Menora Mivtachim

Interim Financial Statements

As of September 30, 2023

Menora Mivtachim Holdings Ltd.

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the September 30, 2023, financial report of Menora Mivtachim Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on November 30, 2023.

The Hebrew version submitted to the TASE and the Israeli Securities Authority shall be the sole legally binding version.

The translated report features the Report of the Board of Directors and Financial Statements; the full report is published in Hebrew.

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Chapter A:

Report of the Board of Directors

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Menora Mivtachim Holdings Ltd.

Report of the Board of Directors as of September 30, 2023

The following Report of the Board of Directors reviews the activity of Menora Mivtachim Holdings Ltd. (hereinafter - the “Company”) for the nine months ended September 30, 2023 (hereinafter - the “Reporting Period”). The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, assuming that the reader also has at his/her disposal the Company’s full 2022 periodic report, which was published on March 29, 2023 (hereinafter - the “**Periodic Report**”). With regard to the description of the businesses of the insurers consolidated in the Company’s reports, the report was prepared pursuant to the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the circulars issued by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the “**Commissioner**").

Part A - The Board of Directors’ Explanations for the State of the Corporation’s Business

1. Company description

1.1 The Company’s shareholders

The Company is a publicly-traded company, whose shares are traded on the Tel Aviv Stock Exchange. The Company’s principal shareholders are Palamas Establishment and Najaden Establishment (foreign corporations), which hold jointly in trust 63.25%[1] of the Company’s shares for Mss. Niva Gurevitch and Tali Griffel, respectively. The foreign corporations awarded Ms. Tali Griffel and Ms. Niva Gurevitch powers of attorney to vote on behalf of each of them (respectively) at general meetings of the Company, and accordingly Ms. Tali Griffel and Ms. Niva Gurevitch are considered as the Company’s controlling shareholders (hereinafter - the “**Controlling Shareholders**”). As of the report date, the Company’s CEO, Mr. Ari Kalman, holds - through an employee trust company - 2.77%[2] of the Company's shares. The remaining Company shares are widely held.

[1] Taking into consideration the number of dormant shares that were acquired as part of the share buyback plan (as described in Section 1.2.5 to the Report of the Board of Directors chapter of the Periodic Report).
[2] See comment 1 above.

1.2 The Company’s areas of activity

As of the report date, the Company is engaged, through subsidiaries under its control, in all of the key insurance segments, including life insurance and long-term savings, which includes pension and provident funds, property and casualty insurance, which includes motor insurance (compulsory and property), other property and casualty insurance and health insurance. The Company is also engaged, through subsidiaries under its control, in other activities (which do not constitute an “operating segment” as this term is defined in the Securities Regulations (Details of a Prospectus and Draft Prospectus - Structure and Format), 1969), such as the provision of securities distribution services and underwriting obligations, investments in real estate, financing and credit to SMEs, and provision of an undertaking for repayment of means of payments, through associates.

In addition, the Group holds a control stake and/or means of control in various insurance agencies, through Menora Mivtachim Agencies Ltd. (which is wholly-owned and controlled by the Company), and through subsidiaries of Shomera Insurance Company Ltd. (hereinafter - “**Shomera**”).

For a description of the Group’s areas of activity, please see Section 1.3 in the chapter entitled Description of the Corporation's Business in the Periodic Report.

2. Events and developments since the latest annual report

2.1 The Iron Swords War - consequences and effects

On October 7, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the "**Iron Swords War**" or the "**War**"). In view of the above and further to the letters issued on October 17 and November 8, 2023 by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**") to the Group's institutional entities regarding "Guidelines to Institutional Entities in View of the Iron Swords War" and "The Effects of the Iron Swords War on the Financial Statements, respectively, and further to points of emphasis published by the Israel Securities Authority to reporting corporations regarding a disclosure in connection with the Iron Swords War, the Boards of Directors of the Company and the Group's institutional entities held a meeting, as part of which, among other things, they analyzed the potential exposure to the effects of the War, and discussed the business continuity plan, the Company's preparedness to emergency scenarios, and the tools through which the Company can mitigate the risk, including from a financial perspective.

Set forth below are the details of the main effects:

On the operational level:

Upon the outbreak of the War, Group companies took action to facilitate remote work for most of their employees, with an emphasis on continuous provision of services to customers and employers in connection with essential process, specifically those listed in the Commissioner's letter, while monitoring different business parameters through relevant reporting mechanisms; enhancing the capability to provide services through digital channels - all, to the extent possible, while ensuring work safety, and mitigating the risks of remote working, including cyber and information security risks, and refreshing the business continuity procedures.

On the insurance level:

Life insurance and long-term savings - most of the exposure in this segment stems from life insurance, permanent health insurance, and disability insurance. The Group has in place reinsurance coverage for catastrophe events, which is intended to absorb some of the exposure; in the opinion of the Group, based on the information available to date, the effect in retention is in the range of NIS 30-40 million, pre-tax. Furthermore, it should be noted that due to potential adverse effects of the War on the labor market, and specifically an increase in unemployment rate, there may be a decline in contributions and an increase in withdrawals from pension savings in the future.

Health insurance (including long-term care insurance) - the exposure as a result of the War on the health and long-term health insurance operating segment is not expected to be material.

Property and casualty insurance - generally, damage to property due to the War is not covered by property insurance policies, and therefore, the exposure due to the War is not expected to be material. Furthermore, the War may have a positive effect on this segment. According to a preliminary assessment, an immaterial positive effect is expected.

On the financial level:

Assets under management - the Iron Swords War triggered declines in capital markets (both in share prices and in bond prices), which moderated in November 2023. As a result of the above, the value of the Group’s nostro assets and assets under management did not decline. The amount of the income from nostro investments immediately prior to the report publication date is immaterial.

Changes in the risk-free interest and the illiquidity premium - as a result of the War there was an increase in the risk-free interest and the illiquidity premium, and consequently there was a decrease in insurance liabilities. The decrease in liabilities immediately prior to the financial statements publication date amounts to approx. NIS 110 million before tax. For information about the impact of the War on the solvency ratio as of June 2023, see the Solvency Report attached as an appendix to the financial statements, and Section 7 below “Developments in the macroeconomic environment”.

In the regulatory environment:

On October 23, 2023, the Commissioner published a number of directives regarding regulatory changes and expedients that will apply during the War, whose objective is, among other things, to facilitate the activity of the institutional entities, and in particular the investment activity of institutional entities (in order, among other things, to facilitate the activity of the capital market), and in order to support those entities’ customers.

Thus, among other things, with respect to investments, expedients were provided regarding analyses in connection with the acquisition of corporate bonds, while giving the option to acquire bonds even without an up-to-date economic analysis as is currently required, provided that there is an independent and comprehensive economic analysis that will be approved by the Investment Committee. In addition, directives were prescribed that are designed to facilitate the activity of the institutional entities by postponing the dates on which various regulatory directives will come into force, including the amendment of the investment tracks circular, amendment of a uniform format for the transfer of information and data in the pension savings markets, the manner of depositing payments, own risk and solvency assessment of an insurance company (ORSA), amendment of the Supervising Actuary and Chief Actuary circular.

Furthermore, expedients were prescribed regarding regular reports to the Commissioner and regarding the manner by which the Board of Directors and its committees work, and the permission to postpone the publication date of the financial statements for the third quarter of 2023. Directives were prescribed that are designed to give expedients to policyholders and planholders, including amendment of the renewal circular while giving policyholders the flexibility to stop insurance coverages, and giving insurers the option to extend the term of the policy beyond the date set in the renewal notice if it did not manage to contact the policyholder. In addition, the Knesset legislated a deadline postponement law, which stipulates that an entity/person entitled to postpone a deadline as defined in the law will be allowed to notify the Company about the postponement of the set deadline for executing an action by virtue of a contract or a ruling by the earlier of 60 days or through December 31, 2023.

The term of the abovementioned directives was limited in time through the date set in each directive, on a case by case basis.

The War's effects on the Group's results constitute forward-looking information, as defined in the Securities Law, 1968, which is based, among other things, on the Company's assessments and estimates as of this reporting date, and are based on the publications and on the guidance of the competent parties in Israel and abroad, which might change from time to time, and whose materialization is uncertain and is outside the Group's control. The Company's assessments may not materialize, or materialize in a manner that is materially different, due to, among other things, in view of the development of the War, and specifically as a result of the government's actions in response to those developments.

2.2 Rating reiteration

In January 2023, Midroog announced that it reiterates the rating of the Company's bonds (Series C) at Aa2 with a stable outlook. For more information, see the Company's immediate report dated January 5, 2023 (Ref. No. 2023-01-003280).

2.3 Appointment of a director and a subsidiary CEO

On January 17, 2023 the Board of Directors of Menora Mivtachim Insurance Ltd. (hereinafter - "**Menora Mivtachim Insurance**") decided - after a discussion in the Audit Committee and at its recommendation - to appoint Mr. Michael Kalman as the Company's CEO as from April 1, 2023, instead of Mr. Yehuda Ben Assayag, the former CEO. Furthermore, the Board of Directors of Menora Mivtachim Insurance decided to appoint Mr. Ben Assayag as a director and as Chairman of the Board of Directors starting on April 1, 2023, instead of Mr. Ari Kalman, who ended his tenure as the Chairman of the Board of Directors of Menora Mivtachim Insurance on January 17, 2023. On February 22, 2023, the Acting Commissioner of the Capital Market, Insurance and Savings Authority approved the above-mentioned appointments.

2.4 The legal reform

During January 2023, the government began promoting a plan to make fundamental changes in the legal system in Israel, which led to controversy and widespread public protests. The legal reform and the uncertainty it gives rise to might impact the economic environment in which the Group operates, including the cost of capital raising, the returns in the capital market, the credit rating of Israel, and more. At this stage the Company is unable to assess future developments, or the effect of those events on the Israeli economy in general and the Group's activity in particular. It should be noted that due to the Iron Swords War, the legal reform was suspended, and the rating agency S&P downgraded the State of Israel's credit rating outlook from "stable" to "negative".

2.5 Dividend distribution

In March and August 2023, and in accordance with the dividend distribution policy, the Company declared the distribution of a NIS 100 million dividend that was distributed in April 2023, and a NIS 75 million dividend that was distributed in September 2023. For further details, see the Company's immediate reports of March 29, 2023 (Ref. No.: 2023-01-034203) and August 29, 2023 (Ref. No.: 2023-01-099861).

2.6 Dividend from subsidiaries

In the reporting period, the subsidiary Menora Mivtachim Pension and Provident Funds distributed a NIS 50 million dividend to the Company (the Company's share is NIS 45 million).

Subsequent to the balance sheet date, in November 2023, the subsidiary Menora Mivtachim Pension and Provident Funds distributed a NIS 50 million dividend (the Company's share is NIS 45 million).

2.7 Rating - subsidiaries

In May 2023, Midroog published a monitoring report of Menora Mivtachim Insurance Ltd. a company subsidiary, which reiterated the rating of the subsidiary and that of the bonds issued by it and by Menora Mivtachim Capital Raising, a second-tier company of the Company. Accordingly, the subsidiary's rating is Aa1 with a stable outlook, the rating of the bonds included in the Tier 2 and Tier 3 Capital is Aa2 with a stable outlook, and the rating of the bonds comprising the hybrid Tier 2 Capital is Aa3 with a stable outlook. For further details, please see the immediate report dated May 29, 2023 (Ref. No. 2023-01-057270).

In August 2023, Midroog published a monitoring report of the subsidiary, Shomera Insurance Company Ltd., which reiterated the subsidiary's rating - A1 with a stable outlook. To view the full rating report, please see the immediate report dated August 22, 2023 (Ref. No. 2023-01-078211).

2.8 End of tenure of an ED

In May 2023, Ms. Avital Stein ended a 9-year tenure as an ED in the Company. For further details, please see the immediate report dated May 4, 2023 (Ref. No.: 2023-01-047922).

2.9 Extraordinary meeting

In an extraordinary meeting of the Company, which was held in May 2023, Ms. Orit Stav was appointed as ED; the meeting approved the compensation to be paid to Ms. Stav and a revision to the Company's Compensation Policy. For further details, please see the immediate report dated May 4, 2023 (Ref. No.: 2023-01-047682).

2.10 Appointment of Orly Yarkoni

In May 2023, the Company's Board of Directors approved the appointment and compensation of Ms. Orly Yarkoni as a Company director, in effect as from June 1, 2023 and through the end of the next annual general meeting of the Company's shareholders. It should be noted that as from August 1, 2023 (after receipt of the Commissioner’s approval) Ms. Orly Yarkoni also serves as an ordinary director in the subsidiary - Menora Mivtachim Insurance Ltd. for further details, please see the Company's immediate reports dated May 30, 2023 (Ref. Nos. 2023-01-057810, 2023-01-057825).

2.11 Investment in Manor Fund

The Company’s Board of Directors approved an investment - through a subsidiary - and alongside other leading financial entities, as an anchor investor in the “Manor” investment fund (hereinafter - the **“Investment Fund**”), that will be set up by 3 partners headed by Avi Ortal. The amount of investment undertakings in the fund totals NIS 150 million. It is planned that the fund will operate for an indefinite period (evergreen), and its investment period will span over its entire life. The fund’s investment may be made through various types of financial instruments, including shares, loans, convertible securities and more. In its capacity as an anchor investor, the Group will be allowed to redeem its investment after 7 years from the date of the investment undertaking. The general partner will be entitled to management fees and success fees as is generally accepted. The Group and the other anchor investors shall be entitled to a portion of the success fees; such entitlement shall be in place even after the Group redeems its investment as stated above (if it does, indeed, do so). For further details, please see the Company's immediate report dated June 13, 2023 (Ref. No. 2023-01-064986). It is noted that the parties signed the investment agreement.

2.12 Consequences of the situation in capital markets

In 2022, there were declines in the financial markets due to the increase in the interest rate curve and due to the conflict between Russia and Ukraine. In view of the above, the declines in financial markets increased, specifically due to the hikes in interest rates across the world and in the USA, and the concern that a global recession will occur. Further to the above, the participating life insurance policies marketed through 2004 achieved negative real yields. Therefore, Menora Mivtachim Insurance did not record variable management fees since the beginning of 2022; rather, it only recorded fixed management fees. In 2023, there was a positive return, which partially offset the negative real return as stated above. Accordingly, the estimated management fees that will not be collected due to the negative real return until a cumulative positive return is achieved amounted, as of the report date, to NIS 241 million before tax. It should be noted that subsequent to the financial statements date, and specifically due to the Iron Swords War, prices in the Israeli capital market declined, and consequently, immediately prior to the financial statements publication date the management fees that will not be collected due to the negative real return were estimated at NIS 246 million.

Furthermore, and in view of the War in Ukraine that is still raging, some western countries decided to collaborate and impose some significant financial and economic sanctions on Russia, as well as various trade restrictions on Russian entities (including financial institutions and various corporations, politicians, Russian businessmen, etc.); these sanctions and restrictions include a prohibition on trade, investment, and on maintaining economic relations, as well as the disconnection of some Russian banks from international financial systems. At the same time, the Russian government imposed restrictions on the transfer of capital to destinations outside Russia. Menora Mivtachim group invested - together with partners - in assets located in Russia; the amount of the investment is immaterial compared to the Group’s total assets; in view of the above, the Group’s ability to dispose of the assets is limited, and so is its ability to transfer funds to destinations outside the Russian Federation. Furthermore, and as a result of a sharp depreciation in the exchange rate of the Ruble, the value of the investment has eroded significantly in dollar and shekel terms.

2.13 Extension of the term of the Company and second-tier company’s shelf prospectus

On August 23, 2023, the Israel Securities Authority approved the extension of the term of the Company’s shelf prospectus, which was published on August 30, 2021; for more information please see the Company's immediate report of August 23, 2023 (Ref. No.: 2023-01-079009).

On August 23, 2023, the Israel Securities Authority approved the extension of the term of Menora Mivtachim Capital Raising’s shelf prospectus, which was published on August 30, 2021; for more information please see Menora Mivtachim Capital Raising’s immediate report of August 23, 2023 (Ref. No.: 2023-01-078991).

2.14 Issuance of Series H

In September 2023, the second-tier company - Menora Mivtachim Capital Raising Ltd. - issued NIS 300 million p.v. registered bonds (Series H) of NIS 1 p.v each. The Bonds (Series H) were rated Aa3 by Midroog. The issuance proceeds were transferred to Menora Mivtachim Insurance as Tier 2 Capital. For further information, please see the immediate report of Menora Mivtachim dated September 7, 2023 (Ref. No. 2023-01-104514).

2.15 Collective long-term care insurance - Leumit Health Services

Menora Insurance is the insurer in a collective long-term care insurance policy for members of Leumit Health Services. According to the agreement with Leumit, the insurance period is expected to end on March 31, 2024. Leumit Health Services believes that it has the right to extend the insurance period by three additional years, but Menora Insurance rejected this position and announced that Leumit is not entitled to exercise the option to extend the agreement as stated above, and accordingly the agreement will expire on March 31, 2024.

2.16 Legal proceedings

For information regarding developments in the exposure to class actions and the approval of lawsuits that were filed against the Company and/or its consolidated companies, as class actions and other contingent claims, see Note 6 to the financial statements.

3. The financial position

3.1 Main data from the financial statements

3.1.1 Data from the consolidated balance sheets

In NIS million	As of September 30, 2023	As of September 30, 2022	As of December 31, 2022
Assets for yield-dependent contracts	33,351	32,281	32,501
Other financial investments	23,868	23,103	23,244
Other assets	12,601	11,390	11,835
Total assets	**69,819**	**66,774**	**67,580**
Equity attributable to the Company's shareholders	6,262	5,760	5,897
Non-controlling interests	195	173	182
Total equity	**6,457**	**5,933**	**6,079**
Liabilities:			
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	22,491	21,837	21,833
Liabilities in respect of insurance contracts and yield-dependent investment contracts*)	32,493	31,268	31,795
Financial liabilities	5,162	4,895	4,649
Other liabilities	3,216	2,841	3,223
Total liabilities	**63,362**	**60,841**	**61,500**
Total equity and liabilities	**69,819**	**66,774**	**67,580**

*) Some of the liabilities in respect of yield-dependent insurance contracts are presented in the "other liabilities" and "financial liabilities" line items.

The increase in assets (approx. NIS 2.2 billion) and in liabilities (approx. NIS 1.8 billion) in the reporting period, stemmed mainly from the issuance of subordinated bonds in the subsidiary in the total amount of approx. NIS 296 million (see Section 2.14 above), and from a return on the assets in the reporting period; in addition, the equity line item increased by approx. NIS 365 million.

3.1.2 Assets under management

In NIS million	As of September 30 2023	As of September 30 2022	% of change	As of December 31 2022
For insurance contracts and investment contracts	32,868	31,554	4.2%	32,086
For pension funds’ planholders	213,449	182,760	16.8%	190,559
For provident funds’ planholders	37,803	33,754	12.0%	34,376
Total assets under management for policyholders and planholders in the Group)**	**284,120**	**248,068**	**14.5%**	**257,021**
Nostro assets	20,667	19,622	5.3%	20,024
	304,787	**267,689**	**13.9%**	**277,045**

**) The consolidated financial statements do not include the assets under management in the pension funds and provident funds (except for guaranteed return provident funds).

3.1.3 Shareholders’ equity

The equity attributable to the Company’s shareholders amounted to approx. NIS 6,262 million as of September 30, 2023, compared to approx. NIS 5,897 million as of December 31, 2022. The increase in equity stems mainly from comprehensive income of approx. NIS 534 million, and on the other hand from a distributed dividend of approx. NIS 175 million, and the effect of the allocation of options to employees at the total amount of approx. NIS 9 million.

4. Economic solvency regime based on Solvency II of an insurance company

In February and March 2018, the Boards of Directors of Menora Mivtachim Insurance and Shomera decided to set a “capital target” for the purpose of dividend distribution. The capital target constitutes an addition to the equity in excess of the solvency capital requirement (SCR).

The capital target that was set by the companies for the purpose of dividend distribution shall be created gradually (plus an annual increase of approx. 0.7% in Menora Insurance and approx. 0.86% in Shomera by the end of 2024 (the adjustment period of the solvency provisions for Shomera); as of this date and thereafter, the capital target shall stand at 115% and 108% of the required solvency ratio, respectively.

In October 2020, Shomera updated the target capital for the purpose of dividend distribution, such that it will increase gradually until reaching 110% at the end of the adjustment period in 2024 (instead of 108%), and in November 2021, Shomera updated the target capital once again to 113% instead of 110%, such that it will increase every year by 2.1% through the end of the adjustment period in 2024.

In November 2023, Menora Insurance updated the target capital, such as that from the end of 2024 the target capital will increase linearly from 115% as stated above to 130% in 2032.

As of December 31, 2022, the target capital stands at 113.6% and 108.8% in Menora Insurance and Shomera, respectively, and as of June 30, 2023 (according to the gradual increase as stated above) the capital target stands at 113.9% and 109.8%, respectively. It is hereby clarified that there is no certainty that the Consolidated Insurance Companies will meet this solvency ratio at each point in time.

For further details, please see Section 8.5 in the Description of the Corporation's Business chapter in the Periodic Report and Note 5 to the Financial Statements.

Capital requirements according to the solvency regime (in NIS thousand)

Solvency ratio and minimum capital requirement

A. Solvency ratio

Menora Insurance					
	As of June 30, 2023	As of December 31, 2022		As of June 30, 2023	As of December 31, 2022
	Unaudited*	Audited**		Unaudited*	Audited**
	NIS thousand			NIS thousand	
Without taking into account the Transitional Period provisions and after adjusting the stock scenario:			**Meeting milestones taking into account the Transitional Period provisions and after adjusting the stock scenario:**		
Shareholders equity in respect of SCR	6,934,664	6,616,988	Shareholders equity in respect of SCR	7,350,716	7,200,873
Solvency capital requirement (SCR)	4,606,968	4,578,909	Solvency capital requirement (SCR)	4,330,377	4,207,916
Surplus	**2,327,696**	**2,038,079**	**Surplus**	**3,020,339**	**2,992,957**
Solvency ratio (%)	**150.5%**	**144.5%**	**Solvency ratio (%)**	**169.7%**	**171.1%**
Effect of material capital-related measures taken in the period between the calculation date and the publication date of the solvency ratio report			**Effect of material capital-related measures taken in the period between the calculation date and the publication date of the solvency ratio report**		
Capital raising	182,697	-	Capital raising	300,000	-
Shareholders' equity for solvency purposes	**7,117,360**	**6,616,988**	Shareholders' equity for solvency purposes	**7,650,716**	**7,200,873**
Surplus	**2,510,392**	**2,038,079**		**3,320,339**	**2,992,957**
Solvency ratio (%)	**154.5%**	**144.5%**	**Solvency ratio (%)**	**176.7%**	**171.1%**
The Board's target for the period (in %)	**113.9%**	**113.6%**			
Excess capital over target (in NIS thousand)	**1,868,708**	**1,416,655**			

B. Minimum capital requirement (MCR)

	As of June 30, 2023	As of December 31, 2022
	Unaudited*	Audited**
	NIS thousand	
Minimum capital requirement (MCR)	**1,443,295**	1,267,822
Solvency capital requirement (SCR)	**5,979,284**	5,797,315

(*) The solvency ratio as of June 30, 2023 was reviewed by the Company's independent auditors in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

(**) The solvency ratio as of December 31, 2022 was reviewed by the Company's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3400) - The Examination of Prospective Financial Information. See Note 6 to the Consolidated Interim Financial Statements and the Economic Solvency Ratio Report on the Company's website.

A. Solvency ratio

Shomera Insurance					
	As of June 30, 2023	As of December 31, 2022		As of June 30, 2023	As of December 31, 2022
	Unaudited*	Audited**		Unaudited*	Audited**
	NIS thousand			NIS thousand	
Without taking into account the Transitional Period provisions and after adjusting the stock scenario:			**Meeting milestones taking into account the Transitional Period provisions and after adjusting the stock scenario: ****		
Shareholders equity in respect of SCR	664,794	629,276	Shareholders equity in respect of SCR	664,794	629,276
Solvency capital requirement (SCR)	399,988	475,975	Solvency capital requirement (SCR)	352,028	420,253
Surplus	**264,806**	**153,300**	**Surplus**	**312,766**	**209,023**
Solvency ratio (%)	**166.2%**	**132.2%**	**Solvency ratio (%)**	**188.8%**	**149.7%**
The Board's target for the period (in %)	**109.8%**	**108.8%**			
Excess capital over target (in NIS thousand)	**225,493**	**111,551**			

B. Minimum capital requirement (MCR)

	As of June 30, 2023	As of December 31, 2022
	Unaudited*	Audited**
	NIS thousand	
Minimum capital requirement (MCR)	117,034	165,648
Solvency capital requirement (SCR)	664,794	629,276

(*) The solvency ratio as of June 30, 2023 was reviewed by the Company's independent auditors in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

(**) The solvency ratio as of December 31, 2022 was reviewed by the Company's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3400) - The Examination of Prospective Financial Information. See Note 6 to the Consolidated Interim Financial Statements and the Economic Solvency Ratio Report on the Company's website.

The Iron Swords War broke out in Israel subsequent to the report date, in October 2023. The prolongation of the War led to a slowdown in the business activities in the Israeli economy, including, among other things, due to the closure of factories in the south and north of Israel, damage to infrastructures, drafting of reservists for an unknown period, and disruption of the economic activity in Israel. The prolongation of the war may have adverse effects on many sectors and geographic regions in Israel.

The potential fluctuations in financial markets in Israel, foreign currency exchange rates, the availability of personnel, local services and access to local resources might affect entities, whose principal activity takes place in Israel.

The Solvency Ratio Report was prepared on the basis of the terms and conditions and the best estimate as known to the companies as of the reporting date on June 30, 2023. Therefore, at this stage, the Solvency Ratio Report was not revised to reflect the effects of the "Iron Swords" War, since the companies are unable to reliably assess the future effect of the War on their economic solvency ratio, due to, among other things, the volatility in the markets, and its effect on the interest rate curve, the uncertainty regarding the duration of the war, its intensity, its effects on the Company's areas of activity, and in relation to other steps that will be taken by the government. Without detracting from the above, at this stage, and based on the information available as of the report publication date, there was no material change in the solvency ratio.

According to 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 circulars by virtue of the said regulations, as of the report date, Menora Mivtachim Pension and Provident Funds has excess capital of approx. NIS 430 million.

As of the approval date of the financial statements, all Group companies comply with the capital requirements that were set for them, as the case may be (see also Note 5 to the financial statements).

5. Operating results

5.1 Consolidated statement of income data

In NIS million	1-9/2023	1-9/2022	% of change	7-9/2023	7-9/2022	% of change	1-12/2022
Premiums earned, gross	6,375	5,761	10.7%	2,255	2,042	10.5%	7,928
Premiums earned - retention	5,246	4,708	11.4%	1,871	1,684	11.1%	6,502
Investment income (losses), net and finance income	2,923	(2,790)		500	(616)		(1,929)
Income from management fees	808	781	3.4%	282	259	9.1%	1,043
Income from fees and commissions	203	197	2.6%	66	65	2.5%	265
Other income	5	93	(94.4%)	2	90	(98.1%)	94
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	6,429	483	1232.4%	1,580	552	186.3%	2,599
Fees and commissions, marketing expenses and other purchase expenses	1,305	1,190	9.7%	456	400	13.9%	1,590
General, administrative and other expenses	769	633	21.5%	249	214	16.3%	893
Finance expenses	157	98	60.4%	46	27	65.8%	146
Share in income of associates	13	28	(53.6%)	9	28	(66.8%)	12
Net income before income tax	538	615	(12.4%)	400	315	26.9%	759
Taxes on income	162	168	(3.4%)	134	66	101.8%	215
Net income	**376**	**447**	**(15.8%)**	**266**	**249**	**6.9%**	**544**
Comprehensive income	**551**	**225**	**144.8%**	**276**	**185**	**49.4%**	**421**
Comprehensive income attributable to shareholders	**534**	**219**	**143.8%**	**270**	**182**	**47.9%**	**410**
Return on equity, annualized	**12.1%**	**5.3%**	**127.5%**	**18.3%**	**13.3%**	**38.0%**	**7.5%**

5.2 Insurance premiums earned, gross

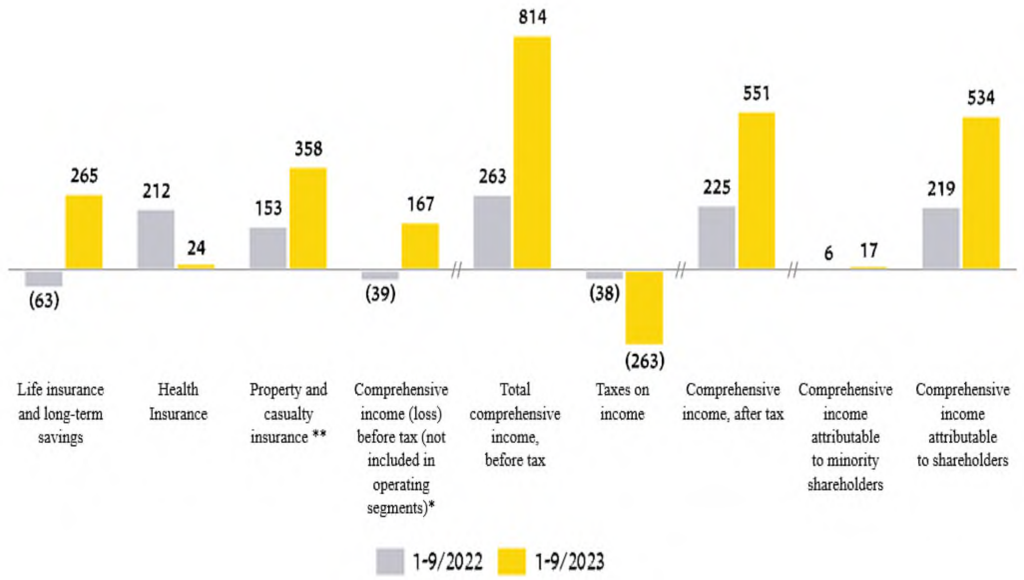
In NIS million	1-9/2023	1-9/2022	% of change	7-9/2023	7-9/2022	% of change	1-12/2022
Motor property	1,190	1,060	12.2%	416	364	14.3%	1,430
Compulsory motor insurance	618	536	15.3%	208	182	14.5%	715
Property and other subsegments	647	551	17.4%	230	192	19.5%	751
Other liability subsegments	430	388	10.7%	145	136	6.1%	532
Total for property and casualty insurance	2,884	2,535	13.8%	998	874	14.2%	3,428
Current premiums in respect of life insurance contracts	1,518	1,534	(1.0%)	493	513	(3.9%)	2,058
One-off premiums in respect of life insurance contracts	334	299	11.8%	201	164	23.1%	534
Total premiums in respect of life insurance contracts	1,852	1,833	1.0%	695	677	2.6%	2,592
Premiums in respect of investment contracts *)	405	680	(40.5%)	162	187	(13.5%)	814
Total premiums in life insurance and long-term savings segment	2,256	2,512	(10.2%)	856	864	(0.9%)	3,406
Health segment	1,639	1,393	17.6%	563	491	14.6%	1,908
Total premiums earned, gross	**6,779**	**6,441**	5.3%	**2,417**	**2,229**	8.4%	**8,742**
Total premiums in the statement of income *)	**6,375**	**5,761**	10.7%	**2,255**	**2,042**	10.4%	**7,928**

*) Proceeds in respect of investment contracts are recognized directly in insurance liabilities, and not recognized as premiums in the financial statements.

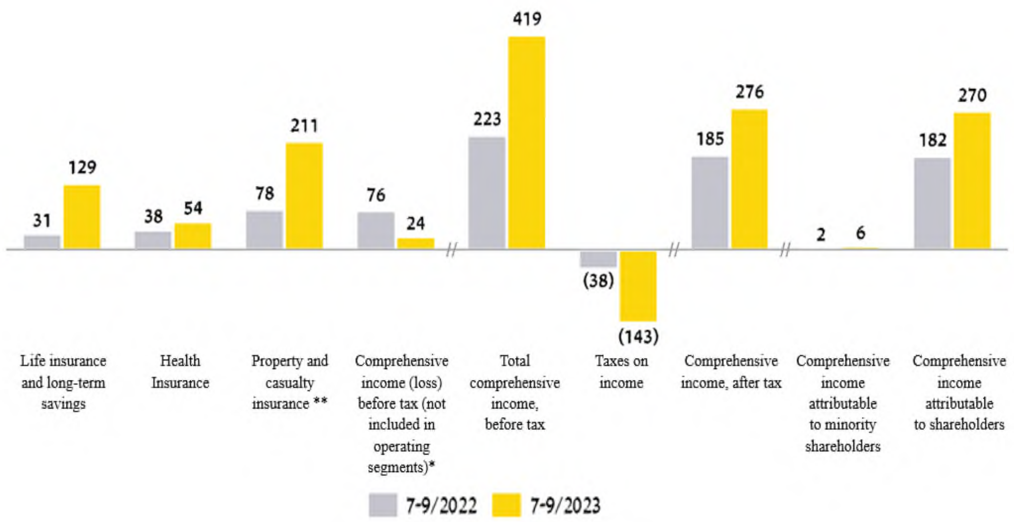
5.3 Comprehensive income (loss) from operating segments during the reporting period

The Company assesses the results of the insurance business while separating the operating results of underwriting activities from those of the financial activities. When measuring the underwriting operating results, the Company charges a real normative return of 3% (in annual terms) in respect of the liability component that is not backed by Hetz bonds, and also for the purpose of calculating variable management fees (hereinafter “**Underwriting Income**”). In addition, in the pension funds and provident funds subsegments the Company charges a real normative return of 3% (in annual terms) in respect of the liability component in respect of the guaranteed return provident funds, which is not backed with Accountant General Deposits, and a 3% nominal return in respect of the nostro portfolio under management (hereinafter - “**Operating Income**”). The difference between the actual return and the above-mentioned normative return is presented as financial income (hereinafter - “**Investment Income**”). Also detailed are the effects of time value and changes in the risk-free interest rate curve adapted to the illiquid nature of the insurance liabilities, and changes in the fair value of the illiquid assets compared to their amortized cost as per the books of account against health and P&C insurance liabilities (hereinafter - the “**Effect of Interest**”), special items, which include model revisions and actuarial assumptions, and on-off effects due to regulation and other significant events outside the ordinary course of business (hereinafter jointly - “**Special Items**”).

5.3.1 Comprehensive income (loss) from operating segments during the reporting period



5.3.2 Comprehensive income (loss) from operating segments during the quarter

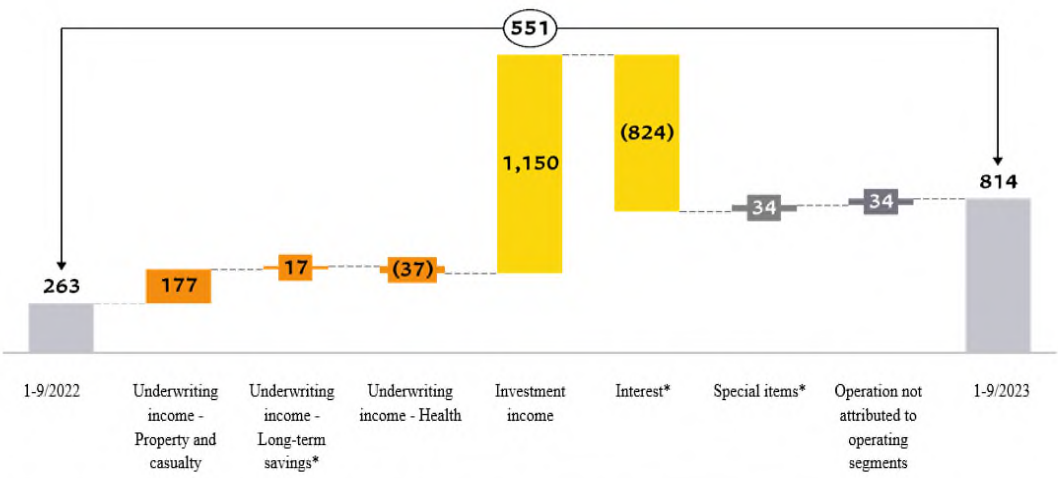


*) Mainly includes the results of an operation that is not defined as an operating segment, and income from investments that are not allocated to a defined operating segment, net of finance expenses.

**) For information about retrospective application of a change in accounting policy regarding the capitalization of the pool reserve, see Note 2D to the attached financial statements.

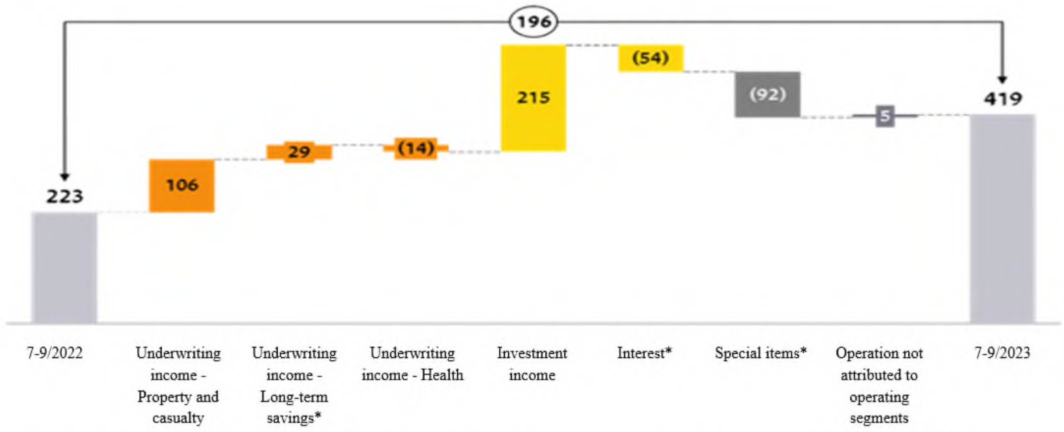
5.4 Changes in the operating results

5.4.1 Changes in the operating results during the reporting period



1-9/2023	334	317	37	41	122	(14)	(22)
1-9/2022	157	299	74	(1,109)	946	(48)	(56)
Reference				(a)	(b)	(c-d)	

5.4.2 Changes in the operating results during the quarter



7-9/2023	189	123	13	(61)	155	0	(0)
7-9/2022	83	94	27	(276)	209	92	(6)
Reference				(a)	(b)	(c-d)	

* The data for the corresponding period last year and quarters were restated in order to better reflect the interest rate effect as well as special items that were previously recorded in the underwriting income long-term savings line item.

It should be noted that income from investment in E.R.N is presented as part of the item "activity not allocated to operating segments", rather than as part of the "investment income" line item, in order to reflect the parallel between investment income and finance expenses in this context.

A. **Investment income/losses** (as defined in Section 5.3 above): During the reporting period, the real return was positive and higher than the normative return as stated in Section 5.3 above, while the third quarter and the corresponding periods last year saw declines in the capital market and a real return, which is lower than the normative return. During the reporting period investment income amounted to approx. NIS 41 million (investment loss of approx. NIS 61 million in the third quarter), compared to investment loss of approx. NIS 1,109 million in the corresponding period last year (investment loss of approx. NIS 276 million in the third quarter last year). It should be noted that during the reporting period, approx. NIS 120 million in pre-tax revaluation profits were recorded in respect of a real estate asset in Israel under the Company's ownership in respect of approval of the filing of a new outline plan to the local planning committee, and on the other hand approx. NIS 61 million in pre-tax impairment losses were recorded in respect of impairment of real estate assets abroad (losses of approx. NIS 31 million in the third quarter).

B. **Effect of Interest:** The Effect of Interest in the reporting period triggered an approx. NIS 122 million decrease in insurance liabilities (approx. NIS 155 million decrease in insurance liabilities in the third quarter). The Effect of Interest last year triggered an approx. NIS 946 million decrease in insurance liabilities (approx. NIS 209 million decrease in insurance liabilities in the third quarter last year).

For information about retrospective application of a change in accounting policy regarding the capitalization of the pool reserve, see Note 2D to the attached financial statements.

C. **Revision of actuarial assumptions:** During the reporting period, the Company revised the morbidity and cancellation assumptions in the health insurance segment. Consequently, the Company increased the insurance liabilities in the health insurance segment by approx. NIS 14 million. In a corresponding period last year, demographic assumptions were updated in accordance with the circular "**Amendment to the provisions of the Consolidated Circular regarding Measurement of Liabilities - Updating the Demographic Assumptions System in Life Insurance and Pension Funds**", and so were morbidity assumptions. Consequently, during the corresponding period last year, the Company increased the insurance liabilities by approx. NIS 137 million in life insurance and by approx. NIS 28 million in health insurance, and increased - in the third quarter last year - a provision for a class action lawsuit by approx. NIS 16 million.

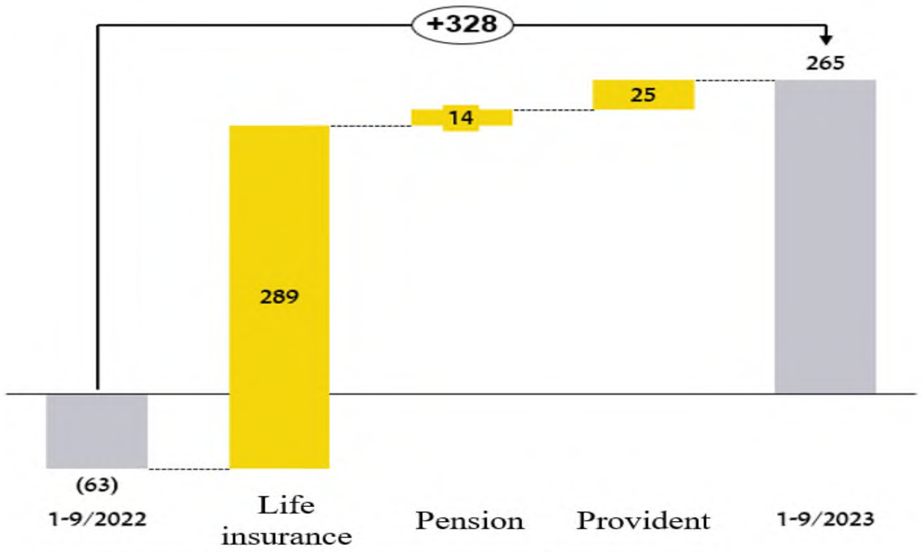
D. **Improvement of actuarial model in the Sale Law guarantees subsegment:** In the corresponding period last year, the Company improved the actuarial model in the Sale Law guarantees subsegment. Consequently, the Company reduced the insurance liabilities in the property and casualty insurance segment by approx. NIS 25 million.

E. **Investment in E.R.N and Mimun Beclick:** In the corresponding periods last year, the E.R.N and Mimun Beclick transactions were completed, whose effect on the net income totaled approx. NIS 88 million and approx. NIS 19 million, respectively.

5.5 Financial information by operating segments

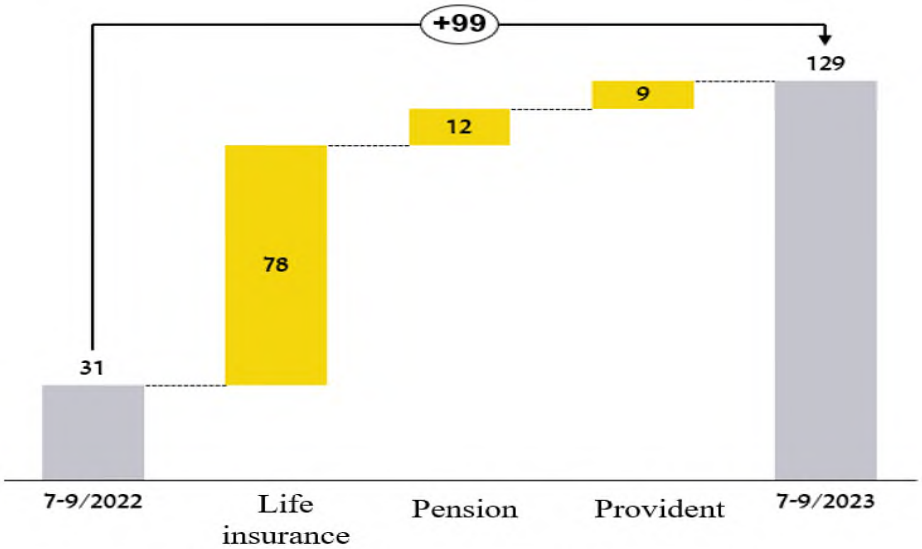
5.5.1 Life insurance and long-term savings segment

5.5.1.1 Key results of the life insurance and long-term savings segment in the reporting period



1-9/2023	113	136	17
1-9/2022	(176)	122	(8)

5.5.1.2 Key results of the life insurance and long-term savings segment in the quarter

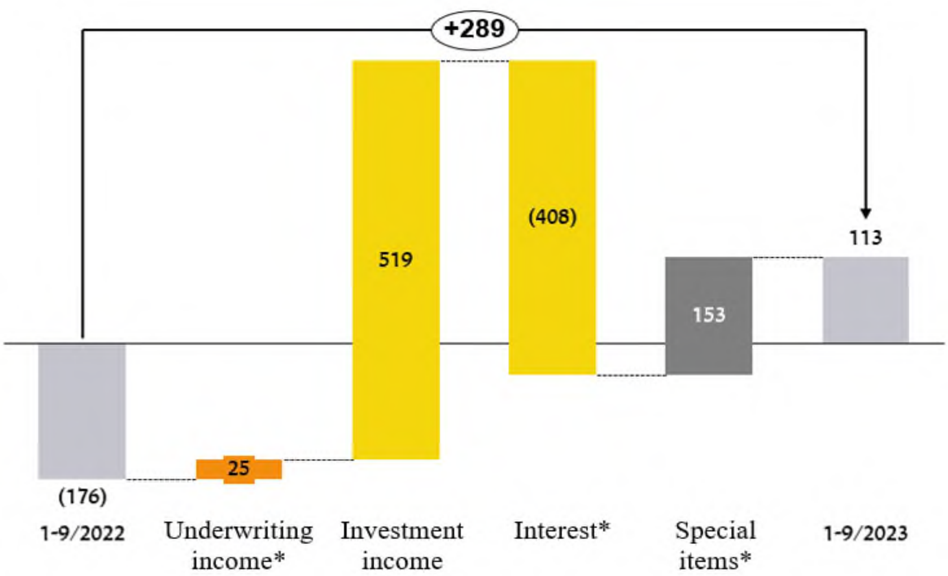


7-9/2023	71	52	6
7-9/2022	(7)	40	(3)

5.5.2 Operating results of the life insurance and long-term savings segment (before tax)

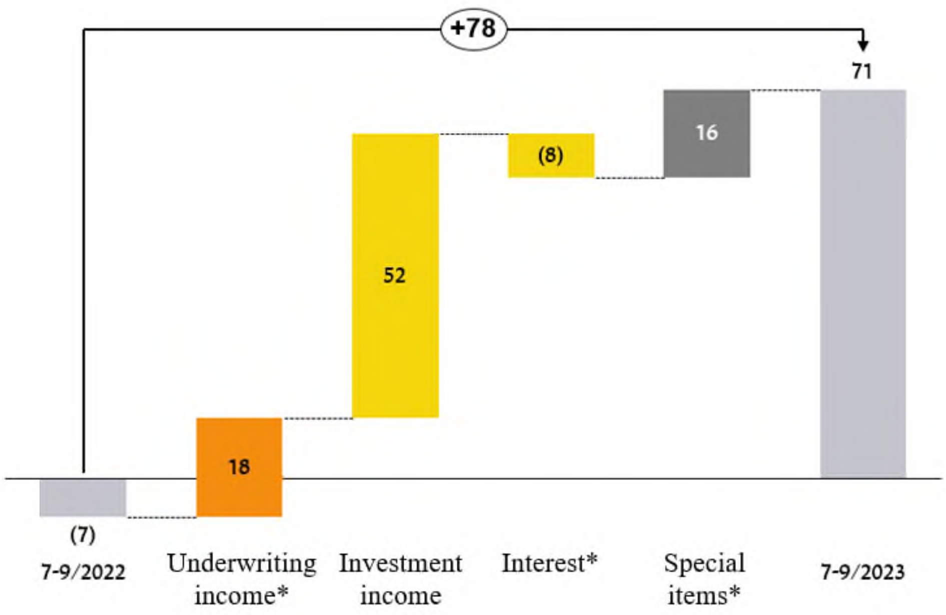
The profitability of the long-term savings segment is affected by the changes in the capital market, which impact the guaranteed-return policies (which are backed mainly by designated bonds) and the variable management fees in respect of yield-dependent policies that were issued in 1992-2003. In addition, since the segment is characterized with high insurance reserves, changes in estimates of assumptions and actuarial assessments, and changes in interest rates and investment income/losses, had a marked effect on the segment's results.

5.5.2.1 Changes in the results of the life insurance subsegment in the reporting period



1-9/2023	151	(85)	47	0
1-9/2022	126	(605)	455	(153)

5.5.2.2 Changes in the results of the life insurance subsegment in the quarter



7-9/2023	57	(61)	75	0
7-9/2022	39	(113)	83	(16)

* The data for the corresponding period last year and quarters were restated in order to better reflect the interest rate effect as well as special items that were previously recorded in the underwriting income line item.

The increase in comprehensive income in the life insurance and long-term savings segment in the reporting period and in the third quarter compared to the corresponding periods last year stems mainly from a decrease in investment losses compared to last year (after charging a normative return to the underwriting income as stated in Section 5.3), which triggered an approx. NIS 85 million in investment losses in the reporting period (investment losses of approx. NIS 61 million in the third quarter) compared to approx. NIS 605 million in investment losses in the corresponding period last year (investment losses of approx. NIS 113 million in the corresponding quarter last year).

On the other hand, the Effect of Interest in the reporting period triggered an approx. NIS 47 million decrease in insurance liabilities (approx. NIS 75 million decrease in insurance liabilities in the third quarter) compared to an approx. NIS 455 million decrease last year (an approx. NIS 83 million decrease in liabilities in the corresponding quarter last year).

In addition, in the corresponding period last year, the Company increased the insurance liabilities by approx. NIS 153 million in respect of revision of the mortality rates and revisions of reserves in respect of class action lawsuits.

Furthermore, during the reporting period, the underwriting income increased by approx. NIS 25 million compared to the corresponding period last year. The increase in the underwriting income stems mainly from growth in the life insurance product and from an improvement in disability insurance claims. On the other hand, there was a decrease in fixed management fees.

Underwriting income increased by approx. NIS 18 million in the third quarter compared to the corresponding quarter last year, which was affected mainly by an improvement in disability insurance claims, and on the other hand - an increase in life insurance claims compared to the corresponding quarter last year, in which those results were unusually good, and a decrease in fixed management fees.

The increase in premiums in the reporting period compared to the corresponding period last year (1.0%) stems from an approx. NIS 35 million increase in one-off premiums (a rate of approx. 11.8%), due to an increase in contributions by virtue of early retirement tenders alongside a decline in sales of products for senior citizens.

On the other hand, there was a decrease in current premiums compared to the corresponding period last year, as a result of a decrease in premiums from executive insurance policies due to a decline in the sales of those policies and cancellations, compared with a significant increase in life insurance policies without a savings component.

The increase in premiums in the third quarter compared to the corresponding quarter last year (2.6%) stems from an approx. NIS 37 million increase in one-off premiums (a rate of approx. 22.8%), due to an increase in contributions by virtue of early retirement tenders alongside a decline in sales of products for senior citizens.

On the other hand, there was a decrease in current premiums compared to the corresponding period last year, as a result of a decrease in premiums from executive insurance policies due to a decline in the sales of those policies and cancellations, compared with a significant increase in life insurance policies without a savings component.

In the reporting period, proceeds were received which were charged directly to liabilities in respect of investment contracts (without a significant insurance risk component) at the total amount of approx. NIS 405 million, compared to approx. NIS 679 million in the corresponding period last year. In the third quarter of the year, proceeds were received which were charged directly to liabilities in respect of investment contracts (without a significant insurance risk component) at the total amount of approx. NIS 162 million, compared to approx. NIS 187 million in the corresponding quarter last year.

The policies that were redeemed during the reporting period amounted to approx. NIS 1,414 million, compared to approx. NIS 1,310 million in the corresponding period last year. The rate of redemptions out of the average reserve in the reporting period was approx. 5.88% compared to approx. 5.30% in the corresponding period last year.

In the third quarter of the year, redemptions amounted to approx. NIS 501 million, compared to approx. NIS 439 million in the corresponding quarter last year. The rate of redemptions out of the average reserve in the third quarter is approximately 6.19% compared to approx. 5.54% in the corresponding quarter last year.

Redemptions in respect of policies where premiums were charged directly to liabilities in respect of insurance contracts (without a significant insurance risk component) amounted to approx. NIS 766 million in the reporting period, compared to approx. NIS 601 million in the corresponding period last year, and in the third quarter of the year redemptions amounted to approx. NIS 239 million, compared to approx. NIS 193 million in the corresponding quarter last year.

Yield-dependent policies

Insurance reserves funds that accumulate in yield-dependent life insurance policies are invested in accordance with the Supervision of Financial Services (Insurance) Law, 1981 and the regulations promulgated thereunder. This investment income is charged to the policyholders net of management fees.

The liabilities arising from yield-dependent life insurance policies as of September 30, 2023 amounted to approx. NIS 30,806 million, compared to approx. NIS 29,884 million as of September 30, 2022. An approx. 3.0% increase.

Details regarding the rates of return on participating policies:

Policies issued in 1992-2003 (Fund J)

	1-9/2023	1-9/2022	7-9/2023	7-9/2022	1-12/2022
Real return before payment of management fees	2.58%	(13.82%)	0.35%	(3.85%)	(12.72%)
Real return after payment of management fees	2.12%	(14.20%)	0.19%	(4.00%)	(13.24%)
Nominal return before payment of management fees	5.90%	(10.02%)	1.11%	(2.66%)	(8.11%)
Nominal return after payment of management fees	5.43%	(10.43%)	0.96%	(2.81%)	(8.66%)

Policies issued from 2004 and thereafter (the New Fund J)

	1-9/2023	1-9/2022	7-9/2023	7-9/2022	1-12/2022
Real return before payment of management fees	2.58%	(13.82%)	0.35%	(3.85%)	(12.72%)
Real return after payment of management fees	1.91%	(14.50%)	0.13%	(4.12%)	(13.62%)
Nominal return before payment of management fees	5.90%	(10.02%)	1.11%	(2.66%)	(8.11%)
Nominal return after payment of management fees	5.21%	(10.73%)	0.89%	(2.94%)	(9.06%)

Details regarding the investment income that was charged to policyholders in participating policies and the management fees

In NIS million	1-9/2023	1-9/2022	7-9/2023	7-9/2022	1-12/2022
Nominal investment income (losses) credited to policyholders net of management fees	1,655	(3,617)	129	(864)	(3,063)
Fixed management fees	172	185	58	60	243
Variable management fees	-	-	-	-	-
Total management fees	172	185	58	60	243

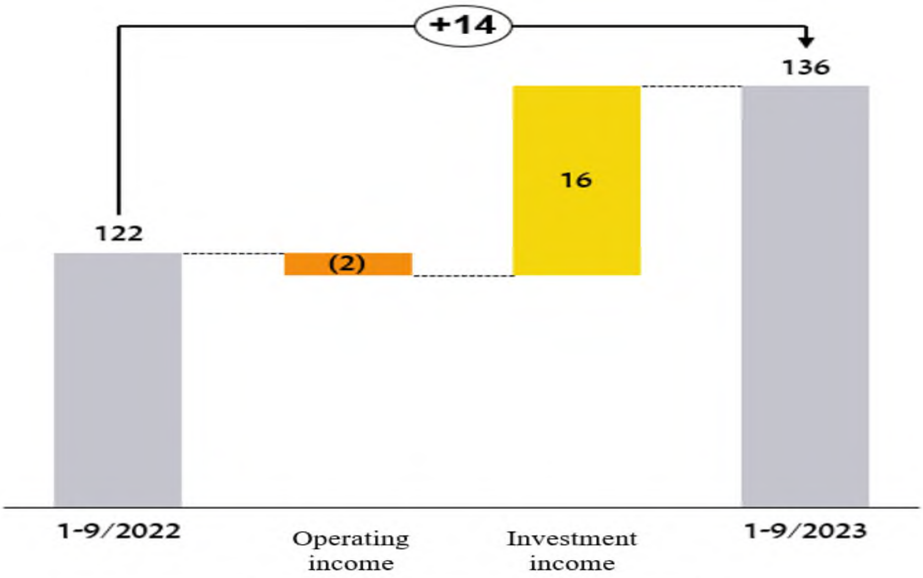
In yield-dependent insurance policies that were issued from 1992 to 2003, an insurer may collect fixed management fees and variable management fees at the rates set in the regulations and derived from the real return of the investment portfolio. The variable management fees are collected only in respect of positive real return. If a negative real return was achieved, the insurer can only collect the variable management fees once the return that is achieved covers the accumulated real loss. During the course of 2022, a negative real return was achieved, and consequently, the Company is prevented from collecting variable management fees until a cumulative positive return is achieved. As of the report date, the potential loss of income from management fees amounted to approx. NIS 241 million. Immediately prior to the report publication date, the potential loss of income from management fees is estimated at approx. NIS 246 million. It should be noted that in connection with yield-dependent insurance policies, that were issued as from 2004, only fixed management fees are collected, and therefore real investment losses do not have a direct effect on the collection of those management fees as stated above.

In the reporting period, income from management fees in yield-dependent life insurance policies amounted to approx. NIS 172 million, compared to approx. NIS 185 million in the corresponding period last year. In the third quarter of the year, income from management fees amounted to approx. NIS 58 million, compared to approx. NIS 59 million in the corresponding quarter last year.

5.5.3 Operating results of the pension segment

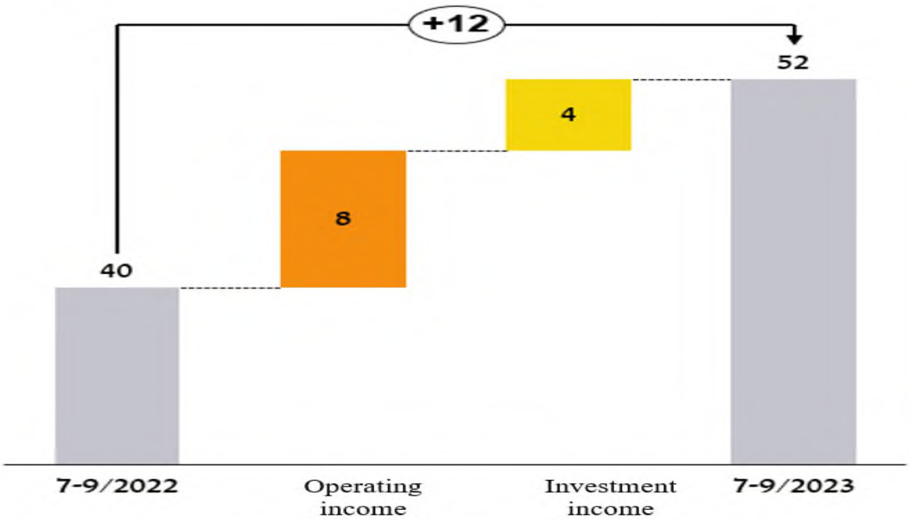
The operating results in the pension funds subsegment relate to the results of a consolidated management company - Menora Mivtachim Pension and Provident Funds

5.5.3.1 Changes in the operating results of the pension funds subsegment during the reporting period



1-9/2023	133	2
1-9/2022	135	(14)

5.5.3.2 Changes in the operating results of the pension funds subsegment in the quarter



7-9/2023	52	0
7-9/2022	44	(4)

As of the report date, the Group manages - through Menora Mivtachim Pension and Provident Funds and for planholders of the new pension funds - assets at the total amount of NIS 213 billion compared to assets under management amounting to approx. NIS 184 billion as of September 30, 2022 - an approx. 16% increase - and compared to assets under management of approx. NIS 191 billion as of December 31, 2022 - an approx. 12% increase.

During the reporting period, approx. NIS 12.7 billion were collected in contributions towards pension, compared to approx. NIS 11.4 billion in the corresponding period last year - a 12% increase.

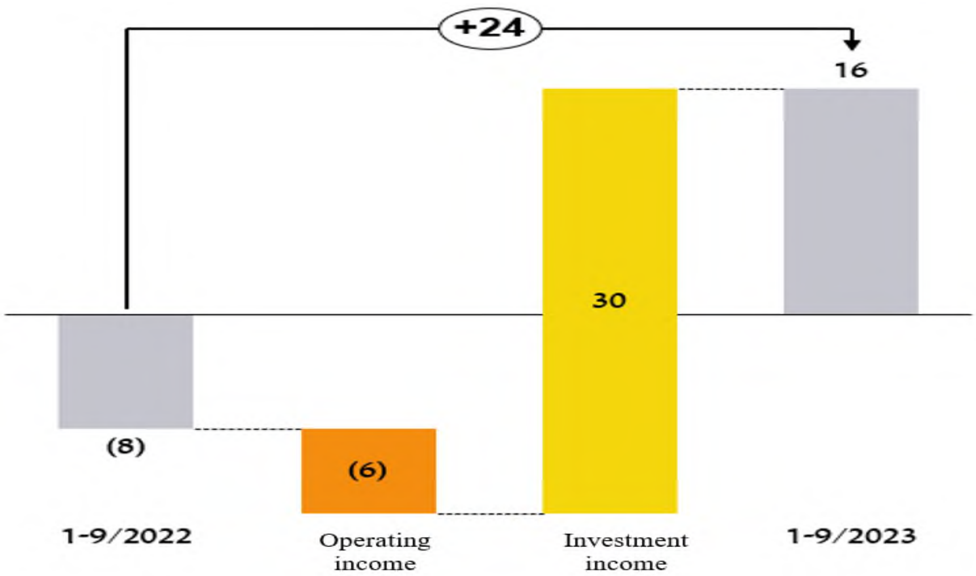
During the third quarter of the year, approx. NIS 4.5 billion were collected in contributions towards pension, compared to approx. NIS 4.1 billion in the corresponding quarter last year - a 11% increase.

In the reporting period, the income amounted to approx. NIS 136 million, compared to income of approx. NIS 122 million in the corresponding period last year. During the reporting period, the increase in income compared to the corresponding period last year stemmed from an approx. NIS 16 million increase in investment income. On the other hand, there was a NIS 2 million decrease in operating income, which stems mainly from an increase and general and administrative expenses, fees and commissions and marketing expenses, and deferred acquisition costs and finance expenses at the total amount of approx. NIS 38 million, and on the other hand there was an increase in income from management fees (net) due to the increase in total assets under management and the increase in collection, after discounts to planholders, at the total amount of approx. NIS 36 million.

The income in the third quarter of the year amounted to approx. NIS 52 million compared to income of approx. NIS 40 million during the corresponding quarter last year. The increase in income in the quarter compared to the corresponding quarter last year stems from an approx. NIS 4 million decrease in investment losses (after charging normative return as stated in Section 5.3 above) and from an approx. NIS 8 million increase in operating income as a result of an increase in income from management fees (net) due to the increase in total assets under management and the increase in collection, after discounts to planholders, at the total amount of approx. NIS 21 millions, and on the other hand an increase and general and administrative expenses, fees and commissions and marketing expenses, and deferred acquisition costs at the total amount of NIS 13 million.

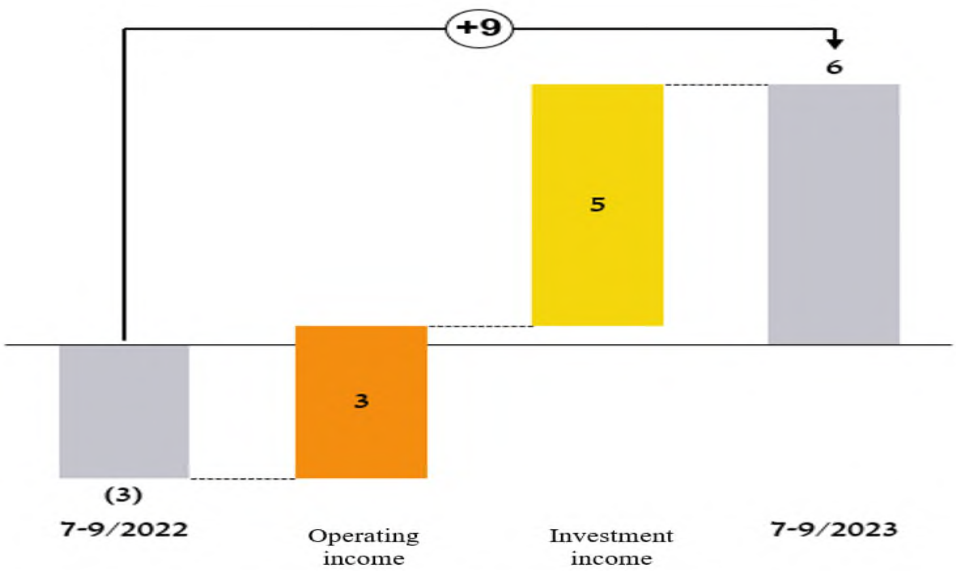
5.5.4 Operating results of the provident funds subsegment

5.5.4.1 Changes in the operating results of the provident funds subsegment during the reporting period



1-9/2023	32	(16)
1-9/2022	38	(46)

5.5.4.2 Changes in the operating results of the provident funds subsegment during the quarter



7-9/2023	15	(8)
7-9/2022	11	(14)

As of the report date, the Group manages - for planholders of the provident funds - assets at the total amount of NIS 37.8 billion, of which a total of approx. NIS 5.1 billion in guaranteed return provident funds, compared to assets under management at the total amount of approx. NIS 33.5 billion, of which approx. NIS 5.0 billion in guaranteed return provident funds as of September 30, 2022 - an approx. 13% increase - and assets under management of approx. NIS 34.4 billion, of which approx. NIS 5.0 billion in guaranteed return provident funds as of December 31, 2022 - an approx. 10% increase.

During the reporting period, approx. NIS 2,803 million were collected in contributions towards benefits, compared to approx. NIS 2,424 million in the corresponding period last year - a 16% increase. During the third quarter of the year, approx. NIS 1,052 million were collected in contributions towards benefits, compared to approx. NIS 803 million in the corresponding quarter last year - a 31% increase.

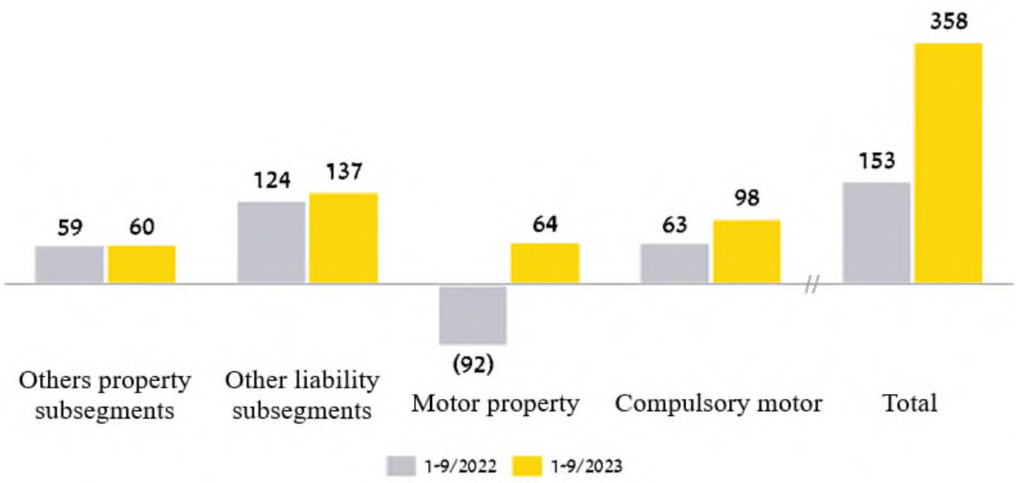
In the reporting period, the income amounted to approx. NIS 16 million, compared to a loss of approx. NIS 8 million in the corresponding period last year. During the reporting period, the increase in income compared to the corresponding period last year stems mainly from an approx. NIS 30 million decline in investment losses in guaranteed return provident funds. On the other hand, there was a decrease in operating income, which stems mainly from an increase in general and administrative expenses, which was partially offset against an increase in management fees.

The income in the third quarter of the year amounted to approx. NIS 6 million compared to a loss of approx. NIS 3 million during the corresponding quarter last year. The increase in income in the quarter compared with the corresponding quarter last year stems mainly from an increase in investment income and an increase in the financial margin in guaranteed return provident funds at the total amount of approx. NIS 5 million, and from an increase of approx. NIS 3 million in operating income.

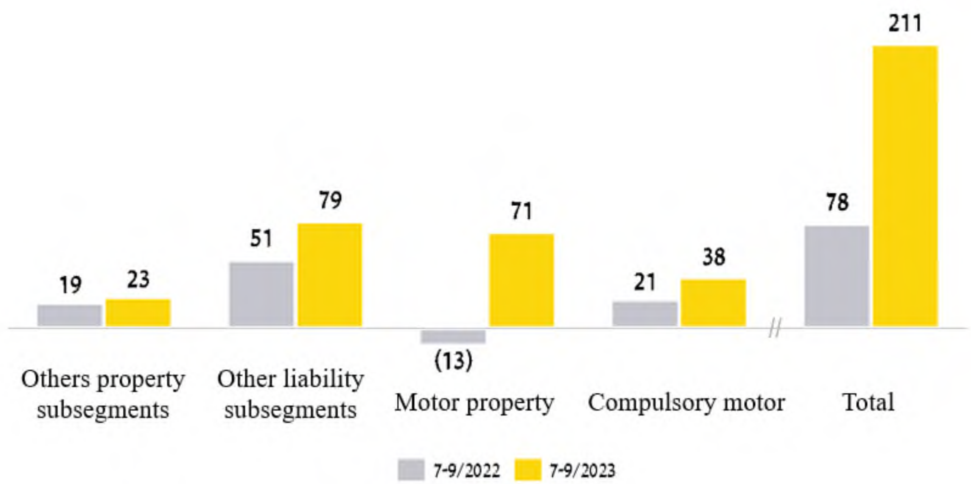
5.5.5 Operating results of the property and casualty insurance segment

The property and casualty insurance businesses comprise four subsegments: Compulsory motor insurance, property motor insurance, property insurance and other, and other liability insurance.

5.5.6 Comprehensive income (loss) in property and casualty insurance during the reporting period (before tax)



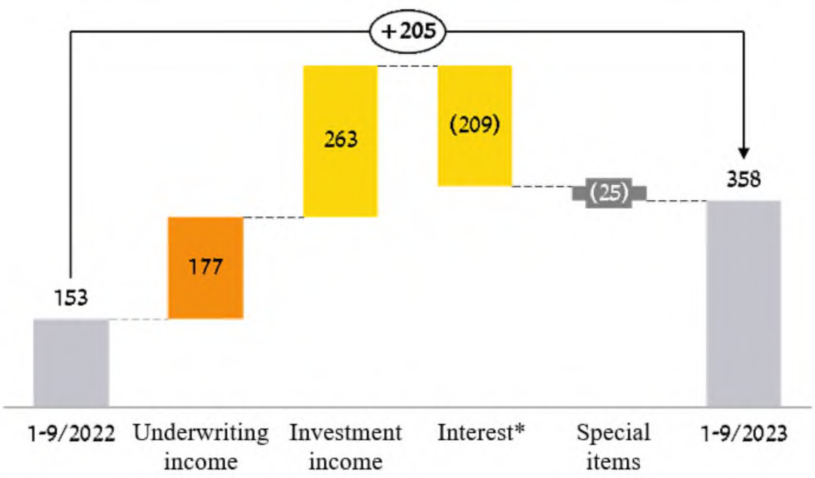
5.5.7 Comprehensive income (loss) in property and casualty insurance during the quarter (before tax)



*) For information about retrospective application of a change in accounting policy regarding the capitalization of the pool reserve, see Note 2D to the attached financial statements.

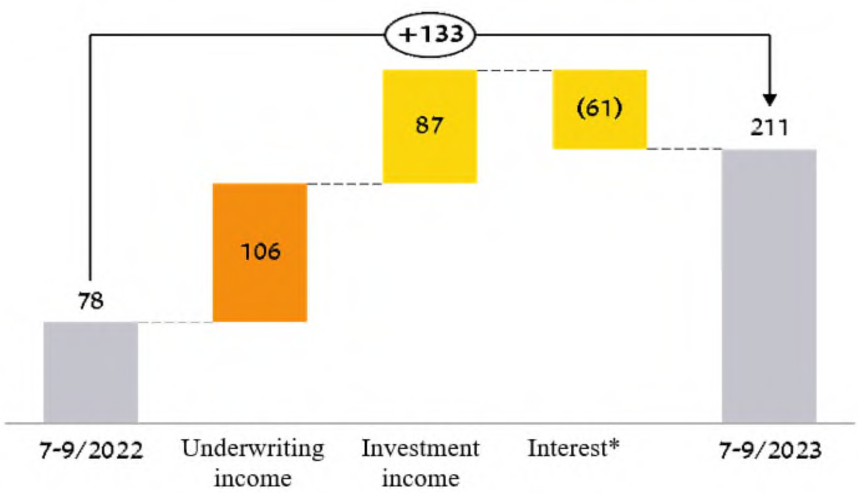
5.5.8 Analysis of key changes in pre-tax comprehensive income compared to the corresponding period last year

5.5.8.1 Changes in the results of the property and casualty insurance segment during the reporting period



1-9/2023	334	(40)	65	0
1-9/2022	157	(303)	274	25

5.5.8.2 Changes in the results of the property and casualty insurance segment during the quarter



7-9/2023	189	(15)	36
7-9/2022	82	(102)	97

The increase in comprehensive income in the reporting period compared to the corresponding period last year stems from an approx. NIS 177 million increase in underwriting income, an approx. NIS 263 million decline in investment losses (after charging a normative return as stated in Section 5.3 above), compared to the corresponding period last year (of which approx. NIS 155 million in compulsory motor insurance, approx. NIS 43 million in motor property insurance, approx. NIS 58 million in other liability subsegments, and approx. NIS 7 million in property and other subsegments).

On the other hand, in the reporting period, the Effect of Interest reduced the insurance liabilities by approx. NIS 65 million, compared to an approx. NIS 274 million decrease in the corresponding period last year (for information about retrospective application of a change in accounting policy regarding the capitalization of the pool reserve last year, see Note 2D to the financial statements).

The Effect of Interest in the reporting period includes a positive effect of approx. NIS 44 million in compulsory motor insurance, approx. NIS 12 million in other liability subsegments, approx. NIS 8 million in the motor property insurance, and approx. NIS 1 million in other property subsegments (in the corresponding period last year - a positive effect of approx. NIS 206 million in compulsory motor insurance, approx. NIS 64 million in other liability subsegments, and approx. NIS 4 million in motor property insurance).

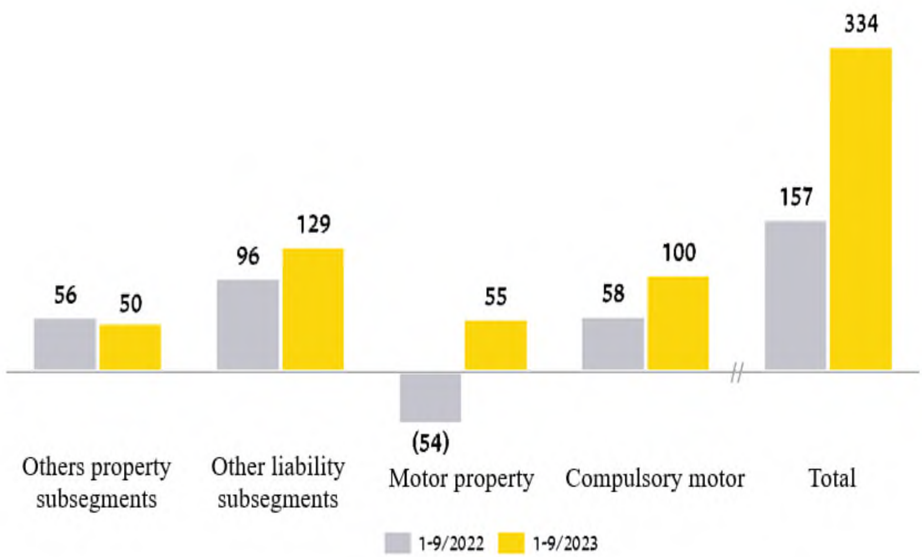
Furthermore, Special Items in the corresponding period last year are in respect of improvement of actuarial model at the total amount of approx. NIS 25 million in the Sale Law guarantees subsegment.

The increase in comprehensive income in the third quarter compared to the corresponding quarter last year stems from an approx. NIS 106 million increase in underwriting income, an approx. NIS 87 million decline in investment losses compared to the corresponding period last year (of which approx. NIS 51 million in compulsory motor insurance, approx. NIS 14 million in motor property insurance, approx. NIS 20 million in other liability subsegments, and approx. NIS 2 million in other property subsegments).

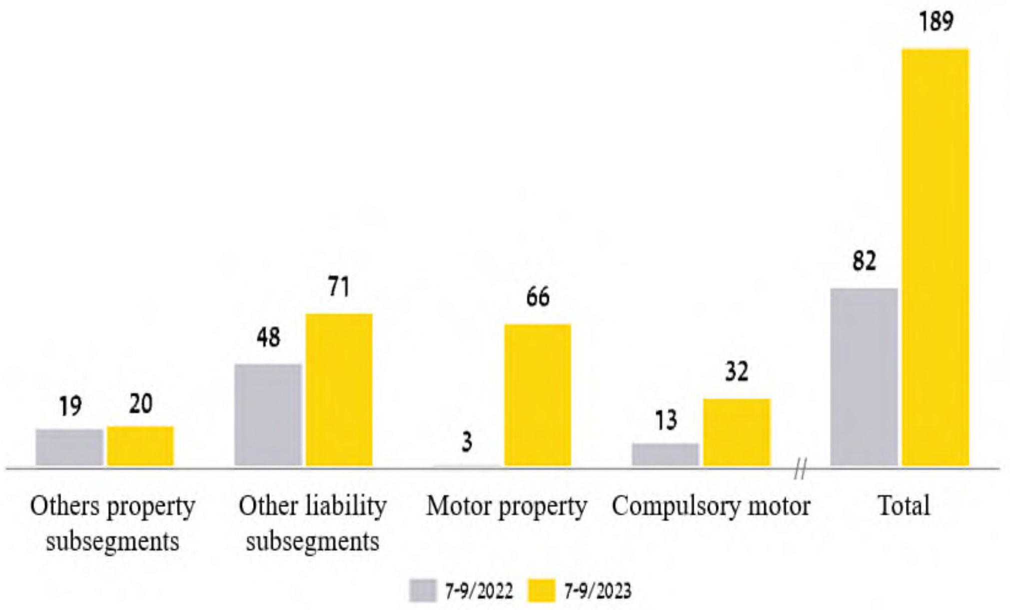
On the other hand, in the quarter, the Effect of Interest reduced the insurance liabilities by approx. NIS 36 million, compared to an approx. NIS 97 million decrease in the corresponding quarter last year (for information about retrospective application of a change in accounting policy regarding the capitalization of the pool reserves, see Note 2D to the attached financial statements).

The Effect of Interest in the quarter includes a negative effect of approx. NIS 21 million in compulsory motor insurance, approx. NIS 9 million in other liability subsegments, approx. NIS 6 million in the motor property insurance, and approx. NIS 1 million in other property subsegments (in the corresponding quarter last year - a positive effect of approx. NIS 75 million in compulsory motor insurance, approx. NIS 23 million in other liability subsegments, and on the other hand a negative effect of approx. NIS 1 million in individual motor property insurance).

5.5.9 Results of underwriting income (pre-tax) by operating segments in the reporting period



5.5.10 Results of underwriting income (pre-tax) by operating segments in the quarter



Compulsory motor insurance - The increase in underwriting income in the reporting period and in the third quarter compared to the corresponding periods last year is mainly attributed to a positive development in respect of previous years' claims, and an improvement in the results of the current year.

Motor property insurance - the transition to underwriting income in the reporting period and in the third quarter compared to underwriting loss in the corresponding period last year stem from improvement in the current year's results, which led, among other things, to a decrease in premium deficiency as a result of an increase in tariffs. The improvement was partially offset by an increase in the cost of claims due to an increase in the severity and incidence of claims, including theft, and by positive developments in respect of previous years.

The increase in underwriting income in the third quarter compared to the corresponding quarter last year stems from improvement in the current year's results, which led, among other things, to a decrease in premium deficiency as a result of an increase in tariffs. The improvement was partially offset by an increase in the cost of claims due to an increase in the severity and incidence of claims, including theft.

Other liability subsegments - the increase in underwriting income in the reporting period and in the third quarter compared to the corresponding period and quarter last year is mainly attributed to a positive development in respect of previous years, and an improvement in the claims ratio, which also led to a decrease in premium deficiency.

Other property subsegments - the decrease in underwriting income in the reporting period compared to the corresponding period last year stems mainly from a negative development in respect of previous years, and a decrease in profitability in the current year.

The increase in underwriting income in the third quarter compared to the corresponding quarter last year stems mainly from an increase in income in the current year, and from a decrease in premium deficiency, and on the other hand - from a negative development in respect of previous years.

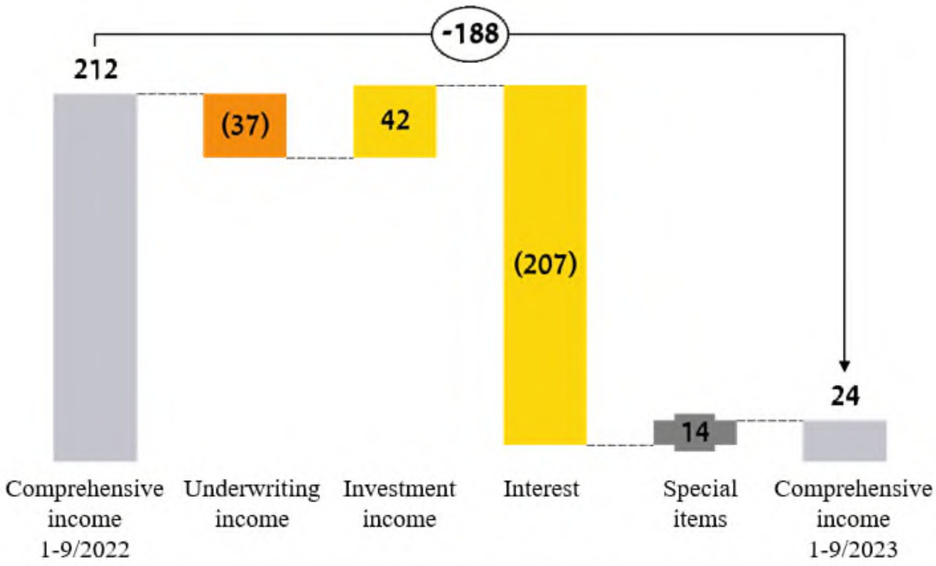
Set forth below is the loss ratio and combined loss ratio - gross and retention - in the motor property subsegments and in other property subsegments:

Motor property insurance segment										
	1-9/2023		1-9/2022		7-9/2023		7-9/2022		1-12/2022	
	Gross	Reten-tion	Gross	Reten-tion	Gross	Reten-tion	Gross	Reten-tion	Gross	Reten-tion
Loss ratio	77%	75%	86%	85%	63%	62%	81%	79%	88%	87%
Combined loss ratio	100%	99%	110%	110%	87%	86%	105%	104%	112%	112%

Other property insurance subsegments										
	1-9/2023		1-9/2022		7-9/2023		7-9/2022		1-12/2022	
	Gross	Reten-tion	Gross	Reten-tion	Gross	Reten-tion	Gross	Reten-tion	Gross	Reten-tion
Loss ratio	51%	38%	86%	33%	53%	33%	122%	37%	65%	31%
Combined loss ratio	75%	75%	111%	70%	76%	70%	145%	72%	89%	67%

5.5.11 Operating results of the health insurance segment

5.5.11.1 Changes in the results of the health insurance segment during the reporting period



1-9/2023	37	(9)	10	(14)
1-9/2022	74	(51)	217	(28)

5.5.11.2 Changes in the results of the health insurance segment during the quarter

7-9/2023	13	(2)	43
7-9/2022	27	(18)	29

The decrease in underwriting income in the reporting period and in the third quarter compared with the corresponding periods last year stems mainly from a deterioration in the claims ratio, mainly in collective insurance, which was partially offset by an increase in activity, a decrease in expenses, and an increase in income in short-term subsegments and the personal accidents subsegment. The increase in investment income is attributed to a higher real return in the reporting period.

The Effect of Interest in the reporting period triggered an approx. NIS 10 million decrease in insurance liabilities (approx. NIS 43 million decrease in insurance liabilities in the third quarter) compared to an approx. NIS 217 million decrease in the corresponding period last year (an approx. NIS 29 million decrease in liabilities in the corresponding quarter last year).

The Special Items in the reporting period stem from revision of morbidity and cancellation assumptions, which led to an approx. NIS 14 million increase in the reserve, and from a revision of mortality and morbidity assumptions in the corresponding period last year, which led to an approx. NIS 28 million increase in the reserve.

6. Restrictions on and supervision of the corporation's business

6.1 Legal provisions applicable to the Group as a whole

The Commissioner’s circulars, directives, position papers and fundamental decisions

IFRS roadmap

Further to what is stated in Section 7.1.1.2(L) in the Description of the Corporation's Business chapter of the Periodic Report, in January, May, and September 2022, and in April and June 2023, the Commissioner published directives that revise the roadmap for the adoption of the standard. The drafts prescribe, among other things, the time tables and the preparations insurance companies are required to make in the lead up to the implementation of the standard in Israel. On April 20, 2023, the first-time application date of the standard in Israel was revised, such that it will take place on January 1, 2025, and the transition date shall apply on January 1, 2024. Furthermore, in accordance with the above directives, in 2024 the financial statements for the first half of 2024 will include a disclosure regarding the effect of the implementation of IFRS 17 and IFRS 9 on the Company’s financial position (pro-forma balance sheet) as of January 1, 2024 (opening balances data as of the transition date), and the Company’s 2024 annual financial statements will include a disclosure about the Company’s results and financial position (statement of comprehensive income and a pro-forma balance sheet).In addition, the directives add requirements regarding reports submitted to the Capital Market, Insurance and Savings Authority in connection with the Company’s results and financial position in accordance with IFRS 17 and IFRS 9.

6.2 Circulars and draft regulations pertaining to investments of institutional entities

A. Life insurance and long-term savings

Commissioner’s regulations and circulars

(a) Further to what is stated in Section 7.1.2.1(B) in the Description of the Corporation's Business chapter of the Periodic Report, in October 2022, an amendment was approved to the **Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses Incurred as a Result of Execution of Transactions) – 2008** (hereinafter - the “**Expenses Regulations**"). As part of the amendment, the term of the temporary order was extended retroactively through the end of 2022, and management fees to external party, as well as expenses arising from the provision of a mortgage (subject to the limits that will be set by the Commissioner) were permanently included in the Expenses Regulations, with effect as from 2023 (hereinafter - the "**Effective Date**"). The Expenses Regulations further stipulate that instead of the 0.25% cap that was in place so far, the cap on external management fees that may be collected each year will be set by the institutional entity separately in relation to each investment track (hereinafter - the "**Management Fees to External Party Cap**"). The cap will be published in advance, and - as a general rule - it will be impossible to change it during the course of the year. Furthermore, the institutional entity will be required to present to the planholder and the policyholder in advance the expected total cost it will incur during that year in respect of management fees and direct expenses. The Management Fees to External Party Cap will not include an expense reflecting a payment of variable management fees (**which are also named "Success Fees"**). Furthermore, it was stipulated that in relation to specialized investment tracks, which mostly invest in liquid assets, and specialized investment tracks, which mostly invest in index-tracking instruments, that will be set up as from the Effective Date, entities will be allowed to collect direct expenses which are typical of liquid investments, and to pay management fees to external party to fund managers or to relevant funds in relation to liquid securities, but only in accordance with the terms set out in the regulations. It was further stipulated that in investment tracks with yield-dependent management fees that will be set up as from the Effective Date, collection of direct costs of any kind whatsoever will be prohibited, except for collection of tax. It should also be noted that alongside this amendment further corresponding regulatory steps are expected (see Subsection (b) below).

(b) Further to what is stated in Section 7.1.2.2.(I) in the Description of the Corporation's Business chapter of the Periodic Report, in September 2022, an amendment was published to the circular on Management of Investment Tracks in Provident Funds for the implementation of the principles arising from the recommendations of the advisory committee for the review of direct expenses (hereinafter - the "Yafeh Committee"), in order to expand the range of specialized investment tracks and increase the competition in the pension savings subsegment. The amendment stipulates, among other things, that the specialized investment tracks will be divided into 5 clusters: Actively-managed investment tracks; actively-managed investment tracks with variable management fees - dependent on returns; investment tracks specializing in liquid assets; index-tracking investment tracks; and faith and sustainability-based investment tracks: investment tracks that specialize in the management of investments in accordance with religious values or a sustainability and environment-based outlook. It was also decided that the management of an actively-managed investment track with variable management fees will be allowed only if at the same time the entity has in place an actively-managed investment track with fixed management fees, that specializes in the same field. It was also stipulated that pension funds, savings provident funds, annuity provident funds, and provident funds for pension are required to have in place 2 investment tracks: A combined liquid investment track, and a flexible index-tracking investment track; in addition, specific rules were set that will apply to customers who opted to invest in a financial investment track. Furthermore, the limit on the number of specialized investment tracks that an entity may manage was removed, and it was decided that entities are required to revise the investment policy of the existing tracks such that they are in line with the regulatory investment policy set out in the circular. In December 2022, the Commissioner published an amendment to the circular that postpones the implementation date of most of the circular’s provisions to January 1, 2024, except for the requirement to have in place a combined liquid investment track, and a flexible index-tracking investment track in the funds listed above, and the option to set up a sustainability-based investment track, which came into effect on January 1, 2023.

(c) In April 2023, a draft circular **entitled Discounts and Cancellations in Life Insurance** was published. As part of the draft, it is suggested to prescribe that an insurance company will be allowed to offer a life insurance policyholder a discount at a rate that will not be lower than the rate that was set when the insurance policy commenced for the entire insurance period. In addition, it is suggested to prescribe that if a one-off fee or commission was paid to a license holder (as defined in the draft) for the marketing of a life insurance policy, the fee or commission will be refunded to the insurance company when the policy is canceled or if services are no longer rendered by the license holder based on the cancellation years set in the policy (and at most 6 years from the date of its marketing), all in accordance with the rates listed in the draft. The proposed effective date of the draft is November 1, 2023. **The Group believes that the revised compensation model of the insurance agents is expected to moderate the cancellation rate of the products on the one hand, and increase the rate of fixed discounts on the other hand, thus enabling effective retaining of the insurance portfolio. The Group's assessment in this matter constitutes forward-looking information that is based on the information available to it at the report publication date. The actual results may differ from the**

estimated results, inter alia, in light of uncertainty regarding the final version of the circular, the behavior of customers and competitors.

(d) A **Draft of the Supervision of Financial Services Regulations (Provident Funds) (Direct Distribution Fee to a Pension Insurance Agent), 2023** was published in April 2023. As part of the draft, it is suggested to determine that a management company will be allowed to pay a pension insurance agent a one-off fee only if it was agreed with the agent that he/she will be required to refund the fee he/she received (and the management company will take steps to collect such a commission) if one of the following will occur during the first 6 years after the date on which the planholder signed-on or the date on which the agent was appointed (the latest of the two) (hereinafter - the "**Service Period**"): Transfer of the funds to another fund, withdrawal of the funds (except for withdrawal from an investment provident fund), or the cancellation of the agent's appointment. If one of the following occurs during the course of the Service Period, then the agent will be required to refund a portion of the one-off fee he/she received in respect of the planholder, depending of the period that elapsed since the commencement of the Service Period, in accordance with the table set in the addendum to the draft regulations. The proposed effective date of the draft is November 1, 2023. The draft regulations are subject to the approval of the Finance Committee. As of the date of this report, the Finance Committee has not yet approved the draft regulations. **The Group believes that the revised compensation model of the insurance agents is expected to moderate the cancellation rate of the products on the one hand, and increase the rate of fixed discounts on the other hand, thus enabling effective retaining of the insurance portfolio. The Group's assessment in this matter constitutes forward-looking information that is based on the information available to it at the report publication date. The actual results may differ from the estimated results, inter alia, in light of uncertainty regarding the final version of the circular, the behavior of customers and competitors.**

(e) In July 2023, an Amendment to the **Income Tax Regulations (Rules for Approval and Management of Provident Funds)**, 1964 was published, which prescribed that in view of the characteristics of the management of pension savings in the insurance fund and the product costs, the contribution into an insurance fund will be capped to that portion of the wage that exceeds double the average wage in Israel, such that the portion up to this wage level will be deposited with an annuity provident fund which is not an insurance fund, with respect of insurance funds that will be issued as from September 1, 2023 (hereinafter - the "**Effective Date**").

Concurrently, and in order to complete this amendment, an amendment to the **Financial Services Supervision Regulations (Provident Funds) (Transfer of Funds between Provident Funds), 2008** was published, which caps, as from the Effective Date, the transfer of funds to an insurance fund to that portion of the wage that exceeds double the average wage in Israel, in order to prevent the bypassing of the above amendment to the Income Tax Regulations. Furthermore, in this amendment it is clarified that the cap on the transfer of funds as described above shall not apply to insurance funds that were issued before the regulations' Effective Date, in order to allow policyholders that hold those policies to transfer their funds to another insurance fund, if they believe that they will be given better terms as part of such policy. **The Group is of the opinion that the limits referred to above shall affect the marketing methods and accordingly also the premium amounts that will be received and/or transferred to the insurance companies and annuity provident funds, which are not insurance funds, as from the Effective Date, such that as from that date the premium that will be received in respect of insurance funds under the Group's management will decline gradually and to an immaterial extent. Since the contributions with respect of new entrants to the labor market will not be directed to insurance funds (except for a minority of those entrants who join as a second tier), then the said amendment is expected to increase the contributions of new planholders in pension funds, including the pension funds under the Group's management. The Group's assessment constitutes forward-looking information that is based on the information available to the Group at the report publication date. The actual results may differ from the estimated results, which depend, inter alia, on the actual behavior of customers and competitors.**

B. Health Insurance

(a) In June 2023, **the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the Budget Years 2023 and 2024), Chapter S (Health) (hereinafter - the "Economic Arrangements Law")** was published, which amends The Financial Services Supervision Law, and sets a requirement whereby an insurer will pay the health maintenance organization for a surgical procedure that was executed and financed through a SHABAN plan when the following two conditions are met: (1) The planholder is insured under a "first shekel" surgical procedure insurance policy, and the said policy covers such a surgical procedure; (2) the surgeon is part of a surgical procedures arrangement with the insurance company; (3) the surgical procedure was carried out and financed through a SHABAN plan, even if there are differences between the SHABAN plan and the policy in terms of the method employed to execute the surgical procedure, the medical center in which it is carried out, and the technology and the devices required for the surgical procedure.

In this regard, it was determined that the amount that will be paid to the health maintenance organization shall be equal to the price of the surgical procedure as per the Ministry of Health's price list, or as set in a dedicated order that will be set at the recommendation of the Commissioner - the lower of the two. The policyholder's deductible shall be deducted from this amount, if he/she paid such a deductible; it was also prescribed that the insurer may submit to the Commissioner an objection to the payment notice as stated above within 30 days from receipt of such notice, and the objection will not delay the payment to the health maintenance organization, and the Commissioner is required to inform the insurer and the health maintenance organization of its decision regarding the objection within 60 days of its receipt. Furthermore, Transitional Provisions were set that will require the insurer to transfer policyholders from an individual "first shekel" surgical procedure policy that was taken out before the amendment came into force, who also have a SHABAN plan in place, to a "Supplementary SHABAN" surgical procedures policy, while ensuring continuous insurance coverage; this will take place on the renewal date of the "first shekel" surgical procedure policy after October 1, 2023. In this regard, it was determined that policyholders will be allowed to inform the insurer - within a year of the transfer date - of their wish to cancel the transfer and reinstate the original policy. It was prescribed that in order to transfer the payment by the insurer in respect of the execution of the surgical procedure as part of the SHABAN plan as stated above, and in order to transfer policyholders to a

"Supplementary SHABAN" surgical procedures policy, the Capital Market, Insurance and Savings Authority shall operate and maintain a secure online interface that will be used to transfer the relevant information between the health maintenance organizations and the insurance companies to achieve the implementation of the provisions of the law.

In the opinion of the Group, the provisions of the law shall affect the marketing and pricing of the premium in "first shekel" surgical procedures policies (covering procedures carried out in Israel), that will be marketed and renewed as from the effective date. The Group's assessment constitutes forward-looking information that is based on the information available to the Group at the report publication date. The actual results may differ from the estimated results, which depend, inter alia, on the actual behavior of customers and competitors.

In September 2023, the Commissioner published supplementary circulars for the implementation of the Economic Arrangements Law as stated above: (1) Amendment to the **Required Information on a Website of an Institutional Entity Circular**, which stipulates that insurance companies that market surgical procedures policies shall present the list of surgeons, who are included in an arrangement with them, on the relevant dates set in the circular, in order to allow the health maintenance organizations to file payment requests to the insurance companies in accordance with the terms set out in the Economic Arrangements Law; (2) a circular dealing with the **Online Interface regarding Surgical Procedures in Israel**, which stipulates provisions regarding the manner of transferring information between the health maintenance organizations and the insurance companies, including the details of the information that the insurance companies and the health maintenance organizations are required to exchange through the online interface. The effective date of those circulars was set for December 1, 2023.

(b) In September 2023, the Commissioner published a second draft to the **Commissioner's Directives regarding Financial Services Supervision (Insurance) (Collective Long-Term Care Insurance to Members of Health Maintenance Organizations) (Amendment), 2023**, which deals with the revision to the existing insurance coverage under collective long-term care insurance policies of health maintenance funds in order to stabilize the funds of policyholders in view of the increase in the incidence of claims filed and paid, and their adverse effect on policyholders' funds. The Amendment suggests reducing by 10% the amount of insurance benefits paid to a policyholder, who is entitled to the basic tier of coverage, and who lives at home. It is also suggested to reduce the monthly insurance benefits paid in accordance with the directives by linking the insurance benefits amounts to the known CPI on the Amendment's effective date and no later than July 1, 2016. Furthermore, it is suggested to extend the existing exclusion period regarding entitlement to insurance coverage under the policy to an insured event that occurred in the first 5 years of a policyholder's life instead of 3 years according to the existing exclusion. In view of the difficulties of adding an "extended tier" to the insurance coverage under the policy, it is suggested to postpone the effective date of the provisions dealing with the extended tier to January 1, 2028. According to the suggested amendment, the draft amendment shall apply to all collective long-term care insurance policies of the health maintenance organizations that will be entered into or renewed as from the effective date (as defined below), and that they will also apply to existing policies, if it was agreed between the insurance company and the health maintenance organization, that those directives shall apply to them. It is also suggested to clarify that the amendment will not apply to insured events that occurred prior to the effective date. It is suggested that the effective date of the provisions of the amendment will fall 60 days from their publication date, except for the provisions relating to the postponement of the effective date of the provisions relating to the extended tier as stated above, which will come into force retroactively as from July 1, 2021.

(c) In September 2023, the Commissioner published a draft Amendment of **the Consolidated Circular - Title 6, Part 3 - Long-Term Care Insurance**, which suggests to prescribe that due to the challenges arising in long-term care insurance (including an increase in the number of insured events and the prolongation of the entitlement period), the minimum 20% threshold for insurance companies' participation in the insurance risk arising from long-term care insurance policies of health maintenance organizations should be scrapped. It was clarified that this cancellation is expected to allow the health maintenance organizations the flexibility to set the risk rate applicable to the insurance company.

C. Property and casualty insurance

(a) In November 2022, the Authority published Amendment to the Provisions of the Consolidated Circular - Title 6, Part 2 - Provisions in the Compulsory Motor Insurance Subsegment - was published. As part of the amendment, the Authority wishes to revise the rate of fees in the compulsory motor insurance subsegment (hereinafter - the "Subsegment") following an amendment to the National Insurance Law whereby - as from January 1, 2023 - a rate that was set in the Amendment to Section 328A to the National Insurance Law will be offset from net insurance premium (10% in 2023-2024 and 10.95% in 2025 and thereafter), and this component, that is currently included in the Subsegment's net insurance premium, will be deducted from the insurance premium and collected from policyholders by the insurance companies and the pool as a separate component, which will be transferred directly to the National Insurance Institute. Accordingly, as part of the amendment to the circular, it is suggested to revise the rate of insurance companies' fees, which are calculated out of net premiums, from 16.25% to 18%, in order to maintain the rate of the fees component that was in place prior to the amendment. This amendment is not expected to have a material effect on the financial results of the Group.

(b) In September 2023, the Commissioner of the Capital Market, Insurance and Savings published a fundamental decision on Reduced Insurance Payouts in Motor (Property) Insurance in respect of a Difference in Spare Parts Prices Where the Vehicle was Repaired in a Garage which is not Included in an Arrangement. The decision was issued further to queries, which were made by members of the public, and which the Capital Market, Insurance and Savings Authority became aware of, from which it became evident regarding motor property insurance policies that some of the insurance companies started using a practice, as part of which they deduct some of the insurance benefits in respect of the difference between the spare parts price list quoted by the appraiser in its appraisal, and the amount the insurance company would have paid for those parts had they been purchased from spare parts suppliers, with whom the insurance company entered into engagement. As part of the decision, the Commissioner stipulated that the insurance companies have the right to enforce the provisions of Section 61 to the Insurance Contract Law, 1981 (hereinafter - the "Insurance Contract Law"), which prescribes that an insurer shall not be liable to insurance benefits in respect of a damage that the policyholder could have prevented or minimized using reasonable means or means that the insurer ordered it to take; however, the Commissioner stipulated that an insurance company may not deduct from the insurance benefits or take a similar step in connection with a policyholder that informed the insurance company about the insured event immediately after it became aware of the insured event, collaborated with the company, acted in good faith to repair its car in a garage that is not included in an arrangement, and was not informed in advance by the insurance company of its rights, duties and the meaning thereof.

Further to the above, and by the power vested in him under Section 62(A) to the Financial Services Supervision Law, which allows him to make decisions regarding complaints and order a rectification by way of issuing a rule, the Commissioner ordered the companies to act in the following manner from here on: (a) An insurance company that operates in the said manner should display to the policyholder, in a prominent way, the way it is expected to conduct itself upon the occurrence of an insured event. Such disclosure will be given both at the stage of the insurance offer, and when the policyholder reports an insured event (hereinafter - "Disclosure regarding the Requirement to Minimize the Damage"); (b) before a deduction is carried out, the insurance company shall consider, according to the relevant circumstances, to give the policyholder the option to pay a lower deductible similar to the deductible amount the policyholder would have paid had it repaired the car in a garage, which is included in an arrangement.

Notwithstanding the above, in view of the lack of clarity prior to the publication of the decision regarding the requirement to provide the disclosure at the stage of the insurance offer, and so long as the insured event has not taken place through the publication date of this decision, an insurance company may provide the Disclosure regarding the Requirement to Minimize the Damage in an existing policy on the publication date of this policy, during the course of the insurance period, and in particular on the date on which the policy's terms are revised, even if it had not informed the policyholder on the date of the insurance offer or on the policy renewal date. This should be carried out while documenting receipt of the notice by the policyholder.

With respect of insured events that occurred through the publication date of this decision - an insurance company is required to assess whether the deduction was made after a disclosure was given to the policyholder, which allowed the policyholder to take action in order to minimize the damage, and that the policyholder received the Company's notice when the claim was opened or before the car was repaired, insofar as the policyholder informed it about the occurrence of the insured event, immediately after it became aware of it. If the insurance company reduced insurance benefits without providing disclosure thereof, if the policyholder informed it of the said insured event, the insurance company shall check whether the amount of insurance benefits it paid was lower than the repair amount paid by the policyholder (net of deductible), and any difference should be refunded to the policyholder.

7. Developments in the macroeconomic environment

7.1 The capital market - developments in the macroeconomic environment

The activity of the Group, which mainly operates in the field of finance, is affected by the level of economic activity in Israel in general and in the capital market in particular, and by global macroeconomic effects as described below.

7.2 General environment and effect of external factors on the corporation’s activity

On October 7, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the “Iron Swords War” or the “War”). For information about the War’s effects on the economic environment, see “subsequent events” in this section below.

In relation to the reporting period - most of the indicators of economic activity in Israel in the first nine months of 2023 indicate that the level of activity in the Israeli economy continues to be strong; however, due to the tight monetary policy implemented in Israel and across the world, some of the indicators reflected a certain decline in economic activity and economic growth, and the labor market continued to be tight with full employment environment. Economic indicators reflected a certain decline in private consumption due to inflation rates and interest rates hikes, which had an adverse effect on the purchasing power of households. This slowdown was also reflected in a sharp decline in the government’s tax revenues and in an increase in the government’s expenses, which lead to an increase in the budget deficit. The amounts invested in high-tech companies also decreased significantly compared to previous years, and in the real estate sector there was a relatively sharp decline in the number of transactions with a corresponding increase in the inventory of unsold flats.

During May 2023, the credit rating agency Moody’s downgraded Israel’s rating outlook from positive to stable, due to, among other things, the dispute around legislative changes regarding the judiciary; Israel’s credit rating was reiterated. The rating agency S&P reiterated the rating and outlook.

Labor market data indicate a tight employment market with a full labor environment, and despite the expectation of a certain decline, unemployment remains low - approx. 3.2% as of September 2023.

Against the backdrop of the tight monetary and fiscal policies implemented in Israel and across the world due to increasing inflation rates as a result of the Covid-19 crisis, the sharp increase in commodity and freight prices, and the disruption to supply chains across the world due to the War in Ukraine, the inflation rate in Israel increased significantly too, reaching 3.8% in the 12 months ending September 2023, having reached a record level of 5.4%. This rate is still above the higher limit set by the Bank of Israel (standing at 3%).

In view of the inflation, and in order to curb it, central banks in Israel and across the world continued to raise interest rates and tighten balance sheets. Since the beginning of April 2022 and through the end of September 2023, nominal interest rates in Israel increased from a very low level of 0.1% to 4.75%.

Following the tight monetary policy that started in April 2022, property prices increased at a lower rate, and in the 12 months to September 2023 prices decreased by approx. 0.2%, with a continued sharp decline in the number of transactions and the number of mortgages that were taken. There was also a sharp decrease in the number of building starts in the first nine months of the year. On the other hand, rent prices continued to increase, and in the 12 months ended September 2023 they increased by approx. 5.5%.

In the first nine months of 2023, there was a relatively high variance in economic activity of different countries across the world.

Thus, for example, in the USA there was growth in economic activity, and growth forecasts were revised upwards. The USA recorded a good growth in the third quarter of 2023 (4.9% in annual terms), further to a more moderate growth in the first 2 quarters of 2023 (2.1% in annual terms), with a good increase in private consumption. It should be noted, that at the beginning of August 2023 there was a surprise downgrade of the USA credit rating by the rating agency Fitch from AAA to AA+. Among other things, the rating agency criticized the USA's increasing fiscal deficits. On the other hand, in the Eurozone there were indications of a recession, with a 0.4% decrease in GDP (in annual terms) during the third quarter of 2023.

Inflation rates across the world increase at a slower pace, but inflation remains relatively high in relation to central banks' inflation targets. In the 12 months ended September 2023, the inflation rate in the USA reached approx. 3.7% and in Europe approx. 4.3%. As a result, central banks continued to raise interest rates (the Fed raised interest to 5.25-5.5%, and in the Eurozone interest rates were raised to 4%), and expectations are that the cycle of interest rates hikes has ended. However, market expectations are for a higher interest rate environment for longer than expected before the reviewed period.

According to the International Monetary Fund's forecast, global growth is expected to slow to 2.9% in 2024 - a slight revision downwards, and the forecast for the volume of global trade in goods and services was revised downwards.

Purchasing executives' indexes of developed and emerging markets for September 2023 reflect a continued trend of decline, and the index for developed markets dropped to a level indicating an economic contraction. In many countries, the inflation environment has cooled, but inflation rates are still higher than the targets set by central banks; the core inflation that was "more sticky" is also cooling.

Macroeconomic data that were published in China, and which indicated a slowdown in the growth of consumers and businesses' spending the past few months, and a concurrent lower-than-expected increase in the output of factories, as well as publications about the insolvency of a number of large real estate companies, increased the concerns about a slowdown in China, the second largest economy in the world. The Chinese Bureau of Statistics also announced that it will no longer publish youth unemployment figures in China, after many months during which the unemployment figures in this group have increased relatively sharply. In an attempt to drive growth, the Chinese Central Bank issued a surprising announcement cutting interest rates on loans extended to households and businesses.

7.3 Bonds and equities markets

In the first nine months of 2023, trading activity in the markets was conducted against the backdrop of the attempts to curb inflation, and interest rate hikes by central banks. The local capital market ended the first nine months of 2023 with a negative trend against the backdrop of interest rate hikes in Israel, and the increasing concerns regarding the effects of the legal reform, that was progressing despite extensive protests by those objecting to it. The local share indexes reflect significant under-performance compared to other share indexes from across the world, which achieved good price increases despite the collapse of a number of regional banks in the USA and liquidity difficulties experienced by two large European banks. This is the most significant event since the global financial crisis in 2008, which led to sharp slumps both in the leading indexes and in the prices of the shares of banks across the world.

During the first nine months of 2023, the TA 35 increased by approx. 2.7%, the TA 90 increased by approx. 4.5%, and the TA 125 increased by approx. 3.4%. The TA-Investment Properties in Israel index had exceptionally negative results with rates declining by approx. 8.3%; on the other hand, the TA-Oil & Gas Index achieved exceptionally good results, with rates increasing by approx. 47.2% against the backdrop of the huge transaction for the acquisition - by two international companies - of approx. 50% of the NewMed Energy partnership, that holds approx.

45% of the "Leviathan" oil field. The TA-Technology Index, which increased by approx. 11.9%, and the Banks Index that increased by approx. 17.9%.

In the USA, the NASDAQ 100 Index increased by approx. 34.5%, the Dow Jones increased by approx. 1.1%, and the S&P Index increased by approx. 11.7%.

Leading indexes in Europe also recorded rate rises during the first nine months of 2023. Thus, for example, the Euro Stoxx 600 Index increased by approx. 6.0%, the German DAX Index increased by approx. 10.5%, and the British FTSE 100 Index increased by approx. 2.1%.

The bonds trade was also affected by further interest rate hikes in Israel. The yields on government bonds with long durations increased in line with the global trend. The Shekel Government Bonds Index was down by approx. 1.0% during the first nine months of 2023, and the Linked Government Bonds Index was down by approx. 1.8%. The Tel Bond-20 Index increased by approx. 2.6% and the Tel Bond 40 Index increased by approx. 3.3%.

During the first nine months of 2023, the representative exchange rate of the shekel against the dollar has devalued by approx. 8.7%; an approx. 8% devaluation against the euro. This trend drives an increase in prices of imported products, and contributes to further prices increases in the domestic market. The Bank of Israel's foreign exchange balances reached approx. USD 198.5 billion as of the end of September 2023.

7.4 Events subsequent to the balance sheet date

Further to what is stated above regarding the economic environment during the reporting period, the Iron Swords War has various economic effects, both on real activity and on financial markets in Israel; it is likely that the ongoing fighting, the extensive mobilization of reserves, and the damage to the activity of businesses will affect these figures. However, as of the report publication date, there are high levels of uncertainty as to the prolongation of the War and the prospects of it spreading to other fronts; this leads to significant uncertainty as to the extent of the damage and the War's impact on the Israeli economy.

Prior to the War, the Israeli economy had relatively strong parameters - strong economic activity, high growth rates, tight labor market and a full employment environment, current account surplus, low debt to GDP ratio, and high foreign currency balances.

It is expected that the adverse effects on economic activity in Israel at the macro level will cause, among other things, an increase in the unemployment rate, will adversely affect economic growth, consumption of leisure activities, the construction, agriculture and tourism sectors, lead to an increase in the government budget deficit in order to fund the cost of the War and welfare, alongside an expected decline in the government's revenues from taxes as a result of the decline in the scope of transactions executed in Israel and an increase in the debt to GDP ratio.

Since the outbreak of the War, the Israeli capital market suffered sharp slumps and high volatility in share prices. At the same time, the yield on government bonds with long duration and the spreads of the corporate bonds have increased and were also volatile. In addition, the exchange rate of the shekel against some of the key currencies in the world suffered high levels of volatility. Furthermore, the rating agency S&P downgraded the State of Israel's credit rating outlook from "stable" to "negative", in view of the significant deterioration in the geopolitical and security risks faced by Israel due to the War.

8. Cash flow

In NIS million	1-9/2023	1-9/2022	% of change	7-9/2023	7-9/2022	% of change	1-12/2022
Net cash provided by (used for) activity:							
Operating	(1,072)	(1,649)	(35.0%)	(740)	(231)	220.3%	(638)
Investment	(88)	(75)	16.8%	67	218	(69.3%)	(253)
Financing	184	147	25.3%	238	(151)		190
Exchange differences in respect of cash and cash equivalent balances	44	81	(45.8%)	23	11	110.0%	90
Decrease in the cash balance	**(933)**	**(1,497)**	**(37.7%)**	**(411)**	**(153)**	**169.6%**	**(611)**
Cash balance at end of period	**2,952**	**2,998**	**(1.5%)**	**2,952**	**2,998**	**(1.5%)**	**3,884**

9. Financing resources

As of the report date, the balance of the financial liabilities is approx. NIS 5,162 million compared to NIS 4,649 million as of December 31, 2022.

The average amount of the financial liabilities in the reporting period was approx. NIS 4,906 million.

As of the report date, the Company's standalone financial liabilities amount to approx. NIS 375 million, originating in bonds (Series C), whose repayment is spread over 3 years according to the amortization schedule, and in an option to non-controlling interests at the total amount of approx. NIS 161 million. The Company considers it important to maintain available financial assets at the amounts required to repay bonds and to cover its operating activities and those of its investees. In this regard, it should be noted that as of the report date the Company has liquid financial assets at the total amount of approx. NIS 361 million, which it can use in its operating activities.

As part of the rating of the bonds it raised, the Company declared that it intends to maintain liquid assets and lines of credit at a rate of 100% of debt repayments (principal and interest) one year in advance, in accordance with the bonds' amortization schedule.

For information about dividends from investees, see Section 2.6 above.

Part B - Disclosure on Exposure to, and Management of, Market Risks

10. Exposure to market risks

In accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, the report regarding market risks and mitigation thereof relates to exposures of the Company and its consolidated companies, except for insurance companies. During the first nine months of 2023, there were no material changes in the Company's exposures to market risks and their management, compared to what is described in the 2022 Periodic Report.

Part C - Corporate Governance Aspects

11. Disclosure on the financial statements' approval process in the Company

The identity of the organs charged with governance in the corporation

The organs charged with governance in the corporation are the CEO and CFO, at management level, and the Company's Financial Statements Review Committee, as defined in the Companies (Provisions and Conditions for Financial Statement Approval Procedure) Regulations, 2010, which is the Balance Sheet Committee that was appointed by the Company's Board of Directors, whose role is - among other things - to discuss and issue recommendations to the Company's Board of Directors in connection with matters pertaining to the Company's financial statements, including the assessments and estimates made in connection with the financial statements, the internal controls regarding financial reporting, the integrity and adequacy of the disclosure in the financial statements, the opinion of the independent auditor, the accounting policy that was adopted and the accounting treatment that was applied in connection with the corporation's material matters (hereinafter - the "**Balance Sheet Committee**"). It should be noted that the Balance Sheet Committee is not the Company's Audit Committee.

Committee members

As of the report publication date, the Balance Sheet Committee comprises three members, all of whom serve as Company directors, as follows: Mssrs. Gavriel Perel (ED and Chairman of the Balance Sheet Committee), Shay Feldman and Orit Stav (EDs) who posses accounting and financial expertise. All committee members possess the ability to read and understand financial statements. For information regarding the skills and experience of the directors, based on which the Company views them as persons who posses the ability to read and understand financial statements, see the Additional Details chapter in the Periodic Report, and in relation to Orit Stav, see immediate report of May 4, 2023 (Ref. No.: 2023-01-147937). All members of the Balance Sheet Committee signed statements in accordance with the Companies (Provisions and Conditions for Financial Statement Approval Procedure) Regulations, 2010. Meetings of the Company's Balance Sheet Committee are also attended by the Company's independent auditors.

Approval procedure of the financial statements

The financial statements of the Company were discussed in a meeting of the Balance Sheet Committee that was held on November 26, 2023. All members of the Balance Sheet Committee attended the above-mentioned meeting. The meeting was also attended by the following Group officers and managers: Mssrs. Ari Kalman, CEO; Eran Griffel, Chairman of the Board of Directors; Ran Kalmi, CFO; Shimon Irsai, Chief Legal Counsel, and Eti Hirshman, Chief Internal Auditor. The independent auditors and the following officers and managers of the subsidiary - Menora Mivtachim Insurance - were also in attendance: Mssrs. Yehuda Ben Assayag, Chairman of the Board of Directors, Michael Kalman, CEO; Ran Kalmi, CFO, Dan Bar-On, Chief Actuary; Ruthi Cohen Yehudayoff, Chief Risk Officer; Omri Gal, Head of Finance and Accounting, Katie Reznik, Supervising Actuary, Life Insurance, Yaakov Moser, Supervising Actuary Property and Casualty Insurance, Ana Samanova, Supervising Actuary Health Insurance and Head of the Corporations Department and The Company Secretariat.

The draft interim financial statements of the Company as of September 30, 2023, including the Report of the Board of Directors, and the financial statements, were delivered to the members of the Balance Sheet Committee and Board of Directors in advance, several days prior to their approval date.

The Balance Sheet Committee selected - through a detailed presentation by the Company's officers - the material issues in its financial reporting; as part of this process, the following were presented and reviewed: Assessments and estimates that were made in connection with the financial statements; internal controls regarding financial reporting; the integrity and adequacy of financial statements disclosures; the accounting policies and accounting treatment applied to material issues, and the Company's financial statements data. Furthermore, data included in the financial statements was presented, including information regarding the Company's financial position and operating activities.

As part of the above-mentioned discussions, a review was held of the effectiveness of internal control over financial reporting.

The members of the committee assessed the judgment exercised by management in connection with the different issues, and after listening to the position of the Company's independent auditor, they reached the conclusion that the Company applied adequate accounting policies, and used adequate estimates and assessments. The committee formulated its recommendations regarding the various issues that were discussed, and recommended that the Board of Directors approve the consolidated interim financial statements for the period ended September 30, 2023.

Part D - Dedicated disclosure for Bondholders

12. Details regarding the corporation's bonds

There were no material changes in relation to what is stated in Section 8 to The Report of the Board of Directors in the Periodic Report.

Part D - Disclosure Provisions Relating to the Corporation's Financial Reporting

13. Reporting critical accounting estimates

There were no material changes in critical accounting estimates compared to those referred to in the Periodic Report.

14. Internal Control over Financial Reporting and Disclosure

The Group's institutional entities follow the work processes required under the provisions of Sections 302 and 404 to the Sarbanes Oxley Law, all in accordance with the Commissioner's directives. In that context, the Group's institutional entities established work processes, that include, among other things, processes for disclosing and discussing events that affect the disclosure, and which are participated by those who take part in the preparation of the financial statements.

Accordingly, and further to the above, managements of the institutional entities, together with their CEOs and CFOs, assessed the effectiveness of the controls and procedures concerning the institutional entity's disclosure as of the end of the period covered in this report. Based on this assessment, it was 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 entity is required to disclose in its quarterly report in accordance with the provisions of the law and the reporting provisions set by the Commissioner and on the date set out in these provisions.

In addition, during the quarter ending September 30, 2023, no changes took place in the internal control over financial reporting of the institutional entities that had a material effect, or is expected to have a material effect, on the institutional entities' internal control over financial reporting.

15. Events subsequent to the balance sheet date

15.1 Extraordinary annual general meeting

An extraordinary annual general meeting of the Company was held on October 17, 2023, in which the 2022 Periodic Report was approved; the independent auditor was reappointed and the Board of Directors was authorized to set its fees; the term in office of the following directors was renewed: Eran Griffel, Yuval Cohen, Yoav Kremer, Shay Feldman, and Orly Yarkoni; and the compensation payable to directors other than EDs or controlling shareholders of the Company was approved. In addition, the service and employment terms of Mr. Eran Griffel as the Chairman of the Company's Board of Directors have been extended. For further details, please see the Company's immediate report dated October 17 2023 (Ref. No. 2023-01-116697).

The Board of Directors thanks the management of the Group and the Company, its managers and employees for their work and contribution.

Eran Griffel	**Ari Kalman**
Chairman of the Board	**CEO**

Ramat Gan, November 29, 2023

Menora Mivtachim

Chapter B:

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 Menora Mivtachim Holdings Ltd. (hereinafter - the "**Corporation**") is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

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

1. Ari Kalman, CEO;
2. The other members of management:

   Ran Kalmi, CFO

   Nir Moroz, Chief Investment Officer

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.

Menora Mivtachim Insurance Ltd., Shomera Insurance Company Ltd. and Menora Mivtachim Pension and Provident Funds Ltd., subsidiaries of the Corporation, are institutional entities which are subject to the directives of the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**" regarding the assessment of the effectiveness of internal controls over financial reporting.

With regard to the internal control in the aforementioned subsidiaries, the Corporation applies the following Commissioner's Directives: Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Control over Financial Reporting" and Institutional Entities Circular 2010-9-7, "Internal Control over Financial Reporting - Certifications, Reports and Disclosures", including amendments to said circulars.

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, 2023 (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 found in the Most Recent Quarterly Report of Internal Control;

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

Certification

Certification by the CEO

I, Ari Kalman, hereby certify as follows:

(1) I have examined the quarterly report of Menora Mivtachim Holdings Ltd. (hereinafter - the "**Corporation**") for the third quarter of 2023 (hereinafter - the "**Reports**");

(2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;

(3) To my knowledge, the financial statements and other financial information included in the Reports fairly represent, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;

(4) I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Corporation's audit and financial statements committees, 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 (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 quarterly report date 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.

Ramat Gan, November 29, 2023

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Ari Kalman, CEO

Certification

Certification by the Most Senior Financial Officer

I, Ran Kalmi, hereby certify that as follows:

(1) I have reviewed interim financial statements and other financial information included in the interim report of Menora Mivtachim Holdings Ltd. (hereinafter - the "Corporation") for the third quarter of 2023 (hereinafter – the "**Reports**" or "**Interim Reports**");

(2) To my knowledge, the interim financial statements and other financial information included in the Interim Reports do not contain any misrepresentation of a material fact, nor omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;

(3) To my knowledge, the Interim Financial Statements and other financial information included in the Interim Reports present fairly, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;

(4) I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Corporation's audit and financial statements committees, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure insofar as it relates to the Interim Financial Statements and other financial information included in the Interim Reports, that could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information so as to cast doubt on the reliability of financial reporting and the preparation of the financial statements in accordance with law; and -

(b) Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation, state that:

(a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (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 quarterly report date and the date of this Report, relating to the Interim Financial Statements and to any other financial information included in the Interim Financial Statements, which may, in my opinion, 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.

Ramat Gan, November 29, 2023

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Ran Kalmi, CFO

Menora Mivtachim Holdings Ltd.

Consolidated Interim Financial Statements

As at September 30, 2023

Unaudited

Menora Mivtachim Holdings Ltd.

Consolidated Interim Financial Statements

As at September 30, 2023

Unaudited

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Building a better working world

Review Report of Independent Auditors to the Shareholders of Menora Mivtachim Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of Menora Mivtachim Holdings Ltd. and its subsidiaries (hereinafter - the "**Group**"), including the condensed consolidated statement of financial position as at September 30, 2023 and the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine- and three-month periods then ended. The 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 holding companies of insurers, as described in Note 2(a). Our responsibility is to express a conclusion regarding the financial information for this interim period based on our review.

We have not reviewed the condensed interim financial information of the consolidated companies the total consolidated assets of which constitute approx. 3.46% of the total consolidated assets as of September 30, 2023 and the consolidated income of which constitutes approx. 2.82% and 3.34% of the total consolidated income for the nine- and three-month periods then ended, respectively. Neither did we review these condensed interim financial information of equity-accounted companies, the investment in which amounted to approx. NIS 175,913 thousand as of September 30, 2023, and the Group's share in the profits of which amounted to NIS 31,631 thousand and a total of NIS 5,491 thousand for the nine- and three-month periods then ended, respectively. The condensed interim financial information of the above companies was audited by other independent 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 performed our review pursuant to Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards in Israel 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. Consequently, we are not expressing an audit opinion.

Conclusion

Based on our review and the review reports of other independent 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 that which is stated in Note 6 to the Consolidated Interim Financial Statements regarding exposure to contingent liabilities.

Tel Aviv,
November 29, 2023

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Assets

	As of September 30		As of December 31 2022
	2023	2022	
	Unaudited		Audited
	NIS thousand		
Intangible assets	1,772,143	1,711,956	1,736,065
Deferred tax assets	28,137	23,079	32,978
Deferred acquisition costs	2,183,834	1,940,242	2,002,620
Property, plant & equipment	973,700	940,142	988,089
Investments in associates	463,463	293,619	432,714
Investment property in respect of yield-dependent contracts	103,695	90,362	93,958
Investment property - other	650,185	479,103	509,198
Reinsurance assets	3,669,954	3,428,496 *)	3,436,993
Current tax assets	117,774	145,193 *)	120,648
Accounts receivable and debit balances	1,005,472	817,841	705,576
Premiums collectible	1,222,699	1,073,917	1,048,370
Financial investments in respect of yield-dependent contracts	30,808,660	29,728,361	29,344,230
Other financial investments:			
Liquid debt assets	4,808,572	5,013,754	4,808,702
Illiquid debt assets	14,604,879	14,178,409	14,340,317
Shares	1,257,186	1,408,225	1,366,262
Other	3,197,179	2,502,994	2,728,380
Total other financial investments	23,867,816	23,103,382	23,243,661
Cash and cash equivalents in respect of yield-dependent contracts	1,706,815	1,896,981	2,590,568
Other cash and cash equivalents	1,245,139	1,101,357	1,293,931
Total assets	69,819,486	66,774,031	67,579,599
Total assets in respect of yield-dependent contracts	33,350,666	32,280,971	32,501,199

*) For details about retrospective application, see Note 2D.

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

Equity and liabilities

	As of September 30		As of December 31 2022
	2023	2022	
	Unaudited		Audited
	NIS thousand		
Equity			
Share capital	99,429	99,429	99,429
Share premium	332,985	332,985	332,985
Treasury shares	(100,200)	(94,557)	(100,200)
Capital reserves	814,782	536,842	635,156
Retained earnings	5,115,302	4,885,734 *)	4,929,631
Total equity attributable to the Company's shareholders	6,262,298	5,760,433	5,897,001
Non-controlling interests	194,846	172,948	182,144
Total equity	6,457,144	5,933,381	6,079,145
Liabilities			
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	22,491,077	21,837,375 *)	21,833,154
Liabilities in respect of insurance contracts and yield-dependent investment contracts	32,493,303	31,267,674	31,794,930
Liabilities in respect of deferred taxes	481,848	306,423	357,806
Liabilities for employee benefits	126,834	128,093	127,442
Liability for current taxes	15,822	8,954	7,126
Payables and credit balances	2,591,227	2,397,608	2,730,626
Financial liabilities	5,162,231	4,894,523	4,649,370
Total liabilities	63,362,342	60,840,650	61,500,454
Total equity and liabilities	69,819,486	66,774,031	67,579,599

*) For details about retrospective application, see Note 2D.

November 29, 2023			
Approval date of the financial statements	Eran Griffel Chairman of the Board of Directors	Ari Kalman CEO	Ran Kalmi CFO

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

Consolidated Statements of Income

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand (excluding earnings per share data)				
Premiums earned, gross	6,374,755	5,760,897	2,255,212	2,041,789	7,928,217
Premiums earned by reinsurers	1,129,038	1,052,718	384,240	357,441	1,426,542
Premiums earned - retention	5,245,717	4,708,179	1,870,972	1,684,348	6,501,675
Investment income (losses), net and finance income	2,923,411	(2,789,805)	500,429	(615,762)	(1,929,410)
Income from management fees	808,155	781,269	282,340	258,750	1,042,598
Income from fees and commissions	202,569	197,482	66,087	64,504	265,007
Other income	5,177	92,647	1,723	89,594	94,234
Total income	9,185,029	2,989,772	2,721,551	1,481,434	5,974,104
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	7,375,161	1,460,042 *)	1,902,856	992,039 *)	3,816,342
Reinsurers’ share in payments and in changes in liabilities in respect of insurance contracts	(946,206)	(977,522) *)	(323,124)	(440,309) *)	(1,217,812)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	6,428,955	482,520	1,579,732	551,730	2,598,530
Fees and commissions, marketing expenses and other purchase expenses	1,304,540	1,189,602	456,208	400,497	1,590,085
General and administrative expenses	742,233	617,143	240,761	208,221	855,677
Other expenses	26,724	15,819	8,471	6,125	37,022
Finance expenses	157,187	97,970	45,590	27,495	145,712
Total expenses	8,659,639	2,403,054	2,330,762	1,194,068	5,227,026
Share in profits of associates	13,342	28,281	9,235	27,893	11,889
Profit before taxes on income	538,732	614,999	400,024	315,259	758,967
Taxes on income	162,378	168,043 *)	134,178	66,487 *)	214,504
Net profit	376,354	446,956	265,846	248,772	544,463
Attributable to:					
Company’s shareholders	359,820	440,977 *)	259,419	246,222 *)	533,789
Non-controlling interests	16,534	5,979	6,427	2,550	10,674
Net profit	376,354	446,956	265,846	248,772	544,463
Basic earnings per share attributable to the Company's shareholders (in NIS)	5.81	7.02 *)	4.19	3.96 *)	8.53
Diluted net earnings per share attributable to the Company's shareholders (in NIS)	5.65	7.02 *)	4.07	3.96 *)	8.53

*) For details about retrospective application, see Note 2D.

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

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
Net profit	376,354	446,956 *)	265,846	248,772 *)	544,463
Other comprehensive income (loss):					
Other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss					
Adjustments arising from translation of financial statements of foreign operations	(906)	11,485	1,047	2,021	9,919
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	200,035	(587,317)	14,922	(188,661)	(550,186)
Net change from realization of financial assets classified as available for sale, carried to the income statements	75,806	119,869	877	86,799	168,375
Impairment loss of financial assets classified as available for sale, carried to the income statements	15,923	31,509	6,485	13,090	70,403
Share in other comprehensive income (loss) of associates	(17,870)	16,079	(5,619)	(9,652)	2,086
Total other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss	272,988	(408,375)	17,712	(96,403)	(299,403)
Taxes on income (tax benefit) related to available-for-sale financial assets	97,097	(150,340)	6,797	(29,920)	(107,394)
Taxes on income relating to other components of other comprehensive income	2,669	5,105	1,196	313	5,605
Total other comprehensive income (loss) items, net, that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss	173,222	(263,140)	9,719	(66,796)	(197,614)
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, will not be carried to profit and loss					
Revaluation of property, plant and equipment	-	39,580	-	-	82,473
Gain on remeasurement of defined benefit plans	2,413	16,459	1,134	4,418	16,203
Total other comprehensive income items that, subsequent to initial recognition in comprehensive income, will not be carried to profit and loss	2,413	56,039	1,134	4,418	98,676
Taxes on income	855	14,703	393	1,508	24,489
Items of other comprehensive income, net not transferred to profit and loss	1,558	41,336	741	2,910	74,187
Total other comprehensive income (loss), net	174,780	(221,804)	10,460	(63,886)	(123,427)
Total comprehensive income	551,134	225,152	276,306	184,886	421,036
Attributable to:					
Company's shareholders	534,434	219,167 *)	269,851	182,412 *)	410,308
Non-controlling interests	16,700	5,985	6,455	2,474	10,728
	551,134	225,152	276,306	184,886	421,036

*) For details about retrospective application, see Note 2D.

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	Unaudited											
	NIS thousand											
Balance on January 1, 2023 (audited)	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,929,631	5,897,001	182,144	6,079,145
Effect of first-time application of IFRS 9	-	-	-	-	-	-	-	-	(686)	(686)	-	(686)
Balance as of January 1, 2023 after first-time application of IFRS 9	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,928,945	5,896,315	182,144	6,078,459
Net profit	-	-	-	-	-	-	-	-	359,820	359,820	16,534	376,354
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	(1,051)	-	-	-	(1,051)	145	(906)
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	200,035	-	-	-	-	200,035	-	200,035
Net change from realization of financial assets classified as available for sale, carried to the income statements	-	-	-	-	75,806	-	-	-	-	75,806	-	75,806
Impairment loss of financial assets classified as available for sale, carried to the income statements	-	-	-	-	15,923	-	-	-	-	15,923	-	15,923
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	2,381	2,381	32	2,413
Share in other comprehensive loss of associates	-	-	-	-	-	(17,870)	-	-	-	(17,870)	-	(17,870)
Taxes on income relating to items of other comprehensive income	-	-	-	-	(97,097)	(2,669)	-	-	(844)	(100,610)	(11)	(100,621)
Total other comprehensive income (loss)	-	-	-	-	194,667	(21,590)	-	-	1,537	174,614	166	174,780
Total comprehensive income (loss)	-	-	-	-	194,667	(21,590)	-	-	361,357	534,434	16,700	551,134
Non-controlling interests arising in companies consolidated for the first time	-	-	-	-	-	-	-	-	-	-	7,594	7,594
Cost of share-based payment	-	-	-	8,676	-	-	-	-	-	8,676	-	8,676
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	(2,127)	-	(2,127)	(2,473)	(4,600)
Dividends distributed - please see Note 5, Subsections G-H	-	-	-	-	-	-	-	-	(175,000)	(175,000)	(9,119)	(184,119)
Balance on September 30, 2023	99,429	332,985	(100,200)	60,066	538,362	(44,297)	234,623	26,028	5,115,302	6,262,298	194,846	6,457,144

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	Unaudited											
	NIS thousand											
Balance on January 1, 2022 (audited)	99,429	332,985	-	40,161	547,709	(28,899)	172,218	4,049	4,334,006 *)	5,501,658	69,901	5,571,559
Net profit	-	-	-	-	-	-	-	-	440,977 *)	440,977	5,979	446,956
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	11,487	-	-	-	11,487	(2)	11,485
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	(587,317)	-	-	-	-	(587,317)	-	(587,317)
Net change from realization of financial assets classified as available for sale, carried to the income statements	-	-	-	-	119,869	-	-	-	-	119,869	-	119,869
Impairment loss of financial assets classified as available for sale, carried to the income statements	-	-	-	-	31,509	-	-	-	-	31,509	-	31,509
Revaluation of property, plant and equipment	-	-	-	-	-	-	39,580	-	-	39,580	-	39,580
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	16,451	16,451	8	16,459
Share in other comprehensive income of associates	-	-	-	-	-	16,079	-	-	-	16,079	-	16,079
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	150,340	(5,105)	(9,103)	-	(5,600)	130,532	-	130,532
Total other comprehensive income (loss)	-	-	-	-	(285,599)	22,461	30,477	-	10,851	(221,810)	6	(221,804)
Total comprehensive income (loss)	-	-	-	-	(285,599)	22,461	30,477	-	451,828	219,167	5,985	225,152
Share buyback by the Company	-	-	(94,557)	-	-	-	-	-	-	(94,557)	-	(94,557)
Cost of share-based payment	-	-	-	8,358	-	-	-	-	-	8,358	-	8,358
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	99,900	99,900	51,074	150,974
Company consolidated for the first time	-	-	-	-	-	-	-	-	-	-	233,000	233,000
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	25,907	-	25,907	(180,000)	(154,093)
Dividend distributed	-	-	-	-	-	-	-	-	-	-	(7,012)	(7,012)
Balance on September 30, 2022	99,429	332,985	(94,557)	48,519	262,110	(6,438)	202,695	29,956	4,885,734	5,760,433	172,948	5,933,381

*) For details about retrospective application, see Note 2D.

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	Unaudited											
	NIS thousand											
Balance as of July 1, 2023	99,429	332,985	(100,200)	57,141	522,875	(38,503)	234,623	25,526	4,930,144	6,064,020	184,252	6,248,272
Net profit	-	-	-	-	-	-	-	-	259,419	259,419	6,427	265,846
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	1,021	-	-	-	1,021	26	1,047
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	14,922	-	-	-	-	14,922	-	14,922
Net change from realization of financial assets classified as available for sale, carried to the income statements	-	-	-	-	877	-	-	-	-	877	-	877
Impairment loss of financial assets classified as available for sale, carried to the income statements	-	-	-	-	6,485	-	-	-	-	6,485	-	6,485
Gain (loss) due to remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	1,131	1,131	3	1,134
Share in other comprehensive loss of associates	-	-	-	-	-	(5,619)	-	-	-	(5,619)	-	(5,619)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	(6,797)	(1,196)	-	-	(392)	(8,385)	(1)	(8,386)
Total other comprehensive income (loss)	-	-	-	-	15,487	(5,794)	-	-	739	10,432	28	10,460
Total comprehensive income (loss)	-	-	-	-	15,487	(5,794)	-	-	260,158	269,851	6,455	276,306
Non-controlling interests arising in companies consolidated for the first time - see Note 7B2	-	-	-	-	-	-	-	-	-	-	6,501	6,501
Cost of share-based payment	-	-	-	2,925	-	-	-	-	-	2,925	-	2,925
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	502	-	502	(2,050)	(1,548)
Dividend distributed	-	-	-	-	-	-	-	-	(75,000)	(75,000)	(312)	(75,312)
Balance on September 30, 2023	99,429	332,985	(100,200)	60,066	538,362	(44,297)	234,623	26,028	5,115,302	6,262,298	194,846	6,457,144

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	Unaudited											
	NIS thousand											
Balance as of July 1, 2022	99,429	332,985	(49,975)	45,411	320,962	1,427	202,695	4,049	4,636,605 *)	5,593,588	117,842	5,711,430
Net profit	-	-	-	-	-	-	-	-	246,222 *)	246,222	2,550	248,772
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	2,100	-	-	-	2,100	(79)	2,021
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	(188,661)	-	-	-	-	(188,661)	-	(188,661)
Net change from realization of financial assets classified as available for sale, carried to the income statements	-	-	-	-	86,799	-	-	-	-	86,799	-	86,799
Impairment loss of financial assets classified as available for sale, carried to the income statements	-	-	-	-	13,090	-	-	-	-	13,090	-	13,090
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	4,415	4,415	3	4,418
Share in other comprehensive loss of associates	-	-	-	-	-	(9,652)	-	-	-	(9,652)	-	(9,652)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	29,920	(313)	-	-	(1,508)	28,099	-	28,099
Total other comprehensive income (loss)	-	-	-	-	(58,852)	(7,865)	-	-	2,907	(63,810)	(76)	(63,886)
Total comprehensive income (loss)	-	-	-	-	(58,852)	(7,865)	-	-	249,129	182,412	2,474	184,886
Share buyback by the Company	-	-	(44,582)	-	-	-	-	-	-	(44,582)	-	(44,582)
Cost of share-based payment	-	-	-	3,108	-	-	-	-	-	3,108	-	3,108
Company consolidated for the first time	-	-	-	-	-	-	-	-	-	-	233,000	233,000
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	25,907	-	25,907	(180,000)	(154,093)
Dividend distributed	-	-	-	-	-	-	-	-	-	-	(368)	(368)
Balance on September 30, 2022	99,429	332,985	(94,557)	48,519	262,110	(6,438)	202,695	29,956	4,885,734	5,760,433	172,948	5,933,381

*) For details about retrospective application, see Note 2D.

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Capital reserve in respect of available-for-sale financial assets	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	Audited											
	NIS thousand											
Balance as of January 1, 2022	99,429	332,985	-	40,161	547,709	(28,899)	172,218	4,049	4,334,006	5,501,658	69,901	5,571,559
Net profit	-	-	-	-	-	-	-	-	533,789	533,789	10,674	544,463
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	9,711	-	-	-	9,711	208	9,919
Net change in fair value of financial assets classified as available for sale, carried to capital reserves	-	-	-	-	(550,186)	-	-	-	-	(550,186)	-	(550,186)
Net change from realization of financial assets classified as available for sale, carried to the income statements	-	-	-	-	168,375	-	-	-	-	168,375	-	168,375
Impairment loss of financial assets classified as available for sale, carried to the income statements	-	-	-	-	70,403	-	-	-	-	70,403	-	70,403
Revaluation of property, plant and equipment	-	-	-	-	-	-	82,473	-	-	82,473	-	82,473
Gain on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	16,402	16,402	(199)	16,203
Share in other comprehensive income, net of associates	-	-	-	-	-	2,086	-	-	-	2,086	-	2,086
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	107,394	(5,605)	(18,969)	-	(5,565)	77,255	45	77,300
Total other comprehensive income (loss)	-	-	-	-	(204,014)	6,192	63,504	-	10,837	(123,481)	54	(123,427)
Total comprehensive income (loss)	-	-	-	-	(204,014)	6,192	63,504	-	544,626	410,308	10,728	421,036
Share buyback by the Company	-	-	(100,200)	-	-	-	-	-	-	(100,200)	-	(100,200)
Cost of share-based payment	-	-	-	11,229	-	-	-	-	-	11,229	-	11,229
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	99,900	99,900	50,728	150,628
Company consolidated for the first time	-	-	-	-	-	-	-	-	-	-	245,000	245,000
Change in non-controlling interests in respect of a put option	-	-	-	-	-	-	-	24,106	-	24,106	(179,703)	(155,597)
Transfer from revaluation reserve in respect of disposal of property, plant, and equipment	-	-	-	-	-	-	(1,099)	-	1,099	-	-	-
Dividend distributed	-	-	-	-	-	-	-	-	(50,000)	(50,000)	(14,510)	(64,510)
Balance as of December 31, 2022	99,429	332,985	(100,200)	51,390	343,695	(22,707)	234,623	28,155	4,929,631	5,897,001	182,144	6,079,145

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

Consolidated Statements of Cash Flows

	Appendix	For the 9 months ended September 30 2023	For the 9 months ended September 30 2022	For the 3 months ended September 30 2023	For the 3 months ended September 30 2022	For the year ended December 31, 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
		NIS thousand				
Cash flows used for operating activities	(a)	(1,072,116)	(1,649,248)	(739,612)	(230,923)	(637,711)
Cash flows from investing activities						
Repayment of investments (investments) in associates		(77,551)	1,636	(745)	(25)	(65,193)
Cash derecognized due to acquisition of consolidated companies consolidated for the first time	(d)	(9,535)	(2,920)	(6,559)	-	(2,920)
Increase in cash due to increase in ownership stake in an associate that became a consolidated company	(e)	-	73,533	-	73,533	73,533
Proceeds from disposal of associates		17,417	17,018	-	-	17,018
Investment in property, plant and equipment		(15,343)	(8,714)	(2,002)	(953)	(30,377)
Investment in intangible assets		(153,437)	(143,536)	(56,424)	(51,022)	(204,142)
Proceeds from disposal (purchases) of financial investments by Group companies, which are not insurance companies, net		152,614	(20,994)	132,617	185,749	(50,045)
Loans granted to associates		(3,564)	(3,400)	(31)	(800)	(5,072)
Dividend received from associates		650	11,687	80	11,564	13,223
Proceeds from disposal of property, plant and equipment		602	197	-	53	506
Net cash provided by (used for) investing activities		(88,147)	(75,493)	66,936	218,099	(253,469)
Cash flows from financing activities						
Assumption of financial liabilities (less issuance expenses)		390,888	275,995	321,518	-	389,023
Repayment of financial liabilities		(22,790)	(177,709)	(8,016)	(105,815)	(184,494)
Share buyback by the Company		-	(94,557)	-	(44,582)	(100,200)
Issuance of shares to non-controlling interests		-	150,156	-	-	150,156
Dividend paid to the Company’s shareholders		(175,000)	-	(75,000)	-	(50,000)
Dividend paid to non-controlling interests		(9,119)	(7,012)	(312)	(368)	(14,510)
Net cash provided by (used for) financing activities		183,979	146,873	238,190	(150,765)	189,975
Exchange differences in respect of cash and cash equivalent balances		43,739	80,706	23,236	11,067	90,204
Decrease in cash and cash equivalents		(932,545)	(1,497,162)	(411,250)	(152,522)	(611,001)
Balance of cash and cash equivalents at beginning of period	(b)	3,884,499	4,495,500	3,363,204	3,150,860	4,495,500
Balance of cash and cash equivalents at end of period	(c)	2,951,954	2,998,338	2,951,954	2,998,338	3,884,499

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

Consolidated Statements of Cash Flows

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
(a) Cash flows from operating activities					
Net income for the period	376,354	446,956 *)	265,846	248,772 *)	544,463
Adjustments to profit and loss line items:					
Share in profits of associates	(13,342)	(28,281)	(9,235)	(27,893)	(11,889)
Investment losses (income), net on financial investments in respect of insurance contracts and yield-dependent investment contracts	(1,744,880)	3,748,505	(177,851)	560,999	3,014,376
Losses (gains), net on other financial investments:					
Liquid debt assets	(30,395)	76,955	(26,018)	96,277	140,818
Illiquid debt assets	(588,287)	(799,774)	(138,347)	(229,021)	(1,108,951)
Shares	(190,380)	(88,098)	(84,993)	(43,106)	(96,756)
Other	231,027	195,068	79,199	41,273	238,392
	(578,035)	(615,849)	(170,159)	(134,577)	(826,497)
Finance expenses in respect of financial liabilities	140,908	69,464	48,798	20,798	106,546
Gain on disposal of property, plant & equipment	(124)	(173)	-	(62)	(348)
Decrease (increase) in fair value of investment property in respect of yield-dependent contracts	2,514	-	-	-	(1,363)
Increase in fair value of other investment property	(120,925)	(7,274)	(651)	(2,476)	(35,130)
Gain from business combination	-	(88,370)	-	(88,370)	(88,370)
Impairment of intangible assets	2,578	-	455	-	-
Depreciation and amortization:					
Property, plant & equipment	62,612	57,405	21,412	18,236	77,056
Intangible assets	143,135	123,783	48,378	42,013	169,303

*) For details about retrospective application, see Note 2D.

Consolidated Statements of Cash Flows

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
(a) Cash flows from operating activities (cont.)					
Change in liabilities in respect of insurance contracts and yield-dependent investment contracts	698,373	(3,902,850)	(91,791)	(1,047,351)	(3,375,594)
Change in liabilities in respect of insurance contracts and non-yield-dependent investment contracts	657,923	552,744 *)	29,678	357,307 *)	548,523
Share-based payment	7,080	8,171	2,441	2,921	10,468
Change in reinsurance assets	(232,961)	(460,219) *)	(150,367)	(258,277) *)	(468,716)
Change in deferred acquisition costs	(181,214)	(182,129)	(40,295)	(69,759)	(244,504)
Taxes on income	162,378	168,043 *)	134,178	66,487 *)	214,504
Changes in other balance sheet line items:					
Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:					
Acquisitions and appreciations of investment property	(12,251)	(8,180)	(2,958)	(946)	(10,413)
Proceeds of disposal (acquisition) of financial investments, net	(257,437)	(1,008,905)	(217,481)	186,508	(407,673)
Financial investments and other investment property:					
Acquisitions and appreciations of investment property	(20,063)	(8,285)	(8,767)	(1,748)	(10,334)
Proceeds from disposal of investment property	-	10,006	-	7,948	9,817
Acquisitions of financial investments, net	(502,081)	(520,315)	(543,780)	(186,311)	(629,183)
Premiums collectible	(174,329)	(213,041)	(14,414)	(29,896)	(187,494)
Accounts receivable and debit balances	(282,649)	(408,524)	(93,293)	(85,372)	(301,437)
Payables and credit balances	(72,843)	(23,795)	8,516	(14,894)	236,576
Liabilities for employee benefits	1,090	288	(1,748)	426	(617)
Total adjustments required to present cash flows from operating activities	(2,314,543)	(2,737,781)	(1,228,934)	(684,289)	(2,212,393)
Cash paid and received during the period for:					
Interest paid	(118,009)	(49,151)	(34,643)	(24,601)	(75,703)
Interest received	752,703	622,682	145,492	156,991	948,545
Taxes paid	(197,211)	(329,430)	(48,414)	(49,172)	(358,250)
Taxes received	66,137	32,245	30,896	17	31,961
Dividend received	362,453	365,231	130,145	121,359	483,666
	866,073	641,577	223,476	204,594	1,030,219
Total cash flows used for operating activities	(1,072,116)	(1,649,248)	(739,612)	(230,923)	(637,711)

*) For details about retrospective application, see Note 2D.

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

		For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
		2023	2022	2023	2022	
		Unaudited		Unaudited		Audited
		NIS thousand				
(b)	Cash and cash equivalents at the beginning of the period					
	Cash and cash equivalents in respect of yield-dependent contracts	2,590,568	3,142,638	2,035,047	2,138,987	3,142,638
	Other cash and cash equivalents	1,293,931	1,352,862	1,328,157	1,011,873	1,352,862
	Balance of cash and cash equivalents at beginning of period	3,884,499	4,495,500	3,363,204	3,150,860	4,495,500
(c)	Cash and cash equivalents at end of the period					
	Cash and cash equivalents in respect of yield-dependent contracts	1,706,815	1,896,981	1,706,815	1,896,981	2,590,568
	Other cash and cash equivalents	1,245,139	1,101,357	1,245,139	1,101,357	1,293,931
	Balance of cash and cash equivalents at end of period	2,951,954	2,998,338	2,951,954	2,998,338	3,884,499
(d)	Cash derecognized due to acquisition of consolidated companies consolidated for the first time - see Note 7B					
	Intangible assets	28,356	5,725	24,356	-	4,499
	Property, plant & equipment	557	14	555	-	15
	Accounts receivable and debit balances	4,675	224	4,453	-	217
	Deferred taxes	(1,849)	-	(1,849)	-	-
	Liabilities for employee benefits	(716)	(6)	(716)	-	(4)
	Payables and credit balances	(13,894)	(1,335)	(13,739)	-	(1,335)
	Non-controlling interests	(7,594)	(1,702)	(6,501)	-	(472)
		9,535	2,920	6,559	-	2,920
(e)	Increase in cash due to increase in ownership stake in an associate that became a consolidated company					
	Intangible assets	-	(499,258)	-	(499,258)	(508,621)
	Property, plant & equipment	-	(9,340)	-	(9,340)	(9,340)
	Current taxes, net	-	4,300	-	4,300	3,041
	Accounts receivable and debit balances	-	(30,048)	-	(30,048)	(24,541)
	Deferred tax assets, net	-	32,633	-	32,633	28,877
	Illiquid debt assets	-	(1,931,293)	-	(1,931,293)	(1,933,954)
	Payables and credit balances	-	46,245	-	46,245	47,504
	Liabilities for employee benefits	-	2,403	-	2,403	2,403
	Financial liabilities	-	1,996,653	-	1,996,653	1,994,926
		-	(387,705)	-	(387,705)	(399,705)
	Non-cash activities in a business combination:					
	Value of existing investment on the date on which control was assumed	-	222,409	-	222,409	222,409
	Conversion of shareholder loan into equity	-	5,829	-	5,829	5,829
	Non-controlling interests	-	233,000	-	233,000	245,000
		-	73,533	-	73,533	73,533
(f)	Noncash activity					
	Investment in an associate against payables and financial liabilities	-	-	-	-	78,569

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

NOTE 1 - GENERAL

A. Company description

Menora Mivtachim Holdings Ltd. (hereinafter - the "**Company**") is a publicly-traded company, whose shares are listed on the Tel Aviv Stock Exchange. The Company's principal shareholders are Najaden Establishment and Palamas Establishment (foreign corporations), which are held in trust for Mssrs. Niva Gurevitch and Tali Griffel, and which (jointly) hold 63.25% of the Company's shares. The Company operates through companies under its control in all of the main insurance subsegments, including life insurance and long-term savings (life insurance, pension and provident funds), health insurance and property and casualty insurance. The Company is also engaged, through companies under its control, in the provision of securities distribution services and an underwriting obligation, the provision of an undertaking for repayment of means of payment, and in solar activity. In addition, the Company is engaged in real estate investments abroad, and in the provision of financing and credit to SMEs through subsidiaries and associates.

The Company is an Israeli resident company incorporated in Israel, and its official address is 23 Jabotinsky St., Ramat Gan.

B. The Iron Swords War

On October 7, 2023, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the "**Iron Swords War**" or the "**War**"). In view of the above and further to the letters issued on October 17 and November 8, 2023 by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**") to the Group's institutional entities regarding "Guidelines to Institutional Entities in View of the Iron Swords War" and "The Effects of the Iron Swords War on the Financial Statements, respectively, and further to points of emphasis published by the Israel Securities Authority to reporting corporations regarding a disclosure in connection with the Iron Swords War, the Boards of Directors of the Company and the Group's institutional entities held a meeting, as part of which, among other things, they analyzed the potential exposure to the effects of the War, and discussed the business continuity plan, the Company's preparedness to emergency scenarios, and the tools through which the Company can mitigate the risk (including from a financial perspective).

Set forth below are the details of the main effects:

On the operational level

Upon the outbreak of the War, Group companies took action to facilitate remote work for most of their employees, with an emphasis on continuous provision of services to customers and employers in connection with essential process, specifically those listed in the Commissioner's letter, while monitoring different business parameters through relevant reporting mechanisms; enhancing the capability to provide services through digital channels; all, to the extent possible, while ensuring work safety, and mitigating the risks of remote working, including cyber and information security risks, and refreshing the business continuity procedures.

NOTE 1 - GENERAL (cont.)

B. The Iron Swords War (cont.)

On the insurance level

Life insurance and long-term savings - most of the exposure in this area stems from life insurance, permanent health insurance, and disability insurance. The Group has in place reinsurance coverage for catastrophe events, which is supposed to absorb some of the exposure; in the opinion of the Group, based on the information available to date, the effect in retention amounts to approx. NIS 30-40 million before tax. Furthermore, it should be noted that due to potential adverse effects of the War on the labor market, and specifically an increase in unemployment rate, there may be a decline in contributions and an increase in withdrawals from pension savings in the future.

Health insurance (including long-term care insurance) - the exposure as a result of the War on the health and long-term health insurance segment is not expected to be material.

Property and casualty insurance - generally, damage to property due to the War is not covered by property insurance policies, and therefore, the exposure due to the War is not expected to be material. Furthermore, the War may have a positive effect on this subsegment. According to a preliminary assessment, an immaterial effect is expected.

On the financial level

Assets under management - the Iron Swords War triggered declines in capital markets (both in share prices and in bond prices), which moderated in November 2023. As a result of the above, the value of the Group’s nostro assets and assets under management did not decline. The income from nostro investments, immediately prior to the financial statements publication date, is positive and immaterial.

Changes in the risk-free interest and the illiquidity premium - as a result of the War there was an increase in the risk-free interest and the illiquidity premium, and consequently there was a decrease in insurance liabilities. The decrease in liabilities immediately prior to the financial statements publication date amounts to approx. NIS 110 million before tax. For information about the impact of the War on the solvency ratio as of June 2023, see the Solvency Report attached as an appendix to the financial statements.

C. Variable management fees

In 2022, there were declines in the financial markets due to the increase in the interest rate curve and due to the conflict between Russia and Ukraine. In view of the above, the declines in financial markets increased, specifically due to the hikes in interest rates across the world and in the USA, and the concern that a global recession will occur. Further to the above, the participating life insurance policies marketed through 2004 achieved negative real yields. Therefore, Menora Insurance did not record variable management fees since the beginning of 2022; rather, it only recorded fixed management fees. In 2023, there was a positive return, which partially offset the negative real return as stated above. Accordingly, the estimated management fees that will not be collected due to the negative real return until a cumulative positive return is achieved amounted, as of the report date, to approx. NIS 241 million before tax. Immediately prior to the financial statements publication date the management fees that will not be collected due to the negative real return were estimated at approx. NIS 246 million.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the Condensed Consolidated Interim Financial Statements

These interim financial statements were prepared in condensed format as of September 30, 2023 and for the nine- and three-month periods then ended (hereinafter - the “**Consolidated Interim Financial Statements**”). These financial statements should be read in conjunction with the Annual Financial Statements as of December 31, 2022 and for the year then ended and the accompanying notes (hereinafter - the “**Consolidated Annual Financial Statements**”).

Up to December 31, 2022, the Company’s consolidated financial statements were prepared in accordance with IFRS, including information related to consolidated subsidiaries meeting the definition of an insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010.

As of January 1, 2023, 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, the financial statements data that relate to consolidated subsidiaries which meet 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 relating to subsidiaries, as stated above, continue to be drawn up in accordance with IFRS 4, *Insurance Contracts*, and IAS 39, *Financial Instruments* (of 2017).

In addition, for the other issues, including regarding the information in the financial statements that does not refer to said subsidiaries meeting the definition of insurer, the consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting.
In addition, the financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the Condensed Consolidated Interim Financial Statements (cont.)

Financial instruments

Details in Section B1. below regarding the first-time application of IFRS 9 - Financial Instruments (hereinafter - the "**Standard**") in respect of the financial instruments that do are not attributable to the consolidated subsidiaries which meet the definition of insurer, the Company opted to apply the provisions of the Standard retrospectively, without restating comparative figures.

For information about the accounting policy applied up to December 31, 2022 to all financial instruments and the accounting policy applied to the financial instruments attributable to the consolidated subsidiaries which meet the definition of insurer, see Section H in Note 2 to the Consolidated Annual Financial Statements.

The accounting policy applied as from January 1, 2023 regarding financial instruments that do are not attributable to the consolidated subsidiaries which meet the definition of insurer, is as follows:

1. Financial assets

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

The Company classifies and measures the debt instruments in its financial statements based on the following criteria:

(a) The Company's business model for managing financial assets, and
(b) Contractual cash flow characteristics of the financial asset.

1a) The Company measures debt instruments at amortized cost when:

The Company's financial model is to hold the financial assets in order to collect contractual cash flows; furthermore, the contractual terms and conditions of the financial asset provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount.

Subsequent to initial recognition, instruments included in this group shall be presented according to their terms at cost, plus direct transaction costs, using the amortized cost method.

In addition, an entity may irrevocably designate a debt instrument for measurement at fair value through profit or loss at the initial recognition date, if such designation eliminates or significantly reduces a measurement or recognition inconsistency, for example, when the underlying financial liabilities are also measured at fair value through profit or loss.

1b) The Company measures debt instruments at fair value through other comprehensive income when:

The Company's business model is both to hold the financial assets in order to collect contractual cash flows and to sell the financial assets; furthermore, the contractual terms and conditions of the financial asset provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount.

Subsequent to initial recognition, instruments in this group are measured at fair value. Gains or losses arising from fair value adjustments, except for interest and exchange rate differentials are recognized in other comprehensive income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the Condensed Consolidated Interim Financial Statements (cont.)

Financial instruments (cont.)

1. Financial assets (cont.)

1c) The Company measures debt instruments at fair value through profit or loss when:
A financial asset that constitutes a debt instrument does not comply with the criteria for measurement at amortized cost or at fair value through other comprehensive income, including a financial asset that constitutes a debt instrument, which, under certain conditions, is designated to be subsequently measured at fair value through profit or loss. Subsequent to initial recognition, the financial asset is measured at fair value; gains or losses arising from fair value adjustments are charged to profit or loss.

1d) Equity instruments
Financial assets that constitute investments in equity instruments do not comply with the said criteria and are therefore measured at fair value through profit or loss.
In connection with equity instruments that are not held for trading the Company may, on initial recognition, irrevocably opt to present in other comprehensive income subsequent changes in fair value, which would have otherwise been measured at fair value through profit or loss. These changes will not be recognized in profit or loss in the future, even when the investment is derecognized.

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

a) Debt instruments with no significant impairment in credit quality since initial recognition or with a low credit risk - the provision for loss recognized for this debt instrument will take into account expected credit losses in the 12 months period after the reporting date, or;
b) Debt instruments with significant deterioration in credit quality since initial recognition and their credit risk is not low, the provision for loss recognized will take into account the expected credit losses - over the balance of the useful life of the instrument. The Company applies the relief provided in the standard, according to which it assumes that the credit risk of a debt instrument has not increased significantly since its initial recognition if it is determined, at the reporting date, that the instrument has low credit risk, for example - if the instrument has an external "investment grade" rating.

The impairment in respect of debt instruments measured at amortized cost shall be recognized in profit or loss against a provision, whereas the impairment in respect of debt instruments measured at fair value through other comprehensive income shall be recognized against capital reserve, and will not reduce the carrying amount of the financial asset in the statement of financial position.
The Company has financial assets with short credit periods, to which it may apply the expedient set forth in the model, i.e., the Company measures the impairment provision at an amount equal to expected credit losses throughout the entire life of the instrument. The Company opted to apply the expedient available in respect of these financial assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the Condensed Consolidated Interim Financial Statements (cont.)

Financial instruments (cont.)

3. Derecognition of financial assets

The Company derecognizes a financial asset if and only if:

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

Transactions for the sale of financial assets are accounted for as derecognition when the terms and conditions set out above are fulfilled.
If the Company transfers its rights to receive cash flows from an asset but neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset. When continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay (the guarantee amount).

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

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

4. Financial liabilities

At initial recognition, the Company measures the financial liabilities that fall within the scope of the standard at fair value net of transaction costs that are directly attributable to the issue of the financial liability, except for financial liability measured at fair value through profit or loss, for which transaction costs are recognized in profit or loss.
Upon initial recognition, the Company designated a financial liability as a liability measured at fair value through profit or loss. Changes in the fair value of the financial liability that are attributable to changes in the Company’s credit risk are presented in other comprehensive income.
Subsequent to initial recognition, the Company measures all financial liabilities at amortized cost, except for:
(a) Financial liabilities measured at fair value through profit or loss, such as: derivatives;
(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or the continuing involvement approach applies;
(c) financial guarantee contracts;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the Condensed Consolidated Interim Financial Statements (cont.)

Financial instruments (cont.)

4. Financial liabilities (cont.)

(d) Commitment to advance a loan at an interest rate which is lower than the market interest rate;
(e) Contingent consideration recognized by an acquirer in a business combination that falls within the scope of IFRS 3.

5. Derecognition of financial liabilities
The Company derecognizes a financial liability if and only if it is extinguished - that is to say, when the obligation established in a contract is repaid or canceled or expires.
A financial liability is extinguished when the debtor repays the liability by a cash payment, other financial assets, goods or services, or is legally released from the liability.
If the terms of an existing financial liability change, the Company assesses whether the terms of the liability are materially different than the existing terms.

When a material change has been made to the terms of an existing financial liability, the change is accounted for as a derecognition of the original liability and a recognition of a new liability. The difference between the balance of the above two liabilities in the financial statements is recognized in profit or loss.
In the event that the change is immaterial, the Company is required to update the liability amount, that is to say, to discount the new cash flows at the original effective interest rate, and the differences will be recognized in profit or loss.
When determining whether a change has occurred in the substantive terms and conditions of an existing liability, the Company takes qualitative and quantitative considerations into account.

6. Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set-off the recognized amounts, and when there is an intention to settle the asset and the liability on a net basis or realize the asset and settle the liability simultaneously. The right to offset must be legally enforceable not only in the ordinary course of business of the parties to the contract but also in the case of bankruptcy or insolvency of one of the parties. In order for the right of offset to be immediately available, it cannot be contingent on a future event, there must be no periods during which the right is not available, or there must be no events that will cause the right to expire.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Preparation format of the Condensed Consolidated Interim Financial Statements (cont.)

Financial instruments (cont.)

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

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

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

11. Embedded derivatives
In accordance with the provisions of the standard, derivatives embedded into financial assets shall not be separated from a host contract. These hybrid contracts shall be measured as a whole at amortized cost or at fair value, in accordance with the criteria of the business model and the contractual cash flows.

When a host contract does not falls within the scope of the definition of financial asset, an embedded derivative is separated from the host contract and is accounted for as a derivative, if the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristics and risks of the host contract, the embedded instrument meets the definition of a derivative, and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

The need to bifurcate an embedded derivative is only reassessed if there is a change in the terms and conditions of the contract that significantly modifies the cash flows from the contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. First-time application of amendments to new IFRSs

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

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

The New Standard is applied for the first time in these financial statements to the financial instruments that are not owned by consolidated subsidiaries which meet the definition of insurer.

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

The New Standard's effect on the Company's financial statements is as follows:

Impairment

The Company tested the provision for loss in respect of financial debt instruments not measured at fair value through profit or loss. After it assessed the effect on its financial assets of the new model for recognizing credit losses, the Company reached the conclusion that the balance of the provision for impairment in respect of financial debt instruments as of December 31, 2022 should be increased by NIS 912 thousand, and that the balance of deferred tax assets should be increased by NIS 226 thousand against a NIS 686 thousand decrease in the balance of the Company's income as of that date.

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

In February 2021, the IASB issued an amendment to IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" (hereinafter - the "**Amendment**"). The purpose of the Amendment is to introduce a new definition of the term "accounting estimates".
Accounting estimates are defined as "financial amounts in the financial statements subject to measurement uncertainty". The Amendment clarifies what changes in accounting estimates are and how they differ from changes in accounting policies and corrections of errors.
The Amendment is applied prospectively to annual periods beginning on January 1, 2023 and shall apply to changes in accounting policies and accounting estimates that occur at the beginning of that period or thereafter.
The above Amendment has no material effect on the financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. First-time application of amendments to new IFRSs (cont.)

3. Amendment to IAS 12 - *Income Taxes*

a) In May 2021, the IASB issued an amendment to IAS 12, Taxes on Income (hereinafter - "**IAS 12**" or the "**Standard**"), which narrows the scope of the "initial recognition exemption" for deferred taxes set forth in Sections 15 and 24 to IAS 12 (hereinafter - the "**Amendment**").
Under the guidelines for recognition of deferred tax assets and liabilities, IAS 12 exempts recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from initial recognition of assets and liabilities in certain transactions. This exemption is termed the 'initial recognition exemption' (IRE). The Amendment narrows the scope of the 'initial recognition exemption' and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from a transaction that is not a business combination and for which equal temporary differences are generated in debit and credit, even if they meet the other terms and conditions of the IRE.
The Amendment was applied as from annual periods beginning on January 1, 2023. Regarding lease transactions and recognition of a liability for decommissioning and restoration - the Amendment will be applied as of the beginning of the earliest reporting period presented in the financial statements in which the Amendment was first applied, imputing the cumulative effect of the first-time application to the opening balance of the retained earnings (or other capital component, as applicable) as of that date.

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

b) In May 2023, the IASB published an amendment to IAS 12 - *Income Taxes* (hereinafter - the "**Amendment**") - following the international tax reform of the OECD — BEPS Pillar Two Model Rules (hereinafter - "**Pillar 2**" or the "**International Tax Reform**").

The Amendment:
(a) A mandatory temporary exemption from the implementation of the provisions of the standard in respect of accounting for and disclosing deferred tax assets and liabilities arising from the adoption of the Pillar 2 rules (hereinafter - "**Temporary Exemption**"; and
(b) Focused disclosure requirements for multinational entities affected by the International Tax Reform.

The Temporary Exemption referred to in Section (a) above – the implementation of which is required to be disclosed – applies immediately. The remaining focused disclosure requirements referred to in Section (b) above apply to annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.
The Company applies the Temporary Exemption, and therefore no disclosure was given and deferred tax assets and liabilities arising from the adoption of the Pillar 2 rules were not recognized. Furthermore, the Company is assessing the effects of the International Tax Reform on its financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. First-time application of amendments to new IFRSs (cont.)

4. Amendment to IAS 1 - Disclosure of Accounting Policies

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

The Amendment was applied as from annual periods beginning on January 1, 2023 or thereafter.
The above Amendment did not have a material effect on the financial statements of the Company; however, it is expected to affect the accounting policy in the Company's Consolidated Annual Financial Statements.

C. Use of estimates and judgments

In preparing the Condensed Consolidated Interim Financial Statements in accordance with International Financial Reporting Standards (IFRS), the Group's management 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.

The judgment of management, when applying the Group's accounting policy and the principal assumptions used in assessments that involve uncertainty, are consistent with those used in the annual financial statements.

See Note 7A below regarding changes in interest rates and in an estimate, and their effect on the insurance liabilities.

D. Retrospective application - discounting of compulsory motor insurance reserves in a consolidated company - Shomera Insurance - and discounting of compulsory motor insurance reserves in respect of the Managing Corporate of Compulsory Motor Insurance Pool (the Pool) Ltd. in the consolidated companies - Menora Insurance and Shomera Insurance - as stated in Note 2X to the annual consolidated financial statements

In the Consolidated Statements of Financial Position

	As previously reported	Change	As presented in these financial statements
	Unaudited		
	NIS thousand		
As at September 30, 2022			
Reinsurance assets	3,446,901	(18,405)	3,428,496
Current tax assets	159,486	(14,293)	145,193
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	21,897,586	(60,211)	21,837,375
Retained earnings	4,858,221	27,513	4,885,734

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Retrospective application - discounting of compulsory motor insurance reserves in a consolidated company - Shomera Insurance - and discounting of compulsory motor insurance reserves in respect of the Managing Corporate of Compulsory Motor Insurance Pool (the Pool) Ltd. in the consolidated companies - Menora Insurance and Shomera Insurance - as stated in Note 2X to the annual consolidated financial statements (cont.)

In the Consolidated Statements of Income

	As previously reported	Change	As presented in these financial statements
	Unaudited		
	NIS thousand (excluding earnings per share data)		
For the nine months ended September 30, 2022			
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	1,606,406	(146,364)	1,460,042
Reinsurers’ share in payments and in changes in liabilities in respect of insurance contracts	(1,021,315)	43,793	(977,522)
Taxes on income	132,974	35,069	168,043
Net profit	379,454	67,502	446,956
Earnings per share attributable to the Company's shareholders (in NIS)	5.95	1.07	7.02

	As previously reported	Change	As presented in these financial statements
	Unaudited		
	NIS thousand (excluding earnings per share data)		
For the three months ended September 30, 2022			
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	1,043,294	(51,255)	992,039
Reinsurers’ share in payments and in changes in liabilities in respect of insurance contracts	(455,184)	14,875	(440,309)
Taxes on income	54,049	12,438	66,487
Net profit	224,830	23,942	248,772
Earnings per share attributable to the Company's shareholders (in NIS)	3.57	0.39	3.96

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

The Consolidated Insurance Companies continue to assess the effects of the adoption of the said standards on their financial statements, and are preparing for their implementation according to said schedule.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - Financial Instruments: *Disclosures*

In May 2023, the IASB issued amendments to IAS 7 - *Statement of Cash Flows - and IFRS 7* - Financial Instruments: Disclosures (hereinafter - the "**Amendments**"), to clarify the characteristics of supplier financing arrangements, and require additional disclosure regarding those arrangements.
The disclosure requirements in the Amendments are intended to assist users of financial statements in assessing the effects of the entity's supplier finance arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.
The Amendments shall be applied as from annual periods beginning on January 1, 2024. Early adoption is permitted but will need to be disclosed.
The Company believes that the above amendments are not expected to have a material effect on the Company's consolidated financial statements.

3. Amendment to IAS 21 - *The Effects of Changes in Foreign Exchange Rates*

In August 2023, the IASB issued an amendment to IAS 21 - *The Effects of Changes in Foreign Exchange Rates* (hereinafter - the "**Amendment**"), in order to clarify how an entity should assess whether a currency is exchangeable, and explain the accounting requirements (measurement and disclosure) that an entity needs to comply with where a currency is not exchangeable.
The Amendment stipulates how the exchange rate should be determined when exchangeability is lacking. The disclosure requirements set in the Amendment are designed to assist and enable users of the financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.
The Amendment was applied for annual reporting periods beginning on January 1, 2025 or thereafter. Early application is permitted subject to providing disclosure. An entity will not present comparative information when implementing the Amendment. Alternatively, if the currency is not exchangeable as of the beginning of the annual period in which the Amendment is initially applied (first-time application date) the entity will translate assets, liabilities and equity in accordance with the provisions of the Amendment, and any differences as of the first-time application date will be recognized as an adjustment to the opening balance of retained earnings and/or the reserve from translation differences, in accordance with the provisions of the Amendment.
The Company believes that the above Amendment is not expected to have a material effect on the Company' Consolidated Financial Statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

	Consumer Price Index		USD representative exchange rate
	In lieu CPI	Known CPI	
	%	%	%
For the nine months ended:			
September 30, 2023	2.9	3.2	8.7
September 30, 2022	4.3	4.4	13.9
For the three months ended:			
September 30, 2023	0.7	0.8	3.4
September 30, 2022	1.0	1.2	1.2
For the year ended December 31, 2022	5.3	5.3	13.2

NOTE 3 - OPERATING SEGMENTS

The operating segments were determined based on the information assessed by the chief operating decision maker for the purpose of making decisions regarding the allocation of resources and the assessment of performance.
The assets and liabilities of each segment include items that are directly attributed to the segment, and items that may be attributed on a reasonable basis. Insofar as a segment's assets are managed separately from those of another segment, and there is no regulatory restriction, then the assets and results are presented according to the specific accounts managed for that segment; otherwise, the results are attributed according to the rate of insurance liabilities.
The accounting principles applied in segment reporting correspond to the generally accepted accounting principles applied in the preparation and presentation of the Group's consolidated financial statements.
Inter-company movements take place between the segments, which include, among other things, interest calculated in accordance with the provisions of the law.
Subordinated bonds that serve Menora Insurance's capital requirements and finance expenses in respect thereof are presented in the "not attributed to the operating segments" column.

1. Life insurance and long-term savings segment

The life insurance and long-term savings segment includes the life insurance, pension and provident funds subsegments and focuses mainly on long-term savings (in the framework of various types of insurance policies, pension and provident funds including educational funds), as well as insurance coverage for various risks such as: death, disability, occupational disability, etc.

In accordance with the directives of the Insurance Commissioner, the life insurance and long-term savings segment is broken down into life insurance, pension funds and provident funds.

2. Health insurance segment

The health insurance segment includes long-term care, medical expenses, critical illness, surgery and transplants, dental, foreign workers insurance and more.

3. Property and casualty insurance segment

The property and casualty insurance segment includes the liability and property subsegments. In accordance with the Commissioner's Directives, the property and casualty insurance segment 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.

- Property and other subsegments

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

NOTE 3 - OPERATING SEGMENTS (cont.)

3. Property and casualty insurance 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, employers' liability, directors' liability, professional liability and product liability insurance, and other subsegments such as vessels, aircrafts, and Sale Law guarantee insurance.

4. The activity, which is not attributed to operating segments, includes investments in real estate, solar activity in Israel and abroad, the provision of underwriting obligations, insurance brokerage, financing and credit to SMEs, and provision of an undertaking for repayment of means of payment, and investment income and finance expenses that were not attributed to the other operating segments.

Seasonality

1. Life and health insurance

   Income from life insurance and health insurance premiums are not affected by seasonality.

2. Property and casualty insurance

   Gross income from premiums in property and casualty insurance is characterized by seasonality, mainly due to renewal of motor insurance policies of various groups of employees and businesses' vehicle fleets, whose renewal dates normally fall in January; seasonality is also caused by renewal of business insurance policies, which are typically renewed in January or April. The effect of this seasonality on the reported income is neutralized through the provision for unearned premium. Other expenses components, such as claims, and other income components, such as investment income, do not have significant seasonality, and therefore there is no significant seasonality in the income. However, it should be noted that a severe winter may trigger an increase in claims, mainly in the motor property subsegments, in the first and fourth quarters of the year, and as a consequence, a decrease in the reported income.

NOTE 3 - OPERATING SEGMENTS (cont.)

	For the 9 months ended September 30, 2023					
	Life insurance and long-term savings	Health Insurance	P&C insurance	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	1,851,665	1,638,703	2,884,387	-	-	6,374,755
Premiums earned by reinsurers	77,645	190,320	861,073	-	-	1,129,038
Premiums earned - retention	1,774,020	1,448,383	2,023,314	-	-	5,245,717
Investment income, net and finance income	2,255,919	142,071	134,415	403,722	(12,716)	2,923,411
Income from management fees	807,083	-	-	2,391	(1,319)	808,155
Income from fees and commissions	16,638	9,746	136,099	75,849	(35,763)	202,569
Other income	-	-	-	6,717	(1,540)	5,177
Total income	4,853,660	1,600,200	2,293,828	488,679	(51,338)	9,185,029
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	3,914,935	1,458,207	2,003,559	-	(1,540)	7,375,161
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(63,553)	(318,133)	(564,520)	-	-	(946,206)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	3,851,382	1,140,074	1,439,039	-	(1,540)	6,428,955
Fees and commissions, marketing expenses and other purchase expenses	432,955	376,358	506,122	24,868	(35,763)	1,304,540
General and administrative expenses	471,877	71,195	74,314	134,936	(10,089)	742,233
Other expenses	9,062	76	-	17,586	-	26,724
Finance expenses	10,395	10,656	(1,331)	142,187	(4,720)	157,187
Total expenses	4,775,671	1,598,359	2,018,144	319,577	(52,112)	8,659,639
Share in the profits (losses) of associates	5,820	531	(6,980)	13,971	-	13,342
Profit before taxes on income	83,809	2,372	268,704	183,074	774	538,732
Other comprehensive income (loss) before taxes on income	181,167	21,670	89,379	(16,815)	-	275,401
Total comprehensive income before income tax	264,976	24,042	358,083	166,259	774	814,133

	As at September 30, 2023					
	Unaudited					
	NIS thousand					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,403,318	2,413,935	7,673,824	-	-	22,491,077
Liabilities in respect of insurance contracts and yield-dependent investment contracts	30,806,220	1,687,083	-	-	-	32,493,303

NOTE 3 - OPERATING SEGMENTS (cont.)

	For the 9 months ended September 30, 2022					
	Life insurance and long-term savings	Health Insurance	P&C insurance	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	1,832,506	1,393,455	2,534,936	-	-	5,760,897
Premiums earned by reinsurers	82,041	171,668	799,009	-	-	1,052,718
Premiums earned - retention	1,750,465	1,221,787	1,735,927	-	-	4,708,179
Investment income (losses), net and finance income	(2,751,773)	(82,170)	61,574	(4,055)	(13,381)	(2,789,805)
Income from management fees	779,595	-	-	2,991	(1,317)	781,269
Income from fees and commissions	17,268	14,969	133,696	60,844	(29,295)	197,482
Other income	5	-	-	93,714	(1,072)	92,647
Total income	(204,440)	1,154,586	1,931,197	153,494	(45,065)	2,989,772
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	(1,166,481)	816,436	1,811,159 *)	-	(1,072)	1,460,042
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(58,721)	(301,648)	(617,153) *)	-	-	(977,522)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	(1,225,202)	514,788	1,194,006	-	(1,072)	482,520
Fees and commissions, marketing expenses and other purchase expenses	417,676	324,777	454,416	22,028	(29,295)	1,189,602
General and administrative expenses	424,511	71,507	72,818	57,725	(9,418)	617,143
Other expenses	11,386	382	-	4,051	-	15,819
Finance expenses	16,618	10,438	2,415	73,132	(4,633)	97,970
Total expenses	(355,011)	921,892	1,723,655	156,936	(44,418)	2,403,054
Share in the profits (losses) of associates	(5,147)	(597)	(4,626)	38,651	-	28,281
Profit before taxes on income	145,424	232,097	202,916	35,209	(647)	614,999
Other comprehensive loss before taxes on income	(208,088)	(20,269)	(50,080)	(73,899)	-	(352,336)
Total comprehensive income (loss) before income tax	(62,664)	211,828	152,836	(38,690)	(647)	262,663
						As at September 30, 2022
						Unaudited
						NIS thousand
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,236,091	1,947,518	7,653,766 *)	-	-	21,837,375
Liabilities in respect of insurance contracts and yield-dependent investment contracts	29,883,649	1,384,025	-	-	-	31,267,674

*) For details about retrospective application, see Note 2D.

NOTE 3 - OPERATING SEGMENTS (cont.)

	For the 3 months ended September 30, 2023					
	Life insurance and long-term savings	Health Insurance	P&C insurance	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	694,664	562,680	997,868	-	-	2,255,212
Premiums earned by reinsurers	26,874	63,971	293,395	-	-	384,240
Premiums earned - retention	667,790	498,709	704,473	-	-	1,870,972
Investment income, net and finance income	322,091	21,913	44,004	116,454	(4,033)	500,429
Income from management fees	281,983	-	-	826	(469)	282,340
Income from fees and commissions	3,378	3,080	44,565	27,068	(12,004)	66,087
Other income	-	-	-	2,264	(541)	1,723
Total income	1,275,242	523,702	793,042	146,612	(17,047)	2,721,551
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	881,359	443,476	578,562	-	(541)	1,902,856
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(17,488)	(127,714)	(177,922)	-	-	(323,124)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	863,871	315,762	400,640	-	(541)	1,579,732
Fees and commissions, marketing expenses and other purchase expenses	151,318	132,806	175,273	8,815	(12,004)	456,208
General and administrative expenses	153,273	20,905	24,316	45,495	(3,228)	240,761
Other expenses	2,895	44	-	5,532	-	8,471
Finance expenses	(4,730)	2,626	438	48,802	(1,546)	45,590
Total expenses	1,166,627	472,143	600,667	108,644	(17,319)	2,330,762
Share in profits of associates	1,128	115	73	7,919	-	9,235
Profit before taxes on income	109,743	51,674	192,448	45,887	272	400,024
Other comprehensive income (loss) before taxes on income	19,487	2,747	18,357	(21,745)	-	18,846
Total comprehensive income before income tax	129,230	54,421	210,805	24,142	272	418,870

NOTE 3 - OPERATING SEGMENTS (cont.)

	For the 3 months ended September 30, 2022					
	Life insurance and long-term savings	Health Insurance	P&C insurance	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited					
	NIS thousand					
Premiums earned, gross	677,107	491,007	873,675	-	-	2,041,789
Premiums earned by reinsurers	19,448	58,526	279,467	-	-	357,441
Premiums earned - retention	657,659	432,481	594,208	-	-	1,684,348
Investment income (losses), net and finance income	(615,292)	(23,149)	16,473	11,865	(5,659)	(615,762)
Income from management fees	258,514	-	-	665	(429)	258,750
Income from fees and commissions	4,905	4,472	44,171	20,695	(9,739)	64,504
Other income	-	-	-	89,953	(359)	89,594
Total income	305,786	413,804	654,852	123,178	(16,186)	1,481,434
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	(31,699)	326,070	698,027 *)	-	(359)	992,039
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(17,925)	(97,183)	(325,201) *)	-	-	(440,309)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	(49,624)	228,887	372,826	-	(359)	551,730
Fees and commissions, marketing expenses and other purchase expenses	136,693	111,750	154,730	7,063	(9,739)	400,497
General and administrative expenses	144,119	23,335	24,262	19,997	(3,492)	208,221
Other expenses	4,450	382	-	1,293	-	6,125
Finance expenses	5,222	3,259	957	20,977	(2,920)	27,495
Total expenses	240,860	367,613	552,775	49,330	(16,510)	1,194,068
Share in the profits (losses) of associates	(3,972)	(490)	(1,735)	34,090	-	27,893
Profit before taxes on income	60,954	45,701	100,342	107,938	324	315,259
Other comprehensive loss before taxes on income	(30,401)	(7,285)	(22,027)	(32,272)	-	(91,985)
Total comprehensive income before income tax	30,553	38,416	78,315	75,666	324	223,274

*) For details about retrospective application, see Note 2D.

NOTE 3 - OPERATING SEGMENTS (cont.)

	Life insurance and long-term savings	Health Insurance	P&C insurance	Not attributed to operating segments	Adjustments and offsets	Total
	For the year ended December 31, 2022					
	Audited					
	NIS thousand					
Premiums earned, gross	2,591,671	1,908,315	3,428,231	-	-	7,928,217
Premiums earned by reinsurers	103,429	229,655	1,093,458	-	-	1,426,542
Premiums earned - retention	2,488,242	1,678,660	2,334,773	-	-	6,501,675
Investment income (losses), net and finance income	(2,024,526)	(44,846)	91,150	65,026	(16,214)	(1,929,410)
Income from management fees	1,040,566	-	-	3,693	(1,661)	1,042,598
Income from fees and commissions	22,929	18,387	181,908	80,495	(38,712)	265,007
Other income	6	-	-	95,736	(1,508)	94,234
Total income	1,527,217	1,652,201	2,607,831	244,950	(58,095)	5,974,104
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	181,953	1,324,418	2,311,479	-	(1,508)	3,816,342
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	(73,837)	(462,423)	(681,552)	-	-	(1,217,812)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	108,116	861,995	1,629,927	-	(1,508)	2,598,530
Fees and commissions, marketing expenses and other purchase expenses	544,169	437,418	617,495	29,715	(38,712)	1,590,085
General and administrative expenses	581,417	94,348	95,296	97,194	(12,578)	855,677
Other expenses	22,919	820	4,937	8,346	-	37,022
Finance expenses	24,009	12,971	2,990	110,698	(4,956)	145,712
Total expenses	1,280,630	1,407,552	2,350,645	245,953	(57,754)	5,227,026
Share in the profits (losses) of associates	(7,484)	(785)	(7,809)	27,967	-	11,889
Profit before taxes on income	239,103	243,864	249,377	26,964	(341)	758,967
Other comprehensive loss before taxes on income	(133,427)	(9,801)	(12,975)	(44,524)	-	(200,727)
Total comprehensive income (loss) before taxes on income	105,676	234,063	236,402	(17,560)	(341)	558,240
	As of December 31, 2022					
	Audited					
	NIS thousand					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	12,200,519	2,112,279	7,520,356	-	-	21,833,154
Liabilities in respect of insurance contracts and yield-dependent investment contracts	30,321,377	1,473,553	-	-	-	31,794,930

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Additional data regarding the property and casualty insurance segment

	For the 9 months ended September 30, 2023				
	Compulsory motor insurance	Motor property	Property and other subsegments *)	Other liability subsegments **)	Total
			Unaudited		
			NIS thousand		
Gross premiums	599,038	1,348,121	671,769	467,274	3,086,202
Reinsurance premiums	23,102	22,593	473,837	284,501	804,033
Premiums - retention	575,936	1,325,528	197,932	182,773	2,282,169
Change in unearned premium balance, retention	(32,677)	(174,198)	(24,330)	(27,650)	(258,855)
Premiums earned - retention	543,259	1,151,330	173,602	155,123	2,023,314
Investment income, net and finance income	54,313	38,054	13,791	28,257	134,415
Income from fees and commissions	15,276	4,806	88,272	27,745	136,099
Total income	612,848	1,194,190	275,665	211,125	2,293,828
Payments and change in liabilities in respect of insurance contracts, gross	538,320	914,730	331,247	219,262	2,003,559
Reinsurers’ share in payments and in changes in liabilities in respect of insurance contracts	(63,136)	(45,723)	(265,805)	(189,856)	(564,520)
Payments and change in liabilities for insurance contracts - retention	475,184	869,007	65,442	29,406	1,439,039
Fees and commissions, marketing expenses and other purchase expenses	67,121	251,510	135,239	52,252	506,122
General and administrative expenses	19,283	27,644	17,871	9,516	74,314
Finance expenses	(1,509)	(825)	423	580	(1,331)
Total expenses	560,079	1,147,336	218,975	91,754	2,018,144
Share in losses of associates	(3,694)	(1,290)	(232)	(1,764)	(6,980)
Profit before taxes on income	49,075	45,564	56,458	117,607	268,704
Other comprehensive income before taxes on income	48,621	18,042	3,368	19,348	89,379
Total comprehensive income before taxes on income	97,696	63,606	59,826	136,955	358,083
Liabilities in respect of insurance contracts, gross, as of September 30, 2023 (unaudited)	3,308,978	1,330,213	1,009,102	2,025,531	7,673,824
Liabilities in respect of insurance contracts, retention, as of September 30, 2023 (unaudited)	2,754,097	1,271,668	202,708	905,082	5,133,555

*) Property and other subsegments mainly include results from the property loss, business and home insurance subsegments, whose activity constitutes 68% of total premiums in these subsegments.

(**) Other liability subsegments mainly include results of the following segments: employers’ liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 87% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the 9 months ended September 30, 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments **)	Other liability subsegments ***)	Total
	Unaudited				
	NIS thousand				
Gross premiums	564,790	1,156,820	615,663	459,051	2,796,324
Reinsurance premiums	101,041	59,567	433,693	314,271	908,572
Premiums - retention	463,749	1,097,253	181,970	144,780	1,887,752
Change in unearned premium balance, retention	(26,182)	(91,156)	(21,932)	(12,555)	(151,825)
Premiums earned - retention	437,567	1,006,097	160,038	132,225	1,735,927
Investment income, net and finance income	20,440	20,019	10,943	10,172	61,574
Income from fees and commissions	24,823	4,421	77,531	26,921	133,696
Total income	482,830	1,030,537	248,512	169,318	1,931,197
Payments and change in liabilities in respect of insurance contracts, gross	334,245 *)	914,837	474,456	87,621	1,811,159
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(36,542) *)	(57,133)	(421,358)	(102,120)	(617,153)
Payments and change in liabilities for insurance contracts - retention	297,703	857,704	53,098	(14,499)	1,194,006
Fees and commissions, marketing expenses and other purchase expenses	61,848	227,910	119,740	44,918	454,416
General and administrative expenses	21,062	25,629	16,259	9,868	72,818
Finance expenses	1,139	414	451	411	2,415
Total expenses	381,752	1,111,657	189,548	40,698	1,723,655
Share in losses of associates	(2,506)	(707)	(140)	(1,273)	(4,626)
Profit (loss) before taxes on income	98,572	(81,827)	58,824	127,347	202,916
Other comprehensive loss before taxes on income	(35,992)	(10,614)	(195)	(3,279)	(50,080)
Total comprehensive income (loss) before taxes on income	62,580	(92,441)	58,629	124,068	152,836
Liabilities in respect of insurance contracts, gross, as of September 30, 2022 (unaudited)	3,470,787 *)	1,193,369	1,064,907	1,924,703	7,653,766
Liabilities in respect of insurance contracts, retention, as of September 30, 2022 (unaudited)	2,835,719 *)	1,113,927	177,173	974,151	5,100,970

*) For details about retrospective application, see Note 2D.

**) Property and other insurance subsegments mainly include data from the comprehensive home insurance, comprehensive business insurance and property loss insurance subsegments, whose activity constitutes 71% of total premiums in these subsegments.

***) Other liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 87% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the 3 months ended September 30, 2023				
	Compulsory motor insurance	Motor property	Property and other subsegments *)	Other liability subsegments **)	Total
	Unaudited				
	NIS thousand				
Gross premiums	188,429	410,149	257,479	148,500	1,004,557
Reinsurance premiums	10,796	2,838	181,557	100,259	295,450
Premiums - retention	177,633	407,311	75,922	48,241	709,107
Change in unearned premium balance, retention	8,086	(1,648)	(15,020)	3,948	(4,634)
Premiums earned - retention	185,719	405,663	60,902	52,189	704,473
Investment income, net and finance income	18,793	11,819	4,076	9,316	44,004
Income from fees and commissions	3,569	1,566	30,019	9,411	44,565
Total income	208,081	419,048	94,997	70,916	793,042
Payments and change in liabilities in respect of insurance contracts, gross	171,421	262,376	122,022	22,743	578,562
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(18,789)	(9,035)	(101,976)	(48,122)	(177,922)
Payments and change in liabilities for insurance contracts - retention	152,632	253,341	20,046	(25,379)	400,640
Fees and commissions, marketing expenses and other purchase expenses	21,796	88,892	46,721	17,864	175,273
General and administrative expenses	5,625	9,696	6,005	2,990	24,316
Finance expenses	36	(95)	211	286	438
Total expenses	180,089	351,834	72,983	(4,239)	600,667
Share in the profits (losses) of associates	57	25	(24)	15	73
Profit before taxes on income	28,049	67,239	21,990	75,170	192,448
Other comprehensive income before taxes on income	9,737	3,642	989	3,989	18,357
Total comprehensive income before taxes on income	37,786	70,881	22,979	79,159	210,805

*) Property and other subsegments mainly include results from the property loss, business and home insurance subsegments, whose activity constitutes 67% of total premiums in these subsegments.

(**) Other liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 91% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the 3 months ended September 30, 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments **)	Other liability subsegments ***)	Total
	Unaudited				
	NIS thousand				
Gross premiums	177,111	360,253	206,342	154,764	898,470
Reinsurance premiums	37,092	16,765	151,470	106,902	312,229
Premiums - retention	140,019	343,488	54,872	47,862	586,241
Change in unearned premium balance, retention	6,844	1,283	(1,499)	1,339	7,967
Premiums earned - retention	146,863	344,771	53,373	49,201	594,208
Investment income, net and finance income	3,413	5,748	4,144	3,168	16,473
Income from fees and commissions	7,798	440	26,533	9,400	44,171
Total income	158,074	350,959	84,050	61,769	654,852
Payments and change in liabilities in respect of insurance contracts, gross	114,518 *)	292,396	234,767	56,346	698,027
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(21,991) *)	(20,843)	(215,237)	(67,130)	(325,201)
Payments and change in liabilities for insurance contracts - retention	92,527	271,553	19,530	(10,784)	372,826
Fees and commissions, marketing expenses and other purchase expenses	21,446	78,934	39,884	14,466	154,730
General and administrative expenses	6,937	8,733	5,315	3,277	24,262
Finance expenses	382	216	146	213	957
Total expenses	121,292	359,436	64,875	7,172	552,775
Share in losses of associates	(939)	(260)	(52)	(484)	(1,735)
Profit (loss) before taxes on income	35,843	(8,737)	19,123	54,113	100,342
Other comprehensive loss before taxes on income	(14,152)	(4,243)	(387)	(3,245)	(22,027)
Total comprehensive income (loss) before taxes on income	21,691	(12,980)	18,736	50,868	78,315

*) For details about retrospective application, see Note 2D.

**) 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 results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 89% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the year ended December 31, 2022				
	Compulsory motor insurance	Motor property	Property and other subsegments *)	Other liability subsegments **)	Total
	Audited				
	NIS thousand				
Gross premiums	790,457	1,473,111	866,429	581,794	3,711,791
Reinsurance premiums	142,799	73,850	631,210	401,851	1,249,710
Premiums - retention	647,658	1,399,261	235,219	179,943	2,462,081
Change in unearned premium balance, retention	(63,668)	(41,631)	(19,559)	(2,450)	(127,308)
Premiums earned - retention	583,990	1,357,630	215,660	177,493	2,334,773
Investment income, net and finance income	33,659	26,448	13,698	17,345	91,150
Income from fees and commissions	32,124	5,579	107,588	36,617	181,908
Total income	649,773	1,389,657	336,946	231,455	2,607,831
Payments and change in liabilities in respect of insurance contracts, gross	425,350	1,257,152	486,205	142,772	2,311,479
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	(32,788)	(77,529)	(418,642)	(152,593)	(681,552)
Payments and change in liabilities for insurance contracts - retention	392,562	1,179,623	67,563	(9,821)	1,629,927
Fees and commissions, marketing expenses and other purchase expenses	80,714	311,757	162,299	62,725	617,495
General and administrative expenses	27,989	32,117	21,929	13,261	95,296
Other expenses	463	794	2,477	1,203	4,937
Finance expenses	1,368	508	597	517	2,990
Total expenses	503,096	1,524,799	254,865	67,885	2,350,645
Share in losses of associates	(4,263)	(1,150)	(249)	(2,147)	(7,809)
Profit (loss) before taxes on income	142,414	(136,292)	81,832	161,423	249,377
Other comprehensive income (loss) before taxes on income	(14,839)	(3,903)	872	4,895	(12,975)
Total comprehensive income (loss) before taxes on income	127,575	(140,195)	82,704	166,318	236,402
Liabilities in respect of insurance contracts, gross, as of December 31, 2022 (audited)	3,450,300	1,196,944	953,362	1,919,750	7,520,356
Liabilities in respect of insurance contracts - retention - as of December 31, 2022 (audited)	2,830,128	1,118,948	171,909	943,894	5,064,879

*) Property and other subsegments mainly include results from the property loss, business and home insurance subsegments, whose activity constitutes 69% of total premiums in these subsegments.

(**) Other liability subsegments mainly include results of the following segments: employers' liability insurance, third-party insurance, and professional liability insurance, the activity of which constitutes 86% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments

	For the 9 months ended September 30, 2023			
	Provident	Pension	Life insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	1,851,665	1,851,665
Premiums earned by reinsurers	-	-	77,645	77,645
Premiums earned - retention	-	-	1,774,020	1,774,020
Investment income, net and finance income	331,589	6,330	1,918,000	2,255,919
Income from management fees	124,318	510,658	172,107	807,083
Income from fees and commissions	-	-	16,638	16,638
Total income	455,907	516,988	3,880,765	4,853,660
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	338,225	-	3,576,710	3,914,935
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(63,553)	(63,553)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	338,225	-	3,513,157	3,851,382
Fees and commissions, marketing expenses and other purchase expenses	34,203	122,238	276,514	432,955
General and administrative expenses	64,628	243,880	163,369	471,877
Other expenses	1,672	7,350	40	9,062
Finance expenses	474	8,132	1,789	10,395
Total expenses	439,202	381,600	3,954,869	4,775,671
Share in profits of associates	-	-	5,820	5,820
Profit (loss) before taxes on income	16,705	135,388	(68,284)	83,809
Other comprehensive income before taxes on income	9	308	180,850	181,167
Total comprehensive income before income tax	16,714	135,696	112,566	264,976

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

	For the 9 months ended September 30, 2022			
	Provident	Pension	Life insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	1,832,506	1,832,506
Premiums earned by reinsurers	-	-	82,041	82,041
Premiums earned - retention	-	-	1,750,465	1,750,465
Investment income (losses), net and finance income	343,875	(10,044)	(3,085,604)	(2,751,773)
Income from management fees	119,690	474,965	184,940	779,595
Income from fees and commissions	-	-	17,268	17,268
Other income	-	-	5	5
Total income	463,565	464,921	(1,132,926)	(204,440)
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	378,494	-	(1,544,975)	(1,166,481)
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(58,721)	(58,721)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	378,494	-	(1,603,696)	(1,225,202)
Fees and commissions, marketing expenses and other purchase expenses	33,096	117,129	267,451	417,676
General and administrative expenses	56,641	215,166	152,704	424,511
Other expenses	3,054	7,350	982	11,386
Finance expenses	265	3,646	12,707	16,618
Total expenses	471,550	343,291	(1,169,852)	(355,011)
Share in losses of associates	-	-	(5,147)	(5,147)
Profit (loss) before taxes on income	(7,985)	121,630	31,779	145,424
Other comprehensive income (loss) before taxes on income	27	158	(208,273)	(208,088)
Total comprehensive income (loss) before income tax	(7,958)	121,788	(176,494)	(62,664)

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

	For the 3 months ended September 30, 2023			
	Provident	Pension	Life insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	694,664	694,664
Premiums earned by reinsurers	-	-	26,874	26,874
Premiums earned - retention	-	-	667,790	667,790
Investment income, net and finance income	93,626	1,614	226,851	322,091
Income from management fees	43,404	180,414	58,165	281,983
Income from fees and commissions	-	-	3,378	3,378
Total income	137,030	182,028	956,184	1,275,242
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	96,628	-	784,731	881,359
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(17,488)	(17,488)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	96,628	-	767,243	863,871
Fees and commissions, marketing expenses and other purchase expenses	11,646	46,363	93,309	151,318
General and administrative expenses	21,935	79,837	51,501	153,273
Other expenses	558	2,450	(113)	2,895
Finance expenses	155	1,482	(6,367)	(4,730)
Total expenses	130,922	130,132	905,573	1,166,627
Share in profits of associates	-	-	1,128	1,128
Profit before taxes on income	6,108	51,896	51,739	109,743
Other comprehensive income before taxes on income	4	18	19,465	19,487
Total comprehensive income before income tax	6,112	51,914	71,204	129,230

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

	For the 3 months ended September 30, 2022			
	Provident	Pension	Life insurance	Total
	Unaudited			
	NIS thousand			
Premiums earned, gross	-	-	677,107	677,107
Premiums earned by reinsurers	-	-	19,448	19,448
Premiums earned - retention	-	-	657,659	657,659
Investment income (losses), net and finance income	107,277	(2,595)	(719,974)	(615,292)
Income from management fees	39,202	159,402	59,910	258,514
Income from fees and commissions	-	-	4,905	4,905
Other income	-	-	-	-
Total income	146,479	156,807	2,500	305,786
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	117,520	-	(149,219)	(31,699)
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(17,925)	(17,925)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	117,520	-	(167,144)	(49,624)
Fees and commissions, marketing expenses and other purchase expenses	11,886	40,657	84,150	136,693
General and administrative expenses	18,749	72,188	53,182	144,119
Other expenses	1,018	2,450	982	4,450
Finance expenses	77	1,384	3,761	5,222
Total expenses	149,250	116,679	(25,069)	240,860
Share in losses of associates	-	-	(3,972)	(3,972)
Profit (loss) before taxes on income	(2,771)	40,128	23,597	60,954
Other comprehensive income (loss) before taxes on income	8	48	(30,457)	(30,401)
Total comprehensive income (loss) before income tax	(2,763)	40,176	(6,860)	30,553

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

	For the year ended December 31, 2022			
	Provident	Pension	Life insurance	Total
	Audited			
	NIS thousand			
Premiums earned, gross	-	-	2,591,671	2,591,671
Premiums earned by reinsurers	-	-	103,429	103,429
Premiums earned - retention	-	-	2,488,242	2,488,242
Investment income (losses), net and finance income	436,987	(9,897)	(2,451,616)	(2,024,526)
Income from management fees	159,142	638,772	242,652	1,040,566
Income from fees and commissions	-	-	22,929	22,929
Other income	-	-	6	6
Total income	596,129	628,875	302,213	1,527,217
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	476,238	-	(294,285)	181,953
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	(73,837)	(73,837)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	476,238	-	(368,122)	108,116
Fees and commissions, marketing expenses and other purchase expenses	46,960	145,882	351,327	544,169
General and administrative expenses	78,099	297,722	205,596	581,417
Other expenses	4,281	11,013	7,625	22,919
Finance expenses	427	6,974	16,608	24,009
Total expenses	606,005	461,591	213,034	1,280,630
Share in losses of associates	-	-	(7,484)	(7,484)
Profit (loss) before taxes on income	(9,876)	167,284	81,695	239,103
Other comprehensive income (loss) before taxes on income	28	231	(133,686)	(133,427)
Total comprehensive income (loss) before income tax	(9,848)	167,515	(51,991)	105,676

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

Data for the nine months ended

As of September 30, 2023	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component			
			from 2004		Risk insurance sold as a single policy			
	Until 1990 (1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Unaudited							
	NIS thousand							
Gross premiums	24,752	323,109	52,645	892,723	526,096	32,340		1,851,665
Proceeds in respect of investment contracts credited directly to insurance reserves	-	4	-	404,729	-	-		404,733
Financial margin including management fees (2)	(6,315)	60,232	55,146	111,875	-	-	(8,644)	212,294
Payments and change in liabilities in respect of insurance contracts, gross	284,750	1,061,040	74,879	1,571,861	271,220	37,393		3,301,143
Payments and change in liabilities for investment contracts	278	134	(164)	275,319	-	-	338,225	613,792
Comprehensive income (loss) from life insurance business	13,160	15,601	33,457	14,064	38,450	(2,166)		112,566
Profit from pension and provident funds								152,410
Total comprehensive income from life insurance and long-term savings								264,976

(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 Menora Insurance 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 (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. 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.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

Data for the nine months ended

As of September 30, 2022

	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component			
			from 2004		Risk insurance sold as a single policy			
	Until 1990 (1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective	Guaranteed return provident funds	Total
	Unaudited							
	NIS thousand							
Gross premiums	28,875	327,528	151,122	821,199	473,931	29,851		1,832,506
Proceeds in respect of investment contracts credited directly to insurance reserves	-	4	-	679,492	-	-		679,496
Financial margin including management fees (2)	(224,587)	59,073	(123,774)	125,867	-	-	(31,303)	(194,724)
Payments and change in liabilities in respect of insurance contracts, gross	225,985	(1,014,670)	(5,574)	(508,297)	261,796	30,316		(1,010,444)
Payments and change in liabilities for investment contracts	143	(181)	456	(534,949)	-	-	378,494	(156,037)
Comprehensive income (loss) from life insurance business	(101,613)	(100,181)	83,287	(31,056)	(20,086)	(6,845)		(176,494)
Profit from pension and provident funds								113,830
Total comprehensive loss from life insurance and long-term savings								(62,664)

(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 Menora Insurance 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 (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. 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.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

Data for the three months ended

As of September 30, 2023	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component			
			from 2004		Risk insurance sold as a single policy		Guaranteed return provident funds	
	Until 1990 (1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective		Total
	Unaudited							
	NIS thousand							
Gross premiums	7,404	105,753	3,807	389,780	178,622	9,298		694,664
Proceeds in respect of investment contracts credited directly to insurance reserves	-	1	-	161,591	-	-		161,592
Financial margin including management fees (2)	(16,421)	20,460	7,184	37,705	-	-	(3,558)	45,370
Payments and change in liabilities in respect of insurance contracts, gross	54,726	167,455	(9,724)	459,568	77,295	9,331		758,651
Payments and change in liabilities for investment contracts	19	14	9	26,039	-	-	96,627	122,708
Comprehensive income (loss) from life insurance business	12,969	11,750	20,007	9,230	17,320	(72)		71,204
Profit from pension and provident funds								58,026
Total comprehensive income from life insurance and long-term savings								129,230

(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 Menora Insurance 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 (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. 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.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

Data for the three months ended

As of September 30, 2022	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component			
			from 2004		Risk insurance sold as a single policy		Guaranteed return provident funds	
	Until 1990 (1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective		Total
	Unaudited							
	NIS thousand							
Gross premiums	9,800	109,430	122,037	261,594	163,657	10,589		677,107
Proceeds in respect of investment contracts credited directly to insurance reserves	-	2	-	187,768	-	-		187,770
Financial margin including management fees (2)	(60,743)	19,050	(28,954)	40,861	-	-	(9,424)	(39,210)
Payments and change in liabilities in respect of insurance contracts, gross	84,032	(215,801)	89,573	(70,218)	79,216	10,156		(23,042)
Payments and change in liabilities for investment contracts	50	(42)	(11)	(126,174)	-	-	117,520	(8,657)
Comprehensive income (loss) from life insurance business	(33,650)	6,989	16,722	(4,269)	8,332	(984)		(6,860)
Profit from pension and provident funds								37,413
Total comprehensive income from life insurance and long-term savings								30,553

(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 Menora Insurance 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 (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. 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.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data about the life insurance and long-term savings segments (cont.)

Data for the year ended

As of December 31, 2022

	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component			
			from 2004		Risk insurance sold as a single policy		Guaranteed return provident funds	
	Until 1990 (1)	Until 2003	Non-yield-dependent	Yield-dependent	Individual	Collective		Total
	Audited							
	NIS thousand							
Gross premiums	35,876	440,229	165,474	1,265,811	644,675	39,606		2,591,671
Proceeds in respect of investment contracts credited directly to insurance reserves	-	5	-	814,054	-	-		814,059
Financial margin including management fees (2)	(224,817)	82,441	(114,496)	160,211	-	-	(39,251)	(135,912)
Payments and change in liabilities in respect of insurance contracts, gross	284,334	(639,694)	(14,688)	143,015	333,245	49,121		155,333
Payments and change in liabilities for investment contracts	180	(176)	53	(449,675)	-	-	476,238	26,620
Comprehensive income (loss) from life insurance business	(72,964)	(94,109)	126,224	(8,598)	12,908	(15,452)		(51,991)
Profit from pension and provident funds								157,667
Total comprehensive income from life insurance and long-term savings								105,676

(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 Menora Insurance 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 (including other comprehensive income) for the reporting period, less the product of the guaranteed rate of return for the period, multiplied by the average reserve for the period in the various insurance reserves and guaranteed return provident funds. 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.

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the health insurance segment

Data for the nine months ended
As of September 30, 2023

	Long-term care		Other **)		
	Individual	Collective ***)	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	72,420	479,426	929,563 *)	145,461 *)	1,626,870
Payments and change in liabilities in respect of insurance contracts, gross	145,636	580,647	610,402	121,522	1,458,207
Total comprehensive income (loss) from health insurance business	8,546	(14,637)	12,425	17,708	24,042

*) Of which, long-term individual premiums in the amount of NIS 761,035 thousand and collective premiums in the amount of NIS 168,528 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

***) See Note 7D.

Data for the nine months ended
As of September 30, 2022

	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	69,828	432,922	778,862 *)	115,835 *)	1,397,447
Payments and change in liabilities in respect of insurance contracts, gross	45,227	256,814	428,172	86,223	816,436
Total comprehensive income (loss) from health insurance business	191,159	(10,293)	23,283	7,679	211,828

*) Of which, long-term individual premiums in the amount of NIS 648,055 thousand and collective premiums in the amount of NIS 130,807 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

Data for the three months ended
As of September 30, 2023

	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	24,282	165,314	321,931 *)	54,695 *)	566,222
Payments and change in liabilities in respect of insurance contracts, gross	43,733	186,945	176,152	36,646	443,476
Total comprehensive income (loss) from health insurance business	40,092	(7,614)	14,926	7,017	54,421

*) Of which, long-term individual premiums in the amount of NIS 263,788 thousand and collective premiums in the amount of NIS 58,143 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

Data for the three months ended
As of September 30, 2022

	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Unaudited				
	NIS thousand				
Gross premiums	23,602	150,407	270,257 *)	47,066 *)	491,332
Payments and change in liabilities in respect of insurance contracts, gross	42,923	99,255	147,783	36,109	326,070
Total comprehensive income (loss) from health insurance business	24,306	(603)	11,282	3,431	38,416

*) Of which, long-term individual premiums in the amount of NIS 225,366 thousand and collective premiums in the amount of NIS 44,891 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

Data for the year ended
As of December 31, 2022

	Long-term care		Other **)		
	Individual	Collective	Long-term	Short-term	Total
	Audited				
	NIS thousand				
Gross premiums	93,638	586,410	1,059,870 *)	188,246 *)	1,928,164
Payments and change in liabilities in respect of insurance contracts, gross	91,533	424,113	681,686	127,086	1,324,418
Total comprehensive income (loss) from health insurance business	217,718	(6,051)	5,272	17,124	234,063

*) Of which, long-term individual premiums in the amount of NIS 880,994 thousand and collective premiums in the amount of NIS 178,876 thousand and for the short-term - all premiums are individual premiums.

**) The most material coverage included in other long-term health insurance is medical expenses; in short-term - foreign workers.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts

1. Following is a breakdown of assets held against insurance contracts and yield-dependent investment contracts:

	As of September 30		As of December 31 2022
	2023	2022	
	Unaudited		Audited
	NIS thousand		
Investment property	103,695	90,362	93,958
Financial investments:			
Liquid debt assets	8,947,122	9,201,309	8,936,016
Illiquid debt assets *)	4,388,877	4,492,948	4,419,438
Shares	8,338,034	7,532,901	7,561,228
Other financial investments **)	9,134,627	8,501,203	8,427,548
Total financial investments	30,808,660	29,728,361	29,344,230
Cash and cash equivalents	1,706,815	1,896,981	2,590,568
Other	731,496	565,267	472,443
Total assets for yield-dependent contracts	33,350,666	32,280,971	32,501,199
*) Including assets measured based on amortized cost	323,043	342,247	338,055
Fair value of said assets	311,719	336,190	328,234

**) Other financial investments mainly include investments in ETFs, participation units in mutual funds, investment funds, financial derivatives, futures, options and structured products.

2. Fair value of financial assets by level

The following table presents an analysis of the financial assets 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, an assessment is made, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

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

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

	As at September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	7,636,889	1,310,233	-	8,947,122
Illiquid debt assets	-	4,064,439	1,395	4,065,834
Shares	7,773,386	18,516	546,132	8,338,034
Other financial investments	3,559,041	1,215,333	4,360,253	9,134,627
Total	18,969,316	6,608,521	4,907,780	30,485,617

	As at September 30, 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial investments:				
Liquid debt assets	8,011,100	1,190,209	-	9,201,309
Illiquid debt assets	-	4,144,410	6,291	4,150,701
Shares	7,008,552	33,275	491,074	7,532,901
Other financial investments	4,042,399	1,021,282	3,437,522	8,501,203
Total	19,062,051	6,389,176	3,934,887	29,386,114

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Financial investments:				
Liquid debt assets	7,696,753	1,239,263	-	8,936,016
Illiquid debt assets	-	4,075,667	5,716	4,081,383
Shares	7,029,294	20,610	511,324	7,561,228
Other financial investments	3,652,396	1,049,851	3,725,301	8,427,548
Total	18,378,443	6,385,391	4,242,341	29,006,175

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

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

3. Assets measured at fair value - Level 3

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance on January 1, 2023 (audited)	5,716	511,324	3,725,301	4,242,341
Total gains (losses) recognized in profit and loss *)	(1,661)	30,925	219,022	248,286
Purchases	-	32,310	646,293	678,603
Sales	-	(28,427)	(230,363)	(258,790)
Redemptions	(2,660)	-	-	(2,660)
Balance on September 30, 2023	1,395	546,132	4,360,253	4,907,780
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	(1,661)	20,709	192,510	211,558

During the nine-month period ended September 30, 2023, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

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

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

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance on January 1, 2022 (audited)	6,335	289,135	2,662,580	2,958,050
Total gains recognized in profit and loss *)	1,765	23,767	317,061	342,593
Purchases	-	215,511	639,369	854,880
Sales	-	(37,339)	(181,488)	(218,827)
Redemptions	(1,809)	-	-	(1,809)
Balance on September 30, 2022	6,291	491,074	3,437,522	3,934,887
*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2022	1,765	21,844	305,153	328,762

During the nine-month period ended September 30, 2022, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

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

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

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of July 1, 2023	3,530	547,392	4,148,112	4,699,034
Total gains (losses) recognized in profit and loss *)	(2,085)	2,197	52,757	52,869
Purchases	-	19,222	224,561	243,783
Sales	-	(22,679)	(65,177)	(87,856)
Redemptions	(50)	-	-	(50)
Balance on September 30, 2023	1,395	546,132	4,360,253	4,907,780
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	(2,085)	(7,885)	39,074	29,104

During the three-month period ended September 30, 2023, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

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

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

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Unaudited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of July 1, 2022	6,976	499,904	3,345,092	3,851,972
Total gains (losses) recognized in profit and loss *)	1,124	(8,008)	(13,774)	(20,658)
Purchases	-	31,536	190,643	222,179
Sales	-	(32,358)	(84,439)	(116,797)
Redemptions	(1,809)	-	-	(1,809)
Balance on September 30, 2022	6,291	491,074	3,437,522	3,934,887
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2022	1,124	(9,931)	12,719	3,912

During the three-month period ended September 30, 2022, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

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

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

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Audited			
	NIS thousand			
	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of January 1, 2022	6,335	289,135	2,662,580	2,958,050
Total gains recognized in profit and loss *)	1,190	48,083	397,702	446,975
Purchases	-	229,164	916,443	1,145,607
Sales	-	(55,058)	(251,424)	(306,482)
Redemptions	(1,809)	-	-	(1,809)
Balance as of December 31, 2022	5,716	511,324	3,725,301	4,242,341
*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of December 31, 2022	1,190	46,643	373,980	421,813

During 2022, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments

1. Illiquid debt assets

Composition:

	As at September 30, 2023	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	7,036,058	8,483,037
Other debt assets:		
Non-convertible	7,568,821	7,433,502
Total illiquid debt assets	14,604,879	15,916,539

	As at September 30, 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	7,008,158	8,957,179
Other debt assets:		
Non-convertible	7,170,251	7,182,127
Total illiquid debt assets	14,178,409	16,139,306

	As of December 31, 2022	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Government bonds		
Designated bonds	7,117,176	8,915,973
Other debt assets:		
Non-convertible	7,223,141	7,146,870
Total illiquid debt assets	14,340,317	16,062,843

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level

The following table presents an analysis of the financial assets presented at fair value. The different levels defined in Section A.2. above.

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

	As at September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,500,291	308,281	-	4,808,572
Shares	810,445	1,167	445,574	1,257,186
Other financial investments	266,379	24,280	2,906,520	3,197,179
Total	5,577,115	333,728	3,352,094	9,262,937

	As at September 30, 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Liquid debt assets	4,580,344	433,410	-	5,013,754
Shares	1,026,474	4,006	377,745	1,408,225
Other financial investments	333,334	35,928	2,133,732	2,502,994
Total	5,940,152	473,344	2,511,477	8,924,973

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

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

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Liquid debt assets	4,413,920	394,782	-	4,808,702
Shares	960,574	2,467	403,221	1,366,262
Other financial investments	316,748	27,223	2,384,409	2,728,380
Total	5,691,242	424,472	2,787,630	8,903,344

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. 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		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance on January 1, 2023 (audited)	403,221	2,384,409	2,787,630
Total gains (losses) recognized in profit and loss *)	1,468	(14,324)	(12,856)
Total income recognized in other comprehensive income	39,924	241,458	281,382
Purchases	20,792	422,681	443,473
Sales	(19,831)	(112,742)	(132,573)
Redemptions	-	(14,962)	(14,962)
Balance on September 30, 2023	445,574	2,906,520	3,352,094
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	1,468	(22,975)	(21,507)

During the nine-month period ended September 30, 2023, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. 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		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance on January 1, 2022 (audited)	260,727	1,524,293	1,785,020
Total gains recognized in profit and loss *)	5,131	5,202	10,333
Total income recognized in other comprehensive income	14,047	172,969	187,016
Purchases	114,518	554,629	669,147
Sales	(16,678)	(106,343)	(123,021)
Redemptions	-	(17,018)	(17,018)
Balance on September 30, 2022	377,745	2,133,732	2,511,477
*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2022	5,131	290	5,421

During the nine-month period ended September 30, 2022, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. 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		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance as of July 1, 2023	441,307	2,743,982	3,185,289
Total gains (losses) recognized in profit and loss *)	1,968	(12,030)	(10,062)
Total income recognized in other comprehensive income	10,278	77,126	87,404
Purchases	11,852	125,775	137,627
Sales	(19,831)	(28,333)	(48,164)
Balance on September 30, 2023	445,574	2,906,520	3,352,094
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2023	1,968	(13,812)	(11,844)

During the three-month period ended September 30, 2023, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. 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		
	Shares	Other	Total
	Unaudited		
	NIS thousand		
Balance as of July 1, 2022	371,370	1,992,866	2,364,236
Total gains (losses) recognized in profit and loss *)	4,132	(1,068)	3,064
Total income (losses) recognized in other comprehensive income	(9,271)	6,795	(2,476)
Purchases	27,980	196,855	224,835
Sales	(16,466)	(61,716)	(78,182)
Balance on September 30, 2022	377,745	2,133,732	2,511,477
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2022	4,132	(4,715)	(583)

During the three-month period ended September 30, 2022, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. 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		
	Shares	Other	Total
	Audited		
	NIS thousand		
Balance as at January 1, 2022	260,727	1,524,293	1,785,020
Gains (losses) recognized:			
In profit and loss *)	3,973	(277)	3,696
In other comprehensive income	30,896	239,746	270,642
Purchases	140,080	799,456	939,536
Sales	(32,455)	(161,791)	(194,246)
Redemptions	-	(17,018)	(17,018)
Balance as of December 31, 2022	403,221	2,384,409	2,787,630
*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of December 31, 2022	3,473	(6,913)	(3,440)

In 2022, there were no material transfers between Level 1 and Level 2.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

4. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations as a customer or its obligations under a financial instrument, leading to the Group incurring a financial loss. The Group is exposed to credit risk from its operating activities (mainly trade receivable balances and contract assets) and from its financing activities, including deposits with banks and other financial institutions, foreign exchange transactions and other financial instruments.

When assessing expected credit losses, the Group is using its past experience and information collated from various financial sources (such as, credit ratings, media reports, analysis of borrowers' financial statements, where relevant, and macroeconomic data, which have an impact in general, and specifically on forecasts). Based on the above, the Group categorizes its customers based on different risk levels, such that it can assess the expectation for credit failure.

When determining the exposure to credit risk, the Group uses various rates to calculate the provision for credit losses for each category, and in accordance with the industry and/or the geographic area to which the customers belong.

Changes in provision for impairment in respect of investments in debt instruments

	Credit losses for 12 months	Lifetime credit losses	Impaired assets on the asset's initial recognition date	Total
	Unaudited			
	NIS thousand			
Balance on January 1, 2023 (audited)	10,534	31,241	198,563	240,338
Provision during the year	4,240	11,874	66,430	82,544
Derecognized financial assets	-	(915)	(6,228)	(7,143)
Balance as at September 30, 2023	14,774	42,200	258,765	315,739
Balance of investments in debt instruments before provision for impairment	2,026,549	179,915	371,419	2,577,883

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

C. Financial liabilities

1. Breakdown of financial liabilities

		As of September 30		As at December 31	As of September 30		As of December 31 2022
		2023	2022	2022	2023	2022	
		Carrying amount			Fair value		
		Unaudited		Audited	Unaudited		Audited
		NIS thousand					
1.	Financial liabilities presented at amortized cost:						
	Loans from banking corporations	1,388,046	1,384,790	1,343,722	1,388,046	1,384,790	1,343,722
	Bonds *)	2,320,724	1,892,575	2,007,198	2,196,082	1,825,628	1,914,673
	Liabilities in respect of financial guarantee contracts	15,007	15,566	15,910	15,007	15,566	15,910
	Liabilities to pay direct debits	583,888	457,364	513,772	583,888	457,364	513,772
	Loan from non-controlling interests	-	6,184	6,020	-	6,184	6,020
	Lease liabilities **)	78,279	74,341	71,016			
		4,385,944	3,830,820	3,957,638	4,183,023	3,689,532	3,794,097
2.	Financial liabilities presented at fair value through profit and loss:						
	Derivatives held for yield-dependent contracts	482,627	727,140	415,480	482,627	727,140	415,480
	Derivatives held for non-yield-dependent contracts	133,063	182,470	120,255	133,063	182,470	120,255
	Liability in respect of option granted to non-controlling interests	160,597	154,093	155,997	160,597	154,093	155,997
		776,287	1,063,703	691,732	776,287	1,063,703	691,732
	Total financial liabilities	5,162,231	4,894,523	4,649,370	4,959,310	4,753,235	4,485,829
	*) Of which subordinated bonds that constitute capital for solvency purposes	2,097,905	1,676,059	1,789,173	1,991,296	1,615,780	1,704,826

**) Disclosure of fair value was not required.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

C. Financial liabilities (cont.)

2. Fair value of financial liabilities by level

The following table presents an analysis of financial liabilities presented at fair value. The different levels defined in Section A.2. above.

For financial liabilities periodically recognized at fair value, an assessment is made, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Derivatives	54,919	560,771	-	615,690
Liability in respect of option granted to non-controlling interests	-	160,597	-	160,597
	54,919	721,368	-	776,287

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Derivatives	133,065	776,545	-	909,610
Liability in respect of option granted to non-controlling interests	-	154,093	-	154,093
	133,065	930,638	-	1,063,703

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

C. Financial liabilities (cont.)

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

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	Audited			
	NIS thousand			
Derivatives	42,435	493,300	-	535,735
Liability in respect of option granted to non-controlling interests	-	155,997	-	155,997
Total	42,435	649,297	-	691,732

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

C. Financial liabilities (cont.)

3. Raising Subordinated Bonds

On September 7, 2023, further to the publication of the rating report of the Subordinated Bonds (Series H) that were assigned an A3 rating (with a stable outlook) by Midroog Ltd., and after the publication of the shelf offering report, a second-tier company - Menora Mivtachim Gius Hon Ltd. (hereinafter - "**Menora Mivtachim Gius Hon**") - completed a capital raising at the total amount of NIS 300,000,000, through offering to the public Subordinated Bonds (Series H) of NIS 1 p.v. each of Menora Capital Raising at the total amount of NIS 300,000,000.

The principal of the Subordinated Bonds (Series H) is repayable in a single installment on July 1, 2036 and is unlinked. The outstanding balance of the principal will bear fixed annual interest of 5.28%, which will be repaid in two semi-annual payments on January 1 and July 1 of each calendar year, from 2024 through 2036. Each interest payment shall be paid in respect of a six-month period starting on the date of the previous interest payment and ends on the last day before the current interest payment date, except for the first interest payment in respect of the Bonds (Series H), that will be paid on January 1, 2024 and will be calculated in respect of the period starting on the first trading day after the closing date of the subscriptions list and ending on the last day before the first interest payment date, that is to say, the period ending on December 31, 2023, according to the number of days in the said period. Menora Capital Raising may execute early redemption on any interest payment date, and the first early redemption date will be July 1, 2033. To the extent that Menora Capital Raising does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated bonds in addition to the interest which the subordinated bonds bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual repayment date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance. The rate of additional interest as stated above shall be 0.7%.
Furthermore, in respect of the Subordinated Bonds (Series H), principal and interest payments will be deferred, which on their payment effective date, will be subject to "suspending circumstances", as defined in the Solvency Circular and the Commissioner's position.

The proceeds from the issuance of the subordinated bonds - totaling NIS 296.3 million were deposited with Menora Insurance as Tier 2 Capital, which can use them according to its considerations and at its responsibility. Menora Insurance has undertaken to pay all the amounts that will be required to repay the subordinated bonds to the bondholders. Menora Insurance's undertaking to bear the payment of all of the amounts referred to above has the following characteristics: (1) It has priority over Menora Insurance's undertaking regarding creditors' rights in accordance with components and instruments included in Tier 1 Capital; (2) has an equal status to that of Menora Insurance's undertaking in connection with subordinated bonds that Menora Insurance issued and/or will issue, and which will be recognized as Tier 2 Capital; (3) is subordinate to all of Menora Insurance's other undertakings to its creditors. The advisory services in respect of the said issuance were carried out under market conditions by a second-tier company - Menora Mivtachim Underwriters & Management Ltd.

NOTE 5 - EQUITY AND CAPITAL REQUIREMENTS

Capital policy and requirements

A. It is management’s policy to maintain a strong capital base in order to retain Group's ability to continue its activities such that it will be able to generate returns to its shareholders and support future business activities. Menora Insurance and Shomera Insurance (hereinafter - the “**Consolidated Insurance Companies**”) are subject to the capital requirements set by the Commissioner.

As part of the implementation of the solvency regime, the Consolidated Insurance Companies are required to conduct own risk assessment. The Boards of Directors of the Consolidated Insurance Companies are required to set a capital target that will reflect what is in their opinion an adequate solvency ratio for the purpose of dividend distribution.

The capital target that was set by the Consolidated Insurance Companies for the purpose of dividend distribution shall be created gradually (plus an annual increase of 0.7% in Menora Insurance and 0.86% in Shomera Insurance by the end of 2024 (the adjustment period of the solvency provisions for Shomera Insurance)). From this date onwards, the target capital will stand at a rate of 115% and 108% of the required solvency ratio, respectively. In October 2020, Shomera Insurance updated the target capital for the purpose of dividend distribution, such that it will increase gradually until reaching 110% at the end of the adjustment period in 2024 (instead of 108%), and in November 2021, Shomera Insurance updated the target capital once again to 113% instead of 110%, such that it will increase every year by 2.1% through the end of the adjustment period in 2024. In November 2023, Menora Insurance updated the target capital, such that as from the end of 2024 the target capital will increase linearly from 115% as stated above to 130% in 2032. As of December 31, 2022, the target capital stands at 113.6% and 108.8% in Menora Insurance and Shomera Insurance, respectively, and as of June 30, 2023 (according to the gradual increase as stated above) the capital target stands at 113.9% and 109.8%, respectively. It is hereby clarified that there is no certainty that the Consolidated Insurance Companies will meet this solvency ratio at each point in time.

Menora Mivtachim Pension and Provident Funds Ltd. (hereinafter - “Mivtachim Pension and Provident”) and Menora Mivtachim and The Association of Engineers Provident Funds Management Ltd. (hereinafter - “**Menora Engineers**”) are required to comply with the Supervision of Financial Services Supervision Regulations (Provident Funds) (Minimum Capital Required from a Provident Fund or a Pension Fund’s Management Company), 2012, and the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment No. 2), 2012.

B. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies

The Consolidated Insurance Companies are 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 “**Solvency Circular**”).

Risk-based solvency ratio

A risk-based solvency ratio is calculated as the ratio between the economic shareholders’ equity of the insurance company and the capital required for solvency purposes. The economic shareholders' equity is determined as the sum of the economic balance sheet (see below) and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital and a 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.

NOTE 5 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

B. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies (cont.)

The capital required for solvency (SCR) is designed to estimate the economic shareholders' equity’s exposure to a series of scenarios set out in the Solvency Circular, and which reflect insurance, market and credit risks as well as operating risks.

The Solvency Circular includes, among other things, Transitional Provisions in connection with compliance with capital requirements, as follows:

a) Selecting one of the following alternatives as from the Solvency Ratio Report as of December 31, 2019:

1) Gradual transition to the required capital until 2024, such that the required capital shall increase gradually by 5% per year, starting with 60% of the SCR up to the full SCR amount. The required capital as of December 31, 2022 - 90% of the SCR amount (as of December 31, 2021 - 85%); it should be noted that this was the only alternative through the Solvency Ratio Report as of December 31, 2019.

2) Increasing the economic capital by deducting from the insurance reserves an amount calculated in accordance with the Solvency Circular (hereinafter - the “**Deduction**”). The Deduction will decrease gradually until 2032 (hereinafter - the “**Transitional Period**”).

Shomera Insurance selected the first alternative.

The calculation method of the second alternative in the calculation as of December 31, 2022 replaces the first alternative for the Transitional Period, that was implemented in the calculation of Menora Insurance’s solvency ratio in previous periods, after receiving the Commissioner’s approval.

b) A reduced capital requirement, that will increase gradually until 2023, in respect of certain investment types.

Solvency ratio of the Consolidated Insurance Companies

According to the Solvency Ratio Reports as of June 30, 2023, which were published on November 29, 2023, Menora Insurance and Shomera Insurance (hereinafter - the “**Consolidated Insurance Companies**”) have a capital surplus without applying the Transitional Provisions.

NOTE 5 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

B. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies (cont.)

Solvency ratio of the Consolidated Insurance Companies (cont.)

The calculation carried out by Consolidated Insurance Companies as stated above was reviewed by the Consolidated Insurance Companies' 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 Consolidated Insurance Companies' solvency calculations as of June 30, 2023, 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 substantively 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 Amount During the Transitional Period as of June 30, 2023, except for implementing all the work procedures specified in the report regarding 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 required capital, which affects both the calculation of the expected capital release and the release of the expected risk margin as described in the provisions on calculation of risk margin.

Furthermore, attention is drawn to what is stated in the economic solvency ratio reports regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

For further details, please see Section 4 to the Report of the Board of Directors.

C. Solvency ratio for the purpose of dividend distribution by the Consolidated Insurance Companies

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 Solvency Circular) 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. In addition, the letter set out provisions for reporting to the Commissioner.

The Consolidated Insurance Companies' calculation as of June 30, 2023, which is based on the investments mix and the insurance liabilities as of the calculation date, and taking into account capital-related measures after the calculation date, reflects an economic solvency ratio, which is higher than the solvency ratio required according to the Letter.

NOTE 5 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

D. Own Risk and Solvency Assessment of an Insurance Company (ORSA)

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

E. Set forth below are data regarding Mivtachim Pension and Provident's required and existing capital in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Minimum Capital Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment No. 2), 2012 (hereinafter - the "Capital Regulations") and the Commissioner's directives:

	As of September 30, 2023	As of December 31, 2022
	Unaudited	Audited
	NIS thousand	
The amount required according with the Capital Regulations of management companies	268,432	247,351
Existing shareholders' equity	698,890	646,019
Surplus	430,458	398,668
Dividend declared subsequent to the reporting date *)	(50,000)	
Surplus taking into account an event occurring subsequent to the reporting date	380,458	
The required amount includes capital requirements in respect of:		
Total assets under management	133,602	120,152
Annual expenses	135,589	127,949
Expedients according to the Commissioner's circular	(759)	(750)
	268,432	247,351

On May 29, 2023, the Board of Directors of Mivtachim Pension and Provident declared the distribution of a NIS 50 million dividend. The dividend was paid on April May 30, 2023.

*) Subsequent to the reporting date, on November 28, 2023, the Board of Directors of Mivtachim Pension and Provident declared the distribution of a NIS 50 million dividend. The dividend was paid on November 29, 2023.

NOTE 5 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

Capital policy and requirements (cont.)

F. The capital requirement in Menora Engineers stands at NIS 10 million. As of September 30, 2023, the shareholders' equity of Menora Engineers amounts to NIS 11.4 million, and the surplus capital amounts to NIS 1.4 million. Subsequent to the reporting date, on November 22, 2023, the Board of Directors of Menora Engineers declared the distribution of a NIS 0.7 million dividend to the shareholders. The dividend was paid on November 22, 2023.

G. On March 29, 2023, the Company's Board of Directors declared the distribution of a dividend to the Company's shareholders on April 10, 2023 (the ex-date) at the total amount of NIS 100 million, which constitute NIS 1.62 per each share of NIS 1 par value. The dividend was paid on April 20, 2023.

H. On August 29, 2023, the Company's board of directors declared a dividend distribution for September 6, 2023 (the x-date) totaling NIS 75 million, which constitutes NIS 1.21 per share of NIS 1 p.v. The dividend was paid on September 14, 2023.

NOTE 6 - CONTINGENT LIABILITIES

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

In recent years, there has been a significant increase in the number of motions to certify claims as 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 claims as class actions in general, including against companies engaged in the Group's areas of activity, which stems mainly from the enactment of the Class Actions Law, 2006 (hereinafter - the “Class Actions Law”). This trend substantially increases the Group's potential exposure to losses in the event of the lawsuit being certified as a class action against it.

A motion to certify a class action lawsuit may be filed in a lawsuit of a type as set forth in the abovementioned law, or in a matter with respect to which another statutory provision explicitly stipulates that a class action lawsuit may be filed. It should be noted that, since 2006, the definition of a claim in which a class action certification motion may be filed against Group members has become an extremely broad definition, including any issue arising between a company and a customer, regardless of whether or not the parties have engaged in a transaction. In order for a motion to certify a class action lawsuit to be granted, the lead plaintiff must prove, among other things: (1) the existence of a personal cause of action; (2) that the cause of action is sufficiently well established to give the plaintiff a prima facie chance to win the lawsuit; (3) that the cause of action raises a substantive question of fact or law that is common to all members of the represented class, and there is a reasonable possibility that the common questions would be decided in favor of the class; (4) that the dispute can be fairly and efficiently adjudicated as a class action lawsuit; (5) that the plaintiff and its counsel are suitable representatives of the represented class.

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

Within the mechanism of the Class Actions Law, there are also, inter alia, specific settlement agreements, both in the approval stage and in the class action stage, as well as arrangements with regard to the plaintiff's withdrawal of the motion to certify or class action lawsuit.

For motions to certify claims as class actions in which the Company’s and/or the consolidated companies’ defense claims are “more likely than not” to be denied and the proceeding is “more likely than not” to be dismissed (on its merits, or – for a class action lawsuit – to not be certified as a class action lawsuit by the court), according to the management’s assessment, based (among other things) on legal opinions it has received – no provision was included in the financial statements. For proceedings where it is more likely than not that the defense claims of the Company and/or consolidated companies will be dismissed, in whole or in part, the financial statements include provisions to cover the exposure estimated by the Company and/or consolidated companies. For proceedings in preliminary stages whose odds cannot be estimated, no provision was included in the financial statements (see Section B, Subsections 5 and 7-22, Section C, Subsections 1-23, and Section D, Subsections 1-6 below). For cases in which the company and/or any of the consolidated companies are willing to settle, a provision has been made according to the willingness to settle, even if it is “more likely than not” that the Company’s and/or the consolidated companies’ defense claims would be granted, or the proceeding is at a preliminary stage and it is impossible to estimate the proceeding’s odds.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

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

With respect to the motions to certify claims as class actions described in Section B, Subsections 1-4 and 6 below, that the District Court has certified as class action lawsuits – the financial statements include provisions to cover the exposure, as estimated by the Company and/or the consolidated companies, unless, according to the management's assessment, that is based, among other things, on legal opinions it has received, it is "more likely than not" that the Company's and/or the consolidated companies' defense claims on the substantive lawsuit would be accepted, and the lawsuit would be denied, even if it is adjudicated as a class action lawsuit.

Note that for the purposes of this note, lawsuits and motions to certify them as class action lawsuits are deemed material if the amounts claimed therein exceed NIS 15 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions:

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
1.	01/2008 Tel Aviv District Court	Life insurance policyholders v. Menora and additional insurance companies.	The claim is of alleged unlawful overcharging with a payment component in the policies, known as the "sub-annuals" component. Causes of action: breach of the relevant statutory provisions, bad faith, and unjust enrichment. The main remedies being sought: refund of the total sub-annuals that were collected unlawfully, as well as a mandatory injunction ordering the defendants to change their modus operandi.	Any policyholder who has been charged due to the payment component of the policies known as the "sub-annuals," in circumstances and at an amount that deviate from the provisions of the law.	On July 19, 2016, the District Court ruled in favor of certifying the lawsuit as a class action lawsuit. The main cause of action that has been approved is unjust enrichment, and other asserted causes of action were denied. The sought remedy is a refund of the sums that were collected unlawfully in the seven years preceding the day the lawsuit was filed, and a mandatory injunction ordering the defendant to rectify its conduct. On September 26, 2016, the plaintiff appealed the rejection of the individual claim against some of the respondents (including Menora Insurance) before the Supreme Court, concerning the collection of "sub-annuals" at a rate that is claimed to exceed the lawfully permitted rate. On December 15, 2016, Menora Insurance filed a motion for leave to appeal the decision to certify the lawsuit as a class action lawsuit. On May 31, 2018, a judgment was rendered that granted the motion for leave to appeal and denied the appeal; however, on June 26, 2018, the plaintiff filed a motion for a further hearing on the judgment. On July 2, 2019, the Supreme Court granted the motion for a further hearing. On July 4, 2021, a judgment was rendered in the petition for a further hearing, stating that the ruling that certified the lawsuit as a class action would be reinstated, so that the motion to certify would be granted and the case would be returned to the District Court to hear the class action lawsuit on its merits. The lawsuit is under a mediation procedure.	Approx. NIS 2.3 billion, for the last 7 years. Of which, approx. NIS 229 million are attributed to Menora Insurance.

(1) The date the lawsuits and the motions were filed is the original date on which they were filed. The indicated court is the court before which the proceeding had initially been brought.
(2) Based on the class the plaintiff sought to represent in accordance with the statement of claim, which is the basis for the estimated amount claimed.
(3) The claim amount stated above is the amount the plaintiff had estimated when the lawsuit was filed. The amounts specified in the lawsuits are the plaintiff's estimates, according to the estimated class the plaintiff seeks to represent. In some lawsuits, the plaintiff did not name the claimed amount, and therefore, it was not specified. To the extent that the plaintiff specified an amount that was attributed to the company, this is noted expressly.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
2.	04/2011 Central District Court	Life insurance policyholder v. Menora Insurance and additional insurance companies.	The collection of funds, without any basis in the agreement between the parties – funds that the plaintiffs assert constitute a substantial portion of the premium the policyholder pays, that are referred to as a “policy factor” and/or as “other management fees”. Causes of action: misleading customers both in the pre-contractual stage and in the contractual stage; breach of the provisions of the law, in particular the Supervision Law and the regulations promulgated thereunder; bad faith; unjust enrichment; breach of an agreement; breach of statutory duty; an unduly disadvantageous condition in a standard contract. The main remedies being sought: payment of an amount equal to the total policy factor members of the represented class were charged in practice, plus 85% of the return they had been deprived of with respect to this amount, because it was deducted from the premium and not invested for them, and in light of the insurance company’s entitlement to 15% of the return, as damages/restitution; issuance of a mandatory injunction ordering the defendants to change their modus operandi in everything related to collecting “other management fees” and/or a “policy factor”.	Anyone who has held combined life insurance and savings policies issued by the respondents between 1982 and 2003, and who was charged any amount as a “policy factor” and/or as “other management fees”.	On June 10, 2015, the parties submitted a settlement agreement for the court’s approval (hereinafter - the “Settlement Agreement”). On June 11, 2015, the court ordered the appointment of an examiner for the Settlement Agreement and demanded the Attorney General’s comments on the Settlement Agreement. On October 18, 2015, and following the submission of the examiner’s opinion and the submitted objection to the Settlement Agreement, a hearing was held, in which the court expressed its initial position that it is strongly leaning against approving the Settlement Agreement, as submitted, and advised the parties to substantially enhance its terms. On November 21, 2016, the court dismissed the Settlement Agreement and partially certified the lawsuit as a class action lawsuit.	Total of approx. NIS 254 million, out of a total of approx. NIS 2.3 billion attributed to all the respondents.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
2. (cont.)					On January 12, 2017, the movants filed a statement of claim in the class action lawsuit. On May 16, 2017, the respondents filed a motion for leave to appeal the certification decision and the Settlement Agreement's dismissal with the Supreme Court. On June 12, 2017, the Supreme Court issued its ruling on a motion for a stay of execution, according to which, the proceeding being adjudicated before the District Court would be suspended pending a ruling to the contrary. On February 6, 2019, the respondents announced, further to the Supreme Court's proposal, the withdrawal of the motion for leave to appeal, and therefore, the substantive lawsuit is to be remanded to the District Court, to commence the evidentiary hearings stage. At the same time, with the court's consent, a consensual mediation process is underway. Further to the mediation process and the dialogue between the parties, on June 21, 2023, a motion to approve a settlement agreement was filed.	

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
3.	07/2014 Central District Court	NGOs and organizations that serve the pensioner population v. Mivtachim Pension and Provident and additional management companies.	Raising the management fees pensioners pay to the maximum management fees permitted by law (0.5% of the accrued balance), while taking advantage of the pensioners' status as a "captive audience" that is barred from moving its accrual to other pension funds, while active colleagues pay significantly lower management fees on average (approx. 0.3% of their accrued balance and approx. 2% of their current contributions). It was further claimed that the respondents do not disclose to their planholders that when they become pensioners, the management fees they pay the defendants would immediately be raised to the maximum management fees. Causes of action: bad faith misuse of a contractual right, the respondents' cartelistic conduct, breach of the fiduciary duties and the duties of care towards the respondents' planholders, breach of the duty of disclosure towards the planholders, an unduly disadvantageous condition in a standard contract, unjust enrichment, breach of statutory duty, and an unlawful failure to notify the planholders of the increased management fees on the eve of their retirement. Main remedies requested: (a) to return the excess management fees unlawfully charged from the class members with interest and linkage; (b) to require the respondents to lower the management fees charged to the pensioners, such that they do not exceed the management fees it charged before each one of them retired; (c) to prohibit the respondents from raising each planholder's management fees immediately before their retirement.	Anyone who is a planholder of a comprehensive new pension fund and is entitled to be paid an old-age pension and/or will be entitled to be paid an old-age pension in the future.	Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. Further to the parties' announcement that the mediation process had failed, the lawsuit was returned to the court for further adjudication. On March 18, 2022, the District Court (Central District) certified the lawsuit as a class action lawsuit.	Approx. NIS 48 million for all defendants.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
4.	09/2015 Tel Aviv District Court	A holder of insurance policies v. Menora Insurance	The defendant's (alleged) conscious and deliberate policy of disregard for its duty, as required by law and by decided case law, by paying insurance benefits without the lawful interest. Causes of action: unjust enrichment, breach of contract, deprivation, breach of the Commissioner's Directives, and breach of statutory duty.	Anyone who was paid insurance benefits from the defendants in the 7 years preceding the day the lawsuit had been filed and/or who will be paid insurance benefits by the respondent before a judgment is rendered in the lawsuit, without lawfully adding interest to the insurance benefits.	The lawsuit, as described below, was certified as a class action lawsuit. Note that a judgment has recently been rendered in a similar matter (hereinafter - the "Barr Affair") against other insurance companies, which stated that "the claim filing date" (within the meaning of Section 28A of the Insurance Contract Law) on which the 30-day race shall commence, and after which linked interest must be added to the insurance benefits, is the date the insurance company or the insurance agent, whichever is earlier, first received a communication indicating that the policyholder (or a third party or beneficiary) wishes to receive insurance benefits, without needing to attach any document. On May 18, 2021, the defendants in the Barr Affair appealed the ruling before the Supreme Court. At the same time, the District Court certified the lawsuit against Menora Insurance and Shomera on May 26, 2021 (Section 9 below) as a class action lawsuit. Menora Insurance filed its statement of defense on December 14, 2021.	At least approx. NIS 50 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
4. (cont.)			The main sought remedies: to declare and find that the defendant is in breach of its duty to add the lawful interest and linkage to the insurance benefits it pays, and ordering it to rectify its policy immediately and hereafter; to compel the defendant to pay the class members linked interest in accordance with the law, as defined in Section 1 of the Adjudication of Interest and Linkage Law, 1961, or in accordance with the contractual interest rate stipulated in the policy (whichever is higher), for the period commencing on the date of the occurrence of the insured event and ending on the actual insurance benefits payment date, and alternatively, for the period commencing 30 days from the date of delivery of the insurance claim to the defendant and until the actual insurance benefits payment date; to compel the defendant to pay the class members linkage differences and interest due to its underpayment, from the date of underpaying the insurance benefits and until the day the defendant pays the class members the linked interest; in addition and/or alternatively, should the court find that paying the class members damages is impractical – to order the defendant to compensate the general public.		On March 13, 2022, the District Court stayed the proceedings in the case, pending a decision on the appeal in the Barr Affair. On November 9, 2022, a ruling was rendered on the Barr Affair, pursuant to which the motion for leave to appeal was denied. Accordingly, the adjudication of the lawsuit in the District Court was resumed.	

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
5.	09/2015 Tel Aviv District Court	A holder of insurance policies v. Menora Insurance and against 4 other management companies	Charging inappropriately excessive management fees, because the defendants share the management fees with the agents and because they allegedly put the agents in a conflict of interest when they pay the agents a portion of the management fees they charge, and thus, they are in breach of their fiduciary duty towards the class members. The causes of action: breach of their fiduciary duty pursuant to the Provident Funds Law; acting in a conflict of interest vis-à-vis the agents; breach of the fund's bylaws; negligence and conversion in accordance with the Torts Ordinance; unjust enrichment and bad faith in the fulfillment of a contract. The main remedies being sought: a declaratory relief that states that the defendants must modify the compensation arrangement between them and the agents and adapt it to the law; determining the suitable management fees and the appropriate commission to be paid to the agents, and compelling the defendants to return the excessive management fees they charged.	Planholders of provident funds managed by the defendants, who were charged management fees from which the agents' commission is derived based on the management fees amount.	The lawsuit is at the stage of motion to certify as a class action. Menora Mivtachim Pension and Provident Funds filed a motion for dismissal in limine due to a lack of privity. The counsel for the plaintiffs announced that the motion was filed against Mivtachim Pension and Provident Funds and not against Menora Insurance "due to a slip of the pen and a scribal error". On April 3, 2017, the court held that the lawsuit against Menora Mivtachim Pension and Provident Funds would be stricken out, and Menora Insurance would take its place. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On November 22, 2022, a judgment was issued in favor of denying the motion to certify. On January 19, 2023, the movants submitted a statement of appeal on the judgment. On February 8, 2023, the Supreme Court ruled that the respondents shall file a written response to the appeal.	According to an assessment, approx. NIS 2 billion for all the defendants.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
6.	10/2015 Tel Aviv District Court	Insurance policyholders v. Shomera Insurance	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 4.	Anyone who received insurance benefits from the defendant in the 7 years prior to filing the lawsuit and/or at least during the 3 years prior to filing the lawsuit, and/or who will have received insurance benefits from the defendant by the time a judgment is rendered in the lawsuit, without the lawful interest being added to the insurance benefits.	The lawsuit was certified as a class action. See details in Section 4 above.	At least approx. NIS 20 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
7.	03/2016 Central District Court	Motor insurance policyholders v. Menora Insurance.	Deduction from insurance benefits of VAT amounts and/or compensation due to impairment, and alleged underpayment of appraiser's fees, in contravention of the law. The causes of action: breach of statutory duty, unjust enrichment, fraud, breach of the Financial Services Supervision Law (Insurance), 1981, breach of the Supervision of Insurance Business Regulations (Motor Insurance Contract Terms), 1986, and the Supervision of Insurance Business Regulations (Apartment and Contents Insurance Contract Terms), 1986, breach of contract, and breach of the duty of good faith. The main remedies being sought: to compel the respondent to return the VAT amounts and the impairment amounts that were not paid to the class members, as well as the appraiser's fees reimbursement amounts that were never paid, in real values plus lawful linkage differences and interest; moreover, to find that the deduction method the respondent employs is unlawful and to order the respondent to cease using it.	Any policyholder, beneficiary, or third party who did not repair the damage to the policyholder's property prior to filing a claim for insurance benefits, and who was paid damages, insurance benefits, and/or indemnity, and/or reimbursements for appraiser's fees, out of which amounts are claimed to have been unlawfully deducted, including the VAT and/or the impairment amounts or some of them.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The case was referred to mediation. On September 6, 2023, a motion was filed to approve a settlement agreement that is subject to the court's approval.	Was not quantified. Estimated at approx. NIS 60 million per year.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
8.	08/2016 The Tel Aviv Regional Labor Court	A pension fund policyholder v. Menora Mivtachim Pension and Provident Funds.	Charging an “investment management expenses” component (“direct expenses”) out of the total accrual in the savings, in addition to the management fees, in the absence of a contractual provision that allows charging this amount and in contrast with the pension fund bylaws, allegedly. The causes of action: charging the direct expenses in the absence of a contractual right to do so and in violation of the pension fund bylaws, breach of fiduciary duty, breach of the duty of disclosure, and breach of the duty to negotiate in good faith. The main remedies being sought: (a) recovery of the direct expenses the Company had charged; (b) a permanent injunction prohibiting the Company from charging direct expenses as long as the pension fund bylaws are not lawfully modified; and (c) awarding a special annuity to the movant and their counsels’ legal fees.	Past and present planholders in the pension funds the defendant manages, who have been charged investment management expenses in the seven years before the lawsuit was filed.	The lawsuit is at the stage of motion to certify as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. On April 30, 2017, the court held that it did not have jurisdiction over the lawsuit and assigned the adjudication thereof to the Tel Aviv Regional Labor Court. The lawsuit is at the summation stage.	Approx. NIS 478.6 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
9.	01/2017 The Tel Aviv Regional Labor Court	Executive insurance policyholder v. Menora Insurance.	Charging an "investment management expenses" component ("direct expenses") in executive insurance policies the defendant markets, that are claimed to exceed the management fees and/or insurance premiums, in the absence of a provision in the policy that permits its collection. The causes of action: breach of the provisions of the policy, breach of fiduciary duty, breach of the duty of disclosure, and breach of the duty to negotiate in good faith, delivery of a misleading description in contravention of the Supervision of Financial Services (Provident Funds) Law, 2005, and the Supervision of Financial Services (Insurance) Law, 1981. The main remedies being sought: (a) to compensate the class members for the damage that was allegedly caused to them while refunding them for the entire amount they were allegedly charged contrary to the policy, as alleged above, and transferring them directly to the accrued balance in the policy; (b) an order prohibiting the defendant from charging such direct expenses from the class members; (c) awarding the lead plaintiff an annuity and legal fees for the lead plaintiff's counsel.	All holders of executive insurance policies that were issued by the defendant (profit participating, "Merav", "Status", etc.), who were charged investment management expenses and/or without the policy including a specific provision permitting to collect these expenses.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	Approx. NIS 185 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
10.	07/2018 District Court – Central District	Motor insurance policyholders v. Menora Insurance	Failure to compensate policyholders who purchased “motor insurance policies for non-private vehicles and commercial vehicles weighing up to 3.5 tons” for impairment damage caused to their vehicles due to an insured accident. The main causes of action are: breach of contract, unjust enrichment, misleading, bad faith and exploitation of distress and an unduly disadvantageous condition in a standard contract. The main remedies being sought: to issue a mandatory injunction/declaratory relief and order the defendant to recognize the impairment damage due to an accident as covered damage under the policy; to compensate its policyholders for impairment damage due to an accident, and to award any other remedy that the Honorable Court deems equitable under the circumstances.	All of the respondent’s policyholders who were insured under a ‘motor insurance policy for non-private vehicles and commercial vehicles weighing up to 3.5 tons,’ and whose vehicles had a traffic accident that resulted in their vehicles suffering impairment damage for which the respondent did not compensate them.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court.	NIS 63 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	**Date and Court (1)**	**Parties**	**Main Arguments, Causes and Reliefs**	**Represented class (2)**	**Details**	**Claim amount (3)**
11.	12/2018 Tel Aviv District Court	A private dwelling insurance policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that superfluous and excessive insurance premiums were charged unlawfully for unnecessary insurance policies that had been issued to structure owners who had taken out a mortgage loan and had been required to insure the structure in favor of the lending bank, despite the fact that there was already a policy in place then they were issued, whether with the same insurer or with another insurer, that insured the same structure for the same period; the above – allegedly in breach of the provisions of the law and while misleading the policyholders. The main causes of action according to the motion are, inter alia: deception, breach of the duty of good faith, negligence, unjust enrichment, and breach of statutory duty. The main remedies the plaintiffs are petitioning for are: a refund of the excessive premium amounts they were unlawfully charged, allegedly, as well as a mandatory injunction compelling the respondents to change their modus operandi.	Anyone who took out a mortgage loan from one or more of Respondents 4-7 and was insured by one or more of Respondents 1-3 under a private dwelling insurance policy that is one of two or more policies in connection with the same structure during the same period.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On November 24, 2023, the Court approved the motion to certify the lawsuit as a class action lawsuit.	Approx. NIS 280 million for all defendants

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
12.	11/2019 Tel Aviv District Court	A health insurance policyholder v. Menora Insurance	The motion concerns the claim that the defendant allegedly raises the insurance premiums in contrast with the insurance premiums variation table in the list of terms attached to the policy, and, furthermore, that it changes the insurance premiums during the insurance period, such that fixed insurance premiums become variable insurance premiums, unilaterally and – allegedly – against the law.	All the defendant's policyholders, including in health, long-term care, and life insurance policies of any kind, for whom the defendant raised the insurance premiums, at times and at rates that are not specified in the policy, in the 7 years prior to filing the lawsuit, and/or policyholders for whom the defendant raised the insurance premiums even though their policies are claimed to have clarified that their insurance premiums are fixed.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure. On March 10, 2021, the movant announced that the mediation process had ended without reaching a consensus, and the case was returned to the court. On August 2, 2021, there was a pre-trial hearing, in which the parties agreed to hold another mediation process. Further to the unsuccessful mediation and conciliation processes, the lawsuit is in the summations stage.	At least NIS 25 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
13.	04/2020 Haifa District Court	Policyholder v. Menora Insurance et al.	The motion concerns the claim that the defendants have been collecting excessive insurance premiums on compulsory motor and property insurance policies, despite the significantly lower risk in light of the dramatic reduction in mileage volumes following the spread of Covid-19.	All compulsory motor insurance or comprehensive or third-party insurance policyholders during the "effective period" or part thereof, i.e., from March 8, 2020, and until the full and absolute revocation of the movement restrictions imposed on the residents of Israel due to Covid-19.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 132 million
14.	04/2020 Haifa District Court	Policyholder v. Shomera Insurance et al.	The motion concerns the claim that the defendants have been collecting excessive insurance premiums on compulsory motor and property insurance policies, despite the significantly lower risk in light of the dramatic reduction in mileage volumes following the spread of Covid-19.	All compulsory motor insurance or comprehensive or third-party motor insurance policyholders during the "effective period" or part thereof, i.e., from March 8, 2020, and until the full and absolute revocation of the movement restrictions imposed on the residents of Israel due to Covid-19.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion. The lawsuit is at the summation stage.	NIS 74 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
15.	04/2020 Central District Court	Policyholder v. Menora Insurance et al.	The motion concerns the claim that the defendants do not reduce and do not refund their compulsory motor insurance and comprehensive and third-party motor property insurance policyholders for the allegedly excessive insurance premiums they had paid, in light of the extremely reduced risk level to which the defendants are exposed following the dramatic reduction in economic activity due to Covid-19 outbreak and the reduced volumes of road traffic.	All the defendants' policyholders who held compulsory motor insurance or comprehensive property and third-party motor insurance policies on March 12, 2020, and until the date the lawsuit was filed (hereinafter - the "Relevant Period") and who did not receive a refund or reduced insurance premiums with respect to this period, at a rate and at an amount that correspond to the reduction in the insurance risk.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 107 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
16.	08/2020 Central District Court	A planholder v. Menora Insurance et al.	The lawsuit concerns the claim that when stipulating an exclusion in the policy due to the policyholder's medical condition, the defendants allegedly charge an excess premium, because the exclusion is claimed to reduce the insurer's insurance risk, compared with policies with no exclusions.	Anyone who was a policyholder in the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, under an insurance policy for disability, long-term care, life, disability, personal accidents, health (including critical illness, surgeries and transplants in Israel or abroad, medications, ambulatory procedures or any other medical coverage) that contains an exclusion.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	Approx. NIS 1.9 billion for all defendants, of which, an estimated 6% are against Menora Insurance.
17.	11/2020 Tel Aviv Regional Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that when the Company refunds policyholders following the detection of errors in the collection of premiums on savings policies, the company refunds the overcharged amounts to the policyholder's policies, not directly to the policyholder, and does not even inform the policyholder of transferring the funds to the policy.	All of the defendant's policyholders or any policyholder or any policyholder's heir who was overcharged and is entitled to funds from the respondent and was not credited for such funds, because they had been held by the defendant and added to the policy it manages.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. On January 11, 2023, the parties submitted a settlement agreement that is subject to the court's approval.	Was not quantified.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
18.	12/2020 Central District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant markets health insurance policies that include riders that are intended to provide the policyholders with medical services, but in practice, allegedly, the medical service is not provided, or it is provided only partially by the defendant or anyone on its behalf. The main causes of action according to the motion are, inter alia: breach of contract, breach of the duty of good faith in fulfilling a contract, unjust enrichment. The main remedies the plaintiffs are petitioning for are: reimbursement of the insurance premiums that were allegedly charged unlawfully, reimbursement of any amount the class members paid for treatment privately, and alternatively, the difference between any amount thus paid and the amount received from the defendant, and reimbursement of deductible amounts; the above – plus linkage differences and interest.	All the defendant's policyholders that have health insurance policies that include riders, to whom the service was not provided by the defendant or anyone on its behalf in practice, in the 3 years prior to filing the lawsuit (regarding payment of insurance benefits), and 7 years prior to filing the lawsuit (regarding the reimbursement of insurance premiums), as applicable.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	NIS 46.4 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Represented class (2)	Details	Claim amount (3)
19.	07/2021 Tel Aviv District Court	Policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that when paying pensions, the defendant reduces the accrued monthly return for the “cash surrender value” balance, at a rate of 2.5% (or any other rate), allegedly without a contractual basis in the policy’s terms and in contravention of the law. The main causes of action are, inter alia: breach of contract, breach of statutory duty, breach of duty of disclosure, breach of fiduciary duty and the duty of good faith, and unjust enrichment. The main remedies are, inter alia: to issue a declaratory order stating that deducting the interest from the monthly return is a breach in accordance with the aforementioned causes of action, and to order the recovery of all amounts that were unlawfully withheld, plus linkage differences and interest, as well as to order the defendants to cease deducting interest from the monthly return.	All of the defendant’s policyholders who purchased life insurance policies that include savings accrual from the defendant, issued between the years 1991 and 2004, from whom interest was and/or will be deducted at a rate that is not specified in the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	Much higher than NIS 2.5 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

B. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

No.	**Date and Court (1)**	**Parties**	**Main Arguments, Causes and Reliefs**	**Represented class (2)**	**Details**	**Claim amount (3)**
20.	10/21 Central District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant is conditioning payment of coverage for accident disability under personal accident policies on the disability arising during the insurance period, and in so doing, the defendant is allegedly denying its policyholders compensation in accordance with the provisions of the policy and the law, and in particular, with respect to individuals who are no longer insured under the insurance (whether they terminated the policy at their own initiative or because the policy was terminated due to their age).	Anyone who purchased a personal accident insurance policy from the defendant and suffered an insured event in the past 7 years (hereinafter - the “Represented Class”).	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	Much higher than NIS 31 million
21.	09/22 Tel Aviv District Court	Policyholder v. Menora Insurance and additional insurance companies	The lawsuit concerns the claim that the defendants violate the terms of the insurance contract between the parties by refusing to cover medical cannabis purchase expenses.	All of the defendants’ policyholders who had purchased coverage for pharmaceuticals that are excluded from the Healthcare Services Basket, who were not reimbursed for their medical cannabis expenses.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	NIS 30 million (at least)

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits:

In addition to the material lawsuits and motions to certify them as class action lawsuits, as described above, that were certified or that are pending certification, there are other such lawsuits and motions to certify them as class action lawsuits, for which the claim amount in each of them is immaterial, and therefore, no detailed description of them is included in the financial statements:

No.	Date and court	Parties	Main arguments	Details	Claim amount
1.	01/2017 Central District Court	Policyholder v. Menora Insurance and another company.	Overcharging committed by the defendants, while refraining from treating the policyholders in accordance with the asserted common practice of reducing the insurance premiums when the policyholder crosses a certain age bracket and/or driving experience bracket that entitles the policyholder to reduced insurance premiums.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The hearing on the lawsuit was consolidated with the hearing on the lawsuit referred to in Section 2 below.	Menora Insurance's relative share was estimated at approx. NIS 12.25 million.
2.	02/2017 Central District Court	Policyholder v. Shomera Insurance	The defendant's failure to initiate disclosure to its policyholders who hold compulsory motor insurance, comprehensive motor insurance, and third-party insurance policies, that they are expected to reach the age brackets and/or driving experience brackets that would entitle them to reduced insurance premiums during the insurance period, in contrast with common practice, as asserted by the plaintiff.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has submitted its response to the motion. The hearing on the lawsuit was consolidated with the hearing on the lawsuit referred to in Section 1 above.	NIS 12.25 million.
3.	05/2019 Tel Aviv Regional Labor Court	A pension fund planholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that the defendant charged members of the general pension fund it manages – who had joined the fund due to a contribution in the comprehensive pension fund that exceeds the permissible statutory contribution ceiling – the maximum management fees, rather than the reduced management fees they pay in the comprehensive fund, without their consent and without notifying them.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. On September 29, 2021, the court partially granted the motion. Pursuant to the court's recommendation, the parties entered mediation.	At least NIS 2.5 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
4.	08/2019 Central District Court	Israel Consumers Council v. Menora Insurance et al.	The lawsuit concerns the claim that when there is a total loss event following an accident or theft (hereinafter - the “Insured Event”), the defendants do not return the rate of the insurance premiums attributed to the policy’s various riders (e.g., roadside repairs, towing, and windshield repair) for the remaining insurance period after the date of the aforementioned Insured Event.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	Not quantified, in the absence of data (the lead plaintiffs estimate that the damage to all class members is measurable in tens of millions of shekels).
5.	08/2019 Central District Court	Israel Consumers Council v. Shomera et al.	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 4.	The lawsuit is at the stage of certification as a class action. Shomera has submitted its response to the motion. The lawsuit is at the summation stage.	Not quantified, in the absence of data (the lead plaintiffs estimate that the damage to all class members is measurable in tens of millions of shekels).
6.	05/2020 Central District Court	Policyholder v. Shomera et al.	The lawsuit concerns the claim that at the occurrence of insured events, the defendants provide customers who are insured under windshield fracture coverage riders with windshields that do not comply with the Israeli standards mark requirements pursuant to the Standards Law, 1953, in contrast with their alleged undertakings in the rider.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion. The lawsuit is at the summation stage.	Was not quantified.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
7.	05/2020 Tel Aviv District Court	A planholder v. Menora Mivtachim Pension and Provident Funds and Menora Mivtachim Federation of Engineers et al.	The lawsuit concerns the claim that the defendants erroneously record some of the contributions into study funds as contributions that exceed the qualifying contribution ceiling, and therefore, the gains arising from these contributions are taxed with the capital gains tax.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. The lawsuit is under a mediation procedure.	Was not quantified.
8.	07/2020 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that when paying insurance benefits, the defendant allegedly violates the terms of the policy and indemnifies the policyholders for the nominal amount specified in the policies, without linking that amount to the consumer price index and, in particular, to the applicable index as of the date of entering the insurance contract.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court.	Over NIS 2.5 million (including non-pecuniary damage).

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
9.	02/2021 Lod District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant interprets the provisions of the Supervision of Insurance Business Regulations, according to which only claims submitted by the policyholder and whose amount exceeds 35% of the annual premium paid by the policyholder may be included in the policyholder’s claims report, in an arbitrary manner and in bad faith, in that its report also includes cases in which, within the defendant’s independent treatment of and investigation into the policyholder’s claim, it paid funds to various entities other than the policyholders.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	Was not quantified.
10.	04/2021 Tel Aviv District Court	Policyholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that when the defendants’ customers browsed their personal information section using the digital services on the defendants’ website and/or mobile applications, the customers’ personal and confidential information was transferred to third parties (without their consent), specifically to Google and its advertising service.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court.	More than NIS 2.5 million
11.	04/2022 Jerusalem District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not recognize a surgery that must be performed as an insured event, arguing that it is a preventive surgery that does not fall under the definition of “surgery” according to the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 3 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
12.	09/2022 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant allegedly discriminates against the insured men in its health insurance policies' ambulatory services appendix, by refusing to reimburse men for the cost they had incurred in pregnancy-related, childbirth-related and newborn care-related expenses.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million.
13.	11/2022 Central District Court	Policyholder v. Shomera	The lawsuit concerns the claim that the defendant markets certain motor property insurance plans to its policyholders that include riders as an inherent part, allegedly without presenting the price of the rider to the customers in the marketing process and after it is complete, and without allowing them to waive the rider and in return, be offered a lower price that would reflect the cost of the excluded service, such that purchasing the riders allegedly becomes a condition for the insurance plan.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion.	More than NIS 2.5 million.
14.	12/2022 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant allegedly reduces the insurance benefits its policyholders are entitled to, for policyholders who are considered to suffer from work disability, by linking their payments from the 25th month and onward, to the consumer price index, which is lower than the investment profitability index, instead of linking them to the investment profitability index, and in so doing, the defendant is allegedly paying its policyholders lower amounts than the amounts it had committed to pay in accordance with the terms of the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
15.	12/2022 Central District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that when a policyholder who has filed a motor property insurance claim decides to repair their vehicle at an auto-repair shop that is not one of the approved auto repair shops according to the defendant's arrangement, the defendant offsets various amounts out of the insurance benefits, even though it has confirmed the appraiser's assessment, by claiming that the auto-repair shop can purchase the required spare parts for the repair from the defendant's vendor at a lower price than these spare parts' market price, which is claimed to result in the policyholder who has chosen to repair their vehicles at a non-approved auto-repair shop retrospectively being paid insurance benefits that do not cover the real cost of the damage, as determined by the appraiser, or alternatively, in that policyholder being forced to repair their vehicles at approved auto-repair shops.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million.
16.	12/2022 Bat Yam Magistrate Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant violated the provisions of the Communications Law by sending "advertisements" without obtaining the recipients' prior consent, by not including the word "advertisement" in the email header, and by not allowing the recipients to be removed from the mailing list using the method using which the advertisement was sent, but by clicking a link at the bottom of the message.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million.
17.	01/2023 Tel Aviv Magistrate Court	Policyholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that the defendant sent the plaintiff a text message that is claimed to be considered an advertisement, after the plaintiff had requested to transfer his pension fund to another institutional entity, without the plaintiff consenting to receive advertisements, and therefore (it is claimed), this is a violation of the provisions of Section 30A of the Communications Law (Telecommunications and Broadcasting), 1982.	The lawsuit is at the stage of certification as a class action. Menora Pension and Provident Funds has submitted its response to the motion.	More than NIS 2.5 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
18.	02/2023 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that in a policy with a variable premium mechanism, the defendant apparently raises the insurance premiums after the date on which the premium becomes fixed and is no longer variable, according to the policyholder's age, in an apparent breach of the policy's terms.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million.
19.	03/2023 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant has an improper and illegal practice whereby it partially repays the appraiser's fees to the injured parties, without justification, and without explaining why the fees were reduced. According to the movant, in so doing, the defendant is in violation of the law, the regulator's position, decided case law, and its obligation under the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million.
20.	03/2023 Central District Court	Policyholder v. Shomera	The lawsuit concerns the claim that the defendant only pays partial appraiser's fees to injured parties in motor insurance claims, without justification and without explaining why the fees were reduced. According to the movant, in so doing, the defendant is in violation of the law, the regulator's position, decided case law, and its obligation under the policy.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion.	More than NIS 2.5 million.
21.	7/2023 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not make adequate representations regarding the professional liability policies for lawyers that it has been marketing since it has won the Israel Bar Association's tender in 2016, and that when a policyholder seeks to realize their coverage under the aforementioned policy and/or under any other policy marketed by Menora Insurance and that covers legal expenses and/or defense expenses – Menora Insurance violates its obligations under the policy and acts unlawfully by impairing the policyholder's ability to be defended by an attorney who is not on Menora Insurance's list of service providers, including by limiting the attorney's fees payable to them.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

C. Other lawsuits: (cont.)

No.	Date and court	Parties	Main arguments	Details	Claim amount
22.	8/2023 Central District Court	Policyholder v. Shomera	The lawsuit concerns the claim that the respondent is attempting to "coerce" its policyholders and/or third-party injured parties to choose the respondent's approved auto-repair shops to repair their vehicles, thus infringing on their discretion to choose any auto-repair shop that would repair their vehicle. In addition, according to the movant, the defendant is attempting to influence its policyholders and/or third-party injured parties to buy spare parts to repair their vehicles from the respondent, thus attempting to influence the purchase of spare parts from a particular source. According to the movant, in so doing, the respondent is in violation of the law, the regulator's position, and its obligation under the policy.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion.	More than NIS 2.5 million.
23.	11/2023 Tel Aviv District Court	Policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that following an extreme event, such as the Iron Swords War, the risk declines dramatically, which is expected to result in a substantial and unplanned profit for insurance companies. That at the time of purchasing the policies the respondents and the class members had purchased, the risk and/or odds of a sudden attack, as had occurred in the Iron Swords War, was not taken into account when the premiums had been set, and that not providing the service and/or full or partial insurance coverage is egregious in light of the substantially reduced risk, especially to those who had been conscripted in an emergency call-up of reservists ("Tzav 8").	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	NIS 10 million.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

D. Concluded lawsuits:

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Details	Claim amount (3)
1.	02/2021 Tel Aviv Regional Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that when the contributions in executive insurance policies exceed the permitted contribution ceiling, the defendant automatically opens a new executive insurance policy for the policyholder, and the amounts that exceed the contribution ceiling are transferred into that policy, without informing the policyholder prior to opening the supplementary policy (into which the surplus amounts are deposited), and while setting the maximum management fees rate, without seeking the policyholder's consent and allowing them to consider their actions accordingly.	On April 23, 2023, the court approved the amended settlement agreement that was filed in the lawsuit, and thus the lawsuit was concluded.	Approx. NIS 14 million
2.	6/2015 Central District Court	Motor property insurance policyholders v. Shomera Insurance	The lawsuit concerns the claim that the defendant deducts the value-added tax amount included in the total damage value for all injured parties that do not actually repair the damage to their vehicle, across the board.	On June 1, 2023, the court approved the amended settlement agreement that was filed in the lawsuit, and thus the lawsuit was concluded.	Approx. NIS 45 million
3.	09/2016 Central District Court	A "Top Finance" policyholder v. Menora Insurance	Charging an "investment management expenses" component ("direct expenses"), on top of the management fees, in the alleged absence of a provision in the policy that allows this.	On June 22, 2023, the Supreme Court ruled that in accordance with the provisions of the Trust Law, the defendants may impose the cost of the direct expenses they incurred for the purpose of making the investments on the savers, and in so doing, it granted the appeal and denied the motion to certify, thus concluding the lawsuit.	Approx. NIS 23.6 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

D. Concluded lawsuits: (cont.)

No.	Date and Court (1)	Parties	Main Arguments, Causes and Reliefs	Details	Claim amount (3)
4.	12/2019 Central District Court	Life insurance policyholder v. Menora Insurance	The motion concerns the claim that the defendant allegedly overcharges insurance premiums in life insurance policies in the context of housing loans, in isolation from the terms of the loan the policyholder borrows from the bank, and furthermore, as claimed, the defendant conceals the interest rate based on which it calculates the insurance amounts, limits the insurance benefits to be paid to the policyholder in the event of an insured event, and unilaterally changes the insurance terms during the insurance period.	On August 21, 2023, the court granted a motion to withdraw, and thus the lawsuit was concluded.	Was not quantified.
5.	06/2022 Tel Aviv District Court	Policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant has been charging excessive premiums due to the extended insurance coverage appendix for preventive surgery, despite the fact that such preventive surgeries are already claimed to be covered within the basic tier policy.	On September 3, 2023, the court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million.
6.	06/2020 Tel Aviv Regional Labor Court	Policyholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that the defendant raises the planholders' management fees retroactively and contrary to the provisions of the circular on management fees in pension savings instruments, which, according to the plaintiff, eliminated the ability (established in a previous circular on the same subject) to raise the management fees retroactively.	On July 9, 2023, a judgment was rendered in favor of denying the motion to certify, and thus the lawsuit was concluded.	NIS 75 million
7.	02/23 Tel Aviv District Court	A shareholder in a publicly traded company v. Menora Mivtachim Underwriters and Management et al.	The lawsuit concerns the claim that, within an initial public offering prospectus and an offer for sale, the defendants allegedly violated, inter alia, their reporting and disclosure duties under the Securities Law, on top of committing breach of statutory duty and a tort in accordance with the Torts Ordinance, against the background of an investigation into a suspicion of alleged unlawful waste disposal and the issuing company's economic violations.	On November 24, 2023, the Tel Aviv District Court ruled that the two motions that were submitted regarding this matter against Menora Mivtachim Underwriters & Management Ltd. - a second-tier company of the Company - will be struck out, which will conclude the lawsuit against the subsidiary.	NIS 155 million

NOTE 6 - CONTINGENT LIABILITIES (cont.)

E. Class actions and motions to certify lawsuits as class actions

Summary table:

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

	No. of lawsuits	Claimed amount
		Unaudited
		NIS thousand
Certified class actions:		
Stated amount attributed to the Group	4	553,000
The lawsuit pertains to a number of companies and no specific amount was attributed to the Group	1	48,000
The claim amount was not specified	-	-
Pending motions to certify claims as class actions:		
Stated amount attributed to the Group	31	1,516,000
The lawsuit pertains to a number of companies and no specific amount was attributed to the Group	2	2,280,000
The claim amount was not specified	7	-

As of the reporting date, the cumulative provision for lawsuits filed against the Company, as described above, totals approx. NIS 156 million (as of September 30, 2022 – NIS 110 million, and as of December 31, 2022 – NIS 150 million).

From time to time, the Commissioner issues position papers, principles for drafting insurance plans, papers on proper and improper practices and other documents or draft documents that are relevant to the Group’s areas of operation and which may have an effect on the rights of the policyholder/s and/or planholder/s and may create an exposure for the Group in certain cases with respect to both its period of operation prior to those documents coming into effect and the future.

It is impossible to predict in advance whether and to what extent the Group is exposed to allegations connected to and/or resulting from directives that may arise in part through the procedural mechanism set forth in the Class Actions Law. Similar circulars issued by the Commissioner with a future effective date may have such an effect.
From time to time complaints are filed against the Group, including complaints to the Commissioner with respect to rights of policyholders and/or planholders according to insurance plans and/or funds and/or the law. These complaints are handled regularly by the Group's public complaints department. At times, the Commissioner's decisions (or draft decisions) on these complaints are rendered across the board for a class of policyholders.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

E. Class actions and motions to certify lawsuits as class actions (cont.)

Furthermore, from time to time, and also following policyholders' complaints, the Commissioner conducts audits on his behalf at the Group's institutional entities and/or sends requests to them to receive information on different issues of management of the institutional entities and management of the rights of the institutional entities' policyholders and planholders, as well as audits to verify the implementation of regulatory directives and/or lessons from previous audits, wherein, among others, demands are received to make changes in various products and instructions are given for implementing circulars and/or guidelines and/or for rectifying deficiencies or for the taking of actions by the institutional entities, including making refunds to policyholders and planholders. On the basis of the audit findings or the information provided, the Commissioner sometimes imposes monetary sanctions pursuant to the Enforcement Authority Law.

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 arrangements 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 expressed mainly in connection with pension savings and long-term insurance products, including health insurance, in which the Group operates, due to them being characterized by a prolonged lifespan and extreme complexity, particularly in view of the legislative arrangements relating both to management of the products and to taxation, including on issues concerning the contributions made by employers and policyholders, separation and attribution of the contributions to the various policy components, investment management, the policyholder's employment status, his contribution payments, etc. These products are managed over years during which there are changes in policy, regulatory requirements and legal trends, including in court rulings. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and application of changes with respect to many years creates increased operating exposure. Receipt of a new interpretation to insurance policies and long-term pension products may, at times, affect the Group's future profitability with respect to the existing portfolio, in addition to the exposure involved in the demands to compensate customers for past activities. 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.

Furthermore, the insurance area in which the Group companies operate is high in detail and circumstances, and has an inherent risk that cannot be quantified as to the occurrence of an error or series of mechanical or human errors, in both structured work processes and when handling a specific customer, and which may cause expansive consequences as to both the effect on a large number of customers or cases and the relevant monetary effect concerning an individual customer. The Group's institutional entities regularly cleanse the rights of policyholders, in all that concerns management of the products at institutional entities, according to gaps that are discovered from time to time.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

E. Class actions and motions to certify lawsuits as class actions (cont.)

The Group is exposed to claims and allegations on the level of contract laws and fulfillment of the insurance liabilities in the policy, deficient consultation, breach of fiduciary duty, conflict of interests, duty of care, negligence as part of the professional liability of the professional entities in the Group including the Group's agencies as well as engagements with reinsurers etc., allegations relating to the services provided by the Group companies, and from time to time there are circumstances and events that raise concerns regarding allegations of that type. The Group purchases professional liability insurance policies, including as required by the legislative arrangement, and when necessary it reports to this policy or policies in order to cover an obligation deriving from professional liability that can be protected by purchasing insurance. The amounts of the possible exposure are higher than the amounts covered and there is no certainty that the insurance coverage will actually be received upon the occurrence of an insured event.

NOTE 7 - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

A. Changes in interest and estimates

The Group calculates the life insurance reserves for payment of annuity, the adequacy of the reserve in health insurance, and some of the insurance liabilities in property and casualty insurance, based on a risk-free interest plus an illiquidity premium. Set forth below are the changes as a result of changes in the risk-free interest:

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousand				
Life insurance					
Revision to the supplementary retirement pension reserve due to the change in the discount rate and the illiquidity premium	46,900	454,890	75,158	82,603	527,704
Claims assumption update	-	-	-	-	26,997
Annuity uptake assumption update	-	-	-	-	21,467
Cancellations assumption update	-	-	-	-	(4,041)
Expenses assumption update	-	-	-	-	(11,622)
Mortality tables update	-	(136,628)	-	-	(130,891)
Total effect on the life insurance segment	46,900	318,262	75,158	82,603	429,614
Health Insurance					
Individual long-term care					
Risk-free interest rate and illiquidity premium	56,796	389,100	72,870	68,461	452,818
Fair value of illiquid debt assets	(46,894)	(172,367)	(29,268)	(39,703)	(188,310)
Total interest effect	9,902	216,733	43,602	28,758	264,508
Mortality assumption update	-	(10,414)	-	-	(6,787)
Morbidity assumption update	-	(17,474)	-	-	(48,692)
Cancellations assumption update	-	-	-	-	(12,259)
Expenses assumption update	-	-	-	-	14,255
Total update of individual long-term care assumptions	-	(27,888)	-	-	(53,483)
Total individual long-term care	9,902	188,845	43,602	28,758	211,025
All other health insurance subsegments					
Morbidity assumption update	(12,810)	-	-	-	(22,212)
Cancellations assumption update	(1,050)	-	-	-	(12,306)
Expenses assumption update	-	-	-	-	11,783
Total update of assumptions in all other health insurance subsegments	(13,860)	-	-	-	(22,735)
Total effect on the health insurance segment	(3,958)	188,845	43,602	28,758	188,290
Property and casualty insurance					
Risk-free interest rate and illiquidity premium	47,541	328,377	15,772	132,948	361,895
Fair value of illiquid debt assets	17,004	(54,479)	20,698	(35,795)	(63,877)
Total effect on the P&C insurance segment	64,545	273,897	36,470	97,152	298,018
Total before tax	107,487	781,005	155,230	208,514	915,922
Total after tax	70,737	513,979	102,157	137,223	602,768

NOTE 7 - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

B. Business combinations

1) In September 2022, a consolidated company - A.T.G.R Insurance Agency Ltd. (hereinafter - “**A.T.G.R**”) - signed an agreement for the acquisition of Ziv Yifrach Pension Insurance Agency (2022) Ltd. (hereinafter - “**Ziv Yifrach**”) in consideration for NIS 3,000 thousand. According to the above, on January 1, 2023, 51% of the shares of Ziv Yifrach were transferred to A.T.G.R. A.T.G.R recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement.

	Fair value
	Unaudited
	NIS thousand
Fair value of net identifiable assets - Intangible assets	2,230
Goodwill arising from the acquisition *)	1,862
Non-controlling interests **)	(1,092)
Total acquisition cost	3,000

*) The goodwill arising from the acquisition is attributed to the expected benefits from the synergy arising from combining A.T.G.R’s activities with those of Ziv Yifrach.

**) The non-controlling interests in Ziv Yifrach were measured in accordance with their proportionate share in the fair value of the net identifiable assets.

	Unaudited
	NIS thousand
Cash paid as acquisition proceeds	3,000
Cash in Ziv Yifrach	24
Net cash used in acquisition	2,976

During the second quarter of 2023, adjustments were made to the provisional amounts that were recognized as part of the provisional PPA that was carried out on the acquisition date.

NOTE 7 - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

B. Business combinations (cont.)

2) In March 2023, a consolidated company - Shomera Agencies Ltd. (hereinafter - "**Shomera Agencies**") - signed an agreement for the purchase of 60% of the shares of Ishai Agencies Ltd. (hereinafter - "**Ishai Agencies**") in consideration for NIS 15,907 thousand. The transaction was completed in July 2023. Shomera Agencies recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement.

	Fair value
	Unaudited
	NIS thousand
Fair value of net identifiable assets - Intangible assets	16,061
Goodwill arising from the acquisition *)	6,347
Non-controlling interests **)	(6,501)
Total acquisition cost	15,907

*) The goodwill arising from the acquisition is attributed to the expected benefits from the synergy arising from combining Shomera Agencies' activities with those of Ishai Agencies.

**) The non-controlling interests in Ishai Agencies were measured in accordance with their proportionate share in the fair value of the net identifiable assets.

	Unaudited
	NIS thousand
Cash paid as acquisition proceeds	15,907
Cash in Ishai Agencies	9,348
Net cash used in acquisition	6,559

C. Investment in Manor Fund

The Company's Board of Directors approved an investment - through a subsidiary - and alongside other leading financial entities, as an anchor investor in the "Manor" investment fund (hereinafter - the "**Investment Fund**"), that will be set up by three partners headed by Avi Ortal. The amount of investment undertakings in the fund totals NIS 150 million. It is planned that the fund will operate for an indefinite period (evergreen), and its investment period will span over its entire life. The fund's investment may be made through various types of financial instruments, including shares, loans, convertible securities and more. In its capacity as an anchor investor, the Group will be allowed to redeem its investment after seven years from the date of the investment undertaking. The general partner will be entitled to management fees and success fees as is generally accepted. The Group and the other anchor investors shall be entitled to a portion of the success fees; such entitlement shall be in place even after the Group redeems its investment as stated above (if it does, indeed, do so). The parties signed the investment agreement.

NOTE 7 - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

D. A collective long-term care insurance policy for members of Leumit Health Services

Menora Insurance is the insurer in a collective long-term care insurance policy for members of Leumit Health Services (hereinafter - "**Leumit**"). According to the agreement with Leumit, the insurance period is expected to end on March 31, 2024. Leumit believes that it has the right to extend the insurance period by three additional years, but Menora Insurance rejected this position and announced that Leumit is not entitled to exercise the option to extend the agreement as stated above, and accordingly the agreement will expire on March 31, 2024.

E. Testing for goodwill impairment arising from the acquisition of the consolidated company E.R.N

In the reporting period, an external appraiser conducted an appraisal, whose purpose was to assess the need to record an impairment loss in respect of the goodwill arising from the acquisition of E.R.N; as of the reporting date, the carrying amount of the goodwill is NIS 354 million.

The assumptions used by the appraiser in appraising the value in use are as follows:
Post-tax discount rate - 14.5%
The expected annual growth rate - 2.5%

According to the appraisal, E.R.N's value in use exceeds its carrying amount, and therefore no impairment loss should be recorded in respect of the goodwill.

Details of other financial investments of Consolidated Insurance Companies

A. Other financial investments

	Details in section	Measured at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
		As at September 30, 2023			
		Unaudited			
		NIS thousand			
Liquid debt assets	B	44,541	4,080,498	-	4,125,039
Illiquid debt assets	C	-	-	7,750,192	7,750,192
Shares	D	9,100	1,207,483	-	1,216,583
Other	E	20,495	3,093,457	-	3,113,952
Total		74,136	8,381,438	7,750,192	16,205,766

	Details in section	Measured at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
		As at September 30, 2022			
		Unaudited			
		NIS thousand			
Liquid debt assets	B	15,800	4,183,206	-	4,199,006
Illiquid debt assets	C	-	-	9,426,353	9,426,353
Shares	D	20,425	1,256,840	-	1,277,265
Other	E	25,385	2,362,328	-	2,387,713
Total		61,610	7,802,374	9,426,353	17,290,337

	Details in section	Measured at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
		As of December 31, 2022			
		Audited			
		NIS thousand			
Liquid debt assets	B	41,768	4,016,413	-	4,058,181
Illiquid debt assets	C	-	-	7,526,446	7,526,446
Shares	D	19,948	1,243,484	-	1,263,432
Other	E	5,033	2,629,481	-	2,634,514
Total		66,749	7,889,378	7,526,446	15,482,573

Details of other financial investments of Consolidated Insurance Companies (cont.)

B. Liquid debt assets

	As at September 30, 2023	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	2,216,403	2,250,492
Other debt assets:		
Other non-convertible debt assets	1,866,782	2,040,442
Other convertible debt assets	41,854	45,390
Total liquid debt assets	4,125,039	4,336,324
Regular impairments carried to profit and loss (cumulative)	42,666	

	As at September 30, 2022	
	Carrying amount	Amortized cost
	Unaudited	
	NIS thousand	
Government bonds	1,760,678	1,844,138
Other debt assets:		
Other non-convertible debt assets	2,425,707	2,657,164
Other convertible debt assets	12,621	14,512
Total liquid debt assets	4,199,006	4,515,814
Regular impairments carried to profit and loss (cumulative)	21,534	

	As of December 31, 2022	
	Carrying amount	Amortized cost
	Audited	
	NIS thousand	
Government bonds	1,864,302	1,932,535
Other debt assets:		
Other non-convertible debt assets	2,154,797	2,388,688
Other convertible debt assets	39,082	37,379
Total liquid debt assets	4,058,181	4,358,602
Regular impairments carried to profit and loss (cumulative)	38,550	

Details of other financial investments of Consolidated Insurance Companies (cont.)

C. Illiquid debt assets

	As at September 30, 2023	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	2,602,329	3,130,344
Other debt assets:		
Non-convertible	5,147,863	5,021,769
Total illiquid debt assets	7,750,192	8,152,113
Regular impairments carried to profit and loss (cumulative)	102,548	

	As at September 30, 2022	
	Carrying amount	Fair value
	Unaudited	
	NIS thousand	
Government bonds		
Designated bonds	2,646,646	3,408,212
Other debt assets:		
Non-convertible	6,779,707	6,780,019
Total illiquid debt assets	9,426,353	10,188,231
Regular impairments carried to profit and loss (cumulative)	91,624	

	As of December 31, 2022	
	Carrying amount	Fair value
	Audited	
	NIS thousand	
Government bonds		
Designated bonds	2,637,808	3,319,413
Other debt assets:		
Non-convertible	4,888,638	4,797,187
Total illiquid debt assets	7,526,446	8,116,600
Regular impairments carried to profit and loss (cumulative)	95,075	

Details of other financial investments of Consolidated Insurance Companies (cont.)

D. Shares

	As at September 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	778,146	683,445
Illiquid shares	438,437	332,745
Total shares	1,216,583	1,016,190
Regular impairments carried to profit and loss (cumulative)	57,384	

	As at September 30, 2022	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Liquid shares	899,520	755,934
Illiquid shares	377,745	288,509
Total shares	1,277,265	1,044,443
Regular impairments carried to profit and loss (cumulative)	93,876	

	As of December 31, 2022	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Liquid shares	860,211	742,859
Illiquid shares	403,221	259,227
Total shares	1,263,432	1,002,086
Regular impairments carried to profit and loss (cumulative)	99,443	

Details of other financial investments of Consolidated Insurance Companies (cont.)

E. Other financial investments

	As at September 30, 2023	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Other liquid financial investments	202,893	196,958
Other illiquid financial investments	2,911,059	2,519,151
Total other financial investments	3,113,952	2,716,109
Regular impairments carried to profit and loss (cumulative)	102,157	

	As at September 30, 2022	
	Carrying amount	Cost
	Unaudited	
	NIS thousand	
Other liquid financial investments	268,586	281,062
Other illiquid financial investments	2,119,127	1,818,103
Total other financial investments	2,387,713	2,099,165
Regular impairments carried to profit and loss (cumulative)	79,122	

	As of December 31, 2022	
	Carrying amount	Cost
	Audited	
	NIS thousand	
Other liquid financial investments	272,570	270,218
Other illiquid financial investments	2,361,944	1,944,086
Total other financial investments	2,634,514	2,214,304
Regular impairments carried to profit and loss (cumulative)	84,605	

Financial investments classified as "other" mainly include investments in ETFs, participation units in mutual funds, investment funds, financial derivatives, futures, options and structured products.

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Menora Mivtachim Holdings Ltd.

Data from the Consolidated Interim Financial Statements Attributed to the Company

As at September 30, 2023

Unaudited

Regulation 38D

Menora Mivtachim Holdings Ltd.

Data from the Consolidated Interim Financial Statements Attributed to the Company as of September 30, 2023

Unaudited

Regulation 38D

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Building a better working world

To:
the Shareholders of Menora Mivtachim Holdings Ltd.

Re: Special Review Report of the Independent Auditor on the Separate Interim Financial Information pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information provided in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of Menora Mivtachim Holdings Ltd. (hereinafter – the “Company") as of September 30, 2023 and for the nine-and three-month periods then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the separate interim financial information for these interim periods based on our review.

We did not review these condensed interim financial information of equity-accounted companies, the investment in which amounted to approx. NIS 302,030 thousand as of September 30, 2023, and the Company's share in the profits of which amounted to NIS 34,617 thousand and a total of NIS 12,350 thousand for the nine- and three-month periods then ended, respectively. The condensed interim financial information of the above companies was audited by other independent 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 performed our review pursuant to 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 separate financial information consists of inquiries, mostly of persons responsible for financial and accounting issues, and of applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards in Israel 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. Consequently, we are not expressing an audit opinion.

Conclusion

Based on our review and the review reports of other independent auditors, nothing has come to our attention that causes us to believe that the abovementioned separate interim financial information does not comply, in all material respects, with the disclosure provisions of Chapter 38D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv
November 29, 2023

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Financial data from the consolidated statements of financial position

	As of September 30		As of December 31 2022
	2023	2022	
	Unaudited		Audited
	NIS thousand		
Current assets			
Cash and cash equivalents	74,814	49,626	39,635
Financial investments	285,826	502,433	407,770
Receivables and debit balances	1,220	505	2,546
Current balances with investees	7,947	54,244	11,416
Total current assets	369,807	606,808	461,367
Non-current assets			
Loans and receivables	29,686	52,152	54,507
Investments in investees	5,789,440	4,920,585 *)	5,212,769
Loans to investees	573,789	632,777	642,004
Assets for employee benefits	11,393	10,536	10,869
Intangible asset	-	112	56
Property, plant & equipment	1,662	2,118	1,992
Deferred taxes	21,189	14,510	17,000
Total non-current assets	6,427,159	5,632,790	5,939,197
	6,796,966	6,239,598	6,400,564
Current liabilities			
Current maturities of financial liabilities	53,275	53,332	53,325
Current tax liabilities	6,016	2,879	5,177
Futures	398	3,973	7,490
Payables and credit balances	13,114	7,235	8,244
Current balances with investees	3,373	1,324	1,405
Total current liabilities	76,176	68,743	75,641
Non-current liabilities			
Financial liabilities	321,569	315,817	317,222
Liabilities for employee benefits	20,924	22,256	20,192
Excess loss over investments in investees	115,999	72,349	90,508
Total non-current liabilities	458,492	410,422	427,922
Equity attributable attributable to the Company's shareholders			
Share capital	99,429	99,429	99,429
Share premium	332,985	332,985	332,985
Treasury shares	(100,200)	(94,557)	(100,200)
Capital reserves	814,782	536,842	635,156
Retained earnings	5,115,302	4,885,734 *)	4,929,631
Total equity capital	6,262,298	5,760,433	5,897,001
	6,796,966	6,239,598	6,400,564

*) Applied retrospectively due to a policy change in the consolidated insurance companies, see Note 2D to the Consolidated Financial Statements.

November 29, 2023			
Approval date of the financial statements	Eran Griffel Chairman of the Board of Directors	Ari Kalman CEO	Ran Kalmi CFO

Financial data from the consolidated income statements

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
Revenues					
Income from investees	342,964	472,283 *)	253,971	251,299 *)	565,616
Investment income (losses), from investments and financing	(5,793)	(59,646)	82	(6,906)	(68,941)
Finance income for loans to investees	35,353	33,138	10,169	5,244	43,295
Other income	-	-	-	-	140
Income from management fees from investees	8,301	8,589	2,804	2,582	10,882
Total income	380,825	454,364	267,026	252,219	550,992
Expenses					
Finance expenses	4,487	8,663	1,510	1,907	10,177
General and administrative expenses	13,103	15,668	4,577	5,700	18,124
Total expenses	17,590	24,331	6,087	7,607	28,301
Profit before taxes on income	363,235	430,033	260,939	244,612	522,691
Taxes on income (tax benefit)	3,415	(10,944)	1,520	(1,610)	(11,098)
Net profit	359,820	440,977	259,419	246,222	533,789

*) Applied retrospectively due to a policy change in the consolidated insurance companies, see Note 2D to the Consolidated Financial Statements.

Financial data from the consolidated statements of comprehensive income

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
Net income attributable to the Company	359,820	440,977 *)	259,419	246,222 *)	533,789
Other comprehensive income (loss) that, subsequent to initial recognition in comprehensive income, was or will be carried to profit and loss					
Other comprehensive income (loss) attributable to the investees, net	173,077	(263,138)	9,693	(66,718)	(197,822)
Other comprehensive income (loss) not transferred to profit and loss					
Gain (loss) due to remeasurement of defined benefit plans	(239)	42	(44)	(30)	739
Taxes on income (tax benefit)	(55)	9	(10)	(8)	170
	(184)	33	(34)	(22)	569
Other comprehensive income attributable to the investees, net	1,721	41,295	773	2,930	73,772
Total other comprehensive income that will not be charged to profit and loss	1,537	41,328	739	2,908	74,341
Total other comprehensive income (loss), net	174,614	(221,810)	10,432	(63,810)	(123,481)
Total comprehensive income attributable to the Company	534,434	219,167	269,851	182,412	410,308

*) Applied retrospectively due to a policy change in the consolidated insurance companies, see Note 2D to the Consolidated Financial Statements.

Financial data from the consolidated statements of cash flows

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
Cash flows from operating activities					
Net profit	359,820	440,977 *)	259,419	246,222 *)	533,789
Adjustments required to present cash flows from operating activities:					
Adjustments to profit and loss line items:					
Losses (income) from investments and financing, net	6,071	82,541	(243)	24,818	94,186
Depreciation	430	501	127	193	701
Cost of share-based payment	599	735	161	279	1,017
Gain on disposal of property, plant & equipment	-	-	-	-	(140)
Income from investees	(342,964)	(472,283) *)	(253,971)	(251,299) *)	(565,616)
Taxes on income (tax benefit)	3,415	(10,944)	1,520	(1,610)	(11,098)
	(332,449)	(399,450)	(252,406)	(227,619)	(480,950)
Changes in assets and liabilities line items:					
Change in liabilities for employee benefits	(30)	1,757	33	785	56
Decrease (increase) in other receivables and debit balances	8,366	2,458	2,217	3,754	(2,423)
Increase (decrease) in payables and credit balances	181	(1,310)	221	(3,659)	(1,880)
	8,517	2,905	2,471	880	(4,247)
Cash paid and received during the period:					
Interest paid	-	(10,406)	-	(7,842)	(10,406)
Interest received	8,785	8,443	2,899	2,846	11,644
Taxes paid	(8,470)	(4,481)	(436)	(173)	(4,578)
Taxes received	1,813	2,192	28	-	2,192
Dividend received	50,276	156,227	4,241	9,381	162,101
	52,404	151,975	6,732	4,212	160,953
Net cash from operating activities attributable to the Company as a parent company	88,292	196,407	16,216	23,695	209,545
Net cash provided by (used for) operating activities for transactions with investees	(18,003)	(25,582)	(660)	27,032	12,355
Net cash from operating activities	70,289	170,825	15,556	50,727	221,900

*) Applied retrospectively due to a policy change in the consolidated insurance companies, see Note 2D to the Consolidated Financial Statements.

Financial data from the consolidated statements of cash flows

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31, 2022
	2023	2022	2023	2022	
	Unaudited		Unaudited		Audited
	NIS thousand				
Cash flows from investing activities					
Purchase of property, plant and equipment	(9)	(794)	-	(119)	(796)
Proceeds from disposal of property, plant and equipment	-	-	-	-	140
Proceeds from realization of securities measured at fair value through profit and loss, net	106,425	205,922	115,464	239,619	345,216
Repayment (provision) of long-term loans	14,919	(75,244)	(7,922)	(65,721)	(77,504)
Net cash from investing activities attributable to the Company as a parent company	121,335	129,884	107,542	173,779	267,056
Net cash provided by (used for) investing activities for transactions with investees	18,464	(158,381)	(430)	(170,449)	(300,755)
Net cash provided by (used for) investing activities	139,799	(28,497)	107,112	3,330	(33,699)
Cash flows from financing activities					
Share buyback by the Company	-	(94,557)	-	(44,582)	(100,200)
Repayment of financial liabilities	(139)	(110,244)	(50)	(53,204)	(110,298)
Dividend paid to the Company’s shareholders	(175,000)	-	(75,000)	-	(50,000)
Net cash used for financing activities	(175,139)	(204,801)	(75,050)	(97,786)	(260,498)
Exchange differences in respect of cash and cash equivalent balances	230	1,105	88	670	938
Increase (decrease) in cash and cash equivalents	35,179	(61,368)	47,706	(43,059)	(71,359)
Balance of cash and cash equivalents at beginning of period	39,635	110,994	27,108	92,685	110,994
Balance of cash and cash equivalents at end of period	74,814	49,626	74,814	49,626	39,635
Noncash activity					
Financial liability against a capital reserve and non-controlling interests	-	154,093	-	154,093	155,597
Conversion of shareholder loan into equity	-	9,091	-	9,091	9,091
Financial investments received as dividend	-	91,432	-	91,432	146,513

Additional Information

1. Significant Accounting Policies

This Interim Separate Financial Information is prepared in condensed format, 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. This financial information should be read in conjunction with the Separate Financial Information as of December 31, 2022 and for the year then ended and the accompanying notes.

The accounting policy applied to preparing this separate financial information is consistent with the one applied in preparing the separate financial information as of December 31, 2022.

2. Events subsequent to the reporting period and thereafter

A. For details regarding the dividend distributed by the Company during the reporting period, see Note 5, Paragraphs 7-8 to the consolidated financial statements.

B. For details regarding the dividend distributed by a consolidated company during the reporting period, see Note 5E, Paragraphs 7-8 to the consolidated financial statements.

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Economic Solvency Ratio Report

Menora Mivtachim Insurance Ltd.

As at June 30, 2023

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Economic Solvency Ratio Report of

Menora Mivtachim Insurance Ltd.

As at June 30, 2023

Kost Forer Gabbay & Kasierer
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To:
The Board of Directors of Menora Mivtachim Insurance Ltd.

Dear Sir/Madam,

Re: **Independent auditor's report on the Solvency Ratio Report**

Solvency II-based economic solvency report of Menora Mivtachim Insurance Ltd. (hereinafter - the "Company") as of June 30, 2023

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, 2023 (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 the 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. The work procedures included the procedures set out below, to assess whether the Company's calculations for this subject, as of June 30, 2023, 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, as applicable;
- Performing analytical review procedures, including assessing the likelihood of the material changes in the main sections of the Report.

We did not review the adequacy of the Deduction Amount during the Transitional Period as of June 30, 2023 as presented in Note 10 in the economic balance sheet.

Except for the above work procedures verifying that the Deduction Amount does not exceed the expected discounted amount of the risk margin and the capital requirement 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 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 pursuant to generally accepted auditing standards 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. Consequently, we are not expressing an audit opinion.

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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 calculation of the solvency ratio and the presentation of the Company's Solvency Ratio Report for June 30, 2023, 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 D. 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 to be used in the preparation of the Report.

Tel Aviv,
November 29, 2023

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Section 1 - General

A. 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 "Solvency Circular"), was prepared and presented in accordance with Chapter 1, Part 4 Section 5 of the Consolidated Circular as recently revised in Circular 2022-1-18 (hereinafter - the "Disclosure Provisions").

The Solvency Circular sets a standard model for calculating existing shareholders' equity and the regulatory solvency capital requirement, aiming to bring insurance companies to a situation where they have the capacity 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 existing shareholder's equity and its regulatory solvency capital requirement. The existing shareholders' equity shall be composed of Tier 1 capital and Tier 2 capital. Tier 1 Capital includes equity calculated through assessing the 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 includes restrictions on the composition of equity for SCR purposes (see below), such that the rate of components included in Tier 2 Capital shall not exceed 40% of the SCR (during the Transitional Period, as described below - 50% of the SCR).

The existing capital should be compared to the capital requirement when there are two levels of capital requirements:

- The capital requirement to maintain an insurance company's solvency (hereinafter - "SCR"). The SCR is risk-sensitive, and is based on a forward-looking calculation of the effect of the various scenarios' materialization, while taking into account the correlation of the various risk factors, based on the application guidance of the New Solvency Regime. This requirement aims to guarantee the precise and timely involvement of the supervision authorities.

- Minimum capital requirement (hereinafter "MCR" or "Capital Threshold"). In accordance with the Solvency Circular, 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 existing capital and the capital requirement are calculated using data and models for calculating the economic solvency ratio, which are based, among other things, on forecasts and assumptions that rely mainly on past experience. The calculations performed as part of the economic capital calculation and the economic capital requirement are highly complex.

Section 1 - General (cont.)

A. Overview and disclosure requirements (cont.)

The Solvency Circular includes, among other things, Transitional Provisions in connection with compliance with capital requirements, as follows:

A. Selecting on of the following alternatives:

1) Gradual transition to the capital requirement until 2024 (hereinafter - the “Transitional Period”), such that the capital requirement shall increase gradually by 5% per year, starting with 60% of the SCR up to the full SCR amount. Capital requirement as at December 31, 2022 and as of June 30, 2023 - 90% of the SCR.
2) Increasing the economic capital by deducting from the insurance reserves an amount that will be calculated as detailed below. The deduction will decrease gradually until 2032 (hereinafter - the “Deduction During the Transitional Period”).

   Starting from the calculation as of December 31, 2022, the Company chose the second alternative, after obtaining the Commissioner’s approval, in accordance with the directives for managers of the insurance companies in the letter dated October 15, 2020, which sets out the principles for calculating the Deduction and the procedures required for its approval.

B. A reduced capital requirement, that will increase gradually until 2023, in respect of certain investment types.

Forward-looking information
The data included in this Economic Solvency Ratio Report, including the eligible and the required shareholders’ equity for solvency purposes 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 cancellations, expenses, and underwriting income rate), assumptions regarding future management actions, risk-free interest rates, capital market returns, future revenue, and damage in catastrophe scenarios.

<u>Section 1 - General</u> (cont.)

B. <u>Definitions</u>

Company	-	Menora Mivtachim Insurance Ltd.
The Commissioner	-	The Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance.
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 (similar to life techniques - SLT)	-	Similar to Life Techniques. Health insurance that is conducted similarly to life insurance.
Short-term health insurance (non-similar to life techniques - NSLT)	-	Non-Similar to Life Technique. Health insurance that is deemed to be written on a similar technical basis as property and casualty insurance.
Basic solvency capital requirement (BSCR)	-	Basic Solvency Capital Requirement. The capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Provisions of the Economic Solvency Regime Directives, without taking into account the capital requirement due to operational risk, and loss absorption adjustment due to deferred tax.
Solvency capital requirement (SCR)	-	Solvency Capital Requirement. Total capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime.
Eligible shareholders' equity	-	Total Tier 2 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	-	Accounting equity plus the change in the excess assets over liabilities stemming from discrepancies between the manner of assessing the value of assets and liabilities as part of the transition to economic balance sheet, net of unrecognized assets and dividend declared subsequent to report date and has yet to be published for the first time.
Additional Tier 1 capital	-	Perpetual capital note, non-performing preferred shares, Restricted Tier 1 capital instrument, additional Tier 1 capital instrument.
Tier 2 capital	-	Tier 2 capital instruments, Subordinated Tier 2 Capital, Hybrid Tier 2, and Hybrid Tier 3 Capital - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.
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 diversification between risks, the greater is the effect of the correlation, which reduces the overall risk.
Solvency ratio	-	The ratio between the eligible shareholders' equity and the regulatory solvency capital requirement of the insurance company.
Symmetric Adjustment (SA)		Symmetric Adjustment. Addition to the rate of capital requirements in the equity component based on the calculation set out in the Solvency Circular. The addition has an upper and lower band of ± 10%.

Stock scenario adjustment	-	Reduced capital requirement for certain types of investments that will gradually increase until 2023 when the capital requirement for these investments reaches its full rate.
Economic balance sheet	-	The Company's balance sheet when the value of the assets and liabilities is adjusted in accordance with the provisions of Part A in the appendix to the Solvency Circular.
Risk margin (RM)	-	Risk Margin. An amount in addition to the best estimate reflecting the total cost of capital that another insurance company or reinsurer would require to assume the Company's insurance liabilities.
Volatility Adjustment (VA)	-	Volatility Adjustment. An anti-cyclical component that reflects the overall cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company's insurance liabilities.
Minimum capital requirement (MCR)	-	Minimum Capital Requirement. The minimum capital requirement from an insurance company.
Expected profits in future premiums (EPIFP)	-	Expected Profit in Future Premium The future profit from liabilities implicit in life and health insurance contracts.
Deduction during the Transitional Period	-	Increasing the economic capital by deducting from the insurance reserves an amount that will be calculated in accordance with Section c below. The Deduction will decrease gradually until 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.

Section 1 - General (cont.)

C. Calculation methodology

The Economic Solvency Ratio Report as of June 30, 2023 was calculated and prepared in accordance with the Commissioner's Directives for the economic solvency of a Solvency II-based insurance company (hereinafter - the "**Directives**") as set out in the Solvency Circular; below are the key Directives and changes therein:

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 does not include the economic value of intangible assets and deferred acquisition costs other than the investment in InsurTech as defined in the Solvency Circular and approved by the Commissioner, as required.

Increasing economic capital according to the Transitional Provisions

As aforesaid, as of the solvency ratio calculation as of December 31, 2022, 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 should ensure 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.

Section 1 - General (cont.)

C. Calculation methodology (cont.)

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.

For information about the Company's recalculation of the Deduction during the Transitional Period - see Section 3A 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 Provisions of the Economic Solvency Regime. The determination of the solvency capital requirement is based on the sum of the capital requirements in respect of the risk-weighted components and the sub-risk-weighted components, as stated above, and additional capital, including calculation of the capital requirement for operational risk and capital requirement for management companies, net of the effect of the diversification of the risks in the Company in accordance with the correlations assigned to them under the Directives, and net of an loss absorption adjustment due to deferred tax, as set out in the Provisions of the Economic Solvency Regime.

The loss absorption adjustment with respect to deferred tax assets beyond the balance of the deferred tax reserve as per the economic balance sheet is limited to 5% of the basic solvency capital requirement (BSCR), provided that the following conditions are met:

- The 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.
- Future income will arise only from property and casualty insurance or from Not Similar to Life Techniques (NSLT) health insurance.

Section 1 - General (cont.)

D. 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 periodic report as of as of June 30, 2023. Any information or studies obtained or completed after the publication date of the Company's periodic report as of June 30, 2023 were not taken into account.

This Solvency Ratio Report was prepared based on the conditions and the best estimate as they were known to the Company on the publication date of the annual report as of June 30, 2023.Accordingly, the Report has not been revised for consequences of the Iron Swords War, if any. For further information about the consequences of the Iron Swords War, see Note 1B to the interim financial statements for the third quarter of 2023, the Report of the Board of Directors for the period ended September 30, 2023 and Section 3 below.

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

The model, in its present form, is highly sensitive to changes in market variable and other variables; therefore, the status of capital reflected therefrom may be very volatile.

2. Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities

A. In recent years the field of insurance has been subject to frequent changes in relevant legislation and frequent regulatory directives. In this respect see Section 4.1 in Part A (Description of the Corporation's Business) in the Periodic Report for 2022 and in the Report of the Board of Directors for the period ended September 30, 2023. Legislation and regulatory measures affect the Company's profitability and its cash flows and consequently - its economic solvency ratio.

The calculation of the solvency ratio does not reflect all potential effects 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.

Section 1 - General (cont.)

D. Comments and clarifications (cont.)

2. Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities (cont.)

B. In accordance with the Solvency Circular, 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 impossible to assess the effect of the uncertainty arising from the exposure to contingent liabilities described in Note 36 to the 2022 Financial Statements, including the effect of such an exposure on the Company's future profitability and solvency ratio.

3. Significant events subsequent to the reporting period

Subsequent to the date of calculation of the Report, in October 2023, the Iron Swords War broke out in Israel (hereinafter - the "**War**"). The War resulted in a slowdown in business activity in Israel, among other things, due to the closure of small- and medium-size businesses in the south and north of the country, the calling up of IDF reservists for an unknown period, and a slowdown in economic activity in Israel, employees sent on unpaid leave, and reduced consumption. The continuation of the War may have widespread ramifications for many sectors and geographical areas in Israel.

The potential fluctuations in the financial markets in Israel, exchange rates, availability of human resources, local services, and access to local resources may affect entities whose main activity is with or in Israel. At this stage, the Company is unable to reliably assess the future effect of the War on the Company's economic solvency ratio, among other things, due to the highly volatile markets, uncertainty as to the duration and intensity of the fighting, the effects of the War on the Company's areas of activity, and regarding further measures to be taken by the government. From the reporting date as of June 30, 2023 until the publication of the Report, and notwithstanding the volatility in the financial markets to date, the Company does not expect a material adverse effect on the economic solvency ratio.

Section 2 - Economic solvency ratio and minimum capital requirement (MCR)

A. Economic solvency ratio

	June 30, 2023	As of December 31 2022
	Unaudited *)	Audited **)
	NIS thousand	
Shareholders equity in respect of SCR - see Section 4	7,350,716	7,200,873
Solvency capital requirement (SCR) - see Section 5	4,330,377	4,207,916
Surplus	3,020,339	2,992,957
Economic solvency ratio (in %)	169.7%	171.1%
Effect of material capital-related measures taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Raising of capital instruments	300,000	-
Shareholders' equity in respect of SCR	7,650,716	7,200,873
Surplus	3,320,339	2,992,957
Economic solvency ratio (in %)	176.7%	171.1%

*) In this Report, the term “unaudited” refers to a review conducted in accordance with the principles of 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 in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.

Following are the main changes in the economic solvency ratio compared to December 31, 2022:

- The Company recalculated the value of the Deduction as of June 30, 2023 due, among other things, to the increase in the interest rate curve. The Deduction Amount was reduced by approx. NIS 255 million mainly due to the recalculation, but also due to shortening the remaining duration of the Deduction. The post-deduction balance reflecting a future period of 9.5 years amounts to NIS 632 million, compared with a deductible balance in the amount of NIS 887 million in December 2022 based on a future amortization period of 10 years.
- Fluctuations in the financial markets had different effects on the capital surplus - an increase in the real returns recorded by the Company in the period had a material effect on improvement of the capital surplus, while the increase in the CPI had a negative effect on the capital surplus, mainly due to the increase in capital requirements and the risk margin, partially offsetting the increase in surplus capital.
- During the period, the Company revised the morbidity and cancellation assumptions. The revised assumptions had a negative effect on the Company's capital surplus.
- In the life and health segment, the release of the capital requirements and the risk margin from existing business due to the passage of time for December 31, 2022 generated a positive contribution to the capital surplus.

Section 2 - Economic solvency ratio and minimum capital requirement (MCR) (cont.)

A. Economic solvency ratio (cont.)

- Additionally, the Company recorded an increase in its capital surplus due to new life and health insurance segment in the period, alongside current profitability that was also recorded in property and casualty insurance underwriting activity.
- In September 2023, subsequent to the report date, the Company raised Tier 2 capital by way of issuing a new series (Series H) in the amount of NIS 300 million. The capital raising contributed to the increase in the capital surplus.

For details regarding the economic solvency ratio without applying the Transitional Provisions for the Transitional Period, and without adjusting the stock scenario, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Section 8 below.

B. Minimum capital requirement (MCR)

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR) - see Section 6.A.	1,443,295	1,267,822
Shareholders' equity for MCR - see Section 6B	5,979,285	5,797,315

Section 3 - Economic Balance Sheet

For explanations regarding main changes in Tier 1 capital and significant effects on the economic solvency ratio's components, see Section 1A above. In addition, see the comment in Section D1 above regarding the change in accounting policy.

Section 3A - 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:

	Information about economic balance sheet	June 30, 2023		As of December 31 2022	
		Balance sheet according to accounting standards	Economic balance sheet	Balance sheet according to accounting standards	Economic balance sheet
		Unaudited		Audited	
		NIS thousand		NIS thousand	
Assets:					
Intangible assets	(2)	618,647	188,873	602,770	188,873
Deferred acquisition costs	(3)	1,470,754	-	1,396,406	-
Property, plant & equipment		683,092	683,092	683,461	683,461
Investments in investees that are not insurance companies:	(4)				
Other investees		86,702	86,702	85,437	85,437
Total investments in investees that are not insurance companies		**86,702**	**86,702**	**85,437**	**85,437**
Investment property in respect of yield-dependent contracts		100,737	100,737	93,958	93,958
Investment property - other		699,733	699,733	568,366	568,366
Reinsurance assets		2,990,450	1,997,179	2,865,356	1,787,531
Receivables and debit balances		2,645,230	2,645,230	1,666,354	1,654,203
Financial investments in respect of yield-dependent contracts		30,469,766	30,504,782	29,344,230	29,381,610
Other financial investments:					
Liquid debt assets		2,944,565	2,944,565	3,406,874	3,406,874
Illiquid debt assets, excluding designated bonds	(5)	4,715,876	4,598,334	4,380,486	4,298,583
Designated bonds	(6)	2,558,049	3,468,790	2,637,809	3,599,091
Shares		1,012,567	1,012,567	1,116,500	1,116,500
Other		2,686,635	2,686,635	2,337,010	2,337,010
Total other financial investments		**13,917,692**	**14,710,891**	**13,878,679**	**14,758,058**
Cash and cash equivalents in respect of yield-dependent contracts		1,939,353	1,939,353	2,499,532	2,499,532
Other cash and cash equivalents		658,629	658,629	599,170	599,170
Total assets		**56,280,788**	**54,215,202**	**54,283,719**	**52,300,199**
Total assets in respect of yield-dependent contracts		**33,322,344**	**33,355,847**	**32,501,198**	**32,544,353**
EQUITY					
Basic Tier 1 capital		2,790,784	5,435,728	2,625,256	5,302,628
Total equity	(1)	**2,790,784**	**5,435,728**	**2,625,256**	**5,302,628**
Liabilities:					
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	(1)	15,859,722	7,609,476	14,836,108	7,025,330
Liabilities in respect of insurance contracts and yield-dependent investment contracts		32,595,308	31,476,475	31,804,849	30,624,771
Risk margin (RM)	(1)	-	4,164,191	-	4,101,846
Deduction during the Transitional Period	(10)	-	(632,203)	-	(887,228)
Liabilities in respect of deferred taxes, net	(7)	396,527	1,771,400	312,832	1,704,716
Payables and credit balances	(8)	2,055,444	1,960,994	2,082,835	1,957,569
Financial liabilities	(9)	2,583,001	2,429,140	2,621,839	2,470,565
Total liabilities		**53,490,002**	**48,779,474**	**51,658,463**	**46,997,569**
Total equity and liabilities		**56,280,786**	**54,215,202**	**54,283,719**	**52,300,197**

Section 3A - Information about economic balance sheet (cont.)

(1) **<u>Liabilities in respect to insurance contracts, risk margin (RM) and investment contracts and reinsurance assets</u>**

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 (hereinafter - “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, in calculating the life and Health SLT liabilities, the Company applied the embedded value (EV) calculation methodology in Israel, and calculated property and casualty insurance liabilities on the basis of the BE measurement section in the Consolidated Circular entitled “Best Practice for Calculation of Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes”.

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 Note 36 to the Annual Financial Statements.

The calculation of the liabilities in respect of life insurance contracts and long-term health insurance (SLT) 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 an interest-rate curve set by the Commissioner which is based on the yield to maturity of bonds of the Government of Israel (”risk-free interest”), with convergence in the long-term to a fixed 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 structure 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 D1 above - comments and clarifications.

Section 3A - Information about economic balance sheet (cont.)

(1) **Liabilities in respect to insurance contracts, risk margin (RM) and investment contracts and reinsurance assets (cont.)**

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.

- 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.

- 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.

- 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.

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% per year of the expected capital requirement in respect of insurance risks over the life of the existing businesses. This calculation method was defined by the Commissioner and does not necessarily reflect the overall 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 that context, it should be emphasized that the stress scenario calculated as part of the solvency model (capital requirements) are based on a set of scenarios and assumptions defined by the Commissioner, and which do not reflect any actual experience of the Company. Furthermore, the set of correlations on which the solvency model is based for the capital requirements was defined by the Commissioner and does not reflect the Company's actual experience.

Section 3A - Information about economic balance sheet (cont.)

(1) **Liabilities in respect to insurance contracts, risk margin (RM) and investment contracts and reinsurance assets (cont.)**

Assumptions underlying the insurance liabilities calculation

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 are based on relevant experience and/or 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 different segments and activities (issuance, current management, investments, claims management, etc.) and assumptions regarding their future development (in accordance with the CPI, scope of premiums and assets, etc.).

Set forth below are the key assumptions on which the Company relied in the calculations:

A. Economic assumptions

1) Discount rate - risk-free interest curve based on the yield to maturity of bonds of the Government of Israel ("risk-free interest"), with convergence in the long-term to a fixed rate of 2.6% (UFR) plus a margin (VA) - all as set by the Commissioner.
2) The yield on the assets backing the yield-dependent life insurance products is identical to the discount rate.
3) Designated bonds - estimated in accordance with their fair value, which takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them.
4) The inflation rate is set as the difference between the yield to maturity curve on NIS government bonds and the yield to maturity curve on linked government bonds. It should be noted that the inflation assumption is relevant to products with amounts of insurance, premiums, and/or CPI-linked interest rates, and to expenses for claims and/or premiums that the Company assumes will change according to the rate of the CPI or another CPI-linked rate.

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.

<u>Section 3A - Information about economic balance sheet</u> (cont.)

(1) **<u>Liabilities in respect to insurance contracts, risk margin (RM) and investment contracts and reinsurance assets</u> (cont.)**

C. <u>Demographic assumptions</u>

- 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 June 30, 2022. 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.

- Active mortality - based on data from reinsurers that prepared a mortality study in Israel, adjusted according to the Company's claims history based on mortality studies for the relevant products that are carried out periodically.

- Morbidity (claims’ rate and duration) 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. <u>Estimate of insurance liabilities in property and casualty insurance</u>

The estimate of the insurance liabilities in the different subsegments in respect of policies earned is based on the provision for the June 2023 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; (these are also deducted from risk margins and other non-specific margins).

In June 2023, a P&C loss portfolio transfer (LPT) agreement was signed between the Company and Shomera Insurance Company Ltd., a sister company of the Company, the main purpose of which is to provide reinsurance coverage to Shomera by way of acquisition of Shomera's contingent claims portfolio in the compulsory motor subsegment for 2011 to 2021 (inclusive) in consideration for insurance premiums as agreed on between the parties. The effect of the transaction is not material to the capital surplus. For further details, see Note 3A to the financial statements as at June 30, 2023.

Section 3A - Information about economic balance sheet (cont.)

Other assets and liabilities:

(2) **Intangible assets** - in accordance with Part A Chapter 2 Appendix A, an insurance company shall assess the value of intangible assets at zero, excluding the investment in Insurtech, as defined in the Solvency Circular and after obtaining the Commissioner's approval. Due to lack of materiality, and based on the Commissioner's Directives regarding materiality in the semi-annual calculation, the amortized amount in the value of the assets in the balance sheet was not revised in the calculation as of June 30, 2023.

(3) **Deferred acquisition expenses**- in accordance with Part A Chapter 2 Appendix A, an insurance company shall assess the value of acquisition costs at zero. It should be noted that the value of the future profits implicit in existing insurance contracts was taken into account in the liability in respect of insurance contracts item.

(4) **Investment in investees which are not insurance companies** - in accordance with Part A Chapter 2 Appendix B, 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 proportionate 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, 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.

(5) **Non-marketable debt assets** - in accordance with Part A, Chapter 1, 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.

(6) **Designated bonds** - in accordance with Part A Chapter 2 Appendix E, 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, based on estimates used for calculating the BE of the insurance liabilities for which the Company is entitled to designated bonds.

(7) **Liabilities in respect of deferred taxes, net** - in accordance with Part A Chapter 2 Appendix C, the calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet 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 Solvency Circular, in addition to the criteria included in the above-mentioned accounting standard.

(8) **Payables and credit balances** - in accordance with Part A Chapter 1, some of the balances in this item were calculated in accordance with the general principles regarding the economic balance sheet.

Section 3A - Information about economic balance sheet (cont.)

Other assets and liabilities: (cont.)

(9) **Financial liabilities** - in accordance with the general principles set in the Solvency Circular 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.

(10) **Deduction Value during the Transitional Period as of June 30, 2023**: The Deduction During the Transitional Period (hereinafter - the “Deduction Amount”) was calculated in accordance with the provisions included in the Solvency Circular 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”).

The Company recalculated the value of the Deduction as of June 30, 2023 due, among other things, to the increase in the interest rate curve. The Deduction Amount was reduced by approx. NIS 255 million mainly due to the recalculation, but also due to shortening the remaining duration of the Deduction. The post-deduction balance reflecting a future period of 9.5 years amounts to NIS 632 million, compared with a deductible balance in the amount of NIS 887 million in December 2022 based on a future amortization period of 10 years.

Section 3B - Composition of liabilities in respect to insurance contracts and investment contracts

	June 30, 2023		
	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	2,417,187	455,944	1,961,244
NSLT property & casualty insurance and health insurance contracts	5,192,289	1,455,002	3,737,287
Total liabilities for insurance contracts and non-yield-dependent investment contracts	7,609,476	1,910,945	5,698,531
Liabilities in respect of insurance contracts and yield-dependent investment contracts - SLT life insurance and long-term health insurance contracts	31,476,475	86,232	31,390,243
Total liabilities in respect of insurance contracts and investment contracts	**39,085,951**	**1,997,177**	**37,088,774**

	As of December 31 2022		
	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	2,361,981	272,461	2,089,520
NSLT property & casualty insurance and health insurance contracts	4,663,349	1,428,441	3,234,908
Total liabilities for insurance contracts and non-yield-dependent investment contracts	7,025,330	1,700,902	5,324,428
Liabilities in respect of insurance contracts and yield-dependent investment contracts - SLT life insurance and long-term health insurance contracts	30,624,771	86,629	30,538,142
Total liabilities in respect of insurance contracts and investment contracts	**37,650,101**	**1,787,531**	**35,862,570**

Below are the key changes compared with the comparative figures:

The increase in total liabilities for insurance contracts and non-yield dependent investment contract is mainly due to the effects of the increase in the CPI, revised demographic assumptions, and an increase in the new business. The effect was partially offset by a small increase in the interest rate curve.

The increase in total liabilities in respect of insurance and yield dependent investment contracts stems mainly from positive returns beyond the discount rate as well as current contributions into planholders' portfolios in respect of yield dependent insurance and investment contracts.

The increase in total P&C insurance liabilities is due to the loss portfolio transfer (LPT) agreement signed in June 2023 between the Company and Shomera Insurance Company Ltd., a sister company of the Company, the main purpose of which is to provide reinsurance coverage to Shomera by way of acquisition of Shomera's claims portfolio in the compulsory motor subsegment up to 2021 (inclusive) in consideration for insurance premiums as agreed on between the parties. The effect of the transaction is not material to the capital surplus.

Section 4 - Shareholders equity in respect of SCR

	June 30, 2023			
	Tier 1 capital			
	Basic Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Total
	Unaudited			
	NIS thousand			
Shareholders' equity	5,435,728	277,623	1,660,091	7,373,441
Deductions from Tier 1 capital (a)	(22,725)			(22,725)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	-	-
Shareholders' equity in respect of SCR (d)	5,413,003	277,623	1,660,091	7,350,716
Of which - expected profits in future premiums (EPIFP) after tax	5,263,845			5,263,845

	As of December 31 2022			
	Tier 1 capital			
	Basic Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Total
	Audited			
	NIS thousand			
Shareholders' equity	5,302,628	275,693	1,657,123	7,235,444
Deductions from Tier 1 capital (a)	(34,570)			(34,570)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	-	-
Shareholders' equity in respect of SCR (d)	5,268,058	275,693	1,657,123	7,200,873
Of which - expected profits in future premiums (EPIFP) after tax	5,115,798			5,115,798

Main Changes in relation to previous year:

For information about changes affecting basic Tier 1 capital, see Section 2A above.

Tier 2 capital was mainly affected by the increase in the CPI, offset by the effect of the increase in the risk-free interest rate curve, which reduced the estimated value of the financial liabilities.

(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 date of the report.

Section 4 - Shareholders equity in respect of SCR (cont.)

(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

	June 30, 2023	**As of December 31 2022**
	Unaudited	Audited
	NIS thousand	NIS thousand
Tier 1 capital:		
Basic Tier 1 capital	5,413,003	5,268,058
Additional Tier 1 capital:		
Restricted Tier 1 capital instruments	277,623	275,693
Additional Tier 1 capital	277,623	275,693
Total Tier 1 capital	**5,690,626**	**5,543,751**
Tier 2 capital:		
Tier 2 capital instruments	1,006,483	1,007,818
Hybrid Tier 2 capital instruments	356,446	351,713
Hybrid Tier 3 capital instruments	297,161	297,591
Total Tier 2 capital	1,660,091	1,657,123
Total shareholders' equity in respect of SCR	**7,350,716**	**7,200,873**

For further details, see Section 2A above.

Section 5 - Solvency capital requirement (SCR)

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	NIS thousand
Basic solvency capital requirement (BSCR)		
Capital requirement in respect of market risk component	2,250,701	2,210,426
Capital requirement in respect of counterparty risk component	342,222	280,959
Capital requirement in respect of underwriting risk component in life insurance	1,667,722	1,587,697
Capital requirement in respect of underwriting risk component in health insurance (SLT+NSLT)	3,971,546	3,912,138
Capital requirement in respect of underwriting risk component in P&C insurance	1,012,865	884,828
Total	**9,245,056**	**8,876,048**
Effect of diversification of risk-weighted components	(3,141,162)	(2,954,289)
Capital requirement in respect of the intangible assets risk component	94,437	94,437
Total basic solvency capital requirement (BSCR)	**6,198,331**	**6,016,196**
Capital requirement in respect of operational risk	207,884	191,768
Loss absorption adjustment due to deferred tax asset	(2,075,838)	(2,000,048)
Total solvency capital requirement (SCR), taking into account the stock scenario adjustment	**4,330,377**	**4,207,916**

*) Stock scenario adjustment.

Following are key changes in solvency capital requirement versus the comparative results:

- The increase in the capital requirement for the P&C insurance underwriting risk is mainly due to a reinsurance transaction in the compulsory motor subsegment with Shomera (see Section 3B). After the effect of the correlation, this risk is immaterial.

- The increase in capital requirements for underwriting risk in long-term life and health insurance is mainly due to the increase in the CPI and an additional requirement for new business in the relevant products; on the other hand, the decrease of the risk in existing insurance products and the effect of the changes in demographic assumptions partially offset the increase in the capital requirement.

For information about shareholders' equity for purposes of the solvency capital requirement without applying the Transitional Provisions to the Transitional Period and without applying a stock scenario adjustment, see Section 8 "Restrictions on dividend distribution", below.

Section 6 - Minimum capital requirement (MCR)

A. Minimum capital requirement (MCR)

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	NIS thousand
MCR based on the formula (MCR linear)	1,443,295	1,267,822
Lower band (25% of solvency capital requirement in the Transitional Period)	1,082,594	1,051,979
Upper band (45% of solvency capital requirement in the Transitional Period)	1,948,670	1,893,562
MCR	1,443,295	1,267,822

B. Shareholders' equity for MCR

	June 30, 2023			As of December 31 2022		
	Tier 1 capital	Tier 2 capital	Total	Tier 1 capital	Tier 2 capital	Total
	Unaudited			Audited		
	NIS thousand			NIS thousand		
Shareholders' equity in respect of SCR according to Section 4	5,690,626	1,660,091	7,350,716	5,543,751	1,657,123	7,200,873
Deviation from quantitative limitations due to minimum capital requirement (*)		(1,371,432)	(1,371,432)		(1,403,558)	(1,403,558)
Shareholders' equity for MCR	**5,690,626**	288,659	**5,979,285**	**5,543,751**	**253,564**	**5,797,315**

(*) 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 7 - Effect of the application of the directives for the Transitional Period

Effect of the application of the directives for the Transitional Period	Including applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario	Effect of Deduction during the Transitional Period	Effect of stock scenario adjustment	Effect of a 50% rate Tier 2 capital during the Transitional Period	Excluding applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario
	Unaudited				
	NIS thousand				
Total insurance liabilities, including risk margin (RM)	42,617,940	(632,203)	-	-	43,250,143
Basic Tier 1 capital	5,413,003	416,053	-	-	4,996,951
Shareholders' equity in respect of SCR	7,350,716	416,053	-	-	6,934,664
Solvency capital requirement (SCR)	4,330,377	(212,969)	(63,621)	-	4,606,968

Effect of the application of the directives for the Transitional Period	Including applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario	Effect of Deduction during the Transitional Period	Effect of stock scenario adjustment	Effect of a 50% rate Tier 2 capital during the Transitional Period	Excluding applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario
	Unaudited				
	NIS thousand				
Total insurance liabilities, including risk margin (RM)	40,864,719	(887,228)	-	-	41,751,947
Basic Tier 1 capital	5,268,058	583,885	-	-	4,684,173
Shareholders' equity in respect of SCR	7,200,874	583,885	-	-	6,616,988
Solvency capital requirement (SCR)	4,207,916	(299,783)	(71,210)	-	4,578,909

Section 8 - Dividend Distribution Restrictions

The Company's policy is to hold a solid capital base to ensure its solvency and its ability to meet its obligations to policyholders and allow flexibility in its business activities to generate a return for its shareholders. The Company is subject to the capital requirements and regulation set for distribution of a dividend. Therefore, 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 Solvency Circular) 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 Company approved a capital management plan which includes capital targets.

Solvency ratio target set by the Board of Directors

In February 2018, the Company's Board of Directors resolved to set a "target capital" for distribution of a dividend. The target capital is an addition to the equity capital and over and above the solvency capital requirement (SCR). The Company set the target capital at a rate of 115%, which will increase linearly until the end of 2024. Due to the transition to the Transitional Period until 2032, as set out in Section 1C above, in November 2023, the Company's Board of Directors revised the target capital for distribution of a dividend starting from 2024 onwards, such that it will gradually increase linearly to a rate of 130% at the end of 2032. As of June 30, 2023, the target capital that was set amounted to 113.9% of the total capital requirements.

The following are data on the Company's economic solvency ratio, calculated without taking into account the Transitional Provisions and subject to the solvency ratio target set by the Company's Board of Directors. The ratio is higher than the solvency ratio required by the letter.

Section 8 - Dividend Distribution Restrictions (cont.)

Restrictions on dividend distribution

Without applying the Transitional Provisions for the Transitional Period, and without adjusting the shares scenario

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	NIS thousand
Shareholders' equity in respect of SCR	6,934,664	6,616,988
Solvency capital requirement (SCR)	4,606,968	4,578,909
Retained earnings	**2,327,696**	**2,038,079**
Economic solvency ratio (in %)	**150.5%**	**144.5%**
Effect of material capital-related measures taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Raising of capital instruments*	182,697	-
Shareholders' equity in respect of SCR	**7,117,360**	**6,616,988**
Surplus	2,510,392	2,038,079
Economic solvency ratio (%)	154.5%	144.5%
Capital surplus after capital-related measures taken in the period between the calculation date and the publication date of the Solvency Ratio Report, compared with the Board of Directors' target		
Target of the Board of Directors for the period (in percent)	**113.9%**	**113.6%**
Capital surplus over target	**1,868,708**	**1,416,655**

* Subsequent to the balance sheet date, the Company raised a total of NIS 300 million as part of a public offering of a new series of Bonds (Series H), recognized by the Commissioner as a Tier 2 capital instrument. Of the amount issued, a total of NIS 183 million of the recognized capital was recognized, without taking into account the Transitional Period.

Material changes from the previous year:

- **For an explanation about changes in the recognized capital, capital requirement, and surplus capital in the Transitional Period, see Section 2A.**
- **For an explanation about changes in the eligible shareholders' equity see Section 4 above.**
- **For an explanation about changes in the capital requirements in the Transitional Period, see Section 5.**

November 29, 2023				
Date	Yehuda Ben Assayag	Michael Kalman	Shai Kompel	Ruty Yehudayoff Cohen
	Chairman of the Board of Directors	CEO	Deputy CEO	EVP, Chief Risk Officer

Economic Solvency Ratio Report

Shomera Insurance Company Ltd.

June 30, 2023

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<u>Economic Solvency Ratio Report</u>

<u>Shomera Insurance Company Ltd.</u>

<u>As at June 30, 2023</u>

Kost Forer Gabbay & Kasierer
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To:
The Board of Directors of Shomera Insurance Company Ltd.

Dear Sir/Madam,

Re: Independent Auditor's Report on the Solvency II-based Economic Solvency Ratio Report of Shomera Insurance Ltd. (hereinafter - the "Company") as of June 30, 2023

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, 2023 (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 the 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. The work procedures included the procedures set out below, to assess whether the Company's calculations for this subject, as of June 30, 2023, 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.

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

Based on the procedures performed, nothing has come to our attention that causes us to believe that the calculation of the solvency ratio and the presentation of the Company's Solvency Ratio Report for June 30, 2023, 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.

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We draw attention to Section 1(d)(2) - 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 to be used in the preparation of the Report.

Tel Aviv,

November 16, 2023

Respectfully,

Kost Forer Gabbay & Kasierer

Certified Public Accountants

Section 1 - General

A. Overview and disclosure requirements

1. 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 "Solvency Circular"), was prepared and presented in accordance with Chapter 1, Part 4 Section 5 of the Consolidated Circular as recently revised in Circular 2020-1-17 (hereinafter - the "Disclosure Provisions").

The Solvency Circular sets a standard model for calculating existing shareholders' equity and the solvency capital requirement, aiming to bring insurance companies to a situation where they have the capacity 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 existing shareholder's equity and its regulatory solvency capital requirement. The existing shareholders' equity shall be composed of Tier 1 capital and Tier 2 capital. Tier 1 Capital includes shareholders' equity calculated through assessing the 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 includes restrictions on the composition of shareholders' equity for SCR purposes (see below), such that the rate of components included in Tier 2 Capital shall not exceed 40% of the SCR (during the Transitional Period, as described below - 50% of the SCR).

The existing capital should be compared to the capital requirement when there are two levels of capital requirement:

- The capital requirement to maintain an insurance company's solvency (hereinafter - "SCR") is risk-sensitive, and is based on a forward-looking calculation of the effect of the various scenarios' materialization, while taking into account the correlation of the various risk factors, based on the application guidance of the New Solvency Regime. This requirement aims to guarantee the precise and timely involvement of the regulatory authorities.

- Minimum capital requirement (hereinafter - "MCR" or "Capital Threshold"). In accordance with the Solvency Circular, 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 existing capital is calculated using data and models for calculating the economic solvency ratio, which are based, among other things, on forecasts and assumptions that rely mainly on past experience. The calculations performed as part of the economic capital calculation and the economic capital requirement are highly complex.

Section 1 - General (cont.)

A. Overview and disclosure requirements (cont.)

2. Provisions during the Transitional Period

The Solvency Circular includes, among other things, Transitional Provisions in connection with compliance with capital requirement, as follows:

A. Selecting on of the following alternatives:

1. Gradual transition to the capital requirement until 2024 (hereinafter - the “Transitional Period”), such that the capital requirement shall increase gradually by 5% per year, starting with 60% of the SCR up to the full SCR amount. The solvency capital requirement of an insurance company during the Transitional Period, to be calculated based on data as of December 31, 2022 and as of June 30, 2023, will not fall below 90% of the SCR.

2. Increasing the economic capital by deducting from the insurance reserves an amount calculated in accordance with the Solvency Circular (hereinafter - the “Deduction”). The Deduction will decrease gradually until 2032. (hereinafter - “Deduction during the Transitional Period”).

   In that context, it should be noted that the Company does not hold liabilities in the life and health insurance segments, and therefore option 2 above becomes redundant, that is to say, the Company implements the first option regarding the Transitional Period.

B. Reduced capital requirement, that will increase gradually until the end of 2023, in respect of certain investment types, held by an insurer at each reporting date, until the capital requirement in respect of those investments reaches its full rate.

Forward-looking information
The data contained in this Economic Solvency Ratio Report, including the eligible shareholders’ equity and 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 cancellations, expenses, and underwriting income rate), assumptions regarding future management actions, risk-free interest rates, capital market returns, future revenue, and damage in catastrophe scenarios.

Section 1 - General (cont.)

A. Overview and disclosure requirements (cont.)

3. Disclosure and Reporting Provisions in connection with Economic Solvency Ratio Report

The disclosure provisions stipulate, among other things, that the Economic Solvency Ratio Report will be posted on the Company’s website, and will be included in the first periodic report published after the calculation date. The Economic Solvency Ratio Report in respect of December 31 of each year shall be audited by the Company's independent auditor, and the semi-annual report shall be reviewed by the independent auditor. In addition, the disclosure provisions include provisions regarding the structure of the Economic Solvency Ratio Report, its approval by the relevant organs in the Company, the requirement that it will be audited by the Company’s independent auditor, and the disclosure requirements in respect thereof.

In accordance with the Commissioner’s letter to insurance companies’ managers of March 14, 2022 regarding “Reporting and Publication of Economic Solvency Ratio Report as of December 31, 2021 and June 30, 2021”, an insurance company is required to include, on a gradual basis, information regarding the implementation of sensitivity tests of the economic solvency ratio to various risk factors, which are material for the Company. In addition, as from the Economic Solvency Ratio Report as of December 31, 2022, insurance companies are also required to include quantitative information regarding changes in relation to the economic solvency ratio, that will provide the details of the key causes for changes in the capital surplus compared to the previous year.

Section 1 - General (cont.)

B. Definitions

Best estimate	-	Expected future cash flows from insurance contracts throughout their term, without conservatism margins and discounted by an adjusted risk-free interest.
Short-term health insurance (non-similar to life techniques - 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 from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Provisions of the Economic Solvency Regime Directives, without taking into account the capital requirement due to operational risk, and loss absorption adjustment due to deferred tax.
Solvency capital requirement (SCR)	-	Total capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime.
Eligible 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	-	Accounting shareholders’ equity plus the change in the excess assets over liabilities stemming from discrepancies between the manner of assessing the value of assets and liabilities as part of the transition to economic balance sheet, net of unrecognized assets and dividend declared subsequent to balance sheet date until the Report publication date.
Additional Tier 1 capital	-	Perpetual capital note, non-performing preferred shares, Restricted Tier 1 capital instrument, additional Tier 1 capital instrument.
Tier 2 capital	-	Tier 2 capital instruments, Subordinated Tier 2 Capital, Hybrid Tier 2, and Hybrid Tier 3 Capital - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.
Effect of diversification of risk-weighted components	-	Correlation between the various risks of the model - The greater the diversification between operating segments in the portfolio and the diversification between risks, the greater is the effect of the correlation, which reduces the overall risk.
Solvency ratio	-	The ratio between the eligible shareholders' equity and the solvency capital requirement of an insurance company.
Stock scenario adjustment	-	Reduced capital requirement for certain types of investments that will gradually increase until 2023 when the capital requirement for these investments reaches its full rate.
Economic balance sheet	-	The Company's balance sheet when the value of the assets and liabilities is adjusted in accordance with the provisions of Part A in the appendix to the Solvency Circular.
Risk margin (RM)	-	An amount in addition to the best estimate reflecting the total cost of capital that another insurance company or reinsurer would require to assume the Company’s insurance liabilities.
Minimum capital	-	The minimum capital requirement from an insurance company.

requirement (MCR)		
Transitional Period	-	As part of the transitional provisions for the implementation of the economic solvency regime, from 2017 to 2024, the solvency capital requirement (SCR) of the insurance company will increase gradually from 60% in 2017 to full compliance with the solvency capital requirement (100%) in 2024.
UFR	-	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.
The Commissioner	-	Commissioner of the Capital Market, Insurance and Savings Authority of the Ministry of Finance.

Section 1 - General (cont.)

C. Calculation methodology

The Economic Solvency Ratio Report as of June 30, 2023 was calculated and prepared in accordance with the directives for the economic solvency of a Solvency II-based insurance company (hereinafter - the “Directives”) as set out in the Solvency Circular. Set forth below are the key points of the provisions:

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 and include an investee, which constitutes a real estate arm. The economic balance sheet does not include the economic value of insurance agencies under the insurance company, or the economic value of intangible assets and deferred acquisition costs.

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: 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 requirement in respect of the risk-weighted components and risk-weighted sub-components, as stated above, net of the effect of the Company’s risk diversification in accordance with the correlations assigned to them under the Directives. The calculation of the solvency capital requirement also includes calculation of the capital requirement for operational risk, net of the loss absorption adjustment due to deferred tax, as prescribed by the Provisions of the Economic Solvency Regime.

Section 1 - General (cont.)

C. Calculation methodology (cont.)

Solvency capital requirement (SCR) (cont.)

The loss absorption adjustment with respect to deferred tax assets beyond the balance of the deferred tax reserve as per the economic balance sheet is limited 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.
- Future income will arise only from property and casualty insurance or from Not Similar to Life Techniques (NSLT) health insurance.

The capital requirement in respect of each of the risks are calculated in accordance with the Company's exposures to that risk, taking into account the parameters set in the Directives. In accordance with the Directives, the amount of shareholders' equity requirement represents the scope of equity that 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.

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.

D. 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 semi-annual report as of as of June 30, 2023. In addition, any information or studies obtained or completed after the publication date of the Company's semi-annual report were not taken into account.

Section 1 - General (cont.)

D. <u>Comments and clarifications</u> (cont.)

This Solvency Ratio Report was prepared based on the conditions and the best estimate as they were known to the Company on the publication date of the semi-annual report as of June 30, 2023. 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 to be used in the calculation. Furthermore, actual results may materially vary from the calculation, since combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

The model, in its present form, is highly sensitive to changes in market variable and other variables; therefore, the status of capital reflected therefrom may be very volatile.

2. <u>Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities</u>

A) In recent years the field of insurance has been subject to frequent changes in relevant legislation and frequent regulatory directives. See Section 4.1 in Chapter A (Description of the Corporation's Business) in the 2022 Periodic Report, and in Section 4 "Minimum Capital Required from Insurer" to the Report of the Board of Directors for the period ended June 30, 2023. Legislation and regulatory measures affect the Company's profitability and its cash flows and consequently - its economic solvency ratio.

The calculation of the solvency ratio does not reflect all potential effects 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.

B) In accordance with the Solvency Circular, 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 impossible to assess the effect of the uncertainty arising from the exposure to contingent liabilities described in Note 7 to the Consolidated Financial Statements as of June 30, 2023, including the effect of such an exposure on the Company's future profitability and solvency ratio.

Section 1 - General (cont.)

D. Comments and clarifications (cont.)

3. Significant events subsequent to the reporting period

Subsequent to the report date, in October 2023, the Iron Swords War broke out (hereinafter - the "War") in the State of Israel. The prolongation of the War led to a slowdown in the business activities in the Israeli economy, including, among other things, due to the closure of factories in the south and north of Israel, damage to infrastructures, drafting of reservists for an unknown period, and disruption of the economic activity in Israel. The continuation of the War may have widespread ramifications for many sectors and geographical areas in Israel.

The potential fluctuations in the financial markets in Israel, exchange rates, availability of human resources, local services, and access to local resources may affect entities whose main activity is with or in Israel. At this stage, the Company is unable to reliably assess the future impact of the War on the Company's economic solvency ratio, among other things, due to the highly volatile markets, uncertainty as to the duration and intensity of the fighting, the effects of the War on the Company's areas of activity, and regarding further measures to be taken by the government.

From the report date as of June 30, 2023 until the publication of the Report, and notwithstanding the volatility in the financial markets to date, the Company does not expect a material adverse effect on the solvency ratio. In addition, no negative impact on the insurance activity has been observed so far.

Section 2 - Economic solvency ratio and minimum capital requirement (MCR)

A. Economic solvency ratio and minimum capital requirement (MCR)

	June 30, 2023	As of December 31 2022
	Unaudited(*)	Audited(**)
Shareholders equity in respect of SCR - see Section 4 (in NIS thousand)	664,794	629,276
Solvency capital requirement (SCR) - see Section 5 (in NIS thousand)	352,028	420,253
Surplus (in NIS thousand)	312,766	209,023
Economic solvency ratio (in %)	188.8%	149.7%

*) In this Report, the term "unaudited" refers to a review conducted in accordance with the principles of 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 in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.

Following are the main changes in the economic solvency ratio compared to December 31, 2022:

Reinsurance transaction in respect of contingent claims in the compulsory motor subsegment

In June 2023, the Company and Menora Mivtachim Insurance Ltd. (a sister company) entered into a transaction in which the Company purchased reinsurance in respect of contingent claims (retention) in the compulsory motor subsegment, for the underwriting years 2011 to 2021 in effect as of December 31, 2022. The transaction contributed to a material reduction in the Company's insurance capital requirements, which is reflected in an increase in capital surplus. For further details, see Note 1 to the financial statements as at June 30, 2023.

Economic changes:

- Material positive effect on capital surplus, mainly due to the increase in real returns. In addition, in the first half of 2023, the symmetric adjustment (SA) component continued to decline in a stock scenario that caused a decrease in the capital requirements.
- The further increase in interest rate curves in the reporting period had a positive impact on the capital surplus recored by the Company, due to a decrease in the value of the insurance liabilities, that also reduced the capital requirements in respect of the insurance risks, as a derivative the value of the liabilities and the risk margin.
- The increase in the Consumer Price Index had an adverse effect on capital surplus, due to the impact on the insurance capital requirements as a derivative of the increase in the value of the index-linked insurance liabilities.

Section 2 - Economic solvency ratio and minimum capital requirement (MCR) (cont.)

A. Economic solvency ratio and minimum capital requirement (MCR) (cont.)

For details regarding the economic solvency ratio without applying the Transitional Provisions for the Transitional Period, and without adjusting the stock scenario, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Section 8.

B. Minimum capital requirement (MCR)

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR) - see Section 6.A.	117,034	165,648
Shareholders' equity for MCR - see Section 6B	664,794	629,276

Section 3 - 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 (Chapter 1, Part 2 of Section 5) (hereinafter - the "Measurement Chapter in the Consolidated Circular), except for items for which it was provided otherwise in the Provisions of the Economic Solvency Regime, as follows:

		June 30, 2023		As of December 31 2022	
	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	(2)	1,748	-	1,809	-
Deferred acquisition costs	(3)	100,488	-	89,426	-
Property, plant & equipment		38,187	38,187	38,431	38,431
Other investees		70,371	45,301	64,186	38,570
Total investments in investees that are not insurance companies		**70,371**	**45,301**	**64,186**	**38,570**
Investment property		11,144	11,144	10,863	10,863
Reinsurance assets		1,067,731	945,854	571,637	492,926
Receivables and debit balances		348,856	348,856	321,420	321,420
Financial investments:					
Liquid debt assets		744,412	744,412	648,621	648,621
Illiquid debt assets	(5)	669,664	650,814	672,506	656,530
Shares		125,383	125,383	140,502	140,502
Other		331,049	331,049	299,471	299,471
Total financial investments		**1,870,508**	**1,851,658**	**1,761,100**	**1,745,124**
Other cash and cash equivalents		148,689	148,689	184,709	184,709
Total assets		**3,657,722**	**3,389,689**	**3,043,581**	**2,832,043**
EQUITY					
Basic Tier 1 capital		613,251	666,175	584,010	630,252
Total equity	(1)	**613,251**	**666,175**	**584,010**	**630,252**
Liabilities:					
Total liabilities in respect of insurance contracts	(1)	2,092,658	1,747,709	2,009,578	1,686,260
Risk margin (RM)	(6)	-	49,977	-	68,471
Liabilities in respect of deferred taxes, net		13,745	54,215	6,991	38,667
Payables and credit balances		69,693	69,693	67,536	67,536
Financial liabilities		6,850	6,850	9,828	9,828
Other liabilities		861,525	795,166	365,638	331,029
Total liabilities		**3,044,471**	**2,723,610**	**2,459,571**	**2,201,791**
Total equity and liabilities		**3,657,722**	**3,389,785**	**3,043,581**	**2,832,043**

Section 3 - Economic Balance Sheet (cont.)

A. 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 of insurance contracts

Liabilities in respect of insurance contracts are calculated in accordance with Part A Chapter 4 of the Solvency Circular based on a best estimate (hereinafter - “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. In addition, in accordance the part referring to BE in the “Commissioner’s Position - Best Practice for Calculation of Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes”, it is likely that the actual cash flows will vary to some extent from the estimates made on a “best estimate” basis. For further details, see Note 9 to the financial statements as at June 30, 2023.

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.

Assumptions underlying the insurance liabilities calculation - manner of determining the assumptions

The calculation’s underlying assumptions were set in accordance with the Company’s best estimates of relevant operational factors, and reflect the Company’s expectations as to the future in respect of these factors. 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 different segments and activities (issuance, current management, investments, claims management, etc.) and assumptions regarding their future development (in accordance with the CPI, scope of premiums, assets under management, etc.).

Section 3 - Economic Balance Sheet (cont.)

A. Information about economic balance sheet (cont.)

(1) Liabilities in respect of insurance contracts (cont.)

Set forth below are the key assumptions on which the Company relied in the calculations:

A) Economic assumptions

Discount rate - risk-free interest curve based on the yield to maturity of bonds of the Government of Israel (”risk-free interest”), with convergence in the long-term to a fixed rate of 2.6% (UFR) plus a margin (VA) - all as set by the Commissioner.

B) Assumptions underlying property and casualty insurance

The cost of claims in respect of future damages and damages that had already occurred but claims for which have not yet been paid, were estimated based on the Company’s past experience in the different subsegments in connection with the rate of claims, the amounts of claims, and the rate of payment of claims in the different insurance subsegments.

The cost of claims in the different subsegments is based on an assessment of the reserves that were recorded in the financial statements as of June 30, 2023, minus the risk margins and other non-specific margins.

(2) Intangible assets

In accordance with principles set in the Solvency Circular - Part A Chapter 2 Appendix A, an insurance company shall assess the value of intangible assets (including goodwill) at zero.

(3) Deferred acquisition costs

In accordance with principles set in the Solvency Circular - Part A Chapter 4, Appendix C, Sub-Appendix 3, the deferred acquisition costs are taken into account in the best estimate calculation.

(4) Investment in investees that are not insurance companies

In accordance with Part A Chapter 2 Appendix B, 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 proportionate 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. 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.

Section 3 - Economic Balance Sheet (cont.)

A. Information about economic balance sheet (cont.)

(5) Illiquid debt assets

In accordance with Part A, Chapter 1, 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.

(6) Liabilities in respect of deferred taxes, net

In accordance with Part A Chapter 2 Appendix C, the calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet 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 Solvency Circular, in addition to the criteria included in the above-mentioned accounting standard.

(7) Other liabilities

In accordance with Part A Chapter 1, some of the balances in this item were calculated in accordance with the general principles regarding the economic balance sheet.

B. Composition of liabilities in respect of insurance contracts

	June 30, 2023		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Unaudited		
	NIS thousand		
Liabilities in respect of insurance contracts:			
NSLT property & casualty insurance and health insurance contracts	1,747,709	945,854	801,856
Total liabilities in respect of insurance contracts	**1,747,709**	**945,854**	**801,856**

	As of December 31 2022		
	Best estimate (BE) of liabilities		
	Gross	Reinsurance	Retention
	Audited		
	NIS thousand		
Liabilities in respect of insurance contracts:			
NSLT property & casualty insurance and health insurance contracts	1,686,260	492,926	1,193,334
Total liabilities in respect of insurance contracts	**1,686,260**	**492,926**	**1,193,334**

Section 3 - Economic Balance Sheet (cont.)

B. <u>Composition of liabilities in respect of insurance contracts</u> (cont.)

<u>Material changes compared with comparative figures in a previous period:</u>

The increase in gross liabilities in the reporting period arises mainly from an increase in production.

Most of the decrease in the amount of insurance liabilities (retention) arises from a reinsurance transaction between the Company and a sister company, as part of which the Company transferred all of the risks arising from contingent claims (reserves) (retention) in the compulsory motor subsegment. For further details, see Section 2 above and Note 1 to the financial statements as at June 30, 2023.

Section 4 - Shareholders equity in respect of SCR

A. Shareholders' equity in respect of SCR

	June 30, 2023			
	Tier 1 capital			
	Basic Tier 1 capital	Additional	Tier 2 capital	Total
	Unaudited			
	NIS thousand			
Shareholders' equity	666,175	-	-	666,175
Deductions from Tier 1 capital (a)	(1,381)	-	-	(1,381)
Shareholders' equity in respect of SCR (d)	664,794	-	-	664,794

	As of December 31 2022			
	Tier 1 capital			
	Basic Tier 1 capital	Additional	Tier 2 capital	Total
	Audited			
	NIS thousand			
Shareholders' equity	630,252	-	-	630,252
Deductions from Tier 1 capital (a)	(976)	-	-	(976)
Shareholders' equity in respect of SCR (b)	629,276	-	-	629,276

(a) Deductions from Tier 1 capital - 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 contracts in breach of the investment rules regulations, amount invested by the Company in buyback of ordinary shares, and the amount of dividend declared subsequent to the report date and through the publication date of the report for the first time.

Section 4 - Shareholders equity in respect of SCR (cont.)

B. Composition of shareholders equity in respect of SCR

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	
Tier 1 capital:		
Basic Tier 1 capital	664,794	629,276
Total Tier 1 capital	**664,794**	**629,276**
Total shareholders' equity in respect of SCR	**664,794**	**629,276**

The main changes in shareholders' equity for the purpose of the solvency capital requirement in the economic capital stemmed from the positive impact of the increase in returns in the financial portfolio, and from underwriting income in the insurance portfolio.

For information about shareholders' equity for purposes of solvency capital requirement without applying the Transitional Provisions to the Transitional Period and without applying a stock scenario adjustment, see Section 7 - "Effect of Application of Directives for the Transitional Period", below.

Section 5 - Solvency capital requirement (SCR)

A. Solvency capital requirement (SCR)

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	
Basic solvency capital requirement (BSCR)		
Capital requirement in respect of market risk component (*)	224,678	226,623
Capital requirement in respect of counterparty risk component	48,676	45,753
Capital requirement in respect of underwriting risk component in health insurance (SLT+NSLT)	108	152
Capital requirement in respect of underwriting risk component in P&C insurance	264,774	341,286
Total	**538,236**	**613,814**
Effect of diversification of risk-weighted components	(124,629)	(134,838)
Total basic solvency capital requirement (BSCR)	**413,607**	**478,976**
Capital requirement in respect of operational risk	52,431	50,588
Loss absorption adjustment due to deferred tax asset (minus)	(74,895)	(62,616)
Total solvency capital requirement (SCR), taking into account the stock scenario adjustment	**391,142**	**466,948**
The rate of solvency capital requirement in the Transitional Period of SCR (in percentages)	90%	90%
Total solvency capital requirement (SCR)	**352,028**	**420,253**

*) Stock scenario adjustment.

B. Key changes in solvency capital requirement compared to December 31, 2022:

The reinsurance transaction described above contributed to a material reduction in the Company's insurance capital requirements, and improved the effect of the diversification of the portfolio's risks. On the other hand, there is a slight increase in counter-party risks due to the transfer of the insurance liabilities to a sister company.

For information about shareholders' equity for purposes of solvency capital requirement without applying the Transitional Provisions to the Transitional Period and without applying a stock scenario adjustment, see Section 7 - "Effect of Application of Directives for the Transitional Period", below.

Section 6 - Minimum capital requirement (MCR)

A. Minimum capital requirement (MCR)	June 30, 2023	As of December 31 2022
	Unaudited	Audited
	NIS thousand	NIS thousand
MCR based on the formula (MCR linear)	117,034	165,648
Lower band (25% of solvency capital requirement in the Transitional Period)	88,007	105,063
Upper band (45% of solvency capital requirement in the Transitional Period)	158,413	189,114
MCR	117,034	165,648

B. Shareholders' equity for MCR	June 30, 2023			As of December 31 2022		
	Tier 1 capital	Tier 2 capital	Total	Tier 1 capital	Tier 2 capital	Total
	Unaudited			Audited		
	NIS thousand			NIS thousand		
Shareholders' equity in respect of SCR according to Section 4	664,794	-	664,794	629,276	-	629,276
Shareholders' equity for MCR	**664,794**	-	**664,794**	**629,276**	-	**629,276**

*) In accordance with the provisions of Chapter 3 in Part B2 to the Economic Solvency Regime Appendix, Tier 2 capital shall not exceed 20% of MCR.

Section 7 - Effect of the application of the directives for the Transitional Period

June 30, 2023

Effect of the application of the directives for the Transitional Period	Including applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario	Effect of stock scenario adjustment	Effect of a gradual increase in the solvency capital requirement in the Transitional Period	Excluding applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario
	Unaudited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	1,797,590	-	-	1,797,590
Basic Tier 1 capital	664,794	-	-	664,794
Shareholders' equity in respect of SCR	664,794	-	-	664,794
Solvency capital requirement (SCR)	352,028	(8,846)	(39,114)	399,988

As of December 31 2022

Effect of the application of the directives for the Transitional Period	Including applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario	Effect of stock scenario adjustment	Effect of a gradual increase in the solvency capital requirement in the Transitional Period	Excluding applying the Transitional Provisions for the Transitional Period and adjusting the stock scenario
	Audited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	1,754,731	-	-	1,754,731
Basic Tier 1 capital	629,276	-	-	629,276
Shareholders' equity in respect of SCR	629,276	-	-	629,276
Solvency capital requirement (SCR)	420,253	(9,027)	(46,695)	475,975

Section 8 - Dividend Distribution Restrictions

The Company's policy is to hold a solid capital base to ensure its solvency and its ability to meet its obligations to policyholders and allow flexibility in its business activities to generate a return for its shareholders. The Company is subject to the capital requirements and regulation set for distribution of a dividend. Therefore, 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 Solvency Circular) 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 Company approved a capital management plan which includes capital adequacy targets.

Solvency ratio target set by the Board of Directors

In March 2018, the Company's Board of Directors set an annual capital target of 102%, where the "buffer" increases by approx. 0.86% every year, up to 108% at the end of 2024. In October 2020, he Company revised the capital target for the purpose of dividend distribution to 110%. In June 2021, the Company revised the capital target for the purpose of dividend distribution, such that it will increase gradually to 113% at the end of the adjustment period in 2024, instead of 110%. As of the reporting date, the Company recorded an economic solvency ratio of 166.2% without applying the Transitional Provisions and adjusting the stock scenario.

The following are data on the Company's economic solvency ratio, calculated without taking into account the Transitional Provisions and subject to the solvency ratio target set by the Company's Board of Directors. The ratio is higher than the solvency ratio required by the letter.

Section 8 - Dividend Distribution Restrictions (cont.)

Solvency ratio target set by the Board of Directors (cont.)

	June 30, 2023	As of December 31 2022
	Unaudited	Audited
Without applying the Transitional Provisions for the Transitional Period, and without adjusting the shares scenario	NIS thousand	
Shareholders' equity in respect of SCR (in NIS thousand)	664,794	629,276
Solvency capital requirement (SCR) (in NIS thousand)	399,988	475,975
Surplus (in NIS thousand)	264,806	153,301
Economic solvency ratio (in %)	166.2%	132.2%
Effect of material capital-related measures taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Shareholders' equity in respect of SCR	**664,794**	**629,276**
Surplus	264,806	153,301
Economic solvency ratio (%)	166.2%	132.2%
Capital surplus after capital-related measures taken in the period between the calculation date and the publication date of the Solvency Ratio Report, compared with the Board of Directors' target		
Target of the Board of Directors for the period (in percent)	109.8%	108.8%
Excess capital over target (in NIS thousand)	225,493	111,551

Material changes compared with December 31, 2022:

- For an explanation regarding changes in key items in the eligible capital compared to last year's comparative figure, see Section 2A.
  For an explanation regarding changes in key items in the solvency capital requirement compared to last year's comparative figures, see Section 2A, 5A and 5B.

November 16, 2023			
Approval date of the report	Ari Kalman, Chairman of the Board of Directors	Dani Izhaki, CEO	Ruty Yehudayoff Cohen, Chief Risk Officer