated to the Company's CEO. The award of options, as part of the approval of the compensation terms and conditions, to the Company's Chairman and CEO was approved in an extraordinary general meeting of the Company held on September 29, 2024.
- N. Phoenix Insurance's global rating - In May 2024, international credit rating agency Moody's reiterated the existing A2 rating of Phoenix Insurance with a negative rating outlook. For details regarding the rating downgrade subsequent to the balance sheet date, see Section 9d.
- O. On June 17, 2024, Gama issued to the public NIS 500,000 thousand p.v. of Commercial Securities (Series 3) comprising 500,000 units - each of which is composed of NIS 1,000 p.v. of CSs (Series 3) - at a unit price of NIS 1,000; the units will bear interest at the rate of the Bank of Israel Interest plus 0.3% per year, as detailed in the Shelf Offering Report. The principal of the CSs (Series 3) and the interest in respect thereof shall be repaid in a single installment on June 12, 2025.
- P. During the reporting period, Phoenix Capital, a subsidiary of Phoenix Advanced Investments, which is engaged in alternative investments, invested approx. NIS 370 million as an initial investment in the KKR alternative investments fund. Against this investment, Phoenix Capital took an approx. NIS 370 million bank loan; the loan is fully guaranteed by Phoenix Insurance based on market price. As part of Phoenix Capital's activity, this investment is designated in full for distribution to "qualified customers"; Phoenix Capital shall use those proceeds to repay the loan in full. The investment is presented in the financial statements as an investment in an investee and the loan balance, under financial liabilities. As of September 30, 2024, the balance of the investment and the loan amounts to approx. NIS 175 million.
- Q. On August 21, 2024, the Company's Board of Directors approved a dividend distribution in the amount of approx. NIS 270 million. The dividend per share of NIS 1 p.v. is NIS 1.07. The dividend was paid on September 11, 2024.
- R. On July 30, 2024, Standard & Poor's Maalot (hereinafter - "**Maalot**") reiterated the Company's rating at iIAA with a stable outlook.
In addition, Maalot reiterated Phoenix Insurance's rating at iIAAA with a stable outlook.

On July 30, 2024, international credit rating agency S&P Global Ratings (hereinafter - "**S&P**") reiterated Phoenix Insurance's 'A-' international rating with a stable outlook.

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

- S. In December 2018, the Company adopted an option plan for employees and officers. In June 2024, the Company's Board of Directors approved a revision to the option plan, which allows the Company to also allocate restricted share units (RSUs) of NIS 1 par value. On August 21, 2024, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation of RSUs 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**") a total of up to 760 thousand unlisted RSUs, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company); under the theoretical assumption of all RSUs being exercised, the resulting shares and taking into account the Company's issued and paid up share capital as of the approval date by the Board of Directors, shall constitute approx. 0.3% of the issued and paid-up capital of the Company and approx. 0.3% of its voting rights (and approx. 0.3%, respectively, fully diluted). The fair value at the Award Date was calculated based on an appraisal received from an external appraiser, which was based on the closing price of the Company's share as of the date of approval by the Board of Directors, and its adjustment to the dividends expected during the vesting period, while using the assumption of an average dividend yield rate of approx. 6% per year. The average value of one restricted share unit was estimated at approx. NIS 32.3, and the total value of the RSUs was estimated at approx. NIS 24.6 million.
- As of September 30, 2024, approx. 727 thousand RSUs were actually allocated, of which a total of 3,098 RSUs were allocated to the Company's CEO.
- The allocation of RSUs to the Company's CEO was approved in an extraordinary general meeting of the Company held on September 29, 2024.
- T. On August 19, 2024, Midroog announced that it upgrades the rating of Phoenix Insurance from Aa1 to Aaa.
- U. On August 15, 2024, the Israel Securities Authority approved the extension of the term of the shelf prospectus of the Company and Phoenix Capital Raising by one further year, through August 23, 2025. For further details, see the immediate report dated August 15, 2024 (Ref. No.: 2024-01-083445).
- V. In August 2024 Phoenix Agencies signed an agreement for the purchase from companies owned by Mr. Oren Cohen - both directly and indirectly - of approx. 16% further ownership interest in Oren Mizrach Insurance Agency Ltd. (hereinafter - "**Oren Mizrach**"), such that subsequent to this acquisition, Phoenix Agencies holds - directly and indirectly - approx. 84% of the ownership interest in Oren Mizrach instead of approx. 68% before of the abovementioned transaction. The abovementioned acquisition was completed during September 2024.
- As of the balance sheet date, as a result of the transaction, the equity attributable to the Company's shareholders decreased by a total of approx. NIS 38 million.
- Furthermore, in accordance with the agreement, Phoenix Agencies will issue to a company owned by Oren Cohen shares constituting approx. 1.75% of Phoenix Agencies' equity capital, such that, subsequent to the issuance the Company will hold approx. 78% of the issued and paid-up share capital of Phoenix Agencies. The abovementioned share issuance was completed in October 2024. The expected effect - subsequent to the balance sheet date - of the abovementioned share issuance on the equity attributable to the Company's shareholders is an approx. NIS 33 million increase in equity.
- W. In August 2024 Phoenix Advanced Investments increased its share in the Wealth Subsegment by acquiring ownership interests from several partners in various companies operating in the area of Wealth and IRA totaling approx. NIS 90 million. As a result of the acquisition, the equity attributable to the Company's shareholders decreased by approx. NIS 37 million.

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

- X. In August 2024, the Board of Directors of Phoenix Investment House approved the allocation of (illiquid) options to employees and officers of Phoenix Investment House Group (hereinafter - the "**Offerees**"); the total number of options that were allocated was 200,000, which constitute approx. 1% of the fully diluted issued capital of Phoenix Investment House. The fair value at the Award Date is calculated based on an appraisal received from an external appraiser, which amounted to approx. NIS 1.8 million. The vesting period shall be spread over 3 years. The expiry date of all options, which will be awarded, will be December 31, 2027.
- Y. In September 2024, Gama entered into an engagement with two banking corporations (hereinafter - the "**Lenders**") for the provision of credit at a total amount of NIS 700 million, as part of the management of its sources, and as a response to the continued increase in Gama's business activities. The Lenders advanced to Gama loans, which will bear interest of between Prime and Prime minus 0.5%; the principal of each of the loans will be repaid 30 months after the loan provision date. The interest in respect of the loans will be paid every quarter.
- Z. In August 29, 2024, Phoenix Pension and Provident Funds took a NIS 500 million loan for a period of three years, and a one-year credit facility of NIS 150 million. The loan was used to repay an existing loan of approx. NIS 330 million and credit of approx. NIS 146 million. The above loan bears interest at a rate of Prime minus 0.55%, and the credit facility bears interest at a rate of Prime minus 0.8%. The loan and the credit facility include a guarantee provided by the Company. The loan principal will be repaid in a single installment at the end of 3 years from the date on which the loan was advanced. The interest in respect of the loan will be paid every quarter. As of the financial statements date, Phoenix Pension and Provident Funds utilized an approx. NIS 90 million credit facility.
- AA. On September 30, 2024, Phoenix Pension and Provident Ltd. (hereinafter - the "**Acquirer**") entered into an agreement with Slice Gemel Ltd. (under administration) (hereinafter - "**Slice**"), whereunder Phoenix Pension and Provident will purchase from Slice several provident funds and an advanced education fund (hereinafter - the "**Funds**") in consideration for approx. NIS 5 million, which will be paid to Slice in the manner and on the dates prescribed in the agreement, and subject to a consideration adjustment mechanism as detailed in the agreement; however, under no circumstances will the total consideration amount exceed NIS 5 million. Total known assets under management as of September 30, 2024 amount to approx. NIS 1.2 billion. The agreement is subject to approval by the Capital Market, Insurance and Savings Authority, and any other authority, if required. The completion of the agreement was set to take place on February 28, 2025, unless another date is set at the prior agreement of the parties. On the agreement completion date, the Funds will be transferred to the Acquirer and merged into existing funds under its management (merger of tracks). As of the report publication date, the Company has yet to receive approval from the Commissioner of the Capital Market, Insurance and Savings Authority.
- BB. In connection with class actions filed and developments in lawsuits in the reporting period, see Note 7.

NOTE 9 - SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- A. During the period as from reporting date through immediately prior to the publication date of the financial statements, the participating policies marketed through 2004 achieved positive real returns. Therefore, the estimated management fees which will not be collected due to negative real yield since the beginning of 2022 through immediately prior to the publication date of the financial statements, amounted to approx. NIS 58 million (pre-tax).
- B. Further to Note 8C, subsequent to balance sheet date and through the report publication date, the Company carried out a buyback of 1,211 thousand shares at a total cost of approx. NIS 49.4 million. Subsequent to the purchase, the Company holds 11,174 thousand Company shares.
- C. Global rating for The Phoenix Insurance - in October 2024, following the downgrade of the State of Israel's credit rating, Moody's announced that it was downgrading the international credit rating of Phoenix Insurance from A2 to Baa1 with a negative outlook. Moody's noted that the independent financial strength of Phoenix Insurance remained at A2.
- D. In November 2024, an addendum was signed to the shareholders agreement of Phoenix Investment House - Phoenix Investments and Finances, Mssrs. Boaz Nagar (Chairman of the Board of Directors of the Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of the Investment House and KSM Mutual Funds Ltd.) (hereinafter - the "**Managers**"), which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Managers' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. That is to say, the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. For further details regarding the arrangements relating to Investment House options awarded to the Managers, see the Company's immediate report of March 15, 2022 (Ref. No.: 2022-01-025548).
- E. On October 31, 2024 Phoenix Capital Raising executed a full early redemption of the Bonds (Series J) totaling approx. NIS 293 million par value.
- F. In connection with class actions filed and developments in lawsuits subsequent to the balance sheet date, see Note 7 above.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9

In May 2017, the International Accounting Standards Board (IASB) published IFRS 17 - Insurance Contracts. Furthermore, in June 2020 and December 2021, the IASB published amendments to the standard (hereinafter - "**IFRS 17**").

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes the current guidance on this issue under IFRS 4 and the directives of the Capital Market, Insurance and Savings Authority. The new standard is expected to trigger material changes in the Company's financial reporting.

The first-time application date set in IFRS 17 is January 1, 2023; however, in accordance with the requirements of the Commissioner, which were published as part of the "Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts" (hereinafter - the "**Roadmap**"), the first-time application date of IFRS 17 in Israel was postponed to the quarterly and annual periods beginning on January 1, 2025, and the transition date is January 1, 2024.

In July 2014, the IASB published IFRS 9 regarding Financial Instruments (hereinafter - "**IFRS 9**"), which supersedes IAS 39 and sets new rules for classification and measurement of financial instruments, with an emphasis on financial assets. The first-time application date set in IFRS 9 is January 1, 2018. In September 2016, an amendment to IFRS 4 was published, which allowed entities which issue insurance contracts and meet certain prescribed criteria to postpone the adoption of IFRS 9 to January 1, 2023 (the first-time application date of IFRS 17), in order to eliminate the accounting mismatch which may arise from the application of IFRS 9 prior to the application of IFRS 17. Phoenix Insurance complied with the abovementioned criteria and postponed the application of IFRS 9 accordingly. Upon the deferral of the first-time application date of IFRS 17 to January 1, 2025, the Commissioner also postponed the first-time application date of IFRS 9 to January 1, 2025, accordingly.

During June, the Authority published a Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts - Fourth Revision - Draft (hereinafter - "**Roadmap Fourth Draft**"); as part of the Roadmap Fourth Draft, the insurance companies were required to report - by July 10, 2024 - the opening balance data as of January 1, 2024 for life and health insurance portfolios. In addition, the Insurance Company is required to file - by September 15, 2024 - a report about the financial data for 1st quarter of 2024 in accordance with IFRS 17 and IFRS 9 (Quantitative Impact Studies, hereinafter - "**QIS2**").

On August 12 the Commissioner published a final version of the Fourth Revision to the Roadmap, whereby it is not mandatory (but rather voluntary) for the Company to disclose the opening balances data as of the transition date in the Financial Statements of the third quarter of 2024.

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9

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

In accordance with the Commissioner's requirements, the Company filed Part One of the results of the second Quantitative Impact Study (hereinafter - "**QIS**") (QIS1 was submitted in August 2023); Part One of QIS2 includes only the calculation of the opening balances as of July 10, 2024. On September 15, 2024, the Company filed the second part of QIS 2, comprising on-balance sheet data in accordance with IFRS 17 and IFRS 9 as of January 1, 2024 and March 31, 2024, and operating results data for the three-month period ended March 31, 2024. Furthermore, through December 31, 2024 the Company is required to submit the QIS3 data, which will include on-balance sheet data in accordance with IFRS 17 and IFRS 9 as of January 1, 2024 and June 30, 2024, and operating results data for the six-month period ended June 30, 2024.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

In addition, according to the Roadmap, in the Annual Financial Statements for 2024 - the Insurance Company is required to provide disclosure regarding the line items of the statement of financial position (pro-forma balance sheet) as of January 1, 2024; that is to say, opening balance data as of the transition date, including separate disclosure of the contractual service margin (CSM) and risk adjustment (RA) for each of the operating segments and disclosure of the balance of the provision for credit losses, as well as disclosure of main line items of the comprehensive income statement for the six-month period ended June 30, 2024.

For the purpose of the preparations made by insurance companies in Israel for the adoption of IFRS 17, the Commissioner published a draft insurance circular regarding "Professional Issues Pertaining to the Implementation of IFRS 17 in Israel" (hereinafter - the "**Professional Issues Circular**"). On August 12, 2024, a revised Draft Professional Issues Circular was published, which includes, among other things, clarifications in connection with the calculation of the weight of the illiquidity premium and the setting of the confidence interval, and includes guidance regarding the calculation of the fair value of Hetz bonds. The accounting policies described below are based, among other things, on this circular.

It is emphasized that all the details provided below in connection with the accounting policy are correct as of the date of this report and may change.

1. The Standard's scope

IFRS 17 applies to contracts, which meet the definition of an insurance contract and include:

- a) Insurance contracts, including reinsurance contracts, which the Company issues;
- b) Reinsurance contracts held by the Company; and
- c) Investment contracts with discretionary participation features, which the Company issues, provided that it also issues insurance contracts.

An insurance contract may contain one or more components, which would be within the scope of another standard if they were separate contracts. For example, insurance contracts may include:

- Investment component
- A service component in addition to the insurance contract services (hereinafter - the "**Service Component**")
- Embedded derivatives

IFRS 17 stipulates that an Investment Component and a Service Component will be separated from the insurance contract only if they are distinct. An embedded derivative shall be separated only if it meets the criteria set forth in IFRS 9. Where these components were separated from the insurance contract, they will be accounted for within the scope of the relevant standard.

In the opinion of the Company, the application of IFRS 17 is not expected to have a material effect on the classification of contracts as insurance contracts compared to IFRS 4. Furthermore, the Company is not expected to separate from the insurance contracts components, which will be accounted for within the scope of another standard.

2. The measurement model

The standard includes three models for measuring the liability in respect of insurance contracts:

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

2. The measurement model (cont.)

A. The general model - the GMM model

In accordance with this model, which constitutes the standard's default model, the liability in respect of groups of insurance contracts should be measured at the initial recognition date as the present value of the discounted best-estimate of future cash flows (BE), plus an explicit risk adjustment (RA) in respect of the non-financial risks. The expected income implicit in the insurance contracts, which is derived from such calculations, shall be recognized as a liability (contractual service margin - CSM), which was recognized in profit and loss over the Group's coverage period. If an expected loss will be derived, it will be recognized immediately in profit and loss. Such liability components are classified into two types of liabilities: Liability for remaining coverage (LRC) and liability for incurred claims (LIC).

In subsequent periods, the contractual service margin will be adjusted in respect of changes in non-financial assumptions related to the future service. If the contractual service margin reached zero as a result of those changes, any change beyond that will be recognized immediately in profit and loss. On the other hand, changes arising from the time value of money and financial risks shall be recognized immediately in profit and loss under finance expenses in respect of insurance contracts.

In held reinsurance contracts, the contractual service margin may be an asset or a liability and it represents the net expected cost or the net expected income, respectively. If the reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by the reinsurer, the Company will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the contractual service margin.

Following are the main products, which will be measured using the GMM model by segments:

Issued insurance contracts

- Life Insurance Segment - non-yield-dependent savings policies, individual and collective life insurance, and individual and collective disability insurance, which are sold as a standalone policy.
- Health Insurance Segment - all health insurance products, excluding short-term health insurance products.

Reinsurance contracts

- In the Life Insurance Subsegment - all reinsurances
- In the Health Insurance Segment - all reinsurances

B. The variable fee approach - the VFA model

This model is a modification of the GMM model and applies to contracts with direct participation features. Insurance contracts with direct participation features are insurance contracts under which the Company promises an investment return to the policyholder based on underlying items. In other words, the contract includes a significant service associated with investments.

IFRS 17 defines an insurance contract with direct participation features as an insurance contract, upon the entering into which:

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

2. The measurement model (cont.)

B. The variable fee approach - the VFA model (cont.)

- a) The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- b) The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- c) The Company expects a substantial proportion of any change in the amounts paid to the policyholder to vary with the change in fair value of the underlying items.

In accordance with the VFS model, the cash flows for the fulfillment of the contract are composed of the liability to pay the policyholder an amount equal to the fair value of the underlying items, net of the variable fee in respect of the service. A change in the liability to pay the policyholder an amount equal to the fair value of the underlying items is recognized directly in finance expenses in respect of insurance contracts. The contractual service margin is adjusted in respect of changes in non-financial assumptions, as is the case in the GMM model, and in respect of financial changes, which affect the variable fee.

The VFS model is expected to significantly reduce the fluctuations in the Company's results in respect of insurance contracts, which include a participating savings component, arising from the actual performance of the capital market in the reporting period.

Following are the main products, which will be measured using the VFA model:

Issued insurance contracts

Life Insurance Segment - savings policies, which include a yield dependent savings component.

C. The Premium Allocation Approach - the PAA model

This model is a simplification of the general measurement model; it can be applied to certain groups of insurance contracts, for which it provides a measurement, which is a reasonable approximation to a measurement in accordance with the general measurement model.

In accordance with this model, the liability in respect of the remaining coverage is determined as the total amount of the premiums received net of any insurance acquisition cash flows, and net of the premium amounts and insurance acquisition cash flows, which were recognized in profit or loss in respect of the coverage period, which elapsed. Premiums received and insurance acquisition cash flows are recognized in profit or loss over the coverage period on the basis of the passage of time. If insurance contracts in the group have a significant financing component, the Company shall adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk in accordance with the interest rate curve as of initial recognition date, which is calculated as detailed in this note.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

2. The measurement model (cont.)

C. The Premium Allocation Approach - the PAA model (cont.)

For groups of insurance contracts, under the PAA model the Company may recognize any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group is no more than one year. The Company expects that it will not apply this alternative.

If facts and circumstances indicate that a group of insurance contracts is onerous, the Company measures the present value of the future cash flows plus a risk adjustment in respect of non-financial risks, as is the case in the principles of the general measurement model. If this amount exceeds the carrying amount of the liability in respect of the remaining coverage, the Company shall increase the liability in respect of the remaining coverage against an immediate recognition of a loss in the statement of profit and loss.

If a reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by it, the Company will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the carrying amount of the asset for remaining coverage.

The liability for incurred claims is calculated in accordance with the same principles as those used in the GMM model. The standard allows not to discount the future cash flows in respect of incurred claims if those cash flows are expected to be paid or received within one year or less from the date the claims are incurred. The Company does not implement the abovementioned expedient.

The Company may implement the Premium Allocation Approach only if upon inception of the group:

- a) The coverage period of each contract in the group is one year or less; or
- b) The Company reasonably expects that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not differ materially from the measurement that would result from applying the general model.

The Company may apply the Premium Allocation Approach for held groups of reinsurance contracts, adapted to reflect the features of reinsurance contracts held, which differ from insurance contracts issued.

The Company opted to measure the following groups of insurance contracts under the PAA model:

Property and Casualty Insurance

In most property and casualty insurance portfolios, the coverage period of all contracts is up to one year. These groups of insurance contracts qualify automatically for application of the PAA model.

In respect of the remaining groups of contracts, the Company compares the liability in respect of the remaining coverage period, which will be produced from applying the PPA model, and the liability, which will be produced from applying the general model (PPA eligibility test).

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

2. The measurement model (cont.)

C. The Premium Allocation Approach - the PAA model (cont.)

Property and Casualty Insurance (cont.)

The Company expects that all of its property and casualty insurance contracts will meet the criteria for the implementation of this approach.

The measurement of the insurance contracts using the PAA model is essentially similar to the measurement of property and casualty insurance contracts under the Company's existing policy pursuant to IFRS 4. However, there are measurement differences, which affect the amount of the liability in respect of insurance contracts, such as: The restriction regarding the discounting of acquisition costs, the offsetting of excess fair value of non-financial assets (UGL), reinsurers deposits, etc.

Health Insurance

Short-term insurance contracts, such as: Travel insurance contracts.

3. Aggregation level

IFRS 17 requires the aggregation of insurance contract into groups for recognition and measurement purposes. The Company will determine the groups upon initial recognition and will not change the composition of the groups at a later date.

Initially, the Company is required to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Once it identified a portfolio, the Company shall divide it into a minimum of the following groups, based on the expected profitability upon initial recognition:

- A group of contracts, which are onerous at initial recognition;
- a group of contracts, which at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

In accordance with the standard, for contracts to which the Company applies the PPA model, the Company shall assume no contracts in the portfolio are onerous at the initial recognition date, unless facts and circumstances indicate otherwise. IFRS 17 stipulates that an entity shall not include contracts issued more than one year apart in the same group, such that each underwriting year will be associated with a separate group of insurance contracts.

The Company sells insurance contracts, which include a number of coverage types, which would have been classified into different insurance contract groups, had they been separate insurance contracts. The lowest unit of account in IFRS 17 is the insurance contract, with all insurance coverages included therein; therefore, the Company will normally allocate the insurance contract in its entirety to a single group of insurance contracts. It is only in cases where the legal form of the policy does not reflect the economic substance of the rights and obligations included in the contract, that the Company separates the coverages and recognizes them as separate insurance contracts. This approach is materially different from the Company's policy under IFRS 4, where under the Company normally recognizes and measures each coverage separately.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

3. Aggregation level (cont.)

In addition, in certain cases the Company contracts the same policyholder (or a related party thereof) in a set or a series of insurance policies. Normally, each policy in a set or a series shall be recognized as a separate insurance contract. In certain cases, the set or series of policies reflects the economic substance of a single insurance contract. In such cases, the Company will recognize and measure such policies as a single insurance contract.

IFRS 17 permits the inclusion of contracts in the same group if they belong to different groups only because a law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company's relative share in compulsory motor insurance policies issued through the Pool meets this requirement; therefore, the Company opted to include its relative share in these policies in the same group as the ordinary compulsory motor insurance policies sold by the Company.

4. The contract's boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations which exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder (single policyholder) or the insurance contracts portfolio. At this point, the Company has the practical ability to set a new price or to change the terms of the benefits that fully reflect the same risks, provided that in the pricing at the portfolio level the overall premium did not include a future cost risk. The Company's practical ability to set a price at a future date, which fully reflects the risks in the contract from that date, exists in the absence of constraints, which prevent the Company from setting the same price it would for a new contract with the same characteristics as the existing contract.

When determining the contract boundaries of insurance contracts, the Company assesses each contract separately, and weighs all the substantive obligations and rights, regardless of whether they arise from a contract, law or regulation, and ignoring conditions with no commercial substance.

Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations, which exist during the reporting period, in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the policyholder. A substantive right to receive services from the reinsurer ends when the reinsurer has a practical ability to reassess the risks transferred to it, and can set a new price or change the terms of the benefits, such that they fully reflect those risks, or alternatively, when the reinsurer has a substantive right to discontinue the coverage.

Following are the contract boundaries of material policies, which were identified:

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

4. The contract's boundaries (cont.)

A. Individual health insurance policies issued from 2016 and thereafter

As part of the reform, which came into effect on February 1, 2016 it was stipulated that the insurance period in individual health insurance policies will be two years, and the policy will be renewed every two years on a fixed renewal date, without the need to undergo a medical assessment or a further qualification period. Changes to the policy's tariffs and/or terms and conditions shall be made subject to the approval of The Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**"). By virtue of Insurance Circular 2022-1-13 regarding "Tariff Updating in Renewable Health Insurance Policies", which was published on September 20, 2022, the insurance companies may - subject to compliance with certain conditions - revise the premium in renewable health insurance policies without being required to receive the Commissioner's approval. Through the publication date of the circular, the Commissioner did not grant approvals for changes in tariffs in respect of existing coverages. In addition, the circular caps the rate of premium revision at the rate of the loss ratio (LR), which ranges between 75% to 85%, depending on the calculation method and the size of the Company. Therefore, it is impossible to say that there is a practical ability to reassess the portfolio's risks and accordingly to set a new price, which fully reflects those risks. Accordingly, the periods subsequent to fixed renewal date will be included in the contract's boundaries.

B. Life insurance policies, which include a savings component without a guaranteed annuity conversion factor on the policy issuance date

Life insurance policies, which include a savings component to the retirement age and permanent health insurance and/or life insurance coverage are insurance contracts, which often also provide an additional pension insurability (hereinafter - the "**Annuity Option**"). The Annuity Option is not included in the contract's boundaries, since the Company has the practical ability to reassess the contract's risks and to set an annuity conversion factor, which reflects those risks. Subsequent to its exercise, the Annuity Option shall be recognized as a new insurance contract in accordance with the standard's recognition rules.

C. Reinsurance contracts held

In accordance with the accounting policy applied under IFRS 4, the measurement of the reinsurance contracts is only in respect of the underlying contracts, which were transferred to the reinsurer as of the balance sheet date. In accordance with IFRS 17, except for these cash flows, the reinsurance contract boundaries may also include cash flows in respect of underlying contracts, which the Company expects to sell (and deliver to the reinsurance) in the reporting period, if the Company and the reinsurer do not have the right to cancel or reprice the obligation to deliver those futures.

5. Risk adjustment (RA) in respect of non-financial risk

The RA reflects the compensation, which the Company demands for bearing the uncertainty regarding the amount and timing of the cash flows arising from non-financial risks, which include insurance risk and other non-financial risks, such as lapse risk, and expenses risk. The RA also reflects the following:

- The level of compensation for diversification that the Company includes when setting the compensation it claims for bearing that risk; and

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

5. Risk adjustment (RA) in respect of non-financial risk (cont.)

- Both favorable and unfavorable outcomes, in a way which reflects the Company's degree of risk aversion.

The Company adjusts the estimated present value of the future cash flows in respect of this amount, which is reflected separately in the Company's total liabilities.

IFRS 17 does not specify the estimation techniques used to determine the risk adjustment for non-financial risk.

Life and Health Insurance

The Company calculates the RA amount required in order to comply with the required confidence level (CL) in accordance with the Value At Risk (VaR) method as applied in Solvency 2 for the capital requirement (SCR), with certain adjustments.

Property and Casualty Insurance

The Company calculates the RA amount required in order to comply with the required CL in accordance with the existing method for calculating the margin for best estimate liabilities in the financial statements, similar to the VaR method as applied in accordance with the best practice directives.

6. Interest rate curves

IFRS 17 stipulates that the estimates of future cash flows should be adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of the cash flows.

The standard stipulates that the discount rates applied to the estimates of the future cash flows shall:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- exclude the effect of factors, which influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The Company determines the interest rate curves for all groups of insurance contracts using the Bottom-Up approach. In this approach, the discount rate is obtained by adding the illiquidity premium (which reflects the liability's illiquidity) to the risk-free interest rate curve. The risk-free interest rate curve is based on yields to maturity of liquid bonds of the Israeli government. The last liquid point is the 25th year. Beyond this point, the Company will set the risk-free interest rate curves by way of extrapolation - in accordance with the Smith-Wilson method - up to the ultimate forward rate, which will be set at 60 years.

The full illiquidity premium is set based on the average spread of the bonds included in the Tel-Bond 60 Index. This premium is added in full or in part to the risk-free interest rate curve in accordance with the illiquidity characteristics of the relevant cash flows.

The technique used to estimate the risk-free interest rate curve as described above is in line with the approach implemented for purposes of Liability Adequacy Test (LAT) under IFRS 4.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)**A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)****7. The coverage units and the manner of releasing the contractual service margin (CSM)**

The CSM represents the liability in respect of the unrealized gain relating to future services. In accordance with the standard, the CSM will be recognized in profit and loss over the coverage period through a pattern, which reflects the insurance service provided by the Company in connection with the contracts, which are included in the insurance contracts group. This pattern is determined based on the coverage units, which were provided during the period compared to the coverage units, which are expected to be provided in the future in connection with the insurance contracts group.

The number of coverage units in a group is the quantity of coverage services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period.

The Company selected several parameters for the purpose of calculating the coverage units, and various weights in order to adapt the different coverage units, based on the expected amount of benefits payable to a policyholder from each type of coverage or service.

The coverage units for reinsurance contracts held are consistent with the coverage units for the underlying contracts, with adjustments in respect of the differences in the services provided.

IFRS 17 does not determine whether the time value should be taken into consideration when allocating the contractual service margin to the coverage units, such that the allocation will reflect the expected timing of the coverage units, which will be provided. For the purpose of allocating the contractual service margin to the coverage units, the Company opted to discount the coverage units.

8. Cash flow for purchase of insurance

Insurance acquisition cash flows are cash flows arising from the costs to sell, underwriting and starting a group of insurance contracts which are directly attributable to the portfolio of insurance contracts to which the group belongs. When insurance acquisition cash flows are directly attributable to a group of insurance contracts, they will be allocated to that group and to groups, which will include insurance contracts, which are expected to arise from renewals of the insurance contracts within that group, where relevant. Insurance acquisition cash flows, which are directly attributable to a portfolio of insurance contracts, will be allocated to groups of contracts in the portfolio, including groups of insurance contracts, which have not yet been recognized. If the Company allocated an insurance acquisition cash flows amount to insurance contracts which have not yet been recognized, this amount will be recognized as a separate asset. Cash flows to purchase insurance shall be allocated to future renewals. This asset will be derecognized when the renewals to which the asset relates will be recognized. Furthermore, the Company will assess the recoverability of the asset if there will be indications of impairment.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

8. Cash flow for purchase of insurance (cont.)

Insurance acquisition cash flows relating to insurance contracts, which have already been recognized, will be included in the measurement of the insurance contracts as part of the present value of the future cash flows, and will reduce the value of the CSM (in the GMM/VFA model), or the carrying amount of the liability in respect of the remaining coverage in the PAA model. This is a significant change in relation to the policy as per IFRS 4, whereby all insurance acquisition cash flows were recognized and measured as a separate asset in the statement of financial position. It is noted that consequently in the GMM/VFA model the insurance acquisition cash flows will be recognized in the Company's profit or loss in accordance with the timing of the CSM release, instead of the amortization method currently in place, which is based on straight line amortization plus taking into account actual cancellations.

The Company is still studying the need to recognize an insurance acquisition cash flows asset.

9. Presentation

Under IFRS 17, the Company will disaggregate the amounts recognized in the statement of profit or loss and other comprehensive income into:

- A. Insurance service results, comprising insurance revenue and insurance service expenses; and
- B. Finance income or finance expenses from insurance.

The above disaggregation shall increase transparency as to the Company's sources of income.

Insurance service results

Total income from insurance contracts for a group of insurance contracts is the consideration for the contracts adjusted to reflect finance effects.

Revenue from insurance services in the GMM and VFA model shall be calculated based on the decrease in liability in respect of the remaining coverage in respect of the services provided in the period plus the allocation of the premiums amount relating to recovery of the insurance acquisition cash flows for the reporting period. The Company will make this allocation in accordance with the coverage units used to release the CSM. In the PAA model, income from insurance services are recognized over the coverage period based on the passage of time.

Investment components, which were not separated from the insurance contracts, will not be recognized in expenses and income from insurance contracts. These components represent amounts, which will be refunded to the policyholder in any case, even if an insured event did not take place, and constitute a kind of a deposit deposited by the policyholder. Therefore, this amount does not constitute a part of the consideration received by the Company in respect of the service, and its refund does not constitute part of the Company's expenses.

The key investment components which were identified are in products which included a savings component.

Following the above, the Company expects that its income and expenses from insurance services will decline significantly in the transition to IFRS 17, with no effect on comprehensive income.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

9. Presentation (cont.)

Insurance service results (cont.)

Expenses which are directly attributable to sale and fulfillment of the insurance contracts shall be included in the measurement of the insurance contract, and recognized as an expense as part of insurance service results. Expenses which are not directly attributable to the insurance contracts will be recognized as an expense as incurred outside the insurance service results.

Finance income or finance expenses from insurance

Under IFRS 17, changes in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk are recognized as insurance finance income or expenses.

IFRS 17 stipulates that the Company shall make an accounting policy choice between:

- a) including insurance finance income and expenses for the period in profit or loss; or
- b) Disaggregating insurance finance income and expenses for the period between profit or loss and other comprehensive income.

This selection is carried out at the level of the insurance contracts portfolio.

The accounting policy, which was selected by the Company for all insurance portfolios, is the inclusion of insurance finance income and expenses for the period in profit or loss. This policy together with the policy to designate the financial assets, within the scope of IFRS 9 eliminates mismatches in the measurement of assets and liabilities.

IFRS 17 does not require disaggregation of the RA between insurance service results and finance income or finance expenses from insurance.

The Company expects that it will not apply this expedient and that it will disaggregate the RA between insurance service results and finance income or finance expenses from insurance.

10. Provisions for the Transitional Period

IFRS 17 should be applied retrospectively (hereinafter - "**Full Retrospective Application**"), unless this is impractical. In applying the Full Retrospective Application, the Company shall identify, recognize and measure each group of insurance contracts and any insurance acquisition cash flows as of the transition date as if IFRS 17 had been applied retrospectively. Furthermore, the Company shall derecognize any existing balances, which would not exist had IFRS 17 been applied retrospectively. Any resulting net difference will be recognized in equity.

The transition date is January 1, 2024, such that upon initial application the Company will restate the comparative figures for 2024.

If Full Retrospective Application for a group of insurance contracts and/or an asset in respect of insurance acquisition cash flows is impractical, the Company shall apply one of the following approaches:

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

A. Phoenix Insurance's preparations for the application of IFRS 17 and IFRS 9 (cont.)

10. Provisions for the Transitional Period (cont.)

- a) The modified retrospective approach (MRA) - to achieve the closest outcome to full retrospective application possible using reasonable and supportable information available without undue cost or effort; or
- b) The fair value approach (FVA) - in this approach the Company shall determine the contractual service margin or loss component of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

The Company expects to apply the following for the insurance portfolios, as detailed below:

1. The full retrospective approach (FRA)

- For property and casualty insurance portfolios.
- For short-term health insurance portfolios measured in accordance with the PAA model.

2. The modified retrospective approach (MRA)

The Company expects to apply the MRA approach for some of the insurance contract groups in the Life and Health Insurance Segments.

3. The fair value approach - FVA

All other insurance contract groups in the Life and Health Insurance Segment will be measured in accordance with the FVA approach.

In accordance with the Eighth Draft, the assessment of the fair value of the liabilities and the reinsurance assets shall be carried out using the Appraisal Value method (hereinafter - "**AV**"). The calculations under this method shall be based - to the extent possible - on calculations of IFRS 17 and Solvency 2-based economic solvency regime.

In applying the fair value approach, the Company may include in a group contracts issued more than one year apart. The Company opted to apply this expedient, rather than to divide groups into those, which include only contracts issued one year or less apart.

B. IFRS 9 - Main changes in the accounting policies

Classification and measurement

Financial assets

In implementing IFRS 9, the Company will classify financial assets in accordance with their subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, based on the entity's business model for managing financial assets, and projected cash flow of the financial asset.

A financial asset will be measured at amortized cost if the two following conditions are fulfilled:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

B. IFRS 9 - Main changes in the accounting policies (cont.)

Classification and measurement (cont.)

Financial assets (cont.)

- b) 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 (hereinafter - the "**Principal and Interest Test**").

A financial asset will be measured at fair value through other comprehensive income if the two following conditions are fulfilled:

- a) The financial asset is held within a business model whose objective is to collect contractual cash flows and to sell financial assets; and
- b) The principal and interest criterion is fulfilled.

A financial asset will be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Notwithstanding the foregoing, on initial recognition date, the Company may designate a financial asset as measured at fair value through profit or loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency, which would have otherwise arisen from the measurement of assets or liabilities or from recognition of gains and losses thereon using other bases.

The application of IFRS 9 will have the following effect on the classification and measurement of the Company's financial assets:

Participating portfolio

The underlying items of insurance contracts, which include participating savings and other insurance contracts, which include profit participation, will be measured at fair value through profit or loss, as is the case in the accounting policy as per IAS 39.

The nostro portfolio

- Investment in equity instruments will be measured at fair value through profit or loss instead of at fair value through other comprehensive income under IAS 39.
- Derivatives will be measured at fair value through profit or loss as is the case in IAS 39.
- Investments in equity instruments held against insurance liabilities, including designated bonds - will be measured at fair value through profit or loss, in order to prevent an accounting mismatch with the measurement of liabilities in respect of insurance contracts.
- Regarding investments in illiquid equity instruments held against equity and other liabilities, which are not insurance liabilities - the Company is considering the option of measuring them at amortized cost. Liquid debt instruments shall be measured at fair value through profit or loss.

Financial liabilities

The Company does not expect a material change in the classification and measurement of the financial liabilities.

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)

B. IFRS 9 - Main changes in the accounting policies (cont.)

Impairment model of financial assets

At each reporting date, the Company shall test 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 shall differentiate 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 current 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 will apply Company the expedient, according to which it shall assume that the credit risk of a debt instrument has not increased significantly since its initial recognition date, 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.

C. Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures

On May 30, 2024, the International Accounting Standards Board (hereinafter - "IASB") published amendments to IFRS 9 Financial Instruments (hereinafter - "IFRS 9") and IFRS 7 Financial Instruments: Disclosures (hereinafter - "IFRS 7"), which amend certain aspects of classification and measurement of financial instruments.

The amendments address the following topics:

1. Derecognition of a financial liability settled through an electronic payment system - an entity may deem a financial liability (or part thereof), which is settled in cash through an electronic payment system, to be discharged before the settlement date if specified criteria are met. The above option constitutes an accounting policy, and an entity that elects to apply this policy would be required to apply it to all settlements made through the same electronic payment system.
2. Assessing the features of contractual cash flows for the purpose of classifying financial assets - the amendments provide clarity on how to assess the features of the contractual cash flows of financial assets with environmental, social and corporate governance (ESG) features and other similar contingent features. Furthermore, the amendments expand the definition of the term non-recourse and clarify the features of contractually linked instruments (CLIs).

NOTE 10 - APPLICATION OF IFRS 17 AND IFRS 9 (cont.)**C. Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures (cont.)**

3. Disclosures - new disclosure requirements were added to IFRS 7 for financial assets and liabilities with contractual conditions related to contingent events (including those with ESG-linked features), and equity instruments measured at fair value through other comprehensive income (FVTOCI).

The amendments to the standards will be applied retrospectively as from annual reporting periods beginning on January 1, 2026 or thereafter. Earlier adoption is permitted but will need to be disclosed. Furthermore, an entity may early adopt only the amendments related to the classification of financial assets and the related disclosures while providing a disclosure. An entity will not present comparative information, but is permitted to do so if, and only if, it is possible without the use of hindsight.

The Company is assessing the effects of the above amendments on its consolidated interim financial statements.

Details of assets for assets and other financial investments

A. Details of other financial investments

	As of September 30, 2024			
	Presented at fair value through profit and loss	Available- for-sale	Loans and receivables	Total
	Unaudited			
NIS thousand				
Liquid debt assets (a1)	210,181	5,599,000	-	5,809,181
Illiquid debt assets	22,620	-	14,405,792	14,428,412
Shares (a2)	-	2,626,163	-	2,626,163
Other (a3)	405,894	5,544,365	-	5,950,259
Total	638,695	13,769,528	14,405,792	28,814,015

	As of September 30, 2023			
	Presented at fair value through profit and loss	Available- for-sale	Loans and receivables	Total
	Unaudited			
NIS thousand				
Liquid debt assets (a1)	234,948	5,514,453	-	5,749,401
Illiquid debt assets	-	-	14,821,493	14,821,493
Shares (a2)	18,086	2,108,813	-	2,126,899
Other (a3)	350,519	5,414,954	-	5,765,473
Total	603,553	13,038,220	14,821,493	28,463,266

	As of December 31, 2023			
	Presented at fair value through profit and loss	Available- for-sale	Loans and receivables	Total
	Audited			
NIS thousand				
Liquid debt assets (a1)	148,802	5,394,587	-	5,543,389
Illiquid debt assets	21,060	-	14,635,071	14,656,131
Shares (a2)	-	2,175,831	-	2,175,831
Other (a3)	749,792	5,279,770	-	6,029,562
Total	919,654	12,850,188	14,635,071	28,404,913

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

A1. Liquid debt assets

	As of September 30, 2024	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	3,108,227	3,406,668
Other debt assets:		
Other non-convertible debt assets	2,490,773	2,548,728
Other convertible debt assets	210,181	207,825
Total liquid debt assets	<u>5,809,181</u>	<u>6,163,221</u>
Impairments carried to profit and loss (cumulative)	<u>480,847</u>	

	As of September 30, 2023	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	2,369,127	2,646,656
Other debt assets:		
Other non-convertible debt assets	3,145,326	3,400,835
Other convertible debt assets	234,948	257,134
Total liquid debt assets	<u>5,749,401</u>	<u>6,304,625</u>
Impairments carried to profit and loss (cumulative)	<u>641,848</u>	

	As of December 31, 2023	
	Carrying amount	Amortized cost
	Audited	
	NIS thousand	
Government bonds	2,569,068	2,754,618
Other debt assets:		
Other non-convertible debt assets	2,825,519	2,977,081
Other convertible debt assets	148,802	154,611
Total liquid debt assets	<u>5,543,389</u>	<u>5,886,310</u>
Impairments carried to profit and loss (cumulative)	<u>382,196</u>	

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

a2. Shares

	As of September 30, 2024	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	2,080,045	1,968,081
Illiquid shares	546,118	424,074
Total shares	<u>2,626,163</u>	<u>2,392,155</u>
Impairments carried to profit and loss (cumulative)	<u>314,267</u>	

	As of September 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	1,630,989	1,638,602
Illiquid shares	495,910	335,384
Total shares	<u>2,126,899</u>	<u>1,973,986</u>
Impairments carried to profit and loss (cumulative)	<u>328,191</u>	

	As of December 31, 2023	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Liquid shares	1,678,362	1,604,213
Illiquid shares	497,469	326,809
Total shares	<u>2,175,831</u>	<u>1,931,022</u>
Impairments carried to profit and loss (cumulative)	<u>299,754</u>	

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

a3. Other financial investments

	As of September 30, 2024	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	598,760	505,064
Total illiquid financial investments	5,351,499	4,080,724
Total other financial investments	5,950,259	4,585,788
Impairments carried to profit and loss (cumulative)	271,884	

	As of September 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Total liquid financial investments	566,824	525,645
Total illiquid financial investments	5,198,649	3,883,953
Total other financial investments	5,765,473	4,409,598
Impairments carried to profit and loss (cumulative)	265,399	

	As of December 31, 2023	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Total liquid financial investments	505,506	411,171
Total illiquid financial investments	5,524,056	4,039,115
Total other financial investments	6,029,562	4,450,286
Impairments carried to profit and loss (cumulative)	256,780	



Part 3

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





Table of Contents

	<u>Page</u>
Independent Auditors' Review Report.....	2
Condensed Interim Data on Financial Position	3
Condensed Interim Data on Interim Profit and Loss	4
Condensed Interim Data about Comprehensive Income	5
Condensed Interim Data about Changes in Equity	6-10
Condensed Interim Data about Changes in Cash Flows	11-12
Additional Information to the Condensed Interim Separate Financial Information.....	13

To
The Shareholders of The Phoenix Financial Ltd. (Formerly: 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 Financial Ltd. (Formerly: Phoenix Holdings Ltd) (hereinafter – the “Company”) as of September 30, 2024 and for the nine and three months periods then ended. The company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion 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 1,728,760 thousand as of September 30, 2024, and the Company's share in of their earnings amounted to approximately NIS 125,423 thousand and NIS 33,994 thousand for the nine 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,
November 26, 2024

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	As of		
	September 30, 2024	September 30, 2023	December 31, 2023
	Unaudited		Audited
	NIS thousand		
Assets			
Investments in investees	10,355,114	8,904,124	9,489,368
Loans and capital notes to investees	1,117,552	1,105,351	1,166,632
Total non-current assets	11,472,666	10,009,475	10,656,000
Loans and capital notes to investees	1,258,257	1,042,117	1,355,018
Other financial investments	121,556	35,361	35,559
Receivables and debit balances	22,961	1,578	14,820
Dividend receivable from investees	63,530	337,501	-
Deferred tax assets	20,154	24,390	24,700
Cash and cash equivalents	95,430	135,920	403,736
Total current assets	1,581,888	1,576,867	1,833,833
Total assets	13,054,554	11,586,342	12,489,833
Equity attributable to Company's shareholders			
Share capital	315,173	313,331	313,340
Share premium and capital reserves	880,200	861,565	860,345
Treasury shares	(320,290)	(178,102)	(193,866)
Capital reserves	1,167,438	1,187,224	1,101,414
Surplus	9,078,746	7,834,311	8,499,062
Total equity	11,121,267	10,018,329	10,580,295
Liabilities			
Non-current liabilities			
Financial liabilities	1,789,451	1,514,051	1,828,678
Current liabilities			
Payables and credit balances	19,750	17,410	13,212
Financial liabilities	124,086	36,552	67,648
Total current liabilities	143,836	53,962	80,860
Total liabilities	1,933,287	1,568,013	1,909,538
Total equity and liabilities	13,054,554	11,586,342	12,489,833

Benjamin Gabbay
Chairman of the Board

Eyal Ben Simon
CEO

Eli Schwartz
EVP, CFO

Approval date of the financial statements – November 26, 2024

The attached additional information is an integral part of the Company's Separate Interim Financial Information.

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS thousand				
Company's share in the profits of investees, net of tax	1,090,023	70,826	465,203	109,090	736,279
Investment income, net and finance income	108,131	74,941	42,841	21,742	94,762
Revenues from management fees of investees	18,144	2,250	5,556	750	3,000
Total revenues	1,216,298	148,017	513,600	131,582	834,041
General and administrative expenses	26,124	9,698	6,914	3,044	18,847
Finance expenses	73,982	39,820	28,884	16,033	53,661
Total expenses	100,106	49,518	35,798	19,077	72,508
Profit before taxes on income	1,116,192	98,499	477,802	112,505	761,533
Expenses (income) for income tax	4,546	(15,560)	2,232	40	(15,870)
Profit for the period attributable to the Company's owners	1,111,646	114,059	475,570	112,465	777,403

The attached additional information is an integral part of the Company's Separate Interim Financial Information.

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited				Audited
	NIS thousand				
Income for the period	1,111,646	114,059	475,570	112,465	777,403
Other comprehensive income:					
<u>Amounts that will be or that have been reclassified to profit or loss when specific conditions are met</u>					
Group's share in other comprehensive income of investees	168,090	401,278	137,136	104,364	306,349
Total components of income items, subsequently reclassified to profit or loss	168,090	401,278	137,136	104,364	306,349
<u>Amount that will not be subsequently reclassified to profit or loss</u>					
Group's share in other comprehensive income of equity-accounted investees	4,621	-	4,621	-	9,072
Other comprehensive income for the period, net	172,711	401,278	141,757	104,364	315,421
Total comprehensive income for the period	1,284,357	515,337	617,327	216,829	1,092,824

The attached additional information is an integral part of the Company's Separate Interim Financial Information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available-for-sale financial assets	Total equity
	NIS thousand										
Balance as of January 1, 2024 (audited)	313,340	860,345	(193,866)	8,499,062	(395,095)	11,000	69,507	228,941	8,041	1,179,020	10,580,295
Net income	-	-	-	1,111,646	-	-	-	-	-	-	1,111,646
Other comprehensive income	-	-	-	-	-	-	-	4,621	12,079	156,011	172,711
Total comprehensive income	-	-	-	1,111,646	-	-	-	4,621	12,079	156,011	1,284,357
Share-based payment	-	3,846	-	-	-	-	16,114	-	-	-	19,960
Purchase of treasury shares (Note 8C to the Consolidated Financial Statements)	-	-	(126,424)	-	-	-	-	-	-	-	(126,424)
Exercise of employee options	1,833	16,009	-	-	-	-	(17,842)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	3,038	-	-	-	(3,038)	-	-	-
Dividend (see Note 8D to the Consolidated Financial Statements)	-	-	-	(535,000)	-	-	-	-	-	-	(535,000)
Acquisition of minority interests	-	-	-	-	(79,410)	-	-	-	-	-	(79,410)
Transaction with minority interests	-	-	-	-	(22,511)	-	-	-	-	-	(22,511)
Balance as of September 30, 2024 (unaudited)	315,173	880,200	(320,290)	9,078,746	(497,016)	11,000	67,779	230,524	20,120	1,335,031	11,121,267

The attached additional information is an integral part of the Company's Separate Interim Financial Information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non- controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share- based payment	Revaluation reserve	Reserve from translation differences	Capital reserve in respect of available- for-sale financial assets	Total equity
	NIS thousand										
Balance as of January 1, 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
Income for the period	-	-	-	114,059	-	-	-	-	-	-	114,059
Other comprehensive income	-	-	-	-	-	-	-	-	35,022	366,256	401,278
Total comprehensive income	-	-	-	114,059	-	-	-	-	35,022	366,256	515,337
Share-based payment	-	1,833	-	-	-	-	12,815	-	-	-	14,648
Acquisition of treasury shares	-	-	(22,474)	-	-	-	-	-	-	-	(22,474)
Dividend	-	-	-	(297,172)	-	-	-	-	-	-	(297,172)
Exercise of employee options	1,691	7,814	-	-	-	-	(9,505)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,779	-	-	-	(2,779)	-	-	-
Allocation of shares of a consolidated company to minority interests	-	-	-	-	3,341	-	-	-	-	-	3,341
Acquisition of non-controlling interests	-	-	-	-	(140,504)	-	-	-	-	-	(140,504)
Transaction with minority interests	-	-	-	-	(199,605)	-	-	-	-	-	(199,605)
Balance as of September 30, 2023 (unaudited)	<u>313,331</u>	<u>861,565</u>	<u>(178,102)</u>	<u>7,834,311</u>	<u>(393,271)</u>	<u>11,000</u>	<u>66,230</u>	<u>221,275</u>	<u>20,587</u>	<u>1,261,403</u>	<u>10,018,329</u>

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 July 1, 2024 (unaudited)	314,728	865,504	(310,101)	8,872,143	(422,204)	11,000	72,575	226,936	15,600	1,202,415	10,848,596
Net income	-	-	-	475,570	-	-	-	-	-	-	475,570
Other comprehensive income	-	-	-	-	-	-	-	4,621	4,520	132,616	141,757
Comprehensive income	-	-	-	475,570	-	-	-	4,621	4,520	132,616	617,327
Share-based payment	-	6,869	-	-	-	-	3,476	-	-	-	10,345
Treasury shares	-	-	(10,189)	-	-	-	-	-	-	-	(10,189)
Exercise of employee options	445	7,827	-	-	-	-	(8,272)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,033	-	-	-	(1,033)	-	-	-
Dividend	-	-	-	(270,000)	-	-	-	-	-	-	(270,000)
Acquisition of minority interests	-	-	-	-	(74,812)	-	-	-	-	-	(74,812)
Transaction with minority interests	-	-	-	-	-	-	-	-	-	-	-
Balance as of September 30, 2024 (unaudited)	<u>315,173</u>	<u>880,200</u>	<u>(320,290)</u>	<u>9,078,746</u>	<u>(497,016)</u>	<u>11,000</u>	<u>67,779</u>	<u>230,524</u>	<u>20,120</u>	<u>1,335,031</u>	<u>11,121,267</u>

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 July 1, 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
Income for the period	-	-	-	112,465	-	-	-	-	-	-	112,465
Other comprehensive income	-	-	-	-	-	-	-	-	9,288	95,076	104,364
Total comprehensive income	-	-	-	112,465	-	-	-	-	9,288	95,076	216,829
Share-based payment	-	2,049	-	-	-	-	3,326	-	-	-	5,375
Treasury shares	-	-	(10,369)	-	-	-	-	-	-	-	(10,369)
Exercise of employee options	163	1,494	-	-	-	-	(1,657)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	834	-	-	-	(834)	-	-	-
Dividend	-	-	-	(120,000)	-	-	-	-	-	-	(120,000)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	1,611	-	-	-	-	-	1,611
Acquisition of non-controlling interests	-	-	-	-	(129,656)	-	-	-	-	-	(129,656)
Balance as of September 30, 2023 (unaudited)	313,331	861,565	(178,102)	7,834,311	(393,271)	11,000	66,230	221,275	20,587	1,261,403	10,018,329

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
	Audited NIS thousand										
Balance as of January 1, 2023	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 income for the year	-	-	-	777,403	-	-	-	-	-	-	777,403
Other comprehensive income	-	-	-	172	-	-	-	8,900	22,476	283,873	315,421
Total comprehensive income	-	-	-	777,575	-	-	-	8,900	22,476	283,873	1,092,824
Share-based payment	-	493	-	-	-	-	16,221	-	-	-	16,714
Acquisition of treasury shares	-	-	(38,238)	-	-	-	-	-	-	-	(38,238)
Exercise of employee options	1,700	7,934	-	-	-	-	(9,634)	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	4,013	-	-	-	(4,013)	-	-	-
Dividend	-	-	-	(297,171)	-	-	-	-	-	-	(297,171)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	(2,184)	-	-	-	-	-	(2,184)
Acquisition of non-controlling interests	-	-	-	-	(136,803)	-	-	-	-	-	(136,803)
Transaction with minority interests	-	-	-	-	(199,605)	-	-	-	-	-	(199,605)
Balance as of December 31, 2023	313,340	860,345	(193,866)	8,499,062	(395,095)	11,000	69,507	228,941	8,041	1,179,020	10,580,295

The attached additional information is an integral part of the Company's Separate Interim Financial Information.

Appendix	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		Audited
NIS thousand					
<u>Cash flows for operating activities</u>					
Profit	1,111,646	114,059	475,570	112,465	777,403
Adjustments required to present cash flows for operating activities	(a) (1,108,813)	(116,836)	(484,171)	(131,245)	(779,214)
Net cash provided by (used for) the Company's operating activities	2,833	(2,777)	(8,601)	(18,780)	(1,811)
<u>Cash flows provided by investing activities:</u>					
Loans and capital notes provided to investees	(115,000)	(363,405)	(90,000)	(214,000)	(435,557)
Repayment of loans and capital notes from investees	183,947	71,237	175,453	9,315	70,420
Dividend received from investees	279,521	753,530	250,000	498,530	1,091,031
Investment in expanding RT1 Series PHONIX B12 Bonds by Phoenix Insurance	-	-	-	-	(298,084)
Sale of RT1 Series PHONIX B12 Bonds acquired from the Insurance Company	141,150	-	-	-	-
Sales (acquisitions) of financial investments by the Company, net	(90,842)	(22,554)	15,249	(22,900)	(24,026)
Investment in investees	-	(2,800)	-	(1,050)	(10,608)
Net cash provided by investing activities	398,776	436,008	350,702	269,895	393,176
<u>Cash flows provided by financing activities</u>					
Dividend paid to shareholders	(535,000)	(297,172)	(270,000)	(120,000)	(297,171)
Acquisition of Company shares	(126,424)	(22,474)	(10,189)	(10,369)	(38,238)
Repayment of bonds	(43,480)	(143,015)	-	-	(159,121)
Issuance of bonds	-	148,391	-	-	489,942
Payment of contingent liability to minority shareholders	(5,011)	-	-	-	-
Net cash used for financing activities	(709,915)	(314,270)	(280,189)	(130,369)	(4,588)
<u>Increase (decrease) in cash and cash equivalents</u>	(308,306)	118,961	61,912	120,746	386,777
<u>Balance of cash and cash equivalents at beginning of period</u>	403,736	16,959	33,518	15,174	16,959
<u>Balance of cash and cash equivalents as of end of period</u>	95,430	135,920	95,430	135,920	403,736

The attached additional information is an integral part of the Company's Separate Interim Financial Information.

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31	
	2024	2023	2024	2023	2023	
	Unaudited				Audited	
	NIS thousand					
(a)	<u>Adjustments required to present cash flows provided by (used for) operating activities:</u>					
	<u>Items not involving cash flows:</u>					
	Income (losses) from financial investments, net	(1,518)	(2,204)	(1,633)	(1,851)	1,472
	<u>Revenue and expense items not involving cash flows:</u>					
	Accrued interest and appreciation of bonds	43,191	14,319	18,982	7,337	34,598
	Tax expenses (benefits), net	4,546	(15,560)	2,232	40	(15,870)
	Company's share in the income of investees, net	(1,090,023)	(70,826)	(465,203)	(109,090)	(736,279)
	<u>Changes in other on-balance sheet line items, net:</u>					
	Change in receivables and debit balances	(8,170)	9,178	(751)	8,964	(3,985)
	Change in payables and credit balances	7,385	7,217	(8,139)	5,147	2,939
	Change in loans to investees	(64,254)	(40,428)	(29,659)	(23,229)	(43,557)
	Changes in current tax assets line items	-	(18,532)	-	(18,563)	-
	<u>Cash paid and received during the period for:</u>					
	Taxes received (paid), net	30	-	-	-	(18,532)
	Total cash flows for operating activities	<u>(1,108,813)</u>	<u>(116,836)</u>	<u>(484,171)</u>	<u>(131,245)</u>	<u>(779,214)</u>
(b)	<u>Significant non-cash activities:</u>					
	Dividend receivable from investees	<u>63,530</u>	<u>337,501</u>	<u>63,530</u>	-	-
(c)	<u>Breakdown of amounts included in operating activities</u>					
	Interest paid	25,602	19,274	5,801	11,796	39,441
	Interest received	45,344	13,453	26,571	54	25,424
	Dividend received	174	18	62	11	320

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, 2023 and in conjunction with the Condensed Consolidated Interim Financial Statements as of September 30, 2024 (hereinafter - the "**Consolidated Financial Statements**").

Definitions

The "**Company**" - Phoenix Financial Ltd. (formerly: Phoenix Holdings Ltd.).

"**Investees**" - 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. In January 2024, and as part of the implementation of the Company's strategy, The Phoenix Insurance transferred several employees and officers to the Company, and accordingly seeks to alter the management fee agreement with The Phoenix Insurance.
- B. In April 2024, the Company sold approx. NIS 140 million of its holdings in the subordinated notes recognized as Tier 1 capital instrument by The Phoenix Insurance and listed on the main list of the TASE, to entities listed in the First Addendum to the Securities Law, 1968. For details about the terms of the PHONIX B12 Bonds, see Note 27E to the Consolidated Annual Financial Statements.
- C. On April 7, 2024, Platinum issued the Company a NIS 25 million capital note. The capital note is not linked to the CPI and does not bear interest and with no repayment; in any event, the capital note will not be repaid before five years have elapsed from its issuance date..
- D. On August 27, 2024, Phoenix Advanced Investments issued the Company a NIS 90 million capital note. The capital note is not linked to the CPI and does not bear interest and with no repayment; in any event, the capital note will not be repaid before five years have elapsed from its issuance date..
- E. On August 21, 2024, The Phoenix Insurance's Board of Directors approved a dividend distribution in the amount of approx. NIS 250 million. The dividend was paid on August 22, 2024.
- F. In March 2024, Phoenix Agencies' Board of Directors approved a dividend distribution of approx. NIS 37 million, with the Company's share being approx. NIS 30 million.
And in August 2024, Phoenix Agencies' Board of Directors approved an additional dividend distribution of approx. NIS 80 million, with the Company's share being approx. NIS 64 million.
- G. On September 3, 2024, Phoenix Investments repaid NIS 50 million of a principal of a loan provided by the Company.
- H. During August and September 2024, Phoenix Investments repaid capital notes issued to the Company at a total of NIS 125 million.
- I. For other significant events during the reporting period, see Note 8 to the Consolidated Financial Statements.

NOTE 3 - SUBSEQUENT EVENTS

- A. For other significant events subsequent to the reporting date, see Note 9 to the Consolidated Financial Statements.

November 26, 2024

To
The Board of Directors of Phoenix Financial Ltd. (formerly: Phoenix Holdings Ltd.) (hereinafter - the "Company")

Dear Madam/Sir,

Re: Shelf Prospectus of Phoenix Financial Ltd. (formerly 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 November 26, 2024 on the Condensed Consolidated Financial Information of Phoenix Financial Ltd. (formerly Phoenix Holdings Ltd.) as of September 30, 2024 and for the nine- and three-month periods then ended.
2. Special report dated November 26, 2024 on the Separate Interim Financial Information in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of Phoenix Financial Ltd. (formerly Phoenix Holdings Ltd.) as of September 30, 2024 and for the nine- and three-month periods then ended.

Kost Forer Gabbay & Kasierer
Certified Public Accountants



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

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 June 30, 2024 (hereinafter - the "**Most Recent Quarterly Report of Internal Control**"), 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 upon the said Most Recent Quarterly Internal Control Report, and based upon information brought to the attention of Management and the Board of Directors as stated above, the internal controls are effective.

Certification

Certification by the CEO

I, Eyal Ben Simon, hereby certify that:

- (1) I have reviewed the periodic report of Phoenix Financial Ltd. (hereinafter - the "**Corporation**") for the third quarter of 2024 (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 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 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.

November 26, 2024

Eyal Ben Simon, CEO

Certification

Certification by 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 Phoenix Financial Ltd. (hereinafter - the "**Corporation**") for the third quarter of 2024 (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, which 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.

November 26, 2024

Eli Schwartz, EVP, CFO



Part 5

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



Phoenix Insurance Company Ltd. Certification

I, Eyal Ben Simon, hereby certify that:

1. I have reviewed the quarterly report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") for the quarter ended September 30, 2024 (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, which 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 of 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.

November 26, 2024

Eyal Ben Simon, Chief Executive Officer

Phoenix Insurance Company Ltd. Certification

I, Eli Schwartz, hereby certify that:

1. I have reviewed the quarterly report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") for the quarter ended September 30, 2024 (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, which 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 of 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 reporting¹ 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.

November 26, 2024

Eli Schwartz, Executive VP, Chief Financial Officer

¹As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".



Part 6

The Phoenix Insurance Solvency Report



Table of Contents

	<u>Page</u>
Special Internal Auditor's Report.....	3
Overview and Disclosure Requirements.....	6
Definitions.....	8
Calculation Methodology.....	10
Comments and clarifications.....	13
Section 1 - Economic Solvency Ratio and Minimum Capital Requirement.....	16
Section 2 - Economic Balance Sheet.....	19
Section 2 A - Information about Economic Balance Sheet.....	21
Section 2 B - Composition of liabilities in respect to insurance contracts and investment contracts.....	27
Section 3 - Shareholders' Equity in respect of SCR.....	28
Section 4 - Solvency Capital Requirement (SCR).....	30
Section 5 - Minimum Capital Requirement (MCR).....	31
Section 6 - Effect of the Application of the Provisions for the Transitional Period	32
Section 7 - Restrictions on Dividend Distribution.....	33

Tel. +972-3-6232525

Kost Forer Gabbay & Kasierer

Fax +972-3-5622555

Menachem Begin Road 144A, Tel Aviv 6492102

ey.com



To:
The Board of Directors of
Phoenix Insurance Company Ltd.

Re: **Independent auditor's report on the Solvency II-based Economic Solvency Ratio Report of Phoenix Insurance Ltd. (hereinafter - the "Company") as of June 30, 2024**

Introduction

We have performed the procedures set out below regarding the Solvency II-based Economic Solvency Ratio Report of the Company as of June 30, 2024 (hereinafter - the "**Report**" or the "**Solvency Ratio Report**"). Our report refers only to solvency ratio calculations and the presentation method of the Solvency Ratio Report and does not refer to any other activity of the Company.

Responsibility

The Board of Directors and management are responsible for the preparation and presentation of the Report in accordance with the directives of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") regarding the Solvency II-Based Provisions of the Economic Solvency Regime for Insurance Companies as set out in Chapter 2, Part 2, Section 5 of the consolidated circular and the related guidelines (hereinafter collectively - the "**Commissioner's Directives**"). The calculations, forecasts and assumptions on which the preparation of the Information was based fall under the responsibility of the Board of Directors and management. This responsibility includes the selection and application of appropriate methods for the preparation of the information and the use of assumptions and estimates for individual disclosures, which are reasonable under the circumstances. Moreover, this responsibility includes the planning, implementation, and maintenance of systems and processes relevant to preparation of the information in a manner that does not include material misstatement.

Our responsibility is to express a conclusion on the preparation and presentation of the calculation of the Solvency Ratio Report in accordance with the Commissioner's Directives based on the procedures set out below.

Scope of review

We performed our engagement in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information published by the IAASB in accordance to the supervisor's guidelines, as included in the unified circular in Chapter 7, Section 5, Part 1, titled "Auditor," which outlines the instructions regarding the review of the quarterly economic solvency ratio report. The work procedures included the procedures set out below, to assess whether the Company's calculations for this subject, as of June 30, 2024, in all material respects, do not comply with the Commissioner's Directives. However, we do not provide a separate conclusion for each disclosure.

The work procedures included the following procedures:

- Review of the Solvency Ratio Report and the explanations in the Report;
- Clarifications, mainly with those responsible for producing the Solvency Ratio Report and calculations for the solvency ratio; including clarifications for the material changes in the models, methodologies, calculation processes, and systems;
- Review of material changes in studies affecting the Report;
- Performing analytical review procedures, including assessing the likelihood of the material changes in the main sections of the Report.

We did not examine the Deduction during the Transitional Period as of June 30, 2024, as presented in Section 2 - Except for the above work procedures verifying that the Deduction Amount does not exceed the expected discounted amount of the risk margin and the solvency capital requirement 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 capital requirement, 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.

Our work is substantially smaller in scope than an audit performed in accordance with generally accepted auditing standards, and therefore does not enable us to obtain assurance that we would become aware of all of the significant matters that may be identified in an audit. Consequently, we are not expressing an audit opinion.

Conclusion

Except for the above regarding the adequacy of the amount of Deduction during the Transitional Period and based on the procedures performed, nothing has come to our attention that causes us to believe that the

Tel. +972-3-6232525

Kost Forer Gabbay & Kasierer

Fax +972-3-5622555

Menachem Begin Road 144A, Tel Aviv 6492102

ey.com



calculation of the solvency ratio and the presentation of the Company's Solvency Ratio Report for June 30, 2024, are not prepared in accordance with the Commissioner's Directives, in all material respects.

It should be emphasized that the projections and assumptions 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 information 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 information. Furthermore, actual results may materially vary from the information, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the information.

We draw attention to that stated in Section C, comments and clarifications regarding the solvency ratio, the uncertainty arising from regulatory changes, and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated, as well as regarding the uncertainty embodied in the actuarial and financial assumptions and forecasts used in the preparation of the Report.

Tel Aviv,

November 26, 2024

Kost Forer Gabbay & Kasierer

Certified Public Accountants

Overview and Disclosure Requirements

Solvency II-based Economic Solvency Regime

The information provided below was calculated 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**"), was prepared and presented in accordance with Chapter 1, Part 4 Section 5 of the Consolidated Circular as revised in Circular 2022-1-8 (hereinafter - the "**Disclosure Provisions**").

The Provisions of the Economic Solvency Regime set a standard model for calculating eligible shareholders' equity and the regulatory solvency capital requirement (SCR), 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 the eligible shareholders' equity and the regulatory solvency capital requirement.**

The eligible shareholders' equity is composed of Tier 1 capital and Tier 2 capital. Tier 1 capital includes shareholders' equity calculated through assessing the economic value of an insurance company's assets and liabilities in accordance with the circular's provisions, and Additional Tier 1 capital. Additional Tier 1 capital and Tier 2 capital include equity instruments with loss absorption mechanisms, including Subordinated Tier 2 capital, Hybrid Tier 2 capital and Tier 3 capital, which were issued prior to the circular's effective date. The circular places restrictions on the composition of shareholders' equity for SCR and MCR purposes (see below), such that the rate of Additional Tier 1 capital shall not exceed 20% of the Tier 1 capital, and such that the rate of components included in Tier 2 capital shall not exceed 40% of the SCR without taking into account the Provisions of the Transitional Period and the equity scenario adjustment, and shall not exceed 50% of the SCR under the Transitional Provisions and taking into account the equity scenario adjustment.

The eligible capital is compared to the capital requirement when there are two levels of capital requirements:

- The capital required to maintain an insurance company's solvency (hereinafter - "**SCR**"). The SCR is comprised of risks to which the Company is exposed, and is based on forward-looking calculation of the impact of the materialization of different scenarios, while taking into account the correlation of the different risk factors, based on the guidance in the Provisions of the Economic Solvency Regime.
- Minimum capital requirement (hereinafter "**MCR**" or "**minimum capital requirement**"). In accordance with the Provisions of the Economic Solvency Regime, the minimum capital requirement shall be equal to the highest of the amount of the minimum Tier 1 capital requirement under the "Requirements of the Previous Capital Regime" and an amount derived from insurance reserves and premiums (as defined in the Solvency Circular), with a floor of 25% and a cap of 45% of the SCR.

The eligible capital and the capital requirement are calculated using data and models which are based, among other things, on forecasts and assumptions that rely mainly on past experience. These calculations are highly complex.

The Provisions of the Economic Solvency Regime include, among other things, Transitional Provisions, which are based on increasing the eligible capital by deducting from the insurance reserves an amount that will be calculated as detailed in Section b below. The Deduction will decrease gradually until 2032 (hereinafter: the **"Deduction during the Transitional Period"**) and the stock scenario adjustment.

Publication of Economic Solvency Ratio Report

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 subsequent to the calculation date.

Furthermore, in view of the listing of Additional Tier 1 capital on the main list, and in accordance with Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes 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 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. If the Company's solvency ratio goes down to 120% or less, it will publish a Full Solvency Ratio Report on a quarterly basis in a semi-annual format, instead of an estimated ratio.

Forward-looking information

The data included in this Economic Solvency Ratio Report, including the eligible shareholders' equity and the solvency capital requirement are based, among other things, on forecasts, assessments, and estimates of future events, the materialization of which is uncertain and is not under the Company's control, and which should be considered as "forward-looking information" as the term is defined in Section 32A to the Securities Law, 1968. Actual results may differ from the results reflected in this Economic Solvency Ratio Report, if such forecasts, assessments and estimates, either in whole or in part, fail to materialize or materialize in a manner different than anticipated, including, among other things, with respect to actuarial assumptions (including mortality rates, morbidity rates, recovery rates, cancellations, expenses, uptake of pension benefits, rate of release of the risk margin and underwriting income rate), assumptions regarding future management actions, risk-free interest rates, capital market returns, future revenue, and damage in catastrophe scenarios.

A. Definitions

The Company	- Phoenix Insurance Company Ltd.
Provisions of the Economic Solvency Regime	- 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 " Solvency Circular "), including its explanations.
Best estimate	- Expected future cash flows from insurance contracts and investment contracts throughout their term, without conservatism margins and discounted by an adjusted risk-free interest.
Long-term health insurance (SLT)	- Health insurance that is conducted similarly to life insurance.
Short-term health insurance (NSLT)	- Health insurance that is deemed to be written on a similar technical basis as Property and Casualty Insurance.
Basic solvency capital requirement (BSCR)	- The capital requirement of an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime Directives, without taking into account the capital requirement due to operational risk, loss absorption adjustment due to deferred tax and capital requirement due to management companies.
Solvency capital requirement (SCR)	- Total capital requirement of an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime.
Recognized shareholders' equity	- Total Tier 1 capital and Tier 2 capital of an insurance company, after deductions and amortization in accordance with the provisions of Part B of the Appendix to the Solvency Circular.
Basic Tier 1 capital	- Excess of assets over liabilities in the economic balance sheet, net of unrecognized assets and dividend declared subsequent to report date and until the report's initial publication date.
Additional Tier 1 capital	- Perpetual capital note, non-cumulative preferred shares, Restricted Tier 1 capital instrument, Additional Tier 1 capital instrument - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.
Tier 2 capital	- Tier 2 capital instruments, Subordinated Tier 2 Capital, Hybrid Tier 2, Additional Tier 1 Capital instrument that was not included in Tier 1 and Hybrid Tier 3 Capital - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.

The Commissioner	- Commissioner of the Capital Market, Insurance and Savings Authority.
Effect of diversification of risk-weighted components	- Effect of the partial correlation between different risks in the model on their amounts; the greater the diversification between operating segments in the portfolio and the risk diversification risks, the greater is the effect of the correlation, which reduces the overall risk.
Solvency ratio	- The ratio between the eligible shareholders' equity of an insurance company and the solvency capital requirement.
Symmetric Adjustment (SA)	- Anti-cyclical component designed to adjust the capital requirement in respect of the shares risk to the changes in share prices, as detailed in Part C to the Provisions of the Economic Solvency Regime.
Stock scenario adjustment	- A reduced capital requirement for certain types of investments that will gradually increase until 2023, when the capital requirement in respect of these investments will reach its maximum rate.
Economic balance sheet	- The Company's balance sheet with the value of assets and liabilities adjusted in accordance with the provisions of Part A of the Solvency Circular.
Risk margin (RM)	- An amount that reflects the total cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company's insurance liabilities.
Deduction during the Transitional Period (hereinafter - the "Deduction")	- The amount deducted from insurance reserves during the Transitional Period, as detailed in Section 2a(2) above, and in accordance with the Provisions of the Economic Solvency Regime.
Minimum capital requirement (MCR)	- The minimum capital requirement of an insurance company, calculated in accordance with Chapter C of the Solvency Circular.
Expected profits in future premiums (EPIFP)	- Expected Profit in Future Premiums; the future profit from liabilities in respect of existing life and health insurance contracts arises from future premiums.
Transitional Period	- Under the Transitional Provisions for the implementation of an Economic Solvency Regime - a period running until December 31, 2032.
UFR	- Ultimate Forward Rate - the latest forward interest rate derived from the expected long-term real interest rate and the long-term inflation expectations to which the adjusted interest rate curve converges, in accordance with the Provisions of the Economic Solvency Regime.

Volatility Adjustment (VA)	- A component reflecting the margin implicit in a representative debt assets portfolio of insurance companies and added to the adjusted interest rate curve in accordance with Provisions of the Economic Solvency Regime.
Audited	- The term refers to an audit held by an independent auditor in accordance International Standard on Assurance Engagement (ISAE) 3400 – “The Examination of Prospective Financial Information”.
Unaudited	- The term refers to a review conducted in accordance with the principles of the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
Investment Rules Regulations	- Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012.
Adjusted risk-free interest	- The interest rate curve set by the Commissioner which is based on the real yield to maturity of bonds of the Government of Israel, with convergence in the long-term to a fixed real rate of 2.6% (UFR) plus a margin (VA) that was set by the Commissioner.

B. Calculation Methodology

The Economic Solvency Ratio Report as of June 30, 2024 and December 31, 2023 was calculated and prepared in accordance with the Provisions of the Economic Solvency Regime.

Economic balance sheet

The economic balance sheet is calculated in accordance with the detailed rules and directives published by the Commissioner, which are based on the European Solvency II rules, with adjustments to reflect the characteristics of the economic environment and products in Israel. The purpose of the rules is to reflect the economic value of the balance sheet items in accordance with the Commissioner’s approach. In accordance with the Directives, the insurance liabilities are calculated based on the best estimate of all expected future cash flows from existing businesses, without conservatism margins and plus a risk margin, which represents the addition to the insurance liabilities that is expected to be required from another insurance company to assume the insurance company’s insurance liabilities. In accordance with the Directives, the risk margin is calculated using the cost of capital method, at a rate of 6% per year of the expected capital requirement in respect of insurance risks over the life of the existing businesses as described below. The economic balance sheet is prepared based on the Company’s standalone financial statements plus investees, whose main occupation is holding rights in real estate properties. The economic balance sheet attributes zero value to intangible assets and deferred acquisition costs other than investment in “Insurtech” as defined in the Provisions of the Economic Solvency Regime, and the Commissioner’s approval in that respect was obtained, as required.

Increasing economic capital according to the Transitional Provisions

As aforesaid, the Company opted for the current alternative provided by 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**" or the "**Deduction**"). With regard to the Deduction during the Transitional Period, a letter was addressed to insurance companies managers titled "Principles for calculating Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" (hereinafter - the "**Letter of Principles**"). Pursuant to the Letter of Principles, the Deduction during the Transitional Period shall be calculated by dividing insurance policies issued through December 31, 2016 into homogeneous risk groups. The aforesaid deduction shall be calculated as the difference between insurance reserves (retention) as per the economic balance sheet including the risk margin attributed thereto (without adjusting the fair value of designated bonds) and the insurance reserves (retention) as per the Financial Statements. This difference shall be deducted on a linear basis until December 31, 2032.

The Company ensures that the deduction balance at each reporting date (hereinafter - the "**Deduction Value During the Transitional Period**") shall be proportionate to the expected increase in the solvency ratio calculated excluding expedients during the Transitional Period, and factors in at least the expected amortization of the SCRs and risk margin of the current portfolio as of the calculation date.

The Deduction during the Transitional Period shall be recalculated in subsequent periods in the following instances:

- (a) Every two years, after obtaining the Commissioner's approval;
- (b) If a material change occurred in the risk profile or the business structure of the insurance company;
- (c) At the request of the Commissioner, if he/she believed that circumstances have changed since approval was given.

Additionally, Section 3(c) of the letter "Principles for Calculating the Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" of October 15, 2020 (hereinafter – the "**Letter of Principles**") stipulates that an insurance company will determine qualitative and quantitative tests for cases in which the Deduction during the Transitional Period is recalculated and the Deduction during the Transitional Period will be recalculated, at least, in the following cases:

1. A material change in the risk-free interest rate curve;
2. A material change in the value of the Company's assets;
3. A material change in the demographic and operational assumptions underlying calculation of the insurance reserves;
4. A material change in the Company's business structure relevant to the Deduction during the Transitional Period;
5. A material change in the reinsurance agreements of businesses relevant to the Deduction during the Transitional Period.

The Company recalculated, as of the reporting date, the Deduction as of June 30, 2024. For further details about the Deduction, see Section 2A(2) below.

Solvency capital requirement (SCR)

The calculation of the solvency capital requirement is based on an assessment of the economic shareholders' equity's exposure to the following risk-weighted components set in the Provisions of the Economic Solvency Regime: life insurance risks, health insurance risks, Property and Casualty Insurance risks, market risks and counter-party default risks. These risk-weighted components include sub-risk-weighted components with respect to specific risks to which the insurance company is exposed. The exposure assessment of the economic shareholders' equity to each sub-risk component is carried out based on a defined scenario set out in the guidance. The determination of the solvency capital requirement is based on the sum of the capital requirements in respect of the risk-weighted sub-components and the sub-risk weighted components, as stated above, net of the effect of the risk diversification in the Company in accordance with the correlations assigned to them under the Directives, and net of the loss absorption adjustment due to deferred tax, as detailed in the Provisions of the Economic Solvency Regime. Furthermore, the calculation of the solvency capital requirement includes components of the capital requirement in respect of operational risk and in respect of management companies (where relevant).

The capital requirement in respect of each of the risks is calculated in accordance with the Company's exposure to that risk, taking into account the parameters set in the Directives. In accordance with the Directives, the capital requirement represents the scope of equity which will allow the insurance company to absorb unexpected losses in the forthcoming year and meet its obligations to policyholders and beneficiaries on time, with a 99.5% certainty level.

Loss absorption adjustment due to deferred tax asset

In accordance with the Provisions of the Economic Solvency Regime, an insurance company may recognize a loss absorption adjustment with respect to deferred tax assets up to the amount of the balance of the deferred tax reserve included in the economic balance sheet plus a tax asset against future profits up to 5% of the basic solvency capital requirement (BSCR), provided that the following conditions are met:

- The insurance company is able to demonstrate to the Commissioner that it is probable that it will have future taxable income against which the tax assets may be utilized.
- The future profits shall arise only from Property and Casualty Insurance or from Not Similar to Life Techniques (NSLT) (short term health insurance) only.

C. Comments and clarifications

1. General

The Economic Solvency Ratio Report includes, among other things, forecasts based on assumptions and parameters based on past experience, as they arise from actuarial studies conducted from time to time, and on Company's assessments regarding the future, to the extent that it has relevant and concrete information which can be relied upon. The information and studies are similar to those used as the basis for the Company's financial statements as of as of June 30, 2024. Any information or studies obtained or completed after the reporting date of the Company's annual report as of June 30, 2024 were not taken into account.

It should be emphasized that in view of the reforms in the capital, insurance and savings market and the changes in the economic environment, past data are not necessarily indicative of future results, and the Company is unable to reliably assess the effect of the reform and the changes. The calculation is sometimes based on assumptions regarding future events and steps taken by management, 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.

It should be emphasized that the results of the models used in the calculation of the eligible shareholders' equity and the solvency capital requirement are highly sensitive to the forecasts and assumptions included therein, as well as to the manner by which the Directives are implemented. The economic solvency ratio is highly sensitive to market variables and other variables, and accordingly may be volatile.

2. Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities

a) The field of insurance has been subject to frequent changes in relevant legislation and regulatory directives. For more information, see Sections 2.1 and 2.3. to Part B and Section 4.1 in Part D of the Description of the Corporation's Business in the Periodic Report of 2023 and Section 1.2 to the Report of the Board of Directors and in the Periodic Report for the period ended September 30, 2024.

The legislation and regulatory measures may impact the Company's economic solvency ratio. The calculation of the solvency ratio does not reflect the entire potential effect of the aforesaid legislation and regulatory measures and of other developments that are not yet reflected in practice in the data; this is since to date the Company is unable to assess their entire effect on its business results and solvency ratio. With regard to this matter, it should be noted that the implementation of IFRS 17 and its various components, that is due to come into effect in Israel starting in the financial statements as of January 1, 2025, may impact the company's solvency

ratio. According to the company's assessment, at this stage, no material impact is expected as a result of the implementation of the standard.

- b) In accordance with the Provisions of the Economic Solvency Regime, the value of contingent liabilities in the economic balance sheet is determined based on their value in the accounting balance sheet in accordance with the provisions of IAS 37; this measurement does not reflect their economic value. It is not possible to assess the effect of the uncertainty arising from the exposure to contingent liabilities, including such exposure's effect on the Company's future profitability and economic solvency ratio. For details regarding the exposure to contingent claims as of December 31, 2023, see Note 40 to the Financial Statements for 2023. For an update as to developments in this exposure after reporting date, see Note 7 to the financial statements as of June 30, 2024.
- c) **Amendment of the Consolidated Circular - Chapter 3 Part 4 Title 5 "Reporting to the Commissioner of the Capital Market, Insurance and Savings" - Hetz Bonds** - allocations of Hetz bonds are based on the amount of the insurance liability recognized in the financial statements in respect of the insurance contracts, where as from January 1, 2025 (the date of first-time application of IFRS 17), the manner of calculating the insurance liability will change significantly (transition from measurement based on traditional actuarial methods to measurement based on future cash flows discounted using a risk-free interest). In view of the above, in March 2023 the Commissioner published a circular regarding the "Amendment of the Consolidated Circular - Chapter 3 Part 4 Title 5 - Reporting to the Commissioner of the Capital Market, Insurance and Savings - Government Hetz Bonds"; the circular sets out provisions as to the manner of allocation of designated government Hetz bonds as from January 1, 2025 (the date of first-time application of IFRS 17). The change in the manner of allocation that will apply as from the first-time application date of the standard impacts the calculation of the asset relating to designated bonds as per the economic balance sheet. In the calculation of the solvency ratio as of June 30, 2024, the Company has not yet included the effect of the amendment, due to its assessment of immateriality from application of the amendment as to the results of the calculations of the reserves in IFRS 17, including the risk adjustment component, and its allocation for the purpose of the calculation of Hetz bonds in the period applicable to IFRS 17.
- d) In March 2024 an amendment was approved by the Knesset plenum to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "**Ordinance**"), which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the profit generated. The effect of the above revision of the solvency ratio results is immaterial.

- e) The Economic Plan for the Years 2023 and 2024 - In June 2023, the Economic Plan Law (Legislative Amendments for the Implementation of the Economic Policy for the Budget Years 2023 and 2024), Chapter 19 (Health) (hereinafter - "the Arrangements Law") was published. As part of this, the Supervision Law was amended, and it was established that an insurer is obligated to pay a health fund for a surgery performed and funded under the supplementary health insurance plan (SHABAN) if the conditions specified in the law are met. Additionally, transitional provisions were established, requiring the insurer to transfer policyholders from individual "first shekel" surgery insurance policies, which were signed from February 2016 onwards and who are also members of the SHABAN plan, to "supplementary SHABAN" surgery policies in a continuous insurance manner, effective June 1, 2024. It was also determined that policyholders would be allowed to notify the insurer within a year from the transfer date if they wish to cancel the transfer and revert to the original policy. Concurrently, and as a result of these changes, the company approved new rates for "first shekel" and "supplementary SHABAN" surgery policies. The implementation of this change has led to a positive but not material impact on the solvency ratio.

Section 1 - Economic solvency ratio and minimum capital requirement (MCR)

A. Economic solvency ratio

	As of June 30, 2024 Unaudited *)	As of December 31, 2023 Audited**)
	NIS thousand	
Shareholders' equity in respect of SCR - see Section 3	15,242,482	14,823,584
Solvency capital requirement (SCR) - see Section 4	7,707,246	7,640,211
Surplus	7,535,236	7,183,373
Economic solvency ratio (in %)	198%	194%

Effect of material equity transactions taken in the period between the calculation date and the publication date of the solvency ratio report:

Raising (redemption) of equity instruments***	(251,328)	-
Shareholders' equity in respect of SCR	14,991,154	14,823,584
Surplus	7,283,908	7,183,373
Economic solvency ratio (in %)	195%	194%

* Any reference made in this report to the term "unaudited" refers to a review conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

** Any reference made in this report to the term "audited", shall be construed as an audit held by an independent auditor in accordance with International Standard on Assurance Engagement (ISAE) 3400 - The Examination of Prospective Financial Information.

*** Subsequent to the balance sheet date (June 30, 2024), approx. NIS 298 million in Bonds (Series J) were redeemed (immediate report dated October 14, 2024, Ref. No.: 2024-01-610850). The aforementioned redemption impacted the balance of Tier 2 capital surplus existing in the company by approximately 251,328 thousand NIS, in accordance with the quantitative limit

Subsequent to the balance sheet date (December 31, 2023), approx. NIS 400 million in Bonds (Series D) were redeemed (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765). The redemption referred to above does not affect the solvency ratio as of December 31, 2023 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

For details regarding the economic solvency ratio without applying the Transitional Provisions for the Transitional Period, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Section 7 below.

Explanations to main changes in capital surplus and in the economic solvency ratio compared to last year:

- In the reporting period, there was a significant increase in the risk-free interest rate curve. The increase in the interest rate increased the capital surpluses as well as the solvency ratio of the Company, this increase was partially offset against the increase in inflation rate in Israel.

- In accordance with Section B above and due to material increases in the interest rate curve and in accordance with the Commissioner's Directives, The Company recalculated the value of the Deduction during the Transitional Period as of June 30, 2024. Following the said recalculation, there was an approx. NIS 872 million decrease in the Deduction compared to December 31, 2023 (from NIS 3,355 million to NIS 2,483 million, before linear amortization and approx. NIS 570 million after linear amortization). Accordingly, the capital surplus and solvency ratio of the Company was decreased. For further details about the recalculation of the Deduction in respect of the Transitional Period, see Section 2A(2) below.
- The solvency ratio results as of June 30, 2024 include the effect of a circular for the Amendment of the Consolidated Circular - Updating the Demographic Assumptions, which was published on July 24, 2024. The effect of this circular is an approx. 4% decrease in the solvency ratio including applying the Transitional Provisions in the Transitional Period.
- During the reporting period, the capital requirements increased, mainly due to an increase in the market risk component, due to positive returns in the investment portfolios and an increase in exposure to the stock component compared to last year.
- In the reporting period, there was a natural increase in the capital surplus and solvency ratio of the Company due to the amortization in the capital requirement for existing life and health insurance products, which reduces the solvency capital requirement and the risk margin (RM). Additionally, the capital surplus and solvency ratio were positively impacted as a result of sales in the general insurance sector.
- The results of the economic solvency ratio as of June 30, 2024 include a distribution of a cash dividend in the amount of NIS 250 million, which was paid in the third quarter of 2024.
- For details regarding other equity transactions subsequent to the balance sheet date, see footnote in the above table.

Implication of the Iron Swords War

The Company is exposed to declines on the financial markets and to slowdown, as well as to other risks arising from the War. For further details on sensitivity and exposure to risk factors, see also Note 38 to the Financial Report as of December 31, 2023.

At this stage, there is uncertainty regarding how the War will develop, its scope, and duration. As of the report publication date, since June 30, 2024 there has been a non significant increase in the CPI-linked risk-free interest, and equity markets were up. For information about the effects of sensitivities to share indexes and the index-linked risk-free interest, see Chapter 8 - Sensitivity Tests - to the Economic solvency ratio report as of December 31, 2023.

For further details regarding the ramifications of the War see Section 1.3.2 to the 2023 Annual Financial Statements, as well as the Company's financial statements as of September 30, 2024.

B. Minimum capital requirement (MCR)

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
	<u>Unaudited</u>	<u>Audited</u>
	NIS thousand	
Minimum capital requirement (MCR) - see Section 5A	2,008,345	1,995,718
Shareholders' equity for MCR - see Section 5B	11,790,528	11,402,622

Section 2 - Economic Balance Sheet

		As of June 30, 2024		As of December 31, 2023	
	Information about economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
			Unaudited	Audited	
NIS thousand					
Assets					
Intangible assets	3	886,878	108,069	868,287	129,266
Deferred acquisition costs	4	1,725,258	-	1,664,106	-
Property, plant & equipment		1,364,946	1,364,946	1,238,871	1,238,871
Investments in investees that are not insurance companies					
Other investees	5	1,571,109	1,157,088	1,581,275	1,177,039
Total investments in investees that are not insurance companies		1,571,109	1,157,088	1,581,275	1,177,039
Investment property in respect of yield-dependent contracts		2,324,446	2,324,446	2,283,063	2,283,063
Investment property - other		1,311,800	1,311,800	1,283,408	1,283,408
Reinsurance assets - see Section 2B	1	4,073,853	3,474,771	4,028,261	3,426,365
Receivables and debit balances	10	1,777,202	1,731,960	2,003,123	1,952,245
Financial investments in respect of yield-dependent contracts		83,620,829	83,620,829	82,817,937	82,817,937
Other financial investments					
Liquid debt assets		5,309,443	5,309,443	5,543,389	5,543,389
Illiquid debt assets, excluding designated bonds	6	6,833,225	6,793,554	7,272,587	7,256,853
Designated bonds	7	7,523,663	8,886,185	7,383,544	9,185,718
Shares		2,319,809	2,319,809	2,175,831	2,175,831
Other		5,840,955	5,840,955	6,029,562	6,029,562
Total other financial investments		27,827,095	29,149,946	28,404,913	30,191,353
Cash and cash equivalents in respect of yield-dependent contracts		18,685,733	18,685,733	19,303,547	19,303,547
Other cash and cash equivalents		2,072,342	2,072,342	2,084,507	2,084,507
Total assets		147,241,491	145,001,930	147,561,298	145,887,601
Total assets in respect of yield-dependent contracts		104,901,319	105,314,678	104,769,512	104,909,651

	Information about economic balance sheet	As of June 30, 2024		As of December 31, 2023	
		Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
		Unaudited		Audited	
		NIS thousand			
<u>EQUITY</u>					
Basic Tier 1 capital		6,846,837	10,222,810	6,418,491	9,545,604
Total equity		6,846,837	10,222,810	6,418,491	9,545,604
<u>Liabilities</u>					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts - see Section 2B	1, 8	25,033,765	17,398,444	24,605,125	18,122,795
Liabilities in respect of insurance contracts and yield-dependent investment contracts - see Section 2B	1, 8	103,600,967	99,848,453	103,060,466	99,174,573
Risk margin (RM)	1	-	5,851,197	-	6,399,314
Deduction during the Transitional Period	2	-	(1,623,529)	-	(2,323,036)
Liabilities in respect of deferred taxes, net	9	556,948	2,582,629	601,059	2,439,700
Payables and credit balances	4,10	3,410,119	3,264,783	3,126,474	2,993,582
Financial liabilities	11	7,792,855	7,457,143	9,749,683	9,535,069
Total liabilities		140,394,654	134,779,120	141,142,807	136,341,997
Total equity and liabilities		147,241,491	145,001,930	147,561,298	145,887,601

Key changes compared with December 31, 2023

- For explanations about key changes in Tier 1 capital, see Section 3 above.
- For more information about the changes in the Deduction during the Transitional Period, see Section 2A(2) below.

Section 2A - Information about economic balance sheet

The fair value of assets and liabilities in the economic balance sheet was calculated in accordance with the provisions included in the chapter dealing with measurement of assets and liabilities for financial statements purposes in the Consolidated Circular (Code of Regulations), except for items for which other provisions apply as per the Solvency Circular, as follows:

(1) Liabilities in respect to insurance contracts, risk margin (RM) and investment contracts and reinsurance assets

Liabilities in respect of insurance contracts and investment contracts are calculated in accordance with Part A Chapter 4 of the Solvency Circular based on a best estimate (hereafter - "**BE**" or "**Best Estimate**") on the basis of assumptions that are mainly a result of projecting to the future existing experience relating to past events, within the environment in which the Company operates, and without conservatism factors. As a rule, with respect to life and Health SLT liabilities, the Company applied the embedded value (EV) calculation methodology in Israel, and with respect to Property and Casualty Insurance - on the basis of the section in the Commissioner Position entitled "Best Practice for Calculation of Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes".

The calculation of SLT life and health insurance liabilities contracts was carried out by discounting the Company's projected cash flows using a model applied to information available in the Company's operational systems as to insurance coverages, and to many demographic, economic and behavioral assumptions. The projected cash flows include, for example, projected premiums in view of the expected cancellation rates, net of the expenses that the Company will incur in respect of the coverages, including fees and commissions to agents, expected claims, etc.

This cash flow is discounted based on a interest rate curve set by the Commissioner which is based on the real yield to maturity of bonds of the Government of Israel (hereinafter - "**risk-free interest**"), with convergence in the long-term to a fixed real rate of 2.6% (UFR) plus a margin (VA) that was set by the Commissioner.

The calculation of the liabilities does not include cash flows in respect of future sales; however, it does include an assumption that the Company will continue receiving premiums from existing businesses (excluding in respect of policies without an insurance risk, including investment contracts). Furthermore, the calculation assumes that the Company shall continue as a going concern, i.e., that the Company's activity will not change, and therefore, some of the fixed expenses in the future shall not be allocated to the current portfolio, but rather to a new business which is expected to be sold in the future.

It is likely that the actual cash flows will vary to some degree on another from the estimates made on a best estimate basis, even if the underlying parameters of the calculation will not change in any way. See also Section C1 above - comments and clarifications.

As stated above, the measurement of the insurance liabilities in the economic balance sheet is carried out by discounting the projected cash flows, including future profit, by a risk-free interest plus VAT and taking the UFR into consideration, on the basis of a best estimate that does not include conservatism margins, where the risk is reflected in the RM component, which is a separate liability. This measurement differs from the measurement applied in the financial statements, where insurance liabilities are estimated with conservatism margins using the discounting methods and rates described in the risk management note of the annual financial statements.

Risk margin - In addition to the insurance liabilities based on a best estimate, a component of the risk margin is calculated which reflects the total cost of capital that another insurance company would be expected to require in order to receive the insurance company's total insurance liabilities, calculated on the basis of a best estimate. The risk margin is calculated in accordance with the Commissioner's Directives, based on a capital cost rate of 6%, and is discounted at an adjusted risk-free interest rate, but excluding the VA component and based on current and future capital requirements. The future capital requirement is calculated in accordance with the "risk factor method", by changing the capital requirement components calculated as of the reporting date in accordance with the projected development of the risk factors attributed thereto. These factors are designed to reflect the development of the standard model risks over time. The calculation does not take into account the capital requirement in respect of market risks.

Limitations and qualifications with regard to calculation of the best estimate

- Generally, the underlying assumptions of the models were formulated mainly on the basis of studies and analyses which are based on Company's experience over the past few years, which did not include extreme events. Although there is low probability that extreme events will occur, the Company is unable to estimate this probability or the extent of the effect of those events. Accordingly, such events were not taken into account in the determination of the models' underlying assumptions.
- The determination of the BE is supposed to be based on an estimation of the distribution of the potential BEs. With no available significant statistical data that can be used to evaluate the distribution of BE for all demographic and operational factors in life and health SLT, the Company used real assumptions of each and every parameter, according to the expected value of each relevant factor, without taking into account any correlation or dependency between the different assumptions, or between the assumptions and external economic parameters such as taxation, interest or employment levels in Israel. Since the Company did not have sufficient data, when calculating the BE it did not check the level of correlation between demographic and operational assumptions (such as the rate of cancellations) and assumptions pertaining to market conditions (such as the interest rate), which may materially affect the BE.

- In many cases, the future cash flows refer to periods of tens of years into the future. The studies on which the underlying cash flow assumptions rely are based on management's best knowledge, mainly recent years' experience. It is highly uncertain whether the underlying cash flow assumptions will, indeed, materialize, including as a result of future regulatory changes which may have a material effect.

Limitations and qualifications with regard to calculation of the risk margin (RM)

The risk margin is calculated using the cost of capital method, at a rate of 6% in accordance with the guidance of the Economic Solvency Regime, and this rate does not necessarily reflect the cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company's insurance liabilities. In this context, it should be emphasized that the capital requirements are based on the model used to calculate the best estimate, despite its limitations as described above.

Assumptions underlying the insurance liabilities calculation

Demographic and operating assumptions

The calculation's underlying assumptions were set in accordance with the Company's best estimates of relevant demographic and operational factors, and reflect the Company's expectations as to the future in respect of these factors. The demographic assumptions included in the calculation were taken from Company's internal studies, if any, and conclusions reached as a result of exercising professional judgment, based on relevant experience and the integration of information received from external sources, such as information from reinsurers and mortality and morbidity tables published by the Commissioner.

The operational assumptions (general and administrative expenses) were calculated in accordance with the results of the Company's internal pricing model applied to expenses relating to the relevant insurance liabilities, including: allocation of expenses to the various segments and activities (issuance, current management, investments, claims management, etc.) and assumptions regarding their future development (in accordance with the CPI, amount of premiums and assets under management, etc.).

Following are the key assumptions on which the Company relied in the calculations:

a) Economic assumptions

- Discount rate - risk-free interest rate curve based on the yield to maturity of bonds of the Government of Israel (hereinafter - "**risk-free interest**") plus a margin (VA), with convergence in the long-term to a fixed real rate of 2.6% (UFR) as set by the Commissioner (hereinafter - the "Discount Rate").
- The yield on the assets backing the life and long-term health insurance products is identical to the Discount Rate (except for the assumed yield in respect of designated bonds).

The yield on designated bonds takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them. In that context, it should be noted that in March 2023 the Commissioner published a circular regarding the "Amendment of the Consolidated Circular - Chapter 3 Part 4 Title 5 - Reporting to the Commissioner of the Capital Market, Insurance and Savings - Hetz Bonds". For more information regarding this circular, see Section C(1) above.

b) Operational assumptions (for life and health insurance)

General and administrative expenses - the Company analyzed the expenses allocated in the financial statements to the relevant insurance segments, and allocated them to various products and coverage types and to various activities such as current operating of the coverages, investment management, handling claims, payment of pensions and more. The expenses study is revised periodically and the different types of expenses are carried to the future cash flow in relation to the relevant factors, such as the number of coverages, premiums, reserves or claims. The determination of the future expenses and their allocation to future cash flows include many assessments and judgments by the Company, which affect the amount of the liabilities.

c) Demographic assumptions

- Cancellations (discontinuation of premium payment, settlement of policies, payment of redemption value) - in accordance with Company's experience with the different products as observed in periodic cancellation studies, while making adjustments in accordance with the Company's estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.
- Mortality of pensioners - in accordance with the appendixes and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the amendment of the provisions of the Circular Provisions on Measuring Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 24, 2024. It was also assumed, in accordance with the default assumption in that circular, that the effect of the selection of pensioners that do not have to take out an annuity shall be equal to a 3% increase in the value of the paid pension.
- Mortality of planholders - based on the Company's experience in accordance with periodic mortality studies conducted in connection with the relevant products, while making adjustments in accordance with the Company's estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.
- Morbidity (claims' rate and period) in relation to long-term care, income protection, disability and health insurance products - based on the Company's claims history to the relevant products, in accordance with periodic claims studies, and/or in accordance with reinsurance tariffs applicable to the relevant products.
- Pension uptake rates, annuity uptake age, and pension tracks - in accordance with the Company's experience as observed in periodic studies, the different policy types and funds.

d) Insurance liabilities in Property and Casualty Insurance

The estimate of the insurance liabilities in the various subsegments in respect of policies earned is based on the provision for the balance sheet. The estimate includes Unallocated Loss Adjustment Expenses (ULAE) and does not include RM and other non-specific margins that were taken into account for reserve adequacy testing for the said balance sheet.

In respect of the unearned portion, the cost is based on the balance sheet calculation, taking into account the unearned portion of the contingent claims; (risk margins and other non-specific margins are deducted from these calculations as well).

(2) Deduction Value during the Transitional Period

The Deduction during the Transitional Period (hereinafter - the "**Deduction**") is calculated in accordance with the provisions included in the Economic Solvency Regime and in the letter to insurance companies managers: "Principles for Calculating Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" of October 15 2020 (hereinafter - the "**Letter of Principles**").

According to the Provisions of the Economic Solvency Regime, as outlined in Section B above and due to the material changes in the interest rate curve, in the period between December 31, 2023 and June 30, 2024, the Company recalculated the Deduction during the Transitional Period as of June 30, 2024. Accordingly, the Deduction during the Transitional Period as of June 30, 2024, which was recalculated, amounts to NIS 1,624 million after its linear amortization as of this date (compared with NIS 2,323 million as of December 31, 2023).

Other assets and liabilities:

- (3) **Intangible assets** - in accordance with Part A Chapter 2 Appendix A to the Provisions of the Economic Solvency Regime, an insurance company shall assess the value of intangible assets at zero, except for investment in Insurtech as defined in the Solvency Circular, for which it obtained the Commissioner's approval, as required.
- (4) **Deferred acquisition costs** - in accordance with Part A Chapter 2 Appendix A to the Provisions of the Economic Solvency Regime, an insurance company shall assess the value of acquisition expenses at zero. It should be noted that the value of the future profits implicit in the insurance contracts was taken into account in the liability in respect of insurance contracts item.
- (5) **Investment in investees which are not insurance companies** - in accordance with Part A Chapter 2 Appendix B to the Provisions of the Economic Solvency Regime, the calculation was carried out using the adjusted equity method, in accordance with the circular on investees which are not insurance companies. In accordance with this method, the Company's stake in investees was included based on its relative share in the excess of their assets over their liabilities, calculated in accordance with the economic value of the assets and liabilities in accordance with the circular's provisions, which is calculated based on their financial statements after writing-off intangible assets. In investees where the economic balance sheet reflects an excess of liabilities over assets, the value of the investment will be zero rather than a negative amount, when its value in the accounting balance sheet is a positive amount.

The economic value of the investees does not include the profits implicit in those companies.

In the management company, 35% of the balance of the original difference relating to this company is added to the economic value.

- (6) **Non-marketable debt assets** - in accordance with Part A, Chapter 1 to the Provisions of the Economic Solvency Regime, the fair value of non-marketable debt assets is calculated on the basis of a discounted cash flow model; the discount rates are determined by a company providing price and interest rate quotes for institutional entities.
- (7) **Designated bonds** - in accordance with Part A Chapter 2 Appendix E to the Provisions of the Economic Solvency Regime, the insurance company adjusts the value of designated bonds to their value as per the economic balance sheet in accordance with their economic value that takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them. See also Section 2a(1)(a) above.
- (8) **Contingent liabilities** - as to the value of contingent liabilities in the economic balance sheet, see Section d(2)(b) above.
- (9) **Liabilities in respect of deferred taxes, net** - in accordance with Part A Chapter 2 Appendix C to the Provisions of the Economic Solvency Regime, the calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet (taking into account the Deduction) and the value attributed to those assets and liabilities for tax purposes, in accordance with the recognition, measurement and presentation provisions of IAS 12. Deferred tax assets may be recognized only if the Company shall meet the criteria included in the Economic Solvency Regime, in addition to the criteria included in the abovementioned accounting standard.
- (10) **Payables and credit balances, receivables and debit balances** - in accordance with Part A Chapter 1 of the Provisions of the Economic Solvency Regime, some of the balances in this item were calculated in accordance with the general principles regarding the economic balance sheet.
- (11) **Financial liabilities** - were calculated in accordance with the general principles set in the Provisions of the Economic Solvency Regime and subject to the guidance in Part A Chapter 3, whereby changes in the Company's credit risk may only taken into account in respect of changes in risk-free interest. That is to say, the discount rate is a risk-free interest plus the margin on issuance date.

Section 2B - Composition of liabilities in respect to insurance contracts and investment contracts

	As of June 30, 2024		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Unaudited		
	NIS thousand		
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts			
SLT life insurance and long term health insurance contracts	10,245,713	547,847	9,697,866
NSLT property & casualty insurance and health insurance contracts	7,152,731	2,340,307	4,812,424
Total liabilities for insurance contracts and non-yield-dependent investment contracts	17,398,444	2,888,154	14,510,290
Liabilities in respect of insurance contracts and yield-dependent investment contracts - SLT life insurance and long term health insurance contracts	99,848,453	586,617	99,261,836
Total liabilities for insurance contracts and investment contracts	117,246,897	3,474,771	113,772,126

	As of December 31, 2023		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Audited		
	NIS thousand		
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts			
SLT life insurance and long term health insurance contracts	11,269,994	813,352	10,456,642
NSLT property & casualty insurance and health insurance contracts	6,852,801	2,264,885	4,587,916
Total liabilities for insurance contracts and non-yield-dependent investment contracts	18,122,795	3,078,237	15,044,558
Liabilities in respect of insurance contracts and yield-dependent investment contracts - SLT life insurance and long term health insurance contracts	99,174,573	348,128	98,826,445
Total liabilities for insurance contracts and investment contracts	117,297,368	3,426,365	113,871,003

Key changes compared with December 31, 2023:

- The decrease in liabilities for life and long term health insurance contracts (SLT) is mainly due to an increase in the risk-free yield curve.
- The increase in liabilities for yield-dependent insurance contracts and yield-dependent investment contracts is mainly due to an increase in yield-dependent investment track activity.
- The increase in liabilities in respect of NSLT property & casualty insurance and health insurance contracts is mainly due to an increase in the volume of the Property and Casualty Insurance Activity.

Section 3 - Shareholders' equity in respect of SCR

	As of June 30, 2024			
	Tier 1 capital		Tier 2 capital	Total
	Basic	Additional		
	NIS thousand			
Shareholders' equity	10,222,810	1,455,719	3,900,196	15,578,725
Deductions from Tier 1 capital (a)	(289,670)	-	-	(289,670)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	(46,573)	(46,573)
Shareholders' equity in respect of SCR (d)	9,933,140	1,455,719	3,853,623	15,242,482
Of which - expected profits in future premiums (EPIFP) after tax	5,645,251			5,645,251

	As of December 31, 2023			
	Tier 1 capital		Tier 2 capital	Total
	Basic	Additional		
	Audited			
	NIS thousand			
Shareholders' equity	9,545,604	1,484,921	4,334,970	15,365,495
Deductions from Tier 1 capital (a)	(27,047)	-	-	(27,047)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	(514,864)	(514,865)
Shareholders' equity in respect of SCR (d)	9,518,557	1,484,921	3,820,106	14,823,584
Of which - expected profits in future premiums (EPIFP) after tax	6,441,641			6,441,641

Key changes compared with December 31, 2023:

- Basic Tier 1 capital was positively affected by the increase in the risk free yield curve, sales of a new business, improvement in operating activities in Property and Casualty Insurance and amortization of the underwritten capital requirement for an existing business (which decreases the RM component). The effect was partially offset by recalculation of the amount of the Deduction during the Transitional Period as set out in Section 2A(2) above.
 - In the period from the report date of June 30, 2024 and the publication date of the report a cash dividend totaling NIS 250 million was distributed. The dividend was included in the amounts deducted from Tier 1 capital.
 - For further details regarding these changes, see Section 1a.
- (a) Amounts deducted from Tier 1 capital - in accordance with the definitions of "Basic Tier 1 capital" in Appendix B, Chapter 2, Part 2 of Section 5 in the Consolidated Circular - "Economic Solvency Regime" (hereinafter - the "**Economic Solvency Regime Appendix**"), these deductions include the amount of assets held against liabilities in respect of non-yield dependent insurance and investment contracts in breach of the Investment Rules Regulations, amount invested by the Company in purchasing Company ordinary shares, and the amount of dividend declared subsequent to the report date and through the publication of the report for the first time.
- (b) Deductions - in accordance with the provisions of Chapter 6 in Part B - "Directives regarding Insurance Companies' Shareholders' Equity" to the Economic Solvency Regime Appendix.

(c) Deviation from quantitative limitations - in accordance with the provisions of Chapter 2 in Part B - "Directives regarding Insurance Companies' Shareholders' Equity" to the Economic Solvency Regime Appendix.

(d) Composition of shareholders' equity in respect of SCR

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
Tier 1 capital		
Basic Tier 1 capital	9,933,140	9,518,557
Additional Tier 1 capital		
Additional Tier 1 capital instruments	1,455,719	1,484,921
Additional Tier 1 capital	1,455,719	1,484,921
Total Tier 1 capital	11,388,859	11,003,478
Tier 2 capital		
Tier 2 capital instruments	2,685,781	2,724,092
Hybrid Tier 2 capital instruments	1,214,415	1,204,306
Hybrid Tier 3 capital instruments	-	406,572
Less deduction due to deviation from quantitative limit	(46,573)	(514,864)
Total Tier 2 capital	3,853,623	3,820,106
Total shareholders' equity in respect of SCR	15,242,482	14,823,584

- For an explanation about key changes compared with December 31, 2023, see above.
- For details about shareholders' equity for purposes of the solvency capital requirement without applying the Provisions for the Transitional Period, see Section 6 - "Effect of application of Provisions for the Transitional Period" below.
- The decrease in Hybrid Tier 3 capital instrument reflects the redemption of approx. NIS 400 million in Bonds (Series D).

Section 4 - Solvency capital requirement (SCR)

	As of June 30, 2024	As of December 31, 2023
	Capital requirements	
	Unaudited	Audited
	NIS thousand	
Basic solvency capital requirement (BSCR)		
Capital requirement in respect of market risk	6,493,112	5,977,457
Capital requirement in respect of counterparty risk	796,946	596,309
Capital required in respect of underwriting risk component in life insurance	2,876,822	3,000,397
Capital requirement in respect of underwriting risk component in health insurance (SLT+NSLT)	3,971,479	4,267,732
Capital required in respect of underwriting risk component in P&C insurance	1,429,252	1,453,960
Effect of diversification of risk	(5,178,745)	(5,161,649)
Capital required in respect of the intangible assets risk component	54,035	64,633
Total basic solvency capital requirement (BSCR)	10,442,900	10,198,839
Capital required in respect of operational risk	369,121	391,014
Loss absorption adjustment due to deferred tax asset	(3,104,774)	(2,949,642)
Total solvency capital requirement (SCR)	7,707,246	7,640,211

For details about shareholders' equity for purposes of the solvency capital requirement without applying the Provisions for the Transitional Period and without applying a stock scenario adjustment, see Section 6 - "Effect of application of Provisions for the Transitional Period" below.

Key changes in solvency capital requirement compared to December 31, 2023:

- During the reporting period, the capital requirements increased, mainly due to an increase in the market risk component, due to positive returns in the investment portfolios and an increase in exposure to this stock component compared to last year.

Section 5 - Minimum Capital Requirement (MCR)

(a) Minimum capital requirement (MCR)

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement according to MCR formula	2,008,345	1,995,718
Lower band (25% of solvency capital requirement in the Transitional Period)	1,926,812	1,910,053
Upper band (45% of solvency capital requirement in the Transitional Period)	3,468,261	3,438,095
Minimum capital requirement (MCR)	2,008,345	1,995,718

(b) Shareholders' equity for MCR

	As of June 30, 2024		
	Tier 1 capital	Tier 2 capital	Total
	Unaudited		
	NIS thousand		
Shareholders' equity in respect of SCR according to Section 3	11,388,859	3,853,623	14,242,482
Deviation from quantitative limitations due to minimum capital requirement*	-	(3,451,954)	(3,451,954)
Shareholders' equity for MCR	11,388,859	401,669	11,790,528

	As of December 31, 2023		
	Tier 1 capital	Tier 2 capital	Total
	Audited		
	NIS thousand		
Shareholders' equity in respect of SCR according to Section 3	11,003,478	3,820,106	14,823,584
Deviation from quantitative limitations due to minimum capital requirement*	-	(3,420,962)	(3,420,962)
Shareholders' equity for MCR	11,003,478	399,144	11,402,622

(*) In accordance with the provisions of Chapter 3 in Part B to the Economic Solvency Regime Appendix, Tier 2 capital shall not exceed 20% of MCR.

Section 6 - Effect of the application of the Provisions for the Transitional Period

	As of June 30, 2024			
	Including applying the Transitional Provisions for the Transitional Period	Effect of Deduction during the Transitional Period	Effect of a 50% rate Tier 2 capital during the Transitional Period	Total excluding applying the Transitional Provisions for the Transitional Period
	Unaudited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	121,474,565	(1,623,529)	-	123,098,094
Basic Tier 1 capital	9,933,140	1,059,353	-	8,873,787
Shareholders' equity in respect of SCR	15,242,482	1,012,779	591,627	13,638,076
Solvency capital requirement (SCR)	7,707,246	(564,176)	-	8,271,422

	As of December 31, 2023			
	Including applying the Transitional Provisions for the Transitional Period	Effect of Deduction during the Transitional Period	Effect of a 50% rate Tier 2 capital during the Transitional Period	Total excluding applying the Transitional Provisions for the Transitional Period
	Audited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	121,373,646	(2,323,036)	-	123,696,682
Basic Tier 1 capital	9,518,557	1,528,790	-	7,989,767
Shareholders' equity in respect of SCR	14,823,584	1,131,667	843,446	12,848,471
Solvency capital requirement (SCR)	7,640,211	(794,246)	-	8,434,457

See description of the transitional provisions applicable to the Company during the Transitional Period in Section 2a - information about economic balance sheet, Subsection 2- Deduction Value during the Transitional Period.

Key changes compared with December 31, 2023 regarding the effect of the implementation of the Provisions for the Transitional Period:

- A recalculation of the amount of Deduction during the Transitional Period led to a decrease of the effect of the inclusion of the amount of Deduction during the Transitional Period, in addition to the linear amortization of the Deduction. For further details, see Section 1 and Section 2A(2) above.
- For an explanation about other key changes compared with December 31, 2023, see Section 1a above.

Section 7 - Dividend Distribution Restrictions

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

The Company's Board of Directors has set a minimum economic solvency ratio target and target range based on Solvency II. The economic solvency ratio target range, within which the Company seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction is 150%-170%.

The minimum economic solvency ratio target, taking into account the Transitional Provisions, was set at 135%, and the minimum solvency ratio target without taking into account the Provisions for the Transitional Period is set to reach 135% at the end of the Transitional Period according to the Company's capital plan. On August 24, 2024, the Company's Board of Directors increased the minimum economic solvency ratio target without taking into account the Provisions for the Transitional Period by 3 percentage points - from a rate of 115% to a rate of 118% as of June 30, 2024.

As of June 30, 2024, the date of the calculation, the Company has capital surplus in relation to the set targets, as described in the table below.

It is hereby clarified that the aforesaid does not guarantee that the Company will meet the set targets at all times.

Dividend

According to the letter published by the Commissioner, in October 2017, (hereinafter - the "**Letter**") an insurance company shall be entitled to distribute a dividend only if, following the distribution, the company has a solvency ratio - according to the 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.

Dividend distribution

In the second quarter of 2024, Phoenix Insurance distributed a dividend in the amount of NIS 250 million; for further details about the said dividend distribution, see the immediate report of August 22, 2024.

Subsequent to the dividend distributions, as set out above, the economic solvency ratio of Phoenix Insurance and the economic solvency ratio excluding the Transitional Provisions for the Transitional Period and without adjusting the share scenario, meet the minimum economic solvency ratio target without taking into account the provisions in the Transitional Period as set by the Board of Directors, according to the Commissioner's requirements on dividend distribution, as set out above.

The following are data on the Company's economic solvency ratio, calculated without taking into account the Transitional Provisions and the solvency ratio target set by the Company's Board of Directors with respect to the solvency ratio calculated without taking into account the Provisions for the Transitional Period and adjusting the stock scenario, as required by the letter. As stated, the ratio is higher than the solvency ratio required by the letter.

Solvency ratio without applying the Transitional Provisions for the Transitional Period:

	As of June 30, 2024	As of December 31, 2023
	Unaudited	Audited
	NIS thousand	
Shareholders' equity in respect of SCR - see Section 6	13,638,076	12,848,471
Solvency capital requirement (SCR) - see Section 6	8,271,422	8,434,457
Surplus	5,366,654	4,414,014
Economic solvency ratio (in %)	165%	152%

Effect of material equity transactions taken in the period between the calculation date and the publication date of the solvency ratio report:

Raising of capital instruments*	-	-
Shareholders' equity in respect of SCR	13,638,076	12,848,471
Surplus	5,366,654	4,414,014
Economic solvency ratio (in %)	165%	152%

Capital surplus after capital-related actions in relation to the Board of Directors' target:

Minimum solvency ratio target without applying the Transitional Provisions	118%	115%
Capital surplus over target	3,877,798	3,148,846

- * Subsequent to the balance sheet date as of June 30, 2024, approx. NIS 298 million in Bonds (Series J) were redeemed (immediate report dated October 14, 2024, Ref. No.: 2024-01-610850). The redemption referred to above does not affect the solvency ratio as of June 30, 2024 without applying the Provisions for the Transitional Period in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.
- Subsequent to the balance sheet date (December 31, 2023), approx. NIS 400 million in Bonds (Series D) were redeemed (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765). The redemption referred to above does not affect the solvency ratio as of December 31, 2023 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

- For an explanation about key changes compared with last year see Section 1A above.

November 26, 2024

Date

Benjamin Gabbay
Chairman of the Board

Eyal Ben Simon
CEO

Eli Schwartz
Deputy CEO,
Chief Financial Officer

Amit Netanel
Executive VP,
Chief Risk Officer